

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2014-04: Introduction and up-scale of microloans for the distribution of biochar stoves
Country / Region	Ghana
Partner Financial Institution/s	ASA (Alternative Set of Assistance) Initiative
Grantee	Microfinanza
Overall Budget	CHF 81'142 (28% self-contribution)
SCBF Contribution	CHF 58'400 (72% SCBF funding share)
Date of Approval	09.07.2014
Duration	09.2014 until 09.2016
Context	<p>The Ghanaian microfinance sector is well regulated and signed by strong competition and a high number of MFIs. Nevertheless, in 2010, 44% of the population was still financially excluded (i.e. used neither formal nor informal services; FinScope Ghana Survey), a proportion that increases to 55% in rural areas. Moreover, people face challenges regarding energy access: Wood and charcoal are by far the predominant sources of cooking fuel. In addition to the health-related impacts resulting from indoor air pollution, the over-dependence on wood fuels is accelerating the rate of deforestation.</p>
Current Status of the MFI	<p>Founded in 2006, ASA Initiative is a Financial Non-Governmental Organization (FNGO) headquartered in Cape Coast and operating in the Central Region of Ghana with five branches. ASA's vision is to contribute to the development of the Ghanaian society, helping the poor to reach middle-income status. Its mission is to provide market oriented, innovative and affordable microfinance services to the productive poor in Ghana, and thereby boosting their efforts towards better living standards. It offers following services: individual and group loans, Green Energy Loans, Tertiary High Education Loans, Kiva Agricultural Group Value Chain Loans as well as training and financial/business counselling. ASA serves 5'000 clients; its total assets reach one million USD (end of 2013).</p> <p>ASA has been closely involved in the Elsa stove project, which was supported by the Cape Cost Technical Institute, the University of Udine (Italy) and the EU. The project resulted in a stove that uses diverse biomass down products as primary fuel, collected from farm, saw mill or furniture workshops and processed into pellets. Thanks to its involvement, ASA has gained experience in the production (by local artisans) and promotion (acceptance among population) of Elsa and has built a relevant network.</p> <p>ASA now needs technical assistance to implement in a sustainable manner a new green energy loan, the Elsa biochar cook stove green energy loan. Experience has shown how complex the design of an efficient energy lending distribution model can be. With its know-how in this field, Microfinanza will support ASA in building a successful distribution model.</p>
Objective and Main Activities	<p>The objective of the project is to develop, pilot-test and fine-tune an innovative and sustainable distribution model for the provision of "Elsa" to at least 4'000 low-income customers. The distribution model will be based on the Reduction Energy Expense Product Delivery Model (REEP-DEMO) designed to address the challenges linked to boosting sales of clean energy. Following steps will be implemented: (1) confirmation of the viability of the economic model for the artisans, clients and ASA; (2) design of a sustainable energy loan and distribution model; (3) launch of the biochar energy loan marketing campaign and (4) attracting social investors to provide working capital to increase the Elsa stove revolving fund.</p> <p>Upon project completion, ASA should be in a position to pre-finance the production of the stove by artisans trained by the Cape Coast Technical Institute, establish a sustainable distribution model and be able to scale-up progressively its sales as only massive sales of such stove can have a significant impact on the environment (reducing deforestation).</p>