

Workshop: “Innovative Finance for Access to Energy”

Milan, September 21st 2015

Main conclusions

High level panelists and participants gathered in Milan, on the occasion of ExpoMilan2015, for a workshop jointly organized by the World Access to Modern Energy (WAME&EXPO2015) Initiative and the Africa-EU Energy Partnership (AEEP). The objective of the workshop was to **share the progress made and identify future solutions in financing investments for access to modern energy via off-grid solutions** and access to clean cooking facilities. The event, moderated by renowned journalist Sissi Bellomo, attracted over **50** energy experts, officials and financiers, as well as around **300** live online viewers.

The workshop can be relived entirely [HERE](#), and all presentations can be downloaded [here](#).

Why is innovative finance needed for energy access?

Participants heard from the director of WAME Dr. Pippo Ranci, who explained that while energy access has risen to the top of the international development agenda, most projects and investments are geared towards large scale energy infrastructure and extension of the national grid. However, many of the 1.6 billion people across the globe who lack access to electricity live in rural and often remote regions that could be more feasibly reached through off-grid solutions. Mr. Ranci reminded participants that while off-grid energy access solutions generally involve smaller scale technologies and smaller players, successful and scalable solutions can have major impacts on energy access rates (e.g. in Bangladesh).

The off-grid market is comprised of over 1.6 billion households globally, all with a need and market demand to access electricity. However, affordability for rural, off-grid customers is perhaps the most pressing barrier, making innovative financial solutions for end users, technology providers as well as entrepreneurs and project developers central to unlocking the potential of off-grid solutions.

Information asymmetry and expectation gaps between project developers and financiers

In discussing what Elena Casolari from OPES Impact Fund called an “investment gap”, many of the panelists cited the problem of information asymmetries and expectation gaps between project developers and financiers. Jiwan Acharya from the Asian Development Bank explained that while many viable projects do exist, alongside the necessary market demand, investors still cite a lack of bankable projects in which to invest. As such, a need for information channels and structured exchange was echoed by all in order to better match supply and demand. In this direction moves the upcoming ElectrIFI initiative presented by Gorgios Pantoulis from the European Commission, DG DEVCO, which aims to support projects at a much earlier stage in order to develop viable projects and access funding.

With the support of:

Technical assistance to create enabling environments for investments

Financing for off-grid energy access projects, panelists agreed, must be coupled with appropriate technical assistance. Inputs from the audience confirmed the need to look beyond large scale programmes and small scale end-user financing to also include additional points in the value chain for off-grid energy access technologies in order to develop meaningful interventions. Furthermore, in order to attract private investment, supportive regulatory policies and conducive frameworks are needed from governments. A lack of supportive regulatory frameworks, many of the panelists argued, is a key barrier in attracting investments to scale-up programmes targeting energy access through off-grid solutions, also due to the vagueness around integration of renewables.

Experiences and insights from the field

The audience also heard about on-the-ground experiences from across the globe from entrepreneurs using innovative financing schemes to bring energy access to rural households through decentralized renewable technologies such as solar-home-systems and renewables-based mini-grids. For example, from Dipal Barua of the Bright Green Energy Foundation and Renée Chao-Béroff of PAMIGA the audience heard about programmes that combine end-user financing schemes such as microfinance, and from Christian Schattenman of Bamboo finance about projects using Pay-as-you-go schemes to address the affordability barriers of rural, off-grid households.

It was highlighted, however, that end-user finance is not a ‘silver bullet’. Training of energy services providers as well as end-users themselves is integral to ensuring optimal performance of the systems. Moreover, technical quality of the products available on the market (e.g. solar panels) is of the utmost importance to instill trust in end-users. Such quality products are not always readily available in the local or regional market or, when present, may be affected by the ‘dumping’ effect of cheap, low-quality products. For this reason, the need for capacity building and financing should focus on the whole value chain and not just be limited to end-users.

Closing remarks and lessons learned

Overall, the event touched upon many themes, from the regulatory, macro perspective to on-the-ground local solutions. Among the main lessons learned are the following.

- It is crucial to bridge the existing information gap between expectations from project developers and financiers for energy-access investments.
- Combining financing with technical assistance along the entire market value chain is of great importance for deploying favourable policies to promote private sector investment in distributed energy projects.

- The promotion of high-quality technological solutions in the off-grid market is essential to build trust among end-users on the ground as well as partners in institutions.
- Instruments and innovative investment schemes for de-risking off-grid investment have been developed in some countries and showcased during this event by some organisations, but there is need to establish communication channels and knowledge exchange platforms for other countries and players to learn and implement.

Closing remarks were given by Ambassador Mr Sergio Mercuri of the Italian Ministry of Foreign Affairs and International Cooperation, main representative of Italy as co-Chair of the Africa-EU Energy Partnership. Mr Mercuri expressed particular appreciation for the significant mobilization of Italian and international stakeholders, for the innovative and joint approach by WAME and AEEP, and for a workshop that departed from the traditional narrative of grid extension towards innovation and social impact.

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About the organizers:

WAME&EXPO2015 is a non-profit association which has been founded by eight of the main European energy companies and EXPO2015, whose theme is *Feed the Planet, Energy for Life*, to bring to the attention of the public the important social issue of Access to Energy. Its mission is to raise awareness of the problem through information collected on its web site, www.wame2015.org, as well as through workshops and events during the EXPO semester.

The **Africa-EU Energy Partnership (AEEP)** is the main long-term framework for structured dialogue and co-operation between Africa and the EU on energy issues of mutual strategic importance, and with a focus on rural energy access and poverty alleviation. The AEEP engages the private sector, civil society and academia to push on-the-ground action towards sustainable and efficient energy access in Africa, with particular focus on rural access. The AEEP has also initiated the Africa-EU **Renewable Energy Cooperation Programme (RECP)** which supports market development for meso-scale energy projects in Africa.



(Photo credits: WAME)



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List of registered participants (for the list of panelists please refer to the event agenda)

	Surname Name	Institution/ Company
1	Bacchetti Elisa	
2	Danzi Stefania	Italcementi
3	Apicella Marco	ABB
4	Delfino Emanuela	Politecnico - Design
5	Sissot Fabio	Agriconsulting
6	Satyavarapu Dinesh	Politecnico
7	Clerici Alessandro	CESI
8	Albonico Vincenzo	
9	Maggiani Andrea	Carbosink
10	Russolillo Daniele	Fondazione Ambiente
11	Merlini Gianni	EON Italia
12	Kankaro Brigitte	Ambasciata finlandia
13	Poletti Federica	Forgreen
14	Zanini Germano	Forgreen
15	Clematide Fioravante	EON Italia
16	Scotti Stefano	Fondazione SOFIA
17	Fantone Giovanni	Fondazione Ivo de Carneri
18	Maggiani Andrea	
19	Triacca Davide	
20	Indelicato Fabrizio	Fondazione Enrico Mattei
21	Rossi Maria anais	Eni
22	Condo Diana	
23	Bossi Roberto	Eni
24	Macrì Alessandro	Comitato scientifico CETRI
25	Carlini Martina	
26	De Martini Giovanni	
27	Stevens Lucy	Practical Action UK
28	Epis Caterina	
29	Morganti Nicola	ACRA

30	Toscano Cristina	Fondazione Cariplo
31	Duci Domenico	
32	Longo Nico	MAECI
33	Puddu Silvia	INNOVATION ENERGIE DEVELOPPEMENT, CLUB-ER secretariat
34	Fumi Elena	Docente
35	Rossi massimo	Engie
36	Marzano Apollonia	Engie
37	Miale Daniela	Engie
38	Selmi Enrico	
39	Savoretti Cristina	
40	Sanchez Gema	Iberdrola
41	Manchano Ramon	Iberdrola
42	Santi Simone	
43	Senigaglia Valeria	green news
44	Della Valentina Davide	Renovo spa
45	Di Mita Danilo	AGI
46	Mercuri Sergio	MAECI
47	Da Silva Izael	Strathmore University Kenya
48	Pantoulis Georgeos	European Commission
49	Niyongabo Philippe	African Union Commission
50	Ferrini Luca	EUEI PDF
51	Taylor Hadley	EUEI PDF
52	Escudero Silvia	EUEI PDF
53	Wasielke Angelika	EUEI PDF