



SCBF 

Thematic brief

Investing in inclusive finance for a green future

Overview

The energy sector contributes to more than two-thirds of global greenhouse gas emissions.¹ At the same time, more than 733 million people do not have access to electricity and 2.4 billion people rely on inefficient and polluting methods for cooking food.² Reliable and affordable access to modern energy is essential for people to meet their basic needs, and undertake productive activities which contribute to economic growth while enabling climate change mitigation. To bridge this gap, SCBF focuses on projects that aim to build links between clean energy solution providers, financial institutions and the low-income clients that could benefit the most.

So far, SCBF has mobilised over CHF 1 million (of which CHF 690,000 is SCBF grant-funding) through 7 projects that improve access to clean energy and water solutions, benefitting at least 11,000 households.³

Projects

Technology-enabled green loans for rural clients

Bolivia is one of the Latin American countries most vulnerable to climate change, with recurrent droughts and floods disrupting sustainable development. In order to reduce the impact that productive activities, such as agriculture, can have on the environment, CIDRE is developing a new green loan product. This product will enable rural clients to access environmentally-savvy loans for the treatment of waste generated from agricultural activities with the dual objective of improving their life quality and mitigating the impact on the climate. With support from SCBF, CIDRE aims at designing, piloting and refining a new green loan product tailored to micro and small rural agricultural producers.

Bolivia

Target outreach: 2,852 borrowers 

CIDRE & Symbiotics 

Jul 2020 – Nov 2022 

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¹ <https://ourworldindata.org/ghg-emissions-by-sector>

² <https://unstats.un.org/sdgs/report/2022/>

³ Data as of 31.12.2021

Scaling-up micro loans for solar energy solutions to power homes and businesses

In Zambia, 62% of the population is excluded from formal financial systems and 68% of the population lacks access to energy. This hinders their ability to generate a regular income and climb out of poverty. MPower tackles this challenge by providing integrated financial, solar energy and software solutions, working through a network of local companies and entrepreneurs to supply high-quality solar systems at affordable prices. Through the funding from SCBF, MPower aims to scale and broaden its target group to include micro-enterprises, especially those run by women or low-income households. This will entail enhancing MPower's lending activities to offer cost-effective financing, focusing on unbanked rural customers that usually cannot access the same services as their urban counterparts.

Enabling smallholders access to solar-powered irrigation systems

Despite substantial gains in financial inclusion, driven mainly by digitisation and mobile money, rural populations and smallholder farmers in Tanzania face multiple challenges in accessing credit. Biashara na Fedha (BnF) is dedicated to enabling low-income, rural populations to access the credit they need to purchase solar-powered equipment. Based on their experiences in developing a partnership-based model with solar solutions providers in Kenya, BnF sought SCBF funding to support Simusolar in establishing commercial lending for solar-powered equipment, such as water pumps, for productive use in the agricultural space. This innovative offering was first of its kind in Tanzania, which included a pay-as-you-go (PAYGO) functionality to make it more convenient for client.

This project customised and scaled-up the product based on smallholder farmers' needs, their credit profiles and crop cycles in order to improve their livelihoods as well as to strengthen its partnership with the solar solutions provider and tap into a new market. Farmers reported improvements in the lives due to time and financial savings as well as increased productivity and yields of their farms. Additionally, the 1,000 solar pumps sold translate to averting at least 3,700MT of CO₂ emissions per year.

Micro-credit for accessing clean energy and water solutions

Buusaa Gonofaa (BG) and Wasasa are microfinance institutions providing client-led financial services in rural areas of Ethiopia, which typically lack access to electricity and are not connected to the power grid. Based on a client survey, they found that clients wanted financial services for water and power but this need was not being fulfilled by financial institutions targeting rural populations. With funding from SCBF and technical assistance from PAMIGA, BG and Wasasa aimed at developing credit products and services tailored to the needs of low-income clients to facilitate their access to energy and water. There was a focus on informing rural households as well as creating linkages with quality solar solutions providers.

Key achievements at the client-level included 2,131 poor rural households accessing solar solutions - improving their living conditions, reducing energy expenses and allowing children to study in the evening. Both financial institutions also improved their capacity to manage and implement innovative financial products linked to clean energy access. Based on the success of this project, other financial institutions within the PAMIGA network started to offer similar products to improve energy access.

Photo: Ries Schneider/PAMIGA

Zambia



Target outreach: 8,000 clients of which 4,000 are women



[MPower Zambia](#)



Oct 2020 – Nov 2022



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Tanzania



1000 solar-powered water pumps sold to farmers



Biashara na Fedha, [Simusolar](#) & [Venture South International](#)



Mar 2018 – Dec 2021



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Ethiopia



2,131 loans for solar home systems and pico-solutions disbursed to rural households



[Buusaa Gonofaa](#), [Wasasa](#) & [PAMIGA](#)



Nov 2013 – Nov 2015



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