

## Gold Standard public statement for Safe Water Supply grievance investigation report

**8 April 2021**

Gold Standard's priority is to safeguard environmental integrity and enable climate action that delivers quantified, verified benefits to the Sustainable Development Goals.

Recognising the increasing water access challenges due to climate change, Gold Standard took the initiative in 2010 to develop an approach to allow carbon finance to reduce emissions while increasing access to safe water - an underserved sector in climate finance. Due largely to the significant sustainable development benefits associated with the sector, a growing number of Safe Water Supply (SWS) projects have been initiated in the past years.

During the regular Quality Assurance / Quality Control (QA/QC) process in which Gold Standard reviews project certification, several key parameters for SWS projects were noted as leading to emission reductions higher than would be expected based on current academic literature and field research.

Because the risk of over-issuing credits was high due to the recent growth of registered projects in the SWS portfolio, the Chair of the Gold Standard Technical Advisory Committee (TAC) raised a grievance to prompt immediate action that enabled Gold Standard to ensure its principle of conservativeness could be applied across the entire portfolio, including for already registered projects.

An investigation was initiated, led by Berkeley Air Monitoring Group (BAMG) and overseen by an independent working group comprised of Gold Standard TAC members with no conflict of interest.

The investigation found that values reported are higher than what is expected based on current academic literature and historic field research, particularly among borehole projects, though it found no evidence the project developers did not follow the methodologies. It is also important to note that due to Covid travel restrictions as well as the need to move quickly to allow projects to continue delivering clean water to communities, the scope of this investigation did not include analysis of each of the 200+ projects in the SWS portfolio; rather the investigators evaluated case studies compared to literature and default technology specifications.

Gold Standard has taken careful note of the representations to the draft investigation report submitted by SWS project developers, most which maintain that project realities do not always map to academic literature and field research, particularly for borehole projects. These representations were considered and reflected as investigators deemed appropriate in the final report.

To deliver against Gold Standard's principle of conservativeness the Gold Standard Board of Directors, with a recommendation from the TAC, made a decision that the

comparison estimates from the BAMG investigation report should be considered as reference values in certification decisions for all SWS projects until formal updates go into effect for Annex 3 of the Technologies and Practices to Displace Decentralized Thermal Energy Consumption (TPDDTEC) methodology, which provides requirements for SWS projects.

To ensure environmental integrity, any carbon credits issued from registered projects with previously approved baselines higher than the reference values from the BMAG investigation report must be compensated by retiring an equivalent number of Gold Standard carbon credits to account for the difference prior to issuance. Buyers of these SWS credits can therefore be assured that their purchases represent real carbon reductions and that they have supported sustainable development outcomes through the SWS project as well as the project used as additional compensation.

A working group of the Gold Standard TAC has reviewed the SWS Annex based on the findings of this investigation, the latest academic research, project developer representations and expertise, and further project reviews. Proposed updates to the SWS Annex aim to enable carbon finance to continue to support the delivery of safe water to vulnerable communities with the highest levels of integrity. Updates also aim to provide further clarity and simplifications for developers where needed, while maintaining the highest level of rigour associated with Gold Standard.

Gold Standard has shared these proposed updates to the SWS Annex for public [consultation](#) and will publish an updated SWS Annex in due course. This consultation process will inform future updates to the methodology or to the assurance process, as needed.

As part of its regular standard update process, Gold Standard is also undertaking a full review of the microscale programme. This review aims to ensure that it is properly structured to deliver on its purpose to enable access for small scale but high impact climate action in vulnerable communities while ensuring sufficient assurance, taking into account the investigation report findings.

Finally, while the investigation did not analyse historic issuances, nor did it reach conclusions on potential past over-issuance, to be conservative and to safeguard environmental integrity, Gold Standard will retire Gold Standard-certified carbon credits in line with the potential historic over-issuance mentioned in the report.

As water crises intensify due to a changing climate, Gold Standard invites the climate and development community to contribute to a longer-term, comprehensive review of how to leverage climate action deliver finance to this urgent humanitarian need, which could prompt further methodology development or the generation of new climate finance mechanisms.