



## SPARK FUND FOR CLEAN COOKING ENTERPRISES

**OBJECTIVE** Strengthen supply of clean cookstoves and fuels by providing grant capital and enterprise capacity building to bridge the “pioneer gap” between start-up and investment.

### Context

The Global Alliance for Clean Cookstoves is a public-private partnership with a mission to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean cookstoves and fuels, with a goal of enabling 100 million households to adopt clean and efficient cooking solutions by 2020.

Based on the input of over 350 leading experts and practitioners from across the globe, the Alliance has identified a market-based approach as the most sustainable way to achieve universal adoption of clean cooking solutions in *Igniting Change: A Strategy for Universal Adoption of Clean Cookstoves and Fuels*. Coordinated and published by the Alliance, the report outlines a three-pronged strategy for creating a strong market for clean cooking solutions including:

- *Enhance demand* by understanding and motivating potential users, developing cleaner and more efficient technologies, and providing consumer finance;
- *Strengthen supply* by attracting more finance and investment, helping enterprises to access carbon finance, enhancing market intelligence; and creating inclusive value-chains and innovative distribution models to reach remote consumers;
- *Foster an enabling environment* by engaging national and local stakeholders, building the evidence base for the benefits of clean cookstoves and fuels, promoting international standards and rigorous testing protocols; and enhancing monitoring and evaluation.

Increasing investment in the sector is one of the six value propositions identified in the Alliance’s ten-year strategic business plan. Funding and financing tools need to target clean cookstoves and fuels enterprises at different stages of development. Financing needs and challenges will also vary along the industry supply chain. The diagram shows the financial products the Alliance has designed to enable enterprises at different stages of development to grow and leverage further investment.

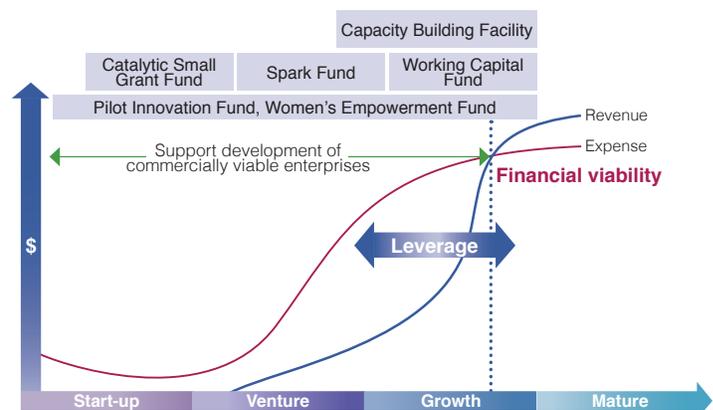
### Challenge

While decades of cookstove implementation experience and hundreds of organizations active in the sector are a strong

foundation to build on, the clean cookstoves and fuels market is relatively under-developed and highly fragmented. Access to finance is a serious issue as most clean cooking enterprises are at an early stage of development and need patient capital as well as business development assistance. Few impact investors are prepared to provide money and technical assistance to early stage companies. Furthermore, traditional sources of capital are out of reach for early stage or smaller entrepreneurs who operate in unproven markets and have yet to achieve commercial viability at scale. Grant investments are needed to reduce the risk to investors and bridge the pioneer gap – the dearth of impact investors willing to invest in early stage businesses, preferring instead to invest once commercial viability has been established. Grant investments also serve to raise the profile of the sector and allow entrepreneurs to leverage the capital for further investment.

### Solution: Spark Fund

In 2012, the Alliance developed the Spark Fund – a grant facility designed to mirror early stage investment. The goal of this facility is to help enterprises reach commercial viability and scale by funding business capacity development and growth. The Spark Fund aims to invest \$2 million in grant capital annually in enterprises with scalable approaches that have the potential to transform the sector through their success. Spark grants will target the specific capital and capacity development needs of enterprises across the value chain that have passed the start-up/proof-of-concept stage.





Credit: Jen Tweedell, Global Alliance for Clean Cookstoves

## Overview of Spark Winners

### SPARK I

**Burn Manufacturing Co. (BMC) in Kenya:** BMC has developed a facility in Nairobi to assemble cookstove kits produced in China. In 2013 BMC will start the development of a complete manufacturing facility in Kenya and will transition, over a 12 month period, to full local production. BMC will also utilize Spark Fund to purchase manufacturing equipment, and leverage up to \$4 million in loans from General Electric and the Overseas Private Investment Corporation (OPIC).

**EzyLife in Kenya:** The Spark grant will help EzyLife supply 40,000 cookstoves to the Kenya market in 2013, and significantly reduce EzyLife's financing costs, thus making clean cookstoves more affordable and enabling the company to leverage additional investments to sell another 70,000 cookstoves within 12 months. The grant will also be used to recruit and train distribution channel partners, and leverages EzyLife's existing marketing activities.

**GVEP (Global Village Energy Partnership) in Kenya:** With the Spark Fund, GVEP will provide capacity building to cookstove entrepreneurs to improve their technical, business and marketing skills, and establish a seed fund for producers to invest in expansion activities. The Spark Fund will help GVEP leverage \$800,000 of Swedish International Development Cooperation Agency (Sida) funding specifically focused on improved cookstoves in Kenya.

**Impact Carbon in Uganda:** With the Spark Fund, Impact Carbon will establish and support a national network of distribution and retail partners that will help drive a thriving cookstove market in Uganda. Impact Carbon will partner with BioLite to implement a full scale product launch of BioLite's HomeStove, a new fan stove that reduces household air pollution while enabling phone and light charging.

**Relief International—Gyapa Enterprises in Ghana:** Gyapa Enterprises will use the Spark Fund investment to further grow the Ghanaian cookstove sector by leveraging its brand and proven platform to produce, distribute, and market fuel efficient stoves at scale. Gyapa Enterprises is developing a new charcoal stove model with improvements in both fuel efficiency and burning cleanliness that will be trademarked by Gyapa Enterprises.

### SPARK II

**SimGas in Tanzania and Kenya:** SimGas is a biodigester design and manufacturing company focused on distribution in the East African market. The company is structured as a joint venture between the parent design company based in the Netherlands (SimGas BV), and in-country manufacturing company (Sumaria Group Ltd).

**Eco-Fuel Africa (EFA) in Uganda:** EFA produces green charcoal from locally sourced biomass waste as an alternative to traditional wood fuel. Based in Uganda, EFA employs local farmers, leverages local technology, and involves 260 women retailers in its value chain to create a sustainable impact.

**Greenway Grameen Infra in India:** designs & distributes efficient biomass cookstoves for rural families. The company's flagship product – Greenway Smart Stove – is an improved biomass cookstove sold in 24 districts (5 states) in India and one district in Bangladesh.

**EcoZoom in Kenya:** EcoZoom has sold 83,000 improved cookstoves in 18 countries through distributors and 5,000 stoves in the U.S., targeting the camping industry. With its launch in Kenya, EcoZoom plans to expand its operations to include design, manufacturing, and direct distribution of wood and charcoal clean cookstoves.

**Sustainable Green Fuel Enterprises in Cambodia:** Sustainable Green Fuel Enterprises produces and sells clean burning, sustainable charcoal briquettes to lower income households in Phnom Penh, Cambodia. The company's briquettes are made from compressed recycled char-ash and charred coconut husks, which are gathered and sorted by poor women throughout the city.

**SMEFunds in Nigeria:** SMEFunds is an ethanol gel manufacturing and distribution company focused on distribution in Nigeria. The business has developed a ground-breaking method of producing cellulosic ethanol and converting the liquid into gel that can then be used in their cookstove, which is manufactured in China. SMEFunds has a distribution structure similar to that used by Avon Products in that it empowers individuals to sell the clean cooking fuels at a margin throughout Nigeria.