

THE SHELL FOUNDATION - ENVIROFIT PARTNERSHIP

FREQUENTLY ASKED QUESTIONS

What is Shell Foundation?

Shell Foundation was established by Shell Group in 2000 as an independent, UK registered charity operating with a global mandate. Its mission is to develop, scale-up and promote enterprise-based solutions to the challenges arising from the impact of energy and globalisation on poverty and the environment.

It acts like an investor, identifying financially sustainable solutions to these challenges that can be taken to scale and easily replicated to achieve global impact.

By 2010 the Foundation will have used \$75million to leverage \$350million from other organizations. Where appropriate, it applies Shell Group's 'value-adding resources' - knowledge, brand and infrastructure - in ways that help to deliver its charitable objectives.

What is Breathing Space?

Shell Foundation set out on an ambitious programme five years ago to tackle the huge global death toll caused by indoor air pollution (IAP) – the smoke generated by indoor heating and cooking on traditional fires and stoves in developing world homes. Called Breathing Space, the programme aims to achieve a significant long-term reduction in IAP by helping to design stoves that are more emission and fuel efficient - and by developing a sustainable way to get them in to people's homes. This sees Breathing Space deploying approaches that are market-oriented and commercially viable – in short using business thinking to break the link between household energy use and ill health.

To that end, from 2002-2005 the Foundation invested \$10million in nine market-based pilot projects in seven countries, resulting in more than 250,000 improved cooking stoves being sold. From these pilots it learnt that demand for improved cook stoves did exist and that with the right business model and seed capital, a commercially viable stove industry could be catalysed.

What is Envirofit?

Envirofit International Ltd is a Colorado based non-profit corporation. Its mission is to develop and disseminate technologies that reduce pollution or enhance energy efficiency in developing countries, thereby enhancing the environment and public health, fostering economic growth and alleviating poverty. Its business model is to develop and license environmentally friendly technology and to supply the technology, components and know-how to local organisations which will implement the technology. Envirofit has become a major worldwide player in the challenge to produce energy efficient alternatives and has won a number of awards recognising its work.

Why is Indoor Air Pollution a problem?

Indoor smoke is a major health and environmental hazard yet more than three billion people – that's half the world's population - still burn solid fuels like wood, animal dung and crop waste in their homes, creating levels of smoke that can be 100 times above agreed international safety standards.

According to the World Health Organization, pollution caused by cooking fires and stoves is one of the top ten global health risks, responsible for 2.7% of the global burden of disease – that's some 1.5 million deaths a year, or the equivalent of 4,000 a day. This rises to 3.7% in developing countries, making it almost as lethal as malnutrition, unsafe sex and lack of safe water and sanitation,

Women and children are particularly vulnerable to IAP because in developing countries they usually light the fires and do the cooking. Children under five make up more than half of all IAP attributable deaths, with exposure increasing the risk of pneumonia and chronic bronchitis. Recent research also points to links to low birth weight, making infants vulnerable before they are even born.

Why are the two organisations coming together?

The challenge is to focus on the development and provision of stoves that can burn traditional fuels more efficiently, thus producing less smoke – and to find a sustainable way to get them in to people's homes.

Throughout the five years of the Breathing Space programme, the Foundation's market orientated approach has stood in stark contrast to almost all other approaches in the IAP sector. It was always the aim that as the model matured and the commercial element became more apparent that a global partner would be sought to take over the final scale up and spin off of the Breathing Space concept, taking it forward into the next decade by setting up financially viable production, distribution and marketing enterprises and networks.

Envirofit will be this new commercial entity, rolling out the objectives of the Breathing Space programme by setting up a business to sell improved cook stoves globally and thus significantly reduce the number of worldwide deaths caused by IAP.

Shell Foundation will continue to work on IAP by working in close partnership with Envirofit to deliver these goals.

Why Envirofit?

Shell Foundation has been looking for a strategic partner with not only proven commercial experience but one which has a shared vision and aspiration to tackle the issue of IAP. Envirofit has a history of designing technology solutions to environmental issues and commercialising them, and thus brings these skills to address the challenge of IAP.

What advantages will the new partnership bring?

Focussing our efforts and bedding down the risk for a business to begin to profitably sell stoves to low income consumers will spur the growth of a commercial cook stove industry. Ultimately consumers will have access to a choice of better quality and value for money stoves – that emit less fumes and use less fuel.

What happens next?

Envirofit will now be tasked with handling the crucial scale-up and spin off of the Foundation's Breathing Space programme by creating a new commercial entity as a first step towards rolling out a global improved cookstoves business. The new business will aim to sell millions of improved stoves meaning the issue of IAP will be well on the way to being addressed in a sustainable way.

What role will Shell Foundation have?

In addition to its role of social investor, Shell Foundation will work closely with Envirofit to achieve its business goals and be available to support the development of the business in the foreseeable future. The initial emphasis will be on a smooth and quick transition from Shell Foundation to Envirofit, with the charity also having a key role in monitoring and evaluating the impact of the business by agreeing specific measures and targets for the next five years.

*Shell Foundation and Envirofit
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