Session IV: Financing

The role of microfinance in energy access - changing roles, changing paradigms and future potential

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Key Assumptions

… among academics and practitioners

- High synergies between financial and energy inclusion
- MFIs as the ideal catalyst for energy access solutions

MF & Energy Access Synergy Promise
Key Observations in the Market

- Rapid growth of solar off-grid market in past five years (key markets include Bangladesh, India, Kenya, Tanzania, and Ethiopia)

- System prices have reduced dramatically

- Quality assurance and consumer protection are the foundation for market development

- Measures that increase system affordability are essential

But in reality little scaled impact in combination with MF measures
Case Studies

- Bangladesh  IDCOL SHS program
- Pakistan  PPAF SHS program
- Philippines  Energy Inclusion Initiative – MCPI
- Cameroon  CVECA
- Mexico  EcoMicro – Te Creemos
- Peru  Energy Inclusion Initiative – Fondesurco & Caja Huancayo

- Colombia  EcoMicro - Contactar
- India  SEWA’s Hariyali Initiative

Source: ESMAP, 2014
Sales – Lighting Global

Source: Jacobson, 2015
Sales – IDCOL Bangladesh

Source: Jacobson, 2015
Appliance use assumptions: lights = 4 hrs/day, TV = 3 hrs/day, radio = 6 hrs/day, mobile phone = 1 charge per day

Source: Jacobson, 2015
Changing roles

- Emergence of PAYG
- Emergence of minigrids
- Widening the perspective of Green MF
Changing paradigms

- SE4ALL tracking framework: multi-tier approach
- Focus on productive use

**dual divergence of perceived energy needs**
Future Potential

- Financial and community activation services continue to be in demand
  - Solar lanterns:
    - value chain strengthening through financing of working capital for last mile retailers
  - Minigrids:
    - Assessment of present and future financial capacities of a target group
    - Pooling of community’s financial resources
    - Financing of local operators

- Wider field of Green Microfinance: CC adaptation & mitigation
Conclusions

- Trending energy technologies do not lend well to MFI’s traditional financing models

- Unique value proposition a thing of the past?

- Probably not, but end-user financing may not the best position any longer

In light of the up-coming SDGs a rapid adaption to new realities is required by the MF sector in order to play a major role for reaching the energy access goal!
Thank you!