ACCESS TO SUSTAINABLE RENEWABLE ENERGY IN AFRICA AS PREREQUISITE FOR THE MDGs
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VENUE:
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SESSION 1:

Bangladesh's Renewable energy, microfinance and capacity building schemes for off-grid areas

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SESSION 1:

- TOPICS

- MICROFINANCE OPTIONS,ADVANTAGES AND BARRIERS

- IMPORT TAX BARRIERS ON RENEWABLE ENERGY TECHNOLOGY

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OUTLINE OF PRESENTATION

A) ACCESS TO RENEWABLE ENERGY- MICROFINANCE OPTIONS:

- Energy and Poverty
- Energy deficiency
- Women and energy poverty
- Video play
- Microfinance and renewable energy linkage
- Microfinance options
- Ghana Government's commitment

B) ADVANTAGES

C) BARRIERS

D) IMPORT TAX

A) ACCESS TO RENEWABLE ENERGY MICROFINANCE OPTIONS

ENERGY AND POVERTY

The energy poverty, which according to World Energy Assessment2000 defines as absence of sufficient choice in accessing adequate, affordable, reliable, quality, safe and environmentally friendly energy services to support economic and human development. One of the key tools that has been identified for the achievement of access to sustainable renewable energy in Africa is through microfinance.

Recent debate on poverty reduction started to recognize the importance of energy, and in our context, renewable energy in order to satisfy other human needs, such as education, health care or clean water.

The debate and importance of renewable energy becomes higher when speaking about climate change/environment and the productive uses, ranging from improving food supply/security to income generation activities through micro enterprises

ENERGY DEFICIENCY

Access to clean and affordable renewable energy is critical to fostering lasting social and economic development and to achieving the Millennium Development Goals (MDGs). According to UN report, worldwide, some 2.7 billion people rely on traditional biomass for cooking and heating, and 1.4 billion –with the majority in Africa and Asia- have no access to electricity, with one billion more having access only to unreliable electricity networks. Not only do women represent 70% of the 1.3 billion people in developing countries living on less than 1 dollar a day, but there is also a gender bias in energy service provision

WOMEN AND ENERGY POVERTY

Women's energy needs and priorities tend to get marginalized in energy investments and policies. The time spent collecting fuel wood and carrying water deprives women and children of economic and educational opportunities, leading to social disempowerment and health problems.

Women in rural sub-Saharan Africa are in strong need of cleaner and efficient cooking fuels and sources of power both for their productive activities and household maintenance. Besides that, it is also important to consider women's roles as suppliers of energy and also as active entrepreneurs in providing energy services in developing countries.

It is therefore important that, women's energy need is given the needed attention from the grass roots level.

WATCH! VIDEO PLAY

The purpose of this video is to display some of the challenges women and men face in terms of energy access at the grass roots and the benefits that clean energy can have on their daily lives, sharing some positive experiences of women and men using renewable energy/clean energy in western region of Ghana in order to see how the Micro finance option can become an important tool to make this happen in a broader scale.

MICROFINANCE OPTIONS

It is important to note that standardized or assumed best practices do not always work when it comes to access to energy in Africa due to community dynamics.

The following need to be taken into consideration when designing microfinance options:

1. Location of communities- remote, sparse, poor access road
   - We normally use community agents/group/reduced collection frequency
2. Income generation activities of the community/Capacity
   a) Fishing/farming-Seasonal and experience post harvest losses. Normally, time the seasons and sometimes accepts products.
   b) Processing-Cycle is normally long so we allow longer periods.

EXPECTATIONS:

- Improve on the model to be more sustainable
- Using mobile phone system
- Networking all microfinance institution.

MICROFINANCE AND RENEWABLE ENERGY LINKAGE

It must be acknowledged that, there is a strong linkage between microfinance and access to renewable energy; it is therefore needful for policy makers and stake holders to jointly help promote renewable energy through microfinance, because there is absolutely no doubt that microfinance is key in promoting access to sustainable renewable energy. Governments need to be committed to this course by creating the enabling policy environment, subsidies and opportunities to supports initiatives that have the potential of promoting renewable energy access.

GHANA GOVERNMENT'S COMMITMENT

1. A Renewable Energy Bill had already been passed by Parliament to provide the regulatory framework and fiscal incentive to attract private sector investment in the renewable energy sector.
2. Several consultative and stakeholders meetings being held to map up strategies, several intervention already being implemented.

B) ADVANTAGES:

1.SUSTAINABILITY:

One major advantage with the use of renewable energy is that it is sustainable and so will never run out. Their fuel are derived from natural and available resources The sun always rises, the wind always blows and the natural waste always generated.(Palm kernel producers using the oil waste for fuel etc.)

2) COST EFFECTIVE:

Renewable energy facilities generally require less maintenance than traditional generators. Their fuel being derived from natural and available resources reduces the costs of operation. It is highly cost effective as fuel does not need to be brought to sustain the electricity plant. It is also cost effective as less labor is needed to operate a renewable energy station.

3)LOW PRODUCTION OF WASTE PRODUCTS:

Even more importantly, renewable energy produces little or no waste products such as carbon dioxide or other chemical pollutants, so has minimal impact on the environment. Biomass energy will help cut down on the amount of rubbish swallowing African countries. Renewable Energy does not emit any greenhouse gases or toxic waste making the world a cleaner and safer place. Sunshine and wind don't pollute.

4)ECONOMIC BENEFITS:

Renewable energy sources can also bring economic benefits to many regional areas, as most projects are located away from large urban centres and suburbs of the capital cities. These economic benefits may be from the increased use of local services as well as tourism. Secondly, users can make savings through the use.

5)NO POLLUTION

Renewable Energy doesn't pollute. Coal emits smoke and chemicals when it is burned to make electricity. Nuclear power plants create radioactive waste that is dangerous for thousands of years. Gasoline burned in our cars causes smog. Even natural gas contributes to the pollution problems.
Some renewable energy sources, such as wind and sunshine, don't emit smoke or create pollution when they are used. Others, such as biomass, almost always cause less pollution than fossil or nuclear alternatives

6)FREE SOURCE:

The sun shines for all of us, freely, and the wind blows for free. Animal, human and domestic waste are free.

C) BARRIERS

Despite recognition that renewable energies are important sources of energy for Africa, they have attracted neither the requisite level of investment nor tangible policy commitment. Although national and international resources allocated to developing, adapting and disseminating RE in the last two decades may appear substantial, the total amount is still insignificant compared to that allocated to the conventional energy sector. The success of access to RE in the region has been limited by a combination of factors which include: poor institutional framework and infrastructure ; inadequate funding; inadequate RE planning policies; lack of co-ordination and linkage in RE programmes; pricing distortions which have placed renewable energy at a disadvantage; high initial capital costs; weak dissemination strategies; lack of skilled manpower; poor baseline information; and, weak maintenance service and infrastructure

BARRIERS CON'D

I n summary the under listed have been identified as some of the barriers:

1. Supply Issues
2. Capacity/Technical Barrier
3. Low Awareness/Dissemination
4. Profitability/High operational cost
5. Financial Barriers,
6. Lack of policy, coordination and institutional framework,
7. Lack of quality and consistency
8. High Initial Cost

BARRIERS (CONTINUED)

- Supply Issues:

  Supply of products sometimes become a challenge as distributors and local manufacturers run out of stock due to financial, acquisition of raw material and other constraints. More remote areas are even worse due to poor access road.

- Capacity/Technical Barrier:

  When it comes to energy microfinance, there is the need to build internal capacity in order to be able to scale up with energy loans because they require more aggressive awareness creation/ education of benefits/ marketing/recovery.

BARRIERS(CONTINUED)

- Low Awareness/Dissemination:

  People are not aware of the alternative/renewable energy and the microfinance options. There is the need for dedicated funds for awareness creation programmes.

- Profitability:

  The renewable energy microfinance runs at a loss until that scale/ product mix can be reached.

BARRIERS(CONTINUED)

Renewable Energy loans, at least for the time being, are more cost intensive than a regular business loan because they require more intensive education/awareness creation, marketing and after sales customer care, etc.

Again, most of the sales are of smaller systems that are not profitable/ less profitable. There is profitability potential with scale, especially if sales of larger systems can be increased to help "cross-subsidize" sales of smaller systems or the MFI can target new market segments that were not being reached before with business loans.

THE WAY FORWARD……

THANK YOU