

## Financing Growth in the Clean Cookstoves and Fuels Market

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# Topics

1) What we can learn from the Fund's experience?

2) What sector challenges persist and what is being done to overcome them?

3) A way forward for financing the clean cookstoves and fuels market

# What we can learn from the Fund's experience

10

Interviews held

9

Term Sheets

6

Due Diligence

2

Deals

**Why? – the Fund was fundamentally mismatched to the needs of the majority of the market, which was not ready for commercial-grade debt**



# What we can learn from the Fund's experience

## **In short:**

- Expectations of the Fund were misaligned to the actual status of the pipeline
- There was misalignment amongst the Fund on risk appetite at deal and portfolio levels
- The majority of opportunities available at the time could not fit with the standards and protocols of a mainstream financial institution

## **What was missing?**

1. A realistic interpretation of the status of the market at the time
2. The flexibility to meld a financial instrument to better meet the needs of a selection of promising enterprises to help them propel and scale.

## **What could help inform these points?**

### 1. Better data:

- Market
- Customer
- Financial

...Generating deeper insights; informing better targeted interventions to propel market growth

# What sector challenges persist and what is being done to overcome them



# What sector challenges persist and what is being done to overcome them

## Challenge 1) Customers' ability to pay

- "Tool and Fuel" model
- "Modularised" offerings
- Pay-as-you-go

## Challenge 2) Customers' willingness to pay

- Tapping into trusted customer social channels
- Low-risk customer financing options
- Technological innovations

## Challenge 3) Maintaining customer adoption

- Capturing and using data to track customer adoption
- Data-driven, proactive, customer training interventions

# What sector challenges persist and what is being done to overcome them

## Challenge 4) it is difficult for investors Challenge 1) Customers' ability to pay

- "Top and Fuel" model
- "Energy Access Market Accelerator" for pre-screening?
- "Modularised" offerings
- Pay-as-you-go

## Challenge 5) Onerous reporting Challenge 2) Customers' willingness to pay

- Applying a trust-based customer accelerator for pre-screening?
- Low-risk customer financing options
- Technological innovations

## Challenge 3) Maintaining customer adoption

- Capturing and using data to track customer adoption
- Data-driven, proactive, customer training interventions

# What sector challenges persist and what is being done to overcome them

## What was missing?

1. A thread of reliable customer, operational and market data, running from the customer through enterprises, to the financial community
2. A repository for information on existing grants, equity deals and impact

## What could help inform these points?

- A means of collating this data centrally: something like an Energy Access Market Accelerator, which collects market-derived data within an accessible framework, allowing interested parties to understand:
  - supply
  - demand
  - environmental circumstances of various national and local markets

# A way forward for financing the clean cookstoves and fuels market

- 1) Continued focus on capital preservation: **patient and courageous** financial interventions
- 2) There is a need for a **blend of risk and grant** capital
- 3) **Simplified** collection of financial and impact **KPIs** is needed

# Summary

- 1) The sector has **many strong enterprises** deploying and adapting their new and innovative business models to **overcome sector challenges**
- 2) More **data** is needed to help connect customers to enterprises and enterprises to the investment community
- 3) A central data **collator** facility would be a useful addition to the sector