

Call for using cleaner cookstoves

Executive director of Global Alliance for Clean Cookstoves talks to The Daily Star

MD FAZLUR RAHMAN

BANGLADESH should go for cleaner cookstoves to save its thousands of women and young children from premature death and improve their livelihoods and combat climate change, said an expert yesterday.

"Cleaner cookstoves can have an important health and environmental impact in Bangladesh," said Radha Muthiah, executive director of the Global Alliance for Clean Cookstoves.

She said, about three billion people around the world are exposed to high levels of harmful smoke each day from traditional cookstoves, as they are still reliant on traditional forms of cooking. "And the results are two million deaths annually."

"After water, indoor air pollution is the largest environmental threat to health in developing countries. Women and young children bear the brunt of these costs," she told The Daily Star in an interview.

"The reliance of the world's poor on solid fuels for their cooking needs, in the end, affects us all through the release of carbon dioxide and black carbon that contribute to climate change," she said.

She said some two million people die annually as a result of cancers, heart and lung diseases, and other ailments -- all because they were engaged in one of the most basic human survival functions: cooking a meal.

"This, of course, is an issue Bangladeshis are unfortunately quite familiar with and aware of. Ninety percent of the population, some 30 million households, are still reliant on solid fuels and traditional cookstoves and women

spend about one-third of their day gathering wood and cooking."

"Air pollution that impacts the health and the environment of your fellow countrymen and women leads to 46,000 deaths a year, a shocking number," she said.

Muthiah is now in Dhaka to attend a two-day workshop, which began yesterday, on clean cookstoves at the BRAC Centre Inn.

The Global Alliance for Clean Cookstoves, the organiser of the workshop, is a new public-private partnership to save lives, improve livelihoods, empower women, and combat climate change by creating a thriving global market for clean and efficient household cooking solutions.

Launched in 2010 at the Clinton Global initiative, the Alliance's '100 by '20' goal calls for 100 million homes to adopt clean and efficient stoves and fuels by 2020. It will work with public, private, and non-profit partners to help overcome the market barriers that currently impede the production, deployment, and use of clean cookstoves in the developing world.

About 350 different partners have joined the effort so far, with US\$25 in multiyear commitments to the Alliance and up to \$100 million US government parallel funding support for the cause.

Muthiah, the former vice president of CARE USA, said since 1970, half of Bangladesh's forests have disappeared, though in recent years efforts have begun to reverse this troubling trend. However 60 percent of the rural population still purchases wood as their primary source of fuel.

"So, there is a health reason for Bangladesh to be concerned about. There is also an environment reason as we all know climate change in



Radha Muthiah

Bangladesh and the forests are being degrading."

"Some of the impact is related to cookstove. Some of that is the result of wood that is being chopped down and collected to be used as fuel."

The mother of two sons said women often take about six to eight hours a day to travel and collect this fuel, whether it is dung, leaves or wood. "That time can be better spent with the family and in an earning capacity. Clean cookstove is

important for Bangladesh."

She said the organisation is prioritising countries around the world. "Bangladesh would be one of them, where we can provide international standards, engage the governments, champion the issue and raise resources to be able to tackle the important issue and the silent killer for us around the world."

She said the workshop in Dhaka would try to determine the target for Bangladesh and what will be the

key interventions for the country and how the various partners in Bangladesh including the government will come together to address the very important problem.

"In Bangladesh, we know that 30 million households still use rudimentary cooking. Our hope is eventually all of the 30 million households will be using clean cooking solutions."

She said she hopes the government of Bangladesh and the private sector would come together to solve the problem.

For the alliance, Bangladesh is a priority country for a few reasons. "30 million households still need clean cooking solutions. It is a big number. We need to be able to address that. There are 46,000 deaths every year in Bangladesh. We do not need to have that. We need to be able to address some other issues," Muthiah said.

"We feel that the solution will help mitigate some of the issues related to climate change."

She said unlike many areas, a lot of research has been done in the clean cooking technology. "We already have solutions. There are a lot of clean cooking solutions available."

"The issue now is how to make the user aware of it and how to make it a price affordable to them and how to be able to scale up the production of the existing solutions, so they can be used by the hundreds of thousands of households around the world."

She said there is tremendous scope for improvement in impact in Bangladesh. "We have received government support and NGOs in Bangladesh and different international partners. With their help, we can really make a big difference in Bangladesh."

She said the government in Bangladesh is committed to the issue. "We look forward to the environment and forest ministry is taking the lead and bringing others on the board. We hope they will play their role as well."

Muthiah said people are going into forests and chopping down trees, bushes and leaves to use to cook as fuel. If we have a more efficient and cleaner stove we do not need as much fuel. That is one way you can support environment."

"If the smoke is not being emitted the way it is created now will naturally help the environment. It is a silent killer around the world."

Muthiah, who has an MBA from Stanford University and Bachelor of Arts and Masters degrees in Economics from Tufts University, said over the last few months, through the development of the alliance strategic business plan, the Alliance has been extending its global efforts to national and local stakeholder engagement and action on the ground.

"This is what brings us to Bangladesh. The commitment of the government, availability of consumer finance, entrepreneurship, truly innovative models for reaching and engaging those at the base of the pyramid are strong and varied."

"It is fertile ground to test and learn and scale."

Muthiah, who now lives in Washington, said the use of clean cookstoves and fuels can dramatically reduce fuel consumption and exposure to cookstove smoke.

Development of a global clean cookstove industry that is constantly innovating to improve design and performance, while lowering the cost of stoves, can lead the way to widespread adoption of clean cooking solutions.

Why isn't the euro falling even further?

PETER GUMBEL

IF the euro really is on the verge of collapse, as many pundits are now proclaiming, how come it is still so highly valued against other currencies, including the US dollar?

That may sound like a crazy question, given the euro's much-publicised decline over the past couple of weeks. It has been dropping as the possibility grows that Greece may seek to pull out of the 17-nation currency union following parliamentary elections there in mid-June. That scenario of a "Grexit" has spooked financial markets and pushed governments and business around Europe to draw up contingency plans.

Yet looked at from a longer perspective than last week, the euro is in fact still pretty expensive. On foreign exchange markets, one euro today buys about \$1.25. That's more than 6 percent above the \$1.17 rate in January 1999, when the euro was first introduced as an accounting currency. Back then, it got off to a weaker start even than Facebook's IPO and quickly fell below parity to the dollar. On Jan. 1, 2002, when euro notes and coins were introduced into general circulation, one euro bought just 90 US cents. It then dropped to a low point of 86 cents in March of that year. That's 30 percent below where it is today. This chart from the ECB website shows the full picture since the euro's introduction:

And it's not just against the dollar that the euro remains relatively strong. The trade-weighted value of the euro against the currencies of the 20 countries that are the European Union's leading commercial partners shows the same trend. On this index, too, the euro tracks today at a level that is about its midpoint over the 12 years of its existence, far from its historic low.

So what does this mean? If you believe that markets are rational, there are three possible conclusions:

The euro still has a heck of a long way to fall -- at least 30 percent and probably more.

Markets don't yet believe that the eurozone is about to collapse, or something else is supporting the currency; for example, the German economy's renewed strength.

The wonderful thing about foreign exchange markets, of course, is that they



can be highly irrational. Paul De Grauwe and Pablo Rovira Kaltwasser, economists at the University of Leuven in Belgium, recently published a paper entitled "Animal Spirits in the Foreign Exchange Market," which concludes that traders form optimistic or pessimistic views about currencies that have little or nothing to do with economic fundamentals and that they readily swap for reasons that can defy logic.

Certainly, looking at the dollar's high volatility against, first, the German mark and then the euro over the past 30 years, you might think that the US and European economies have been massively diverging. The dollar started a dizzying climb in the feel-good 1980s under President Ronald Reagan, only to fall sharply in the mid-1980s, after the US Treasury persuaded Japan and Europe to declare that it was overvalued -- the famous 1985 "Plaza Accord." Yet De Grauwe makes

the point that the underlying economic situation doesn't begin to warrant such big changes because, while there have been differences in GDP growth, purchasing power parity comparisons, and other indicators, they haven't been big enough to warrant such violent market shifts. "The fundamentals have moved relatively little, but the foreign exchange markets have moved a lot," he says.

How, then, to account for the euro's trajectory, and particularly its current relative strength in the face of all that political and economic turmoil in Greece, Spain and other reeling countries?

It's possible to make the case that the euro's decline following its introduction was due to uncertainty about its prospects and solidity. After all, this was a new currency union in a world that is generally sceptical about such things. It didn't help

that the Europeans had a lousy track record of economic and monetary convergence; George Soros famously made a killing in 1992 by betting that the British pound would not be able to stay in the euro's precursor, the "exchange rate mechanism" of the European Monetary System.

More puzzling is why the euro then went on to rise so sharply in the period before the 2008 financial crisis. Economic growth in the euro zone was actually quite sluggish in those years, substantially lower than in the US and many other countries. Between 2002 and 2007, the euro area economy grew at an average annual rate of just 2 percent, compared with 2.6 percent in the US and a buoyant 4.4 percent for the world economy as a whole. Yet in that period, the euro appreciated strongly.

Interest rates are often used to justify currency fluctuations, and the European

Central Bank's traditionally hawkish views on inflation may have helped to underpin the currency -- even if the interest rate differential between Europe and the US has not been substantial. Since the bankruptcy of Lehman Brothers and the explosion of the financial crisis in 2008, the European Central Bank has also lagged behind the US Federal Reserve and the Bank of England, both of which have adopted aggressive policies of "quantitative easing" -- big injections of liquidity into the financial system. But that has changed in the past six months, starting in November when the ECB started providing commercial banks with 1 trillion euros' worth of cheap loans, in a bid to ease euro zone tensions. So what was the impact of that decision on the foreign exchange markets at the time? Answer: barely a ripple.

De Grauwe actually thinks that the prevailing market view, namely that the euro is a bit overvalued, is about right. He considers that it's now above what he calls its "equilibrium value" and thus could go lower, to about \$1.15 to \$1.20. In other words, there's still a Greek withdrawal discount to be had. But we are still far from the worst-case scenario of the collapse of the euro itself.

The euro's recent fall might, in fact, be a case of a self-fulfilling prophecy, just as the 1985 Plaza Accord was. After all, European politicians are also now publicly discussing the worst-case scenarios, easing the nervousness of foreign exchange traders.

The irony of all this is that a massive euro devaluation would be one of the best things that could possibly happen right now for the eurozone, because it would instantly make exports far more competitive. That would help not just Greece out of its current misery but also all the struggling euro zone countries, from Spain to Italy to Ireland, and potentially trigger a German boomlet that could lift the entire continent.

Time, perhaps, for European politicians to talk up the crisis scenario even more forthrightly, in the hope that those animal spirits in the foreign exchange markets overreact with a historic selloff -- and in the process actually head off the very scenario that they are betting on.

Peter Gumbel is an award winning journalist and author who has lived in Paris since 2002.