

Climate Finance Transparency Initiative: Building credibility and demand for carbon credits

5 October 2015

We believe that everyone who is contributing to driving finance to realize climate and development impacts on the ground deserves to benefit within a credible, equitable market. Gold Standard's Climate Finance Transparency Initiative is intended to increase trust in the market and therefore support other demand building efforts from market players.

Background: Barriers to demand for carbon credits

The lack of reliable information on prices, volumes and beyond-carbon impacts of projects is causing uncertainty and distrust among potential buyers. This contributes to fewer new market entrants and lower volumes and prices. While a number of factors contribute to low demand, Gold Standard believes we can help build credibility in carbon markets to help stimulate demand most effectively in three ways:

1. **Improving transparency** in carbon markets in the Climate Finance Transparency Initiative
2. **Quantifying beyond-carbon impacts** in Gold Standard 3.0
3. **Redefining voluntary offsetting** in broader [demand building efforts](#)

This consultation focuses on pillar #1: 'Improving transparency in carbon markets' as a means to stimulate demand for Gold Standard credits, thus increasing finance to Gold Standard projects.

Support from stakeholders

- A large number of our project developers have requested that we publish independent Gold Standard pricing data rather than relying on external sources.
- Influential civil society organizations and governments have expressed their interest in and support for transparent carbon markets.
- Corporate buyers of Gold Standard credits have also demonstrated interest in and support of this initiative.

Expected benefits

Much like real estate home sale pricing data helps a new buyer understand market trends and their value for money for a comparable property, understanding the market value of a Gold Standard credit will help reassure buyers that they are engaging in a fair and credible market.

With greater trust and transparency, we believe we can avoid a [Tragedy of the Commons](#) effect and ultimately support growth in the market for everyone involved. This is an opportunity for us to define the future of the market together. By increasing clarity about the real value and impact of credits, we will help:

- Build confidence in the market and demonstrate what they can accomplish—both to policy makers and potential buyers of credits
- Stimulate demand for Gold Standard credits
- Reduce risk in selling at prices lower than project costs
- Work toward a fair “price on carbon” in the absence of policy mechanisms

How the Climate Finance Transparency Initiative works

Effective 1st January 2016, Gold Standard is proposing a change to our Terms and Conditions that requires price disclosure for the transactions of Gold Standard VERs, and also Water Benefit Certificates for all **new** projects. We are also offering the opportunity to voluntarily opt in for existing projects. (*Refer to ‘Invitation to Opt-in Voluntarily’ later in this document.*)

The owner of VERs or WBCs from Gold Standard projects makes the commitment to disclose the price of credits within transactions, valid for all the credits they own at that time and any that they will purchase for sale or retirement in the future by signing new Gold Standard Terms and Conditions. Terms and Conditions will include a clause affirming that the information will be entered accurately and without misrepresentation, subject to exclusion from the program.

For these participants, when a transaction is initiated in the Registry, the field for Price per credit must be completed. When the account holder approving the transaction receives the pending notification, completing the transaction indicates that this price is acceptable and accurate.

How data will be reported

Pricing data will not be made public at the transaction level; rather, we plan to use aggregated data to report anonymous pricing information back to the market through a third party research partner.

The proposed phased approach to reporting:

- **2015 Q3 and Q4 – Issuance/Retirements Reporting:** At the end of each remaining quarter of 2015, we will publish issuance and retirement data on Gold Standard credit volumes according to project types and geographies.
- **2016 – Quarterly Anonymized Price Reporting:** We will aggregate pricing information for Gold Standard credits according to project type and geography and publish this anonymized pricing data in a report.

- **Additional Consideration - Benchmark or minimum pricing:** Based on our analysis of data, we will consider creating benchmark minimum pricing per project type and geography using historical data. Prices could be negotiated to higher points, with even greater legitimacy when beyond-carbon benefits are more rigorously quantified and verified in Gold Standard 3.0.

Please refer to the Annex for proposed method of reporting.

Invitation to opt-in voluntarily

While this will be required for all new projects and sellers of credits from those projects from 1st January 2016 onwards, we are reaching out to our project developers and retail partners to begin gathering data now, and to ensure we present the data how it's most relevant and effective for building trust, credibility, and demand in the voluntary market.

We will reward those who voluntarily join this Climate Finance Transparency Initiative for their existing projects and credits for sale. Those who agree to participate in this program and to disclose the price of transactions of Gold Standard VERs and WBCs by 16 November 2015 will be eligible for promotion in Gold Standard communications, in our conversations promoting investment in Gold Standard projects, and as an aggressive PR push. This includes:

1. Announcements at Gold Standard's events Sustainable Brands on 17 November and at COP21 in December.
2. Listing on Gold Standard's new website as an endorsed seller of Gold Standard credits (those who do not participate in the Climate Finance Transparency Initiative will not be listed)
3. Eligibility to feature your projects in Gold Standard's dynamic new project portfolio and any future relevant e-commerce platforms that sell GS credits
4. Inclusion in promotional material that is shared at Gold Standard's participation in CSR/sustainability events as well as policy events and workshops
5. References to your participation in this initiative in the press release announcing the program, to also include endorsements from government and civil society signatories within ongoing PR efforts
6. Social media promotion of the initiative by Gold Standard and other signatories
7. Eligibility to participate in a forum of Gold Standard project developers, retailers, and corporate partners that will be developed shortly

The consultation: 5 October – 3 November 2015

This initiative is moving forward based on support from governments, civil society and corporate buyers. We encourage all Gold Standard stakeholders to use this as an opportunity to join us as a way to define the future of strong, credible and equitable markets.

The focus of this consultation is on how the data should be reported. Please provide your feedback on how this report can make the information as productive as possible. We also welcome questions and clarifications about how the program will be structured and rolled out.

Questions to consider:

- Are we segmenting the data by project type and geography in the best way? What changes would you propose?
- What other data points would be useful and why?
- Is quarterly reporting an appropriate frequency?

All comments should be sent in an email to transparency@goldstandard.org by 3 November 2015.

We will gather and synthesize feedback from our stakeholders and will publish all comments and Gold Standard responses on our [Public Consultations](#) page of our website by 9 November.