



DEW Point Newsletter

Issue 8 – July 2008

This month's newsletter comes hard on the heels of the Livelihoods retreat (for the livelihoods, environment and infrastructure professions) held in early July and attended by some 150 professionals from DFID offices worldwide. As with the event last year, the heads of profession wrestle with the task of anticipating and meeting the information needs of their professionals, against the backdrop of constant change. This is not limited to the well known external drivers and emerging issues like climate change and (more recently) food prices and food security. It also relates to internal pressures and the ever-present "churn" within DFID as it re-defines and (seemingly endlessly) re-forms the organisational structure and staffing in pursuit of greater efficiency.

In this issue, the lead article poses some hard questions about Voluntary Carbon Markets (VCM) and how they may work to augment development efforts as well as tackling climate mitigation. The Director's word takes a reflective look at current development efforts in light of the recently released "Chronic Poverty Report". Recent document additions, news highlights and upcoming events and conferences round off the July newsletter.

In the July 2008 issue:

- ◆ Can voluntary carbon markets work for the poor?
- ◆ The Director's word
- ◆ DEW Point latest news and enquiries
- ◆ Other news
- ◆ Forthcoming conferences and events



Picture: John Esser (jresser@yahoo.com)

Can voluntary carbon markets work for the poor?

By Becky Clements, Practical Action Consulting

Voluntary Emissions Reduction (VER) provides a market based mechanism to reduce carbon emissions while offering social and development benefits through the generation of additional revenues for enterprises. In 2007, the international Voluntary Carbon Markets (VCM) was worth \$258 million and is expected to quadruple in size during 2008.¹



Yet while the VCM is contributing to pro-poor outcomes across the globe, many barriers remain at various levels to carbon markets really working for the poor. For a start, medium to large scale projects receive the majority of funding generated with just 8% of total investments going to small and micro-scale projects.² Increased engagement of community-led projects in the VCM will help ensure that the benefits of investment, which can include significant improvements in quality of life, access to energy, employment opportunities do not bypass the poor.

A key barrier to securing finance for small and micro-scale projects is that independently they will only produce limited savings in carbon emissions, which is less appealing to investors. Creative methodologies for aggregating

the impacts of small-scale community-based projects will assist in attracting finance and could help bridge the gap between Clean Development Mechanism and VCM. A study by IIED into the cumulative impact of small-scale projects on carbon emission reductions found that ten Ashden Awards winning projects had 10 million beneficiaries and brought about a total reduction of two million tonnes of carbon.³ Notwithstanding, pro-poor design is not just about reducing carbon emissions. Empowering communities to design and make decisions about projects is a key element to making VCM pro-poor.

In Uganda, Tanzania, Ghana and Latin America, the Katoomba Group is developing an ecosystems services incubator to provide technical assistance in project design, advice on legal and regulatory aspects of projects and training in marketing and negotiation skills to increase the capacity of beneficiary communities to access finance through the VCM.⁴ Many investors in the VCM only want to engage with the market at the point where projects are being implemented, have been accredited with a recognised VCM standard and are already achieving carbon emission reductions. Increased early stage investments are required to support communities in getting their projects to this marketable stage. However, there is a greater risk involved with investing in non-verified (by VCM standard) projects. Linking standards to technologies rather than to specific projects could offer one way of reducing the cost and complexity of the verification process. In addition to carbon financing, innovative approaches - such as biodiversity offsetting and other ecosystem services value accreditation- could increase the amount of funding available for small-scale community-led projects.

Picture: Improved cook stoves, Bangladesh, Adam Musgrave.

Notes:

¹ and ² State of the voluntary carbon markets in 2008, Ecosystem Marketplace and New carbon Finance, May 2008.

³ Scaling up low carbon energy: lessons from the Ashden Awards for Sustainable Energy, IIED and Ashden Awards, May 2008.

⁴ The Katoomba Ecosystem Services Incubator – Jump Starting Ecosystem Services Payment Mechanisms in Latin America <http://www.katoombagroup.org/documents/takg/KG%20ES%20Incubator%20Profile%20Dec%202007.pdf>.

A Pro-poor and People-centered Response to Climate Change, Consultation, Washington, DC, May 27, 2008, Forest Trends and the Katoomba Group, <http://www.capri.cgiar.org/pdf/CC-FTKatoomba.pdf>.

For further information on Voluntary Carbon Markets, the following publications can be consulted:

- ◆ How do regulated and voluntary carbon-offset schemes compare?, by M. Estrada, E. Corbera and K. Brown, Tyndall Centre for Climate Change Research. http://www.tyndall.ac.uk/publications/working_papers/twp116.pdf
- ◆ The voluntary carbon offsets market: An analysis of market characteristics and opportunities for sustainable development, by E. Harris, IIED. <http://www.iied.org/pubs/display.php?o=15507IIED>
- ◆ ODI Briefing Papers: <http://www.odi.org.uk/fecc/resources/briefingpapers.html>

The Director's word

By Richard Carter, DEW Point Resource Centre Director



The 2008-09 Chronic Poverty Report¹ is a timely reminder of why many of us got into international development work, and why we still persist in trying to make a difference in this unequal world. The report describes chronic poverty as “extreme poverty that persists for ‘a long time’ ...”. It points out that poverty which has caused a preventable death – permanently depriving that person of well-being – should be categorised as chronic poverty, even though conventional metrics would, perversely, see that death as a reduction of the sample. Inevitably part of the report has to try to count and locate the chronically poor in geographical terms. It provides useful classifications of countries (ranging from the “chronically deprived” to the “consistent improvers”). It estimates that out of the 1.2 billion “dollar a day” poor, between 320m and 443m people occupy this more extreme category of hopelessness, powerlessness and deprivation.

Most usefully, the report identifies and discusses the five chronic poverty traps (insecurity, limited citizenship, spatial disadvantage, social discrimination, poor work opportunities). Having recently been turned away (due to security fears) from the possibility to work with IDPs in Darfur who occupy precisely those traps, their relevance is clear. In identifying policy responses to chronic poverty the report proposes another five priority areas for intervention: social protection, public services for the hard to reach, anti-discrimination and gender empowerment, building individual and collective assets, and strategic urbanisation and migration.

The question raised by this analysis however is whether Governments and their Partners choose to work in the difficult arena of chronic and extreme poverty, or take the easier course of picking the “low-hanging fruit” which can result in the achievement of some of the MDGs.

¹ The 2008-09 Chronic Poverty Report is available on <http://www.chronicpoverty.org/cpra-report-0809.php>.

DEW Point news

Selection of documents recently added to the website

Safer water, better health. This new report by the World Health Organisation provides country-by-country estimates of the human cost of water, sanitation and hygiene related diseases. It also makes the case for effective interventions and presents the costs/benefits ratios of water, sanitation and hygiene interventions.

To read more: <http://www.dewpoint.org.uk/article.aspx?ArticleID=869>

Beyond construction: Use by all - A collection of case studies from sanitation and hygiene promotion practitioners in South Asia. IRC and WaterAid have compiled 28 case studies of sanitation and hygiene promotion projects across South Asian countries.

To read more: <http://www.dewpoint.org.uk/article.aspx?ArticleID=872>



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New Finance for Climate Change and the Environment. The Overseas Development Institute looks into the multiplication of global environmental funds and asks what the consequences are for the global climate change and environment financing system.

To read more: <http://www.dewpoint.org.uk/article.aspx?ArticleID=875>

Progress on drinking water and sanitation - Special focus on sanitation. The latest report from the WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation looks at the progress made so far towards achieving the MDG target for drinking water and sanitation (globally and on a country-by-country basis).

To read more: <http://www.dewpoint.org.uk/Article.aspx?ArticleID=877>

Selection of recent helpdesk enquiries

- ◆ Technical enquiry on sullage water in septic tanks.
- ◆ DEW Point received several requests for Environmental Screening Notes to be carried out for DFID for programmes such as the Congo Basin Forest Fund, the global Programme for the Enhancement for Research Information Phase 2, and the UNFPA’s Global Programme to Enhance Reproductive Health Commodities Security.
- ◆ Other enquiries included the sourcing of a Governance adviser to support DFID’s Water and Sanitation team, as well as some work on the preparation of papers for the coming UNFCCC Africa Meeting in Ghana.

Other news

A new Director for WEDC. To see the announcement:

<http://www.dewpoint.org.uk/Article.aspx?ArticleID=873&e=0>

The FAO warns on the impact of climate change on fisheries. For more details:

<http://www.dewpoint.org.uk/Article.aspx?ArticleID=874&e=0>

Recent publications:

The **Gallagher Review of the indirect effects of biofuels production** was published by the Renewable Fuels Agency: <http://www.dewpoint.org.uk/Article.aspx?ArticleID=870&e=0>

The **Global Trends in Sustainable Energy Investment 2008 Report** published by UNEP SEFI and New Energy Finance: <http://www.dewpoint.org.uk/Article.aspx?ArticleID=876>

The **Chronic Poverty Report 2008-2009 – Escaping Poverty Traps**, released by the Chronic Poverty Research Center: <http://www.dewpoint.org.uk/Article.aspx?ArticleID=871&e=0>

Conferences and events

- ◆ World Water Week 2008, 18-23 August in Stockholm.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=90&e=1> or <http://www.worldwaterweek.org/>
- ◆ 13th IWRA World Water Congress 2008, 1-4 September in Montpellier, France.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=76&e=1>
- ◆ Third High Level Forum on Aid Effectiveness, 2-4 September in Accra, Ghana.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=100&e=1>
- ◆ IWA World Water Congress and Exhibition, 7-12 September in Vienna.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=67&e=1>
- ◆ AfricaWRM 2008, 8-10 September in Gaborone, Botswana.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=106&e=1>
- ◆ Expo Zaragoza 2008 and "Water and Sustainable Development", until 14 September in Spain.
More info: <http://www.dewpoint.org.uk/Event.aspx?EventID=135&e=1>

If you have any relevant news, conferences or training events that you would like to publicise in our newsletter then please do get in touch. You can email us the details at helpdesk@dewpoint.org.uk, or submit website content via your member homepage on the DEW Point website.

If you wish to unsubscribe, send us a quick email to helpdesk@dewpoint.org.uk.

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