

To	The Gold Standard Foundation Board of Directors; The Gold Standard Foundation Technical Governance Committee
From	The Secretariat
Date	April 25, 2017
Subject	Risk Assessment and Investigation Plan for GS886: Sustainable Deployment of the Lifestraw Family in Rural Kenya

BACKGROUND

On September 14, 2016, a group of Stanford University academics led by Amy Pickering published a study 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.” The study is highly critical of the water filter usage rates reported by the project developer, Vestergaard Frandsen, and against which the Gold Standard issued voluntary carbon credits for GS886. While the Gold Standard was aware of the publication of the study, it was also raised through the Gold Standard’s grievance process by Atmosfair, a Vestergaard competitor.

To date the Gold Standard has focused on the Stanford study’s recommendation for more third party monitoring. However, the Stanford study also provides alternative usage rates for periods that correspond with the monitoring periods for which the Gold Standard issued carbon credits. If the Stanford study’s usage rates are credible, then the Gold Standard may have overissued credits to GS886. Consequently, the Gold Standard is opening a new grievance to investigate whether Stanford’s usage data is credible and, if so, the consequences for the project and its issued credits.

RISK ASSESSMENT

This risk level of this grievance is high: (i) it concerns one of the Gold Standard’s largest and most visible projects; (ii) it involves Atmosfair, a Gold Standard NGO Supporter; (iii) outcomes of the grievance investigation may contradict past outcomes from an earlier grievance investigation conducted on the same project and issue; and (iv) the volume of carbon credits at risk for potential cancellation or replacement is substantial.

INVESTIGATION PLAN

Step 1: Appoint the investigation team

The first step in any Gold Standard grievance investigation is to appoint the investigation team. The investigative process will be facilitated by Gold Standard’s general counsel, Lisa Rosen, who has had very little, if any, involvement with the project or its prior grievance investigation. The lead investigator is Owen Hewlett, who has no previous ties to the project or any of its past reviews. Richard Illife, who has no previous history with the project, and Vikash Talyan, who participated in two issuance reviews for GS886, will provide support as needed.

Step 2: Draft the Terms of Reference

The second step is to define the scope of the investigation. The scope will be memorialized in the Terms of Reference, which must be approved by the Gold Standard's Technical Governance Committee and an executive committee from The Gold Standard Foundation Board of Directors. The final Terms of Reference will be posted to the website with this Risk Assessment and Investigation Plan. At the same time, in accordance with Gold Standard policy and for the purpose of transparency, we will also place a flag on Vestergaard's Gold Standard Registry account that lets viewers know that the project is under investigation. The flag appears on the main project page and states: "The Gold Standard is currently investigating a grievance associated with this project: <http://www.goldstandard.org/our-work/grievances/sustainable-deployment-lifestrw-family-rural-kenya-gs886>."

Step 3: Desk review

The next step is to conduct a desk review of the Stanford study. The review of this information will be conducted internally by the Secretariat.

Step 4: Solicit feedback from Vestergaard, Berkeley Air Monitoring Group, the auditor and any other relevant party

It is critical in every grievance investigation to ensure that the project developer and other interested parties have the opportunity to provide feedback. After the Terms of Reference are completed, the Gold Standard will notify Vestergaard Frandsen of the grievance (including the Terms of Reference and this Risk Assessment and Investigation Plan) and ask for feedback on the Stanford study.

At this stage it is also important to solicit feedback from Berkeley Air Monitoring Group, which conducted the first investigation of GS886. Likewise, the verifier(s) that approved the verification report(s) at issue must also be interviewed. The role of the auditors is to ensure the credibility of the certification through third party assessment. The reputation of the auditor(s) that performed the verification(s) is also at stake, and individual(s) should be given an opportunity to provide feedback in this investigation.

Step 5: Issue preliminary report

The investigation team will produce a report that includes draft findings of fact, recommendations, and reasoning that underlies those recommendations.

Step 6: Review findings

The report resulting from the desk review will then be reviewed by 1-2 individuals within the Secretariat.

Step 7: Send draft findings to Vestergaard

After the report is revised by the investigation team in Step 6, it will be sent to Vestergaard for review and comment.

Step 8: Send revised findings to the Technical Governance Committee for review, discussion and approval

The investigation team may revise the draft report based on the feedback from Vestergaard. The draft report and any feedback from Vestergaard will be sent to the Technical Governance Committee for review, discussion and approval of the recommendations.

Step 9: Solicit additional feedback from Vestergaard

There may be a need for discussion between the Technical Governance Committee and the Secretariat, the Stanford researchers or Vestergaard. Time will be allotted to ensure that the Technical Governance Committee has the full view of the Stanford study and any feedback from Vestergaard before finalizing the findings of fact, recommendations, and reasoning underlying those recommendations in a report.

Step 10: Send to executive committee of Board for final approval

The final version of the report will be sent to an executive committee of The Gold Standard Foundation Board of Directors for discussion and approval.

Step 11: Secretariat finalizes report and implements recommendations

After the final version of the report is approved by the executive committee of the Board, the report will be approved by the Secretariat and the recommendations will be implemented. The final version of the report will be posted to the website. Please note that draft versions of the report will not be posted to the website.

TERMS OF REFERENCE

In support of the review of GS886 regarding new information about usage rates from the Stanford study “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,” the Gold Standard shall investigate the following issues:

Part one: Non-Conformity Assessment

- Provide an assessment of whether the issues raised are a potential non-conformity in relation to the reported monitoring data. This will be assessed against the Standard as applicable at the time of certification as well as other related documents such as the Gold Standard Terms & Conditions.

OUTPUT: A short assessment report of whether the issues raised, should they be proven correct, constitute a non-conformity against the Standard or are in breach of any associated documents such as the Terms and Conditions.

Part two: Comparison of Monitoring Reports

- Review the original GS886 Monitoring Reports, Verification Reports, the investigation completed by Berkeley Air Monitoring Group, and the Stanford study and provide a comparison between the methods and results found in each
- Within the above analysis review to what extent the Stanford study’s findings would impact issuance figures if they were used
- Make recommendations as to the relative credibility and equivalence of Stanford study so far as possible
- Discuss questions, feedback with the authors of the Stanford study if feasible

OUTPUT: A report providing a comparison and analysis between the GS Monitoring Reports and the Stanford study, making recommendations as to the applicability of the Stanford study findings.

Part three: Recommended action

- Document findings of fact, recommendations, and the reasoning underlying those recommendations in a report for review by the Technical Governance Committee and an executive committee of The Gold Standard Foundation Board of Directors.

OUTPUT: Report summarizing Parts One and Two and providing options and recommendations for actions to be taken.

The investigation will be led by Owen Hewlett with support from Richard Illiffe and Vikash Talyan.