

IMPROVING ACCESS TO ELECTRICITY IN HAITI THROUGH SOLAR ENERGY AND DIASPORA ENGAGEMENT



Klere Ayiti, an innovative remittance initiative, enables the Haitian diaspora to send solar lighting kits to family and friends living without electricity in Haiti.

THE CHALLENGE

Even before the devastating 2010 earthquake, Haiti had one of the lowest electrification rates in the world and the lowest in the Western Hemisphere, with only 12.5% of its population of nine million connected to the grid. Even now, grid electrification is estimated at between 25 and 30% depending on the region. The detrimental consequences of “energy poverty” include reduced economic livelihood opportunities for business people, negative health consequences for families, and restricted study time for children. The challenge is to find reliable access to energy to grow the Haitian economy and improve the livelihoods of everyday people.

THE SOLUTION

Haiti attracts significant remittance inflows every year – approximately US\$2 billion in 2014, representing over 20% of GDP¹– mainly from the million-plus Haitians living in the United States and Canada. The average monthly remittance size is US\$60 to \$200, and a substantial portion of this is used to pay for energy, including fuel for lighting, cooking and transportation². This huge flow of remittances offers a potential solution to the Haitian “energy poverty” challenge.



¹ Source: Maldonado, R., Hayem, M., “Remittances to Latin America and the Caribbean Set a New Record High in 2014.” Multilateral Investment Fund, Inter-American Development Bank. Washington, D.C., 2015

² Source: Arc Finance, Market Research Study, 2009

ABOUT KLERE HAITI

The innovative concept behind Klere Ayiti is simple and clear: increase access to clean energy products through a private sector-led approach. Directing remittances from the Haitian diaspora to finance clean energy products for their friends and families in Haiti is the cornerstone of the initiative.

Solar lighting kits, which provide both high-quality LED lights and mobile phone-charging capacity, can have enormous economic, social, and environmental impact in poor communities, especially for those families that don't have access to the electric grid. But, these products are typically unaffordable for many if not most Haitians. Remittances provide an opportunity to address the affordability issue and provide a win-win solution for actors on both sides of the transaction. Members of the Haitian diaspora are able to address the ongoing energy needs of family members, who, in turn, are able to access high-quality clean energy solutions without having to pay for them directly. The receiving family no longer has to deal with the many negative effects of burning kerosene: inhaling toxic fumes; anxiety about fires and burns from toppled lamps; and the chronic financial burden of paying for dirty fuels on a regular basis. With solar energy financed through remittances, Haitian households are lit with clean, safe, durable devices that don't cost the receiver any money and actually provide the household with significant financial savings over time due to the fact that they no longer need to purchase kerosene for lighting.

The key private-sector players behind Klere Ayiti are Sogexpress, a subsidiary of Sogebank and the leading Haitian money transfer and payment services company, and Western Union Company (NYSE: WU), a leader in global payment services. Both companies see this initiative as a viable business solution that offers an innovative way to address energy access in Haiti, and each company has made a firm corporate commitment to support the initiative.

The Klere Ayiti platform, enabled by the Western Union® Quick PaySM service, features a dedicated online interface that allows senders to pre-order the solar lighting system of their choice at www.klereayiti.com, obtain an order number and go to participating Western Union Agent locations around the world to complete payment. Within 24 hours, a customer service representative from Sogexpress calls the family member in Haiti to schedule a pickup of the solar kit at one of the 57 Sogexpress flagship locations in the country. If the receiver lives in Port-au-Prince, the products are available within three (3) working days and if the receiver lives in the provinces, the solar products are available within five (5) working days.

Initially, two solar kits will be available on Klereayiti.com – the Sundaya T-Lite 2 and T-Lite 3 – which are distributed in Haiti through Awango by Total. The T-Lite is a modular system, available as a kit with either two or three LED lamps, at a cost of US\$140 (T-Lite 2) and \$180 (T-Lite 3). Both systems have the capacity to recharge mobile phones—a highly desirable feature



in Haiti. Awango by Total is committed to bringing only the highest quality products to Sogexpress customers and backs this assurance with a two-year warranty. The selected systems have been sold in more than 16 countries, with total sales exceeding 600,000 units.

The Klere Ayiti initiative, which seeks to catalyze new commercial business models that will increase consumer access to clean energy in Haiti, was made possible by technical assistance funded by the Multilateral Investment Fund (MIF), a member of the Inter-American Development Bank (IDB) Group, and the United States Agency for International Development (USAID), and provided by Arc Finance.

The Western Union and Sogexpress collaboration is the next phase to bring a successful pilot to scale. With initial support from the MIF, Sogexpress developed a business model and entered the market for solar energy in Haiti in 2012. With additional support from USAID, Sogexpress had sold more than 43,000 solar lanterns through its flagship stores and agents by April 2015. More than 215,000 Haitians are now benefitting from these solar products. The new remittance platform will introduce a financing option to enable Haitians to access larger systems that have economic, health, and social benefits.