Key Features & Success Factors

Quality

Multi-Layered Monitoring & Quality Control:

- Training & Inspections by IDCOL
- Technical Standards Committee (TSC) monitors suppliers’ components.

Competition leading to better quality at lower costs:

56 Partner Organizations (PO) provide services across the country providing consumers freedom of choice.
Phased-out Subsidy:

Subsidies gradually phased down to almost zero making the system financially viable for all investors.

Micro-Credit Scheme:

- Leveraging micro-credit lending to increase affordability for poorest segments.
- 88% customers pay off on time.
Focus on Poorer Off-Grid areas:

- 60% customers buy the smallest panel (covers 3 LED lights and 1 mobile phone charger).

- Targeting the segment lacking access to any electricity.

- As grid electricity is already subsidized, this prevents dual subsidization.
Support for Domestic Industries:

- Semi-concessional credit facilities by IDCOL to local workshops encourages new domestic manufacturers.
- Promotion of domestically sourced SHS equipment.
- All batteries locally made.
- 25% Panels made locally. Rest 75% sourced from China.
Service at a Personal Level:
- Communication at a root level with customers on the financial benefits of SHS has helped convince them.
- Typically, 6 loan officers operate in a six-km radius.

Convenient Modelling:
- Panels are detachable and can be brought indoors during natural disasters in cyclone-prone areas.
- Disaster Management Fund acts as insurance for customers affected by cyclones.
Financing Structure

2003
50% Down Payment
Rest Paid in 6 months

2016
15% Down Payment
Rest Paid in 5-7 years

• Economies of Scale
• Falling Subsidies of grid electricity
• Falling Prices of Solar

Interest Rates
(Concessionary)

6-9% 12% 8%
Challenges

1. Entrance of unregulated *poor quality SHS providers* at low prices.

2. *Market Maturity* as Bangladesh Government is aggressively expanding on-grid connections.

3. *100% penetration difficult* to achieve as the ultra-poor unable to afford even the cheapest options.

4. *Lack of a roadmap & coordination* resulting in *lack of timeline* of grid connections, creating *uncertainty* for SHS providers.
Expanding services to grid connected areas to tackle load-shedding in peak seasons.

Expand International Collaboration to share success:
- IDCOL conducts capacity building & experience sharing in 11 countries in Asia & Africa.

Market Scope: Target of 6mn SHS by 2021, generating 220 MW.

Investment and Capacity Building Support for local manufacturing & assembling facilities for Solar PV, bringing down costs.

Increased focus on solar and wind to support power generation roadmap cost-effectively.
- BD will have 90% dependence on imported energy by 2030 at high costs.
Bangladesh’s growth in Renewable Energy will be driven by the solar power, forming more than 50% of the total composite.

Decentralized Renewable Energy (DRE) are quicker and cost-effective means to provide power in remote parts.

SHS has lifted thousands of families out of poverty by targeting only the rural population lacking grid connectivity.

Micro-credit financing and Mobile Money adoption has been at the heart of SHS success.

SHS can serve as a profitable role model for Asian and African economies that have significant population lacking access to electricity.
THANK YOU