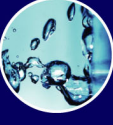
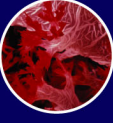


The Gold Standard:

A carbon market tool to reap payments for environmental services

Michael Schlup, Director

**FAO Side Event, COP11
Montréal, Canada, Nov 29th 2005**



The Gold Standard

The Gold Standard ...

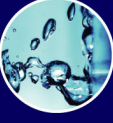
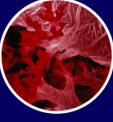
... provides a simple way of
assessing SD benefits and
demonstrating this in the market.

It is ...

- ... a set of add-on tools
- ... a label
- ... a non-profit NGO initiative
- ... free to use



It is *not* a broker, buyer, fund or rating organisation



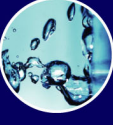
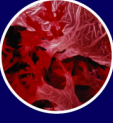
GS Criteria and Procedures

➤ **Criteria: a good project ...**

- Renewable energy, energy efficiency
 - > et al.: biomass
- clear additionality guidelines
- Structured assessment of sustainable development benefits

➤ **Procedures:**

- Built-in screens in PDD template
- integrated DOE validation
 - > designed to minimise transaction costs



Gold Standard ,Screens'

Screen = set of tools with defined quality thresholds; based on field-tested tools; reflect priorities of GS founders

1. Project type Screen

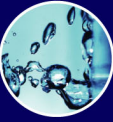
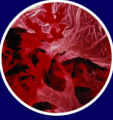
→ *Promotion of long-term shift towards sustainable energy systems*

2. Additionality Screen

→ *Secure emission reductions are real*

3. Sustainable Development Screen

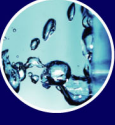
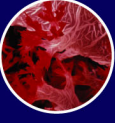
→ *Guarantees locally adapted projects and SD benefits*



Sustainable Development Screen

Sustainable Development Assessment Matrix

Component	Indicators (example)	Score \$2 to +2
Local/regional/global environment	Water quality and quantity Air quality (emissions other than GHGs) Other pollutants: (including, where relevant, toxicity, radioactivity, POPs, stratospheric ozone layer depleting gases) Soil condition (quality and quantity) Biodiversity (species and habitat conservation)	Habitat alteration Species composition
Sub total		
Social sustainability and development	Employment (including job quality, fulfilment of labour standards) Livelihood of the poor (including poverty alleviation, distributional equity, and access to essential services) Access to energy services Human and institutional capacity (including empowerment, education, involvement, gender)	Contribution to poverty alleviation & improvement of local living conditions
Sub total		
Economic and technological development	Employment (numbers) Balance of payments (sustainability) Technological self reliance (including project replicability, hard currency liability, skills development, institutional capacity, technology transfer)	
Sub total		
TOTAL		



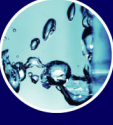
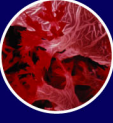
Benefits from using the GS

- > The Gold Standard is a **risk management tool**
 - globally applicable SD assessment
 - rigorous and conservative
 - participatory approach
 - NGO support
- > The Gold Standard is a **financing mechanism**
 - increased security of getting good quality, lower delivery risk and increased reputation has a value.



The Gold Standard

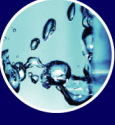
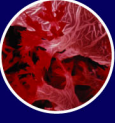
Premium quality carbon credits



Sustainable development services

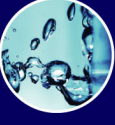
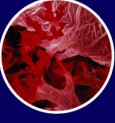
Non-monetary valuation of SD services essentials

- transparency
- global applicability, regional adaption
- participatory approach
- **simplicity**



Market experiences

- **Multiple objectives vs. price fundamentals:**
Additional instruments needed to demonstrate provision of an array of services
- **Market exposure**
Requirement for market-based approaches and procedures
- **Buyer segments**
Compliance buyers need appropriate legal frameworks; voluntary market needs benchmarks



Conclusions

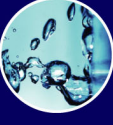
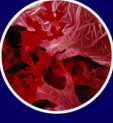
„The real problem is, the CDM works perfectly!“

- Market mechanisms alone insufficient
- no WTP for SD services without incentives for investors
- linkage to compliance schemes, CSR, image, marketing etc. as incentives
- high credibility of SD services assessment essential



The Gold Standard

Premium quality carbon credits



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The Gold Standard

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