



# Gold Standard Conference: Grow to Zero

## *The Need for Results Based Finance*

14 April 2016







NEARLY

**3 BILLION**

people rely on open fires and simple stoves that burn solid fuels like wood, animal dung, and coal to cook their food.

**4.3 MILLION**

people die prematurely from illnesses attributable to the household air pollution from cooking with solid fuels every year.

UP TO

**25 PERCENT**

of black carbon emissions come from burning solid fuels for household energy needs.

**\$123 BILLION**

in annual costs to health, environment, and economies in the developing world because of solid fuel use for cooking.

# Market-based approach – three core strategies





# Working with 1,500+ partners to support and grow the sector

Donor Countries	Canada Denmark Finland	Germany Ireland Malta	Netherlands Norway Spain	Sweden United Kingdom United States			
Private Sector & NGO	 	 	 	  	 		
UN & MFI	 	  	 	 	 		
National Partners	Afghanistan Bangladesh Burkina Faso Cambodia Central African Republic	China Colombia Côte d'Ivoire Democratic Rep. of the Congo Dominican Republic	El Salvador Ethiopia France Ghana Guatemala Honduras	Indonesia Italy Kenya Laos Lesotho Liberia	Malawi Mexico Mongolia Myanmar Nepal Nicaragua	Niger Nigeria Peru Rwanda South Africa South Korea	Sri Lanka Sudan Tanzania Togo Uganda Vietnam Zimbabwe



# Results Based Financing for Cookstoves

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## **Why Results Based Financing?**

- ✓ How is this different than the traditional development sector approach?

## **What are ADALYs: why are they important and potentially marketable?**

- ✓ Extends premature death to include years of “healthy” life lost by being in poor health/disability.

## **What are some of the potential challenges?**

- ✓ Should people be paid for something they should do anyway?
- ✓ Will paying for certain targets lead to neglect of other important targets?
- ✓ Will people be encouraged to falsify data in order to receive payment?
- ✓ Will RBF schemes produce unintended consequences?
- ✓ Are these complex financing arrangements cost-effective, necessary?
- ✓ Is there willingness to pay for impacts amongst donors/outcome payers?

# Results Based Financing for Cookstoves

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## **How might RBF accelerate the clean cooking market?**

- ✓ Various schemes already being piloted
- ✓ Shown to be effective in promoting higher-end technologies

## **How will the Alliance continue to support RBF?**

- ✓ Contribute to the ongoing and future experimentation
- ✓ Collaborate with Gold Standard to develop methodology for counting and verifying ADALYs
- ✓ Establish demand amongst potential outcome payers in collaboration with World Bank and others

## **What are some key questions to be considered going forward?**

- ✓ Standardized methodology for estimating ADALYs
- ✓ Verification/certification process for ADALY credits
- ✓ Demand amongst credit buyers (sovereign, corporates, retail).
- ✓ Buy-in from other sectors and stakeholders
- ✓ Availability/feasibility of local interventions/projects