

# Experiences in accessing carbon finance for the poor

---

Central Asian European International Forum on Climate  
Change CAEFOCC-II, 11-12 October, 2010, Almaty,  
Kazakhstan

## The New Lao Stove (NLS) Project

- **Improved cookstove**
- **Reduces charcoal/ fuelwood consumption by 22%**
- **Commercialised dissemination**



Traditional  
Lao Stove (TLS)



New Lao Stove  
(NLS)

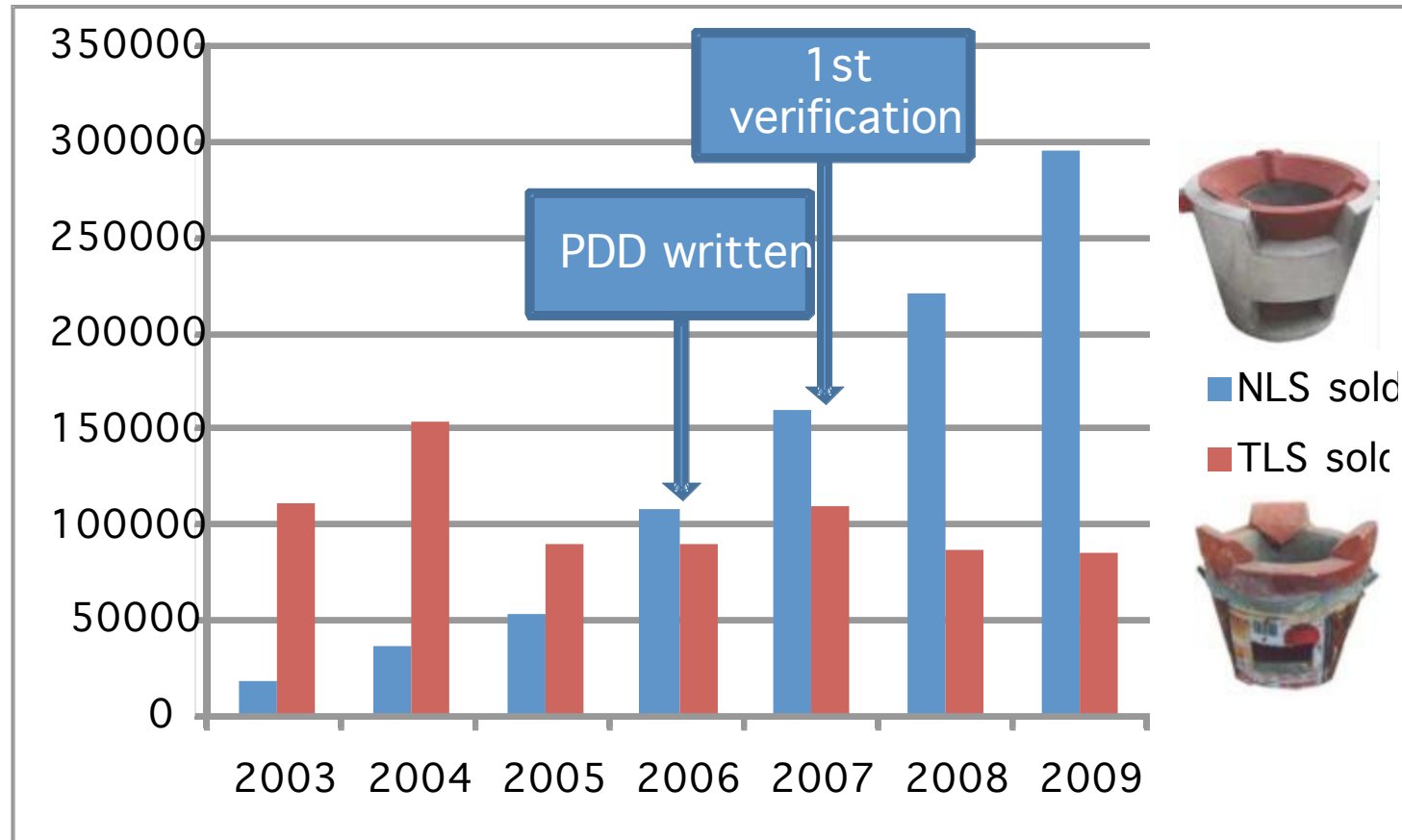


## Why/ how carbon finance?

- **EU funding ended in 2006.**
- **Our thoughts:**
  - **There was untapped market potential for the NLS – potential for large scale dissemination.**
  - **There was a market emerging for the climate change benefits of such projects.**
  - **Independence from donor funding and longer term source of income.**
- **Credibility in market demands application of approved methodology.**
- **Only one cookstove methodology available in 2006 – “Voluntary Carbon Standard”.**
- **But NOW:**
  - **Gold Standard**
  - **CDM**



## Achievements/ outcomes: NLS sales



## Outcomes: environmental

<b>Number of stoves sold</b>	<b>1.2 million</b>
<b>Stoves currently in operation</b>	<b>500,000</b>
<b>Average annual GHG emissions reductions</b>	<b>180,000tCO<sub>2</sub>e</b>
<b>Biomass saved (hectares of forest)</b>	<b>3,700</b>



## Outcomes: social/ economic



	<b>New Lao Stove (NLS)</b>	<b>Traditional Stove (TLS)</b>
<b>Profit margin for producers</b>	<b>US\$0.5</b>	<b>US\$0.12</b>
<b>Retail price</b>	<b>US\$3</b>	<b>US\$1</b>
<b>Lifetime</b>	<b>3 years</b>	<b>1 year</b>
<b>Fuel consumption for users (per year)</b>	<b>US\$95</b>	<b>US\$121</b>
<b>Payback period</b>	<b>1.5 – 2 months (extra \$2 investment paid back in 1 month)</b>	<b>-</b>
<b>Number of employees at production centre</b>	<b>10-14 (higher wages because more skilled work)</b>	<b>3</b>
<b>Time saved on cooking</b>	<b>1.5 hours per week</b>	<b>-</b>

## Project pipeline

- **GERES Central Asia**
  - Improved greenhouses
  - Passive solar housing
  - Improved cookstoves
- **GERES Southeast Asia**
  - Rural improved cookstoves
  - Improved palm sugar stoves
  - Char briquettes
  - Improved charcoal kilns
- **Partner organisations**
  - Ceramic water filters
  - Biogas
  - Improved cookstoves



## Obstacles

- **Methodological suitability**
  - **No project without approved methodology**
  - **Methodology approval/ modification can be slow**
    - Suppressed demand
    - Non-renewable biomass baselines
  
- **Upfront costs**
  - **Carbon finance is expensive to access, especially without in-house expertise**

Baseline studies/ testing	US\$5,000-US\$10,000
PDD development	US\$10,000
Validation	US\$15,000-US\$25,000
Monitoring	US\$50,000-US\$100,000
Verification	US\$15,000-US\$25,000



- **Monitoring requirements**
  - **Must follow monitoring plan in PDD**
  - **↑ project size = ↑ complication and expense of monitoring**
  - **Decentralised production/ mobile technologies particularly challenging**
- **Disconnect between finance and development spheres**
  - **Difficult to sell offsets without involving a third party**
  - **Difficult to determine value of offsets without clear picture of the market**
  - **Market recognition of “quality” offsets (ancillary benefits)**

## Overcoming obstacles and replicating success: Nexus Carbon for Development

---

- **Born from GERES' experience in accessing carbon finance: ultimately successful but many lessons to share.**



- **Global alliance of social ventures (nonprofits, nongovernmental organizations and eco-businesses)**
- **Mission: use carbon finance to reduce climate change and alleviate poverty.**
- **Created in 2008 in Phnom Penh, Cambodia**
- **9 members and >15 projects in pipeline**
- **Main objectives/ functions:**
  - **Replicate successful projects**
  - **Technical assistance/ capacity building/ knowledge exchange**
  - **Lobbying and advocacy**
  - **Offset branding/ retailing**

## Nexus Alliance

- Non profit
- Peer to Peer platform of services
- Capacity Building
- Transparency



- Costs reduction
- Access to resources and information
- Reach scale
- Brand recognition

## Nexus Fund

- Ethical Investment Fund
- Pro poor low carbon projects
- Equity or debt



- Streamline procedures
- Economies of scale
- High quality projects

## Nexus Beyond Offsetting

- Non profit
- Fair trade intermediary
- Promote charismatic projects



- Innovation
- Gain bargaining power
- Maximize value of carbon
- Speak with one voice

# Thank you

[k.buss@geres.eu](mailto:k.buss@geres.eu)

[www.geres.eu](http://www.geres.eu)

<http://www.nexus-c4d.org/>