

GLOBAL CONFERENCE
SCALING-UP ENERGY ACCESS AND FINANCE
IN LEAST DEVELOPED COUNTRIES



Session IV

31 May 2019

10:30 – 12:00

SESSION IV

**INCLUSIVE ENERGY FINANCE
TO REACH THE LAST MILE**

In 2018, for the first time the number of people without access to electricity fell below 1 billion and in recent years, we have witnessed an increase of investments in access to electricity and decentralized renewable energy solutions.

However, progress on providing access to renewable energy remains uneven. Around 3 billion people still don't have access to clean cooking solutions, and little progress has been made in recent years. Around three quarters of the people who gained access to electricity last year are concentrated in Asia, leaving 600 million people in sub-Saharan Africa behind.

Moreover, while off-grid and decentralized systems are being increasingly recognized as the most cost-effective solutions for the poorest and most remote communities, they remain underfunded. Although finance for off-grid has increased, it still only accounts for 1.3% of the total tracked energy finance flow. (Energizing Finance report, SEforAll). The picture of investments for clean cooking is even worse. The total amount of finance for clean cooking dropped from USD 32 million to 30 million a year (commitments), which is in itself a staggeringly small amount, 'almost immaterial to the USD 4.4 billion annual investment needed to achieve universal access to clean cooking by 2030' (Energizing Finance report).

Furthermore, while investments in the DRE sector have grown substantially over recent years, they have largely benefitted middle- and higher-income regions and often a few selected enterprises. In addition, grants increasingly are being substituted by loans, building on a strong belief by donors, investors and governments that the energy access gap will be closed by the private sector. This is challenging in regions where business cases are less viable and the private sector will not automatically thrive, leaving behind the lower-income countries and local, often smaller, businesses. Also, financing mini-grids has remained challenging. Despite a potential to provide electricity to 450 million people, the gap in investment for mini-grids remains significant, despite their increasing bankability, evolving business models and growing demand.



To enable greater uptake of off-grid renewable energy and clean cooking solutions in LDCs, a dedicated inclusive financing framework is needed that:

- Addresses the specific barriers encountered in those countries
- Includes both public funding and private finance
- Supports local and women entrepreneurs to invest and grow and supports productive use of energy (PUE)

Addresses the challenges of investing in low-population areas and delivers energy for people with minimal incomes.

This session will focus on what this inclusive financing framework could look like, building on a supportive mix of public funding and private finance, a dedicated set of financial instruments and efficient and results-based subsidies. The session will also examine what is needed in terms of policy, regulation and community involvement to ensure the enabling financial framework will lead to an increase in implementation of decentralized RE systems. This session is co-organised with Hivos and Practical Action.

KEY QUESTIONS TO BE ADDRESSED IN THIS SESSION

Inclusive finance – what are the key elements to take into account to make a truly inclusive financial framework, able to serve those currently without access to clean cooking and electricity?

How to scale-up financing for mini-grids? What is working, and what is needed to attract commercial capital for scaling at speed?

What's needed beyond just more money? How to break down non-financial barriers through community involvement, capacity building?



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