

University Meets Microfinance

How can microfinance contribute to fight energy poverty?

The Energy Inclusion Initiative in Peru

Lesson Learned and Ways Forward



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1. The Energy Inclusion Initiative (EII) in Peru

Vision	Promote universal access to energy through inclusive financial services
Mission	Incorporate green energy products in MFIs' portfolios.

1. The EII in Peru: the beginning

The Atlas

Microfinance and Energy Sector potential: Peru identified for implementation



Identification of MFI partners and client needs

CMAC Huancayo and FONDESURCO

3 technologies: Solar Water Heaters – Improved Cooking Ovens- Solar Dryers



Identification of Technical Partners

Local Actor: EnDev / GIZ

Regional Actor: Hivos

1. The EII in Peru: the MFIs



GENERAL INFORMATION

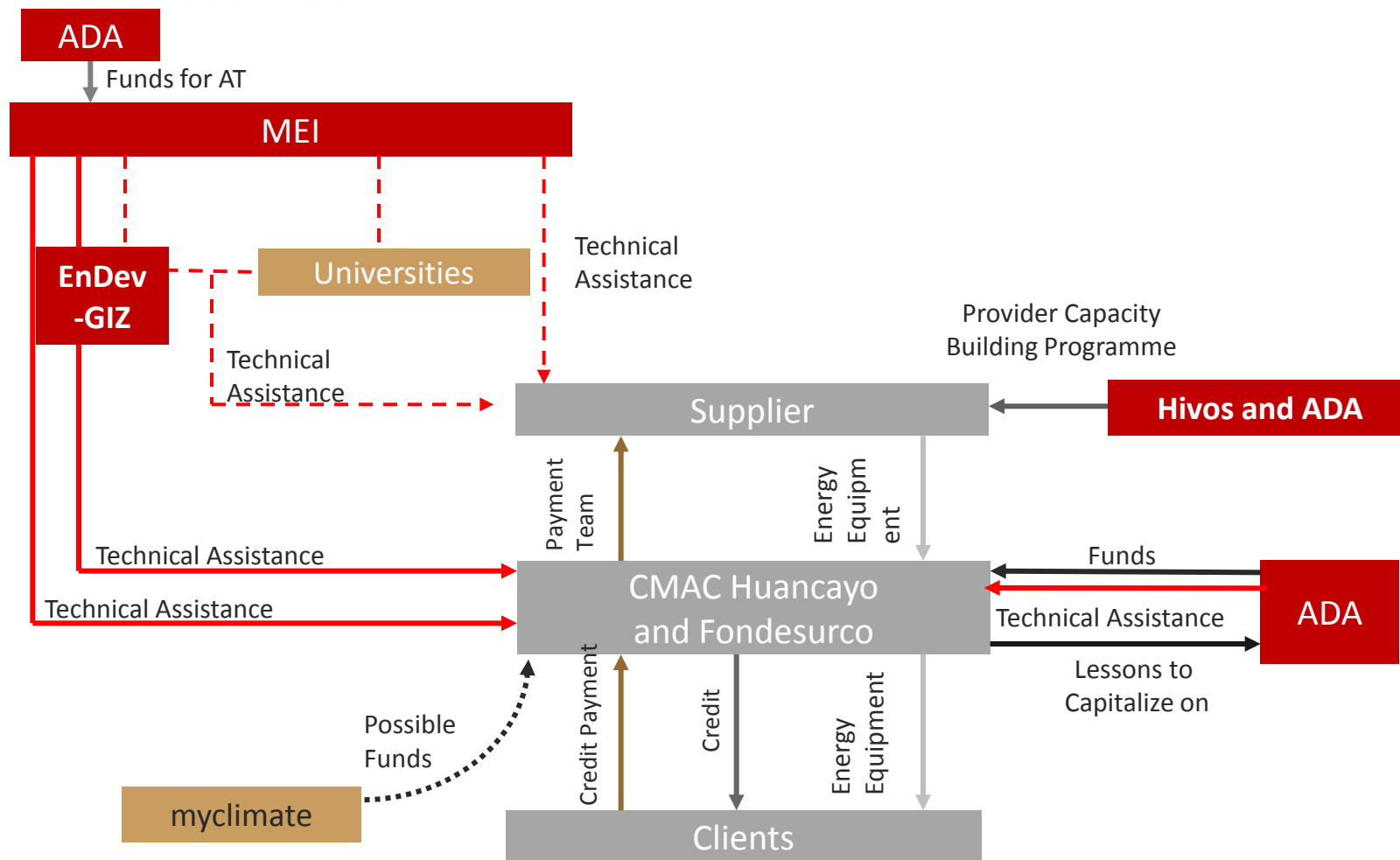
- Borrowers: 149 397 (31/05/2012)
(60 927 microentrepreneurs)
- 36% rural
- Microenterprise Loan Portfolio : USD 100,506 mil
- Average loan/Microenterprise client : USD 1,649
- 59 branches

GENERAL INFORMATION

- Borrowers: 13 760 (31/05/2012)
- 93% Rural
- Loan Portfolio : USD 20,43 mil
- Average loan/client : USD 1,811
- 17 branches



1. The EII in Peru: Actors





FONDESURCO
FONDO DE DESARROLLO REGIONAL

2. Fondesurco Experience:

FondeEnergía



Mission: Allow access to financial services to rural low income people in order to help them improving their life quality...

Commitment to the environment: triple bottom line

2. Fondesurco Experience: FondeEnergía

Providing access to clean, renewable and efficient energy solutions

Study of energy use: meeting needs
Technologies selected



2. Fondesurco Experience: FondeEnergía

Pilot main results (30/04/2012)

- **Nb. of loan disbursed: 92**
- **Total amount disbursed: 115 014 PEN**
- **PAR: 0 %**
- **Pilot branches:** Chivay, Aplao, Chuquibamba
- **Loan product characteristics:**
 - Effective Annual Rate: 42,58%
 - Effective Monthly Rate: 3,00%
 - Repayment period : 48 months Max.
- **Financing methods :** adaptation of
Fondesurco credit methodology to
FondeEnergía peculiarities



Small scale commercialisation phase approved

2. Fondesurco Experience: FondeEnergía

Pilot main results

- **Clients** : Mainly rural and new clients
- **Client benefits**
 - Savings generation
 - Income increase
 - Environmental contribution
 - Improved quality of life
- **Awareness raising strategy development**
- **Technology validation:** guarantee of the equipment life cycle



2. Fondesurco Experience: FondeEnergía

Institutional impact of FondeEnergía implementation



- Strategic Priority
- New product development
- Different value proposal
- Better positioning

Fondesurco : an environmentally-committed MFI

3. Lessons learned and ways forward

Lessons for the MFIs

- Specialisation
- Key factors: supplier selection and Technical Energy Advisor
- Implication of the MFI at each level

Lessons for the supporting organisations

- Analysis and capacity building of the value chain
- Local partner for technical monitoring



Challenges

People don't know RE and EE equipments

- Need of awareness raising campaigns for clients

Lack of supplier diversity

- The market in Peru is growing but still limited

Scalability and sustainability of the loan product

- Business case
- New technologies
- New markets

3. Lessons learned and ways forward



3. Lessons learned and ways forward

Challenges

Political Framework

- Governmental programs and subsidies
- Microfinance regulations
- Political promises

Shared responsibilities

- Contract adaption
- Guarantee terms
- Support services



Challenges



3. Lessons learned and ways forward

Quality Control

- Validations and certifications
- Technical training for installers
- Control assessment

Use

- Domestic vs. Productive

Logistics

- Transport and installation
- Maintenance costs

3. Lessons learned and ways forward

Ways forward

Small scale commercialisation phase

- Implementing business plan
- Strengthening Suppliers and value chain
- Integrating the different branches

Expansion phase

- Offer more technologies in all branches

Replicate experiences

- Different model tests
- Experience capitalisation



Thank you!



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In April 2012, the “Energy Inclusion Initiative” won the **“Green Finance Award”** in Luxembourg