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# FREEME Project Newsletter

## Editorial



2011 was an extremely busy year for the FreemE project. In Egypt the Arab Spring raised the hopes of millions of people, although unfolding events sometimes slowed things down. However, the various research studies undertaken over the last few months in Mansoura, Assiut and Cairo showed that small-scale income-generating activities were as dynamic as ever and that there was a strong desire to exploit opportunities in new sectors and markets. In view of the risks posed by a reduction in energy subsidies, access to renewable energy and more energy-efficient equipment can be an opportunity for these small scale economic activities. Given that these subsidies account for a relatively significant share of the Egyptian government's budget (between 6 and 8%), their continuation cannot be guaranteed at a time when the country is undergoing radical political change.

**Those least able to cope with increases in energy tariffs are also the ones particularly affected by them. Now, more than ever, microfinance has a decisive role to play in making energy-saving equipment more accessible.**

Morocco's first ever Energy Day was held in October 2011 and saw the launch of a range of activities that will be carried out by the ten Ardi Foundation branches chosen as pilots. It was also the occasion for promoting services and equipment for very small

enterprises that incorporate clean energy technologies. It also provided evidence of participants' strong interest in having more control over their energy consumption, as well as the need to develop education and other learning initiatives to encourage more responsible behaviour among users within their respective spheres of activity.

In 2012 the FreemE project will be raising awareness of the virtues of renewable energy and energy efficiency among 4,800 microentrepreneurs and low-income families. It will also support 400 small-scale distributors in promoting tools and appliances that incorporate the most up-to-date energy technologies. The Energy Loans" developed by three microfinance institutions will make these items more easily available.

FreemE is seeking to create synergies between the projects in Morocco and Egypt and to facilitate the development of best practices which can be replicated in other countries in the Mediterranean region. The high degree of complementarity between partners and the energy-related political initiatives being taken in both countries, along with policies in Europe and various bilateral initiatives, are ideally suited to promoting the South-South relations which will provide long-term sustainability for the project's activities.

**Pascale Geslain**

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## The project team

## Moroccan Energy Day

As part of the awareness-raising activities for the project, the Ardi Foundation, PlaNet Finance and three organisations and groups concerned with sustainable development and energy (ADEME, GERES and GERERE) organised Morocco's first ever Energy Day on October the 25th. Held at the Bellota ecomuseum in the north of the country, it was backed by the sustainable development group ARDB (Association Rif pour le Développement Durable - Bellota) in collaboration with AMPD (l'Association Marocaine des Petits Débrouillards), a non-profit group that runs science and environmental learning activities for children.

In October 2011, over 200 microentrepreneurs, together with two Egyptian microfinance partners (DBCAD and ECAD), took part in the Energy Day held in Chefchaouen in northern Morocco. The event was a joint initiative involving all partners and gave craftworkers, shopkeepers, tradespeople and service providers an opportunity to learn about various renewable energy and energy-saving solutions.

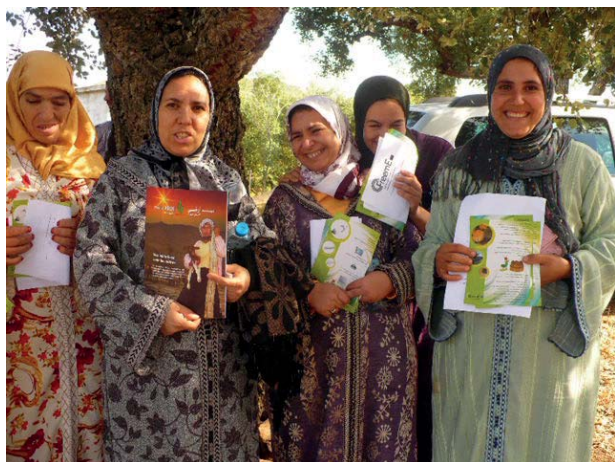
The AMPD responded to our call for support by putting on a show highlighting energy issues and the advantages of adopting a number of good practices. These were covered in greater detail in several workshops, where a selection of energy-saving equipment tailored to these microentrepreneurs' needs (50% of whom are women) was presented" said Christelle Bedes, Head of International Projects at ADEME.

This event was the first of its kind in Morocco. Its focus was on how microcredit can promote access to renewable energy sources and energy-efficient services in Morocco and Egypt, along with the technologies' development and use. Christelle Bedes went on to explain: In both countries poverty rates and spending on fossil fuels are extremely high. Many small-scale entrepreneurs still don't know about the

existence of energy rating labels and are unaware that they can use much more efficient, less energy-consuming items in the course of their daily business and hence save money." Research carried out as part of the project has shown that most small businesses do not have access to the most efficient tools and equipment because of their cost and a lack of appropriate technical and financial support. Consequently, these studies are advocating the creation of local markets for more energy-efficient equipment by supporting local producers. The setting up of production facilities in Morocco to replace wood-burning ovens (which contribute to deforestation) with gas burners that consume 40% less energy is a case in point.

Two other Energy Days will be organised in Rabat and Casablanca in 2012 and, subject to the political climate, a similar day will be held in Egypt in the spring of 2012.

Interview with  
**Christelle BEDES, ADEME**  
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© PlaNet Finance 2011 - women microentrepreneurs at the Chefchaouen Energy Day

**Hayate EL MANSOURI,**  
Branch Manager at the Ardi Foundation's Agency in Chefchaouen on last October's Energy Day :

Our involvement in the FreemE project's Energy Day focused on two goals :

- Raising energy awareness among 160 of the Ardi Foundation's clients
- Finding innovative solutions for keeping energy bills low by developing loans for suitable products and services

# Follow-up of activities in Morocco over the past 6 months

# 3

## Training Programmes in Morocco

A significant element of the FreemE project focuses on skills transfer. As part of the launch of its activities in Morocco, PlaNet Finance has set up training programmes for trainers and loan agents from one of its project partners, the Ardi Foundation.

### Training for Trainers

PlaNet Finance ran Training for Trainers programme from September 5th to 8th in the ARDI Foundation's offices in Rabat. Its two-fold objective was to:

- Develop participation-based training modules aimed at raising clients' awareness of energy issues and to provide training for loan agents in promoting the Energy Loan;
- Train partners in the techniques for running the training programmes' activities.

Five branch managers and local agents from the ARDI Foundation, along with a microentrepreneur from the Maison Energie programme, benefited from this training. The benefits of this participative approach to training soon became apparent. Those taking part became very committed to the FreemE project and are now playing a major role in promoting it. The branch managers who received the training can now organise and run their own training sessions for the ARDI Foundation's loan agents. The Training for Trainers programme has thus strengthened the capacities of the FreemE project's partners, creating a highly motivated and enthusiastic team.

### Training Loan Agents

Between October and December 2011, the ARDI Foundation trained more than 20 loan agents in a pilot scheme involving ten of its branches (based in Chefchaouen, Ouezzane, Larache, Temara, Kenitra, El Gharb and other areas). The aim was to raise awareness among loan agents on energy issues and to give them the training for the role they will play as part of the FreemE project. Thanks to an interactive approach centred on debates, exercises and role playing, loan agents learned to identify energy-hungry activities that can benefit from the support offered by the FreemE project: raising client awareness of available energy solutions, promoting access to the Energy Loan and providing FreemE clients with monitoring and back-up support.

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© PlaNet Finance: Training for Trainers, Rabat Sept 2011



# EE Products' Distributors Field Survey and Value Chain Analysis in Egypt

Highly distorted energy prices, along with a poor pricing mechanism, creates greater uncertainty regarding Egypt's energy future. Energy subsidies, being the major subsidies in the State Budget, represent 6 to 8% of the GDP. Expanding Renewable Energy and Energy Efficiency (RE&EE) activities is one of the main ways to remedy this critical situation.

The FreemE Project aims to improve the energy performance of micro, small and medium Income Generating Activities (IGAs) in marginalized peri-urban and rural areas in Egypt and Morocco by providing a financial product to those IGAs to purchase RE&EE products adapted to their needs. FreemE's capacity building of small distributors and IGAs addresses the need for improvement and/or the development of the Value Chain (VC) of RE&EE products. This need comes from the fact that currently enterprises are using energy-intensive devices, which have been already identified through a field study performed in two governorates (Dakahlia and Assuit) during 2011 (as summarized in the previous article in this newsletter).

The distribution phase in the VC is critical as it represents the interface between the supply side and the demand side the consumers being targeted by the producers of a product. The greater amount of information available on and access to RE&EE products in little towns and main villages, the easier it will be to spread the use of these products, based on informed decision making by those consumers.

The main survey finding was that the shop owners and salespeople were unwilling to talk to the survey team. In addition, few products were available in the exhibition space of the shop, making it difficult for the survey team to evaluate the availability of EE products and to collect EE label level or other technical information on the products. Most of the shops have separate storage locations far away from the shops, and others obtain the products from bigger shops in the same town or in the governorate's capital city after transactions with the consumers have been made. No shop is selecting their products based on existing EE labels or grading. Additionally, few air conditioning distributors exist, but most of them are willing to sell evaporative air coolers.

There is very little technical knowledge and availability of documentation on products' technical specifications, regardless of EE issues, as well as a lack of information on EE in general and RE&EE products in particular. This is true of both distributors/salesman and consumers.

Thus many EE products in the shops and their benefits are not promoted, even when their less energy-efficient counterparts cost the same amount or are even more expensive. Another issue specifically for energy-efficient refrigerators is that no direct relation exists between the EE Label grade and the price of the refrigerator or deep freezer. In addition, the guarantee/warranty process is not always clearly defined.

Few shops offer alternative payment options such as monthly payments, which indicates that there is room for MFIs to attract new customers to the stores by providing adapted RE&EE financial products.

This survey identified opportunities for the FreemE project to meet the need for tailored training for distributors and salesmen and at the end of enquiry, the desire of the majority of them to receive such training, as well as more technical information and connections with more RE&EE product suppliers.

As a first step in assessing the responsiveness of the distributors in the VC, a field survey has been performed in Dakahlia (Mansura, Dekerness, Sherbeen and Belkas) and Assuit (Sahil Seleem) in cooperation with the two partner microfinance institutions (MFIs) working in these two governorates. The MFIs fully supported the survey team in introducing them to distributors. The targeted equipment at the distributors' premises during the field survey included: refrigerators and deep freezers, evaporative air coolers, compact fluorescent lamps (CFLs), cylindrical lamps, neon (fluorescent) lighting fixtures with and without electronic ballasts, and multi-output extension with and without switches.

In total 108 distributors' shops have been surveyed (86 in Dakahlia and 22 in Assuit). The selected shops cover the full range of equipment home appliances, air conditioning equipment, and electricity and lighting components in the surveyed cities, towns and villages.



©GERES 2011 - distributors in Sahil Seleem

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# CALENDAR OF EVENTS

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Last 6 months over

Forthcoming

## July to December

### July to September

Research on equipment production in Morocco

### September 2011

Training for trainers in Morocco

### 25 October 2011

Energy Day held in Chefchaouen (Morocco)

### November and December

Training for 20 loan agents (Morocco)

### November- December 2011

Research on equipment distribution networks in Egypt

## January to June

### January 2012 onwards

Selecting distributors and launching microcredit operations and training in Morocco

### February 2012 onwards

Training of loan agents in Egypt

### March 2012 onwards

Further Energy Days in Morocco

### April 2012 onwards

Launch of Energy Days in Egypt

## PRESENTATION OF PARTNERS

### TECHNICAL PARTNERS

#### ADEME

/ French industrial and commercial public agency, placed under the joint supervision of the Ministries in charge of Sustainable Development and Research.

[www.ademe.fr](http://www.ademe.fr)

#### DBACD

/ Dakahleya Businessmen Association for Community Development : Egyptian microfinance institution.

[www.dbacd-eg.org](http://www.dbacd-eg.org)

#### GERERE

/ Moroccan association specialized in energy.

#### ADEREE (ex CDER)

/ (Center for the Development of Renewable Energy), a Moroccan agency specialized in Renewable Energies.

[www.cder.org.ma](http://www.cder.org.ma)

#### EACD

/ Egyptian association for Comprehensive Development : Microfinance institution.

[www.eacdonline.com](http://www.eacdonline.com)

#### PlaNNet Finance

/ PlaNNet Finance is an international non-profit organization with the mission to alleviate poverty through the development of microfinance, therefore increasing the unbanked and underbanked's access to financial services. PlaNNet Finance's international network is active in close to 50 countries.

#### Fondation ARDI

/ Microfinance institution in Morocco.

[www.ardifondation.ma](http://www.ardifondation.ma)

#### GERES

/ French organization of international solidarity.

[www.geres.eu](http://www.geres.eu)

[www.planetfinance.org](http://www.planetfinance.org)



### FINANCIAL PARTNERS

