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Premium quality carbon credits

TOOLKIT



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History of the document

Version	Date	Nature of revision(s)
2.0	01 August 2008	Launch Gold Standard Version 2.0
2.1	01 June 2009	First Upgrade of Gold Standard Version 2.0

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Tricorona is a world leader in CDM project development and CER trading. Tricorona offers technical and financial support to all project developers following the CDM or the Gold Standard route. Tricorona also guarantees to purchase all Gold Standard credits generated for up to 21 years of a projects life.

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Ecofys is an internationally established consulting firm in the area of renewable energy and energy conservation. Ecofys has an expert team working on Kyoto compliance (CDM and JI) and voluntary carbon markets. Ecofys supported the registration of eight projects with the UNFCCC and/or the Gold Standard; about twenty more are in the pipeline. Ecofys led the consortium developing the upgrade of the Gold Standard from version 1 to version 2. The other consortium partners consisted of TÜV-SÜD and Field.

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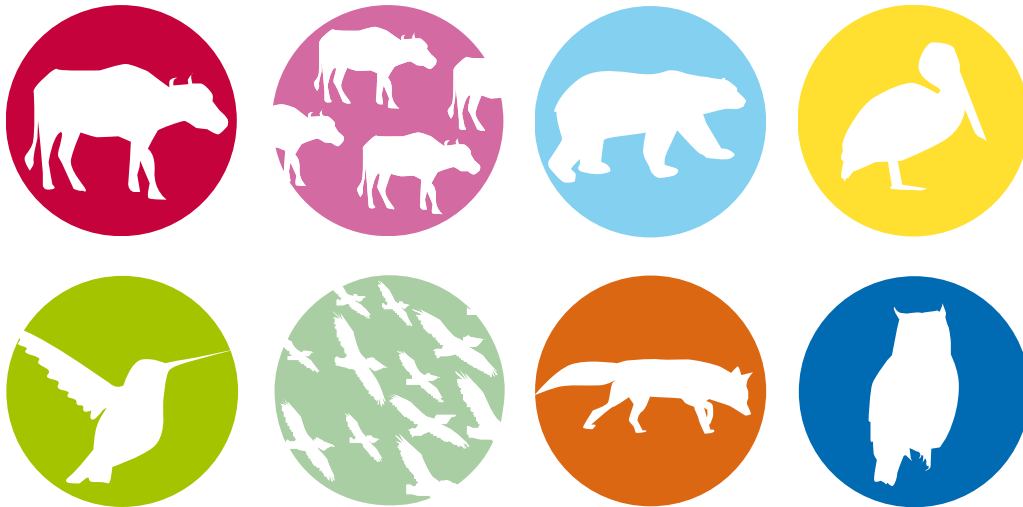
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Chapter 0

How to use



0.1 Introducing the Toolkit

Hereby we present the “Gold Standard Toolkit”. This document is part of Gold Standard version 2.1 and replaces Gold Standard version 2.0 in providing detailed instructions and guidance on how Gold Standard projects are carried out.

0.2 Reason for the upgrade of the Gold Standard

With the coming of age of the United Nations Framework Convention on Climate Change (UNFCCC) and the voluntary carbon market, the Gold Standard is also growing in the public eye. After the establishment of the foundation in 2003, the Gold Standard has undergone continuous growth, with many more projects seeking certification each year.

The number of users and projects has not only increased, but also diversified. The secretariat has been established and many new non-governmental organisations (NGOs) have joined the rank of supporting NGOs. In the first quarter of 2008 the Gold Standard Registry was introduced. This registry provides account holders with a system that tracks all certified projects, and enables trading of Gold Standard Voluntary Emissions Reduction credits (GS VERs) around the world.

After months of development, we are proud to introduce Gold Standard Version 2.1, which augments and improves Gold Standard Version 2.0. Affording those who employ Version 2.0 additional clarity and flexibility, Version 2.1 incorporates recent decisions of the Gold Standard Technical Advisory Committee, periodic rule updates since the launch of Version 2.0, a new fee structure and feedback from the market. Version 2.1 is available for use immediately and project applicants currently using Version 2.0 may choose to implement part or all of the upgrades available in Version 2.1, including the new Share of Proceeds fee structure.

All projects applying under the regular project cycle that have not submitted the complete LSC report (see Gold Standard Toolkit, sections 2.6 & 2.9) and all projects applying under the retroactive project cycle that have not submitted the complete documentation required for a pre-feasibility assessment (see Gold Standard Toolkit, Table 2.9) and have not paid the pre-feasibility assessment fee by August 1, 2009, will be required to employ the entirety of Version 2.1.

We believe that Version 2.1 is a smart, practical tool that assists the Gold Standard community in furthering the Gold Standard’s mission to create markets for quality greenhouse gas reductions that emphasize sustainable development and minimize negative local impacts.

0.3 Validity of versions

Version 2.0 has been valid since August 1, 2008. There was a grace period of one month for the use of Version 1. This means that projects that requested the Gold

Standard applicant status by uploading an Initial Stakeholder Consultation report or applied for retroactive registration before September 1, 2008 will still be able to use Version 1. The Gold Standard Version 1 and all corresponding documentation¹ remain applicable to GSv1 projects but expired after September 1, 2008 for new project applicants.

Version 2.1 becomes effective on July 1, 2009 and is available for immediate use. This means that projects that request the Gold Standard applicant status by uploading a Local Stakeholder Consultation report or that apply for retroactive registration by uploading the required documentation and paying the pre-feasibility assessment fee before August 1, 2009 will still be able to use Version 2.0. Upgrading to GSv2.1 is possible at anytime as long as all of the requirements are met.

0.4 Development of the Version 2.1 upgrade

The Gold Standard Version 2.0 was developed by Ecofys² in cooperation with TÜV-SÜD³ and FIELD⁴ under the supervision of the Gold Standard Secretariat and Technical Advisory Committee. The Gold Standard rules are, where possible, based on the UNFCCC regulations to avoid extra work for project proponents who combine schemes. If a Gold Standard process is properly planned and streamlined alongside the UNFCCC CDM or JI process, the project timeline should not be seriously affected.

The focus during the development of the Version 2.0 update was to develop rules and instructions that would be easy to understand, use and update. The Gold Standard Version 2.1 is the first revision of the Gold Standard rules since the release of GSv2.0. Version 2.1 includes all recent decisions affecting the various Gold Standard rules and the valuable and practical feedback received from stakeholders since the release of Version 2.0.

Like Version 2.0, Version 2.1 implements the Gold Standard's mission without imposing a heavy administrative burden on its users. The Gold Standard rules are, where possible, based on the UNFCCC regulations to avoid extra work for project proponents who combine schemes. If a Gold Standard process is properly planned and streamlined alongside the UNFCCC CDM or JI process, no extra time should be required.

¹ Gold Standard Version 1 manuals:

- The Gold Standard manual for CDM project developers
- The Gold Standard Voluntary Emission Reductions (VERs) manual for project developers
- The Gold Standard Validation and Verification manual for CDM projects
- The Gold Standard Validation and Verification manual for Voluntary offset projects

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0.5 Documents of Gold Standard version 2

The Gold Standard version 2 is for multiple users: project proponents, validators, and verifiers as well as other carbon market actors. The Gold Standard documentation consists of two main parts:









The **Gold Standard Requirements** ('Requirements'), present the fundamental principles and the rules of Gold Standard certification in a concise way. The Requirements provide an "at a glance" overview of the criteria for validators and project developers.

The **Gold Standard Toolkit** ('Toolkit'), describes the project cycle and provides examples and detailed instructions on the use of the Gold Standard. The Toolkit is designed for continuous modification and improvements, while the requirements describe the fundamental GS principles which do not change. Based on experiences and recurring queries, the Toolkit will be updated to include the most relevant examples and guidance. The Toolkit comes with fixed **templates** which have to be used to report information being passed between project proponents, validators, verifiers and the Gold Standard. This is the document you are reading now. (This document can also be downloaded from the Gold Standard website: http://www.cdmgoldstandard.org/fileadmin/editors/files/6_GS_technical_docs/GSv2/GSV2_Toolkit.pdf)

0.6 How to use the Requirements and Toolkit




The Requirements and Toolkit are intended for different groups of users, as detailed in Table 0.1. Animal icons correspond to different users. Project proponents should also define project category and scale.

Table 0.1

Validators/ Verifiers	Gold Standard Secretariat and Technical Advisory Committee	Project proponents			
		Type	Scale		
			Large/ Small ⁵	Micro ⁶	Programme of Activities
		CDM		-	
		JI		-	-
		VER			

Animal icons serve to identify the user through their respective GS process step by step. Where exceptions occur and rules are not applicable to all the title animals, the animal(s) for which the rule is valid is/are presented directly with the rule. See the examples in Table 0.2.

Table 0.2

Examples from the Toolkit	Explanation
Chapter 1: Plan 	Chapter 1 is applicable to all project proponents
Section 3.3: Upload validation workplan  To increase the transparency of the validation process, you must prepare a validation workplan.....	Section 3.3 is applicable to DOEs and AIEs only
In the text of section 3.1: Select Designated Operational Entity (DOE) or Accredited Independent Entity (AIE)  Projects can be validated in two ways:	The specific information in section 3.1 is applicable to micro-scale project proponents only

The animals have been chosen based on the types of projects they represent:

⁵ Note there are specific guidelines and rules for small-scale projects. The threshold for large- and small-scale projects can be found under section 1.2 of the Toolkit.

⁶ Gold Standard micro-scale projects can claim emission reductions under 5,000 tCO₂ equivalent per annum (for each year of the crediting period).



The buffalo represents the CDM.



The herd of buffalo represents the CDM programme of activities.



The bear represents the JI project.



The pelican represents voluntary market projects.



The hummingbird represents voluntary micro projects.



The swarm of birds represents voluntary market programme of activities projects of any scale.



The fox represents the independent auditors (DOE and AIE).



The owl represents the Gold Standard secretariat together with its Technical Advisory Committee (TAC).

References from the Requirements to the Toolkit are made by stating T plus the section number. For example T. 4.2.1 would refer to Toolkit Chapter 4 section 4.2.1.

After reading this “How to Use” section, proceed with the Requirements and the Toolkit.

See Table 0.3 for the fixed **templates** and where to find them. These fixed templates have to be used to report information being passed between project proponents, validators, verifiers and the Gold Standard.

Table 0.3

Template	Description	Location
Gold Standard Passport	The document presents all required information that is not already covered in the PDD and is required for registration under the Gold Standard.	See Annex Q to the Toolkit
Local Stakeholder Consultation Report	The document that reports your local stakeholder consultation meeting.	See Annex R to the Toolkit
ODA declaration	The declaration by which you state that investment in your project with official development assistance has not occurred on the condition that the credits are transferred to the donor country of the assistance.	Annex D to the Toolkit
Sustainable development matrix	The matrix in which you explain which sustainable development indicators are relevant to your project and how you score them.	Annex I to the Toolkit
Sustainability Monitoring Plan	This needs to be used to describe the monitoring of the relevant SD indicators and corresponding parameters of your project.	Annex I to the Toolkit (see Table I.5)
Terms & Conditions	This document needs to be signed by the project proponent(s) before registration in order to guarantee the project is committed to the lawful use of the name and brand Gold Standard.	Annex M to the Toolkit
Cover letter	This document needs to be signed by the project proponent(s) before registration in order to guarantee the project has met all preconditions related to Gold Standard certification.	Annex S to the Toolkit
Emissions Reduction Acquisition Agreement (CDM)	This agreement governs the Gold Standard's acquisition of CERs that will be generated by a Project in the amount equal to Gold Standard VERs awarded prior to registration.	Annex O to the Toolkit
Emissions Reduction Acquisition Agreement (JI)	This agreement governs the Gold Standard's acquisition of ERUs that will be generated by a Project in the amount equal to Gold Standard VERs awarded prior to registration.	Annex P to the Toolkit

If you have any questions or recommendations while reading the Requirements or Toolkit, please do not hesitate to contact the Gold Standard Foundation to share your views.⁷

⁷ Please e-mail to: info@cdmgoldstandard.org

Chapter 1

Plan



This chapter introduces the key elements to consider when you are deciding whether to pursue registration of your carbon reduction project under the Gold Standard.

Please see Figure 1-1 understand the first phase of the project cycle, the planning phase. See Annex B for an overview of all phases in the project cycle.

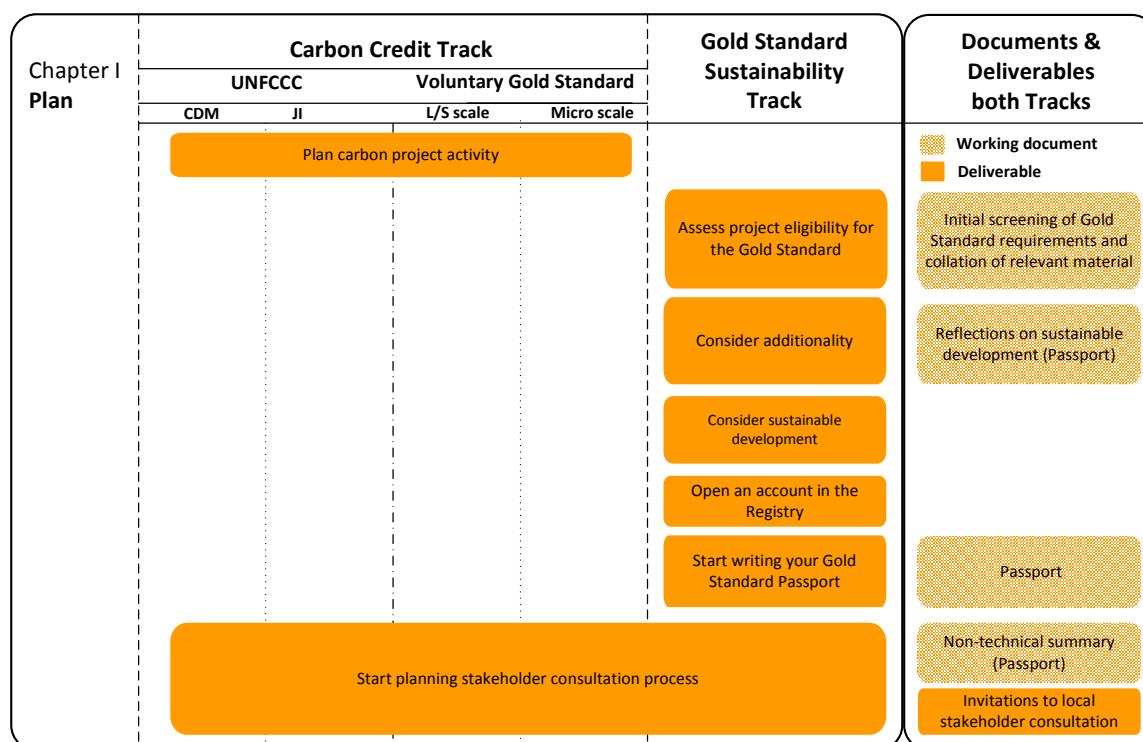


Figure 1-1

1.1 Get familiar with the Gold Standard

You are about to start the application process of your project under the Gold Standard. Make sure you have read the Requirements before you start. Check www.cdmgoldstandard.org to ensure you have the latest version of this document, the Toolkit.

1.2 Assess project eligibility

The overriding aim of the Gold Standard is to promote investments in energy technologies and energy management techniques that mitigate climate change, promote (local) sustainable development and are directed towards a transition to non-fossil energy systems. As a result the Gold Standard only accredits premium quality greenhouse gas reduction projects that generate credible greenhouse gas emission reductions, show environmental integrity and contribute to local sustainable development. Project eligibility is defined by several aspects, and each of these aspects is discussed in the following paragraphs.

1.2.1 Scale of project activity

To define which guidance is relevant to you it is necessary to know the scale of your project. Project scale divisions of the Gold Standard are the same as those of the UNFCCC, except for the micro scale which is Gold Standard specific. Rules defining scale are presented in Table 1.1.

Table 1.1

Category	Scale		
	Large	Small	Micro
CDM	Every project exceeding the small scale boundary	Renewable energy project, capacity < 15 MW Energy efficiency project, improvement <60 GWh per annum Source: UNFCCC Resources	Non existent
Ji Track 2			Non existent
VER			Any eligible project, reduction < 5,000 tCO ₂ equivalent per annum for each year of the crediting period

1.2.2 Host country or state



Eligible states for Gold Standard CDM and Gold Standard Ji projects are defined by the UNFCCC. Please find the list of countries in Table 1.2.

Table 1.2

Project type	Reference
CDM	http://unfccc.int/parties_and_observers/parties/non_annex_i/items/2833.php
Ji	http://ji.unfccc.int/JI_Parties/index.html



In principle, any country can host a Gold Standard voluntary carbon market project. However, in host countries with a cap on GHG emissions, issued GS VERs need to be backed up by allowances or other denominated units reflecting emission reductions. For project activities located in a country that ratified the Kyoto Protocol, any AAUs can be used for this purpose. You need to provide the Gold Standard Foundation with an official approval from the relevant local authorities stating that an equivalent amount of allowances will be retired to back-up the GS VERs issued.

1.2.3 Type of project activity

Your project activity must fit either in the Renewable Energy Supply category or of the End-use Energy Efficiency Improvement category, as defined below, to be eligible for Gold Standard registration:

- The Renewable Energy Supply category is defined as the generation and delivery of energy services (e.g. mechanical work, electricity, heat) from non-fossil and non-depletable⁸ energy sources.
- The End-use Energy Efficiency Improvement category is defined as the reduction in the amount of energy required for delivering or producing non-energy physical goods or services.

Check whether your type of project activity is listed in Annex C for more detailed guidelines.

1.2.4 Greenhouse gases

Among the six greenhouse gases eligible under the UNFCCC, only Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous oxide (N₂O) are eligible under the Gold Standard, provided project activities comply with Gold Standard eligibility criteria. See Table 1.3.

Table 1.3

Greenhouse gases		Greenhouse gas eligible under the Gold Standard?	Greenhouse gas eligible under the UNFCCC?
CO2	Carbon dioxide	Yes	Yes
CH4	Methane	Yes	Yes
N2O	Nitrous oxide	Yes	Yes
PFCs	Perfluorocarbons	No	Yes
HFCs	Hydrofluorocarbons	No	Yes
SF6	Sulphur hexafluoride	No	Yes

See http://unfccc.int/ghg_emissions_data/items/3825.php for detailed information on chemical formulas and global warming potentials (GWPs) of these gases.

Greenhouse gases that are not eligible under the UNFCCC are also not eligible under the Gold Standard.

1.2.5 Official Development Assistance (ODA)

Development Assistance used for the Gold Standard is the same as that of the OECD⁹:

ODA (Official Development Assistance) is defined by the OECD as financial flows:

- To developing countries and multilateral institutions;
- Provided by government agencies (eg: USAID);

⁸ This includes Landfill gas to energy projects

⁹ Based on: OECD, Development Assistance Committee, Glossary, available online at http://www.oecd.org/glossary/0,2586,en_2649_33721_1965693_1_1_1_1,00.html#1965586

- Whose main objective is the economic development and welfare of developing countries; and
- That are concessional in character, conveying a grant element of at least 25%.

Typical examples of ODA include grant funding from the Global Environmental Fund (GEF) and soft loans from development banks such as the African Development Bank and the Asian Development Bank, etc.

Your project is not eligible for Gold Standard registration if it receives ODA under the condition that the credits coming out of the project are transferred, directly or indirectly, to the donor country requirements (only for countries on the ODA list). If your project activity is located in a country part of the OECD Development Assistance Committee's ODA recipient list, you are required to submit a written declaration of your project's Non-use of ODA. The ODA declaration template is presented in Annex D.

1.2.6 Project timeframe

This section applies to projects that will undergo the following:

- Previous announcement check
- Retroactive registration
- Retroactive crediting
- Parallel submission

Previous announcement check

Your project is not allowed under the Gold Standard if it was previously announced to be going ahead without the revenues from carbon credits. This may not apply in cases where the project was subsequently cancelled or the design was significantly revised. If projects have been abandoned, reasons for that decision and the business plan at that time should be provided. You must provide a statement in the Passport that your project was not previously announced. The DOE does not need to validate this statement but if later on by some way it is proven to be fraudulent, you will be exposed to sanctions as defined in the Terms and Conditions document).

Retroactive registration

If your project activity is already operational or under construction or implementation at the time of first submission (see definition in the Requirements document) to the Gold Standard your project needs to go through pre-feasibility assessment (see 2.5). It is eligible if the outcome of the pre-feasibility assessment is positive. This allows, for example, for CDM/JI project developers that were not previously aware of the Gold Standard the opportunity to apply their project activity under Gold Standard.

Retroactive crediting

The crediting period is the standard UNFCCC crediting period. This means it can be one fixed period of 10 years, or one to three periods of 7 years.



If your project activity is registered under Gold Standard under the regular project cycle after it has been registered under the UNFCCC it may become operational before it is registered under the Gold Standard. In this case you can earn credits for the (already realised) emission reductions up to two years prior to Gold Standard registration.

If your project applies for Gold Standard CERs or ERUs under the retroactive project cycle, it is potentially eligible for receiving credits for realised emission reductions prior to Gold Standard registration for a maximum of two years.



If your project applies for Gold Standard VERs under the regular project cycle, it is potentially eligible for receiving credits for realised emission reductions prior to Gold Standard registration for a maximum of two years.

If your project applies for Gold Standard VERs under the retroactive project cycle, it is potentially eligible for receiving credits for realised emission reductions prior to Gold Standard registration for a maximum period of two years.

Parallel submission

A project activity may be submitted for registration to both the Gold Standard CDM/JI stream and the Gold Standard VER stream in parallel.

1) If the proposed CDM/JI project activity is successfully registered under the UNFCCC, the Gold Standard VER project activity shall be cancelled.

2) If the proposed CDM/JI project activity is rejected by the UNFCCC, in order to continue registration of the project activity under the GS VER stream the project proponent must apply for a Pre-feasibility Assessment in accordance with the procedure provided in section T.2.5.

3) The Gold Standard VER project activity shall only be made public and registered after an official communication with the UNFCCC on rejection of the project has been submitted by the Project Proponent to the Gold Standard Foundation, or after the Project Proponent has formally requested that the Gold Standard cancel registration under the GS CDM/JI stream for the project activity,

1.2.7 Other Certification Schemes

If your project claims Green¹⁰ or White Certificates, or equivalents, it is not eligible for registration under the Gold Standard unless you provide a clear, convincing demonstration that no double counting would arise from the issuance of Gold Standard carbon credits. An example of such a situation is a biogas project receiving

¹⁰ For example the Renewable Energy Certificate System (RECS) www.recs.org

Gold Standard credits for methane avoidance while selling green certificates for the electricity substitution. In this case there are two entirely different activities being certified and there is no double counting.



If your project is registered, or to be registered, under another voluntary carbon crediting scheme you can still apply for Gold Standard registration as long as the emission reductions of a given vintage are claimed only once, under one single scheme. The total duration of the crediting period cannot be greater than the UNFCCC standard crediting periods. In other words, you must provide proof that you have not claimed credits over and above the Gold Standard eligible crediting period or expected volumes from other VER standards.

You can upgrade your project activity from a GS VER to a GS CDM/JI registration at any time during the crediting period for *future* emissions reductions but in order to do so you must reapply under the GS CDM/JI stream before the issuance of any GS VER credits, or enter into an agreement with the Gold Standard Foundation according to which you commit to surrender to the Gold Standard Foundation, for immediate retirement, CERs or ERUs that will be issued in respect of GHG reductions generated by the project in an amount equal to the VERs issued. This is to ensure that the overall crediting period remains the standard UNFCCC crediting period. The agreement must make use of the Acquisition Agreement template (see Annex O and P).

1.3 Consider additionality

The Gold Standard requires that a project is 'additional'. Therefore you have to test if your project is reducing emissions in a way that is beyond 'business as usual' – this is known as 'additionality'. You must be able to demonstrate that the development of your project is dependent on the extra income from the sale of carbon credits that will be generated and that it would not be financially viable without revenues from such credits. In other words, you must be able to argue in a convincing way that your project would not go ahead without carbon revenues. Further details on the actual additionality assessment are presented in 2.3.

1.4 Consider sustainable development

The emphasis on the contribution to sustainable development is key to differentiating the Gold Standard from other greenhouse gas reduction project standards. Projects under the Gold Standard result in a positive contribution to sustainable development.

The Gold Standard adheres to the definition of sustainable development as set out by the World Commission on Environment and Development (WCED)¹¹:

“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

You are requested to think about the potential sustainable development benefits your project can contribute to. If you aren't sure where to start, look at the knowledge bases of organisations active in development such as GTZ, UNDP, FAO, SNV, DFID, OXFAM, DANIDA, ODI, South South North, etc. to find tools to optimise your insight and potential impact.

The Gold Standard sustainable development assessment mostly relies on your own assessment as project developer and cross checking your assessment with local stakeholders. See Ch. 2.4 for detailed instructions on the sustainability assessment.

1.5 Open an account in the GS Registry / Project Management database and create your project

Once you have screened your project and decided to develop it under the Gold Standard, open an account in the Registry. You will need such an account in order to apply for Gold Standard registration. The Gold Standard Registry is a web-based software application that serves as the GS VER tracking tool but also as the Gold Standard project administration tool for both UNFCCC and VER projects. It is therefore necessary to have an account approved for activities in both the compliance market and the voluntary market. The opening of an account is free of charge for project developers. If you are the project owner you can manage all your projects under the same account. If you are a project consultant you can manage the various projects on behalf of the project owner in the same account. To find out how to apply for an account and subsequently enter your basic project information see Annex E. This Annex describes the entire operation of the Registry.

1.6 Start writing your Gold Standard Passport

The Gold Standard Passport (henceforth, the 'Passport'), is the document that presents all required information that is not already covered in the PDD. You are required to use a fixed template that can be found in the separate template Gold Standard Passport, which is downloadable from the Gold Standard website. The idea is that there is minimal overlap between the PDD and the Passport. Please go through the template of the Passport to be well informed on what kind of information you will be expected to record during the process. Sections in the Passport with their explanations are:

Project title

¹¹ For further reading on the underlying concepts, download the WCED report (or Brundtland report after the chairman of the committee) 'Our Common Future' at http://ec.europa.eu/sustainable/history/index_en.htm

You are requested to use the same project title in your Passport as in your PDD. This should also match the title in the Registry.

Project description

This can be a translation into English of your non-technical summary which you have presented to your stakeholders (see Ch. 2.6) or the project summary you use in section A of your PDD. Pictures can also give a lot of insight and you are encouraged to use them.

Proof of project eligibility

Check the appropriate boxes for your project regarding: category, region, project type, project gases, ODA, other certification schemes, and project timeframe. ODA statements can be included in the Annex.

Unique project identification

You will state the exact GPS coordinates of your project location for point source activities and the boundaries for projects spread over a broader area. It is essential you are accurate in this description as mistakes are easily made and could lead to double counting of credits. For Programme of Activity projects explain the reasoning behind the definition of your project location and coordinates carefully. It is encouraged that you illustrate the coordinates with a map (eg: www.googlemaps.com)

Outcome of the stakeholder consultation process

The report on the stakeholder consultation meeting follows a fixed template which is presented in Ch. 2.6. This is uploaded separately. Besides, in this section you are requested to give a recap on how you followed-up after the meeting and how you organised the stakeholder feedback round.

Outcome of the Sustainability Assessment

Here you present the outcome of your 'do no harm assessment' and your consolidated sustainable development matrix (see Ch. 2.4). This section has high importance as it is in this section that you can show the differentiation between your Gold Standard project and other regular projects. Take time to make accurate and easily understandable descriptions. Be transparent in your reasoning and data sources. Be realistic and conservative in the sustainable development impacts your project claims.

Sustainability Monitoring Plan

In this section you present your sustainability monitoring plan, which logically follows your sustainable development matrix. It lists the indicators of sustainable development which are relevant to your project, and indicates how they are being monitored.

Additionality and conservativeness deviations

This section is only applicable to Gold Standard CDM and JI projects as there is no deviation between the demonstration of additionality and conservativeness in the PDD and Passport of Gold Standard VER projects. Here you can present deviations

from your PDD that has been/will be registered at the UNFCCC. This includes deviations such as the tool you use to demonstrate additionality or deviations following the use of another baseline as a result of the conservativeness principle of the Gold Standard.

1.7 Start planning stakeholder consultation process

The Gold Standard requires that you discuss the project design and its potential environmental and social impacts with relevant (local) stakeholders and actively seek their comments. The aim of this consultation process is to inform stakeholders about the project and give them the opportunity to discuss the impact the project will have on them. It can also be used to specifically solicit concerns local people might have and address them. The overall goal is to improve the project design based on stakeholder comments and increase the local ownership or involvement of the project.

The Gold Standard stakeholder consultation process has two main events: a 'live' stakeholder consultation meeting and the stakeholder feedback round, which is preferably also 'live' but not necessarily so.

The first consultation meeting includes a discussion of the design and consequent impacts of your project. This consultation is comparable with the required stakeholder consultation by the UNFCCC. However there is more guidance on how to organise the consultation, to make sure the Gold Standard requirements are met.

During the second event - the stakeholders feedback round – stakeholders can give feedback on how their comments have been taken into account.

At the current stage it is important to start planning and organising the first physical meeting where you invite all stakeholders to discuss the environmental and social impacts of your project. Stakeholders will need to be invited to the consultation well in advance. Consider giving them 2-4 weeks of notice so that they can plan their schedules accordingly. NGOs should especially be given advanced notice of around 1 month in case they need to make travel plans. Include a non-technical summary of your project in the invitation to give the stakeholders relevant background material and context before the meeting. See for further instructions Ch. 2.6.

1.8 Deliverables chapter 1

Working documents

- Reference material to use during the additionality demonstration of your project
- Collection of background material on sustainable development
- Draft Passport
- Invitations to the local stakeholder consultation
- Non-technical summary

Deliverables

A signed Registry Terms of Use document sent to the Gold Standard Secretariat (if not done so already), including signed Terms and Conditions of the Gold Standard. This should follow your online application for opening an account in the Registry.

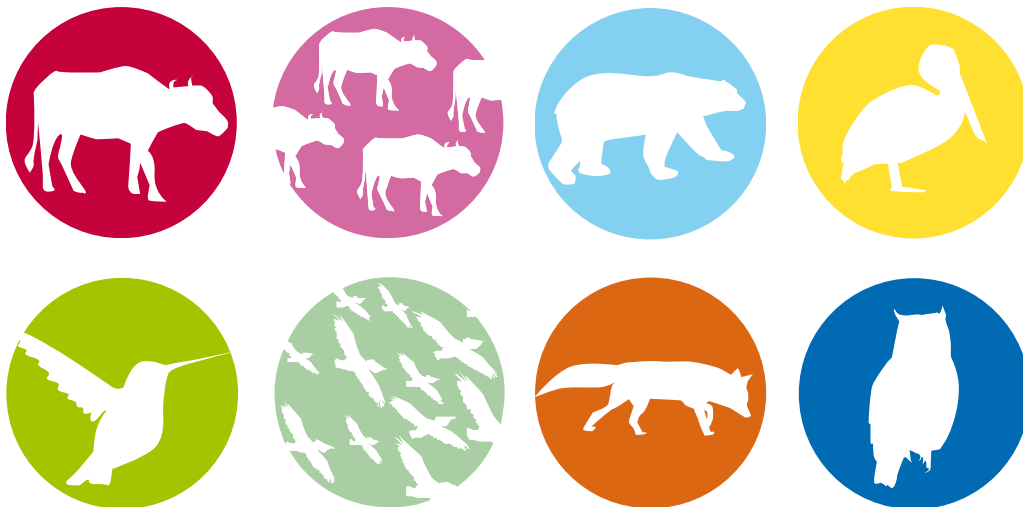
1.9 Status at the end of chapter 1

At this stage, you have informed yourself on the Gold Standard and you have:

- Established that your project is in principle eligible.
- Reached the decision to develop your project under this premium quality label.
- Considered the additionality of your project and started to gather the relevant materials to later validate your project
- Seriously considered sustainable development best practises and integrated them to your project design.
- Started a Passport for your project and familiarised yourself with the necessary documentation in the coming process.
- Opened an account in the Registry.
- Understood that the Gold Standard requires you to organise a sound stakeholder consultation process for which you have already devised a plan, and drafted the invitations.

Chapter 2

Design & Report



In this chapter the following steps in the project cycle should be completed: additionality assessment, sustainability assessment and stakeholder consultation. If your Local Stakeholder Consultation (LSC) report is approved after being uploaded into the Registry, your project's status will move from 'New Project Applicant' to 'Listed'. Only then will you obtain official Gold Standard applicant status.

See detailed steps in Figure 2-1 to understand the second phase of the project cycle, the designing and reporting phase. See Annex B for an overview of all phases in the project cycle.

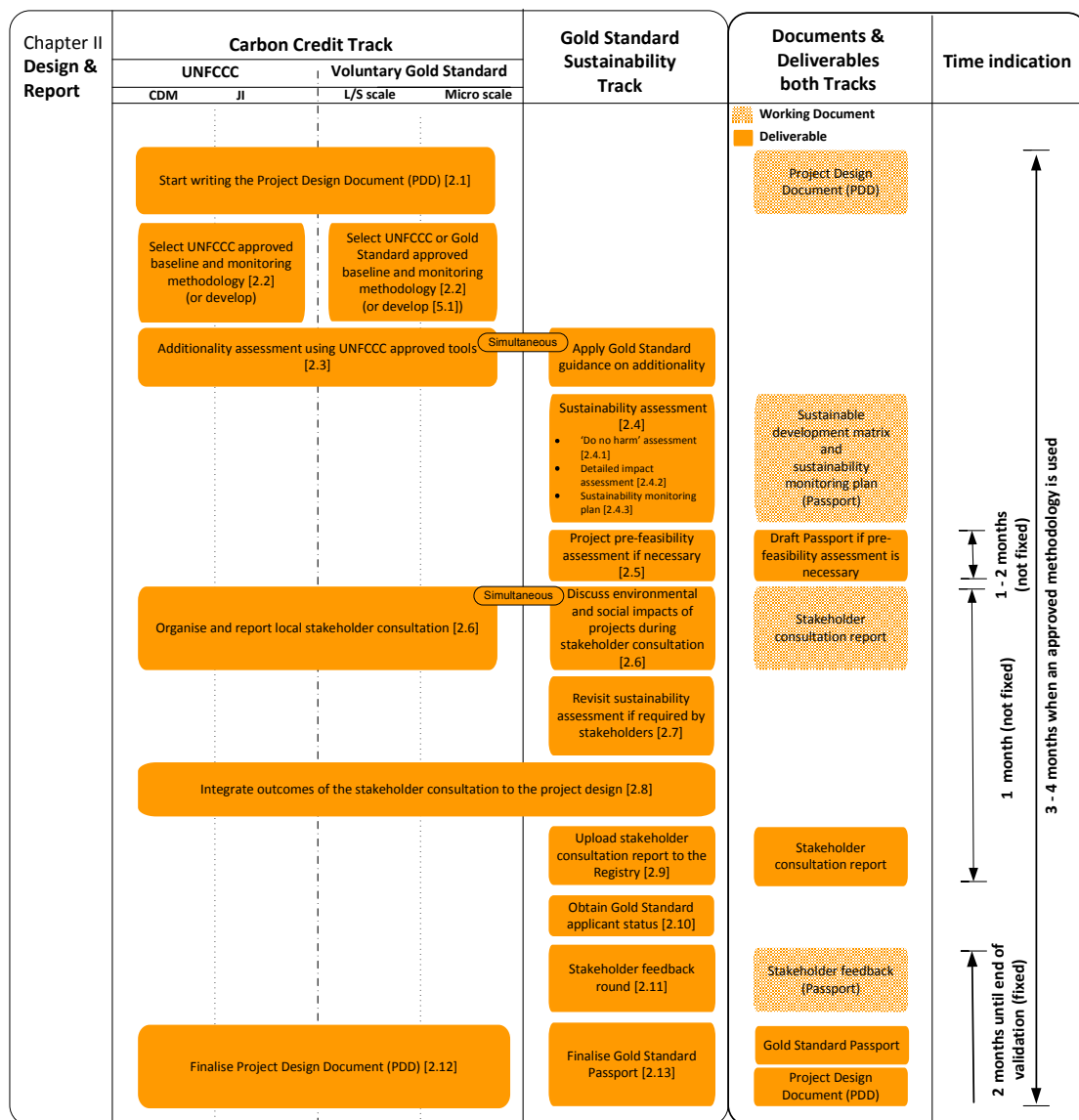


Figure 2-1

2.1 Start writing the Project Design Document (PDD)

The purpose of a Project Design Document (PDD) is to present relevant project information focusing on your project design and the application of the selected baseline and monitoring methodology to calculate the emission reductions. It is the primary means to communicate about your emission reductions for the host country approval (if required), validation and registration processes. The Gold Standard requires all projects to use the latest template of the UNFCCC Project Design Documents (PDD). Please look up which template you can use in Table 2.1.

Table 2.1

Category	Project Design Document (PDD) Template		
	Large	Small	Micro
CDM	UNFCCC PDD Forms	UNFCCC SSC PDD Form	Non existent
VER			UNFCCC SSC PDD form
JI Track II	UNFCCC JI PDD form	UNFCCC JI SSC PDD form	Non existent
POA-DD (CDM/VER)	UNFCCC PoA Form	UNFCCC PoA form	Non existent
CPA-DD (CDM/VER)	UNFCCC PDD Form	UNFCCC SSC PDD form	Non existent



For guidance on writing the Project Design Document please use the relevant PDD sections in the UNFCCC guidelines:

- [Guidelines](#)¹² for completing the project design document (CDM-PDD), and the proposed new baseline and monitoring methodologies (CDM-NM)
- [Guidelines](#)¹³ for completing the simplified Project Design Document (CDM-SSC-PDD) and the form for proposed new small scale methodologies (CDM-SSC-NM)



For guidance on writing the Project Design Document please use the relevant PDD sections in the UNFCCC guidelines:

- JI SC [documents and guidelines](#)¹⁴
- [Guidelines](#)¹⁵ for users of the Joint Implementation Project Design Document form
- [Guidelines](#)¹⁶ for users of the JI SSC PDD form and the form for submission of bundled JI SSC projects

2.2 Select baseline and monitoring methodology

Emission reductions under the Gold Standard need to be real, measurable and verifiable. This can be assured by using an approved baseline and monitoring methodology. A baseline methodology estimates the emissions that would have been

¹² <http://cdm.unfccc.int/Reference/Guidclarif/pdd/index.html>

¹³ http://cdm.unfccc.int/Reference/Guidclarif/pdd/PDD_guid02_v05.pdf

¹⁴ <http://ji.unfccc.int/Ref/Docs.html>

¹⁵ <http://ji.unfccc.int/Ref/Documents/Guidelines.pdf>





¹⁶ http://ji.unfccc.int/Ref/Documents/Guidelines_users_JISC_PDD_Form.pdf

created without implementation of the project. A monitoring methodology calculates the actual emission reductions from the project, taking into account any emissions from sources within the project boundary. Further to this, a monitoring methodology enables verification of the realised emission reductions in a transparent way. Both are combined in one baseline and monitoring methodology, often referred to simply as 'methodology'. The selected baseline and monitoring methodology is key to the development of the PDD. When using an approved methodology you must follow the Gold Standard principles of conservativeness and transparency.

The use of a UNFCCC or Gold Standard approved methodology is mandatory, for CDM, JI and VER projects. Make sure that the version of the methodology you intend to use is the latest one available at the time of your first submission to the Gold Standard. The time of first submission is defined as the date of upload of the Local Stakeholder Consultation report or in case of pre-feasibility assessment, the day of the application for a pre-feasibility assessment.

Through a screening of the applicability criteria of existing approved CDM methodologies you can find out whether an existing methodology can be used or a new methodology has to be developed. The procedures for developing a methodology for the Voluntary Gold Standard are described in Chapter 0. Please use Table 2.2 to find the lists of methodologies that can be used by your project.

Table 2.2

Lists of approved methodologies							
	L	S	L	S	L	S	-
Approved UNFCCC methodologies for large scale projects¹⁷	x	x	x	x	x	x	x
Approved UNFCCC methodologies for small scale projects¹⁸		x		x		x	x
Approved Gold Standard baseline and monitoring methodologies for large-scale projects					x	x	x
Approved Gold Standard baseline and monitoring methodologies for small-scale projects						x	x
Approved Gold Standard baseline and monitoring methodologies for micro-scale projects							x

Find current approved GS VER methodologies under the Gold Standard on the GS website.

The Gold Standard applies the principle of conservativeness in selection of your baseline scenario. You are required to select the most conservative baseline approach of those suitable for your project activity, unless there is strong evidence

¹⁷ <http://cdm.unfccc.int/methodologies/PAMethodologies/approved.html>

¹⁸ <http://cdm.unfccc.int/methodologies/SSCMethodologies/approved.html>

that another baseline is more convincing. In that case you give a clear explanation and source for this evidence.

As an example of conservativeness the two following cases are presented:

- If similar project activities in the region of your project have been registered with a certain baseline, you should not use a less conservative baseline unless there is a convincing case for an alternative choice of baseline methodology.
- If you have a project registered at the UNFCCC and in the meantime the EB came up with a new and more conservative interpretation, or a new version of the methodology with a more conservative baseline has been approved prior to submission to the Gold Standard, then you must revise your baseline for Gold Standard registration. This can lead to different volumes of credits under the Gold Standard and the UNFCCC which is not a problem, as CERs or ERUs are identified via the serial numbers.






The Gold Standard allows for the use of more than one methodology under VER Programme of Activities (VER-PoAs) . See also Annex F for an overview of the rules for Programme of Activities.

2.3 Additionality assessment

In order to prove the additionality of your project the Gold Standard requires you to use one of the UNFCCC or Gold Standard approved additionality tools provided in Table 2.3 whatever the scale and type of the project and whatever the stream you are applying for (VER, CDM or JI). The Gold Standard relies substantially on the CDM EB guidance from the Validation Verification Manual (VVM) for the evaluation of the additionality.

Table 2.3

Lists of approved additionality tools			
"Combined tool to identify the baseline scenario and demonstrate additionality" by the UNFCCC to be downloaded here	x	X	x
"Tool for the demonstration and assessment of additionality" by the UNFCCC to be downloaded here	x	X	x
A Gold Standard approved tool			x



As becomes clear from Table 2.3 you are allowed to use a self developed additionality tool, as long as it is approved by the Gold Standard. See the GS website, technical documents section, for a list of approved tools.

The process for development of a Gold Standard specific additionality tool is described in Chapter 5.



Mandatory guidance for the use of the UNFCCC tools for demonstration of additionality¹⁹ is presented here, examples can be found in Annex G.

Step: Identification of alternative scenarios

Come up with realistic alternatives that provide the same service output (e.g. kWh) as your project. Identify the legislation applicable to your project.

Step: Barrier analysis

A key requirement of the barrier analysis is that barriers should be credible and should prevent the project from occurring without registration as a CDM/JI or VER project. Therefore barriers should be:

- Credible;
- Not subjective (the DOE must be able to validate the barriers);
- Related to the project activity.

Furthermore for a transparent validation it is key that:

- You provide documentation that demonstrates the barriers. The chosen line of reasoning for the identification of barriers must be reproducible and supported by a sufficient amount of independent, non-company information. You are allowed to use company-specific information, but only if it is compared to non-company information (by the PDD author);
- You provide an explanation of how the income from carbon credits helps to overcome or alleviate the identified barriers. A general statement that the revenues from the carbon credits help to overcome the barrier is not sufficient. Include a substantial explanation, e.g. on how a cooperation with a technology supplier has been enabled by means of the CDM.

A list of possible barriers that prevent the implementation of Renewable energy generating projects can be in a summary on experiences²⁰.

Step: Investment analysis

If investment analysis is used to demonstrate additionality, the PDD should provide evidence that the project is economically/financially unattractive without the revenue from the sale of carbon credits because:

¹⁹ This best practice guidance is based on the following studies and Ecofys expertise

- Michaelowa, A., Purohit (2007) [Additionality determination of Indian projects](#)
- Schneider, L. (2007). [Is the CDM fulfilling its environmental and sustainable development objectives? An evaluation of the CDM and options for improvement](#);
- Non-Binding best practice [examples](#) on the demonstration of additionality to assist the development of PDDs in particular for SSC project activities.

²⁰ http://cdm.unfccc.int/public_inputs/dev_PDDs/cfi/AVCPZMAJJCUSRL20CXHXY4JLXB14U6

- There are costs associated with the project activity and it is demonstrated that the activity produces no economic benefits other than carbon credits related income;
- The proposed project activity is economically or financially less attractive than at least one other plausible alternative;
- The financial returns of the proposed project activity are insufficient to justify the required investment.

Step: Common Practice Analysis

The common practice analysis is an important credibility check in which you have to demonstrate that your project is not common practice in the region or country in which it is being implemented. The common practice analysis should:

- Not assess the motivation or intent but provide a more objective approach to assess additionality;
- Use independent external documentation.

2.4 Sustainability assessment

2.4.1 'Do no harm' assessment

You will now assess the risk that your project could have harmful impacts. The safeguarding principles of the UNDP lead your 'do no harm' assessment. These principles are derived from the Millennium Development Goals²¹ (MDG), eight goals that 189 United Nations member states have pledged to achieve by the year 2015.

The Gold Standard considers these principles to be applicable for any project location. The aim of this self-assessment is to gain insight into the risk that the project might result in negative environmental, social and/or economic impacts that are serious enough for the Gold Standard to eliminate the project from the approval process. Many of the questions are related to international conventions and agreements, and as such, it is a good idea to find out which international conventions your host country has signed up to²².

Per principle, question yourself whether there is a risk that your project might breach the safeguarding principles. Look at Annex C for critical issues of your project type. Take extra care that these issues are considered in depth in your assessment.

You can further use the guiding questions in Annex H to assist you in the self assessment. These guiding questions will also be part of your Local Stakeholder Consultation (LSC), and should be openly discussed with the local stakeholders. The questions can serve as an introduction to the scoring of the sustainability matrix. Both

²¹ <http://www.un.org/millenniumgoals/>

²² Human rights → <http://www.hrweb.org/legal/undocs.html>

Labour standards →

http://www.ilo.org/global/What_we_do/InternationalLabourStandards/lang-en/index.htm

Environmental protection → <http://www.unep.org/DEC/Links/index.asp>

the results of the Do No Harm questions and the scored matrices should be included in the uploaded LSC report, as well as in the final Passport.

Find the safeguarding principles of the UNDP and the typical critical issues per project type in Table 2.4.

Table 2.4

Safeguarding Principles	
	Human Rights
1	The project respects internationally proclaimed human rights including dignity, cultural property and uniqueness of indigenous people. The project is not complicit in Human Rights abuses.
2	The project does not involve and is not complicit in involuntary resettlement.
3	The project does not involve and is not complicit in the alteration, damage or removal of any critical cultural heritage.
	Labour Standards
4	The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights
5	The project does not involve and is not complicit in any form of forced or compulsory labour.
6	The project does not employ and is not complicit in any form of child labour.
7	The project does not involve and is not complicit in any form of discrimination based on gender, race, religion, sexual orientation or any other basis.
8	The project provides workers with a safe and healthy work environment and is not complicit in exposing workers to unsafe or unhealthy work environments
	Environmental Protection
9	The project takes a precautionary approach in regard to environmental challenges and is not complicit in practices contrary to the precautionary principle. This principle can be defined²³ as: "When an activity raises threats of harm to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically."
10	The project does not involve and is not complicit in significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value or (d) recognised as protected by traditional local communities
	Anti-Corruption
11	The project does not involve and is not complicit in corruption.

During the assessment please list all potential risks alongside the safeguarding principles. Also list any additional critical issues relevant for your project type that are not already covered by the safeguarding principles. If you perceive a risk, think of how this risk can be best avoided/ minimised and note this down as a mitigation measure.

An example of part of a 'do no harm' assessment could be the following:

You identify your project has high risk of negative effect related to safeguarding principle 11. Experience shows that in your local context subsidies, when disbursed by government officials to households, tend to go partly missing. Designing a mitigation measure would mean to search for alternative acceptable possibilities to disburse subsidies. In that process you for instance find out that this can also be

²³ The Wingspread Conference on the Precautionary Principle (1998)

done via the local post offices. This increases transparency, effective subsidy and responsibility of households. You can monitor the way subsidies are disbursed by your project; therefore it seems a suitable mitigation measure.

Two examples of cases where the 'do no harm' assessment was not done thoroughly.

- A remote community had been provided with a solar panel for free by an international development programme. This was done in order to give the children of the community the possibility to do their homework after dark. On visitation years later, it turns out that the electricity generated by the solar panel is not so much used to provide light at night, but more to watch television. Especially the male population of the community was entertained by the television during large parts of the day, while workloads of women had significantly increased. Nobody envisioned the negative impact on gender balance beforehand. The community stipulated they had not asked for the panel, all agreed a generator to pump up water for irrigation would have been a much more sensible investment.
- Individual households could enroll in a subsidised wind energy programme through which they could invest in a small wind mill to provide electricity to their households. Most households used the wind mill to charge batteries which they used to power income generating activities. Most households used the batteries also to go fishing. By electrifying the whole pond, fish would die and easily float to the surface. Nobody thought of the severe negative environmental impact.

The full assessment results in a filled-in 'do no harm' assessment table in your LSC report and Passport. See the outline of the assessment in Table 2.5.

All principles should, adapted to situation and context, be discussed with the stakeholders and mitigation measures introduced for those with a medium to high risk.

Table 2.5

Safeguarding principles	Description of relevance to my project	Assessment of my project risks breaching it (low/medium/high)	Mitigation measure
1			
2			
Etc.			
Additional relevant critical issues for my project type	Description of relevance to my project	Assessment of relevance to my project (low/medium/high)	Mitigation measure
1			
2			
Etc.			

Please have a look at the hypothetical examples of entries in a ‘do no harm’ assessment table in Table 2.6.

Table 2.6

Project	Safeguarding principle	Description of relevance to my project	Assessment of my project risk	Mitigation measure
Landfill gas capture	Labour standards	Unsafe handling of the captured gas	High	Organise training and only authorise trained personnel on site.
Off grid solar	Environmental protection	Batteries used to store electricity end up in environment	High	Organise a recycling system for batteries at end of life time.
Hydro-electric project	Human rights	A village’s sacred burial site is threatened by the placement of a powerhouse	High	Shift the location of powerhouse so as not to disturb cultural dignity.

2.4.2 Detailed impact assessment - sustainable development matrix

Any project seeking to obtain the Gold Standard must demonstrate clear benefits in terms of sustainable development. Here it must be noted that project boundaries for the detailed impact assessment may differ from project boundaries defined in the applicable baseline and monitoring methodologies. Very often the impacts on Sustainable Development can be considered with a wider perspective. The contribution of your project to sustainable development is established in the detailed impact assessment. You have to score your project on environmental, social and technological and economic indicators. To allow for a detailed scoring, twelve specific indicators are considered. These indicators, together with your scoring, form the

sustainable development matrix²⁴ (SD Matrix). When scoring your project look at the list of sustainable development indicators described in detail in Annex I.

Select corresponding parameters to represent the status of each of the indicators. For each parameter describe briefly what the baseline²⁵ situation would be and what the situation you aim for in your project is. Consider whether it is possible to connect your indicator to the (localised) MDGs²⁶.

Based on this description of the baseline and targeted values of your parameters, score each indicator 'negative', 'positive' or 'neutral' in comparison with the baseline situation. Negative indicators can potentially be 'neutralised' with mitigation measures. These mitigation measures must then be monitored. All non-neutral indicators must be monitored as well.

This process is repeated during the stakeholder consultation. The objective behind this exercise is to ensure the impacts of your projects on sustainable development are as beneficial as possible. If during the stakeholder consultation parameters are scored 'negative' by the stakeholders, you may have to revisit your sustainability assessment (see Ch. 2.7).

The following steps will lead you through the detailed impact assessment:

1. Open a blank sustainable development matrix as found in the Passport and in Annex I.
2. Familiarise yourself with the sustainable development indicators. An overview of indicators, including their potential parameters, is presented in Annex I.
3. Look at your 'do no harm' assessment table and choose the most relevant indicator for each of your listed mitigation measures. Copy the mitigation measures to the matrix in the corresponding indicator row.
4. Think about the status of environment, social development and economic & technological development in the region of your project. Look back at your considerations in Ch. 1.4. Answer the question: "which positive and negative impacts do you expect from your project in terms of environment and social and techno-economic development?" Try also to answer the question for yourself whether the impact is intrinsic to your project type. Relate all relevant impacts to the indicators mentioned and describe why they are relevant.
5. Familiarise yourself with the MDGs set locally in the region of your project. Many countries have policies in place detailing the localised Millennium Development Goals²⁷ or End Poverty 2015²⁸. You can also inquire at your local government about these. Economic, social, environmental or health departments can assist you. If possible describe how your project relates to the policy goals for the chosen indicators. Note this is not mandatory.

²⁴ This methodology is based on the work of Helio International (www.heliointernational.org) and members of the South South North network (www.southsouthnorth.org).

²⁵ The most likely situation if the project was not implemented

²⁶ <http://www.mdgmonitor.org>

²⁷ <http://www.undp.org/mdg>

²⁸ <http://www.endpoverty2015.org>

6. Choose parameters for each indicator, which will best show the attributed impact of your project. You can use the suggested parameters, but you are free to suggest others as well. Base your choice on pragmatism. Are you able to gather reliable qualitative or quantitative data on this parameter at reasonable costs given the scale of the project? Do you need to monitor certain data for other reasons, for instance quality control? Can you combine these efforts easily? Describe your reasoning for the choice. Look back at the localised MDGs and the local development policy you have studied. Can you relate your parameters to the parameters used in the local policy? If yes, it is likely that the government will gather data that is relevant for your project monitoring later on. This can save you money and effort.
7. Score your impact preliminarily. Negative impacts in comparison with the baseline: score ‘-’. In this case you may neutralise the indicator with a mitigation measure. If the mitigation measure is expected to fully mitigate the negative effect score ‘0’. Neutral impacts in comparison with the baseline are scored 0, positive impacts in comparison with the baseline score ‘+’.
8. Add up your scores. All indicators have the same weight. Add the scores per main category of sustainable development impacts, thus per Environment, Social Development and Economic & Technological Development. To be eligible under the Gold Standard your project must contribute positively to at least two of the three categories and neutral to the third category. If this is the case, you have completed the detailed impact assessment and are ready for the stakeholder consultation meeting. If not, you will have to alter your project design or implement additional mitigation measures.

2.4.3 Sustainability monitoring plan

The Gold Standard requires you to monitor the impact of your project on sustainable development. This is used to verify if your project has indeed contributed to sustainable development and consequently is eligible for the issuance of Gold Standard premium quality labels or Gold Standard VERs. All non-neutral indicators must be monitored. The means used to monitor the indicators must be proportionate to the size of the project. Use a bottom-up approach to establish the means of monitoring. Think about what is already available within the current project (reports, payments and meters).

In the monitoring plan you have to describe the current status (or expected status under the baseline) of your parameters, the future status and the way you will monitor them. Transparency is key to this exercise. All of this is laid down in your monitoring plan, which is part of your Passport. In Annex I you can find the outline of the monitoring table. To write the monitoring plan (from Requirements VII.d):

“1) Project Proponents shall identify parameters that can be used to properly monitor each non-neutral Sustainable Development Indicator according Annex I of the Toolkit. Project Proponents shall monitor these parameters over the *crediting period* and on a recurrent basis to measure the impact of their Gold Standard project activities on these *Sustainable Development Indicators*. The monitoring of *Sustainable Development Indicators* shall be

verified for each verification period, as well as during each mandatory Verification site-visit.

2) All non-neutral indicators shall be monitored.

3) All mitigation measures put in place to prevent violation or the risk of violating a safeguarding principle of the *'Do No Harm' Assessment* or to 'neutralise' a *Sustainable Development Indicator* shall be monitored.

4) Project Proponents shall submit their *Sustainability Monitoring Plans* to the Gold Standard Foundation, describing how and with what frequency they monitor the monitored parameters and associated indicators on a quantitative and/or qualitative basis"

Based on the monitoring plan you will gather data and report on the sustainable development attributed to your project. These reports will be subject to verification by the DOE later on.

2.4.4 Environmental Impact Assessment (EIA)

Your project has to fulfil host country (local, regional or national) requirements concerning Environmental Impact Assessments.



For your micro-scale project, a project owner declaration is required that guarantees that the project complies with local environmental regulations. There is no fixed format for this.




2.5 Apply for a pre-feasibility assessment if necessary

A pre-feasibility assessment of your project by the Gold Standard is required if your project:

- Is applying for retroactive registration, i.e. it is already operational or under construction at the time of first submission to the Gold Standard;
- Is a project activity that requires a preliminary evaluation of its eligibility by the Gold Standard as defined in Annex C. An example is a hydro power project with a capacity of more than 20 MW.
- Is rejected for registration by the UNFCCC and you wish to apply for Gold Standard VER.

In order to apply for a pre-feasibility assessment, you are requested to upload the documents in Table 2.7 to the Registry. Documents do not have to be completed yet.

Table 2.7

		
<p>Draft Gold Standard Passport (including a discussion on eligibility, additionality, SD Matrix, stakeholder consultation that has been conducted so far, sustainable indicators monitoring plan) Draft or final CDM PDD Draft or final CDM validation report, if available Any supporting documents (such as EIA, feasibility study, business plan) Any Annex C requirements (such as the hydro project checklist)</p>	<p>Draft Gold Standard Passport (including a discussion on eligibility, additionality, SD Matrix, stakeholder consultation that has been conducted so far, sustainable indicators monitoring plan) Draft or final JI PDD Draft or final JI determination report, if available Any supporting documents (such as EIA, feasibility study, business plan) Any Annex C requirements (such as hydro project checklist)</p>	<p>Draft Gold Standard Passport (including a discussion on eligibility, additionality, SD Matrix, stakeholder consultation that has been conducted so far, sustainable indicators monitoring plan) Draft PDD Any supporting documents (such as EIA, feasibility study, business plan) Any Annex C requirements (such as hydro project check list)</p>

The Gold Standard will conduct a pre-feasibility assessment on whether the project complies with the Gold Standard criteria. You will receive formal feedback based on this pre-feasibility assessment. If your project is allowed to apply for the Gold Standard you can further develop your project taking into account the feedback received. During validation you are required to provide the DOE with the Gold Standard pre-feasibility assessment feedback.

For fees see Annex L. When you have uploaded the documents on the Registry, an invoice will be sent to you. The pre-feasibility assessment process will start when the Gold Standard receives confirmation of payment.

2.5.1 Retroactive registration

If your project activities are already operational or if your project applies for Gold Standard registration after the start of construction or implementation, you must apply for retroactive Gold Standard registration. To be eligible for this you have to credibly and transparently demonstrate that the project is additional, i.e. went ahead due to anticipated carbon revenues.

2.5.2 Pre-feasibility assessment for project activities requiring a preliminary evaluation of their eligibility

- If your project requires a preliminary evaluation of its eligibility you must apply for a pre-feasibility assessment by the Gold Standard. Apart from the relevant documents listed in Table 2.7, you are required to include specific documentation as described in Annex C.

2.5.3 Pre-feasibility assessment for project activities rejected by UNFCCC seeking registration under Gold Standard VER



If your project is rejected by the UNFCCC e.g. because the project does not comply with the approved methodology, you can submit a revised meth to GS and then seek registration under the Gold Standard VER stream. However, you must first apply for a pre-feasibility assessment by the Gold Standard. Apart from the relevant documents listed in Table 2.7, specific documentation as described in Annex C, you are also required to submit the Validation report that was submitted to the UNFCCC and official communication with the UNFCCC on rejection of the project. Please note that the Gold Standard advises against resubmitting projects to the Gold Standard VER stream that have been rejected by the UNFCCC on grounds of additionality concerns.

2.6 Organise and report local stakeholder consultation

To understand what is expected during the local stakeholder consultation process, please consider the following chronological steps in the entire process carefully.

Step 1: Prepare

Good preparation is crucial.

Go through all the steps and consider how they fit into your entire project cycle. Make a rough plan for the month in which you would like to implement each step. Organise the stakeholder consultation meeting at a stage when you have formulated your project idea and laid out the first design but are still genuinely open for comments that require changes. Realise that the project will be better accepted if you involve people that are affected by it. The main topic of consultation is your project design and the corresponding social and environmental impacts. In order to consult local people on this you first want them to understand what your project idea is, therefore you prepare a non-technical summary in the most appropriate language. Secondly you want to consult local people on their view on the local social and environmental impacts.

Step 2: Hold consultation meeting.

Only if you plan your meeting wisely will it be effective.

Plan the meeting at a convenient date and time for people who are affected by your project. Think of planning the meeting in such a way that it does not conflict with their work arrangements or require them to travel far. Think especially about how to enable women and marginalised groups to attend. You do not necessarily need to organise just one meeting, you can also organise smaller meetings for specific groups if you think that will work better. Think of the best way to reach people and invite them in advance. Also take into account that you will have to invite local officials and non-governmental organisation representatives, including those from the

Gold Standard supporter NGOs (see Annex A). You may also want to invite the local expert of the Gold Standard in the region (see Annex A) as they would be able to provide useful inputs. Make sure all people will be able to understand what is said during the meeting, arrange for interpretation if more than one language is used. Keep the agenda of the meeting clear, focusing on the explanation of your project and the social and environmental impacts. This can be accomplished by using the questions from the 'Do No Harm' assessment and by going through the blind exercise. Note that you can adapt the questions you are asking stakeholders to their capability of understanding them – the key objective is to identify issues stakeholders have with the project from their perspective.

Step 3: Follow-up

The consultation process only makes sense if you take comments into account.

Take minutes at the meeting and, if you can, take pictures or even better record a video; these will be useful for your report. Assess the comments made by stakeholders. Any comments / suggestions that are serious, reasonable and proportional must be taken into account and changes made to your project design accordingly.

Your judgment is key to this stage and ultimately will decide the final design. However you must be able to explain why you did or did not consider any comments or suggestions. Compare your sustainable development matrix from Ch. 2.4.2 with the resulting matrix of your blind exercise with your stakeholders. Analyse the differences and consolidate your final matrix. If one or more indicators are still considered negative, you are requested to revisit your sustainability assessment with an independent party (see Ch. 2.7).

Step 4: Report

To describe the outcomes of the Local Stakeholder Consultation (LSC), you have to write a report. This report will have to be submitted to the Gold Standard via the Registry. The template for this report can be found in Annex Q of this document.

Before organising the stakeholder consultation meeting please refer to this template, so that you have a better idea of what needs to be reported. You are requested to upload the LSC report to the Registry, preferably within a one month following the date of the meeting (or last organised meeting in case you organise more than one).

Projects applying for retroactive registration have to discuss the stakeholder consultation as part of the pre-feasibility assessment and may have to conduct a complementary consultation based on the outcome of the pre-feasibility assessment.

Step 5: Confirm

To prove you have taken the consultation process seriously.

You have to give feedback to the stakeholders on how their comments have been taken into account. Therefore you will have to organise a stakeholder feedback round, which is described in Ch. 2.11.

Non-technical summary

To allow stakeholders to better understand what the project is about you have to provide them with a non-technical summary of your project. This is a short summary, which is understandable for lay people and is maximum one page long. It can be based on the PDD. The non-technical summary has to be presented in an appropriate local language, to allow stakeholders to understand the project. See example in Annex J.

Invitations

You are requested to pro-actively invite stakeholders from different categories for comments. Send them, via email or mail, or by hand if necessary, the available (non-commercially sensitive) project documentation such as the non-technical summary. You may also wish to send the draft PDD and Passport if available – but consider that your stakeholders may neither understand nor be interested in the information in these documents, so consider what information is necessary and appropriate for which stakeholder group. If stakeholders do not respond to the invitation for comments via e-mail or letter, pick up the phone and give them a call. See Table 2.8 with the required categories of invitees below. You cannot deny a stakeholder access to the consultation. Note that you are not required to disclose confidential commercial information.

Table 2.8

Category code	Category	Contact details
A	Local people impacted by the project or official representatives	
B	Local policy makers and representatives of local authorities	
C	For CDM / JI projects, an official representative of the DNA or DFP of the host country of your project, or the UNFCCC focal point if the DNA or DFP has not yet been set-up. (For voluntary GS projects, the DNA must also be notified. An invitation letter can be sent, however no formal response is required).	See http://www.unfccc.int
D	Local non-governmental organisations working on topics relevant to your project	
E*	The local Gold Standard expert who is located closest to your project location	See Error! Reference source not found.
F	Relevant international non-governmental organisations (NGOs) supporting the Gold Standard, with a representation in your region and ALL GS supporter NGOs located in the host country of the project.	See Error! Reference source not found.

* For a list of GS local experts, please refer to the GS website.

You can chose the way of invitation based on what you think will work best. Think also of using media like newspapers, radio or television advertisements. You can find examples of invitations in Annex J. In the invitation the objective of the consultation

needs to be mentioned together with the way how those not attending can send feedback in writing or via other means (e.g. email).

Tracking invitations

You are requested to track all the invitations you send out by filling out the table in the report. Also archive your invitation text or newspaper advertisements whenever possible. See outline in Annex J.

DNA or National Focal Point

You are obliged to notify the DNA or the national focal point about your project. This should happen at the same time as inviting your stakeholders for the local stakeholder consultation.

2.6.1 Local stakeholder consultation meeting

After notifying all stakeholders by inviting them together with sending them the non-technical summary, you will need to prepare the agenda, the draft sustainable development matrix, the participant list and the evaluation forms for your stakeholder consultation meeting. See Annex J for guidance on various elements.

Make sure that your consultation meets the following criteria:

- All stakeholders understand – adapt to the abilities of stakeholders present
- All stakeholders have the opportunity to be involved
- The meeting is well documented;
- The meeting is in line with host country requirements.

Appoint someone in advance to take minutes. Consider appointing someone to take pictures as well, or even better record a digital video.

As facilitator try to engage all people present, avoid allowing single people or groups of people to set the atmosphere and prevent others being able to speak up. Especially encourage women to voice their opinions. Consider conducting several separate meetings if this is not possible given local customs.

Agenda of the meeting

The Gold Standard recommends the following agenda points and approach for the Local Stakeholder Consultation meeting. You may deviate from the agenda but all points here should be covered. Please refer to a discussion of the principles behind each agenda point, below.

A. Opening of the meeting

Introduce yourself and introduce (groups of) people in the audience. Explain the goal of the meeting: getting feedback and suggestions for improvement of the project from all the people gathered. Ask people to sign the participant list, on which they register their name and contact details, job or position, and sign for presence.

B. Explanation of the project

This is to check stakeholder understanding of the non-technical summary and explain in more detail what the aim of the project is. This includes its exact location, who the initiators are and what their motivation is, who else is involved and project phases and timelines. You can use your non-technical summary as a basis for this. Make sure to focus on the practical implications the project has for stakeholders.

C. Questions for clarification about project explanation

Arrange some time for people to ask questions for clarification on the project idea. Check if there are experiences with similar project types, check whether prejudices exist. Correct them if necessary. If no questions come, consider asking the audience questions yourself in order to check understanding.

D. Blind sustainable development exercise

Explain the three categories of sustainable development: environment, social development and technological & economic development and their possible indicators. Make sure you explain categories, indicators and your expectations of the exercise in a way that can be understood by stakeholders present. This may require simplification, using of examples taken from local context and the use of non-technical language. Ask which indicators they think are relevant to the project. Note this is a blind exercise, the stakeholders are not aware of the results of your sustainability assessment yet. List the indicators mentioned and ask the audience to score them 'positive' 'neutral' or 'negative'. Discuss the negatively scored indicators first. Raise the question of how impacts can be mitigated. Ask people about their concerns and how to address them adequately. Ask if there are suggestions to improve the mitigation measure(s). Try to reach consensus among the people regarding the final proposed measure(s) and whether indicators can finally be scored neutral or still remain negative. If indicators are still considered negative, you are requested to revisit your sustainability assessment with an independent party (see Ch. 2.7).

Regarding the positive impacts, ask people whether they think the project is doing too little/ enough/ too much for every impact and to explain their reasoning. Consider prompting people by asking them first to think in terms of their priorities and day-to-day reality and then of the priorities of future generations. Try to reach consensus on the scoring of the sustainable development matrix during the discussion, before continuing to the next agenda item – however, remember the exercise is challenging, so take care not to confuse and ask too much of your stakeholders. Simplify to the extent possible and necessary.

Gather as many comments as possible to improve and balance the project's impacts. Concerns and comments raised by participants should be carefully noted down with full reasoning. Present the resulting sustainable development matrix later in your report.

A 'blind' exercise means you have done this yourself and have an opinion, but you will not bother people with that, at least until they have done the exercise as well. This is done to encourage open and unbiased thinking. Two examples of a blind exercise are for instance:

- Analogue to the famous story by Ryszard Kapuscinski²⁹, if someone would confront local people with the hypothetical situation that a hole will appear in the road between their village and the next town. And if that person then asks: "What will happen?" and "Is that positive or negative?", people will come up with all kind of things that will or are likely to happen. Think of: broken down cars, traffic jams, new employment in the mechanic business, crude oil leaking in the environment, possibilities to open a tea stall and many other businesses, the need for education, the start of a school, etc. If you canalise the imagination by asking people what will be the effect of what will happen and keep asking whether it is positive or negative, you will get quite far in summarizing the effects of your project.
- If you ask people whether they think a zebra is a black horse with white stripes or a white horse with black stripes, the answer will depend very much on their perspective. In principle there is no right or wrong answer. If you ask them "why?" and to explain their opinion you will understand their thinking. It will also facilitate debate in the group. Later on you could share your initial thought on the zebra matter; in most cases you will realise your opinion has become more balanced in the process.

E. Discussion on monitoring sustainable development

Raise the subject of monitoring the sustainable development indicators. Do people have ideas on how this could be done in a cost effective way? Are there ways in which stakeholders can participate in monitoring? Again, consider the abilities and capacity of your stakeholders and do not ask too much from them.

F. Closure of the meeting

Ask people to fill out the evaluation form. You can use the outline presented in Annex J as guidance. Explain what the follow-up will be and how people obtain the minutes of the meeting. Give an indication of when and how you want to organise your stakeholder feedback round. Close the meeting.

Find some example pictures of meetings in Figure 2-2 and Figure 2-3.

²⁹ 1998 Ryszard Kapuscinski, title: Heban



Figure 2-2 - Stakeholder meeting of the D'light project in India



Figure 2-3- Meeting of Hunan Loudi Miaopu landfill gas to power project in China

2.6.2 Follow up after the meeting

The evaluation forms filled in by the stakeholders will allow you to gain an overall perspective of stakeholder opinion on your project. The following steps will guide you on how to follow up after the meeting.

1. Analyse your evaluation forms and state your analysis and conclusion in your report. If you received many negative comments through the evaluation forms, you will need to revisit your sustainability assessment. See Ch. 2.7.
2. Evaluate and list all the comments from the stakeholders. Include the list of the comments in your report. If some stakeholder concerns seem unwarranted, make a case as to why this is so. While negative stakeholder comments are not necessarily a reason to stop the project's progress, the

- Gold Standard does expect that all stakeholder concerns are addressed in the report, and accounted for.
3. Record minutes of the meeting. Include these in the report as soon after the meeting as possible, delays make it more difficult to recall exact comments and their context. Keep the minutes short, focus on comments received during the meeting. List all comments received (positive, neutral, and negative ones). See examples in Annex J.
 4. Discuss all received comments and assess how serious, reasonable and or proportional they are. Decide which ones have to be taken into account for the development of the project and which ones can be discarded with an appropriate and convincing justification. Define any alterations which will be made to the project.
 5. Finalise your sustainable development matrix based on your stakeholder consultation. If indicators are still considered negative, you are requested to revisit you sustainability assessment with an independent party (see Ch. 2.7).
 6. Finalise your Local Stakeholder Consultation report. You are required to upload the report to the Registry, preferably within one month after the meeting.

2.7 Revisit sustainability assessment if required by stakeholder consultation

If the sustainable development matrix contains negative scores after the meeting without them being sufficiently neutralized (set to zero) by mitigation measures, or if evaluation forms show a lot of negative comments, there is reason to perform an in-depth sustainability assessment. This assessment has to be performed by an independent third party (such as a local university ecologist, a local NGO or relevant GS NGO Supporter, or independent technical specialist). You may also consider holding a second local stakeholder consultation to ensure that issues have been sufficiently addressed before proceeding to the Stakeholder Feedback Round. The revisiting process should be documented in the form of a formal report and uploaded to the Registry before the project can achieve 'Listed' status. You may also consult the Gold Standard local expert for advice. If you take this revisiting serious, your project can only improve from it.

2.8 Integrate outcome of Local Stakeholder Consultation to project design

After consideration of comments from stakeholders raised during the first consultation meeting you can decide whether to change the design of your project. Changes in the project design generally increase the local ownership of the project and enhance sustainable development.

Stakeholder comments have to be considered in all reasonableness; therefore not all comments have to result in a change to the project design. You can report changes

in the project design resulting from the local stakeholder consultation meeting in the respective section of your Passport. In Table 2.9 you can find some examples of comments raised and consequent changes in the project design.

Table 2.9

Project	Comment received	Change in project design
Wind farm	Placement of one of the turbines will affect a livestock watering hole. Stakeholders have asked for compensation for a better watering hole for their animals.	The project design has changed to include a new watering hole at a location more suitable for the herders.
Biomass project using agro-industrial crop residue (eg: rice husk)	Farmers have asked if they can receive money for delivering crop residue (eg: wheat straw) directly to the biomass plant. They want to score this positively under the indicator 'Quantitative employment and income generation.'	The project design has changed to include the monitoring of payments to farmers for delivery of crop residue, with a measuring parameter of subsequent household increases in income.
Biogas capture and utilisation (electricity generation connected to the grid)	Stakeholders have asked for free electricity for the village	No change. The project proponent explains that the electricity is being fed directly to the grid, and is therefore not under his jurisdiction.

2.9 Upload Local Stakeholder Consultation report to the Registry

After you have completed the Local Stakeholder Consultation report, you are requested to upload the report to the Registry. You will need to create a project record in the Registry, which in the future holds all the information of your project. See Annex E for detailed instructions. Uploading your stakeholder report increases the transparency of how you have considered the stakeholders' views on the project; it is also a requirement to obtain the Gold Standard applicant status.

2.10 Obtain Gold Standard applicant status



Following the upload of the stakeholder report the Gold Standard Secretariat will inform you via the Registry on your status. If your project passes the completeness and approval check by the Gold Standard you will obtain the status of applicant and are 'listed'. See Annex M for detailed definition of this status and your rights and duties when communicating the project publicly as a Gold Standard Applicant. You cannot publicly communicate the Gold Standard Applicant status without having submitted (uploaded to the registry) a signed copy of the Terms and Conditions. The Gold Standard Applicant status signifies that your commitment to obtaining Gold Standard certification has been recognised and that the Gold Standard is seriously considering your project. It doesn't mean the Gold Standard has validated your Local Stakeholder Consultation report.

2.11 Stakeholder feedback round



The Gold Standard process includes two rounds of stakeholder consultation. The first you have already executed, the Local Stakeholder Consultation, this consultation must include a physical meeting. The second consultation is the 'Stakeholder Feedback Round', which may also include a physical meeting although this is not mandatory.

The Stakeholder Feedback Round for the regular project cycle covers all issues raised in the local stakeholder consultation meeting and how due account was taken following the stakeholders' comments. All stakeholders invited for participation in the Local Stakeholder Consultation have to be included in the Stakeholder Feedback Round.

Stakeholders should be encouraged to make comments on the Local Stakeholder Consultation report and if applicable the revised project documentation. Therefore you have to make available the Local Stakeholder Consultation report, the (revised) PDD, the (revised) Passport and, if applicable, supporting documentation such as an environmental impact assessment (EIA). You can publish all information on a website, and on the GS Registry (in this case, let the GS know when your SFR begins so the document links can be made public), but this might not be sufficient to obtain the stakeholders' feedback. Besides publication on a website you can think of making several hard copies of the documentation available at, for example, the local post office, or municipality. Upload all this public information to the Registry as well. The documentation needs to be open for comments for a period of at least two months before the validation of your project is finalised. You can perform the stakeholder feedback round in parallel to the validation process.

The stakeholder feedback round for retro-active projects will possibly need to include a site visit by the stakeholders participating in the process. In addition to this site-visit the Gold Standard guidance provided in the pre-feasibility assessment needs to be followed. This could lead to, for example, an extra stakeholder consultation to ensure the Gold Standard requirements are met.

You report on the feedback round in your Passport. You have to report how the feedback round was organised, what the outcomes were and how you followed up on the feedback.

2.12 Complete PDD and Passport

At this point you should have enough information to complete the PDD and Passport documents.

2.13 Deliverables chapter 2

Local Stakeholder Consultation report
Completed Passport
Completed PDD
Signed Terms and Conditions

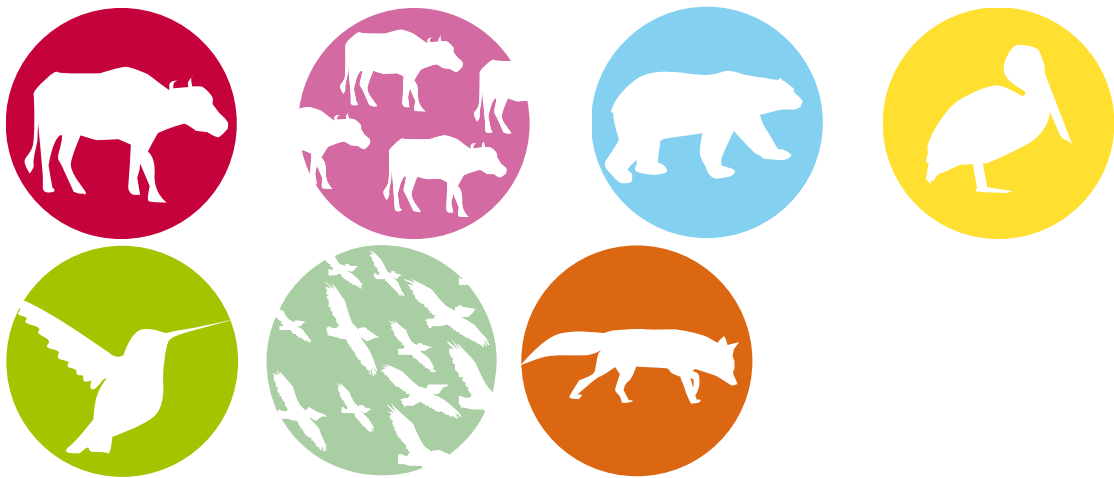
All the documents have to be uploaded to the Registry

2.14 Status at the end of chapter 2

At this stage you have discussed the additionality and eligibility of your project for the Gold Standard. You have assessed and discussed with local stakeholders the environmental, social and techno-economical impacts of your project. You have completed the PDD and Passport and have obtained the Gold Standard applicant status. You have sent the Gold Standard your signed Terms and Conditions. You are now listed and ready to present and defend your project.

Chapter 3

Validate



In chapter 3, the PDD is submitted for validation. The Gold Standard validation may be carried out in parallel with the UNFCCC validation. The chapter contains instructions for the DOE and an explanation of which documents can and should be submitted throughout the validation process. For the validation in principle the rules as laid down in the CDM Validation and Verification Manual are applicable unless Gold Standard requirements go beyond or are otherwise stated. The Toolkit gives guidance for validation of a project by a DOE; this guidance is also directly applicable to validation by an AIE.

See detailed steps in Figure 3-1 to understand the third phase of the project cycle, the validation phase. See Annex B for an overview of all phases in the project cycle.

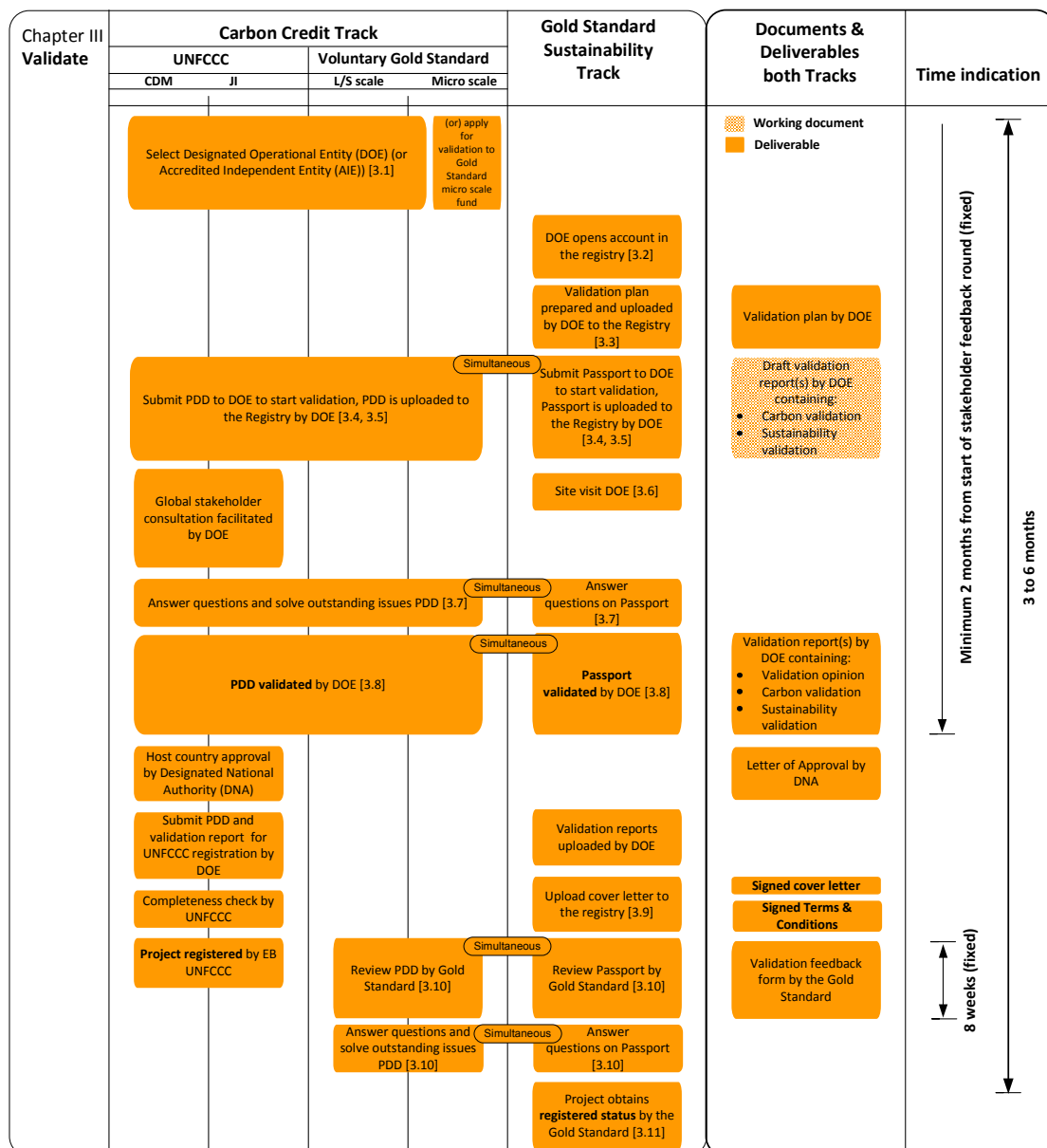


Figure 3-1

3.1 Select Designated Operational Entity (DOE) or Accredited Independent Entity (AIE)



The objective of the validation process is to have an independent third party assess whether the project design fulfils the requirements set out by the Gold Standard. The Validator shall confirm that the project design, as documented in the PDD, Passport and Local Stakeholder Consultation report, is sound and reasonable and meets the relevant criteria.

Any UNFCCC DOE or AIE accredited for the appropriate scope may validate or verify a Gold Standard project, however the Gold Standard recommends selecting a DOE or AIE that has affinity with the Gold Standard values. Have a look in the registry to see which firms regularly validate Gold Standard projects, or contact the Gold Standard Foundation for advice.



Micro-scale projects can be validated in two ways:

1. Contract a DOE like for any other project;
2. Opt for a Gold Standard internal validation. This option requires paying a fee to the Gold Standard Validation Fund. The fund has been created to reduce transaction costs, which can act as a barrier to development of micro-scale projects. See Annex L for fees.

If you want to make use of the Gold Standard Validation Fund, you should use the following procedure:

1. Notify the Gold Standard Secretariat³⁰ that you want to make use of the Validation Fund;
2. Upload your PDD and Passport to the registry;
3. You will receive notification on whether your project will be validated by a DOE or internally by the Gold Standard Technical Advisory Committee. Costs are in both cases covered by the fund. This decision is made through a 'target random' selection among micro projects opting to make use of the Validation Fund; In the case of an internal validation, the validation process does not start until the internal validation fee has been paid in full.
4. If you are requested to have your project validated by a DOE, select a DOE based on several competitive offers from DOEs and follow the steps of regular validation. The cost of the validation of your project will be paid from the Validation Fund. In setting the rates for validating projects, the Gold Standard considers the typical market price for verification. However, if the verification fee negotiated between the project proponent and the DOE exceeds the available funds in the Validation fund, the remaining cost will have to be carried by the project proponent.

³⁰ Send an e-mail to: registry@cdmgoldstandard.org

5. If you are requested to have your project validated by the Gold Standard Technical Advisory Committee, upload your finalised PDD and Passport to the Registry. You have the same duty to respond to questions and requests as in the case of a validation conducted by a DOE.

3.2 DOE opens account in the Registry



To begin the validation process you (the DOE) must open an account in the Registry if you have not already done so. Instructions for opening an account are listed in Annex E. This is free of charge.

3.3 Upload validation workplan



To increase the transparency of the validation process, you (the DOE) must prepare a validation workplan. Do this together with both the project developer and other relevant stakeholders and upload it to the Registry. This report describes, amongst other things, how local expertise is integrated into the validation process and which auditors will be in charge of the validation.

To enhance the transparency of the validation you are required to share the workplan for validation with the Gold Standard. This workplan must be uploaded to the Registry and can only be accessed by the Gold Standard. The workplan does not have a fixed format, but must contain the following elements:



1. Composition of the audit team and their experience. It is mandatory that the team incorporate local experience in the host country. This does not mean that you have to include a team member living in the host country. It is important that you demonstrate that at least one of the team members has experience in the host country and in the applicable scope of the project.
2. Gold Standard validation time frame.
3. Documents to review.
4. An explanation how validation will be conducted for the Local Stakeholder Consultation (LSC), the Stakeholder Feedback Round (SFR), the Do No Harm Assessment and the SD Matrix (e.g. how will reference sources be verified, will stakeholders be interviewed and if so how?)
5. On-site audit planning and tentative programme.
6. Interaction with the project developer, detailing the way of communication (for example via the registry) and the number of iterations for questions and requests.
7. Reporting, detailing procedures and responsibilities for quality control.
8. Communication of final validation opinion to the Gold Standard.

For a description how to upload the workplan, see Annex E.

3.4 Start validation process

The aim of the validation under the Gold Standard is to ensure that the proposed project meets the requirements posed by the Gold Standard. The validation will result in a validation report describing the findings regarding GHG emission reductions, sustainable development reporting and final validation opinion of the DOE. See Table 3.1 to define whether this can be combined in one report and for short naming of reports.

Table 3.1

	
<ul style="list-style-type: none"> ▪ CDM validation or JI Determination report ▪ GS validation report including section with Validation opinion 	<p>GS Validation report with sections:</p> <ul style="list-style-type: none"> Validation opinion Carbon validation Sustainability validation

These validation reports do not have to follow a fixed template; you can find a suggested outline for the validation reports in Annex K. The DOE or AIE will receive the following documents from the project participants:

- A complete PDD
- A complete Passport
- All supportive documentation (e.g. pre-feasibility assessment feedback, financial overview, compliance statement with environmental law, environmental impact assessment, etc.)

At the start of the validation either the DOE/AIE or the project proponent can upload the finalised version of both documents to the Registry together with supporting documents. At this stage, only the project proponent, the DOE/AIE and the Gold Standard can have access to the project documentation.

Renewable crediting period

In the case of validation for a second or third crediting period, baseline of GHG calculation and sustainable development indicators must be re-evaluated and re-validated.

3.5 Validation guidelines

The rules setting the basis for crediting under the Gold Standard follow the principle of conservativeness and the general conclusion of the Gold Standard Technical Advisory Committee that excessive crediting will limit availability of carbon finance for new entrants.

Key principle: the rules of the CDM are applicable for CDM and VER projects unless Gold Standard requirements go beyond or are otherwise stated. The latest version of the UNFCCC CDM VVM guidance is fully applicable unless otherwise stated.

3.5.1 Validation framework

The validation framework consists of a check of the PDD and Passport. The following specific guidance is applicable:

Baseline and monitoring methodology check:

The baseline and monitoring should be validated according to the guidance of the VVM unless Gold Standard requirements go beyond or are otherwise stated. The Sustainability Monitoring Plan in the Passport should be validated according to guidance provided in section T2.4.3.

Project eligibility (see also guidance provided under T.1.2)

- a) Check if the right project size has been selected. Check whether project proponent has a written statement (e.g. in the PDD) against de-bundling of the project. De-bundling of small- and large-scale projects to create micro-scale projects it is not allowed.
- b) If there is an applicable cap & trade scheme in the project's host country, check if an arrangement has been made to cancel allowances (as back up for issued GS VER credits) in the applicable cap & trade scheme.
- c) Check whether the project is eligible for the Gold Standard use Annex C.
- d) Check whether the project reduces an applicable GHG
- e) Check that the project does not receive ODA under the condition that the credits coming out of the project are transferred to the donor country.
- f) Check that the project applies the correct project cycle (regular vs. pre-feasibility assessment).
- g) Check that no double counting occurs with other certification schemes.

Additionality check

- a) Check that the project proponent has selected and applied the correct tool for the demonstration of additionality.
- b) Check the project's additionality. You can use the following guidance:
 - Identify the main arguments that have been used by the project proponent to demonstrate additionality.
 - Assess the correctness of the line of argumentation.
 - The argumentation shall also be addressed during the interviews with project stakeholders.
 - References; check that the references used to demonstrate additionality are up-to-date and reliable.
 - Normal practice in the region; check that the project proponent has compared the proposed project activity to normal practice in the region. This is particularly relevant if similar projects have already been implemented on a commercial basis in the region.

- Conservative assumptions; check that assumptions (quantitative or qualitative) used to demonstrate additionality are conservative.

Conservative Approach Check of the Baseline Scenario

Refer to the rule on conservativeness in Requirements document III.f.5.

The Validator shall confirm that the baseline has been constructed in a conservative manner in order to reduce the risk of artificially inflating the number of Gold Standard CERs, ERUs or VERs received by the project activity. Establishing a baseline in a transparent and conservative manner means that assumptions are made explicitly and choices substantiated.

You can use the following guidance:

- a) Check that the PDD:
 - Uses the latest version of the methodology and the latest interpretation from the EB at the time of first submission to the Gold Standard (as defined in the Gold Standard Requirements).
 - Describes the baseline methodology used.
 - Describes the quantified baseline scenarios.
 - Substantiates the choice of baseline scenario.
 - Includes an overview of the current and known future legally binding regulatory instruments and assesses whether the project would be implemented anyway because of these.
 - Provides evidence so that it can be assessed whether or not the technology used is considered “common practice”.
 - Addresses leakage issues as part of the baseline and project boundary.
- b) Ensure that the most conservative baseline scenario is selected:
 - Ensure that, unless there is a convincing case for an alternative choice of baseline methodology and technical assumptions (e.g. emission factors), the methodology that results in the lowest baseline emissions is used.
 - Ensure that all likely baseline scenarios are developed and quantified.
- c) Ensure that the baseline emissions are conservative:
 - Affirm that there is no material uncertainty over the numerical data sets applied (e.g. generator efficiencies, and fuel types and resulting emission factors, etc.).
 - Check that there is systematic referencing to publicly available information or to expert or expert opinions. Check that information is verifiably presented with a sufficient degree of detail and transparency. Reproducibility is key.
 - Check that full transparency is applied with regard to which sets of data were selected based on the prerogative of conservativeness. This includes full references to sources of data used. Ensure that data

uncertainties are clearly stated, if possible, with associated margins of error.

- All data and statements are to be checked.

Sustainable development assessment

Check whether the project proponent's claims regarding sustainable development are sufficiently substantiated.

- a) Check whether 'Do no harm' assessment has been based on accurate information, see Ch. 2.4.1, and that reference sources are included.
- b) Detailed impact assessment; check if the guidance provided under Ch. 2.4.2 has been applied to establish the sustainable development matrix. Assess the matrix according to the guidance in Ch. 2.42. and in Annex I and Table 3.2.

Table 3.2

Score	Impact
-	negative impacts, i.e. where there is damage to ecological, social or economic systems. Compensation measures are not possible, or mitigation measures have not been applied.
0	no, or negligible impacts, i.e. there is no impact or the impact is considered insignificant by stakeholders, or the impact has been neutralized by a sufficient mitigation measure.
+	positive impacts

Note: If a project scores 'negative' then it is only eligible if the project participants have developed mitigation measures, which are included in the Sustainability Monitoring Plan, see Ch. 2.4.3.

- Check all data and statements used in the sustainable development matrix.
 - The matrix should be based on existing sources of information, which could include data from existing reports, results from stakeholder consultations, and experiences with similar projects in similar situations, etc. Where data are unavailable or are of poor quality, or severely outdated, independent opinions and expert judgments can also be used.
 - Data or expert opinions need to be presented in a sufficient degree of detail and transparency and should be verifiable.
 - Data uncertainties should be clearly stated, if possible with associated margins of error.
- Transparency; make sure that the scoring as described above is reproducible and verifiable.
- Scoring; are at least two of the sub-totals (categories) positive? Is the third sub-total at least neutral?

- Stakeholder consultation: check that the matrix has been completed together with the stakeholders, see Ch. 2.6.

Environmental impact assessment (EIA)

- Check that the project activity conforms to host country (local, regional or national) requirements concerning environmental impact assessment (all sizes of projects).
- For micro-scale projects, check that an owner declaration in the form of a letter or statement has been provided that guarantees that the project complies with local environmental regulations.

Stakeholder Consultation

Relevant documents for validation of the stakeholder consultation are the Local Stakeholder Consultation report and the Passport. Check that project proponents fulfil the Gold Standard requirements regarding stakeholder consultations, see Chs. 2.6 and 2.11. For checking that the requirements are met, please contact the most relevant local or national Gold Standard NGO supporters for additional information. Demonstrate that you have validated that comments in the stakeholder report have been verified, for example by conducting a few interviews with local residents.

Check that:

- A Invitation tracking table has been filled out;
- Copies of invitations published/sent out are available;
- A non-technical summary in local language has been included in the Local Stakeholder Consultation report, as well as an English summary.
- A participants list is present;
- Stakeholder evaluation forms are available;
- Minutes of the meeting(s) are available;
- Due account has been made on comments received;
- If stakeholders required a revisit of the sustainable development assessment, this has been done;
- If the consolidated sustainable development matrix is presented based on own 'preliminary' scoring and the matrix from the outcome of the blind stakeholder exercise.
- Comments accepted and received by email or other means were actually considered.

Stakeholder Feedback Round

Check that the documentation listed below was made publicly available for a period of two months prior to completion of the validation in a readily accessible form, including:

- The latest version of the complete PDD (including the EIA, if applicable);
- A non-technical summary of the project (in appropriate local language(s)); and English summary.

- All relevant supporting information (if available, in appropriate local language(s)); in the case of an EIA, at least a one-page English summary is required.
- Additional, non-translated information must be made available as well and shall be translated to the local language upon any justified request of a stakeholder.

The project participants have to report in the Passport on the stakeholder feedback round. This shall include:

- A description of the procedure followed to invite comments, including addressing all the details of the oral hearing such as place, date, participants, language, local or national Gold Standard NGO supporters, etc.
- All written or oral comments received.
- The argumentation on whether or not comments are taken into account and the respective changes to the project design.

Monitoring

The monitoring of the project activity consists of the monitoring of the emission reductions and the monitoring of the contribution to sustainable development.

- a) Emission reductions: assess the monitoring plan in the PDD and the proposed monitoring equipment according to the VVM. If it is judged that the Monitoring Plan is not sufficient, the project proponent should revise it accordingly.
- b) Sustainability: assess the sustainability monitoring in the Passport according to Ch. 2.4.3. Are chosen parameters relevant to the indicators? Is the sustainability monitoring plan unambiguous about who will monitor with what frequency? Do you have concerns regarding the feasibility of the plan? If it is judged that the sustainability monitoring plan is not sufficient, the project proponent should revise it accordingly.

Validation Opinion

At the end of the validation, the DOE will reach a validation opinion. The validation opinion shall either advise the Gold Standard positively on registration of the project, or explain the reason(s) for non-acceptance. In case of non-approval, the opinion will be an important decision factor for project proponents whether to proceed or not with the project.

The Validation Opinion shall include:

- A summary of the validation methodology and process, and the applied validation criteria;
- A statement on project components/issues not covered in the validation engagement;
- A summary of the validation conclusions;
- A statement on the likelihood of emission projections;
- A liability statement with regard to the validity of the Validation Opinion.

3.6 DOE site visit



The Gold Standard requires that you (the DOE) make a visit to the project site (which is the actual location where the project will take place). The site visit will enhance the quality of the validation by allowing for a better assessment of the impact of the project and the scoring of the Sustainable development indicators. If you are validating a CDM or JI project the Gold Standard site visit can coincide with the CDM/JI site visit.

An example of something you could check during a site visit is whether all relevant stakeholders have been invited. Inform yourself about the different ethnicities living in the vicinity of the project location. Ask the project proponent how it has been ensured that different groups could specifically give input during the stakeholder consultation meeting. Consider that a few follow-up interviews are conducted with local residents and/or NGOs to ensure that comments from the two rounds of consultation have indeed been taken into account.

3.7 Answer questions regarding PDD and Passport



You can communicate with the party submitting the project on considering Corrective Action Requests (CARs) and Clarification Requests (CRs). The validation process can be completed and a final validation report can be issued when all requests are solved according to the Validator.



You have to respond to the CARs and CRs raised by the DOEs or AIEs.

3.8 Validation completed



When you are convinced that the PDD, Passport and Local Stakeholder Consultation report meet the Gold Standard requirements, finalise the validation report(s) for both documents, according to Table 3.1. Upload the following documents to the Registry to enable relevant parties to see the status of the application:

- The final version of the validated PDD
- The final version of the validated Passport
- Validation report(s)

3.9 Upload cover letter to Registry

The cover letter is part of the legal basis for your project and should be uploaded to the Registry. Within the letter you should declare your project has followed the requirements set out in the Gold Standard Requirements. The letter must include:

- The **modalities of communication** – identification of the entity/person that will be responsible for communication on behalf of your project with the Gold Standard and the means of communication
- **Issuance of credits** – the entity/person to whom the Gold Standard quality labels, or Voluntary carbon credits will be issued
- **Ownership of the credits** – the entity/person holding legal title to the credits, the quality labels or Voluntary credits to be issued to the fullest extent permitted by law
- **Terms & Conditions** – a statement that the Gold Standard Terms & Conditions have been signed by the Project Owner(s) and have been uploaded onto the Registry.
- **Fee Structure** – designate whether you will be using the Fixed Cash-Per-Credit Fee Structure or the Share of Proceeds Fee Structure, and, in the case of the latter, whether you will opt to substitute credits

At the same time as you upload the Cover Letter, you and the other project proponents involved are required to sign and upload the Terms & Conditions, see Annex M and pay the registration fee where applicable (see Annex L).

3.10 Review by the Gold Standard



Once the project has been validated by the DOE, the Gold Standard initiates a period during which the Secretariat and TAC and the supporter NGOs may request further clarification or corrective action from the Validator or the project developer. The length of the review period is 8 weeks. During this period the Gold Standard and the Gold Standard NGO supporters can ask for CRs and/or CARs. Any CARs or CRs must be sent to the GS within the first 6 weeks. The GS will then take the last two weeks to synthesize all comments into one summary document before sending directly to the project participant.

The Gold Standard Secretariat will send a synthesis of the CRs and CARs to the project proponent via a formal feedback at the end of the 8 week period. In such cases the review period will end whenever all CRs and CARs have been addressed by the project proponent in a satisfactory way according to the Gold Standard. In the process of addressing the CRs and CARs several rounds are possible, however if after the second round of responses the Gold Standard Technical Advisory Committee is not satisfied with the responses the project can be rejected. Also, requests for clarification or corrective action that have not been addressed within one year will result in the project being deleted from the GS Registry.

3.11 Gold Standard registration

After the successful review period by the Gold Standard (including addressing all the CARs and CRs brought up during the review), and for CDM/JI projects after registration by the UNFCCC, your project will obtain the 'registered' status. The Gold Standard reserves the right to review potential changes to the project design, which may occur due to requests for review (during the CDM/JI registration process) during 5 working days after CDM/JI registration. If changes are having a significant impact the Gold Standard may request an additional review period of 4 weeks.

3.12 Deliverables chapter 3

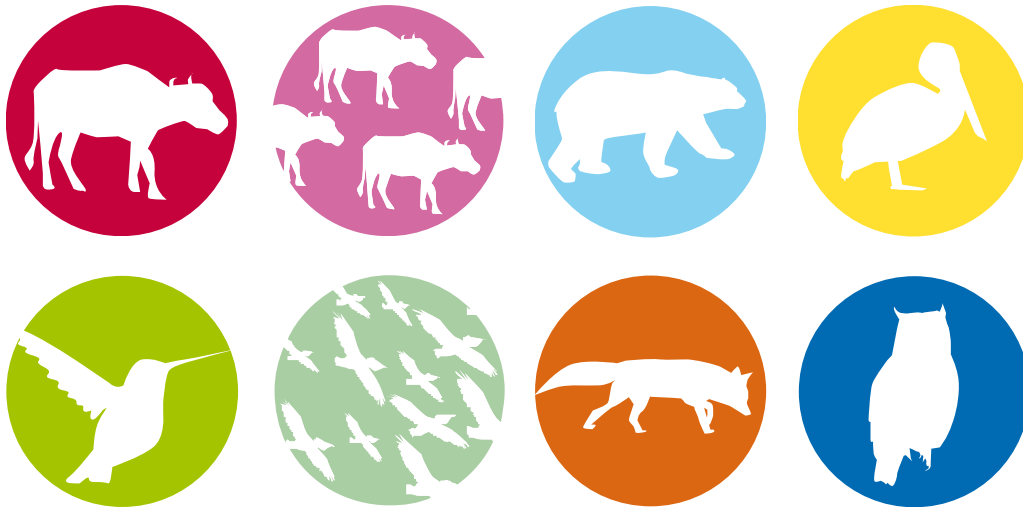
CDM validation or JI Determination report by DOE GS validation report by DOE Letter of approval by DNA or DFP (UNFCCC projects only) Signed Cover Letter Signed Terms & Conditions by all involved project proponents

3.13 Status at the end of chapter 3

At this stage, the project has been validated by the DOE and registered by the Gold Standard. This is a great accomplishment. Now the monitoring of your project becomes relevant.

Chapter 4

Monitor



In order to make sure that claimed emission reductions and contributions to sustainable development can be attributed to the project, both of these aspects have to be monitored and verified. For the verification, in principle the rules as laid down in the CDM Validation and Verification Manual are applicable, unless Gold Standard requirements go beyond or are otherwise stated. Also explained in this chapter is the Gold Standard premium quality label or VER carbon credit issuance process. The Toolkit gives guidance for validation of a project by a DOE; this guidance is also directly applicable to validation by an AIE.

See detailed steps in Figure 3-2 to understand the fourth phase of the project cycle, the monitoring phase. See Annex B for an overview of all phases in the project cycle.

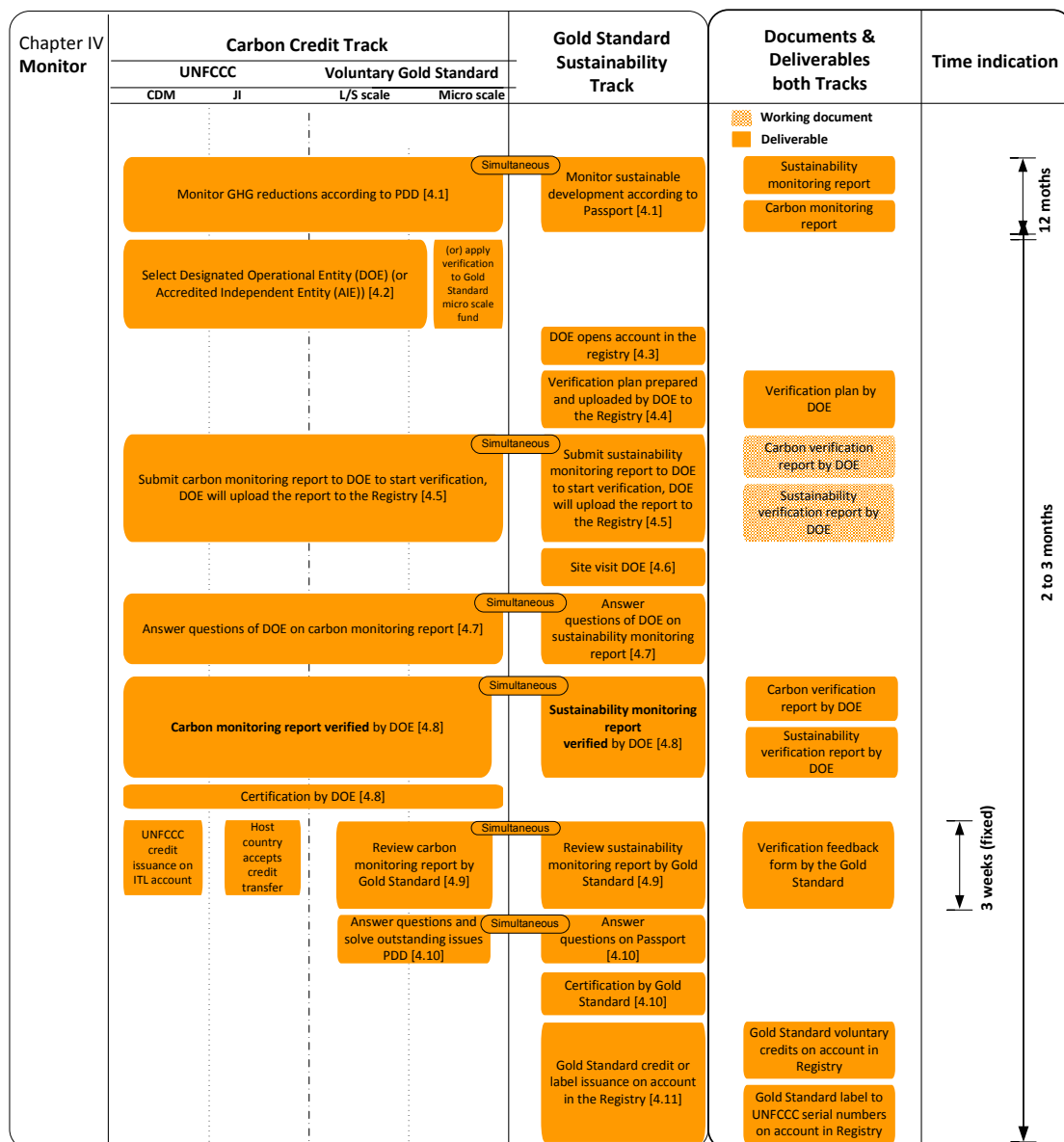


Figure 3-2

4.1 Monitor GHG reductions and sustainable development

The Gold Standard can only issue premium quality labels (for CERs, ERUs) or VERs if your project has realised emission reductions and has contributed to sustainable development. Both results have to be presented in monitoring reports which are verified by a DOE/AIE. See Table 4.1 to define whether this can be combined in one report and for short naming of reports.

Table 4.1

	
<ul style="list-style-type: none"> ▪ CDM or JI monitoring conform PDD ▪ GS monitoring report conform sustainability monitoring plan in Passport 	<p>GS Monitoring report with sections: Carbon monitoring conform PDD Sustainability monitoring conform sustainability monitoring plan in Passport</p>

The GHG emission reductions resulting from your project have to be monitored according to the monitoring plan of the PDD; this will give the amount of credits to be issued. The sustainability impact of your project should be monitored according to the sustainability monitoring report. The monitoring report does not have a fixed format; however it must contain at a minimum:

- Monitoring table from your PDD and Passport;
- Data entry sheets of self-monitored parameters;
- Remarks on the monitoring process used;
- Current status of your parameters in the table;
- Other data sources to substantiate your claims;
- Scoring of your indicators compared to your baseline indicator situation.

The conditions for issuance of credits based on your verified monitoring plan are further described in Ch. 4.9.

4.2 Select DOE or AIE for the verification

You must select a DOE or AIE to carry out verification of the monitoring reports of your project. You are open in your choice of a UNFCCC accredited DOE or AIE for the relevant scope, however the Gold Standard recommends selecting a DOE or AIE who has an affinity with the Gold Standard values. For large-scale CDM and VER projects, with the exception of the retroactive crediting years, the DOE has to be different from the validating DOE. Small-scale and micro-scale projects can make use of the same DOE or AIE as for validation.

An overview of accredited DOEs can be obtained from the UNFCCC web-site³¹.



³¹ <http://cdm.unfccc.int/DOE/list>

Micro-scale projects can be verified in two ways:

- Contract a DOE like for any other project;
- Opt for the Gold Standard Verification Fund process, by paying an annual fee to the Verification Fund. See Annex L for details fee. First payment must be made within 9 months after registration. This option is made available to reduce transaction costs which can act as a barrier for development of micro-scale projects.

If you want to make use of the Gold Standard Verification Fund, you should use the following procedure:

1. Notify the Gold Standard Secretariat³² that you want to make use of the Verification Fund;
2. Upload your monitoring report to the Registry;
3. You will receive notification on whether your project will be verified by a DOE or internally by the Gold Standard Technical Advisory Committee. Costs are in both cases covered by the fund. This decision is made through a 'target random' selection among micro projects opting to make use of the fund;
4. If you are requested to have your project verified by a DOE, select a DOE based on several competitive offers from DOEs and follow the steps of regular verification. The cost of the verification of your project will be paid from the fund; in setting the rates for verification of projects, the Gold Standard considers the typical market price for verification. However, if the verification fee negotiated between the project proponent and the DOE exceeds the available funds in the Verification Fund, the remaining cost will have to be carried by the project proponent.
5. If you are requested to have your project verified by the Gold Standard Technical Advisory Committee, upload your finalised monitoring report to the Registry. You have the same duty to respond to questions and requests as in the case of a verification conducted by a DOE.
6. If the verification shows that the project documentation is fraudulent, the party submitting the project is permanently disqualified and this is publicly announced. Fraudulent is when project proponents have provided information that is clearly not correct, and used to obtain Gold Standard status, or inflate the amount of emission reductions from the project. The determination of fraud would be pre-empted by several rounds of requests for clarification and/or corrective action. Of course, a ban will only be imposed if the Gold Standard has credible evidence that shows the intent of the project proponent. For all other cases, the project will not be registered, and the issuance of credits will be denied.

4.3 DOE opens an account in the Registry



³² Send an e-mail to: registry@cdmgoldstandard.org

To begin the validation process you must open an account in the Registry if you have not already done so. Instructions for opening an account are listed in Annex E. This is free of charge.

4.4 Upload verification workplan



For each project being verified you (the DOE) must prepare a workplan for the verification process and upload this to the Registry. The workplan must contain the following elements (analogue to the validation workplan):

1. Composition of the audit team and their experience; it is mandatory that the audit team incorporates local experience in the host country. This does not mean that you have to include a team member living in the host country. It is important that you demonstrate that at least one of the Audit Team members has experience in the host country and preferably in the applicable scope of the project.
2. Gold Standard verification time frame.
3. Documents to review.
4. An explanation of how the monitored indicators and parameters will be verified.
5. On-site audit planning and tentative programme (optional for Passport).
6. Interaction with the project developer; detailing the way of communication (for example through the registry) and the number of iterations for questions and requests.
7. Reporting; detailing procedures and responsibilities for quality control.
8. Communication of verification opinion to the Gold Standard.
9. Suggestions for more / less frequent site visits.

4.5 Start verification process

At the start of the verification either the DOE or AIE can, after a completeness check, upload the carbon and sustainability monitoring reports to the Registry together with supporting documents. Alternatively the project participants can do this.



At this stage, only the DOE and the Gold Standard have access to the project documentation.

The verification will need to result in a verification report or reports. The verifier bases verification report(s) on the monitoring plans of the PDD and Passport and reports on:

- Emission reductions;
- Leakage;
- Changes to the key sustainable development indicators;
- Achievement and implementation of mitigation/compensation measures, according to the success indicators as established in the monitoring plan(s).

See Table 4.2 to define whether this can be combined in one report and for short naming of reports.

Table 4.2

	
<ul style="list-style-type: none"> ▪ CDM or JI verification report conform PDD ▪ GS verification report including section with verification opinion 	GS verification report with sections: Verification opinion Carbon verification Sustainability verification

These validation reports do not have to follow a fixed template; you can find a suggested outline for the validation reports in Annex K.

4.6 Verification guidelines

The Gold Standard verification for CDM and JI projects shall be conducted at the same time and in the same time periods as the verification under the regular CDM or JI project cycle.

The DOE may verify selected samples of the monitoring plan only and will justify any such selection in the verification report(s).

It must be kept in mind that a validation can only tell something about a project's likelihood to comply with requirements and to succeed at a certain point in time and under given circumstances. Therefore the validation report(s) will be one of the inputs used for verification of emission reductions, and:

- Any changes that have occurred since validation and that have impact on the claimed emission reductions shall therefore be considered.
- In addition, the verifier shall check whether any changes occurred that may have impact on the Gold Standard qualification of the project, particularly with reference to any potential changes in key parameters leading to an overall positive impact on sustainable development of the project.

4.7 DOE site visit



Under the Gold Standard a site visit is mandatory one of the first two years after the start of project operation, and by default once every three years after that, unless you (the DOE) provide a convincing case for less frequent visits as part of the verification plan. During the site visit you (the DOE) have to visit the location of the project activity, which includes a visit to the installation and interviews with responsible personnel during verification. You (the DOE) have to verify the monitoring of the sustainable development indicators, which must be submitted at each site visit. This is to better assess the impact of the project and the scoring of the Sustainable development indicators. If you are verifying a CDM or JI project the Gold Standard site visit can coincide with the CDM/JI site visit.

4.8 Answer questions on monitoring reports



You (the DOE) can communicate with the party submitting the monitoring reports using Corrective Action Requests (CARs) and Clarification Requests (CRs).



The project participants should answer any questions or requests for clarification from the DOE or AIE in an adequate and timely manner. Requests for clarification that have not been addressed within one year will result in the project being deleted from the GS Registry.

4.9 Verification and certification by DOE



For CDM and JI projects verification of the GS required documents (including Passport) may be conducted at the same time as the verification under the regular UNFCCC project cycle. The verification of both the emission reduction and sustainability monitoring reports for the Gold Standard VER projects shall be conducted at the same time.

For Gold Standard VERs validation of the PDD and the Passport must be conducted at the same time. Project developers can choose the date and period of verification, however the verification report must specify which credits go to which vintage.

4.10 Review and certification by the Gold Standard



The Gold Standard, upon receipt of the Verification Report, will initiate a 3-week period during which Gold Standard Technical Advisory Committee members as well as the GS NGO Supporters may request further clarification or corrective action (e.g. mitigation measures to maintain or restore the score/status of indicators deviating from targets set in the Monitoring Plan) from the verifier or the project developer. Requests must be delivered to the GS within two weeks, after which a summary of synthesized comments will be created and sent to the project proponent.

If the verification report reveals that your project deviates from what has been claimed in the sustainable development matrix, the DOE must provide the Gold Standard with an opinion on how severe the deviation is. Based on the DOE opinion and its own judgment of the situation, the Gold Standard will either:

- Cancel the registration of your project if the violation is of extreme gravity,
- Ask you to take immediate action to restore compliance with Gold Standard requirements (at least two SD categories scoring positive, and the third one scoring neutral) before any issuance of Gold Standard credits; or
- Issue the credits and grant you with one year to restore compliance as long as long as you can show that appropriate and convincing corrective action has been initiated. The corrective actions must be included in the Monitoring Plan and will be verified by the DOE the following year. If your project cannot meet the targeted scores within one year, the Gold Standard will refrain from issuing further credits/label to your project until the situation

4.11 Gold Standard credit/label issuance

After the 3-week review period of the verification report(s), and upon receiving clarifications requested, and/or the demonstration of completed or initiated corrective actions, the credits generated in the period that is verified are accepted as real, measurable emission reductions under the Gold Standard.

The Gold Standard reserves the right to review potential changes to the project design due to requests for review during 5 working days after CER/ERU labelling. If changes are having a significant impact the Gold Standard may request an additional review period of 4 weeks. You can view the credit/label issuance in the Registry in a few different ways. This is described in Annex E.

The fee structure of the Gold Standard credit/label issuance is explained in Chapter 6 and Annex L.

Once issued, a Gold Standard credit remains valid until it is permanently retired in the applicable registry.



For projects gaining certification under the voluntary track, Gold Standard-certified credits are originated in the Registry and issued to your account upon payment of two fees. The first fee is either a cash credit issuance fee or your consent to deduct the Share of Proceeds / delivery of alternative GS VERs as Share of Proceeds. The second fee is the registry fee. After the payment of these fees, the Gold Standard will provide serial numbers, which can be used to trace the credits to the project they have originated from.



For projects gaining certification under the UNFCCC process carbon credits must first be issued by the UNFCCC. The Gold Standard then adds the premium quality label to these credits upon delivery of the UNFCCC serial numbers and payment of the issuance fees or the Share of Proceeds delivery to a Gold Standard CDM registry account. Your credits will be issued to your account in the Registry. Please note that the term “Gold Standard labelling” refers to the UNFCCC serial numbers being listed on the GS Registry (there is no tangible label).

Note also that if the volume of GS CERs and CERs is the same (differences may occur due to potential differences in the baseline calculation), CERs originating from your project are associated with the Gold Standard label, except for the CERs deducted by the UNFCCC as Share of Proceeds for the Adaptation Fund.



In case of small-scale or micro projects certification and issuance of the Gold Standard credit will not exceed the maximum emission reductions defined for the small or micro scale, even though the project might have realised a surplus of emission reductions.

4.12 Deliverables chapter 4

- (CDM) Carbon monitoring report
- GS Sustainability monitoring report
- Verification workplan by DOE
- Verification report(s) by DOE
- Verification feedback form by the Gold Standard
- Premium quality label issuance to UNFCCC projects by Gold Standard
- Voluntary credit issuance to VER projects by Gold Standard

4.13 Status at the end of chapter 4



At this stage, Gold Standard voluntary carbon credits have been issued.



At this stage, Gold Standard premium quality labels have been issued.



During the operation of the project all steps described in Chapter 4 have to be repeated in order to periodically receive the carbon credits.

Chapter 5

Methodology &

Tool

Development



The Gold Standard aims to contribute to shaping the future market for greenhouse gas reductions, pulling it towards higher quality. In order for new projects to emerge the Gold Standard encourages the development of new methodologies and tools for demonstration of additionality for projects on the voluntary market.

See detailed steps in Figure 5-1 to understand the Gold Standard approval process for methodologies and tools.

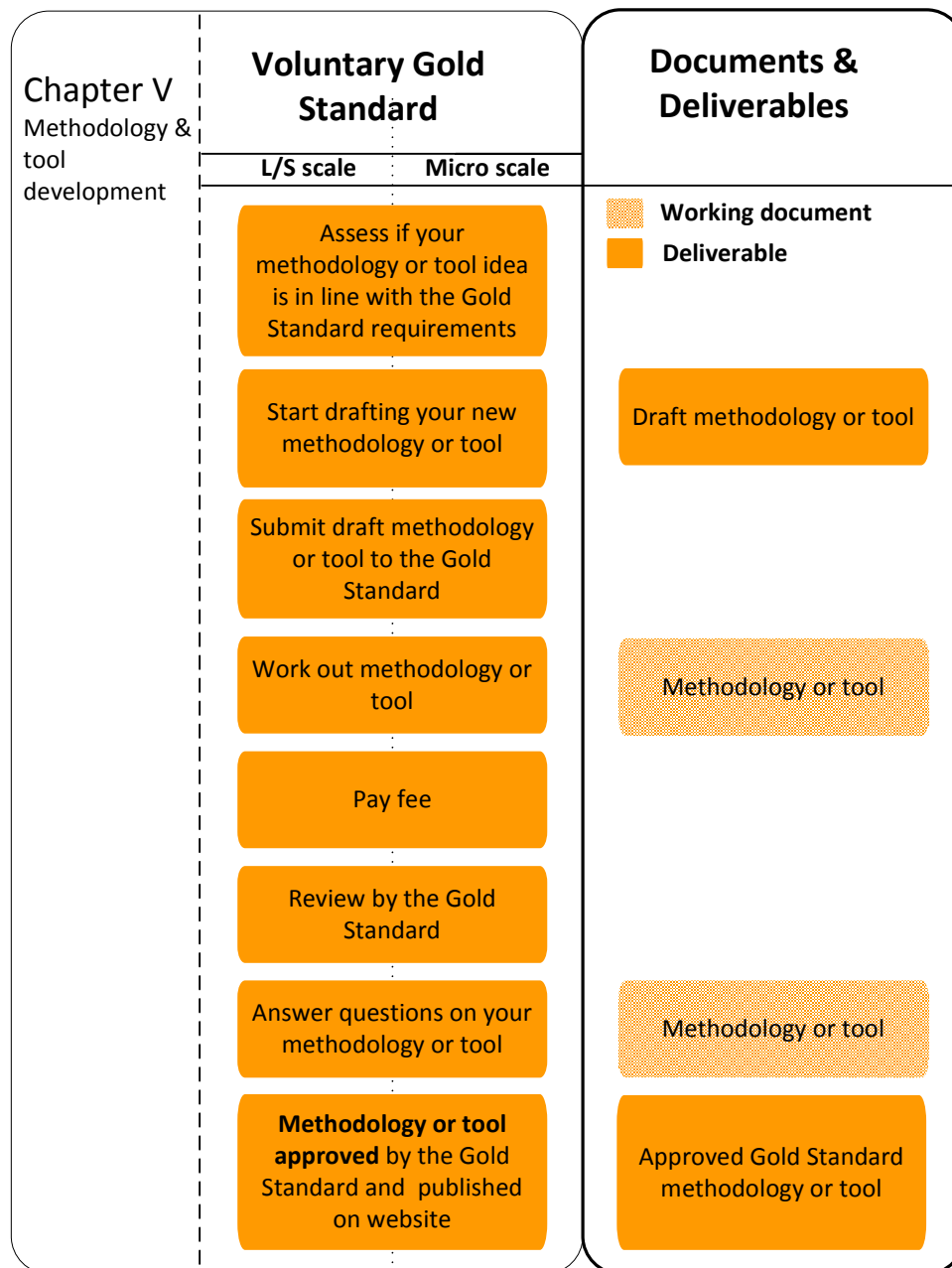


Figure 5-1

5.1 *Baseline and monitoring methodology development*

If you want to develop a project under the Gold Standard for voluntary emission reductions and you cannot use a methodology approved by the UNFCCC, it is possible to develop a new baseline and monitoring methodology for Gold Standard VER projects.

The process for new methodologies is as follows:

1. Check if your project type is listed in the Gold Standard eligible project types.
2. Start drafting your methodology. There is no fixed format for this, however you are requested to work out your ideas on:
 - Applicability criteria of your methodology;
 - Baseline calculations;
 - Project emissions;
 - Leakage;
 - Project emission reductions;
 - Monitoring.
3. It is highly recommended to submit the draft of the methodology to the Gold Standard Secretariat³³ to hear at an early stage whether your methodology is potentially eligible, however it is not obligatory.
4. If you receive positive confirmation, you can start writing the full methodology. Download the latest UNFCCC template for new baseline and monitoring methodologies. The methodology must assure real, measurable and verifiable emission reductions. You can use the guidelines from the UNFCCC for methodology development. You are encouraged to submit a draft PDD to the Gold Standard together with your new methodology for a more efficient evaluation process.
5. By submitting a methodology to the Gold Standard for review you accept to pay the applicable fees. The Gold Standard will contract two qualified experts at market rates. For fee see Annex L Overview of Gold Standard fees.
6. The proposed methodology will be reviewed by two independent external experts identified by the Gold Standard. The Gold Standard will review the methodology taking into account the outcomes of the external review.
7. The Gold Standard may either approve the methodology or ask clarifications and request changes. The Gold Standard Secretariat will communicate the outcomes.

³³ Send your e-mail to registry@cdmgoldstandard.org

8. If your methodology is not directly approved or rejected, act upon the decision from the Gold Standard. Answer questions and requests and revise the methodology. The Gold Standard will review the changes in the proposed methodology. In this phase iterations between the project developer and the Gold Standard are conducted until the methodology is either approved, or until the conclusion of the Gold Standard is that too little progress is made on the request for changes and the methodology is rejected.
9. When the methodology is approved by Gold Standard the methodology will become publicly available for use by all voluntary market actors.

The process for revised methodologies is similar to the process above in case the GS Technical Advisory Committee has the opinion that the proposed revisions are significant enough for an external review to be necessary in addition to the internal review. If changes are not that significant, an internal review may be considered sufficient in which case only the GS administrative fee must be paid for the review by the Gold Standard to be initiated.

5.2 Tool development

The Gold Standard allows you to develop new tools for the demonstration of additionality. The same steps apply to the approval process for new tools to demonstrate additionality as to the approval process for baseline and monitoring methodology development. Fees that apply are stated in Annex L.

1. Start drafting your additionality tool. There is no fixed format for this, however you are requested to apply the principles:
 - Broad applicability;
 - Conservativeness;
 - Transparency.
2. Compare the results of your additionality tool with already approved additionality tools. Will your new tool yield similar results?
3. It is highly recommended to submit a draft of the additionality tool and the comparison with already approved additionality tools to the Gold Standard Secretariat³⁴ to hear if your tool is potentially eligible, however this is not obligatory.
4. If you receive positive confirmation, you can start writing the full additionality tool.
5. By submitting an additionality tool to the Gold Standard for review you accept to pay the applicable fees. The Gold Standard will contract two qualified experts at market rates. For fee see Annex L Overview of Gold Standard fees.
6. Two independent external experts identified by the Gold Standard will review the proposed additionality tool. Simultaneously with the independent expert review the Gold Standard will review the proposed tool.

³⁴ Address your e-mail to Meinrad Bürer at: meinrad@cdmgoldstandard.org

7. The Gold Standard may either approve the additionality tool or ask for clarifications and request changes. The Gold Standard Secretariat will communicate the outcomes.
8. If your additionality tool is not directly approved or rejected, act upon the decision from the Gold Standard. Answer questions and requests and revise the tool. The Gold Standard will review the changes in the proposed tool. In this phase iterations between the you and the Gold Standard are conducted until the additionality tool is either approved, or until the conclusion of the Gold Standard is that too little progress is made on the request for changes and the tool is rejected.
9. When the additionality tool is approved the tool will become publicly available for use by all voluntary market actors.

5.3 Deliverables chapter 5

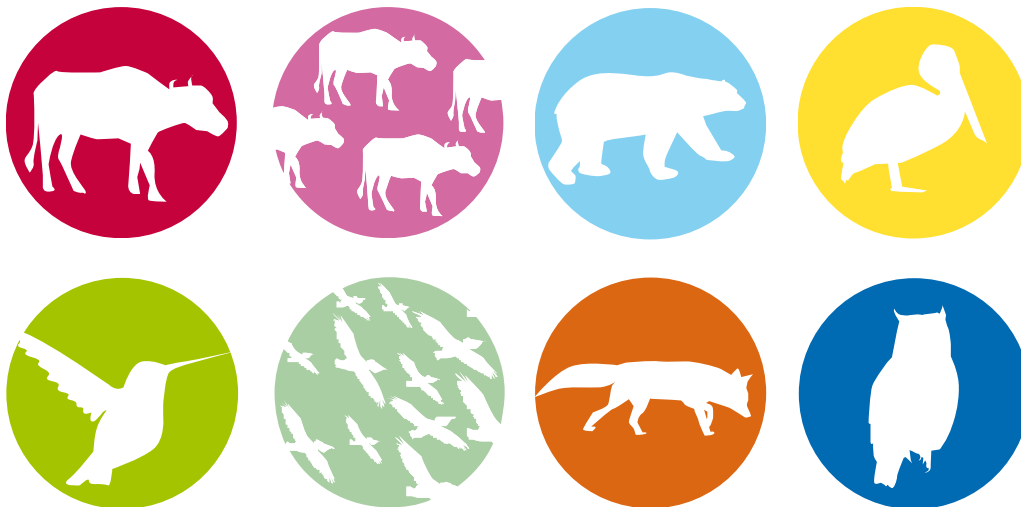
Draft methodology or tool
Methodology or tool approved by the Gold Standard

5.4 Status at the end of chapter 5

You have successfully developed a new methodology and / or tools which have been approved the Gold Standard and are now available for public use.

Chapter 6

Fee Structure



6.1 Fixed Cash-Per Credit Fee Structure

Both the Gold Standard Foundation and the Gold Standard Registry Administrator levy various cash fees at different stages of the project development process. See Annex L. Generally, under the Gold Standard's Fixed Cash-Per-Credit Fee Structure, the fees are calculated by multiplying the number of credits registered, issued or transferred (as the case may be) by the pre-determined cash amount. For example, the Gold Standard project registration fee for a Version 2.0 CER is USD \$0.05 for each credit anticipated to be issued on an annual basis. If you would like to register 100,000 credits, your total registration fee would be \$5,000. See also T.3.11.

6.2 Share of Proceeds Fee Structure

Effective August 1, 2009, new projects applying for the Gold Standard will no longer be charged a per credit fixed cash registration or issuance fee. In lieu of the fixed cash fees, the project proponent will deduct a pre-determined percentage of credits from the final credit issuance and transfer the deducted credits to the Gold Standard Foundation's registry account. Under this fee structure, the Gold Standard shall be entitled to 1.5% of CERs and 2% of VERs. For CERs, the number of CERs deducted under the Share of Proceeds shall be net of the CERs dedicated to the Adaptation Fund. For example, if 100,000 CERs are issued, then 2000 will be deposited into the Adaptation Fund. The Gold Standard will then deduct and effectuate the transfer of 1,470 credits, or 1.5% of the remaining 98,000 CERs, to its registry account.

The transfer of the relevant percentage of issued credits under the Share of Proceeds Fee Structure does not relieve the project proponent from paying other applicable fees as listed in both Annex L and the Gold Standard Registry Fee Schedule, located at <http://goldstandard.apx.com>.

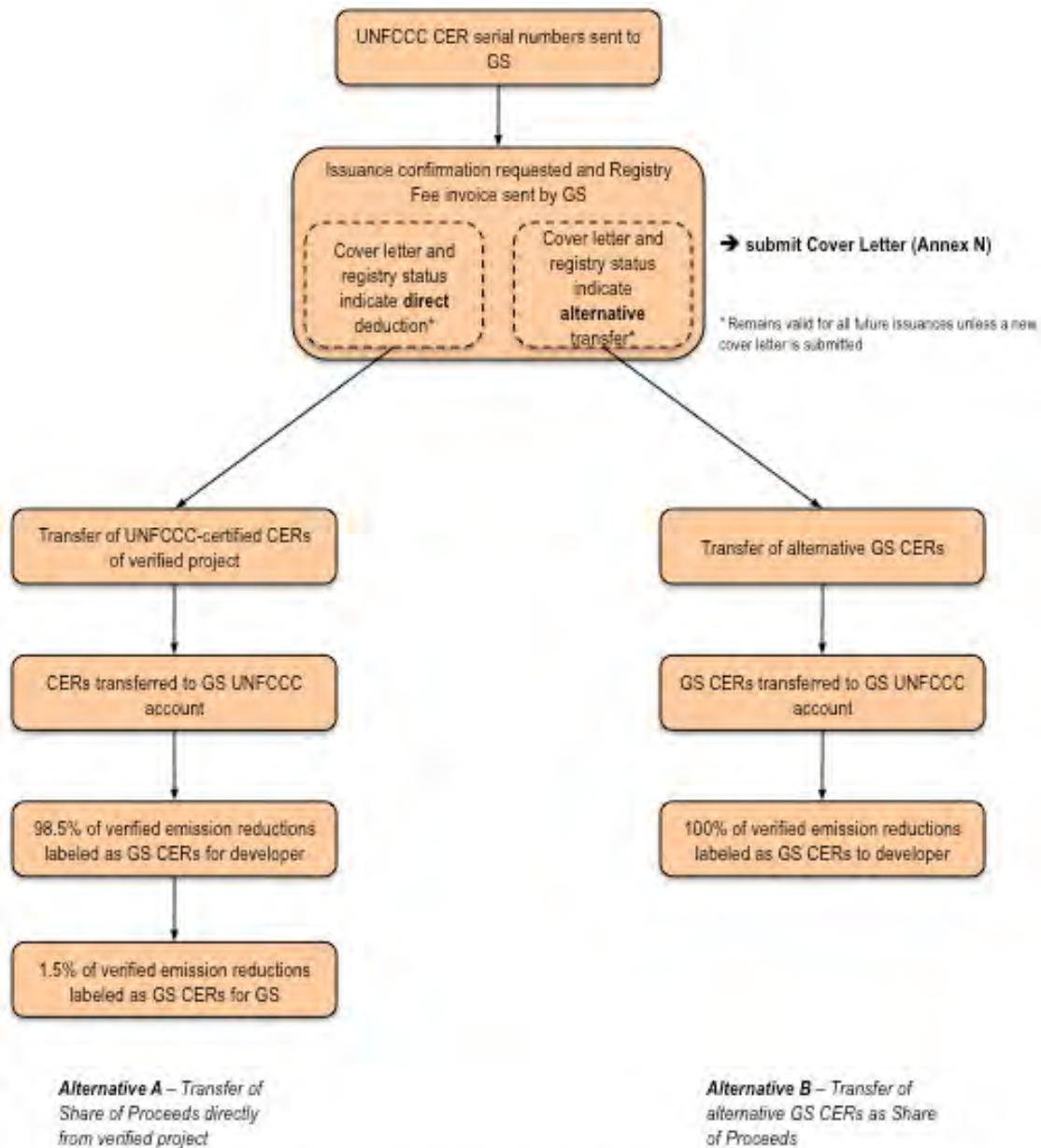
6.3 Choosing a Fee Structure

Upgrading to the Share of Proceeds Fee Structure is possible but optional for the following projects:

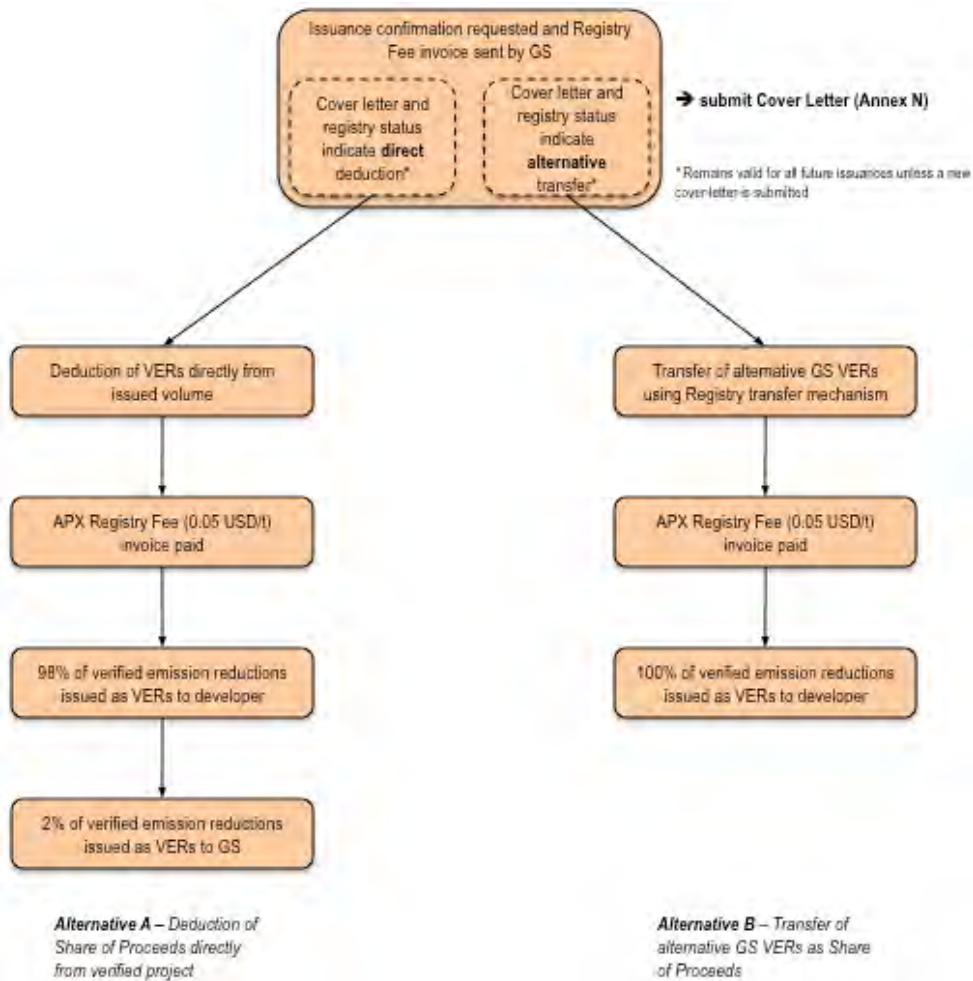
- (1) those projects that have submitted the complete Local Stakeholder Consultation Report (see Gold Standard Toolkit, Chs. 2.6 & 2.9) before August 1, 2009;
- (2) those projects applying under the retroactive project cycle that have submitted the complete documentation required for a pre-feasibility assessment (see Gold Standard Toolkit, Table 2.9) and have paid the pre-feasibility assessment fee before August 1, 2009.

6.4 Share of Proceeds Flowcharts

The following flowcharts illustrate the Share of Proceeds Fee Structure transfer process for both CERs and VERs.



Share of Proceeds process steps for GS CER labeling



Share of Proceeds process steps for GS VER issuance