



Inclusive Energy Fund Case Study 5

Improving access to finance for cooperative members

July 2024 Emily Balls



FAIRTRADE
FOUNDATION

IEF Case Study 5

Changing women's perceptions and uptake of solar energy

- Cooperative: Kagera Cooperative Union (KCU)
- Country: Tanzania
- Theme: Finance for clean, green energy

Project Objectives

This project aimed to improve access to financial services for members of our organisation through establishing a new Kagera kahawa SACCO, noting there was a high demand for loans to purchase solar systems from members. Reflow funds from the IEF grant were to be allocated to the SACCO for provision of loans to members.

Successes

The cooperative leadership team reflected that capacity building, awareness creation and training activities around the SACCO worked well and around 1435 members benefited. The General Manager, Majid Kabyemela, age 59, reflected that while they had been talking about creating a SACCO for some time, the IEF project helped them facilitate the preliminary stages of SACCO creation such as creating awareness and training members which helped make the idea successful. It also provided the financial capacity to get started and launch the idea.

He reflected that the IEF project has more broadly helped increase access to clean, green energy by enabling members to acquire alternative source of energy especially those who were off grid electricity. They also carried out capacity building of members on the importance of using solar energy in comparison to the use of conventional sources of energy like firewood which are less environmentally friendly.

"The SACCO will help the cooperative indirectly in the sense that farmers/members will acquire loans for different purposes including to purchase solar products for domestic needs and hence improve their livelihoods in the long run."

Majid Kabyemela, age 59

Challenges and Lessons Learnt

The provision of loans to members was delayed due to lengthy bureaucratic procedure and regulations around SACCO establishment. The SACCO formation process took longer than expected and KCU had limited control around the timing of this process. The mid-term evaluation further explored the complexities of setting up a SACCO with cooperative leadership, finding that it was important to work closely with local authorities and that providing capacity-building support can streamline administrative procedures.

"The operations of the SACCO would be good and sustainable if the repayment of the funds is extended"

Majid Kabyemela, age 59

Next Steps

The SACCO was formally set up with a licence in June 2024, towards the end of the IEF project, due to these challenges. This meant delayed provision of loans to members, however a SACCO is now in place to support cooperative members in the future.