Stimulating LPG Grassroot Markets in East Africa:

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The E+Co Experience

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www.eandco.net
E+Co invests in “Access to Energy”

- Services and Capital
- 250 local energy enterprises
- 22 developing countries

- $45 million invested
- $50 million under management
- $210 million mobilized

- 6.2 million people served annually
- 4.6 million tons of CO₂ displaced annually
- 24m ton CO₂ displaced over investment life

- 8 Offices in Africa, Asia, Latin America, NL and USA: 48 Staff

(2009 numbers)

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E+Co Investment Capital

- E+Co provides “patient” capital at terms that are supportive of a small and growing enterprise.
  - Local financial institutions will not provide this capital (Missing Middle)
  - E+Co provides both seed and growth capital in the form of debt and equity, ranging from $25,000 to $2 million
  - Investment recommendations made at regional office

- **Future: E+Co Africa Clean Energy Fund**
  - The fund will target investments in clean energy companies and projects
The investee SME’s business model must be sustainable, with growth and/or replication potential. And the technology must be appropriate, available and affordable to its end-users.
## Triple Bottom Line

<table>
<thead>
<tr>
<th>Social</th>
<th>Environmental</th>
<th>Financial</th>
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<tbody>
<tr>
<td>Access to Clean Energy 6.2M</td>
<td>Carbon Dioxide Reduced 4.6M tons</td>
<td>Capital Invested $40M</td>
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<tr>
<td>Entrepreneurs Trained &gt; 1,000</td>
<td>Firewood/Charcoal Displaced 1.1M tons</td>
<td>Capital Mobilized $253M</td>
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<td>Income Generated $7M</td>
<td>Decreased Oil Consumption 910,000 barrels</td>
<td>Portfolio Return 8.7%*</td>
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<td>Cumulative 1998-2010</td>
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*After write-offs and before operating expenses*
E+Co Portfolio

- Solar
- Wind
- Liquefied Petroleum Gas
- Hydro
- Natural Gas
- Energy Efficiency
- Biomass
- Biogas

LPG portfolio (Africa):
USD 4mln in 20 companies
(2009 numbers)

Debt & Equity Investments: $25K - $2M
Our LPG Investment Approach

– Direct investment in the value chain
  • Importation, filling/storage, large scale distribution, retailers and agents

– Infrastructure – LPG filling stations and storage

– Strategic partnerships

– Develop capacity for end user finance

– Regulatory framework
Tanzania (1): Country Overview

- Early stage LPG Market with annual consumption of 18,000 metric tons per annum

- Market potential in excess of 50,000 metric tons per annum

- Compared to Ghana

- Consumer perception of LPG as dangerous product

- LPG low priority of government and limited policy intervention to grow the market
East Africa: E+Co case

- Identify critical areas in the value chain that require financial intervention to increase LPG access
  - Working capital
  - Infrastructure (Filling stations and storage)
  - Expansion capital

- Invested in cylinders for circulation by wholesalers & retailers
  - bulk/import wholesalers and a master distributor
  - Retailers in urban & remote locations in the pipeline

- Provide Business Development Assistance to retailers and dealers mostly located in remote towns outside of capital
West Africa: E+Co case

– Invest across the value chain
  • refilling and storage infrastructure
  • stove and cylinder manufacturing

– Provide Business Development Assistance to remote SMEs and invest in refilling stations.
  • 12 refilling stations in remote locations in 3 regions in Ghana
  • Introducing cylinder/canister circulation by SMEs
  • Consumer loans for LPG equipment via finance to 2 Micro Finance Institutions

– Business Development Assistance key to tapping grassroots business potential
Impact of Investing in LPG distribution

- Increased access to modern cooking in remote locations
- Household savings on charcoal
- Health improvement by reduced indoor air pollution
- Reduced dependency on scarce wood fuels
- Over 200 new jobs created across the value chain
- Policies and regulations improved, supported by initial success of E+Co investments
Lessons Learned

• LPG supply to rural areas and low income markets is feasible.

• Entrepreneurial spirit and proven business models available.

• Local banks and financial institutions do not have the risk tolerance for remote and grass root SMEs.

• Advocacy and lobbying for appropriate sector regulations is successful and improves the business case.
Role for LPG sector

In cooperation with specialized investors:

• Financing at appropriate terms.
  – Corporate finance by investors
  – Trade finance by LPG sector

• Business development support to unleash the full potential of rural markets.
Thank you!

Africa-offices:
• Tanzania
• Ghana
• South Africa

Corporate Offices:
• Netherlands
• USA

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LPG stove manufacturing
LPG Cylinder Retail