



TSVCM Phase 2 Public Consultation

Open Letter

Bringing a stronger focus on SDG 5: Gender Equality in the voluntary carbon market¹

The TSVCM was set up to enable the scaling of voluntary carbon markets – up to 15 times by 2030 – while simultaneously increasing the integrity of the underlying markets. The combination of ‘real and perceived’ issues within the voluntary carbon market create difficulties in scaling them in line with the demands of the Paris Agreement. The Sustainable Development Goals (SDGs) sit alongside and are intricately tied to the achievement of the global goal of limiting global warming to 1.5 degrees and to reach zero carbon emissions by no later than 2050. This is the decisive decade which will determine whether 1.5 is achievable.

One of the core principles of the Task Force² is ‘to ensure that emissions reductions projects benefit local communities, preserve or strengthen ecosystems and do no harm’ thus putting people and building community benefits at the very heart of voluntary carbon market operations.

Whilst we subscribe to the overall principle of a people and community benefits- based approach, the purpose of this submission is to bring a specific focus on gender equality and the empowerment of women and girls, and to provide insights and recommendations to the TVSCM on fundamentally ‘upping its game’ on gender, in accordance with SDG #5 (gender equality and women’s empowerment) and the UNFCCC Enhanced Lima Work Programme on Gender and its Gender Action Plan.

As an overall comment, the public consultation documentation is remarkably silent on gender which, given the vast amount of progress that has been made on gender in the wider climate and development sectors is disappointing. We point the TSVCM to key policy frameworks such as the UNFCCC’s Gender Action Plan (2019) as a ‘must consult’. It is too late in this stage of the process to now address this concern in any depth, but we hope that the comments and recommendations that follow will inform the next stage of the process.

¹ This note has been prepared by Sue Phillips, Gender Tech Enterprises (GTE) and Jeannette Gurung of Women Organising for Change in Agriculture and Natural Resource Management (WOCAN). It draws on a discussion, ‘Call for Action: Gender Equality in Carbon Markets’ held on June 17th to inform this response to the TSVCM, and on the WOCAN White Paper, *How the scaling of voluntary carbon markets can amplify gender equality impacts (2021)*. We thank participants for their contributions and insights. Any errors and omissions are those of the authors. Comments and suggestions are welcome and should be sent to sue@gendertech.co.uk and jeannettegurung@wocan.org

² TSVCM Phase 1 Final Report, Jan 2021

The Evidence: Why a shared focus on gender and climate matters

Considerable evidence exists to support the argument that if we don't address climate and gender jointly, we undermine both agendas. Conversely, by integrating the two, we can amplify the impact of both. The cost of inaction is high. To reach the scale required for fast climate results, we cannot afford to exclude the knowledge, skills and networks of women by neglecting their contributions to tackling climate change, nor ignore the threats climate change poses to global gains in advancing gender equality and women's empowerment³. Evidence suggests only 10% of climate finance flows to the local level, 1% of 'gender equality' funding from governments flows to women's organisations and 3% of environmental philanthropy supports 'women's environmental activism' (Daniel, T 2020⁴).

At the same time there is a growing body of strong evidence of women's positive impact on climate change mitigation and adaptation. For the mission of the TSVCM to succeed, it needs both men and women to actively engage through the VCM eco-system:

- at the sharp end in the **communities in the global south** where women are and should be further encouraged to engage and benefit from carbon reduction and avoidance projects as entrepreneurs, business and community leaders, consumers and members of women led groups and projects

Box 1: Do women make a difference?

A randomized trial supporting 440 forest users from Indonesia, Peru and Tanzania. A 50% gender quota was assigned to half of the groups. Groups with a gender quota conserved more trees in a 'payment for ecosystem services' intervention and shared the payment more equally (Daniel, 2020 referenced)

- in the **carbon markets**, as project developers, brokers, standard setters and auditors

From a WOCAN Survey of Women in Environmental Markets Ecosystem (2021):

65% of respondents believe the demand for carbon credits with women's empowerment benefits will grow once buyers are aware of the opportunity to purchase offsets with a co-benefit for women's empowerment/gender equality. 90% of the brokers think there is an interest from buyers to support projects that benefit women, with 67% of respondents believing buyers would be willing to pay a premium price for GHG credits with women's empowerment co-benefits.

- upstream **in the Boardrooms** where investors and buyers drive carbon reductions in companies and use carbon credits to offset their ongoing emissions during their transition

Box 3: "The presence of more women corporate directors in a company is linked to the proactive pursuit of sustainable business practices and opportunities such as investing in renewable power"

³ W+ White Paper 'How the scaling of voluntary carbon markets can amplify gender equality impacts' WOCAN and the W+ Advisory Council. Phase 1 Submission to TSVCM 2020.

⁴ Daniel, T, 2020. **Feminist Climate Finance Brief: Recommendations for Canada's Climate Finance Pledge**. New York, Women Environment and Development Organisation.

generation, improving energy efficiency, and measuring and managing emissions” A critical mass of 30% of women on a company’s board improved climate governance, innovation and a lower growth rate of emissions: 0.6% compared to 3.5% for companies with no women on their board (Biegel, S and Lambin, S, (2021): Gender and Climate Investment: A Strategy for Unlocking a Sustainable Future.

The Current State of the Voluntary Carbon Market

In preparing for this submission, we have researched and consulted across the ecosystem, including participants of the TSVCM consultation group and Working Group on Credit Integrity⁵. We have arrived at the following summary assessment on the current state of play in the voluntary carbon markets:

- Too many carbon projects have **limited or no specific requirements that acknowledge the role of women in the green economy** despite a growing demand. In a recent survey by WOCAN, 67% respondents said they believed buyers would be willing to pay a premium price for credits with women’s empowerment co-benefits. We know from wider consultations and other research that there is a dearth of ‘good’ projects that benefit women and the climate, and an urgent demand to bring forward more projects to market (through carbon credits and wider green finance markets).
- A **limited number of standards** (e.g., VCS, SD Vista and CCB, Gold Standard) draw attention to the impact of carbon offset projects on women, in negative or positive ways. Even these standards have been criticised for verification of projects that have failed to protect (and have had negative impacts) on local communities, indigenous communities and women specifically. Even though there are beacons of good practice projects that have also been verified under these standards, they are few and not widespread.
- **Inadequate monitoring and reporting** on women’s empowerment and gender impacts due to the limitations of current baseline measurement and impact assessment methodologies and the limited gender and social development skills available to the VCM ecosystem. This is despite the fact that there are vast bodies of experience available in the wider development and climate sector; from gender and social impact assessment methodologies and design tools to the deep gender knowledge, skills and experience that reside amongst gender professionals; women and feminist organisations and networks in and across the global north and south; in the private sector (corporates, networks and consultancies), public (e.g. government, UN, DFIs and IFIs) and civil society;
- Whilst some standards promote SDG co-benefits and ESG in particular, combining carbon emissions reduction/avoidance with **meaningful consideration of gender equality co-benefits and assuring that women engage in and benefit** from these projects is limited. There is a long way to go to mainstream practice in the markets despite growing demand from buyers and investors for projects that combine the empowerment of women with climate action. The carbon business case for building in a gender lens from the outset of project design is yet to be sufficiently articulated

⁵ This note partly draws on earlier written submissions by Sue Phillips to the Working Group on Credit Level Integrity

and understood to be widely grasped and seized upon by project developers and the wider eco-system.

- The W+ Standard (www.wplus.org) was designed in 2015 as a tool to measure and monetise women's empowerment within climate projects and thus scale up action on climate and women's empowerment, which was awarded the UNFCCC Momentum for Change award in 2016. Whilst client demand is growing, the experience of developing market demand has highlighted the inadequacies of the current market incentive structure to widespread take-up of this or other methodologies designed to strengthen the focus of co-benefits.
- **Ignoring transformational actions** such as compensating women for their knowledge and labour and global public goods and services to mitigate climate change. Such transformational approaches have gained traction in the wider development sector and there is a whole body of work on women's unpaid care work and the vast economic value that resides here

It is deeply disappointing that despite its stated good intentions on SDG alignment and consideration of social co-benefits and impacts on communities, indigenous groups and women in particular, that the draft recommendations of the TSVCM are virtually **gender blind** -with limited references and certainly no central recognition of the importance of the fact that gender and social justice objectives are absolutely intertwined with climate mitigation and CO2 reduction goals. **We would like to see the TSVCM's legacy as greater than this** to achieve its stated aim of driving up standards across the eco-system to enable quality credits to flow at scale.

Recommendations

We set out below our suggestions for integrating into the final report and TSVCM recommendations. We do this within the four content topics of the current consultation exercise.

Stakeholder engagement

Stated Ambition: **public awareness** of the climate and co-benefits Voluntary carbon Markets can drive as an important complement to direct emissions reductions.

400+ participants have been involved in the work of the TSVCM. Our key question here is how far has this consultation reached, both geographically and in terms of interest groups? We are particularly concerned that the consultation process has not reached the more challenging parts of the eco-system. Without tackling some of the fundamental concerns raised by such stakeholders, voluntary carbon markets will fail to gain the credibility they seek. The inclusion of gender expertise within the Advisory Board and the extent of the TSVCM's pro-active stakeholder engagement outside of 'safe spaces' would be welcome.

Governance

Stated Ambition: **A future umbrella body** with a mandate to implement and update Core Carbon Principles, provide oversight over standard setters and co-ordinate interlinkages between individual bodies

One of the core recommendations of the TSVCM is to establish a new governance body to oversee an 'at scale' market. The public consultation document sets out the more detailed recommendations and a ToR for that new governance body. Reviewing this through a gender equality lens, we have the following observations and recommendations:

1. **Diverse perspectives as a force for creativity and innovation:** we strongly urge the TVSCM to place stronger emphasis in the governance arrangements for the Umbrella Body and its various component parts to comprise both established/ experienced players in the carbon markets **alongside** new entrants/ individuals and organisations bringing different and fresh perspectives to the table. We believe this to be the best route to achieve innovative and forward looking solutions based on current and future challenges. We don't subscribe to the 'fresh start' view that ignores the vast experience that already exists, but do subscribe to the notion of 'fresh perspectives'.
2. **Meaningful contribution from the global south:** The ToRs and consultation document reference individuals and organisations from 'different geographies'. For both credibility, and to ensure that the umbrella body is truly inclusive, it is essential that 'the global south' is represented and has a direct voice within the governance arrangements. Please, therefore, be more explicit about this and seek direct and significant representation on the Board, Expert Panel/s and Consultation Group from organisations that can represent the views of women and other community level stakeholders, such as national and regional alliances.
3. **Expert panel and working groups:** The ToR suggests working groups be convened for assessment of different methodology types. Whilst we fully support bringing together experts with specialist expertise for specific tasks, we strongly recommend mixed working groups/ expert sub-panels to provide the challenge and creative mix needed for innovation. We also question whether methodology-based working groups is the right place to start. We believe that there is still work to be done on the CCPs and standards as a next step and an important role for expert working groups.
4. **Ensuring social impacts and co-benefits are built into the governance arrangements:** in order to make genuine in-roads into strengthening the gender (and wider social) as well as climate integrity of carbon credits (within the CCPs themselves and/or as ESG co-benefits), we ask the Task Force to make specific recommendations to step up action and consideration of this little highlighted but massively important aspect of voluntary carbon markets. One clear way in which the TSVCM can progress this vital work is by embedding this into the future governance structure; and **specifically proposing a gender and/or social impact sub panel/ expert group** with a ToR to assess the opportunities for strengthening the gender and wider inclusion dimensions of the voluntary carbon market. This group would ideally be made up of experienced gender and social inclusion specialists working in the voluntary carbon market (e.g. from standard setting organisations such as the W+ Standard, and VVS and brokers) as well as others in adjacent markets (e.g. gender lens investing, IFI social impact assessment/ results based finance, CSR specialists) and those working directly with local level feminist activists and organisations and community groups representing the views and experiences of affected communities and indigenous groups. In addition, and essential to success, will be inclusion of other 'sharp end' professional experts

(especially carbon finance) to arrive at solutions that are workable and will incentivise rather than slow down investments in carbon markets.

5. **Gender and VCM Leadership:** Women are vastly under-represented in climate policy and financing processes yet women's leadership is known to increase the effectiveness of climate funding (as highlighted above). We therefore strongly recommend that the TSVCMM pay serious consideration to such evidence and consider the makeup of the Governance Body and its component parts, and seek high levels of participation from women at every level, making this an **explicit objective in its decision making**. Additionally, we recommend the appointment of a **gender high level champion** (and/or wider social co-benefits champion). We strongly recommend ensuring that one Board member be specifically appointed with this expertise and remit to provide the strategic level driving force needed to make any meaningful inroads into raising market standards, integrity and market demand on this front.

Credit level integrity

Stated Ambition: Core Carbon principle threshold standard that does not exclude credits from the market but marks out those that satisfy a high quality standard

A core recommendation of the TSVCMM is to promote market standardisation around quality standards and a new set of 'Core Carbon Principles' that draw on the best and go beyond established market practices.

Core Carbon Principle: 'Do no net harm'

1. **The designation:** It is good to see that the question of whether this CCP should be enhanced to include benefits has now been included as a question for the future governance body since the TSVCMM has not been able to progress this fundamental issue which is central to the future credibility and impact of the voluntary carbon market. Our position is that **'do no net harm' should be an absolute rock bottom minimum rather than a quality standard that the market should be encouraged to rise to**. As currently framed, it is difficult to see how 'no net harm' represents a step 'to surpass quality standards currently in the market'. This level of ambition is even below some existing standards, such as the Gold Standard which requires positive impacts on at least three SDGs. In our opinion, building in achievement of co-benefits from the outset as an integral part of project design and approval, should be a minimum standard and an integral to this CCP. This seems vital to eradicating harmful social and environmental impacts of carbon offset projects, gaining the support and buy in of women and their communities and for VCM success in achieving carbon reductions/avoidance. This can be done within the VCS of Verra, for example, by adding the W+ Standard certification to generate 'W+ labeled VCUs'.
2. **Safeguards:** we recommend that the net be cast wider to adjacent financial institutions (such as IFC, CDC, 2X Challenge and others) to enable the sector to benefit from the vast amount of work done on safeguards and guardrails. We recommend that the future Expert group be tasked with researching and drawing out leading safeguarding standards and methodologies to promote and embed in voluntary carbon markets.

- 3. Current Assessment Practices:** the rationale for listing the level of assessment needed for each methodology type for 'Do no net harm' is unclear. On what basis is the judgement made and what are the implications? It is noticeable (and concerning) that all methodologies are assessed as requiring either low or medium assessment. We recommend that TSVCM steps back from this methodology level assessment and consider the issues that apply across the market and the steps needed to push up assessment standards. For gender and social impact assessments this would entail helping the voluntary carbon market to **improve the quality of baseline measurement and impact assessments**; outlining **recommendations for tackling some of the blockages** raised above to quality assessments; for example, building resources drawing from beyond carbon markets and widely sharing these across the ecosystem; building up the pool of gender and social impact assessment experts locally, regionally and internationally; sharing good practices and examples of methodologies that help push the boundaries on women's empowerment and more transformational change; and setting easily measurable but meaningful targets.

Additional Attributes: Better definition and weight of gender and social considerations and impacts

- 1. Quality v quantity:** One of the concerns frequently levelled at the carbon markets is the quality of ESG co-benefits and that are reported through a 'tick box' exercise. So, a key question for the TSVCM is how can the work of the future governance body and expert group contribute to raising the quality of co-benefits? How can the market guarantee the integrity of these co-benefits that buyers are seeking to purchase? We recommend that this be included as one of the tasks of the future body. This **should not be left to the level of the Standard** given the huge variety in how standards assess and value ESG co-benefits. The level of ambition for integrity should be as high as other CCPs/ attributes.
- 2. Standards:** Slide 76 lists a series of standards that specifically address ESG co-benefits. It misses the only women-specific standard that provides metrics and procedures to quantify, verify and monetize women's empowerment results: the **W+ Standard™**. TSVCM acknowledging the W+ Standard as an existing and operational methodology with a track record is one way to start increasing market knowledge.
- 3. Dis-entangle ES and G:** Although historically it has been the practice to combine ES and G into one category, we question whether this is a helpful aggregation of categories? Does this aggregation help or hinder progressing the quality of consideration of any of these dimensions in the context of carbon credits? Given that social, environmental and governance issues are so diverse, we recommend that the TSVCM consider breaking down co-benefits into different attributes. We recommend a distinct gender and social inclusion category to help buyers to clearly seek out these specific benefits and to provide scope for enhancing the quality of standards and methodologies in this area.

Other relevant considerations to include in TSVCM recommendations to drive up credit integrity on gender equality

Capitalising on the opportunities opened up by an evolving voluntary carbon market that offers pre-financing – Financing arrangements that would provide pre-financing and forward purchase options would dramatically open up opportunities for women’s organizations and women-led enterprises to implement projects and engage in the carbon markets. Such opportunities could bring new sources of capital and revenue streams to women’s groups that are now receiving no such compensation or incentives for their contributions to climate mitigation. This could dramatically scale up the impacts for climate, as well as gender equality.

Suggested questions for the Governance Body: We have some additional strategic questions we believe important for the future Governance Body to consider as follows:

- a. Is ‘Do no net harm’ an **adequate level of ambition** for high levels of carbon credit integrity?
- b. Should the Governance Body set the standard for social and environmental guardrails to improve the integrity of carbon credits and/or **what is its role in pushing up standards** in this area?
- c. Should one of the roles of the Governance Body be to **lead in driving up gender and social standards**?
- d. Which **international standards and methodologies** (including those from adjacent sectors) should be promoted as ‘best practice’ in each of the areas of operational consideration in this area?
- e. What are the **key drivers for incentivising** the market to invest in gender and social co-benefits? Can **gender impacts be ‘monetised’** and could this be a game-changer?
- f. Should **gender and social co-benefits be core** rather an additional, non-mandatory attributes?
- g. What support could the TSVCMM mobilise to **support women in the voluntary carbon market** ecosystem to help raise the quality of market operations and drive up positive climate and gender impacts?
- h. What steps could be taken to **raise awareness of the relevance and importance** of gender equality to voluntary carbon market success and unlock resources to support the sector?

A final comment on the treatment of gender equality in the TSVCMM consultations

We strongly recommend that a specific piece of work be undertaken ahead of the finalisation of the Phase 2 reports, or in the intervening period once the report is published, to leave a pack and guidance for the future governance body to take forward once constituted. As the W+ White Paper, ‘How the scaling of voluntary carbon markets can amplify gender equality impacts’ reminds us, ‘if we don’t address gender and climate jointly, we undermine both agendas. By integrating the two, we can amplify the impact of both’. We are sure that if the current Secretariat wishes to convene a small working group of gender experts, then considerable progress could be made to prepare a briefing pack for the future governance body. We are both ready and willing to step forward to support the TSVCMM in this task.



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