Developing Sustainable Energy Access Projects for the Last mile

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UNCDF
Energy Poverty Vs Income Poverty

No energy to run machines results in low productivity

No money to buy improved energy supplies or energy conversion equipment

Low productivity, low surplus, little cash
Access to Finance is still a major barrier

How to Payback the Credit !!!

How to reach there !!!

Technology Cost

Modern

Credit

Subsidy

Equity

Traditional

Modern

Traditional
Facilitated access to clean energy solutions for around 100K HH through affordable financing services

- Awareness & confidence building
- Risk capital grants
- Concessional loans

- Market research
- Brokering partnerships
- TA to FSPs, energy suppliers, end-user

- Research
- Training
- Communication

- Government, donors
- Commercial, wholesale banks
- Innovative financing mechanisms

Technical Assistance for Clean Energy
Advocacy and Partnership
Global Knowledge and Learning
Finance for Clean Energy
Critical factors for effective project development

In Nepal,

- Customized and affordable financial services to low income households for accessing clean energy services.
- Installments match with existing energy expenses (EMI – around $5 for solar loan)
- Over 90K low income households installed clean energy solutions
- Over $17M invested out of which $12.5M is in the form of credit

Understanding of the demand side

Existing energy expenses of low income households, Income pattern, Opportunities to use energy for productive purposes and Capacity to pay

Customized energy and financing products
Critical factors for effective project development

In Myanmar and Cambodia

• Supported 5 private sector companies to develop innovative business models to reach the low-income households.
• UNCDF supported Challenge Funds are leveraging a ratio of 1:5 in private investments.

Encouraging private sectors to look low income households as market

• Result based financing mechanisms like challenge funds can motivate the private investors to invest in the energy market.
• Private sector investors should be supported in developing innovative business models.
Critical factors for effective project development

Exploring last mile approach

- Regular conventional business models are not effective to reach the last mile. Innovative business models are required in reaching them.
- Energy as service
- Pay As You Go model
- Micro Finance Institutions as vehicle to reach last mile clients

Promoting innovative business models for the last mile clients
Critical factors for effective project development

Going beyond access and exploring opportunities for productive applications

Shifting the paradigm from promoting enterprises in energy catchment areas to bringing energy solutions to enterprises
Critical factors for effective project development

Nepal

- Planning to graduate from LDC by 2022.
- Government has set priority to provide Clean Cooking and lighting solution for all by then.
- Projects developed in line with the government priorities are likely to be succeed.

Linking with the government priorities, initiatives and policies
Thank you