



Asia Clean Energy Forum

Scaling up Access to Energy Projects

PROMOTING PRIVATE SECTOR PARTICIPATION

Asia Clean Energy Forum
Manila, Philippines
2-5 June 2008



Mark Fogarty
REEEP South East Asia & Pacific, Chair
CBD Energy, Executive Director



access to energy

- Some 1.7 billion people in the region are using traditional biomass fuels, and 1 people still lack access to electricity
- This has enormous socio-economic costs—degrading the environment, spreading disease, increasing child mortality and weakening social services. It also restricts the opportunities for women, who have to gather and use traditional fuels. All of these have major implications for the Millennium Development Goals (MDGs): without better access to energy services, many of the MDGs may be missed.



What' needed

- Understand why, when and how businesses invest
- Align policy, mechanisms & tools with conditions which businesses invest
- Development assistance has generally contributed only \$5.4 billion per year to energy projects in developing countries worldwide
 - \$344 billion required annually for energy infrastructure development in Asia and the Pacific for the next 22 years.
 - Bridging the gap will require innovative financing solutions, including special funds for infrastructure development and greater private sector participation.
 - Attracting sufficient capital will also require appropriate policies on pricing and taxation along with larger and more efficient financial markets that can draw on domestic savings and tap into international financial resources.
- Coordination energy and development programmes needed between countries to empower the estimated 1.7 billion people in Asia/ Pacific who still primarily use dirty.



What's needed

Pacific Report

- Coherent energy policy based on sound economics, social responsibility and technical feasibility.
- Capacity building and skills transfer to enable more skilled energy management
- Coordination of donors
- Encouragement of village level electrification through
 - microfinance of distribution channels
 - availability of proven sustainable local generation equipment
 - support of entrepreneurs who can add a renewable energy stream to existing and expanded local businesses.
- Support of existing organisations and programs that can cooperate in delivery of the needed services.



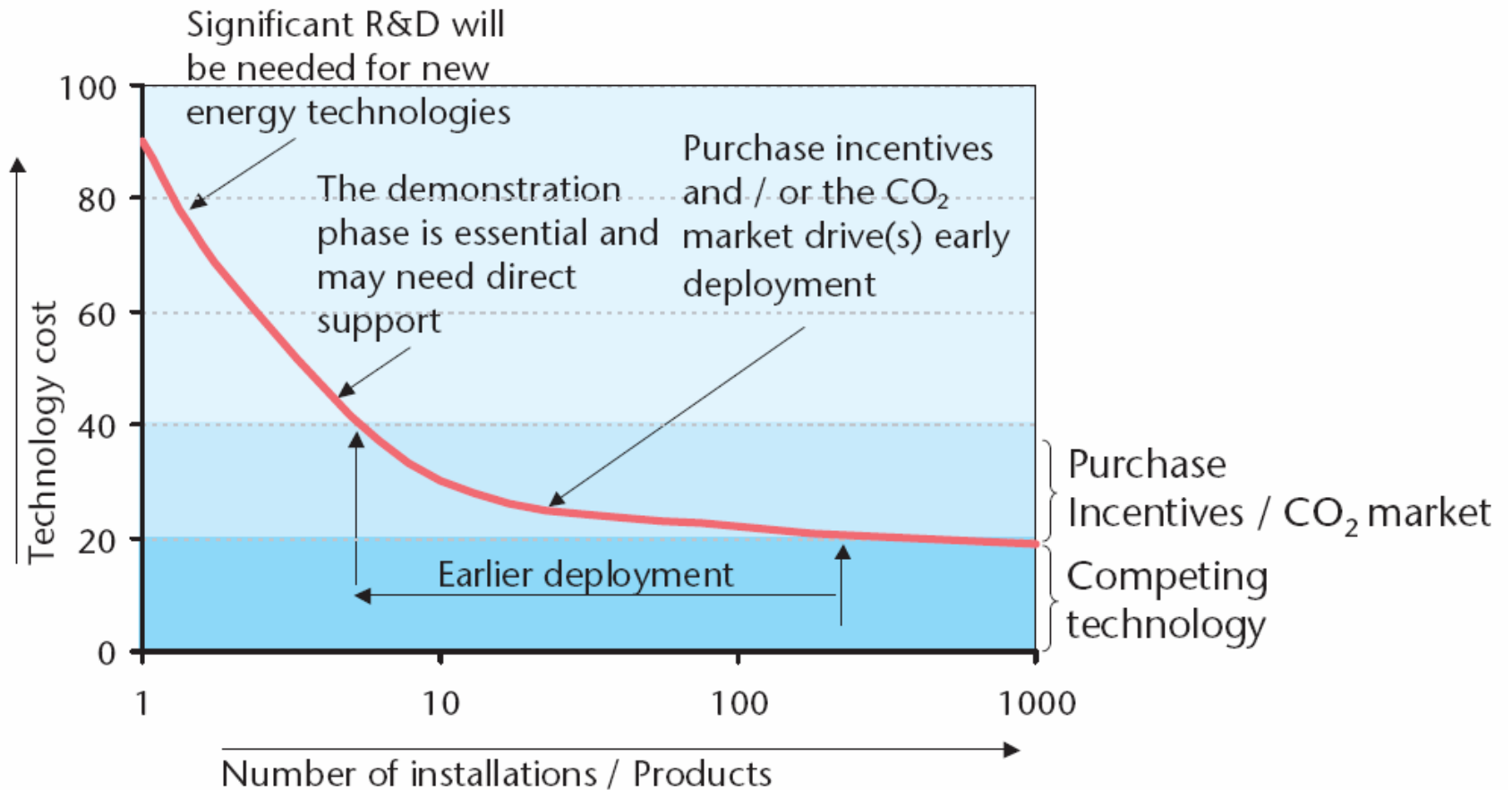
Barriers

- Policy and regulation: stable and diversified policy settings.
- Technology research and development: The high capital cost of technology and a lack of government programmes and financial incentives
 - lack of investor project knowledge and deficient skill.
- Finance: stronger attention needs to be focused at the seed/start-up phase of project development, which in Asia is especially relevant due to a high number of small-scale projects.
 - From a commercial perspective, the supply of energy services through renewable energy or efficient energy technologies is often considered new and too small and risky. As a result, many investors are not willing to provide equity finance or seed capital to such projects



Scale of the Opportunity

- Private sector is a major source of innovation, capital and capacity
- Clean Energy investment - \$100bn (2006) – up 46%
 - \$70bn asset finance
 - \$30bn M&A
- Global capital is available but will the investment go?
- Asia will need compete for clean capital
- Redirect the money from fossil fuels investments
- Decarbonise economic growth



Moving down the cost curve



Finance Opportunities

- Public-private financing mechanism to develop pipeline of clean energy projects
 - buy down incremental investment costs
 - grants and concessional loans
 - increase creditworthiness of the future carbon cash flows through partial guarantees
- Risk Sharing amongst public sector, IFIs & private sector risk takers



Case Study

- North Queensland indigenous communities



Opportunities

- Exports report
- Role of partnerships
 - MFI
 - Barefoot power
 - SOPAC's PMESCO's project
 - creating an enabling environment – engagement of local entrepreneurs to establish MESCOs
 - LUTW solar systems for lighting, incl. technical training for entrepreneurs
 - establish a micro-credit facility, inc. training to enhance dissemination of solar energy systems





Questions for you

- If we were to scale up access to energy projects, what role private sector can play?
- What are the main barriers/issues that needs to be addressed (and by whom) for such a scale up project?
- Are there any lessons that we can learn from others to increase private sector participation?
- Would there be different modality and issues of involving private sector for providing electricity and other forms of modern energy such as biogas, LPG?
- How can we make a business case to attract private sector in energy access scaling up projects?



thank you



Mark Fogarty

Chair, Chair REEEP Southeast Asia and Pacific
CEO, CBD Energy

T: +61 414 827 129

mfogarty@cbdenergy.com.au

REEEP Southeast Asia and Pacific Regional Secretariat

Eva Oberender
Regional Manager

T: +61 3 9929 4112

eva.oberender@reep.org

www.reep.org

www.reegle.info

www.cleanenergycouncil.org.au



thank you

