

Can Carbon Finance Clean Cooking?

For more information email Dick Jones at info@carbonaided.com or visit www.carbonaided.com

This article discusses household energy from the perspective of a carbon finance company.

As most readers of this article will already be aware, cooking is the hidden development issue. Although the first Millennium Development Goal (MDG) includes halving the proportion of the world's people who suffer from hunger, most efforts to meet the MDGs ignore the fact that over 90% of staple food requires to be cooked for long periods and that the majority of the poor cook using unsustainable methods, often resulting in sickness or death from indoor air pollution affecting the achievement of other MDGs..

To date, most cookstove projects have been funded by development agencies though there is a growing number of commercial projects. However, for the poorest communities, despite the low cost of clean cooking, the initial cost is a major barrier. Carbon finance is potentially a way of overcoming such a barrier. With a typical saving of one tonne per year of CO₂ equivalent (TCO_{2e}), an efficient cookstove could earn upwards of €30 assuming a three year life. This level of funding should be sufficient to completely fund the supply of cookstoves to poor communities although care should be taken to ensure that any such programme is based on a commercially sustainable financial model.

With such a potential source of funds, why are there not lots of cookstove programmes being undertaken? The answer to that question lies in the complexity of the mechanisms governing the certification of carbon reduction credits or Offsets.

The Clean Development Mechanism (CDM) of the Kyoto Protocol was initially thought to be a potential source of funds for development projects. At the time, Dick Jones - Senior Energy Adviser to DFID - had high hopes that a new source of finance would be available to provide basic energy services to the poor. However, Dick - now with CarbonAided - says the development test of a CDM project is little more than a tick in the box and in many, if not most cases, provided no harm is done the project will be validated.

Some organisations, like the Gold Standard, are trying to increase the developmental impacts and Certified Emission Reductions (CERs) from projects with a good development story to tell, so that the projects can command higher carbon prices. However, at the time of writing, although there have been a number of discussions on the topic, the CDM doesn't currently support cookstove projects unless they replace fossil fuel (although after recent discussions at COP 13 in Bali this may change soon). This is fine for places like China where coal is a major fuel but in most of the poorest communities in Africa and Asia this is not the case and CDM projects are not possible.

An alternative is the voluntary market but this can also present difficulties. For a project activity to be certified it needs to be subjected to a similar analysis to that required by the CDM. This requires establishing a baseline before the project and the situation after the project using approved methodologies. Since at present there are no CDM approved methodologies dealing with cookstove projects for which the baseline is unsustainable biomass we come back to the same problem (again this may hopefully change after negotiations at COP13). Though the Gold Standard is working on a cookstove methodology based on non-sustainable biomass, it will be some months before this will be finalised. The Gold Standard is thus ruled out for the time being.

The Voluntary Carbon Standard (VCS) is another possibility. However, most independent validators using the VCS work with existing methodologies wherever these are available though they are able to validate project activities and verify emission reductions from similar projects provided that a convincing case can be made. But this in turn is a more complicated process than for a project with an approved methodology. An independent organisation that is registered with the UNFCCC has advised that they would first need to assess the methodology

proposed, either a modified CDM or new one, for suitability for submission under the VCS. It would then be subject to a peer-review process and then be accepted or not by the VCS program.

However, all is not lost. An independent Validator advised that "If the unsustainable biomass is the only change to an approved CDM meth, we could maybe push this through the VCS as a deviation and not a completely new meth. I know that the VCS has a positive attitude towards unsustainable biomass." The VCS have confirmed that any project that uses a new methodology would need to be validated, then peer reviewed, and that they have no methodology available for cookstoves based on non-sustainable biomass.

CarbonAided, like other similar organisations, are trying to develop our own methodologies but there is a need for a coordinated push to get the CDM and Gold Standard to approve methodologies that will cover cookstove projects replacing non-sustainable biomass. They believe in working with organisations and networks such as HEDON, Practical Action, GTZ and others in order to push this forward and the D (for Development) put back into the CDM in this most important area.

Profile of the authors

CarbonAided is a small, ethical for-profit, company providing a wide range of services to organisations wishing to develop carbon management strategies. Our clients include Aviva plc, John Lewis, Travelex and Royal Mail. Activities include: developing carbon footprints; identifying ways to reduce the footprints by internal measures; and preparing offsetting strategies to deal with what cannot be reduced internally. CarbonAided also assists project developers and owners to develop verified (Gold Standard and Clean Development Mechanism) offset projects which are genuinely additional to business as usual.