The Nature Conservancy

PROJECT FEASIBILITY TEMPLATE

[Project Name]

By [Authors' names]

[Version], [date]

INSTRUCTIONS FOR COMPLETING THE TEMPLATE

The objective of this template is to provide general guidance for carbon opportunities undergoing the feasibility assessment stage, support the pre-design of projects and facilitate the development of the Project Description Document.

Instructions for completing the project feasibility template are included in each section in dark-grey color.

The information included in this template must be written clearly and concisely. Supporting information or references may be presented as separate attachments or links.

Delete all instructions, including these instructions, from the final document.

Contents

Acronym List

ACoGS	Avoiding Conversion of Grasslands and Shrublands
AFOLU	Agriculture, Forestry and Other Land Use
ALM	Agricultural Land Management
ARR	Afforestation, Reforestation and Revegetation
CAPEX	Capital expenditure
CCBS	Climate, Community and Biodiversity Standards
FPIC	Free, Prior and Informed Consent
FREL	Forest Reference Emission Level
GHG	Greenhouse Gas
HCV	High Conservation Value
IFM	Improved Forest Management
MRV	Monitoring Reporting and Verification
NCS	Natural Climate Solution
NDC	Nationally Determined Contributions
NGO	Non-governmental organization
PDD or PD	Project Design Document or Project Description
REDD+	Reduced Emissions from Deforestation and Degradation
SD VISta	Sustainable Development Verified Impact Standard
VCS	Verified Carbon Standard

1. Executive Summary

The summary should be a maximum of one page. As a suggestion, the summary should be organized by bullet points, one or two for each section, highlighting the key takeaways of each, including but not limited to: project activity or activities, location and size, stakeholders involvement, main ecosystem threats, and mitigation plan, potential GHG emissions reductions and/or removals, additionality, outcomes financial model, benefits to biodiversity and communities, social safeguards, major risks, project timeline. The summary should also include final recommendation to the next phase, highlighting the key consideration of such decision (e.g., improvement in the project design, inclusion of risk mitigation activities, or ineligibility due to methodology applicability, carbon rights, financial considerations).

2. Project Information

Project name	Name for the project.
Location and size	Provide the project area's size (in ha) and its location (i.e., country and region). If available, provide the area available at the start of the project, and the expected area to be reached after replicable (and when).
Project lead organization	Indicate the leading project implementor as the organization responsible for ensuring the successful implementation of the project.
Contact information	Provide the name, title, and email of the person/persons within the project lead organization.
AFOLU category	Check the box for the AFOLU category deployed by the project that will generate most of the climate benefits. Only one option should be selected, except for Wetlands. Please be aware of the difference between the AFOLU category and the NCS pathway. Some pathways fall under only one category. Others may fall into different AFOLU categories depending on the specific activity implemented. The project AFOLU category is: ☐ Afforestation, Reforestation, and Revegetation (ARR) ☐ Agricultural Land Management (ALM) ☐ Improved Forest Management (IFM) ☐ Reduced Emissions from Deforestation and Degradation (REDD+) ☐ Avoided Conversion of Grasslands and Shrublands (ACoGS) ☐ Wetlands Restoration and Conservation (WRC) ☐ If other, describe:

3. General Characterization

3.1. Physical parameters

Provide a general description of project location and the physical parameters of the region where the project occurs. This may include details about the ecosystem, biome, vegetation and forest types, climate, topography, soil, hydrology, and others considered pertinent. Include a map depicting the location of the project area. In the case of a grouped project, delineate the first project activity instance and the general potential project area.

3.2. Historical land use

Describe the current conditions, or conditions before any implementation if some activities are already in place, of the area where the project will take place. Provide a short description of the historical land use of the area and the current land use.

3.3. Biodiversity

Explain the conservation richness of the project area. Describe the status of conservation of elements such as flora and fauna and indicate the presence of High Conservation Value (HCV) areas or species – follow the guidance at the HCV network. Illustrate any expected benefits to biodiversity by the project implementation, if known. Describe any other co-benefit or ecosystem service the project will achieve, such as generating fish habitat, flood reduction, coastal resilience/adaptation.

3.4. Drivers of GHG emissions or restoration barriers

3.4.1. Analysis of Drivers, and Underlying Causes of the ecosystem threat

For avoided and reduced emissions, describe the major agents of change, drivers, and underlying causes of ecosystem degradation and destruction (e.g., causes of deforestation) that would lead to GHG emissions. Illustrate not only the direct agents and causes, but also the underlining issues that lead to this ecosystem threat.

For other projects, such as ARR, IFM, ALM, or others, describe the barriers that prevent ecosystem restoration, that would lead to GHG removals, or any barrier the project implementation.

3.4.2. Proposed Activities and Theory of Change

Describe the strategies and activities proposed (mitigation plan) to reduce those threats or overcome the barrier and therefore generate GHG emissions reductions or removals. Articulate a strong results chain or theory of change depicting how the mitigation plan would address the drivers/ barriers. If possible, present a timetable for activities implementation.

4. Stakeholders and Social Safeguards

4.1. Stakeholder identification

Identify the critical stakeholders involved in the project, including the carbon and other rights holders (e.g., resources users) and technical/legal partners, list their interests (positive or negative), influence (positive or negative), and role in the project. Describe the communities directly involved in the project implementation and communities that may benefit from the project or be negatively impacted.

4.1.1. 4.1.1 Communities involved in the project

This section is a subset of the stakeholders identified in the section 4.1 and should focus on the communities directly involved in the project's design, such as the ones residing in the project area, and/or with land tenure and carbon rights ownership.

Provide a general description of the communities (and sub-groups if applicable), including an estimation of the population size and distribution, and describe its current livelihood and socioeconomic status. Describe their social structure and any customary rights/ legislation.

Identify any potential benefits or positive impacts due to the project activities and how the project ensures that those benefits will last beyond the carbon crediting period. Also, identify negative impacts and a mitigation plan for those.

4.1.2. Participation of vulnerable communities and underrepresented groups

Describe the participation of vulnerable and underrepresented groups in the project. Describe the project's potential negative and positive impacts. Explain the social safeguards in place or planned to ensure those groups' active and effective participation.

4.2. Stakeholder Engagement and Communication Plans

Based on the outcome of the Stakeholder Mapping, explain the plan to engage and communicate with stakeholders. The plans should consider the local social and cultural circumstances (e.g., language, access to technology…). At this phase some draft plan is expected, as the final version should be agreed with the stakeholders

Explain whether and how Indigenous Peoples, local communities, and smallholders have been consulted. Describe the FPIC process plan which will be or has been undertaken during the feasibility in conformity to basic customary guidelines, explain international best practices and how those were applied, and

describe a plan for conflict resolutions and mitigation. In case of any consultation has been initiated or implemented, assess if the process fulfills the carbon standard requirements.

4.3. Implementation team and capacity of implementation

Describe the organization(s) ultimately responsible for the local management and ongoing implementation of the strategies on the ground, as well as, monitoring the results (beyond the MRV). Detail their capacity and expertise. If those organizations or capacity still needs to be identified, explain the plan to overcome that.

4.4. Governance structure

Provide a rough description of the potential project governance structure and options if relevant (or describe the structure if exist), the role of key stakeholders, the revenue sharing agreement (or plans for establishing a revenue sharing agreement), and flows of benefits, with particular attention to carbon market income and communities.

Illustrate this with diagrams or other visual resources depicting the flow of benefits/funds and the carbon credits, as per example below. Include any legal agreement already in place, or that must be arranged.
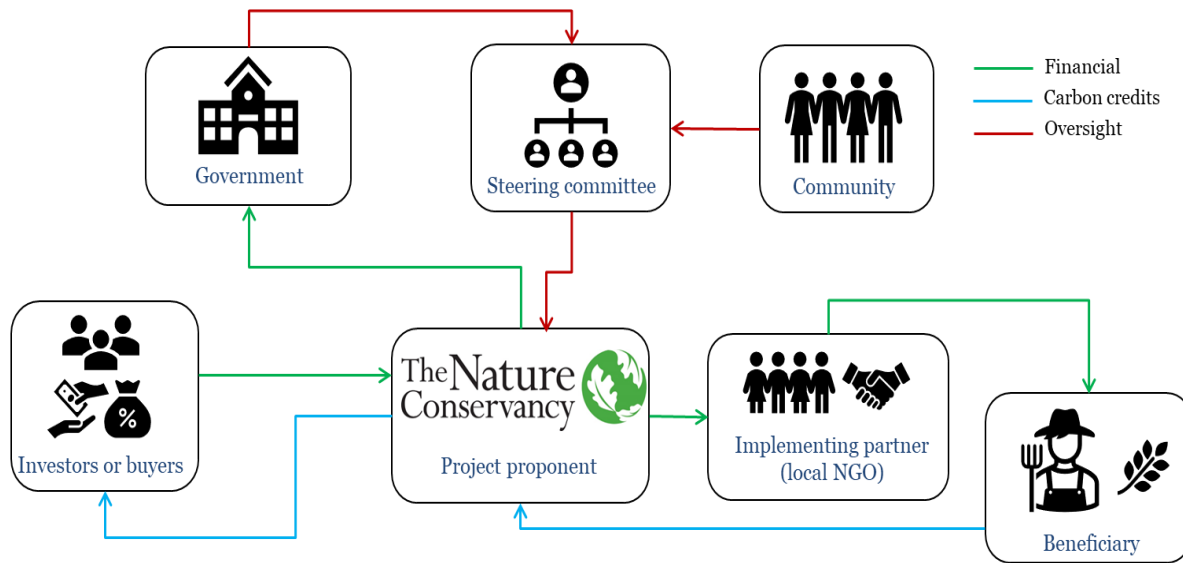
5. Land Tenure and Policy Context

5.1. Property Ownership/Land Tenure and Carbon Rights

Describe the main aspects of land tenure and carbon rights. Describe if land tenure rights are clearly established. If not, please describe the process for securing land tenure rights. Describe if others have regular access, or use to the property or its resources, beyond the legal owner. Include here also any land dynamic that could affect the project (such as the transfer of land to public domain when land is submerged due to sea-level rise, and others).

5.2. National and local carbon legislation

Describe the status of voluntary and regulatory carbon markets in the country, including existing government laws, policy frameworks, and regulations governing the project area. Describe if there is any legislation approved, in development, or expectation for future development about voluntary or regulatory carbon markets.

Describe the national accounting (National Greenhouse Gas Inventory, Nationally Determined Contributions, etc.) and, if applicable, the national REDD+ Strategy, FREL and Jurisdictional status, and any other regulation for REDD+ projects implementation, such as the approvals needed (if any). Describe the measures to avoid double counting or claiming with national accounting (e.g., NDCs).

Briefly describe national or local laws regarding forest/land protection, or other project activities, that could affect the project either positively or negatively.

5.3. Article 6

Describe if the country has a compliance market or any NCS Article 6 pilots, and if international cooperation under Article 6 might impact the NDC achievement. Describe if the country is negotiating any bilateral deals under Article 6.2, and if positive, with which countries and sectors. Provide any known information about whether the country has published: a) any legislation after COP26 aiming at operationalizing Article 6 domestically, b) any rule for the authorization process, or c) any guidance VCM and corresponding adjustments.

5.4. Legal agreements and government support

Describe any formal agreement(s) already established and list the anticipated agreement between the interested parties to facilitate the generation, transfer of rights, or commercialization of the carbon credits.

Describe the level of support the government (relevant national, state/province, and/or local) is giving to the project (if any). Describe if any legal authorization is necessary and already granted.

6. GHG Benefit or Carbon Accounting

6.1. Carbon standard and methodology applicability

Identify the carbon standard that was chosen and the best applicable methodology for the project. Describe how the project meets all the eligibility criteria. Mention if the methodology chosen is under approval process, or revision and indicate a timeline for its completion.

If more than one methodology is applicable for the same activity, describe the options and the reasoning for the preference of one or another. This may include activities and drivers considered in the methodology, carbon pools included, conservativeness, and others. Also describe the methodology modules to be used, if applicable.

When two methodologies are selected for the same project, describe both and why two are needed.

Indicate if the project aims for CCBS or SD VISta certification as well and describe why or how the project is applicable to that specific certification.

6.2. Project Start Date and crediting period

Specify the project start date and crediting period. The project start date is defined as the date when the activities that would generate GHG emissions reductions or removals were implemented. Crediting period is the timeframe when the project will deliver and verify carbon credits.

6.3. Validation and verification schedule

Provide the expected date for validation and first verification, as well as the planned period between verifications (maximum of 5 years for AFOLU projects under Verra Standard).

6.4. Baseline scenario

Describe the "business-as-usual" scenario detailing what would happen in the project area without the project intervention, considering the nature, magnitude, and timing of the land-use changes. Describe the common land use and/or forestry practices. Make sure to estimate the baseline with good faith, supported by scientific and other credible evidence. Also, when no accurate baseline is available, as likely in the feasibility stage, consider the most conservative approach.

For avoided deforestation and degradation projects, indicate the historical deforestation and/or degradation rates in the Reference Region (if applicable by the methodology selected), for at least the 10 previous years to the project start date.

For projects with removals, describe the common activities that would be carried out without the project interventions. Provide also details about forest loss or regrowth in the 10 previous years to the project start date. Describe the growing rate used (average local value, specie or regional growth model, national data, scientific data, or other), and its confidence for the project. Projects may be stratified if pertinent.

Describe the carbon pools and emission factors for each of them, including any assumptions or parameters that will be further revised to improve accuracy, as per table below. When columns and lines are not applicable, remove them. Also, add extra pools if necessary.

Carbon Pool	Pre-disturbance Carbon Stock (tCO$_{2e}$)	Post-disturbance Carbon Stock (tCO$_{2e}$)	Emission Factor (tCO$_{2e}$)	Notes:
Above Ground Biomass				
Bellow Ground Biomass				
Soil Organic Carbon				
Wood Products				
Litter				
Deadwood				
Fertilizer use				
Grazing animals				
Burning of peat or biomass				
Burning of fossil fuels				
Oxidation by drainage of peatland				
Emissions from the mineral soil of the coastal wetland				
Total				

6.5. Carbon accounting

6.5.1. Reference Region, Vulnerability Map or Proxy Areas

When applicable (i.e., Avoided Unplanned Deforestation/ REDD projects), describe the reference region and how it was delineated, and in what remote sensing data were available for the analysis. Provide the historical deforestation analysis for at least the 10 previous years to the project start date. For projects using Vulnerability Map/ Deforestation Risk Map, please describe the approach and include the map depicting the project area and its jurisdiction.

When applicable (i.e., Avoided Planned Deforestation, or ARR), describe the proxy areas or donor pool areas, and how they were selected.

For IFM and other AFOLU projects, follow specific methodology instructions, and delete this section if not necessary.

6.5.2. Baseline Emissions

For avoided emissions projects, describe the expected emissions (tCO2e) per year. Included all pools and fluxes required for the methodology and selected for the project. Note that depending on the methodology, a Risk map must be used to calculate the baseline emissions for the project. When this section is not applicable to the project, remove it.

6.5.3. Non-CO_2 emissions reductions or removals

When applicable and significant for the project, account for CH4 (biomass burning and in coastal wetlands with lower salinity) and NO2 (fertilization usage) in the baseline and project scenarios. Follow instructions in the methodology. When this section is not applicable to the project, remove it.

6.5.4. Estimation of Project Reduced/Avoided Emissions or Removals

In this section describe what is the likely reduction in emissions or expected removal by year.

In REDD projects, consider an effectiveness rate for the project since it's not expected that the project would completely stop deforestation and/or degradation. The effectiveness rate should be variable, as it's unlikely that all the activities will be implemented and fully operational in the first year. In projects with a separation between deforestation and degradation, provide calculations for both.

When harvesting is planned, calculate the Long-term average GHG benefit. See guidance in the VCS ARR methodology and VCS rules, for an example.

Year	Estimated baseline emissions or removals (tCO2e)	Estimated project emissions or removals (tCO2e)	Estimated GHG emission reductions or removals (tCO2e)

Y1			
Y1			
Y…			
Yn (end of crediting period)			
Total			

6.5.5. Estimation of Leakage

Describe how the project assesses the risk of leakage and, if considered material, describe the mitigation plan. Provide details about proposed activities to mitigate or avoid leakage, and if possible, provide an assessment of how much leakage is likely to be avoided.

Provide any estimation of leakage discount. For ARR projects, use as much as possible the Module for Estimating Leakage from ARR Activities, to derive a leakage estimative. For other projects, use methods specified in the methodology, considering the different types of leakage (activity-shifting or market) included or not in such methodology. When methodologies request a leakage belt or leakage area, describe the procedure and requirements for such, and if possible present the delimited area.

6.5.6. Estimation of Risk of Reversal Buffer Withholding and Permanence Considerations

Provide the risk rating assessed to the project when using as much as possible the AFOLU Non-Permanence Tool. This risk will range from a minimum of 10% to a maximum of 60%. Use the value calculated to estimate the number of credits that will be withheld. This risk analysis is not a comprehensive analysis of the project's risks and is only used for the buffer accounting. A complete risk analysis should be completed and presented in Section 8.

Describe how the project plans to reduce the risk of carbon losses during and after the crediting period (e.g., 100y). Include the description of any mechanisms/tools that will ensure the permanence of carbon stock. This may include legislation (e.g., prohibiting harvesting after a certain age), the long-term financial mechanism (e.g., endowment fund, or development of sustainable forest management value chain), or legal agreements.

6.5.7. Key assumptions for calculations and uncertainty

Describe the key assumptions taken into the calculations and why they were selected. Provide some possible different scenarios, if relevant to the project. Also, provide details about the confidence in these assumptions, calculations, and data in general. Provide any accuracy assessment if available.

6.5.8.   Estimated Net GHG benefit

Provide the estimated net GHG benefits (or carbon credits) by year and the total for the entire length of the project. The net credits are calculated by the total avoided emissions or removals, with the discount of factors such as leakage, non-permanence buffer, and others (e.g., uncertainty). Provide the carbon model (e.g., Excel spreadsheet) as annex (resources available).

Year	Estimated GHG emission reductions or removals (tCO$_{2e}$)	Estimated leakage emissions (tCO$_{2e}$)	Estimated net GHG emission reductions or removals (tCO$_{2e}$)	Buffer Withheld (tCO$_{2e}$)	Tradeable Carbon Credits (tCO$_{2e}$)
Y1					
Y1					
Y…					
Yn (end of crediting period)					
Total					
Average per year					

6.6.   Additionality

Clearly describe how activities that generate climate benefits would not have occurred without the direct project intervention (demonstrate additionality). Special attention to Regulatory Surplus (i.e., demonstrate that the project is not mandated by any systematically enforced law, statute, or other regulatory frameworks), financial additionality (i.e., demonstrate that climate benefits would not occur without the incentive of carbon finance), and traditional practices (i.e., cultural practices from local communities result in deforestation, degradation, or other forms of threats). In addition, follow as much as possible any specific guidance set in the methodology to be used.

7. Financial Analysis

7.1.   Start-up Investment Required and Project Costs

Describe the expected costs of the project, including the startup (establishment) costs (e.g., tree planting, fencing, FPIC, community participation, surveys, personnel, CAPEX…), the implementation costs (technical assistance, communication, administrative and operation costs, costs incurring to farmers, ranchers, communities), and carbon costs (e.g., PDD development, validation, verification, registration MRV…).

Describe other parameters and assumptions (e.g., inflation rate, currency exchange rate, government fees, or royalties…).

7.2. Project Carbon Revenues

Describe the anticipated sources of revenue from carbon sale, including the amount at each expected verification event. If a potential carbon buyer, or upfront investor has been identified, please share relevant details.

7.3. Non-Carbon Revenues and Funds

Describe any expected revenue from the project implementation other than carbon credits that will be used to maintain or scale up the project. This may be timber or non-timber wood products, agricultural or pastoral production. If possible, provide an estimated annual amount and value for each. Include any additional funding source (e.g., grants, philanthropic donations, etc.) that will support the implementation of carbon project.

7.4. Project Financial Return Model

Describe the financial model based on the costs and carbon outputs. This should include a spreadsheet with the financial model and parameters (e.g., carbon price escalator, currency exchange rate, sale taxes…). Describe what the project's payback period is, and the years to reach the breakeven point from the initial upfront investment. Provide all financial assumptions taken into account of the model and the confidence in them. Where relevant consider the pilot/ initial phase to grouped project extension.

Provide the financial model (e.g., Excel spreadsheet) as an annex.

7.5. Minimal carbon price and Sensitivity Analysis

Describe the minimum carbon price to reach the breakeven point is. As a suggestion, run different returns models based on different carbon price scenarios, such as optimistic, likely, and pessimist.

7.6. Long-term financial mechanism

Describe the long-term financial mechanism that will ensure financial benefits to the beneficiaries after the crediting period. (e.g., an endowment fund for Protected Area management, establishing livelihood opportunities, strengthening production/value chain…).

8. Risk Analysis

8.1. Risks and challenges to the project

List any potential risks for the project's success, including environmental, political, financial, policy-related, social, reputational, natural disasters, and project implementation/delivery risks. Considering risks for specific project activities or geographies is important since those may vary broadly. We suggest using the **Carbon Markets Risk Assessment tool,** to assess the likelihood and impact of each risk. Present a mitigation measure or plan for each of the risks classified as **High** or **Extreme.** Provide the tool as an Appendix.

9. Conclusions and Next Steps

9.1. Conclusion and critical considerations

Does the carbon opportunity look feasible? Summarize the project's most critical considerations, options, and concerns and the confidence in the analysis. Briefly describe the most significant benefit from this project, any major risk for the implementing organization?

9.2. Next steps and timeline for project development

Provide a timeline for the subsequent activities to be carried out, including implementation, validation, and verification events. Please describe any *hard* time constraints that could impact the execution of this project. Attach a general work plan, if available. Please describe any financial and technical gaps required for project implementation.

9.3. Potential for scaling the project activities

Provide details about scaling the project after the initial phase, if applicable. Describe the expected area to be reached and any expected GHG benefit.