

## Clousure of grievances related to the Vestergaard Lifestraw project following investigation conclusions

**GENEVA, Switzerland, November 2017** – On April 14, 2016, atmosfair sent Gold Standard written complaint against the Gold Standard-certified carbon offset project, “Sustainable Deployment of the Lifestraw Family in Rural Kenya” (“GS886”). Atmosfair alleged that GS886’s project developer, Vestergaard Frandsen (“VF”), misrepresented the household usage rates of the Lifestraw water filters. The complaint cited as evidence the 2014 documentary “Carbon Crooks” by Tom Heinemann, public statements by the Managing Director of the Mulago Foundation, Kevin Starr, and a research article titled, “[Climate and Health Co-Benefits in Low-Income Countries: A Case Study of Carbon Financed Water Filters in Kenya and a Call for Independent Monitoring](#),” authored by, among others, Dr. Amy Pickering, and published in the September 2016 issue of Environmental Health Perspectives (hereafter “the Article”). The Article presented alternative usage rates for periods that correspond with the monitoring periods for which the Gold Standard issued carbon credits to Vestergaard Frandsen’s Lifestraw project (GS886). At the same time, atmosfair, a competitor to Vestergaard Frandsen (VF), filed a written complaint against GS886, citing the Stanford study.

Gold Standard first conducted a desk review of the Article in January 2017 to assess whether its data constituted evidence not previously considered in a 2013 grievance filed against GS886. If the study constituted new evidence, a new grievance investigation would be opened. The desk review concluded that the Article did constitute new and relevant evidence because it appeared to present comparable and credible monitoring data that was significantly lower than results reported by GS886.

On this basis, Gold Standard opened a grievance, published an [investigation plan](#) to further review the Article’s approach and findings, and flagged the project in the Markit Registry as being under investigation. The investigation included a comprehensive review of the data collection methods followed by Dr. Pickering and her research team, as well as solicitation of feedback from Vestergaard, Berkeley Air Monitoring Group, the auditor, Dr. Pickering, and other relevant parties. The investigation examined whether the data in the Article was comparable to the data reported by GS866, as well as the credibility of the data collected by Dr. Pickering and her research team.

Gold Standard has published a [final report](#) with findings of fact, analysis, conclusions, and recommendations to resolve the project grievance.

The investigation solely focused on the Article because GSF had reviewed and dismissed Carbon Crooks and statements by Mr. Starr in the 2013 grievance against GS886. Setting the standard of review, the investigation determined that, in a case where the complainant requests the cancellation of carbon credits from a registered project that has issued and sold carbon credits, the evidence against the project needs to be unequivocal. The investigation concluded that there are challenges with comparing the data in the Article with the data reported by GS886 due to (i) a significantly smaller and narrower study population that focused primarily on pregnant women, (ii)

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a smaller geographical study area that excluded areas with high water turbidity, and (iii) a different definition of a “user.”

Further, the organisation that collected the usage data for the Article, Innovations for Poverty Action (“IPA”), may have had a potential conflict of interest due to its strategic and financial interests in a competing technology and carbon offset project that falls within the same project boundary as GS886.

While Gold Standard does take adverse action against a project that violates its rules, there exist too many challenges with the evidence presented in the Article to make an unequivocal finding.

As a result of the summary of these concerns, Gold Standard determined that it cannot take any adverse action against GS886 at this time. It is also worth noting that at the time of writing no verification or issuance has been sought by VF since 2014. To the best of our knowledge, VF has no plans to request a future issuance from the Gold Standard for GS886.

These findings were shared with interested stakeholders, including atmosfair, GermanWatch, and the German Federal Ministry of the Environment, Nature Conservation, and Nuclear Safety (BMUB) and discussed during an in-person meeting in Berlin, Germany in October 2017. Gold Standard has now closed this grievance.

Gold Standard recognizes that there have been several stakeholder concerns about GS886, one of the first clean water projects to use the Suppressed Demand methodology. GS886 and the suppressed demand methodology provided both positive and negative disruptions to the market, challenging the delicate balance between innovation and integrity. Gold Standard notes that there are inherent risks in being a first mover, and Gold Standard has learned important lessons from this grievance as it continues to chase innovation in the carbon markets.

Suppressed Demand was created to unlock carbon finance in the poorest communities on the planet. It is a controversial approach and has thus been subject to much critique. But Gold Standard still believes it is a useful tool to achieve its original objective, though its best and highest use may not be in large scale projects like GS886. While this grievance was under investigation, Gold Standard released its new platform, Gold Standard for the Global Goals (“GS4GG”). Under GS4GG, Suppressed Demand applies only in certain project scenarios, such as small scale cookstove or clean water projects. There are also ongoing efforts to provide more robust guidance and formats to conduct surveys for usage rates. Gold Standard looks forward to working with key stakeholders like atmosfair, GermanWatch and BMUB to enhance its rules.

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