Experiences in “Last Mile” Financing of Clean Cooking

21 November 2023
INTRODUCTION TO UNCDF

WITH ITS CAPITAL MANDATE AND INSTRUMENTS, UNCDF UNLOCKS ADDITIONAL PUBLIC AND PRIVATE CAPITAL FLOWS

HYBRID UN ORGANIZATION

• Unique UN agency with a capital deployment mandate
• Experienced in grants management with private sector engagement
• Agile procedures with in-depth and long technical expertise.
UNCDF toolbox enables an “investment continuum” for SMEs, FSPs and project developers in LDCs
UNCDF MARKET SYSTEMS DEVELOPMENT APPROACH

INCUBATORS
Receive grants to build TA of FERR-BF partners (ESCO, FSPs)

ESCOs
Receive grants, loans, guarantees or TA

FSPs
Receive grants to strengthen the ecosystem and connect with partners and customers

CUSTOMERS
Easy access to appropriate financial services and digital solutions, enabling them to acquire appropriate renewable energy equipment to increase their productivity and improve their income and livelihood
1. INNOVATIVE FINANCE MECHANISMS:
   - PAYGO
   - Build, lease and maintain model for IICS
   - Receivables finance

2. MARKET EXPANSION & LAST MILE DISTRIBUTION:
   - Partnerships
   - Branches and agents
   - Route sales

3. USE OF DIGITAL SOLUTIONS
   - Enabling payments and;
   - Improve operational efficiency

4. PILOTS FOR PRODUCTIVE USE OF ENERGY

5. DEMAND STIMULATION FOR A MINIGRID

6. IMPROVING PRODUCTION CAPACITY
Case study: Uganda_APTECH_ Combination of UNCDF financial instruments to support SME (sequential unlocking)

**Theme: Access to Off-grid Renewable Energy off-grid**

1. **UNCDF support 2018-2021**
   - **UNCDF provided US$110k innovation grant (H1 2018)**
   - **UNCDF provided first loan ever (H2 2018)**
     - 2-year unsecured senior loan for Working Capital
     - US$250k in UGX at 15% p.a. concessional interest rate
     - Loan fully repaid in February 2021
   - **UNCDF support unlocked US$700k follow-on financing from Stanbic Bank**, then increased to US$1.2m (short-term working capital facility, multiple instruments)
   - **BUILD Fund considering new US$300k long-term loan** for financing capital expenditures
Scaling Energy: Data analytics using PAYGo transactions
Case study: DRC_Challenge Fund with Incubation, Technical Assistance and Financial Instruments

Theme: Access to Clean Cooking Solutions

PROGRAMME FUNDS

(Grant In)
For Technical Assistance
$ 1,2 M

Incubation with
+ 122 Start-ups & SMEs

+ 44 Start-ups & SMEs eligible for grants / loans

12 Performance-based Grant Agreements
(+20 pipeline)

BRIDGE FACILITY

(Grant In)
For Technical Assistance and Small Grant
$ 4,9 M

(Grant In)
For Loan and Technical Assistance
$ 0,9 M

± 2 Active Loan Agreements
(+3 pipeline)
Democratic Republic of Congo

- **Clean Energy Products Sold**
  - 79,000 Cookstoves, Solar and LPG
  - Serving 399,000 beneficiaries

- **Tonnes of Briquettes Sold**
  - 828 Tonnes

- **Employment Creation**
  - 130 Full & Part-Time Jobs
  - 841 Commission-Based Agents
  - 50% women
  - 53% youth

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**Dashboard**

- **Total Products:** 16
- **Ashtrays:** 41,410
- **Surtines:** 760
- **Transfers:** 2,090

**Rapport Mensuel**

- **Sales:** 1 May, 2014 - 31 May, 2022

**Goal Completion**

- **Total Productions:** 160/200
- **Total Sales:** 320/400
- **Total Transfers:** 480/900
- **Total Returns:** 250/500
Loans and Guarantees in Ethiopia

Credit Risk Guarantee Fund Mechanism

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<th>Year</th>
<th>Ethiopia</th>
<th>Solar</th>
<th>ICS</th>
<th>Total</th>
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<td>2018</td>
<td>43,640</td>
<td>39,805</td>
<td>83,445</td>
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<tr>
<td>2019</td>
<td>132,896</td>
<td>111,319</td>
<td>244,215</td>
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<td>2020</td>
<td>34,039</td>
<td>76,188</td>
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<td>2021</td>
<td>40,708</td>
<td>88,344</td>
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<td>Cumulative 2018-2021</td>
<td>251,283</td>
<td>315,656</td>
<td>566,939</td>
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PAYGO PERFORM

>UNCDF supported the production of accounting guide
>UNCDF member of Steering Committee
>PAYGo PERFORM Monitor now operational in 8 countries and 20 companies
>Common portfolio and other performance data/benchmarking