



Results-Based Financing for BoP Impact

Name: Jeroen Blüm

Position: Managing Director

Company/organisation: BIX Capital

Contact details: Claudia.doets@bix.capital

Telephone: +44 7403725557

Other team members:

Joost Zuidberg - Voorzitter RvC / CEO Cardano Development

Claudia Doets – Directeur Impact & investment

Ingwell Kuil – VP Impact Reporting Cardano Development

What impact is intended?

Nearly three billion people still depend on open fire as their primary source of cooking and lack access to clean water and sanitation and/or power and light. These conditions severely reduce the quality of life and lead to levels of household-air-pollution, which causes 4 million deaths annually.

BIX Capital is a social enterprise that provides results-based pre-finance for enterprises working within value chains for essential household appliances. BIX recognises that a working capital barrier is preventing many enterprises from scaling or improving their service. Their solution is to provide result-based pre-finance to these firms, leveraging forecasted incomes from the sale of results incentives as collateral against its loans.

The sector focus is on essential households' products and services for the BoP:

- Clean air: clean and efficient cook stoves, domestic biogas and clean fuels (pellets, ethanol)
- Clean energy: household solutions including lanterns, domestic solar etc.
- Clean water: filtration, chlorination, dispensers and "water as service" (for example kiosks)

What financial leverage can be realised?

BIX Capital provides results-based pre-finance that grows markets for products designed to improve lives at the base of the pyramid. The fund is supported by the Shell Foundation and Cardano Development and represents a unique opportunity for potential partners to obtain finance up to USD 3 million, based upon the ability to obtain payments for results, and without compromising their cash flow. It's first close will be at USD 15 million (besides SF we have attracted investments from FMO, Anthos and Calvert Foundation).

With the USD 15 million capital we will be able to catalyze investment into 5-7 partners, and expect to reach approximately 1.1 million households (thus improving the lives of about 5.5 million people at the BoP). At USD 3 per individual we believe we demonstrate a high level of effectiveness and efficiency in outreach.

What are the strengths of this instrument?

BIX's goal is to use the targeted provision of debt finance to unlock suppressed demand and will:

- Develop markets for products that improve the lives in the BOP
- Achieve a competitive return on investment for investors
- Catalyse markets for monetised social impacts

BIX provides impact-based pre-finance to select actors in the value chains delivering products to the BoP. It is very relevant for climate and for developing BoP markets.

What input is requested?

In order to achieve the objectives of BIX Capital, we seek the following key inputs:

- Expertise / Exposure: establishing a TA facility in support of the three key aspects of business model development beyond the core activity of investing in succinct social enterprise SMEs: a) to provide BDA (business development assistance) to such SMEs, b) develop additional result-based mechanisms for socio-economic impacts (gender-, educational- and health-) and c) define and implement strategy for the marketing of aforementioned socio-economic and climate impacts (i.e. how to engage sovereign- and corporate buyers)
- Finance: Seed funding for aforementioned TA facility (USD 500-1,000k) and joint fundraising with other donors