SD VISta Tier 1 Review Option

1   INTRODUCTION

This document proposes an alternative to validation and verification by an independent third-party for projects using the Sustainable Development Verified Impact Standard (SD VISta) Program: a new form of assessment involving review by the project proponent or an affiliated or interested party together with radical transparency. Section 2 sets out the rationale for introducing the new form of review, Section 3 explains what the new form of review would entail and some of its consequences, and Section 4 presents some key questions on which Verra would appreciate input.

2   BACKGROUND

The draft *Sustainable Development Verified Impact Standard* and *SD VISta Program Guide* (both currently undergoing consultation here) describe the assessment process for projects that participate in the SD VISta Program as third-party validation and verification by accredited assessment bodies approved by Verra. However, not all projects will be ready for or need that level of assessment (at least during the early years of their participation in the SD VISta Program).

Sustainable development projects that do not intend to sell greenhouse gas (GHG) (or other environmental) credits face three primary challenges in using a standard that requires third-party assessment. First, most sustainable development "only" projects will not be supported by market-based finance. Therefore—unlike for projects that sell GHG credits—there are unlikely to be many revenue sources that *require* third-party assessment from the outset. Funding for most SD VISta projects will most likely come from corporate social responsibility or supply chain actors, impact investors and/or development financial institutions.

Second, many proponents of sustainable development projects will be inexperienced in certification (much as project proponents were in in the early days of the carbon market). They will require time to increase their familiarity with documenting project design and implementation to the satisfaction of an independent reviewer. Requiring use of third-party assessment could turn some project proponents off using a standard altogether.

Third, many sustainable development projects focus on local (rather than global) benefits and are well-enough established that use of the *Sustainable Development Verified Impact Standard* to simply improve project design—even without third-party review—may be acceptable to supporters at the local or national level. Such local-benefit projects might also lack exposure to the kinds of investors who could justify (and potentially pay for) third-party review.

While the principles of technical review (ethical conduct, fair presentation, due professional care, independence and use of an evidence-based approach[1]) are constant, the type of review used for SD VISta projects should be closely linked to the purpose of the review. For some SD VISta projects, the level of confidence inspired by third-party validation and verification will be absolutely necessary from the start of the project. For others, an alternative form of review (as outlined in this document) could provide

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[1] Initiative for Climate Action Transparency. 2018. *Technical Review Guidance*. Available at http://www.climateactiontransparency.org/icat-guidance/technical-review/.

the credibility necessary to ensure the efficacy of project design and implementation leading to sustainable development impacts.

3   PROPOSAL

To address the challenges many SD VISta projects will face in achieving third-party validation and verification, Verra proposes introducing an alternate review pathway consisting of first- or second-party review combined with radical transparency.

3.1   The Two Tiers of Review

In this document, review conducted by an organization independent of the project proponent (a "third party") that is accredited and approved by Verra to assess projects against SD VISta rules and requirements for validation and verification is referred to as "Tier 2 review". Tier 2 assessors can conduct reviews with a high degree of objectivity, and therefore credibility, due to the lack of affiliation between the project proponent and the reviewer. This is the type of review used in the Verified Carbon Standard and Climate, Community & Biodiversity Standards Programs, and that which is currently set out in the *Sustainable Development Verified Impact Standard* and *SD VISta Program Guide*.

Verra proposes adding an alternative assessment pathway, "Tier 1 review", which would involve two components: (1) first- or second-party review and (2) radical transparency.

In a first-party review, the person or organization that provided the project document (e.g., the project proponent) would itself carry out the review. In a second-party review, a person or organization that has an interest in or affiliation with the project proponent (but who is not the project proponent) carries out the review.[2]

Radical transparency is the concept of putting as much information as possible out in the open for all to view and engage with. In this context, it would mean that the project posts all data used to substantiate the project's compliance with SD VISta rules and requirements on a Verra platform for stakeholders and the public to examine.[3] Verra would set out parameters for the types of documentation that should be used to substantiate each requirement (see examples in Table 1). Compliance of substantiating documentation with these parameters would be checked during the review (and, potentially, by Verra).

Table 1. Example documentation typology for specific *Sustainable Development Verified Impact Standard* requirements

#	Requirement text	Parameters for substantiating documentation
2.2.6	Project proponents shall document consultations and indicate if and how the project design and implementation has been revised based on such input.	Stakeholder sign-in sheets from meetings, photographs from meetings, learning aids, results of consultation (photographs of written brainstorming results, etc.), annotated revisions to project design.

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[2] Adapted from ISO/IEC 17000:2004 *Conformity assessment — Vocabulary and general principles.* Available at https://www.iso.org/obp/ui/#iso:std:iso-iec:17000:ed-1:v1:en.

[3] Certain types of information, such as that which is commercially sensitive, could be held back and made available upon request, potentially with redactions.

	Special attention paid to marginalized and/or vulnerable groups shall be mutually acknowledged and agreed upon by both project proponents and marginalized and/or vulnerable.	Mutually signed document registering that special attention has been paid to marginalized or vulnerable groups.
2.2.12	The feedback and grievance redress procedure (FGRP) shall be publicized and accessible to all project stakeholders, including any interested stakeholder. Grievances and project responses, including any redress, shall be documented and made publicly available.	Email notices, photos of sign postings/comment boxes, screen shots of project websites referring to and providing details on the FGRP Documentation of responses to grievances: emails, letters, dates and names of participants in phone calls, signed statements
3.2.1	The project proponent shall… assess the impacts… on each of the stakeholder groups…resulting from project activities under the with-project scenario.	For example, to demonstrate a livelihood improvement claim: survey of sources and amounts of income before and after the project activities, government census data on average incomes before and after the project indicating the project's impact, records confirmed by stakeholders of the project's direct payments or other enhancements (e.g. increased access to water, energy or other resources) to livelihoods of stakeholder groups
3.3.1	The project proponent shall develop and implement a monitoring plan that identifies the stakeholder groups to be monitored, the types of measurements, the sampling methods and the frequency of monitoring and reporting…. Monitoring shall assess differentiated impacts, including any benefits, costs and risks, for each of the stakeholder groups and shall include an evaluation by the affected stakeholders.	Monitoring plan and procedures, evidence of its use (e.g. names of those who carried out the monitoring, raw data collected, etc.) Documentation of engagement of representatives of each affected stakeholder group in review of monitoring results: sign-in sheets and/or photos of community meetings, emails, etc.
4.2.5	Any use of alien species shall be justified. Negative impacts, including disease introduction or facilitation, on native species shall be avoided.	Evidence from a reputable source (NGO, civil society, government agency) of the alien species impact in the project ecosystem. Project implementation procedures that address control of negative impacts (e.g. sourcing guidelines, planting procedures, etc.). Monitoring data demonstrating that negative impacts have not occurred.

Tier 1 review would work as follows:

1. Project proponent develops a project description or monitoring report.
2. Someone else at the project proponent's organization or an affiliated or interested party completes a review of the project. The reviewer works with the project proponent to ensure that

the project complies with the SD VISta rules and requirements and, when it does, issues a report or statement.[4]

3. The project proponent posts the final project description and/or monitoring report, reviewer's report or statement and all substantiating documentation to the Verra platform.
4. Stakeholders and public interact on the platform with all information available about the project and submit comments at any time. Verra will need to hold project proponents accountable to follow up with comments after their review is posted (see Section 4, question 6).

3.2   Potential Challenges Related to Tier 1 Review

While it could support the implementation of well-designed projects, Tier 1 review is inherently less objective than Tier 2 review. Verra recognizes the importance of protecting the robustness and credibility of the impacts to which Tier 1 and Tier 2 review attest by ensuring clear differentiation between the tiers. Potential restrictions on use of Tier 1 review are being considered; they are presented in Table 2.

Table 2. Potential restrictions for Tier 1 review

Potential Restriction	Pro	Con
Limit use of Tier 1 review to a certain number of years, making Tier 1 an (optional) step on the way to Tier 2 review	• Protects stakeholders if reviewer doesn't take their considerations into account and stakeholders have no opportunities to engage with the radical transparency component • Protects potential exaggeration or understatement of a project's achievements from going on for too long • Encourages continual improvement in projects' monitoring, reporting and verification systems	• If a project doesn't need the increased credibility signified by Tier 2 review, requiring such an assessment could cause unnecessary resource expenditures or withdrawal from the SD VISta Program
Require projects to be validated and verified from the project start date when moving from Tier 1 to Tier 2 review	• Corrects for potential exaggeration or understatement of a project's achievements • Could make initial Tier 2 review quicker due to prior Tier 1 review, which could be built upon	• Could undermine Tier 1 review by enhancing the perception that Tier 1 review is low quality and could lead to exaggeration or understatement of a project's achievements • Could provide incentive for Tier 2 reviewers to find fault with Tier 1 reviews in order to demonstrate that projects need Tier 2 from the outset

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[4] Whether the reviewer's testament to the project's compliance with SD VISta rules and requirements should be presented as a review report or a statement is to be determined.

		• Assessment periods for Tier 1 and Tier 2 would overlap, potentially creating confusion
Require Tier 2 review for creation of SD VISta claims	• Prevents confusion about claims made via Tier 1 and Tier 2 review • Avoids dilution of the integrity of claims made by projects that have undergone Tier 2 review	• Due to the variety of project activities eligible under the SD VISta Program, claims are unlikely to be standardized (even when they are made against specific SDG Targets) in the way that SD VISta assets[5] will be, so inconsistency is less of a concern with claims than with assets • Enhances the perception that Tier 1 review could lead to exaggeration or understatement of a project's achievements
Require Tier 2 review for creation of SD VISta assets or unit labels (e.g. SD VISta label on a Verified Carbon Unit)	• SD VISta assets and labels are held to the most credible form of review to enhance their standardization, preventing confusion	• Enhances the perception that Tier 1 review is likely to lead to non-standardized results

3.3   Optionality

Verra recognizes that not all SD VISta projects would find Tier 1 review useful. Some project proponents might already be using third-party assessment by a Verra-approved auditor for another standard, or be required by investors to achieve third-party validation and verification. Therefore, Verra proposes that Tier 1 review be optional, i.e., projects could skip Tier 1 and only use Tier 2 review.

3.4   Value of the Tier 1 Review Option

Tier 1 review would be designed to accommodate projects new to certification while providing a path to Tier 2 review if necessary and/or desired. It would allow projects to engage with SD VISta without the additional burden, and potentially substantial cost, of Tier 2 review.

Tier 1 review would allow projects some visible association with SD VISta earlier than potentially would be possible if Tier 2 review were the only option. All projects reviewed at Tier 1 or Tier 2 against SD VISta would be featured on the Verra project database. The two tiers of review would be clearly distinguished on the database (and in project communications). The benefit of being listed in the database after Tier 1 review is that it would allow potential investors, project supporters and other stakeholders access to reviewed project design, monitoring report and substantiating documents.

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[5] An SD VISta asset is a user-defined environmental or social unit that is generated according to an approved SD VISta methodology, verified by an accredited auditor, recorded and has the potential to be transacted on the Verra registry system.

If Tier 1 review is an option, many projects would likely use Tier 1 for their first reviews. Tier 1 review would provide project proponents with a means way to test the value that using a certification standard has for their project and/or to determine which SD VISta assets might make the most sense for them to develop given investor interest.

Verra hopes that the SD VISta Program will help build local capacity for strong sustainable development project design and project-level assessment. Tier 1 assessment could lower the bar for both forms of capacity building, resulting in improved sustainable development outcomes.

By offering Tier 1 and Tier 2 review, the SD VISta Program could meet the needs of a far greater variety of projects than it could with Tier 2 review alone.

4   ISSUES FOR INPUT

1. What kind of value do you think Tier 1 review could provide to project proponents and investors?

2. What challenges do you think that Tier 1 review would cause for investors or other supporters? Please provide feedback on the challenges and potential options listed in Section 3.2 above as well as any others you foresee.

3. Are there restrictions other than those listed in Table 2 above that should be placed on use of lower-tier review? E.g., require that projects that directly affect the livelihoods of a large number of people or large land areas or those in a certain scope (e.g. project type) must use Tier 2 review.

4. Should Verra play a role in checking to make sure that all documentation submitted for Tier 1 review meets the established parameters?

5. Are there other roles that Verra could play in reviewing and/or ensuring quality of Tier 1 projects? E.g., Verra could do a completeness review to ensure that all documents are complete and duly signed where necessary (similar to that which it will do for projects reviewed at Tier 2).

6. To what extent do you think a project proponent should be held accountable for engaging with stakeholders once a project's design and/or monitoring report and substantiating documentation have been posted? Should Verra require a response from the project proponent to every comment for a limited amount of time after the original posting, or on an ongoing basis?

7. What are some ideas for providing stakeholders with training to engage with a project's substantiating documentation once it is posted? E.g., Verra could require that each project proponent hold a webinar on what it learned during the review process or include an explanation of the online feedback platform as part of its stakeholder consultation.

8. Please explain why you do or do not think a project should be required to move from Tier 1 to Tier 2 review (per row 2 in Table 2 above). If you do think that moving to Tier 2 should be mandatory, how many years or under what conditions should a project be allowed to use Tier 1 review before moving to Tier 2?

9. If Tier 1 review requires radical transparency, should this also be required for third-party validation and verification?