

**Funding Source:**

Australian Agency for International Development (AusAID) – 49.09%, Sunlabob 50.91%

Program:

Enterprise Challenge Fund for the Pacific and South East Asia

Project name:

Village electric grids for creating rural incomes

Project Location:

Lao PDR

Project Start Date:

1 January 2009

Project End Date:

31 December 2011

Total Grant Funds Approved:

A\$526,682

For more information please visit www.enterprisechallengefund.org

Sunlabob

ABOUT THE COMPANY

Sunlabob is an innovative company that provides electricity at affordable and competitive prices in remote villages. Founded in 2000, Sunlabob has grown from a small team of technicians to the leading company in Laos for renewable energy solutions in remote off-grid areas. The company's success has been based on their understanding of the rural community's decision making processes and the development of operational approaches that are compatible with these processes. Sunlabob has been recognised by the World Bank through a Development Marketplace Award in 2005 and more recently by winning the UNEP prize for substantial contribution to the protection and management of the environment in 2008.

ABOUT THE PROJECT

With the support of ECF funding, Sunlabob will install hybrid AC electricity grids in 5 remote villages throughout Laos, providing electricity to 650 households who do not currently have access to the main power grid. Small hydraulic turbines, solar panels and biofuel generator sets will feed into grids in the villages that will not only provide lighting but also enough power for standard equipment for micro and small enterprises.

After three years, these decentralised smaller grids will be connected to the national grid operated by Electricite de Laos (EdL). During these early years, EdL has agreed to pay for electricity fed by Sunlabob-owned decentralized generators and turbines into the national grid.

The project includes training of Village Energy Committees who will own and operate the village grid, buying electricity from Sunlabob owned turbines and generators and selling it to households and small entrepreneurs. Local technicians will also be trained to service and maintain the equipment.

PRO-POOR BENEFITS OF THE PROJECT

The anticipated benefits of this project include:

- The village communities will benefit from a reliable electricity supply which can launch many small income generating enterprises, e.g. electric pumps for intensive horticulture or aquaculture, rice-mills, saw-mills and carpentry, shops operating coolers, local food processing, and water purification

- The village technicians (at least one per village grid) will have a full time job taking care of the generating equipment of Sunlabob, maintaining and expanding the village grid, and installing household connections and electrification. These technicians will hire local assistants to cope with the workload
- Direct beneficiaries will include over 4,500 rural people, with considerable flow on benefits to nearby communities (each village hub will also provide rechargeable lanterns for nearby communities)
- The increase in small business activities in the villages will improve the market for microfinance providers
- The availability of reliable AC power allows women to undertake income earning activities such as weaving improves food security through the use of coolers/ice boxes and allows school children to study
- The availability of hydro-powered electricity also creates health and environmental benefits by reducing the use of kerosene and diesel for lighting and power generation.

THE ROLE OF ECF FUNDING

Sunlabob would not be in a position to fund the required investment for the project to remote areas of Laos without the support of the ECF grant and due to the nature of the project, commercial finance was not available through the banking system in Laos. The perceived high risk profile of commercial projects in rural Laos was an impediment to international support for the project.

Other investment partners were not prepared to invest in the project because it is breaking new ground in terms of the commercial relationship with the government owned power provider.

This project is expected to provide a powerful demonstration of the commercial viability of the Sunlabob approach and will be replicable in similar environments in other locations. It addresses a key business enabling environment impediment in relation to the availability of affordable and reliable power and the project is expected to have a wider range of multiplier impacts, including the future introduction of information technology in rural areas.

Sunlabob is already working with the Swiss NGO Helvetas which provides training programs for rural income generation activities. Helvetas will provide training in the selected villages and this will enhance the benefits to the communities and offer a replicable model.

Visit Sunlabob.com for more information.



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