



THE FOUNDATION FOR DEVELOPMENT COOPERATION

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Financing Village-Level Energy for Development in Asia Pacific

Opening Remarks – Craig Wilson, Executive Director, The Foundation for Development Cooperation

Ladies and gentlemen, good morning. On behalf of FDC, GVEP International and ADB may I extend to you a very warm welcome to this two-day workshop on Financing Village-Level Energy for Development in Asia Pacific.

Let me start by putting to you some rhetorical question – and don't worry, there will be some non-rhetorical questions for you to grapple with over the next two days!

1. The first question is about leadership. What are the ways in which the collective brain-power, resources and know-how of the people in this room – practitioners, donors, academics and intermediaries – can collectively be applied to provide leadership to the world on efforts to finance better access at the village level to clean/cleaner/more renewable energy?
2. The second question is about a vehicle. What might be the key ways in which we, together, can create a platform for shared learning and financing for village-level energy access?
3. The third question is about the business case. As a way to scale and propagate our efforts, and in addition to the implicit development outcomes we are all pursuing, how might we apply ourselves to demonstrate widely and effectively the profitability of financing energy at the village level?



Ladies and gentlemen, we meet today in times of enormous concurrent changes in the world's equilibrium – the price of mainstream energy is rising by several multiples, the price of food staples is rising markedly, the effects of climate change are becoming more immediate and real every day. I believe it is clear to us all the scale of the challenge, and the opportunity, presented to us.

Similarly, I believe we are all aware of the potential of cleaner and more renewable energy for all countries, including developing countries, as part of the necessary response and as part of an environmentally sustainable and relatively cheap means of providing off-grid access to energy for the poor. Our ability to advance efforts to expand the provision of clean/cleaner/more renewable energy at the village level in Asia and the Pacific now hinges less on technology – for there have been some wonderful advances in recent years – and more on improved financing models to make this energy accessible and affordable at villages across the Asia-Pacific region.

We heard last night from The ADB's Vice President for Knowledge Management and Sustainable Development, Dr Ursula Schaefer-Preuss, that an estimated 1.6 billion people in developing countries, with 1 billion of those in the Asia-Pacific region, do not have access to modern energy services for basic cooking, heating and lighting.

This lack of access places significant restraints on the productive capacity of microentrepreneurs. The productive use of energy sources for things such as lighting for businesses, irrigation, refrigeration, telecommunications, education, agriculture, has significant implications for poverty alleviation and economic growth.



Fortunately, there are some signs that several innovative microfinance institutions – and other financial institutions – are taking up the challenge represented by this lack of access through making available microfinance loans specifically designed to fund alternative sources of energy. In some cases, MFIs have themselves provided in-house energy lending and have become energy suppliers as well as lenders. In other cases, MFIs have partnered with energy suppliers and retailers to develop energy and loan products that are tailored to the needs of the poor and microentrepreneurs.

Despite some success stories, many gains in the financing energy sector are small and have not been consolidated due to a lack of effective avenues for information sharing across the industry. This constrains the growth of the sector, the development of best practices, product development and supply, consumer awareness, and partnership formation.

The failure of governments to achieve significant rates of rural electrification in many countries has meant that off-grid energy sources such as solar lighting systems, biogas, micro-hydro, wind and LPG cook stoves, are increasing in importance and use. Despite the low operating costs of these energy sources, high initial costs have proven to be one of the main obstacles for the poor in accessing alternative energy.

While access to microfinance for energy loans is already occurring in several countries, much needs to be done to realise the potential of such loans on a larger scale. Increasing outreach and scale is related to the capacity of MFIs to attract investors as well as energy suppliers willing to back energy lending portfolios.

A need thus exists to find ways to enable the nascent energy lending sector to grow, develop and consolidate the array of success stories and stakeholder



relationships occurring across the globe. This requires established and formal avenues for networking, information-sharing and advocacy, up-to-date product and stakeholder data, as well as ways of financing and recognising innovation in the energy lending sector.

Ladies and gentlemen, FDC has been very pleased to partner with the ADB and GVEP International to bring you together for this workshop on Financing Village-Level Energy for Development in Asia Pacific. We are particularly grateful to the ADB for hosting the workshop and for a very pleasant reception here last evening. Many of those present here today also benefited from an informative and interesting field visit yesterday and we are grateful to Shell Philippines and APPROTECH Asia for their contribution to the organisation of those field visits. Most particularly, we are grateful to the enormously skilled and experienced practitioners who have made time to gather in this room and who are leading the world on several fronts, namely efforts:

- + to reduce poverty through greater access to cheaper and more accessible energy;
- + to improve health at the village level through greater access to cleaner energy; and,
- + to mitigate climate change through creating opportunities to scale up technologies promoting the provision of off-grid renewable energy.

And I note that financing and distribution of this energy is at the heart of the challenge we all face.

Ladies and gentlemen, again, thank you for attending, thank you for agreeing to share your ideas, experience and know-how. I hope by the end of this workshop we will have the beginnings of an important coalition of endeavour in the Asia-Pacific region and a network of knowledge to support and learn from one another. Thank you.

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