

SMFB and Green Energy Finance

The case for it

Standard MFB

- ❑ A mid sized regulated MFB in Adamawa State of North Eastern Nigeria.
- ❑ Serves nearly 60,000 clients.
- ❑ Was able to survive the challenges of insurgency.
- ❑ Started as a community initiative.
- ❑ Has one of the largest and healthiest small holder farmer loan portfolio in Nigeria
- ❑ Chosen as the best rural MFB in Nigeria in 2017 by Central Bank of Nigeria and IFAD



Where we operate



- Adamawa is an arid area close to Sahara and has Sudanese type Savannah vegetation.
- One of the poorest states in Nigeria.
- Financial exclusion more than 70%.
- Many villages are off grid.
- Nigeria is one of the pollution hot spots, according to WHO.
- For more than 200 million people Nigeria produces about 5,000 MW of power.

Nigeria's Environmental Plight

- Nigeria has one of the highest rate of deforestation.
 - Nigeria lost 56% of its primary forests between 2000 and 2005. Main reason, wood used for cooking. (FAO)
 - Each year Nigeria loses 350,000 hectares due to deforestation now. (This is higher than the historic trend.)
 - Desertification is a big threat, with 40% of Nigeria being vulnerable.
 - Eighty percent of the people rely on unfarmed community lands (read forests) for fire wood.
 - Desertification and resultant loss of farmland one of the factors behind insurgency
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A few insights from the survey

- *More than 74% of households rely on wood or charcoal for cooking and 25% rely on kerosene*
 - *Clean fuel penetration is less than 1%.*
 - 53% pay for fuel
 - 55% state that securing fuel prevents them from engaging in income generating activities
 - a vast majority (81.8%) of respondents indicate the willingness or potential to change to a new cooking method
 - Conclusion : Multi faceted costs of existing cooking habits and willingness to change.
 - Up –front cost of any change as well as savings
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A few more ...

- 45% of respondents stated not having access to electricity in their household.
 - 86.9% of the households would potentially be interested in increasing their level of lighting in their house
 - Almost all respondents would prefer a solar lamp provided that its price was lower, equal, or just a little bit more expensive
 - More than 50% spend in excess of N 500 (USD 1.6) on cooking fuel per week
 - 45% spend more than N 500 per week on lighting
 - 60% spent more than N 6,000 (USD 20 approx.) on a cell phone. All this would be cash purchases.
 - There is a case for affordable clean energy products, if these could be financed in a flexible and acceptable fashion
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Financing clean stoves and solar lanterns



An appropriate financing model

- Attractive to the target market
 - Affordability
 - Sustainability – for the institution
 - Risk management
 - Logistics and supply chain
 - Repair/ replacement
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Way forward

- Identification of suppliers and putting a supply chain in place.
 - Capacity building for local entrepreneurs
 - Getting the pricing and other terms right
 - Promotion
 - Pilot launch
 - Evaluation and scaling up
 - Caution: Social costs/ benefits rarely is a factor in individual decision making.
 - This is where nudges could help
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**There is a strong case for
Adamawa to
go green.**

Suggstions and questions please.....

