



CLEANSTART

Microfinance opportunities for a clean energy future





CleanStart supports low-income households and micro-entrepreneurs to jump-start their access to clean energy through microfinance.

It encourages **greater financing choices** for poor people, supported by **high-quality technologies and services**, and **enabling ecosystems** for energy and financial service providers to achieve scale and impact.

The UN Capital Development Fund (UNCDF) aims to invest US\$26m over six years (2012–17) in six countries in Asia and Africa to create a clean energy future for 2.5 million people.

CLEANSTART'S FOUR COMPONENTS

CleanStart partners with microfinance institutions and energy enterprises – offering seed capital and advice – to test scalable financing solutions.

Finance for Clean Energy to develop scalable consumer and enterprise financing models. This is supported through a combination of:

- **Pre-investment technical assistance** to build awareness and confidence in energy microfinance and support the development of business plans;
- **Risk capital grants** to cover the up-front cost of market entry (US\$4.5m);
- **Concessional finance** to provide liquidity support to microfinance institutions and energy enterprises (US\$2m).

Technical Assistance for Clean Energy

to increase the 'scale' potential of financing models by creating a supportive business ecosystem (e.g. consumer confidence, last-mile distribution, customer service). Support areas include:

- Brokering cross-sector partnerships;
- Market research and product development;
- Piloting and refining business models;
- Developing operational systems and institutional capacity (such as staff training, business processes, MIS).

Advocacy and Partnerships to co-create a policy and business environment that supports energy microfinance to reach scale. This involves collaboration with:

- **Governments and donors** who work on energy policy, regulation and value chains;
- **Financiers** that invest in scalable energy business models;
- **Wholesale financing institutions** that finance microfinance and energy businesses;
- **Energy access initiatives** that share a common goal and offer complementary strengths (e.g. SE4All, UNDP/GEF).

Knowledge and Learning to promote awareness and customer-centric growth. This involves three strategies:

- **Research on best practice** to provide tools on effectively designing and managing energy financing portfolios;
- **Research on impact** to understand how people's lives are affected by the transition to cleaner energy;
- **Training** to build a critical mass of experienced professionals in energy financing.

Every year, CleanStart publishes **CleanStart Connections** magazine and organises **CleanStart Connect** forum to bring together people, ideas and opportunities in building an inclusive energy market. To learn more, please visit cleanstart.uncdf.org

GEOGRAPHICAL COVERAGE



CleanStart has different ways of approaching country-level engagement. This mainly depends on the maturity level of the energy and microfinance markets.

- **Sector-based:** Nepal, Uganda, Ethiopia
- **Incubation:** Cambodia, Myanmar, DR Congo, Tanzania
- **Partnerships:** Cameroon, Tanzania, Ethiopia, Senegal, Burkina (PAMIGA partners)

WHAT DO WE MEAN BY CLEAN ENERGY?

Clean energy includes renewable energy (e.g. solar), low greenhouse gas-emitting fossil fuels (e.g. LPG) and traditional fossil fuels which, through the use of improved technologies and practices, produce less harmful emissions (e.g. improved cook stoves).



OUR LONG TERM VISION

Dramatically scale up energy financing for the poor through a market-based approach in a large number of developing countries with high levels of energy poverty. This would build on:

- validated financing business models;
- commercialisation of technologies and services that offer value to low-income customers;
- critical mass of technical and managerial capabilities;
- expanding knowledge base from research and network of partners;
- evidence-based advocacy in energy microfinance.

CLEANSTART IN NUMBERS

A **total of US\$60m** will have been lent over the life of the programme, with the potential to **reduce over 300,000 tonnes of CO₂**.

Launched in 2012, CleanStart was developed in collaboration with the United Nations Development Programme, United Nations Environment Programme, Frankfurt School of Finance and Management, MicroEnergy Credits, MicroEnergy International, Arc Finance and Columbia University.

CONNECT WITH US



Vincent Wierda
CleanStart Programme Manager
UNCDF Asia-Pacific Regional Office
vincent.wierda@uncdf.org
Tel +662-288-1990

cleanstart.uncdf.org
@UNCDFCleanStart

UNCDF is the UN's capital investment agency for the world's 48 least developed countries. It creates new opportunities for poor people and their small businesses by increasing access to microfinance and investment capital. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals.

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