

Funding SDG Impacts: Gold Standard for the Global Goals
Summary of Q&As from webinar held on Thursday 9th February 2017

Impact of Gold Standard for the Global Goals on existing VERs

Q: If you separate these benefits [SDG impacts from VERs], what then does a GS VER become as it is currently defined by co-benefits?

1. Under Gold Standard for the Global Goals, projects will be able to claim two types of outcomes: **'Certified SDG contributions'** arise from the sustainable development matrix completed by project developers using self-proposed indicators coupled with clear rationale, justification and in some cases expert opinion as to how these will positively contribute to an SDG. These correspond to what are currently referred to as 'co-benefits' and can be used as part of the project narrative and for reporting purposes. Gold Standard is in the process of developing activity-specific SDG matrices to ensure consistency and comparability of SDG contributions. SDG contributions will still be associated with the project and cannot be sold separately.
2. **Gold Standard Certified SDG Impacts™** require a Financial Needs Assessment and are based on Gold Standard-approved methodologies. These can be monetised and will therefore be assignable to specific funders on the Gold Standard public registry. Gold Standard Certified SDG Impacts currently include VERs, ADALYs and Water Benefit Certificates, as well as Gold Standard Certified Impact Statements for Black Carbon/short-lived climate pollutants (SLCPs). Quantification methodologies vary per activity type and Certified SDG Impact.

Buyers of VERs will be able to claim that they have funded climate mitigation action from a project that has also made other SDG contributions.

Q: Could you please clarify the role that you see for GS VERs within the new standard?

Climate impacts will remain central to all Gold Standard projects. VERs will remain a key project outcome and can either be sold separately or bundled and monetised together with additional Gold Standard Certified SDG Impacts.

Q: Is it under consideration that SLCP credits could be combined with tCO₂e (tonnes of CO₂ equivalent) VERs or would they be a separate tradeable credit?

A key feature of Gold Standard for the Global Goals is flexibility. Project developers and the funders interested in sponsoring those impacts will have the option to choose whether SLCP outcomes are bundled with VERs or monetised separately.

Q: How will GS deal with impact claims beyond carbon of projects that are not transitioning to GS 3.0?

Only projects that transition to Gold Standard for the Global Goals will be able to issue Gold Standard Certified SDG Impacts. Transition guidelines will be issued to assist and encourage projects from previous versions to transition to Gold Standard for the Global Goals.

For projects which do not transition to Gold Standard for the Global Goals, the Emission Reduction (VER or CER) buyer will be able to communicate SDG Contributions (formerly known

as ‘co-benefits’) as part of their claim narrative as well as the key principles of inclusivity, strong safeguards and robust monitoring.

Certification and claims

Q: What will be the name/form of the credits from this standard?

As before, certified projects can still generate Gold Standard Emission Reductions (VERs and CERs), which encompass certified climate impacts and associated SDG contributions (formerly referred to as co-benefits).

Additionally, projects can apply a Gold Standard approved quantification methodology to issue Gold Standard Certified SDG Impacts, which can either be sold separately from Gold Standard VERs or bundled with the VER. The term ‘credit’ will not be used to describe these Certified SDG Impacts. Whenever possible, we will seek to use existing accepted metrics, such as ADALYs, and ensure that these meet the needs and expectations of funders. In the case of SDG 5 – Gender – for example, it is not yet decided whether we will be using a single unit/metric or whether we will issue ‘Gold Standard Certified SDG 5 Impact Statements’.

Existing Gold Standard Certified SDG projects will continue to be featured in Gold Standard for the Global Goals, including Emissions Reductions (VERs and CERs) and Water Benefit Certificates, as well as Certified SDG Impact Statements that capture the climate impact of reductions in black carbon/Short Lived Climate Pollutants (SLCPs).

Q: Does the concept of ‘retirement’ apply to credits for SDGs other than climate mitigation?

The concept of ‘retirement’ is usually associated with ‘carbon neutrality’ which is not a relevant concept for Gold Standard Certified SDG Impacts. However, we must ensure that each Certified SDG Impact is only monetised only once; therefore, all Gold Standard Certified SDG Impacts will be tracked in a public registry where they can be assigned to specific funders.

The term ‘credit’ will not be used to describe Gold Standard Certified SDG Impacts.

Upgrading or retro-fitting existing projects to Gold Standard for the Global Goals

Q: Can projects that are GS certified upgrade?

Q: Can existing GS projects ‘upgrade’ to GS for GG? Or can they ‘re-register’? Or will it be for new projects only? Thanks!

The vision of Gold Standard for the Global Goals is that all projects can migrate from a previous version to the new standard. Transition guidelines are under development; however, we can already share that we will incentivise the transition of projects at the point of issuance. Some projects that are nearing the end of the crediting cycle may not be required to transition. We will take a pragmatic approach in determining if or when projects migrate.

Q: Could these new [Gold Standard for the Global Goals] methodologies be applied to Gold Standard projects retrospectively?

Yes, this is possible within specific parameters and time limits that will be specific per project type and methodology.

Q: How do you see the existing pipeline pick up this standard? Will it be possible for operational VCS projects to retro-actively be validated under your SDG standard? Who can do so and how much will that cost?

The vision of Gold Standard for the Global Goals is that all projects can migrate from a previous version to the new standard. However, this may not be logical for some projects because of where they are in the certification/issuance cycle. We will take a pragmatic approach in determining if or when projects migrate.

Projects from other standards, such as VCS, may be eligible provided they meet stringent Gold Standard requirements including stakeholder inclusivity at the design stage, safeguarding principles, holistic contributions to sustainable development, and a robust monitoring plan. There will also be additional criteria that will be specific per project type and methodology.

Q: Will there be a revision of the fee structure for the new standard and do all registered projects have to be updated to the new standard?

We are currently considering the implications of the new standard on our fee structure, as the model introduces new dimensions of certification, such as certification of a project or activity without issuance of any 'product.' The vision of Gold Standard for the Global Goals is that all projects can migrate from a previous version to the new standard. However, this may not be logical for some projects because of where they are in the certification/issuance cycle. We will take a pragmatic approach in determining if or when projects migrate.

Gold Standard for the Global Goals methodologies

Q: How does GS quantify the contribution to SDGs? What methods/approaches are used?

There are two approaches under Gold Standard for the Global Goals to quantify SDG outcomes:

1. **'Certified SDG contributions'** arise from the SD matrix completed by project developers using self-proposed indicators coupled with clear rationale, justification and in some cases expert opinion as to how these will positively contribute to an SDG. These correspond to what are currently referred to as 'co-benefits' and can be used as part of the project narrative and for reporting purposes. These SDG contributions will still be associated with the project and cannot be sold separately. Gold Standard is in the process of developing activity-specific SDG matrices to ensure consistency and comparability of SDG contributions.
2. **Gold Standard Certified SDG Impacts™** require a Financial Needs Assessment and are based on Gold Standard-approved methodologies. These can be monetised and will therefore be assignable to specific funders on the Gold Standard public registry. Gold Standard Certified SDG Impacts currently include VERs, ADALYs and Water Benefit Certificates, as well as Gold Standard Certified Impact Statements for Black Carbon/SLCPs. Quantification methodologies vary per activity type and Certified SDG Impact.

Full methodologies for Gold Standard for the Global Goals will go out for consultation in March 2017. Please refer to individual methodologies for more information.

Q: Is there any ambition to align the GS for the Global Goals standard with existing metrics used in the impact investment community, like e.g. IRIS?

The IRIS indicators were reviewed during the development of Gold Standard for the Global Goals. Gold Standard for the Global Goals allows project developers to demonstrate SDG contributions using self-proposed indicators coupled with clear rationale, justification and in some cases expert opinion as to how these will positively contribute to an SDG. As such, the IRIS indicators could be applied by a project in this context and are therefore compatible, subject to a review of the justification put forward by the project developer.

Q: How will this fit with those using CDM and its new monitoring of sustainable development co-benefits option?

Gold Standard for the Global Goals allows project developers to demonstrate SDG Contributions using self-proposed indicators coupled with clear rationale, justification and in some cases expert opinion as to how these will positively influence an SDG. In this context, it is possible that the same evidence used in the CDM co-benefits tool could be submitted to Gold Standard and hence they can be compatible. This said, if a project is seeking Gold Standard labels for CERs then it is less clear why the CDM tool would also be necessary.

Q: How are the co-benefits being verified? is it only through the application of the calculation? Or is there independent verification on the ground?

All project outcomes must be quantified using an approved robust monitoring plan, and must be verified by an independent third party on the ground. On top of this, Gold Standard then reviews the verification reports and takes a final certification decision.

Q: How are you aligning the verified SDG impacts with the actual SDG targets and official indicators proposed by the UN? The targets and indicators are frequently very specific and not related to carbon project activities.

Gold Standard for the Global Goals will map to the UN SDG targets and indicators as and when appropriate, but will not be limited to those indicators.

Q: Have you discuss this with the UN-system with regards to the proposed monitoring framework?

Gold Standard for the Global Goals will map to the UN SDG targets and indicators as and when appropriate. Gold Standard is a member of SDSN and we are following the progress of the Inter-agency and Expert Group on Sustainable Development Goal Indicators and the [Indicators and Monitoring Framework](#). As these move from principle-based to practical application, we will continue to work to ensure they are aligned.

Additionality

Q: How will Additionality be applied to these new methodologies? What assurance do investors have that their investments are being (re)invested in new projects?

Q: Do you mean that for each benefit (SDG) additionality needs to be demonstrated? or it is still at project level?

‘Additionality,’ as it is known in carbon markets – or in laymen’s terms, the need for additional finance in order for a project to be implemented – must be demonstrated for each and every

Gold Standard Certified SDG Impact that can be monetised. SDG contributions arising from the SD matrix and included in the project narrative do not need to demonstrate this financial need or ‘additionality’ as they are not monetised individually.

Cost of Emissions Reductions and SDG Impacts under Gold Standard for the Global Goals

Q: I understand the importance of SDG for companies’ communication. But in terms of ROI for the project developers carbon units are the best mechanism. Maybe I missed [it], but is Gold standard thinking to put a minimum price for carbon units to projects that have certified SDG results [certified SDG impacts] under Gold standard? Or there is another unit to sell in markets in order to obtain an income for the project?

We appreciate the simplicity of carbon units and will continue to include carbon and broader climate impacts at the core of Gold Standard projects. VERs will remain a key project impact and those who purchase VERs will be able to claim that they have enabled the climate impacts associated with the VER as well as associated sustainable developments contributions arising from these projects.

At the same time, we recognise the need to future-proof the standard and Gold Standard projects for uncertainty in carbon markets and to adequately value beyond-carbon impacts, which are de-facto devalued by being positioned solely as co-benefits of a carbon reduction. New possibilities to market and sell will include Gold Standard Certified SDG Impacts such as averted Disability-Adjusted Life Years (ADALYs), a metric to measure health impacts, Water Benefit Certificates, and Certified SDG Impact Statements for impacts like reductions of Black Carbon/Short-Lived Climate Pollutants and gender impacts.

These Gold Standard Certified SDG Impacts, determined through a Financial Needs Assessment and a Gold Standard-approved quantification methodology, can be monetised. These can either be bundled with the VER or sold separately.

Q: If the different project benefits could be funded separately, how would the prices for those single fundings be set?

The market assessment is seeking input and opinions on valuation techniques for additional SDG impacts, but it is not clear that Gold Standard will take a position on the pricing of these impacts, beyond advocating for transparency.

Demand, ROI and project funders

Q: How do you plan to attract impact investors as they are usually looking for ROI as financial revenue as well.

While our current market assessment looking at what SDG impacts funders would like to support, we believe that impact investors in particular might be most interested in the following applications of Gold Standard for the Global Goals:

- Sustainable infrastructure projects that come with intrinsic financial returns, and the safeguards and stakeholder inclusion requirements of the standard help de-risk the investment and can be used for ex-post reporting on impacts;

- Sustainable supply chain programs where returns would be in the form of sustainably sourced agri-commodities, emission reductions for voluntary or compliance purposes, and other payments for ecosystem services such as water quality / availability;
- Large scale interventions that lead to improved output, such as agricultural improvements that increase crop yields or energy access interventions that distribute renewable energy technologies, but also improve access to markets because of the quantified development impacts to local/regional governments.

Q: What is the main incentive for potential investors - regulatory compliance or CSR?

Gold Standard for the Global Goals will provide the platform to blend different types of financing and may therefore be attractive to a broad range of investors.

Compliance buyers may be interested to report on the SDG contributions of their climate investments; or they may be interested to know that their investment was matched by public finance targeting non-carbon impacts such as health or women's empowerment, for example.

Private investors may opt for the 'activity only' certification pathway. This will serve as a tool to de-risk their investment as well as a tool to assess *ex-ante* and *ex-post* impacts of the investment.

Public funders have an interest in financing specific Gold Standard Certified SDG Impacts in line with their priorities, especially in cases where there is a clear financial incentive, that is, when their investment yields significant economic and social benefits that can be quantified.

Corporates will find that Gold Standard for the Global Goals provides a flexible platform to quantify multiple impacts across climate and sustainable development. Gold Standard for the Global Goals will enable corporates to report on the actual SDG impacts of their strategies and their contributions to local development priorities, therefore unlocking civil society recognition (from, e.g., WWF, CDP, local authorities, etc.), which will create the incentive for corporates to raise their ambition over time.

Q: Does the standard account for the SDG negative activities that the funders might be undertaking? for instance what if there is fossil fuels investment by the funder?

The remit of Gold Standard for the Global Goals is to assess project design and impact quantification and does not assess what other activities funders might undertake.

Q: I worked for the International Finance Corp for 18 years on climate finance (CDM, JI, Forest Bond). IFC, through its performance standards, looked at many of the issues/impacts expected to be addressed by SDG Goals, so value was quantified and recognized by IFC and shareholders. Currently, I'm advising companies on zero deforestation in ag commodities production. While there is interest in quantifying carbon (and other) benefits, there is little justification given the costs of validation and verification and low economic values assigned to environmental and social benefits. I can see that this is a useful exercise for governments, but what is the rationale for private investors (other than looks good in annual report). Does GS envision markets to evolve for benefits achieved through each of the SDGs?

There is already a significant demand to report on the SDG contributions of climate related investments. As the question rightly points out, the costs of validation and verification must not be prohibitive to implementation. This is why Gold Standard is exploring activity-specific approaches to balance the level of monitoring burden with the claim that is being sought. The

level of confidence (and therefore the rigour of verification) needed to issue a financial asset like a carbon credit is higher than that needed to gain investor confidence that a project is likely to deliver on its ambitions (ex-ante quantification) or for credible reporting purposes (ex-post). Gold Standard does not necessarily foresee markets evolving for each SDG, but does see strong demand for the need for quantification and verification of impacts for investor risk reduction and credible impact reporting.

Q: How relevant is the new standard to development organisations? Is there already interest by these organisation to fund GS projects?

Development organisations are indeed potential sources of demand for impact quantification and verification. The government of Luxembourg, in fact, was a key funder for the development of our gender methodologies. Development organisations like the UK's Department for International Development (DFID) are showing growing interest in results-based approaches for development funding. Our market assessment is expected to yield a clearer picture for potential with this audience.

Q: When do you expect to reach sufficient levels of demand for sustainability claims and how will the GS support demand creation?

There is already a significant demand to report on the SDG contributions of climate related investments. It is interesting to see that voluntary buyers of emission reductions and public authorities involved in low carbon development strategies are most interested in communicating on the development benefits of their climate actions. Gold Standard for the Global Goals will answer these needs as all Gold Standard projects will be able to claim certified SDG contributions.

What remains to be confirmed is the extent to which there is appetite to finance 'Gold Standard Certified SDG Impacts' such as ADALYs or SDG 5 – Gender – impacts. Gold Standard is working closely with the World Bank, the Global Alliance for Clean Cookstoves, the Climate and Clean Air Coalition and Bix Capital to create demand for health and gender impacts from clean cooking interventions. Innovative financial mechanisms are under discussion to leverage public and private finance through results-based approaches.

In addition, Gold Standard is working closely with CDP and WWF to define best practice corporate climate action and promote holistic climate and development projects.

New partnerships to further support demand building will be announced shortly.

Finally, Gold Standard's approach is to allow demand to drive the development and application of methodologies. Projects are encouraged to apply 'Gold Standard Certified SDG Impact' methodologies when there is sufficient interest committed by a funder.

Q: Focus is very much on Clean Cookstoves. Agriculture is under represented in climate finance; do you feel the new standard will incentivise agriculture & climate finance? Can you give examples?

Gold Standard agrees 100% that agriculture is under-represented in climate finance. We would add that agriculture could be considered one of the most critical ways to have a positive contribution toward multiple Global Goals – including Water, Gender Equality, No Hunger, and Life on Land, among others.

The new standard will have an application in a supply chain context – which we believe will incentivise corporates by giving them the ability to report on the positive impact of their supply chain improvements. Our work with the Science Based Targets partners aims to raise the level of ambition for companies’ contributions to climate finance, which will be relevant for agriculture. And finally, we will soon launch the development of methodologies to measure adaptive capacity, critical for agriculture, which can in turn allow host governments to raise their climate ambition by allowing them to demonstrate positive impacts for their local stakeholders.

Gold Standard for Global Goals and the Paris Agreement

Q: What would be the modifications in the standard that you think are needed to meet the objective of the Paris agreement? What could be the major shifts?

The modifications in the standard that position it to contribute to the objectives of Paris Agreement are:

- Flexibility to allow for climate outcomes to be relevant regardless of the rules that will be defined for carbon markets within Article 6. Specifically, this includes relevance for claims around climate finance – a core pillar of the Paris Agreement.
- The quantification and verification of climate outcomes without requiring the issuance of carbon credits, to 1) allow for application beyond carbon markets, and 2) to allow for larger scale projects that are not viable with the same approach to monitoring.

Water benefits

Q: How would you report on value created in terms of water?

Because the new requirements require a water risk assessment for any relevant project type, every Gold Standard for the Global Goals project will be able to claim that it has managed risks related to water security and is ‘water aware.’

Water Benefit Certificates issued from our Water Benefit Standard continue to be available for sale and are valued according to market prices negotiated between buyer and seller. When we commence a follow-up study to again assess the economic value of Gold Standard project impacts in more detail and in a regional context, the environmental and social economists commissioned to do the work shall recommend the best approach for assessing value created from water outcomes.

Q: How do you guarantee that this new standard would not follow the outcome as the Water Benefit Standard. As you might know, the market for Water Benefit Certificates is evolving very slowly and it is extremely difficult to find buyers for the Water benefit certificates.

This is an important question and is the impetus behind this market assessment, and why Gold Standard will advocate for a demand-driven approach to applying new methodologies. However, it is also important to remember that Gold Standard for the Global Goals is an evolution rather than a new product offering in that it integrates our previously separate Energy, Land Use and Water standards. It is therefore not solely dependent on the success of a single outcome or product. Gold Standard for the Global Goals offers more flexibility for project developers and funders and therefore more resilience from the dynamics of a single market.

Monetary value of SDG co-benefits for Gold Standard projects

Q: What is the uncertainty of the estimated investment-return calculation [presented in the infographic shown in your webinar]?

Please see our [Impact Report](#) for complete data and methodologies, including the methodological limitations.

Q: Does that math scale up and down? In other words, can we divide 500 VERs into 1 and have reasonably accurate estimates of impacts?

Yes. Please see our [Impact Report](#) for complete data and methodologies.

Q: To what extent can we use or quote the VALUE created [from GS project types] versus the investment in terms of contributing to society and the environment, etc.?

Please see our [Impact Report](#) for complete data and methodologies used to assess the added monetary value of co-benefits delivered by different Gold Standard project types.

It is important to disclaim that values cited reflect Gold Standard project averages, and are not project-specific.

Q: Hello, I would like to know what methodology was used for the calculations on the monetary impact of the USD 5,000 investments

Please see our [Impact Report](#) for complete data and methodologies.

Q: Doesn't this [methodology used in the Gold Standard impact report] overstate the impact with minimal investment?

On the contrary, the full impacts of Gold Standard projects have been historically understated and undervalued. Our independent [Impact Report](#) confirmed that the value created by these projects go far beyond climate benefits.

Market assessment

Q: What if the market assessment proves negative? Will you still launch in August?

Previous assessments and multiple public reports have confirmed the need to provide a robust solution to enable the quantification and reporting of SD impacts of climate activities. The purpose of this specific market assessment is to understand more clearly funders' expectations to inform the design of solutions proposed under Gold Standard for the Global Goals.

In addition, the core of Gold Standard for the Global Goals goes beyond monetising additional SDG Impacts and the demand for those impacts. The standard integrates and harmonises our previously separate Energy, Land Use, and Water standards. It gives project developers and funders the flexibility to deliver the impacts that they want to achieve, also allowing projects to be more resilient to an evolving carbon market. And finally, it aligns project impacts – whether monetised separately or included as part of the project narrative – with the Sustainable Development Goals, which allows projects to report their impacts in line with the global development agenda.

The market assessment will inform 1) how to package and value the SDG impacts that have already been identified as priorities (Black Carbon/SLCPs, Health, and Gender) and 2) What new SDG impacts would be most relevant for funders in the future.

Q: I wonder how to interpret the results of the poll, as the questions were directed to funders but the audience are mainly suppliers (of benefits)

The webinar balance was split fairly evenly between project implementers and potential funders. In addition, the results in the back-end system are linked to the individual participant, so that we may isolate the data appropriately when it is analysed for the market assessment.

Science Based Targets Initiative

Q: Could you speak more to your plans on working with Science Based Targets initiative as well as associated efforts on water and land use? Are you seeking a formal long term relationship with these efforts? And/or will there be a role for GS in the vetting of meeting company submitted SBTs/in SBTs governance structure?

We began our collaboration with the Science Based Targets Initiative in an effort to align on best practice recommendations for corporate climate action that includes contributions to climate finance. We are indeed pursuing a formal long-term relationship with the partners; further details of this partnership will be shared as they are available.

Other

Q: What is the GS's view on the Liverpool School of Tropical Medicine's Lancet published study on the health impacts of Tier 4 stoves?

The main point of the *Lancet* study is the following: "Two-year study finds no evidence that cleaner cookstoves reduces pneumonia in children."

However, the exposure reduction (and thus health impact) from cleaner stoves implemented in the study could be insignificant due to continued high exposures from sources such as smoke from neighbour households, smoke from other sources such as trash burning, second-hand smoke, etc. The Expert Working Group debated the potential implications of this research on the ADALYs methodology. They concluded that because the methodology relies on robust exposure monitoring results that account for other sources of exposure, there is no impact of the study on the ADALYs methodology.

Q: Please explain ADALY

ADALY is an 'averted Disability-Adjusted Life Year,' which is used by health and development entities globally to measure the burden of disease from a disease or risk factor and as the metric to evaluate and compare the effectiveness of health-related interventions, for example in terms of dollars per ADALY.