

Gold Standard for Global Goals

Template for suggestion and feedback for Standards Update

The stakeholders are requested to send suggestions and feedback for standard updates using the template below. The consultation period is open till 18 August 2019. Please send comments to vikash.talyan@goldstandard.org.

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Organisations		Hestian		
GS project developer		Yes/No/Others (please mention stakeholder category for others) Yes		
Document type*	Document title	Section number	Comment/Feedback/suggestion	Proposed revision/suggestion
GOV CAT C	Principles & Requirements Programme of Activity Requirements Standards Setting Procedure Fee Schedule		<p><u>Diversion of Funding 1 – GS Fees & Costs</u></p> <p>Gold Standard (“GS”) VERs pricing is nearing US\$1.00. GS Issuance fees are at \$0.30 per VER and DOE & GS compliance costs can be conservatively estimated at a further \$0.10+ per VER. Thus the cost of issuing GS VERs has now reached approximately 40+% of sale price. This constitutes a "tax on the poor" of 40+%. In other words approximately 40+% of the funds that should be going to expand and improve projects in LDCs are instead being diverted to Switzerland to fund:</p> <p style="text-align: center;">(a) offices and salaries in one of the most expensive countries in the</p>	<p><i>We refer Hestian to similar Gold Standard responses to the same feedback Hestian has raised during multiple consultations. We also provide similar and further responses here.</i></p> <p><i>We note that Gold Standard neither controls nor has visibility to credit sale prices, apart from those sold through the online marketplace on Gold Standard’s website – introduced in 2017 to support project developers in selling credits at more sustainable prices, and to which Hestian has recently signed up.</i></p>

			<p>world (notwithstanding that many alternative viable options are available for location of GS HQ/executive, e.g. Estonia, Kenya, Peru);</p> <p>(b) non-value-adding & enormously expensive vanity projects such as GS4GG and the Sustaincert spinoff - which are unlikely to generate additional revenue (and whose revenue-increasing efficacy is unlikely to ever be provable) and have resulted in significant and expensive additional and unnecessary workload for the GS's clients.</p> <p>These excessive costs and misguided spending by the GS means that much of the funding provided by VER buyers is not actually channelled to projects that reduce emissions but rather instead to salaries, projects and bureaucracies in wealthy countries that are ancillary to and mostly unnecessary for the projects that reduce the emissions.</p> <p>The GS Rules should require a transparent disclosure mechanism to show how much of the funding provided by VER buyers actually reaches the projects and how much of the funding is diverted to the GS and GS-mandated activities. The GS should commit</p>	<p><i>Hestian's input is nevertheless noted and can be considered upon review of the fee schedule.</i></p> <p><i>Further to sub-points:</i></p> <p><i>a) Gold Standard was indeed founded in Switzerland and is a Swiss-registered foundation and must therefore maintain staff headquarters in Switzerland. However, team members are located throughout the world, in India, UK, Peru, and the US.</i></p> <p><i>b) Regarding the initiatives referenced, we reiterate the strategic rationale that has been communicated to all stakeholders on multiple occasions:</i></p> <ul style="list-style-type: none"> <i>• Gold Standard for the Global Goals was a necessary evolution for two key reasons: 1) To align with the relevant global agreements to which our standards referred (ie, the Paris Agreement and the Sustainable Development Goals); 2) To drive consistency among the Foundations' previously disparate standards. We also draw attention to the</i>
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			<p>to taking no more than 5% of revenue from LDC (and impoverished-zone) projects. It vital to attracting VER purchasers, that such purchasers have certainty that their funding is not being diverted to the "Standard".</p>	<p><i>fact that Verra, the largest voluntary carbon market standard by volume of credits issued, has subsequently launched SD Vista, very much following the work of Gold Standard for the Global Goals.</i></p> <p><i>b) SustainCERT was a necessary development for two key reasons: 1) To best meet the Codes of Good Practice for ISEAL, the global benchmark for standards setting, assurance and oversight, for which Gold Standard has recently been confirmed an Associate Member; 2) To access finance to invest in more efficient, user-friendly certification systems that will ease the process and reduce complexity for project developers, as SustainCERT has the ability to raise capital where Gold Standard, as an NGO, was limited.</i></p>
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<p>GOV CAT C</p>	<p>Principles & Requirements</p> <p>Programme of Activity Requirements</p> <p>Standards Setting Procedure</p>		<p><u>Diversion of Funding 2 – Non-transparency & Brokers</u></p> <p>The market for GS VERs continues to be dominated by a small number of "brokerage"-type entities acting as "intermediaries"/"middlemen". Unlike <u>every single</u> functioning global market for Equities, Commodities, Currencies and Real Estate, most of the GS VER market continues to keep VER prices secret. This has resulted in a lamentable conflict of interest. Rather than: (1) matching projects with buyers (as a normal broker would); and (2) taking a transparent commission; and (3) seeking best prices for their "project-clients", these "brokerage"-type entities instead: (a) buy from their project-clients at secret prices; and (b) sell to <u>their</u> buyers at much higher and also secret prices (sometimes taking margins in excess of 100% and further diverting funds from LDCs - with buyers being unaware of such enormous diversion of funds).</p> <p>This is further compounded in the case of the Gold Standard through the conflict of interest implicit in the close and inter-invested relationship that the GS maintains with some of these "brokerage"-type entities.</p> <p>This diversion of financing to "middlemen" further aggravates the "finance gap". The</p>	<p>While Gold Standard is a standard focused on the certification of projects and their impacts rather than regulating the secondary market, it does agree that greater price transparency would strengthen the voluntary carbon market. Though no other voluntary standards are introducing such rules, Gold Standard would support an industry-wide shift to requiring transparency. In fact, it has published a piece recently encouraging buyers to ask for those procuring their carbon credits to disclose how much of the funds are paid to the project.</p> <p>Gold Standard refutes the claim regarding conflicts of interest by working with reputable carbon market players. If Hestian believes that Gold Standard activities with any entities represents a conflict of interest, it is entitled to raise an official grievance.</p>
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			<p>Gold Standard Rules should be amended to require that the market for GS VERs be 100% transparent (and verifiably so) in respect of credit pricing (at every stage in the transfer chain).</p> <p>It vital to attracting GS VER purchasers, that such purchasers have certainty that their funding is not being diverted to intermediaries.</p>	
GOV CAT C	<p>Gold Standard Foundation Constitutional Documents</p> <p>Principles & Requirements</p> <p>Standards Setting Procedure</p>		<p><u>Non-Representation</u></p> <p>A significant factor in the diversion of funding referred to the paragraphs above is the fact that neither LDC project end-users nor project developers are represented at all on governance board of the GS.</p> <p>Project developers are the GS's biggest clients and source of revenue (and end-users, in turn, are the project developers' biggest clients). Their views and interests are not represented on the GSF Board despite multiple attempts by project developers that have been stymied by the GS Executive and Board.</p> <p>The GSF should commit to accepting: (a) one or more governance board members that represent project developers (with an ongoing mandate to broadly and regularly consult with the project developer community) and (b) additionally, one or</p>	<p>We note this feedback. Our Board of Directors has a mandate to include a representation of users of the standard with those with access to partners and donors, with an aim for balanced regional and gender distribution, while meeting a requirement by Swiss law to include two Swiss-based Directors.</p>

			<p>more governance board members that represent project end-users e.g. stove users (with an ongoing mandate to broadly and regularly consult with end-users).</p> <p>It vital to attracting GS VER purchasers and the credibility of the GS VER market, that the 'clubby'/'insider' nature of the GS's governance-board be eradicated and that such board be populated in a much more representative fashion such that the interests on the most important market participants are finally represented.</p>	
GOV CAT C	<p>Gold Standard Foundation Constitutional Documents</p> <p>Principles & Requirements</p> <p>Standards Setting Procedure</p>	<p><u>Non-legal Conversion to GS4GG & Sustaincert Spin-off - "Palace Coup"</u></p> <p>Annex A - The Gold Standard Structure and Governance V.2.2 (in force at the time of GS4GG establishment) required that at least 50% of its Board Members needed to be from The Gold Standard NGO Supporter community. At the time of each of the GS4GG establishment and the Sustaincert spinoff no Board member was from this community (0%)*</p> <p>* WWF Schweiz is represented, but NGO Supporter WWF International is not.</p> <p>Further, the GS executive suspended (without announcement or any legal basis) all applications for NGO Supporter status as</p>	<p>Gold Standard refutes the claim that Gold Standard for the Global Goals was a scope expansion. It's purpose was to align the standard with the new development agreement, as the previous versions of the standard referred to the Millenium Development Goals (which have now concluded), and deepen the impact toward development. This has always been Gold Standard's remit. We further note that other voluntary standards have recently introduced similar standards.</p> <p>Gold Standard Rules do not govern and have never governed the Gold Standard voluntary NGO Supporter program.</p>	

			<p>part of the change process. There is/was no provision in the GS Rules allowing for such suspension.</p> <p>Annex A also required the GS Board to decide whether or not an NGO Supporter majority-vote is necessary to implement "significant changes to The Gold Standard scope".</p> <p>The GS Executive has consistently declined to confirm whether such a Board decision was taken.</p> <p>Even if such a decision was taken, it would have been by an illegally constituted Board (and thus <i>ultra vires</i>).</p> <p>Each of the spin-off of Sustaincert and the conversion of the entire gold standard system over to the GS4GG system were clearly "significant changes to The Gold Standard scope" and each were clearly <i>ultra vires</i>.</p> <p>ISEAL should urgently investigate these enormously irresponsible and non-legal <i>ultra vires</i> manoeuvres and determine: (a) whether such activities are compatible with ISEAL membership; and (b) what safeguards need to be implemented to prevent recurrence. ISEAL should also require (as a condition of membership)</p>	<p>Gold Standard is aware of Hestian's complaints to the ISEAL board and does not seek to discourage them.</p>
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			that: (1) the GS re-establish the NGO Supporter community (and re-open membership applications); and (2) the GS return to the NGO Supporter community all the powers and protections applicable to the community vis-à-vis the GSF (which were abolished without legal basis).	
GOV CAT C	<p>Gold Standard Foundation Constitutional Documents</p> <p>Principles & Requirements</p> <p>Standards Setting Procedure</p>		<p><u>Non-Meaningful Stakeholder Consultation</u></p> <p>The GS Website stipulates 18 Aug 2019 as the deadline for submitting stakeholder feedback and suggestions into the revision/update of GS4GG and states that the next updated version of standard will be released mid-September 2019 (i.e. <u>less than 1 month later</u>).</p> <p>Allowing only 1 month strongly indicates that the GS has little intention of taking the comments of its stakeholders seriously and reflecting same in any revision.</p> <p>The consultation/feedback system is <u>not meaningful</u>. In addition there is no opportunity to discuss the feedback of other stakeholders prior to revision. The GS continues to be quite dictatorial.</p>	The Gold Standard for the Global Goals consultation was in line with ISEAL requirements. Further, Gold Standard published updates to the standard in late October.

For document type, please follow **Guide to Standard Documents** at <https://www.goldstandard.org/project-developers/standard-documents>.