

Financing Energy Access for All

Using financial flows to stimulate market development

Recommendations

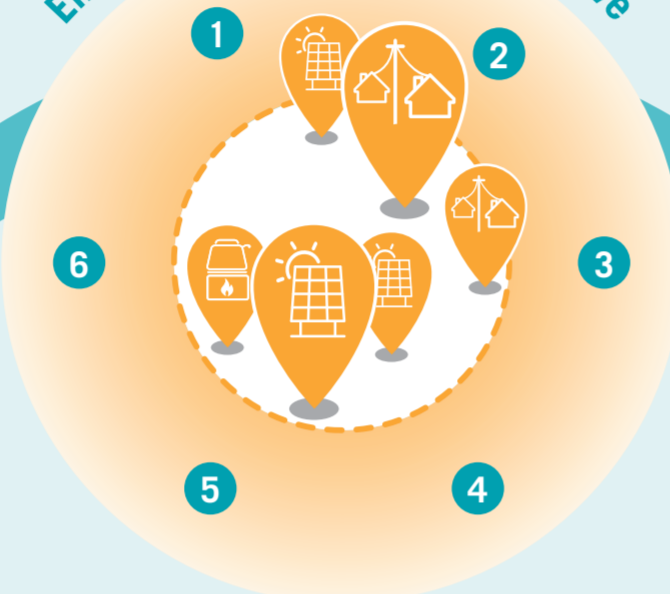
- ✓ Create leadership commitment from concessional financiers
- ✓ Provide gender-aware community training and financing for productive and community end-uses
- ✓ Shift financier evaluation and reward metrics
- ✓ Build skill and experience of energy SMEs, and male and female future leaders
- ✓ Fund national market activation campaigns
- ✓ Increase financiers' trust in energy access sector

STEP 1: Market Activation

Activating markets starts with building government capacity and consumer awareness, while skilling-up businesses.

- 1 Target-setting
- 2 Tax incentives
- 3 Awareness-raising
- 4 SME-NGO partnerships
- 5 SME training
- 6 SME grant funding
- 7 Support to women's groups
- 8 Industry associations

Environment grows more supportive



STEP 2: Bridging Public and Private Capital

Creating links between public and private capital by building commercial financier understanding of rural energy access businesses, promoting MFI consumer energy finance, and training and financially supporting new rural enterprises.

- 1 Concessional local currency debt and equity
- 2 Consumer financing
- 3 Loan guarantees
- 4 Market intelligence
- 5 Sector coordination groups
- 6 Public-private partnerships

STEP 3: Scaling Private Capital

Rapidly expanding rural private-sector penetration and national business development with increased private capital through, for example, PPPs and bundling rural energy investments to test securitization.

- 1 Harmonized quality standards
- 2 Licensing and regulatory frameworks
- 3 Training institutions
- 4 Bundled project investments

Environment grows more supportive



Finance flows increase

STEP 4: Mature Ecosystem

Once rural energy and non-energy enterprises are thriving, with easy access to all forms of commercial and consumer finance, subsidies and guarantees can be reduced. Support will still be required for remote locations and poorest communities.

- 1 End-user price subsidies for the remote and vulnerable
- 2 Commercial local currency debt and equity



Key

- Actions in each step. These will continue in subsequent steps, as appropriate.
- Market size grows over time and relationships between market actors are strengthened.

- Companies within different energy access markets grow and are joined by new market entrants over time.
- Enabling environment grows more supportive over time.

Poor People's Energy Outlook 2017
Financing National Energy Access:
A Bottom Up Approach

policy.practicalaction.org/ppeo2017

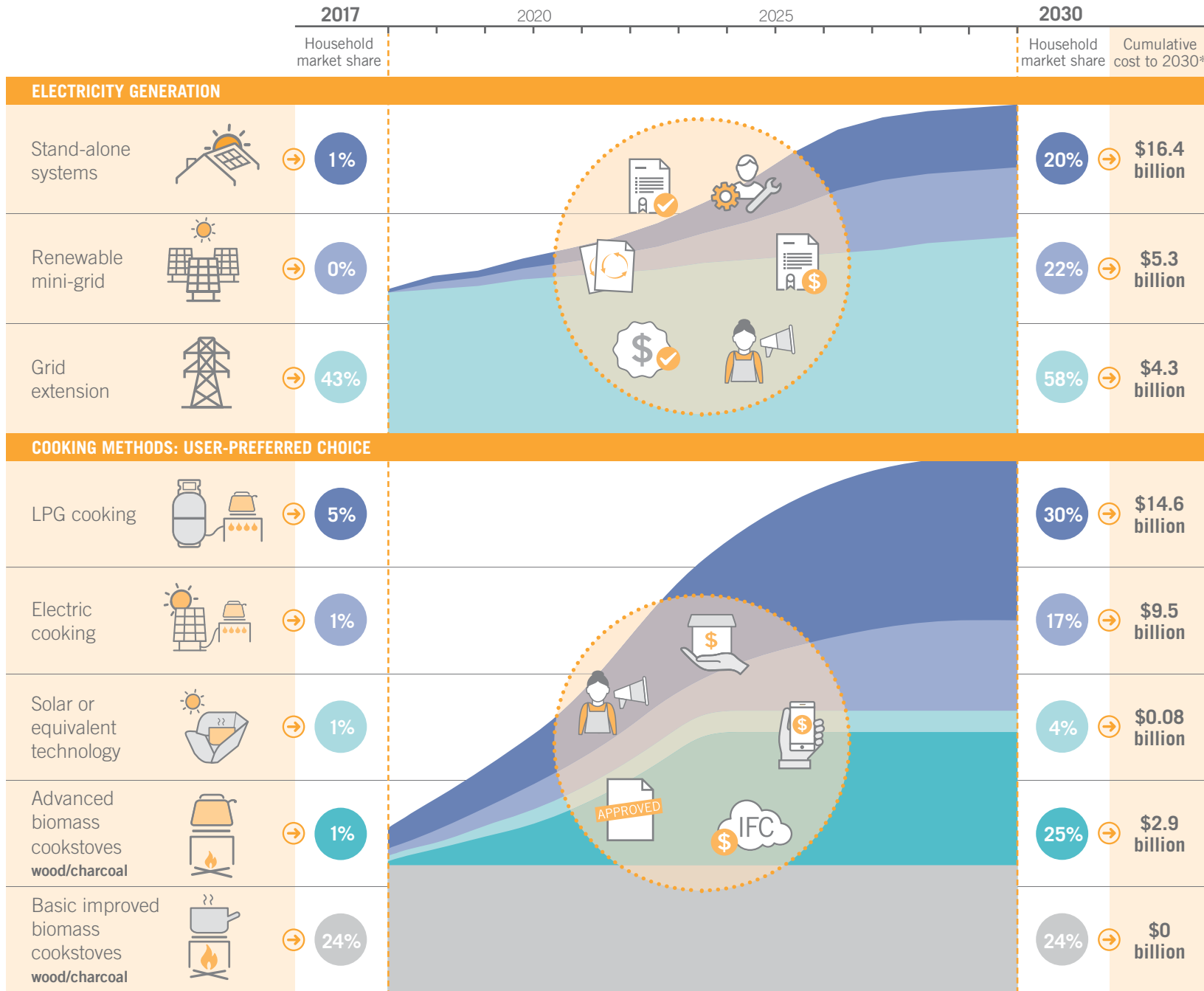
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PRACTICAL ACTION
Technology challenging poverty



Kenya: Energy Access Journey

Recommendations to address and accelerate energy access finance flows



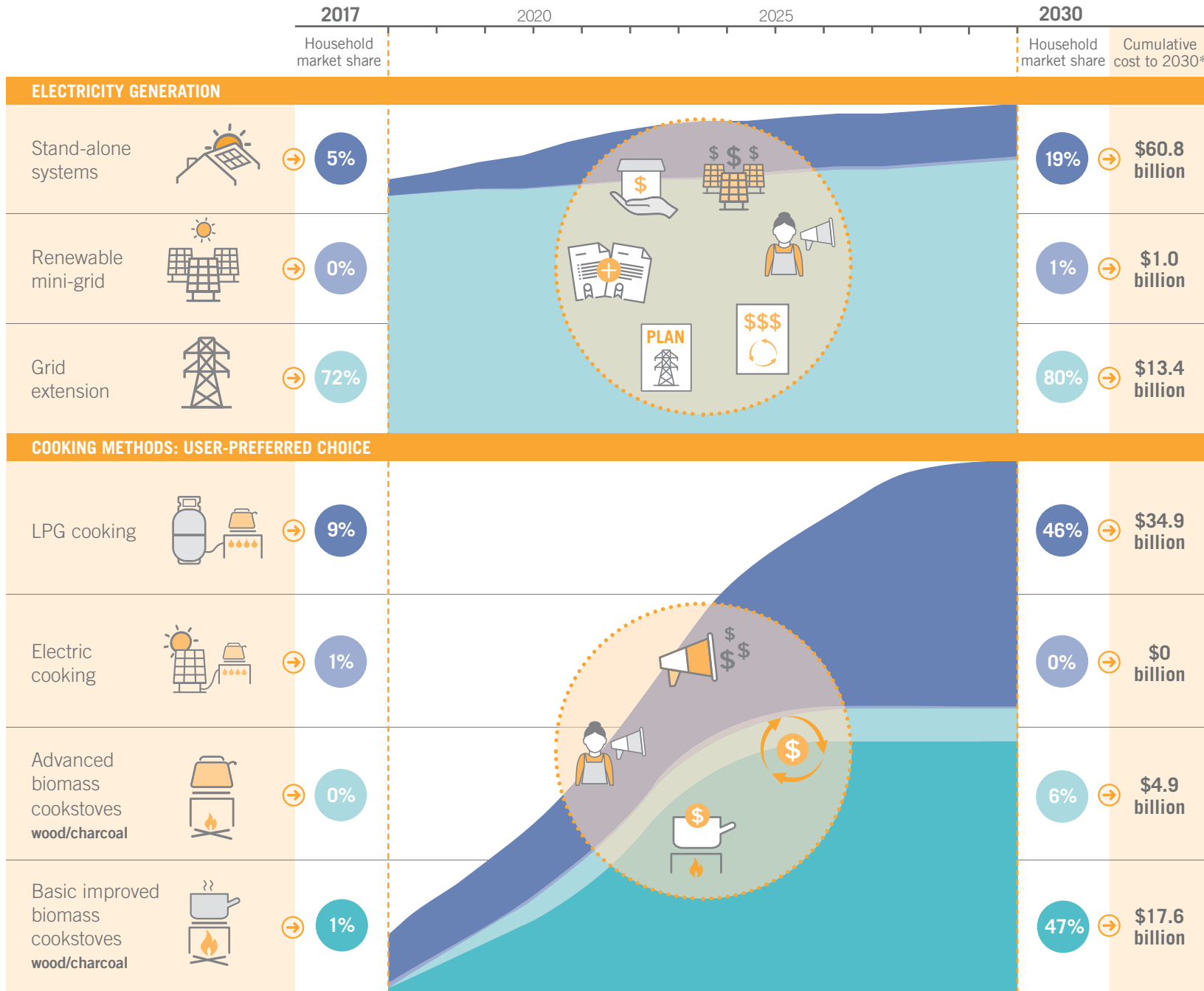
- ### FINANCING RECOMMENDATIONS
- Support project development
 - Reform tariff policies for DRE products
 - Focus on gender mainstreaming and empowerment
 - Reduce taxes and charges for DRE products
 - Facilitate bundling of projects
 - Standardize project requirements
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- Encourage more flexible loan requirements for fuel and stove enterprises
 - Expand consumer finance/PAYGO
 - Facilitate carbon credits and alternative financing mechanisms
 - Streamline accreditation for stove and fuel companies

Ensuring women's participation in energy decision-making and the design of financial instruments will accelerate women's empowerment and energy access for all.

*including for SMEs, productive uses, street lighting and secondary lanterns

Bangladesh: Energy Access Journey

Recommendations to address and accelerate energy access finance flows



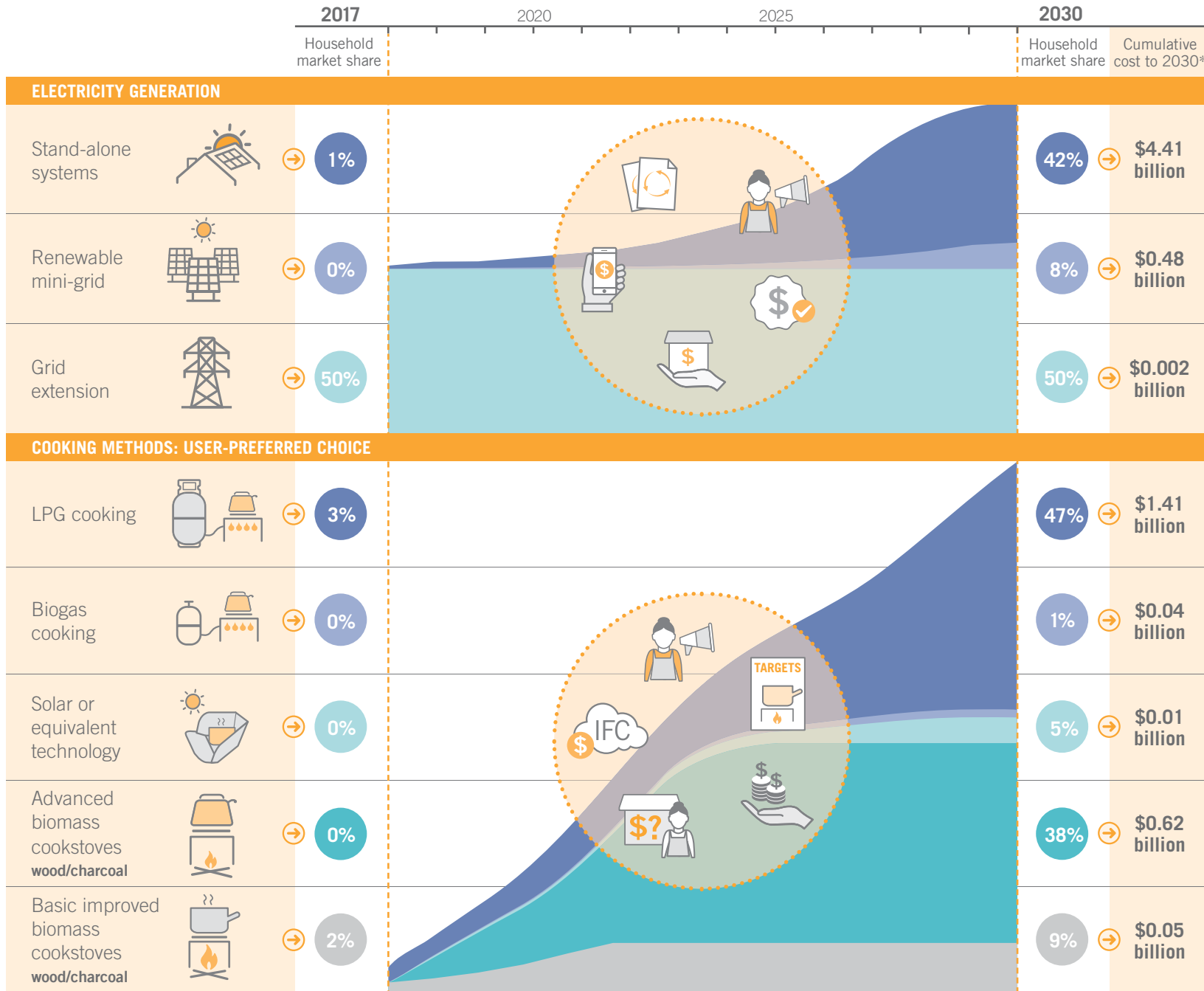
- ### FINANCING RECOMMENDATIONS
- Reform financing system for mini-grids
 - Focus on gender mainstreaming and empowerment
 - Integrate energy and agriculture financing
 - Devise a clearer grid extension plan
 - Reduce policy conflicts on energy-for-work
 - Increase government loan guarantees
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- Fund awareness campaigns for clean cooking
 - Facilitate working capital finance for stove enterprises
 - Encourage microfinance for clean cooking

Reviewing market support mechanisms will encourage greater innovation as the sector continues to evolve.

*including for SMEs, productive uses, street lighting and secondary lanterns

Togo: Energy Access Journey

Recommendations to address and accelerate energy access finance flows



FINANCING RECOMMENDATIONS

- Focus on gender mainstreaming and empowerment
- Reduce taxes and charges for DRE products
- Encourage more flexible loan requirements for DRE enterprises
- Promote PAYGO
- Facilitate bundling of projects

TARGETS

- Include national targets for clean cooking
- Introduce targeted subsidies for the rural poor
- Reform collateral requirements for enterprises and consumers
- Facilitate carbon credits and alternative financing mechanisms

Pre-commercial markets need market activation initiatives to encourage private investment and foster opportunities for last mile service delivery.

*including for SMEs, productive uses, street lighting and secondary lanterns