SPARK+ AFRICA
INVESTING IN MODERN COOKING

EQ Enabling Qapital

STICHTING MODERN COOKING

Masterclass

Beyond Returns:

Impact Investing How to Get Started

Presentation to LSFI Conference 2025

18 September 2025

Table of Contents

01

Introduction

Spark+ Partners

Enabling Qapital
Fund Manager
Shareholder of General Partner

Stichting Modern Cooking
TA Facility Manager
Shareholder of General Partner

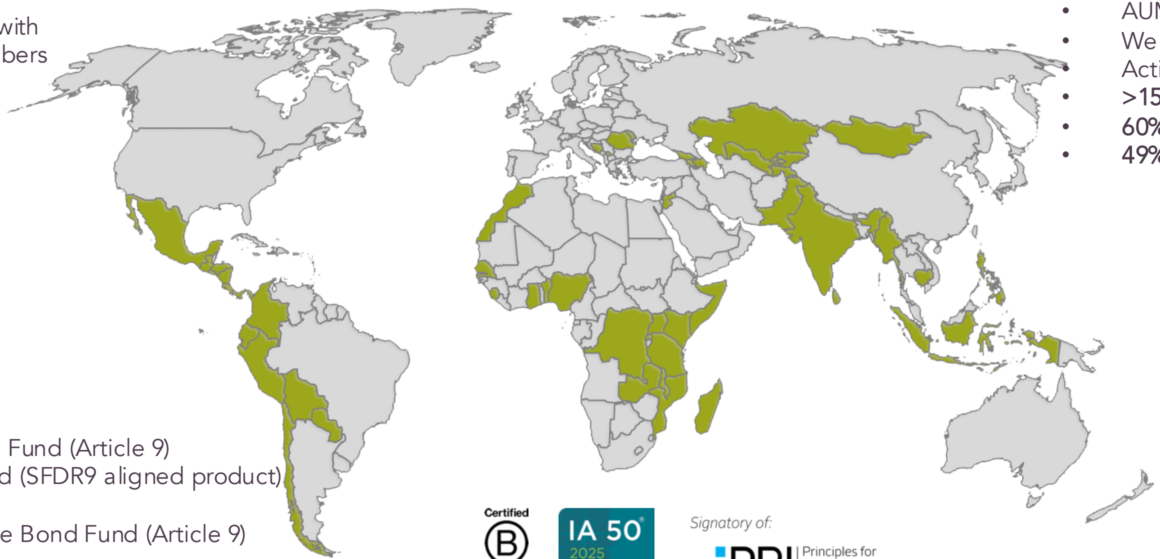
Xavier Pierluca
Investment Director, Spark+
Co-Founder and Managing Partner, EQ

Peter George
Investment Director, Spark+
Chairman, SMC

EQ overview – impact focused asset manager in emerging markets

Operational
- Founded in 2020
- Headquartered in Zurich with over 60 global team members
- FINMA regulated
- B-Corp certified
- Signatory of UN PRI

Impact*
- AUM >**700M** USD
- We reach **> 433'149** micro-borrowers
- Active in **> 50 countries**
- **>150** MFI and SME borrowers
- **60%** Female micro-borrowers
- **49%** Rural clients



Key Investment Offerings
- Private markets
  - EMF Microfinance Fund (Article 9)
  - Spark+ Africa Fund (SFDR9 aligned product)
- Listed markets
  - EQ EM Sustainable Bond Fund (Article 9)

Investors breakdown
- 50% pension funds
- 20% banks
- 30% others

Certified B Corporation

IA 50 2025 EMERGING IMPACT MANAGER

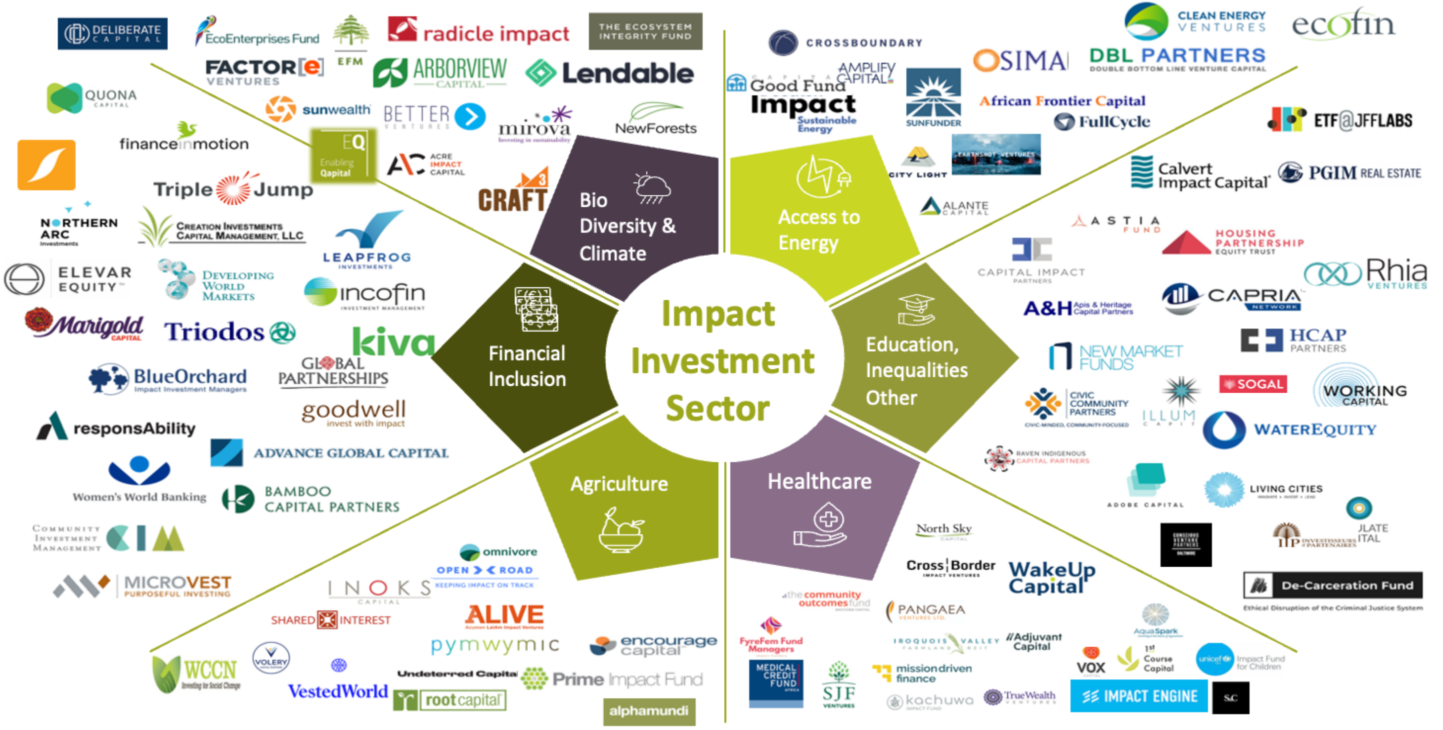
Signatory of: PRI Principles for Responsible Investment

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 11 SUSTAINABLE CITIES AND COMMUNITIES · 13 CLIMATE ACTION · 15 LIFE ON LAND

02

Overview of Impact Investing and Blended Finance

Fragmented landscape of managers with small funds



Impact Investing Fund Size (%)

< $25 M	27%
$25-49 M	8%
$50-99 M	10%
$100-499 M	39%
$500-999 M	9%
> $ 1 B	8%

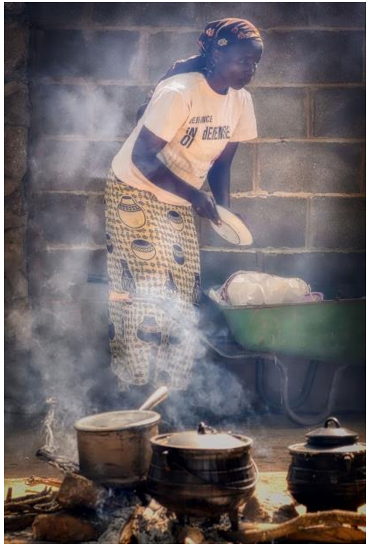
Source: IA 50 Emerging Impact Manager

03

Overview of Spark+

Why finance clean cooking solutions?

- 40% of the global population, including 900 million in Africa, lack access to clean cooking.
- Africans suffer energy poverty while spending USD 30B+ per year on polluting biomass fuel.
- This causes substantial negative impacts on:
  - **Health:** Traditional cooking fuels are responsible for more premature deaths than HIV, malaria, and tuberculosis, combined.
  - **The environment**: In 2023 alone, traditional cooking fuels are responsible for the loss of forests nearly the size of Ireland.
  - **Climate**: Traditional cooking fuels are responsible for roughly as much greenhouse gas emissions as the global aviation or shipping industries.



The **cost of inaction on clean cooking globally** is estimated at $2.4 trillion per year, and $330 billion in Sub-Saharan Africa, due to negative impacts on health, the environment, climate, and economic prosperity.

Transition to clean and modern cooking energy

Traditional cooking methods and fuels






Clean, modern cooking solutions





Types of clean cooking solutions

- Various products in the market.
- MFIs can finance distributors of such products as well as consumers to purchase products.
- Consumers can be commercial borrowers (SMEs, small restaurants, bakeries, etc.) or domestic borrowers (households).

Wood/Charcoal

Bio-Ethanol

Biogas

LPG

Pellets / Briquettes

Electric

Spark+ Africa Fund overview

- 7-year, $64 million impact investment fund
- Launched in March 2022 by leading organizations in impact investing and the clean cooking ecosystem
- 16 public and private sector investors including DFIs, foundations, family offices, and pension funds with a mix of impact and commercial objectives
- Debt and mezzanine financing to companies involved in the commercialization of cooking appliances and fuels amongst the mass market in Africa; for both domestic and institutional uses
- Ecosystem-wide mandate; financing across fuel and technology types (LPG, electric, ethanol, biogas, biomass, etc.), business models, and segments of the value chain (manufacturing, distribution, consumer finance, etc.)
- Dedicated TA Facility with complementary funding for high-impact projects

Spark+ Investment Criteria

Design → Manufacture → Import → Wholesale → Retail → Consumer Finance

- Investments of USD 500,000 – 7.5 million in USD or local currency with hedging via MFX
- On- or off-balance sheet structures:
  - Senior debt secured by inventory, receivables, etc.
  - Unsecured, sub-debt/mezzanine ie. long-term, equity-like capital
  - Tripartite distributor financing to provide working capital to smaller, less well-capitalized/profitable distributors
  - Specialized carbon debt finance secured by Emissions Reduction Purchase Agreements (ERPAs) in VCM or Mitigation Outcome Purchase Agreement (MOPAs) in Article 6 transactions
- Post-revenue with demonstrated proof-of-concept; if not profitable, a clear path to profitability
- Operations and domicile in Sub-Saharan Africa

Key fundraising milestones

- 2015-16: CCA began to explore feasibility of a fund/facility and convened a steering group
- 2016-17: Put fund ambitions on hold, re-focused on upscaling TA/market preparation work
- 2017: Began discussions with AfDB as potential anchor investor
- 2018: Ran fund manager selection process, and later formalized partnership with fund manager
- 2019: Structured fund/prepared materials, conducted early test marketing with key LPs
- 2020: In Q4, AfDB and EC announced approval to provide first loss capital
- 2022: In Q1, first close at $41 million with AfDB and 10 other public & private investors
- 2022: In Q3, second close at $54 million with three new investors
- 2023: In Q3, third close at $64 million with DFC providing super senior loan

Spark+ capital stack (compared to single tranche 'plain vanilla' fund)

Ecosystem Sectors

40-50%
Distribution and Financing Intermediaries

50-60%
Manufacturers and Vertically Integrated Clean Cooking Companies

Assets

70-75%
Debt

25-30%
Quasi Equity (and Equity?)

Investor Types

Pension Funds, HNWI, FOs, Institutional Investors

DFIs, Foundations/FOs, Experienced Impact Investors

Governments, Donor Funds, Foundations

Risk / Return

Senior noteholders / lenders benefit from commercial return and 50%+ protection

Mezz LPs benefit from commercial return and 30% protection

FL LPs take excess risk, accept concessional, capped return to subsidize other LPs

Liabilities

Super Senior Loan
Fixed Coupon
Amount: $10 million
Coupon: 5.5%

Senior Notes
Variable Coupon
Amount: $20.65 million
Coupon: SOFR + 400 bps

Mezzanine
Coupon + Cash Sweep
Amount: $12.95 million
Target IRR: 8.6%

Concessional First Loss
No Coupon + Capped IRR
Amount: $20.1 million
IRR: 1.0%

Plain Vanilla

One Share Class

Return:
SOFR 180 days + 250 – 300 bps

No Risk Protection

Requires investors with high risk tolerance and impact first orientation given expected return

Sample of Spark+ Investors

IMPACT FUND DENMARK

European Commission

AFRICAN DEVELOPMENT BANK GROUP

SUSTAINABLE ENERGY FUND FOR AFRICA

BIO

Belgian Investment Company for Developing Countries

EQ Enabling Qapital

ceniarth

OSPREY FOUNDATION

Baloise Group

DFC U.S. International Development Finance Corporation

THE ASHDEN TRUST

FOUNDATION NETRI ®

GASTROSOCIAL

FONDATION VRM

04

Conclusion

Blended finance – critical to the success of raising Spark+

- **FL commitments fueled fundraising efforts:** AFDB's SEFA and EC announcements injected momentum into the fundraising process, particularly critical during the COVID crisis.

- **Concessional investors took excess risk:** As junior / FL tranche of capital stack, concessional capital provided subordination sufficient to make commercial investors comfortable with risk profile.

- **And accepted concessional returns:** Despite FL position, FL accepted 1% capped IRR, mitigating risk and subsidizing returns for other investors, particularly mezz investors due to performance-based returns.

- **FL enabled fund viability despite risky mandate:** FL enabled a strategy to finance unproven and early-stage companies to be viable despite conservative default rate and loss given default assumptions.

Other lessons learned

- **Preparation is key:** important to know which documents to produce; ensure data room is updated throughout fundraising to deliver on a timely basis to potential investors
- **Constant, targeted communication:** communicating with targeted messaging via multiple channels to investor group is essential; engage in follow-ups and stay positive during long fundraising
- **Inv. team, IC, and organizations were key:** both from a fundraising credibility standpoint, and to maintain sufficient financial support during fund development; mgmt. fees only paid once fund closes
- **Flexibility was required:** COVID pandemic was unexpected, but also partner organizations changed during fundraising; needed to adapt to evolving realities in market and fundraising environment
- **First loss was essential:** without significant commitment to first loss tranche, strategy would have been too risky for commercial investors; long timelines to secure first loss from public institutions

Other lessons learned

- **Broad inv. criteria:** clean cooking is niche, but 'ecosystem-wide' strategy allowed for broad pipeline; also maintained geographic flexibility, with ability to excuse investors from cap calls as needed

- **Flexible 'toolkit':** given needs within value chain, flexibility in terms of instrument (equity, mezz, debt), structure (corp fin, PF), use of proceeds (capex, WC, inventory, receivables, carbon pre-financing, etc.)

- **Fund structure:** in particular, the fund life must align with strategy / ability to both deploy and monetize investments, but it must also be attractive for LPs – long life, illiquid funds not always most attractive

Thank You

Contact details:

Xavier Pierluca
Xavier.Pierluca@enabling.ch

Peter George
Peter.George@enabling.ch

Annex: Spark+ Portfolio

Company	Country(ies)	Financing	Description
BURN Manufacturing	Kenya, Tanzania, Nigeria, Mozambique, Ghana	$6 million Quasi-Equity	Stove designer and manufacturer with market-leading wood, charcoal, biomass, and electric cooking appliances. Supported capital expenditures and geographic expansion.
Sumac Microfinance Bank	Kenya	$2 million Senior Unsecured	MFI dedicated to service MSMEs and low-income rural households. Supported on-lending to customers to purchase biomass cookstoves and biogas digesters.
Bidhaa Sasa	Kenya	$500,000 Tripartite Distributor Financing	Last-mile distributor serving rural communities in East Africa with access and finance of modern technologies in clean cooking (LPG and biomass cookstoves), clean energy, agriculture, water storage, and other basic household appliances. Supported inventory financing.
Yehu Microfinance Services Limited (YMSL)	Kenya	$500,000 Senior Unsecured	MFI dedicated to service MSMEs, agriculture and renewable energy (including clean cooking) sectors in rural and marginalized communities in the coastal region of Kenya. Supported on-lending to customers.
Société de Microfinance Guilgal (SM Guilgal)	D.R. Congo	$700,000 Senior Unsecured	MFI dedicated to service trade and services, agriculture, and renewable energy (including clean cooking) sectors mainly in Kinshasa as well as in rural communities in D.R. Congo. Supported on-lending to customers for the purchase of Wonderbags (thermally insulated cooking bags) and other solutions.

Annex: Spark+ Portfolio (cont'd)

	Company	Country(ies)	Financing	Description
tasc	ACOL (TASC SPV)	Zambia	$3.5 million Off-BS PF	SPV established by Europe-based carbon project developer to scale-up existing cookstove project. Supported distribution of 90,000 Burn wood cookstoves in Zambia backed by carbon offtake agreement with a leading commodity trading firm.
LAPO MICROFINANCE COMPANY (SL) LTD ...improving lives	LAPO Sierra Leone	Sierra Leone	$500,000 Senior Unsecured	MFI in Sierra Leone and an affiliate of well-regarded Nigerian NGO, Lift Above Poverty Organisation (LAPO). Supported on-lending to customers to purchase LPG kits from LPG distribution partner Afrigas.
Jibu	Jibu	Rwanda, Uganda	$2 million Senior Secured and Quasi-Equity	Social enterprise which enables entrepreneurs to grow essential service franchises selling water, food staples, etc. Supported expansion of company's product offering into LPG through the establishment of micro-refilling stations within its franchise network.
FINCA	FINCA Malawi	Malawi	$1 million Senior Unsecured	MFI that aims to alleviate poverty through lasting solutions that help people build assets, create jobs, and raise their standard of living. Supported on-lending to consumers for the purchase of clean cooking solutions.
ENVIROFIT SMARTER LIVING	Envirofit Carbon Holdings One (Envirofit SPV)	Ghana	$2 million Off-BS PF	Stove designer and carbon developer that has commercialized cooking solutions via more than 10 in-market factories and hundreds of routes to market. Supported first phase Article 6.2 project backed by ITMO (carbon credit) off-take agreement with KliK Foundation.
ATEC	ATEC	Rwanda, Zambia, DRC, Uganda, Malawi, Kenya	$1.5 million Quasi-Equity	Leader in electric cooking appliances, having developed an IoT-enabled PAYG electric induction cooking appliance targeted to low-income consumers in developing markets. Supported the establishment of distribution partnerships.

Annex: Spark+ Portfolio (cont'd)

	Company	Country(ies)	Financing	Description
	Altech	D.R.C.	$3 million Senior Secured	Leading provider of energy access solutions in the DRC with network of more than 3,500 solar ambassadors working across 22 provinces and delivering more than 10,000 products to customers each month. Supported establishment of in-country assembly facilities to produce fuel-efficient cookstoves in conjunction with a leading Chinese stove design company.
	Sun King	Various	$6.5 million Senior Unsecured	Global industry leader in off-grid energy access solutions in developing countries, with 56% market share as of Jun-23. Supported company to scale-up its distribution of PAYG-enabled LPG solutions and other clean cooking solutions, leveraging its extensive track record and operations across multiple markets.
	UNACREP	Benin	$750,000 Senior Unsecured	MFI with seventy-five (75) service points spread across the twelve (12) departments of Benin. Supported the MFI in its partnership with a local clean cooking solutions provider to offer customers financing for improved efficiency biomass cookstoves as well as LPG solutions.
	NewGas Cylinder Bottling	Ghana	$7.5 million Senior Secured	Affiliate of Quantum Group Limited and subsidiary of Arch Holdings, a Ghana-based conglomerate with diverse operations across the O&G sector, including infrastructure, terminals, trading, retail, industrials, and energy development. Supported investments in the engineering, construction and commissioning of an LPG Bottling Plant in Tema and procurement of cylinders for LPG distribution.
	Henos Energy	Ghana	$1.2 million Senior Secured	First licensed LPG Marketing Company under Ghana's new cylinder recirculation model which improves safety, accessibility, and affordability of LPG for the mass market. Supported company to finance capex and working capital associated with its expansion of LPG distribution capacity.

Annex: Blended finance as a tool to bridge the SDG financing gap

- While impact investing is growing fast, USD 2.5 trillion annually is required to achieve the SDGs.

- Developing countries constitute 49% of global GDP, but only a small fraction of USD 220 trillion in global capital flows to these high-potential markets; primarily because of the following challenges:

    - Risks are too high, or risk-return ratios are too weak - often perceived risk in addition to actual risk
    - Liquidity is weak or non-existent
    - Local financial markets do not function efficiently and are both narrow and shallow
    - Private investors have knowledge and capability gaps; these markets represent unfamiliar territories
    - Private investors have limited mandates and incentives to invest in developing countries
    - Local and global investment climates are challenging, with poor regulatory and legal frameworks
    - Individual investment opportunities often too small and too complex/bespoke
    - High volatility impedes investors seeking stable investment returns
    - Status quo and prevailing investment community culture contribute to adverse selection, leading to a general avoidance of emerging markets, except for handful of upper middle-income countries

Annex: Blended finance: approach to mitigate risk / subsidize returns

Mitigate risk	Enhance return
• Improve credit-worthiness • Limit downside loss exposure • Insure against unforeseen events • Finance TA and advisory services • Eliminate funding shortfalls	• Provide incentives for performance outcomes • "Top up" returns • Provide interest rates subsidies

- The majority of private sector borrowers in emerging markets are speculative grade
- Most "good" private sector borrowers would be 1-3 notches lower than sovereign; around B- rating
- B- is not bankable for most private sector investors as the Probability of Default / Expected Loss is too high

Disclaimer

All information contained in this document is for information purposes only and is the intellectual property of Enabling Qapital AG. Redistribution is prohibited unless consent to do so has been given by Enabling Qapital AG. Enabling Qapital AG does not accept any liability for any loss or damage, how ever it is caused, arising from any errors or omissions or reliance on any of the information contained in this material.

The information and opinions contained in this document have been derived from sources believed to be reliable and in good faith or constitute Enabling Qapital AG's judgement as at the date of this document but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness and any opinions are subject to change and may be superseded without notice. Any information contained in this material is not to be relied upon as authoritative or taken in substitution for the exercise of judgement. Past performance is no guarantee for future performance and some positions may be subject to sudden and large movements in value. Foreign exchange rate fluctuations may also have an effect on the valuation of certain positions. This document is not, and should not be construed as, an offer or solicitation to sell or buy any investment or product. Enabling Qapital AG expressly does not provide legal or tax advice. It is recommended that you consult legal and tax advisors before making any investment decisions. The information contained herein is of a general nature, is based on various assumptions (which are subject to change) is not tailor-made and hence does not take into account your particular portfolio or financial situation. Enabling Qapital AG accepts no liability whatsoever for any loss arising from any use of the material. The material may not be reproduced, distributed or published for any purpose without the express written authorization of Enabling Qapital AG. Enabling Qapital AG and its affiliates and/or their officers, directors and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add or dispose of any such investment.