

ReCCAWA

ToR | Capacity Building for Financial Institutions in Ghana and Nigeria

ReCCAWA

Funded and supported by:

Ministry of Foreign Affairs

Co-funded by the European Union

ECOWAS CEDEAO

Coordinated and implemented by:

Netherlands Enterprise Agency

aecid

ECREEE Towards Sustainable Energy

In partnership with:

endev

1. Introduction

This assignment aims to contract a service provider that can assist with facilitating activities to foster/ improve Access to Finance for (M)SMEs in the Clean Cooking sector, as part of the Regional Clean Cooking Action West Africa (ReCCAWA) programme.

The ReCCAWA programme is financed by the European Union and the Netherlands and promotes access to clean, affordable and sustainable cooking solutions in the West African region. It focuses on 4 main areas: supporting policy and regulation on clean cooking, strengthening supply chains, stimulating demand, and contributing to evidence-based policy by increasing the availability of data and knowledge.

ReCCAWA runs from 2025 to 2028 and is steered by the Economic Community of West African States (ECOWAS) and implemented by the Netherlands Enterprise Agency (RVO) in cooperation with the Spanish Agency for International Development Cooperation (AECID), and the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE).

The programme takes a collaborative approach, engaging policymakers, small- and medium-sized enterprises (SMEs), institutions, sector organisations and NGOs. One of its pillars, Strengthening Supply, focuses on innovative financing for SMEs, including women-led businesses, combined with business development support.

This matters because many households in low and middle-income countries in West Africa still rely on polluting fuels for cooking, such as firewood and charcoal. These fuels produce harmful smoke, causing serious health problems and environmental damage.

(M)SMEs active in the Clean Cooking sector in West Africa play a key role in the promotion, distribution, production of access to clean, affordable and sustainable cooking solutions by developing the supply side of the market.

Despite the existence of business development and investor readiness support facilities, it remains difficult for (M)SMEs to raise and access finance. (M)SMEs in emerging markets often do not have access to (affordable) financing as traditional financial institutions face the limitation of high overheads, which typically limit operations to larger transactions. At the same time, mobilising finance through (local) microfinance institutions is constrained by limited sector knowledge and high transaction costs, ultimately leading to elevated credit costs.

To overcome these obstacles, the ReCCAWA programme works on (new) approaches to facilitate the financing that Clean Cooking enterprises require for growth. For this activity, the Tendering Authority seeks a service provider to execute services as described in this document.

2. Policy Context

Progress on global clean cooking access has slowed significantly in recent years. According to the 2023 SDG7 Tracking Report, the world is off track to meet universal clean cooking access by 2030. At current rates, 1.9 billion people will still lack access to clean cooking by 2030, higher than earlier projections.

Nigeria and Ghana face some of the world's largest clean cooking financing gaps, with substantial investment needed to meet rising demand in their fast-growing urban centres. Scaling access to modern cooking solutions will require significantly higher levels of public and private capital to expand supply chains, support market development, and make clean cooking technologies affordable for urban households.

Mobilising investment at this scale, alongside innovative consumer financing and enabling policies, will be critical to accelerating adoption in cities where population growth continues to drive energy demand. Closing this gap will be essential to achieving universal clean cooking access across both countries, while ensuring that low-income urban communities are not left behind.

3. Problem Statement

(M)SMEs are essential to achieving universal access to Clean Cooking, yet the clean cooking sector is relatively undeveloped in many West African markets, and therefore risk (perception) is high, leading to a lack of access to affordable, tailored financing. Traditional financial institutions typically prioritise larger clients due to high overheads, limited risk appetite, and capacity gaps, excluding (M)SMEs with irregular cash flows or limited collateral.

Microfinance institutions (MFIs), though better positioned to serve smaller businesses, often face high transaction costs, short loan terms, and challenges in pricing risk, resulting in high interest rates for relatively small ticket sizes for energy entrepreneurs. Most local lenders also lack familiarity with the sector and the tools to assess business models like clean cooking. As a result, they rarely offer suitable financial products such as revenue-based repayment, equipment-backed loans, or flexible grace periods.

These constraints fall disproportionately on women, who are the primary users of cooking solutions and a large share of clean cooking entrepreneurs and last-mile agents. Women-led businesses are less likely to hold the land titles, registered assets, or credit histories lenders require as collateral, and are often too small to meet minimum ticket sizes, so financing models not designed with women in mind risk excluding the people best placed to drive adoption.

This persistent financing gap is a key barrier to scaling Clean Cooking SMEs in ReCCAWA partner countries, limiting innovation, market growth, and progress toward universal energy access and climate resilience.

4. Description of Assignment

To address these limitations, ReCCAWA in Ghana and Nigeria will implement a gender-sensitive activity that strengthens the capacity of selected financial institutions (FIs) to design, evaluate, and implement inclusive financial products for clean cooking markets.

Selected institutions will receive tailored support to understand the Clean Cooking sector. The programme will support the co-design and testing of gender-intentional financial products, alongside peer learning, exposure visits, and targeted training for financial institutions.

A gender lens will be applied throughout, ensuring women’s roles as energy users, entrepreneurs, and clients are fully considered and enhanced.

The activity will also promote stronger ecosystem linkages between financial institutions, energy enterprises, business development service providers, and women entrepreneur networks. By fostering dialogue, feedback loops, and co-learning spaces, the programme seeks to strengthen the enabling environment for the long-term, market-driven access to finance in the clean cooking sector.

4.1 Objective

To implement a **gender-transformative, market-enabling Access to Finance** activity that strengthens the capacity of local financial institutions to design and implement **inclusive, fit-for-purpose financing solutions** for Clean Cooking markets. The programme will foster a more robust, interconnected financial ecosystem that can sustainably serve the Clean Cooking sector.

4.2 Scope

The selected **Access to Finance Implementer** will design and execute an **eighteen-month, gender-transformative technical assistance (TA) and capacity-building programme**, targeting **financial institutions** active in Ghana and Nigeria's Clean Cooking sectors. The implementer must demonstrate an extensive network within Ghana and Nigeria's financial sector and have a proven track record of working with (M)FIs, SACCOs, and Clean Cooking actors.
Target:

- 4 Financial Institutions (MFIs, SACCOs, ROSCAs, small domestic banks)

The overarching ambition is to **unlock access to affordable and appropriately structured finance** for **local** Clean Cooking (M)SMEs in Ghana and Nigeria. These (M)SMEs typically report annual revenue starting at 10,000 euros up to 100,000 euros. Financing needs progress from up to EUR 50,000 at the proof-of-concept stage for validating business models, and running initial pilots, to EUR 250,000 at the early stage for certification, tooling, small-scale distribution, and pilots, and further up to EUR 500,000 at the medium scale for building supply chains, expanding distribution networks, and investing in systems to consolidate operations.

4.3 Work packages & deliverables

The Access to Finance implementer should have an extensive network in the financial sector, in particular in Ghana and Nigeria. The implementer will operate under the guidance of RVO. The specific in-country support is coordinated closely with the ReCCAWA implementers as well as other thematic implementers like the ReCCAWA BDS providers and aligned with the Ministry of Energy of Energy in Ghana and Ministry of Power in Nigeria and ECREEE. The selected Access to Finance implementer will:

Work package 1: Map existing (Clean Cooking/Green) credit lines and loan products

- Review existing financial products and financing mechanisms that could support the clean-cooking sector, including SME lending, green finance, women-in-business products, asset, inventory and receivables financing, as well as complementary risk-sharing and catalytic finance instruments such as partial credit guarantees, concessional credit lines, results-based financing (RBF)-linked structures, and carbon receivables financing.
- Evaluate the suitability of these products for clean-cooking enterprises by assessing factors such as loan tenor, financing amounts, collateral requirements, pricing, repayment terms, grace periods, internal approval procedures, and reporting capabilities.
- Identify financial institutions (FIs) that demonstrate both strong interest and the operational capacity to participate.
- Map potential sources of enterprise pipelines, including the EEC, other business development service providers, clean-cooking associations, results-based financing (RBF) facilities, carbon

finance programmes, women entrepreneur networks, incubators, and other relevant local ecosystem actors.

Deliverable: A concise assessment of financial institutions and enterprise pipeline opportunities, including recommended FI partners, priority clean-cooking market segments, promising financial product opportunities, and potential finance linkage mechanisms.

Work package 2: Capacity Building for FIs

- Building upon Work Package 1, engage 3 financial institutions (e.g. MFIs, SACCOs, cooperatives, and banks) with potential to serve the Clean Cooking market.
- At least **four in-person training sessions** delivered to FI staff, covering:
    - Clean Cooking business models (including technologies and quality standards of clean cooking)
    - Loan appraisal techniques for Clean Cooking enterprises (including (D)MRV)
    - PAYGO, RBF, and Carbon mechanisms
    - Gender-sensitive portfolio development
- Training materials and toolkits developed (or adapted) and shared with partner institutions for continued use.

Deliverable: Separate introduction/kick-off meeting and/or call per FI and RVO and the implementer, followed by four in-person training sessions per FI, including training material and toolkits for continued use.

(Additional Assignments*) Work package 3: Co-Develop Fit-for-Purpose Financial Products

- In partnership with local (M)FIs and SACCOs, co-design or adapt financing solutions tailored to Clean Cooking business models
- Products may include:
    - Equipment-based collateral structures
    - Revenue-based repayment models
    - Bundled products for asset financing and working capital
    - Longer tenors and grace periods
    - Inventory finance for distributors
- Ensure financial products are gender-intentional, meeting the specific needs of women entrepreneurs and end-users
- Align financial instruments with the wider sector's instruments, including result-based financing, Carbon Finance, and/or Guarantees

Deliverable: 2 product concepts ready for internal FI review. Further support could be included as a top-up option.

Work package 4: Organise Matchmaking & Exposure visits

- Matchmaking Event
    - Curated networking and learning event that brings together (M)FIs and entrepreneurs
- Exposure Visits (2 guided field visits)
    - Targeted learning experiences for FI staff to:

- See Clean Cooking solutions and businesses in real-life settings
- Understand cashflows, user behaviours, and repayment dynamics of clean cooking businesses
- Build confidence in assessing Clean Cooking business models

- All events will be structured to promote gender visibility, include gender-disaggregated tracking, and ensure active participation of women's cooperatives and associations
- It is expected that the implementer will liaise closely with ReCCAWA's Energy Enterprise Coach, or other ReCCAWA BDS providers, for this work package
- A collaboration with external partners in organising the Matchmaking and Exposure Visits is a possibility. This means that these might be mutually organised with other players in the sector, e.g. sector associations

Deliverable: One matchmaking event for the partner FIs and Clean Cooking SMEs, guided field visit(s) to 2 SMEs showcasing the business model to FI staff.

(Additional Assignments*) Work package 5: (On-Demand) Advisory Support to ReCCAWA RVO

- Offer advisory services to ReCCAWA's lead implementers (RVO, AECID and partners), including:
  - Support in scaling successful approaches
  - Technical inputs into cross-workstream coordination
  - Facilitating discussions with donors and FIs to establish new credit lines or strengthen existing ones for the Clean Cooking sectors
- Synthesis report of learnings from FI engagements, product co-design, and training delivery, accompanied by recommendations outlining pathways to scale activities

***Additional assignments (work packages 3 and 5)**
Work packages 3 and 5 are considered additional assignments. These additional assignments relate to topics that are closely related to and logically connected with the current assignment.
The execution of these additional assignments is subject to the following conditions:

- Substantial interest gathered from dedicated financial institutions during work package 2 to support them with co-developing fit-for-purpose financial products (work package 3). A detailed workplan per financial institution is to be shared with RVO for approval to activate this additional assignment.
- Opportunities arising for new or additional Access to Finance activities that need expertise input (work package 5). This work package will be activated as per RVO's request.

5. Planning

Activities defined in this ToR are to be conducted as soon as the tendering and contracting procedure is concluded for a period of eighteen months.

1. Mobilisation and Inception (2 months)
2. Roll-out of Access to Finance in Ghana and Nigeria (14 months)
3. Wind-down and evaluation (2 months)