



INDIA FORUM INVESTMENT SESSION

GLOBAL ALLIANCE FOR
CLEAN COOKSTOVES

The Global Alliance for Clean Cookstoves will create a thriving market for clean cookstoves and fuels.

PROBLEM

Every day,
3 BILLION
PEOPLE
(500 million households)
rely on solid fuels to
power their rudimentary
stoves



which leads to...

- 4,300,000 deaths annually
- Wasted productivity
- Climate, forestry & other environmental degradation
- 21% of global black carbon emissions
- Health & economic burdens that disproportionately impact women & girls



MISSION

- SAVE LIVES
- IMPROVE LIVELIHOODS
- EMPOWER WOMEN
- PROTECT THE ENVIRONMENT



GOAL



100
MILLION
HOUSEHOLDS
ADOPT CLEAN AND
EFFICIENT
COOKSTOVES &
FUELS BY 2020

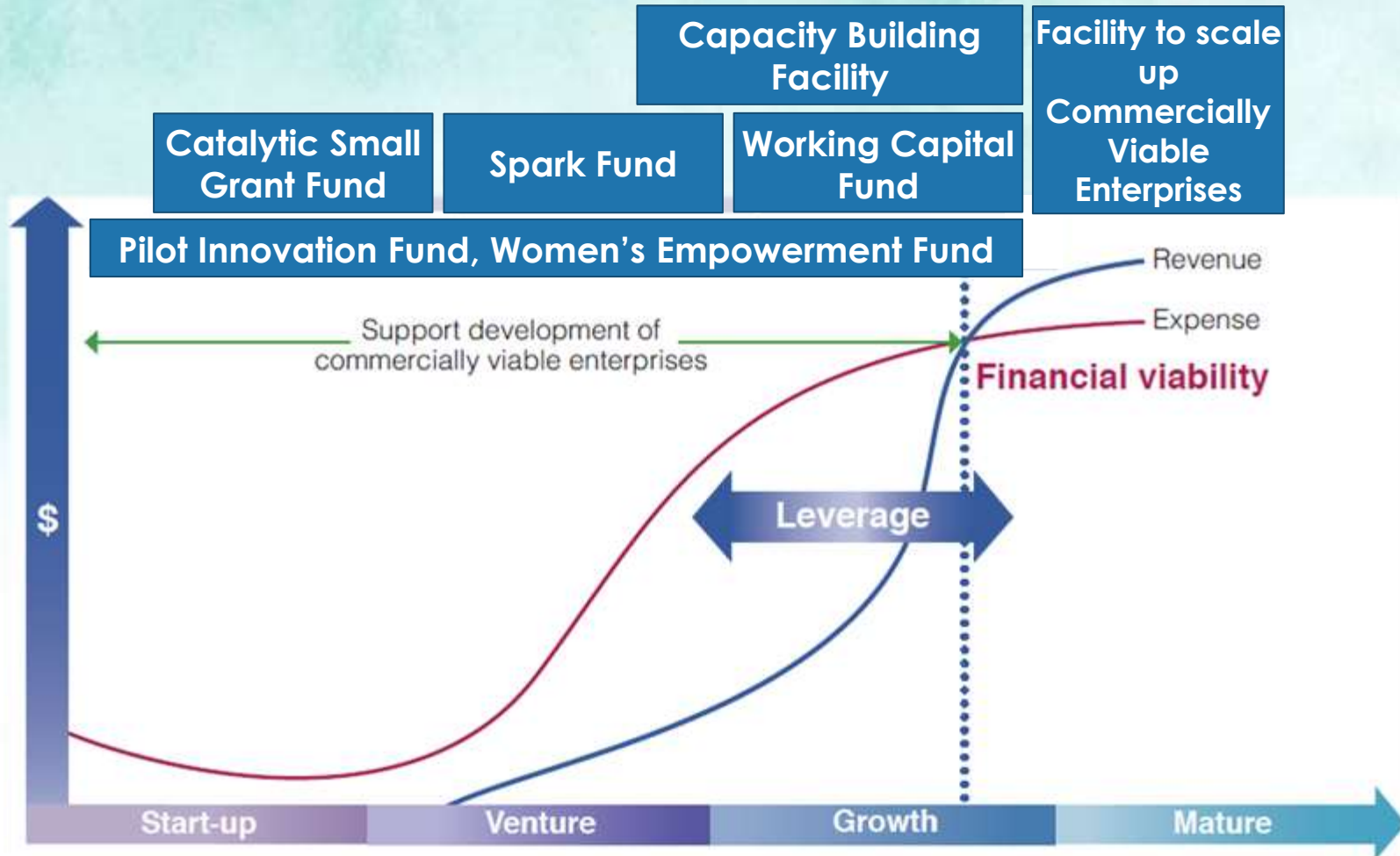
Our market based approach is built on three core strategies ...



...and is being pursued in three phases.



The Alliance has a suite of financing mechanisms to develop and grow the clean cooking sector.



Innovation and Performance Improvement – Pilot Innovation Fund

CHALLENGE

- Innovations are needed across the value chain but few funders take risks on unproven concepts, and investors are reluctant to fund R&D

SOLUTION

- The Pilot Innovation Fund (PIF) finances innovative approaches designed to strengthen supply and enhance demand for clean cooking solutions.



Innovation & Performance Improvement – Women's Empowerment Fund

CHALLENGE

- Businesses often lack access to resources to implement best practices to address gender issues and empower women

SOLUTION

- Provides grant capital to enterprises to pilot innovative approaches that empower women and address gender issues in their business models



Spark Fund

CHALLENGE

- Few impact investors are willing to provide money and technical assistance to early stage enterprises.

SOLUTION

- The Spark Fund addresses this challenge with “smart grants” to fund capacity development and growth.
- Spark grants of up to \$500K target the specific capital and capacity building needs of venture and growth stages enterprises.



Working Capital Fund

CHALLENGE

- Cookstove enterprises lack sufficient and affordable working capital to overcome market barriers to reaching meaningful scale.

SOLUTION

- The Working Capital Fund addresses these challenges with “patient”, low cost financing, nurturing the growth of commercially viable enterprises.
- A unique partnership between the Alliance and Deutsche Bank.



Overview of the Working Capital Fund

The Structure

- The Fund is a program within the Carbon Initiative for Community Impact (CI)² non-profit, a 501(c)3 corporation.
- The Fund will be managed by the (CI)² Board of Directors and an Investment Committee, members of which are experts in clean energy and impact investing.
- Deutsche Bank is the investment manager.
- Projected expenses are kept to a minimum, as several providers are offering their services on a concessional basis.

Investors and Donors

- Investors are expected to be foundations and other non-profits, corporation, individuals (UHNW), and governments investing in the Fund through grants, recoverable grants and loans (PRIs, MRIs, and other loans).
- USD 750,000 already committed from various sources. Deutsche Bank has committed USD 500,000, Shell Corporation has also committed a total of USD 250,000.
- Loans to the Fund are expected to deliver a 0 - 2% return to the investor.

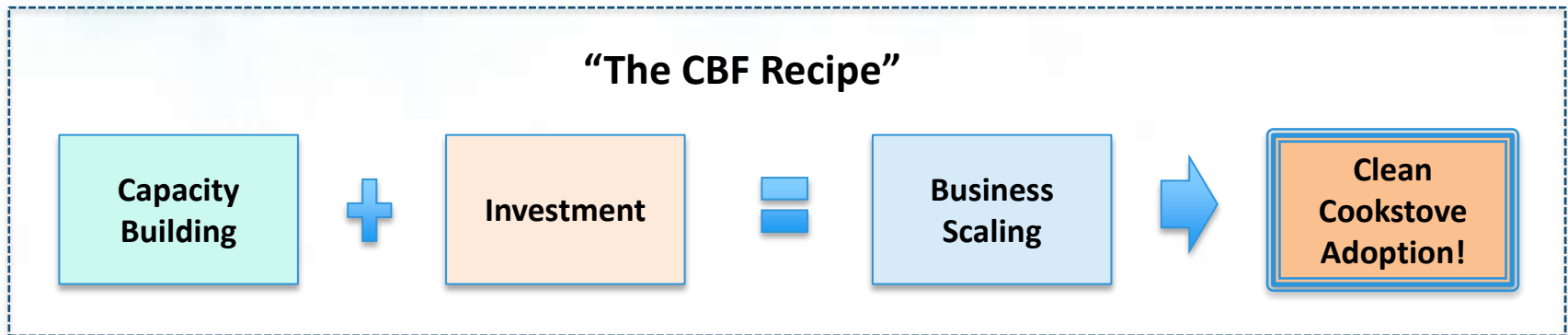
Investments

- Investments will be in companies all along the cookstove and fuels supply chain.
- The facility can invest through debt, subordinated debt, and guarantees.
- Tenor is expected to be 2 -3 years on average, with a maximum of 5 years.
- Interest rates charged to the borrower expected to be 5 – 8%.

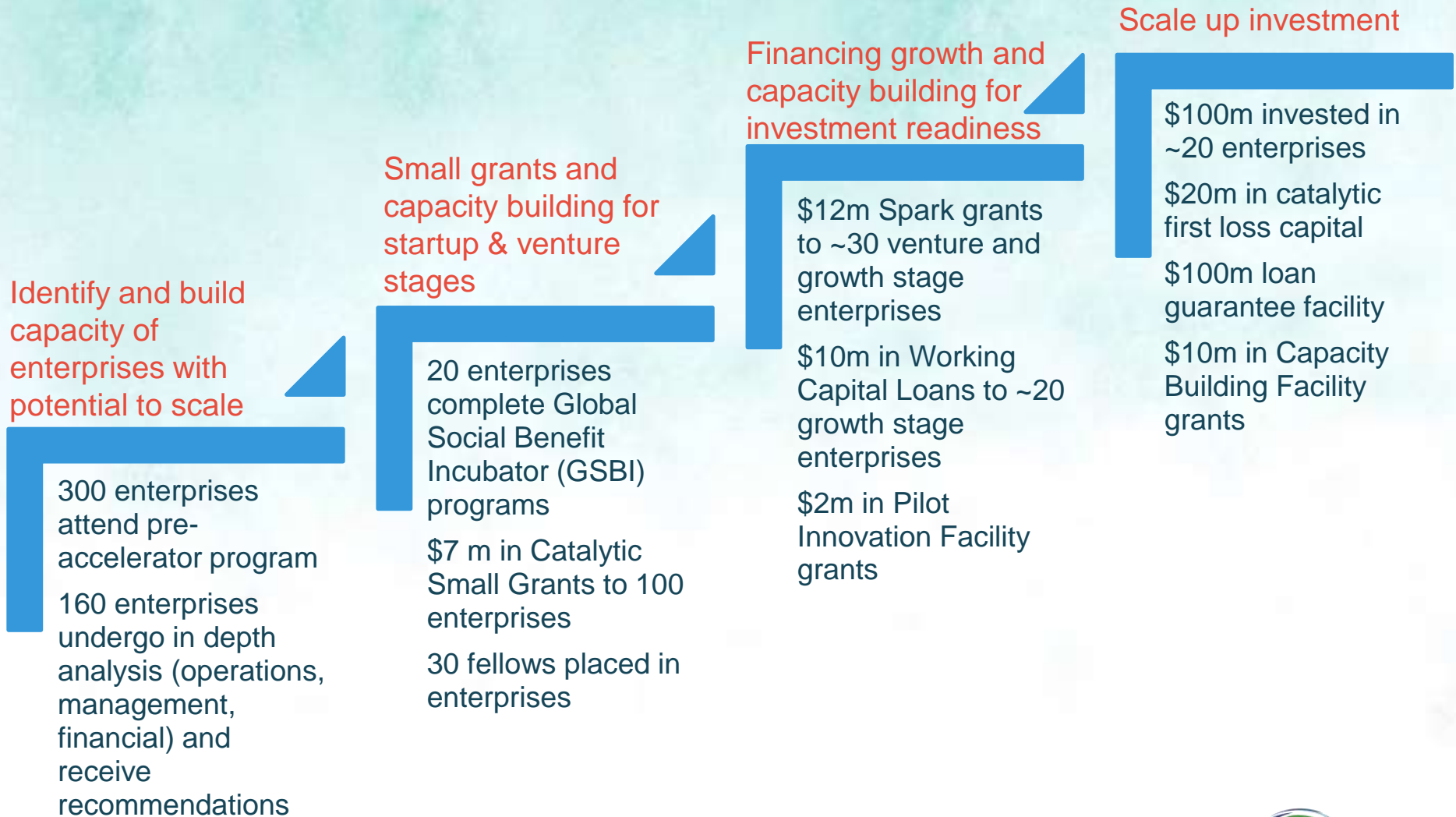
Capacity building to attract & leverage investment

The Capacity Building Facility (CBF) will:

- Partner with impact fund managers to increase investment
- Fund capacity building to leverage investment capital
- Work with partners to prioritize capacity building needs
- Encourage the development and use of local service providers



Phase 2 will see large scale investment in the clean cooking sector.



Investment Overview

- Investors are increasingly interested in the clean cookstove sector
- Although deals are happening, clean cooking businesses face many challenges when it comes to raising investment to grow their businesses
- There is need for equity capital for clean cooking companies given (i) their leveraged balance sheets, (ii) their early stage nature and (iii) the relatively high number of lenders compared to equity investors.
- There are also significant opportunities for debt, both at a fund level and for companies themselves.
- Donors and investors need to work together to increase investment in the sector – from development agencies to foundations to development finance institutions, banks and impact investors.

Topics for Discussion

- What barriers do early stage companies face that are preventing significant scaling of market-led solutions?
- Sharing success stories – what is working for you?
- What financing gaps do you see still out there and what do you think is the most useful contribution donors, impact investors, and multilaterals/bilaterals can make to promote market-led solutions for the cookstove sector?
- How important is philanthropy or other forms of softer financing and what role can it usefully play?
- How do you measure your social and environmental impact? Do you have to sacrifice financial returns to maximize your impact?

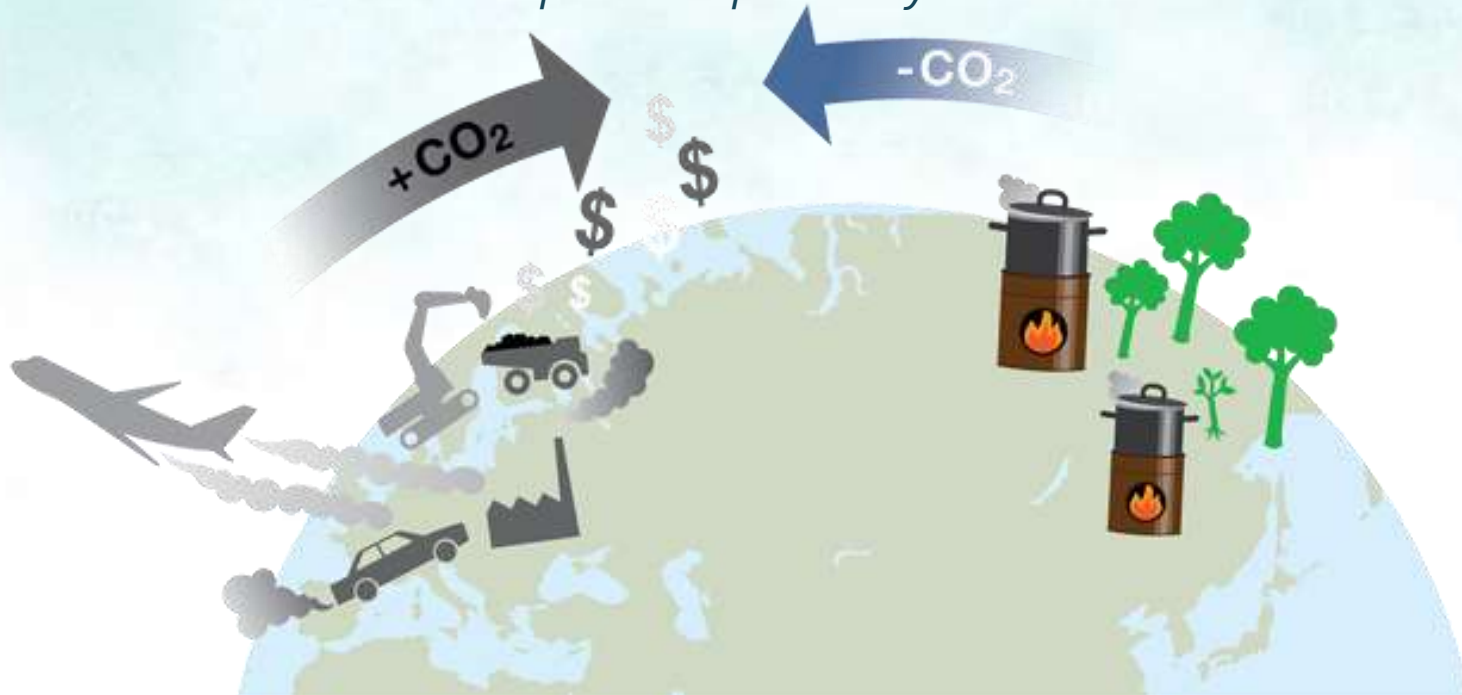
What are Carbon Credits?

- A carbon credit is the emission reduction equivalent of one metric tonne of carbon dioxide (CO₂)
- A carbon credit could also reflect the reduction of other greenhouse gases (GHGs), such as methane, but each gas is expressed in terms of its carbon dioxide equivalency (CO₂e)
- Carbon credits are the “currency” of the carbon market and are issued after third party validation and verification in compliance with a certain methodology and a carbon standard

Carbon Finance 101

Carbon finance is a mechanism that allows developed countries to support low-carbon development in developing countries. Clean cooking project developers can generate and sell carbon credits to:

- *compliance buyers driven by regulation or*
- *voluntary buyers interested to reduce environmental impact or promote environmental or corporate responsibility*



Carbon finance is an important component to ensuring strong supply and increased adoption.

