



Sustainability and replicability of energy projects

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Sustainability and replicability

- Economic, Financial and Institutional Viability
 - Affordability, O&M of course important
 - Sustainability is often a social issue, not just a financial or technical one
 - Practical and institutional capacity
- How can the project be replicated in other locations / settings?



Financial sustainability

- Financial sustainability can be addressed both in terms of internal financing and external financing
- Internal financing, that which is generated as a result of the project activities, is dependent on the factors that normally affect a business, e. g.,
 - size of markets,
 - availability of raw materials,
 - labor availability, and
 - a supportive legal environment.
- Market research and training in business skills are examples of actions that can be taken to improve internal financing.
- External financing, on the other hand, can mean a variety of grants and loans—including micro-finance.



Productive use projects

- Studies find that productive use projects are more sustainable, from a financial perspective, than conventional energy projects because:
 - Income generation is a component of the project and income from the project can pay for its continued operation, maintenance, and expansion.
 - Production is easier to finance than consumption



Affordability - Financial / economic viability?

- a) If the services (results) have to be supported institutionally, are funds likely to be made available? *Who will pay for public institutions' electricity consumption? State budget?*
- b) Are the services affordable for the final beneficiaries at the completion of project? *Connection fee? Payment method?*
- c) Can the benefits be maintained if economic factors change (e.g. commodity prices, exchange rate)? *Spareparts?*
- d) Are the target groups (and relevant authorities / institutions) in the position to afford maintenance and replacement of the technologies introduced and / or used by the project? *Cheaper to maintain mini-hydropower plant than PV*
- e) Is there a financial/ economic phase-out strategy defined and (to be) implemented? *Will it be operated by a community structure? When will they take over?*

Only with a high number of well-reasoned "YES's" to the above questions, financial / economic viability can be envisaged



Ownership

What is the level of ownership of the project by beneficiaries and how will it likely be after the end of external support?

- a) How far is the project embedded in local (community ; village committees, local health authorities etc) structures? *Local community management? Well-structured and well-functioning?*
- b) To what extent have target groups and possibly other relevant interest groups / stakeholders been involved in the planning / implementation process? *E.g. Participation in construction like Practical Action example*
- c) To what extent are relevant target groups actively involved in decision-making concerning project orientation and implementation?
- d) What is the likelihood that target groups / beneficiaries will continue to make use of relevant results after external support has ended? *Will connection fees for new users rise?*



Policy support

What is the level of policy support provided and the degree of interaction between project and policy level?

- a) What support has been provided from the relevant national, sectoral and budgetary policies? *Part of national electrification plan?*
- b) Do changes in policies and priorities affect the project and how well is it adapting, also to long-term needs for support? *Changes in national electrification plan? Shift in focus to other fuel supplies?*
- c) Is any public and private sector policy support likely to continue after the project has finished?



Capacity

How well is the project contributing to institutional and management capacity?

- a) How far is the project embedded in institutional structures (at regional or national level / often government structures) that are likely to survive beyond the life of the project? *Cooperation with district committees?*
- b) Are project partners being properly developed (technically, financially, and managerially) for continuing to deliver the project's benefits/services? *Can they operate and maintain the plant? Can they continue providing awareness on energy saving? Do they know how to retrieve payment from users?*
- c) Will adequate levels of suitable qualified HR be available to continue to deliver the project's stream of benefits? *Will 7 of 8 trained persons leave?*
- d) Are there good relations with new or existing institutions and are there plans to continue with some or all of the project's activities? *Are existing structures being used to deliver the training?*



ACP - EU Energy Facility
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Thank you!