



Bridging the gap: How can donors support investment for Last Mile Connectivity?

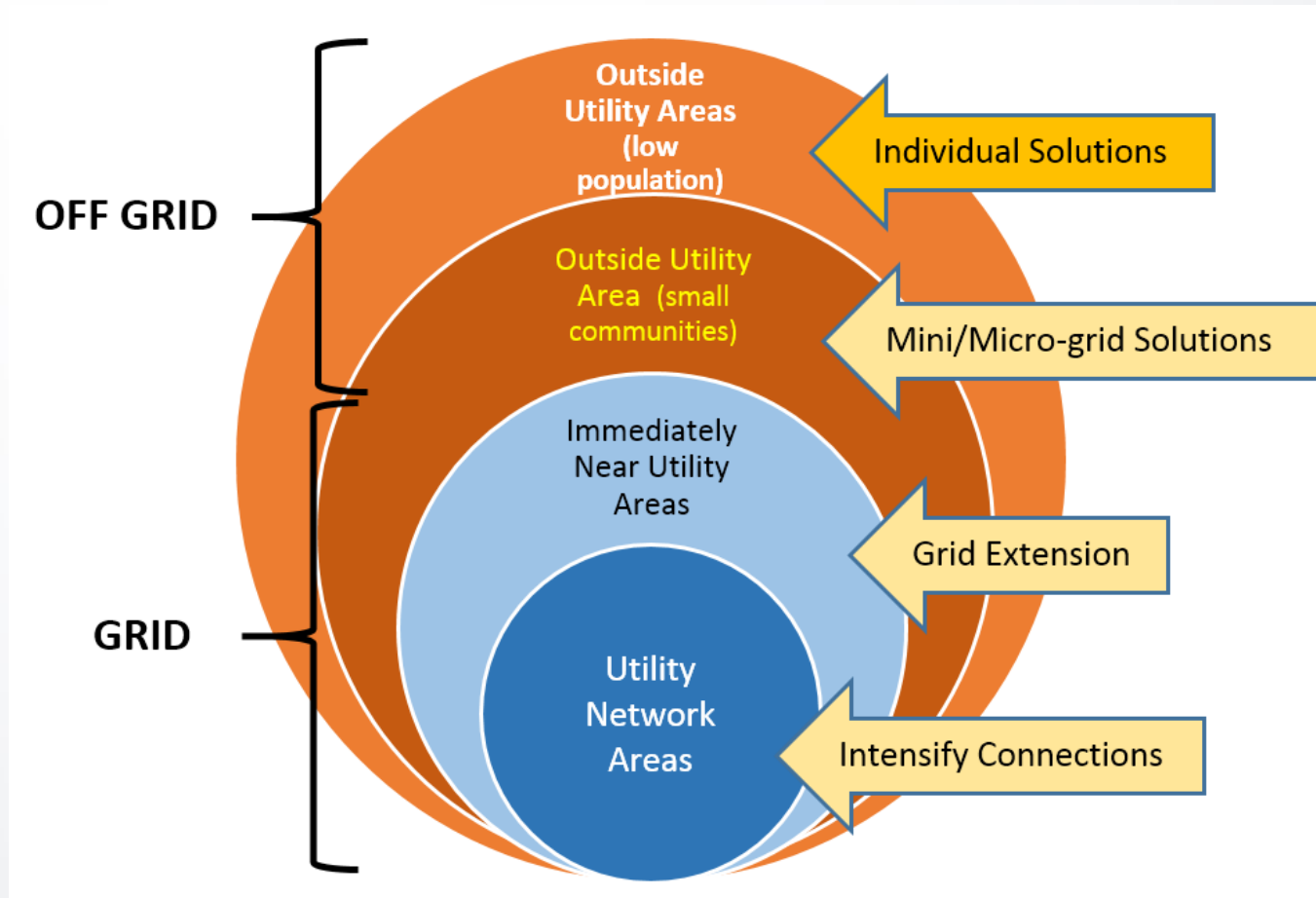
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"The last mile"

- ❖ Diverse; appears very long, stretching across islands, over mountains, with challenges of variations in population density, income, prospects for economic productivity, political economy, applicability of RE technology.
- ❖ A mile where there is a tremendous need for cooperation between actors from government, private sector, donors, lending institutions, NGOs and local communities.

Access to Sustainable Energy Programme (ASEP)





Ways to reach last mile connectivity through ASEP

An enabling environment

Evidence based planning for programmes to define a strategic vision for rural electrification: TA support

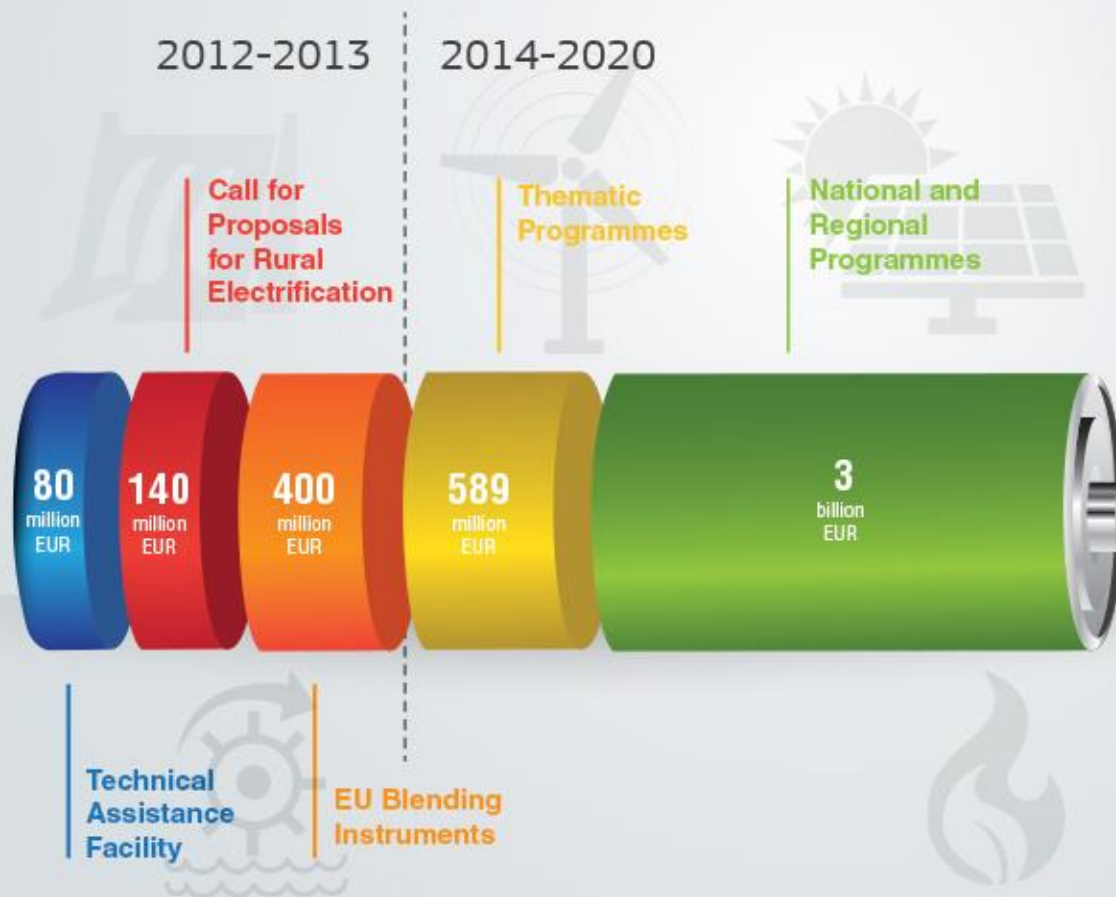
Sustainable Business Models

Adapted to context: WB Output based subsidy facility, ECs own/maintain SHS, fee for services model

Opportunities for investment

Call for Proposals, ElectriFI, Future: Sector Support Programme, Blending

EU energy cooperation



More than EUR 4 billion for the fight against energy poverty

- **A mix of supportive mechanisms and direct financing** in more than **30 countries**
- **More than EUR 3.5 billion** allocated for 2014-2020.
- **Asia and Pacific:** EUR 622 Million



Need to scale up investments for energy access

❖ SDG 7 Investment gap

- Access (projected) for 2030: 89%; (target SDG): 100%
- To reach the SDG 7 target of 100% will require an average annual investment of USD 45 billion
- Annual global investment in energy access: USD 9 billion
- We need to leverage the current funding **TIMES 5 !**



Ways to scale up investments for energy access

❖ Alternative financing

- **Blended finance (A strategic use of public and donor finance to mobilise private capital flows)**
 - Grants
 - Debt (senior; subordinated/junior; flexible/concessional)
 - Equity (senior; junior)
- **Tailored to various market segments**
 - Early and pilot stages:
 - Preparation: grants, highly flexible loans
 - Pioneering / facilitating: convertible grant; subordinated debt; junior equity
 - Growth and scaling up:
 - Anchoring (proven operating and business models) and transitioning (providing for funding shortfall; attracting investments)



EU energy cooperation – Electrifi

❖ 7 regional EU Blending Facilities

- EUR 400 million are expected to leverage concrete investments of up to EUR 8 billion (AIF for Asia, IFP for Pacific)

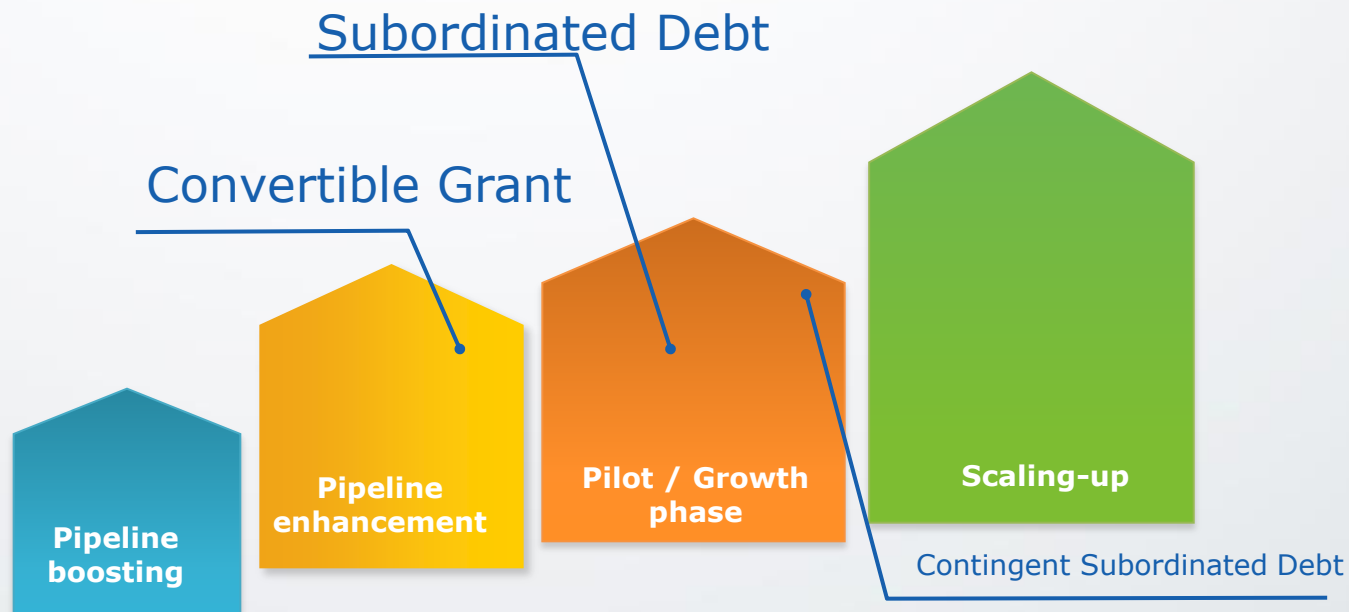
❖ Electrification Financing Initiative

- Targeting private sector and also public institutions under same market conditions, supporting different business models, utilities and mini-grids
- In-kind contribution through *Advisory Services* in making propositions bankable
- Long term *High-Risk Finance* (possible in different forms)



ElectriFI

- ❖ Supports RE investments, with a focus on rural electrification, of a total budget above EUR 0.5 million
- ❖ Max 7 years, max amount of EUR 5 million





Conclusions for Last Mile Connectivity

- ❖ Challenges require strong partnership between government, private sector and donors and a mix of supportive measures and financing possibilities
- ❖ EU as a global support of the SE4ALL has allocated more than 3.5 billion for a seven years period
- ❖ Through blending instruments the EU seeks to leverage this investment to EUR 15-30 billion
- ❖ www.electrifi.org

THANK YOU!