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The Gold Standard Foundation
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**Grievance regarding the Sustainable Deployment of the LifeStraw
Family in rural Kenya (GS 886) project
Reply to the answer of the Gold Standard**

Berlin, 15.08.2016

Dear Marion Verles,

thank you and your team for the responses on our letter and the provided documents which were submitted on 14/04/2016. As a GS Supporter NGO, atmosfair welcomes the development of the grievance procedure.

In the case of the grievance regarding project GS886, we do however not see that our concerns were taken up adequately. Some points were omitted or depicted incorrectly in the answer by the Gold Standard Foundation. atmosfair maintains fundamental concerns with the project GS886.

I therefore kindly ask you to publish the official grievance letter from atmosfair, signed by me and submitted on 14/04/2016 to the Grievance Website of The Gold Standard Foundation and make it publicly available. Please also publish the present letter to your Grievance Website.

Main concern of atmosfair: Are LifeStraw Filters used or not?

The concern of our grievance remains that LifeStraw Filters in the project are not used by beneficiaries, as evidenced in the documentary by Tom Heinemann. However, the related statements of owners of the filters in the documentary "The Carbon Crooks" have been omitted in your response to our grievance. When the claimed usage rate of 75% is found to really be close to zero in the documentary, then an answer only addressing baseline issues, outliers, accuracy and other methodological matters is of little help.

The documentary by Tom Heinemann shows interviewees who all had received a LifeStraw filter. According to Mr. Heinemann, he conducted around 20 interviews with beneficiaries in an area with a diameter of about 20km in Kakamega. Upon my request, Tom Heinemann told me that

- all interviewed households received a LifeStraw filter.
- only one household indicated to occasionally use the LifeStraw filter. The others did not use the filters nor did they know anyone using it.

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- Some households reported that during distribution filters were just dumped at their door steps without any instructions. Those beneficiaries were hence not properly trained in the usage of the filters as stipulated and defined in the PDD. Some noted that the distributors did only speak French, a language not even spoken in the project region.

The Gold Standard says in its response to the grievance of atmosfair that Tom Heinemann admitted that *'his interviews were investigative journalism, not empirical, random sample, scientifically relevant.'* However, based on the above information, his investigation had about the same size as a formal acceptance sampling applied by UN-accredited DOEs during verification. Furthermore, from our own atmosfair household projects, we know that DOEs also often conduct additional non-announced non-sampled household visits in order to cross-check the results of the official sample and to test plausibility. By just choosing households he drove by and asking them about the usage of the filters they obtained, Tom Heinemann did just the same as DOEs do frequently.

The results of Mr. Heinemann's investigation are in stark contrast to the *best estimate of the LifeStraw family usage rate of 74.98%*¹ used by the GS. Mr. Heinemann did find 19 out of 20 filters not in use in his interviews. So, he found 19 out of 20 filters not in use, where really 15 out of 20 filters should be in use, according to the GS calculations. If you do the math, you will find that the odds of Mr. Heinemann to get to his result are orders of magnitude below 1%. Considering this as well as the direct statements by beneficiaries during Mr. Heinemann's interviews, recorded and shown in the movie, we simply cannot see those results as some sort of bad luck or unlucky shot.

Given the factual evidence of alleged users stating openly to not using the filters, and reading your answer to our grievance, I am surprised that apparently the focus of The Gold Standard Foundation is on questioning the methodology of the critic instead of making sure on your own to get as quickly as possible a firsthand and independent on-site fact finding.

We still see it as necessary to investigate the project from scratch. Adding to the above points this is also justified because the study of the BAMG (was BAMG staff actually on-site?) exclusively focused on technical questions such as how to reduce biases in the self-reported answers and improve the assessment of the filter estimated usage based on self-reported questions. The report did not directly address non-usage of filters, which is however the concern of our grievance. The report also did not go through any independent technical review process nor through a consultation by GS supporters such as atmosfair. However, it were the latter who triggered the investigation in the first place.

In conclusion, we upheld our demand for a new independent on-site investigation task force.

Concerns about on-going incomplete monitoring

Moreover, we disagree with the response from The Gold Standard that the concerns by the verifying DOE in the 3rd verification period shall be seen as *"a wider methodological or even carbon market issue, [...], again relevant to the concept of Suppressed demand."*

The DOE highlighted in its third verification period lack of training and capacity of enumerators with regard to determining monitoring values, lack of introduction of the conservativeness approach, the

¹ *"the best estimate of the LifeStraw Family filter usage rate in this VF project is 74.98%. It should be noted that as each question was not present in both phases of the surveys, the usage rate would theoretically be lower."* (Source: Berkeley Air Monitoring Group Report)

lack to evaluate the water consumption, consideration of non-conservative monitoring values and degree of subjectivity of determining a key parameter: Liters of filtered water used/person/day.²

The report of the BAMG already came to the conclusion and advised that *confirming usage and quantity used with newly introduced water sensors is essential, to accurately estimate the volume of water filtered.*³ In the study, experts of the field further advocated for *a more in-depth analysis to better estimate the quantity of water filtered, such as going 3 days consecutively to determine how many jerry cans were filtered.*

Despite those raised recommendations in the report, such measures and comparative analysis have not been conducted by Vestergaard Frandsen for the third monitoring period. Therefore, it is surprising that The Gold Standard states in the summary to the presented grievance that *monitoring parameters for usage and other elements reflected the advice of the Berkley Air Monitoring Group and Gold Standard TAC as being best practice for these circumstances.*

Considering those concerns about the monitoring and the usage case of the LifeStraws, we kindly ask the Gold Standard to answer the following questions and make the answers publicly available on the GS website:

- Is the project planning to be verified again in the future?
- How many VERs are still available in the project developer's Mark It account?
- How many VERs have been retired or sold so far?

market pressure as rationale for compromising integrity

The Gold Standard Foundation states in its answer to the presented grievance that during the second issuance review *'the TAC advised Gold Standard to make a partial issuance based on a 55% usage rate for the monitoring period 01 Dec 2011-31 Oct 2012 whilst waiting for the results from the independent investigation. The decision to make a partial issuance (rather than wait for the investigation) was to enable Vestergaard Frandsen to meet its delivery commitments.'*

Whereas it is already disturbing to me that the GS-TAC authorized an issuance of carbon credits during an ongoing investigation, triggered by concerns of GS Supporter Organisations, I can hardly believe that the GS considers the "*delivery commitment*" of a directly involved company as relevant in this case. Putting market pressures over integrity damages the cornerstones of the GS.

The application of suppressed demand

Independent from the above points, atmosfair restates that we generally support the approach of suppressed demand, in order to promote sustainable development and especially assist people in the global south to meet their basic human needs.

² ERM CVS also observed during this monitoring period and last monitoring period, the results of this parameter from EXP were always lower than the ones surveyed by VF, for e.g. in this monitoring period, the EXP survey result is around 67% of that by VF. While ERM CVS understood this noticeable discrepancy can be partly attributed to the lack of introduction of the conservativeness concept in the survey training as raised in FAR5, and lack of guidance on evaluating water consumption during survey as raised in FAR3, ERM CVS also considered it necessary for VF to explore the issue of monitoring this parameter further, in consultation with GSF, to minimise the subjectivity when determining this key parameter. (For example, considering if there is a technical solution, or doing a survey similar to kitchen performance tests to check how much water was used for 3 days in a row, etc).

However, for both ordinary projects and such of suppressed demand, emission reductions should always be based on *plausible* baseline scenarios. The baseline scenario chosen for this project is that 71% of people boil or would boil their water, *if resources were provided*.⁴ We consider this baseline scenario as not plausible for the below reasons.

Firstly, fuel wood has already been scarce in the project region prior to the start of the project, which is confirmed by the project owner in the PDD. Hence, it is an implausible baseline scenario that more wood would be used for boiling water in the absence of the project, except if it were imported from other regions and then purchased by households. In this case, other technologies like the construction of a well might be more appealing to households and communities than to buy expensive imported fuel wood and sterilise water on an inefficient, smoky three-stone-fire. Building a well is certainly plausible and appealing, especially, when *resources were provided*.

Secondly, the question is whether people would actually prefer boiling water instead of choosing other options to make drinking water safe (e.g. chlorine). The GS states that *'the next logical technological step would be taken which in typical circumstances would be water boiling'*. The Gold Standard further highlights in their comment to Kevin Starr's article that *number of people using firewood to boil water is likely to increase as the country develops*. We critically question whether there are any evidences that the next logical technological step would be water boiling or whether a correlation between development and water boiling does exist. The project documentation does not show an answer to this question nor provides evidence about the correlation.

Emission reductions using the suppressed demand approach can be based on the most suitable baseline technology or measure and have the mandate to deliver mitigation and development benefits. E.g. the CDM Guidelines recommend to select the baseline technology via a step-wise approach which allows a comparison of all technological possibilities that satisfy the basic needs⁵. In the case of the water filter project, however, different options of measures have not been discussed by the project owner in any project documentation. We believe that options such as new wells or safe water from public infrastructure are generally preferable for the provision of drinking water.

Thirdly, as shown in our first grievance letter, studies show that only a small share of people in sub-Saharan countries as well as in Kenya do boil their water and it is therefore not common practice. We agree that one reason could be the non-availability of fuel wood or resources. However, it needs to be underlined that reasons for non-boiling are not limited to the lack of fuel wood. Atmosfair's own practical experience and studies show that further reasons are inconvenience (time needed to heat water and let it cool down subsequently), the impact on the taste of the water due to burning fuel wood or lack of knowledge about potential risks of contaminated water⁶. In those cases *'observations that people in Western Kenya do not boil water'* are hence not a vindication of the suppressed demand approach in this project as stated by Gold Standard. There is also the possibility that people in the region choose to not boil water due to reasons stated above. This would consequently even disprove the case of a suppressed demand which is based on the applied baseline scenario by GS886.

Since a comprehensive analysis on the plausibility of the baseline scenario and the reasons for non-boiling of water was not conducted and discussed, it remains doubtful for us whether suppressed demand is applicable to the project in general as well as to the applied extent.

⁴ The project proponent has merged the two clusters of end-users who boil in the pre-project scenario with the people who currently do not boil but WOULD boil if resources were provided. (PDD, p.35)

⁵ https://cdm.unfccc.int/Reference/Guidclarif/meth/meth_guid41.pdf

⁶ http://apps.who.int/iris/bitstream/10665/70049/1/WHO_HSE_WSH_09.02_eng.pdf

Stakeholder Involvement during second Issuance Review Process

We would further like to confirm again that atmosfair did not receive any formal response by Gold Standard, dated 12 April 2013, on our comments and objection of the second issuance. Neither were atmosfair et al., informed about any of the additional steps shown in your grievance reply letter and the timelines for Monitoring Period 2 after submission of the second letter dated 26th March 2013. Therefore, we disagree with the statement by GS that a continuous dialog was maintained throughout the process with GS Supporter Organisations.

We would further like to clarify one more time that we did not only provide comments to the issuance, but objected the overall issuance together with other GS supporter NGOs. We also upheld our objection in our second reply, since we felt that the addressed concerns were not satisfactorily answered and resolved by the Gold Standard Foundation.

Conclusion

Based on the arguments presented in this letter, we still have fundamental concerns about project GS 886 and ask you for the following measures of alleviation and safeguard:

1. If the project is planned to be monitored and verified again during its crediting period, consult the GS Supporter Organisations prior to any further steps and make the detailed monitoring plan and approach publicly available for consultation and feedback.
2. Stop any issuance of carbon credits from this project until a new independently conducted investigation does show that LifeStraw filters are used.
3. Notify all carbon traders and other intermediaries of the grievance and recommend them stopping sales of carbon credits from this project.
4. Commission an independent and new expert group. This group should therefore be composed of independent environmental experts, such as e.g. from expert institutes, from relevant CDM bodies, NGOs such as Greenpeace and Carbon Market Watch, different local stakeholders (e.g. the NGO Aquaya) as well as critics such as Mr. Heinemann. It should be chaired by independent, trusted and known environmentalists and mediators such as e.g. Michael Schlup as founder of the Gold Standard, the Swiss Lauterkeitskommission, senior environmental ministry officials in charge of the UNFCCC CDM negotiations or members of the environmental committee in the Swiss parliament.
5. Mandate the expert group to freshly investigate the project from scratch. The mandate should comprise at least
 - the investigation of the observations from Mr. Heinemann and others,
 - the LifeStraw filter itself and its use case,
 - the project's developing and climate context,
 - a large scale onsite visit,
 - if it's the case, an estimation of the number of carbon credits over-issued so far, as well as proposals for adequate alleviation measures for affected carbon buyers such as re-compensation through replacement projects.

6. Based on the outcome of the investigation, retire all over-issued carbon credits issued, which are still available for cancelation.

I thank you for your consideration and look forward to your feedback.

Kind regards,

A handwritten signature in blue ink, appearing to read 'D. D. Brockhagen', followed by a long horizontal flourish.

Dietrich Brockhagen