

STANDALONE MICRO-SCALE SCHEME RULES

Unless stated otherwise in this document, rules provided in The Gold Standard Requirements apply to this scheme. In case of any discrepancy, the rules in this document shall prevail. The process flow chart for the development of a micro-scale project is provided in Annex AE.

1. Project Eligibility:

- **Scale of the project:** Projects are eligible under the micro-scale scheme if the annual emission reductions achieved are limited to a maximum of 10,000 tonnes of CO₂e in each and every year of the crediting period. Whenever actual emission reductions as per the verification report exceed the upper threshold for a given registered project, the project can still request for issuance, but the claimable emission reductions are capped at 10,000 tonnes of CO₂ per year.
- **Type of project:** Eligible types of activities include renewable energy supply, end-use energy efficiency improvement and waste handling & disposal¹ projects that comply with the GS specific eligibility requirements listed in Annex C.
- **Host country:** Projects can be located in any host country. However, projects located in LDCs, LLDCs and SIDS (see Annex 1, 2 and 3 respectively) benefit from simplified rules with respect to the demonstration of additionality, as long as the projects are not retroactive.
- **Project cycle:** Both regular and retroactive cycle projects are eligible to apply under this scheme.
- **Date of submission:** The date of submission of a micro-scale project is defined as the upload of the micro-scale simplified PDD including the reporting of the Local Stakeholder Consultation (section A and D must be filled) to The Gold Standard registry.

2. Project Crediting Period

Projects must follow the standard UNFCCC crediting periods, i.e. a 7-year crediting period, renewable twice, or a fixed 10-year crediting period.

- **Retroactive crediting:** Any project can claim emission reductions generated between the start date of operation of the project and the date of registration of the project under Gold Standard. Retroactive crediting in all conditions is limited to a maximum of 2 years prior to GS registration.
- **Retroactive registration:** Retroactive projects applying under the scheme shall undergo a pre-feasibility assessment as per Gold Standard Requirements. The pre-feasibility assessment can

¹ For a definition of what is meant by renewable energy supply, end-use energy efficiency improvement and waste handling & disposal refer to the latest version of The Gold Standard Requirements.

be fast-tracked if the activity complies with the fast-tracking rules defined in The Gold Standard Requirements.

3. Stakeholder Consultation

A two-step stakeholder consultation must take place as per Gold Standard Requirements, i.e. the Local Stakeholder Consultation (LSC) and the Stakeholder Feedback Round (SFR). Project Participants (PP) shall refer to the procedures defined in The Gold Standard Requirements and Toolkit for conducting the LSC² and SFR.³ Reporting of the stakeholder consultation shall be done using the simplified PDD for micro-scale project projects.

- **Regular cycle projects:** The LSC meeting takes place at the design phase of the project. At least one live meeting shall be conducted with relevant stakeholders. The SFR shall cover all issues raised in the Local Stakeholder Consultation meeting and discuss how due account was taken of the stakeholders comments.
- **Retroactive cycle projects:** When no stakeholder consultation has taken place as per Gold Standard procedures, a physical meeting might be necessary during the SFR. The SFR shall cover all issues highlighted in the pre-feasibility assessment and/or raised by the DOE as part of the validation of the stakeholder consultation.

Project developers shall also implement the continuous input/grievance mechanism to solicit feedback from stakeholders on unforeseen issues throughout the crediting period of the project.

4. Baseline and Project Emissions

Baselines and project emissions shall be defined as per an approved CDM or GS methodology. The latest methodology version applicable at the time of first submission to The Gold Standard shall be used. Alternatively, a new methodology may be described and submitted as part of the project documentation for approval by The Gold Standard during the validation process.

New simplified, conservative approaches (e.g. based on default factors) as well as the consideration of suppressed demand elements are encouraged in order to further streamline the evaluation of emission reductions, as long as convincing arguments are provided as to why the approach proposed is conservative enough. The simplified methodology is submitted as part of the Project Design Document (PDD).

Once approved as part of a given project, new methodologies can be used by all project developers for future standalone micro-scale projects.

When The Gold Standard Foundation is not in a position to evaluate with sufficient confidence if the new submitted methodology is appropriate and conservative enough, the proposed methodology will

² For guidance on how to conduct the LSC, refer to the GS Toolkit, section 2.6. Under section 2.6.1, the guidance on the blind sustainable development exercise is not applicable to the micro-scale scheme.

³ For guidance on how to conduct the SFR, refer to the GS Toolkit section 2.11.

be sent out for external review, as per usual procedures for approval of new methodologies under The Gold Standard. In such a case, and unless they decide to withdraw the application, the cost of this external review must be covered by the applicants.

5. Debundling Rules

No debundling rules apply to this scheme. However, the scheme can be discontinued anytime upon decision of The Gold Standard Technical Advisory Committee (TAC) in case it is shown as being abused. In such a case, projects already submitted remain eligible for their entire crediting period.

6. Bundling and PoAs

Projects can be submitted within a bundle, however the upper threshold outlined under section 1 applies to the bundle as a whole. PPs shall refer to the micro-programme rules for the submission of micro-scale projects under a programme.

7. Additionality

Regular cycle projects that meet any one of the criteria defined below (and meet the eligibility requirements under section 1) shall be deemed additional:

- i. The project is located in a Least Developed Country (LDC), Small Island Developing States (SIDS) or Land Locked Developing Country (LLDC)⁴.
- ii. The project is located in a special underdeveloped zone of the host country identified by the Government before 28 May 2010. Project participants shall refer to the list published by the host country DNA.
- iii. The project is located in any host country different from the countries defined above but PPs can demonstrate that project implementation will essentially benefit poor communities. No specific definition of 'poor communities' is pre-established. The Millennium Development Goals-based long term National Development Strategy (NDS) can serve as the basis to assess the eligibility of the targeted communities. PPs shall seek approval from The Gold Standard Foundation on the basis of a formal request providing detailed arguments as to how the activity will benefit poor communities.
- iv. The project:
 - a. Generates electricity on-site, i.e. electricity generated at the point of use with no connection to any grid, OR
 - b. Feeds into an existing or new local, low voltage isolated grid.⁵ It may also feed into the regional or national high voltage grid if convincing evidence can be provided to

⁴ List as per UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (Annex 1, 2 and 3)

⁵ From down to the consumption level and up to a distribution level in the order of 10 kV or as an off grid activity supplying energy to households/communities with less than 12 hours grid availability per 24 hour day

demonstrate that the implementation of the project will significantly improve electricity access for the poor local communities, households or SMEs.

- v. The project employs specific renewable energy technologies or measures recommended by the host country DNA and approved by the CDM EB (PPs shall refer to the list published by the host country), OR approved by The Gold Standard Foundation as part of a positive list.
- vi. The project is an emission reduction project in which each of the independent subsystems/measures achieve annual emission reductions equal to or less than 600 tCO₂ or annual energy savings equal to or less than 600 MWh or installed capacity is less than 1500 kW for households/SMEs/communities. The limits defined above apply to each subsystem or the measure implemented.

For regular cycle projects that do not comply with any of the criteria above and for all retroactive activities, PPs are required to use either an UNFCCC-approved or a Gold Standard-approved additionality tool to demonstrate project additionality.

The additionality of any project with a renewable crediting period that benefits from deemed additionality will be reassessed at the end of each crediting period, i.e. every seven years as per latest approved criteria.

8. Monitoring of Emission Reductions

The monitoring of emission reductions shall be defined as per an approved CDM or GS methodology. The latest methodology version applicable at the time of first submission to Gold Standard shall be used.

Alternatively, a new methodology may be described and submitted as part of the project documentation for approval by The Gold Standard during the validation process. New, simplified approaches are encouraged in order to further streamline the monitoring of emission reductions as long as convincing arguments are provided as to why the approach proposed is conservative enough.

The simplified methodology is submitted as part of the PDD. Once approved for a given project, a new methodology can be used for any future standalone micro-scale project.

When The Gold Standard Foundation is not in a position to evaluate with sufficient confidence if the new submitted methodology is appropriate and conservative enough, the proposed methodology is sent out for external review, as per usual procedures for approval of new methodologies under Gold Standard. In such a case, and unless they decide to withdraw the application, the cost of this external review must be covered by the applicants.

9. Validation of the Project

The validation shall be conducted in one of the following ways:

1. The contracting of a DOE, as for any other project. In such a case, the project must make use of an existing methodology or submit the new methodology to The Gold Standard Foundation for approval prior to validation by the DOE.
2. The submission to *The Gold Standard Internal Validation process*. This option implies the payment of a flat fee to The Gold Standard Validation Fund, to initiate the validation of the project. The fee is USD 5,000 for activities with emission reductions capped at 5,000 tCO₂ per annum, and USD 10,000 otherwise.

Upon review and approval by The Gold Standard, credits can be issued to projects expected to result in emission reductions below 5,000 tCO₂ per annum but actually delivering more (while still up to a maximum of 10,000 tCO₂ per annum) based on the verification findings as long as an additional fee of USD 5,000 is paid into the Validation Fund.

If the project proposes a new methodology for the accounting and monitoring of emission reductions, the internal validation process includes the approval or rejection of the proposed new approach for the evaluation of the emission reductions and the monitoring procedures, unless, as discussed above, the new methodology is sent for external review.

For The Gold Standard Validation Fund option, the following procedures apply:

1. The Gold Standard Secretariat shall be notified of the use of the Validation Fund option.
2. The completed PDD with information on baseline and monitoring must be uploaded into the GS Registry.
3. The PP is notified on whether the project is selected for an appraisal of sustainable development aspects by an Objective Observer, or if these must be self-assessed by PP and reviewed internally by The Gold Standard Foundation. The Validation Fund will cover these costs. At all times, any assistance from The Gold Standard Validation Fund is subject to the availability of funds. This decision is made through a 'target-random' selection among micro-scale projects opting to make use of the Validation Fund (see section 11).
4. The PP is notified on whether the project will be selected for an external validation of the emission reductions by a DOE, or if carbon accounting will be validated internally by The Gold Standard Foundation. In both cases, the Validation Fund covers the costs. At all times, any assistance from The Gold Standard Validation Fund is subject to the availability of funds. This decision is made through a 'target-random' selection among micro-scale projects opting to make use of the Validation Fund. PPs requested to have a project externally validated must provide The Gold Standard with several competitive offers from DOEs (at least three), contract the DOE selected, and follow the steps of a regular validation.

10. Verification

The verification of carbon accounting shall be conducted in either of the two following ways:

1. The contracting of a DOE, as for any other project:

2. Submission to *The Gold Standard Internal Verification process*. Internal verification is initiated when a fee of USD 2,500/annum is paid to The Gold Standard Verification Fund, the first fee being paid within nine months after registration.

The following procedure applies for The Gold Standard Verification Fund option:

1. The Gold Standard Secretariat shall be notified of the choice of the Verification Fund option.
2. The Monitoring Report must be uploaded into the registry with necessary supporting documentation, if any.
3. PP is notified on whether the project is selected for an appraisal of sustainable development aspects by an Objective Observer, or if these must be self-assessed by PP and reviewed internally by The Gold Standard Foundation. The Verification Fund will cover these costs. At all times, any assistance from The Gold Standard Verification Fund is subject to the availability of funds. This decision is made through a 'target-random' selection among micro-scale projects opting to make use of the Verification Fund (see section 11).
4. PP is notified on whether the project is selected for an external verification of the carbon accounting by a DOE or if this will be conducted internally by The Gold Standard Foundation. In both cases, the Verification Fund covers the costs. At all times, any assistance from The Gold Standard Verification Fund is subject to the availability of funds. This decision is made through a 'target-random' selection among micro-scale projects opting to make use of the Verification Fund. PPs requested to have a project externally verified must provide The Gold Standard with several competitive offers from DOEs (at least three), contract the DOE selected, and follow the steps of a regular verification.

It is possible for fraud to occur when PP has deliberately provided information that is incorrect, and used to obtain Gold Standard status, or to inflate the amount of emission reductions from the project. If fraud were suspected, it would be determined through the several rounds of requests for clarification and/or corrective action. If the verification shows that the project documentation is fraudulent, and if The Gold Standard has credible evidence that shows the negative intent of the PP, the party submitting the project is permanently disqualified and this is publicly announced (see Gold Standard Annex M, Terms & Conditions for more details).

11. Sustainable Development Assessment Process

Under the micro-scale scheme a target-random approach is applied to the sustainability appraisal making use of an Objective Observer, at the validation and/or verification stage.

Upon Gold Standard request and in time for validation or verification, PPs shall identify and provide the names and contact details of at least three independent experts (e.g. academics from local universities, staff from local NGOs or local consultancies, etc.) who shall appraise the project with respect to sustainable development aspects. The Gold Standard appoints one or more Objective Observers amongst the people suggested and/or other experts preferably chosen from The Gold Standard NGO Supporters, The Gold Standard Roster of Experts, or representatives of development

organisations with host country experience such that environmental and socio-economic impacts can be credibly assessed. Experts are selected based on an assessment of the relevance of their expertise and knowledge of the local conditions.

The Objective Observers shall visit the site at validation or verification stage to provide an independent assessment of the risks associated with the project with respect to The Gold Standard safeguarding principles (human rights abuse, environmental degradation, non-adherence to labour laws, corruption, etc.), as well as to identify potential negative impacts associated with the project on social, environmental and economic aspects in the local community.

Validation stage

During validation, when risks with regards to the safeguarding principles are identified and/or when negative impacts on sustainable development aspects are expected as per the Objective Observer's appraisal, the PP is required to prepare and submit an appropriate mitigation plan to the Objective Observer who will evaluate the appropriateness of the mitigation measures and report them in the Validation Appraisal Form.

The Validation Appraisal Report by Objective Observers will be made available to The Gold Standard TAC and Secretariat and to the GS NGO Supporters at the time of review and will form part of the registration approval process. The appraisal will be made publicly available following project registration.

When a project is not selected by The Gold Standard for appraisal by an Objective Observer(s) at validation stage, PPs shall proceed to a self-assessment of the risks associated with the project with respect to The Gold Standard safeguarding principles⁶ (human rights abuse, environmental degradation, non-adherence to labour laws, corruption, etc.) and shall identify potential negative impacts associated with the project on social, environmental and economic well being in the local community.

Inputs from stakeholders during the LSC and SFR shall be taken into account for this assessment. When risks with regards to the safeguarding principles are identified and/or when negative impacts on sustainable development aspects are expected, PPs are required to prepare and submit an appropriate mitigation plan in the Validation Appraisal Form.

The Objective Observers and the PPs shall make use of the *Gold Standard Sustainable Development Appraisal Template - Validation stage*.

Verification stage

During verification, the Objective Observer shall visit the site to:

- a. Confirm the status of project operation,

⁶ For guidance on the safeguarding principles and sustainability assessment refer to Annex H and Annex I of the GS Toolkit respectively.

- b. Assess if the mitigation plan is effectively implemented and negative impacts and risks are being effectively mitigated,
- c. Check that other negative impacts have not resulted due to implementation and operation of the project.

The Objective Observer may also report a new issue observed during the verification.

The Verification Appraisal Report by Objective Observers will be made available to The Gold Standard TAC and Secretariat and to the GS NGO Supporters at the time of review and will form part of the issuance approval. The Appraisal Report will be made publicly available after the issuance approval.

Whenever a project is not selected for an appraisal by an Objective Observer(s) at verification stage, and in view of any request for issuance, the PP shall confirm the status of the project operation, assess if the mitigation plan is effectively implemented and negative impacts and risks have been mitigated, and check that other negative impacts have not resulted due to implementation and operation of the project.

The Objective Observers and the PP shall make use of the *Gold Standard Sustainable Development Appraisal Template - Verification stage*.

11. Design Change Rules: The PP shall refer to the most recent version of The Gold Standard rules for design change requests.

12. Templates:

- Simplified PDD
- Gold Standard Sustainable Development Appraisal Template - *Validation stage*
- Gold Standard Sustainable Development Appraisal Template - *Verification stage*

Annex 1: List of LDCs (www.unohrrls.org/en/ldc/related/62/)

Africa (33)

- | | | | |
|----|--|----|---|
| 1 | Angola | 18 | Madagascar |
| 2 | Benin | 19 | Malawi # |
| 3 | Burkina Faso # | 20 | Mali # |
| 4 | Burundi # | 21 | Mauritania |
| 5 | Central African Republic # | 22 | Mozambique |
| 6 | Chad # | 23 | Niger # |
| 7 | Comoros * | 24 | Rwanda # |
| 8 | Democratic Republic of the Congo | 25 | São Tomé and Príncipe * |
| 9 | Djibouti | 26 | Senegal |
| 10 | Equatorial Guinea | 27 | Sierra Leone |
| 11 | Eritrea | 28 | Somalia |
| 12 | Ethiopia # | 29 | Sudan |
| 13 | Gambia | 30 | Togo |
| 14 | Guinea | 31 | Uganda # |
| 15 | Guinea-Bissau * | 32 | United Republic of Tanzania |
| 16 | Lesotho # | 33 | Zambia # |
| 17 | Liberia | | |

Asia (15)

- | | | | |
|---|--|----|-----------------------------------|
| 1 | Afghanistan # | 9 | Nepal # |
| 2 | Bangladesh | 10 | Samoa * |
| 3 | Bhutan # | 11 | Solomon Islands * |
| 4 | Cambodia | 12 | Timor-Leste * |
| 5 | Kiribati * | 13 | Tuvalu * |
| 6 | Lao People's Democratic Republic # | 14 | Vanuatu * |
| 7 | Maldives * | 15 | Yemen |
| 8 | Myanmar | | |

Latin America and the Caribbean (1)

- | | |
|---|-------------------------|
| 1 | Haiti * |
|---|-------------------------|

*** Also SIDS**
#Also LLDCs

UN Office of the High Representative for the Least Developed Countries,
Landlocked Developing Countries and Small Island Developing States

Annex 2: List of LLDCs (www.un.org/special-rep/ohrls/lldc/list.htm)

List of Landlocked Developing Countries

1. Afghanistan *	16. Malawi *
2. Armenia	17. Mali *
3. Azerbaijan	18. Moldova, Republic of
4. Bhutan *	19. Mongolia
5. Bolivia	20. Nepal *
6. Botswana	21. Niger *
7. Burkina Faso *	22. Paraguay
8. Burundi *	23. Rwanda *
9. Central African Republic *	24. Swaziland
10. Chad *	25. Tajikistan
11. Ethiopia *	26. The Former Yugoslav Rep. of Macedonia
12. Kazakhstan	27. Turkmenistan
13. Kyrgyzstan	28. Uganda *
14. Lao People's Democratic Republic *	29. Uzbekistan
15. Lesotho *	30. Zambia *
	31. Zimbabwe

*** Also LDCs**

UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

Annex 3: List of SIDS (www.un.org/special-rep/ohrls/sid/list.htm)

List of Small Island Developing States (UN Members)			
1	Antigua and Barbuda	20	Federated States of Micronesia
2	Bahamas	21	Mauritius
3	Bahrain	22	Nauru
4	Barbados	23	Palau
5	Belize	24	Papua New Guinea
6	Cape Verde *	25	Samoa *
7	Comoros *	26	São Tomé and Príncipe *
8	Cuba	27	Singapore
9	Dominica	28	St. Kitts and Nevis
10	Dominican Republic	29	St. Lucia
11	Fiji	30	St. Vincent and the Grenadines
12	Grenada	31	Seychelles
13	Guinea-Bissau *	32	Solomon Islands *
14	Guyana	33	Suriname
15	Haiti *	34	Timor-Lesté *
16	Jamaica	35	Tonga
17	Kiribati *	36	Trinidad and Tobago
18	Maldives *	37	Tuvalu *
19	Marshall Islands	38	Vanuatu *

UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States