

Cooling through Credits?: An Evaluation of “Sandbag”

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Giving What We Can has started to investigate the cost-effectiveness of climate change organizations. One of the organizations investigated is [Sandbag](#), which campaigns to improve the EU Emissions Trading Scheme and facilitates the purchase and destruction of permits in this scheme.

Overall, we estimate that Sandbag has, in the past, reduced CO₂ at a rate that could be as low as 71 tonnes per \$1 and as high as 0.14 tonnes per \$1, given changing assumptions, therefore averting a DALY for somewhere between \$70 and \$35.7K. It's worth noting that this estimate is the most uncertain of all the estimates we have provided for climate change charities, however, and it's quite possible that Sandbag's true cost-effectiveness is even worse than \$35.7K/DALY.

We have only had a brief opportunity to look at Sandbag, so our calculations are simplistic and not yet well developed. Right now, however, we suggest keeping an eye on Sandbag and returning for future analysis.

Summary

- [The EU Emissions Trading Scheme](#) (ETS) is a cap-and-trade system intended to reduce pollution by regulating the amount of pollution that can legally take place. “Allowances” are given out and there is a set limit to the amount of allowances (the cap), however, companies can buy or sell their allowances (the trade).
- Sandbag is to a watchdog organization for emissions. Their goal is to monitor and lobby the ETS to improve its efficacy at reducing emissions. They aim to strengthen the rules of ETS to make for more strict and meaningful limits with less loopholes and abuse.
- Sandbag's argument for impact is that additional money in the hands of Sandbag will lead to either (a) additional advocacy or (b) additional retirement of carbon credits, both of which will hopefully reduce the amount of emissions and therefore reduce global warming.
- Climate change poses significant risks. [The World Health Organization states that](#) increased climate change will eventually result in more exposure to thermal extremes and weather disasters, which will increase the incidence of malaria, diarrhoea, and malnutrition and [The Stern Review](#), conducted by the UK Treasury, estimates that there is a substantial economic cost to climate change, potentially reducing global GDP by 5% and up to 20% with more pessimistic

assumptions.

- Sandbag claims credit for removing 900 million permits from the ETS, meaning that less total pollution can take place. We guess this averted 225 million tonnes of emissions. The cost-effectiveness of Sandbag varies dramatically depending on how much credit you assign them to being the cause of this change.
- If we take both all claims at face value, Sandbag could avert a DALY for \$7 using advocacy and avert a DALY for \$35K by directly buying permits.
- Our top recommended charity, the Against Malaria Foundation, could avert a DALY for \$32.07 to \$71.20 (Source: [GiveWell](#)). Naïvely, this means that Sandbag could be as much as 10x more cost-effective than AMF, but the large amount of uncertainty in this conclusion makes us still prefer AMF.
- It's incredibly unclear what future opportunities to lobby the ETS to reduce credits might look like, when they'll present themselves, or what kind of influence Sandbag might have over the outcome. This gives doubt that past success can translate into future success.

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- It might be the case that a retired allowance wouldn't have been used anyway.
- Sandbag may, in part, displace emissions out of the European Union rather than outright reduce emissions.

Introduction

What is the EU Emissions Trading Scheme?

[The EU Emissions Trading Scheme](#) (ETS) is a cap-and-trade system intended to reduce pollution by regulating the amount of pollution that can legally take place. “Allowances”, or credits that entitle the holder to emit a certain amount of gas per credit, are given out and there is a set limit to the amount of allowances (the cap), that decreases everywhere, therefore decreasing overall emissions.

Within this cap, however, companies can buy or sell their allowances (the trade), thereby creating a financial incentive to emit less gas and allowing companies in strong need of emission to still have an “out” to the cap. The sale of these allowances furthermore funds initiatives to help curb global warming.

Currently, as of 2013, the ETS is running on a single EU-wide cap on emissions and selling allowances through an auction, thereby greatly increasing the efficacy of the system.

What is Sandbag?

Sandbag is to a watchdog organization for emissions. Their goal is to monitor and lobby the ETS to improve its efficacy at reducing emissions. They aim to strengthen the rules of ETS to make for more strict and meaningful limits with less loopholes and abuse. They also arrange the purchase of allowances to retire them, helping to reduce the amount of allowances in circulation that actually lead to the emission of gases.

The Case in Favor of the Project

Who We Spoke With

Phil MacDonald, Assistant to Baroness Worthington

Sandbag's Plan

Sandbag's future plan is to continue to lobby the EU for reduced credits.

Sandbag's Case for Impact

Sandbag's argument for impact is that additional money in the hands of Sandbag will lead to either (a) additional advocacy or (b) additional retirement of carbon credits, both of which will hopefully reduce the amount of emissions and therefore reduce global warming.

Analysis

Does climate change prevent us with a legitimate concern worth taking action on?

- [The World Health Organization states that](#) increased climate change will eventually result in more exposure to thermal extremes and weather disasters, which will increase the incidence of malaria, diarrhoea, and malnutrition.
- [The Stern Review](#), conducted by the UK Treasury, estimates that there is a substantial economic cost to climate change, potentially reducing global GDP by 5% and up to 20% with more pessimistic assumptions.
- These methods of assessing the impact of climate change do not take into account additional negative side-effects, including but not limited to damage to culture, forced migration, and biodiversity loss.

Does Sandbag have a credible case that their advocacy can reduce emissions?

- Sandbag claims credit for removing 900 million permits from the ETS, meaning that less total pollution can take place.
- The cost-effectiveness of Sandbag varies dramatically depending on how much credit you assign them to being the cause of this change.

- It seems plausible to us at the moment to assign them somewhere between 10% and 50% credit, but this is a very rough and perhaps wildly inaccurate guess.

Where does Sandbag rank compared to currently recommended charities?

- Removing 900 million permits from the ETS, we guess, averts 225 million tonnes of emissions.
- Sandbag's budget was \$315K during the relevant time period while ETS was being lobbied.
- Therefore, if we take both these claims at face value, Sandbag can avert a tonne of CO2 for \$0.0014 (fourteen hundredths of a cent).
- Sandbag also offers the ability for people to buy carbon credits and retire them for £4.50 (\$7). Doing so would lead to one less tonne of carbon dioxide that could be emitted. This opportunity is still uncertain, but has significantly more certainty behind it.
- [The World Health Organization estimates](#) that averting about 5000 tonnes of CO2 would avert about 1 [DALY](#), though this is a highly uncertain estimate.
- Taking this claim at face value, Sandbag could avert a DALY for \$7 using advocacy and avert a DALY for \$35K by directly buying permits.
- Our top recommended charity, the Against Malaria Foundation, could avert a DALY for \$32.07 to \$71.20 (Source: [GiveWell](#)). Naïvely, this means that Sandbag could be as much as 10x more cost-effective than AMF, but the large amount of uncertainty in this conclusion makes us still prefer AMF.

What do we wish we know, but don't?

- What the opportunities for lobbying are.
- More information about Sandbag's budget and spending.
- Information about Sandbag's room for more funding.
- How much credit to assign Sandbag for their past success.

Concerns

There might not be another relevant opportunity to get similarly significant lobbying gains.

It's incredibly unclear what future opportunities to lobby the ETS to reduce credits might look like, when they'll present themselves, or what kind of influence Sandbag might have over the outcome. This gives doubt that past success can translate into future success.

It might be the case that a retired allowance wouldn't have been used anyway.

It's not clear if every single allowance would be used to pollute. If the market has excess allowances, then retiring one would have no effect.

Sandbag may, in part, displace emissions out of the European Union rather than outright reduce emissions.

As it gets harder and harder to pollute in the Eurozone, companies may simply decide to shift some of their pollution out of the Eurozone rather than cut their emissions. This could mean that Sandbag's net impact is less than what would be expected if every tonne of carbon not emitted in the Eurozone was a tonne of carbon averted.