

## [The World Bank's new green gamble](#)

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*The World Bank in December plans to start operating a blockchain-based carbon offsets registry called the Climate Action Data Trust*

Greetings from New York, where corporate America is bracing for nasty political battles around the upcoming US midterm elections, and for fresh fights about environmental, social and governance goals, as some Republicans (and businesses) mount a backlash.

The latest iteration of this just crossed our desks on Friday: after the International Sustainability Standards Board declared it had unanimously decided to embrace Scope 3 carbon emissions reporting, Lauren Anderson of the Bank Policy Institute (a Washington think-tank) declared: "Requiring Scope 3 emissions disclosures now will undermine risk-based investment decisions and create an overly aggressive international baseline that many nations would unlikely follow, leading to less convergence." In plain English, that means that if the ISSB (and Europe) adopts its new proposed framework, American banks will try to go it alone. Ouch.

Moral Money will watch this battle closely in the coming weeks. In the meantime we have an item below on whether Fifa and Qatar have scored an own goal by claiming to be presiding over the first "carbon-neutral" football world cup.

And, on a more upbeat note, we also report on a new initiative from the World Bank and others to create a single database on carbon credits, using blockchain technology. Read on.

### **A new carbon gamble from the World Bank**

We have often noted the World Bank coming under fire for its seeming reluctance to seize the green agenda more aggressively. This was on show at the recent meetings of the World Bank and International Monetary Fund, where activists and some politicians fretted about the Bank's tardiness in launching blended finance platforms and its conservative loan stance. (On that note, I have been told in recent days that the credit-rating agencies are increasingly ready to accept that the Bank could lend more to poor countries, without risking its AAA rating; watch this space.)

But while the green lending debate bubbles on, the Bank is about to unveil a new climate gamble: in December it plans to start operating a blockchain-based carbon offsets registry called the Climate Action Data Trust. This project has been in development for several years, and (in typical bureaucratic Bank fashion) has been delayed because of the need to undergo extensive debate and testing, as we noted earlier this year.

The basic idea is that it will use a digital distributed ledger technology, called Chia, to create an open-source platform that records carbon credits and offsets around the world. The International Emissions Trading Association will vouch for the quality of carbon offsets and credits, and the World Bank and Singaporean government (among others) will run it.

A cynic might question whether the World Bank is really the best body to oversee this, given that some private sector groups such as IHS Markit already have platforms. The use of blockchain technologies might also make some observers wince, given the sector's energy-guzzling reputation. (Although in this case Chia has a far lower level of reported energy usage than other blockchains.) Then there is another source of controversy around the idea: some green activists think that the whole concept of carbon offsets is tantamount to greenwashing, given widespread evidence of lax practices.

But groups such as the Taskforce on Scaling Voluntary Carbon Markets retort that carbon credits can be credible if there are better monitoring frameworks — and many companies are racing to use these offsets (including Fifa, as the next story notes). So the World Bank and IETA officials insist there needs to be a more standardised platform, and that they are not trying to compete with private registries, but instead collate them. “[We] aim to connect carbon markets around the world,” says Dirk Forrister, chief executive of the IETA, who notes that combining these data sources on to a single non-profit utility should make it easier to scan for double counting of credits and other irregularities.

Will it work? Can blockchain scale in this way and be useful in the green world? We simply will not know until December. But it is an interesting experiment. And in the meantime, it is worth noting the prominent role of the Monetary Authority of Singapore, which is not only emerging as a key pioneer for blockchain technologies, but also trying to position its financial centre as a hub for green finance and carbon offsets. That makes sense, given that the Asian region is both a big potential source of carbon offsets and locus of corporate demand. (Gillian Tett)