



SUMMARY AND GUIDANCE

Policy Requirements and Procedures

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BACKGROUND

Gold Standard published *Policy Requirements and Procedures* in June 2024.

These requirements and procedures allow for the certification and crediting of mitigation outcomes achieved as a direct result of the introduction of new policies or regulations.

This guidance document is intended to support the application of the *Policy Requirements and Procedures*, explaining key features of the model applied under Gold Standard and associated documentation. If any differences are identified between the Policy Requirements and Procedures and this guidance document, the former shall prevail.

The *Policy Requirements and Procedures*, together with the complementary Tool for Determining the Additionality of a Policy, cover considerations specific to policies with regards to additionality, baseline setting, Nationally Determined Contributions (NDCs) and other topics, and are designed to apply alongside the core Gold Standard requirements.

The *Policy Requirements and Procedures* will initially be applied on a piloting basis, within selected jurisdictions. If you are interested in finding out more about this pilot phase, or participation, please contact standards@goldstandard.org.

The Policy Requirements and Procedures were developed as part of the initiative 'Development of Paris Agreement Compliant Carbon Standard for Policy Approaches', supported by the Global Green Growth Institute.

INTRODUCTION TO THE REQUIREMENTS

Overview

The crediting of greenhouse gas (GHG) reductions or removals in carbon markets has traditionally applied in cases where an activity is not required under any policy or regulation within a project's jurisdiction. The absence of any enforced policy or regulation is, for traditional approaches, an important criterion for the additionality of an activity.

Under a policy crediting approach, credits are instead issued for the GHG emission reductions or removals caused by the introduction of a new policy or regulation. Carbon finance is, under this approach, intended to make viable the introduction of a new policy or regulation, in contrast to traditional approaches under which carbon finance makes an activity financially viable in the absence of any such policy or regulation.

Gold Standard's Policy Requirements and Procedures are intended to enable policy crediting within Gold Standard for the Global Goals (GS4GG). The Requirements and Procedures work alongside core GS4GG requirements, with some differences in application to account for differences between policy-based crediting and traditional crediting approaches.

Applicability

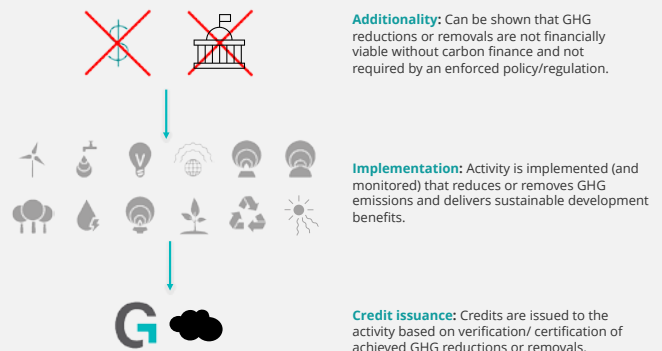
The Policy Requirements and Procedures may be applied for laws, regulations, mechanisms, or instruments, which may be enacted at any of the national, subnational, or municipal level.

The policy must involve activities with a direct effect on the host country's greenhouse gas emissions, emissions intensity or carbon stocks. It must also enable implementation of specific activities or interventions that are directly caused or affected by the policy.

Finally, the policy must result in activities that are eligible under Gold Standard for the Global Goals and can apply an approved Gold Standard methodology.

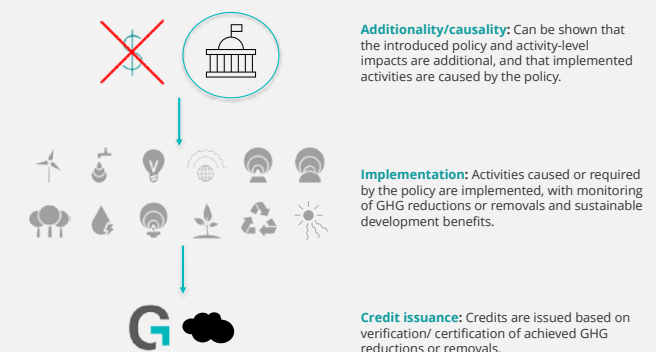
PROJECT CREDITING

Credit issuances - Credits issued based on verification/ certification of achieved GHG reductions or removals at activity-level



POLICY CREDITING

Credit issuances - Credits issued based on verification/ certification of achieved GHG reductions or removals at policy-level

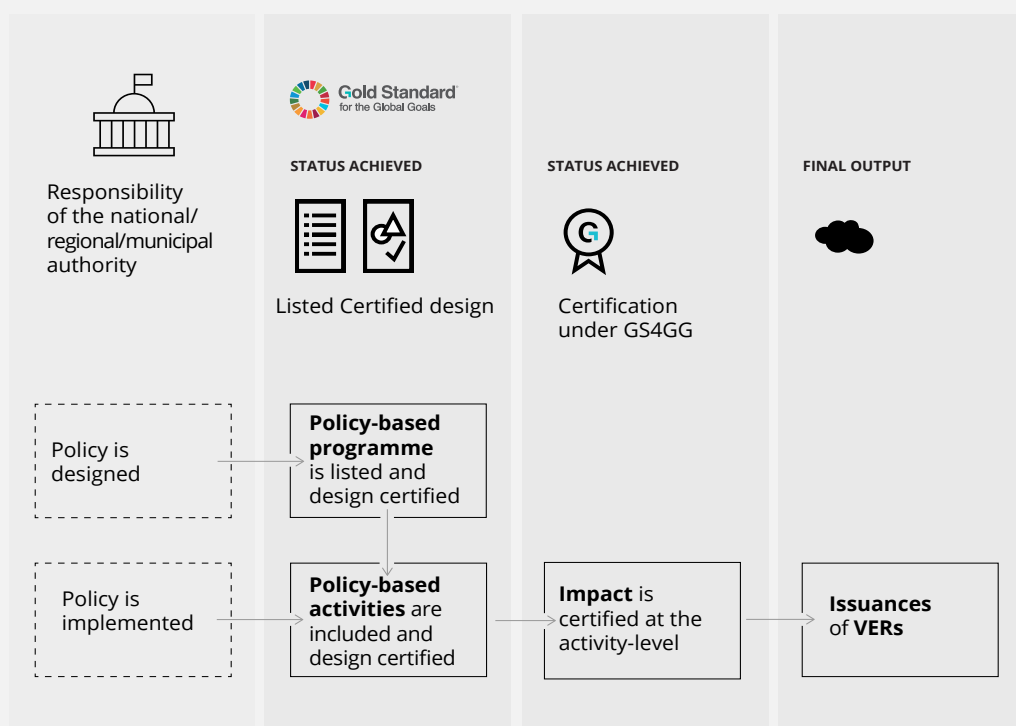


Impact

The GHG emission reductions or removals certified under a policy-based activity can be credited by Gold Standard, through the issuance of Gold Standard Verified Emission Reduction (VER) Units in accordance with the *GHG Emissions Reduction and Sequestration Product Requirements* (Product Requirements). VERs will be issued into the registry account of the Coordination and Managing Entity (CME) in the Gold Standard Impact Registry.

It is expected that the Policy Requirements and Procedures may be used to generate VERs that are authorised for use under Article 6 of the Paris Agreement. When this is the case, the CME must also comply with Gold Standard's Requirements for Credits Authorised for Use under Article 6 of the Paris Agreement, found at *Annex A* of the Product Requirements. Gold Standard will label VERs accordingly in the Gold Standard Impact Registry to reflect their authorisation under Article 6, and report information to involved government(s).

Users may also apply the *Policy Requirements and Procedures* without seeking issuance of VERs.



KEY FEATURES

Design

The Policy Requirements and Procedures follow a similar logic to the Programme of Activities (PoA) approach available under Gold Standard.

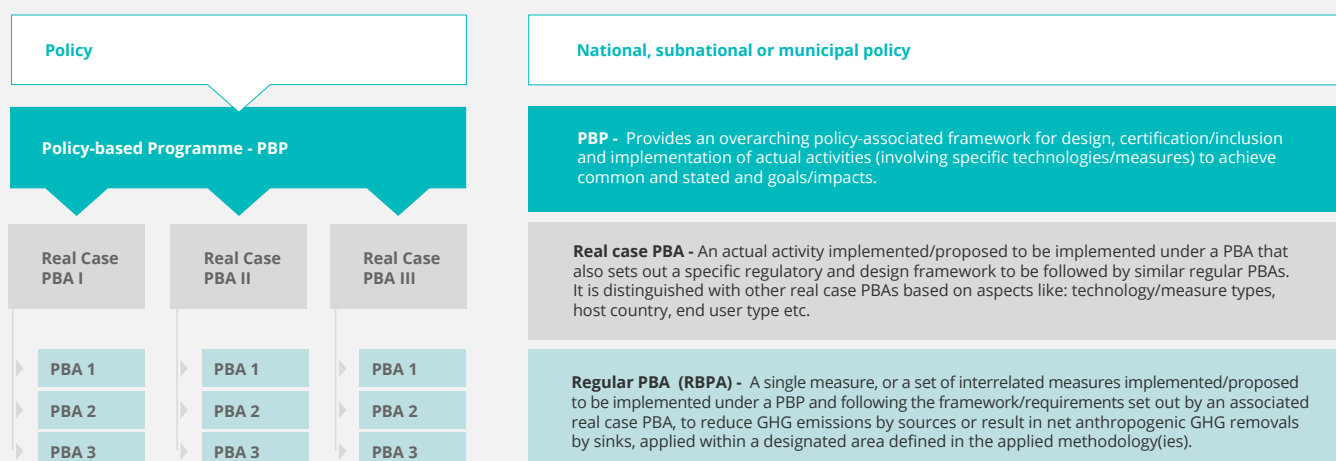
Under this model, the CME, which may be a government body or another entity with authority to serve as CME, must establish and register a 'Policy-based Programme' (PBP) linked to the policy that has been implemented. The PBP provides an overarching framework for design, certification, and implementation of activities that will achieve its goals and intended impacts.

Under the umbrella of the PBP, the CME can register “real case” Policy-based Activities (PBAs) for different type of technologies/measures implemented, which will achieve GHG emission reduction or removals and the intended objectives of the policy.

As an illustration, if a government were to introduce a subsidy programme to promote renewable energy generation targeting different renewable energy technologies, the CME would need to register “real case” PBAs for each technology group. For example, a CME may register one “real case” PBA for run-of-river power, and one “real case” PBA for wind-battery power.

Under each “real case” PBA, the CME could then add multiple new “regular” PBAs that implement the same technology as the original “real case” PBA. As an illustration, the CME could register five additional “regular PBAs” for wind-battery power, following the original “real case” PBA described above.

Policy-based Activities under a Policy-based Programme must apply an approved Gold Standard methodology, and must apply a baseline that considers any relevant obligations and the host country’s NDC, following rules and guidelines related to Article 6 of the Paris Agreement.



Additionality

One of the key differences between a policy crediting approach and traditional crediting approaches is the consideration of additionality. Under traditional approaches, a project developer is often expected to demonstrate the absence of an enforced policy or regulation that obliges the activity to take place. Under policy crediting approaches, such a policy or regulation will inherently exist.

Gold Standard has therefore introduced a new Tool for Determining the Additionality of a Policy. This tool follows a multi-step process to determine additionality both at the level of the PBP, and at the level of PBA to ensure that a policy goes beyond:

—Existing and firmly scheduled policies, or that it facilitates effective and earlier implementation of such scheduled policies by removing barriers that limit their successful implementation.

- The host country’s unconditional NDC targets. If only a subset of activities meets the threshold, crediting is limited to activities that exceed the host country’s unconditional NDC targets.
- Finally, it must be demonstrated at the level of the PBP that the policy is consistent with the Paris Agreement’s long-term temperature goal of ‘pursuing efforts to limit the temperature increase to 1.5° C above pre-industrial levels’.

In addition, financial additionality is determined for the PBP and for each PBA to demonstrate that the policy would not have been implemented in the absence of carbon finance, and that each activity would not have been implemented in the absence of any financial incentive under the policy. This step involves both financial and investment analysis or a barrier analysis.

Finally, a common practice assessment must be undertaken to demonstrate that a policy or its associated activity type is not already widely diffused in the host country.

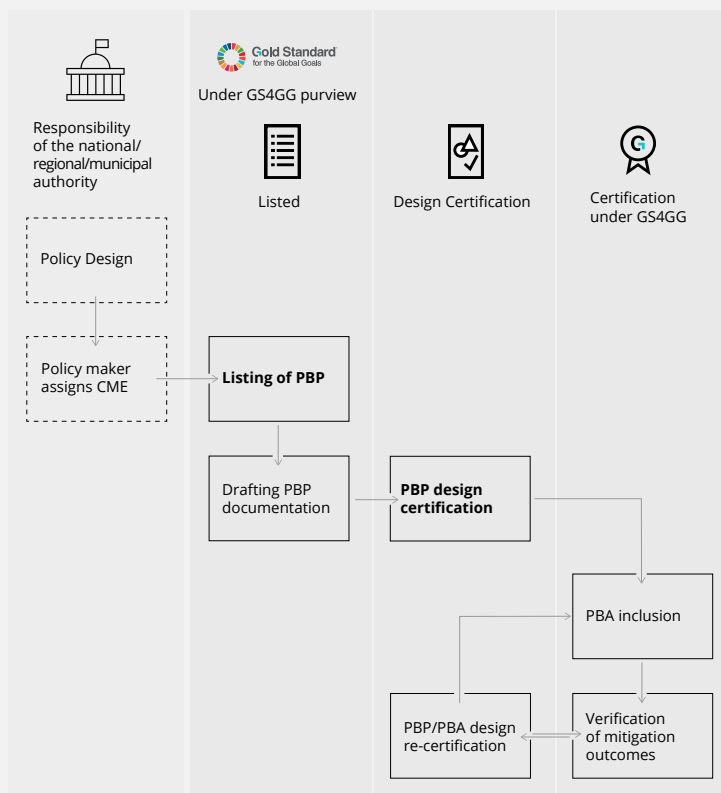
As is the case for traditional crediting approaches under Gold Standard, standardised approaches such as positive lists may apply for the demonstration of additionality. Existing positive lists or country specific positive lists approved by Gold Standard for given technology /measures may be applied for this purpose.

Stakeholder consultation, safeguards, and sustainable development

Gold Standard’s principles and requirements, including stakeholder consultation, sustainable development, and safeguarding principles, are applicable to policy approaches. There are however some differences in the application of these principles with respect to policy approaches.

A CME must undertake stakeholder consultation in accordance with Gold Standard’s Stakeholder Consultation Requirements at the level of both the PBP and for PBA. Where consultation has already been conducted during the policy design phase, prior to or separate from certification under Gold Standard, this can be considered compliant if the consultation was consistent with Gold Standard requirements in three areas:

- The seeking of participation and input from marginalised groups, including but not limited to women and indigenous groups



- The provision of sufficient information to understand the policy and its impacts and sufficient time to provide feedback
- The documentation of the stakeholder consultation process, including all comments received

In such cases, the CME must also establish forward-looking mechanisms to comply with Gold Standard’s Stakeholder Consultation Requirements, including a means for providing feedback on an ongoing basis and a grievance mechanism.

A CME must demonstrate compliance with GS4GG’s safeguarding principles and requirements for the whole policy that is being implemented. This includes any relevant components that are not included within the Policy Based Programme. Safeguarding assessments must be undertaken both at the level of the policy, and for each PBA.

Requirements related to sustainable development apply for policy approaches in the same way as traditionally applied under GS4GG. Impacts must be demonstrated at the PBA level.

Jurisdiction

Gold Standard certification does not pertain to influence the design and implementation of a policy and its associated regulations, respecting the fact that these are the prerogative of the relevant national and/or sub-national authorities. The implementation and outcome of a policy may apply for certification, during which compliance with GS4GG core requirements and Policy Requirements and Procedures shall be reviewed and ensured. Moreover, to the extent possible, compliance with GS4GG requirements shall build upon existing regulatory procedures of the host country conducted as part of the policy design. This applies, for instance, in relation to procedures for stakeholder engagement.

FURTHER INFORMATION

You can find out more about the Policy Requirements and Procedures through the resources provided beside.

PILOT WEBPAGE

Policy Requirements and Procedures

Resources related to the Policy Requirements

CONTACT

Helpdesk contact via email

help@goldstandard.org



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