

# Request for Proposals: Mapping Early-Stage Financing Opportunities for Clean Cooking Companies

## Background

The Netherlands has a target of providing 100 million people with access to renewable energy by 2030.<sup>1</sup> A significant proportion of this target is to be realized through the provision of clean cooking solutions. Companies within this sector are engaged in the production and distribution of advanced cookstoves and innovative clean cooking products, such as fuel pellets made from waste materials. These solutions provide a significant opportunity for environmental conservation, as they limit deforestation and reduce harmful emissions, while also fostering enhanced health outcomes by reducing household air pollution. Moreover, they contribute to economic development by providing job opportunities and new markets, particularly in the developing regions of the world.

Many clean cooking companies employ a strategic business model that combines the production and distribution of high-efficiency cookstoves, the creation of sustainable cooking fuels, and the generation of carbon credits, which are mobilized in carbon projects in developing countries. Advanced cookstoves represent a cost-effective solution for consumers, offering lower fuel consumption and reduced emissions. The production of renewable cooking fuels, such as waste-derived pellets, complements the stove sales, ensuring a steady demand while concurrently mitigating environmental challenges associated with waste management. Moreover, by significantly reducing greenhouse gas emissions, these companies generate carbon credits, an additional source of revenue from international carbon markets. This multifaceted business model presents a potentially strong case for clean cooking companies as economically viable and high-impact enterprises.

Despite these opportunities, many clean cooking companies face considerable challenges in mobilizing sufficient financing to scale their operations and amplify their impact. The mobilization of early stage financing, including but not limited to equity investment, is especially problematic, which in turn affects these companies' ability to strengthen their balance sheets. This circumstance can be attributed to a complex interplay of factors, including the perceived risks of investing in these markets and the often limited visibility of the clean cooking sector among potential investors.

Moreover, it is observed that there is a mismatch between the supply of and demand for financing within the clean cooking sector. While there are finance providers willing to invest in sustainable and socially

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<https://www.rijksoverheid.nl/ministeries/ministerie-van-buitenlandse-zaken/het-werk-van-bz-in-de-praktijk/weblogs/2022/internationale-klimaatstrategie-wat-staat-er-in>

impactful initiatives, these resources are not being directed towards clean cooking enterprises to the desired extent. The reasons behind this gap need to be identified and understood in order to develop strategies and mechanisms that can effectively address these challenges and unlock the growth potential of the clean cooking sector.

Therefore, it is crucial to gain a deeper understanding of the dynamics of finance within the clean cooking sector. There is an urgent need to map the financing landscape and analyze the barriers hindering a sufficient match between supply and demand for financing, as well as the factors preventing the mobilization of adequate investments in the clean cooking sector. This understanding will be key in identifying appropriate mechanisms and strategies that can help overcome these obstacles, fostering growth and scale in the clean cooking sector, and ultimately realizing its potential contribution to sustainable development.

## Objective

### Overall Objective

The overall objective of this assignment is to map and analyze the supply of and demand for financing within the clean cooking sector, with a particular focus on identifying why a match is not being sufficiently made and understanding the reasons behind the sector's inability to mobilize sufficient investment to realize the ambitions pertaining to access to clean cooking solutions.

### Specific Objectives

- I. Identify and map the existing sources of financing (equity, debt, grants, Result-Based Finance etc.) available to the Dutch clean cooking sector, along with the terms and conditions attached to these sources.
- II. Determine the demand for financing among clean cooking companies, in terms of the type, scale, and conditions of financing needed to grow and sustain their operations.
- III. Analyze the barriers preventing the mobilization of equity and debt for clean cooking companies, with a particular focus on understanding how perceived risk and balance sheet strength play a role in these challenges.
- IV. Assess the perceived risks associated with investing in clean cooking companies operating in developing countries, which are often seen as high-risk to investors, and identify its impact on financing availability.
- V. Identify and assess potential risk mitigation strategies that could increase investment in clean cooking companies operating in developing countries.
- VI. Propose strategies for clean cooking companies to improve their attractiveness to potential investors, such as improving their business models, financial management, or impact measurement.
- VII. Propose potential solutions and recommendations for improving financing mobilization within the Dutch clean cooking sector, based on the findings of the analysis.

## Scope of Work

The hired consultant is expected to conduct a detailed examination and analysis of the financing landscape within the clean cooking sector, as itemized in the Objectives. This consultancy assignment will involve, but not necessarily be limited to, the following tasks:

### **I. Research and Mapping**

Conduct comprehensive research to map the current landscape of financing for the clean cooking sector. This includes identifying the existing sources of financing, the terms and conditions associated with them, and the specific companies or projects they have supported.

### **II. Demand Analysis**

Analyze the demand for financing among clean cooking companies. This should involve, with support from the Dutch Spark, reaching out to these companies to understand the nature, scale, and conditions of the financing they require to grow and sustain their operations.

### **III. Barrier Analysis**

Identify and analyze the barriers that prevent the mobilization of sufficient equity and debt for clean cooking companies. This should involve a detailed examination of the role of perceived risks and balance sheet strength.

### **IV. Investor Preferences**

Understand the preferences, requirements, and concerns of potential investors in the clean cooking sector. This could involve conducting interviews or surveys with a representative sample of investors.

### **V. Risk Assessment**

Evaluate the risk associated with investing in clean cooking companies operating in high-risk countries and analyze its impact on financing availability.

### **VI. Strategy Development**

Based on the findings from the analysis, develop practical strategies that clean cooking companies can adopt to enhance their attractiveness to potential investors. This should encompass aspects of business model enhancement, financial management improvement, impact measurement, investor engagement, and risk management.

## Deliverables

At the end of the assignment, the consultant is expected to produce:

- I. A comprehensive report detailing the findings from the research and analysis conducted, along with practical recommendations for clean cooking companies and potential investors.
- II. A detailed strategy document outlining the steps that clean cooking companies can take to improve their attractiveness to potential investors.
- III. A presentation summarizing the key findings and recommendations, to be delivered to the Dutch Spark members and other relevant stakeholders.

An interim report is expected to be delivered halfway through the assignment to highlight the progress made.

## Budget

The budget for delivering these deliverables should not exceed 9,000 - 9,500 EUR excl. VAT. Two payments will be made, the first (50%) upon signing of the contract, the second (50%) upon successful completion of the assignment and approval by the Dutch Spark Steering Committee of the deliverables shared.

## Qualifications & Experience

The ideal consultant for this assignment should demonstrate an in-depth understanding of the clean cooking sector and have significant experience in financial analysis, particularly in the context of emerging markets.

### Experience

- I. Professional experience in financial analysis, investment advisory, or consultancy in sectors related to clean energy, climate finance, or sustainable development.
- II. Proven track record of conducting comprehensive market research and financial analysis, including the mapping of financing landscapes, understanding investor preferences, and developing investment strategies.
- III. Prior experience working with or consulting for clean cooking companies, or a broader experience in clean energy, would be highly beneficial.

### Skills

- I. Strong analytical skills with the ability to interpret complex financial data and present it in a clear, concise, and actionable manner.
- II. Exceptional communication and stakeholder engagement skills, with the ability to effectively interact with a diverse range of stakeholders, including clean cooking companies, investors, and regulatory authorities.
- III. Excellent report writing and presentation skills and ability to complete the assignment within the limited time frame.
- IV. Proficiency in financial modelling.

## Timeframe and Schedule

This assignment is expected to start on October 9 and be completed by December 15. The duration of the entire assignment is 10 weeks, during which the following tentative timeline should be observed:

<b>Phase</b>	<b>Week</b>	<b>Focus</b>
Inception	1	Understanding the assignment, planning the work, and setting up necessary contacts and resources.
Research & Mapping	2-4	Conduct comprehensive research to map the current financing landscape in the clean cooking sector and understand the

		demand for financing among clean cooking companies.
Analysis	5-6	Analyze the barriers to financing mobilization, investor preferences, and risk associated with investing in clean cooking companies. During this phase, an interim report detailing the initial findings should be submitted by the end of Week 6.
Strategy Development	7-8	Based on the analysis, develop strategies to enhance the attractiveness of clean cooking companies to potential investors.
Final Reporting	9	Finalize the comprehensive report and strategy document. Also, prepare a presentation summarizing the key findings and recommendations.
Presentation of Findings	10	Deliver a presentation to the client and other relevant stakeholders.

## Application Process

Interested and eligible consultants/organizations are invited to submit the following application documents:

- I. Technical proposal: outlining approach and methodology for carrying out the assignment and a detailed work plan that follows the aforementioned Timeframe and Schedule.
- II. Financial proposal: providing a detailed budget estimate that includes consultancy fees and any anticipated expenses related to the assignment.
- III. CVs: detailing relevant professional experience and skills of the consultant(s).

Applications should be submitted by email by **August 31, 17.00 CET** to Thijs Merton, coordinator for the Dutch Spark for Clean Cooking Solutions over email: [thijs@dutch-spark.org](mailto:thijs@dutch-spark.org).

Applications will be evaluated based on the relevance of the applicant's qualifications and experience, the quality and feasibility of the proposed approach, and the cost-effectiveness of the financial proposal. Shortlisted candidates may be invited for an interview before the final selection is made.

We look forward to receiving your application and thank you for your interest in contributing to the growth and sustainability of the clean cooking sector.