



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Global Impact Program for Clean Cooking

UNIDO's integrated results-based finance package for large-scale interventions with a sustainable impact

Enabling the market in Tanzania

UNIDO has implemented a proof-of-concept project in Tanzania, employing its innovative RBF package as a market-enabling framework to raise demand and establish an efficient value chain. Underpinned by technical support, the program has built up local manufacturing capacity for bioethanol – making use of agricultural waste – and stoves, as well as helping to establish a distribution network to cater to a market of over 500,000 households in the country's largest city, Dar es Salaam.

The modeled trigger effect will multiply the direct impact of the Dar es Salaam project by three – meaning 1.5 million households are expected to convert to clean, ethanol-based cooking as a result, while a total of 300m USD of private sector investment will be generated following 100m USD of investment being facilitated by the RBF program.

A strong basis for the program is provided by the Tanzanian government's commitment to conversion to clean cooking at a national policy level.

The UNIDO RBF package builds on successful pilot projects that have already been implemented in Tanzania.

UNIDO'S THREE-PILLAR RBF PACKAGE APPROACH

A partnership delivery model:

the results-based finance package for market, technology, financial, and social innovation



UNIDO's unique approach supports Member States in the design of complementary RBF models, each addressing specific users, financing requirements, and funding partners, while relying on a foundation of shared facilities for M&E and fundraising. Integrated RBF packages like this have a major advantage when implementing large-scale programs, with common overall strategies and partnerships, that require specialized RBF mechanisms.

The funding bottleneck

National efforts to shift large urban populations to ethanol-based clean cooking practices face numerous obstacles. Above all, significant financing gaps have prevented public sector and NGO interventions from reaching the scale they deserve and achieving critical mass. Gaps are found at all levels, from providing finance to households to encouraging private sector investment.

Today, there is a clear consensus in the development community that these financing gaps need to be filled urgently, using innovative results-based financing (RBF) principles and mechanisms. Such innovative models should enable markets, bring financial institutions and private sector enterprises on board, offer new ways to encourage household behavioral change, and facilitate investment in ethanol-based value chains.

Besides the need to reduce carbon emissions, the potential benefits of tackling the problem of urban cooking practices based on charcoal, kerosene, other fossil fuels, and wood have been known for decades. Direct negative impacts include health impairment due to household air pollution, as well as time lost by women due to the many hours spent securing fuel and cooking. An effective approach will make contributions to achieving various UN Sustainable Development Goals (SDGs).

UNIDO's integrated approach

The UNIDO Global Impact Program for Clean Cooking Fuels and Technologies (UNIDO GIP CC) model is a novel intervention package comprised of three mutually reinforcing RBF pillars accompanied by monitoring and evaluation mechanisms (M&E), facilitating policy measures, technical assistance, and fundraising mechanisms.

Each pillar addresses a particular area of funding needed to release the potential of clean-cooking transformation, and each is equipped with a country-specific RBF mechanism. These are created to bridge the financing gaps and attract combined funding from government, donors, and the private sector to create demand and establish sustainable, competitive value chains.



Combining public funds and development assistance funds, the **smart subsidy RBF mechanism** ensures participating households can afford the upfront costs associated with switching to ethanol-based clean cooking equipment and fuel supplies. Executed by national institutions, the smart subsidy RBF program is reinforced by country-level market-enabling policies as well as standards and certification interventions.



To increase the value proposition and motivation for households, and in particular for women, the package's second pillar is a **RBF women's savings facility** to be managed by experienced, specialized national partners. The facility leverages households' financial savings from clean cooking behavior, which can be matched by public funds, to provide improved social benefits such as family health insurance, school tuition, and basic water quality, sanitation, and handwashing (WASH) improvements.

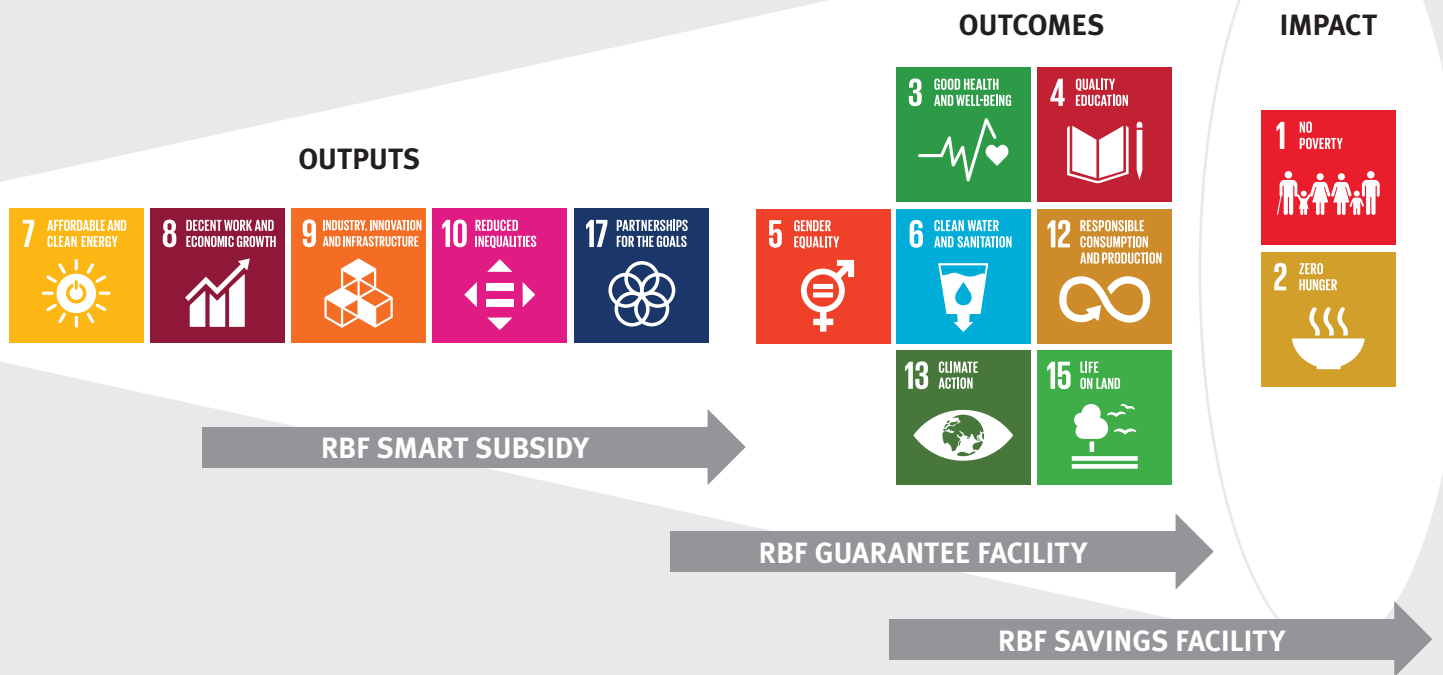


These efforts jump-start significant, robust market demand for clean cooking technology and fuel supplies, alerting the private sector to sustainable business opportunities – for example, the application of waste-to-energy technologies to produce ethanol for household use, or manufacturing and installation of clean stove equipment. Working closely with the national development bank, a **RBF guarantee facility** is established to improve access to substantial local credit for businesses in the local value chain.

Working under the auspices of the national government, which can provide seed funding, the UNIDO GIP CC RBF package gives partners and donors a unique national platform to support Member States in implementing large-scale, results-based programs that will gain critical mass, produce a multiplier effect, and address multiple, mutually-reinforcing UN sustainable development goals (SDGs).

THE UNIDO GLOBAL IMPACT PROGRAM FOR CLEAN COOKING PATHWAY

Addressing the United Nations Sustainable Development Goals



GIP CC pathway

The GIP CC pathway shows how large-scale clean cooking programs can drive partnerships for the goals (SDG 17) to promote industry innovation and infrastructure (SDG 9) as well as affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), and sustainable cities and communities (SDG 11). Rapidly growing urban areas stand to benefit because they are most affected by the problems associated with traditional cooking techniques. Decent work and economic growth will also be stimulated in rural communities, where agricultural waste can be utilized to produce cooking ethanol. In turn, this will help to reduce rural-to-urban migration.

These direct outputs give rise to a large number of positive outcomes, including responsible consumption and production (SDG 12), benefits to good health and well-being (SDG 3) and a contribution to climate action (SDG 13). Gender equality is boosted (SDG 5) as women gain time and independence, and the women's savings fund can make very real contributions to clean water and sanitation (SDG 6) and quality education (SDG 4).

The GIP CC RBF package finally offers a sustainable way to release substantial volumes of funding to bring about large-scale, lasting changes in cooking practices that will also help to achieve the goals of no poverty (SDG 1) and zero hunger (SDG 2).



Vienna International Centre
Wagramerstr. 5, P.O. Box 300,
A-1400 Vienna, Austria



+43 1 26026-0



www.unido.org



unido@unido.org



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