



Advisory Council Meeting 3

Responsible Carbon Finance for Clean
Cooking Initiative

4th Sept 2024

Overview of Today's Agenda

¹ For AC information

² Pause for any comments

Agenda item	Mins
1. Introduction <ul style="list-style-type: none">• Overview of progress to date	0:00 - 0:15
2. The Code of Conduct v2.0 <ul style="list-style-type: none">• CoC Structure¹• Presenting actions under Integrity, Fairness, Transparency and Sustainability¹• General reflections²	0:15 - 1:25
3. Closing <ul style="list-style-type: none">• Next steps¹	1:25 - 1:30

Overview of progress to date

Feisal Hussain



We are driving towards three key products

CoC Approach

Outlines a facility for recognizing the achievements of Project Developers in meeting the Principles, and an accountability process.

Code of Conduct

Outlines the actions to be taken by project developers to fulfil the Principles. It needs to be pragmatic, yet ambitious.

Buyer's Guide

Helping buyers with a how-to guidance on procuring high quality clean cooking credits with confidence.

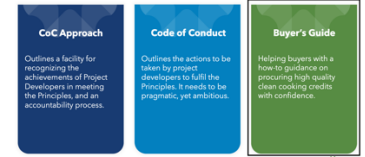
Adjustments to the (Draft) CoC Approach



	Guiding Question for the CoC Approach:	Changes made from last AC meeting?	RCF's proposed approach:
1	Why should a project developer follow the Code of Conduct?	No changes	<ul style="list-style-type: none"> • Being seen to proactively developing responsible clean cooking carbon markets; restoring buyer confidence in the market, and (for fully compliant developers) potentially seeing an uplift in their clean cooking carbon credit prices.
2	What should a project developer do to claim they are following the Code of Conduct?	Minor changes	<ul style="list-style-type: none"> • Project Developers should meet all the "Core Actions" for all the Principles to meet the minimum criteria for being RCF compliant. • Project Developers may also document any "Developmental Actions" that they comply with.
3	How will claims made by project developers be audited?	Major changes	<ul style="list-style-type: none"> • A three-stage evolution, with project developers moving from self-assessment with optional evidencing and public disclosure • Audited assessments by existing auditors, with mandatory evidencing and public disclosure.
4	What might continuous improvement look like?	Minor changes	<ul style="list-style-type: none"> • The Code of Conduct will evolve over time, being revisited biannually. • Project Developers will need to be audited annually

Please note that we will be arranging an additional Advisory Council meeting for **7th September** to go through the revised Code of Conduct Approach in more detail.

Progress Update: Buyer's Guide



A Table of Contents with 16 sections has been divided up with different lead authors and support authors. Drafts are due in by the end of this month.

Responsible Corporate Buyer's Guide to Cookstove Credits

Annex I: Draft Annotated Table of Contents

A draft annotated table of contents has been developed based on similar guides from other sectors.

1. **A Message from the Publisher (2 pages) - CCA**
 - Acknowledgements: Recognition of Contributors and Partners
 - Introduction: Origin and objectives of the guide
 - Importance of Sustainable Cookstoves in Climate Action
 - How cookstoves can reduce carbon emissions and improve health
 - Role of cookstoves in achieving global climate goals
 - Overview of the Publication's Structure
2. **Key Terms and Acronyms (2 pages) - CCA**
 - Definitions of essential terms related to cookstove credits
 - Explanation of acronyms used throughout the guide
3. **Executive Summary: The Business Case for Cookstove Credits (2 pages) - CCA**
 - Financial, environmental, and social benefits of investing in cookstove credits
 - Aligning cookstove investments with corporate sustainability goals
 - Long-term impact and return on investment
4. **Introduction: The Role of Cookstove Credits in Reaching Global Net-Zero Emissions and SDGs (4 pages) - Gold Standard (L)**
 - Contribution to global net-zero targets
 - Explanation of emission reductions and benefits of improved cookstoves
 - Integration with corporate sustainability goals
 - Case studies and examples of successful projects
 - Future prospects and challenges
5. **Strategies for integrating cookstove credits into a broader carbon credit portfolio (6 pages) - ENI (?)**
 - Concept of a carbon credit portfolio
 - Benefits of a balanced portfolio
 - Strategies for integrating cookstove credits into a broader carbon credit portfolio (case studies)
 - Tools and resources for portfolio management
6. **Investing in and Buying in Cookstove Projects (10 pages) - Spark + (L) + Fair Climate Fund (S) + CIX (S)**
 - Different stages of cookstove project development - Fair Climate Fund
 - Routes to investing - Spark +
 - i. Key considerations and best practices
 - ii. Financial structures and investment models
 - iii. Risk assessment and mitigation strategies



Buyer's Guide: under development

Gold Standard




...on track for launch at COP29

The Code of Conduct V2.0

Ronan Ferguson
Hilda Galt



Code of Conduct: What it is, Who it's for, and How it will be used



What is the Code of Conduct?

The Code of Conduct is a **set of actions** that carbon project developers are expected to take to **demonstrate fulfillment** of the Principles for Delivering Responsible Carbon Finance.

The Code of Conduct is organized according to **Principles**. Each principle is elaborated by:

- **Core Actions:** Actions required to be undertaken by carbon project developers to claim meeting the Principle.
- **Development Actions:** Actions that can be used to demonstrate progress towards fulfilling a Principle for companies that are not yet able to achieve the Core Actions.

Who is the Code of Conduct for?

The Code of Conduct has two audiences:

- **Carbon project developers:** outlining the actions needed to meet each Principle.
- **Carbon credit buyers:** guiding what to look for when financing projects.

The Code of Conduct applies to organizations that:

- **Are operating, plan to operate, or have aspirations to operate** one or more clean/improved cooking project(s) certified by an independent carbon standard

How will the Code of Conduct be used by project developers?

To comply with the Principles for Delivering Responsible Carbon Finance, a project developer **must fulfil all the Core Actions specified under each Principle**.

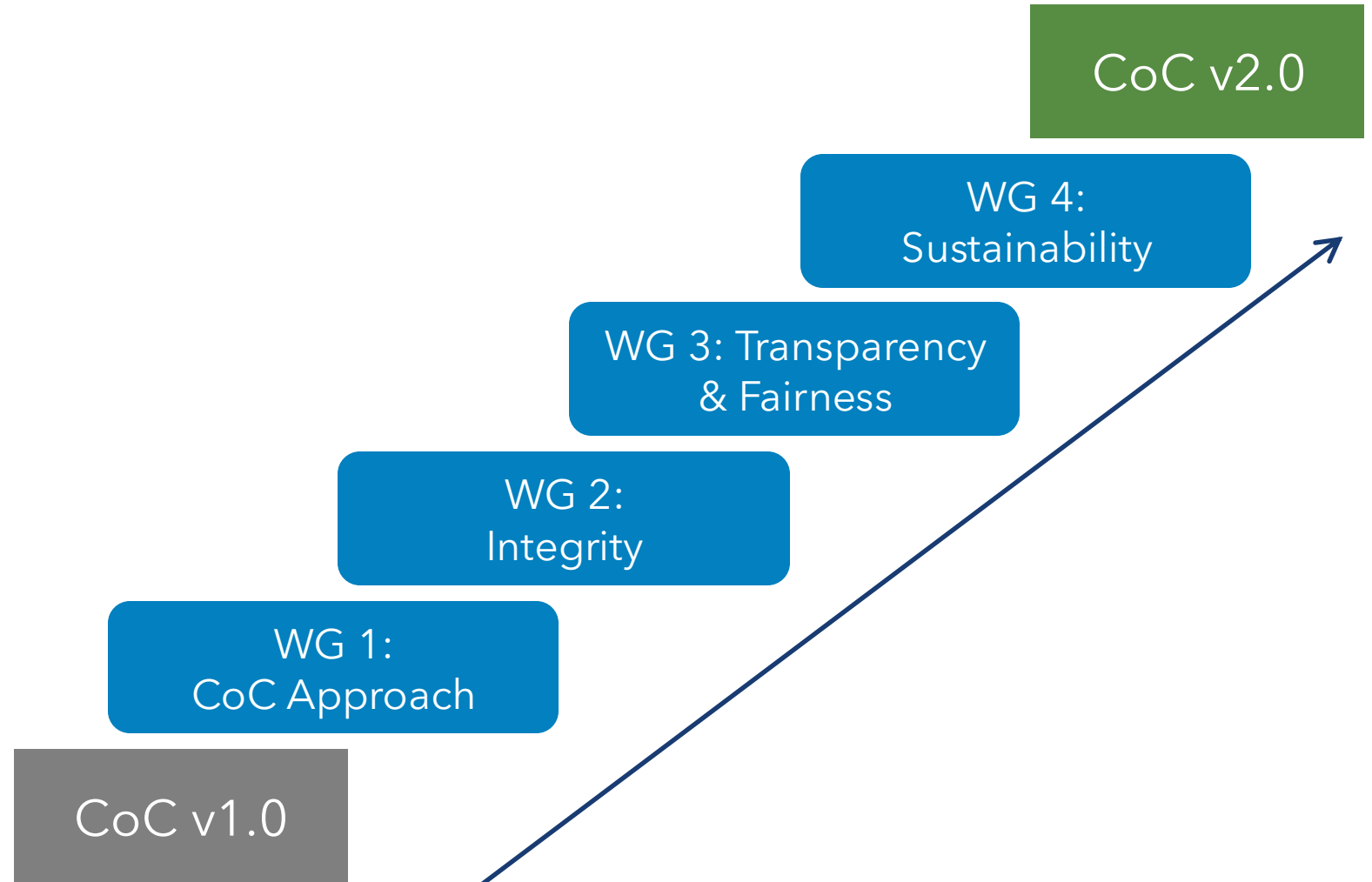
Signing the Code of Conduct will be:

- **Subject to regular review:** It is expected that project developers will revisit the Code of Conduct on an annual basis, as they work to continuously improve their systems, operations and business practices.
- **The point at which evidence of compliance should be available:** The actions outlined in the Code of Conduct are intended to apply to project developers from the date of endorsing the Code of Conduct, onwards.

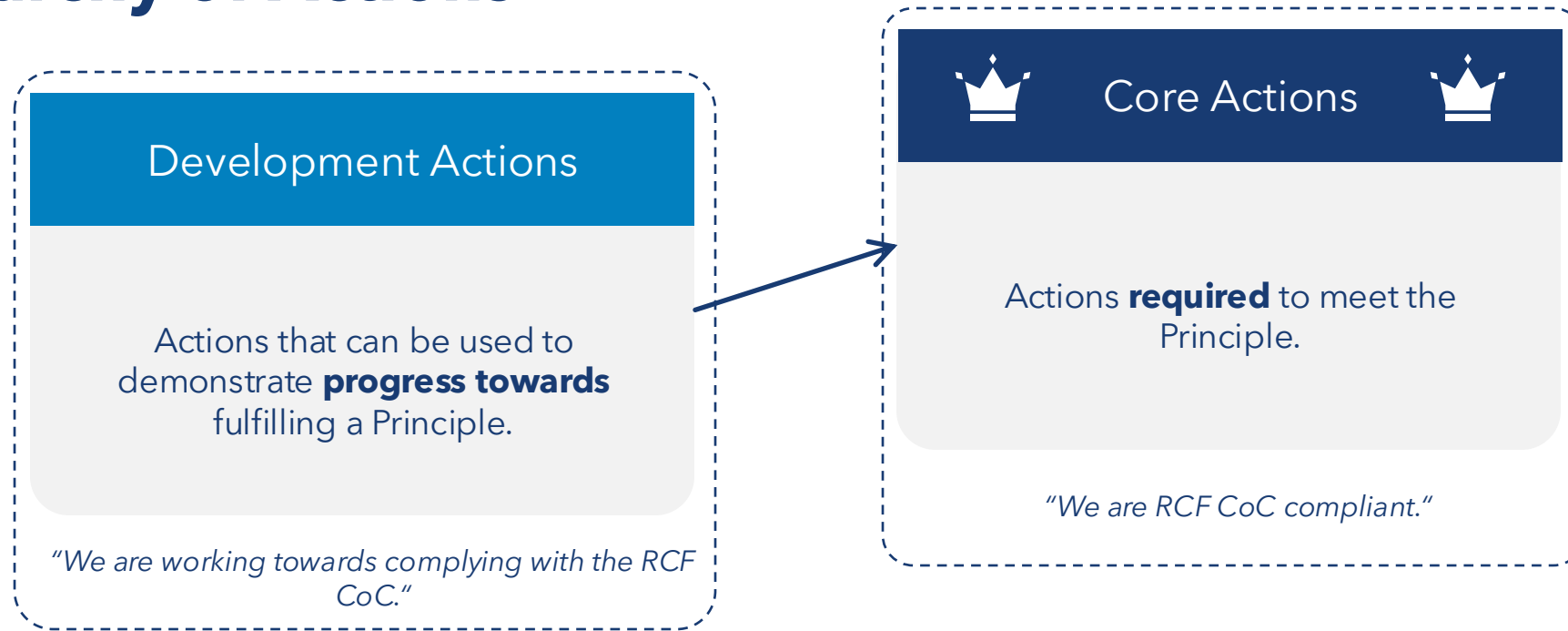
We engaged the WG members to develop CoC v2.0

4 WG meetings between Jul-Aug

- Meetings saw >80% attendance
- Feedback received in written format and verbally during meetings



The Hierarchy of Actions



Actions listed in the Code of Conduct should be:

- **Additional.** Must be clean cooking specific and not duplicative of existing actions.
- **Material.** Focus on the most material actions needed to achieve a given principle. We aim to have not more than 5 actions per category.
- **Concrete.** Avoiding vague terms that are subjective to the extent possible.
- **Ambitious.** Setting the bar high that is over and above methodological/standard requirements for most projects on the market today.
- **Verifiable.** Choose phrasing and criteria that allow third-party verification (in future).

**Integrity:
Project claims should
be evidence-based,
case specific, and
substantiated.**

I1

Baselines are realistic, up-to-date, and geography-specific. Any assumptions made are transparent and substantiated.

I2

Fuel consumption or stove usage are accurately monitored. Any assumptions made are transparent and substantiated.

I3

Only sustainable development benefits that are substantiated and can be evidenced are claimed.

I1

Baselines are realistic, up-to-date, and geography-specific. Any assumptions made are transparent and substantiated.

I2

Fuel consumption or stove usage are accurately monitored. Any assumptions made are transparent and substantiated.

Comments from the Working Group:

CoC v1.0

Core Actions were a list of criteria projects must meet to demonstrate complying with Principle

"Principles should be applicable to both new and ongoing projects, in order to have both a mitigative and corrective/adaptive angle"

"Integrity starts with being transparent. Data should be publicly reported online."

"A core issue in my view is how Developers sign up to a process of making their information transparent and clear."

"If the cost of complying with these outweighs the upside in carbon revenues then the CoC will be a non-starter."



CoC v2.0

Reporting template, with Core Actions requiring its completion

ADVANTAGES

- ✓ Full transparency
- ✓ Comparability across projects
- ✓ Reporting elements clearly signal best practices to the market
- ✓ Manages cost of compliance
- ✓ Allows reporting on organizational level

I1: Baselines are realistic, up-to-date, and geography-specific. Any assumptions made are transparent and substantiated.

Core Action 1

Carbon project data is **populated annually** in Table 1 below. This applies to all registered projects owned or operated by the project developer.

Core Action 2

The completed table and supporting evidence for each cell of Table 1 is made **publicly available**.

Table 1:	Summary		Project ID		
Reporting element	Portion of total issuances meeting this condition	Portion of expected issuances meeting this condition	Crediting Period 1 (year-year)	Crediting Period 2 (year-year)	Crediting Period 3 (year-year)
Reporting element A	... %	... %	(...tCO ₂ e in expected or actual issuances meeting this condition)	(...tCO ₂ e in expected or actual issuances meeting this condition)	(...tCO ₂ e in expected or actual issuances meeting this condition)
Reporting element B					

I1. Baseline reporting elements

1

The project applies a carbon program and methodology that is **Core Carbon Principle-Eligible**, as determined by the Integrity Council for the Voluntary Carbon Market.

Comments from the Working Group:

"Could a reference be made upfront to the principle of drawing from market quality initiatives, e.g. CLEAR meth, IC-VCM CCPs etc."

"The focus should be on supporting the CLEAR methodology and CCPs to provide confidence moving forward that versions are trusted across a crediting period."

"A base responsibility should be to use a 'recognized' independent standard, e.g. GS, VCS"

I1. Baseline reporting elements

1

The project applies a carbon program and methodology that is **Core Carbon Principle-Eligible**, as determined by the Integrity Council for the Voluntary Carbon Market.

2

The fraction of non-renewable biomass (**fNRB**) value applied is (*align with the UNFCCC outcome*)

3

Kitchen Performance Tests carried out by independent third parties are used to establish the quantity of baseline fuel(s) consumed.

OR

A **default** of 0.5 tons/capita/year of fuelwood and 0.1 tons/capita/year of charcoal in baseline fuel use is applied.

OR

Stove Use Monitor (SUM) measurements combined with specific fuel consumption ratios from Controlled Cooking Tests of the baseline stoves are used to establish the quantity of baseline fuel consumed.

Comments from the Working Group:

"I don't believe surveys should be used at all to capture baseline fuel consumption."

"I don't think surveys should be used to determine baseline fuel consumption. They are subjective and prone to overestimation."

"KPTs should be done by an independent third party, not by the project developer."

I1. Baseline reporting elements

1

The project applies a carbon program and methodology that is **Core Carbon Principle-Eligible**, as determined by the Integrity Council for the Voluntary Carbon Market.

2

The fraction of non-renewable biomass (**fNRB**) value applied is (*align with the UNFCCC outcome*)

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Kitchen Performance Tests carried out by independent third parties are used to establish the quantity of baseline fuel(s) consumed.
OR
A **default** of 0.5 tons/capita/year of fuelwood and 0.1 tons/capita/year of charcoal in baseline fuel use is applied.
OR
Stove Use Monitor (SUM) measurements combined with specific fuel consumption ratios from Controlled Cooking Tests of the baseline stoves are used to establish the quantity of baseline fuel consumed.

4

Baselines are updated at least every **five years**.

5

If charcoal is used in the baseline, the project uses the **emissions factor for charcoal** to calculate the baseline emissions.
OR
If a **wood-to-charcoal conversion factor** is used, the value applied is not higher than 6.0 kg of fuelwood (wet basis) per kg of charcoal (dry basis).

6

For baseline parameters that require assumptions, project documentation evidences that the parameter is based on the **best available data** and errs on the side of caution to ensure that baseline emissions are **not overestimated**.

7

Where sampling is used (e.g. for KPTs or SUMs) a robust **sampling approach that is statistically sound** is applied following the CDM's latest *Guidelines for sampling and surveys for CDM project activities and programmes of activities*.

I2: Fuel consumption or stove usage are accurately monitored. Any assumptions made are transparent and substantiated.

Core Action 1

Carbon project data is **populated annually** in Table 1 below. This applies to all registered projects owned or operated by the project developer.

Core Action 2

The completed table and supporting evidence for each cell of Table 1 is made **publicly available**.

Table 1:	Summary		Project ID		
Reporting element	Portion of total issuances meeting this condition	Portion of expected issuances meeting this condition	Crediting Period 1 (year-year)	Crediting Period 2 (year-year)	Crediting Period 3 (year-year)
Reporting element A	... %	... %	(...tCO ₂ e in expected or actual issuances meeting this condition)	(...tCO ₂ e in expected or actual issuances meeting this condition)	(...tCO ₂ e in expected or actual issuances meeting this condition)
Reporting element B					

I2. Fuel consumption/stove usage reporting elements

For non-metered projects:

1

Usage rate (i.e. how much a cook uses the project technology within a year) is determined via **Stove Use Monitors**.

2

Drop-off rates (i.e. the portion of technologies that drop out of the project altogether due to no longer being used) are established via **surveys conducted in person** that must be **combined with visual checks** to confirm the project technology is used.

3

Kitchen Performance Tests carried out by independent third parties are used to establish the **quantity** of fuel(s) consumed during the project.

4

For project parameters that require assumptions, project documentation evidences that the parameter is based on the **best available data** and errs on the side of caution to ensure that project emissions are **not underestimated**.

5

Where sampling is used (e.g. for KPTs or SUMs) a **robust sampling approach that is statistically sound** is applied following the CDM's latest Guidelines for sampling and surveys for CDM project activities and programmes of activities.

For metered projects:

1

If the methodology applied does not account for emissions reductions based on the thermal energy output of the project device (and thereby only credit displaced fuel), then **Kitchen Performance Tests** carried out by independent third parties are used to establish the quantity of fuel(s) consumed during the project.

I3: Only sustainable development benefits that are substantiated and can be evidenced are claimed.

Core Action 1

Peer-reviewed tools are used to substantiate sustainable development claims and outline the rationale and evidence to support the claim (e.g. the latest versions of the Gold Standard's SDG Impact Tool, Verra's Sustainable Development Verified Impact Standard, or W+ Standard).

For stoves that meet WHO's definition of clean: **health benefits** are only claimed when it is demonstrated that stove stacking occurs at a level low enough to yield health benefits (i.e., <3 hours per week). For all other technologies health benefits are claimed through the application of the Gold Standard's Methodology to Estimate and Verify ADALYs from Cleaner Household Air.

Core Action 2

Evidence is provided to substantiate any sustainable development benefits claimed (e.g., to evidence that employment is generated such as employment contracts). Where information is commercially sensitive, all evidence used to support the claim must be available upon request by a buyer or other third party (e.g., a verifier).

Comments from the Working Group:

"The actions should not inadvertently exclude improved biomass stoves that are unable to meet WHO's definition of clean."

Any general reflections that you wish to share?

I1 (baselines) and I2 (project performance)

Core Action 1

Carbon project data is **populated annually** in Table 1 below. This applies to all registered projects owned or operated by the project developer.

Core Action 2

The completed table and supporting evidence for each cell of Table 1 is made **publicly available**.

I3 (SDG claims)

Core Action 1

Peer-reviewed tools are used to substantiate sustainable development claims. **Health benefits** are only claimed when it is demonstrated that stove stacking occurs at a level low enough to yield health benefits, or through application of the ADALYs methodology

Core Action 2

Evidence is provided to substantiate any sustainable development benefits claimed

**Transparency:
Non-commercially
sensitive information
on clean and
improved cooking
carbon markets
should be accessible.**

T1

The monetary and/or non-monetary benefits reaching the project and technology/fuel users are transparent within a given transaction.

	Monetary	Non-monetary
Direct	Upfront subsidy on stove or fuel Direct payments e.g. for use or into a community fund	Free stove Availability of functioning appliances through maintenance and repair services offered Training provided to stove users
Indirect	User cost savings from recurrent clean fuel usage or reduced biomass usage Cost savings from reduced hospital visits	User time savings from reduced fuel gathering or increased cooking efficiency Increased income security from reduced fuel purchases

T1: The monetary and/or non-monetary benefits reaching the project and technology/fuel users are transparent within a given transaction.

Core Action 1

Project developers that choose to provide **transparency on monetary benefits:**

The **monetary value** of direct benefits reaching end users and local communities is available to all actors within a given transaction (e.g., technology/fuel end users, intermediaries, investors and carbon credit buyers). This is applicable to all transactions.

Monetary

<p>Upfront subsidy on stove or fuel Direct payments e.g. for use or into a community fund</p>

Core Action 2

Project developers that choose to provide **transparency of non-monetary benefits:**

The **cost of providing direct non-monetary benefits** reaching end users and local communities is available to all actors within a given transaction (e.g., technology/fuel end users, intermediaries, investors and carbon credit buyers). This is applicable to all transactions.

Non-monetary

<p>Free stove Availability of functioning appliances through maintenance and repair services offered Training provided to stove users</p>

T1: The monetary and/or non-monetary benefits reaching the project and technology/fuel users are transparent within a given transaction.

Core Action 1

Project developers that choose to provide **transparency on monetary benefits:**

The **monetary value** of direct benefits reaching end users and local communities is available to all actors within a given transaction (e.g., technology/fuel end users, intermediaries, investors and carbon credit buyers). This is applicable to all transactions.

Core Action 2

Project developers that choose to provide **transparency of non-monetary benefits:**

The **cost of providing direct non-monetary benefits** reaching end users and local communities is available to all actors within a given transaction (e.g., technology/fuel end users, intermediaries, investors and carbon credit buyers). This is applicable to all transactions.

Comments from the Working Group:

"It is very important to avoid the 'and/or' and make it 'and/and'. Both benefits need to be met as CORE action."

"'Within a given transaction' limits the transparency to the parties having concluded this transaction, so this gives no public openness on revenues accrued.."

Fairness: Carbon projects solicit informed consent from users and share revenue fairly along clean and improved cooking value chains.

F1

Informed consent precedes each user's participation in a carbon project.

F2

Carbon revenues are shared by all stakeholders in a way that is proportionate to the risk they assume and the value they create.

F1. Informed consent precedes each user's participation in a carbon project

Core Action 1

Visual aids are used to support explanations of the key concepts and terms of the agreement, as well as its context. These are provided in the **local language**.

Core Action 2

Regular **training is provided to customer-facing staff** to ensure that any end user's consent is well-informed (i.e., they have a complete understanding of the consequences of their participation in a carbon project) and given voluntarily without coercion, intimidation, or deception. This includes providing training on common questions and how to answer them correctly.

Core Action 3

Procedures are in place to ensure **continual improvement**, such as annual reviews with the customer-facing teams to reflect on any changes that are needed to standardized contracts or how these are communicated to customers.

Comments from the Working Group:

"Visuals aids should be a core action."

"Focus should be on the critical aspects of how to get informed consent, not on the contents of the contract itself"

F1. Informed consent precedes each user's participation in a carbon project

Core Action 4

Customers are directly engaged with at sale to ensure they are sufficiently informed (i.e., sales are not undertaken through third parties that are independent from the project such as kiosks or retail stores).

Customer engagement includes:

- Ensuring that they thoroughly read and/or understand any legal agreement transferring the rights to carbon credits before signing it. Such agreements are in the **local language** and consist of **clear and simple terms** that can be expected to be understood by the cookstove/fuel user.
- Confirming that they **understand what they are agreeing to**, and that they **can withdraw their consent**.
- Ensuring customers are aware of the **available alternatives** if they choose not to transfer their rights to carbon credits, e.g., buying a stove without a subsidy.
- Ensuring that consent is **freely given** without deception, intimidation, or coercion.

F1. Informed consent precedes each user's participation in a carbon project

Core Action 1

Visual aids are used to support explanations of the key concepts and terms of the agreement, as well as its context. These are provided in the **local language**.

Core Action 2

Regular **training is provided to customer-facing staff** to ensure that any end user's consent is well-informed (i.e., they have a complete understanding of the consequences of their participation in a carbon project) and given voluntarily without coercion, intimidation, or deception.

Core Action 3

Procedures are in place to ensure **continual improvement**, such as annual reviews with the customer-facing teams to reflect on any changes that are needed to standardized contracts or how these are communicated to customers.

Core Action 4

Customers are directly engaged with at sale to ensure they are sufficiently informed (i.e., sales are not undertaken through third parties that are independent from the project such as kiosks or retail stores).

F2: Carbon revenues are shared by all stakeholders in a way that is proportionate to the risk they assume and the value they create.

Core Action 1

The **portion of carbon revenues** that are or will be **shared with end users** is transparent to all actors involved in a given transaction.

This involves:

- Project developers must **disclose the subsidy amount** - and any other **direct monetary/non-monetary benefit** - **provided by carbon finance**. If subsidies on the retail price of technologies are provided, then this must be expressed as a percentage of the price sold over the retail value.
- When communicating this to technology/fuel end users it is made clear that **reduced prices are directly connected to carbon finance and are not the prices to be expected** in the commercial market.

Comments from the Working Group:

"Being transparent about how we share revenues is essential to building trust in the market."

"Carbon finance is not neat. It involves complex investments that can run at a loss."

"Seems to be in contradiction with the sustainability principles, particularly S2"

**Sustainability:
Carbon markets
complement other forms
of funding and do no
long-term harm to local
clean and improved
cooking markets.**

S1

Carbon finance, official development assistance and philanthropic capital are complementary.

S2

The positive effects of carbon finance on clean and improved cooking markets are promoted, while excessive market distortions are avoided.

S3

National policies facilitate the development of clean and improved cooking carbon markets.

Comments from the Working Group:

"It is the responsibility of financiers to ensure complementarity when structuring financial agreements."

No actions for project developers are included for S1 and S3

S1

Carbon finance, official development assistance and philanthropic capital are complementary.

S2

The positive effects of carbon finance on clean and improved cooking markets are promoted, while excessive market distortions are avoided.

S3

National policies facilitate the development of clean and improved cooking carbon markets.

"It is dependent upon policy makers to ensure that the development of clean and improved cooking carbon markets are fostered."

S2: The positive effects of carbon finance on clean and improved cooking markets are promoted, while excessive market distortions are avoided.

Core Action 1

The **price at which technologies are offered** to customers is transparent (e.g., project developers list this on their website or in publicly available carbon project documentation). Projects operating in multiple markets with dynamic costs may provide price ranges for the different products offered.

Core Action 2

If a project developer offers technologies/fuels at no cost to the user, evidence is provided (e.g. a local independent study) demonstrating that the **local willingness and ability to pay for clean or improved cooking solutions is non-existent**; i.e. that there is no local clean cooking market to distort; or that it is **too small to sustain a viable business model**.

Comments from the Working Group:

"We must leave no one behind, the scale of the need for clean cooking is enormous, and to achieve that, the market-based approach shouldn't be the mantra. We need speed of distribution."

"It is not our experience that distributing devices for free means that users don't value it or don't use it."

"This is linked to F2"

Closing & AOB

Feisal Hussain



Next Steps

Next Steps:

- CCA to share today's slides on the Code of Conduct with the Advisory Council
- Advisory Council members may provide any written feedback **by COB Friday 6th September**
- CCA will be following up individually with you from 25th November to 6th December, to solicit feedback on the Code of Conduct, the CoC Approach, and the Buyer's Guide

Next meetings:

1. Advisory Council Meeting 4: focus on the CoC Approach – **25th September** (*invite to be sent out soon*)
2. Advisory Council Meeting 5: focus on the Buyer's Guide – **7th November**
3. Advisory Council Meeting 6: focus on reviewing a near-final (v6) Code of Conduct – **10th December**

Timeline for 2024

