



Press Release

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Immediate Release

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## **South Africa Receives World Bank Support to Stimulate Demand-Side Energy Efficiency Market**

South Africa's efforts to further develop its energy efficiency market have received a boost with a US\$305 000 World Bank grant towards developing a study on sustainable financial mechanisms for demand-side energy efficiency market. The beneficiaries of the study – the South African National Energy Development Institute (SANEDI) and the Department of Mineral Resources and Energy (DMRE) – will use it to identify and develop appropriate financing mechanisms and associated institutional structures for implementing energy efficiency measures at scale, focusing on the public, agriculture and industrial sectors.

Barry Bredenkamp, General Manager, Energy Efficiency & Corporate Communications at SANEDI, says that the institute, together with the DMRE, started discussing the activity with the World Bank energy team in April 2020 and was thrilled to have recently received news of the grant provided by World Bank, through its Public-Private Infrastructure Advisory Facility (PPIAF). The PPIAF helps developing-country governments strengthen policies, regulations and institutions that enable sustainable infrastructure, with private-sector participation. *“We look forward to making the most of this opportunity to develop sustainable financing solutions in supporting a conducive market for sustainable energy solutions, which will have a wider positive impact for South Africa,”* says Bredenkamp.

Thebe Mamakoko, Senior Energy Negotiator at DMRE, confirmed *“The promotion of energy efficiency ‘as first fuel’ is one of the key interventions included in the Department’s Strategic Plan to support energy security and the ‘transition to low carbon’ economic development for South Africa”*. In this sense, the study will assist DMRE and SANEDI in the design of mechanisms that can be used to leverage private sector participation and the mobilisation of capital to address the financing needs for delivering the measures laid out in the National Energy Efficiency Strategy (NEES).

The official name of the project is *Climate Change Trust Fund for South Africa: Development of Sustainable Financing Mechanisms for Demand-Side Energy Efficiency Market Transformation*. Overall, it will support DMRE and SANEDI to unlock energy efficiency potential in the public, agriculture and industrial sectors, which combined, represent around 45% of the total final energy consumption in the country. In addition, supporting the scale up of energy efficiency measures in these sectors will contribute positively to climate change mitigation through significantly reducing energy consumption which could in turn, result in substantial greenhouse gas emissions reductions. In 2018, coal represented 74% of total primary energy demand and 89% of electricity generation in South Africa.

*“Scaling-up demand-side energy efficiency implementation in South Africa is, perhaps, one of the most promising and cost-effective solutions to enhance energy security, avoid power outages and reduce emissions, while supporting employment creation and other co-benefits,”* says Ashok Sarkar, World Bank Senior Energy Specialist. *“This project will draw from the World Bank global experiences, best practices and lessons learned from other countries, to support South Africa efforts in developing innovative financing mechanisms to transform its energy efficiency market”*.

Furthermore, the project will contribute towards bringing about positive macroeconomic impacts through cost-effective energy efficiency improvements in these critical economic sectors. Bredenkamp explains: *“Energy efficiency reduces the amount of energy needed to deliver services such as lighting, heating and cooling, and improving industries competitiveness. This will boost economic activity and could lead to increased employment”*.

*“In addition, lowering the cost of energy services frees up much-needed resources for households, businesses and governments. The knock-on effects are boundless, and we look forward to seeing South Africa moving towards a transformed energy efficiency market,”* concludes Bredenkamp.

Ends 577 words

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### **About SANEDI**

The South African National Energy Development Institute (SANEDI), established by the Government, directs, monitors and conducts applied energy research to develop innovative, integrated solutions to catalyse growth and prosperity in the green economy. It drives scientific evidence-driven ventures that contribute to youth empowerment, gender equity,

environmental sustainability and the 4<sup>th</sup> Industrial Revolution, within the National Development Plan (NDP), through consultative, sustainable energy projects. For more information, go to [www.sanedi.org.za](http://www.sanedi.org.za).