

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.

1. Project Eligibility:

- **Scale of the project:** Project activities 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 activity, the activity can still request for issuance, but the claimable emission reductions are capped at 10,000 tonnes of CO₂ per year.
- **Type of Project:** Renewable energy supply and end-use energy efficiency improvement¹ activities that comply with the GS specific eligibility requirements listed in Annex C of the Toolkit, are eligible types of activity.
- **Host Country:** Activities can be located in any host country. Activities located in LDCs, LLDCs and SIDS (see Annex A, B and C respectively) however benefit from simplified rules with respect to the demonstration of additionality, as long as they are not retroactive activities.
- **Project cycle:** Both regular and retroactive cycle project activities are eligible to apply under this scheme.
- **Date of submission:** The date of submission of a micro-scale activity is defined as the upload of the micro-scale simplified PDD including the reporting of the local stakeholder consultation to the Gold Standard Registry.

2. Project crediting period: Project activities 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 activity can claim for emission reductions generated between the start date of operation of the project activity 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 activities applying under the scheme shall undergo a pre-feasibility assessment as per Gold Standard Requirements. The pre-feasibility assessment can be fast-tracked if the activity complies with the fast tracking rules defined in the Gold Standard Requirements.

¹ For a definition of what is meant by renewable energy and end-use energy efficiency refer the latest version of 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 Proponents (PP) shall refer to the procedures defined in the Gold Standard Requirement and Toolkit for conducting the LSC² and SFR³. Reporting of the stakeholder consultation shall be done using the simplified PDD for micro-scale project activities.

- **Regular cycle projects:** The LSC meeting takes place at the design phase of the project activity. 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.

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 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 argumentation is 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 activity, new methodologies can be used by all project developers for future stand-alone micro-scale activities.

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 be sent out for external review, as per usual procedures for approval of new methodologies under Gold Standard. In such 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 in case it is shown as being abused. In such a case, project activities already submitted remain eligible for their entire crediting period.

² For guidance on how to conduct the LSC, refer GS V2.1 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 GS V2.1 Toolkit guidance section 2.11.

6. Bundling and PoAs: Project activities 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 activities under a programme.

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

- i. The project activity is located in a Least Developed Country (LDC), Small Island Country (SID) or Land Locked Developing Country (LLDC)⁴.
- ii. The project activity is located in a special underdeveloped zone of the host country identified by the Government before 28 May 2010. PP shall refer to the list published by the host country DNA.
- iii. The project activity 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 argumentation as to how the activity benefit poor communities.
- iv. The project activity generates electricity:
 - a. on-site, i.e. electricity generated at the point of use with no connection with any grid, OR
 - b. which feeds into an existing or new local, low voltage isolated grid⁵. It may also feed into the regional or national high voltage grid if convincing evidence can be provided to demonstrate that the implementation of the project activity will significantly improve electricity access for the poor local communities or households or SMEs.
- v. The project activity 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 activity 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.

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

⁴ List as per UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (Annexes A, B and C)

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

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 argumentation is 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 stand-alone micro scale activity.

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 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 activity; in such a case, the activity 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 activity. The fee is USD 5,000 for activities with emission reductions capped at 5,000 tCO₂ per annum, and USD 10,000 otherwise.

Upon check and approval by the Gold Standard, credits can be issued to activities 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 activity 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.

The following procedure applies for the Gold Standard Validation Fund option:

1. The Gold Standard Secretariat shall be notified of the choice of the Validation Fund option;
2. The completed PDD with information on baseline and monitoring must be uploaded in the 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. Costs are, in both cases, covered by the Validation Fund. This decision is made through a 'target random' selection among micro-scale project activities 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. Costs are, in both cases, covered by the Validation Fund. This decision is made through a 'target random' selection among micro-scale project activities opting to make use of the Validation Fund.

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 activity;
2. The 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 in the registry with necessary supporting documentation, if any;
3. PPs are 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. Costs are, in both cases, covered by the Verification Fund. This decision is made through a 'target random' selection among micro-scale project activities opting to make use of the Verification Fund (see section 11).
4. PPs are notified on whether the project activity is selected for an external verification of carbon accounting by a DOE or if this will be conducted internally by the Gold Standard Foundation. Costs are, in both cases, covered by the Fund. This decision is made through a 'target random' selection among micro-scale project activities opting to make use of the Verification Fund.

It is possible for fraud to occur when PP have deliberately provided information that is incorrect, and used to obtain Gold Standard status, or to inflate the amount of emission reductions from the project. The determination of fraud would be preceded by 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 Toolkit Annex M, Terms & Conditions for more details).

3.2 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, PP shall identify and provide the names and contact details of 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 three people suggested and/or other experts preferably chosen from the Gold Standard NGO supporters, the Gold Standard Roster of Experts, or representatives of development organizations 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 activity 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, 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 about 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 activity 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 activity 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

⁶ For guidance on the safeguarding principles and sustainability assessment refer Annex H and Annex I of the GS V2.1 Toolkit respectively.

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,
- 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 activity is not selected for an appraisal by an Objective Observer(s) at verification stage, and in view of any request for issuance, PPs shall confirm the status of 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. This information shall be provided in the Monitoring Report delivered to the Gold Standard.

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

11. Design Change Rules: PPs shall refer to the most recent version of 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 A: 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 *
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*** Also SIDS**
#Also LLDCs

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

Annex B: 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 C: 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 *

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Landlocked Developing Countries and Small Island Developing States