

**TERMS OF REFERENCE**

**GOLD STANDARD REQUIREMENTS FOR  
CERTIFICATION OF IMPACT FUNDS - PILOT**

*Date* 16 December 2022

---

*Version* 2.0

---

*Description* **Terms of Reference for Piloting Gold Standard  
Requirements for Certification of Impact Funds**

# TABLE OF CONTENTS

|   |          |
|---|----------|
| <b>OVERVIEW</b>                                       | <b>3</b> |
| <b>HOW TO GET INVOLVED</b>                            | <b>4</b> |
| <b>1   PURPOSE &amp; OBJECTIVES OF TESTING PHASE</b>  | <b>4</b> |
| <b>2   PILOTING CRITERIA &amp; TIMELINES</b>          | <b>5</b> |
| <b>3   CERTIFICATION APPROACH &amp; GOVERNANCE</b>    | <b>6</b> |
| <b>4   REVIEW AND CAPTURE OF LESSONS LEARNED</b>      | <b>7</b> |
| <b>APPENDIX A – pilot FUND CERTIFICATION APPROACH</b> | <b>8</b> |

## OVERVIEW

Gold Standard has developed a new standard document called 'Fund Requirements for Certification to GS4GG' that will facilitate Investment Fund certification. Requirements have been developed for equity fund managers who want to make a positive contribution to sustainable development and towards achieving the SDGs through one or more of their funds. These Standard Requirements provide a roadmap for fund design and implementation and practical guidance to users on achieving this objective. These requirements will be **piloted over a period of 2 years** on four to five funds before they are finally adopted under Gold Standard for the Global Goals (GS4GG).

Gold Standard is pleased to announce a piloting phase for funds using these requirements.

The Standard includes the certification of projects that do not seek issuance of carbon credits, or other Gold Standard products. This 'Project-only' pathway (see Section 4.0 of the [Principles and Requirements](#)) will be applied in the context of Impact Fund Certification and is hence not considered a scope- extension or addition.

This document (henceforth "TORs") provides an overview of the scope of the piloting phase and its intended outcomes.

The TORs are intended to promote transparency and good governance of the testing phase and stakeholders are therefore encouraged to review and contact Gold Standard with any queries, clarifications, concerns or opportunities.

An illustrative example of Fund is included below.

**Impact Fund:** A fund is set up to invest in profitable projects that reduce emissions and deliver SDG benefits. The fund invests in projects globally over a period of time. The fund will be certified under **Gold Standard for the Global Goals** for its design and impacts achieved. The individual investments will not be certified but allowing the fund to report on the impacts of its investments at the fund level.

Individual investments may seek to issue carbon credits, subject to meeting further Gold Standard requirements.

## HOW TO GET INVOLVED

The following provides a brief overview of how different stakeholder groups may participate.

**Funds seeking to join the piloting phase:** Please review these ToRs and contact:

[FundReq@goldstandard.org](mailto:FundReq@goldstandard.org)

**Other interested stakeholders (for example civil society, academic, governmental):** please contact [help@goldstandard.org](mailto:help@goldstandard.org)

## 1 | PURPOSE & OBJECTIVES OF TESTING PHASE

The purpose of piloting is to:

- Promote 'first-user' uptake and demonstrate the feasibility and value of certification.
- Publicise success and promote further uptake beyond piloting phase, including assessing how to make Impact Fund Certification work at greater scale.
- To test the Requirements to improve and refine them, as needed.
- To review lessons learned and make further updates to the Requirements and the certification approach.

Participating in the pilot will result in Pilot certification. This means that during the pilot phase, certification status will be conveyed as 'pilot certified', for example 'Pilot Design Certification' or 'Pilot Performance Certification', reflective of the nature of the requirements

## 2 | PILOTING CRITERIA & TIMELINES

Please note the key criteria to participate in the piloting process below:

- Funds will be required to sign the Gold Standard Terms and Conditions in order to participate. The Terms and Conditions will be shared once the fund is selected for piloting.
- To help Gold Standard select the funds to include in pilot phase, applicants are required to complete the PIN document available on the Gold Standard website.
- Funds certified during the pilot phase will be required to transition to full Requirements once available, within a 2-year transition period. Failure to transition will result in discontinuation of certification and use of Gold Standard brand and communications.
- Gold Standard will create a Validation and Verification fund where the costs for Validation and Verification services will be pooled in by the applicant Funds as well as Gold Standard. The Validation and Verification Bodies (VVBs) will be paid from this fund. Gold Standard is in the process of identifying qualified audit entities to support the pilot phase. A qualified VVB will be randomly allocated to the fund for carrying out the audit.
- Gold Standard will subsidise pilot design certification, registry and VVB costs via the Validation and Verification fund; the total cost for a pilot Design Certification applicant is \$15,000. Pilot Performance certification costs are fund and activity specific and fund managers will be informed of costs at a later stage.
- Should new methodologies be required to support specific investments within a fund, the costs associated for new methodology review and approval will be borne by applicant funds (or their partners) unless the methodology is already part of GS work planning.
- A template for reporting compliance of the Fund design with the Fund Requirements has been developed and shall be used by applicant funds. Further, a checklist template for reporting the compliance of individual

investments to Gold Standard for Global Goals (GS4GG) shall be used by the fund. These templates are available on the Gold Standard website.

No firm timeline is set for concluding the piloting phase. Indicatively, it is expected that piloting will begin in July 2022 and run for a period of two years, with subsequent interim reviews and updates. This period may be extended if necessary, at the discretion of Gold Standard.

There are no set number of funds that will be allowed to participate in piloting phase. Indicatively, 3-4 Impact Funds are expected. Gold Standard retains the right to seek a lower or higher number of pilots.

### 3 | CERTIFICATION APPROACH & GOVERNANCE

Qualified VVBs will carry out validation and verification, led by an audit team consisting of experienced and competent members, who will complete the audits including site visits as required. The certification decision will be taken by the VVB itself. The Fund documents and VVB audit report will then be submitted for the Gold Standard review where the Gold Standard Technical Advisory Committee and Gold Standard NGO Supporters will have opportunity to comment. The Gold Standard's review is not meant to influence the VVB's certification decision, rather it is intended to serve as a quality check on VVB's performance.

No specific accreditation from an Accreditation Body is required for VVBs to be eligible for auditing the pilot Funds. Gold Standard will assess the experience and skill set of the audit team required to effectively audit the Funds during pilot phase. Based on pilot experience, Gold Standard will decide whether accreditation of VVBs is needed as an oversight mechanism or other approaches can be used for oversight, inline with the [ISEAL Assurance Code](#).

Sample-based verification approaches, befitting the nature of the Fund are planned to be used and tested. This will involve the creation of targeted plans that review a sample of projects and requirements to reduce the overall burden, while maintaining the overall rigour of the approach. These plans will be prepared by the audit team lead.

In absence of any specification on level of assurance, VVBs will be required to achieve 'reasonable level of assurance' for their certification decisions.

Gold Standard will not offer a preliminary review for pilots, which is a practice common for project certification. There will be a completeness check done on Fund design documents before listing the Fund.

A specific certification flow has been developed for Pilot Fund Certification and is included in Appendix A.

## **Governance**

The Fund Requirements will be piloted in active consultation with an Expert Working Group that has been convened to oversee the Piloting phase. The WG discussions will happen on the basis of an agreed agenda and supporting materials, following suitable discussion and debate. The Expert WG may decide to break into smaller working groups or have an individual to review key points to summarize/make recommendations for the wider group.

## **4 | REVIEW AND CAPTURE OF LESSONS LEARNED**

Periodic reviews will be conducted based on the lessons learned from the piloting to make recommendations for further improvements. An informal review will take place every six months while a more formal review will take place at the end of the envisaged two-year period. This review may recommend the extension of the piloting period, ending the piloting phase, and/or proposing any changes to the guidance and Requirements.

Gold Standard reserves the right to initiate further reviews during the period. Any changes recommended shall follow the [Gold Standard Standards Setting Procedure](#) and will be transparently published to the Gold Standard website.

## APPENDIX A – pilot FUND CERTIFICATION APPROACH

### Steps for Impact Fund Certification

- 1 **Fund design details** – Fund Manager completes the Fund-DD template provided by Gold Standard.
- 2 **Application for fund design certification** – Fund Manager submits a formal application for fund-level design certification. Gold Standard reviews documentation submitted and once completeness check is done, the fund will be formally 'Listed' on Gold Standard Registry. After Listing, the Fund is submitted to VVB for validation. Once validation is complete and the opinion is positive, VVB recommends the certification of design of the Fund. Gold Standard initiates the TAC/NGO Supporter review process and, if no comments are received, the Fund is pilot certified for its design. Note that at this stage, Fund will be certified only for its design and not its performance. Gold Standard will issue a fund design pilot certificate and make required provisions on its Registry/website to reflect the documents and information submitted by the Fund.
- 3 **Implementation verification** – The VVB shall assess whether the Fund Manager follows the investment screening, due-diligence and decision making processes as stipulated in the approved Fund-DD. This assessment can be carried out separately or along with performance certification.
- 4 **Outcome/Impact reporting** – The fund must report on its outcomes/impacts (in line with frequency of financial reporting) and have them verified and certified. The fund has the option to pursue more frequent reporting, verification and certification.
  - a. **Outcome/Impact reporting** - Consolidated report is submitted with fund-level outcomes/impacts data (aggregation of investment level data) for verification audit.
  - b. **Auditing of outcomes/impacts** – VVB performs verification with desk-based review of key issues for all projects and complete



verification with site visit for sample projects (based on risk assessment) ensuring sample is representative of the fund portfolio.

- 5 **Performance Certification** – After reviewing the information provided as part of the impact reporting by the fund, after satisfactorily closing all comments/findings, VVB recommends certification of impacts of the fund for the period requesting certification. Gold Standard initiates the TAC/NGO review process and if no comments are received, fund-level impacts are pilot certified