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Session 3: New and Innovative
Business Models to Expand Energy
Access

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Asset Finance

- Energy enterprise provides the finance for energy products to end-users “in-house” - enables end-users to pay for energy in small increments; often relies on technology (i.e., PAYG metering systems, mobile payments, etc.)

Microfinance

- Microfinance organization, bank or credit cooperative provides financial products for clean energy – can be loans or savings products

Remittances

- Financing for energy product is provided by family members in the diaspora via cross-border money transfers

Crowdfunding

- Funds are raised in small increments from large numbers of non-institutional sources to support energy enterprises and individual entrepreneurs

SolarNow (Uganda)

- Provides credit via a “pay plan” to make solar products affordable - customers pay over a 12 month period, ownership is then transferred with a 2-year service warranty
- Operates via a network of branches that sell the products which range in size from 50W to 500W (US\$300 to US\$3,000)
- USAID guarantee to local bank spurred US\$2.5 M local currency loan and subsequent equity investments

Key Lessons

- Requires rigorous appraisal to minimize credit risk
- Leasing allows for ongoing product upgrading which is valued by poor consumers



Microfinance Models (India)

- MFIs finance clean energy products for productive uses and for consumption (livelihood improvement)
- Range of sales and distribution models: promotion via loan officers; energy officers; agent networks (village level entrepreneurs); clients; or outsourced to distributors/aggregators
- Noteworthy MFI innovations: solarizing total client base, operating microgrids, spinning off ESCOs

Key Lessons

- Partner selection is critical – need solid after-sales service offering
- MFI clients want devices that offer more power/energy – started with lanterns moving to SHSs and cookstoves – clients want fans and more!



Sogexpress (Haiti)

- Relatives in the diaspora use remittances to purchase solar systems for families in Haiti
- Sender uses Western Union QuickPay platform to pay for solar device, device is delivered to family member by Sogexpress (Haiti-based money transfer organization)
- Platform product-neutral - currently used for solar devices but could support other products (e.g. cook stoves)

Key Lessons

- Products that cost the amount of the average remittance work best on the platform
- MTO branches offer a valuable distribution network for clean energy products – Sogexpress has national coverage



Milaap (India)

- Sources low-cost debt through its online lending platform for a variety of income-generating and “essential service” investments, including energy
- Finances MFIs, who identify borrowers and create individual profiles that are posted on the online platform
- Also directly finances innovative energy companies e.g. microgrid operators
- Generates revenue by applying a small interest fee (5% to 8%) to MFI field partners

Key Lessons

- Only targets MFI/energy partners who share vision of lending for “essential services”
- Leverages “champions” who start personal campaigns to raise money for specific causes





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