



Annual Report 2021

About REEEP

THE RENEWABLE ENERGY AND ENERGY EFFICIENCY PARTNERSHIP DEVELOPS INNOVATIVE FINANCING MECHANISMS TO ADVANCE MARKET READINESS FOR CLEAN ENERGY SERVICES IN LOW AND MIDDLE-INCOME COUNTRIES.

Since 2002, the Renewable Energy and Energy Efficiency Partnership (REEEP) has been advancing market readiness for clean energy and energy access in developing and emerging markets, especially for the benefit of the most vulnerable populations. Our aim is to accelerate and shift public and private capital to sustainable finance, a two-decade mission dedicated to building impactful partnerships and alliances of different stakeholders. REEEP designs and implements tailor-made financing

mechanisms utilising strategic injections of public funding to build dynamic, sustainable markets and ultimately make clean energy technology accessible and affordable to all.

REEEP has extensively supported high-quality renewable energy and energy efficiency projects that target business, financing, policy and regulatory issues in developing countries globally, so far offering support to over 200 projects in 56 countries across 10 funding calls.

In response to the challenges of mobilizing financial resources and crowding in private capital in local markets, REEEP provides support using a green finance model to selected developing and emerging countries. It is coordinated with available green credit lines, grant giving programmes and results-based financiers (RBFs), and is driven by developing countries' interest in accessing international climate finance, unlocking available public finance, crowding-in additional private finance and accelerating project pipelines for clean energy access.

REEEP works on two large scale programmes – the execution of the Private Financing Advisory Network (PFAN) which provides project preparation support for clean energy and climate adaptation businesses in low and middle-income countries (see page 34) and the implementation of the Beyond the Grid Fund for Africa (BGFA), which aims to kick-start markets for affordable energy access in five sub-Saharan countries (see page 33).

Furthermore, REEEP facilitates country-driven green financing capacities and fit-for-purpose green lending through the local financial sector for energy access, productive use and small-scale renewables as well as energy efficiency investments in several markets in sub-Saharan Africa and Asia through two innovative financing facilities – one for clean energy projects in Nepal (see page 26) and another to channel climate finance towards clean energy businesses targeting productive use technologies leveraging solar in Tanzania and Zambia (see page 24).

REEEP's strength lies in the combination of extensive on-the-ground experience with a broad global network of experts and partners. In all the programmes we work on, we bring the two together by facilitating cooperation between governments, international organisations, the private sector, civil society and local stakeholders. These partnerships are built to last far beyond REEEP's direct engagement and are critical for the realisation of far-reaching, long-term impact on the ground.

Market transformation is complex and multidimensional. REEEP develops pioneering ways of monitoring, evaluating and learning, combining in-depth qualitative information with groundbreaking quantitative data to improve our own and our partners' understanding of the systems we work in, identifying opportunities and barriers to success and lower risk for market actors. We share the insights and knowledge we gain with government and private sector stakeholders, helping to improve policy and investment decisions. This knowledge also informs the continuous adaptation of our instruments to build scale within and enable replication of the programmes we work on across markets.

REEEP's work contributes to global efforts under the twin goals of the United Nations 2030 Agenda for Sustainable Development and the 2015 Paris Agreement on Climate Change to advance energy access; combat climate change and improve resilience; reduce damage to the environment; improve livelihoods and facilitate economic growth where it is most needed.

REEEP



Foreword

WE HAVE SEEN THE GREAT SUCCESS OF THE BEYOND THE GRID FUND FOR ZAMBIA PILOT PROGRAMME IN ONE OF OUR NEIGHBOURING COUNTRIES, AND WE LOOK FORWARD TO SEEING THE FIRST COMPANIES CONTRACTED UNDER BGFA.



Above:
Ernesto Max Tonela
Minister of Mineral Resources and Energy of Mozambique

Access to energy plays a pivotal role in the development of the Mozambican economy and the well-being of its people. The country currently registers a 39% electrification rate, of which 35% is on-grid and 4% is off-grid, with ambitious targets to rapidly scale towards meeting the Sustainable Development Goal 7 objective of universal access to modern energy by 2030.

The Government of Mozambique is fully committed to raising the electrification rates and investing in renewable energy in the fight against climate change and poverty. This commitment is advanced through our dedicated Gender and Energy focal points at the central ministry level and provincial services. Furthermore, we support the Sustainable Development Goal 5 of gender equality, and our commitment to expanding energy access is another step towards it – access to energy can significantly improve rural women’s health and allow for more free time, and the off-grid energy services industry can also offer economic opportunities for women.

There is considerable potential for expanding the beyond-the-grid energy services market to answer the significant unmet demand for modern energy services. The country has an astounding potential for renewable energy generation through a myriad of sources – solar, wind, hydro, biomass, geothermal, ocean, among others, and it is within this context that launched Programa Energia para Todos – the Energy for All Programme – which aims to bring approximately 350,000 new connections per year, to ensure that ten million people have access by 2024.

This forms part of the strategy to increase the contribution of renewable energies to the national energy mix, which should prevail as the dominant source of power to serve the internal demand as well as to keep Mozambique as net exporter in the context of the Southern Africa region.

This wide-reaching programme intends to expand the national electricity grid and invest in off-grid energy sources. The country is witnessing a steady increase – in the past year alone, the energy access rate rose to 39%, up from 34%. Further growth potential is high with an off-grid market opportunity of about 4.4 million households.

Nevertheless, barriers for all off-grid energy technologies exist, key among them the ability to pay by most rural families. Disposable incomes in rural areas are extremely low, but there is nevertheless potential to change how these incomes are spent. For example, replacing current energy spending on batteries, candles and kerosene creates market opportunities for the right kind of offers and the potential for new innovations and productive use businesses.

But public funds alone are not enough to reach our vision for the future, thus the Government is looking toward enhancing promoting public-private investment to increase installed capacity with a focus on renewable energy. In this context, the launch of the second funding round of the Beyond the Grid Fund for Africa in February is an important milestone, with its aim to accelerate the provision of off-grid energy services, and in particular micro-grid solutions.

The BGFA Programme for Mozambique has been designed in close cooperation with our own Energy Fund (FUNAE), which has contributed substantially to off-grid energy access over the last 20 years. It is expected that micro and mini-grids will play a significant role in meeting targets, and we see a growing potential for increased private sector involvement. The country is therefore working to create a favourable environment for public-private investment in the off-grid space. This will help to ensure a rise in the availability of electricity and investment in new generation infrastructures, with an increasing contribution from renewable energies.

The engagement with BGFA’s funders, the Swedish government, who have contributed 6.7 million for the BGFA programme in Mozambique is much appreciated. The

Swedish Embassy in Maputo has long been involved in a development cooperation with Mozambique and promotes increased trade relations.

We have seen the great success of the Beyond the Grid Fund for Zambia pilot programme in one of our neighbouring countries, and we look forward to seeing the first companies contracted under BGFA. Mozambique would like to continue this fruitful partnership with REEEP, Nefco and Sweden to bring energy access to more people.

Ernesto Max Tonela
Minister of Mineral Resources and Energy of Mozambique



“ **Mozambique is working to create a favourable environment for public-private investment in the off-grid space. This will help to ensure a rise in the availability of electricity and investment in new generation infrastructures, with an increasing contribution from renewable energies.** ”

How REEEP works

Building financially, environmentally and socially sustainable markets for clean energy technology while reducing poverty in low and middle-income countries requires a whole-of-system approach.

On the demand side, the programmes we implement demonstrate the benefits of clean energy technology for both household and productive use. At the same time, we work with SMEs on the supply side to develop viable business models and improve the accessibility, affordability and quality of a range of clean energy services. We also work with financiers, demonstrating the opportunities in the clean energy sector and helping them to de-risk their investments. Throughout

our work, we cooperate with local and national governments and consult with strategic in-country and international partners to help create an enabling policy environment, crowd in new outside investors and ensure the sustainability of the market beyond the duration of REEEP's intervention.

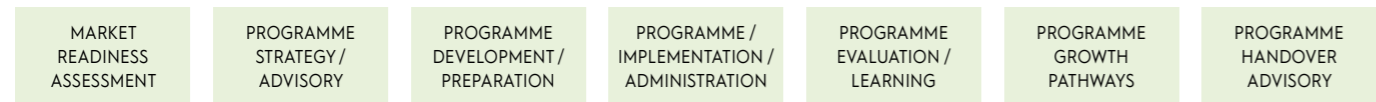
Market Readiness – The REEEP Approach

In order to advance market readiness for new, low carbon, energy efficient

technologies and solutions, REEEP partners need tailored solutions: solutions that are geographically appropriate, technically sophisticated, and financially innovative.

Our overarching methodology for tackling market readiness at the country level includes a number of distinct stages. Each stage consists of a defined set of activities that REEEP has experience with and can draw on to develop a full, tailored programme.

ASSESS DESIGN / TEST IMPLEMENT LEARN REPLICATE & SCALE



This 'REEP Approach to Advance Market Readiness' integrates the following elements:

ASSESS baseline market readiness;

DESIGN and **TEST** appropriate measures to stimulate the sector;

Install a **LEARNING FRAMEWORK**;

IMPLEMENT the measures that were successfully tested;

LEARN throughout the process, extracting intelligence from all practical experiences for the benefit of the market; and finally, based on lessons learned,

SCALE and **REPLICATE** successful concepts and approaches.

To see how this methodology works in practice, see the overview of current programmes, starting at p. 24.



Bridging Information Gaps

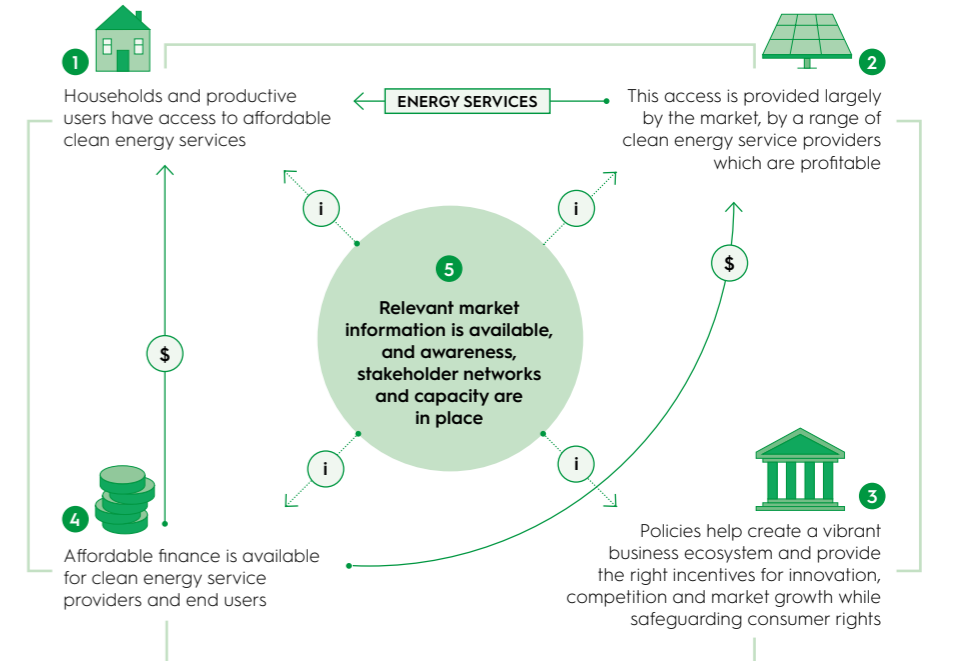
Though businesses offering clean energy solutions for off-grid populations face particularly tough conditions – a poor customer base and extensive distribution infrastructure requirements, among others – they share these challenges with other actors in frontier markets for clean energy. Many of these are related to information gaps rather than to a lack of financing, a shortage of good business ideas, or the absence of appropriate, proven technologies.

WHAT IS MARKET READINESS?

REEEP demonstrates how countries can, effectively and efficiently, advance market readiness for renewable energy and energy efficiency solutions. Market readiness describes a situation where:

Even entrepreneurs with groundbreaking ideas often find it difficult to meet investors or to know what they look for in a business plan. International investors may lack the local insight to assess the risk of an opportunity in a frontier market. Renewable energy and energy efficiency solutions offer enormous potential for energy savings in industrial and municipal facilities, which may go unrealised when the persons managing these facilities lack the mandates, time and/or specialist knowledge to recognise and act upon this potential.

REEEP helps to bridge knowledge gaps to overcome the challenges described above through a combination of capacity building, comprehensive stakeholder engagement and innovative data collection and monitoring, evaluation and learning mechanisms. The financing we provide serves to demonstrate what can be achieved when knowledge gaps are tackled.

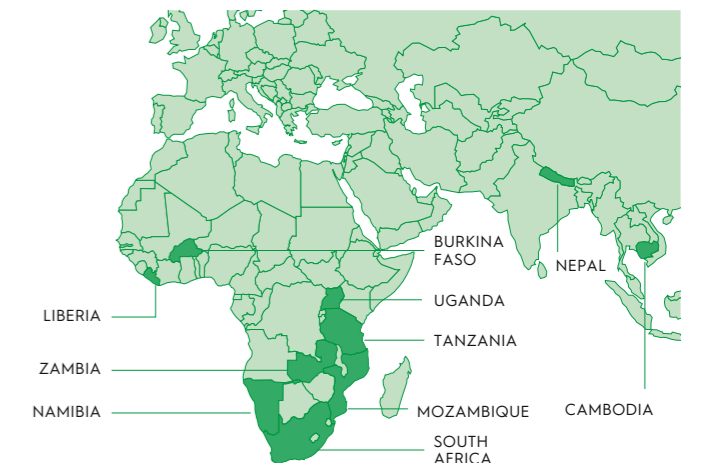


FOCUS ON COUNTRIES AND REGIONS

REEEP's priority regions are Sub-Saharan Africa and South and Southeast Asia.

Within these regions, we work where we encounter specific interest, committed partners, and tangible opportunities. We focus on low- and middle-income countries as defined by the World Bank, with a per capita GDP of up to USD 4,000. Exceptions can be made when a country has, for instance, the function of a trailblazer in the region.

Current priority countries include Burkina Faso, Liberia, Mozambique, Namibia, South Africa, Tanzania, Uganda, Zambia, Cambodia and Nepal.



WHAT IS MARKET READINESS?

Closing Data Gaps

One of the main barriers to the development of sustainable markets for clean energy services is a lack of high quality, reliable and up-to-date data and information on rural and peri-urban parts of Africa and Asia. This data is crucial for businesses and investors to make decisions about entering markets and tailor their offering to local conditions, and for governments and development stakeholders to design policies and monitor those policies' results.

In some African countries 90% of people work in the informal sector, which makes any data on their financial situation very difficult to obtain and verify. For off-grid energy companies, data on customer willingness and ability to pay is particularly crucial, as clean energy technology sold on a pay-as-you-go basis requires a much more complex and long-term relationship between vendor and customer than, for instance, selling candles would. Traditional financiers would never consider providing a loan to a customer with no bank account or credit rating, but off-grid energy service providers do not have a choice. This situation requires new ways of operating, which makes off-grid energy service providers risky in the eyes of investors.

Beyond the private sector, data is also underutilised by low- and middle-income country governments and development agencies in planning policies and interventions, leading to inefficient planning, sub-optimal decision-making, and inadequate outcomes. OECD country governments use vast amounts of data for purposes ranging from optimising bus routes to predicting flu epidemics. The effects of any intervention, whether it is a change in traffic light patterns or a new approach to public information campaigns on flu shots, can be measured and responded to in real time. Developing country governments tend to miss out on these opportunities due to both a lack of reliable data and a lack of funding into programmes and systems to collect, manage and analyse data.

REEEP is an enabler with a hands-on role, focusing on implementation, capacity building, and sustaining local markets. The goal is not just to provide funding, but to build the capacity of local businesses, institutions, governments and other stakeholders to provide sustained improvement after REEEP's work is done.

REEEP's Opportunity: A Remote Area Data Analytics Resource

As the Implementation Manager of the Sweden-funded Beyond the Grid Fund for Zambia (BGFZ, see page 33), REEEP collects unique, fine-grained big data sets on energy usage and financial transactions for over 200,000 off-grid customers and their service providers in Zambia. Right now, we are getting our systems ready to collect similar data in Burkina Faso, Liberia, Mozambique and Uganda once companies have been contracted and

the deployment of energy services there has begun under the Beyond the Grid Fund for Africa (BGFA) programme.

To manage data collection, storage, access, analysis and visualisation, we have developed an innovative, dedicated software system called Edison. Edison manages and displays real-time data on energy services in off-grid rural and peri-urban areas, while maintaining high standards of data privacy and security. The platform is currently used by REEEP programme teams to monitor and remotely audit the deployment of energy services under the results-based financing mechanism of BGFZ, and it is planned to use the platform for data collection for BGFA in the future.

Using Edison, REEEP has a unique view on data from off-grid energy

technology purchases, and an independent review (2021) by 60 Decibels confirmed the high level of accuracy of data in Edison. They carried out an energy service subscription verification and customer insight survey of customers of the energy service providers contracted under BGFZ, whereby customer details from Edison were matched with samples provided by the energy service providers. The review confirmed that 100% of customers interviewed had a verified product or energy service purchase.

This data can support evidence of ability and willingness to pay of people in different regions and over time – for the first time we are tracking, for example, how customer spending on energy services fluctuates depending on the season, on extreme weather events or on agricultural commodity



prices. We have been able to monitor closely the impact of the Covid-19 pandemic and resultant lockdowns on the sales made and payments received by the portfolio of BGFZ companies, allowing us to both quickly mobilise support for those companies if needed and assess the resilience of their customers to shocks such as the current one.

For the wider roll-out of BGFA, REEEP is currently developing a new, improved version of Edison with funding from the Swedish International Development Agency (Sida). The next generation of Edison will be made available not only for BGFA, but will also be available to a range of stakeholders from off-grid electrification programmes, the off-grid industry and policy-makers and as public purpose data. In 2021, REEEP and The Rural Electrification Authority of Zambia (REA) are teaming up to

monitor Zambia's rural electrification progress using Edison, contributing to the REA's mandate to provide electricity infrastructure to all rural areas using appropriate technologies.

To make the next generation of Edison available to international organisations, NGOs, universities and research institutes that are actively involved in data, information and knowledge, we have worked to position Edison more visibly in the off-grid electrification space. A dedicated Edison website has been developed and designed and went live the summer of 2021, giving interested parties a good overview of the services Edison can offer, as well as a growing number of case studies describing REEEP and its partners' work in the area.

“ In some African countries 90% of people work in the informal sector, which makes any data on their financial situation very difficult to obtain and verify. ”

REEEP in the World

EVENTS / CONFERENCES

2020

8-9 December
FUTURE OF RENEWABLES
organised by Reuters Events
 Magdalena Kouneva, REEEP's DG, moderated the session "Preparing for COP26 - Setting the agenda now", which involved high-level representatives of ScottishPower Renewables, World Energy Council, World Resources Institute and the United Nations Development Programme.

7 April
VEF VIRTUAL SERIES
Food Systems Track, Session 7
"Investment and Partnership Needs",
organised by Vienna Energy Forum
 REEEP's DG delivered the introductory remarks, while Juliane van Voorst tot Voorst, Head of Financial Instruments, gave the scene setting presentation and participated in the breakout group "Regional Voices".

28-29 April
RENPOWER MOZAMBIQUE AND ANGOLA
 REEEP's DG moderated the session "The Long-Term Financing of Renewable Projects in Angola and Mozambique: Implementing Effective Schemes for the Next Decades".

14-18 June
ASIA CLEAN ENERGY FORUM (ACEF)
 REEEP's DG participated in the discussion on "Net Zero Emissions by mid-21st century—Is it Possible for Asia and the Pacific?" during the Opening Plenary.

13-14 April
EFFICIENCY FIRST
organised by Energy Post and EU-China Energy Cooperation Platform (ECECP)
 REEEP's DG spoke at the Session "The Big Opportunities".

Early 2021

19-21 January
DAVOS ENERGY WEEK
 REEEP's DG delivered a keynote speech on Multi-stakeholder Green Bank Model for Financing Energy Access in Developing Countries.

17-19 March
6th ARE ENERGY ACCESS INVESTMENT FORUM
 John Tkacik, REEEP's Director of Analytics and Technology, gave a context-setting presentation at the session on "Innovative technologies to scale finance for DRE projects". Merja Laakso, Head of Programme, Southern Africa, spoke at the session on "Opportunities and status quo of decentralised renewables in Zambia".



NEW PARTNERSHIPS

TCX

In January 2021, REEEP and The Currency Exchange Fund (TCX) formalised their partnership by signing a Memorandum of Understanding to support local currency financing of clean energy SMEs in developing countries. One of the barriers that clean energy enterprises face in frontier markets is exposure to currency risk resulting from hard currency financing of SMEs, which presents a major threat to their long-term financial sustainability. REEEP is cooperating with TCX to tackle this issue more effectively.

TCX was founded in 2007 by a group of development finance institutions (DFIs), impact investors and donors to create a solution for currency risk associated with DFI financing to borrowers in emerging and frontier markets. Since its inception, TCX has enabled the provision of some USD 8 billion of investments in local currency, facilitating much needed debt finance, while shielding local economies, enterprises and households from currency volatility. By hedging the currency risk, TCX contributes to more sustainable development in emerging and frontier markets.

REEEP and TCX share the goal of promoting access to modern, clean energy systems and services to foster a sustainable energy market in developing countries under a local currency framework. In cooperation with other industry actors, REEEP and TCX will develop and implement facilities targeting international lenders to ensure local currency is provided to local financial institutions and/or directly to clean energy SMEs. Final beneficiaries will be projects and companies in sectors such as smart cities, cross-sector systems (including knowledge management and agri-food value chains), and energy access and rural electrification in developing countries.

Through this partnership, REEEP and TCX will cooperate with international donors, developmental financial institutions, investors and local financial institutions within their networks.

GOGLA

In February 2021 REEEP officially endorsed the GOGLA Consumer Protection Code, whose aim is to safeguard impact and respect consumer rights in the off-grid solar industry. It consists of six principles of business practice and an assessment framework to measure and monitor performance and establishes the de facto industry standard for consumer protection that adds value to off-grid solar companies, investors and other stakeholders.

The endorsement signifies that REEEP aligns its internal practices with the Consumer Protection Code and supports off-grid solar providers to fulfil the minimum standards of practice in their treatment of customers. REEEP has fully embedded consumer protection within the [Beyond the Grid Fund for Africa \(BGFA\)](#) and is planning to incorporate it into other programmes. Further information on the Consumer Protection Code can be found on the GOGLA website: www.gogla.org/consumerprotection.



The Voice of the **Off-Grid Solar Energy** Industry

REEEP's Direction

URGENT NEED FOR SCALING UP CLIMATE FINANCE

The Covid-19 pandemic has wrought massive devastation on the global economy over the past year. At the same time, the effects of climate change on livelihoods and food security are becoming increasingly severe and the gap between required and available financing for climate adaptation is increasing, with only a fraction of the required funding being invested.

To bridge this climate investment gap and to meet NDC commitments, significant climate finance and resource mobilization well beyond current levels of public and/or private climate investment is required. Public sector funding from development partners and through climate funds is essential, but bringing climate investment to scale will require engaging the private sector and leveraging significant private capital across all climate-related sectors.

A raft of donor-supported activity such as results-based financing schemes for energy access and other subsidies for productive uses of renewable energy or energy efficiency has led to growth in distributed renewable energy, energy efficiency and energy access projects and SMEs in developing countries. This growth is strong in some market segments and in some countries, but non-existent in others, and not evenly supported. Other finance is available from a variety of sources, including development finance institutions (DFIs), some private investment, impact investors and crowd-funding, but overall, the flow of climate finance is insufficient.

An interlinked set of market barriers has led to low engagement in the sector. Economically stressed customers in these countries struggle to afford the green products, leading to real or perceived shortfalls in the “bankability” of projects, which partially contributes to the low (often zero) level of engagement in the sector by local financial institutions. This in turn creates currency risk exposure to the clean energy companies (whose only source of borrowing are usually hard currency international lenders), while concessional credit lines earmarked for energy access, for example, are often untapped by the LFI that should be on-lending them to the sector, slowing growth even further.

This financing situation is unsustainable and will not lead to achievement of the SDGs and is further aggregated by the negative impacts of Covid-19 in the local markets. It is critical that green projects and clean energy SMEs have access to regular and ongoing financing that includes a mix of domestic and international debt, equity and other forms of structured finance.



GREEN FINANCE CATALYST

Building on its previous experience and responding to the current needs in developing countries, REEEP has developed in 2020-2021 the Green Finance Catalyst. The new programme, delivered in collaboration with the private sector and local partner institutions, will catalyse the flow of sustainable financing for clean energy, working on both the supply of and demand for green finance. The objective is to foster energy access and support partner countries' resilience and transition to low-carbon development. Many green energy companies have made remarkable strides in extending appropriate, innovative and affordable finance to their customers, but they often struggle to attract investment and finance to themselves. Thus, in order to address the financing needs of SMEs and private households, we will also focus on growing the capacities and resources of indigenous, local private sector actors. Working through the local financial sector in selected countries, we will mobilise and de-risk private finance.

GBC consists of three components:

“ Many green energy companies have made remarkable strides in extending appropriate, innovative and affordable finance to their customers, but they often struggle to attract investment and finance to themselves. Thus, in order to address the financing needs of SMEs and private households, we will also focus on growing the capacities and resources of indigenous, local private sector actors. ”

1 Green Reserve for Credit Enhancement for Local Financial Institutions (LFIs)
 REEEP will work with LFIs to deploy green finance tools to address barriers to the flow of local currency financing to the clean energy sector, unlocking additional private capital. We will focus initially on strengthening local capacities for LFIs to provide direct financing to underserved clean energy SMEs, starting with the distributed renewable energy. The aim is to deploy climate finance through market-appropriate lending products, as well as unlocking concessional credit lines earmarked for such sectors but that have been untapped by LFIs, and to ensure absorption of such capital by the demand side via a strong pipeline of eligible projects and enterprises.

2 Technical Assistance Package
 Comprehensive capacity building services will address LFI capacity for green finance development and will include:

- co-design of appropriate risk methodologies and lending products that are responsive to the needs of clean energy SMEs;
- support in origination and development of a bankable pipeline of green projects;
- support in building partnerships with international investors, climate solution providers, guarantee providers and others;
- support in promoting best practices through the integration of minimum requirements toward energy service providers in areas such as consumer protection, gender equality, e-waste management and quality standards for off-grid products and appliances;
- data-driven tools and analysis for market intelligence (e.g. Edison data platform).

REEEP will provide support for relevant country platforms to establish appropriate regulatory and policy frameworks. In addition, REEEP, together with programme partners, will support national efforts to develop a national climate finance facility, or green the National Development Bank and will also provide ongoing assistance to learning on the implementation of green finance practices and products through evaluation and peer-to-peer learning.

3 Market Acceleration of Local Projects
 A robust pipeline of clean energy projects in priority markets focusing on green SMEs is key to ensure appropriate demand for capital. Therefore, alongside the suite of activities with LFIs, REEEP will work simultaneously on the stimulation of demand for clean energy and support the growth of private sector energy service providers. We will continue our award-winning work in the development of data-driven results-based financing combined with supporting ministries of energy, rural

electrification agencies and other government bodies in their energy access and low carbon development goals. Our work will support a pipeline of green projects and business by applying a variety of financial tools designed to help them accelerate through the stages of development.

These approaches will be mutually reinforcing, pushing selected projects through the development phase to a financial close that includes lending from LFIs and crowds in additional private capital.



FINANCIAL INSTRUMENTS IN PRACTICE

REEEP's Toolbox



The Green Reserve includes the following **tools**:

First Loss Cash Cover Reserve: to cover LFIs' portfolios of eligible loans, cash backed and on demand for simple and effective reduction of provisions, credit risk mitigation and address collateral requirements.

Local Currency Enabler Reserve: to cover breakage costs of currency hedges upon early termination, which is a potential cost that lenders are reluctant to incur (especially upon default of the borrower) and often keeps them from hedging into LCY, not to mention lenders as crowdfunding platforms, that do not have the balance sheet to bear such payments. To also ensure the uptake of such LCY financing, and under a non-market-distortion commitment, this reserve may be also used to offer a discount to the hedging cost to discourage FX speculation borrowers have been used to, improve access to long-term debt that is not available through domestic resources etc.

Cost Sharing Facility: to address part of LFIs' higher initial transaction costs, allow for outcome-linked incentives to support LFI lending (such as for disbursing loans as planned, with the agreed criteria and target borrower profiles). Such funds can also be used to share some of the costs of innovative combinations of alternative risk mitigation products, such as climate index insurance.

The Technical Assistance Package includes the following **tools**:

FOR NATIONAL DEVELOPMENT BANKS AND LOCAL FINANCIAL INSTITUTIONS (PARTICIPATING LFIS):

Green Financing Capacity Building to enable capacity building for sustainable local green finance ecosystems. This support includes engagement of senior management, improvement of internal processes and policy frameworks, standardized approaches for due diligence and credit analysis appropriate for green projects and SMEs. It includes support to access climate finance as part of the strategic diversification of funding sources of LFIs. Especially due to the increased resilience of such sources to macroeconomic downturns. They will also be supported with impact monitoring, reporting and verification (MRV) methodologies and processes, in line with climate finance criteria and the SDG framework, making use of modern data collection technology and analytics via the data analytics tool. Ethical lending practices are promoted through the integration of minimum requirements toward green SMEs in areas such as consumer protection, gender equality, e-waste management, and quality standards for off-grid products and appliances. LFIs can leverage existing initiatives and request green SMEs to tailor and adopt such policies, practices and tools in order to strengthen their operations and increase their resilience. Consider the potential for design and placement of new climate finance facilities with a green financing model to build country owned and driven finance capacity suite to local market conditions.



Co-design of market-fit lending products suitable to the business model of green SMEs and, most importantly, developing a standardized approach to use receivables and future revenues (mobile money transfers) as collateral for such loans (a joint process undertaken with the Mobile Network Operators, LFIs and green SMEs).

Pipeline origination and development, also providing support to fulfil due diligence requirements, loan application documentation and post disbursement monitoring and financial advisory.

FOR ALL STAKEHOLDERS (LFIS, SECTOR ASSOCIATIONS, GOVERNMENT AND PRIVATE SECTOR REPRESENTING GREEN SMES):

Partnerships with key actors in both the demand and supply side of capital. Such as partnerships with international lenders and equity investors to encourage co-financing opportunities for risk sharing and crowd-in additional private investment. Co-financing and club deals go alongside or subordinated to LFIs, to also encourage joint due diligence and peer-to-peer sharing of expertise and best practices. Partnerships with emerging technology providers are also key to enable work with LFIs for risk sharing and additional lending to end-customers in rural areas.

Country Platforms for Change, a platform to engage local stakeholders, such as representatives of renewable energy associations, rural electrification authority, financial services regulatory body, bankers' association, micro-finance association, etc. The aim is to enable action driven discussions to resolve regulatory and policy issues with members from private and public bodies.

Data-Driven Tools and Analysis for Market Intelligence

REEEP develops tools and approaches to harmonize and link data generated by climate and development organizations. Our flagship tool is the Edison data platform for impact monitoring, which is being extended for use across REEEP's activities under its green finance approach. The ability to feed such results back to the immediate lender, the ultimate source of climate finance, and donor sources of impact-based incentives is key to building a track record and ensuring continuous access to such funds. In addition, detailed data analytics opens new opportunities, such as potential aggregation to access new sources of capital. The opportunity to allow



local markets to expand both their on and off-grid energy solutions requires addressing the small-size barrier, what can be done via market aggregation and how to decrease transaction costs.

Acceleration of Local Projects: acceleration support is offered at different stages throughout the project lifecycle in the form of a "baton relay strategy", which takes a project from early stage and passes it along a development road map, with each step incrementally maturing the project. This also allows the adjudicators at each step to exercise their discretion as to the maturity and probability of the project reaching financial closure and to choose either to advance along the pipeline or recommend it for further improvement at its current step.

Results Based Finance: Deploys public sector funding to overcome early structural challenges in the market, incentivizes early-stage start-up and medium-term scale-up needs of Energy Service Providers and creates conditions for long term sustainability and commercial investment. The financing takes place on grant-basis as "free-equity" across multi-year project life cycles, subject to rigorous monitoring and verification of milestones.



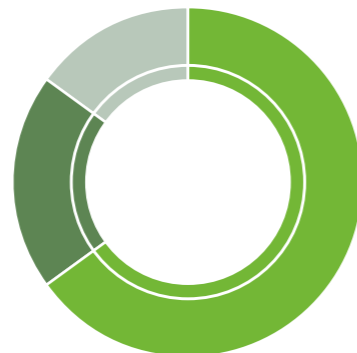
“Partnerships with emerging technology providers are key to enable work with LFIs for risk sharing and additional lending to end-customers in rural areas...”

Southern African Renewable Energy Investment and Growth Programme (SOARING)

Southern African countries face a considerable challenge in financing their climate change mitigation and adaptation plans. Nearly all Nationally Determined Contributions (NDCs) submitted under the Paris Agreement on Climate Change include targets conditional on receiving additional public and/or private finance.



27%
Agricultural sector of GDP in Southern Africa



65-85%
Agricultural sector share of employment in Southern Africa

The agricultural sector still plays a major role in Southern African economies, representing up to 27% of GDP and 13% of export earnings. SMEs, meanwhile, form the backbone of Southern African economies, but report substantial challenges related to limited access to energy supply and to financing. These challenges negatively affect SMEs' resilience to shocks such as the one caused by the current Covid-19 epidemic and any future ones caused by climate change.

The SOARING programme is implementing a prototype approach to enable small- and medium-sized companies of clean energy and

productive use technologies leveraging solar (green SMEs) to access climate finance, and especially local currency financing.

After the market scoping studies completed in 2020 in Namibia, Tanzania and Zambia, it was confirmed that while the combined financing requirements of Southern African SMEs are huge, their individual asks are far too small for existing climate finance instruments and for most investors that require large ticket sizes. At the same time, SOARING identified existing concessional credit lines earmarked to energy access that have been untapped by local financial institutions for years.

The conclusion of the market scoping exercise also indicated that there was an opportunity to (i) focus the programme on Zambia and Tanzania, mainly due to the size of the markets and the absence of suitable local finance to the target sector, and (ii) use blended finance instruments and green finance tools to unlock local currency financing to the sector via the existing infrastructure of national development banks and local financial institutions (participating LFI), which provide the required penetration and capillarity to reach green SMEs and their end customers.

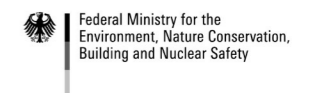
SOARING is now supporting four participating LFIs in Tanzania and three in Zambia to deploy climate finance to green SMEs, via four main tools:

- 1. First Loss Reserve** for risk mitigation to LFIs
- 2. Green Finance Capacity Building** for improved skills and co-design of market-fit lending products
- 3. Pipeline Origination and Development** to ensure uptake of existing concessional lines and additional financing
- 4. Local Platforms for Change** for stakeholder engagement

With SOARING, REEEP and its partners are simultaneously supporting (a) green SMEs to provide clean energy solutions in rural areas and for agricultural value chains, (b) countries to advance the NDC targets by displacing fossil fuels, and (c) rural communities through improved resilience with access to clean and reliable energy.

The learnings from this pilot will be published under an 'SME Climate Finance Pathway' report, which will facilitate replication of the programmes' achievements in other sectors and countries.

SOARING is funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) as part of the International Climate Initiative (IKI) and implemented by REEEP in cooperation with the Renewables Academy (RENAC).



REEEP's Toolbox



Austria-Nepal Renewable Energy Blended Finance Facility

Nepal is facing an energy crisis of unprecedented proportions. The electricity generation capacity managed by Nepal Electricity Authority (NEA) is insufficient to meet demand, leading to frequent power outages. Though the government has been highly effective in expanding energy access – from 28% in 2000 to 69% in 2010 and 94% in 2020 – around 1.7 million Nepalis still do not have access to modern energy, and over 73.5% of the population relies on traditional biomass for cooking.¹ (as of 2019).

Addressing the energy crisis by accelerating the deployment of modern renewable energy solutions, both on- and off-grid, is a high priority for the Government of Nepal. The country aims to achieve universal electrification by 2030. Many communities that remain off the grid are in remote, mountainous areas where small-scale clean energy generation is the only viable solution for electrification.²

The universal access goal cannot be reached with public and donor funding alone, and the government aims to help the energy sector access new sources of financing through a shift from ‘aid to trade’ and from ‘subsidy to credit’.

The Austria-Nepal Renewable Energy Blended Finance Facility, funded by the Austrian Government and implemented by REEEP in cooperation with SNV and NMB Bank Nepal, supports this shift by having established a blended finance instrument for renewable energy projects and carrying out capacity building activities.

Its aims are to:

- **mainstream commercial lending for renewable energy projects in Nepal;**
- **build capacity among key stakeholders at the provincial level for upscaling renewable energy programmes;**
- **accelerate the transition of the Nepalese clean energy market away from being mostly dependent on subsidies, and help establish a market based on credit to enhance the Nepalese government’s access to and use of international technical assistance and finance.**

In addition, the project aims to generate co-benefits such as a reduction of GHG emissions and increased productive end use of energy. The project will run until August 2022, with the core period of implementation in 2021 and 2022. The project’s activities are focused in the province of Karnali Pradesh in north-western Nepal.



REEEP

The project leverages experience gained by REEEP through the implementation of its previous project in Nepal, which provided credit for improved water mills for productive use.

An Operational Manual where framework and structure of the finance instrument, a Credit Guarantee Facility, was designed and is now ready to be launched. The facility, through NMB Bank will finance renewable energy projects via wholesale lending to microfinance institutions, direct lending to communities and vendor lending.

Market Scoping activities and Capacity Need Assessment in Karnali

have been completed by SNV, and a pipeline of potentially bankable projects in the off-grid sector (solar, mini-grid, micro hydro, biogas), ready to be financed, has been established. Different renewable energy technologies and project sizes will be considered to increase the visibility, awareness and showcase the various use of the Credit Guarantee Mechanism.

Working closely with the Alternative Energy Promotion Centre (AEPCC) and other stakeholders such as MOPID (the Energy Unit under the Ministry of Physical Infrastructure Development), the project is establishing a Renewable Energy Local Capacity Development

Facility (RE-LCDF), which has started capacity building activities for relevant Nepalese provincial government agencies and renewable energy technology providers. A handbook for mainstreaming commercial lending in renewable energy projects is being developed to provide the operational framework for commercial lending through NMB Bank and local financial institutions.



REEEP's Toolbox



Beyond the Grid Fund for Zambia & Beyond the Grid Fund for Africa



BEYOND THE GRID FUND FOR ZAMBIA

Initiated in 2016, the Beyond the Grid Fund for Zambia (BGFZ) pilot programme is on track to provide clean, affordable, reliable off-grid energy access with the aim to connect at least 190,000 households – translating to one million Zambians – by 2021. BGFZ is funded by Sweden and implemented by REEEP and works through a combination of an innovative results-based financing (RBF) mechanism for companies, close cooperation with the Zambian government and real-time data collection and analysis handled through REEEP’s custom-built Edison platform. It provides incentives to four energy service companies to enter the market, offering financing to close the ‘viability gap’, on a per-connection basis, of the rollout and scaling up of clean energy services in areas that would otherwise not represent viable markets. This specially-designed RBF mechanism has allowed companies to bid for the provision of a number of connections and quickly and sustainably set up operations in Zambia.

The programme does not purchase connections for customers, but de-risks operations for the companies while they establish themselves in the market and source private investment for further scale-up. This model encourages companies to provide value for money, resulting in an average of just \$37 of public funding invested per connection. BGFZ requires minimum high-quality technology, long warranties and

ongoing customer relationships to ensure the long-term sustainability of the energy service. The programme also works closely with the Zambian government to create an enabling regulatory and tax environment and collect, analyse and share unique data on off-grid markets, including customers’ willingness and ability to pay. BGFZ’s work with the Zambian government has led to the adoption of a new mini-grid policy, VAT exemptions for LED-lights and more. It has been internationally recognised by winning an Ashden Award and UN Global Climate Action Award in 2019.

In the first funding round, BGFZ contracted four companies to deliver modern, affordable, high-quality Energy Service Subscriptions (ESS) to off-grid areas in the country which has resulted in a cascade of new impact investment into the off-grid energy space.

As of July 2021, BGFZ is about to reach a success milestone: the four companies contracted under BGFZ have collectively reached almost one million subscribers.



KEY TAKEAWAYS FROM THE 60db INDEPENDENT ANALYSIS



BGFZ products and services are reaching underserved markets, have high customer satisfaction, and are improving people’s lives. A focus area is improving ease of use and addressing challenges.

*results of an independent assessment report commissioned by Nefco and conducted by 60db.

BGFZ’S IMPACT

Customers have reported the following benefits: more affordable lighting, with savings spent primarily on additional food for the household; cleaner, safer lighting and cooking, reducing indoor pollution and fire risk; lighter, safer outdoor environments; more time to read, study or play in the evenings; improved access to communications (mobile phone charging at home)

and current affairs and information through radio and television; new opportunities for income generation, including from charging neighbours for phone charging and extending evening business hours in shops. BGFZ particularly benefits people in rural areas who previously weren’t able to purchase modern energy technology or appliances.

The wood pellet burning improved cookstoves provided to some BGFZ customers do not negatively impact air quality and do not present the same hazards that traditional methods do. Food security is further improved through savings on energy expenditure which are primarily spent on additional food for households and animals. As 40% of Zambian children under five are chronically malnourished, 185,000+ households able to invest more money in food is likely to have an enormous impact. 95% of customers rated the service offered by the companies as ‘good’ or ‘very good’¹. The 60db report conducted in early 2021 further confirms that BGFZ products and services are reaching underserved markets, have high customer satisfaction and improve peoples’ lives.²

1. <https://beyondthegrid.africa/wp-content/uploads/BGFZ-Socio-economic-Impact-Study.pdf>
2. link to 60db report (to be added)



BGFZ Impacts (as of June 2021)

Connections:

185,124

Beneficiaries:

962,645

Public financing disbursed:

USD 7m

Jobs created:

370

Full-time employees

+

1,506 Agents

- 459 Jobs (full and part-time)
created since start of BGFZ and
1,118 agents

(Data as of end of March 2021)

CO₂ emissions avoided:

3,503 tonnes annually

Capacity added:

3.1 Mw

“As an impact driven organisation, every household that transitions from unsafe energy sources to new generation solar power is a great success. We are very proud to have achieved our target this far ahead and this is because the backing of BGFZ gave us a strong incentive to scale or enter previously unserved regions such where previously almost 90% of the households were off-grid.”

Mangiza Phiri
CEO of Fenix International Zambia



WHY THE BEYOND THE GRID FUND APPROACH?

Despite increasingly ambitious efforts under the UN Agenda for Sustainable Development to achieve universal electrification by 2030, it is estimated that by that time nearly 600,000 people in Sub-Saharan Africa alone will still not have access to electricity, and many more will still lack access to clean cooking. Many of these people live in rural and peri-urban areas that have not been reached by the central electricity grid, and where, due to the geography and/or widely dispersed populations, expansion of the grid would be too costly and technically difficult.

Off-grid energy solutions such as mini-grids and solar home systems offer an affordable, reliable, quick-to-deploy alternative to grid extension.

An increasing number of companies in Sub-Saharan Africa already offer solutions that employ innovative consumer payment schemes, often via mobile money, to ensure that the cost of clean energy is lower than that of candles and other traditional energy sources. However, despite great demand, the markets in which these companies operate are still viewed as risky by investors, and even successful companies face great difficulties accessing finance to scale up their businesses.

BGFZ and BGFA aim to help businesses overcome these challenges with the goal to contribute to inclusive and sustainable development in its focus countries, to further climate change mitigation and adaptation, energy access, gender equality and other relevant Sustainable Development Goals.

HOW DOES THE BEYOND THE GRID FUND APPROACH WORK?

Flexibility is key: funding rounds are designed based on extensive market scoping studies to address the areas of greatest need and greatest opportunities in each market. BGFA and BGFZ activities are founded on the following three pillars:

1 Call for Proposals

The backbone of the programmes is an innovative financing mechanism that offers incentives to companies to close the ‘viability gap’, on a per-connection basis, of the rollout and scaling up of clean energy services in areas that would – under current circumstances and in the absence of BGFZ or BGFA – otherwise not represent viable markets. Funding is made available under Calls for Proposals inviting off-grid energy companies to compete for funding.

2 Platforms for Market Change

When fully established, BGFA will work with a range of stakeholders in each of the target countries to improve local market conditions through a combination of capacity building and technical assistance to local energy authorities, general stakeholder outreach and market intelligence development. Through BGFZ this work was formalised as a national Off-Grid Energy Task Force, which is embedded in and led by the Ministry of Energy together with the Office of the Vice President, with REEEP providing secretariat services. Since its launch in April 2018, this Task Force has facilitated, among other things, the implementation of a VAT exemption for LED lights, the drafting of a new national mini-grid policy and the initiation of discussions to improve the affordability of off-grid energy solutions.





3 Market Information and Analytics

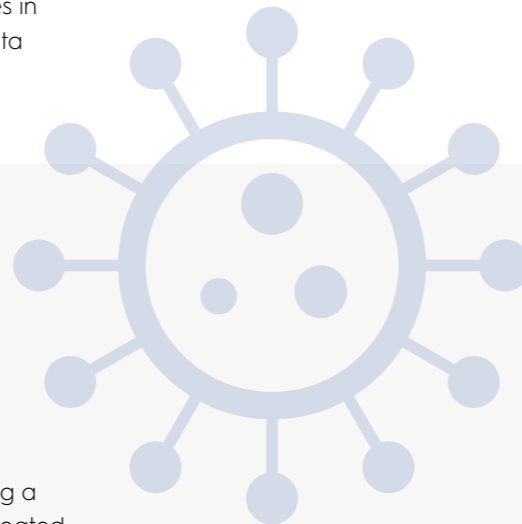
With its aim to reach at least 6 million people in five African countries in the next years, BGFA has the potential to generate very valuable market intelligence, including data on customer willingness and ability to pay. To capture this intelligence, BGFA will combine detailed market analysis with real-time data on deployment of energy service subscriptions.

Data from the BGFZ companies is being gathered and analysed

through the custom-built Energy Data and Intelligence System for Off-Grid Networks (Edison), which is be connected to the contracted energy provider companies' internal systems and provide live information on energy service subscriptions sold, payments, upgrades and warranty events, among other data points.

This allows for the verification of the results of these programmes in real time, and access to this data can also help to de-risk future investments in off-grid energy

markets and guide policymaking in the countries concerned. Once the expanded programme is under implementation, results will be available for the BGFA contracted companies. At present, the progress and impacts of the ongoing pilot programme in Zambia can today be followed live on Edison's public dashboard (edison.bgfz.org).



BGFZ and BGFA Covid-19 Response

Together with Sida, REEEP has developed a Covid-19 response plan including contract amendments with reduced ESS targets, a 6-month contract extension and a 10% increase in funding in order to ensure continued service to customers and operation of the company, avoid lay-offs and compensate for a portion of the negative financial impact of the virus outbreak. As Covid is spreading in the BGFA countries, there is still a high risk of immediate and long-term negative impact on both the demand (end-customers' interest and capability to purchase energy connections) and on off-grid ESPs: cash revenues are likely to decline

(or not grow as fast as expected) and scheduled funding is likely to be delayed (or fall through). The REEEP team is also maintaining a Covid-19 dashboard created in the previous quarter to track companies' performance within the context of the Covid-19 related support, providing insight to programme management staff as they work to monitor the program in the current situation.



BEYOND THE GRID FUND FOR AFRICA

Building on the positive experiences of the Beyond the Grid Fund for Zambia pilot programme, The Beyond the Grid Fund for Africa (BGFA) was established in 2019 at Sweden's initiative as a new funding facility managed by the Nordic Environment Finance Corporation (Nefco), an international financial institution focused on environmental and climate investments based in Helsinki, Finland and implemented on the ground by REEEP.

It is currently focusing on five African countries – Burkina Faso, Liberia, Mozambique, Uganda and Zambia – with the aim to reach six million people with clean, affordable and reliable electricity by 2025. Scaling up from Sweden's initial contribution of EUR 48 million, the facility has now grown to a EUR 88 million, multi-donor programme, composed of an in-kind contribution from PowerAfrica and contributions from the German Development Bank (KfW) and the

Danish Government and is open to further likeminded donors with the potential to further expand to additional Sub-Saharan African countries.

In the autumn of 2020, the programme launched its first Call for Proposals (BGFA1), offering financing to off-grid energy companies in Burkina Faso, Liberia and Zambia. It was well received by energy service providers with 84 applications submitted, and in December 2020, 46 applicants were invited to take part in the Final Application stage. BGFA1 evaluation has been concluded and highest scoring project proposals are now entering the due diligence review stage.

The second Call for Proposals (BGFA2) for activities in Mozambique was launched in February 2021 under a funding window geared specifically towards developers of micro-grid solutions in Mozambique. BGFA's third Call for Proposals (BGFA3) opened in April 2021 with the aim to establish up to 600,000 energy connections that will benefit more than 3 million people in rural areas of Uganda. In both BGFA 2 and BGFA 3, applications are currently undergoing external evaluation to determine if they qualify to take part in the Final Application stage.

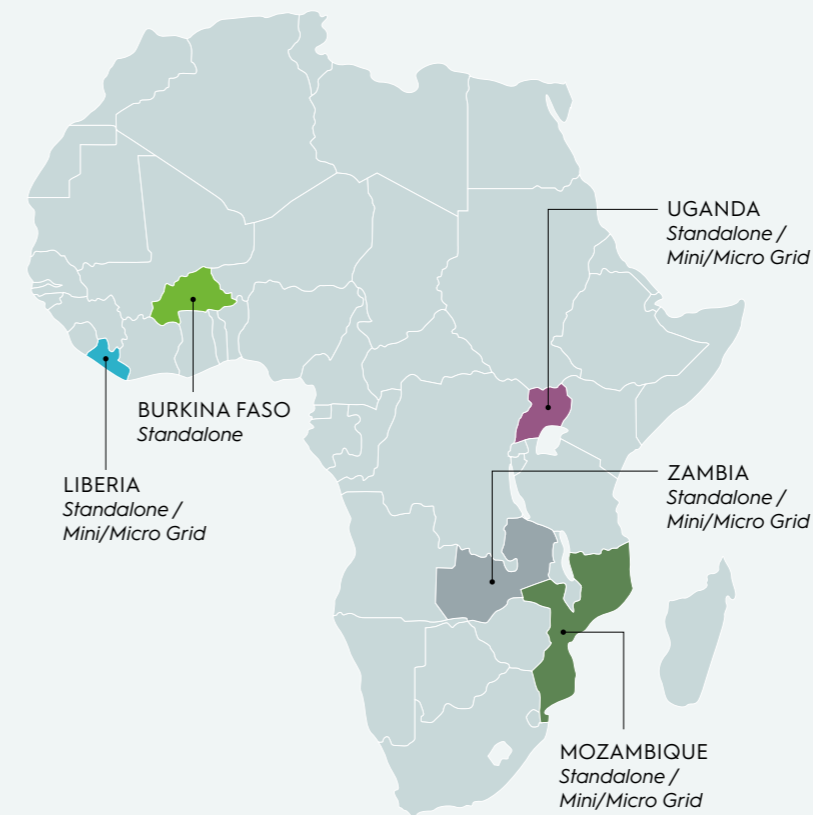
QUICK FACTS

Current Budget: **USD 88 million**

Funders: **Sweden, Denmark, Germany, USAID**

Focus countries: **Burkina Faso, Liberia, Mozambique, Zambia, Uganda**

Goals: **To deploy at least one million high-quality, long-term clean energy services to underserved communities, reaching at least six million people**



The Private Financing Advisory Network (PFAN)

PFAN is a global network of climate and clean energy financing experts, which offers business coaching and investment facilitation free of charge to entrepreneurs developing climate and clean energy projects in emerging markets.



Since its initiation by UNFCCC and the Climate Technology Initiative in 2006, PFAN has been bridging the gap between promising entrepreneurs who may have difficulty finding access to funding and international investors who have difficulty finding good opportunities in low- and middle-income countries.

PFAN's main objective is to facilitate financing for low carbon, climate-resilient projects and businesses in developing countries. It pursues this objective by deploying targeted and highly specialized technical assistance and by creating a more conducive environment in the target markets. PFAN works to influence the knowledge, attitude, skills and aspirations of key stakeholders, notably entrepreneurs, investors and local financial advisory experts.

This leads to a facilitated access to finance, which in turn accelerates the deployment of climate solutions, increases investment in climate mitigation and adaptation and unlocks frontier markets. The anticipated impact is – aligned with global priorities – a reduction of greenhouse gases, increased climate resilience and socio-economic development.

PFAN in 2020

The outbreak of the Covid-19 pandemic in 2020 had severe consequences on economies and societies around the globe.

Despite the challenges posed by the pandemic, PFAN extended tailored coaching support to a further 157 projects in 2020, successfully increasing the number of supported climate and clean energy projects by 30% compared to 2019. We also strengthened our network by adding 23 PFAN Advisors in 2020, bringing the total number up to 141 clean energy financing experts coaching projects in 52 countries around the world.

In addition to PFAN's successful scale-up in terms of projects and network members and despite the more difficult environment for attracting investments, 28 PFAN-supported projects were able to raise a total investment of just under USD 142m. These projects added a total of 62.8 MW capacity, which would be enough to supply about 156k average Indian households for one year. Moreover, these projects were mitigating more than 514k tonnes of CO₂e which is equivalent to taking more than 100k passenger vehicles off the road for one year[1].

Beyond the numbers, stand out positives during the year included: Asia and Central America and the Caribbean (CCA) leading the way in the organisation of virtual events with partners and investors; the first financial closures in CCA and Eastern Europe & Central Asia; intensification of the origination, project development and advisory work in Africa; meaningful market penetration and network establishment in Fiji as its beachhead in the Pacific, where the new virtual reality actually accelerated and facilitated its efforts.

“Despite the challenges posed by the pandemic, PFAN extended tailored coaching support to a further 157 projects in 2020, successfully increasing the number of supported climate and clean energy projects by 30% compared to 2019.”



2020-2021 SPECIAL FOCUS AREAS:

GENDER: PFAN's wide network of advisors offers the unique opportunity for disseminating and multiplying concepts and information through capacity building. This was actualised through a series of four regional gender awareness trainings for PFAN Advisors which informed them on topics including gender imbalances and biases in the clean energy and investment space, encouraging them to become the main agents of change. PFAN



Above: Some of the team at Earthspark International, a woman-run organization that creates access to sustainable energy across Haiti.

COOLING: PFAN has an important contribution to make to the necessary push for access to sustainable cooling for all, through its support of entrepreneurs in developing countries with locally appropriate cooling solutions and technologies. With support from the Kigali Cooling Efficiency Program (K-CEP) commencing in late 2019, PFAN has actively sought out and encouraged cooling technology entrepreneurs to apply for assistance. Since then, more than 30 cooling projects with an investment requirement of over \$150m have been supported in business plan development and investment facilitation activities.



Above: SokoFresh aims to mitigate such challenges for Kenyan farmers through offering affordable cold storage services to farmers and agribusinesses and integrating it with market linkage services.

The PFAN Journey

Climate mitigation and adaptation projects inducted into PFAN's development pipeline receive support in a three-stage process known as The PFAN Journey. This journey was modernised in July 2020 to better adapt to entrepreneurs' needs, as well as to better adapt PFAN's processes to the Covid-19 pandemic.

Since the launch of the revamped PFAN Journey, over 140 entrepreneurs across the globe have received PFAN support, of whom 93 and 37 of reached Stage 2 and Stage 3 respectively. Despite the effects of the pandemic, over 30 projects within the development pipeline have reached the end of the Journey with an investment successfully facilitated, thanks to PFAN's intervention.

As a result of the revamped approach in providing support, the entrepreneurs supported by PFAN under the Journey have stated a higher level of satisfaction with the new process that provides a framework from which PFAN's services are provided:

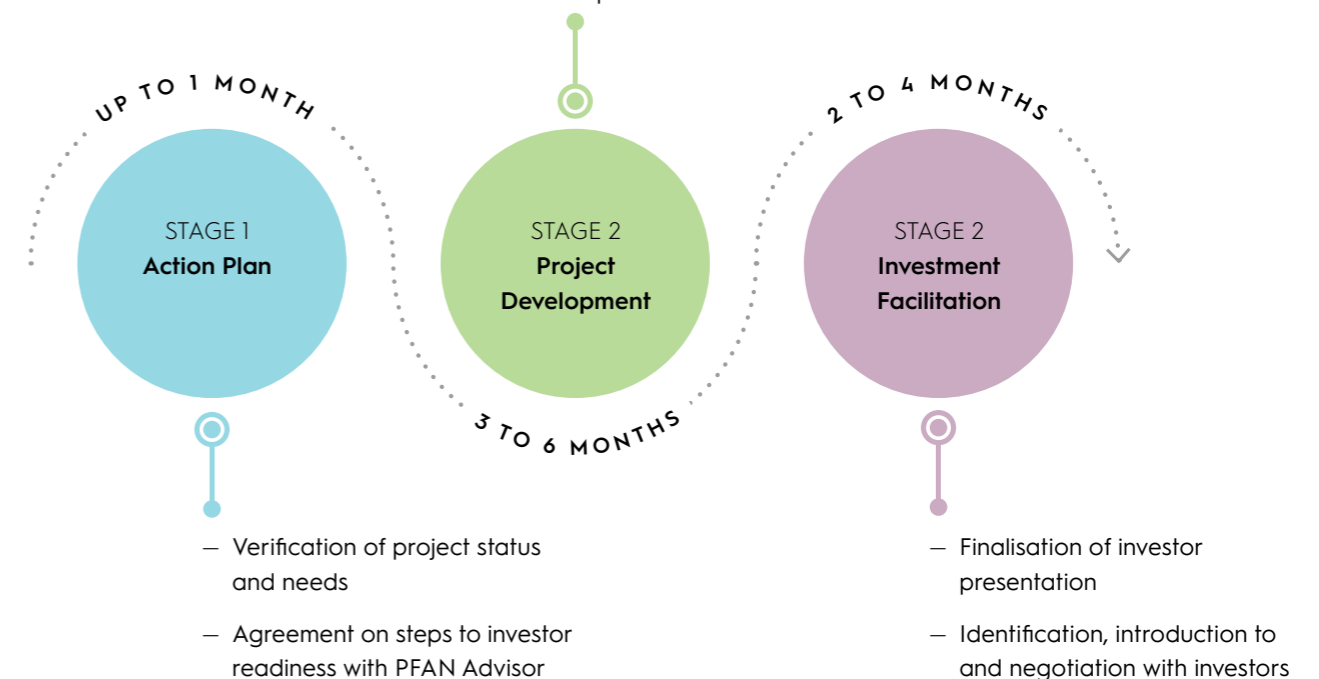
Right: InfiCold produces cold storage facilities in India



"During the coaching process, answers to the questions we asked and support were received from the PFAN Advisor in full, providing us with new skills and knowledge in the process of attracting investment for the project."

"Our project is better structured and positioned to start raising finance compared to how it was before. The PFAN Advisor helped incredibly to develop the business model and marketing strategy, as well as in building a robust financial model."

- Advice on the business model and financing options
- Development of the business plan and financial model



PFAN in Practice



“Through PFAN’s support in polishing our business model, coaching and investor linkages, Kuza has met and negotiated with different investors. PFAN has supported us in every step, increasing our project attractiveness to investors. We are greatly indebted to PFAN and specifically thank Wilfred Mworja for going an extra mile to support us in every step of our journey.”

Japheth Omari, CEO of Kuza Energy, a 2.5 MW small hydro power generation scheme that sells clean energy to the national grid operator, Kenya Power Company. Kuza Energy raised US\$100,000 in 2020.



“Before PFAN, we didn’t know how to start financing our idea or get funding from outside investors. The coaching session on finance and how make a financial model and plan was the most valuable for PAC in the PFAN process, advising us on creating short and long term plans and risk mitigation.”

Atchara Poomee, Managing Director at PAC Corporation, Thailand, which works with energy saving in air conditioning and water heating



“For every single female entrepreneur who is successful, there are probably tens of others who have not had a similar opportunity to be able to exercise that entrepreneurship opportunity, mainly because of some of these gender biases that exist.”

Diana Gichaga, PFAN Advisor in Kenya, Managing Partner at Private Equity Support

Right: Atchara Poomee, explaining PAC products installed at at Khum Damnoen Resort in Ratchaburi, Thailand.



PFAN in Numbers

1.84

Total investment leveraged (USD billions)

17%

Projects that reached financial closure

1159

Clean energy capacity added (MW)

4.14

Potential CO₂ emission mitigation in megatonnes/year

916

Total projects supported by PFAN

52

Number of countries PFAN in which PFAN is active

155

Total projects that reached financial closure

141

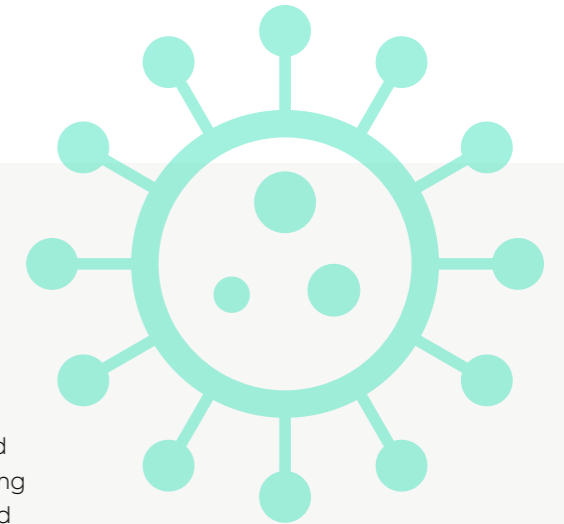
PFAN Advisors around the world

PFAN's Covid-19 Response

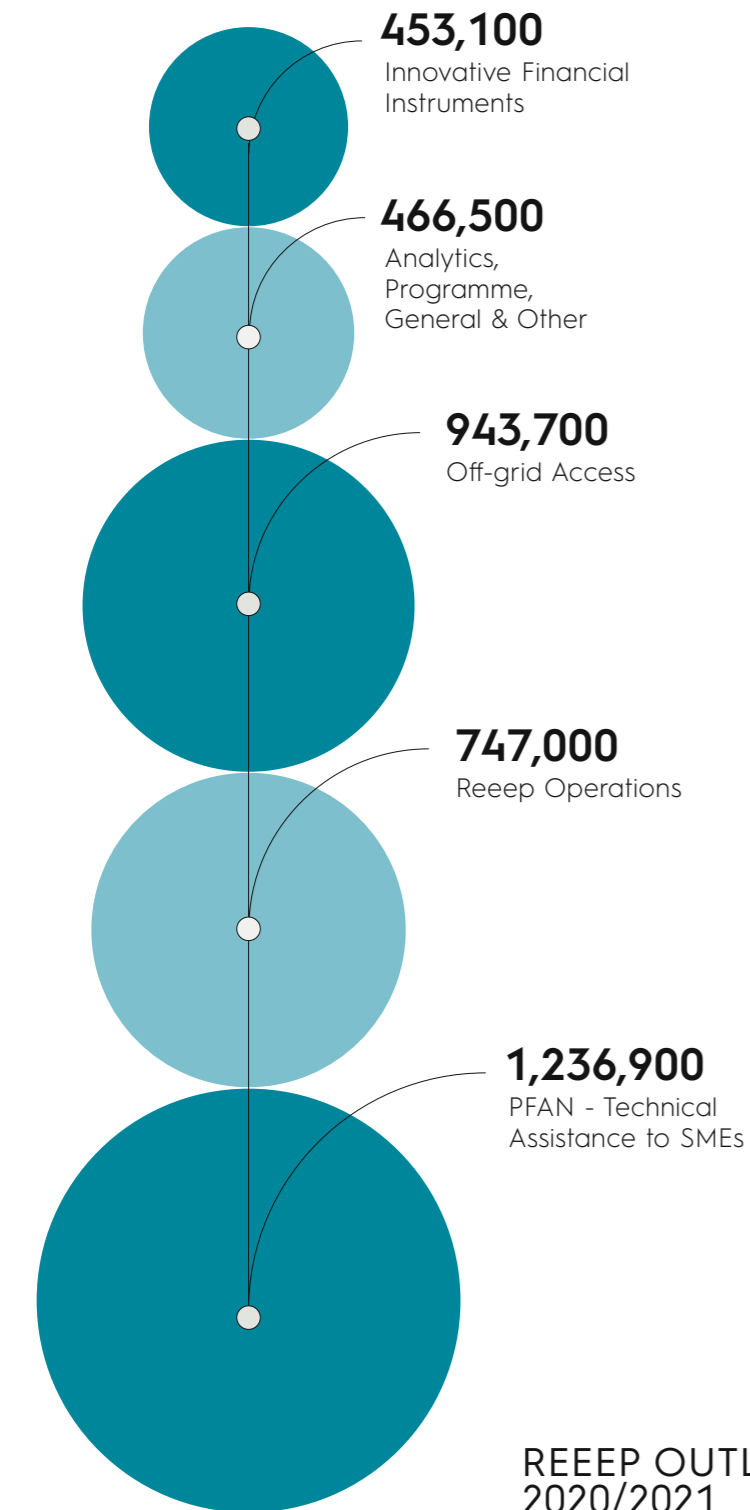
Covid-19 forced PFAN to adapt to a different operational reality. PFAN responded to the sudden change in a quick and agile way, successfully adapting to it. The effects of the pandemic were minimised and business continuity was ensured by transforming its operations digitally. Flexible telecommuting was guaranteed for all personnel and online meetings and webinars were held instead of traditional in-person meetings and events. The virtual methods allowed PFAN to continue cultivating close relationships with its partners.

Furthermore, PFAN initiated a specific Covid-19 response in partnership with GET.Invest to offer its expertise in helping climate entrepreneurs towards ensuring business continuity during

the turbulent times caused by the pandemic. The scope of support is in line with PFAN's core expertise around the areas of developing bankable projects and enabling access to finance. In this specific case, the focus of the mentoring is on business continuity and supporting rescheduling and renegotiation of existing facilities.



REEEP in Numbers



FINANCIAL INFORMATION

In December 2021, Grant Thornton Austria conducted the annual audit of REEEP's financial statements and performed assurance services - including verification of compliance - conform the requirements of the Austrian Association Act. The audit found REEEP's accounting system to be fully in accordance with generally accepted accounting procedures and an internal control environment. The Audit determined that:

- » No objections to REEEP financial procedures were found.
- » REEEP financial statements comply with legal requirements, are consistent in all material respects, and give a true and fair view of its financial position and performance for 2020/21.
- » REEEP funds were used in accordance with its statutes.
- » No unusual income or expenses were noted.

REEEP LEGAL STATUS

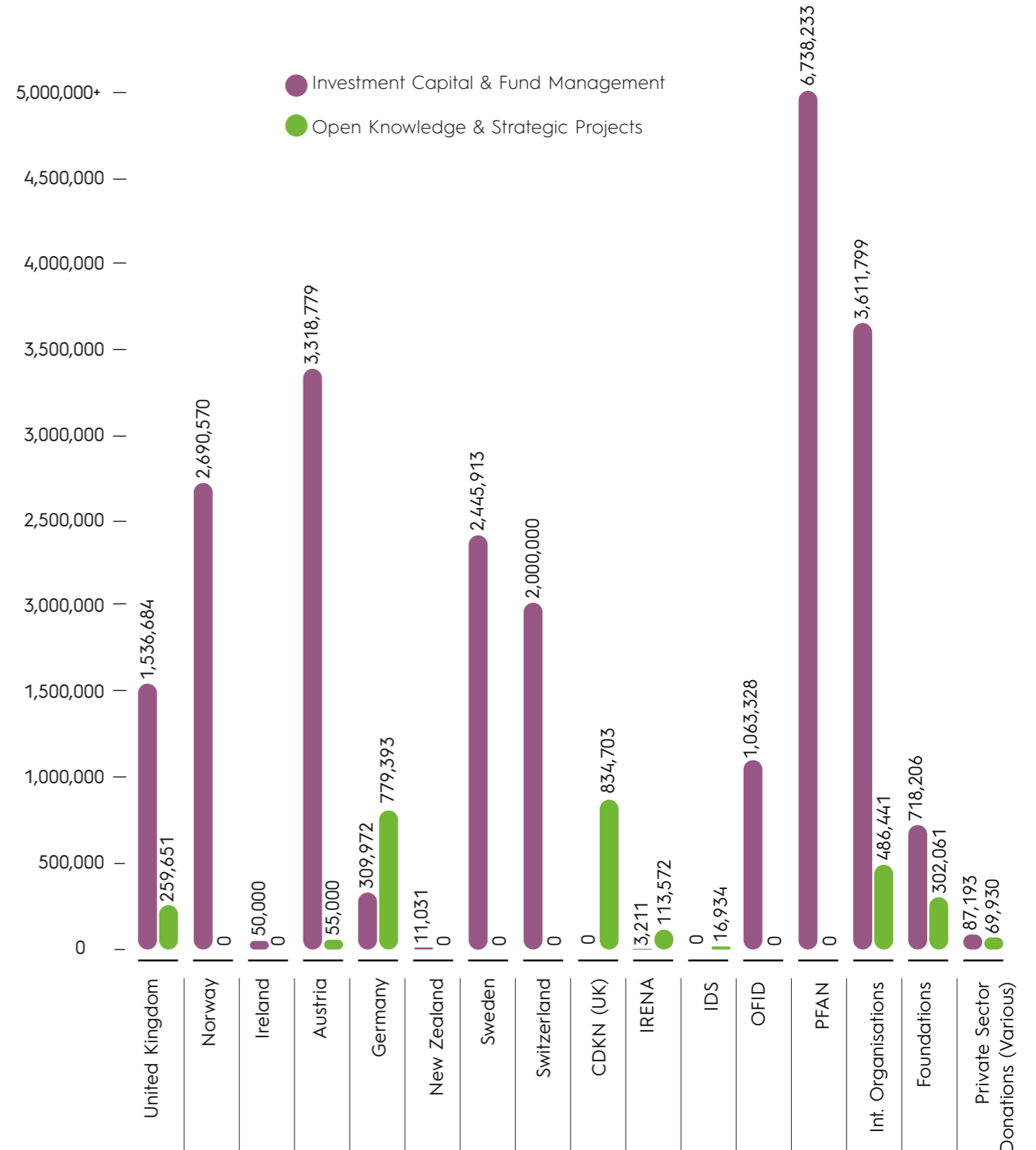
REEEP is an international multilateral partnership, registered in Austria and recognised under Austrian law as a Quasi-International Organization (QulO), a category of international organization introduced in 2015 to accommodate international organizations with multi-stakeholder institutional structures similar to those of intergovernmental organizations, but also allowing membership of non-government actors. REEEP qualifies as an international NGO for official development assistance (ODA) contributions according to the Organization for Economic CoOperation and Development (OECD).

REEEP OUTLAYS 2020/21

In 2020/21, REEEP outlays amounted to EUR million. REEEP operations, including outreach, represented 19% of total expenditures. TechPFAN accounted for 32%; off-grid energy access accounted for 25%; analytics, programme, and other accounted for 12%, while innovative financial instruments accounted for 12% of the total.

REEEP FUNDING OVERVIEW

OVER THE EIGHT-YEAR PERIOD FROM 2012/13 TO 2020/21, REEEP RECEIVED EUR 27.5 MILLION IN DONATIONS, INCLUDING EUR 24.58 MILLION FOR INVESTMENT CAPITAL AND FUND MANAGEMENT, AND EUR 2.9 MILLION FOR OPEN KNOWLEDGE AND STRATEGIC PROJECTS.



OVERVIEW OF ASSETS AND LIABILITIES

	31/3/2021	31/3/2020	31/3/2019	31/3/2018	31/3/2017	31/3/2016	31/3/2015	31/3/2014	31/3/2013	31/3/2012	31/3/2011
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
ASSETS											
Fixed assets											
Intangible assets	24	6	2	4	20	49	80	115	152	65	25
Tangible assets	14	7	5	5	5	3	5	9	18	27	17
Current assets											
Inventory	387	170	314	60	196	0	0	0	0	0	0
Accounts receivable	0	0	40	0	33	88	114	8	30	99	91
Cash	3,291	2,917	3,592	4,260	4,084	4,875	5,920	9,135	11,998	11,953	12,881
Prepaid expenses	16	7	7	17	22	5	9	13	7	6	1
	3,732	3,107	3,959	4,346	4,360	5,019	6,128	9,281	12,204	12,150	13,015
LIABILITIES											
Equity	1,351	1,394	1,346	1,337	1,299	1,323	1,377	1,797	2,249	2,341	1,908
Provisions	243	113	148	113	578	621	868	1,104	1,066	786	628
Liabilities on account of earmarked funds	1,805	1,372	2,253	2,704	2,373	3,001	3,659	5,989	8,312	7,946	9,219
Liabilities											
Accounts payable	291	174	179	132	53	12	35	92	181	282	164
Other liabilities	42	54	33	59	57	64	189	299	395	814	1,096
Deferred Income		0	0	0	0	0	0	0	0	0	0
	3,732	3,107	3,959	4,346	4,360	5,019	6,128	9,281	12,204	12,150	13,015
NET FINANCIAL ASSETS											
Current assets + pre-paid expenses	3,694	3,094	3,953	4,337	4,335	4,968	6,043	9,156	12,035	12,058	12,973
Provisions and liabilities	2,381	1,714	2,613	3,009	3,061	3,698	4,751	7,484	9,954	9,828	11,107
	1,313	1,380	1,340	1,328	1,274	1,270	1,292	1,672	2,081	2,230	1,866

OVERVIEW OF INCOME AND EXPENSES

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Non-earmarked contributions	70	127	70	98	150	507	70	70	712	85
Earmarked contributions	3,861	3,599	2,663	3,055	1,733	1,618	268	1,679	3,805	2,729
Allocation to liabilities on acc.	-432	898	480	-331	628	658	2,330	2,323	-366	1,273
Allocation to work in progress	217	-143	254	-137	196	0	0	0	0	0
Other income	11	61	27	30	39	5	15	27	5	0
Expenses for projects	-1,742	-2,667	-1,949	-1,306	-1,446	-1,683	-1,694	-3,083	-2,734	-2,267
Expenses for regional secretariats	0	0	0	0	-2	-7	-217	-288	-630	-377
Cost of staff	-1,751	-1,564	-1,311	-1,124	-1,046	-903	-851	-763	-720	-707
Depreciation	-15	-8	-8	-22	-36	-39	-53	-54	-47	-27
Other operating expenses	-240	-274	-203	-212	-244	-215	-308	-381	-450	-368
Subtotal	-21	28	22	52	-28	-59	-440	-471	-154	341
Financial result	-21	20	-13	-14	5	8	27	25	83	122
Operating surplus/loss	-42	48	9	38	-23	-51	-413	-446	-71	464
Taxes on income	0	0	0	0	-1	-3	-7	-6	-21	-31
Annual surplus/loss	-42	48	9	38	-24	-54	-420	-452	-91	433

GOVERNANCE

REEEP's governance structure comprises two acting bodies: the Governing Board and a General Assembly of Members. REEEP's Meeting of Members, held at least once every two years and to which all 359 Members are invited, functions as the General Assembly of the Renewable Energy and Energy Efficiency Partnership. The REEEP Statutes and Strategy are subject to ultimate approval by this Assembly.

Governing Board

REEEP's Governing Board holds office for a period of four years and is responsible for the conduct of business in accordance with the REEEP Statutes. The Governing Board develops and oversees key strategic direction, targets, time frames and priorities for REEEP's activities; prepares financial rules and accounting systems; and guides the operations of the International Secretariat.

REEEP Governing Board Members, as of June 2021

- 1. Maher Chebbo**, General Electric (Chair)
- 2. Valerie Marcel**, Chatham House (Vice-Chair)
- 3. Elfriede Anna More**, Austrian Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology (Rapporteur)
- 4. Ari Huhtala**, Independent Climate Advisor (Treasurer)
- 5. Christine Eibs Singer**, SEforALL
- 6. Tareq Emtairah**, United Nations Industrial Development Organization
- 7. Mark Fogarty**, First Energy Asia
- 8. Silke Krawietz**, SETA Network
- 9. Twarath Sutabutr**, Ministry of Energy, Thailand
- 10. Danielle Walsh**, Earn Zero
- 11. Martijn Wilder**, Pollination Group

Advisory Board

The REEEP Advisory Board comprises eminent experts and thinkers in clean energy and related fields, who provide the organisation with high-level expertise and strategic guidance. Members are invited by the Director General and approved by the Governing Board.

REEEP members

REEEP is a global public-private partnership, and counts as its official members 359 governments, international and multilateral organisations, non-governmental institutions, foundations and private sector actors.

The full list of REEEP Members can be found at www.reeep.org/members

- » Governments: 46
- » Government Ministries and agencies: 12
- » Local governments: 11
- » Multilateral agencies: 8
- » Education facilities: 8
- » NGOs: 116
- » Businesses: 153
- » Individuals: 5

Abbreviations and acronyms

AEPC	Alternative Energy Promotion Centre
BGFA	Beyond the Grid Fund for Africa
BGFZ	Beyond the Grid Fund for Zambia
BMU	German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
COP	Conference of the Parties
DFI	development finance institution
ESS	energy service subscriptions
FUNAE	Mozambique Energy Fund
FX	currency
ICETT	International Center for Environmental Technology Transfer
IKI	International Climate Initiative
K-CEP	Kigali Cooling Efficiency Program
KfW	German Development Bank
LED	light emitting diode
LFI	local financial institution
LCY	local currency
MOPID	the energy unit under the Ministry of Physical Infrastructure Development
MRV	monitoring, reporting and verification
NEA	Nepal Electricity Authority
Nefco	Nordic Environment Finance Corporation
NDB	national development bank
NDC	nationally determined contribution
RBF	results-based financing
REA	The Rural Electrification Authority of Zambia
REEEP	The Renewable Energy and Energy Efficiency Partnership
RE-LCDF	Renewable Energy Local Capacity Development Facility
RENAC	Renewables Academy
Sida	Swedish International Development Cooperation Agency
SMEs	small and medium enterprises
SNV	Netherlands Development Organisation
SOARING	Southern African Renewable Energy Investment and Growth Programme
TCX	The Currency Exchange Fund
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
VAT	Value Added Tax



International Secretariat

REEEP's International Secretariat is based in Vienna, Austria, and employs a team of highly committed international professionals.

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Sign up for REEEP news at
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Above:
The United Nations headquarters in Vienna, Austria, where the REEEP offices are located.
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REEEP

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