

EEP S&EA Summary of Annual Report 2014

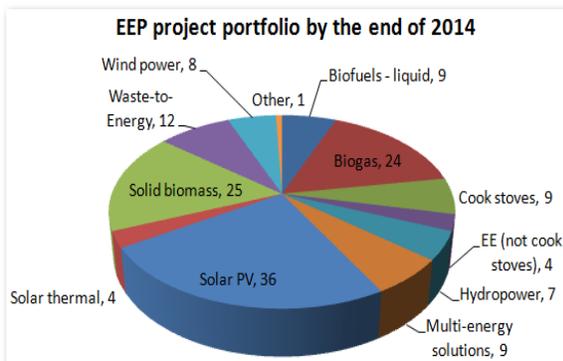
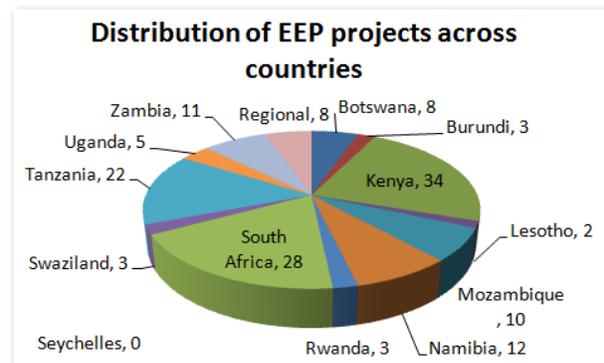
Introduction

The Energy and Environment Partnership Programme of Southern and East Africa (EEP-S&EA) is a regional programme that aims to increase access to sustainable energy through fast tracking of Renewable Energy (RE) and Energy Efficiency (EE) projects in Southern and East Africa. It operates as a challenge fund, with so far 10 Calls for Proposals (CfPs) launched. EEP-S&EA started with a first Phase in 2010, managed by the Development Bank of South Africa (DBSA). A second Phase commenced in August 2013 and is managed by KPMG on behalf of the Ministry for Foreign Affairs of Finland (MFA, the lead donor), the Department for International Development UK (DFID) and the Austrian Development Agency (ADA).

2014 was a crucial year for EEP. Significant progress was made on a number of important issues, which has transformed EEP-S&EA into a programme with a clear reference framework and management set up, a full staff complement and well established quality control / M&E systems.

EEP project portfolio overview

The portfolio of projects approved under the first 8 CfPs contains a total of 149 projects by the end of 2014. The figure on the right shows how these projects are divided over the countries where EEP-S&EA is active. Overall, Kenya, South Africa and, to a slightly lesser extent, Tanzania are the dominant recipients of EEP-S&EA project funding.



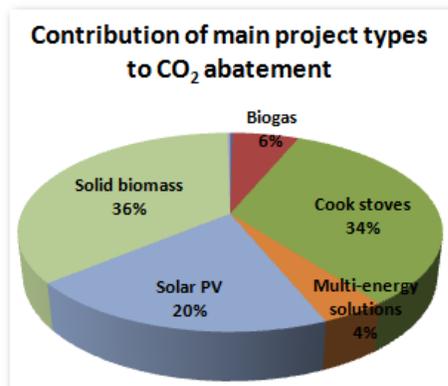
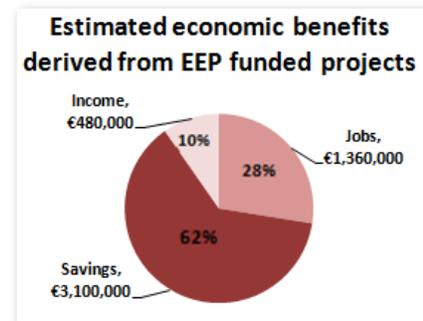
In terms of the type of projects that have so far been approved for funding, the figure on the left clearly illustrates that so far Solar PV projects (solar lanterns and Small Home Systems (SHS)) are the dominant category, followed by solid biomass and biogas projects .

Results achieved

The results achieved as reported in detail in the annual report are based on a comprehensive monitoring of the 50 EEP funded projects that were completed by the end of 2014. These are all projects that were funded under EEP phase I. Results are compared with targets set through the results framework that guides the overall EEP programme and that identifies 3 outcomes and their related outputs. The 3 outcomes that EEP is to deliver cover:

1. Increased access to and scaling up of sustainable energy services, leading to economic benefits and reduced CO₂ emissions. This outcome is to be achieved primarily through the funding of RE/EE projects.
2. Support to EEP project developers to ensure they are successful in starting and managing RE/EE energy businesses, raising and leveraging finance, managing project implementation. This is to be achieved primarily through provision of Business Development Support services to funded projects.
3. Knowledge management activities that lead to EEP being an active regional partner in: (i) generating RE / EE knowledge and evidence; (ii) sharing of experiences, and (iii) informing effective and inclusive regional RE/EE policies.

The first outcome is to be fully achieved through the EEP funded projects. So far, around 50,000 households have benefited from improved access to sustainable energy through the projects, leading to estimated economic benefits of around € 4.9 million. As the figure on the right illustrates, these benefits have been achieved through a combination of savings (such as cost savings on kerosene when replacing kerosene lamps with solar lamps and Solar Home Systems (SHS), and savings on firewood /charcoal through the use of more efficient cook stoves), jobs (production of cook stoves, installation of SHS, selling of solar lanterns, collecting biomass, etc.) and income generation (e.g. charging stations for solar lanterns, starting a barber shop running on solar energy, longer shop hours). A further analysis of the benefits showed that they are distributed fairly equitably across men, women and youth.



The combined cumulative CO₂ emission reductions of the 50 completed projects amount to an estimated 168,000 tons (based on an average lifespan of each technology of 7 years), with the highest contributions coming from solid biomass, solar PV and cook stove projects, as depicted in the figure on the left.

The projects have so far installed 0.5 MW of new renewable energy generation capacity (mostly solar PV), and have saved an estimated 27,000 MWh through promotion of energy efficiency technologies (primarily through improved cook stoves). The projects have generally been successful in scaling up their projects beyond the EEP funding, with 46% of the projects already reporting that they have expanded their activities, and 32% indicating that they have leveraged additional private sector investment.

The second outcome that EEP is to deliver relates to Business Development Support services. While EEP has not yet formally started providing BDS to projects, the framework for effective BDS has been developed. Monitoring efforts to date have shown that support will have to focus primarily on the commercial aspects of the businesses supported rather than the technical aspects. Projects funded under EEP phase II will be visited early in their implementation phase to assess whether (and what type of) BDS services are needed to help ensure the projects are successful and will lead to sustainable results.

In the meantime, EEP has strengthened its grant management framework to ensure that a high percentage of projects will be completed according to schedule (a major challenge during phase I). More stringent

reporting formats and schedules and more effective communication with projects has already led to a significant streamlining of the portfolio of projects inherited from phase I.

EEP's **third outcome** focuses on Knowledge Management, and uses the lessons learnt from the project portfolio to promote the growth of the sustainable energy sector in East & Southern Africa. A first important KM activity was undertaken in 2014 through the organisation of EEP's first Knowledge Exchange Forum. This Forum attracted 75 participants, mostly from Southern Africa who actively participated in panel discussions around "RE/EE business models and socio-economic benefits" and "Succeeding in bio-energy sector in the southern African region".

KM activities will be significantly expanded in 2015 (led by the new EEP programme director), building on the foundations already laid in 2014 such as the EEP website (with over 10,000 unique visitors), the EEP newsletter (over 1,400 subscribers), EEP's activities on social media such as LinkedIn and Flickr, and participation in a number of RE/EE events.

Ultimately, the KM activities should not only lead to increased knowledge and awareness on RE/EE amongst regional and national stakeholders in East and Southern Africa, but also to concrete results such as changes in energy policies that aim to promote sustainable energy technologies. During 2014 three of EEP-S&EA funded projects have already actively influenced policy processes in their respective countries. The Bio2Watt project in South Africa has done extensive lobbying to get legislation in place and adjusted to cater for biogas nutrient digestate spreading and agricultural utilisation on farm land. The "Scaling up sustainable charcoal briquette production" in Tanzania has widely shared their experiences through their website, interviews and newspaper articles, and through national conferences on the biomass energy sector. Lastly, the project investigating empirical evidence to determine when solar PV costs reach grid parity in Cape Town has provided evidence that solar PV makes sense as financial feasible alternative to grid supplied electricity.

Conclusion

2014 can be considered a successful transformational year for EEP-S&EA. During this year, the key elements that allow for effective results based management of the programme have all been put in place. The results of the 50 projects that have been monitored to date show that EEP-S&EA is generally progressing well towards the achievement of the results that relate to the first outcome of the EEP results framework (results delivered through the EEP funded projects), whereas the foundations are in place to progress significantly from 2015 onwards on the outcomes 2 and 3, which relate to Business Development Support and to Knowledge Management respectively.