

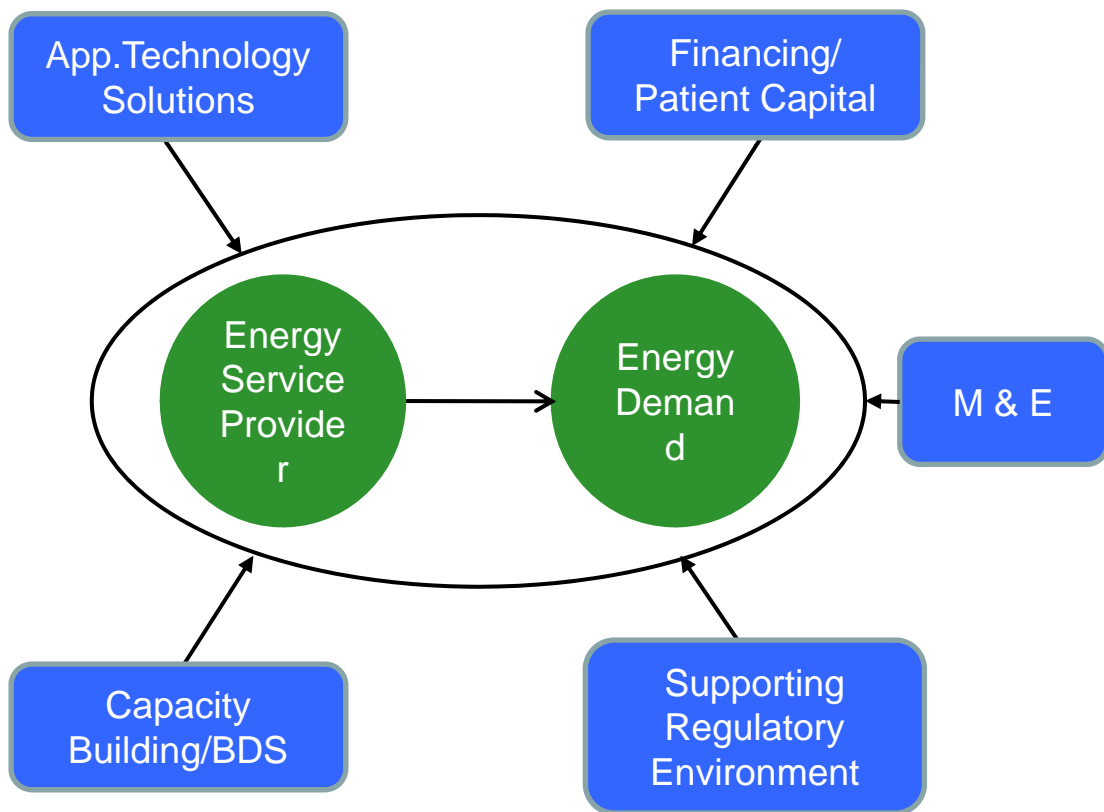


Energy Enterprise Development: Role of the E4ALL Partnership

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Accelerating Access to Energy



Context

- Growing recognition that the energy entrepreneur is at the heart of the solution to address energy access challenges in rural areas (REED model pioneered by E+Co)
- Need for creating an enabling environment for such energy enterprises
 - Access to finance
 - BDS services
 - Addressing various linkages along the value chain
 - Creating a suitable policy and market environment



Sustainable Energy Enterprise?

- Scale of Operations?
- For Profit?
 - A recent DfID study of past Ashden Award winners showed that the successful enterprises were hybrid institutions that are neither commercial nor wholly not-for-profit
- Business Model?
 - SRE, an Ashden Award finalist this year – model based on daily collections for supply of electricity
- Capital Subsidy but operationally sustainable?

E4All Partnership to establish certain basic definitions/classifications of sustainable energy enterprises.



Enterprise Finance/Social Investment

- What constitutes an investment ready venture? Mismatch in expectations between the entrepreneur and the investor.
 - Is the buy-in for the promoter/entrepreneur (who is the crux as per the aforementioned DfID study) or the model?
 - What are the expected returns from such investments?
 - If all linkages are expected to be in place before the investment, what is the role of the BDS/TA services?
 - If there is a lack of adequate investment ready enterprises, what is needed to create/incubate such enterprises? Capital for the same?
1. E4All Partnership to establish guidelines/criteria for “investment ready” enterprises.
 2. E4All Partnership, through the WGs, to establish a window to create investment ready enterprises.



End consumer Finance

- Scale of operation for which an energy enterprise is seeking end consumer finance is not sufficient to generate interest within an MFI
- Technology/energy enterprise risk
- Productive use Vs. Consumptive use
- Group lending Vs. Individual lending
- MFI loan to new customers may not be adequate to cover the costs of an energy access product

E4All Partnership to build on some of the existing pilots to establish large region wide programmes to link energy and MFIs



Technology

- Still not adequate awareness on various technologies
- Fly-by-night operators – poor quality products/ systems
- Lack of universal standards for several products e.g. improved cookstoves
- Technology specific Vs. a technology neutral approach

E4All Partnership to build a repository of energy technologies, which highlights the pros and cons, potential suppliers (along with a rating of their products), minimum standards, etc.



Rural Markets

- Efforts to develop the necessary rural market chains for energy
- In contrast
 - A recent government report in India which indicated that cell phone subscribers in India has crossed 400 million and will exceed 600 million by 2012
 - Coke/Pepsi available in any corner, where there is lack of access to “modern/clean” energy or water

Rural markets seem to work but it is the product that we are selling that does not have a demand. E4All Partnership to undertake studies to look at possible lessons that we can take from other sectors, especially the mobile phone industry.



Request your participation at the Enterprise Development Working Group Discussions

Time: 7:30 – 8:30 am, Thursday, 18 June
Venue: 4256 West