

LEASE-PURCHASE LOAN SCHEME FOR SOLAR-ROOF SYSTEMS TO INCREASE COMPETITIVENESS OF SME'S AND REDUCE CARBON EMISSIONS



Project developer: Solar Partners Asia (Cambodia) Ltd.
Location: Cambodia
Technology: Solar-PV (grid)
Project Cost: 1,297,780 Euro
EEP Contribution: 440,703 Euro (34% of project value)
Duration: May 2016 – May 2018



Project Description

The project developer Solar Partners Asia, aims at generating energy from grid connected solar-pv rooftop systems to 10 small-medium enterprises, such as rice mills, ice plants, bricks works, food processing factories and other agro-industries. The investment for the roof top solar-pv system will be recovered in about 5 years.

Solar Partners Asia will provide the solar-pv system on lease-purchase basis, which is developed in cooperation with local financial institutions, thereby improving the affordability and attractiveness of solar systems for SMEs. With the lease-purchase scheme, the SME will pay only 20% of the initial investment costs; the remaining 80% are paid over 5-6 years at a very competitive interest rate for Cambodia of 9.5%.

Result-Based Financing (RBF)

Disbursement of the EEP Mekong funds will be done in five installments according to the project's milestones and results to be achieved. The first two disbursements will be released after verified installation and operation of the solar-PV system at five SMEs each. The third, fourth and fifth installments will be released after verified generation of up to 1,370,000 kWh.

Social and Environmental Impacts

Identification of the SMEs for installation of the solar-pv system will be carried out in cooperation with SME associations and sector specific industry association i.e. rice milling associations of Cambodia. The Cambodian Woman Entrepreneurs Association will also promote the project. Interested SMEs will be evaluated using due diligence of their financial situation. The 10 selected SMEs also have to proof implementation of workers benefits related policies that promote non-discrimination and gender equality.

Preference will be given to rural based SMEs, which provide easier to access to families in rural area and contribution by the SME to improved economic conditions in the particular communities. The focus on rural areas will also contribute to alleviate pressure from urbanization and provide investment for economic development outside of main urban areas such as Phnom Penh.

Electricity generated from solar rooftop system is clean, non-polluting, and sustainable compared to the use of fossil fuels or development of large scale hydro power plants, submerging forests and generating methane which facilitates global warming. This is very important in the Cambodian context as the country is ranked 12th

and categorized as “extremely at risk” in the list of countries most vulnerable to Climate change. Moreover, the project developer Solar Partners Asia has a partnership with NEXUS-Carbon to develop and introduce a carbon credit scheme for solar rooftop systems in Cambodia.

Sustainability and Scaling Up

The project has demonstration character for SMEs in Cambodia and will demonstrate the benefits economic viability of solar energy production. After successful implementation of the solar-pv systems at SMEs, the project developer Solar Partners Asia will disseminate the benefits of the clean energy systems through SME associations and industry groups.

The project developer will also lobby for the development of solar-pv incentive schemes at the clean energy related government agencies of Cambodia, through the Solar Industry Association of Cambodia and the European Chamber of Commerce and Industry.

Business Innovation and Dissemination

The project will demonstrate the economic viability of the lease-purchase based business model for solar-pv systems to SMEs and industry associations. The solar-pv market in Cambodia remains largely unexploited. Only the solar home system (SHS) market for rural electrification has been explored with about 40,000 systems installed so far. Few solar energy related suppliers in Cambodia focus on grid-connected solar-pv systems with only a handful of grid connected solar systems installed so far.

For more information, please contact:

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