

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 and lenders to screen enterprises

- "Token and Fuel" model
- "Accelerator" for pre-screening?
- "Modularised" offerings
- Pay-as-you-go

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

- Applying a trusted market 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