



**KENYA RENEWABLE ENERGY
ASSOCIATION (KERA)**

**STRATEGIC PLAN
2012 -2015**

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Preface

...You are the association. What can we do together?...

Renewable Energy and Energy Efficiency have a key role to play in Kenya's future. Petroleum and electricity supply a large fraction of the country's industrial and commercial energy needs. However, the cost of energy from these sources has been increasing rapidly over the last decade; putting an increasingly large burden on this sector.

Average prices for crude oil imported into Kenya have increased by over 50% compared to 2007 prices and the increased use of thermal generated power in Kenya has seen consumers pay more in electricity bills, inflated by a surcharge meant to reimburse generators money spent on diesel for running the plants as well as a forex surcharge to account for fluctuations in the forex exchange rate. Notably, the combination of the fuel and forex surcharge paid by consumers in 2011-2012 amounted to Sh50.8 billion; more than the Sh45 billion that electricity users paid for actual electricity consumption. The bulk of this is paid by commercial and industrial consumers, who account for 74% of all electricity consumed.

Often understated is the fact that wood-fuel and other biomass account for 68% of Kenya's energy supply; providing more than 85% the energy needs of rural and urban households. In addition to households, fuel wood and charcoal is utilized extensively by institutions (e.g. prisons, schools, clinics and hospitals etc) as well as small and medium enterprises (SMEs) which include hotels, food vendors and small scale processing facilities. Industries requiring thermal energy for their processes are also switching to biomass due to the increasing cost of fuel oil e.g. tea industry, food processing and cement manufacture. Regrettably, biomass in Kenya is characterized by unsustainable supply, inefficient production and consumption and a growing supply deficit.

The burden of addressing these challenges in the energy sector cannot solely be the governments'. The importance of the private sectors' role in increasing energy access cannot be overstated. A commercial approach to provision of energy products and services is the only truly effective and sustainable approach. Partnership between private sector and government is therefore key to identifying innovative, cost effective and sustainable solutions.

Join us and let us work together to improve the business environment for renewable in Kenya.

Charles Muchunku
Chairman, Kenya Renewable Energy Association

Executive Summary

This strategic plan is the result of a consultative process to define the strategic objectives of the Kenya Renewable Energy Association and the approach we should take to contribute to the development and growth of the renewable energy sector in Kenya. This strategy document is the consolidation of inputs from actors and stakeholders from different RE sector and technology areas i.e. Government, Suppliers, Retailers and Technicians, Consultants, NGOs, Financial Institutions, Development Partners, Research Institutions and other existing RE based associations.

KEREA's strategic objectives:

a) Lobbying and Advocacy on RE issues

A number of initiatives to regulate the renewable energy sector are underway. These regulatory activities will affect the delivery of products and services in RE sector and the association has a key role to play in ensuring that these regulations are practical and effective and that a supporting framework to enable businesses to comply is also put in place.

There is much debate on how government can incentivize the use and uptake of both large and small scale renewables; innovative strategies are key to identifying and implementing approaches through which government can attract investment in renewables without significantly increasing the cost of electricity or resorting to subsidies.

Kenya's new devolved form of government will have a significant effect on the way energy policy and regulations are developed and applied. Although the process to review the Energy policy to address this is underway; unforeseen challenges will arise and the association will have a key role in highlighting these and providing policy change recommendations.

b) Research to inform advocacy and lobbying activities and to collect information on RE products and markets

Lobbying and advocacy activities should be backed by verifiable supporting information. It is therefore necessary to determine, for an identified RE market challenge, what areas require further investigation and develop research activities around these areas.

Market research, which looks at issues of market size, potential, opportunities, challenges etc., is also necessary to inform local and international investors with interest in the RE sector. Most private businesses are unable to make a significant investment in market research and often opt to invest in sectors where this information is readily available. Market studies are therefore a useful way of identifying market opportunities and encouraging investment in the sector.

c) Networking, Business Linkages and Coordination, to facilitate and encourage synergies between various activities in the RE sector

With increasing interest in the RE sector there are large number of on-going and proposed RE programs, research, initiatives, projects and/or activities by players ranging from government to development partners to NGOs to businesses to associations. Currently, there is little opportunity and even fewer forums for networking and information sharing between these players. Bringing these players together can result in very useful synergies.

International suppliers and manufacturers are regularly looking for business partners and business opportunities and vice versa. Similarly at local level, suppliers are looking for dealers and engineers/technicians; dealers are looking for suppliers and technicians etc. This would be made easier if there were readily available facilitation services to introduce market players to each other. This is a role the associations is well positioned to play for the RE sector

d) Promoting and creating awareness on renewable energy as well as providing information on renewable energy markets, market actors and technologies

Although the number of people who are aware of the availability of renewable energy products is significant, the level/depth of awareness is still low. One of the reasons for limited uptake of RE technologies is the perception that these technologies are expensive, unreliable and worse still don't work. This perception has been brought about as a result of large number of failed RE systems visible at household and institutional level. System failure is mainly a result of poor quality of equipment, poor design and installation practices and the absence of after sales services, which indicates a problem with how the business is practiced as opposed to a problem with the technology.

Innovative and informative promotional activities are needed to change this perception and rebuild consumer confidence. Consumers need to know where they can access good quality RE products and services. They also need to be informed on the capabilities and limitations of RE systems, after sales service requirements and where they can access these as well.

e) Capacity building and training

RE associations can support training, capacity building and certification activities in the renewable energy field and accreditation of renewable energy product and service providers. Most renewable energy capacity building and training activities in Kenya are currently undertaken by private sector players with most financed by donor funded initiatives. This approach limits the number of people who can be trained. Without institutionalization of renewable energy training programs especially at the technical training institute level there will always be insufficient local capacity to meet the demand for technical services required by the RE market. With the on-going and anticipated development of regulations in the RE sector, certification of engineers and technicians will be an important requirement. This will be difficult to achieve if there are no readily available and affordable training courses for RE technologies.

With rapidly developing technology, there is also a demand for short/targeted courses to support the introduction of new technologies or skills. The associations would have a role in identifying these training needs and opportunities and coordinating with local, regional and/or international entities to provide these short/targeted training courses.

KEREA's Operational Structure

KEREA's operational structure is made up of an elected executive 7 member committee who, on a voluntary basis, provide strategic guidance and a secretariat responsible for day to day operations. To achieve its strategic objectives, KEREA will have to grow its secretariat to a staff of four comprising:

- An executive secretary, responsible for the implementation of strategic plan and providing the link between the executive committee and the secretariat
- A marketing and information officer responsible for strengthening KEREA's membership base, coordinating and implementing activities for promoting and creating awareness on RE and collecting information on renewable energy products and markets
- A capacity building and research officer responsible for supporting training, capacity building and certification activities in the renewable energy field and coordinating research for purposes of informing advocacy and lobbying activities
- An administrator, to provide administrative support for operations of the association.

At full operation, the annual costs of running the secretariat are estimated at Ksh 6.54 million.

For sustainability KEREA's approach will be to cover its secretariat costs from member subscriptions and targeted income generating activities e.g. a renewable energy publication and an annual renewable energy exhibition. Membership is therefore key to KEREA's sustainability.

For implementation of activities targeted at achieving KEREA's specific objectives, separate funding will be sourced from partners and sponsors.

A pragmatic approach will be taken with regard to staffing; the initial approach would be to begin with 2 staff i.e. the Executive Secretary and the Administrator who would undertake the activities outlined for the other 2 officers. The additional secretariat staff would then be gradually introduced as KEREA's revenue allows.

1 INTRODUCTION

1.1 Renewable Energy Sector in Kenya

Renewable energy is aligned to the implementation of MDGs and Kenya's Vision 2030. Commercial energy is dominated by petroleum and electricity which are the prime movers of the modern sector of the economy. Wood fuel provides energy needs of the traditional sector including rural communities and the urban poor. At the national level, wood fuel and other biomass account for about 68% of the total primary energy consumption, followed by petroleum at 22%, electricity at 9% and others including coal at less than 1%. Solar energy is also used for drying and, to some extent, for heating and lighting.

Renewable energy is quickly moving up the priority list in Kenya for a number of reasons:

- Thermal based generation currently accounts for 37.5% of the total electricity consumed. Looking at Kenya's electricity generation capacity from 1999-2011, the greatest increase to date has been the thermal electricity generation capacity, a trend that is set to continue following the reduced reliability of the hydro plants. Even in the optimistic Least Cost Power Development Plan 2011-2031, the percentage of thermal based generation will only drop to 21% in 2020.
- Household rural electrification rates are still below 4%, and with government's focus now on public facilities, off-grid households and businesses now have to look for other alternatives.
- Biomass is still the main source of energy and the current levels of unsustainable harvesting of biomass resources and their inefficient use cannot continue for much longer without serious environmental consequences.

Kenya is endowed with significant amounts of renewable energy resources such as wind, solar, geothermal, small hydro and biomass. The Ministry of Energy has made an effort to assess wind and small-hydro potential in the country. However, comprehensive assessment, mapping and appraisal of all the renewable energy resources in the country have not been done to determine their technical and economic viability.

Basic technologies have been in existence for some time and have been deployed elsewhere as they continue to improve and evolve. In some cases, their economic viability is marginal and in all cases, is critically dependent on the level of adoption and costs. Nevertheless, in the expectation of rising fossil fuel costs, improvements in technology and reductions in technology costs, it is appropriate for Kenya to position itself so that it can capitalize on the potential opportunities in renewable energy production.

The solar market size is USD 6-8million per annum and growing at perhaps 10% per annum. Applications are wide-ranging, from relatively new LED lighting packages to basic solar home systems and larger systems for business and public institutions. The energy needs of the rural mobile phone market, including powering of off-grid base transmission stations for mobile network service providers and charging mobile phones for users is catalysing investments in wind and solar PV technologies.

Wind energy application is dominated by the proposed 300 MW Lake Turkana wind farm project. At micro/small level, some local firms are manufacturing and marketing wind turbines and mechanical wind pumps for water pumping.

Clean energy market opportunities exist in the biomass/biogas sector as well. These include improved efficient biomass technologies, industrial fuel substitution for process heat and cogeneration and waste-to-energy projects.

Driven by the climate change mitigation and adaptation campaign, the international community has embraced the green revolution; which presents additional opportunities for Kenya to engage further in green energy projects and initiatives.

1.2 Government Intervention

The government has made significant efforts to put in place strategic deployment policies to encourage the use of renewable energy technologies. The Ministry of Energy introduced feed-in tariffs for renewable energy technologies in 2008 and revised them in January 2010. The tariffs seek to encourage investment in electricity generation from small hydro, wind, geothermal, biomass (bagasse and other biomass waste) and biogas. The Ministry is now considering the introduction of a standardised non-negotiable PPA for embedded RE generators of less than 10 MW.

The Ministry of Energy has also introduced a feed in tariff for solar, targeting the partial displacement of thermal generation in its existing and proposed isolated power stations. It has also undertaken to use solar PV in off-grid rural electrification by prioritizing its use in electrification of schools, health facilities and other institutions.

At present, there is significant debate within the renewable energy sector in regards to the feed- in tariffs; whether they are viable or attractive enough for investment and how the government can find a balance between attracting investment in renewables without significantly increasing the cost of electricity or resorting to subsidies. This presents a challenge and opportunity for advocacy interventions.

The Energy Regulatory Commission has also recently embarked on the development of regulations for solar photovoltaic systems and plans to develop regulations for other renewable

energy technologies in the near future. For instance, the new solar water heating policy and regulations will be gazetted, to initiate the integration of solar water heating systems.

1.3 Situational Analysis

With the exception of large power producers and the electricity utility, the renewable energy sector in Kenya is dominated by small to medium enterprises. Adapting of existing technologies for local conditions and low market penetration rates (due to ineffective delivery models) are key challenges facing these SMEs.

The level of interest in the renewable energy sector is increasing and there are large numbers of on-going and proposed RE programmes, research, initiatives, projects and activities. Actors playing a key role in the sector include the government, development partners, NGOs and businesses associations. International suppliers and manufacturers are seeking business partnerships and investment opportunities. At the local level, suppliers are similarly looking to develop their networks with dealers, engineers/technicians and vice versa. .

However, a number of challenges limit the growth and development of the sector despite these existing opportunities. Currently, there are few shared platforms and forums through which these actors can interact and network. Information sharing and exchanging of ideas is also limited, in terms of content development as well as dissemination tools.

Information for potential local and international investors is also inadequate. Market research looking at issues of market size, potential, opportunities and challenges is a key concern as most private businesses are unable or unwilling to make a significant investment in market research and often opt to invest in sectors where this information is readily available.

The needs of practitioners in the renewable energy sector are also increasing as part of their adaptation to changes in policy and regulatory frameworks. In some instances, actors are becoming more specialized in their areas of operation and therefore require tailored support.

There is a need to address sector challenges collectively and strategically, provide information on the market, facilitate networking and synergies between players and develop local RE skills. Institutions committed to engage with sector stakeholders are therefore necessary and the renewable energy association has a significant role to play in the development the RE sector in Kenya.

2 ABOUT US

The Kenya Renewable Energy Association (KERA) is an independent non-profit association dedicated to facilitating the growth and development of renewable energy business in Kenya.

KERA was formed in August 2002 by members of the Renewable Energy Resources Technical Committee of the Kenya Bureau of Standards (KEBS) and is registered under section 10 of the societies act.

2.1 What We Stand For

Our vision, mission and core values are the foundation of our strategic plan and activities for the next five years; these aim to provide a clear understanding of what we believe in and provide the inspiration for our work.

Our values determine how we attain our objectives

Vision: A vibrant and conducive business environment for renewable energy products and services in Kenya

Mission: To facilitate the growth and development of renewable energy business in Kenya.

Values:

- Integrity: We conduct ourselves truthfully and honestly in a manner that strengthens our relationships with stakeholders.
- Innovation: We seek innovative ways to improve the value and delivery our services and exceed customer expectations.
- Partnership: We endeavour to promote and embrace partnership and participatory approaches in implementing our activities.
- Team Work: We strive to address common challenges through collective effort. We share information and resources with our members and partners, work as a team and advocate teamwork.
- Responsiveness: We respond to the needs of our members in a timely and professional manner.

Stakeholder Value Propositions:

- Accessibility: Access to information and expert services.
- Reliability: Providing dependable and consistent services.
- Reputation: Recognition by stakeholders, eliciting pride in those associated with us and maintaining an impressive public image.

- Affordability: Provision of professional services at reasonable cost.
- Customer focus- Provision of customized products & responsiveness to the needs of our members, stakeholders and partners.

2.2 What we do

The association focuses on building and sustaining partnerships necessary for disparate members to work together towards key goals. We promote the interests of members and provide a networking and collaboration platform, to articulate the shared vision of the renewable energy industry in Kenya. Activities undertaken by the association are geared towards ensuring these objectives are met:

- The interests of members of the RE industry are promoted among government, donor organizations, non-governmental organizations, the general public and any other organizations that may impact on the development and general well-being of the industry.
- A forum for the dissemination and exchange of information and ideas on matters relating to renewable energy development and utilization in Kenya is established and sustained.
- Public awareness on RE is enhanced through publications, advertisements, endorsements, seminars, conferences, advertising and promotional campaigns.
- The government and industry are able to secure assistance on issues related to RE technologies including energy policy formulation, standards and taxation, amongst others and collective representation of the sector is provided.
- Identification and information management of RE industry stakeholders including government policy makers and other interest groups and associations.
- Promotion of professionalism in the industry by encouraging adoption of good engineering practices and standards (quality products, design, installation and maintenance) among RE industry the members. .
- Better business practices and tendering procedures are encouraged and good ethical and moral standards maintained by members of the RE industry.
- Provision of assistance or undertaking the settlement of disputes by arbitration between the association's members, general public and consumers of RE products and services as well as any organizations directly or indirectly affected by or participating in RE energy utilization.
- Linkages are created and maintained between industry, the government, consumer groups and other national, regional and international renewable energy associations.
- Protection of consumers of RE products and services in all aspects, especially by encouraging the standardization of RE equipment, components and services such as installation and maintenance.

2.3 How we work

The association is governed by an executive committee of seven members; elected during the annual general meeting. The executive committee is comprised of a chairman, vice chairman, secretary, deputy secretary, treasurer and two committee members.

The executive committee members serve for a three-year term and are eligible for re-election for one consecutive term. The executive committee does not draw any allowances as members serve on a voluntary basis by setting aside their time and resources to attend to KEREA's business.

The association currently operates its secretariat with one full time administrator. The secretariat is entrusted with the authority to implement policies approved by the Board and is responsible for day to day management of the organization within the policy guidelines.

The secretariat is currently hosted by Kenya Industrial Development and Research Institute (KIRDI), as part of a joint MoU to undertake research and capacity building in solar thermal technologies.

2.4 Where we are now

Since its inception in 2002, KEREA has continuously adapted its strategies to address dynamic needs and provide leadership in the development of the renewable energy sector in Kenya.

Issues impacting on the sector and drivers of change within KEREA itself as an institution include:

Policy	<p>With the promulgation of the Constitution of Kenya 2010, the energy sector policy, legal and regulatory framework will be reviewed and aligned with the provisions, spirit and aspirations of the Constitution.</p> <p>A key implication is that county governments shall be responsible for county planning and development including electricity and gas reticulation and energy regulation. This will introduce interesting challenges and opportunities for RE business.</p>
Regulations	<p>The Energy Regulatory Commission (ERC) which was established in July 2007 is responsible for economic and technical regulation and enforcement in the renewable energy sector. ERC kick-started the development of renewable energy regulations in 2009 and has to date drafted regulations for solar water heaters and solar PV systems.</p> <p>New and proposed regulations will have an influence on RE products and service delivery and a supporting framework is therefore required to enable businesses to comply and ensure a smooth transition.</p>

Technology	<p>For many years Solar PV has been the predominant renewable energy technology in Kenya and many initiatives have been focused around it. However, in recent years increasingly important roles have been identified for other RE technologies such as wind, small-hydro, biogas, biofuels (including biomass) and solar water heaters.</p> <p>Increased uptake of these technologies has and will create new business opportunities and challenges</p>
Environmental concerns	<p>The National Climate Change Response Strategy (NCCRS) seeks to address the challenges posed by climate change and variability. It is a tool to guide the integration of adaptation and mitigation measures into government planning and budgeting and it identifies energy, agriculture and water as some of the most vulnerable sectors.</p> <p>Renewable energy will play an increasingly key role in climate change adaptation and mitigation measures.</p>
Unemployment	<p>Increasing interest in renewable energy technologies has and will result in increased local and international investment in the sector and subsequently increased job opportunities. However, to take advantage of these opportunities, specific technical skills are required.</p> <p>It is therefore necessary to institutionalize capacity building in this area to make it accessible to all who are interested.</p>
Energy Cost	<p>Increasing fossil fuel energy prices create higher awareness of renewable energy and acceptance and subsequently increased business opportunities.</p>
Growth	<p>Increased pressure from members to grow the association and provide tangible benefits.</p>

2.4.1 Implemented Activities

Strategic Goal	Collaborators	Key Objectives	Activities & Outcomes
Supporting Quality Assurance Activities	University of California at Berkeley and Humboldt State University	Testing of 5 brands of Amorphous Silicon solar modules dominating the Kenyan market 2 brands failed the tests	Recommendations to stop importation of the failed brands
Supporting Standards Development	Kenya Bureau of Standards	Development of standards and codes of practice for components and systems Enable and support harnessing of RE	Over 30 PV standards developed and approved. Code of conduct governing ethical practices in business and adherence to quality standards prepared and adopted
Implementing Market Development Activities	Kenya PV Capacity Building Project (IFC funded)	Steering the solar PV sector market growth in the country	Coordination and facilitation of activities through local partners, including: <ul style="list-style-type: none"> • Development of a solar PV training curriculum and solar PV technical manuals (installers, sales and end users) • Supporting institutionalization of the solar PV curriculum • Identification, training, examination, accreditation, and enlistment of trained technicians into a central database of trained, qualified, and accredited practitioners

Strategic Goal	Collaborators	Key Objectives	Activities & Outcomes
			<ul style="list-style-type: none"> • Field-testing of installed Solar Home Systems to establish their general performance and the quality of design and installation • PV Market awareness campaigns (development of slogans and radio advertisements)
East Africa Energy Association Initiative	Supported by GIZ RE associations of Rwanda, Uganda, Tanzania and Kenya	<p>Jointly strengthening the capacity of RE associations to provide services effectively for the development of RE sectors in East Africa</p> <p>Jointly sourcing grants to work together and build capacity of national RE associations</p>	<p>Development of a collaborative framework to coordinate activities</p> <p>Partnering with international institutions i.e. established international RE associations and RE research, development and capacity building institutions</p>
Advocacy - Solar PV Regulations	Energy Regulatory Commission (ERC)	<p>Advocacy on behalf of RE industry during the development of the Solar PV regulations by the Energy Regulatory Commission</p> <p>Stakeholder and public review process before ERC makes recommendations to the Minister</p>	<p>Solar PV stakeholder workshop organized to collect and consolidate comments on the draft regulations</p> <p>Recommendations submitted and incorporated by the regulator</p>

Strategic Goal	Collaborators	Key Objectives	Activities & Outcomes
Developing and Institutionalizing a Solar PV Curriculum in line with the ERC Solar PV regulations	Implemented with Energy Regulatory Commission, the National Industrial Training Authority, University of Nairobi, and the Jomo Kenyatta University of Agriculture and Technology. Funded through support from UNDP and JICA	The overall objective of the project is to develop the capacity of the Solar PV sector in Kenya, to prepare the sector players for the proposed solar PV regulations and to regain consumer confidence in solar PV technology.	A solar PV curriculum for the Kenyan market as per the technician categories specified in the Solar PV regulations A solar PV training manual – including detailed lesson plans and teaching resource materials Targeting a training of trainers and supply of teaching materials and training equipment for 30 technical training instructions in Kenya
Collecting, consolidating and providing inputs on the draft VAT bill	Supported by IFC/ World Bank	Coordinate review of the draft VAT bill to support RE	Proposed amendments to the bill collated and submitted to the Treasury
Renewable Energy Sector Business and Study Tour to Bavaria, Germany for Kenya RE companies	Bavarian Ministry of Economics and the Bavaria Employers Association	Establish business-to-business networks by initializing contacts between Kenyan and Bavarian companies	Successful coordination and facilitation of participants (2 years)

2.4.2 SWOT Analysis

Strengths

- Goodwill from development partners
- Active individual organizations in RE sector
- Existing and potential renewable energy resources for hydro, biomass, biogas, wind and solar
- Substantial experience with renewable energy program development
- Positive recognition in the area of capacity building in the renewable energy sector
- Organizational support from members who volunteer to plan programs and advocate for renewable energy issues
- Supportive stakeholders that includes, development partners, producers, retailers, research institutions, project developers, NGOs, education institutions, manufacturers and government agencies
- A significant membership base (35 paid up members; 20 of whom are corporate members)
- Supportive board and committee members

Weaknesses

- Lack of a fully functional secretariat
- Limited funding support from financial institutions
- Insufficient Human Resource capacity leading to overdependence on volunteer members
- Weak client care systems and membership benefits
- Limited physical facilities e.g. office space and equipment
- Lack of aggressive publicity and marketing strategy

Opportunities

- The demand for key services from stakeholders which can only be provided by a renewable energy association e.g. research, lobbying and advocacy, networking and business linkages, coordination, supporting capacity building and accreditation, promotion/awareness creation and provision of market information
- Increasing interest in and demand for renewables e.g. as a result of increasing energy prices and climate change
- Collaboration with partners to provide key services
- Potential to recruit more members in RE sector
- Rapidly changing business environment presents significant challenges for RE sector

Threats

- Presence of other associations which are focused on a specific renewable energy technology
- Limited funding in RE sector
- Insufficient revenue base from subscriptions and therefore over reliance on support from donors and sponsors

2.4.3 Summary of Challenges

- Advocacy- Effectively playing an advocacy role in issues affecting members.
- Adaptation- Positioning ourselves to match the growing demands for renewable energy technologies and services
- Membership- Increasing and retaining membership to the association.
- Communication- Determining the information needs and means of providing information services to members and customers.
- Collaboration- Enhancing engagement with government agencies, platforms and structures.
- Partnerships- Exploring and developing linkages with public and private entities.
- Sustainability- Maintaining and developing the association and its secretariat's operations.
- Financial Resources– Mobilizing sufficient resources to address members' needs and expectations
- Human Resource– Attracting and retaining qualified, competent and committed members of staff

3 STRATEGIC PLAN 2012-2017

In view of the new opportunities and challenges in the energy sector, KEREAA has developed this 5-year strategic plan to provide a road map to achieve its goal of improving the RE business environment in Kenya. The strategy has been developed through a consultative process with members, key actors and stakeholders in the renewable energy sector and it has taken into account the emerging renewable energy trends, the needs of the sector and needs of members.

This strategic plan was developed by synthesizing recommendations of members and stakeholders. It reflects our comprehensive assessment of the environment and regulatory forces affecting renewable energy in Kenya today and driving change for the future. As a blueprint for success, the plan underscores the association's commitment to provision of services, information and leadership.

KEREAA intends to offer services to members, stakeholders and partners in the following key strategic areas of intervention:

- Promoting and creating awareness on renewable energy as well as providing information on renewable energy markets, market actors and technologies
- Supporting training, capacity building and certification activities in the renewable energy field and accreditation of renewable energy product and service providers
- Research for purposes of informing advocacy and lobbying activities and to collect information on renewable energy products and markets
- Pro-renewable energy lobbying and advocacy to improve the business environment and encourage adoption
- Networking, Business Linkages and Coordination, to facilitate and encourage synergies between various activities e.g. programs, projects and/or initiatives in the renewable energy field

These will be the core components within the strategic plan implementation period.

3.1 Strategic Objectives and Strategies

The strategic plan proposes a number of initiatives that constitute the framework of action programs. These initiatives seek to broaden KEREAA's activity base to address new areas of interventions while simultaneously seeking to enhance internal strength. Based on the strategic analysis the following strategic goals will be pursued over the next five years.

- Strengthening the institutional capacity of KEREAA
- Achieving a more conducive policy and regulatory environment for RE business
- Building and strengthening business linkages and networks,

- Promoting and creating awareness on renewable energy, and providing information on renewable energy markets
- Intensifying capacity building and training.

3.1.1 Strengthening the Institutional Capacity of KEREA

Membership growth and retention are critical to KEREA’s sustainability. By virtue of the history of its formation and the predominance of solar energy technologies as the main RE technology; a large percentage of KEREA’s current members are in the solar business.

KEREA needs to diversify its membership to other RE technology stakeholders and actors; including research and educational institutions, the government, development partners, other RE associations, NGOs, CBOs and financial institutions.

A large, diverse membership base builds a strong revenue and partnership base from which to support effective and quality service delivery to members.

Objective 1: Streamline and strengthen the operations of KEREA
<p>Strategies</p> <ul style="list-style-type: none"> ▪ Recruit and deploy secretariat staff to kick start implementation of the strategic plan ▪ Conduct study visits for members of the executive committee and secretariat to model renewable energy associations globally ▪ Develop institutional policies (HR, financial, marketing, procurement and operations)
Objective 2: Grow and retain KEREA membership through diversification and member retention strategies
<p>Strategies</p> <ul style="list-style-type: none"> ▪ Develop a database of existing and potential members and membership recruitment plan ▪ Establish a membership development committee ▪ Develop and implement a countrywide outreach strategy to enable it effectively provide its services to members outside of Nairobi. ▪ Organize membership recruitment forums to create awareness and provide information on services that KEREA can provide ▪ Develop a framework to assess member satisfaction and determine members needs
Objective 3: Increase KEREA’s visibility and recognition and strengthen public perception of KEREA as an effective representative, champion and coordinator of RE activities
<p>Strategies</p> <ul style="list-style-type: none"> ▪ Develop and implement a branding strategy ▪ Undertake public education campaigns which explain in detail to a general and stakeholder

public the association's roles and that of its members.

Objective 4: Mobilize resources for organisational growth

Strategies

- Develop and implement resource mobilization strategy
- Establish Resource Mobilization committee at board level

3.1.2 Achieving a more conducive policy and regulatory environment for RE business

Regulatory activities affect the delivery of products and services in RE sector. The association has a key role in ensuring that regulations are practical and effective and that supporting frameworks are put in place to enable businesses to comply.

KEREA will lobby and advocate for RE issues on the basis of verifiable background and supporting information. Areas requiring further investigation will be determined and research activities developed on identified RE market challenges.

Objective 1: Identifying RE lobbying and advocacy agenda and providing verifiable background and supporting information for engagement

Strategies

- Identify specific challenges affecting the RE sector in general and in particular sub-sectors e.g. through use of forums such as the technology specific biannually seminars above to identify specific RE lobbying and advocacy issues
- Identify, collect and collate background and supporting information for issues that require lobbying and advocacy
- Identify research institutions and firms to partner with and/or outsource for research services

Objective 2: Developing and implementing a supporting framework to help businesses comply with new regulations

Strategies

- Work closely with the ERC on development of RE regulations to ensure stakeholder views are considered and that regulations are practical and effective
- Identify with ERC and stakeholders the supporting framework that would be required to facilitate compliance
- Coordinate activities required to help businesses to comply with new regulations

3.1.3 Building and strengthening business linkages and networks

Platforms bringing together players in the renewable energy sector enable creation of useful synergies and linkages between institutions, organizations and businesses. Such opportunities are important, yet are limited due to lack of dedicated facilitation.

KEREA will provide a forum for networking and information sharing to introduce market players in the RE sector to each other as well as reach out to other associations active in specific sectors of the RE field in Kenya. KEREA will also provide readily available facilitation support and services to other associations, where they exist and collaborate and forge partnerships with other similar organizations working in the RE sector.

Objective 1: Provide opportunities for the RE industry to network and showcase best practices, products and services

Strategies:

- | |
|---|
| <ul style="list-style-type: none">▪ Organize activities to bring the RE sector together including exhibitions and trade fairs▪ Facilitate international and regional business tours for local RE businesses▪ Develop and implement events and award schemes for innovative sector players, such as an annual renewable energy project award |
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Objective 2: Facilitate creation of synergies between sector players and coordinate the collaboration platform

Strategies

- | |
|---|
| <ul style="list-style-type: none">▪ Identify and establish linkages with local and international businesses, RE associations and networks▪ Develop partnerships with government institutions, research institutions, and development partners active in RE sector▪ Develop and distribute an information database/directory of RE programmes, research, initiatives, projects and/or activities in the country, the players and their specializations▪ Organize technology-specific seminars to bring together actors, players and stakeholders active in a specific field |
|---|

3.1.4 Promoting and creating awareness on renewable energy, and providing information on renewable energy markets

The number of people who are aware of the availability of RE products is high, but the level and depth of awareness is low. Perceptions exist that RE technologies are expensive, unreliable and don't work; hence limiting their uptake.

A large number of failed RE systems are also visible at household and institutional level. System failures are due to poor quality of equipment, poor design and installation and lack of after-sale services rather than RE technologies being applied. Significant improvement of RE business practices is therefore necessary.

Information for potential local and international investors is also inadequate. Market research looking at issues of market size, potential, opportunities and challenges is a key concern as most private businesses are unable or unwilling to make a significant investment in market research and often opt to invest in sectors where this information is readily available.

KEREA will develop innovative and informative promotional activities needed to address the negative perceptions and rebuild consumer confidence in RE technologies. This will help consumers to know where they can access good quality RE products and services, understand the capabilities and limitations of RE systems and understand after sales service requirements.

KEREA will also facilitate and undertake market studies to determine the market status and identify RE market potential and opportunities.

Objective 1: Provide market information for RE business
Strategies <ul style="list-style-type: none">▪ Carry out research to collect information on renewable energy products and markets▪ Collect and collate existing market research data for different RE technologies in Kenya▪ Identify market research gaps or research needs as required by the industry
Objective 2: Effectively disseminate information on the renewable energy sector by targeted communication to a broad audience
Strategies <ul style="list-style-type: none">▪ Develop stakeholder communication strategies and channels including the internet, mass media and the press• Update the KEREA website and develop on-line and published information databases of the RE market including database/directory of Kenyan RE product and service providers▪ Develop publications such as newsletters and magazines focusing on renewable energy in Kenya

Objective 3: Promote and raise awareness on RE products and service**Strategies**

- Develop and implement innovative, informational promotional campaigns for RE technologies
- Develop and distribute simple, informative flyers, brochures and manuals on different RE technologies. These would be targeted at end-users and the general public
- Build on accreditation activities through branding, and use of press and media
- Organize public events such a renewable energy open day (national and/or regional)

Objective 4: Provide an accessible reference point for RE users and potential customers**Strategies**

- Implement an effective branding strategy to communicate the association's role in the RE sector and increase its visibility and recognition
- Develop a system for RE industry self-regulation and reporting of RE business malpractice by users

3.1.5 Intensifying capacity building and training

Most RE capacity building and training activities in Kenya are currently undertaken by the private sector through donor funded initiatives; which limits the number of people who can obtain training. Institutionalization of training programs, especially at the technical training institute level is necessary for the local capacity to be develop to meet the demand for technical services required by the RE market.

Readily available and affordable RE training courses are also necessary to ensure engineers and technicians meet the requirements for their certification, as proposed in on-going and anticipated regulations.

KEREA will support curriculum development, training, capacity building and certification activities in the renewable energy field and accreditation of renewable energy product and service providers. KEREA will coordinate and support the development, institutionalization and operationalization of technical training courses and facilitate access to internship opportunities for trainees with its members.

KEREA will also implement collaborative activities involving the renewable energy private sector, the National Industrial Training Authority, the Kenya Institute of Education (KIE), Technical Training Institutions and Universities.

Objective 1: Build technical capacity and improve the skills of RE product and service providers

Strategies

- Participatory curriculum development for RE training programs to support the following technologies: wind, biomass, solar PV, solar water pumping systems, solar water heaters, and biomass. Development will incorporate private sector, relevant government institutions such as the Directorate of Industrial Training and Kenya Institute of Education and technical training institutions
- Incorporation of new units/lessons into existing training courses e.g. solar thermal within plumbing courses, small/micro hydro into mechanical engineering courses etc.
- Building capacity of training institutions to provide these courses through training of trainers activities and provision of training materials and equipment
- Support/facilitate internship programs by coordinating between private sector and training institutions

Objective 2: Improve training content development and service delivery to meet the RE sector needs

Strategies

- Identify RE private sector training needs
- Identify suitable short courses offered locally, regionally or internationally and coordinate/arrange training workshops
- Facilitate delivery of short / targeted courses

Objective 3: Facilitate accreditation of product and services and build consumer confidence

Strategies

- Identify and register RE product and service providers nationally for purposes of developing a database of players
- Support RE product and service providers to comply to regulations and facilitate access to supporting services to achieve this
- Develop accreditation criteria for the range of RE product and service providers
- Accredite interested RE product and service providers and promote these to the public and potential markets
- Follow up and monitoring to ensure adherence to criteria

3.2 Key Success Indicators

In determining the level or extent to which the association has fulfilled its mandate, the following are indicators against which the association's performance will be assessed.

- Diversified KEREA membership and increased collaboration/cooperation between members and partners
- Increased coordination between actors and stakeholders when developing and implementing renewable energy initiatives
- Institutional strengthening and operational excellence
- Increased awareness levels and adoption of renewable energy technologies
- Increase in the number of qualified renewable energy practitioners and increase in skill level and improvement in the quality of products and services provided
- Pro-renewable energy policies and regulations and improved business environment for renewable energy

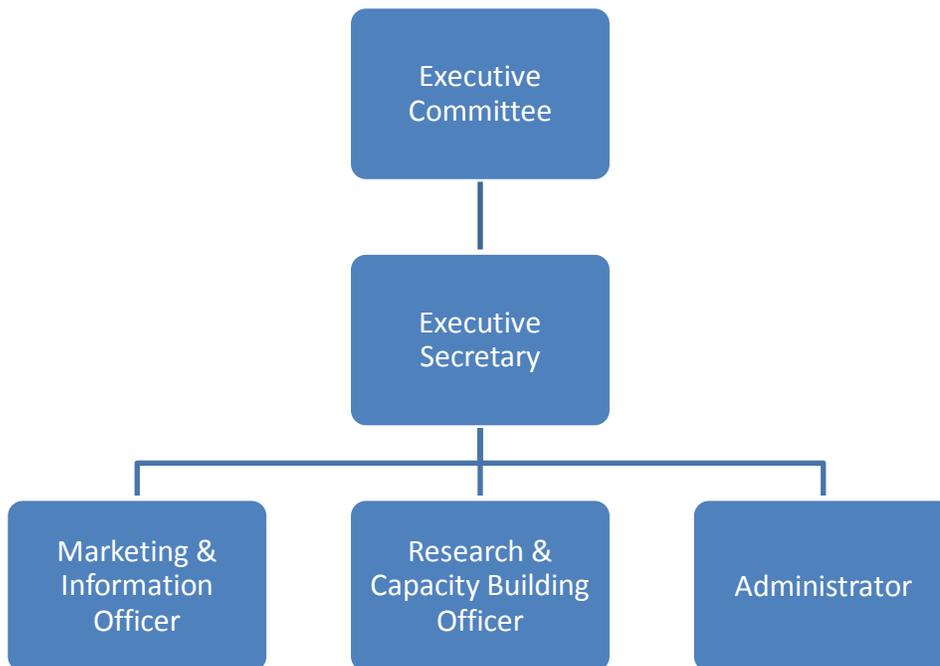
4 OPERATIONAL STRUCTURE

KEREA's management and operational structure comprises of a 7 member elected executive committee and a full-time administrator. The KEREA executive committee does not draw any allowances. The members serve on a voluntary basis by setting aside their time and resources to attend to KEREA's business.

To effectively deliver the objectives of the strategy, KEREA needs to build the capacity of its secretariat to implement the strategic plan. The following structure, which requires that KEREA grow its secretariat to a staff of 4, has been proposed to support the operations of the secretariat.

The secretariat will be made up of:

- An executive secretary, responsible for the implementation of strategic plan and providing the link between the executive committee and the secretariat
- A marketing and information officer responsible for strengthening KEREA's membership base, coordinating and implementing activities for promoting and creating awareness on RE and collecting information on renewable energy products and markets
- A capacity building and research officer responsible for supporting training, capacity building and certification activities in the renewable energy field and coordinating research for purposes of informing advocacy and lobbying activities
- An administrator, to provide administrative support for operations of the association.



The executive committee will continue to provide governance and leadership of the association. It will ensure overall quality and cost-effective service and the cultivation and maintenance of a positive corporate image. The secretariat will be responsible for day to day operations.

The secretariat will be managed by the executive secretary, who will be responsible for the implementation of strategic plan, institutional strengthening of KERECA and provide the link between the executive committee and the secretariat. The executive secretary will provide leadership at the management level and support resource mobilization.

Key responsibilities will include the following:

- Streamline and strengthen the operations of KERECA
- Recruit and deploy secretariat staff
- Develop institutional policies (HR, financial, procurement and operations)
- Develop and implement resource mobilization strategy
- Develop a membership recruitment plan
- Develop countrywide outreach strategy
- Strengthen public perception of the KERECA as an effective representative of the profession and a champion of coordinating RE efforts
- Identify key advocacy and policy issues and the key background/supporting information required to support lobbying
- Develop partnerships with government institutions, research institutions and development partners active in the RE sector
- Develop partnerships with local associations active in the RE sector

4.1 Operational Costs

Although KERECA's proposed operational structure is ambitious; a pragmatic approach will be taken with regard to staffing to increase KERECA's capacity to efficiently and effectively deliver services to its members in the short term. The initial approach would be to begin with 2 staff i.e. the Executive Secretary and the Administrator who would undertake the activities outlined for the other 2 officers. The additional secretariat staff would then be gradually introduced if and when KERECA's revenue allows.

The tables below give a breakdown on the anticipated secretariat operational costs in phase I and II.

Secretariat Running Costs – Phase I (Interim)

Secretariat running costs		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Office running costs (rent, utilities, Stationery)		14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Sub-total													168,000
Personnel costs	Executive Secretary	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	Administrator	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Finance (outsourced)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sub-total (Personnel)													2,040,000
Total (Annual running costs)													2,208,000

Secretariat Running Costs – Phase II (Full operation)

Secretariat running costs		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Office running costs (rent, utilities, Stationery)		135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Sub-total													1,620,000
Personnel costs	Executive Secretary	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
	Marketing and Information officer	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
	Capacity Building and Research officer	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
	Administrator	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Finance (outsource)	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Sub-total (Personnel)													4,920,000
Total (Annual running costs)													6,540,000

5 RESOURCE MOBILIZATION

Successful implementation of activities and programmes outlined in this strategic plan will require resource mobilization. To date KEREAA has heavily relied on sponsors and donors. However, over reliance on these sources donor could financially expose the association.

For sustainability KEREAA's approach will be to cover its secretariat costs from member subscriptions and targeted income generating activities e.g. a renewable energy publication and an annual renewable energy exhibition. Membership is therefore key to KEREAA's sustainability.

For implementation of activities targeted at achieving KEREAA's specific objectives, separate funding will be sourced from partners and sponsors.

5.1 Where we are

At present, the association has the following revenue streams:

1. **Subscriptions:** On average, 20-30 members consistently pay their annual subscriptions. The amount of revenue obtained from subscriptions alone averages 300,000 - 400,000KSh per year
2. **Donor funded projects:**

The IFC-funded Kenya Solar PV Capacity Building Project has been KEREAA's main source of revenue over the last 2 years. IFC has provided KEREAA with \$ 30,150 in grant support to:

- Develop a strategic plan
- Deployment of the KEREAA developed solar PV curriculum
- Review and updating of solar PV end-user, technical sales and installers manuals developed by KEREAA

A portion of these funds (10-15%) have been charged as administrative fees which have been used for running the secretariat.

Under UNDP Energy Access Program, KEREAA received funding in the amount of \$ 15,000 in early 2012 to develop a new solar PV curriculum to meet the specifications of the proposed new solar PV regulations.

5.2 Where we want to be

The association has developed activities, products and services as part of its resource mobilization strategy. These are expected to sustainably generate revenue to support the operations of the secretariat.

Planned activities, products and services and the association's projected revenue streams include:

5.2.1 Quarterly Renewable Energy Magazine for the Kenyan Market

Objective: The magazine will provide up to date information on the renewable energy sector in Kenya to the renewable energy sector practitioners and the general public. It will also provide the association's members with an opportunity to showcase their products, services or activities through advertising, dedicated features and articles.

Methodology: The association will partner with a media company to develop and produce the publication. KERECA will provide assistance in sourcing content for the magazine and facilitate access to its network for purposes of interviews, marketing and distribution of the magazine. The media company will originate, design, publish, produce, market and distribute the magazine.

Revenue Projections: Net revenues from advertisements placed in the magazine will be shared by KERECA and the media company on a 50/50 basis. The association's revenue is estimated at about 300,000Ksh per publication.

5.2.2 Renewable Energy Day

Objective: The renewable energy day will be a 2 day annual exhibition event designed to provide RE sector players with an opportunity to showcase their products, services and activities at an event open to the public. The event will also create public awareness on renewable energy technologies and attract the interest of regional and international RE businesses to exhibit and source for local partners.

Methodology: The association will approach a target market of 100 to 200 locally based RE sector players keen to advertise their products, services or activities. The main sources of revenue will be sale of exhibition packages to companies and gate charges collected from attendees of the event. Advertising to the public will therefore be a key component as it determines the attendance to the event and subsequently its perceived value to exhibitors.

Revenue Projections: Advertising represents a significant cost and it may be difficult to organize such an event without some forms of sponsorship, including corporate. Research will be undertaken to determine the costs and potential revenues from organizing such an event.

For an event to be convened, the minimum revenue amount will be set at 500,000 KSh per event.

5.2.3 Potential Revenue from Subscriptions

With membership diversification and increase in the number of members, there is potential for increasing the contribution of subscriptions to KEREAs annual revenue. An optimum scenario is highlighted in the table below.

	Category	Number	%	Subs (KSh)	Estimated Revenue
1	Importers/Suppliers/Manufacturers	30	70	30,000	630,000
2	Retailers	70	70	15,000	735,000
3	Technicians	140	70	5,000	490,000
4	Financial Institutions	10	70	30,000	210,000
5	Investment Banks	3	70	30,000	63,000
6	Consulting Engineering Firms	10	70	30,000	210,000
7	Associations	3	70	20,000	42,000
8	Project Developers	10	70	30,000	210,000
9	Energy CBOs	5	70	5,000	17,500
10	Individuals	20	70	5,000	70,000
	Totals (Ksh)	301			2,677,500

5.3 KEREAs Projected Interim Annual Revenue

In the interim it is anticipated that KEREAs can generate an annual revenue of 2.6 million Ksh through the following revenue streams. Whereas this is sufficient to meet the operational costs of the association in the interim; donor funds will have to be sourced to finance the activities targeted at achieving KEREAs specific objectives.

Income Generation Component	Number	Annual Income (KSh)
Subscriptions	60 members	600,000
Quarterly Renewable Energy Magazine	4 publications	1,000,000
Renewable Energy Exhibition	1 event	500,000
Project Implementation	Administrative/Implementation fees	500,000
Totals		2,600,000