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Contribution to stakeholder consultation "OPERATIONALISING AND SCALING POST-2020 VOLUNTARY CARBON MARKET"

As a non-profit-organisation *Fastenopfer* wants to outline its opinion and take part in the stakeholder consultation in regard to Gold Standards document "OPERATIONALISING AND SCALING POST-2020 VOLUNTARY CARBON MARKET" issued on the 16th of June 2020.

Introduction to *Fastenopfer*

Fastenopfer is a catholic Swiss NGO active in 14 countries around the globe with a strong focus on social justice. In its thematic focus on "right to food", *Fastenopfer* has successfully developed a Gold Standard certified VER Project and engaged with Gold Standard over various occasions during the implementation of the same (GS2457). *Fastenopfer* is member of the Klima-Kollekte, the institution marketing the project's ER certificates, and we are in regular exchange with myclimate Switzerland.

In parallel to this project work, the *Fastenopfer* advocacy department is actively engaged in the UNFCCC processes for many years with a particular focus on energy related questions and climate justice. For this, *Fastenopfer* is member of the CIDSE alliance and CAN Europe.

Regarding the proposed document "OPERATIONALISING AND SCALING POST-2020 VOLUNTARY CARBON MARKET", *Fastenopfer* would like to make the following contribution:

***Fastenopfer* strongly recommends applying the "financing emission reduction model" for all certificates issued in the "voluntary market" (VM) as per definition in Chapter 2. Option 1 of the discussion paper.**



Reasoning

We base our recommendation on the following reasoning:

For *Fastenopfer*, the Paris Agreement (PA) is a change in paradigm and therefore its entry into force on the first of January 2021 shall equally be a caesura. The paradigm shift is clearly expressed in two facts:

- Under the PA, all parties/countries have national emission reduction (ER) targets, expressed in their NDCs.
- The scientific evidence makes clear that in order to achieve the PA's objectives, we need to strive for global net-zero emissions by 2050.

For *Fastenopfer* this leads to the following understanding:

- It is evident that in the middle term there will exist a compulsory carbon market with “corresponding adjustment” (CA), as this is foreseen in Art. 6 of the PA, and will allow parties to exchange ER certificates in order to attain their NDCs. However, this market will become less and less significant over the years if the PA objectives shall be met (net-zero by 2050).
- On the other hand, the voluntary market is designed for stakeholders (private entities and individuals) that want to support climate change mitigation on a voluntary basis. In our opinion, the paradigm shift induced by the PA has to go hand in hand with a paradigm shift on the voluntary market side.

In the following, we will briefly outline what this paradigm shift for the voluntary market means for us:

- **Private entities & individuals can no longer offset their emissions claiming carbon neutrality** using certificates from projects “outside” of the UNFCCC scope, as a) all parties have specific country targets and b) we all strive for net-zero emissions.
- Hence, applying CA for “voluntary” purposes would not result in any additional value towards achieving the PA's objectives. Applying CA would simply transfer the ER from the host country (and thus potentially from their NDC) towards a private entity/ individual. **No additional value is created towards achieving net-zero emissions.**
- On the other hand, **applying CA on the voluntary market could foster the false impression** that private entities & individuals “have purchased their certificates and thus done their deed”. This is the “Kyoto-reasoning”.
- In fact, Fastenopfer is convinced that the PA objectives can only be met if the paradigm shift goes hand in hand with a **mind shift** of us, human beings. We have to change our attitude towards the climate and this implies for many societies also their way of life. This needed mind shift shall also be represented in the voluntary market.

Conclusion

We observe that there is an important time and financing gap on the side of UNFCCC-parties when it comes to raising ambitions (updating their NDCs) and implementing their obligations.

- From this, we conclude that the purpose of the VM post 2020 shall be to contribute to the closure of the time & finance gap applying the “**financing emission reduction model**”.
- This implies that VER certificates as of 2021 could no longer serve to sustain the claim of carbon neutrality, but would rather sustain the **claim** that “*private entity/individual X has contributed to the ER of Y tons of CO₂eq and thus contributed towards the PA objectives.*”



Other benefits from avoiding the CA-model and aiming for the “financing emission reduction model” are:

- Smaller ER projects do not need to engage with the CA-mechanism, which could turn out to be quite a difficult administrative process that cannot be handled by smaller project proponents such as community driven initiatives. Thus, **avoiding CA can unlock ER potential.**
- This also implies that there is less dependency from the state governments for the VER projects, which can be an important plus in countries where corruption is a significant obstacle to implementation.

Implications

It is evident that the change in claim brings a certain cost to the actors of the voluntary market – in terms of explaining this logic to the clients of the VM. **It is therefore important, that Gold Standard actively supports its network** in building the ground for this paradigm shift in the voluntary market.

We hope that this contribution helps Gold Standard in developing its standards for the post-2020 period. We remain at disposal for further discussions.

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