

TEMPLATE

DEVIATION REQUEST FORM

PUBLICATION DATE **11.04.2021**

Version **5.0**

A. To be completed by Gold Standard

1 | Decision

1.1 | Date – 21/09/2023

1.2 | Decision

The Deviation request is approved.

The project developer can continue and conclude the design certification process.

The project developer shall document the deviation request, its implications, and GS' decision in the appropriate section of the GS PDD and Monitoring Report (for the relevant MP).

1.3 | Is this decision applicable to other project activities under similar circumstances?

No

B. To be completed by the Project Developer/Coordinating and Managing Entity and/or VVB requesting deviation (Submit deviation request form in Microsoft Word format)

2 | Background information

Deviation Reference Number	DEV_493	
Date of decision	21/09/2023	
Precedent (YES/NO)	No	
Precedent details	NA	
Date of submission	07/08/2023	
Project/PoA/VPA	Project	ID – GS10711
	<input type="checkbox"/> PoA	ID – GS10713
	<input checked="" type="checkbox"/> VPA	
Project/PoA/VPA title	<p>GS5562 VPA2: Efficient and Clean Cooking for Mozambican Low-Income Households (GS10711)</p> <p>GS5562 VPA3: Efficient and Clean Cooking for Mozambican Low-Income Households (GS10713)</p>	
Date of listing	<p>29/05/2020 (GS10711)</p> <p>28/05/2020 (GS10713)</p>	
GS Standard version applicable	GS4GG	
Date of transition to GS4GG (if applicable)	N/A	
Date of transition to Gold Standard from another standard (e.g. CDM) (if applicable)	N/A	
Date of design certification/inclusion (if applicable)	N/A (In progress)	
Location of project/PoA/VPA	Host country(ies) Republic of Mozambique	
Scale of the project/PoA/VPA	<input type="checkbox"/> Microscale <input checked="" type="checkbox"/> Small scale <input type="checkbox"/> Large scale	
Gold Standard Impact Registry link of the project/PoA/VPA	<p>(GS10711) https://registry.goldstandard.org/projects/details/2669 (GS10173) https://registry.goldstandard.org/projects/details/2671 </p>	
Status of the project/PoA/VPA	<input type="checkbox"/> New <input checked="" type="checkbox"/> Listed <input type="checkbox"/> Certified design <input type="checkbox"/> Certified project	

Title/subject of deviation	Acceptance of Validation process by DOE concluded beyond two years of successful listing of the project and to conclude GS Design Certification.
Specify applicable rule/requirements/methodology , with exact paragraph reference and version number	GS4GG Principles and Requirements version 1.2 paragraph 5.1.16
Specify the monitoring period for which the request is valid (if applicable)	N/A
Submitted by	Contact person name: Norato Xerinda Email ID: nxerinda@mozcarbon.co.mz
	Organization: Mozambique Carbon Initiatives LDA
	Project participant: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Validation and Verification body (VVB opinion shall be included, where required by the applicable rules/requirements or request is submitted by the VVB).	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes; VVB name: VVB Staff name(s):
Any previous deviations approved for the same project activity/PoA/VPA(s)?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

3| Deviation detail

3.1 | Description of the deviation:

**Guidance* 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 requesting deviations, given in the [Deviation Approval Procedure/ Design Change Requirements](#).*

3.1.1 | Deviation detail (to be completed by Project developer):

1. Rationale of the Deviation Request

The Projects GS10711 and GS10713 are now in the Design Review stage with SustainCert and the pending issue for the projects to achieve Design Certified status is that, as per GS Principles and Requirements version 1.2, paragraph 5.1.16, “the Project shall complete Validation (defined as the date of submission of Validation Report by the VVB) within two years of successful listing of the project.” The projects GS10711 and GS10713 are not in compliance with this requirement since the projects were listed on 28/05/2020 and 29/05/2020 whilst validation was concluded more than 2 years after listing, respectively on 19/11/2022 and 24/01/2023. The Project Developer is requesting Gold Standard to approve the mentioned projects to conclude the design certification and to proceed with next steps in the certification process.

The approval of the current deviation request is to be deemed crucial for the two VPAs to pursue carbon revenues and financially secure the two Voluntary Project Activities for the upcoming years of Crediting Period. It is also important that the deviation for these two projects is approved to secure the viability of other 4 VPAs under implementation within the PoA. A rejection of this deviation will lead to an inevitable financial failure of the whole PoA GS5562. The rationale behind the Deviation Request is based on the following points:

- a) Mozambique Carbon Initiatives LDA (project developer) core business is emission reductions and Carbon Credits generation. It means that it relies solely on Carbon Finance to generate income to be sustainable in the long term. Because of this, the Project Developer was committed to have the validation of the projects concluded within timelines set in the GS Principles and Requirements version 1.2. For this, a services agreement with DoE (VVB) was signed in time (16/12/2019). Also, a consultant (CarbonSink) was engaged to deliver certification milestones on time and effectively, whose agreement was signed on 01/06/2019.
- b) From the date of listing and throughout the Validation and Verification processes the project developer faced serious cashflow problems and other Mozambique government and Central Bank related foreign exchange control bureaucratic challenges to pay the DOE (Applus) and Consultant (CarbonSink). The Project Developer faced huge financial challenges between 2020 and 2022.

During this difficult time, the Project Developer managed to keep the projects running and monitoring activities continued through signing donor-assisted agreements (see annexes 17 and 18a, 18b, 18c). Donors funded the setup of a factory for local production of stoves by the Project Developer. This factory has been operational for two years, and the project developer has now become the largest producer and distributor of improved cooking stoves in Mozambique, with factory installed production capacity at 10,000 stoves a month.

- c) When funds were secured to pay the DOE (auditor), there were delays in terms of response time from the auditors to close and issue the Final Validation Reports. This delay is demonstrated in the project milestones and challenges faced in the table below. This significantly contributed for the validation deadlines not being met.

- d) It is demonstrated in the table below (Timeline Resume of the Activities) that during the project lifetime, the Project Developer made efforts to have the project implemented respecting the timelines, although this was not possible. The successful continuation of the project shall rely solely on carbon revenues to pursue the main objectives of climate finance and financially secure all the supply chain of improved cookstoves, including – but not exclusively – contractual engagement of resources involved in the production/selling/awareness campaigns. The financial sustainability of the projects shall rely on acceptance of the project to be validated in a timeline beyond the 2 years required by the standard. This will allow the project to claim at least the credits for the remaining of crediting period.

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2. Timeline resume of the activities

The following table summarized all project milestones related to certification and proof of all delays that had taken place during the expected timeline of validation and verification of the VPAs:

Milestone Description	Date	Challenges faced	Related to VVB, Standard or Consultant	Type of Evidence
Agreement with Applus for Validation and Verification of GS10711 and GS10713	14/10/2019	No challenge	VVB	Copy of the Agreement - Sensitive Info covered (Annex 1)
Agreement with the Consultant CarbonSink Group to support Certification of Gs10711 and GS10713	06/01/2019	No challenge	Consultant	Copy of the Agreement - Sensitive Info covered (Annex 2)
Invoice by the Consultant CSG for the services Milestone (documents ready for submission to GS listing). Invoice Not paid by the Project Developer due to cashflow problems.	14/04/2020	Financial	Consultant	Invoice (Annex 3). Bank Statements 2020 (Annex 4a and 4b).
Projects Listing by Gold Standard	29/05/2020 (GS10711) 28/05/2020 (GS10713)	No Challenge	Project Developer	-
Remote Audit for GS10711 and GS10713	23/10/2020 24/10/2020	No challenge	VVB	Audit Plan (Annex 5a and 5b)
Draft Validation and Verification Reports	29/10/2020	No challenge	VVB	Email Exchange (Annex 6)
Invoice (40%) upon issuance of DVRs by auditor (Applus). Cashflow challenges to pay the invoice. Applus stopped providing services to Project Developer.	11/08/2020	Financial	VVB	Email Exchange (Annex 7) Bank statements for 2020 (Annex 4b)
Last Reminder of Overdue Invoices from Applus. Invoices not yet paid.	14/04/2021	Financial	VVB	Email Reminder (annex 8)

Challenges to make external payments to Applus and other entities (Mozambique Central Bank Exchange Control rules on foreign payments from Mozambique and Mozambique Ministry of Finance requirements and bureaucracy)	29/06/2021	Financial	PD	Email Exchange (Annex 9)
PoA ongoing Design Change Review by GS. Finished on 30/04/2021	30/04/2021	No challenge	SC	
New agreement with the Consultant. Carbonsink Group agrees to pay the outstanding invoices to Applus (Auditor) on behalf of Project Developer to have the reviews (Validation and Verification) restarted.	23/08/2021	Financial	Consultant	Borderaux confirming Applus was paid by CSG (Annex 10) Copy of Agreement to settle the debt in February 2021 (Annex 11)
Project Developer submits Round 1 Responses for the project to restart the audit. Audit Restart. Changes in Auditors team Composition and preparations to retake the audit process	19/10/2021	Gap in Auditors Response – Feedback from Round 1	VVB	Email exchange (annex 12)
Responses to the Round 1 review submitted to Project Developer MozCarbon by Applus (auditor).	03/03/2022	issued 5 months after PD submission.	VVB	Email Exchange (annex 13)
Submission of Round 2 Responses by MozCarbon to Applus	25/07/2022	Delays in response time from auditors		Email (Annex 14)
Validation Report from Applus for GS10711	19/11/2022	Auditor delay	VVB	Report (Annex 15a)
Verification Report from Applus for GS10711	24/11/2022	Auditor delay	VVB	Report (Annex 15b)
Validation Report from Applus for GS10713	24/01/2023	Auditor delay	VVB	Report (Annex 15c)
Verification Report from Applus for GS10713	20/01/2023	Auditor delay	VVB	Report (Annex 15d)

From the table above, it is evident that the Project Developer, although faced with serious cashflow problems in 2020 and 2021, took steps to get the project validated through various means including requesting third parties to pay foreign invoices on its behalf. In 2022, the validation process was delayed because of Auditor response times and this was beyond the Project Developer's control.

The following table summarizes all evidence that MozCarbon has successfully (1) prioritized the continuation of field activities against certification to pursue expected Sustainable Development Goals impacts and (2) pursued financial aid to finally secure all aspects related to both implementation and certification of the project activities.

Milestone Description	Date	Challenges faced	Related to VVB, Standard or Consultant	Type of Evidence
Monitoring Activities 2020	2020	Monitoring Continuation	Project Developer	Annex 16a
Monitoring Activities 2021	2021	Monitoring Continuation	Project Developer	Annex 16b
Monitoring Activities 2022	2022	Monitoring Continuation	Project Developer	Annex 16c
Agreement between the Project Developer and BRILHO Program for Result Based Financing and Catalytic Grants for stove production and distribution.	08/02/2021	Project Continuation security	Project Developer	Annex 17
Agreements between the Project Developer and the FASER Program for Result Based Financing for cookstove production and distribution.	Various dates	Project Continuation security	Project Developer	Annex 18a, 18b and 18c

3. Methodological constraints

As per GS Principles and Requirements version 1.2, Paragraph 5.1.16, “the Project shall complete Validation (defined as the date of submission of Validation Report by the VVB) within two years of successful listing of the project.” The projects GS10711 and GS10713 are not in compliance with this requirement since the projects were listed on 28/05/2020 and 29/05/2020 whilst validation was concluded more than 2 years after listing, respectively on 19/11/2022 and 24/01/2023.

As there were special circumstances outlined in sections above which caused delays in different project stages, the project developer is requesting an extension to be allowed to have validation concluded in more than two years outlined in the GS Principles and Requirements.

3.1.2 | VVB opinion (to be completed by VVB, if applicable):

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

.....N/A

3.2 | Assessment of the deviation:

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

3.2.1 | Deviation assessment (to be completed by Project developer):

The only requirement deviation is affecting is the GS Principles and Requirements version 1.2, Paragraph 5.1.16. The deviation does not affect the accuracy completeness and conservativeness of the information and SDG outcomes, since the project estimates and additional compliance issues were validated by the auditor (DOE).

3.2.2 | VVB opinion (to be completed by VVB, if applicable):

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

.....N/A

3.3 | Impact of the deviation:

**Guidance* 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.*

3.3.1 | Impact assessment (to be completed by Project developer):

No impact is foreseen on Safeguarding Principles assessment, SDG Assessment, Emissions Reductions, monitoring frequency, data quality, potential risk or any other

relevant aspect of the projects. The projects are operational and stoves distribution continued normally. The deviation does not affect the accuracy completeness and conservativeness of the information and SDG outcomes, since the project estimates and additional compliance issues were validated by the the auditor (DOE). The Deviation does not affect the Environmental integrity, Contribution to the Sustainable Development Goals (SDGs), Safeguarding principles and requirements and is in Compliance with host country regulations.

3.3.2 | VVB opinion (to be completed by VVB, if applicable):

**Guidance* If required by SustainCERT or Gold Standard for this particular deviation, please add here the VVB's opinion.*

.....N/A

3.4 | Documents:

**Guidance* List of documents provided (note that once a decision has been made by Gold Standard, this deviation form along with supporting documents will be made public on the Gold Standard website. If any of the supporting documents are confidential, please indicate here to ensure they are omitted.)*

- Annex 1: Copy of the Agreement between Project Developer and Auditor for validation and Verification Services - CONFIDENTIAL
- Annex 2: Copy of the Agreement with Consultant CarbonSink Group to support GS Certification of GS10711 and GS10713 – CONFIDENTIAL
- Annex 3: Invoice from CSG to the project developer for services rendered – CONFIDENTIAL
- Annex 4a: Project Developer Bank Statements for 2020 - CONFIDENTIAL
- Annex 4b: Project Developer Bank Statements for 2020 - CONFIDENTIAL
- Annex 5a: Audit Plan (Validation of GS10711 and GS10713 projects)
- Annex 5b: Audit Plan (Verification of GS10711 and GS10713 projects)
- Annex 6: Email Exchange with auditors confirming submission of draft validation and verification Reports - CONFIDENTIAL
- Annex 7: Email exchange with invoice sent to project developer upon issuance of DVRs (findings list) by the auditor - CONFIDENTIAL

- Annex 8: Email Reminder on overdue invoice from annex 7 - CONFIDENTIAL
- Annex 9: Email Exchange with auditor confirming challenges to make external payments for the invoices referred in annexes 7 and 8. - CONFIDENTIAL
- Annex 10: Borderaux confirming payment to Applus by CarbonSink Group for invoices referred in Annex 7 - CONFIDENTIAL
- Annex 11: Copy of Agreement between Project Developer and Consultant Carbonsink Group confirming the later will settle the debt with Auditors - CONFIDENTIAL
- Annex 12: Email exchange with auditors showing submission of responses to the auditor findings for validation and verification of the projects. - CONFIDENTIAL
- Annex 13: Email Exchange showing submission of findings from round 2 in the audit process. - CONFIDENTIAL
- Annex 14: Email exchange showing submission of Round 2 responses by the project developer to the auditor findings for validation and verification of the projects. - CONFIDENTIAL
- Annex 15a – Validation Report for GS10711
- (Annex 15b) – Verification Report for GS10711
- (Annex 15c) – Validation Report for GS10713
- (Annex 15d) – Verification Report for GS10713
- Annex 16a – Monitoring Information for 2020
- Annex 16b – Monitoring Information for 2021
- Annex 16c - Monitoring Information for 2022
- Annex 17 - Agreement between the Project Developer and BRILHO¹ Program for Result Based Financing and Catalytic Grants for stove production and distribution. - CONFIDENTIAL
- Annex 18a - Agreements between the Project Developer and the FASER² Program for Result Based Financing for cookstove production and distribution. - CONFIDENTIAL

¹ BRILHO offers selected companies a unique mix of structured non-reimbursable funding and specialised support, to de-risk business initiatives that aim to achieve competitive commercial returns and provide off-grid energy solutions to low-income markets. The programme is funded by UKAID and Sida and is implemented by SNV.

² The Fundação para o Desenvolvimento da Comunidade (FDC) and GIZ, through the Energising Development (EnDev) and Grüne Bürgerenergie (GBE) Programmes in Mozambique, jointly set up the Fundo de Acesso Sustentável às Energias

- Annex 18b - Agreements between the Project Developer and the FASER Program for Result Based Financing for cookstove production and distribution. - CONFIDENTIAL
- Annex 18c - Agreements between the Project Developer and the FASER Program for Result Based Financing for cookstove production and distribution. – CONFIDENTIAL

Renováveis - FASER fund in response to the need to propose alternatives for poverty reduction and to encourage economic growth in rural, urban and peri-urban areas of Mozambique, through the development of modern, renewable energy technologies (e.g., ICS, PV solar systems, PV irrigation pumps etc.). FASER is a results-based financing fund (RBF).

Version number	Release date	Description
5	11.04.2022	<p>Additional information added:</p> <ul style="list-style-type: none"> - date of listing, design certification, transition - standard version - specific reference to a requirement deviated from - any previous deviations/design changes approved <p>Guidance on VVB opinion</p>
4	14.01.2021	
3	16.07.2020	
2	03.05.2018	
1	01.07.2017	Initial adoption

