



CDM Executive Board Call for Public Input on the Inclusion of Co-benefits and Negative Impacts in CDM Documentation

The Gold Standard Foundation Submission

The Gold Standard Foundation welcomes the opportunity to respond to the CDM Executive Board's call for public inputs on the inclusion of co-benefits and negative impacts in the documentation of CDM project activities and the role of the different actors and stakeholders in this process¹. In our submission we describes how co-benefits and negative impacts have been included in the documentation of Gold Standard project activities to maximise a project's sustainability benefits while minimising its potential risks and harmful consequences and the monitoring, reporting and verification that is built into the process. We also explain where, when, and how stakeholders can input into the process.

1. Background

In the spirit of Article 12.2 of the Kyoto Protocol, The Gold Standard was conceived in 2001 and established in 2003 by a group of NGOs led by WWF, Helio International and SouthSouthNorth (SSN) to demonstrate that a market mechanism for carbon finance, managed correctly, can deliver multiple positive outcomes at no net additional cost. Since then, the Gold Standard Foundation continues to be committed to promoting sustainable development through carbon offset markets that are characterized by transparency and equality of access for all market participants.

2. Gold Standard Sustainability Assessment

In order to deliver on this mission, the Gold Standard employs an integrated approach to sustainability assessment that makes use of the following tools: (1) 'Do No Harm' assessment, (2) Sustainable development matrix, (3) Two-step stakeholder consultation, and a (4) Sustainability monitoring plan. The Gold Standard sustainability assessment begins with a self-evaluation conducted by the project proponent, followed by an interactive stakeholder process resulting in a scored sustainable development matrix and a sustainability monitoring plan. This approach allows project proponents to both include co-benefits and possible negative impacts into a project's documentation and to

¹ http://cdm.unfccc.int/public_inputs/2011/sustainability_benefits/index.html



commit to monitor, report and verify such impacts for the duration of the project's crediting period. In the following sections we explain in further detail each of the above tools and the role of different actors and stakeholders in the process.

2.1. 'Do No Harm' Assessment

The Gold Standard 'Do No Harm' assessment is an assessment conducted by project proponents of the risk that the proposed project activity might result in negative environmental, social and/or economic impacts.

The 'Do No Harm' assessment is comprised of eleven safeguarding principles derived from the UNDP Millennium Development Goals²¹ (MDG), eight goals that 189 United Nations member states have pledged to achieve by the year 2015. The Gold Standard considers these principles to be applicable for any project location. Please refer to **Annex 1** for a detailed list of safeguarding principles.

The aim of this self-assessment is to gain insight into the risk that the project might result in negative environmental, social and/or economic impacts that are serious enough for the Gold Standard to eliminate the project from the approval process. Per principle, the project proponent should question whether there is a risk that their project might breach the safeguarding principles. All potential risks are then listed alongside the safeguarding principles as well as any additional critical issues relevant to the project type that are not already covered by the safeguarding principles. All principles should, adapted to situation and context, be discussed with the stakeholders and mitigation measures introduced for those with a medium to high risk.

Project activities that violate or risk violating any of the safeguarding principles shall not be eligible for Gold Standard registration unless the design of the project is adapted to restore compliance with these principles or convincing mitigation measures are put in place to ensure the harmful effect will not occur. Project proponents are required to ensure that appropriate mitigation measures are implemented and monitored over the crediting period of the project activity.

2.2. Sustainable Development (SD) Matrix

Any project seeking to obtain Gold Standard certification must demonstrate clear benefits in terms of sustainable development. The contribution of a project to sustainable development is established in the detailed impact assessment. Gold Standard project applicants must assess their project activities against a series of twelve



sustainable development indicators in three categories: Environment, Social Development and Economic and Technological Development. The results of this assessment are referred to as the 'SD Matrix'. Please refer to **Annex 2** for a detailed list of all 12 sustainable development indicators.

Gold Standard project proponents shall score each of the sustainable development indicators either as negative (-1), neutral (0), or positive (+1) in close collaboration with the local stakeholders, and against the baseline situation. All indicators are given the same weight. In order to qualify for Gold Standard registration, project activities must at a minimum contribute positively to two of the three categories and be neutral to the third category. The scoring of the sustainable development indicators must be easily reproducible. Scoring shall be supported by convincing argumentation for each indicator, and shall systematically refer to publicly available information sources or to expert opinions.

Project activities that do not comply with the minimum scoring requirements shall not be eligible unless the project design is altered to result in compliance, or mitigation measures are put in place to 'neutralise' some of the indicators scoring negatively. These mitigation measures must be monitored over the crediting period of the project activity.

2.3. Stakeholder Consultation

The Gold Standard requires that project proponents discuss their project design and its potential environmental and social impacts with relevant (local) stakeholders and actively seek their comments. Please refer to **Annex 3** for a detailed list of stakeholders invited to the Gold Standard two-step consultation. The aim of this consultation process is to inform stakeholders about the project and give them the opportunity to discuss the impact the project will have on them. It can also be used to specifically solicit concerns local people might have and address them. The overall goal is to improve the project design based on stakeholder comments and increase the local ownership or involvement of the project.

The Gold Standard stakeholder consultation process has two main events: a 'live' stakeholder consultation meeting and the stakeholder feedback round, which is preferably also 'live' but not necessarily so. The first consultation meeting includes a discussion of the design and consequent impacts of your project. This consultation is comparable with the required stakeholder consultation by the UNFCCC. However there is more guidance on how to organise the consultation in terms of stakeholders to be



invited and meeting agenda, to make sure the Gold Standard requirements are met. During this meeting both the 'Do No Harm' assessment and the sustainable development matrix are assessed by stakeholders through the use of a blind exercise, i.e. the scoring given by the project proponent in the self-assessment exercise is not revealed to stakeholders.

Where a project's SD Matrix continues to reflect negative scores in comparison to the baseline situation after the local stakeholder consultation, and where no change in design or mitigation measures are planned to be implemented, these indicator(s) shall be subject to a dedicated discussion with local stakeholders on whether a more In-depth sustainability assessment must be conducted by a third party on issues related to such indicators.

During the second consultation event - the stakeholders feedback round – stakeholders can give feedback on how their comments have been taken into account. The stakeholder feedback round lasts for 60 days, during which project documentation is publicly available for comments both for local and global stakeholders.

2.4. Sustainability Monitoring Plan

All Gold Standard project proponents must develop a sustainability monitoring plan to monitor the impact of project activities on sustainable development and verify if the project has indeed contributed to sustainable development, in order to assess eligibility for Gold Standard certification. Project proponents shall identify parameters that can be used to properly monitor each non-neutral sustainable development indicator over the crediting period and on a recurrent basis to measure the impact of their Gold Standard project activities on these sustainable development indicators. The monitoring of sustainable development indicators shall be verified for each verification period, as well as during each mandatory verification site-visit.

All non-neutral indicators shall be monitored. In addition all mitigation and compensation measures put in place to prevent violation or the risk of violating a safeguarding principle of the 'Do No Harm' assessment or to 'neutralise' a sustainable development indicator shall be monitored. Project proponents shall submit their Sustainability Monitoring Plans to the Gold Standard Foundation, describing how and with what frequency they monitor the monitored parameters and associated indicators on a quantitative and/or qualitative basis. The means used to monitor the indicators must be proportionate to the size of the project and the use of a bottom-up approach to establish the means of monitoring is encouraged. Based on the monitoring plan, data is



gathered and reported on the sustainable development attributed to the project. These reports are subject to verification by the DOE.

3. Conclusion

The previous Gold Standard tools are manifestations of the Gold Standard overall philosophy that project success and risks must be defined in a participatory process so as to reduce the chances that important project impacts will be overlooked. The sustainability assessment is designed in a way so as to capture both co-benefits and potential negative impacts with the requirements that both are integrated into a sustainability monitoring plan that ensures that these impacts can be monitored, reported and verified in a transparent way through out the project's crediting period.

Annex 1 'Do No Harm' Assessment Safeguarding Principles

Safeguarding Principles	
Human Rights	
1	The project respects internationally proclaimed human rights including dignity, cultural property and uniqueness of indigenous people. The project is not complicit in Human Rights abuses.
2	The project does not involve and is not complicit in involuntary resettlement.
3	The project does not involve and is not complicit in the alteration, damage or removal of any critical cultural heritage.
Labour Standards	
4	The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights
5	The project does not involve and is not complicit in any form of forced or compulsory labour.
6	The project does not employ and is not complicit in any form of child labour.
7	The project does not involve and is not complicit in any form of discrimination based on gender, race, religion, sexual orientation or any other basis.
8	The project provides workers with a safe and healthy work environment and is not complicit in exposing workers to unsafe or unhealthy work environments
Environmental Protection	
9	The project takes a precautionary approach in regard to environmental challenges and is not complicit in practices contrary to the precautionary principle. This principle can be defined ²³ as: "When an activity raises threats of harm to human health or the environment, precautionary measures should be taken even if some cause and effect relationships are not fully established scientifically."
10	The project does not involve and is not complicit in significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value or (d) recognised as protected by traditional local communities
Anti-corruption	
11	The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights The project does not involve and is not complicit in corruption.

Annex 2 SD Matrix

Indicator	Mitigation measure	Relevance to achieving MDG	Chosen parameter and explanation	Preliminary score
<i>Gold Standard indicators of sustainable development</i>	<i>If relevant copy mitigation measure from "do no harm" – table, or include mitigation measure used to neutralise a score of ‘-’</i>	<i>Check www.undp.or/mdg and www.mdgmonitor.org Describe how your indicator is related to local MDG goals</i>	<i>Defined by project developer</i>	<i>Negative impact: score ‘-’ in case negative impact is not fully mitigated score 0 in case impact is planned to be fully mitigated No change in impact: score 0 Positive impact: score ‘+’</i>
Air quality				
Water quality and quantity				
Soil condition				
Other pollutants				
Biodiversity				
Quality of employment				
Livelihood of the poor				
Access to affordable and clean energy services				
Human and institutional capacity				
Quantitative employment and income generation				
Balance of payments and investment				
Technology transfer and technological self-reliance				
Justification choices, data source and provision of references				
Air quality				
Water quality and				



quantity				
Soil condition				
Other pollutants				
Biodiversity				
Quality of employment				
Livelihood of the poor				
Access to affordable and clean energy services				
Human and institutional capacity				
Quantitative employment and income generation				
Balance of payments and investment				
Technology transfer and technological self-reliance				



Annex 3 List of Stakeholders Required to Consult

Category code	Category
A	Local people impacted by the project or official representatives
B	Local policy makers and representatives of local authorities
C	For CDM / JI projects, an official representative of the DNA or DFP of the host country of your project, or the UNFCCC focal point if the DNA or DFP has not yet been set-up. (For voluntary GS projects, the DNA must also be notified. An invitation letter can be sent, however no formal response is required).
D	Local non-governmental organisations working on topics relevant to your project
E	The local Gold Standard expert who is located closest to your project location
F	Relevant international non-governmental organisations (NGOs) supporting the Gold Standard, with a representation in your region and all GS supporter NGOs located in the host country of the project.