

AirTerra and ACON's Business Solution to Poverty

Since 2009 AirTerra Inc. (AirTerra) has worked closely with the African Christians Organization Network (ACON) to support a significant initiative that has the potential to become a viable business.



ACON's sales representatives celebrate the sale of 8,000 MotoStoves.

ACON's stoves generate biochar instead of ash at the end of a cooking session. Biochar is a highly effective soil restructuring agent that enhances plant productivity. Alternatively, biochar can be sold as a fuel for cooking with charcoal burning stoves.

The ACON sales team uses a traditional African form of savings and credit financing—the ROtating Savings and Credit Association (ROSCA)—which is managed by local groups of women working together in loosely formed “Trust Groups” to purchase stoves. For example: a ROSCA could consist of 15 women who agree to meet weekly for 15 weeks to purchase one stove for one member of the group each week. Each woman would bring about 150 Kshs (Kenyan shillings) to each of the weekly meetings so that once a week, one woman receives a stove. The KEY ELEMENT that makes this form of savings and credit work is the TRUST the women have in each other as a form of SOCIAL CAPITAL available from the group.

ACON's sales and distribution team has successfully implemented the ROSCA finance model, selling over 8,000 Moto stoves in less than two years. This was accomplished mainly through sales of stoves in Kenya, but ACON's sales team has also expanded their sales into Tanzania, Jinja (Uganda), DRC, and Rwanda. AirTerra believes that there is scope for further innovation in marketing and sales with the goal of developing an even broader distribution network for its clean efficient cooking stoves.

So far ACON has successfully trained thirteen artisans and tinsmiths in the construction of the Moto stoves. They currently have the capacity to manufacture 900 of these biochar-generating stoves per month.

Cost and Sales Price Data:

- Stove production costs, materials: 1,500 Ksh (US\$18.90); labour, 300 Ksh (US\$3.75)
- Stove sale price 2,000 Ksh (US\$25)

Scale up Strategies for African Countries and Beyond:

Strategy 1

Continue to drive the cost of the stoves down to a target range of US\$15 per stove. This can be done by moving to a mass production model where the stoves are manufactured in a manner that enables them to be flat packed and transported to more distant markets at a lower cost. End users are able to easily assemble the stoves with readily accessible tools.

Strategy 2

Continue to use the ROSCA method of selling stoves. Women in ACON's 350 self-help groups are compelled to participate in ROSCAs to purchase stoves. This form of credit for stove purchases serves many women well and will be continued; in fact it will become the main sales campaign vehicle throughout Africa and potentially beyond.

Strategy 3

Incorporate even more powerful aspiration raising sales methods by developing a larger network of sales agents using street troubadours to attract crowds during live demonstrations of stove use whilst offering free tea to prospective purchasers.

Strategy 4

ACON's stoves qualify for carbon credits, further increasing the revenue generated by the stoves and adding to the profit proposition. The cumbersome monitoring task required for carbon credit verification and audits continued use and effectiveness of the stoves could be handled with a cell phone point of sale and survey method similar to that being deployed by "Top Third Ventures". See <http://www.topthirdventures.com/>

Strategy 5

Use the legal women's self help group sales model as the primary means of distributing the stoves over the last mile. Sales agents would organize their rounds to coincide with self help

group meetings to facilitate the distribution of stoves, record sales and administer customer surveys for carbon credit verification.

Strategy 6

AirTerra will provide financial management for the project through a 60% business share of the project. This will enable AirTerra to work closely with ACON (or a future business entity registered in Kenya) and to manage the finances of the project. Moreover AirTerra will provide/source the much needed capital required for scaling up the project for broader distribution.

Submitted by: Email Address: Cell Number:

Robert Lavoie

lavoier@rpsgroup.com

(403) 830-0188