A. To be completed by Gold Standard

1 | Decision

1.1 | Date - 15/12/2020

1.2 | Decision - Approved

The deviation request is approved, and the PD is allowed to proceed with the Design Certification process under GS4GG without submission of a methodology deviation. The provisions of paragraph 12 of AMS-III.Z (version 06.0) allow the proposed PoA to apply this methodology, if it can successfully demonstrate widespread non-compliance (i.e., less than 50 per cent of brick production activities in the country comply) of the local legal and regulatory requirements. Moreover, production of traditional fired soil bricks can be considered as a valid alternative in the determination of the baseline scenario and demonstration of additionality for the proposed PoA (by using appropriate CDM guidelines and tools).
The approval is subject to the fulfilment of the following conditions:

a. During validation, the PD shall demonstrate at the VPA level that less than 50 per cent of brick production activities in the host country (Malawi) comply with the local regulations. The PD shall also incorporate this condition in the eligibility criteria for inclusion of the current (GS7531) and all future VPAs in the PoA.

b. The PD shall monitor the level of non-compliance at VPA level, keeping in mind that it will be unable to claim ERs/impact statements under this PoA from the moment the non-compliance falls below 50%. A monitoring parameter will be designed for this purpose and the VVB shall verify it at each verification event to confirm the project eligibility to claim emission reductions.
B. To be completed by the Project Developer/Coordinating and Managing Entity and/or VVB requesting deviation (Please submit complete deviation request form in Microsoft Word format)

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<thead>
<tr>
<th>2</th>
<th>Background information</th>
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<tbody>
<tr>
<td>Deviation Reference Number</td>
<td>DEV_162</td>
</tr>
<tr>
<td>Date of decision</td>
<td>15/12/2020</td>
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<tr>
<td>Date of submission</td>
<td>19/11/1010</td>
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<tr>
<td>Project/PoA/VPA</td>
<td>□ Project ID – GS751</td>
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<td>□ PoA ID – GS7530</td>
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<td>□ VPA ID – GS7531</td>
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<tr>
<td>Project/PoA/VPA title</td>
<td>DURABRIC Bricks Project by 14Trees in Malawi: VPA (01)</td>
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<td>Location of project/PoA/VPA</td>
<td>Malawi</td>
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</tbody>
</table>
| Scale of the project/PoA/VPA | □ Microscale  
| | □ Small scale  
| | □ Large scale |
| Gold Standard Impact Registry link of the project/PoA/VPA | [https://impact.sustain-cert.com/project_developer/projects/1886](https://impact.sustain-cert.com/project_developer/projects/1886) |
| Status of the project/PoA/VPA | □ New  
| | □ Listed  
| | □ Certified design  
| | □ Certified project |
| Title/subject of deviation | Proposal for amendment of baseline scenario identification requirement as per AMS-III.Z, version 06 and General guidelines for SSC CDM methodologies |
| Specify applicable rule/requirements/methodology and version number | AMS-III.Z: Fuel switch, process improvement and energy efficiency in brick manufacture, Version 06.0 |
| Specify the monitoring period for which the request is valid (if applicable) | Start date | End date | (This is a permanent deviation) |
| Submitted by | Contact person name: Sally Gakii |
| | Email ID: sally.gakii@climatecare.org |
| | Organization: ClimateCare |
| | Project participant: Yes □ NO∵ |
| Validation and Verification body (VVB opinion shall be included, where required by the applicable rules/requirements) | Yes □ NO∵ |
| | If yes;  
<p>| | VVB name: |</p>
<table>
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<tr>
<th>or request is submitted by the VVB.</th>
<th>Auditor name:</th>
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3 | Deviation detail

3.1 | Description of the deviation:

Use the space below to describe the deviation and substantiate the reason for requesting deviation from applicable rules/requirements. Please include all relevant information in support of the request. You are requested to follow the principles for guidelines for requesting deviations, given in the Deviation Approval Procedure.
Proposal for amendment of baseline scenario identification requirement as per AMS-III.Z, version 06 and General guidelines for SSC CDM methodologies

Baseline scenario identification described in paragraph 5 and paragraph 20 (b) of the methodology, AMS-III.Z, version 06 states:

1. Para 5: New facilities (Greenfield projects) and project activities involving capacity additions are only eligible if they comply with the requirements for Greenfield projects and capacity increase projects specified in the “General guidelines for SSC CDM methodologies”.

2. 20 b): For projects involving the installation of systems in a new facility or a capacity addition in an existing system, the average annual baseline fossil fuel consumption value and the baseline brick production rate shall be determined as that which would have been consumed and produced, respectively, under an appropriate baseline scenario. If the baseline scenario identification as per paragraph 5 above results in more than one alternative technologies with different levels of energy consumption, the alternative with the least emissions intensity should be chosen for determining the baseline emissions of the facility.

General guidelines for SSC CDM methodologies state;
4.11.1. Step 1 para 38. Identify the various alternatives available to the project proponent that deliver comparable levels of service, including the proposed project activity or PoA undertaken without being registered as a CDM project activity or PoA. 4.11.2. Step 2 para 39. List the alternatives identified in Step 1 that are in compliance with local regulations. If any of the identified baselines is not in compliance with local regulations, then exclude that alternative from further consideration.

It was recently brought to our attention by the DOE that the use of burnt bricks for public and commercial projects is illegal in Malawi. This is per the law which states “A person shall not utilise traditionally fire-cured bricks in the execution of public, institutional or commercial project”. Please see links for your references:

https://malawilaws.com/MalawiGnpdf1/GN%202013%20c%2002018.pdf
https://ncic.mw/announcements/use-sustainable-construction-materials-regulations/
This implies that burnt bricks should not be used as the baseline scenario for this project based which is located in Malawi. The challenge here is that after an analysis by the PP of the prevailing practice in terms of building material used in Malawi, burnt bricks using non-renewable biomass is the prevalent practice. This has been supported by Malawi’s Nationally Determined Contribution (NDC) which states; “there is currently a shortage of decent houses both in urban and rural areas of Malawi. In order to meet the demand, the government needs to build an average of 21,000 houses per annum. Thus, demand for burnt clay bricks, among building materials, will continue to grow. The two main areas of mitigation in the Industrial Processes and Product Use (IPPU) sector are the reduction in cement consumption through cement blend (using rice husks ash or coal ash) and use of soil stabilized building blocks in place of burnt clay bricks. External support in form of finance, capacity building and technology transfer would contribute towards reduction in GHG emission from IPPU sector”

In Malawi, as already stated in the NDC, permanent houses are constructed mostly by burnt bricks produced by artisans using inefficient kilns as this is the prevailing practice1. There are hardly any houses built from other materials such as stone or concrete blocks which are very expensive. The main walling material in Malawi in urban settings is “burnt clay bricks”, especially for owner driven housing2. This is confirmed by NDC, various literature review sources referenced on the VPAD/POADD as well as the validation/verification site visit. According to a study done by Knowledge Partnership Program (KPP)3 ‘Estimates indicate an annual construction requirement of 21,000 dwellings to meet urban housing needs alone. This will require 1.7 billion units of burnt clay bricks annually only to meet walling requirements. Coupled with rural housing demand, the figures will rise dramatically. Wood is the prime source of energy for brick industry. The current brick production requires around 850,000 metric tons of wood each year, resulting in massive deforestation. At this rate of fuelwood consumption, the entire country will be deforested within 25-30 years only from the brick industry’’.

So, the acknowledged prevailing practice in Malawi is making burnt bricks which is non-compliant with the law. This is mostly due to the poverty levels in the region and the PP can only conclude that at the moment there is very low compliance with only government projects adhering to this law.
**PP's Proposal**

PP has shown that even though burnt bricks are not supposed to be used in public and commercial buildings as per the law, there is little compliance. The PP therefore would like to request the GS to accept that the prevailing baseline in Malawi for Bricks is Burnt Bricks. Currently, there is no other plausible baseline scenario for the project and hence if this deviation request is not granted, the stabilised soil block project cannot be implemented as a carbon project. But this transformational project, which is located in Malawi, a Least Developed Country, requires carbon finance for its sustainability.

To ensure conservative calculation of the emission reductions, PP would discount/exclude all bricks sold directly to the government of Malawi by 14Trees for their projects during the calculation of emission reductions. 14Trees would keep up to date records of all direct bricks sales where the government of Malawi is a customer and share with ClimateCare for review.

In the past, CDM has precedents where specific provisions of the legal requirement test differ depending on the project type and the applicable methodology. For example, a few waste management/landfill gas methodologies acknowledge the existence of local regulation while allows to adjust the baseline emission based on rate of compliance. This has been done on ACM 0022

https://cdm.unfccc.int/methodologies/DB/YINQ0W7SUYYO0S6GU8E5DYVP2ZC2N3para 41. "..In the case that legislative or regulatory requirements mandate the use of any (combination) of the waste treatment options that are being implemented in the project activity, then the rate of compliance with these requirements in the host country shall be monitored (RATEcompliance,t,y). This rate is then used to adjust the baseline emissions calculation."

We request for a similar consideration based on the actual situation on the ground for this project where we can be allowed to use burnt bricks as the baseline scenario but exclude/discount all bricks sold for government projects. That way, this project can be registered by the Gold Standard and use Carbon finance for its sustainability.

**VVB opinion (if applicable):**

.........
3.2 | **Assessment of the deviation:**

Use the space below to describe how the deviation complies with the requirements, and accuracy, completeness, conservativeness, as applicable is ensured. Please include all relevant information in support of the request.

At the moment, AMS-III.Z, version 06 and General guidelines for SSC CDM methodologies do not have an alternative for baseline identification in case the law is not being followed. This deviation request will allow this project to be registered based on the actual situation on the ground. Further, to ensure conservativeness and adherence to AMS-III.Z, version 06 and General guidelines for SSC CDM methodologies, the PP will discount/exclude any bricks sold directly to the government of Malawi by 14Trees for their projects during the calculation of emission reductions. 14Trees would keep up to date records of all direct bricks sales where the government of Malawi is a customer and share with ClimateCare for review.
3.3 | Impact of the deviation:
Use the space below to describe the impact of the deviation on project design, safeguarding principles assessment, SDG assessment, emissions reductions, monitoring frequency, data quality, potential risk or any other relevant aspect of the project. Please substantiate the impact assessment with relevant and verifiable data/information.

**Impact of the deviation on ERs and SDG impacts:**
The deviation would allow the burnt brick baseline to be used. This would enable the estimation of both ERs and SDG impacts relative to the baseline which has been done conservatively. On the other hand, if not approved, the estimation of both ERs and SDG impacts would be impossible as there is no realistic alternative baseline.

**Impact of the deviation on monitoring frequency:**
The deviation will not have an impact on the monitoring frequency as the PP will follow monitoring frequency stated on the VP-ADD.

**Data quality and/or potential risks:**
There is no data quality risk since up to date records will be maintained by 14Trees and the records sent to ClimateCare, the DOE and finally submitted to the GS for review.

VVB opinion (if applicable):

3.4 | Documents:
- POADD
- VPADD
- MR
- PP has shared links throughout this document and on both the POADD and the VPADD to evidence non-compliance with the law.