

## Editorial



Energy is the motor for all human activity and one of the indicators for the development aims for the millennium. Today, nearly 2 billion people lack access to modern energy services, and the majority of them live in rural areas where electrification programmes only reach the most accessible areas. Difficulty in accessing energy sources limits the development of revenue-generating activities, and have a significant impact on the living conditions of these populations.

The great challenges of the years to come will consist not only of resolving the problem of poverty, but also of durable resource management to meet the growing needs of the world's population. The use of renewable energy resources and the installation of technological innovations, with a change of scale to adapt them to the poorest countries, could be vectors for durable trades and jobs. The ecological footprint of microenterprises in poor countries remains smaller than that of multinationals. However, the increase of microenterprise activities and the thoughtless exploitation of natural resources present a risk to the environment and to public health, elements already threatened by climatic changes.

Developing access to renewable energy sources in rural and fringe urban areas, and developing better energy management, will contribute not only to the struggle against climatic change but seems to have become one of today's best answers to the needs of disadvantaged countries.

Microfinance Institutions, thanks to their local presence, are seen to be important actors in encouraging the development of activities which respect the environment, financing lean infrastructure designed to promote self-sufficiency in energy and to inform rural populations about renewable energies. Financing activities which respect the environment, such as recycling and re-processing activities, sustainable agriculture and efficient resource management to limit soil damage, also have the aim of allowing communities and microentrepreneurs to participate more fully in the actions of civil society related to climate change.

Reducing poverty through programmes which respect the environment is a strategy which Planet Finance has adopted since 2007 to reconcile microfinance and the protection of the environment with programmes in Bolivia, Paraguay, Indonesia, Bangladesh, Benin and Morocco.

**Pascale Geslain,**  
Senior Expert in Microfinance,  
Coordinator of environment programmes of Planet Finance

## The Microentrepreneur of the Month

**Wang Shoulian, Jichuan, China**

**Beneficiary of the microcredit programme biogas, loan group leader**



In 2007, Wang Shoulian built a biogas pit thanks to the government-sponsored programme launched to promote the use of biogas in rural areas. Nevertheless, she did not have the funds to do the house conversion.

When she heard about the microcredit programme financed by Areva, Suez and European Union, managed by the Tongwei Rural Development Association in conjunction with Planet Finance China, she went to meet the local loan coordinator. Thus, she became the first person to sign up for a biogas loan in the township, to convert her house.

Wang Shoulian also became a loan group leader. Now she gathers the other women borrowers to learn together and exchange experiences.

## Article of the Month

### Microfinance and Environment

#### Financing access to Photo-voltaic Technology for poor rural populations:

#### Opportunities for Microfinance

Whereas expenditure on energy for rural populations is very significant and is increasing strongly, those services available to such populations are of very poor quality and are very dangerous to their health due to the use of inferior quality equipment. The energy crisis affects all developing countries. They face major increases in the demand for electricity and no longer have sufficient capacity to meet this demand. Despite this, rural electrification is not a priority in many of these countries.

Yet, technological solutions which offer solutions adaptable to their needs already exist. The “Solar Home System” (SHS) is an individual solution which works by solar energy. This enables rural communities to benefit from renewable energy at an affordable cost. The SHS comprises: a solar panel, a small battery and a control system. The basic system can supply electricity for three to four lights, which is enough for one family. The main beneficiaries are children who can study at home after school and microentrepreneurs who benefit from good lighting to pursue their crafts or commercial activities.

“ The “Solar Home System” (SHS) is an individual solution which works by solar energy. This enables rural communities to benefit from renewable energy at an affordable cost. ”

The success of the SHS lies in the ease with which it is installed, low maintenance and long life of the system (the solar panels are guaranteed for 20 years). The SHS is particularly suitable for rural areas. However, the market remains in the embryonic stage in most countries – why is this? The principal explanation is the high installation cost being between 500 and 1,000 USD. Moreover, free distribution of SHSs by governments has destroyed the commercial networks, as nobody wants to pay for a product which some people have received for free. An interesting alternative is to offer credit at an affordable price to enable the people to get an SHS at an affordable price, thus reducing the initial investment.

PlaNet Finance and its European partners Transénergie and IT Power thought up the RENDEV Project, financed by the Executive Agency for Competitiveness and Innovation (EACI) of the European Commission, to study how financial schemes used by Microfinance can be applied to promote Renewable Energy Projects. The two most important projects are in Sri Lanka and Bangladesh under the RER-DEP programme run by the World Bank and GEF. More than 150,000 SHSs have been installed in each country since 2002!



In Bangladesh, the programme is supported by the formidable MFI network. The two largest organisations of this country, BRAC and Grameen Bank, have established a specialist subsidiary to take on the challenge. Sixteen other MFIs or NGOs have joined in the programme, which is managed by the IDCOL agency.

The main innovatory feature of this programme is the small loan taken on purchase, about 10%, and the contributions of donors take the form of loans at a reduced rate of interest charged by the MFIs. The formidable MFI network, with their office in every district and village in Bangladesh, the experience of the MFIs with rural communities and their professionalism in management and day-to-day logistics, have enabled them to establish a programme which benefits the whole of the population of Bangladesh with the result that the initial objective of 50,000 SHSs was achieved in three years compared to the anticipated six years. The programme has been such a success that it has received several international awards, among which was the Ashden Awards for Sustainable Energy in 2006.



Grameen Shakti, a partner in the RENDEV Project, set up by PlaNet Finance, is the principal engine of success of the project and has already installed 100,000 SHSs. Grameen Shakti continues to put forward new technology for the poorest communities. This is the direction in which PlaNet Finance supports Grameen Shakti and the group of MFIs via the RENDEV Project by proposing new energy solutions for the poor communities of Bangladesh.

Moreover, the PlaNet Finance Asia team is promoting the Bangladesh model and is looking for ways of promoting products to provide access to renewable energy for microfinance actors in Indonesia, the Philippines and Cambodia.

**Philippe Gaeng,**  
Microfinance and Environnement Expert,  
working on the RENDEV Project



#### Useful links:

- [www.rendev.org](http://www.rendev.org)
- [www.gshakti.org](http://www.gshakti.org)
- [www.ybul.or.id](http://www.ybul.or.id)
- [www.transenergie.fr](http://www.transenergie.fr)
- [www.itpower.co.uk](http://www.itpower.co.uk)
- [www.europa.eu](http://www.europa.eu)

## Biogaz Project, Tongwei, China

Today, the first 180 biogas loans, in the framework of PlaNet Finance China's "microfinance and renewable energy" project have been made to the microentrepreneurs who are clients of the partner MFI TWRDA (Tongwei Rural Development Association). PlaNet Finance China has developed this project in the county of Tongwei, in the province of Gansu in North-Western China. This project, which started in March 2007, with financing from Areva and Suez, joined at the end of November 2007 by the European Union, aims to improve the living conditions of the inhabitants by encouraging access to energy equipment through microcredit. Between now and the end of 2009, TWRDA's credit fund of 50,000 euros will make it possible to finance biogas equipment for about 400 farmers. PlaNet Finance has also obtained a donation from the Japanese government, which has financed 170 supplementary sets of biogas equipment in three extremely poor villages.

## Support to MFIs in Cape Verde

Initiated in June 2008, this project aims to strengthen microfinance institutions in Cape Verde, enabling them to provide quality services on a sustainable basis to microentrepreneurs in the 10 islands which constitute the country. PlaNet Finance Brasil is managing this two-year project promoting technology's transfer and innovative methodologies for inclusive development in urban and rural areas of Cape Verde. This project is financed by the Millennium Challenge Account Cape Verde (MCA-CV). The 8 Institutions involved in the project signed a Memorandum of Understanding committing themselves to achieving financial sustainability, transparency and to following microfinance best practices. MCA-CV is committed to support the provision of the technical assistance so that the MFIs achieve those goals through PlaNet Finance Brasil support. The two permanent PlaNet Finance Brasil consultants are in charge of providing them with technical assistance in the key areas: Governance, Information System Management, Accounting and Internal Control, Product and Lending Methodology. The project has started with the institutional diagnostics of each of the partner MFIs to understand their specific needs.

## PlaNIS, launches MICROFIX, a Hedge Fund for Managing Microfinance-Related Exchange Rate Risks

PlaNIS and Corporate Connect (a company providing advisory services to investment funds involved in emerging markets) have obtained the agreement of BNP Paribas, FMO (the Netherlands International Development Bank) and TCX NV (a Netherlands exchange rate risk management fund for lesser-traded developing country currencies) to provide technical assistance for a joint initiative of both entities to set up MICROFIX, a fund that will provide exchange rate cover for microfinance investors. The fund will work with microfinance institutions and international investors in reducing exchange rate risks through quantifying and developing a greater understanding of the risks involved. It will provide currency hedging services (swaps and forward contracts) for managing forward exchange rate positions.

With the technical assistance budget in place, PlaNIS and Corporate Connect will now be working to set up the

MICROFIX fund by the end of December 2008 and for it to become operational early in 2009.

MICROFIX will be managed by PlaNIS, PlaNet Finance's unit devoted to microfinance-related financial services. PlaNIS is involved in three main areas:

-Microfinance debt fund management: PlaNIS currently manages or provides advisory services for 6 funds with a total portfolio value of over USD 80 million, with investments in around 60 microfinance institutions in 20 countries;

-Structured finance for microfinance: CLOs, CDOs and loan syndications;

-Private equity fund advice (including origination, analysis and structuring of targeted investments, sales and purchase contracts ..)

For further information, please contact Cyrille Parant: cparant@planis.org

## Agenda - August-September

### Events in France organised by PlaNet Finance

PlaNet Finance/Ernst and Young Breakfast

**1 September:** Microfinance and Lenders of public funds  
Informations: [lespetitsdejeuners@planetfinance.org](mailto:lespetitsdejeuners@planetfinance.org)

Training courses at the Microfinance Training Center

**1 September:** Introduction to microfinance and setting up of a microfinance programme

**16 Septembre:** Lenders of public funds in microfinance  
Informations: [www.formation-microfinance.com](http://www.formation-microfinance.com)  
[cfm@planetfinance.org](mailto:cfm@planetfinance.org)

### Events in France

**8-10 September:** 5th Annual Conference of the European Microfinance Network (EMN), "Microfinance: a tool for growth and employment in Europe », in Nice  
Informations: [www.european-microfinance.org/nice.php](http://www.european-microfinance.org/nice.php)

### Events abroad organised with PlaNet Finance

**26-29 August :** Asia Microfinance Forum 2008, "Trends and opportunities for microfinance in the 21st century" organised by BWTP and FDC in Hanoi  
28 August: Matchmaking Event  
Informations: [www.bwtp.org](http://www.bwtp.org)

### Other Events

**17-19 September:** First Côte d'Ivoire Salon on Microfinance in Abidjan  
Informations: [www.mdccom.fr/gd](http://www.mdccom.fr/gd)

**18-19 September:** Banking on Women – Driving Profit and Growth, "Banks and financial products for women clients", organised by Uniglobal Research in London  
Informations: [www.uniglobalresearch.com](http://www.uniglobalresearch.com)

**19-21 September:** Clean Up the World Weekend, supported by par The United Nations Environment Programme  
Informations : [www.cleanuptheworld.org](http://www.cleanuptheworld.org)

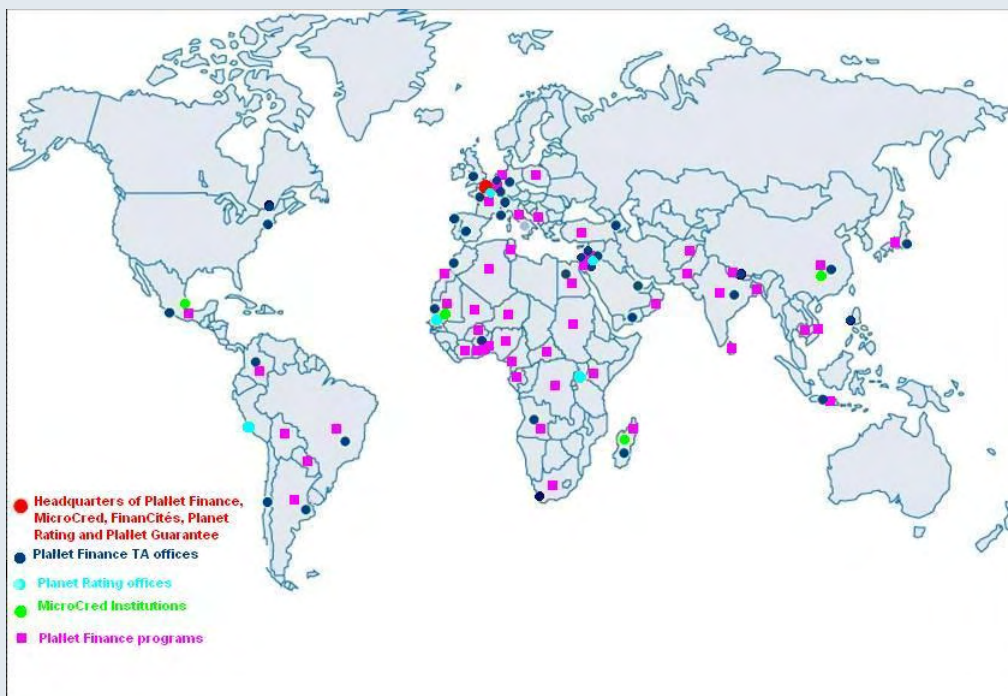
## PlaNet Finance Group

**PlaNet Finance Group** is an international organisation whose mission is to fight against poverty through the development of microfinance.

As the microfinance expert, PlaNet Finance Group provides a diversified set of service to help increase access to financial services for the poor :

- PlaNet Finance Technical Solutions**, the technical assistance and consulting provider;
- PlaNIS**, the business unit specialised in microfinance fund advisory, structuration and management;
- Planet Rating**, the microfinance rating agency;
- MicroCred**, the microfinance investment company;
- PlaNet Guarantee**, the microinsurance specialist;
- FinanCités**, the venture capital company for microentrepreneurs in French deprived urban areas.

Based in Paris, the PlaNet Finance Group is active in more than **60 countries** with an international network of **38 offices** in Europe, North America, Latin America, Asia, Africa and the Middle East.



In 2007, PlaNet Finance Technical Solutions provided assistance to **220** microfinance institutions (MFIs), reaching almost **9 million clients**. Planet Rating conducted **83 rating missions**, and **2 new Greenfield institutions** were created by MicroCred. PlaNet Guarantee has been able to provide microinsurance products to **120 000 microentrepreneurs**. PlaNIS set up the financing for **40 MFIs** mainly on behalf of responsAbility funds /Credit Suisse and MicroFund for a total of **USD 80 million**. In one year, FinanCités financed **19 microentreprises** in France for a total of **EUR 853,000**.

PlaNet Finance Group gathers more than **550 staff**.