

1 / Editorials

- . Editorial from the project team

P.1

2 / Activities monitoring:

Institutional strengthening consultative workshop, Morocco

- . Summary of the consultative workshop on Microfinance & Energy
- . This month's guest Mohamed Berdai, Director of International Cooperation at ADEREE
- . Interview with Adel Soliman Beshara, Egyptian Energy Expert
- . Case study "Financing Pottery Kilns": Ghita Hamzaoui, UNDP

P.2to5

3 / Activities monitoring:

Technical capacity building of microenterprises

- . Field study on energy-hungry activities and possible RE&EE equipment for microentrepreneurs in Morocco: Carine Chevallier
- . Mapping of intervention areas in Morocco: Rachid Chriqui

P.6to7

4 / Activities monitoring:
Design of financial models

- . Study on financial and energy needs of target populations Marion Allet, PlaNet Finance

P.9

5 / Project Communication

- . Partners Information Cancun conference: major issues Caroline Pierret, GERES

P.10

6 / Agenda and presentation of the partners

- . Agenda 1st semester 2011
- . Partners

P.10

FREEME PROJECT NEWSLETTER

Special Morocco

A new Year for the FREEME PROJECT

The FreemE project was launched in April 2010 to promote renewable energies and energy efficiency and to support the development, availability and use of renewable energies and energy-efficient services through microfinance in Morocco and Egypt.

Over the last eight months, studies and consultations have been conducted in order to better understand how small income-generating activities use energy, what their needs in terms of equipment and financing are, and how to involve microcredit institutions to promote energy control.

This second newsletter is a "Morocco Special". It presents the activities in Morocco during this period. **Next edition, due out in July 2011, will present all results from**

Egypt.

The studies and consultations undertaken have shown that most of the small activities surveyed use energy and that some are particularly energy-hungry and thus polluting. Few have access to more energy-efficient equipment because this is generally more expensive and often unsuitable in technical and financial terms. **The study on energy-hungry activities underlines the importance of stimulating the creation and support of a local market for more energy-efficient equipment, through the promotion of local production.** These conclusions point to possible economic opportunities for income-generating activities.

"Too poor to pollute?" Unfortunately, this is not so: at the 16th United Nations Climate Change Conference (COP 16) held at Cancun, Mexico in December 2010, attention was once again drawn to the link between human activity and climate change and the negative impact on the poorest countries. Few solutions were proposed at international level, but actions supporting local developments that are more respectful of the

Editorial

environment can only help in the fight against climate change.

After all the achievements of 2010, the FreemE project team will continue its activities and keep pushing for solutions suited to vulnerable populations.

Pascale Geslain,

FreemE project manager

Head of Microfinance & Environment Programs at PlaNet Finance

pgeslain@planetfinance.org

INTERVIEW

P.3

This month's guest
Mohamed Berdai,
director of international
cooperation ADEREE

2

Consultative workshop in Morocco

A consultative workshop on the role of microcredit for financing energy efficiency and renewable energies was organized in Rabat on November 24th of 2010 by ADEME and PlaNet Finance, with the contribution of all partners of the FreemE project.

The session allowed to present the results of FreemE project after six months of activity, the ongoing energy and financing policies in Morocco as well as to discuss the lessons learned from the French experiences collected in the field of green finance. Almost 70 people attended the plenary session. In addition to ARDI Foundation, our Moroccan partner, there was a number of microcredit associations (FNAM, AMSSF, FBPMC). Among other attendees were the Maisons Energie, several ministries (Energy, Housing, Tourism), different international investors (EC, UNDP, AFD, GTZ), a wide variety of professional organisations as well as embassies.

Both Cyril Dewaleyne, energy project manager in the delegation of the European Union in Morocco and numerous attendees to the workshop stressed that: 'It is important to support the development of this kind of projects in Morocco, which aim to help the most vulnerable populations who are not reached by the greater energy investments projects in Morocco'. 'Morocco has ambitious energy goals' reminded Ms Aicha Laabdaoui, Head of the Higher Service of MEMEE (Ministry of Energy, Mines, Water and Environment). Indeed, Morocco aims at achieving 42% of renewable energies in 2012 and 12% of energy efficiency in 2020.

Morocco's goals are set in the National Priority Action Plan, with a National Agreement on Energy Efficiency which already comprises actions around the supply and demand of energy: strengthening of production skills, programs on energy-saving light bulbs launched by ONE, promotion of solar water-heaters, especially thanks to the Houses of Energy networks supported by ADEREE.

FreemE project thus takes place within an advantageous political framework. The first results of the studies carried out by the project team (studies on energy-hungry activities and focus groups) were submitted to the different stakeholders. These studies allow having a better knowledge of income-generating activities and their relationship with energy. They also identify the financial needs so that these activities may gain access to more performing technologies. Microfinance should allow supporting the acquisition of 'green' equipment (efficient ovens for bakers, solar water-heater in households), as well as the development of more environmentally-friendly local productions. 'It is necessary to adapt the different kinds of financing to the technical characteristics of the products with a clear and quantified visibility of the equipments' concludes Mathieu Welhoff, from ADEME, who presented lessons learned

from green finance experiences in France.

Two consultative groups (household equipments and professional equipments) were organized during the workshop. The main experts and stakeholders gathered within those groups identified the challenges and constraints linked to the financing of these equipments. Four products (individual solar water-heater, cooking energies, energy-saving light bulbs and A-class refrigerators) were selected to identify the opportunities and obstacles regarding policies, technologies, financing, means of communication, existing players or/and the potential ones.

The solar water-heater case is representative of the general conclusions. It is relevant to develop microcredit systems given:

- The favorable regulatory framework, especially with the new law 13-09 on RE&EE which sets important energy goals. This framework has enabled the launching of energy efficiency (energy-savin light bulbs, housing) or renewable energies programs (Morocco Solar Plan), as well as the creation of specific energy funds.

- The maturity of certain products (energy-saving light bulbs, solar water-heaters) that correspond to a strong demand from the population. However, there are still some barriers such as:
 - The non-adaptation of financial regulations to these technologies
 - The lack of a communication tools and awareness campaign (labels, scarce training)

The discussion groups resulted in some specific proposals such as better defining and involving the different stakeholders, specifying the organization of each product supply chain, setting up label systems and adapting the finance sector to technological solutions. Three types of financial models have been identified: (a) a classical microcredit to finance the inventory for RE&EE distributors / electricians (energy-saving light-

bulbs, power connectors, water saving kit, etc.) ; (b) an equipment / investment credit for professionals (i.e. cooking energies for cooks) and (c) a microcredit for household improvement to finance efficient fridges or solar water-heaters for household usage. A subsidy system or guarantee fund may be necessary for some equipments like individual solar water-heaters or photovoltaic systems.

The conclusion of the one-day session was provided by Ms Ghita Hamzaoui Chenaf, UNDP National Coordinator, who presented the case of the potter's kilns financed by the Global Environment Facility (case study included in this article page 5): 'This kind of project devoted to the most vulnerable population is important, especially when it combines the setting up of specific funds and the



development of local production'.

Discussions will follow next February 23 with the Egyptian interested party. During this session, ADEME together with PlaNet Finance and all the project team will arrange a similar advisory workshop (postponed to an undetermined date due to political events in Egypt).

Christelle Bedes,
International Projects Officer, ADEME
christelle.bedes@ademe.fr

2 INTERVIEW

This month's guest

Mohamed Berdai,

Director of International Cooperation at ADEREE

(Moroccan National Agency for Development of Renewable Energy and Energy Efficiency)

The dynamics of sustainable development in Morocco on Renewable Energies and Energy Efficiency within the framework of the new national energy policy

To satisfy the increasing needs of its economic and social development, Morocco obtains more than 97% of its supplies from abroad. Energy costs in 2009 rose to almost 54 bn DH (4.8 bn Euros), principally due to the 2008 increase in the price of oil, representing 61% of primary energy consumption in Morocco. Energy consumption is expected to continue to rise in the next few years, with the implementation of major in-progress and planned programmes, such as the green agriculture plan, the new urban areas programme, the industry "Plan Emergence" and the motorway, port and airport infrastructure programmes.

With this in mind, new national energy policies are looking for an improvement in our consumption profile through a reduction in national energy intensity and the mobilisation of local energy resources. As part of this new national energy policy, aimed at raising the share of renewable sources in the energy balance to nearly 20% and an energy saving of 12% by 2020, the Department of Energy and Mines has produced two pieces of legislation: Law 13-09, which aims to promote renewable energies at national level (adopted in March 2010) and the law currently being endorsed for the development of energy efficiency in energy consuming sectors: construction, industry, transport and agriculture.

In this context, the role of CDER (Center for Renewable Energies Development) was also strengthened by the new provisions for its transformation into a **National Agency for the Development of Renewable Energy and Energy Efficiency (ADEREE)**.

At the national level, the ADEREE seeks to build partnerships with national stakeholders and has adopted a short and medium term work plan for the integration of renewable energies and energy efficiency at the level of:

- **Districts:** to assist the development of large infrastructure programmes through the implementation of several partnership agreements signed between the Ministry of Energy, Water and Environment and the departments of Housing, Tourism, National Education, Infrastructure, Internal Affairs and Industry

- **Regions:** through the preparation and discussion of regional programmes that take into account the resources of each region and are based on a thorough and detailed analysis of the current situation for the identification and promotion of investment projects.

In this perspective the CDER operates through several structuring programmes, detailed hereunder:

The EE program in construction

The construction sector represents about 36% of total energy consumption in the country, including 29% for residential housing and 7% for the tertiary. The implementation of the Energy Efficiency Programme in construction aims at improving the energy efficiency of buildings through the introduction of a Building Energy Code based on the development and implementation of an Energy regulation for residential and commercial buildings, the development of standards and technical guidelines for construction professionals, the development of a strategy for mobilization and awareness of public and private stakeholders as well as identifying and promoting investments in energy efficiency within the construction sector through the implementation of a portfolio of demonstration projects.

Technical elements of the framework for energy efficiency in construction have been developed and a vast demonstration operation is being launched in several climatic regions of the kingdom.

The EE Programme in industry

The industrial sector has about 7,000 industrial units representing over 30% of national energy consumption. This sector is likely to represent a significant pool of all energy savings. The energy efficiency industry programme aims at the general use of energy audits and implementation of the recommendations from these audits with an assistance programme, to improve business competitiveness, the reduction in the burden of energy costs and environmental protection.

Wind turbine programme

In Morocco, wind energy is one of the most abundant resources and best suited for use on a large-scale. In several regions, the average wind speed exceeds 9 meters per second (9 m/s) at 40 meters. There is therefore considerable scope for developing this sector in the Kingdom, both for implementation on the interconnected grid and for electrification of remote areas.

The Biomass programme

A programme to promote energy from biomass is being implemented, aiming at reaching about 1,000 MW of electricity from biomass by 2020.

Upgrading the energy level of public "spa hammam"

The national context in the area of fuel wood is characterized by excessive consumption of more than 11 million metric tons per year. To overcome this situation, ADEREE has developed a prototype of improved water-heater which makes an efficient use of fuel wood (50% reduction in wood consumption).

The National programme for Promotion of Solar Water Heaters

The current market for solar water heaters (SWH) grows at a rate of more than 45,000 m² of sensors installed per year. Indeed, significant efforts have been made for the development of the solar thermal sector since 2002, thanks to the PROMASOL programme, which enabled a real transformation of the solar water heater market in Morocco. The objective of the national SWH promotion programme which is currently being implemented is to reach the target figure of 440,000 m² of solar thermal sensors installed by 2012 and 1.7 million m² by 2020. To achieve these objectives, an action plan was decided in consultation with the various sectors concerned and the planned actions will help remove barriers to the development of the solar water heaters market.

Programme to support the development of renewable energies and energy efficiency in the regions

Under the new national strategy for developing renewable energies and energy efficiency, ADEREE initiated an approach aiming at promoting local renewable energies sources (wind, solar, biomass, mini-hydro) and energy efficiency at the regional level. This approach led to partnership agreements concluded with 5 regions and based on different axes: implementation of Master Plans for development of renewable energies potentials, identification of investment projects in the areas of renewable energies and energy efficiency, feasibility studies of RE projects, developing expertise and capacity building at regional level.

“Maisons Energie” Programme

The “Maison Energie” (Energy Houses) Programme is based on the microenterprise concept and is an innovative instrument used for the development of community energy supply services, offering local population appropriate energy supplies, information, advice and technical assistance for these services. These energy supply microenterprises are created

by young promoters willing to develop their own projects so as to commercialize energy equipment (photovoltaic, solar water heaters, improved cook stoves, energy-saving light bulbs...). They constitute key actors for the installation, servicing and maintenance of equipment, as well as awareness-raising among target populations on economic and environmental issues of sustainable energies. They are therefore a vehicle for the integration of environmental concerns and the promotion of energy as an instrument of sustainable development and fight against poverty.

INTERVIEWS

Morocco-Egypt, exchanges

Interview Adel Souliman Beshara, Egyptian Expert on Renewable Energies

(Interviewed by Pascale Geslain)

P.G / Mr. Soliman, you have participated in the consultative workshop in Rabat as an Egyptian expert and responsible for the REEPA NGO (Renewable Energy and Energy Efficiency Professionals Association).

Could you please give us your first impressions?

In fact the workshop was really informative. These kinds of consultative workshops gathering most of the concerned stakeholders are very useful in order to learn from what has already been done and discuss more in details about future actions to be developed, in synergy, eventually, with other projects implemented in the country. The diversity of participants contributed to the success of this workshop in Rabat on these two important dimensions.

P.G / The FreemE project aims to foster the development of Renewable Energies and Energy Efficiency (RE&EE) for small enterprises and vulnerable households in Morocco and Egypt. Do you think that there are great differences between these two countries?

In general, I believe that the main challenges for a widespread use of renewable energies and energy efficiency products and services are the same for both countries: a subsidized energy, the non-existent local manufacture, the high cost of initial

investments, the weakness of awareness-raising actions and the transformation of an immature market. Nonetheless, when we speak about small enterprises and vulnerable households, energy needs may vary according to energy resources currently available and the cost for final users varies between the two countries.

For example, the percentage of rural electrification is much higher in Egypt than in Morocco, which means that a greater effort should be made to improve energy efficiency, particularly in the oldest and energy-consuming equipments. Likewise, the products allowing a remedy for the voltage drop in remote or rural regions shall help to improve the production of income-generating activities through stabilizing energy supply. There are other possible solutions in line with the policies of both governments and that could reduce the energy subsidies. For instance, biogas systems, which are low-cost and use organic waste, could be developed and commercialized in both countries.

P.G / The workshop has gathered around 60 Moroccan stakeholders from different sectors: microfinance, energy professionals, NGOs, institutional stakeholders like some ministries, cooperation agencies and donors. Do you think that these stakeholders should work more closely at their country level and at the MENA region level in order to promote access to RE&EE products to their populations?

Absolutely, coordination at the national level is essential. If these different actions were carried

out more closely, many efforts and money could be saved. Then, results would be more visible and sustainable. Overcoming the weak rates of penetration of renewable energies and energy efficient equipments and services in small enterprises and vulnerable households implies to work on both sides of the market: supply and demand. Making the product available as well as putting it closer to the consumer is as important as to start a demand of any product. Technical and economic feasibility, awareness-raising and microfinance have a crucial role in order to help creating the said demand.

Talking about coordination in the MENA region, we need to think about economies of scale. Huge regional industries may be set up thanks to already existing industries in the different countries in the area depending on availability of equipment and labour force. Mass production allows to reduce the cost of the products and to strengthen the development of the market. International development agencies may work together with regional decision-makers on technology transfer matters and on ‘turning regional’ both the renewable energies and the energy efficiency sector.

Interview by Pascale Geslain,
Director of FreemE project
pgeslain@planetfinance.org

CASE STUDY



Fighting against air pollution caused by the pottery sector by supporting access to gas kilns for 15 potters in Boughrarte (July 2008 to June 2009)

Context

Potters that were members of the AMAL association used 10 traditional wood-powered kilns (22 kilns for all potters' centre). A traditional kiln burns an average of 2 tons of wood for each firing (8-10 firings a month), mostly Thuja from Iminfri (Iminfri SIBE) and Aghri forests.

The potter sector exerts a strong pressure over wood forests. Numerous processes have been registered by the Ministry of Water and Forests after the excessive, non regulated use of these resources.

Project description

Within the project framework, potters committed not to use their traditional kilns anymore but to destroy them. The project includes awareness-raising actions, potters' training on the use of a gas kiln and their capacity-building in the management of the association and provision of community services. Potters will also be supported to develop the trading circuits of their products.

The projects consisted of setting up 4 gas-powered kilns of 3m² furnished with cooking plates to manufacture pottery such as "tagines", ash-trays and soup containers. In a first time 3 kilns were financed within the project framework of the Global Environment Facility Microfinancing Program (PMF FEM) and the Social Development Agency (SDA). Each kiln is shared by 3 potters on a common basis.

Each time they use it, in addition to gas, services and maintenance costs, potters must pay an additional amount of 150 MAD (EUR 14). The money allows to constitute of fund for the maintenance and purchase of new gas kilns for the six other members, so that all potters belonging to the association are equipped.

In a second time, a fourth kiln shall be directly bought by the potters. The fourth kiln will thus be bought at the 18th month of the project (estimated fund: 168 750 MAD EUR 15,000 on the basis of 15 working months). It is also foreseen that the association may buy the fifth kiln on the 36th month of the project thanks to the local funds (168,750 MAD).

Project impact

The acquisition of gas-powered kilns by potters who are members of the AMAL association constitutes the first stage towards the improvement of working conditions and the environmental quality in Boughrarte village. Products' quality is better now than when they were traditionally made and the production capacity is higher, which enables potters to increase their incomes (estimation +50%).

Following this initiative, potters wish to develop a construction project of a handicraft center, which will enable to promote the distribution of products and women integration in the pottery sector, as it is already done in Marrakesh pottery center. The revolving fund system, frequent in projects financed by GEF SGP, allows project-holder associations to reach financial self-sufficiency once the project ends, and thereby ensure the sustainability of financed activities.



Traditional kiln destruction (photo by UNDP)

Ghita HAMZAOU CHENAF,
National Coordinator GEF SGP Morocco
ghita.hamzaoui@undpaffiliates.org

These small but energy-hungry income-generating activities

3

In November 2010, GERES, GERERE and the ARDI Foundation jointly conducted a study to quantitatively assess the relative energy consumption of Income-Generating Activities (IGAs) in the northwest geographical area of Morocco, between Tangier and Casablanca.

This study aimed at identifying

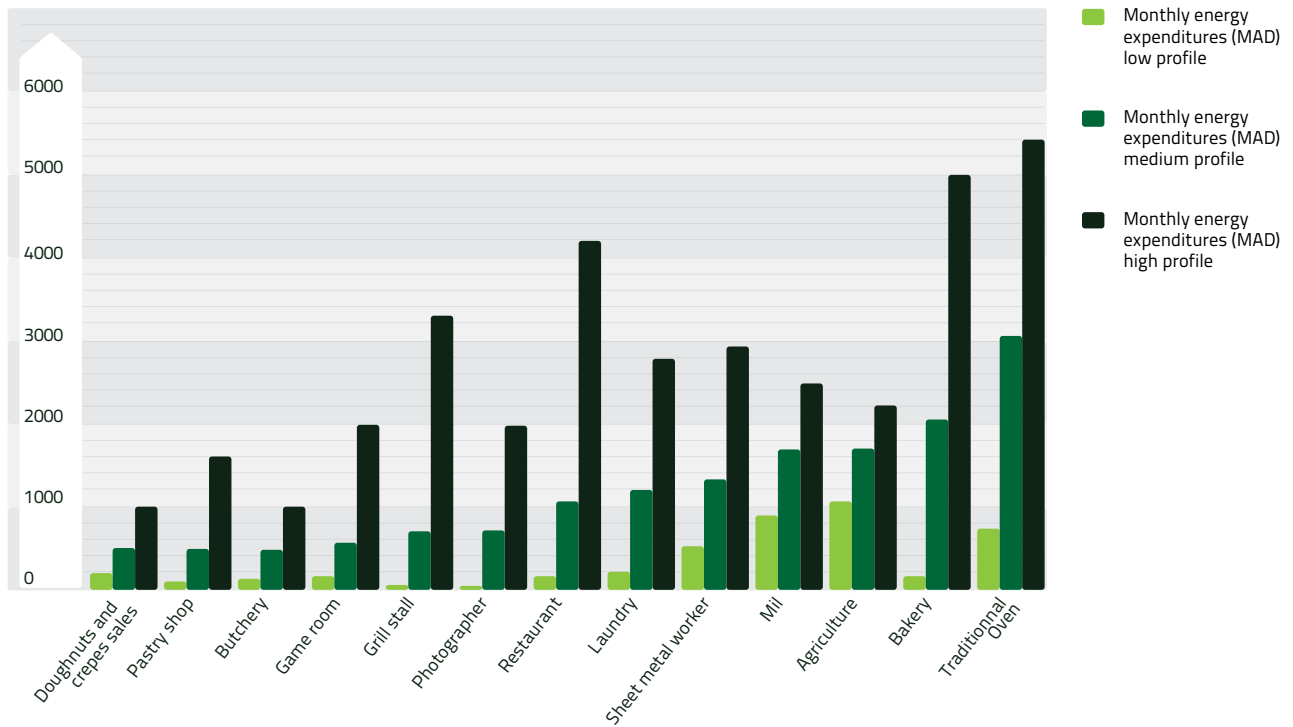
- Income-generating activities (IGAs) which consume the most energy, types of energy used and associated uses

activities are significantly energy-hungry: traditional oven, bakery, agriculture, mill, metal work, laundry, catering, photography, broiling, games room, butchery, tea shop and donuts and Moroccan pancakes sales.

The chart opposite compares the monthly energy costs (expressed as MAD) of most energy-hungry business types, sorted under 3 profiles: low expenditure profile, average expenditure profile and high expenditure profile. (The business types are rated here according to the average expenditure profile.)

among surveyed professionals (applicable to individuals) are: lighting, cold storage and cooking/baking.

Consistent with the approach adopted for the implementation of the study, once energies and energy needs are identified, the FreemE team sought to identify equipment used by the professionals. The information gathered revealed that there were no equipment using renewable energies (RE). This observation can be explained by the relatively negligible offer of RE equipment on the lo-

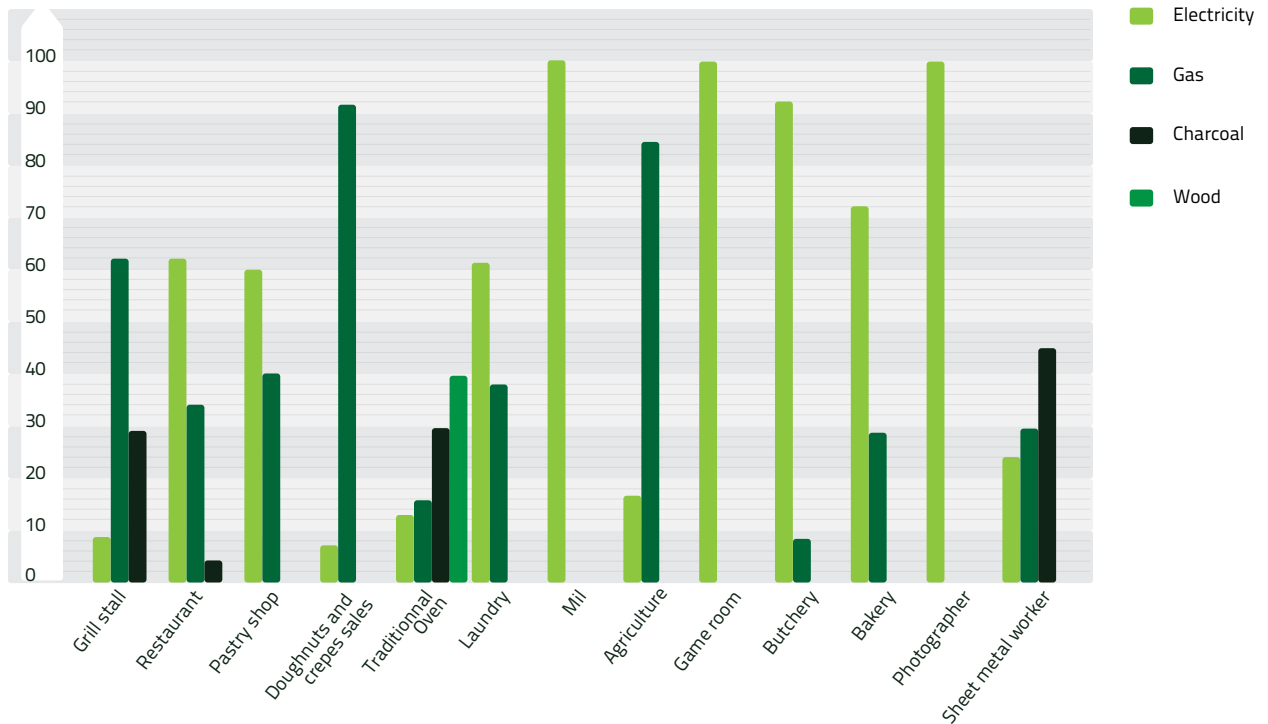


- Equipment used and usage costs
But it also aimed at drawing a list of more efficient equipment that may fall under microcredit products. This study is part of Activity 2 of the FreemE project: "Strengthening the technical capacity of micro-entrepreneur and small distributors."

Over 380 respondents, from about fifteen different occupational activities, participated in this study. Energy is widely used in all surveyed business types. However, some ac-

The various energy sources used by the business types (expressed in relative values), represented in the graph opposite, show that the main energy sources used are electricity and gas (see National Subsidy and gas stabilization policy implemented by Morocco). This finding is also valid for individuals. Energy is used for different applications by IGAs. The chart opposite summarizes the various uses of energy as associated with energy-intensive IGAs. The main energy usages identified

cal market. Access to RE equipment is in fact limited by prices (e.g. 14% VAT on solar water heaters) and diffusion of RE technologies is limited by the lack of incentives, including financial incentives. In addition, knowledge of respondents on more energy-efficient equipment is limited, especially when a multitude of various quality products flood the market and there is virtually no label or certification on these pieces of equipment. As a consequence, today, the least price is still the first criterion for purchase. Beyond any



certification and financial modeling work, the FreemE project will have to work on improving the advisory capacity of distributors, and raise awareness of professionals and individuals. It is also worth noting that professional activities mainly use electrical household appliances as well.

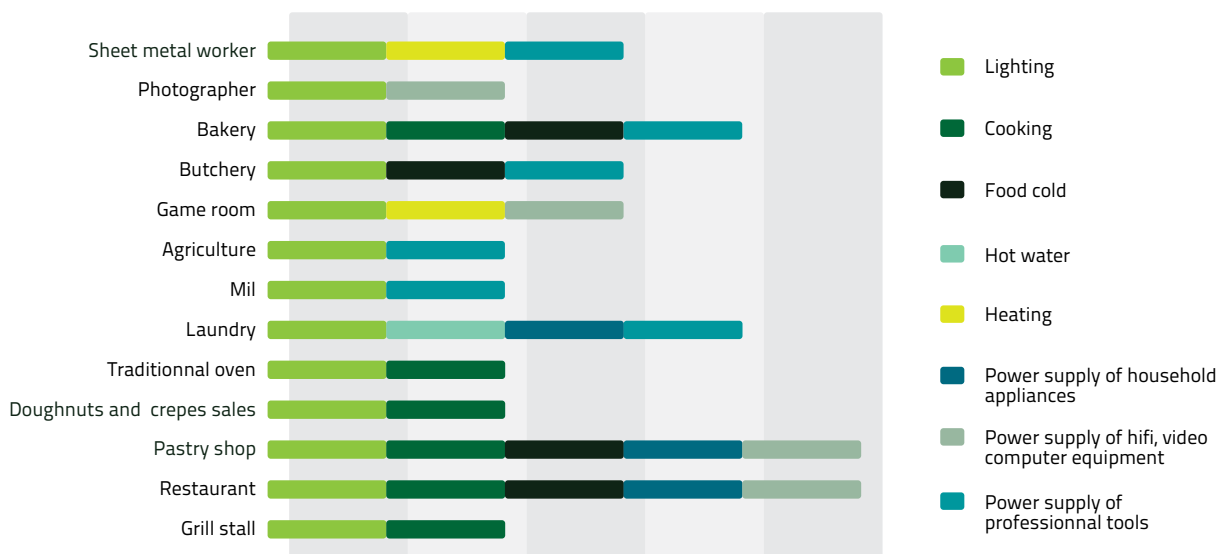
Taking into account these trends, the study proposes a list of equipment made up of "mature products", namely: electricity kit, efficient refrigerator, efficient freezer, and "products under development": the solar dryer, the gas oven, gas hobs, fuel briquettes. All these pieces of equipment meet the energy needs of the populations targeted by the FreemE project will be subject to certification

and financial modelling.

The study also underlines the importance of stimulating the creation and / or support of a local market for RE equipment through assistance and follow-up on local productions. These must be identified and qualified (opportunities, constraints in the development of production) to consider supporting the marketing of these products. Market support for renewable energies also involves attention to all economic actors involved in value chains / sectors identified, namely: raw material suppliers, producers, distributors, installers (the performance of a piece of equipment also depends on installation, usage and maintenance), customers.

A similar study will be conducted in Egypt under the leadership of the local FreemE team, between the months of January and February 2011, at Mansoura, Assiut and on the outskirts of Cairo, in partnership with microfinance institutions which are partners of the project (EACD and DBAC). This study will be published in the July 2011 edition of the newsletter.

Carine Chevallier,
GERES Project Manager
carinechevallier@gmail.com



3

Identification of energy-hungry activities and their locations in Morocco

Mapping of selected areas

Mapping is a pictorial representation of complex data (political, economic, social, etc.) and is a tool used to accurately define a zone of intervention. The setting up of a geographic information system (GIS) integrating all parts of Morocco with socioeconomic data has been defined to identify areas where the FreemE project will carry out its actions.

The GIS has been developed on the basis of data provided by the ARDI Foundation and ADEREE. The socioeconomic data used come from the **General Population and Housing Census of 2004** (GPHC 2004). This analysis mainly concerns the first stage: the location ARDI field offices and Energy Houses in the area of project action, by overlapping them with the various socioeconomic indicators (number of inhabitants per municipality, poverty rate, level of electrification, water supply level, and activity and service rates).

This database, completed with the results of the study on energy-hungry activities and equipment in the area, will enable to locate ARDI customers and Energy Houses likely to be targeted for training and technical support.

The GIS will be updated and improved as FreemE project activities develop, and will serve as a decision-making tool and basis of intervention under FreemE project.

What are the objectives of mapping?

Developing and managing a geographic information system (GIS) is not a linear process but rather an iterative process that requires an update on what is available, what is required at today's date and what would be needed in the near future.

Objectives of mapping provide guidance for work to be done based on expectations, the level of reliability of information and expected results. They help provide various tools to enable and support decisions regarding the selection of areas where FreemE project activities will be conducted: selection of field offices and activities to be conducted (microenterprises and Energy Houses).

Methodology of data collection and choice of intervention areas

The model used for FreemE project allows to show the different results on maps, based on the following elements:

- An integrated database, developed from the customer list provided by the ARDI Foundation, listed with their characteristics, the list of Energy Houses provided by ADEREE, by RGPH 2004 and from field surveys
- A scalable database to meet project and various partners' objectives

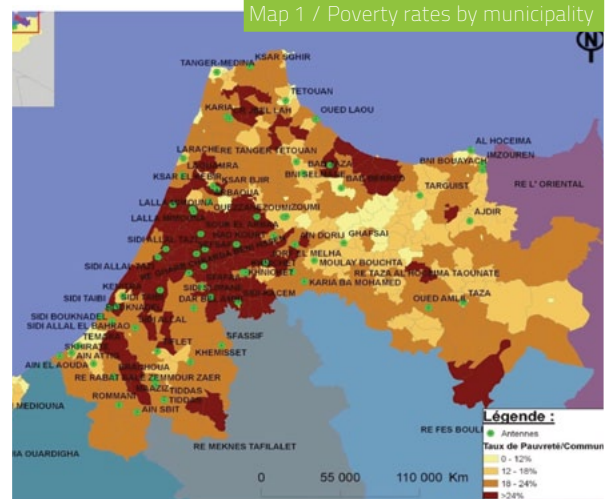
The situation of microcredit field offices and Energy Houses compared with the various socioeconomic characteristics of Morocco

The locations of the various ARDI field offices and Energy Houses were overlaid with socioeconomic information received from RGPH 2004, namely, population, poverty rates, electrification levels, water supply levels, activity and services rates.

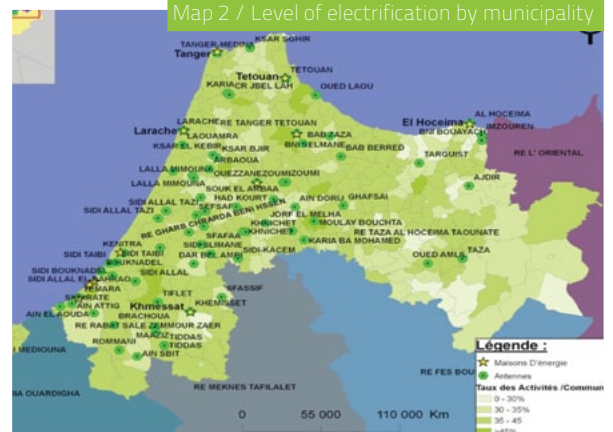
Field offices of the ARDI Foundation are heavily concentrated in poverty stricken areas along the North-South axis and on the active economic zones, but also in rural areas poorly supplied in electricity, thus confirming the interest of relying on them to identify activities likely to be supported throughout the term of the Project. This step complements the studies on energy-intensive activities and focus groups and will thus define precisely the project's intervention sites.

Joint workshops with partners will be organised from January to March to select microenterprises and distributors.

Map 1 / Poverty rates by municipality



Map 2 / Level of electrification by municipality



Dr. Rachid CHRIQI,
Deputy Secretary General of GERERE
r.chriqi@gmail.com

Consultation with microfinance clients on their energy & Financial needs

4

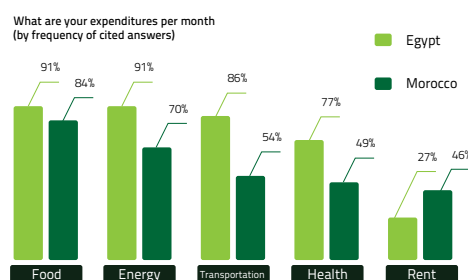
PlaNet Finance and its partners organized in June and July 2010 a series of 11 focus groups (7 in Morocco and 6 in Egypt). In Morocco, the focus groups brought together 69 participants on the Tanger-Casablanca axis (Larache, Tanger, Tétouan, Chefchaouen, Ain Aouda, Rabat and Casablanca). In Egypt, the focus groups gathered 49 participants in Dakahlia and Asyut governorates (Mansoura and Sahel Selim).

In both countries, the focus groups gathered two types of target populations:

- energy-hungry activities, which could become end-users of Renewable Energies & Energy Efficient (RE&EE) equipments
- RE&EE distributors or other microentrepreneurs who could potentially become distributors or installers of RE&EE technologies

The objective of the focus groups was to collect qualitative information on the energetic and financial needs of target populations, as well as the potential market for RE&EE equipments in Morocco and Egypt. This data will be used to design adapted microfinance models that will facilitate promotion and access to RE&EE solutions.

In both countries, the importance of energy costs in households and microentrepreneurs' budgets was confirmed during the focus groups, with participants mentioning expenditures in electricity and gas as some of the most important recurrent expenditures for their households and their activities, especially for microentrepreneurs engaged in energy-hungry activities.



The focus groups revealed that awareness of RE&EE solutions is slightly higher in Morocco than in Egypt, but still remains low and would need to be strengthened. Participants overall expressed a high interest in the RE&EE technologies that were presented to them.

In Morocco, most of them reported that they would be ready to invest in this type of equipment if it allows a reduction of the energy expenses that burden their household and activity budgets. In Egypt, the economic benefits of RE&EE solutions appear less clearly to people for the moment, since energy cost is still heavily subsidized. However, the potential demand for RE&EE solutions is foreseen to increase as the Egyptian Government is already starting to reduce these subsidies. The focus groups moreover confirmed that an offer of adapted credits would be essential to facilitate access to RE&EE technologies for households and microentrepreneurs with limited incomes.

The main challenges identified during the focus groups for the promotion of RE&EE solutions

In Egypt, one additional challenge that could slow down the adoption of RE&EE solutions is the currently high level of energy subsidies, while in Morocco it is the lack of trust in electrical operators, who were accused by participants not to base electricity bills on actual consumption levels.

Focus groups dedicated to RE&EE distributors and microentrepreneurs revealed that the RE&EE equipment supply chain is slightly more developed in Morocco (especially thanks to the efforts of the Government of Morocco and its "Maisons Energie" program) than in Egypt. Participants were enthusiastic about developing RE&EE activities, since they overall identify a clear market opportunity. Nevertheless, in both countries, the need for supporting the structuring and professionalization of RE&EE distributors and installers is still great. In addition to technical support, the focus groups also confirmed that access to adapted microfinance products will be important to promote the development of RE&EE distribution and installation activities.

"We are interested by all equipments, if it enables to save water, electricity, gas. It would allow us to increase our incomes and use them for something else, like spending for children."
(FG Larache, Morocco)

"Even if it is expensive, I am willing to spend money on it, because if I buy this equipment, I will increase my revenues"
(FG Larache, Morocco)

"If I have the money and information about the benefits, I would use these equipments. Even if it is a little bit more expensive, I will buy energy-saving equipments. But not if it is much more expensive."
(FG Sahel Selim, Egypt)

The results of the focus groups thus confirmed the relevance of the FREEME project. Next steps will be to develop with the 3 partner MFIs (ARDI in Morocco, DBACD and EACD in Egypt) the microcredit services most adapted to the needs of energy-hungry activities and RE&EE distributors; to design awareness-raising toolkits for RE&EE promotion and to provide technical assistance to 200 selected RE&EE microentrepreneurs in each country.

"Electricity makes us tired"
(FG Tanger, Morocco)

"Water, electricity, those are necessities. If it increases, you have to pay. You have to buy water, electricity, gas. You can sacrifice food to pay that!"
(FG Ain Aouda, Morocco)

"Electricity costs are very important because the whole system of the factory depends on it."
(FG Mansoura, Egypt)

were: (1) the lack of information on RE&EE solutions; (2) the limited availability of some RE&EE technologies and services on the local market, especially in the vicinity of the rural end-users; (3) the higher initial cost of RE&EE technologies in comparison to standard equipments; (4) the variability of equipment quality and the lack of standards and labels to guide end-users' choices; (5) the importance of social acceptance of the promoted technologies.

Marion Allet,
Microfinance & Environment
Project Manager, PlaNet Finance
mallet@planetfinance.org

Too poor to pollute?

Back from Cancun, Mexico, GERES pursued its goal of developing a methodology for integrating the poorest populations into the Clean Development Mechanism (CDM). To this end, the NGO is steering the launching of a group of experts who will present a position paper at the Carbon Forum in Marrakesh, in April.

Owing to their low initial level of CO2 emissions, the most vulnerable developing countries cannot benefit from eligible projects under the Clean Development Mechanism which enables low-carbon initiatives to have access to financial assistance. Thus, the rules of access to these mechanisms appear rigid and lead to the following paradoxical situation: the poorest populations, with no access to power or basic infrastructure, do not pollute much and cannot therefore submit projects that are eligible under the CDM! Yet these same people would benefit through the introduction of low carbon technology solutions, from

better access to energy supply services, lighting, drinking water, all at constant emission level.

The Gold Standard, a voluntary industry standard, for example, has fully integrated this problem for water filters dissemination projects. Thus, the basic scenario adopted for water consumption by the public is not the real figure but the theoretical one of 7.5 liters per day, given by the World Health Organization as one of the Millennium Development Goals.

But much remains to be done, particularly within the CDM. GERES and its partners intend to share ideas so as to break this vicious cycle and influence negotiators, specifically in the planned reform of the CDM for post-2012 period.

Bringing together representatives of international organizations, civil partners and the private sector working on carbon finance and development, a group of experts including GERES was

officially appointed Secretary-rapporteur and will prepare a strategy aiming to recognize the principle of "suppressed demand" within the CDM. A positioning note will be developed within the framework of the working group and will be released at the Africa Carbon Forum which will take place from 09 to 11 April 2011, in Marrakesh.

Caroline Pierret and Clémence Richeux,
c.pierret@geres.eu / c.richeux@geres.eu
www.geres.eu



"In 2004, GERES launches CO2Solidaire, the first program of volunteer carbon compensation dedicated to individuals and enterprises that wish to engage in climate solidarity actions. "www.co2solidaire.org"

AGENDA 6

Last semester events

July 2010

/ focus groups in Egypt

Oct. 2010

/ study on energy-hungry activities in Morocco

24 Nov. 2010

/ consultative workshop in Morocco

Du 4 au 12 Dec. 2010

/ Cancun conference

Upcoming Events

Jan. 2011

/ study on energy-hungry activities in Egypt (postponed)

Jan. to March 2011

/ partners working groups to validate the selected products, financial models to be proposed and selection criteria for microentrepreneurs

23 Feb. 2011

/ advisory workshop in Egypt (postponed)

From April 2011

/ setting up of committees to select microenterprises which will receive assistance during the project period

PARTNERS PRESENTATION

TECHNICAL PARTNERS

ADEME



Agence de l'Environnement et de la Meritisme de l'Énergie



Agence Nationale pour le Développement des Energies Renouvelables et des Efficaces Énergétiques



Georgie Crédit Agricole du Maroc



FINANCIAL PARTNERS

