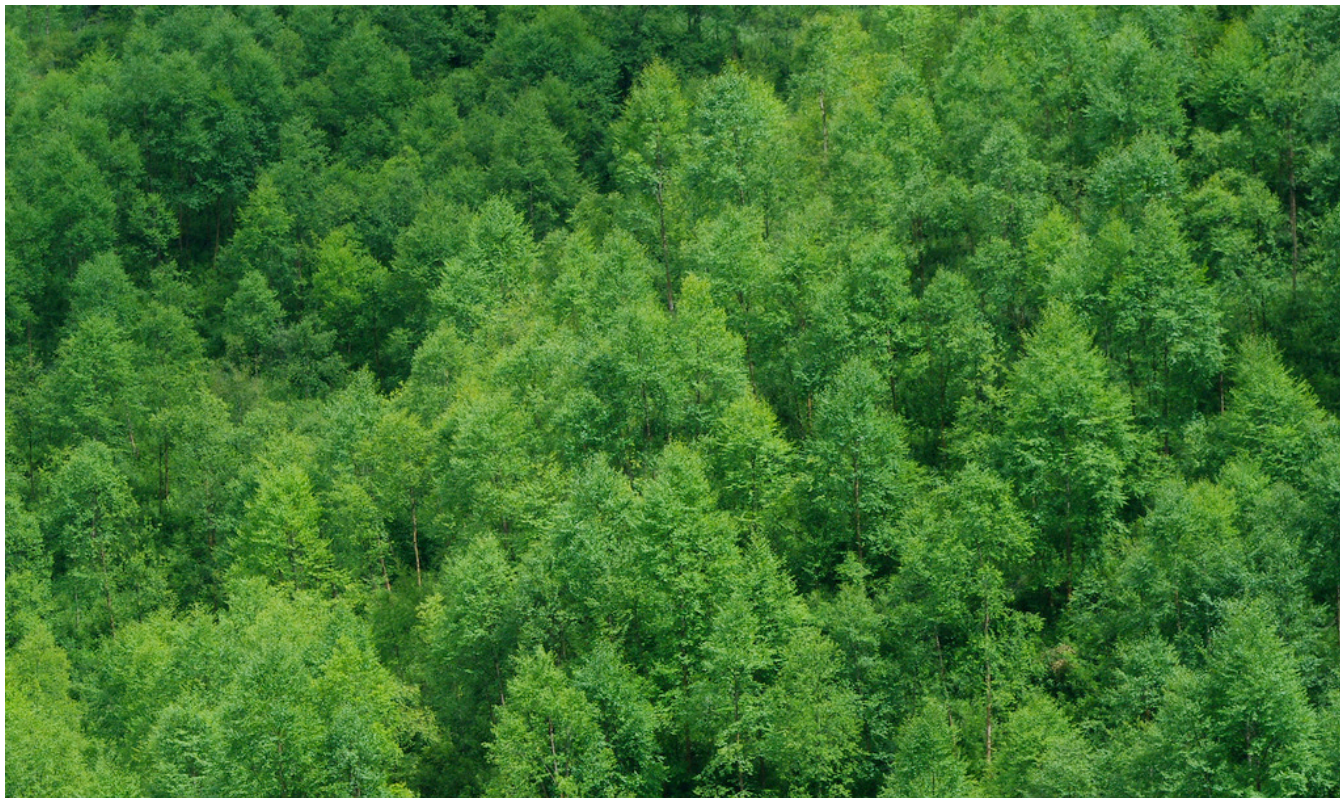


The Gold Standard

Land Use & Forests Framework



Draft for public comment
28 May until 28 June 2013

Valid since	August 2013 (expected)
Version	1.0
Author	The Gold Standard Foundation

How to use this document

This document outlines The Gold Standard approach to Land Use & Forests projects. This Land Use & Forests Framework applies to all project types under this scope. It describes how The Gold Standard Principles apply in a Land Use & Forests context and outlines how The Gold Standard deals with Land Use & Forests specific issues like the permanence of a carbon reduction and the long-term sustainability of project activities.

Those who wish to develop a Land Use & Forests project under The Gold Standard should use the specific documentation for that project type (e.g. the *Afforestation/Reforestation Requirements*). These provide detailed information and tools for the design and implementation of Gold Standard Land Use & Forests projects.

This Framework contains the following sections:

- 1. Introduction**
- 2. The Gold Standard Principles in the context of Land Use & Forests**
- 3. The project cycle for Gold Standard Land Use & Forests**

1. Introduction

Alongside energy generation and consumption, land use and forests play a fundamental role in the carbon balance of the planet. The IPCC Third Assessment Report (TAR) concluded that the forest sector alone has a biophysical mitigation potential of 5,380 MtCO₂ per year on average until 2050. Forest mitigation options include enhancing the sequestration rate in existing and new forests, providing wood fuels as a substitute for fossil fuels, substituting wood products for more energy-intensive materials, and reducing emissions from deforestation and forest degradation.

Properly designed and implemented, Land Use & Forests mitigation options will have substantial co-benefits in terms of employment and income generation opportunities, biodiversity and watershed conservation, the provision of timber and fibre, as well as aesthetic and recreational services. As a leading certification scheme and regulatory framework for carbon markets, and other social and environmental outcomes, The Gold Standard can play a vital role in promoting mitigation, adaptation and sustainable development in the land use and forests sectors.

This Framework has been developed using the best practice guidance contained within the WWF Green Carbon Guidebook, the UN Food and Agriculture Organisation's Principles on Climate Smart Agriculture and submissions from Gold Standard stakeholders including the Advisory Panel on Afforestation/Reforestation, our NGO Supporter Network and our independent Technical Advisory Committee.

The initial projects using this Framework will be projects in the voluntary carbon markets. However, existing projects from other standards, or from compliance markets, have the opportunity to transfer – if they meet requirements. This Framework also provides guidance on, and sets rules for, the sustainable design, implementation and measurement of projects in the compliance markets or those that deliver other ecosystem services. These may take place within project-based carbon market mechanisms, as well as new international frameworks for climate and development finance. They will also be applicable to many private and NGO sector initiatives seeking a robustly monitored and results-based approach to finance.

The Gold Standard Land Use & Forests scope focuses on projects that can be stand-alone activities or integrated with sustainable energy programs. To fully address the nexus of energy, land-use and development in a genuine landscape approach, The Gold Standard works with predefined carbon 'Modelling Units'. Modelling Units are distinct parts of the project area where carbon reductions can be quantified based upon applying scientific models. These 'Modelling Units', like individual forest areas or agricultural land, can be endlessly aggregated at a landscape level.

Current project types within this scope are:

- Afforestation/Reforestation (A/R)

Further project types within this scope will include:

- Agroforestry
- Improved Forest Management
- Improved Livestock Management
- Climate Smart Agriculture

The specific interpretation of this Framework for the different project types will be developed with stakeholders and partners.

2. The Gold Standard Principles in the context of Land Use & Forests

The Gold Standard has seven Principles that apply to all Gold Standard projects and programmes¹. They are listed below, including a description of how they are used in a Land Use & Forests context (experienced users will see the approach has many similarities with The Gold Standard requirements for energy projects).

One key challenge for The Gold Standard is that Land Use & Forests carbon projects typically have long-range planning horizons and run for many decades. The Gold Standard stands for realising permanent carbon reductions and development benefits, so the sustainable, multi-decade success of a project is critical. Mandating, for example, a century of project monitoring is unrealistic, even dangerous, as it focuses attention away from what is really needed to make a Land Use & Forests project fundamentally robust. Therefore, The Gold Standard ensures the sustainable, long-term success of projects and permanent carbon reductions by monitoring and regulating key aspects as described below.

First, The Gold Standard requires from the outset an extensive assessment of the full project design. This includes typical Land Use & Forests “hotspots” like legal rights, contribution to sustainable development, planning for robustness, and the ability to be understood and carried out by stakeholders. Further, the risks the project faces shall be assessed, resulting in possible further measures to counteract them and enhance long-term project viability. This assessment is required to be undertaken in the project design phase to ensure that achievement of the anticipated climate-related benefits and sustainable development objectives are feasible. To be holistic, the requirements of The Gold Standard are separated into ‘top-down’ and ‘bottom-up’ rules. ‘Top-down’ rules are minimum safeguards that every project shall have in place and that are pre-defined under the Do-No-Harm Assessment for the various project types. The ‘bottom-up’ rules are further quality insurance rules that the project designs together with its stakeholders and that are guided by the Sustainable Development Matrix. Further details on how The Gold Standard examines project design are included under Principle 1 (Do-No-Harm Assessment), Principle 2 (Sustainable Development Matrix), Principle 3 (Stakeholders Involvement) and Principle 5 (Legal Compliance).

Second, The Gold Standard requires monitoring and verification of the carbon performance AND sustainable implementation of all projects. A project’s sustainable development indicators, and its success in implementing measures to counteract risks, will be monitored and, at least every 5 years, be independently audited. For the duration of the crediting period, relevant or risky indicators will be continuously checked and negative impacts will be mitigated or repaired. Further details on this are included under Principle 4 (Greenhouse gas emission reductions and carbon sequestration), Principle 6 (Transparency) and Principle 7 (Monitoring).

Thirdly, The Gold Standard has put in place a compliance pathway to deal with situations that, in spite of the undertaking of the safeguards already outlined, were not originally planned, and that impact the sustainable development of the project or permanence of the carbon reductions. This pathway includes mitigation measures on bringing the carbon stocks back to previous levels and, in the worst case scenario, how The Gold Standard, through its new Compliance Reserve, will guarantee that every CO₂-certificate issued by The Gold Standard represents a tonne of Gold Standard carbon reduction. Further details on this are provided under Principle 4 (Greenhouse gas emission reductions and carbon sequestration) and Principle 5 (Legal Compliance).

Each of the seven Gold Standard Principles is listed below with further context for Gold Standard Land Use & Forests project activities.

¹ The Gold Standard Principles document

Principle 1: The project shall do no harm, complying with the UNDP Millennium Development Goals (MDG) Carbon Safeguard Principles.

To make sure a Gold Standard Land Use & Forests project does no harm, the project should respect the following ‘top-down’ criteria in the categories “Social” and “Environmental”. These criteria function as safeguards for the robust long-term implementation of a project.

Safeguards regarding the livelihoods of communities in and around the project

1. No human rights abuses
2. No involuntary resettlement
3. No damage on critical cultural heritage

Safeguards regarding the employees of the project

4. Freedom of association
5. No forced labour
6. No child labour
7. No discrimination
8. Safe working environment

Safeguards regarding corruption

9. No corruption

Safeguards regarding environmental aspects of the project

10. Precautionary with environmental challenges
11. No significant conversion or degradation of critical natural habitats

The project developer must provide evidence that these safeguards are in place or describe how a negative impact is/will be mitigated. Mitigation measures and criteria with a risk on future Non-Compliance shall be identified by the project developer, checked by the auditor, and added to the *sustainability monitoring plan* for monitoring.

Principle 2: The project shall enhance sustainable development.

To make sure a Gold Standard Land Use & Forests project enhances sustainable development, it shall have a positive impact on at least two of the three sustainability categories “Environment”, “Social Development” or “Economic and Technical Development”. None of the sustainability categories shall be negative.

These categories are listed in the following table and all have a subset of indicators that individually have to be scored with -1 (negative), 0 (neutral) or +1 (positive). For these indicators, relevant mitigation measures, as defined under the Do-No-Harm assessment, shall also be included.

For Environment:	For Social Development:	For Economic & Technical Development:
Air quality	Quality of employment	Quantitative employment and income generation
Water quality and quantity	Livelihood of the poor	Access to investment
Soil condition	Access to affordable and clean energy services	Technology transfer and technological self-reliance
Other pollutants	Human and Institutional capacity	
Biodiversity		

The key function of the resulting Sustainable Development Matrix is to discuss the impacts of the project with stakeholders and further improve the matrix in cooperation with them. The hence 'bottom-up' and jointly identified positive impacts are measured by parameters that are added to the *Sustainability Monitoring Plan*.

Finally, as an extra safeguard, the project shall create, and regularly update, a register of the apparent risks it is facing (the Risk Register), such as the qualifications of its management and workers, its technical and financial capacities, natural disasters that may occur, and land tenure problems that may arise. For items in the Risk Register that have a high or medium risk of occurrence, appropriate mitigation measures shall be defined.

Principle 3: The project shall involve all relevant stakeholders.

To make sure a Gold Standard Land Use & Forests project involves stakeholders, the project shall conduct two rounds of Local Stakeholder Consultation (LSC). The LSC is a meeting with neighbours, communities, NGOs and/or other groups that are stakeholders in the project. The LSC should be held before the project has begun.

These meetings focus on three key items:

1. the project and its relevant aspects are introduced in a manner that stakeholders understand, including how a continuous relationship with stakeholders is created through an "Input and Grievance Mechanism" (see below),
2. social, ecological and economic impacts are discussed based upon the Sustainable Development Matrix. The stakeholders have the opportunity to provide input and therefore impact the project design, and
3. the explanation of how local stakeholders will principally have access to the project area.

In addition, projects shall implement an Input and Grievance Mechanism to maintain a transparent and continuous communication channel with stakeholders. This is a medium which allows stakeholders to express inputs or concerns during the course of a project (email, phone, book), which are then monitored and documented annually.

Principle 4: Greenhouse gas emission reductions and carbon sequestration shall be real.

To make sure a Gold Standard Land Use & Forests project achieves real emission reductions and carbon sequestration, the project shall comply with the following:

Methodology

The project shall use The Gold Standard approved methodology for calculating its emission reductions and carbon sequestration on a 'Modelling Unit' level. This means that:

- The project shall be additional, by passing the CDM additionality test or being included in "The Gold Standard Positive List of Additionality."
- A scientifically sound conversion from the carbon carrier (e.g. soil, tree) or reduction activity (e.g. less fertilizer) to the amount of carbon reductions shall be made, following the IPCC guidelines or in-house Gold Standard requirements.
- Baseline and project emissions must be calculated at the project level and include all carbon pools that are relevant for that project activity. When significant, project emissions shall be deducted from the gross carbon reductions as calculated above.
- Leakage shall be taken into account. The possible leakage activities will be listed for the different project types, and the project developer shall show how this applies to the project. For those projects that reduce carbon by removing significant commodities from the market (so called "market leakage", such as replacing intensive cattle grazing with tree planting, or slowing down rotation times of trees), the national trends for these commodities shall be considered if it is problematic or unrealistic to quantify deductions at the project level.

Carbon performance / Permanence of carbon stocks

The carbon stock of a project shall be frequently monitored through an inventory. The precision level of the inventory shall be in accordance to the guidelines set by the CDM in the respective land-use sector.

Due to natural and anthropogenic disturbances to carbon stocks, it is possible for the carbon stocks in a project to be reduced to a level which is lower than the amount of CO₂-certificates that have been issued. This can occur if project participants withdraw land from a project, if natural disasters destroy the forest or damage the landscape, or if there is land conversion which impacts the carbon stocks.

In this situation a project shall implement a mix of the following reparation measures:

- Retiring already issued Gold Standard credits that are not yet transferred or retired
- Purchasing of credits from other Gold Standard projects
- Re-implementing project activities
- Adding additional project activities to the project.

The project developer shall notify The Gold Standard Secretariat of (possible) carbon stock shortfalls within two months of their occurrence, along with a "restoration plan" explaining the (mix of) measures that will be used to return the project carbon stocks to appropriate levels. The project shall restore the carbon stock within 5 years. While there is a shortfall with any Gold Standard Land Use & Forests project, an appropriate number of Compliance Reserve credits will be put 'on hold' to cover the gap and ensure the integrity of The Gold Standard and the issued Gold Standard credits.

Non-Compliance and the Compliance Reserve

The Gold Standard has established a compliance pathway to provide a clear process for project developers, independent auditors and The Gold Standard to resolve situations of Non-Compliance. If a Gold Standard Land Use & Forests project is found to be Non-Compliant and the Non-Compliance is not resolved to the satisfaction of The Gold Standard, then The Gold Standard certification of the project is revoked.

In this situation, The Gold Standard will cancel the corresponding number of credits in its *Compliance Reserve* (see below) for every transferred or retired CO₂-certificate that has been issued for the project. This approach ensures that every issued Gold Standard CO₂-certificate reliably represents one tonne of emission reduction, and the integrity of The Gold Standard's certification activities is maintained.

Crediting and upfront selling

The Gold Standard only enables issuance of credits that represent a verified tonne of carbon emission reductions. For projects that wish to sell their credits upfront, The Gold Standard recommends the Pending Issuance Unit (PIU) tool as designed by the registry host "Markit". Further detail on the process for using PIUs and the number of PIUs a project can register are contained in the PIU Guidelines for the relevant project type.

Compliance Reserve

The Gold Standard's requirements are the most stringent and robust in the carbon markets. Projects with Gold Standard certification are committed to sustainable development and permanent emission reductions. However, despite these requirements, project failure is still possible. If a Land Use & Forests project fails and carbon stocks in the project are reduced, any CO₂-certificates that have already been issued for that project may appear to lose their value in either carbon reductions or sustainable development. In such situations, it is the sole responsibility of The Gold Standard, as a regulator, to endorse the carbon credits from that source that are already in the market.

Therefore, with the commencement of its Land Use & Forests program, The Gold Standard Foundation has established a reserve of credits, from which to compensate for shortfalls. The fund is called the 'Gold Standard Compliance Reserve'. Every Gold Standard Land Use & Forests project shall transfer a percentage of the number of issued CO₂-certificates to the fund. These can be Gold Standard credits from any type of project under any scope and of any vintage. All Gold Standard Land Use & Forests projects must transfer the equivalent of **10 %²** of their issued credits into the 'Compliance Reserve'.

It is important that the Compliance Reserve is defined clearly as a 'last resort reserve'. Every Gold Standard project undergoes rigorous certification of its safeguards and sustainable development, both at the design phase and during the lifetime of the project. Further, a set of 'compliance pathway' mechanisms are in place for situations not originally anticipated. Only if all of these fail and there is reason to assume that issued credits no longer represent Gold Standard quality in carbon reductions or sustainable development shall the Compliance Reserve be used.

² Study on the Background Information for The Gold Standard Buffer Approach for Land Use and Forests

Principle 5: The project shall be compliant with all relevant laws and Gold Standard Principles.

To make sure a Gold Standard Land Use & Forests project is compliant with all relevant laws and The Gold Standard principles, the project developer must sign a Gold Standard declaration. The declaration states that the project will comply with The Gold Standard rules, local legislation and commits not to violate the safeguarding principles. These documents also include the following additional criteria on legal issues that are critical for the success of Land Use & Forests projects: land tenure, resource tenure, carbon tenure, financial ownership, and permits for the operations in the project area.

Through monitoring and reporting of The Gold Standard criteria, and regular verification by independent auditors, compliance with Gold Standard rules is checked over time.

If a project does not comply with laws or Gold Standard principles, the project becomes Non-Compliant. In that case, the project is suspended from The Gold Standard Registry and – depending on the individual situation – the project developer's account may be blocked for any activity in The Gold Standard Registry. If the Non-Compliance cannot be rectified then the suspended project is cancelled and the project is no longer a Gold Standard certified project. However, The Gold Standard CO₂-certificates that have already been issued based on the project activities will be backed by the Compliance Reserve (see Principle 7 on Crediting).

The project developer, auditor or stakeholders shall report any Non-Compliance to The Gold Standard as soon as it is discovered. Non-Compliance is where an infraction:

- Continues over a long period of time, OR
- Is repeated/systematic, OR
- Affects a significant area within the project, OR
- Causes significant damage.

Depending on the seriousness of the situation, the project developer's account may be frozen until the Non-Compliance is resolved. Each situation of Non-Compliance will be examined by The Gold Standard Secretariat, and processes within The Gold Standard governance framework will provide clear instructions to the project developer on how the Non-Compliance can be resolved.

Principle 6: The project shall be transparent.

To make sure a Gold Standard Land Use & Forests project is transparent, projects must publish all project information in The Gold Standard Registry, except information that is approved by The Gold Standard Secretariat to be confidential.

Principle 7: The project's compliance and progress shall be monitored, reported and independently verified throughout the entire crediting period.

To make sure a Gold Standard Land Use & Forests project's progress is monitored, reported and verified, the project shall report annually on parameters in its *Sustainability Monitoring Plan* to The Gold Standard Secretariat. The Secretariat will review and, if needed, ask for additional information.

To make sure the Carbon Performance is compliant with The Gold Standard rules, effects on the carbon stocks that might lead to under performance of the issued credits shall be reported to The Gold Standard Secretariat no more than 2 months after their discovery. The report shall include a plan on the measures to rectify the situation (see Principle 7 on Carbon Performance).

At least every five years (but also potentially more frequently) an auditor will visit the project to verify compliance with the requirements of The Gold Standard and relevant laws.

3. The Project Cycle for Gold Standard Land Use & Forests projects

The project cycle for Gold Standard Land Use & Forests projects is very similar to the project cycle for the Energy scope. The various steps are outlined below.



Pre-Feasibility Assessment

A Pre-Feasibility Assessment shall be undertaken for every Land Use & Forests project that is seeking certification. During the Pre-Feasibility Assessment, The Gold Standard Secretariat reviews all project information through a desk review to check whether (without having seen the project in the field) it is likely that the project could become certified. With a successful outcome, the project will be 'listed' in The Gold Standard Registry. No credits are issued or listed at this point.

Initial Certification

The Initial Certification is an audit by an independent auditor to check the project's compliance with The Gold Standard requirements. The Gold Standard Secretariat, Gold Standard NGO Supporters and the Technical Advisory Committee review the resulting report. The report and the review might both result in CARs (Corrective Action Requests), FARs (Forward Action Requests) or OBS (Observations). Both CARs and FARs are issues the project has to work on in order to "close" them. The difference is that with a CAR the certification process is put on hold until the CAR is resolved. With a FAR the project can still become certified, but the FAR should be resolved prior to the next Performance Certification. An OBS does not require action from the Project Developer, but is an observation of the auditor on possible future Non-Compliance.

If there are no outstanding CARs, the project becomes registered as a Gold Standard project.

Reporting

Each year the project shall send an update report to The Gold Standard Secretariat. This report includes a summary of the project activities since the last report, a list of inputs and grievances received and how they were dealt with and any updates or other changes to the project which are relevant. Based on the uploaded 'Annual Report', The Gold Standard Secretariat, Gold Standard NGO Supporters and the Technical Advisory Committee can assess the ongoing compliance of the project.

Performance Certification

An independent auditor shall carry out a Performance Certification. This must occur at least every 5 years, but more frequent Performance Certification is recommended. This audit shall include checking of the compliance of any newly submitted project information, examining the annual reports, audits reports and reviews since the last certification, and a field visit. When all CARs from the Performance Certification are closed, the project's performance and continued compliance with The Gold Standard requirements are confirmed and new CO₂-certificates may be issued.