



Sustainable Development Verified Impact Standard

Terms of Reference

1. Introduction

It can be challenging to consistently and transparently assess and communicate the social, environmental and economic impacts of projects supported by companies, NGOs, investors, development finance institutions (DFIs) and governments. The Sustainable Development Verified Impact Standard (SD VISta) will be designed to address these challenges. It will be a tool for actors seeking to ensure that projects meet the needs of the present without compromising the ability of future generations to meet their own needs.

SD VISta will complement VCS' existing project standards, the Verified Carbon Standard and Climate, Community and Biodiversity Standards. Building on our experience in developing and managing those standards, SD VISta will deepen and broaden our offering to stakeholders that wish to demonstrate the sustainable development benefits of activities in all sectors.

SD VISta could:

- Provide a flexible framework for project developers (including but not limited to VCS project proponents) and marketers to define, and consistently report on, the most relevant and valuable project outcomes, and link those to investors, buyers and other key stakeholders - potentially enabling market access or price premiums
- Facilitate private-sector engagement and alignment of project actions and reporting with the Sustainable Development Goals (SDGs) and targets at the national and global levels
- Provide an independent, credible, transparent means for companies to demonstrate achievement of their business and corporate social responsibility goals, such as meeting zero-net deforestation commitments, supporting women and children, and improving livelihoods, health and access to water
- Help DFIs (e.g. IDB, AfDB) and impact investors address potential environmental and social risks, and maximize target outcomes from their sustainable development project portfolios, and link those to national and regional sustainable development priorities
- Unlock new sources of finance and drive results-based payments to high-performing projects, supporting their up-scaling and replication

The most important sustainability issues covered under the scope of the standard are the key dimensions of sustainable development: meeting essential human needs and maintenance or enhancement of natural capital and ecosystem services for current and future generations.

The following standard systems are relevant to SD VISta in that they operate similarly to SD VISta in respect of their sustainable development scope and/or project scale:

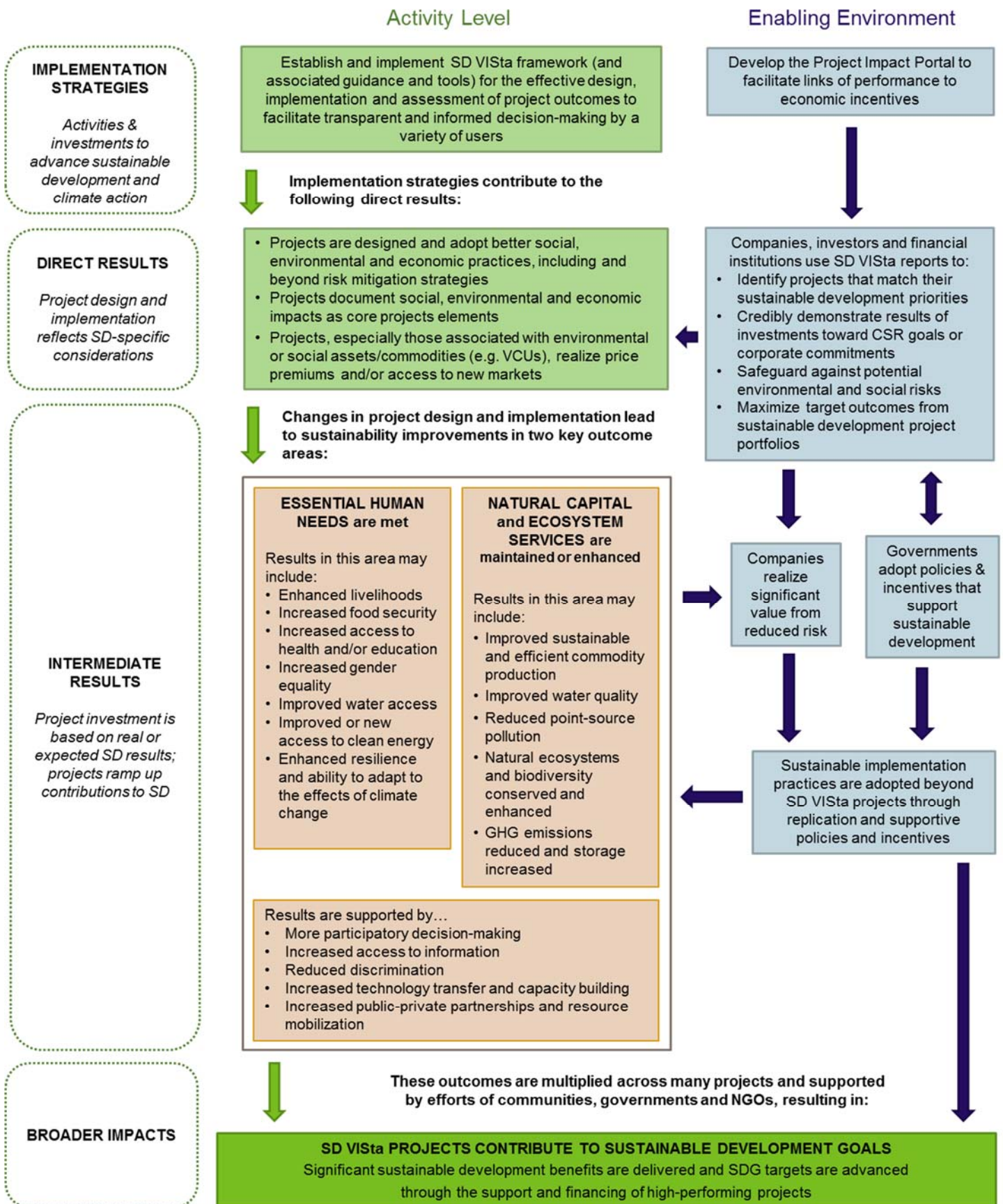
- **Climate, Community & Biodiversity (CCB) Standards:** a program for the assessment of land use projects operated by the VCS. SD VISta is an outgrowth of the CCB Standards and use of the CCB Standards will be streamlined with SD VISta.
- **Verified Carbon Standard:** a GHG program operated by the VCS. Use of the Verified Carbon Standard will be streamlined with SD VISta and VCS projects encouraged to also apply SD VISta.
- **Landscape Standard:** a global standard to enable the streamlined assessment of the environmental and social sustainability of productive landscapes operated by the VCS. SD VISta projects could be ways for landscapes using SD VISta to demonstrate achievement in a particular area of focus.
- **SOCIALCARBON:** a program for the certification of carbon reduction projects for their contributions to sustainable development operated by the Ecologica Institute. SD VISta shares SOCIALCARBON's sustainable development focus but aims to serve a broader range of projects and those projects that may not be able to demonstrate any climate change mitigation benefits. VCS reached out to the Ecologica Institute to invite its participation in the development of SD VISta.
- **Gold Standard for the Global Goals (GS4GG):** a program for the quantification and certification of projects impacts toward climate security and sustainable development operated by the Gold Standard Foundation. SD VISta shares GS4GG's focus on sustainable development but aims to serve VCS projects and those projects that may not be able to demonstrate any climate change mitigation or adaptation benefits. VCS reached out to the Gold Standard Foundation to invite its participation in the development of SD VISta.
- **IFC Performance Standards:** these standards define the International Finance Corporation's clients' responsibilities for managing their environmental and social risks; they are used by many organizations worldwide as safeguards. Though the IFC Performance Standards are intended for use for larger undertakings than most SD VISta projects, VCS will use them as a benchmark in developing SD VISta.
- **Sustainable Development Goal standards from the UN Global Compact-GRI Partnership (forthcoming):** the publication *Business Reporting on the SDGs*, expected in early 2018, will offer a mechanism for reporting on the SDGs within GRI Standards and UN Global Compact Communication on Progress. SD VISta will endeavor to align its reporting procedures to facilitate reporting by corporates who will report using GRI Standards and the UN Global Compact Communication on Progress.

SD VISta will be developed following the Standard-Setting Procedure in Appendix 1. Development of the standard will be overseen by a Standard Development Advisory Committee, the Terms of Reference for which are presented in Appendix 2.

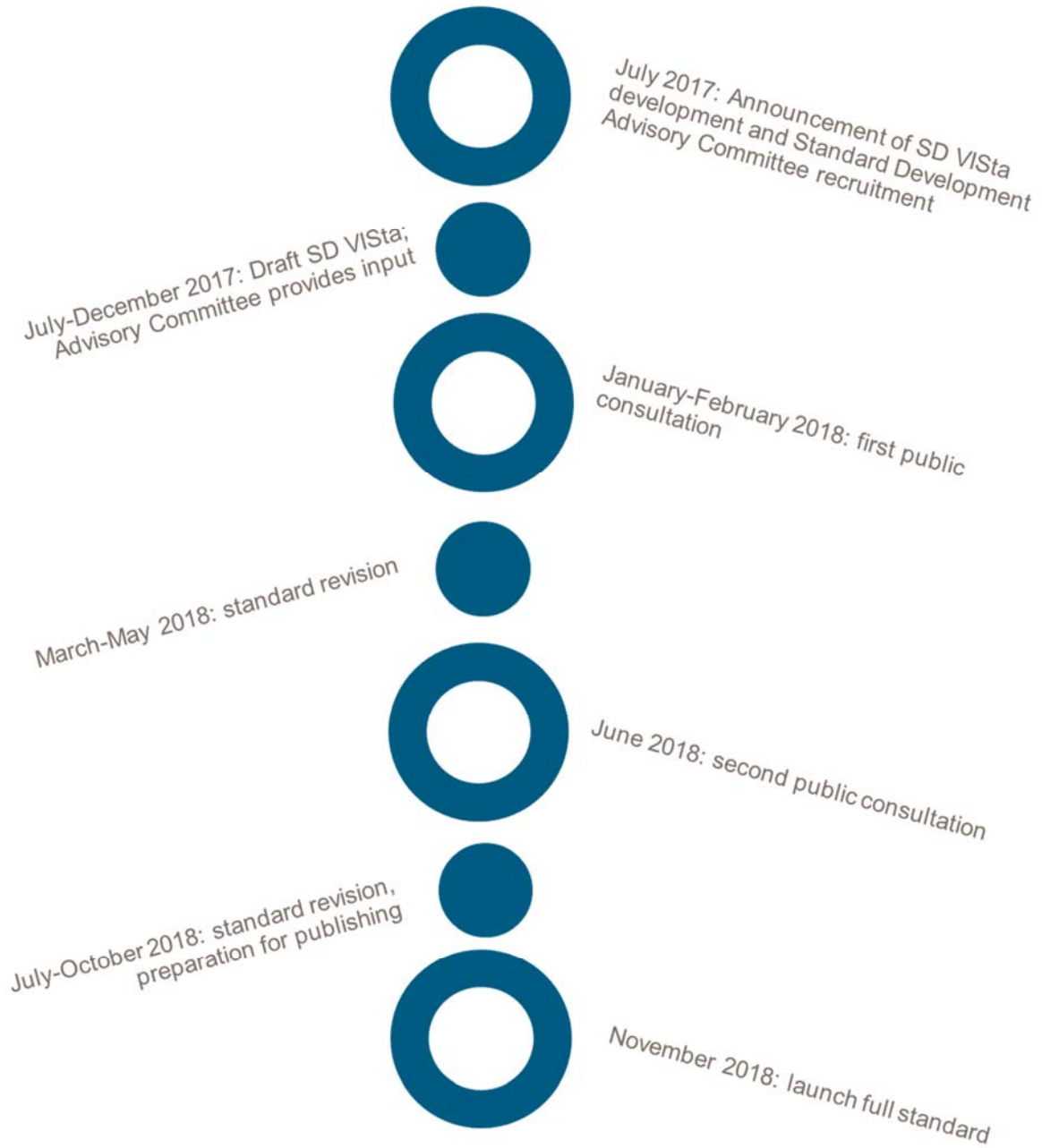
2. SD VISTA's Expected Outcomes

The intended long-term impact of SD VISTA is that significant sustainable development benefits are delivered and Sustainable Development Goal targets are advanced through the support and financing of high-performing projects. See Figure 1 for the SD VISTA theory of change, which identifies the inputs, anticipated direct and intermediate results and broader impact.

Figure 1. SD VISTa theory of change



3. 2017-2018 VCS Work Program for the Development of SD VISTA



Pilot testing will be ongoing from January 2018.

For inquiries on SD VISTA, please contact sdvista@v-c-s.org or Julianne Baroody, jbaroody@v-c-s.org.

Appendix 1. Standard-Setting Procedure

1. Objective of this Procedure

This standard-setting procedure forms the basis of the development and future revision process for the Sustainable Development Verified Impact Standard (SD VISta). It will be reviewed at minimum every five years. At each review, opportunities will be provided for stakeholder input.

The development process for SD VISta aims for consistency with the ISEAL Alliance's *Code of Good Practice for Setting Social and Environmental Standards*, which defines effective standard-setting processes, thereby increasing the credibility of the resulting standard.

2. Terms of Reference and Summary of Standard

The SD VISta Terms of Reference and Work Program (to which this standard-setting procedure is appended) describes what the standard aims to achieve and why it is needed. These Terms of Reference (including appendices) shall be reviewed and revised if necessary at all future revisions to the standard.

3. Stakeholder Engagement with the Development and Revision Process

Stakeholder identification

SD VISta's stakeholders are individuals and groups that have interest in decisions or activities related to the development of the standard. We will develop lists of sectors that have an interest in the standard and key stakeholder groups within those sectors, based on the standard's scope and its social, environmental and economic outcomes. Key stakeholder groups include directly affected stakeholders (those who will be impacted by implementation of the standard) and may include indirectly affected stakeholders who have an interest in the application of the standard.

Groups identified during the initial identification exercise will be reviewed and updated at every instance of standard review and revision.

SD VISta Standard Development Advisory Committee

VCS will establish a Standard Development Advisory Committee (AC) to ensure that stakeholder views are appropriately reflected in decision-making. See Appendix 2. Standard Development Advisory Committee Terms of Reference for more detail on AC duties and function. AC Terms of Reference will be reviewed prior to each review and revision process.

Engaging with other standards

In order to ensure consistency and avoid duplication with standards with overlapping scopes, VCS will conduct an assessment of similar international standards. We will inform organizations that have developed similar international standards of our intention to develop a SD VISta, seek input from them on the SD VISta Terms of Reference and encourage their participation the development of SD VISta.

VCS will actively explore possibilities for unilateral or mutual recognition for parts or all of the system requirements of relevant standards systems that are complying with good practices and are operating project-based sustainable development.

4. Public Consultation

Two rounds of consultation will be held during the initial development of SD VISta (a first round of 60 days and second round of 30 days). Where substantive, unresolved issues persist after the consultation rounds, or where insufficient feedback was received, VCS may carry out additional rounds of consultation, as necessary. After the standard is developed, all substantive changes will be opened for public consultation.

Participation in consultations will be open to all stakeholders and aim to achieve a balance of interests in sustainable development from around the world, with a primary focus on Africa, Latin America and Asia. VCS will identify stakeholder groups that are not adequately represented and proactively seek their contributions.

Upon the conclusion of each consultation, VCS will:

- Compile all comments received during a consultation period;
- Make original comments received during the consultation period publicly available;
- Prepare a publicly available written synopsis of how each material issue has been addressed in the standard revision; and,
- Send the synopsis to all parties that submitted comments.

5. Feasibility Assessment

VCS will conduct field trials and test audits during the development process to assess the feasibility and auditability of requirements in the draft standard.

6. SD VISta Program Documents and Future Reviews

The SD VISta standard and associated program documents will be publicly available for free in English on the VCS website (www.v-c-s.org). Hard copies of the standard and program documents will be available upon request. The standard and program documents will each include VCS' contact information and the status of the document.

SD VISta will be reviewed at least once every five years for continued relevance and for effectiveness in meeting its stated objectives. The subsequent review date will be included in current, publicly available version of the standard.

Formal review and revision is required when substantive changes are proposed. Where urgent substantive revisions are necessary (e.g., to ensure compliance with new international standards), the standard or associated program documents may be updated without a formal review and revision process

pending approval of the VCS Board. Any substantive revisions made without a formal review and revision process must be identified in the subsequent review and revision process.

Proposals for revisions or clarifications to SD VISTa may be sent at any time to sdvista@v-c-s.org. Confirmation of input received will be communicated to the submitter, and the input will be documented and considered in the next review process.

VCS will keep the following records related to each standards development or revision process on file for at least five years following the conclusion of the relevant process:

- Policies and procedures guiding the standard-setting activity (i.e., this procedure);
- Lists of stakeholders contacted;
- Stakeholders involved at each stage of the process;
- Comments received and a synopsis of how those comments were taken into account;
- All draft and final versions of the standard; and,
- Guidance for standards interpretation and claims will be developed in different documents.

These records will be available to stakeholders upon request.

7. Resolution of Procedural Complaints

Procedural complaints related to standard-setting should be referred to sdvista@v-c-s.org. VCS will publicly document its impartial efforts to resolve those complaints and disclose all decisions taken to interested parties. Complaints related to the implementation of SD VISTa should be referred to the complaints and appeals procedure contained in that document.

Appendix 2. Standard Development Advisory Committee Terms of Reference

A Standard Development Advisory Committee (AC) representing a balance of experience, expertise and interests will support the development of SD VISta. Responsibilities of the AC are:

- Provide strategic guidance on the content of standard
- Review each version of the standard before publication (i.e., versions for public consultation and a final version).

AC members must be able to commit a limited amount of time to contribute to the standard's design and support its development. This will include participation in the AC via email and four to six (60-90 minute) conference calls between September 2017 and December 2018. The working language of the committee will be English.

The AC will be convened by the VCS. VCS staff will be responsible for producing a draft plan for standard development, the draft standard and accompanying documents, for organizing input and review by the AC for facilitating communication and consultation with other stakeholders and for supporting the use of the standard. VCS may create smaller ad hoc groups for different aspects of standard development drawn from the AC and other stakeholders depending on needs and participant interest, availability and expertise.

Participants in the AC may meet one or more of the following criteria:

- Possess strong knowledge of the potential social and environmental risks and opportunities of sustainable development projects
- Understand one or more methods of financing such projects (experience with results-based payment approaches is desirable)
- Possess strong understanding of sustainable development concepts and the context of the United Nations' 2030 Agenda for Sustainable Development, and
- Be a potential user or other stakeholder of the standard.

The AC should reflect a balance between various stakeholders: project proponents, companies, investors, civil society, intergovernmental organizations, standards organizations and auditors. The committee should comprise around 15 individuals. AC members serve in their individual capacity; participation in the AC does not imply an endorsement by their organization of SD VISta. AC decisions will be made by consensus or, when consensus cannot be reached, by alternate decision making procedures with clearly defined thresholds.