BCR TOOL

IDENTIFICATION OF A BASELINE SCENARIO AND DEMONSTRATION OF ADDITIONALITY

GHG Projects generate verified carbon credits (VCC) that represent emissions reductions, avoidance, or removals that are additional

BIOCARBON CERT®

Version 1.0 | June 17, 2025

BIOCARBON CERT®. 2025. BIOCARBON TOOL. Identification of a Baseline Scenario and Demonstration of Additionality. GHG Projects generate verified carbon credits (VCC) that represent emissions reductions, avoidance, or removals that are additional.

Version 1.0 June 17, 2025. 29 p. http://www.biocarbonstandard.com

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1 Introduction

BIOCARBON define that the issuance of VCC shall be based on a realistic and credible baseline. In addition, the rule related with the VCC quantification includes the demonstration that the project holder applies a reasonable, justifiable, and conservative baseline estimation of emissions.

This tool establishes a standardized and conservative approach for identifying the baseline scenario and demonstrating the additionality of GHG project activities under the BIOCARBON GHG PROGRAM. It is designed to ensure that all verified carbon credits (VCCs) issued by the BIOCARBON Program represent real, measurable, and additional emission reductions or removals, in full alignment with globally recognized principles of environmental integrity and credit quality, including those required for participation in global aviation markets and high-integrity voluntary frameworks.

The tool shall be applied as part of the validation and verification of projects that seek registration and credit issuance under the BIOCARBON Program, when the applicable methodology:

(a) explicitly requires its use, or

(b) does not include an embedded procedure to determine the baseline scenario and assess additionality.

The tool is structured to guide project developers and accredited third-party validators through a sequential, step-wise process that ensures:

(a) The identification of all realistic and credible alternative scenarios to the project activity;

(b) The evaluation of financial, technological, regulatory, and institutional barriers;

(c) The assessment of economic viability through investment analysis;

(d) The verification that the project activity is not common practice in the applicable sector and geographic area;

(e) The selection of a conservative baseline scenario that reflects what would have occurred in the absence of the project.

This approach supports the environmental integrity and robustness of climate claims made through the use of BIOCARBON credits. It provides transparency and replicability in baseline and additionality assessments, while safeguarding against over-crediting, non-additionality, and double claiming.

This tool shall be applied in conjunction with other BIOCARBON Program instruments, including the Avoiding Double Counting (ADC) Tool and the Program's Standard Operating Procedures, to ensure full alignment with the broader framework for environmental integrity, transparency, and legal robustness.

2 Purpose

The purpose of this tool is to operationalize and demonstrate compliance with the quality principles of high-integrity carbon crediting systems. It serves to:

(a) Ensure that mitigation outcomes represent genuine and measurable reductions or removals beyond those that would have occurred under a conservative and credible counterfactual;

(b) Demonstrate that project outcomes would not take place in the absence of carbon credit revenues or equivalent enabling incentives;

(c) Prevent the issuance of credits for activities that are legally required or already common practice;

(d) Safeguard against the risk of double claiming or misattribution of mitigation outcomes.

By meeting these issues, the tool supports the eligibility of BIOCARBON - issued credits under recognized international integrity mechanisms, while reinforcing the program's own principles of transparency, conservativeness, and third-party oversight.

All findings, assumptions, input data, and decisions made under this tool shall be transparently documented and subject to validation and verification by an accredited and independent Conformity Assessment Body (CAB). This tool shall be applied in conjunction with the applicable sectoral methodologies and the BIOCARBON Program.

3 Scope

This tool applies to all project activities seeking registration and credit issuance under the BIOCARBON GHG PROGRAM that require the identification of a baseline scenario and demonstration of additionality, whether mandated by the applicable methodology or necessitated by the absence of internal procedures within the methodology itself.

The tool is applicable across all sectors covered by the Program, including but not limited to:

(a) Agriculture, Forestry, and Other Land Use (AFOLU);

(b) Energy generation and efficiency;

(c) Transport systems;

(d) Waste management and disposal.

It is designed to accommodate both emission reduction and removal activities, including nature-based and technology-based solutions. Project activities that rely on standard methodologies developed or approved by BIOCARBON, as well as those adapted from external sources, shall apply this tool unless the methodology explicitly includes an integrated procedure for additionality and baseline scenario determination that meets the Program's requirements.

The application of this tool is not required in the following cases:

(a) When the project methodology includes a fully compliant and auditable procedure for baseline and additionality consistent with the Program's integrity standards;

(b) When the project falls under sector-specific positive lists or simplified approaches expressly approved by the Program (note: no such lists are currently in force under BIOCARBON);

(c) When the project type or activity is categorically excluded by regulation or legal mandate, or when it is otherwise deemed ineligible for crediting.

In all other circumstances, project holder shall apply this tool in full, without omission or selective application of steps. The outcome of its application shall serve as the basis for determining the project's eligibility and the credibility of claimed mitigation outcomes.

The BIOCARBON Program does not maintain positive lists of eligible project types for the purposes of additionality assessment. All project activities are subject to individualized evaluation under this tool. This approach ensures that eligibility is not assumed by default and that all mitigation outcomes are assessed against rigorous additionality criteria in accordance with high-integrity crediting principles.

4 Version

This document constitutes Version 1.0. June 17, 2025.

This version of the document may be adjusted periodically. Intended users should ensure that they are using the updated version.

5 Definitions

For the purposes of this tool, the following definitions apply. Where terms are not defined below, the definitions provided in the BCR Glossary shall apply. Terms derived from international frameworks have been adapted for consistency with the BIOCARBON GHG PROGRAM.

Additionality

A project activity is considered additional if it can be demonstrated that the associated emission reductions or removals would not have occurred in the absence of the incentive provided by revenues from carbon credits or an equivalent enabling condition.

Alternative Scenario

A plausible course of action, distinct from the proposed project activity, that provides a similar result, output, or input. Alternative scenarios may include continuation of the current situation, adoption of other technologies or practices, or actions implemented by other market actors.

Applicable Geographic Area

The spatial boundary used to assess market penetration, legal enforcement, investment conditions, and other contextual factors relevant to the project activity. Unless otherwise justified, the default applicable area is the host country.

Barrier

A condition that prevents or significantly hinders the implementation of the proposed project activity, such as lack of financing, regulatory disincentives, technological limitations, or social and institutional constraints.

Baseline Scenario (or Reference Scenario)

The baseline scenario is a counterfactual situation that reasonably represents the anthropogenic emissions or removals that would occur in the absence of the project activity. It shall reflect conservative assumptions and comply with applicable methodological and program requirements.

Benchmark (for Investment Analysis)

A reference value used to assess the financial attractiveness of a project, which may be derived from market-based data (e.g., government bond rates, cost of capital), sectoral norms, or project developer benchmarks consistently applied in similar decision-making contexts.

Common Practice

A technology or measure is considered common practice if it has achieved significant market penetration in the relevant sector and geographic area, unless there are essential distinguishing features between the proposed project and existing examples.

Financial Indicator

A quantified metric used to assess the economic performance of the project or its alternatives, such as Internal Rate of Return (IRR), Net Present Value (NPV), payback period, or levelized cost of service.

First-of-its-Kind

A project activity that applies a technology, practice, or measure that is not commonly implemented in the applicable geographic area, and for which no similar activities have been registered, commissioned, or brought into operation under comparable conditions.

Project Activity

A specific set of actions undertaken to reduce or remove greenhouse gas emissions, designed and implemented in accordance with an approved methodology under the BIOCARBON GHG PROGRAM.

Realistic and Credible Alternative

An alternative scenario that is technically feasible, legally permitted (unless systematically unenforced), and economically accessible to project holders or comparable actors within the applicable geographic area.

Regulatory Surplus

The requirement that a project activity shall not be mandated by law or regulation. Activities that are legally required, and where compliance is enforced, are not eligible to generate carbon credits under the BIOCARBON Program.

6 Methodological Procedure

This section describes the step-wise procedure for identifying the baseline scenario and demonstrating additionality. Each step shall be applied in sequence unless otherwise permitted by the applicable methodology. The steps are:

1. Identification of alternative scenarios;
2. Barrier analysis;
3. Investment analysis;

4. Common practice analysis;

5. Selection of the baseline scenario.

Project holders may choose to apply either Step 2 (Barrier Analysis) or Step 3 (Investment Analysis), or both, unless the methodology requires a specific approach. Step 4 (Common Practice Analysis) is mandatory in all cases.

All assessments shall be transparently documented and supported by verifiable evidence in accordance with the requirements set forth in this tool and the applicable BIOCARBON methodology.

Step 1. Identification of Alternative Scenarios
To identify all realistic and credible alternative scenarios to the proposed project activity, including the scenario that may ultimately be selected as the baseline.

Sub-step 1a: Define alternative scenarios

The project holder shall identify all technically feasible, legally allowable, and economically accessible scenarios that provide the same or a comparable service, function, or output as the proposed project activity. These scenarios shall include, at a minimum:

(a) The proposed project activity undertaken without registration under a GHG program (i.e., without crediting);

(b) The continuation of the current situation (i.e., business-as-usual operation with no significant intervention);

(c) Other plausible options implemented by the project holder or comparable actors in the applicable geographic area (e.g., alternative technologies, energy sources, waste treatment methods, or land uses);

(d) Scenarios where the same output is provided by other market participants (e.g., energy supplied by the grid instead of on-site generation);

(e) Any other scenario reasonably available to the project holder or similar stakeholders within the same jurisdictional and economic context.

Where the proposed project activity includes multiple components or outputs (e.g., heat and electricity from a cogeneration unit), alternatives shall be identified for each service separately, and feasible combinations shall be considered.

Note: For AFOLU activities, alternative land-use scenarios shall consider historical land use, policy context, and observed practices within the region.

Sub-step 1b: Consistency with mandatory laws and regulations

Each alternative scenario identified in Sub-step 1a shall be assessed for consistency with legally binding and enforceable regulations within the applicable geographic area.

Alternative scenarios shall be excluded if they:

(a) Clearly violate mandatory laws or regulations, and

(b) Such laws or regulations are enforced in practice.

However, an alternative that is non-compliant may still be considered if the project holder provides robust evidence that:

(a) The relevant law or regulation is systematically not enforced, and

(b) Non-compliance is widespread within the applicable jurisdiction (e.g., documented enforcement gaps, independent reports, or national compliance audits).

Important: Policies or programs that are not legally binding (e.g., voluntary sustainability standards, development plans, or non-mandatory national goals) shall not be used to exclude alternative scenarios.

Outcome of Step 1

A list of realistic, credible, and legally consistent alternative scenarios shall be established. If the only remaining alternative is the project activity without registration under a GHG program, the project activity shall be considered not additional.

Otherwise, the assessment proceeds to either Step 2 (Barrier Analysis) or Step 3 (Investment Analysis), or both.

Step 2. Barrier Analysis

To determine whether the proposed project activity faces one or more identifiable and credible barriers that would prevent its implementation in the absence of revenues from carbon credits, and to confirm that at least one alternative scenario identified in Step 1 is not subject to the same barriers.

Sub-step 2a: Identify relevant barriers

The project holder shall identify all realistic and credible barriers that affect the implementation of the proposed project activity in the

applicable geographic context. Barriers may include, but are not limited to:

(a) Financial barriers (excluding low return on investment, which is assessed under Step 3):

- Lack of access to affordable financing;
- Project types that have only been implemented with grants or concessional funding;
- High perceived risk by capital providers, reflected in limited access to debt or equity markets.

(b) Technological barriers:

- Lack of availability of necessary technologies in the region;
- Absence of trained personnel to operate or maintain the technology;
- High failure risk due to local conditions.

(c) Institutional or policy barriers:

- Misaligned incentives (e.g., investment decisions made by actors who do not capture the benefit);
- Fragmented decision-making processes that discourage innovation;
- Regulatory uncertainty or lack of support frameworks.

(d) Information and awareness barriers:

- Limited knowledge among users or investors about the technology or practice;
- Cultural or market biases against alternative approaches.
- Social or land tenure barriers (especially relevant in AFOLU):
- Insecure land ownership or usage rights;
- Customary practices incompatible with proposed changes.

Barriers shall be based on project-specific circumstances and reflect actual implementation conditions in the host country or region. General claims or anecdotal assertions shall not be considered sufficient.

Sub-step 2b: Demonstrate barrier prevents project activity

The project holder shall provide verifiable and documented evidence that the identified barriers prevent the implementation of the project activity without the enabling support of carbon credit revenues.

Examples of acceptable evidence include:

- Independent expert reports or market assessments;
- Official documentation showing denial of financing due to project type;
- Country risk ratings or financial institution guidance;
- Documentation from internal decision-making processes (e.g., board minutes, feasibility studies);
- Sectoral studies, third-party surveys, or statistical analyses.

The project holder shall also demonstrate that the revenues expected from the sale of carbon credits are sufficient to overcome the barrier (e.g., tipping the economic feasibility or unlocking financing).

Sub-step 2c: Demonstrate Alternatives are not prevented

The project holder shall analyze each alternative scenario from Step 1 and determine whether the identified barrier(s) would also prevent their implementation. Any alternative that is equally affected by the same barriers shall be excluded from consideration.

At least one alternative scenario shall remain that is not significantly affected by the identified barriers.

The analysis shall include:

- Clear comparisons across project and alternatives;
- Justification of differential barrier impact (e.g., financing available for conventional but not innovative projects);
- Evidence for each scenario analyzed.

Sub-step 2d: Demonstrate carbon credit revenues are decisive

The project holder shall demonstrate that the barrier(s) can be effectively overcome only due to the availability of revenues from carbon crediting.

Evidence may include:

- Conditional loan or investment agreements linked to project registration;
- Pre-financing agreements or forward contracts for VCCs;
- Internal financial models showing threshold IRR is met only with carbon revenues.

If carbon finance does not materially alter the investment outlook or implementation decision, the project activity shall not be considered additional on the basis of barriers.

Outcome of Step 2

The project activity shall be considered additional under the barrier analysis pathway only if all the following conditions are met:

(a) The implementation of the project activity is credibly prevented by one or more barriers;

(b) At least one alternative scenario from Step 1 is not prevented by those same barriers;

(c) Carbon credit revenues play a decisive role in overcoming the identified barrier(s).

(d) If all conditions are met, the assessment proceeds to Step 4 (Common Practice Analysis).

If any condition is not met, the project holder may proceed to Step 3 (Investment Analysis), provided this is not excluded by the methodology.

Step 3. Investment Analysis

To assess whether the proposed project activity is economically or financially unattractive in the absence of revenues from carbon credits, and to confirm that such revenues are decisive for the project's implementation. The analysis shall also help identify the most financially attractive scenario, which may serve as the baseline.

General Requirements

(a) The investment analysis shall follow a transparent, conservative, and reproducible approach.

(b) All relevant input data, assumptions, and results shall be documented in an unprotected and traceable spreadsheet.

(c) The analysis shall reflect the financial decision-making context at the time the investment decision was made.

(d) The analysis shall be conducted using post-tax cash flows unless otherwise justified.

(e) All comparisons shall be made using consistent input assumptions across scenarios.

Eligible Analysis Options

The project holder shall choose one of the following types of analysis:

Option 1: Investment Comparison Analysis

Compare the financial indicator of the proposed project activity to that of the alternative scenarios identified in Step 1.

Option 2: Benchmark Analysis

Compare the financial indicator of the proposed project activity to an appropriate market-based benchmark.

Note: Simple cost analysis is not permitted unless the methodology explicitly allows it and the project generates no financial benefit other than from carbon crediting.

Selection of Financial Indicator[1]

The financial indicator selected shall be appropriate to the project context. Acceptable indicators include:

- Internal Rate of Return (IRR)
- Net Present Value (NPV)
- Payback period
- Levelized cost of service or production (e.g., $/kWh, $/GJ, $/ton)

If IRR is used, the type shall be specified:

- Project IRR excludes financing structure (i.e., evaluates overall project viability).

[1] Note: Where appropriate, project holders may refer to default values for cost of equity, WACC, or IRR benchmarks provided in relevant methodologies or public sources (e.g., national development banks, sectoral studies, or standard-setting bodies). Investment indicators such as IRR and NPV shall be calculated using standard financial formulas. If requested by the validator, calculations must be demonstrated and reproduced in the submitted financial model.

- Equity IRR considers only the return on equity, including debt servicing.

Sub-step 3a: Calculate Financial Indicator

(a) Determine the total investment, operational, and maintenance costs over the life of the project.

(b) Exclude carbon credit revenues in the baseline analysis.

(c) Include all other revenues (e.g., product sales, energy savings, subsidies, cost savings).

(d) Apply a suitable discount rate (based on WACC or cost of equity, as applicable).

(e) Include salvage or residual value in the final year of analysis.

(f) Present the financial performance of:

- The proposed project activity (without carbon credits);
- All remaining viable alternative scenarios (if applying Option 1);
- The relevant benchmark (if applying Option 2).

All assumptions and inputs shall be:

- Justified with market data or authoritative sources;
- Consistent across scenarios, unless clear justification is provided;
- Documented in a transparent spreadsheet (submitted with the Project Design Document).

Sub-step 3b: Sensitivity Analysis

A sensitivity analysis shall be conducted on all key financial parameters that individually account for:

- More than 20% of total project revenues or costs, or
- A material influence on the financial outcome.

The range of variation should be based on verifiable market data or a minimum range of ±10% if no external data are available.

The investment analysis is considered valid only if the project activity remains financially unattractive across a realistic range of input values.

Sub-step 3c: Determine investment attractiveness

Option 1: Investment Comparison Analysis

If the financial indicator (e.g., IRR) of the proposed project is worse than all alternatives (e.g., lower IRR, higher cost), and this remains true under sensitivity analysis → the project is not the most financially attractive option and may proceed to Step 4.

If one or more alternatives are less attractive than the project activity, the project is not additional.

Option 2: Benchmark Analysis

If the financial indicator of the proposed project activity is below the benchmark without carbon revenues → the project is financially unattractive.

If carbon revenues raise the indicator above or equal to the benchmark, and this holds under sensitivity analysis → the project may proceed to Step 4.

Outcome of Step 3

The project activity shall be considered financially additional under this step if:

(a) It is clearly not the most attractive option when compared to viable alternatives, or

(b) It does not meet financial benchmarks without carbon revenues, and such revenues are necessary to reach viability.

If the investment analysis does not support additionality, the project may still apply Step 2 (Barrier Analysis), if not already done. If both steps fail to demonstrate additionality, the project is not eligible under the BIOCARBON GHG Program.

Step 4. Common Practice Analysis

To evaluate whether the proposed project activity reflects a commonly adopted technology, practice, or measure in the applicable geographic area and sector, and to ensure that the project does not represent a mitigation outcome that would likely have occurred in the normal course of business.

This step serves as a credibility check to complement the barrier and/or investment analysis and is mandatory for all project activities, regardless of which pathway was followed in Steps 2 and 3.

Sub-step 4a: Define the applicable measure and scope of comparison

The project holder shall identify the measure applied by the project (e.g., fuel switch, technology upgrade, methane capture, reforestation) and define the applicable geographic area based on the same area used in Steps 1–3.

Unless otherwise justified by the methodology or national conditions, the applicable geographic area is the entire host country. A smaller geographic area may be used only if the project holder demonstrates that implementation conditions differ significantly from the rest of the country (e.g., due to infrastructure, policies, climate, or economic context).

The analysis shall focus on similar activities, which are defined as those that:

(a) Provide the same or comparable outputs or services;

(b) Use the same or functionally similar technology or practices;

(c) Are implemented under comparable market, policy, and institutional conditions;

(d) Are of a similar scale and purpose;

(e) Have entered commercial operation before the public disclosure of the project activity.

Sub-step 4b: Identify Similar Activities and Market Penetration

Using publicly available data, project registries, government or industry reports, or credible third-party studies, the holder shall compile a list of similar activities that meet the above criteria and are:

(a) Implemented or operational within the applicable geographic area; and

(b) Not registered under the BIOCARBON Program or another carbon crediting program (unless otherwise permitted by the methodology).

The number of identified similar activities shall be referred to as N_{all}.

From this list, the holder shall identify how many of these activities differ in essential ways from the proposed project, such as:

(a) Significantly different feedstock, energy source, or technology design;

(b) Implementation under uniquely favorable policy conditions;

(c) Access to preferential financing not available to the proposed project;

(d) Scale, purpose, or location that makes the comparison invalid.

The number of projects that differ in essential aspects shall be referred to as N_{diff}.

Then, calculate the common practice factor:

$$F = 1 - (N_{diff} / N_{all})$$

Interpretation of Results

The proposed project activity is considered common practice if:

(a) F > 20%, and

(b) $N_{all} - N_{diff} > 3$

This means that a significant portion of similar activities without essential differences have already been implemented under standard (non-incentivized) conditions.

If the project is considered common practice under this analysis, it is not additional unless the holder can justify, with evidence, that:

(a) The proposed project differs in fundamental ways from the others; and

(b) Such differences explain why the project would not occur in the absence of carbon crediting.

Where F > 20% but $N_{all} - N_{diff}$ is ≤ 3 (i.e., few total similar activities exist), the project may still be considered additional if the justification is strong and independently verifiable.

Outcome of Step 4

The project passes the common practice analysis if:

(a) F ≤ 20%, or

(b) $N_{all} - N_{diff} \leq 3$ and essential distinctions are well demonstrated.

If neither condition is met and the activity is deemed common practice, the project is not eligible for crediting under the BIOCARBON GHG Program.

All findings under this step shall be supported by:

(a) Transparent sources of information;

(b) Clear documentation of methodology used to identify and screen similar projects;

(c) Evidence used to determine distinctions and calculate the common practice factor.

Step 5. Selection of the Baseline Scenario
To determine the most appropriate and conservative baseline scenario from among the viable alternatives identified in Step 1 and not excluded in subsequent steps.

The selected baseline shall represent the most likely scenario for GHG emissions or removals in the absence of the project activity and shall comply with all relevant methodological and program requirements.

General Principles

(a) The selected baseline scenario shall:

(b) Be consistent with the findings of Steps 1–4;

(c) Be technically and legally feasible;

(d) Not face implementation barriers that would prevent its occurrence;

(e) Represent a realistic and credible counterfactual to the proposed project activity;

(f) Lead to the most conservative estimate of net emission reductions or removals.

The baseline scenario may include:

(a) Continuation of existing practices;

(b) Implementation of a different technology or system by the project holder or other actors;

(c) A market-based supply of the same product or service (e.g., electricity from the grid);

(d) A combination of practices applied to different components of the project (e.g., in multi-output projects).

Baseline Scenario Selection Pathways

Depending on the results of Step 2 or Step 3, the selection shall proceed as follows:

A. If only one viable alternative remains after Step 2 or 3:

That scenario shall be adopted as the baseline, unless it corresponds to the proposed project activity implemented without carbon revenues (in which case the project is not additional).

B. If multiple alternatives remain:

If the output or result is exclusive to the project holder (i.e., cannot be supplied by third parties):

→ Select the alternative that results in the highest emissions or lowest removals, consistent with methodological requirements.

If the output or result can be supplied by other market participants:

→ The baseline shall be determined using a benchmark approach if required by the applicable methodology. The benchmark shall represent average or conservative emissions from market-supplied services (e.g., grid electricity emission factor, national average deforestation rate).

C. If benchmark analysis was used in Step 3:

The baseline scenario shall correspond to the system or market represented by the benchmark (e.g., grid electricity, business-as-usual land use, sectoral average technology).

Consistency with Methodological Requirements

The selected baseline shall comply with all applicable requirements in the methodology used, including:

(a) Emission sources and sinks included in the boundary;

(b) Baseline duration and renewal conditions;

(c) Data requirements for quantification and monitoring.

If the methodology prescribes default baseline scenarios or specific selection rules (e.g., a performance standard or modeled baseline), these shall prevail.

Transparency and Documentation

The justification for the selected baseline scenario shall be documented in the project design document and include:

(a) A description of all viable alternatives remaining;

(b) A summary of the barriers, financial comparisons, or practice considerations that led to their exclusion;

(c) A rationale for selecting the final baseline, including its conservativeness and alignment with the tool and methodology.

The selected baseline shall be subject to validation by an accredited Conformity Assessment Body (CAB).

Outcome of Step 5

The selected baseline scenario shall form the foundation for estimating emission reductions or removals, and for defining monitoring parameters in accordance with the applicable methodology.

No crediting shall occur unless a credible and conservative baseline scenario is identified and fully justified as per the requirements of this tool.

7 Small-Scale Project Provisions

Recognizing the need for proportionality in the application of requirements, the BIOCARBON Program allows for the use of simplified approaches to demonstrate additionality and select the baseline scenario in the case of eligible small-scale projects. These provisions are designed to reduce transaction costs while maintaining environmental integrity and alignment with high-integrity crediting principles.

7.1 Eligibility for Simplified Procedures

Small-scale projects may apply the simplified approach described in Annex B of this tool, provided that they meet the following conditions:

(a) The project falls below the applicable scale thresholds defined by the Program (e.g., annual emissions reductions or removals do not exceed [insert threshold, e.g., 10,000 tCO_2e/year]);

(b) The project does not involve complex multi-component systems or high leakage risks;

(c) The methodology used does not explicitly exclude simplified approaches.

Projects meeting these conditions may use streamlined requirements for barrier analysis and common practice evaluation, as detailed in Annex B.

7.2 Oversight and transparency

All small-scale projects applying simplified procedures shall still be subject to full third-party validation and verification. The project holder must transparently declare its eligibility for simplified treatment and retain documentation to support such eligibility.

The use of simplified procedures does not exempt the project from compliance with any other applicable requirements of the BIOCARBON GHG Program or relevant methodologies.

8 Documentation and evidence requirements

To ensure that all steps and conclusions derived from the application of this tool are supported by verifiable, transparent, and credible documentation, sufficient for validation and verification by an independent Conformity Assessment Body (CAB).

General Requirements

All evidence submitted shall:

(a) Be relevant and specific to the project context;

(b) Be current and applicable to the time of decision-making;

(c) Be traceable to publicly available sources or internal project documentation;

(d) Be provided in English or accompanied by certified translations.

Project holder shall maintain all supporting documentation for a minimum of two (2) quantification periods or ten (10) years, whichever is longer.

8.1 Acceptable Types of Evidence (non-exhaustive list)

The table following table outlines the main categories of documentation that may be used to substantiate claims made during the application of this tool. These categories are not exhaustive, but they provide a practical reference for the types of sources expected to demonstrate credibility, traceability, and conservativeness.

Each row in the table corresponds to a category of evidence that may be applicable across multiple steps of the methodological procedure:

(a) Legal and Regulatory: Includes laws, decrees, enforcement records, and regulatory interpretations relevant to project and baseline legality.

(b) Financial: Covers documentation related to investment decisions, including economic feasibility assessments, internal return analyses, and financing agreements.

(c) Technical: Encompasses engineering designs, technology specifications, and performance data used to evaluate project feasibility and comparability.

(d) Institutional: Refers to governance and operational structures that may affect the ability of a project holder to implement or access alternatives.

(e) Market/Policy: Includes data on national or sectoral market trends, incentive programs, or subsidy regimes relevant to the project context.

(f) Academic/Research: Supports contextual understanding through peer-reviewed literature or technical assessments by credible institutions.

(g) Field Data: Provides direct observational or empirical evidence from the project site or reference region (e.g., land use history, forest surveys).

(h) Expert Opinions: When applicable, includes written assessments by qualified, independent third parties offering professional judgment on technical, financial, or institutional matters.

Project holders are expected to draw from one or more of these categories to justify key assumptions and conclusions, depending on the step and claim being substantiated. Use of anecdotal evidence or unverifiable assertions shall not be considered sufficient for validation.

Where appropriate, multiple categories should be combined to support a single finding—for example, using financial models (financial) supported by investor correspondence (institutional) and technology specifications (technical) to demonstrate a barrier.

All documentation shall be referenced in the project design documentation and submitted in a format suitable for independent review by validation and verification bodies.

Category	Examples
Legal and Regulatory	Copies of laws, regulations, permits, enforcement records, legal assessments
Financial	Investment memos, IRR/NPV spreadsheets, loan offers, pre-feasibility and feasibility studies
Technical	Technical specifications, engineering designs, product descriptions
Institutional	Organizational charts, governance procedures, incentive structures
Market/Policy	National strategies, published market data, policy reports, subsidy records
Academic/Research	Peer-reviewed papers, modeling studies, sectoral studies from universities or think tanks

Category	Examples
Field Data	Land use maps, forest inventories, photographic evidence, community consultations
Expert Opinions	Independent assessments by recognized professionals or consulting firms

8.2 Minimum documentation by Step

Project holders shall provide documentary evidence for each step as described in Annex A. Omission of required evidence may result in a finding of non-additionality or baseline invalidity.

ANNEX A. Minimum Evidence Requirements by Step

Step	Sub-step	Required Documentation	Source Type
Step 1	1a. Identify alternatives	Description of alternatives, comparison tables, technology/service equivalence	Internal analysis; technical reports
	1b. Legal compliance	Relevant laws/regulations; enforcement evidence; justification for systemic non-compliance if applicable	Legal databases; enforcement studies
Step 2	2a. Identify barriers	Reports on financing, technology, labor, access, policies	Banks, agencies, third-party studies
	2b. Barriers prevent project	Board meeting minutes, feasibility rejections, lender statements, cost comparisons	Internal records; investor correspondence
	2c. Barriers do not affect alternatives	Analysis of how alternatives are not similarly affected	Comparative table; expert opinion
	2d. Carbon revenue is decisive	Contracts, LOIs, conditional loans, pro forma models with/without credit revenue	Legal agreements; financial models
Step 3	3a. Financial indicator	Investment spreadsheet (IRR, NPV, etc.), including data for all viable alternatives	Financial model submitted with the PDD
	3b. Sensitivity analysis	Spreadsheet showing impact of parameter variations	Same spreadsheet, clearly marked
Step 4	4a. Define scope of comparison	Justification of geographic area; definition of project measure	Methodology guidance; project holder justification
	4b. Identify similar activities	Registry records, industry publications, government reports	Public sources; stakeholder consultation
	4c. Determine common practice	Table of similar activities, explanation of essential differences, F factor calculation	Internal table with source references

Step	Sub-step	Required Documentation	Source Type
Step 5	5. Select baseline	Clear justification of final baseline selection; emission profile; conservativeness rationale	Internal report; methodology alignment

ANNEX B. Simplified Additionality Tool for Micro/Small-Scale Projects

Purpose and scope

This tool provides a streamlined, conservative approach for demonstrating additionality in projects whose expected average emission reductions or removals do not exceed 10,000 t CO_2-e per year over the crediting period. It is applicable across all sectors eligible under the BIOCARBON GHG Crediting Program, except where a sector-specific simplified tool already exists.

Eligibility conditions

(a) The project's maximum annual emission reductions/removals are ≤ 10,000 t CO_2-e.

(b) The project is not aggregated with other activities to bypass this threshold.

(c) No other simplified additionality approach has been applied to the same activity.

Step 1 – Barrier or investment test (pre-set options)

Projects shall document at least one of the following with evidence templates provided in Annex B of this tool:

(a) Regulatory barrier: the activity is not mandatory under existing national or sectoral regulation.

(b) Technological barrier: the technology is commercially available for < 5 years in the host country.

(c) Investment barrier: the simple payback period exceeds the sectoral benchmark given in Table 1.

Step 2 – Common-practice analysis

Demonstrate that the penetration rate of the proposed technology or practice is < 20 % within the applicable geographic and sectoral context.

Step 3 – Positive list option

If Steps 1 and 2 are impracticable, the project may qualify through a positive list of micro/small-scale activities with proven additionality. The list will be reviewed at least biennially by the Technical Methodologies Committee.

Step 4 – Documentation and validation

All evidence must be compiled using the “Simplified Additionality Template (SAT-10k)” and submitted with the Project Document. Validation bodies shall confirm compliance with the above steps; no financial IRR/NPV model is required under this tool.

Conservativeness provision

Where uncertainty exists regarding threshold values, barrier conditions or penetration rates, the more conservative (lower) emission-reduction estimate shall be applied.

Revision and withdrawal

The Technical Methodologies Committee may revise or withdraw this tool if market penetration rates, regulatory contexts or empirical data indicate that the simplified approach no longer ensures environmental integrity.

History of document

Type of document

BCR Tool. Baseline and Additionality

Version	Date	Nature of the document
Version 1.0	June 17, 2025	First version of the Tool.