



Renewable Energy Financing Matching Needs and Resources

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Introduction

- ✦ Impact of the free market model
- ✦ The IPP world v rural needs
- ✦ Energy - a tool of development & a crucial determinant of environmental quality
- ✦ *Where can small amounts of money be placed at critical times to create a substantial social and environmental benefit?*



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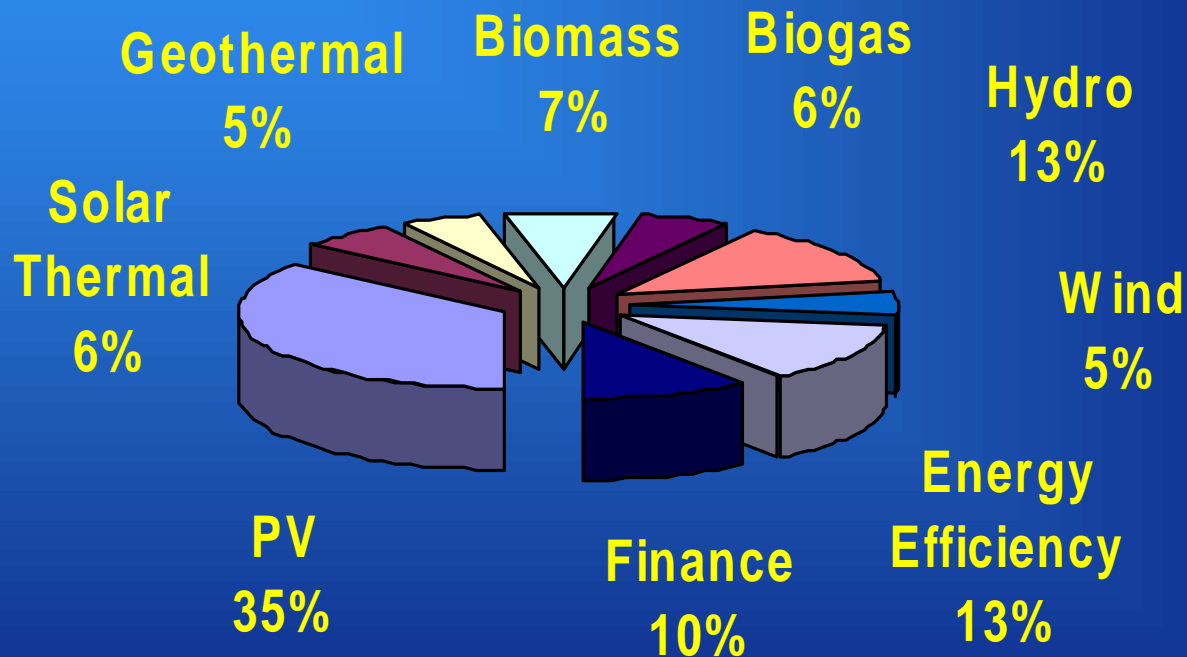
- ◆ Developing in country energy enterprises
- ◆ High risk early stage direct investment
\$50,000 to \$250,000
- ◆ Leading to next stage investment
- ◆ 36 enterprises, 21 Countries, US\$4.7 million



Funding Activity

\$4,700,000 in 36 projects in 21 countries

(percent by investment)



E&Co Projects

✦ Lotus Energy - Nepal

- ◆ BOS manufacture
- ◆ Limited capital for expansion
- ◆ Challenging distribution needs/network

✦ Kanata Hydro - Bolivia

- ◆ Water supply and energy
- ◆ Regulatory uncertainty



E&Co Projects

✦ Riberalta Biomass - Bolivia

- ◆ Brazil nut husks
- ◆ Displacing diesel generation
- ◆ Increased construction costs
- ◆ NRECA support

✦ Vacvina Biogas - Viet Nam

- ◆ Initiated through Oxfam Quebec
- ◆ Move to “commercial” operation
- ◆ Aim to broaden impact



E&Co Projects

- ✦ Genesis Empresarial Fund - Guatemala
 - ◆ Micro-credit facility
 - ◆ Introduce energy loans
 - ◆ Assist in providing affordable funding
- ✦ Bergey Xiangtan Windpower JV - PRC
 - ◆ Establishment of in-country manufacturing
 - ◆ Demand for high quality product
 - ◆ Potential for expansion within China



REEF

Renewable Energy & Energy Efficiency Fund

- ✦ IFC sponsored three window fund with commercial and non-commercial funding
- ✦ Debt, equity and market development funding \$150-\$200 million
- ✦ Privately managed funds, renewable energy, developing countries, enterprise development



“Three Window” Fund

Three Window
Renewable Energy Commercialization Fund



Solar Development Corporation

- ◆ Joint Foundation World Bank Initiative
- ◆ Standalone Corporation
- ◆ \$50 million initial capitalization
- ◆ \$15 million for promotion and business development
- ◆ \$35 million for end user credit
- ◆ RFP out for management group



Where Next?

- ✦ Need to achieve scale impact
- ✦ Need for effective distribution channels for
 - ◆ product
 - ◆ services
 - ◆ finance
- ✦ A concession approach
- ✦ An approach in Latin America
 - ◆ 20% of rural households, 550,000 homes, \$350m
 - ◆ Would require > 120 “entrepreneurs”
 - ◆ A franchise approach - bundled financing



Conclusions

- ✦ Envision energy as a development component closely interconnected with private sector initiatives
- ✦ Understand the linkage between energy, development and finance
- ✦ There are successful development models to follow



Conclusions (cont.)

- ✦ Need initiatives that *drive order of magnitude changes* in the business of renewables and smaller scale electrification
- ✦ Build the links between finance and the good ideas
- ✦ Promote and strengthen private enterprises

