

OPERATIONALISING AND SCALING POST-2020 VOLUNTARY CARBON MARKET Observations and comments by Klima-Kollekte

As a non-profit-organisation Klima-Kollekte 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 Klima-Kollekte

Klima-Kollekte is a carbon-offsetting fund operated by Christian churches in Germany; Austria and Switzerland. Klima-Kollekte provides opportunities for offsetting the unavoidable emission of greenhouse gases. The process is accomplished through climate protection projects using renewable energies or energy efficient methods. The project implementation is the responsibility of our stakeholders and funding organisations: MISEREOR, Brot für die Welt – Protestant Development Service, German Caritas Association e.V., the Protestant Church in Germany, Fastenopfer (Swiss Catholic Lenten Fund), the Protestant Institute for Interdisciplinary Research, HORIZONT3000, the Missionary Childhood Association `Die Sternsinger`, Mission EineWelt, the United Protestant Mission and Nordkirche Weltweit. Climate-protection projects are carried out in developing and emerging countries only.

In this regard, Klima-Kollekte benefits above all from its ties with churches, having worked for many years on an equal footing with project partners in developing countries. Together with them, we have financed sustainable, community based climate protection projects that are geared towards combating poverty among the most vulnerable populations

Klima-Kollekte's climate protection projects are certified according to Gold Standard for the Global Goals and partly in addition along the CDM-standard .

Our expertise

In order to ensure the highest quality of carbon projects benefitting marginalized communities Klima-Kollekte set up its own project advisory committee.

The project advisory committee is made up of experts from Klima-Kollekte funding organisations. The professional exchange of all committee members is based on the experience in project development with local partners in the Global South.

The project advisory committee checks the project documents prior to the start of projects according to specific criteria so as to ensure that only community based projects are selected that explicitly contribute to poverty reduction.

The project advisory committee also follows the discussions around implementation of the Paris Agreement and further developments at Gold Standard since these will impact our carbon projects. It is in this latter function that the project advisory committee participates in the current consultation process.

Comments and advices made by Klima-Kollekte

Reference in your above-mentioned document	Our comments
General remarks	We fully support the twin goals as declared by GS, which are averting the climate emergency and achieving the SDGs. This focus gives unique additional impacts for certified projects beyond solely reducing GHG emissions.

<p>Box 1 (p. 7-9)</p>	<ul style="list-style-type: none"> • The distinction between Projects with CA and those without might reinforce the perception, that the credits for offsetting are actually compensating the harm one did to the environment (and could be an incentive for the buyer to increase its GHG emissions), whereas in fact the carbon market is rather a re-distribution of remaining emissions of the worldwide emission budget. This is true for the Voluntary Compensation Market (VCM), as well as for the carbon market negotiated under article 6 of the PA. Gold Standard should be very transparent on this fact. • With the goal of achieving carbon neutrality by 2050, the created market, which implicates high administrative burden in registering and following up on CA, will only be created for 30 years, because as of 2050, there would be a significantly lower emission reduction necessary, with, in the set goals, no greenhouse gas emissions produced. • The difference between Reductions with CA and the “Financing Emission Reductions model” (FER) needs to be spelled out in a neat and simple way to customers, making a compelling case for FER certificates and thus helping to create a market for financing claims. • What is more, the split between the credits that can be used for offsetting and those that cannot needs to be carefully evaluated. As Gold Standard for the Global Goals expanded the objectives of the projects to participate in attaining the Sustainable Development Goals, a drastic fall in prices for the carbon credits in one sector, which cannot get CA, might reduce funds available for climate protection projects strongly tied to the SDGs. Concerning the principle of prevention we plead to carefully proof the outlined scenario in order to meet the SDGs and lead the path towards sustainable climate action.
<p>Second bullet point (p. 10)</p>	<ul style="list-style-type: none"> • The “Financing Emission Reductions model” (which you presented in your document “Outlining Potential Scenarios for the Voluntary Carbon Market Post-2020”) should be strengthened by emphasizing the additional impacts on the SDGs, as this is an important part of the new Gold Standard strategy with the transition to GS4GG. Emphasising the additional objectives and impacts of the projects, the value of non-CA projects would be increased. This is important so as to support poor communities as most probably especially pro-poor community based carbon projects will find it difficult and too expensive to acquire CAs.
<p>Point 3 (p. 10)</p>	<ul style="list-style-type: none"> • In addition to that, the risk of corruption remains, if projects need to get CAs. Many NGOs are working in a very localised way and the need to have official CAs from the government might lead to not being able to carry out carbon projects anymore, because of the administrative burden and high costs for CAs. Therefore, only CAs from countries that demonstrate transparency and justice in regard to the registries and the issuance of adjusted credits. While Gold Standard refers to the responsibility of the host countries, we think that because promoting the CA-model, GS should advocate strongly for a practical and

	transparent mechanism in order to allow projects to access it.
Part Two – Gold Standard Activity Types (pp. 15 ff.)	In order to focus support on pro-poor community-based projects a simplified monitoring and certification methodology, is necessary. We see Gold Standard as a strong partner to promote this path, too.
Existing project transition (p. 13)	As there are still projects transitioning from previous standards to GS4GG, it is important to avoid an increased burden on these projects, that then might lose focus of delivering the intended, high-quality outcomes on the ground (GHG emission reduction and SDGs), while trying to navigate the bureaucratic barriers.
Principle 3 (p. 5)	We support Gold Standards ambition to not being limited to the Paris Agreement rulebook, but to continue engaging stakeholders to achieve higher aims.

An argument not taken into consideration is the impact of CA on NDC ambitions. States might opt for a lower increase in NDC ambition enhancement in their next NDC goals, knowing that there will be external actors that are willing to purchase emission reduction certificates through CA. Thus, the state in question can earn more money through CA-trading of ER if the country's own NDC ambitions are not too high. , thus decreasing the possibility to reach the net zero goal.

Questions

- What is the aimed process to issue CAs by the host country? How often does the issuance come during the project-cycle?
- How will GS support the development of a credible narrative for the “Financing Emission Reductions” claim, making it attractive to markets?
- In which way does Gold Standard react to the comments outlined above?
- Will there be further stakeholder consultations, for example, but not limited to, the announced rule updates?

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