

Rationale for the EELA TA and Co-financing Facility

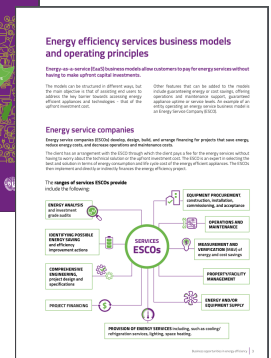
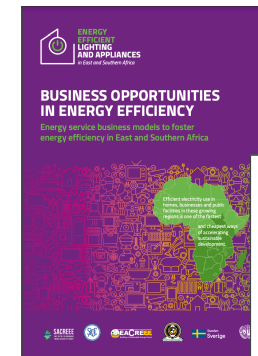
Role of private sector in EELA market transformation

Vibrant markets are supported by enabling policies and regulations, and governments with the capacity to enforce standards, but also through **suppliers and other energy companies offering quality products and services, while consumers are aware and are demanding quality energy efficient appliances and equipment.**

Barriers to private sector investments in EELA

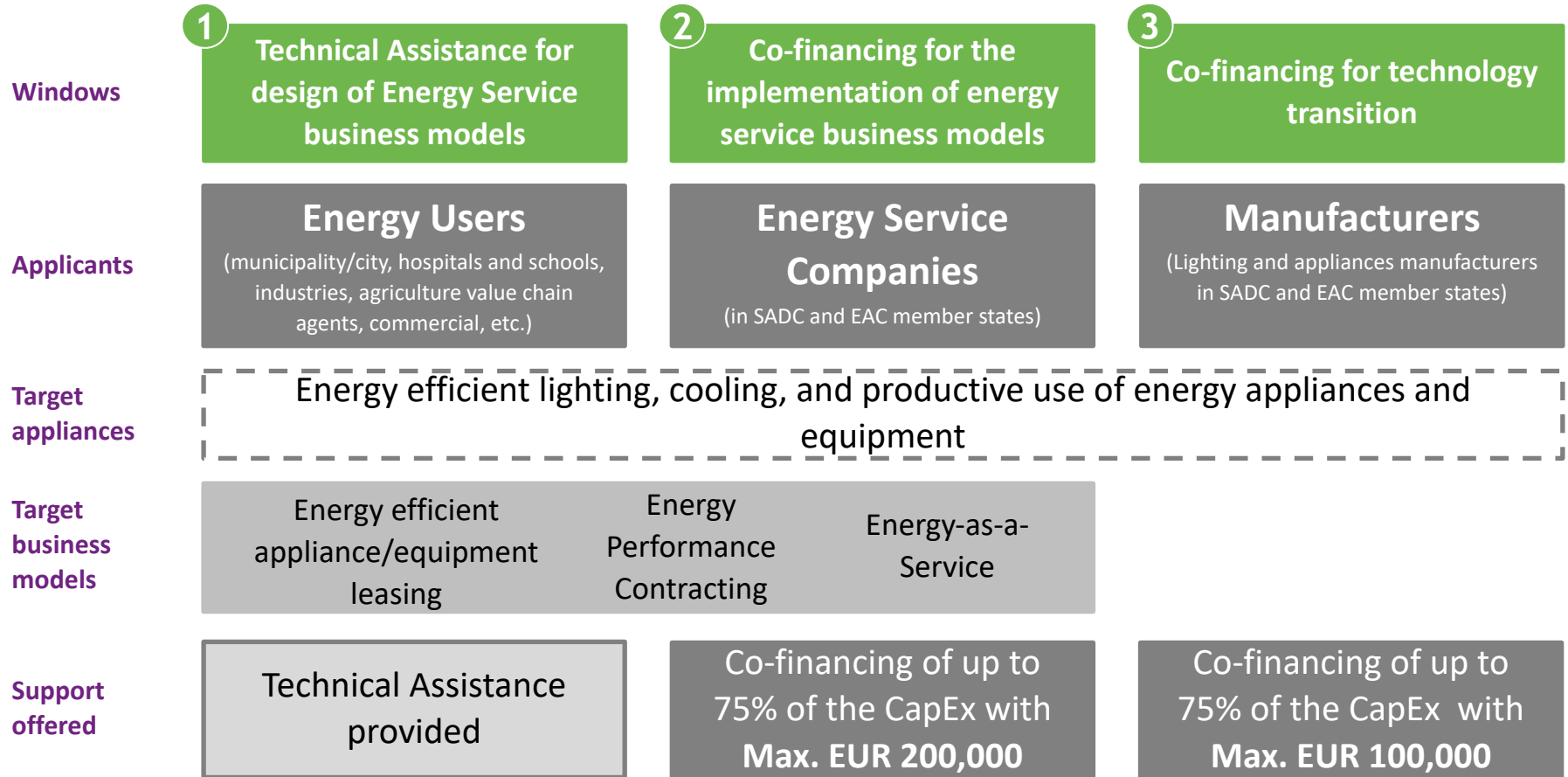
- High upfront cost of EE technologies
- Lack of affordable financing for EE projects
- Uncertainty in the performance of the EE technology
- Limited technical skills for designing and implementing EELA projects

EELA private sector strategy: Energy service business models for EELA



[Link](#)

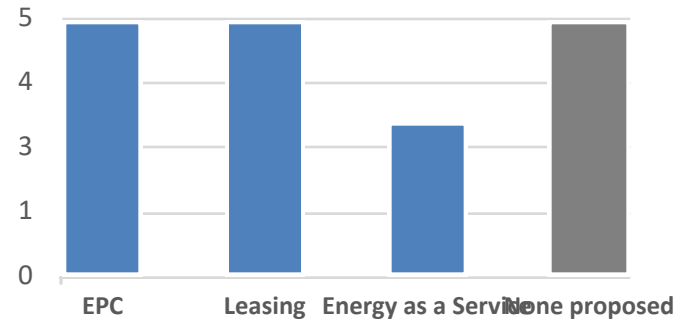
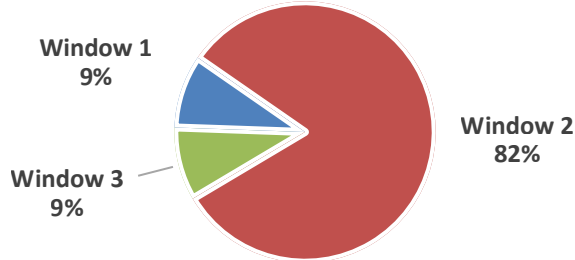
EELA Technical Assistance and Co-Financing Facility



Open Call for Expressions of Interest between February and December 2021

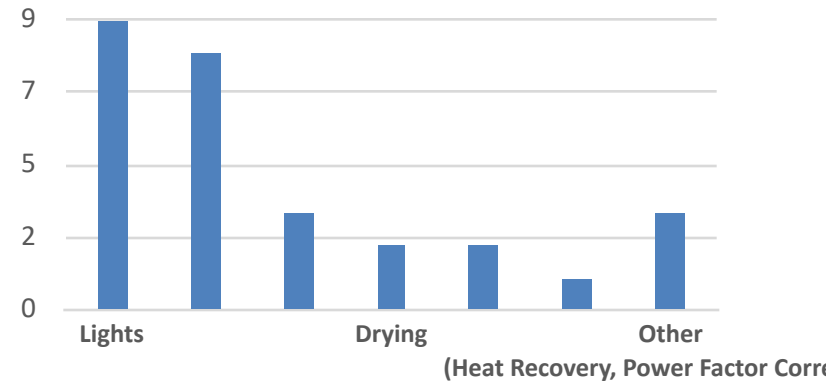
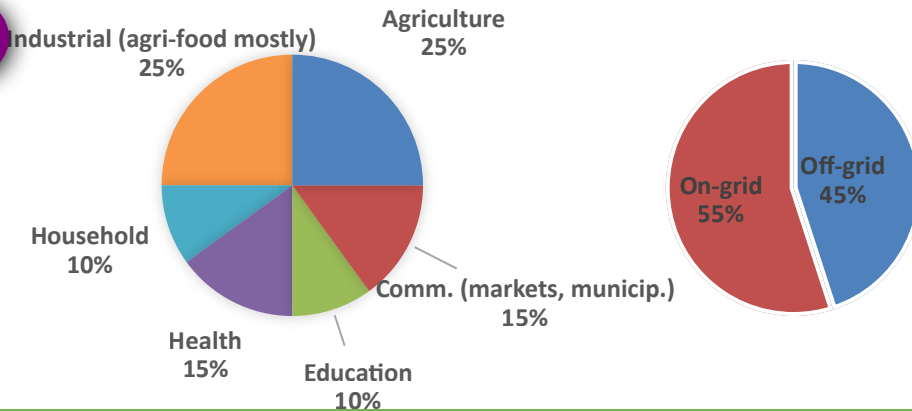
Outcome of the call for EOI

A



35 applications received, 22 in scope (Out of scope incl. SHS, mini-grid, labs, audits, etc.)
Applications in scope were mostly to Window 2, with varied energy service business models

C



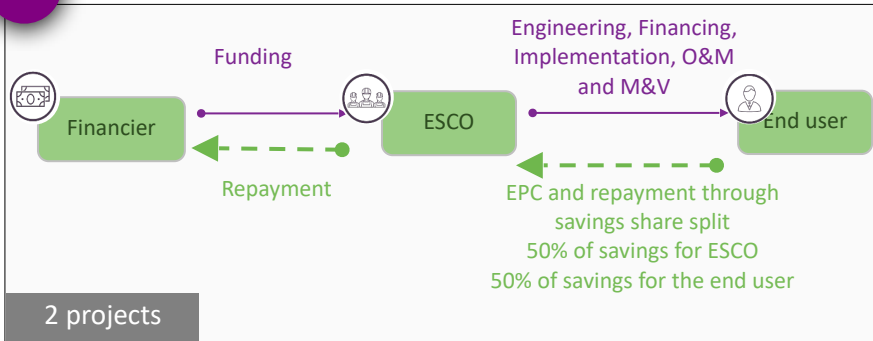
Projects in scope distributed across sectors and in on-grid and off-grid areas. Projects mainly targeted lighting and cooling appliances. *W3 are excluded from C1&2 Pie charts

2 Energy users (Window 1)

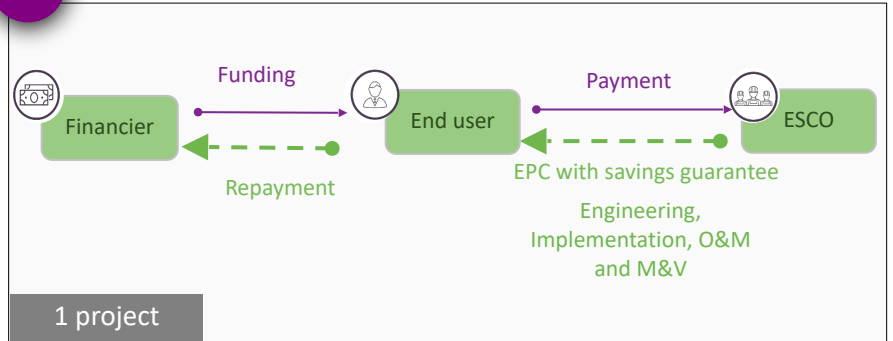
6 ESCOs (Window 2)

Energy service business models received and supported by the Facility

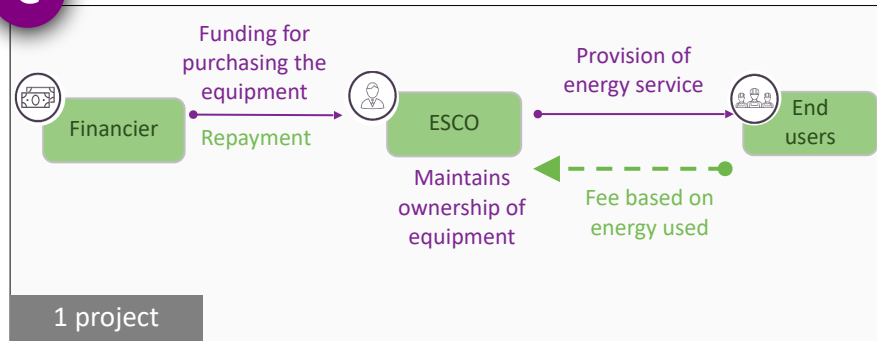
A Energy Performance Contracting (Shared Savings Model)



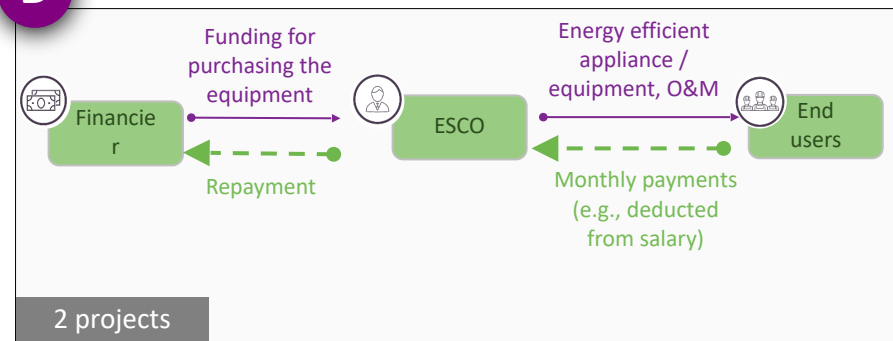
B Energy Performance Contracting (Guaranteed Savings Model)



C Energy-as-a-Service



D Energy Efficient Appliance/Equipment Leasing



Lessons learned from the EELA Facility (1/4)

Category	Lessons learned	Recommendations
<p>1. Technical capacities of ESCOs</p>	<ul style="list-style-type: none"> • Technical capacity of ESCOs to design and implement projects using energy service business models for EELA are relatively low, as this is a new market in EAC and SADC. In fact, technical assistance had to be provided under Window 2, which was not initially planned. 	<ul style="list-style-type: none"> • Provision of consultative support to local ESCOs to compliment their capability from a technical, commercial and contractual aspect, both at the design level but also in the implementation phase, is necessary. • Restricting the facility to ESCOs who have participated in a training programme can help reduce reduce project risks and transaction costs.

Lessons learned from the EELA Facility (2/4)

Category	Lessons learned	Recommendations
<p>2. Awareness of energy users on EELA and energy service business models</p>	<ul style="list-style-type: none"> • High potential for EELA projects across sectors and in on and off-grid areas. • • Although national meetings were conducted to create awareness on the facility and the facility was promoted in international events, applications mostly from ESCOs. • • For the two energy users (hospitals in Tanzania) receiving TA under Window 1, walk-through energy audits had to be included in the Technical Assistance. 	<ul style="list-style-type: none"> • Extensive awareness creation on EELA, monetary savings for EELA, energy service business models is needed to reach and create interest among energy users, and channels have to be tailored to the target energy user groups.

Lessons learned from the EELA Facility (3/4)

Category	Lessons learned	Recommendations
<h3>3. Financing for EELA projects</h3>	<ul style="list-style-type: none"> • ESCOs in EAC and SADC face strong barriers to obtaining commercial financing, which involves high interest rates and collateral requirements (even with the grant co-financing) • • Banks are unfamiliar with EE/EELA projects and ESCO models and perceive that EE/EELA projects carry high risk 	<ul style="list-style-type: none"> • A loan guarantee fund, with a grant component and a partnership with a fund manager or bank could be an appropriate approach for a scale-up of the facility. • • Awareness and capacities of financing institutions in the region to conduct technical due diligence and appraise ESCO projects needs to be built. • • Low risk projects can be promoted and financing can be restricted to ESCOs that undergo a formal training, while grants are provided for proof-of-concept projects.

Lessons learned from the EELA Facility (4/4)

Category	Lessons learned	Recommendations
<h3>4. Regulations for EELA projects</h3>	<ul style="list-style-type: none"> In countries with regulations for energy audits and implementation, there is higher awareness among energy users and stronger capacity among ESCOs on EE and EELA, e.g., Kenya with Energy Management Regulation 2012 and the licensing of energy auditors by EPRA 	<ul style="list-style-type: none"> EELA / EE facilities can target more mature markets first. Governments can be supported in the creation of enabling environment for ESCOs. Government can create demand by promoting projects in public buildings and facilities, and enforcing energy audit and retrofit directives for large energy users. Suitability of accreditation and certification schemes for ESCOs can be evaluated.



**ENERGY
EFFICIENT
LIGHTING
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in East and Southern Africa

THANK YOU

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