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The Gold Standard Toolkit

Version 2.2

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 Federal Ministry for the
Environment, Nature Conservation
and Nuclear Safety



THE GOLD STANDARD TOOLKIT VERSION 2.2

History of the document

Version	Date	Nature of revision(s)
2.0	01 August 2008	Launch The Gold Standard Version 2.0
2.1	01 June 2009	First Upgrade of The Gold Standard Version 2.0
2.2	01 June 2012	Second Upgrade of The Gold Standard Version 2.0

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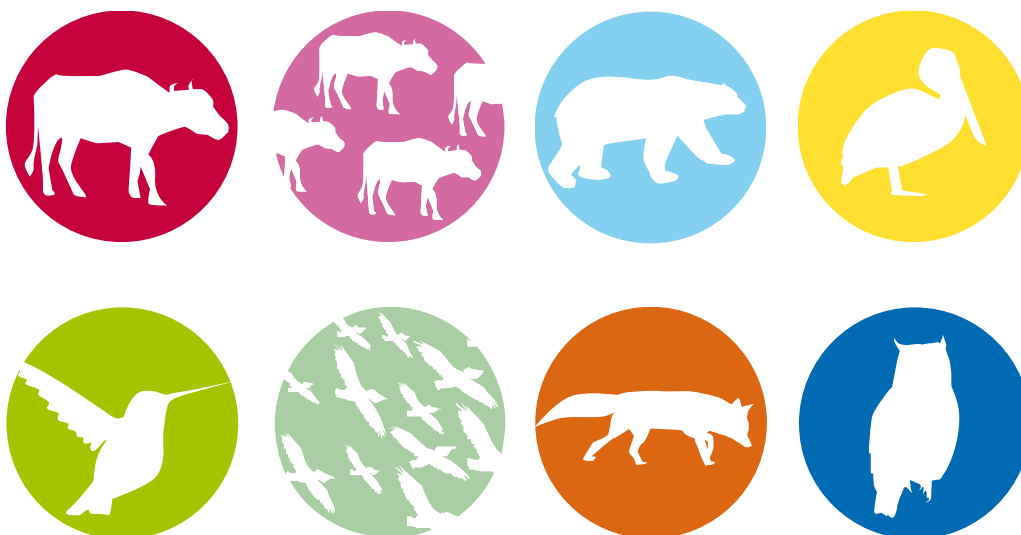


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Chapter 0

How to use



0.1 Introducing the Toolkit

Hereby we present the revised “Gold Standard Toolkit”. This document is part of The Gold Standard version 2.2 and replaces Gold Standard version 2.1 in setting out an updated version of the principles and rules by which Gold Standard projects are carried out.

0.2 Reason for the Upgrade of The Gold Standard

The Gold Standard was established a decade ago by the NGO community to define, demonstrate and drive best practice in the carbon markets. As such, it is used by projects around the world to verify that they meet the highest benchmarks in carbon accounting, design and ethics.

All Gold Standard projects must adhere to a stringent and transparent set of criteria developed by the Secretariat, overseen by an independent Technical Advisory Committee and verified by UN accredited independent auditors. The Gold Standard’s unique certification process requires the involvement of local stakeholders and NGOs and, as a result, is the only certification standard trusted and endorsed by more than 80 NGOs worldwide.

To date, the 750+ projects undergoing Gold Standard certification are calculated to save more than 65-million metric tonnes of carbon from the atmosphere by 2015 and provide verified health, employment and other social and environmental benefits to millions of people.

We are pleased to introduce The Gold Standard Version 2.2, which augments and improves Gold Standard Version 2.1. Affording those who employ Version 2.1 additional clarity and flexibility, Version 2.2 incorporates recent decisions of The Gold Standard Technical Advisory Committee and periodic rule updates since the launch of Version 2.1, including revised PoA rules, revised micro scale scheme rules, micro programme rules, continuous input/grievance mechanism, clarifications on procedures for the renewal of crediting periods and project design changes, further guidance on sustainable development assessments and methodology eligibility, appeal procedures, a new fee structure and scope expansion to composting. Version 2.2 is available for use immediately and project applicants currently using Version 2.1 may choose to implement part or all of the upgrades available in Version 2.2.

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 July 31, 2012, will be required to employ the entirety of Version 2.2.

0.3 Validity of Previous Gold Standard 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 documentation remain applicable to GSv1 projects but expired after September 1, 2008 for new project applicants.

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

Version 2.2 becomes effective on 1 June 2012 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 July 31, 2012, will still be able to use Version 2.1. Upgrading to GSv2.2 is possible at anytime as long as all of the requirements are met.

0.4 Development of the Version 2.2 Upgrade

The revised Gold Standard Rule Book – GS V2.2 – is a culmination of more than 12-months. The revised rules expand The Gold Standard scope to waste handling and disposal, provide revised eligibility criteria for various types of activities, introduce new micro-scale schemes, provide revised rules and further guidance for PoAs, provide more detailed guidelines for project developers and auditors on the assessment of sustainable development aspects and include new procedures such as a Grievance Mechanism and Appeal Mechanism to make the standard more robust.

Many of the rule updates were undertaken in conjunction with work being carried out for BMU - The German Ministry for the Environment, Nature Conservation and Nuclear Safety.

Additionally, there has been extensive market input, consultation and feedback through workshops and webinars, generally for V2.2 and particularly on the new micro-scale schemes, the new PoA rules, the appeal mechanism and hydropower rule revisions.

0.5 Documents of The Gold Standard Version 2

The Gold Standard version 2.2 is for multiple users: project participants, validators, and verifiers as well as other carbon market actors. The Gold Standard documentation consists of the following parts:

The **Gold Standard Requirements** ('Requirements') concisely presents the fundamental principles and the rules of Gold Standard certification. 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. (This is the document you are reading now.)









The **Gold Standard Annexes** include detailed mandatory guidelines, guidance notes, legal documents, and fixed templates, which have to be used to report information being passed between project participants, validators, verifiers and The Gold Standard. (This document can also be downloaded from The Gold Standard website.)

In the event that there is a conflict between the terms of the Requirements and the terms of the Toolkit, the terms of the Requirements will govern.

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 Representatives should also define project category and scale.

Table 0.1



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

** 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.*

*** Gold Standard micro-scale projects can claim emission reductions up to 10,000 tCO₂ equivalent per annum. Micro-scale activities can also be grouped and submitted within Micro-programmes.*

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 example in Table 0.2.

Table 0.2

Examples from the Toolkit	Explanation
Chapter 1: Plan: 	Chapter 1 is applicable to all project participants
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

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



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(s) represents voluntary standalone micro-projects or micro-programmes.



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 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 participants, validators, verifiers and The Gold Standard.

Table 0.3

Template	Description	Location
Gold Standard Passport	The document presents all GS specific, required information that is not already covered in the PDD and is required for registration under The Gold Standard.	Gold Standard Annex R
Local Stakeholder Consultation Report	The Document that describes the outcomes of your local stakeholder consultation, including the meeting outcomes.	Gold Standard Annex Q
ODA Declaration	The declaration by which the Project Owner states that the project has not directly or indirectly received or benefited from official development assistance on the condition that the credits are transferred to the donor country of the assistance.	Gold Standard Annex D
Sustainable Development matrix	The matrix in which you explain the relevance of each sustainable development indicator in the context of your project and how you score them, and where you provide appropriate sources of information.	Gold Standard Annex I
Sustainability Monitoring Plan -	This table needs to be used to describe the monitoring of the relevant indicators and corresponding parameters of	Gold Standard Annex I

table	your project. Note there is no template for the entire sustainability monitoring plan, only for the monitoring table.	
Terms & Conditions	This document needs to be signed by the project participant before registration in order to guarantee the project is committed to the lawful use of the name and brand Gold Standard.	Gold Standard Annex M
Cover Letter	This document needs to be signed by the project participants before registration in order to guarantee that the project has met all preconditions related to Gold Standard certification and to clarify the modalities of communications and the issuance process.	Gold Standard Annex S
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.	Gold Standard Annex O
PoA Design Consultation Report	The Document that describes the outcomes of your Programme Design Consultation – valid for all scale of Programmes	Gold Standard Annex AK
PoA Local Stakeholder Consultation Report	The Document that describes the outcomes of your local stakeholder consultation that is carried out at Programme Level	Gold Standard Annex AL
PoA Passport	The document presents all GS specific, required information that is not already covered in the PoA-PDD and is required for registration under The Gold Standard	Gold Standard Annex AM
Micro Programme of Activities Design Document (PoA-DD)	This document presents all baseline, additionality, monitoring and local stakeholder consultation related information for micro programmes	Gold Standard Annex AN
Micro Programme Activity Design Document (VPA-DD)	This document presents all baseline, additionality, monitoring and local stakeholder consultation related information for micro scale activities within a programme	Gold Standard Annex AO
Micro scale project design document	This document presents all baseline, additionality, monitoring and local stakeholder consultation related information for stand alone micro scale activities	Gold Standard Annex AP

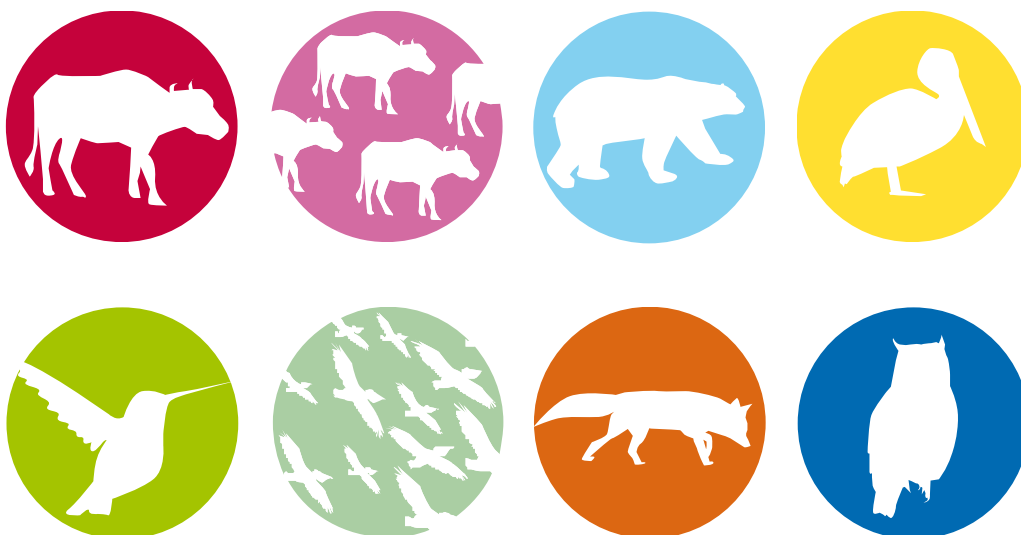
Micro scale Sustainable Development Appraisal Report-Validation Stage	This document contains Objective Observer's appraisal of sustainable development aspects required for validation of micro scale project	Gold Standard Annex AQ
Micro scale Sustainable Development Appraisal Report-Verification Stage	This document contains Objective Observer's appraisal of sustainable development aspects required for verification of micro scale project	Gold Standard Annex AR
Sustainable Development Appraisal Report-Validation in Conflict Zones	This document contains Objective Observer's appraisal of sustainable development aspects required for validation of project in conflict zones or refugee camps	Gold Standard Annex AS
Sustainable Development Appraisal Report-Verification in Conflict Zones	This document contains Objective Observer's appraisal of sustainable development aspects required for verification of project in conflict zones or refugee camps	Gold Standard Annex AT

If you have any questions, recommendations or feedback whilst reading the Requirements or Toolkit, please do not hesitate to contact The Gold Standard Foundation to share your views.¹

¹ 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 to understand the first phase of the project cycle, the planning phase, in the case of a standalone small or large-scale activity. See Gold Standard Annex B for an overview of all phases in the project cycle. An overview of the project cycle for programmes of activities or micro-scale schemes can be found in the relevant separate Gold Standard annexes (see Gold Standard Annexes AE, AF and AG).

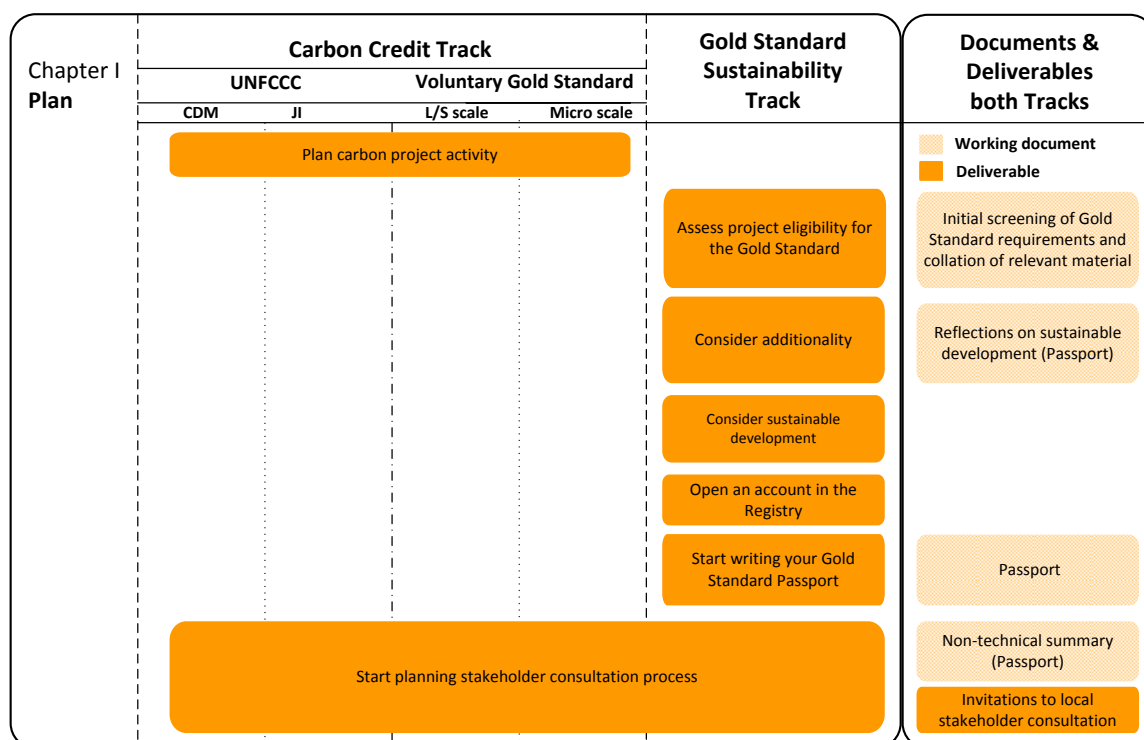


Figure 1-1

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 renewable energy, end-use energy efficiency and waste handling and disposal techniques that mitigate climate change, promote (local) sustainable development and direct 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, which are discussed in the following paragraphs.

1.2.1 Scale of Project

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 \leq 15 MW	Non existent
JI Track 2		Energy efficiency project, improvement \leq 60 GWh _{el} per annum or 180 GWh _{th}	Non existent
VER		Waste handling & disposal \leq 60,000 tCO ₂ per annum Source: UNFCCC Resources	Eligible project, reduction \leq 10,000 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 links for the list of countries provided 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 Koto 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

To be eligible for Gold Standard registration your project must fit either in the renewable energy supply category, the end-use energy efficiency improvement category or waste handling & disposal, as defined below:

- **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-depletable² 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. Project activities must implement measures to reduce energy requirements as compared to the baseline without affecting the level and quality of the services provided (service equivalence). Furthermore, the following principle applies: efficiency measures implemented are considered 'end-use' energy efficiency measures when final end-users of products or services delivered can be clearly identified and therefore are within the project boundaries, and when physical intervention is required at the end-user side. Both emission reductions from direct and indirect energy savings are potentially eligible, i.e. the introduction of measures which directly reduce the use of non-renewable fuels at the point of intervention, or of measures that do not directly reduce the amount of fossil fuels consumed at the point of intervention but lead to a reduction of the amount of an energy intensive product (e.g. fertilizer) used for the delivery of the same non-energy physical goods or services.
- **The waste handling and disposal category** refers to all waste handling activities that deliver an energy service (e.g. LFG with some of the recovered methane used for electricity generation) or a usable product with sustainable development benefits (e.g. composting).

For more detailed guidelines on project eligibility, please refer to Annex C - Specific Eligibility Criteria, located under the Mandatory Guidelines in the Rules and Toolkit page under the Project Certification section of The Gold Standard website <http://www.cdmgoldstandard.org/project-certification/rules-and-toolkit>

² This includes Landfill gas to energy projects

1.2.4 Greenhouse Gases

Among the six greenhouse gases (GHGs) 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?
CO ₂	Carbon dioxide	Yes	Yes
CH ₄	Methane	Yes	Yes
N ₂ O	Nitrous oxide	Yes	Yes
PFCs	Perfluorocarbons	No	Yes
HFCs	Hydrofluorocarbons	No	Yes
SF ₆	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 Organization for Economic Cooperation and Development³:

The OECD defines Official Development Assistance (ODA) as financial flows:

- To developing countries and multilateral institutions;
- Provided by government agencies (e.g. USAID);
- 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%.

³ 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

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 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 (Annex D) is located under the Legal Documents section of the Rules and Toolkit page -

<http://www.cdmgoldstandard.org/project-certification/rules-and-toolkit>

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 GS Passport that your project was not previously announced. The DOE does not need to validate this statement but if later on it is proven to be fraudulent, you will be exposed to sanctions as defined in the Terms and Conditions document (Annex M).

Retroactive registration

If the start date of your project is before the time of first submission (see definition in the Requirements document) to The Gold Standard your project needs to go through a pre-feasibility assessment (PFA) (see Annex P). 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 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 is submitted under The Gold Standard's 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 labels 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 labels 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 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 is successfully registered under the UNFCCC, The Gold Standard VER project shall be cancelled.
- 2) If the proposed CDM/JI project is rejected by the UNFCCC, in order to continue registration of the project under the GS VER stream the project representative must apply for a pre-feasibility assessment in accordance with the procedure provided in section T.2.5.
- 3) The Gold Standard VER project 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 representative to The Gold Standard Foundation, or after the project representative has formally requested that The Gold Standard cancel registration under the GS CDM/JI stream for the project.

1.2.7 Other Certification Schemes

If your project claims Green⁴ 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 Gold Standard credits for methane avoidance while selling green certificates for the electricity substitution. In this case there are two 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 opt in for The Gold Standard by delivering the full set of GS specific project documentation, or the project documentation provided under the other voluntary scheme together with a report highlighting and discussing the gaps between the requirements of the other voluntary scheme and The Gold Standard requirements (“Gap Analysis Report”). There is no fixed format for the gap analysis report.

In the introduction section, you must provide:

- The exact status of project under the previous standard(s),
- The vintages of already issued credits, if any
- Explanations for the switch to GS;

In the core part of the gap analysis, you must provide all the information needed for Gold Standard registration but lacking in the documentation submitted to the other voluntary carbon-crediting scheme (e.g. all the information required to be filled in the Passport can be provided in the gap analysis report),

You can upgrade your project 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

⁴ For example the Renewable Energy Certificate System (RECS) www.recs.org

remains the standard UNFCCC crediting period. The agreement must make use of the Acquisition Agreement template (see Gold Standard 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. In other words, you must be able to argue in a convincing way that your project would not go ahead without carbon revenues. Micro-scale projects can benefit from deemed additionality under specific circumstances. Further details on the additionality assessment are presented in section 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)⁵:

“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.

With the exception of micro-scale activities, The Gold Standard sustainable development assessment mostly relies on your own assessment as project developer and cross checking your assessment with local stakeholders. See section 2.4 for detailed instructions on the sustainability assessment. In the context of micro-scale activities or micro-programmes, the sustainability assessment is either performed by you or an Objective Observer, depending on a target-random selection (see Gold Standard Annexes T and U).

1.5 Open an account in the GS Registry

Once you have screened your project and decided to develop it under The Gold Standard, you need to open an account in the GS Registry. You will need such an account in order to apply for Gold Standard

⁵ 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

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 operation of the GS 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, which is entitled 'Passport Template' and can be downloaded 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

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 from your non-technical summary, which you have presented to your stakeholders (see section 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 (e.g. www.googlemaps.com)

Outcome of the Local Stakeholder Consultation process

The report on the Local Stakeholder Consultation (LSC) meeting follows a fixed template (Gold Standard Annex Q). 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 (SFR).

Outcome of the Sustainability Assessment

Here you present the outcome of your 'do no harm assessment' and consolidated sustainable development matrix (see 2.4). This section has high importance, as it 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 that 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 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: an initial stakeholder consultation including a 'live' meeting and the stakeholder feedback round, which preferably also includes a 'live' meeting but is not absolutely necessary.

The first consultation 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 physical meeting where you invite all stakeholders to discuss the environmental and social impacts of your project. In addition to a 'live' meeting, other means must also be used to reach out to stakeholders who cannot be physically present at the meeting. Stakeholders will need to be invited to the consultation well in advance. Consider giving them 2-4 weeks 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 stakeholders the relevant background material and context before the meeting. See section 2.6 for further instructions.

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 about The Gold Standard and you have:

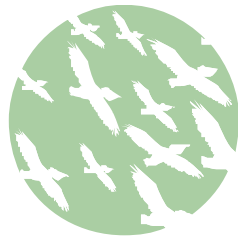
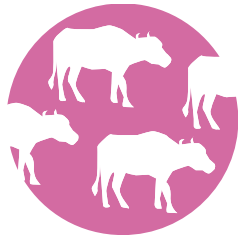
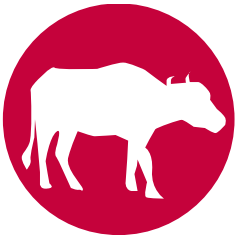
- Established that in principle your project is eligible
- Reached the decision to develop your project under this premium quality label
- Considered the additionality of your project and started to gather the relevant materials to later validate your project

- Seriously considered sustainable development best practises and integrated them into 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 Gold Standard Annex B for an overview of all phases in the project cycle.

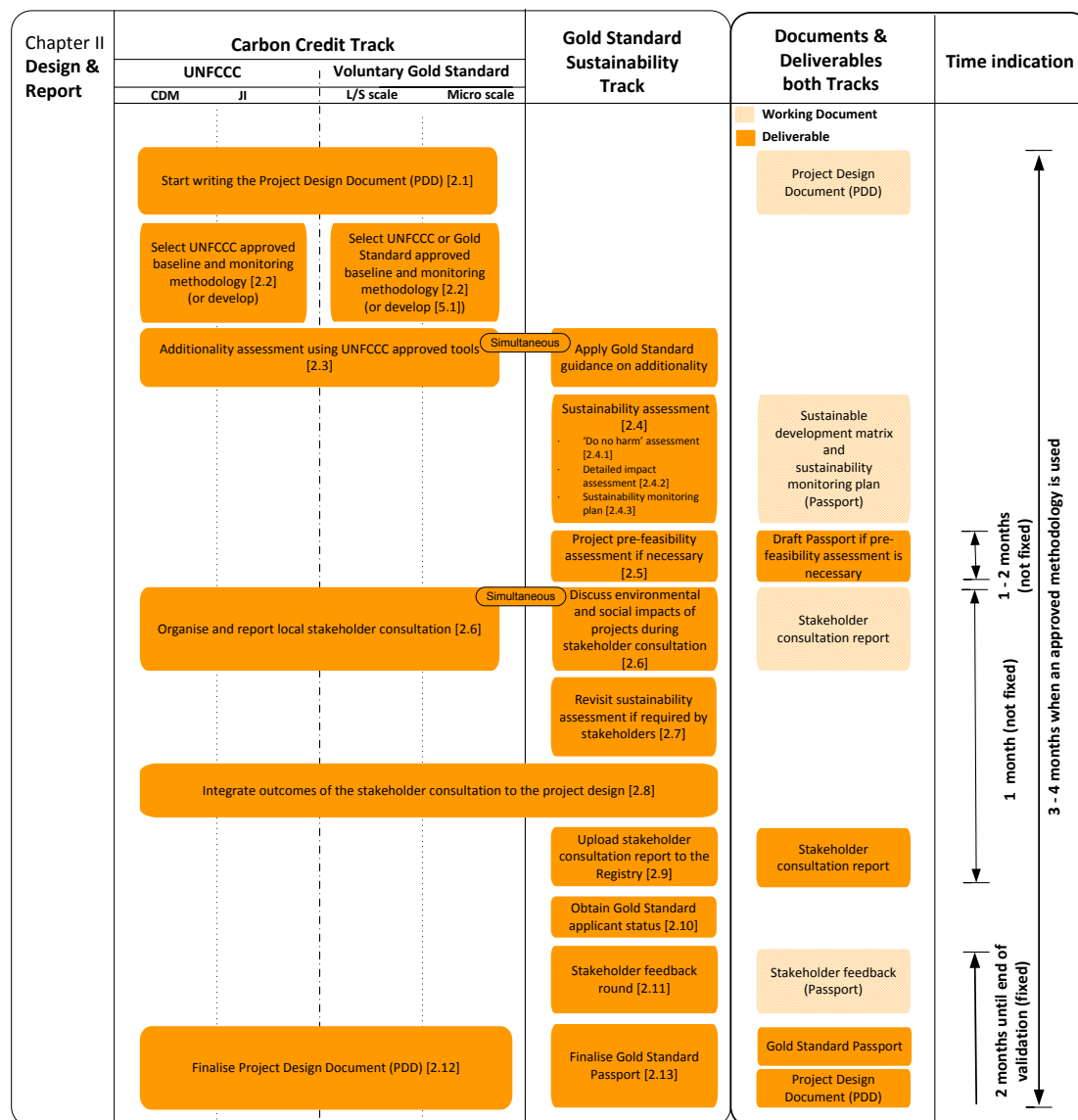


Figure 2-1

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)⁶, with the exception of micro-scale activities and micro-programmes. Please look up which template you can use in Table 2.1.

Table 2.1

Category	Project Design Document (PDD) Template		
Scale	Large	Small	Micro
CDM	UNFCCC PDD Forms	UNFCCC SSC PDD Form	Non existent
VER			Micro 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	Micro PoA DD form
CPA-DD (CDM/VER)	UNFCCC CPA DD Form	UNFCCC SSC CPA DD form	Refer Micro VPA DD form



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

- Guidelines⁷ for completing the project design document (CDM-PDD), and the proposed new baseline and monitoring methodologies (CDM-NM)
- Guidelines⁸ for completing the simplified Project Design Document (CDM-SSC-PDD) and the form for proposed new small-scale methodologies (CDM-SSC-NM)

⁶ http://cdm.unfccc.int/Reference/PDDs_Forms/index.html#reg

⁷ <http://cdm.unfccc.int/Reference/Guidclarif/index.html#pdd>

⁸ <http://cdm.unfccc.int/Reference/Guidclarif/index.html#pdd>



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

- JI SC documents and guidelines⁹
- Guidelines¹⁰ for users of the Joint Implementation Project Design Document form
- Guidelines¹¹ 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 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. Please see Gold Standard Annex AD for applicable CDM methodologies. The procedures for developing a methodology for the voluntary activities under The Gold Standard are described in chapter 5. Please use Table 2.2 to find the lists of methodologies that can be used by your project. Current approved GS VER methodologies can also be located on The Gold Standard website.

⁹ <http://ji.unfccc.int/Ref/Docs.html>

¹⁰ <http://ji.unfccc.int/Ref/Documents/Guidelines.pdf>

¹¹ http://ji.unfccc.int/Ref/Documents/Guidelines_users_JISC_PDD_Form.pdf

Table 2.2

Lists of approved methodologies							
	L	S	L	S	L	S	M
Approved UNFCCC methodologies for large scale projects ¹²	x	x	x	x	x	x	x
Approved UNFCCC methodologies for small scale projects ¹³		x		x		x	x
Approved Gold Standard methodologies for large-scale projects					x	x	x
Approved Gold Standard methodologies for small-scale projects						x	x
Approved Gold Standard methodologies for micro-scale projects							x

The Gold Standard applies the principle of conservativeness in selection of your baseline scenario.

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 Gold Standard Annex F for detailed rules on Programme of Activities. See

¹² <http://cdm.unfccc.int/methodologies/PAmethodologies/approved.html>






¹³ <http://cdm.unfccc.int/methodologies/SSCmethodologies/approved.html>

Gold Standard Annex U for detailed rules on Micro-programmes. Both are located under the Mandatory Guidelines in the Rules and Toolkit Section of the website.

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 (e.g. VER, CDM or JI), with the exception of micro-scale activities that meet stipulated eligibility criteria (see Gold Standard Annexes T and U). The Gold Standard relies substantially on the CDM EB guidance from the Validation Verification Standard (VVS) for the evaluation of the additionality.

Table 2.3

Lists of approved additionality tools (refer latest version of the tools)	
“Combined tool to identify the baseline scenario and demonstrate additionality” by the UNFCCC to be downloaded here	
“Tool for the demonstration and assessment of additionality” by the UNFCCC to be downloaded here	
“Guidelines for demonstrating additionality of micro scale project activities” by the UNFCCC to be downloaded here (only eligible under the regular project cycle)	
“Attachment A to Appendix B of 4/CMP.1 Annex II” by the UNFCCC to be downloaded here	
A Gold Standard approved tool	



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 Project Certification section of The Gold Standard website 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 additionality¹⁴ is presented here.

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.

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. 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 a summary on experiences¹⁵.

¹⁴ Refer to the following UNFCCC guidance documents to demonstrate additionality of your project:

- Guidelines on the assessment of investment analysis
- Guidelines on the demonstration and assessment of prior consideration of the CDM
- Non-Binding best practice examples on the demonstration of additionality to assist the development of PDDs in particular for SSC project activities.
- Guidelines for objective demonstration and assessment of barriers

¹⁵ http://cdm.unfccc.int/public_inputs/dev_PDDs/cfi/AVCPZMAJJCUSRL20CXHY4JLXB14U6

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:

- There are costs associated with the project and it is demonstrated that the activity produces no economic benefits other than carbon credit related income;
- The proposed project is economically or financially less attractive than at least one other plausible alternative;
- The financial returns of the proposed project 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 Goals¹⁶ (MDG), eight goals that 189 United Nations member states have pledged to achieve by the year 2015. In the Cover Letter, you will need to attest that the project adheres to these principles.

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 to¹⁷.

¹⁶ <http://www.un.org/millenniumgoals/>

¹⁷ 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>

Per principle, question yourself whether there is a risk that your project might breach the safeguarding principles. Look at Gold Standard Annexes C and G for the 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 Gold Standard 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 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.

Project participants are required to provide a statement regarding the information provided in the do no harm assessment within the cover letter (see Annex S). 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 defined ¹⁸ 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 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

¹⁸ The Wingspread Conference on the Precautionary Principle (1998)

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 windmill to provide electricity to their households. Most households used the windmill 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 be adapted to situation and context and discussed with the stakeholders. Mitigation measures shall be introduced for those with a medium to high risk.

As mentioned above, you must also provide The Gold Standard Foundation with a statement warranting that the information provided in the 'do no harm' assessment is accurate, to the best of your knowledge.

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.			

I am the Project Representative/Project Owner of the project. The information stated above is true and accurate to the best of my knowledge. I understand and agree that The Gold Standard may request independent verification of adherence to these principles at anytime. I further understand and agree that The Gold Standard may reject the project and, in its discretion, announce the rejection of the project if any of the Do No Harm principles outlined above are violated, or if any of the information stated above is proven to be false or inaccurate.

Name: _____

Signature: _____

Date: _____

On behalf of: _____

Please have a look at the hypothetical examples of entries in a 'do no harm' assessment table in Table 2.6. See Gold Standard Annexes H and G for further guidance on assessment of risk for safeguarding principles, potential mitigation measures and their monitoring.

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 the end of their life.
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 matrix¹⁹ (SD Matrix). When scoring your project look at the list of sustainable development indicators described in detail in Gold Standard Annex I.

Select corresponding parameters to represent the status of each of the indicators. For each parameter describe briefly what the baseline²⁰ 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) MDGs²¹.

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

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 Gold Standard Annex I;
2. Familiarise yourself with the sustainable development indicators. An overview of indicators, including their potential parameters, is presented in Gold Standard 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 1.4. Answer the question: "which positive and negative impacts do you expect from your project in terms of

¹⁹ This methodology is based on the work of Helio International (www.heliointernational.org) and members of the South South North network (www.southsouthnorth.org).

²⁰ The most likely situation if the project was not implemented

²¹ <http://www.mdgmonitor.org>

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 Goals²² or End Poverty 2015²³. 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.
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

²² <http://www.undp.org/mdg>

²³ <http://www.endpoverty2015.org>

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 Gold Standard Annex I you can find the outline of the monitoring table. To write the monitoring plan (from Requirements VII.d):

You must identify parameters that can be used to properly monitor each non-neutral Sustainable Development Indicator according to Gold Standard Annex I, and 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.

All non-neutral indicators and all mitigation and compensation 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 and/or to address stakeholder concerns shall be monitored

You must submit a Sustainability Monitoring Plan 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 & Social Impact Assessment (ESIA)

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

As part of the Cover Letter, you must provide The Gold Standard Foundation with a declaration warranting that the project complies with local legislation.

DECLARATION OF LEGAL COMPLIANCE

I, [insert full name], working for [insert company name], which is located at [insert company headquarters address], in the capacity as [insert Project Owner/Project Representative/Project Participant] for [insert GS project identification number], hereby certify and declare that the following statement is true and accurate to the best of my knowledge:

The above referenced project, [insert GS project identification number], has complied and is in conformance with all federal, state, and local regulations and standards that govern and are relevant to this project.

[insert company name] will indemnify and hold The Gold Standard harmless for any loss, cost or damages incurred by The Gold Standard in the event the statement above is proven to be false or incorrect.

Name:

Signed this day.....of Year.....




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 or implementation at the time of first submission to The Gold Standard;
- Is a project that requires a preliminary evaluation of its eligibility by The Gold Standard as defined in Gold Standard Annex C. An example is a hydropower 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

		
<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - Draft Gold Standard Passport (including a discussion on eligibility, additionality, SD Matrix, stakeholder consultation that has been conducted so far, sustainable indicators monitoring plan) (NB. No passport required for micro-scale activities) - Draft PDD - Any supporting documents

(such as ESIA, feasibility study, business plan) - Any Gold Standard Annex C requirements (such as the hydro project checklist)	(such as ESIA, feasibility study, business plan) - Any Gold Standard Annex C requirements (such as hydro project checklist)	(such as ESIA, feasibility study, business plan) - Any Gold Standard Annex C requirements (such as hydro project check list)
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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 Gold Standard 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.

You may choose to fast track the pre-feasibility assessment as long as the DOE contracted for validation complies with the eligibility criteria stated in Gold Standard Annex P and the project type is eligible for fast-tracking.

2.5.1 Retroactive Registration

If your project applies for Gold Standard registration after the start date of the activity, 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. The start date of the project is the earliest date at which either the implementation or construction or real action of a project begins (furthermore, the guidance provided in paragraph 67 of CDM EB 41st meeting report is applicable).

2.5.2 Pre-feasibility Assessment for Project Activities Requiring a Preliminary Eligibility Evaluation

- 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 Gold Standard Annex C Fast-tracking is not allowed for these cases.

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 only because the project does not comply with the approved methodology, you can submit a revised meth to The Gold Standard 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 and specific documentation as described in Gold Standard Annex C you are also required to submit the validation report that was submitted to the UNFCCC and the official communication with the UNFCCC on rejection of the project. Fast-tracking is not allowed for these cases.

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 to attend. 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 Gold Standard Annex A). You must also invite the local expert of The Gold Standard in the region

(see Gold Standard 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 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 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 Gold Standard Annex Q.

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, within three months 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 2.10.

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 Gold Standard 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 Annex A
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 Annex A

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

You can choose 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 Gold Standard Annex J. In the invitation the objective of the consultation needs to be mentioned together with the feedback process for those not able to attend the physical meeting e.g. feedback via email, post or other means.

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 Gold Standard 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 through an LSC invitation sent together with 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 Gold Standard 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.

1. *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.

2. *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/implementers 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.

3. *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.

4. *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 examples taken from a 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.

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. You should refer to Gold Standard Annex AC on guiding Sustainable Development Indicator questions while seeking feedback from local stakeholders. These questions can be used to better explain what the indicators mean.

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 Kapuscinski²⁴, 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 kinds 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.

5. Discussion on continuous input/grievance mechanism

You are required to seek input from stakeholders on the methods for continuous input/grievance expression. At the Local Stakeholder Consultation Meeting, the methods should be explained and discussed to ensure that local stakeholders agree that the details of the selected methods will be the most appropriate. See Gold Standard Annex W for details of how to implement the grievance mechanism in your project.

6. 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

²⁴ 1998 Ryszard Kapuscinski, title: Heban

monitoring? Again, consider the abilities and capacity of your stakeholders and do not ask too much from them.

7. *Closure of the meeting*

Ask people to fill out the evaluation form. You can use the outline presented in Gold Standard 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.



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 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 meeting minutes short and focus on comments received during the meeting. List all comments received (positive, neutral, and negative ones). See examples in Gold Standard 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 that will be made to the project.
5. Finalise your sustainable development matrix based on your stakeholder consultation.
6. Finalise your Local Stakeholder Consultation report. You are required to upload the report to the Registry, within three months after the meeting.
7. The Local Stakeholder Consultation Report must also document any comments, criticisms or improvements that were made to the Continuous Input/Grievance Expression methods discussed at the LSC meeting.

2.7 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 (e.g. rice husk)	Farmers have asked if they can receive money for delivering crop residue (e.g. 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 participant explains that the electricity is being fed directly to the grid, and is therefore not under his jurisdiction.

2.8 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 Gold Standard 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.

2.9 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 Gold Standard 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.

2.10 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 and other means must also be used to reach out to stakeholders who cannot be physically present at the 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 (with the exception of micro-scale schemes – see Gold Standard Annexes T and U 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 should consider 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 but the contracted DOE must be able to take feedback received into account to complete the validation.

The stakeholder feedback round for retroactive 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, for example, to an extra stakeholder consultation to ensure The Gold Standard requirements are met.

You report on the feedback round in your Passport (with the exception of micro-scale schemes for which this information is provided in the simplified PDD). You have to report how the feedback round was organised, what the outcomes were and how you followed up on the feedback.

2.11 Complete PDD and Passport

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

2.12 Deliverables Chapter 2

Local Stakeholder Consultation report

Completed Passport (with the exception of micro-scale schemes)

Completed PDD

Signed Terms and Conditions

All the documents have to be uploaded onto the Registry

2.13 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 technological 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. Unless Gold Standard requirements go beyond or are otherwise stated, the rules as laid down in the CDM Validation and Verification Standard are applicable. 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 Gold Standard Annex B for an overview of all phases in the project cycle.

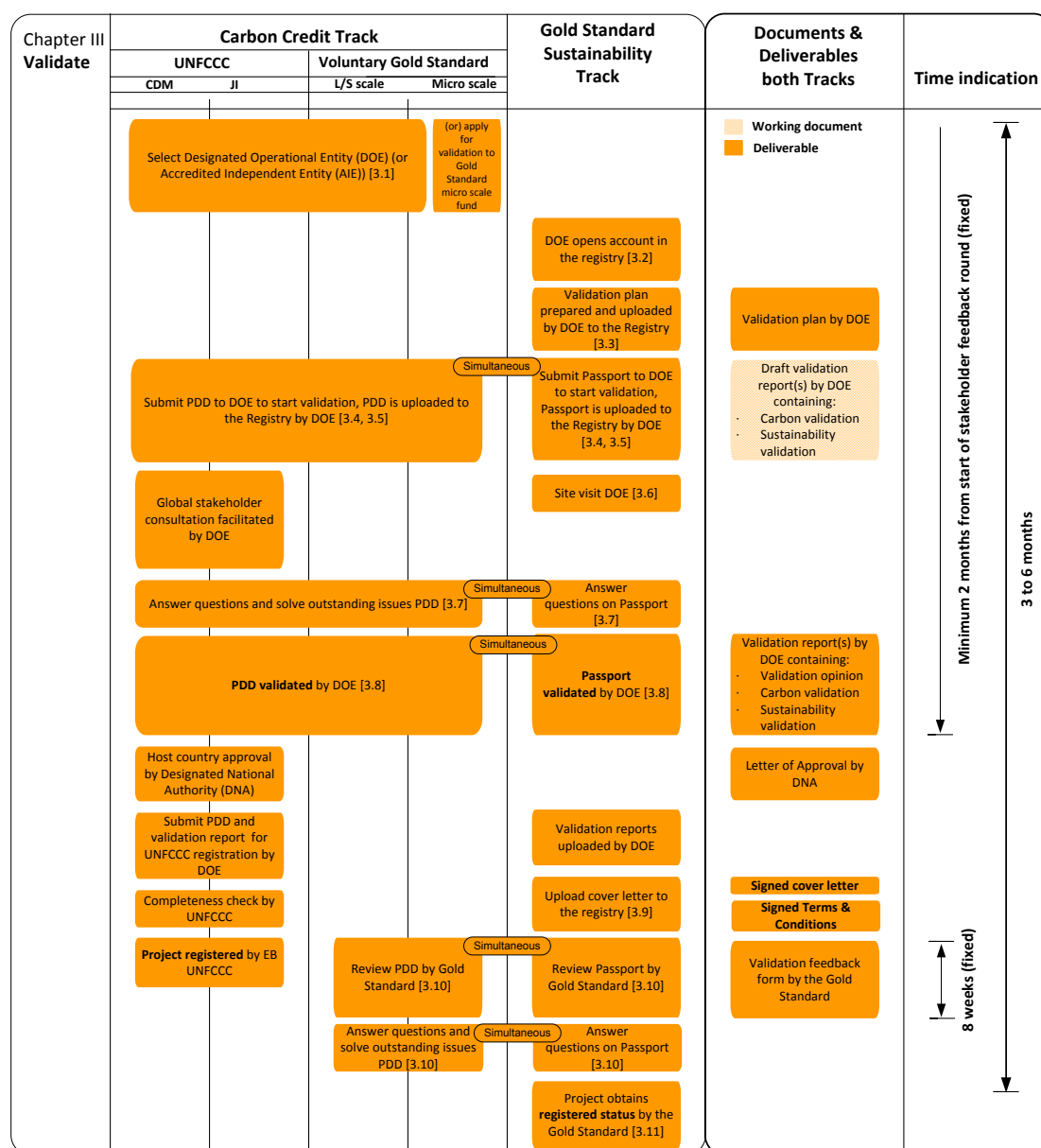


Figure 3-1

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. The Registry lists 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 the development of micro-scale projects. See L for fees.

For further details on how to make use of The Gold Standard Validation Fund approach, please refer to the Micro-scale Scheme Rules, Gold Standard Annex T.

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 onto 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 validation workplan with The Gold Standard. This workplan must be uploaded onto 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. Prior experience validating Gold Standard projects should be specified. 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. Include The Gold Standard project ID and CDM reference number, if applicable. Also include the version of Gold Standard rules against which the project is being validated.
3. Gold Standard validation time frame.
4. Documents to review.
5. List of Stakeholders to be interviewed
6. An explanation on how the 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?)
7. On-site audit planning and tentative programme.
8. Interaction with the project developer, detailing the method of communication (for example via the Registry) and the number of iterations for questions and requests.
9. Reporting, detailing procedures and responsibilities for quality control.
10. Communication of final validation opinion to The Gold Standard.

For a description on how to upload the workplan, see Gold Standard 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 a final validation opinion of the DOE. See Table 3.1.

Table 3.1

	
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<ul style="list-style-type: none"> ▪ CDM validation or JI determination report ▪ GS validation report with sections: <ul style="list-style-type: none"> - Validation opinion - Carbon validation - Sustainability validation 	<ul style="list-style-type: none"> ▪ GS validation report with sections: <ul style="list-style-type: none"> - Validation opinion - Carbon validation - Sustainability validation
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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 & social impact assessment, etc.)

At the start of the validation either the DOE/AIE or the project representatives can upload the finalised version of both documents to the Registry together with the supporting documents. At this stage, only the project participants, 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, the baseline for the GHG calculation and sustainable development indicators must be re-evaluated and re-validated. See Gold Standard Procedures for the Renewal of a Crediting Period (Gold Standard Annex Z) for further details.

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. Therefore, the latest version of the UNFCCC CDM VVS 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 VVS 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) 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.
- b) Check whether the project is eligible for The Gold Standard (use Annex C).
- c) Check whether the project reduces an applicable GHG.
- d) 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.
- e) Check that the project applies the correct project cycle (regular vs. pre-feasibility assessment).
- f) Check that no double counting occurs with other certification schemes.

Additionality check

- a) Check that the project representative 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 representative to demonstrate additionality.
 - Assess the correctness of these additionality arguments.
 - The arguments 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 representative has compared the proposed project 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. 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 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 participant's claims regarding sustainable development are sufficiently substantiated. In doing so the DOE should refer to Gold Standard Annex AB that provides further guidance on how a DOE should validate potential negative impacts and risks associated with the implementation of a project.

- a) Check whether the 'do no harm' assessment has been based on accurate information, see 2.4.1 and that reference sources are included.
- b) Detailed impact assessment; check if the guidance provided under 2.4.2 has been applied to establish the sustainable development matrix. Assess the matrix according to the guidance in 2.4.2 and in Gold Standard 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 stakeholders consider the impact insignificant, or the impact has been neutralised 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 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 is unavailable or is 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 2.6.

Environmental & social impact assessment (ESIA)

- Check that the project conforms to host country (local, regional or national) requirements concerning environmental and social impact assessment (for all sizes of projects). Project participants have to provide a statement as part of the cover letter (Annex S).

Stakeholder Consultation

Relevant documents for validation of the stakeholder consultation are the Local Stakeholder Consultation report and the Passport. Check that project participants fulfil The Gold Standard requirements regarding stakeholder consultations, see 2.6 and 2.10. 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 the local language has been included in the Local Stakeholder Consultation report, as well as a summary in English
- 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 both the 'preliminary' scoring done by the project participants and the matrix from the outcome of the blind stakeholder exercise
- Comments accepted and received by email or other means were actually considered
- Whether the approved/selected methods of continuous input/grievance mechanism from the LSC report and other consultations have been implemented on site and discussed in the GS passport. In addition, for retroactive projects in the absence of an LSC, check that appropriate means were used by the project participants to reach out to relevant stakeholders and seek their feedback on the continuous input/ grievance expression methods. Please refer to The Gold Standard Annex W for further guidelines on validating the project participants' implementation of the mechanism.

For further guidelines on which issues from the Local Stakeholder Consultation (LSC) report are required to be checked during validation, please refer to The Gold Standard Annex AB

Stakeholder Feedback Round

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

- 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 an English summary
- All relevant supporting information (if available, in appropriate local language(s)); in the case of an ESIA, 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 from 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 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 arguments on whether comments are taken into account or not and the respective changes to the project design

Monitoring

The monitoring of the project 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 VVS. If it is judged that the monitoring plan is not sufficient, the project participants should revise it accordingly.
- b) Sustainability: assess the sustainability monitoring in the Passport according to 2.4.3. Are the chosen parameters relevant to the indicators? Is the sustainability monitoring plan unambiguous about who will monitor with what frequency? Do you have any concerns regarding the feasibility of the plan? If it is judged that the sustainability monitoring plan is not sufficient, the project participant 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 participants 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 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 participants how they have ensured that different groups could specifically give input during the stakeholder consultation meeting. Consider conducting a few follow-up interviews with local residents and/or NGOs to ensure that comments from the two rounds of consultation have indeed been taken into account.

For projects located in conflict zones or refugee camps, the DOE may not be able to go on site during validation. In such cases, a deviation from normal procedures is allowed where project participants can combine DOE validation (based on a desk-review) with on-site validation conducted by an Objective Observer. See rules and procedures defined in 'validation and verification in conflict zones' (Annex X).

3.7 Answer Questions Regarding PDD and Passport



You need to communicate with the party submitting the project when considering Corrective Action Requests (CARs) and Clarification Requests (CRs). The validation process can only be completed and a final validation report 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. The cover letter will become public once it is uploaded to the Registry. Within the letter you will declare

your project has followed the requirements set out in The Gold Standard Requirements. The letter must include:

- **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;
- **Do No Harm Declaration** – an attestation that the project is in compliance with Do No Harm Principles;
- **Compliance with Local Laws Declaration** – an attestation that the project is in compliance with all local laws governing the project;
- **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 participants involved are required to sign and upload the Terms & Conditions (see Gold Standard Annex M) and pay the registration fee where applicable (see Gold Standard 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, TAC and the NGOs Supporters 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 Clarification Requests (CRs) and/or Corrective Action Requests (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 amalgamate all comments into one summary document before sending directly to the project participant.

The Gold Standard Secretariat will send an amalgamation of the CRs and CARs to the project representative via a formal feedback procedure 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 participants 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 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 or for CDM/JI projects. If changes significantly impact the project 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 by all involved project participants

Signed Terms & Conditions by all involved project participants

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 Standard 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 verification of a project by a DOE; this guidance is also directly applicable to verification by an AIE.

See detailed steps in Figure 4-2 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.

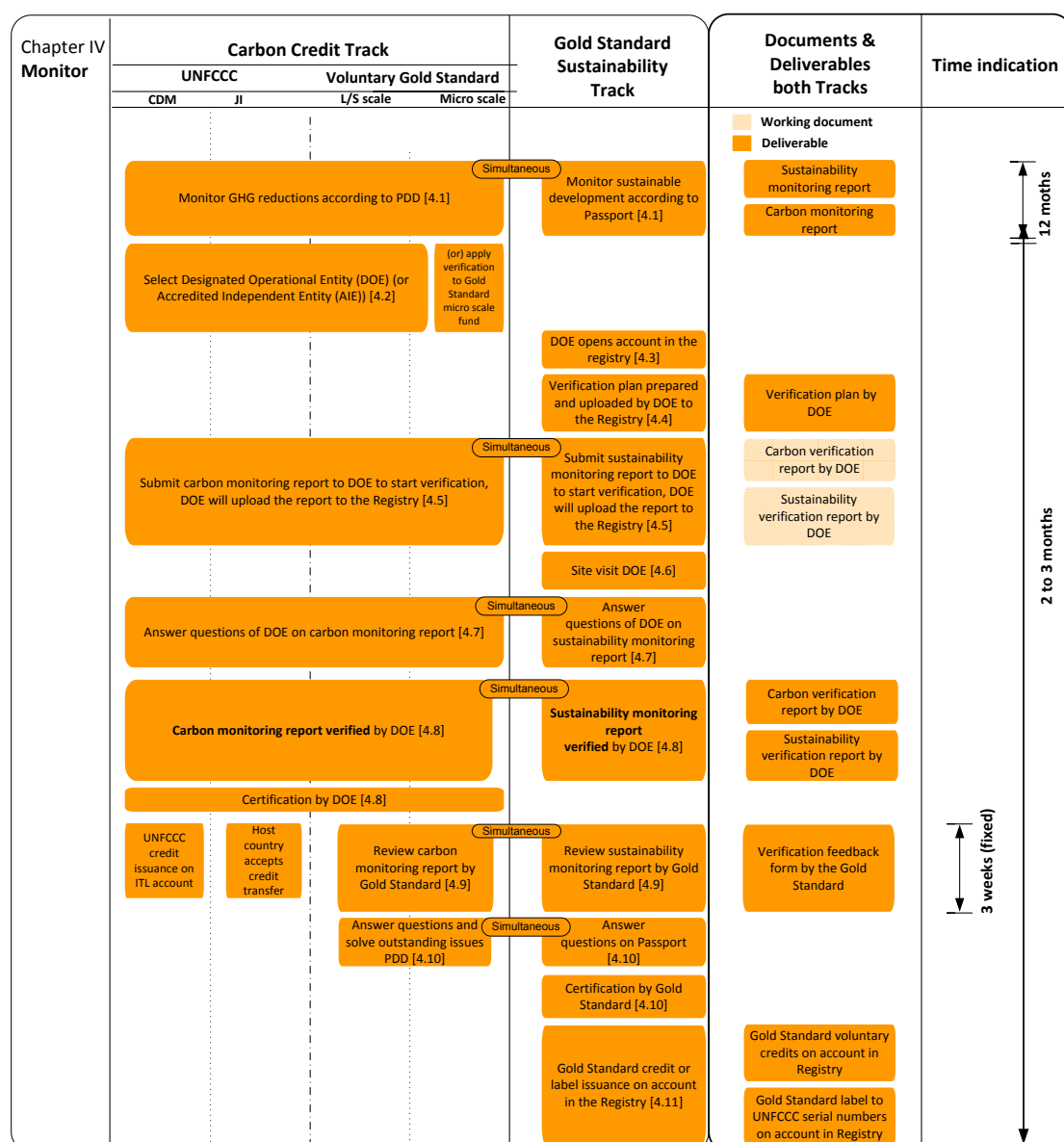




Figure 4-2

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 that are verified by a DOE/AIE. See Table 4.3.

Table 4.3

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

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;

The conditions for issuance of credits based on your verified monitoring plan are further described in section 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 for validation and verification.

An overview of accredited DOEs can be obtained from the UNFCCC website.²⁵



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 fee details. First payment must be made within 9 months after registration. This option is made available to reduce the transaction costs that can act as a barrier for development of micro-scale projects.

For further details on how to make use of The Gold Standard Verification Fund approach please refer to Micro-scale Scheme Rules, Gold Standard Annexes T and U.

4.3 DOE Opens an Account in the Registry



To begin the verification 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 onto 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. Prior experience verifying Gold Standard projects should be specified. 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 has experience in the host country and preferably in the applicable scope of the project
2. Include The Gold Standard project ID and CDM reference number, if applicable. Also include the version of Gold Standard rules against which the project is being verified
3. Gold Standard verification timeframe

²⁵ <http://cdm.unfccc.int/DOE/list>

4. Documents to review
5. List of Stakeholders to interview
6. An explanation of how the monitored indicators and parameters will be verified
7. On-site audit planning and tentative programme (optional for Passport)
8. Interaction with the project developer; detailing the method of communication (for example through the Registry) and the number of iterations for questions and requests
9. Reporting; detailing procedures and responsibilities for quality control.
10. Communication of verification opinion to The Gold Standard
11. 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 onto the Registry together with the 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).
- Responses by project participants to the grievances raised by local stakeholders.

See Table 4.4 to define whether this can be combined in one report and for short naming of reports.

Table 4.4

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

These verification reports do not have to follow a fixed template; you can find a suggested outline for the verification reports in Gold Standard 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 the emission reductions, and:

- Any changes that have occurred since validation and that have an impact on the claimed emission reductions shall therefore be considered
- In addition, the verifier shall check whether any changes occurred that may have an 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

Permanent changes in project design that occur before registration of the project shall be assessed by the DOE as per The Gold Standard Procedures for Approval of Design Changes (Gold Standard Annex AA). Permanent changes in project design that occur after registration of the project could be assessed by The Gold Standard or alternatively The Gold Standard may ask for DOE opinion.

4.7 DOE Site Visit



Under The Gold Standard a site-visit is mandatory in one of the first two years after the start of the crediting period, 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. A site-visit by the DOE is always required each time verification is conducted for a large-scale project. In the context of small-scale projects, a site visit by the DOE for verifications other than the mandatory ones defined above may not be required if appropriate justification is provided by the project participants and a positive opinion is delivered by the DOE at the time of first verification.

During the site visit you (the DOE) have to visit the location of the project, 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.

For projects located in conflict zones or refugee camps, the DOE may not be able to go on site during verification of the project. In such cases deviation from normal procedures is allowed where project participants can combine DOE verification (based on a desk-review) with on-site verification conducted by an Objective Observer. See rules and procedures defined in 'validation and verification in conflict zones' (Annex X).

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 the 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.

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 amalgamated comments will be created and sent to the project representative.

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 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 has been resolved.

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. 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 Gold Standard Annex E.

The fee structure of The Gold Standard credit/label issuance is explained in Chapter 6 and in Gold Standard 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. See Gold Standard Annex L for complete information regarding fees. 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 the 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 activity, 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.

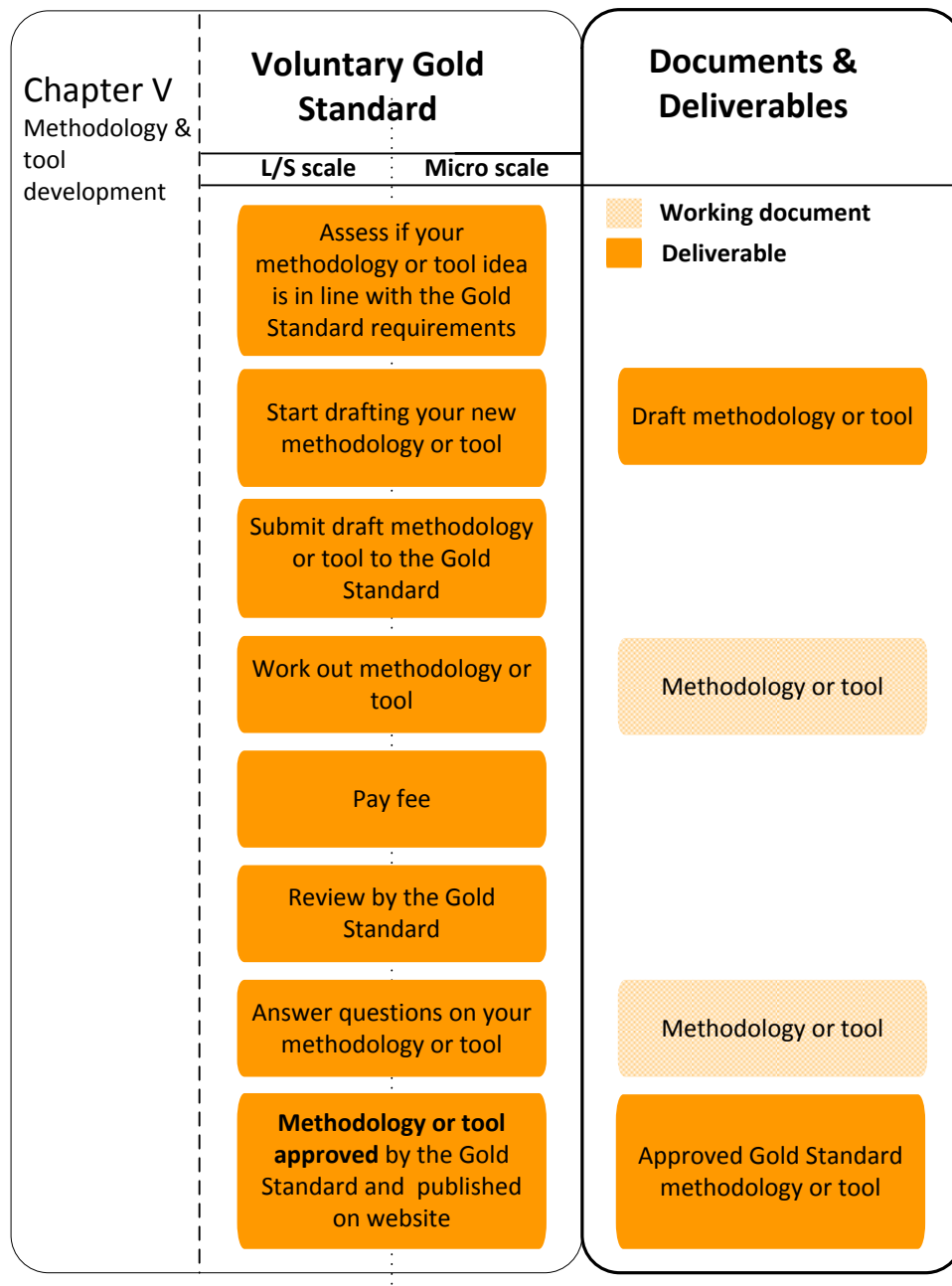


Figure 5-1

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 Secretariat²⁶ at an early stage, to check 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 details see Annex L – the overview of Gold Standard fees.
6. The Gold Standard will identify two independent external experts to review the proposed methodology. 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 for clarifications and request changes. The Gold Standard Secretariat will communicate the outcomes.
8. Your methodology may prompt further questions and requests from The Gold Standard. Please answer all questions and requests, and then revise the methodology accordingly. The Gold

²⁶ Send your e-mail to registry@cdmgoldstandard.org

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 rejected (e.g. if too little progress is made on the request for changes).

9. Once The Gold Standard approves a methodology it will become publicly available for use by all voluntary market actors.

The process for revised methodologies is similar to the process above, if the GS Technical Advisory Committee has the opinion that the proposed revisions are significant and, in addition to the internal review, an external review is deemed necessary. 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 for the development of 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 the Fee Schedule (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 the already approved additionality tools to The Gold Standard Secretariat²⁷ to check whether 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 details see Annex L - overview of Gold Standard fees.
6. Two independent external experts identified by The Gold Standard will review the proposed additionality tool. The Gold Standard will also review the proposed tool.

²⁷ Address your e-mail to Meinrad Burer 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. Your additionality tool may prompt additional questions and comments from The Gold Standard. Please answer all questions and requests, and then revise the tool accordingly. The Gold Standard will review the changes in the proposed tool. In this phase iterations between 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

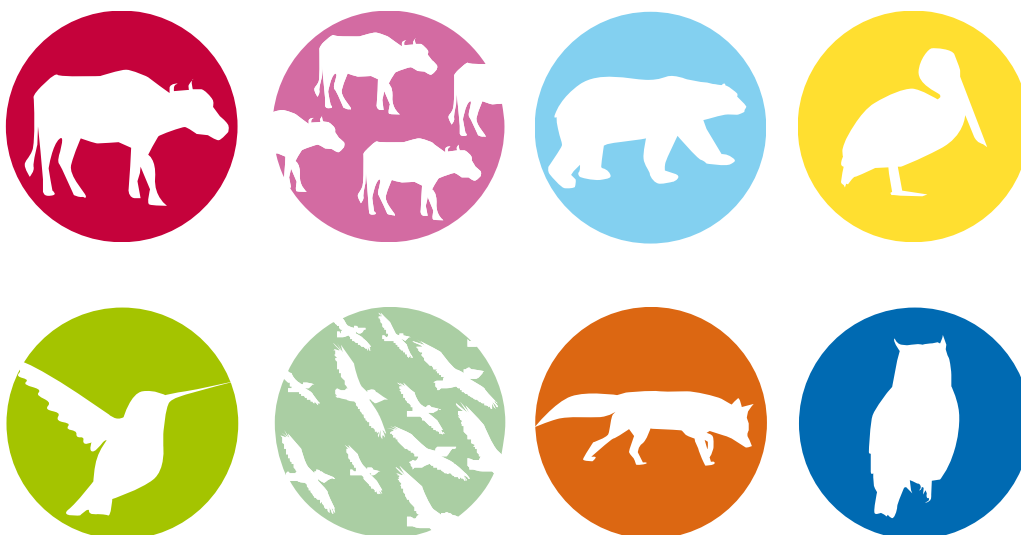
Methodology or tool approved by The Gold Standard

5.4 Status at the End of Chapter 5

You have successfully developed a new methodology and/or tools, which have been approved by 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 Gold Standard 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 representative 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 representative from paying other applicable fees as listed in both Gold Standard Annex L and The Gold Standard Registry Fee Schedule.

6.3 Choosing a Fee Structure

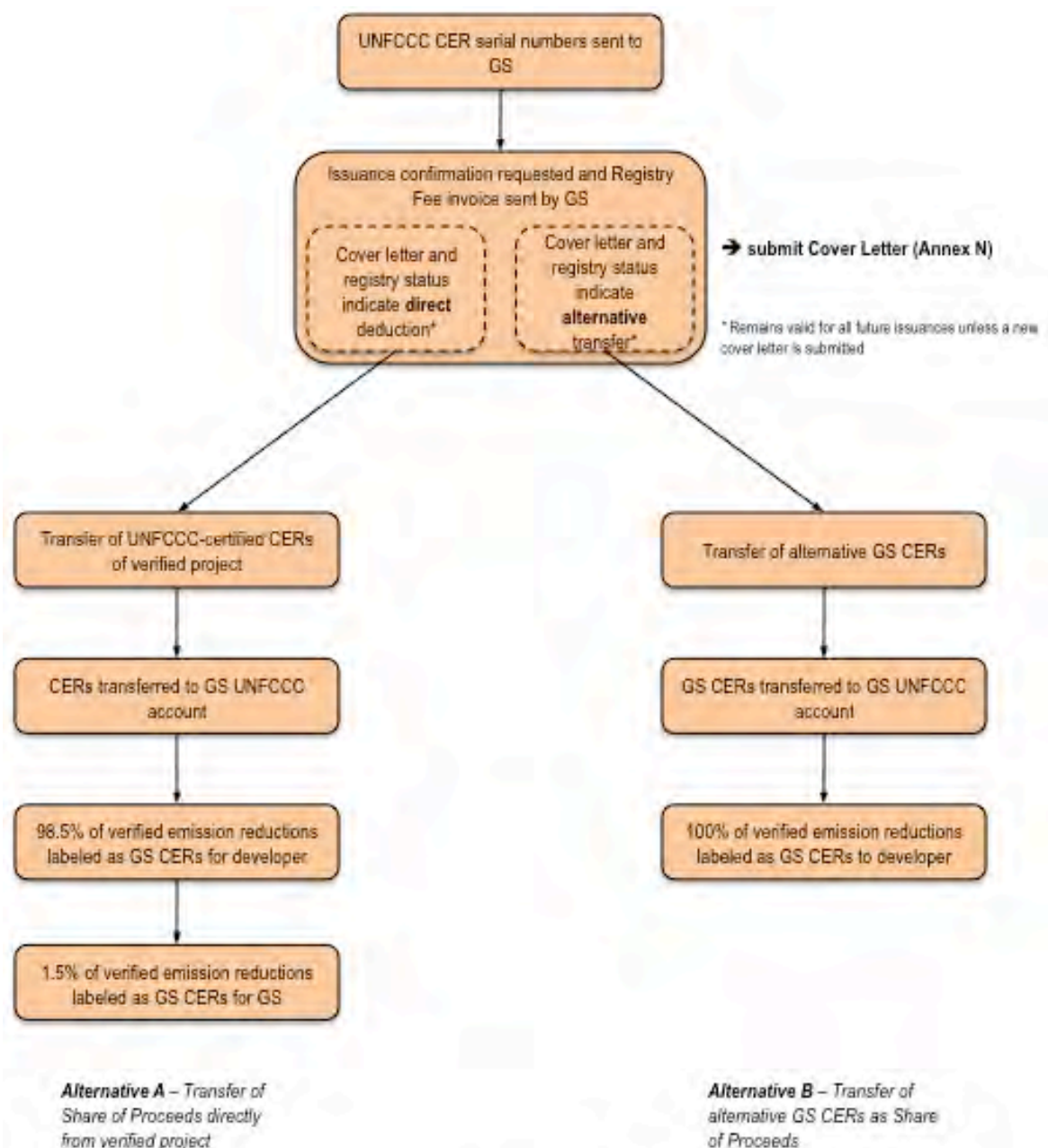
Upgrading to the Share of Proceeds Fee Structure is possible but optional for the following projects:

- (1) Those projects that have submitted the complete Local Stakeholder Consultation Report (see Gold Standard Toolkit, sections 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

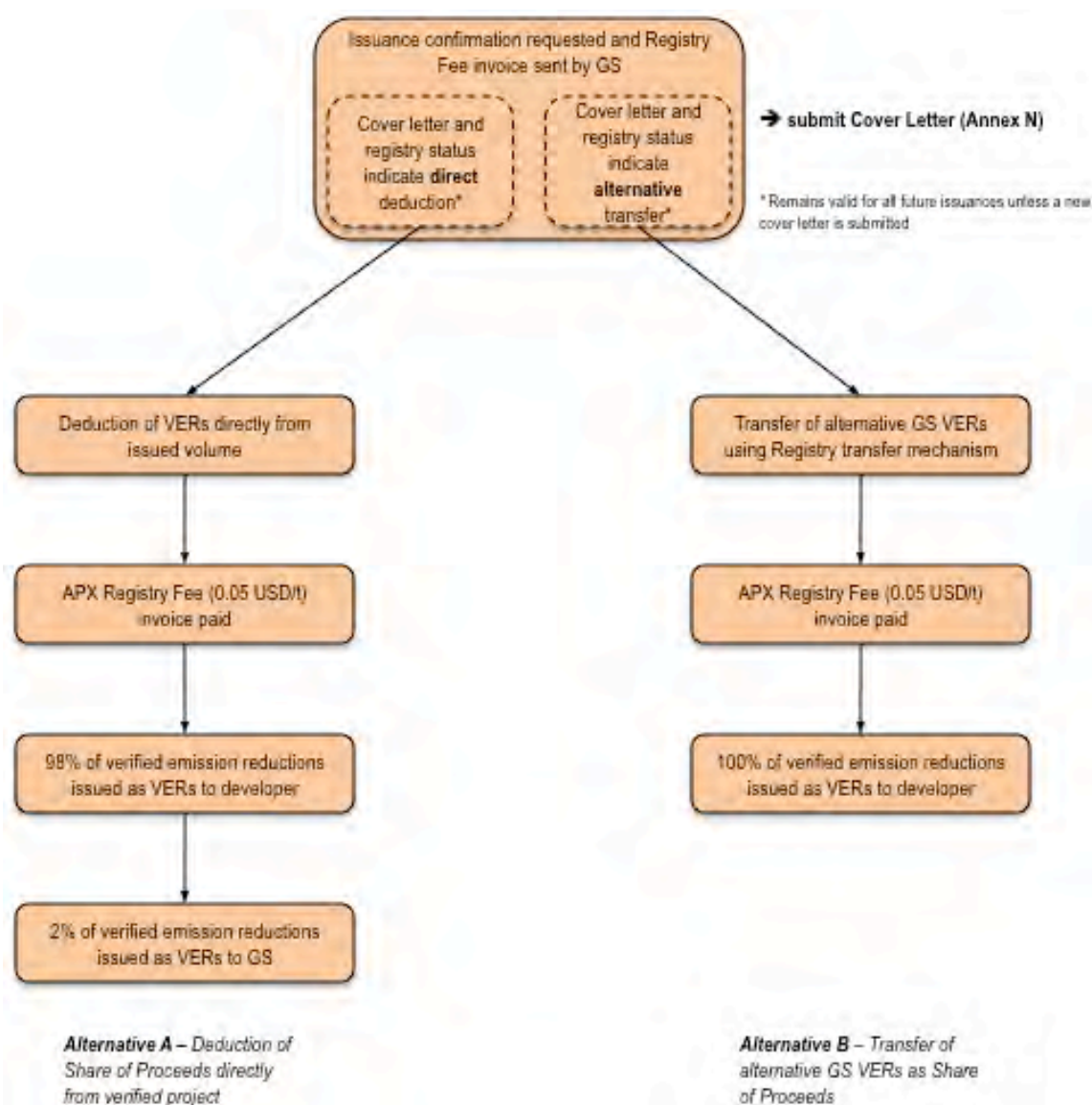
The following flowcharts illustrate the Share of Proceeds Fee Structure transfer process for both CERs and VERs.

CER Process



Share of Proceeds process steps for GS CER labeling

VER Process



Share of Proceeds process steps for GS VER issuance