

Smart Power for Rural Development

With a commitment of \$75 million, The Rockefeller Foundation will launch *Smart Power for Rural Development* to promote sustainable business models that deliver renewable electricity and spur economic development among poor, underserved rural populations. The initiative will focus on India, where the Foundation is establishing a new organization that will partner with energy service companies (ESCOs), telecom tower operators, investors, non-governmental organizations (NGOs), and government agencies to electrify 1,000 villages in the next three years (2014-2017). The Foundation will use the experience and insights from India to explore how to support greater economic development by scaling up a viable model for rural electrification in other geographies in Africa and Asia, and to contribute to a more dynamic global dialogue on addressing energy poverty.

The Challenge

Around the world, approximately 1.3 billion people lack access to reliable, affordable means of electricity, without which households in poor communities are limited in their ability to enhance their incomes, improve food security, educate their children, access key information services, and maintain good health. The problem is particularly serious in India, where despite great efforts and huge sums of money spent towards expanding the national grid, more than 300 million people, mostly in rural areas, lack access to electricity.

Our Approach

Since 2010, The Rockefeller Foundation has been working to address energy poverty in India. The Smart Power model, which provides electricity through mini-grids for lighting and productive use, stands out as one of the few decentralized renewable energy solutions that allows consumers to utilize power for multiple uses.

The model's innovative approach lies in its ability to bring together and support a wide range of players to create a financially sustainable model. These include:

- **Telecom towers** to act as anchor customers for the mini-grids, providing a significant and stable demand for power, and reducing their own dependence on increasingly expensive diesel fuel.
- **Energy service companies (ESCOs)** to build and operate the generation and distribution among renewable energy businesses.
- **Financial institutions and donors** to provide debt, guarantees, bridge financing, and other concessionary support needed to catalyze this emerging commercial model.
- **Government** to develop a coherent and supportive policy environment and access to subsidies.
- **Small business & micro-enterprise accelerators** to provide the technical support and funding needed to ensure the growth of new economic activity alongside the arrival of modern energy.
- **NGOs** to partner with the local community to build an empowered consumer base.
- **Academia, research institutions and the private sector** to develop innovative new technologies.

The 1,000 Village Plan

The initiative aims to electrify 1,000 villages in the next three years, primarily targeting districts in Bihar and Uttar Pradesh where less than 10% of rural households are connected to the national grid. This initial plan will impact more than 1 million lives, with an ultimate goal of establishing self-sustaining momentum in the market for a new rural electrification model.

Smart Power India

To successfully implement the 1,000 Village Plan, The Rockefeller Foundation is partnering and funding Smart Power India, a new entity designed to work closely with a wide range of stakeholders critical to developing the ecosystem needed to build, catalyze, create, and scale-up the market. Smart Power India has four distinct functions:

- **Project development support** to assist ESCOs in structuring their engagement in terms of financing, business modeling, site and cluster selection, procurement, training, and so on.
- **Business development** to facilitate agreements with telecom tower companies, ESCOs, investors, and technology and equipment providers.
- **Load development & community engagement** to ensure strong local buy-in, economic development, and sustained demand for power.
- **Policy and regulatory engagement** to align incentives between government, investors, and ESCOs and reduce risk in the long-term by supporting the creation of viable grid-interactive models.

By 2018, Smart Power for Rural Development will:

1. Bring electricity to 1,000 villages in India, impacting more than 1 million lives.
2. Develop an innovative new business model to enable the construction of more off-grid renewable energy power plants through partnerships with private energy service companies and major consumers of electricity, such as telecom towers.
3. Support the development of micro-enterprises in rural areas through loans, community engagement, and partnerships with companies with rural value chains (or rural footprints), boosting demand for electricity beyond household lighting and contributing to economic development.
4. Support policy innovations and promote platforms for networking and knowledge-sharing about best practices in rural electrification.
5. Learn from the model in India, and scale learning to other parts of the world where there remains insufficient access to reliable and affordable electricity.