

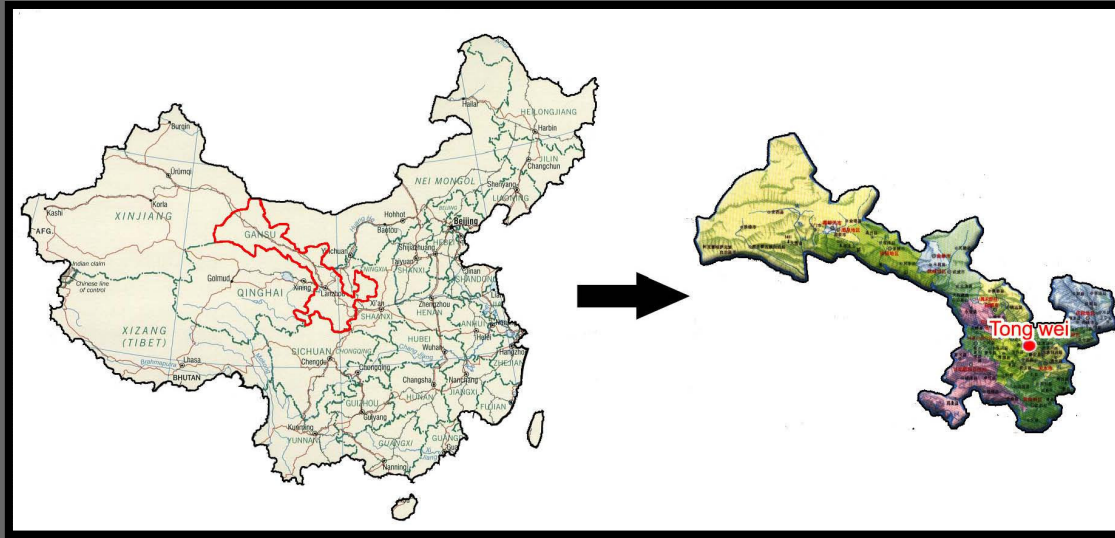
EC NGO Co-financing Project

**Microfinance & Renewable Energy: Using Microfinance
to Increase Access to Renewable Energy in Rural Areas
China - Gansu Province - Poverty County Tongwei**

Reference number: PVD/2006/1146



PlaNet Finance



Tongwei County in Gansu Province



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Green GDP growth could preserve this special but poverty-stricken place.

Images of Tongwei





Project Essentials

- Project action took place in Tongwei County, Gansu. Tongwei is classified as a poverty county, which means that the majority of the inhabitants are hovering around the Chinese poverty line of less than one USD/day. It also means that the GDP generated by the county is very low, so the treasury has few means of helping its own inhabitants without help from the central state coffers.
- Actions had a duration of two years, from Nov 2007 to Nov 2009.
- The central actions were to:
 - help a microfinance organization adapt to making loans for biogas installations
 - Persuade the clients to use a loan to invest in a future good and source of savings (not burning coal for cooking) that is good for environment
 - Help the poor farmers use biogas residues as fertilizer and suggest other improvements to their current agricultural practices
 - In their minds, tie in the piecemeal enhancements they are making through adoption of renewable energy to the overall improvement to the local environment, through an educational roadshow.

Main activities

Development of network of loan centres under loan centre directors in Tongwei County; development of loan product adapted to renewable energy and the market conditions

Roadshow campaign among Tongwei villages on waste management, environmental conservation and yield improvement in agricultural practices, working with the highly arid soils of the region

**Economic
Improvement**

Trainings to encourage farmers who have followed same patterns of cultivation since 1950s to undertake activities to add value to their basic crops.

Actions to promote the long-term sustainability of this project, including lobbying government agencies and winning funding to continue actions and improvements

EC Project – Tongwei County

**ANTICIPATED
IMPROVEMENTS**

Main Sought-After Effects

1. More poor households obtained **access to renewable energy** through biomass technology; and had **the funding to construct a model that makes the system much better adapted to the cold and long winter** in this project area;
2. The local credit provider made use of funds lent to it, **and learned to maximize use of that money to reach out** and benefit more people.
3. Poor households **use less of their potential working time to gather fuel**; they will also derive economic benefits by **selling the material they used to burn** (harvest waste) , and, in some cases, **selling the fertilizer** derived from the biogas residue;
4. Improved sanitation may have reduced viral attacks, childhood diarrhea, chest infections (results are not yet in);
5. Poor households have a source of **organic fertilizer to improve local soil structure, fertility and humidity retention**, helping local **ecosystem recovery**;
6. The project offers members of poor households **new knowledge** in agricultural and veterinary approaches;
7. The local environment has had a chance to recover as the farmers are no longer **burning young trees, branches** and, among the poorest households, **topsoil**.
8. The farmers now understand better that **what they do** in their growing practices **affects the whole local ecosystem**.

Partners & other Government Implementers

- Centre for Rural Technology Development under Ministry of Science & Technology is “expert” partner that brought:
 - Its mission to educate on agricultural technology and knowledge of best practices suited to local conditions;
 - A huge network of highly specialized experts on call, which they have the capacity to coordinate;
- Tongwei Rural Development Association is local microfinance and rural development body under the government that brought:
 - Established microfinance system and discipline
 - Familiarity with local government and local terrain, and local poverty issues
 - Automatic participation of local government as its supervisor
- The County Energy Office, responsible for implementing state biogas subsidy programme

Not Anticipated Effects

- It was standard operating procedure for the local government implementers of the biogas program to install the required number of installations, formulaically train the farmers, leave a phone number to call in case of trouble, and walk away.
- Upon discovering that government training was not thorough enough (systems were not working optimally during our random checks), the project changed the model of maintenance so that a village resident was trained and employed to make systems work more optimally.

Non-Anticipated Effects (2)

- Previously, it was standard operating procedure to conduct “classroom-style” trainings in safety and operations to barely literate farmers. No question-time, no feedback, no sense of ownership on the part of the farmers.
- The project forced “participatory training styles” onto local government officials, where their knowledge and problem-solving repertoire was tested. One result was that government officials discovered for the first time that “the farmers are really intelligent.”

PlaNNet Finance China's Roles in Action

1. Coordinate expertise from PlaNNet Finance international network to strengthen microfinance products for renewable energies
 2. Coordinate all partners on the local level to form coordination committee, reporting system
 3. Liaison with local government, especially to lobby for new ideas and commercialization and marketing of local products
 4. Coordination of RMB500,000 loan funding to back renewable energy –related loans in five villages
 5. Training of new loan network loan officers who will work in as-yet unserved area; also training new micro-entrepreneurs
 6. Gather data from partners for reporting to donors
- Coordination
 - Analysis
 - Reporting
 - Agrarian/Environmental education based on technical inputs
 - Coordination of educational roadshow program and logistics
 - Training

