

Commercialisation of Large Scale Solar Water Heating Systems

Geography	South Africa
Duration	2006-2007
Budget	€250,000 including co-funding from E+Co and Cordaid
Implementation Agency	Energyhouse Africa (TAS) E+Co Africa

Purpose

Establish a financing facility for Solar Water Heating (SWH), to scale-up current activities in large scale SWH-applications.

Project Description

Through E+Co's solar thermal investment experience in Africa and South Africa, E+Co identified a niche financially un-serviced market opportunity. This opportunity is the result of a lack of appropriate asset based finance for the purchase of large scale SWH systems. To stimulate this market opportunity, E+Co with REEEP assistance, is developing a business plan for the creation of a €1.5 million SWH investment facility with a €250,000 window for the facilities development, management fees and enterprise development services (EDS). The proposed facility will work with local and international financial institutions to make appropriate asset based finance available to consumers wanting to purchase large scale SWH systems, thereby demonstrating the financing potential for large SWH installation. The facility will also undertake various market development and training activities to assist with the scaling up of the SWH sector. Should the investment facility prove successful, E+Co envisage the facility growing into a larger stand-alone financially sustainable fund with investment capital of ~ €15 million.

Main Activities

- Develop a business plan for a €1.5 million SWH investment facility. Demonstrate the financing potential for large scale SWH installation. The project also provides for an additional €250,000 required for facility development, EDS and management fees
- Secure financial commitment from prospective financiers and donors with a background in renewable energy, energy efficiency, sustainable development and corporate social responsibility
- Undertake a market development and training workshop with all stakeholders
- Develop investment opportunities by engaging E+Co's network partners in South Africa
- Implement the facility
- Evaluate the results of the facility and decide whether a full scale self-sustaining Fund is justifiable



Challenges

- Scaling up of the South African SWH sector
- Ensuring product performance, standards and quality assurances from suppliers
- Demonstrate the financial principles associated with SWH investing and securing financial commitment
- Securing sustainable investment opportunities

Expected Benefits

- The project will increase the dissemination of clean, reliable and affordable SWH systems, combining the benefits of RE and EE and applying appropriate finance techniques
- The facility will secure co-finance from local financial institutions and donor agencies totaling €1.5 million investment capital and €250,000 for facility development, management fees and EDS
- E+Co will undertake market development, training and capacity building to stakeholders
- The facility will finance SWH systems that will provide ~ 200,000 liters of hot water/day to approximately 4,200 individuals. The SWH systems will displace fossil fuel generated electricity
- If the facility proves successful, E+Co will develop the concept for a financially sustainable stand-alone SWH investment fund
- E+Co will undertake market development, training and capacity building for stakeholders

Status & Progress

- The project is in an early stage of its development
- The first draft of the business plan has been completed. Potential financial partners have been identified and initial discussions have taken place

