

Microfinance and energy efficiency in Peru

The case of Fondesurco

Financing access to energy efficient products to enable low-income people in rural areas to improve their lives



In Peru, approximately four million people in rural areas do not have access to electricity. This reality has pushed poor households to use traditional, costly and highly polluting biomass fuels such as charcoal, wood or dung as their main source of energy for cooking and heating.

In this context, increasing access to more efficient and environmentally friendly technologies can help meet poor people's energy needs, while at the same time reducing household expenditures, boosting income-generating activities and reducing

their health and environmental risk exposure.

MFI's are well placed to supply green financial products, since they understand the needs of their clients and are able to deliver the equipment required in remote rural areas. As a result, 'Green MFI's' have been making significant efforts to incorporate flexible financial solutions for the acquisition of energy efficient products.

An outstanding example is Fondesurco, a Peruvian MFI with a strong focus on agriculture, which offers financing for the purchase of solar water heaters and energy efficient ovens through its project FondeEnergía. Both products combine environmental benefits, such as reduced emission of greenhouse gases, with economic advantages for clients.

For instance, solar thermal water heaters are designed to provide households and small enterprises located in rural areas with hot water. Environmental and economic benefits are gained through reducing consumption of wood, gas or electricity used to heat water.

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Fondesurco's CEO on the theme of green microfinance





Households can save between 8 and 20 Peruvian Nuevo soles per week (2–6 EUR), which can be used to improve the education of their children, homes, or personal hygiene. Small enterprises such as hotels can, by using the thermal water heaters, increase revenues and add more value to their guests while reducing energy costs. The improved cooking ovens, which use energy more efficiently than traditional cooking methods, benefit households by preserving the health of families as they are designed to lower emission of harmful gases.

Since the end of 2013, FondeEnergía green products have been offered in all Fondesurco's branches. As at September 2014, it has granted 633 green loans. This is equivalent to 652 pieces of equipment, of which 375 are energy efficient ovens and 277 solar water heaters.

This translates into 1,615 beneficiaries, taking into account all members of the families. Moreover, Fondesurco is planning to add more environmentally friendly energy alternatives, such as photo-voltaic powered low-energy lamps, energy efficient kitchens and solar dryers for agricultural use, to its range of products.

Its objective is not only to diversify its product line by closing the energy gap of its clients, but also to move towards a triple bottom line: economic, social and environmental performance as the three pillars of its sustainability.



12,682 loans
granted in 2014



43% of the loans
finance agriculture



USD 20,120,500
loan portfolio



42% of the clients
are women



21 agencies in 4
departments



633 green loans
granted