



Members of BCDI, KCU and Kasaali pose for a photograph in front of solar panels powering an irrigation system at a coffee seedling nursery, Uganda

LEARNINGS REPORT: FAIRTRADE INCLUSIVE ENERGY FUND

Funding Round 1, December 2022 – July 2024

December 2024 Martin Eichhorn



The Inclusive Energy Fund (IEF) supports Fairtrade Certified Producer Organisations (POs) to **design, implement and monitor projects** that **accelerate and expand access to clean and green off-grid energy technologies and services** for their membership bases and communities.

The IEF **awards project support on a competitive basis**, and provides both **technical and financial support** to successful applicants.

Unique funding approach to maximise fit and impact: With Fairtrade technical and financial support, POs & HLOs designed and implemented bespoke projects that respond to the unique realities, constraints and opportunities of each context.

Countries: Rwanda, Uganda & Tanzania

Commodities: Coffee & Tea

Supporting Projects Totaling: EUR 250,000

Total Beneficiaries: 20,000 Fairtrade farmer and worker households

Impacts: Improved access to and use of energy for domestic and productive use, access to energy-related education, training and knowledge, access to energy-related technical services, access to energy-related financial products & services, new business partnerships, and improved market access and linkages.



INTRODUCTION

The Inclusive Energy Fund (IEF) has been a transformative initiative, empowering communities across Uganda, Rwanda and Tanzania to access clean, affordable, and sustainable energy technologies and solutions.

All projects funded via the IEF were fully designed, owned and implemented by Fairtrade-certified producer organisations

and communities. These projects all implemented a combination of awareness campaigns, training, strategic partnerships and financial support, and made significant strides in improving energy access and empowering individuals in Fairtrade communities connected to the programme.

This learning report synthesizes the key insights and lessons drawn from experiences of the cohort of beneficiary organisations participating in IEF Funding Round 1, the

implementation of their projects, and data generated during the endline review.

THEMATIC INSIGHTS

Importance of Needs Assessments prior to launch

Prior to launching the IEF funding round, the team conducted rapid needs assessments in each intervention geography to identify needs, gaps and opportunities to inform project design. The assessments were conducted by two subject experts: an Energy Specialist with expertise relating to off-grid energy access, and a Finance Specialist with expertise relating to rural access to finance.

The rapid assessments provided data and analysis on the unique needs, opportunities, and ambitions of each context. This information was then made available to all prospective applicants to inform their project designs.

The needs assessments ensured projects were designed to address specific needs of each community and anticipate potential challenges to overcome.

Increased Awareness and Adoption of Clean Energy Technologies

Educational initiatives and information dissemination campaigns have been instrumental in closing knowledge gaps and driving adoption of clean energy technologies, with activities such as radio broadcasts and open learning and demonstration sessions particularly effective.

78% of participants in the IEF endline survey, and 7,730 individuals overall, attended energy education, trainings and events funded by the IEF.

The establishment of solar product centres and demonstrations has significantly increased awareness, understanding and usage of solar products among the target communities.

Centres and demonstrations also changed perceptions regarding aspirational use of energy. **At baseline, for example, only 13% of respondents in Rwanda said they needed energy for productive use. At endline, however, 58% of Rwandans said they needed energy for productive use – an increase of over 400%.**

Improving Access to Finance

A crucial component of the IEF was the establishment of financial products and services, such as solar loan schemes, which have made clean energy technologies and solutions more accessible and affordable for participating communities.

In total, 383 households adopted clean energy products for household use through IEF projects run by their cooperatives, and 1,588 members benefitted from access to productive use energy assets procured via IEF financial support.

Partnering with trusted suppliers and importers also helped to ensure the availability of quality products at competitive prices, which further enhanced affordability. *KCU*, for example, managed to connect a local supplier to an importer of high-quality household solar products, which enabled the negotiation of bulk discounts, thereby passing savings onto their members.

Formalizing business partnerships with suppliers also ensured high quality installation, maintenance, and warranty support for the products – an important outcome given they were identified as key issues during rapid assessments.

Some projects, like those at *KCU*, *Abahuzamugambi* and *Kasaali*, were able to use their IEF project funding to secure additional match funding from other sources such as their Fairtrade Premiums. This additional funding enabled them to expand the scope and impact of their projects.

Abahuzamugambi, for instance, combined their IEF Procurement Loan with Fairtrade Premium to construct a solar parabolic dryer

for coffee parchment drying at one of their washing stations, which has accelerated the drying process and improved product quality.



Abahuzamugambi's solar parabolic dryer was set up at their Sovu coffee washing station. A solar parabolic dryer is an improved and advanced greenhouse solar dryer, which is typically used for drying food and agricultural commodities. It contains a parabolic reflector that concentrates sunlight to generate higher temperatures and to accelerate the coffee drying process

Projects that used additional internal resources in combination with IEF funding were able to be more ambitious, and achieved outsized impact and results relative to IEF project support.

Empowering Communities through Capacity Building

One of the key achievements of the IEF was the investment in trainings and skills development for youth, which created employment opportunities and fostered entrepreneurship in the local clean energy sector.

Promoting community-based training and information initiatives has been effective in closing educational and knowledge gaps among the beneficiaries.

Fostering a sense of ownership and teamwork has led to more effective implementation and sustainability of the projects as all beneficiaries intend to integrate energy trainings and services into their permanent operations and offer beyond IEF project support. Even though it was their first attempt at project

management, the *Hillside* implementation team, for example, reported confidence in their ability to deliver their IEF project as planned because they had been the ones who designed it.

Livelihood Diversification and Sustainable Management Practices

The IEF projects have successfully integrated clean energy solutions into various livelihood activities, such as coffee production, poultry farming and small businesses like hair salons and cinemas, enhancing income diversification and resilience.

The adoption of solar-powered irrigation systems and other sustainable management practices has contributed to improved agricultural productivity and environmental resilience. Examples of ventures established through IEF projects include poultry, irrigation, goats and nurseries.



Key Lessons Learned from IEF Phase 1.0 to build on in the design of the next IEF funding round - IEF Phase 2.0.



Representatives from KCU, Kasaali and BCDI are provided a demonstration by a Kasaali IEF project beneficiary. The beneficiary is using a solar powered water pump (purchased via an IEF-funded FT Member's Loan) to irrigate his improved variety coffee seedling nursery. He sells these to coffee farmers in the region and says having consistent irrigation has improved operations and quality.

KEY LESSONS LEARNED

Financial Accessibility: Innovative financial mechanisms enabled via IEF financial support, such as solar loan schemes and procurement support, have played a pivotal role in making clean energy technologies and solutions affordable and accessible to the target communities and producer organisations.

Linking repayments to cropping cycles and offtake arrangements can drastically reduce default risk and the administrative burden of debt management. **A representative of Kasaali said that 53 of 54 recipients of FT Member Loans made via their project were completely up to date on repayments**, while the individual in arrears had agreed alternative arrangements with them and was still expected to repay.

Tailored Approaches to SPO-led Project design: Whilst the IEF defined the 5 key results areas projects needed to aim for, applicants had license to pick and choose any three of these, and then had full autonomy to design and propose any project that would hit them in combination. POs were in charge of the full design process, and as a result felt

true ownership of the initiative and had a high confidence that they could deliver the work.

This approach to project design unlocked creativity and innovation that enabled a high degree of intervention tailoring and improved accuracy and fit.

The approach also helped build a diverse project portfolio tightly bound to IEF objectives without the need to be overly prescriptive on ideas and direction. Conducting needs assessments and integrating community feedback are also crucial building blocks when designing and delivering products and services that truly meet the local needs.

Capacity Development: Investing in training and skills development for POs, their staff, their members, youth, women and community members has been a key driver in fostering local ownership, entrepreneurship, and long-term sustainability. It was therefore important to encourage POs to prioritise capacity development as part of the cost of delivering their projects.

Partnerships and Collaboration: Ensuring that SPO project teams prioritised the engagement of stakeholders relevant to their

projects, including suppliers, importers, public sector bodies, technical service providers, training bodies, and community-based organizations, was instrumental in ensuring project success and sustainability.

Consulting and partnering with other stakeholders grew knowledge and understanding of the sector, improved decision making, helped mitigate risk, and prevented duplication and overlap with products and services already in place.

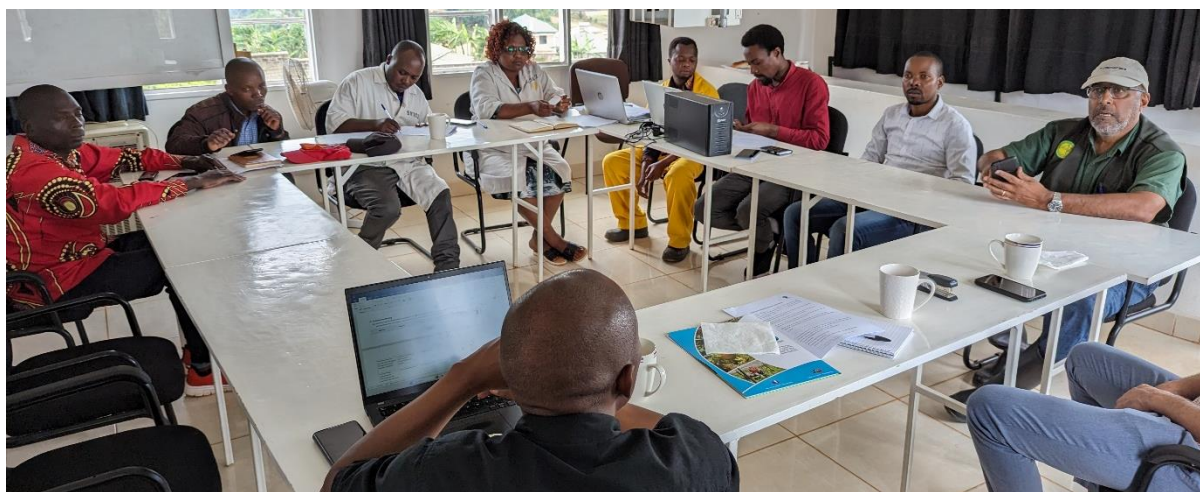
Holistic Integration: Integrating clean energy interventions into various livelihood activities has led to more comprehensive and transformative impacts on the communities' well-being and resilience. Furthermore, integrating the project and associated initiatives, such as Savings and Credit Co-operative (SACCO) development and technical services hubs, unlocks additional opportunities for investments and growth

and is crucial to establishing long-term demand and sustainability.

Timings Matter and Rushing has knock-on effects: We learned the hard way not to schedule important activities and requirements around demanding or traditional holiday periods for farming cooperatives such as the festive season (December & January) or harvests

POs are first and foremost commodity aggregators and sellers and will not compromise their core business for a social impact project – irrespective of how important they believe it to be. This is why it is important to respect and navigate around their schedule.

Finally, trying to do things too quickly can lead to mistakes and poor communication. It was important to ensure internal clarity and consensus was reached before we attempted to communicate externally or to POs.



The Sorwathe IEF project team meet with GIZ, FTA and FTF to present on their progress ahead of the midline review and release of funding tranche 2. The session focussed on their new FT members solar loan facility, and how this would connect to the technical centre Sorwathe had established with IEF grant funding.

RECOMMENDATIONS

Scaling and Replication: Explore opportunities to scale up and replicate the successful elements of the IEF programmatic approach – such as PO-led project design – in other regions to expand the reach and impact of clean energy access and associated sustainable livelihood development.

Strengthening Partnerships: Continue to foster collaborative relationships with a diverse range of stakeholders, including the private sector, government agencies, and community-based organizations, to enhance the sustainability and impact of project initiatives established through IEF technical and financial support.

Enhancing Monitoring and Evaluation:

Implement robust monitoring and evaluation systems – including baseline, mid-term and endline evaluations – to track progress, capture lessons learned, and continuously improve the design and implementation of the IEF and beneficiary projects.

Combining technical and financial

support: The combination of financial support alongside technical support has proven an immensely effective tool to both accelerate affordable adoption, and generate new evidence on lending risks.

Conclusion

The Fairtrade Inclusive Energy Fund has demonstrated the transformative potential of clean and off-grid energy access in empowering communities, diversifying livelihoods, and promoting sustainable development. The key lessons and recommendations outlined in this learning report provide a valuable roadmap for scaling up and replicating the IEF's successful approaches, ultimately contributing to a more inclusive and sustainable energy future for Fairtrade Producer Organisations and their members.



Coffee farmers in Kasaali's membership base in Uganda participate in a learning and demonstration session relating to solar home system equipment and operations. The session was conducted by a technical member of the Kasaali implementation team, who had himself completed solar photovoltaic (PV) technical, installation and maintenance training as part of their IEF project.