

The ECREEE Business Plan (2011-2015)

2nd ECREEE-NFI Coordination Meeting, 27 August 2011, Kumasi

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PRESENTATION OUTLINE



- 1. OPERATIONAL ENVIRONMENT OF ECREEE**
- 2. ECREEE'S SWAT ANALYSIS**
- 3. ECREEE DEVELOPMENT SCENARIOS**





Energy Challenges & International Context



Low Access to modern energy services

- One of the lowest energy consumption rates in the world;
- The poor spend more of their income on low quality energy services;
- Rural areas rely mainly on traditional biomass to meet their energy requirements;
- Household access to electricity 20% (40% in urban and 6-8% in rural areas);

Energy security concerns

- High vulnerability to fossil fuel price volatility (60 % of electricity generation from oil)
- Gap between rising urban energy demand, available generation capacities and limited investment capital;
- High losses in the energy systems (e.g. high energy intensity, low energy efficiency);

Climate changes concerns

- Increasing energy related GHG emissions (new investments determine GHGs for the next 20 - 30 years)
- Climate change impacts vulnerable West African energy systems (e.g. water flows, extreme weather events)

International Context

- Increased initiatives to support RE & EE in Africa
- Failure of CDM in Africa but willingness to create a new wave of carbon projects



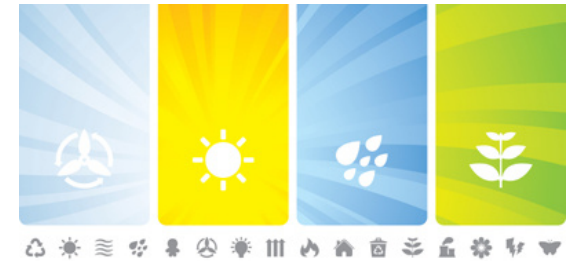
RE&EE Opportunities, Potential and Barrier in West Africa



- Opportunities
 - RE&EE can increase access to modern, affordable and reliable energy services
 - RE relies on local energy sources, creates local employment opportunities and prevents negative environmental externalities
 - Stand-alone RE systems are cost-effective in relation to conventional solutions
 - RE&EE reduces fuel imports dependence
- Potentials
 - West Africa can rely on a wide range of untapped RE resources
 - EE potentials (EE actions for commerce, buildings and industry, EE standards, EE for utilities)
- Barriers
 - RETs still tends to be more expensive than conventional energy technologies
 - Lack of knowledge and barriers of trends and state of the art of RETs
 - Subsidies for fossil fuels
 - High upfront costs for RET (even if they have marginal operational costs)
 - Lack of tailored policies as well as regulatory and legal framework for RE&EE



Foundation of ECREEE

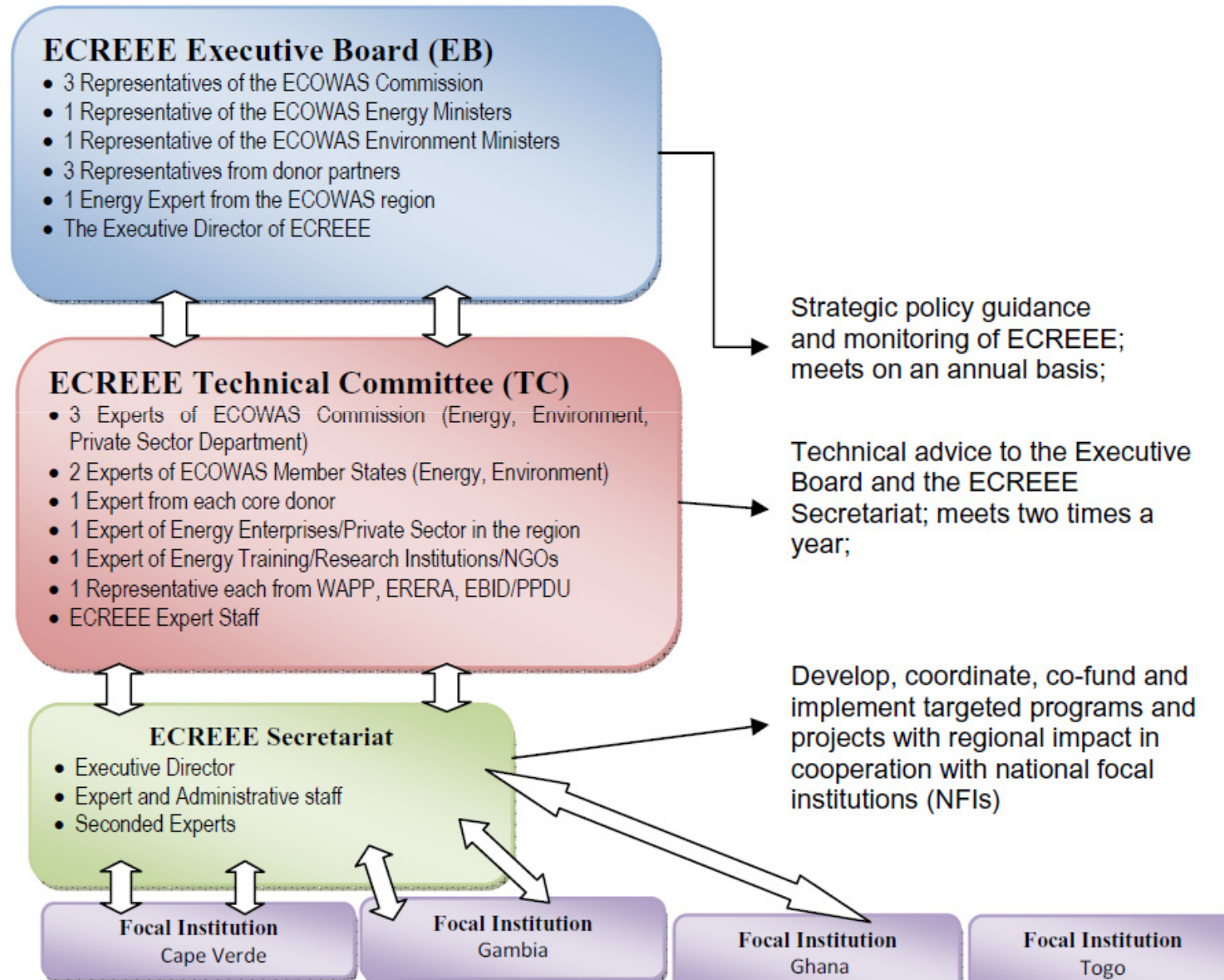


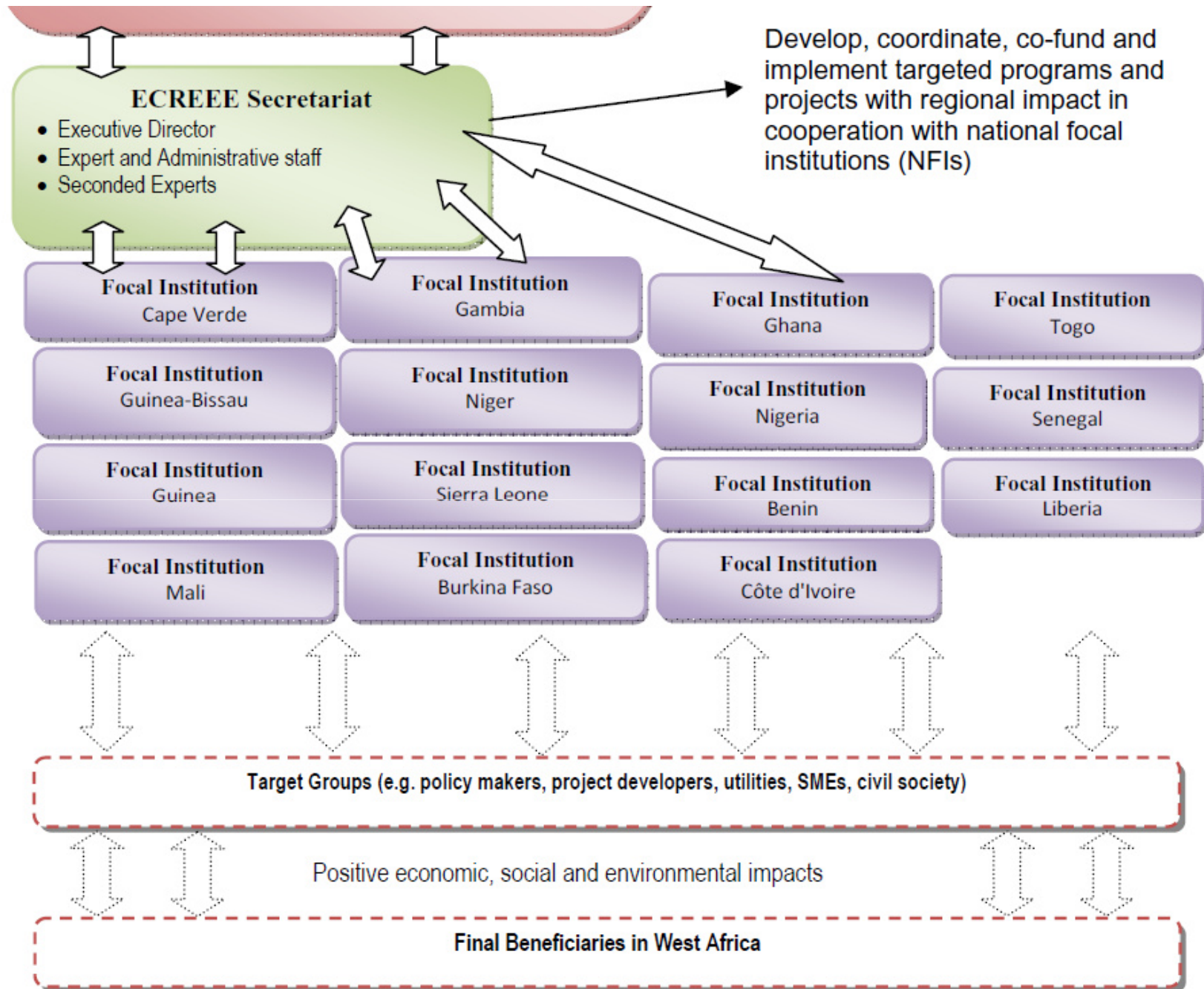
- The **Ouagadougou Declaration from 12 November 2007** highlighted the need for a regional RE&EE Centre at the background of rising oil prices
- Foundation laid by **Regulation C/REG.23/11/08** of the 61st Session of ECOWAS Council of Ministers in Ouagadougou, Burkina Faso, on November 23, 2008
- **Launch of the ECREEE preparatory phase in November 2009** with support of the ECOWAS Commission, the Austrian and Spanish Governments and technical assistance from UNIDO.
- **Official Inauguration and first Executive Board meeting launched operational phase of ECREEE on 6th July 2010**
- **Nomination of the National Focal Institutions (NFIs) and 2010 work plan implementation**
- **2nd Executive Board meeting adopted 2011 work plan, 28 January 2011**

Official Launch of ECREEE



Annex IV: ECREEE Structure







Logical Framework of ECREEE



	<i>Intervention logic</i>
Development goal/impact	To contribute to the sustainable economic, social and environmental development of West Africa by improving access to modern, reliable and affordable energy services, energy security and reduction of energy related GHG emissions and climate change impacts on the energy system.
Outcome(s)/immediate objective(s)/	The specific objective of ECREEE is to create favorable framework conditions for regional RE&EE markets by supporting activities directed to mitigate existing technology financial, economic, business, legal, policy, institutional, knowledge and capacity related barriers.
Result areas and outputs	<ol style="list-style-type: none"> 1. Effective regional RE&EE promotion agency created and efficiently managed 2. Funds for RE&EE programs and projects mobilized and implemented 3. Effective regional partnerships and networks created and implemented 4. Tailored policy, legal and regulatory frameworks created and implemented 5. RE&EE capacities are strengthened and applied 6. RE&EE knowledge base, awareness raising and advocacy strengthened 7. Business and Investment Promotion



ECREEE's Services:



- **Provide a coherent RE&EE policy and strategy framework** for the ECOWAS region and facilitate implementation on national levels;
- **Coordinate, develop and execute regional key programs and projects and mobilize funding**
- Operate as **key entry point for the implementation of international funding to mitigate climate change in the energy sector**
- **Provide co-funding for demand-driven programs, projects and initiatives executed by the private and public sector or civil society in the region** (through call for proposals and tenders);
- **Think tank, lobbying agent, knowledge and advisory platform for RE&EE** in West Africa and international;
- **Networking agent and organization of conferences, forums and workshops;**
- **Facilitator for north-south and south-south cooperation and partnerships** for knowledge and technology transfer;

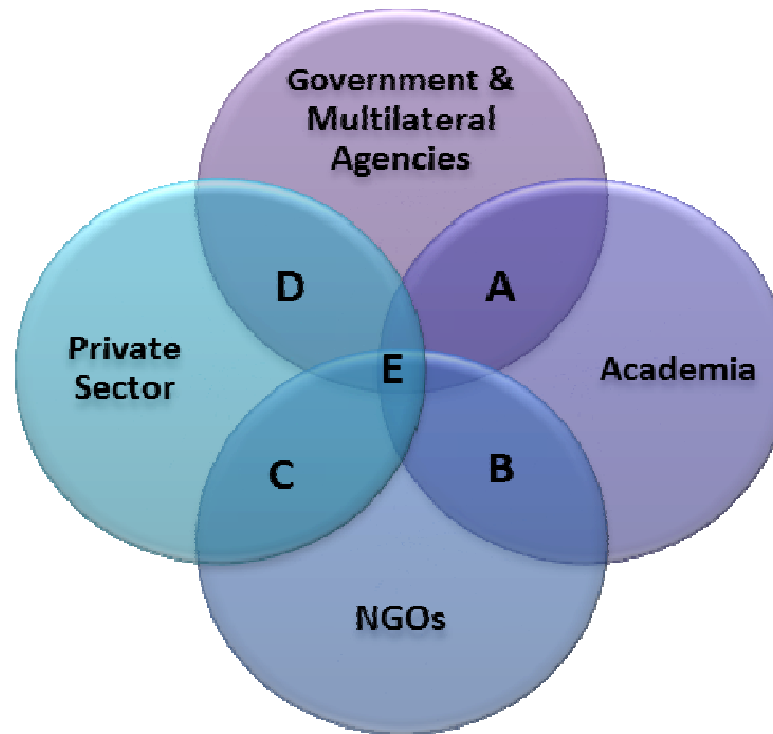


ECREEE Strategic Position



ECREEE as partner and not competitor

ECREEE as RE&EE Promotion Agency





ECREEE's SWAT analysis



Strengths

- **ECOWAS mandate** and access to high level decision makers in the region through the NFIs
- **Clear decision making structures** established
- **Effective team** of local and international experts
- **Flagship programs** to be implemented during the next five years are already defined
- **Annual work plan, budgeting and reporting cycle** established and agreed by the donor partners
- **Strong financial and technical support** from donor partners
- **Access to international policy processes** through political mandate
- Significant **long-term funding**
- **Holistic approach** in addressing RE&EE barriers
- Commitment to RE&EE and **stability of host Cape Verde**, and easy demonstration of RE&EE viability in the island context
- Awareness of importance of strong and transparent administrative, financial and procurement procedures
- **Well connected** on international levels

Indicative Budget of ECREEE for 2010 to 2015

Core Budget Commitments	in (EUR)
<i>Government of Nigeria</i>	7.600.000,00
<i>Agencia Española de Cooperación Internacional para el Desarrollo (AECID)</i>	7.082.000,00
<i>Austrian Development Agency (ADA)</i>	1.800.000,00
<i>ECOWAS Commission</i>	1.800.000,00
<i>UNIDO</i>	600.000,00
<i>Federative Republic of Brazil</i>	0,00
<i>USAID</i>	220.000,00
Subtotal 1	19.102.000,00
Mobilized Program and Project Funds	in (EUR)
<i>ACP-EU Facility Energy Efficiency for Access in West Africa (SEEA-WA)</i>	2.250.000,00
<i>ACP-EU Facility Energie de Cuisson Economique pour l'Afrique de l'Ouest"</i>	3.450.000,00
<i>GEF Promoting regional coherence and coordination under the SPWA</i>	1.112.881,00
<i>GEF Technology Transfer Project: TYPHA-CEMENT-COMPOUNDS</i>	1.493.800,00
<i>GEF Promoting market based small to medium scale RE systems in Cape Verde</i>	1.283.310,14
<i>EU-PDF ECOWAS Renewable Energy Policy</i>	200.000,00
Subtotal 2	9.789.991,14
Total (Subtotal 1&2)	28.891.991,14
<i>Funds implemented so far (31 December 2010)</i>	1.121.606,58
<i>Total funds available</i>	27.968.384,56

(see also ECREEE status report)



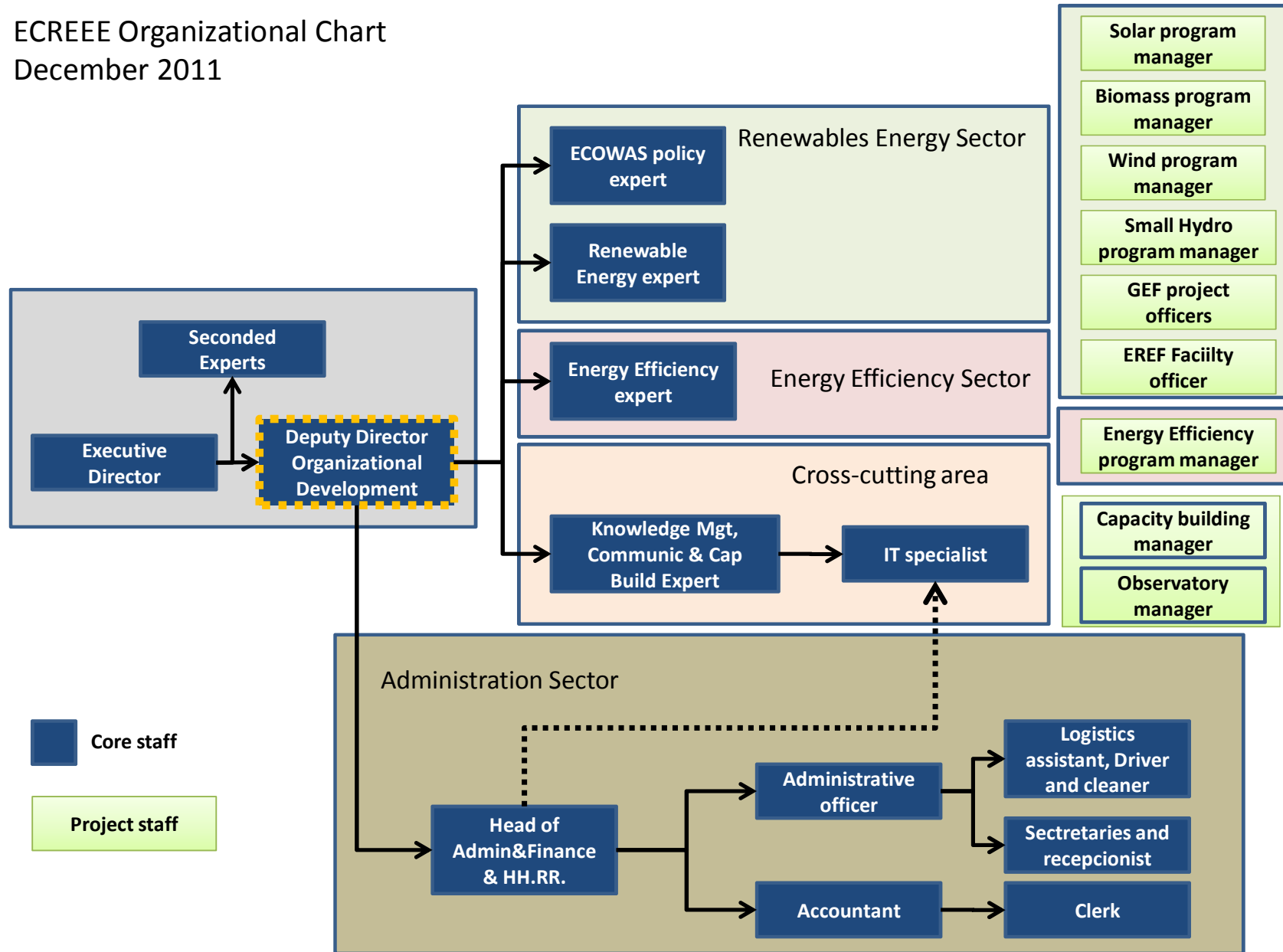
ECREEE's SWAT analysis



Weaknesses

- **Institutional capabilities** in critical program and project management areas require improvement
- ECREEE is a **small organization with a limited management team** facing a large mandate to deliver results in a large and complex region
- **NFI capabilities** are limited and weaknesses probably less well known
- **Incomplete integration of information systems** across the ECREEE network
- Relatively **isolated location of the ECREEE Secretariat** with high logistics costs
- **Limited technical knowledge** of RE technologies and experience with integration and system planning issues

ECREEE Organizational Chart
December 2011





ECREEE's SWAT analysis



Opportunities

- The **emphasis of ECREEE to build up frameworks** leads to a sustainable development in the RE&EE sector in the region in a long-term view
- **Investor interest in RE&EE projects** in region creates potential for tie-ins, demonstrations, technology transfer and possibility of claiming quick successes
- **Donor emphasis on Africa and increasing climate mitigation funding** create potential for new programs
- **International energy and climate conferences** and decision making processes offer opportunities for international recognition and lobbying for West African RE&EE interests
- Establish **ECREEE as regional partner of international institutions** with RE&EE mandates and international climate mitigation funding (such as IRENA, IEA)
- **Rising petroleum prices create new pressure** on national governments to act
- **Decreasing prices for RE & EE technologies**



ECREEE's SWAT analysis



Threats

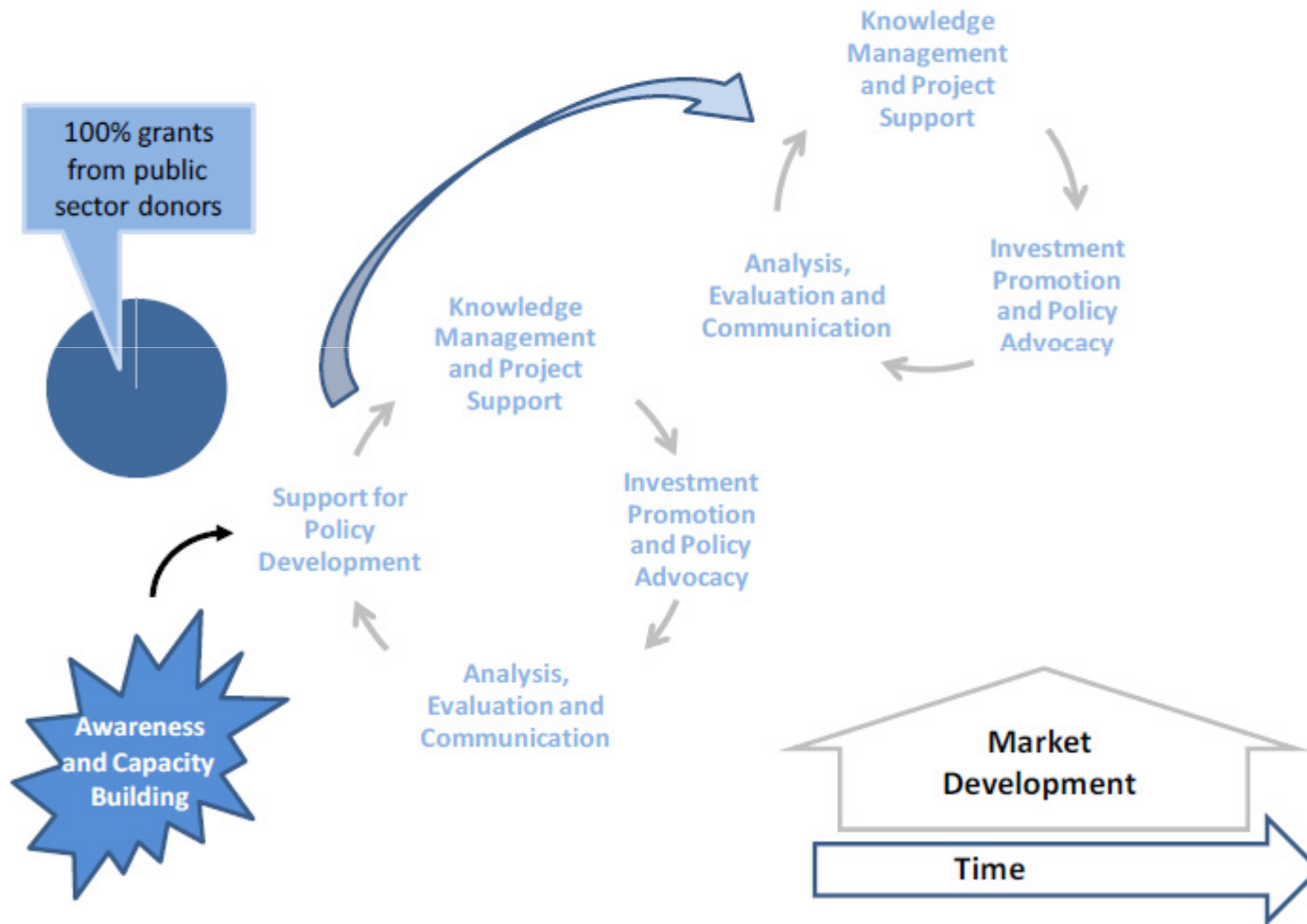
- Potential for insufficient engagement **and limited follow-through by policymakers in member states**
- **Low competitiveness of some RE&EE technologies** in relation to other conventional relatively clean sources and technologies erode support for ECREEE
- **Mismatch between regional and national activities;** lacking implementation of regional outcomes in the national contexts
- **Poor or slow project implementation** may compromise Center's ability to continue to raise funds
- The obligation to implement donor funding according to **a wide range of different administrative and financial procedures** and procurement rules lead to delays and high administrative overhead
- **Loss of focus** and risk of 'donor fatigue' given ECREEE's limited staff and considerable donor interest
- **Lack of clarity and clear mandate regarding** coordination with other ECOWAS/UEMOA institutions and organizations (such as WAPP and ERERA)
- **Recruitment difficulties** and loss of human capital of ECREEE due to isolated location and language context of Cape Verde
- **Difficult political environment in West Africa**



ECREEE's evolution towards 2020



Current situation - 2011





ECREEE in 2011 - activities and revenues



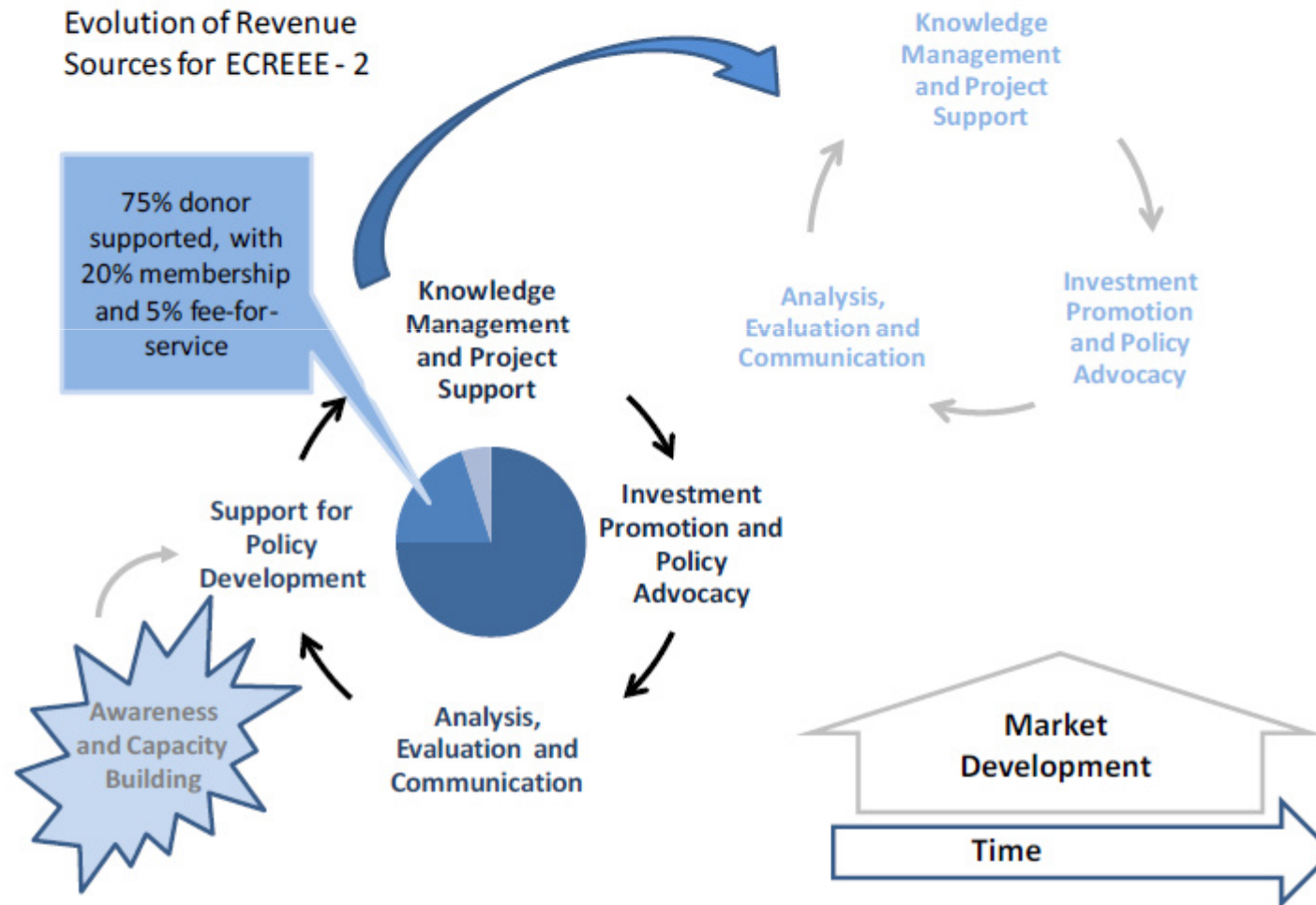
<i>Activities</i>	<i>Revenue types</i>	<i>Revenue sources</i>	<i>Revenue uses</i>
<ul style="list-style-type: none"> • Manage and disseminate knowledge • Foster communications • Convene regional stakeholders • Manage programs • Provide funding for programs and investments in renewable energy and energy efficiency projects • Act as regional POC for international partners 	<ul style="list-style-type: none"> • Grants • Interest income from cash management 	<ul style="list-style-type: none"> • Bilateral development agencies • Multilateral development agencies • National governments in ECOWAS region • Regional institutions 	<ul style="list-style-type: none"> • Core operating costs • ECREEE capital investment • Program costs • Project investments (demonstration and commercial ventures)



ECREEE's evolution towards 2020



Following initial diversification phase – about 2015

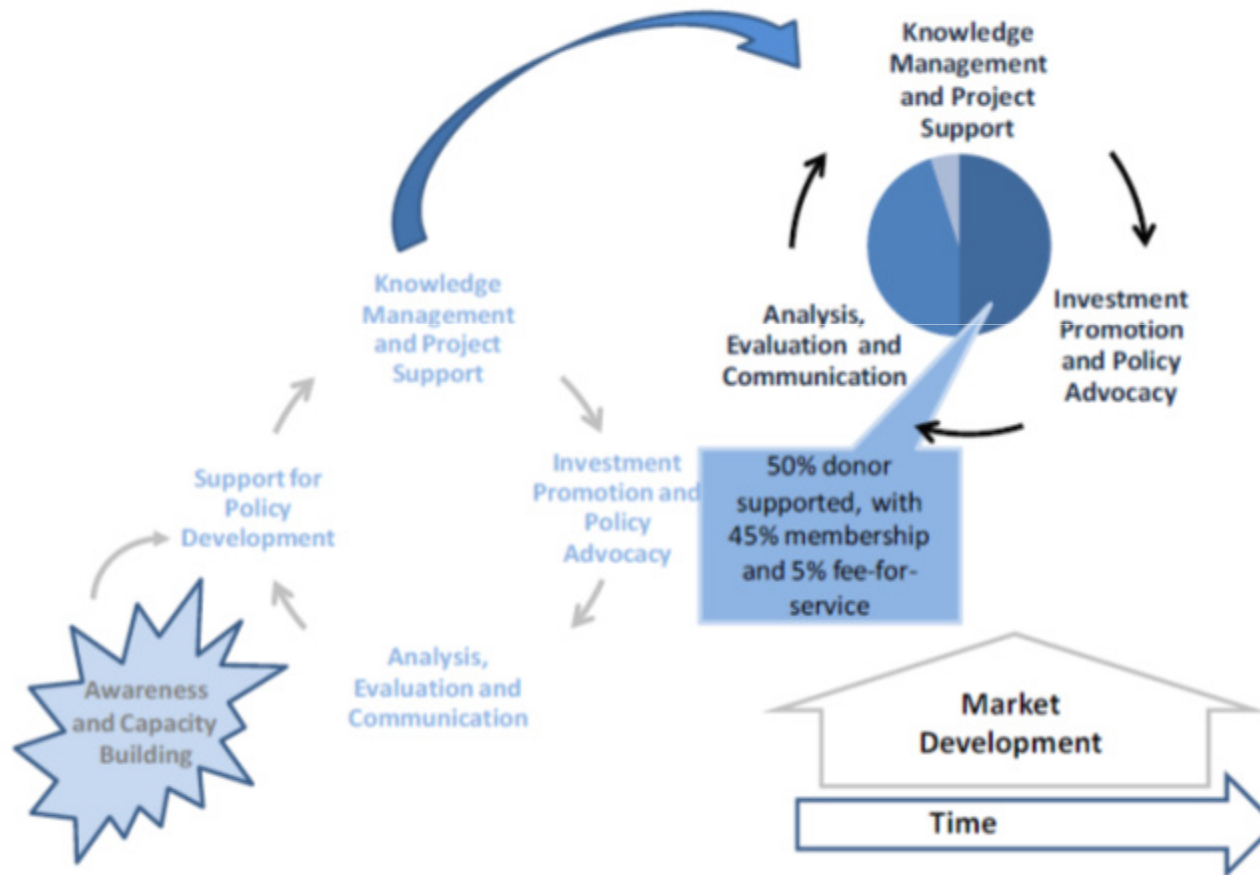




ECREEE's evolution towards 2020



Following period of continued diversification and consolidation – about 2020





ECREEE in 2020 - activities and revenues



<i>Activities</i>	<i>Revenue types</i>	<i>Revenue sources</i>	<i>Revenue uses</i>
<ul style="list-style-type: none"> • Manage and disseminate knowledge • Foster communications • Convene regional stakeholders, including policymakers, businesses and other stakeholders • Manage programs • Provide defined services to members and clients • Provide funding for programs and investments in renewable energy and energy efficiency projects • Act as regional POC for international partners 	<ul style="list-style-type: none"> • Grants • Annual membership dues • Fee-for-service income • Dividends from investments • Interest income from investments • Interest from cash management 	<ul style="list-style-type: none"> • Bilateral development agencies • Multilateral development agencies • Multilateral financial institutions • National governments in ECOWAS region • Regional institutions • Private companies • Private foundations • Recipients of investments or loans by ECREEE 	<ul style="list-style-type: none"> • Core operating costs • ECREEE capital investment • Program costs • Project investments (demonstration and commercial ventures)



Indicators, Targets & Funding Requirements

2011- 2015



Leveraged Funding Requirements:

4 Year Estimate

€ 90,500,000 (approx)

Yearly Estimate

€ 22,625,000 (approx)



*Thank you! Merci!
Muito obrigado!*

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