30th August 2023

To,
The Joint Secretary,
Ministry of Environment, Forest and Climate Change,
Indira Paryavaran Bhawan,
Jor Bagh road, New Delhi - 110003.

Subject: Submission of comments on the Draft Green Credit Programme Implementation Rules, 2023

Dear Sir/ Madam,

I am writing from Citizen consumer and civic Action Group (CAG), Chennai a 37-year-old non-profit, working towards protecting citizens' rights in consumer, civic and environmental issues. We are writing to extend our sincere appreciation and congratulations to the Ministry of Environment, Forest and Climate Change for the commendable effort in formulating the Green Credit Policy 2023.

We have gone through the rules in detail and most of the components of the rules are vague in nature and make it impossible to understand. The main issue is we are not sure if there are any benefits the communities are going to get from these rules. We should be cautious that we don't create another failure model like carbon credits and allow businesses to use this to Greenwash and keep exploiting the resources.

We remain hopeful that with collective efforts, we can create rules that not only inspire positive change but also serve as a model for effective environmental governance.

Thank you for considering our comments.

Regards,

Vamsi Sankar Kapilavai
Senior Researcher - Environment and Climate Action

Attachment: Comments on the Draft Green Credit Programme Implementation Rules, 2023

Comments on the draft notification of Green Credit Programme Implementation Rules, 2023		
Section	**Existing**	**Comments**
Introduction	Whereas, Government of India introduced 'LiFE'– 'Lifestyle for Environment', as a grassroot, mass movement for combating climate change, enhancing environment actions to propagate a healthy and sustainable way of living based on traditions and values of conservation and moderation, and for sustainable and environment-friendly development.	A mass movement on climate change cannot solely depend on 'traditions and values of conservation and moderation.' It needs to take a science-based approach into consideration to promote 'sustainable and environment-friendly development.'
2(1)(a)	**Objectives of the Green Credit Programme –** (1) The main objectives of the Green Credit Programme (herein after referred as 'Programme') are as follows: - a. **Create a market based mechanism** for providing incentives in the form of Green Credits to individuals, Farmer Producer Organisations, cooperatives, forestry enterprises, sustainable agriculture enterprises, Urban and Rural Local Bodies, private sectors, industries and organisations for environment positive actions;	• Market based programmes around the world are usually based on specific sectors. The fundamental question for this Green Credit Programme is, how do you compare different ecosystem services with one another? An unfortunate disadvantage of the credit system will be of creating a hierarchy amongst different offset activities while we need to have parallel efforts to meaningfully tackle the crisis. This is detrimental because this is a highly reductive way of looking at environment and biodiversity which is incredibly nuanced and intertwined, with environments being formed by the careful efforts of people and nature, historically and spatially. It is insufficient and indeed dangerous to assume all aspects of the environment are fungible, tradeable, and thus easily substitutable in the form of artificially-determined Credits. The different aspects of what falls under environmental services is not exchangeable. Simply put, the diversion of forests cannot be equated - the loss of that biodiversity is irreversible and irreplaceable, with consequences detrimental to life-support. • A unit of exchange is still not determined; the Green Credit Programme and Administrator within its functions has the responsibility to "develop methodologies, standards, registration process and associated

		Measurement, Reporting and Verification mechanisms" and "establish methodologies and processes for equivalence of Green Credits generated from each identified activity". However, there is no elucidation on the nature of these methodologies and whether they will emerge from consultations with industry experts, communities of interest, marginalised farmers, farm workers and agricultural labourers and indigenous communities.
4 (1)	**Implementation Mechanism of the Green Credit Programme** (1) A phased and iterative approach for implementation of the Programme will be adopted. In the initial phase, two to three activities from the sectors indicated in clause (2) will be considered for designing and piloting the Programme. More activities will be added from the selected sectors in subsequent phases. More sectors can also be added with the approval of the Central Government	● We believe that extending the programme across sectors is very ambitious and raises fundamental concerns, including that: 　○ The environmental aim to be achieved by each activity in a particular sector is quite different from an activity from another sector. In this context, how will the individual green credits be evaluated and compared to one another? The ecosystem services provided are also locationally important. Destroying a groundwater source in one location and restoring a source 100 km away will not fix the ground water issue in the original location. 　○ The current plan appears to overlook the transaction costs of making ecosystem services comparable and accountable. The more complex the program in terms of type of commodities, producers, regions, ecological systems, and buyer types, the higher the transaction costs and there is a risk that costs of running such a program are borne disproportionately and passed on to the more vulnerable participants - likely poorer producers. History of Payment for Ecosystem Services programs tell us that

			transaction costs can undermine efficiency gains that could accrue from a market system[1].
4(2)(i)	**Tree Plantation-based Green Credit**		● Promotion of 'plantations' rather than preventing the diversion of old growth forests, undermine objectives of increased carbon storage and biodiversity. Tree plantations are less effective at sequestering carbon than maintaining natural forests under their existing stewardship regimes. Plantations on grassland areas can both destroy biodiversity and release further carbon into the atmosphere, especially under a context where grassland is considered as partially degraded land and then made a site for plantation. ● Monoculture plantations cause ecological harm whilst those of eucalyptus and such non-native species have been destructive.They also threaten rural livelihoods particularly when private companies located in far-off places intervene in social and ecological contexts to meet their own commitments, unrelated to the ecological needs of the site of a targeted plantation zone. It is also important to understand that carbon sink or sequestration are also not easy to calculate and vary across different types of forests and can change seasonally, which means that assessments are often overestimated. Moreover, the carbon stored in trees is biologically very vulnerable and easily re-released into the atmosphere in contrast to emissions released in the atmosphere, which remain for thousands of years. At the same time, India's greatest tree plantation programme will be facilitated through the Compensatory Afforestation Management and Planning Authority funds, which itself is based on the accumulation of funds from diversion of existing forests! Thus, this needs to be evaluated very carefully. By proceeding to extract carbon

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[1] The global status and trends of Payments for Ecosystem Services

		and other nature-based 'Green Credits' from offset-oriented plantation forests and without clearly distinguishing the ecologically inferior plantation forests from natural forests, false equivalencies of 'Green Credits' from these different types of forests risk being exchanged and traded with environmentally-beneficial activities in other geographies. Such trading has little to no scientific rigour in terms of the ecological trade-offs of replacing plantation forests with natural forests and grasslands.
4(2)(iii)	**Sustainable Agriculture based Green Credit**	- Sustainable agriculture should include clear guidelines to avoid the use of synthetic fertilizers, as they can have a negative impact on soil health. - Sustainable Agriculture-based Green Credit: It will be useful if specific guidance on what constitutes "natural and regenerative agricultural practices" is clarified to ensure consistent interpretation and implementation. - The term 'regenerativeagriculture' does not have a specific definition, and refers to a vague set of practices being promoted by food and agriculture corporations to promote commercial seeds, agrochemicals and proprietary digital platforms. Regenerative practices include promotion of commercial crops like soybean and corn, and digital platforms that mandate farmers to share their data so that companies can issue prescriptions to farmers on how to farm to earn carbon credits. Collection and processing of valuable on and off-farm data by private interests as a prerequisite to receiving the credits poses a threat to farmers' autonomy, as there is lack of clarity on ownership of data, benefits arising from such data being shared with the farmers whose data is being collected, and how it is used by the companies. Large-scale data collection on agricultural practices gives corporations the advantage to promote their own agricultural products for commercial gains.

		Questions have also been raised about the science behind soil-based carbon sequestration, which is the focus of regenerative agriculture, and the extent to which it can restore soil health. Benefits of agriculture-based credit might likely go to land-owners who are also able to pay for expensive verification processes. and not to landless workers and cultivators It leads to farmers being locked-in to specific agricultural practices, as dictated by the accrediting agency to generate credits.
4(2)(v)	**Air Pollution Reduction based Green Credit**	• Air Pollution Reduction-based Green Credit: A list of specific pollution reduction measures or technologies that qualify for Green Credits should be made available for clarity • Clear definitions, benchmarks, measurement methods, and verification procedures for all sectors are essential to ensure the effectiveness and credibility of the Green Credit Programme.
4(2)(vi)	**Mangrove Conservation and Restoration based Green Credit**	• In addition to Mangrove Conservation and Restoration, this should also include plantation. Also, we need to be clear that it should not overlap with tree-plantation under 4(2)(i).
4(2)(vii)	**Ecomark based Green Credit**	• This credit programme does not specifically state what the Ecomark label is. It is unclear whether it refers to the existing ECO Mark Scheme of the Bureau of Indian Standards or if it is a standalone Ecomark label specific to this credit programme.
4(2)(viii)	**Sustainable building and infrastructure based Green Credit**	• In India, there are already green building certifications such as IGBC, GRIHA, and LEED. It is not clearly defined whether we are going to adopt any of these existing certifications to provide green credit or if a standalone certification mechanism will be formulated for implementing these rules.

4 (3)(ii) (3)(iii)	**Methodology of generating Green Credits:** ii. To maintain fungibility across sectors, the environmental outcome, achievable by any Green Credit activity, will be based on equivalence of resource requirement, parity of scale, scope, size and other relevant parameters, and will be considered for allocation of one unit of Green Credit in respect of each activity. iii. Digital processes will be developed and established for the Programme including self-assessments of eligible Green Credit activities, registration of activities, issuance of Green Credits, monitoring of performance and other relevant processes.	● Fungibility and Equivalence:"Equivalence of resource requirement" needs to be rigorously defined to prevent potential discrepancies and loopholes. Clear criteria should be established to avoid misinterpretation. Each sector's environmental impact could be vastly different, and a careful assessment of these impacts is crucial. ● Digital processes: The self-assessment aspect could lead to potential biases or inaccuracies. Incorporating third-party verification or periodic audits could enhance the credibility of the Green Credit program.
5	**Steering Committee and its functions**	● The composition of this committee is very vague. The Steering Committee should not have 'industry associations' since it has the important function to access and provide approvals for procedure, guidelines for measurement, reporting and verification of credits. This will posit a conflict of interest. The challenge is developing guidelines for verification and evaluation will require a large scientific undertaking. This not only includes developing the standards but also envisioning the practical process through which standards will be enforced, who will do the enforcing, what kinds of skills and capacities are required, and what happens under non-compliance. Given that multiple environmental topics are expected to be covered, such a standard will then need to balance simplicity with detail and precision of values. ● The Green Credit Programme Implementation Rules, 2023 allows for self-certification of Green Credits, and for accreditation of Green Credit Registry through digital processes. The mechanisms of self-accreditation have not been expanded on, and "digital processes" are cited as the Measurement, Reporting and Verification tool that

		will also oversee the "registration of activities, issuance of Green Credits, monitoring of performance and other relevant processes". While the Steering Committee is given the powers to issue guidelines for such measurement, reporting, and verification, there is no provision on how such a tool will be developed, and no insights provided on how self-accreditation, monitoring and evaluation will be digitised. There is also very little oversight of the Steering Committee itself, including details of how many members the Committee will have, their tenure, and reporting measures.
6	**Green Credit Programme Administrator and its functions**	● A mechanism to determine action if credits are found to be fraudulent is absent. What happens if a credit producer is cheated? What kinds of long term responsibilities are required and what will be the contractual obligation upon the producers? The mechasiam should clearly arresh the "Greenwashing" claims made by manu businesses. ● A mechanism for disputes, complaints, fraud or corruption should be established that allows communities and others in more marginalised or vulnerable positions a fair and just outlet to raise concerns and have their concerns or claims allayed in the determination of, trade, and retirement of credits for specified activities. ● Furthermore, we need strict guidelines of enrollment and disenrollment/suspension of third party verifiers and auditors based on random community led/ third party regulatory checks of compliance.
8	**Green Credit Registry and its functions**	● It is not clear as to who is the accredited agency and what mechanisms of accountability will be made to create a transparent system. Questions of transparency and reporting are important here, as well as privacy. It is

			important that information on buyers and prices be publically available. ● If the platform is later to serve a regulatory market, then there is a need to think about the exchange of liabilities through the platform. Important legal and technical questions need to be addressed.
9(1) 9(2) 9(3)	**Trading Platform** – (1) The guidelines for the establishment and operation of the Trading Platform shall be issued by the Administrator with the approval of Steering Committee. (2) The trading platform for the exchange of Green Credits shall be established by the Trading Service Provider accredited by the Administrator in accordance with the approved guidelines. (3) The trading service provider shall perform functions regarding the trading of Green Credits, in accordance with the approved guidelines		● A trading platform would need to be carefully integrated and transparent to allow producers to participate fairly and easily, and for those buying the credit to have relevant information to help select among different credits. ● Currently, the rule provides no information regarding the process of clearing demand and supply. Will there be an auction system or are producers meant to put their credits at their price or a standardised pricing? Or are the producers expected to use the platform as a place for vending? How exactly is competition imagined? ● Will the platform be the only mechanism for buying and selling credits? What will be the process of trading and how can we ensure that the platform operates fairly? ● We also encourage rule makers to think about the trading platform as an opportunity for more transparency in terms of the supply chain from production to use of the credit. This includes clarity on user data, shapefiles, etc.
10	**Knowledge and Data Platform**		● The implementation rules need to touch upon data protection of collected primary and secondary data across the three proposed databases/applications: there needs to be clarity on the type of data that will be collected by the Green Registry, Trading Platform and Knowledge Platform. ● 10(2) allows for collation of "key data points generated from Green Credit Registry and other information such as sectoral achievements, best practices, information on

			capacity building", but there are no explicit rules on protection of personal data either through anonymisation or pseudonymisation across data lifecycles. Additionally, specificities on access to the Knowledge Platform and data sharing from the platform has not been considered within the scope of the implementation rules, leaving significant gaps in how sensitive, personal and non-personal data can be protected while providing avenues of transparency for both internal and external accountability processes of the Green Credits Programme. ● There is no clarity on which parties gain access to information from the Knowledge Platform; potential access to information of trends in the carbon credits market to private entities is not recognised as an act of free-riding. Along with delimiting the scope of a Knowledge Platform, the potential sharing of data with interested parties in the private sector requires the development of a comprehensive data sharing policy.
11	**Accredited Green Credit Verifiers**		● What kind of verification responsibilities are expected? What will be the basis of the accreditation and what will be the process for getting accreditation? Who will pay for the verification costs?
12(1) 12(2) 12(3)	**Demand Generation for Green Credits** -(1) The Green Credit Programme shall be based on voluntary participation of all stakeholders. (2) Steering Committee shall recommend measures to generate voluntary demand for Green Credits in the country. (3) All entities registered for Accredited Compensatory Afforestation under the guidelines issued by MoEFCC vide No.FC-11/159/2022-FC dated 24th January, 2023 shall register with the Green Credit Registry under the Programme.		● The rule does not provide a theory for why demand would be expected. Important questions about who will pay, what will motivate such payments, how will buyers use the credits, will demand be credit specific (like for carbon or pollution or mangrove) and how demand is expected to change with time. ● Another important question is about the resale of credits. We strongly encourage policy makers to avoid a secondary credit market, and prevent resale. This can increase financialization and hoarding. We would

		The Accredited Compensatory Afforestation will be eligible for consideration as Compensatory Afforestation for diversion of forest land under these guidelines subject to qualification and allocation of Green Credits under the Programme.	suggest a robust mechanism for tracking and retiring of credits to avoid double-counting. ● Accredited compensatory afforestation is already an established scheme under the Forest (Conservation) Rules, 2022. It is not clear why it has been added as an activity generating a credit since it is regulated under a different law and will be accounted for in a completely different mechanism. It will increase the risk of double counting and therefore it principally fails to account for reducing any kind of emissions.
13	**Empaneled Auditors**		● As mentioned above, we need strict guidelines for third party verifiers and auditors based on random community led/ third party regulatory checks of compliance.

General comments: **Suggestions to be kept in mind during the implementation process**

1. Integration of Local Communities:
- Engage local communities in the identification and selection of activities within each sector to ensure that the Programme addresses local needs and challenges effectively.
- Promote community ownership by involving them in the planning, execution, and monitoring of activities.

2. Incentives for Innovation:
- Incorporate incentives for innovative approaches within each sector, encouraging participants to explore creative solutions that yield greater environmental benefits.
- Introduce bonus credits for activities that demonstrate exceptional innovation and measurable positive outcomes.

3. Consideration of Regional Variations:
- Recognise and account for regional variations in environmental challenges and resources when designing activities and generating Green Credits. A one-size-fits-all approach may not be suitable for diverse geographical regions.
- Tailor the Green Credit thresholds and benchmarks to accommodate specific regional conditions and needs.

4. Performance Verification and Auditing:
- Implement a third-party verification process to ensure the accuracy of self-assessments, registrations, and Green Credit issuances.

- Conduct periodic audits of participating entities to maintain the integrity of the Programme and instill confidence in its effectiveness.

5. Monitoring and Reporting Transparency:
- Develop a user-friendly online platform that allows participants to monitor their performance, track Green Credit issuance, and access relevant information.
- Ensure that the reporting mechanisms provide real-time updates, which will enhance transparency and build trust among participants.

6. Flexibility for Emerging Environmental Challenges:
- Build flexibility into the methodology for generating Green Credits to accommodate emerging environmental challenges and evolving best practices.
- Establish a process for periodically reviewing and updating the thresholds, benchmarks, and allocation mechanisms.

While we applaud the efforts of the government in undertaking this activity with the objective of reducing emissions, we believe that the green credit programme might fall short of achieving the goals it proposes to meet in the first place. Firstly, the draft rules for the Green Credit Programme do not give enough information to give a clear idea of how it will work, who this will cater to, or even the specific objectives for it. The Green credit programme we fear might in turn commodify our biodiversity, and exploit communities who will inevitably be involved in the production of credits. These communities also have not been given adequate recognition and attention in this regulatory framework which will make them vulnerable.