Microfinance and Access to Solar Energy to “off grid” population.

IOREC.

Argentina.
Context (I)

- Rurality is low (<10%).
- Electrification rate is High (>95%).
- 300K families with no access electricity.
- Low density of population.
- Clients: the rural poor (increased government assistance through "transfer" programs).
- Macro: high growth and inflation (20/25%).
Electricity substitutes in rural areas

- Avg family spending: 20USD/month (10 to 35)
Context (II)

- Emprenda is a leading MFI in Arg.
- From 2008 part of GrupoACP.
- 4K clients, USD7M Portfolio.
- Operating in both urban and rural areas...
  - With extremely high dispersion (1,5 H/Km2)
  - Lack of electricity, comm, banks, etc.
- Need of a “high penetration” product
- Flexibility: small and entrepreneurial.
- Solar program: 2005 to date.
Business Model & Products

• Integrated Approach: selling + installing + financing
  – Lack of technical partners.

• Finance as a critical element:
  – 90% sales through finance.

• Loan officers: "todistas" plus
  – Promote, sell, install, give training, credit evaluation, recovery, repairing and aftersales
  – Low qualification, high commitment.

• Solar Home System:
  – 46W, USD450 all included, very low deposit.
  – Installments equal avg spending at 36 months.
Results

- 1,500+ families with access to electricity
- 70%+ penetration
- Portfolio quality above average.
- Business creation: mobile phone chargers and communications providers.
Challenges & Solutions

• Rural MF operation itself poses important challenges: sustainability and operational risk.

• Inflation 2008 onwards.
  – Reduction of loan terms (from 36 to 24 to 18).

• Product Development with Lack of resources and technical knowledge.
  – Ask and insist. Trial and error.

• Introduction of new Technology.
  – Took time: 5/7 years.
  – Starting with One Basic Product.
  – Flexibility: low entry barriers, longer than usual terms and some "cuota comodin".
Thank you.