

17th August 2020

The Gold Standard Foundation

Dear Sirs

Operationalising and Scaling the Post 2020 Voluntary Carbon Market

We would like to thank the Gold Standard for its ongoing work in strengthening the Voluntary Carbon Market, particularly from 2021 when the Paris Agreement is implemented. In this letter, we respond to some of the items raised in your consultation.

We agree with your assertion that the GS is well positioned to drive quality in emerging markets, through the actions 1 to 3 on page 6.

We note that you are proposing a smooth market implementation for any differentiation between those emission reductions that have a corresponding adjustment (CA) and those that do not. We agree that any approach needs thoughtful implementation to ensure market continuity and value for participants – while avoiding the exclusion or exploitation of host countries or communities.

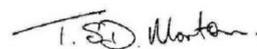
We agree with your approach that the changes should not undercut existing approaches and that they will not be implemented until the policy mechanisms to carry our corresponding adjustments exist. These rules will not be clear until after the Glasgow COP; the GS will need to continue consultations into 2022.

As you note, it is important to be sure that projects can access the CA process in the host countries, and we believe this may take time. As we work with both governments and project developers on the ground, it is our opinion that it will be quite a few years before the infrastructure exists to understand and enable Corresponding Adjustments in LDCs. On a very specific point, even once the rules are codified, countries may not make a decision on “releasing” CAs until after they have completed their accounting for a given year. This could mean a delay, which should not disrupt the flow of finance to voluntary carbon projects.

We want to take the opportunity to remember the bigger picture: the voluntary market is a fraction of the scale of the “compliance market” but has still had significant traction and influence. The Paris Agreement does not have the legal status of the Kyoto Protocol and undertakings in NDCs will not be enforced. At the same time, many corporates have high ambitions to reduce then offset 100% of their residual emissions – even including scope 2 and 3 in many cases. Therefore, we do not want to add complexity for corporates and believe that keeping messages simple will be beneficial. While we agree with the need for a CA for compliance buyers (such as CORSIA) we do not yet agree with the requirement for the voluntary market – which the GS proposes – to be based on the claims made by the end user. The requirement to implement a CA for the GS could mean that these countries will be excluded from finance, potentially compromising the entire raison d’etre of the Gold Standard, i.e. to direct climate finance where it is needed most: the world’s poorest countries. These are the countries with least propensity to implement CA infrastructure and could thus be excluded from the markets by default. We cannot agree to this until we know that the mechanisms are in place for CAs to be accessible and manageable in practice.

We look forward to continuing to engage with the GS in the process from later in 2020 onwards and to learning more about the more immediate rule updates that you have initiated.

Yours faithfully

A handwritten signature in black ink that reads "T. Morton".

Tom Morton
Director

WE TURN CLIMATE RESPONSIBILITIES INTO POSITIVE OUTCOMES