Financing Climate Resilient Livelihoods

IRENA International Renewable Energy Agency

SELCO FOUNDATION

Farmers growing climate resilient millets

PWD running a business

Tribal entrepreneur running business on solar

How do we move from financing technologies to financing resilient livelihoods?

Three implementation ideas

1. Finance productive assets from demand side
2. Finance according to ecosystem context
3. Finance according to enterprise cash flows

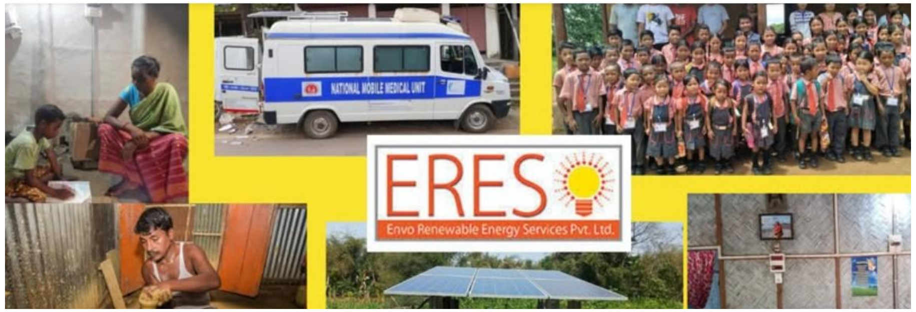
Renewable Energy is a Demand-Side Asset

Historical trend

Supply side heavy
Energy → Consumer

Current need

Local clean energy Enterprises → **Local** business owners own Energy → Income



The poor may never own a dam. They can own the energy that powers their livelihood

The Same Solar powered Chilli Pounding Unit Should Not Be Financed the Same Way Everywhere

Imagine the same solar-powered chilli pounding unit

Example: Chilli Pounding Unit powered by Solar — funded differently in different ecosystem contexts

WHO PAYS FOR CAPEX?

Government / Donor Pays ⟷ End User Pays

WHO PAYS FOR OPEX?

Government / Donor Pays ⟷ End User Pays

1. STATE-LED INFRASTRUCTURE

Complete public funding and operation for public good.

EXAMPLE – CHILLI POUNDING UNIT

- Govt sets up and runs solar-powered chilli pounding units in common facility centres.
- No cost to users.
- Used for employment generation / public service.

2. TRANSITIONING MODELS

End user invests in the asset; government supports recurring costs partially.

EXAMPLE – CHILLI POUNDING UNIT

- Entrepreneur owns the solar unit.
- Govt / donor pays for O&M support for initial 1–3 years or performance guarantee.
- Gradual shift to full user responsibility.

3. SUBSIDY-LED ADOPTION

Government supports upfront cost; user pays for operations.

EXAMPLE – CHILLI POUNDING UNIT

- Capital subsidy for purchasing the solar-powered chilli pounding unit.
- Entrepreneur pays for electricity (if any), maintenance and consumables.
- Common under schemes like PMFME, PM-KUSUM.

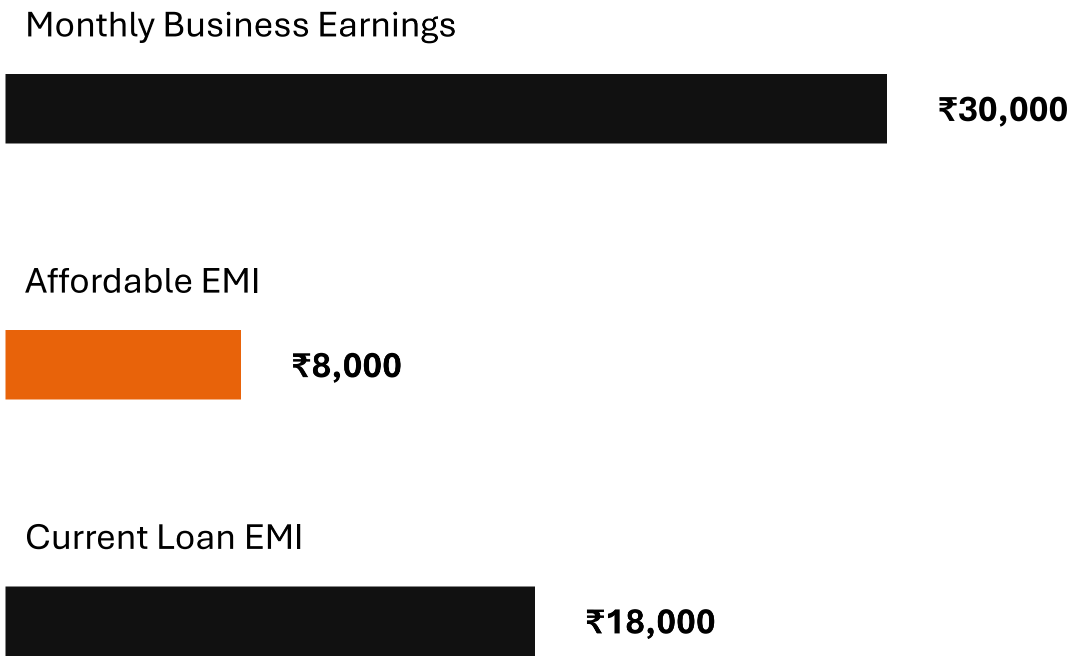
4. MARKET-LED OWNERSHIP ★

Entrepreneur finances and operates the unit independently.

EXAMPLE – CHILLI POUNDING UNIT

- Full financing through bank loan / NBFC / microfinance / leasing.
- Entrepreneur bears all operating costs.
- Driven by commercial viability and productivity.

Can the Business Afford the Loan?



✓ Bankable

❌ Not Affordable

Finance should leave the entrepreneur better off than before from day 1.

6-Monthly cashflow

Daily cashflow

Seasonal cashflow (February – May)

If you'd like to see first-hand:

- **how end-user-centric financing programs works on the ground,**
- **want to work together on making existing financing products viable for end user**

— reach out to us at:

rucha@selcofoundation.org

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