

BUSINESS PLAN

2019 – 2023

EXECUTIVE SUMMARY



SACREEE

SADC CENTRE FOR RENEWABLE
ENERGY & ENERGY EFFICIENCY

This document is an abbreviation of the full report.
The full report is available at www.sacreee.org



SACREEE Business Plan 2019-2023

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SACREEE Chairperson's Statement

The SADC Centre for Renewable Energy and Energy Efficiency SACREEE enters its first operational phase of 5 years (2019 – 2023) at a time of rapid global change and the emergence of an international trend towards a highly dynamic energy system. The Sustainable Development Goals ("SDG's") are now generally endorsed and accepted, as is the Paris Agreement. The Fourth Industrial Revolution is looming, inviting us to accept the inevitability of change and to steer it towards the optimisation of the common good. These factors combine to make SACREEE's role extremely important to the future prosperity of the Southern African Development Community (SADC).

Our mandate reflects the developmental imperatives of our region: Renewable Energy and Energy Efficiency with their impressive technical advances of recent years need to be harnessed to increase energy access and enhance energy security. This together with the job creation and localisation benefits that a thoughtful execution of our mandate can drive, will support economic growth, social well-being, environmental custodianship and other fundamental principles of the SDG's, especially gender equity and gender mainstreaming.

Our guiding principle will be "pamoja" (together). By combining the resources of the SADC Member States we can create a highly impactful SADC agency on sustainable energy that can serve the collective and individual needs of the Member States. In this manner we intend to contribute to competitive and productive SADC economies and industries.

In this context it is most gratifying to present SACREEE's Business Plan for 2019 – 2023. It is the product of extensive stakeholder consultation and review by SACREEE's Steering Committee – its governing body. It has been formally presented and approved by the latter on 13 February 2019 in Dar es Salaam, where it was accepted. The final version was ratified by Member States on 4 October 2019 in Johannesburg.

I have full confidence that the five-year period under consideration will see SACREEE grow to an important agency within the SADC structures.



Mr. John J. Titus
Chairman

SACREEE Executive Director's Introduction

The SACREEE Business Plan 2019 – 2023 has been developed to steer the development of SACREEE in the very important initial five-year period within a thorough understanding of the international and regional contexts that the Centre will simultaneously operate in. At a regional, SADC level, SACREEE is charged with becoming a transformational regional body that plays a significant role in ensuring access to modern energy services and improved energy security through the promotion of energy efficiency and renewable energy. The Business Plan sets out these goals and priorities.

At an international level, consensus and multilateral endeavours are increasingly prioritising renewable energy and energy efficiency. The Business Plan acknowledges these realities in detailing an external environmental scan of SACREEE and notes the role that scarcity of resources and poverty play both in the challenges SACREEE is asked to address and in the funding of the Centre itself.

The core interventions SACREEE will make in executing its mandate are the Flagship Programmes with their underlying projects, followed by the log frame and results framework that will be used to ensure that SACREEE is at any given moment on course towards its medium and long term objectives. A modular and organic growth strategy that occurs in keeping with resource availability will be pursued to avoid the Centre overstretching itself.

I am confident that, with the support of different stakeholders, the Business Plan will prove invaluable in guiding SACREEE through its formative years, in the execution of an important mandate.



Mr. Kudakwashe (Kuda) Ndhlukula
Executive Director

EXECUTIVE SUMMARY

The Southern African Development Community (SADC) Centre for Renewable Energy and Energy Efficiency (SACREEE) is the fulcrum of sustainable energy development in Southern Africa. SACREEE was established to contribute towards increased access to modern energy services and improved energy security across the SADC region through the promotion of integrated and inclusive regional markets for renewable energy and energy efficiency products and services. SACREEE was established through a subsidiarity principle, by the SADC Ministers responsible for Energy in 2015 and endorsed by the 35th SADC Council of Ministers Meeting.

The Centre receives key technical support from the United Nations Industrial Development Organization (UNIDO) and financial assistance from the Austrian Development Agency (ADA). The Centre is hosted by the Government of Namibia in Windhoek, through its Ministry of Mines and Energy. The Centre is member of the Global Network of Regional Sustainable Energy Centers (GN-SEC).

As one of the specialized¹ agencies of the SADC Secretariat and with a mandate on modern energy services, SACREEE is mandated to support the region's economic and social development also through industrialisation, guided by, amongst others, the SADC Protocol on Energy of 1996, the revised Regional Indicative Strategic Development Plan (RISDP 2015-2020), the Regional Infrastructure Development Master Plan (RIDMP, 2012) and the SADC Renewable Energy and Energy Efficiency Strategy and Action Plan (REEESAP, 2017) in an environmentally benign manner. SACREEE's main areas of intervention include support in executing regional and continental energy policy, capacity building, knowledge management and financing and investments.

Sustainable energy, as led by renewable energy (RE) and energy efficiency (EE), has emerged internationally as a key developmental imperative to broader welfare and prosperity, where RE is now the most affordable source of new energy in a number of countries, with costs still dropping. The international adoption of the Paris Agreement on climate and the Sustainable Development Goals (SDGs) have created strong enabling frameworks for RE and EE. The challenges of the Energy Transition to a sustainable low carbon future show many similarities across regions and has led to international collaboration to share and transfer learnings such as through the GN-SEC, which SACREEE is part of.

The Business Plan is designed to guide SACREEE in executing its mandate during the period 2019 – 2023. It is structured and presented in four (4) parts:

01



Introduction

SACREEE as a transformational SADC agency by 2023

02



Situational Analysis:

Assessing SACREEE in the context within which it will operate (using the "PESTLE" and "SWOT" analysis tools)

03



Achieving SACREEE's purpose through measurable, programmatic interventions (postulating the SACREEE Flagship programmes, the Theory of Change and the Results Framework)

04



Building Capacity for Success; which presents the operational model for SACREEE, the organisational structure and the Budget to steer the Centre forward.

¹ Along with the South African Power Pool (SAPP) based in Harare, Zimbabwe and the Regional Electricity Regulators Association of Southern Africa (RERA) based in Windhoek, Namibia. The mandate of SAPP is to provide least cost, environmentally friendly and affordable electricity and increase accessibility to rural communities through a competitive electricity market in the SADC region. RERA's mandate is to facilitate harmonisation of regulatory policies, legislation, standards and practices and to be a platform for effective cooperation among energy regulators within the SADC region.

Besides the SADC context challenges, such as the need to attain universal access to clean and affordable energy by 2030 and the need for a secure energy supply, it is evidently clear that the following nine, global megatrends have a strong bearing on SACREEE's development trajectory. These are:

1. Urban energy demand is rapidly growing in emerging and developing countries;
2. Meeting the set targets of the Paris Climate Agreement and the Sustainable Energy Development Goals (SDGs), particularly SDG-7, SDG-9 and SDG-13 by 2030 requires major investments in sustainable energy;
3. The pace of technological change/innovation is accelerating;
4. Renewable energy technologies in combination with energy efficiency measures have become increasingly a least-cost option in relation to fossil fuel alternatives;
5. A just transition considering the rights and interests of especially workers in the fossil fuel industries is becoming more and more important;
6. Sustainable development is being increasingly embedded in the energy transition;
7. The nexus between the electricity, transport and heating/cooling sectors is becoming stronger and more important²;
8. Tools for grid integration of variable renewable power are advancing rapidly;
9. Profound advances have been made in electricity storage.

These trends lead to an international context that increasingly favours the work of SACREEE and will open up many collaborative opportunities with partners and funders.

In line with its mandate of promoting sustainable energy to meet SADC's development agenda, six (6) flagship programmatic areas have been identified for the period 2019 – 2023:

1. Scaling-up renewable energy with a focus on grid integration and off-grid solutions
2. Energy efficiency
3. Regional industrialization
4. Investment attraction
5. Cross-cutting: Inclusive energy transition (including clean cooking)
6. Cross-cutting: RE & EE data, communication & awareness raising



SACREEE launch 24 October 2018 - Namibia, Windhoek

² "Considering the social aspect of the transition towards a low-carbon economy is crucial for gaining social approval for the changes taking place. Public policies to reduce emissions will face social resistance and significant political risks for the governments implementing them if they are not accompanied by social security programmes for workers whose jobs will be lost or transformed. For these reasons, the issue of fair transition is a vital issue for governments, social partners and civil society organisations" – see <https://cop24.gov.pl/presidency/initiatives/just-transition-declaration/>, retrieved on 15 July 2019

The flagship projects proposed will be implemented through a carefully designed suite of interventions and based on the expectations on the Centre as outlined in the REEESAP, those voiced by the SADC Member States (MS) as well as key trends resulting from the international energy context. A Theory of Change has been applied to clearly illustrate the cause-to-effect relationship between the various programmes, the intended results / changes, and the drivers and assumptions that apply along the causal pathways.

There are many imperatives like poverty alleviation, social welfare, other infrastructure like housing and roads and healthcare that compete with SACREEE for base funding. Hence, the entire Business Plan has been developed on a basis that will allow the Centre success. The Member State obligatory contributions is the anchor funding for SACREEE's core structure upon which programmatic activities are formulated and executed over the first five years of SACREEE's life. With base funding from the MS, SACREEE will enjoy unfettered ambition and an increased level of activity.

In 2023, the organogram represents a fully operational structure with a permanent staff component that includes Divisional Heads as well as Key Specialists to head up the six (6) Flagship Programmes. The Centre's mandate is actualised through specialists' activities, driving objectives within policy and capacity development, and effective monitoring and evaluation. The staff component and organisational chart is structured around four (4) divisions: Renewable Energy; Energy Efficiency; Administration and Finance; and Support Staff in the Office of the Executive Director. The Renewable Energy Division is supported by a Mini- and Off – grid Specialist and a Finance and Investment Specialist (to help formulate and drive private sector investments into clean energy projects), while the Energy Efficiency Division is supported by three specialists namely; Industrial Development Specialist, Green Building, Lighting and Standards, and Clean Cooking Expert.

The Administration and Finance Division is responsible for providing the Secretariat with efficient support in managing its human and financial resources and ensures effective and timely delivery of Board of Directors' secretarial services. The Office of the Executive Director is equipped with cross-cutting experts and specialists including a Gender Expert and international experts who will support SACREEE's effective delivery of its mandate.³ In order to avoid a top-heavy structure, one of the Divisional Heads will act as Officer-in-Charge in the absence of the Executive Director. A core structure of 17 permanent staff and a number of temporary project personnel (project officers, seconded experts, interns/volunteers and project administration staff) is envisaged. The filling-in of the above positions is staggered over the five-year Business Plan period to allow mobilization of financial resources to pay for the positions.

A modest budget is proposed to support SACREEE to fulfil its mandate in the next 5 years. The budget is based on a bottom up estimation of the cost to deliver the various components of the flagship programmes, the proposed outputs and taking into account the proposed indicators and known available funding sources. The SACREEE fixed costs (office costs and staff) are also built bottom up, using the SADC Secretariat salary guidelines and included in the broader budget and assuming a steady growth pattern from the presently proposed 5 core staff to the possibility of 17 staff complement in 2023.

The Member States are the primary funders of SACREEE's fixed costs with an annual contribution of the dollar equivalent of € 28,000 per MS (USD 31,360). The fixed costs are currently covered by the Government of Namibia alone. At the moment and since its inception, the core budget of SACREEE is funded by ADA/UNIDO with a commitment until the end of 2019. As detailed below, the project budget starts off already with a deficit that increases as the Business Plan progresses largely due to increasing staff costs and diminishing commitments from the core donors and unsecured project funding. It is therefore imperative that efforts are intensified to generate funded projects and secure anchor donors to increase revenues and thus reducing the deficit. The finalisation of the legal constitution of SACREEE is critical for the Centre to secure the funded projects and support from anchor donors.

At a generic level, SACREEE is an important agency that the international community (including the Member States) depends upon to advance its global aims on sustainable development goals and sustainable energy access and energy security in the SADC region. In this sense, SACREEE will pursue active interaction and resource mobilisation with the regional and international community in order to raise project funding. SACREEE will charge an admin levy on all projects for their administration, which will serve to provide the funding to ensure that the SACREEE staff component remains able to deal with work load even as additional projects require additional management and administration. In the current model, this levy is put at 12%. The exact levy is however subject to negotiations with specific donors and may vary. The more projects SACREEE works on, the more self-sufficient and effective the Centre becomes in implementing its mandate.

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³ Detail appears in section 4.2 below and further



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