

Webinar: Cold Storage Financing in Agriculture

*Where are we now and where do
we want to go?*

5

**Insights on unlocking
agricultural cold room
financing**

***from researchers and
practitioners***



Collect bankable data to enable scalability

There exists a chicken and egg problem — cold chain investors require volumes, while farmers need established cold chains for improved uptake rates.

Scaling up relies on **collecting bankable data**. To secure financing for long-term survival and sustained profits, a **de-siloed approach** is crucial—uniting commercial investors with energy and agricultural stakeholders for holistic strategies.



Understand the landscape for sustainable cooling

Sustainable cooling shifts from early public support to integrating private financing as markets mature.

Cooling entrepreneurs must **think beyond grant options.**



Breakthroughs often hinge on securing funding, typically from public or R&D institutions. Public policy instruments, including innovation grants, are currently prevalent in sustainable cooling. Other public finance instruments include concessional consumer finance and results-based financing.

In the shift from funding to financing, debt and equity are commonly relied upon, often complemented by private incentives like off-take guarantees and models like cooling as a service. **Combining private finance and incentives** ensures investment recuperation, appealing to a broader investor base.



Explore opportunities for innovation where public finance ends and private finance begins



After securing initial funding for innovative private finance incentives like Cooling-as-a-Service, the question arises: **How can they be recapitalised?**

In the space where public finance ends and private finance begins, there is room for creative solutions.

Here, we discuss two such approaches.



In the **Sale-Leaseback Method**, a bank purchases cooling equipment and leases it to the service provider, using the cold room as collateral for a secure deal. If lease payments falter, the bank can claim the equipment.

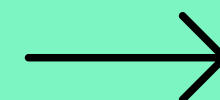
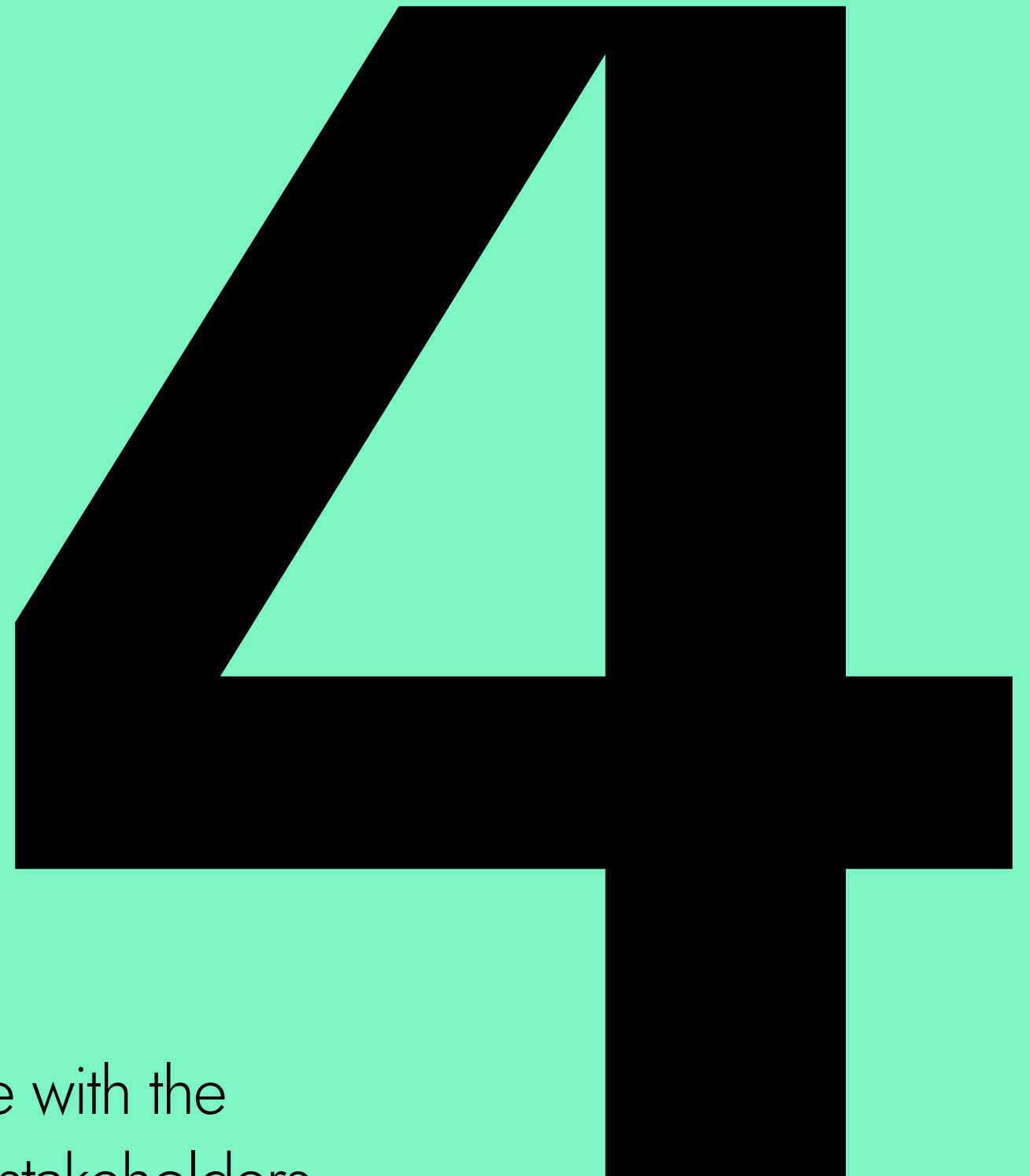
In the **Special Purpose Vehicle (SPV) Model**, investors establish an independent entity managing assets separately from the cooling service provider. The SPV obtains equipment from the technology provider, engaging in Cooling-as-a-Service agreements with customers. Although the technology provider no longer owns the equipment, they oversee it under an agreement with the SPV. In case of issues like non-payment or maintenance problems, the SPV can collaborate with an insurance provider or fund for a payment guarantee. The risk mitigation inherent in the SPV model enhances the appeal of investing in CaaS for financiers.



Craft your impact thesis to align with the audience's core values

Major investors in cooling include development finance institutions, foundations like the Gates Foundation, commercial banks (sale-leaseback), and private equity and venture capital firms like Catalyst Fund, GSMA Innovation Fund, Factor(s) Ventures, and Novastar Ventures.

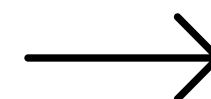
Tailor your impact thesis to resonate with the investment objectives of the financial stakeholders you want to engage with, focusing on key areas such as **adaptation, mitigation, fintech, technological perspective, the SDGs.**



Evaluate cold room viability based on value chain and market sophistication

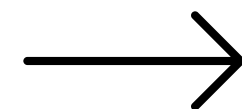


Research conducted by Wageningen University and Research (WUR) highlights a crucial insight: although the cold chain is a vital technology, its **commercial viability may vary across different fruit and vegetable value chains**, contingent upon specific product-market combinations. The due diligence criteria in WUR's assessment tool serve as a guide, assisting both investors and companies in considering key factors to ensure commercial viability.



For climacteric fruits like bananas and tomatoes that are sold locally and can age naturally over days, it may be more beneficial for farmers to harvest them green. Cold chains prove most relevant for non-climacteric fruits and green leafy vegetables.

The adoption of a costly technology like cold chains depends on the **level of market sophistication**. This transition involves shifting from home consumption and fresh markets to wholesale, retail, and specialised markets, where cold chains become more viable and impactful.



was this helpful

Watch the complete webinar
through the link provided in
the description.

