



FINANCING



CAPACITY
DEVELOPMENT

Increasing Access to Clean Energy and Micro-finance Products for Small-Producer Organisations

SUMMARY

Country	Uganda
Implementer	Fairtrade Foundation
Co-implementer	Practical Action, Fairtrade Africa
Target groups	Fairtrade certified coffee cooperatives and their members
Duration	09/2020 – 07/2022
Type of energy use	Electrification

CHALLENGE

4.2 million adults in Uganda are excluded from the formal financial sector, of which 85 % reside in rural areas. The high cost of providing financial services in rural areas has meant that often formal institutions both lack the incentive to penetrate these areas as well as the capability to mitigate the perceived operational risks of doing so. Considering that almost half (48 %) of the Ugandan population relies on farming activities to cover their expenses, there is a great need to increase access to finance for rural farmers. Additionally, with only 8 % of Uganda's rural population having access to the national grid, the rural population is both isolated from national grid infrastructure and the least likely to be connected in the near future, due to the expense of setting up last mile connections.

IMPACT LOGIC

To enable more members of farming cooperatives to access financial products and use them to purchase solar energy systems, the project facilitates the development of microfinance products tailored to the target groups. Members of the cooperatives can purchase renewable energy systems and thus fuel a market for them. With the help of information campaigns, the project informs the members of the cooperatives about technologies and financial products and networks all actors with each other. All these measures combined contribute to more members using solar systems and in turn to an overall more robust energy supply in Uganda especially in rural areas.

INNOVATIVE PROJECT ELEMENTS

The approach of this project differs from other similar activities through its core focus on placing farmer based small producer organizations (SPOs) at the centre of implementation, validating and leveraging the extraordinary potential of SPOs to connect and align huge numbers of rural, poor and isolated Ugandan farming households. The approach of working within existing farmer structures increases the likelihood of creating solid market links that last beyond the project's lifetime. In addition, the project has an important trust building component. As companies are more willing to trust bigger groups instead of individuals and individual frames are more willing to trust cooperatives instead of companies, the cooperative can leverage trust from both sides to build a better platform for communication and business.

FURTHER INFORMATION

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