



12th INTERNATIONAL FORUM ON ENERGY FOR SUSTAINABLE DEVELOPMENT



Shared Prosperity Dignified Life



Under the umbrella of the International Forum on Energy for Sustainable Development

Expert Group Meeting

De-risking small-scale renewable energy in rural areas through microfinance and matchmaking

Register here: [Link](#)



7 December 2022

10:00 – 11:30 AM Beirut Time



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Expert Group Meeting

De-risking small-scale renewable energy in rural areas through microfinance and matchmaking

Question:

- What are the business models that can be used to overcome the barriers preventing the greater uptake of small-scale renewable energy (RE) for productive use in the Arab region?

EGM objectives:

- Identify key barriers and risks preventing the accelerated ramp-up of small-scale RE for productive use in developing countries
- Promising case studies from around the world that address various barriers and risks to financing small-scale RE in rural areas
- Key financial and policy instruments that can be employed to bridge the gap between finance and RE projects for productive use
- Platforms that can be adopted to match lenders, with developers, with bankable projects

De-risking investments in small-scale RE for productive use in rural areas of the Arab region

07 December 2022



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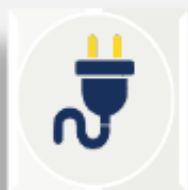


Mr. Mustafa Ansari
*Economic Affairs Officer,
Climate change and Natural Resources
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Transforming rural communities in low-income and least developed countries

- Using RE to power energy efficient productive equipment used in income generating productive activities
- An integrated approach is necessary to ensure sustainable outcomes and optimised value for end users
- Can positively transform small rural communities and lift millions out of energy poverty
- Entrepreneurial development and enabling woman empowerment
- Promising case studies in parts of east and west Africa as well as the Asia Pacific region

The Arab region is falling short in achieving SDG 7



Electrification - 2020

- 90% with almost same access as 2019
- 42 million remain without access, dominated by LDCs & countries in conflict which account for virtually all the deficit



Clean cooking - 2020

- 87% but with large sub-regional disparities
- Evident rural-urban divide with a deficit of 6% of urban and 22% of rural population



Renewable energy - 2019

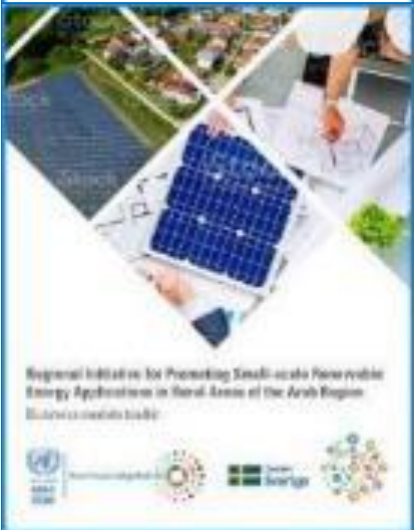
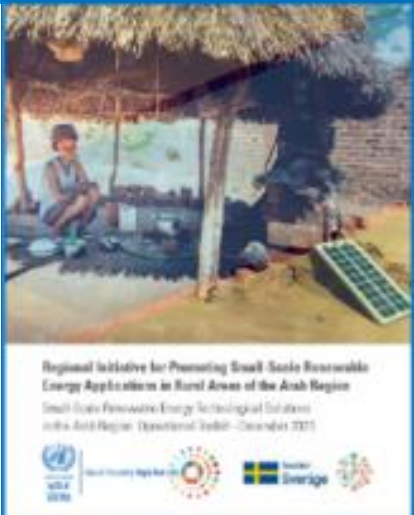
- RE penetration rates trail other regions with less than 5% of TFECC
- Sudan, Egypt, Somalia account for 72% of the region's RE consumption, mainly in solid biofuels



Efficiency - 2019

- Gradual decline to 4.9 MJ/US\$ 2017 PPP due to decrease in energy intensity of the GCC
- CAGR of improvement in energy intensity from 2015-19 was only -1.4%

REGEND - Regional Initiative to Promote Small-Scale Renewable Energy Applications in Rural Areas of the Arab Region



- Appropriate use of small-scale RE technologies for productive activities and entrepreneurial development
 - *Improved livelihoods, economic benefits, social inclusion, gender equality*
 - *Addressing energy poverty and vulnerability to climate change*
 - *In rural areas of Jordan, Lebanon and Tunisia*
- Key accomplishments included:
 - *Increasing knowledge of policy makers and local institutions*
 - *Enhancing capacity of public, private and financial institutions in ESCWA member countries*
 - *Improved opportunities for rural economic development*
- [31 x solar energy field projects and 26 x capacity building workshops and multi-stakeholder forums](#)
- Developed an [operational toolkit, a business models toolkit, and a policy toolkit](#) to upscale the business model of REGEND
- [Socio-economic and environmental impact assessment](#)



Addressing the barriers to finance small-scale RE

But beyond government/donor funded initiatives, there are a multitude of barriers preventing the ramp up of small-scale RE in rural areas, specifically:

- Small-scale RE (up to 100kw)
- Energy access vs energy for productive use
- Lack of coordination across sectors and overlapping regulations
- Capacity risks
 - “perceived risks” – lack of exposure and familiarity i.e., rural context
 - lack of local skills to operate and maintain systems - including the capacity to lead and grow productive activities
- Gender dimension
 - Access to finance/collateral amongst women is even more dire
 - Social/cultural acceptance to work

Key areas to support increased uptake of small-scale RE in rural areas

- Small-scale RE for productive use is gaining traction globally but remains limited in the Arab region
- What instruments will be required to de-risk investments?
 - Policy / regulatory reform
 - Cross-sectoral interventions
 - Capacity building at the sell-side and buy-side
 - More sophisticated and tailored funding mechanisms
 - Greater utilisation of climate finance
- How to design platforms that effectively match lenders with developers with end users?
 - Ensure that the beneficiaries are targeted and supported thereafter



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Thank you

Wrap up

- For the investments to be viable, revenue must exceed costs, requiring higher demand for electricity through productive use equipment
- Partnering with microfinance institutions and NGOs to finance productive use equipment and provide capacity building
- Supply and demand side barriers and opportunities including limited access to information and unfavourable policy environments
- Awareness, biases and visibility: there is limited prioritisation of vulnerable groups over emission reduction and returns on investment

Wrap up (Part 2)

- Empowering women increases agricultural yields for both female and male managed farms — a rare win-win scenario.
- Engagement can be more effective if people are categorised in likeminded groups
- Financing schemes to combine subsidies, with low interest rate loans and insurance
- Focus on internalizing internalised as much as possible by localising tenders and partners and building capacities
- Match making platforms are needed certainly to cover financing needs but also to fill information gaps – SDG 17 must not be neglected