

SECTION II: STRATEGY AND OBJECTIVES FOR UNDP SUPPORT

A. POLICY FRAMEWORK

1. United Nations Policy Framework

The action by the Government of Malawi to place emphasis on the development of new and renewable energy resources is in conformity with the United Nations Policy Framework for energy development and utilisation. The United Nations Conference on Environment and Development held in Rio de Janeiro in 1992 represented a turning point and crystallised the ideas about sustainable human development. At this conference energy was one of the major pre-occupations because energy supply and use was recognised as one of the major causes of environmental degradation both at local and global level. Energy issues in the past have been concerned mainly with increasing energy supply, energy consumption per capita being key indicators for modernising and progress.

After Rio, attention of energy planners has shifted from the amount of energy used to the amount of energy services delivered. At the Rio conference energy has been recognised as essential for development and 150 Government's committed themselves to Sustainable Development and the Protection of the Environment by signing the UN Framework Convention on Climate Change (UNFCCC).

Chapter Nine of the Agenda 21, makes this important statement: "Much of the world's energy is currently produced and consumed in ways that could not be sustained if technology were to remain constant and if overall quantities were to increase substantially. The need to control atmospheric emissions and other gases and substances will increasingly need to be based on efficiency in energy production, transmission, distribution and consumption, and on growing reliance on environmentally sound energy systems, particularly new and renewable sources of energy".

2. Relationship with UNDP mandate and areas of intervention

The strategy and objectives of this Programme Support Document are chosen to implement and add to the National Sustainable Environment Programme described in section I.B and at the same time to maximise the achievements in terms of the four programmatic objectives of UNDP.

The areas of intervention in accordance with the UNDP's Advisory Note for Malawi are: (1)

Sustainable Livelihoods, (2) Enhanced Income and Employment Opportunities, (3) Environment and Natural Resources Management, and (4) Capacity Building for Governance and Development Management.

The proposed strategy for this Programme builds upon the strategies defined by UNDP First Country Co-operation Framework for Malawi and in particular focuses on:

- Poverty alleviation,
- Diversification of economic opportunities,
- Support to governance and development management capacities,
- New emphasis on urban poverty,
- Priority for the advancement of women,
- Support for the environment and natural resource management

The NSRFP approaches the problem of renewable energy from a technology point of view, while in this document renewable energy will be addressed from the point of view of the services it can provide and of the maximum number of people that can be assisted. The energy services needed by Malawians are lighting, cooking water pumping, refrigeration and mechanical power. Other needs like air conditioning and transportation will not be addressed because only a limited number of people can afford and has access to these services.

The NSRFP addresses other things photovoltaic (PV) systems as a solution for the problems. PV addresses many important aspects of sustainable development though it does not address cooking energy needs. The NSRFP states clearly that its objective is to direct energy use away from biomass, which in the Malawi context is not possible in the near future.

As the majority of Malawians depend on wood fuel for meeting their energy needs, then UNDP's strategy should be directed towards meeting this need in a sustainable way.

UNDP interventions will also extend to maximise the benefits in global terms by contributing to the abatement of Greenhouse Gases (GHGs), and prevent deforestation that often leads to desertification, by choosing those solutions that better address poverty alleviation, income generation and gender issues, and by choosing the options that guarantee a maximum of sustainability.

Therefore, the ultimate objective of this strategy is to guarantee that the proposed solutions are sustainable and benefit as much as possible the majority of Malawians.

By itself a renewable energy programme is not sustainable. Sustainability does not only address the problem of the natural resource base but also that of the financial and human resources as well as that of the socio-economic context. A renewable resource such as wood fuel is not sustainable if the yield of the forest is stretched beyond regeneration capacity, if the proposed solutions rely on a constant flow of external financial and human resources and if it does not take into account the social peculiarities of the beneficiaries.

The strategy of UNDP intervention in the NSRFP is to maximise the achievements of the programme with respect to the UNDP's sustainable human development objectives, which coincide with those of the GOM. The opportunities of intervention that have more potential to be replicated and benefit the largest number of people are those measures that promote renewable and sustainable forms of energy, add to the actions proposed in the NSRFP and are complementary to the existing or programmed bilateral and multilateral actions. These will have the highest priority. In this chapter, the analysis will be made that will result in the choices of the programme components to be supported and/or promoted by UNDP.

1. Analysis of the problem

B. STRATEGY FOR OPTIMAL USE OF UNDP RESOURCES

- The main objective of UNDP's support to Malawi Government's NSREFP that will be pursued through this Programme Support Document focus on four components of the sub-programme mentioned under Section 1C4 above. These are:-
- creating an enabling environment for development and utilisation of renewable energy sources
 - distribution of strengthening of capacity building for renewable energy sources
 - promotion of renewable energy services; and
 - assisting with sourcing financial resources for the development of renewable energy resources
- The outputs expected from the programme support objectives and the activities thereof should have far reaching benefits to a large number of people in the rural, semi-urban and urban areas.
- 2. Expected results of the sub-programme**
- The main expected results of this sub-programme can be summarised as follows:
- A National Overall Energy Policy will be in operation. This will provide a further impetus and direction on the implementation of the NSREFP and other energy programmes. It is also expected that a duty and surtax free status will be in place for renewable energy technologies in solar, wind, biomass, biogas, mini and micro-hydro generation equipment. Such technologies will have been installed in some places and will be operational
 - A National Programme Steering Committee (NPSC) will be operational as the driving force and navigator of the implementation of NSREFP. Capacity to co-ordinate and implement the programme will have been achieved in the Department of Energy and implementing institutions, respectively.
 - The Energy Fund will have been operational to provide seed money for the Revolving Renewable Energy Loan Fund for the installation and operation of renewable energy services.
 - Enabling Environment for the introduction, development and dissemination of sustainable and renewable energy technologies especially those for biomass, solar, wind and mini/micro hydropower.
 - Realisable access to basic micro-credit for the poor and for the development of small manufacturing and marketing sustainable energy technology enterprises.
 - Greater access to basic social services and sustainable livelihoods especially those of women and rural populations.
 - Enhanced capacity of a variety of intermediary organisations such as public and private institutions, NGO's and communities involved in the development, dissemination and training.

3.0 Strategy Definition

For a strategy to make renewable energy sustainable, it needs to:

- Maximise the number of people who will benefit from it;
- Address UNDP objectives;
- Should be sustainable not only in terms of resources but also financially and socially; and
- should be efficient in provision of energy for cooking, heating, mechanical power, lighting and refrigeration, which are the most important energy services most commonly needed.

This strategy will also take into account and complement the approach used in the NSREF; it will take into account the activities of the projects and programmes already being implemented or pending implementation by bilateral and multilateral donors.

4.0 Strategic Entry Point

The main objective of UNDP's support to the GoM's NSREF which will be pursued through this Programme Support Document (PSD) are as follows:

- To create an enabling environment for the promotion of renewable energy services; this will be done through the review and formulation of appropriate policies;
- To build necessary capacity for the implementation of NSREF;
- To promote renewable energy services; and
- To establish renewable energy financing schemes.

4.1 Creating of enabling conditions for sustainable energy systems

From the known obstacles to the introduction and dissemination of renewable energy technologies, UNDP through this programme will assist the GoM in removing barriers through reviewing and formulation of appropriate policies. In particular the national energy policy will be formulated. In addition, this programme will provide a framework for lobbying with politicians and donors so that they prioritise the financing of renewable energy services in the country.

4.2 Promotion of Renewable Energy Services

UNDP has assisted the GoM in the formulation of a national policy and strategic framework for sustainable energy, by supporting the completion of the NSREF. This policy framework indicates linkages between sustainable energy and energy in general while waiting for the formulation of a comprehensive national energy policy.

UNDP will: -

Provide the necessary assistance for the promotion of renewable energy services. Technologies to be promoted will include solar, wind, biogas, biomass energy conservation through stoves and briquettes and the introduction of mini/micro hydropower, generation.

Analyse past studies on the feasibility of micro and mini hydropower. From the known potential, determine the possible areas where mini/micro hydropower generation can be introduced. Assist the GoM in implementing the NSREF by co-ordinating donor activities on the promotion of sustainable renewable energy services in order to avoid costly duplications of programmes or projects addressing the same issues and/or the same areas of interventions.

This will be made possible through implementation of pilot-projects at grass root level and setting up models that can be used elsewhere in the country. It will create enabling conditions and removing barriers against sustainable energy dissemination and preparing or helping prepare projects for donor support.

- The rural population
- NGOs and other civil society organisations
- Private sector organisations
- Line ministries
- Donor organisations

Besides the beneficiaries mentioned in section 1.C.3 the implementation of these four components will lead to an increased role of sustainable energy in Malawi, and will benefit a number of organisations by implementing specific capacity building activities:

5.0 Beneficiaries

UNDP will provide assistance in order for local communities and entrepreneurs to set up integrated projects, through the PAPSL process, to disseminate sustainable energy technologies and assist in searching for international donor financing. The PAPSL approach will ensure that the collaboration and integration of Food Security, Enterprise Development & Employment Creation, Gender and E & NRM programmes and the NSREF are done.

UNDP will assist the GoM in its efforts to involve various stakeholders in implementing NSREF. This will involve building the necessary capacities where they are lacking. The focus will be on building the capacities of a variety of intermediary organisations, with emphasis on institutions and NGOs involved in renewable energy technology development, dissemination and training.

4.4 Capacity Building for implementing NSREF

UNDP will assist in the organisation of micro-credit systems in order to directly finance the projects that local communities propose to implement or to finance local entrepreneurs in the manufacturing assembling and maintenance of sustainable energy technologies. A Revolving Renewable Energy Loan Fund (RRELF) will be established with the Malawi Rural Finance Company to enable many people to acquire renewable energy technologies, UNDP will provide seed money for this Loan Fund.

4.3.1 Establishing a Revolving Renewable Energy Loan Fund

UNDP will assist in examining previous experiences in and around Malawi on programmes for PV, wind energy, biogas and other renewable sources and this PSD has come up with approaches that will make a difference in terms of benefiting the majority of the population. These approaches include a financing scheme that will be accessible to both the rural and the urban population in the country.

4.3 Financing Mechanisms for Renewable Energy Technologies

C. PROGRAMME SUPPORT COMPONENTS AND OBJECTIVES (PSO)

COMPONENTS I: CREATING AN ENABLING ENVIRONMENT FOR THE PROMOTION OF RENEWABLE ENERGY

PSO 1.1 *to formulate a national Energy Policy, which will guide the development of the energy, sector in the country.*

Output 1.1 A Comprehensive Energy Policy Document is produced and used by all interested parties

Activities

1.1.1 Form a core team of experts to be involved in the drafting of the policy

1.1.2 Draft the policy collating with examples of policies of some neighbouring countries.

1.1.3 Conduct a seminar to discuss the draft policy with all stakeholders and interested parties.

1.1.4 Finalise the policy document and publish 200 copies for distribution to interested parties.

PSO 1.2 *To lobby for the financing of Renewable Energy Activities and Removal of Barriers for the promotion of Renewable Energy services*

Output 1.2 A duty and tax-free status is established and working for solar, biogas, windmills and mini/micro hydro equipment

Activities

1.2.1 Prepare a position paper on the role of energy in the overall socio-economic development of the country

1.2.2 Initiate discussions with the Ministry of Finance and Renewable Energy Companies to make a case for removal of duty and surtax on Renewable Energy Technologies (RETs)

1.2.3 Establish a technical committee comprising Energy Department, Treasury, UNDP, MRTDC and Renewable Energy Companies to work out the modalities for the removal of duty and surtax on RETs

Output 1.3 Renewable Energy Activities are adequately funded with support from various donors and the Government Energy Fund.

Activities

- 1.3.1 Establish a Renewable Energy Taskforce to be represented by Senior Members (those who can commit resources) of the following stakeholders: Department of Energy, NEC, UNDP, MIRTDC, National Council for the Environmental, DANIDA, GTZ, Solar Companies, Stanlinks, Forestry, the University, ESCOM, Ministry of Women, Youth and Community Services. The Terms of Reference for the task force will be to:

1.3.2 prepare a lobbying programme to lobby with politicians so that they publicise the environmental benefits of Renewable Energy

1.3.3 solicit funds from the Government and other financiers for the implementation of the NSREP

1.3.4 facilitate, oversee and advise the Steering Committee on the implementation of the NSREP.

Output 1.4 the Renewable Energy Technologies (RETs) information is made available to the rural population

Activities

1.4.1 Package clearly information on RETs and the available technical and financial assistance that can be provided

1.4.2 Prepare a public awareness campaign through the mass media and a Renewable Energy Bulletin in English and Chichewa

1.4.3 Prepare jingles for the various Radio Programmes including a radio drama every month for one year

1.4.4 Assess the responsiveness of the population to the messages publicised and review the delivery mode if necessary.