



## SUCCESS STORY

# Making Energy Efficiency Loans in Rural Households in Kazakhstan

### Improving project financing for household energy efficiency in rural areas



Photo: Asian Credit Fund

*ACF loan officers share their skills to help clients evaluate energy efficient measures and to select materials for energy efficient renovation projects.*

"The loan officer with ACF was a great help to our family. We were very happy to get advice on which materials to select. We saved a lot of money for heating during this winter season."

Meureut Ismailova,  
resident of Lavar village in  
the Almaty region.

### Challenge

Homeowners in rural Kazakhstan with limited savings or credit history have few options to borrow money from commercial banks for home improvement projects. These include projects aimed at improving home energy efficiency. The Asian Credit Fund (ACF) was established in 1997 as a micro and small business lending program in Kazakhstan. ACF also provides microfinance services to rural households. As part of its technical assistance services and emphasis on household energy efficiency, ACF sought to provide a credit line for home improvements but lacked knowledge and expertise on how to evaluate energy efficiency loan requests.

### Initiative

In 2012, USAID's Central Asian Energy Efficiency Support Program (CAEESP) teamed up with ACF to help homeowners identify and evaluate energy efficient investment opportunities and improve access to finance. USAID provided a \$1 million portable guarantee to ACF in 2011 for energy efficiency loans in rural households. CAEESP developed a methodology and scorecard for loan officers to use in evaluating energy efficiency loans. The scorecard evaluates common measures such as insulating doors and windows, heating supply options, lighting, solar hot water and wall insulation. CAEESP organized training for loan officers to use the scorecard. Habitat for Humanity International, a U.S.-based non-profit organization, participated in the training to share its practical experience from Tajikistan on monitoring small construction projects in rural areas.

### Result

Loan officers acquired the necessary skills to assist their rural clients with including energy efficient measures in loan applications. In the period from August to December 2012, ACF made close to 100 loans for energy improvements valued at approximately \$317,000. The loan amounts averaged between \$2,000 and \$3,000 per household. Roughly half of the loans were used to add insulation and half were used for heating system improvements, including boiler replacements.