Background:
Energy poverty is the lack of access to modern energy resources, mainly electricity, and refers to the bare minimum energy sources needed to survive (Barnes et al., 2011). The developing world is worst affected by energy poverty, with SAARC countries comprising 34% of people who do not have access to modern energy services in the world (Renewables Global Status Report, 2015).

Energy poor rural communities not only witness an improvement in quality of life from reliable energy access but rural electrification and access to modern forms of energy also has a great potential for agricultural revenue generating activities for a rural population like irrigation for better crop yield, food security and preservation, crop processing, cooling and small-scale Agri industries which help to raise the living standard of the local rural population. However, fighting energy poverty is a difficult task for the SAARC member states due to limited financial resources of the governments. This calls for active participation of private sector to play a key role in overcoming energy poverty and delivering universal energy access. The government’s role is to set rules and be part of a dialogue with other stakeholders, and private sector can address the energy poverty issue by providing technical and operational capacity.

Introduction:
Return on investment is the primary driver for private sector participation. The main challenge for the private sector while bringing investments to overcome energy poverty is to create a self-sustaining business model. This challenge is particularly great in South Asia, where there is a lack of business support services or existing infrastructure. Investing in energy access in poorer markets tends to be a high-risk business due to political instability, lack of infrastructure, lack of information about markets, and offers low rates of return to the investor. Thus, private sector investors want to share the risk with governments and donors. In this regard, Impact investors (socially responsible investors, such as companies doing CSR) could be a potential source of finance, as long as they are willing to accept higher risk and lower rates of return than private equity investment or venture capitalists. Another big challenge is to develop payment models that address end user finance. Some of the examples of the models that have been evolving over the years are based on lend-lease contracts, purchase of service rather than the equipment, mobile phone payment systems, and flexible payment schedules; which make revenue collection less risky for the provider and more affordable for the end user.

However, to successfully overcome the practical challenges of energy poverty and reducing financing gaps, the policy makers from the SAARC member states need to play a crucial role by providing a favourable environment to the private sector and by developing close partnerships.
Despite the growing number of private sector stakeholders, the importance of national-level ownership and planning cannot be understated. Successfully tackling energy poverty will require critical rethinking by decision makers and the goals must be followed with well-planned and coordinated action with private sector, based on national energy and development strategies.

Therefore, SEC, under its thematic area of “Program on Rural Electricity for Poverty Alleviation” (PREPA) proposes a workshop on “Participation of Private Sector in Overcoming Energy Poverty in SAARC Member States”. The Workshop will be a two-day activity and will discuss in detail the distributed energy solutions for energy poor areas, involvement of private sector finance, as well as understanding of how access to clean and affordable energy can fast-track development in South Asia. Energy poor markets and their requirements for private financing will be analyzed. The various types of roles by the private sector and public-private cooperation shall be identified, challenges faced by private sector will be discussed, ways through which policy makers can incentivize private sector will be deliberated, and case studies along with success stories in overcoming energy poverty from South Asian private sector will be shared.

Objectives:
Following are the objectives of this Workshop:

1) Awareness building among stakeholders including policy makers, development institutes, private sector, NGOs etc. on involving the private sector to tackle energy poverty.
2) Giving the policy makers holistic understanding of how to productively engage the private sector and share their investment risks
3) Disseminating key learnings from the success stories and case studies
4) Way forward and facilitation for the Member States for a future transition towards energy rich South Asia.

Major Aspects /Topics to be covered during the Workshop
The Workshop will cover, but is not limited to the following aspects:

1) Sector opportunities and challenges
2) Energy markets and financing landscape for private sector
3) Key barriers to private sector investment
4) Sustainable energy solutions for reducing energy poverty
5) Energy poverty and partnership approaches
6) Off-grid and on-grid solutions
7) Incentivizing private sector investment through favorable policies
8) Understanding optimal public and private roles
9) Innovative payment technologies
10) Public private partnerships
11) Ways through which governments can share investment risk with private sector
12) Ongoing projects and success stories
Relevance, Coherence and Sustainability:
SEC aims to help member states alleviate poverty via rural electricity access, and the workshop is relevant to the SEC’s objectives. It is also coherent with SEC’s past interventions on rural electrification, which helped participants understand the rural electrification policies of SAARC member states, and how various distributed energy projects have helped local energy poor communities. As energy poverty is an important issue in the context of South Asia, therefore, SEC shall organize more such events in future to facilitate the collaboration between the private and public sector, so the proposed workshop is in line with SEC’s sustainability objectives.

Potential Professional Resource
Five to seven energy experts, successful energy businessmen, policy makers and development experts having a background in rural energy access and experience of engaging private sector will be invited as resource persons. SEC’s inhouse Expert Professional will also be contributing to the workshop by sharing the technical knowledge with the participants.

Venue of the Workshop
The workshop is proposed to take place in Dambulla, Sri Lanka.