

PROJECT FACTSHEET

Title of project	SCBF 2013-07: Access to Water and Energy through Microfinance
Country / region	Ethiopia / Oromia region
Financial Intermediaries	Buusaa Gonofaa and Wasasa , both Microfinance Share Companies headquartered in Addis Ababa, Ethiopia
Competence Centre mandated for execution	PAMIGA , 7 rue Taylor, 75010 Paris, France (endorsed by SDC)
Overall project budget	CHF 201'097 (25% self-contribution by partner)
SCBF contribution	CHF 149'902 (75% SCBF funding share)
Date of project approval	16.09.2013
Project period	11.2013 until 11.2015
Context	<p>Even though the microfinance sector in Ethiopia is competitive, the potential demand for microcredit is still huge. The Association of Ethiopian Microfinance Institutions (AEMFI) estimated that about 7,5 million people require microcredit in the country. According to AEMFI, the 30 registered MFIs have met only less than 35% of the demand for financial services by the active poor. This is particularly true for rural areas, which are greatly underserved.</p> <p>By reaching out to poor clients in remote rural areas, Buusaa Gonofaa and Wasasa already clearly contribute to enhancing financial inclusion. The provision of new financial services linked to water and energy access will even further the financial inclusion of rural Ethiopian populations. A preliminary survey confirmed a clear need and demand for water & energy loans but no financial institution provides this type of service so far in the rural areas of intervention of Buusaa Gonofaa and Wasasa.</p>
Current status	<p>Wasasa and Buusaa Gonofaa were founded by local NGOs in 2000 and 1999. They are registered as Share Companies and operate in the Oromia region, Ethiopia. Both serve poor rural clients whose livelihood is based on subsistence farming and related activities through a network of 28 branches for Wasasa and 29 branches for Buusaa Gonofaa. As of Dec. 2012, Wasasa had a total outstanding loan portfolio of around 6,5m EUR for 64'542 active borrowers, while as of June 2013 BG had a total outstanding loan portfolio of 6,4m EUR for 67'787 active borrowers. Both institutions are recognized as among the very best MFIs in Ethiopia in terms of financial performance, quality of management and capacity for innovation.</p> <p>Buusaa Gonofaa and Wasasa already have a strong experience in providing client-led financial services. However, providing adapted products for access to water and energy solutions strongly differs from traditional microcredits and requires developing innovative partnerships and processes. Both MFIs therefore expressed a need for support in identifying needs, designing adapted solutions, building partnerships with technology providers, developing awareness and marketing tools, training staff, and following up on the pilot implementation.</p>
Objective and main activities	<p>The purpose of the project is to assist Buusaa Gonofaa and Wasasa in developing and launching adapted financial products and services to facilitate access to clean water and energy solutions for poor rural populations in Ethiopia. The following activities are planned under this capacity building project:</p> <ol style="list-style-type: none"> 1. Identify clients' water & energy needs and develop adapted solutions 2. Set up partnerships with technology providers and distributors 3. Design adapted financial products and elaborate a business plan 4. Develop awareness-raising materials on water and energy solutions, good practices linked to their use, and warranty and after-sales services. 5. Strengthen Wasasa and BG's capacities to promote water and energy solutions, develop and offer adapted financial products, manage credit risk linked to these specific products, and conduct financial education sessions. 6. Implement a pilot product, evaluate it, make necessary adjustments, and share lessons learned