AFFORDABILITY, BUSINESS MODELS AND SUPPORT SCHEMES FOR OFF-GRID RENEWABLE ENERGY SYSTEMS”

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Effective and Innovative Business Models.
What Viability for Privately led Initiatives?
Out line

• Country Overview
• Energy situation
• Renewable energy
• What is SEEDS?
• Financing
• SEEDS involvement
• Business Models
• Problems encountered
• SEEDS Achievements
• References
Country overview

• Geography
  • An Island in the Indian Ocean.
  • Total land area – 65,610 sq: km.
  • Average temperature – 27c (lowlands) - 14c (Centralhills),
  • Average rain fall – 2,000mm. No of average rainy days/year – 90

• Demography
  • Population- 21mn, Literacy rate- 92%, Households with electricity- 95%, Per capita electricity consumption- 480.3 kWh.
Country overview

• Economy
  • Lower income economy in the South Asia Region. Contributors to GDP - Agriculture, Industry & Services. Popular tourist attraction. GDP at current market prices – USD 60.0 Bn. Per capita GDP at market prices – USD 2,836

• Poverty
  • People living below the poverty line in 2009/10 - 8.9%
Energy situation

• Composition of Primary energy 59% of primary energy met by renewable energy.
  • Biomass – 47%
  • Hydro – 12%
  • Imported fossil fuel - 41%

Composition of secondary energy

• Biomass – 57%
• Petroleum – 34%
• Electricity – 9%

• Share of commercial energy in secondary supply- 43%
• Losses in conversion, transmission & distribution – 20%
Renewable Energy

- Biomass
- Solar
- Wind power
- Biogas
- Mini-hydro
What is SEEDS?

• Economic wing of Sarvodaya movement
• Commenced in 1986, a registered Company
• Has more than 2500 Societies at present with 150,000 members
• Society deposits SLR 3.2 Bn, Loan o/s SLR: 3.9 Bn
• 22 Districts, 64 Branches
• Total staff 899  Field Staff  456
Financing

- Energy Service Delivery Project (ESD)
- Renewable Energy for Rural Economic Development (RERED)
- Renewable Energy for Rural Economic Development Additional Finance (RERED – AF)
- Banks & Financial Institutions
SEEDS Involvement

1) Lending for SHS

2) Grid Power Connection Loans for very poor

3) Community Lending for Micro Hydro Projects
SEEDS Involvement
Model - 1

**Donor**
- Refinance 80% of the value

**SEEDS**
- MOU
- Info Data Exchange
- Cash transfer
- 85% Loan

**Supplier**
- Marketing
- Outreach Energy
- Need assignment
- Installation
- User training
- After Scales (System Removal & Re fix)

**CLIENT**
- Credit Appraisal
- Repayment
- System removal & Re fix

**Relationships in Solar Loans - Model 1**
Model - 2

Donor

Refinance 80% of the value

SEEDS

Recoveries

95% value 5% Retention

15% equity

Recoveries

Supplier

Identification Documentation Installation.
User training After Scales (System Removal & Re fix)

CLIENT

Recoveries

Relationships in Solar Loans-Model 2
Model - 3

• Loans for Grid Connections
Estimated Amount Paid to Ceylon Electricity Board as a Loan
Repayable within 36 months
Two Personal Guarantees
New Proposal

• 3 no:s LED lights
• B&W TV Socket
• Radio/ Mobile charger

Cost:- USD 115 (SLR: 15,000/=)

50% Subsidy equitant to present kerosene oil subsidy given to “Samurdi” recipients (Poorest people)

50% Equity contribution out of a loan
Problems encountered

- Technical
- Financial
- Policy
- Institutional
SEEDS Achievements

• Won the “6th Ashden Award” (UK) in 2006 for Productive uses of Light
• SEEDS granted highest no of LNs for SHS
• Internationally and Locally recognition & publicity
• Shared the experience with other Countries
• CNN, BBC, and some other Media telecasted SEEDS Renewable Energy Projects
• Many Organizations conducted Surveys & Published Reports
Refferances

• www.energy.gov.lk
• www.seeds.lk
• Sri Lanka Energy Report prepared for APCTT – June 2009
thank you

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