

PARTNERSHIP INITIATIVES INFORMATION SHEET
(Revised issue 10. August 2002)

Name of the Partnership/Initiative



**Enterprise of Trust - Economic Welfare
in Rural Areas through
the use of Renewable Energies**

Partner in Tanzania

SUDERETA, a non Governmental, non profit organization

Partner in Germany:

North South Initiative e.V., a non Governmental, non profit organization

Expected date of initiation: started 1995 in Tanzania on grassroots level

Expected date of completion: ongoing

Partners Involved:

Leading Partner in Tanzania

SUDERETA

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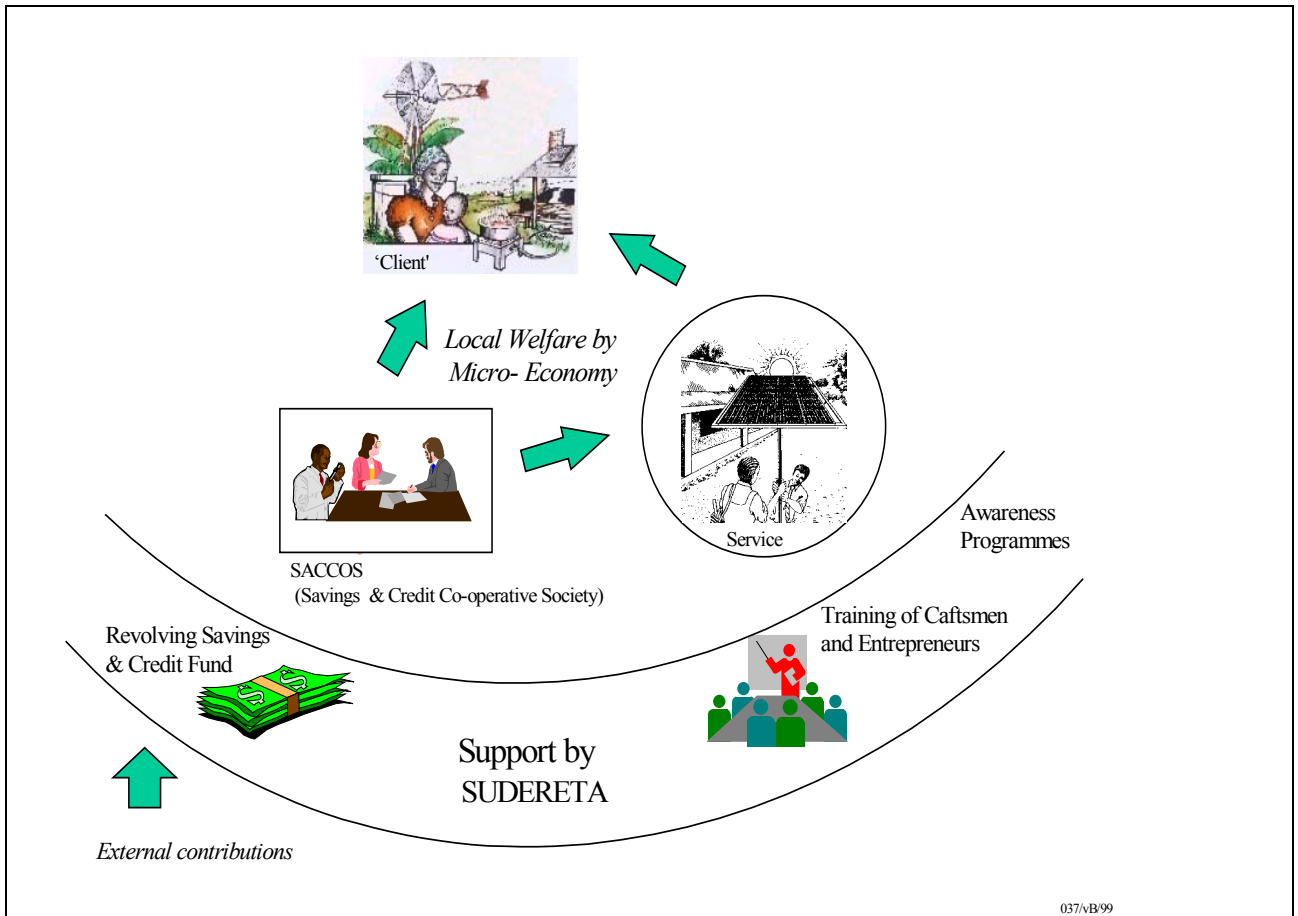
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Main objectives of the Partnership/Initiative

The project started in Tanzania on grassroots level on voluntary and self organizing nature. The Johannesburg Summit will provide the possibility to meet people who are interested to cooperate and to enlarge the partnership to other geographical regions of the world.

The applicant is a Non Governmental Organisation in Tanzania, which is called SUDERETA (Sustainable Development through Renewable Energy in Tanzania). It supports the broad objectives of economic welfare in rural areas by the strategies to establish small enterprises, mobilise micro credit cooperatives, establish a Revolving, Saving and Credit Fund and support public awareness campaigns as shown below:

OBJECTIVES	STRATEGY	ACTIVITIES
<p>Living condition</p> <ul style="list-style-type: none"> ✓ Poverty alleviation ✓ Rural electrification ✓ Increase of agricultural production <p>Environmental conservation</p> <ul style="list-style-type: none"> ✓ Desertification combat ✓ Climate stabilisation <p>Resource mobilization</p> <ul style="list-style-type: none"> ✓ Local capital binding ✓ Improvement of knowledge & empowerment 	<p>Capacity building</p> <ul style="list-style-type: none"> ✓ Awareness ✓ Training & education <p>Renewable-Energy introduction</p> <ul style="list-style-type: none"> ✓ EoT - networks <p>Capital creation</p> <ul style="list-style-type: none"> ✓ Revolving fund 	<p>EoT establishment</p> <ul style="list-style-type: none"> ✓ Initiate local economy ✓ Solar power distribution ✓ Solar pumps for irrigation ✓ Recycling animal waste for energy production <p>Physical demonstration and campaigns</p> <ul style="list-style-type: none"> ✓ Safeguard of trees through usage of solar energy <p>SACCOS mobilization</p> <p>Establish Revolving Savings and Credit Fund</p>



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Objectives of Agenda 21 as well as relevant goals and objectives of the United Nation Millennium Declaration:

Enable poor people in rural areas to improve their living conditions by themselves.

Social development is sustainable, if it achieves a progress through which future generations can live in peace, in social justice and in respect for their environment. In the South essentially this implies *poverty alleviation*. In rural areas, sustainable development poses a particular challenge for empowering and subsequently involving the rural population in the development of their region. Among these tasks are:

- the provision of safe drinking water,
- the provision of fuel for cooking and electricity,
- the provision of light and communication,
- creation of new employment by promotion of rural economy,
- creation of capital in the hands of the rural population.

Decentralised systems for the use of renewable energies can contribute to a sustainable development in rural areas in Africa. Photovoltaic systems provide electricity for lighting, medical systems, water pumping and communication systems for communities and institutions. Wind power can pump water and generate electricity. Fuel efficient cookers, biogas or solar cookers can relieve women and children from their daily work of collecting fire wood, or they can save expenses for wood or charcoal. Beyond cooking, biogas can feed lamps and engines.

Use of renewable energies will contribute to safeguarding trees, woodlands and forests. The majority of developing countries have little or no resources of oil, natural gas or coal. When fire wood becomes scarce, as is already the case in many African regions, renewable energies will remain the only sources of energy locally available, especially in the rural areas which are not served by the electric grid.

Expected results:

Together with the local partner SUDERETA in the ‘South’ the association NorthSouthInitiative, NSI e.V. in the ‘North’ has set up several small enterprises called ‘Enterprises of Trust’ in rural areas for the production and sale of systems based on renewable energies. The production of such devices can provide the momentum for self-sustaining local economic cycles. Capital will thus be accumulated step by step in rural areas. Employment in technical professions is created and technical skills will be taught. Technical equipment is installed serving multiple usage in the area. The money earned can will support directly or indirectly local social services, such as schools or health services, and help protect the environment. The living conditions become sustainable in their ethnic surroundings.

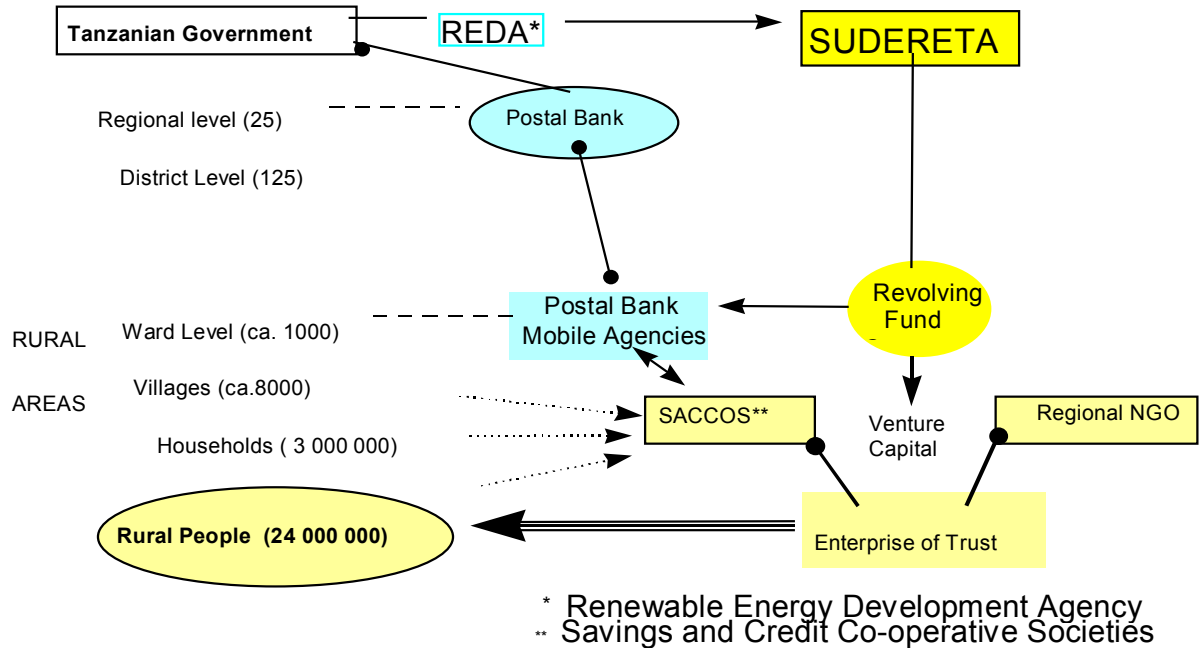
Therefore the project ensures integration of economic, social and environmental dimensions of sustainable development in the design and implementation of the partnership project.

Specific targets of the Partnership/Initiative and timeframe for their achievement:

Within 20 years the results of the program will be measurable. Impact evaluated and program strategy accommodated. Majority of rural people will aware of the benefits accruing from their participation in the campaigns – environment and energy

Coordination and Implementation mechanism

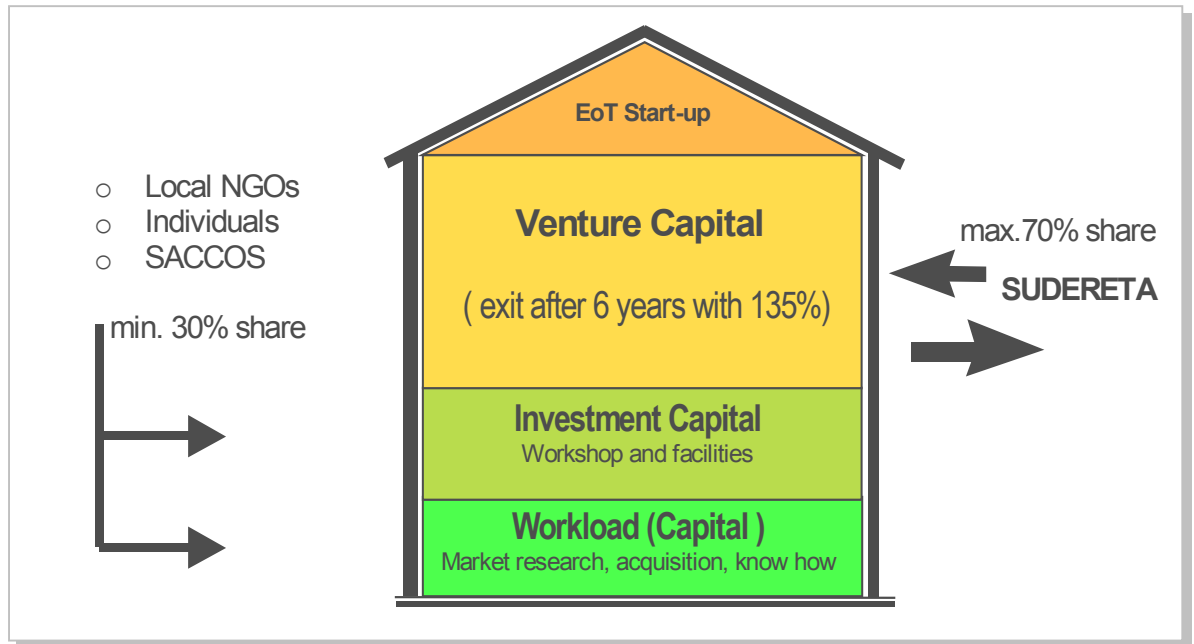
Already initiated in Tanzania, East Africa



Arrangements for funding

One very important goal in this new model project is the sustainable working of the small enterprises called “Enterprises of Trust” (EoTs) and SUDERETA without external financial support in the long run. The number of start-ups of EoTs depends on the financial volume of the planned Revolving, Savings and Credit Fund e.g. to what extent external funding is made available at the beginning. Therefore SUDERETA is looking for funding partners. The start-up help was possible by partnerships between Christian Parishes in the ‘North’ and ‘South’ and own initiatives on grassroots level. In the meantime the Tanzanian Government has asked the German Ministry for International Cooperation for financial support of phase I to be started in 2003. This will help to move the wheel with the Revolving Saving and Credit Fund, but this will not be sufficient to make it run by its own. Further capital is requested for the Revolving Fund as calculated below:

For the founding of an EoT the SUDERETA share is max. 70% during the creation.
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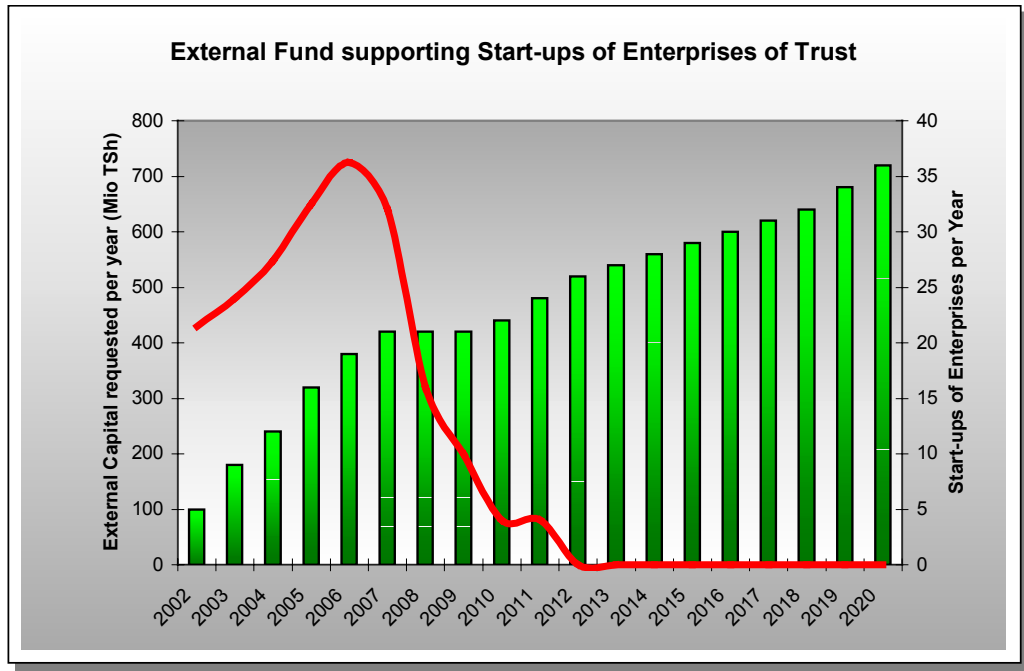


A lower contribution would be more favourable and reduces the risk of the SUDERETA network. To limit the influence of SUDERETA on the development of an EoT, no venture capital share can have more than 49 % of the votes.

It is assumed in the model that the average return from exit-sales of Venture Capital is 135 % after 6 years. The handling of the 'Revolving, Saving and Credit Fund' of SUDERETA is being done by a bank. SUDERETA pays 3% of the credit and venture-capital volume as handling charge for this service. The scenario modelled for a period of 20 years considers a total of 500 start up enterprises varying in size:

The model calculation used for the entrepreneurial development programme 'Enterprise of Trust' indicates that it is possible to support rural regions sustainable without external subsidies by SUDERETA after a start up period of 8 – 10 years. Whereas the local EoTs become independent after a period of approx. 6 years.

Required Budget for 20 years (all figures in Mio EURO)	
Required Investment Capital for EoT Start-ups within 20 years	21.05
Awareness and Training	0.35
SUDERETA Networking investment	0.26
Service and Administration	2.60
Bank and Service Fee	0.61
Total:	24.87
Internal income over the period of 20 years	
Contribution by regional Deposits (SACCOS, NGOs, Individuals)	3.58
Income through venture capital, interest rates and consultancy fee	15.48
Total:	19.07
Requested external funding	
Total:	5.80



Links of Partnership/Initiative with on-going sustainable development activities at the international and/or regional level

SUDERETA will use network set up of its members in respective constituencies. Some of them are :

<u><i>These include</i></u>	<u><i>Experiences</i></u>
<i>1.MIGESADO</i>	<i>Biogas technology promotion training and installation</i>
<i>2.WESIDA</i>	<i>Weaker section grassroots support initiatives -central charging station rental management.</i>
<i>3.EoT Lupembe</i>	<i>PV-Solar lanterns ,PV Solar Home Systems, PV-water pumps, training of technicians.</i>
<i>4. EoT Vunta</i>	<i>PV-Solar lanterns assembling and marketing</i>
<i>5. EoT Mpwapwa</i>	<i>PV-Solar lanterns, solar cookers</i>
<i>6. KAMECO</i>	<i>Solar thermal water heaters systems for hospitals, schools, hotels, and household.</i>
<i>7. Tropical Solar Co.</i>	<i>Wind technology dissemination. Assessment/ selection/installation after sales services.</i>
<i>8. Mafinga V.T.C</i>	<i>RE vocational training, innovation for RE systems</i>
<i>9. RATIIS</i>	<i>Capacity building. Participatory rural appraisal. Consultancy and training.</i>
<i>10. MVIWATA</i>	<i>Small farmers group associations covering nearly 85% of the country. Support small farmers initiatives, group formations, irrigation projects, PRA, Solar irrigation systems.</i>
<i>11. TUWWAMUTA</i>	<i>Founded by Christian and Moslem Congregations for mediation in conflicts between the two religions and to enable peaceful development in Tanzania.</i>

The partners in the ‘North’ are organized via North South Initiative e.V.. Members are among others:

Ludwig Bolkow Systemtechnik Ltd

Bavarian center for applied energy research (ZAE Bavaria)

Evangelical Lutheran Mission in Bavaria

Deutsch Tansanische Partnerschaft Hamburg

Project group solar technique at the state training school Freilassing

Monitoring Arrangements

Assets generated to target groups / Community.

Management arrangements:

Monitoring and Evaluation undertaken by SUDERETA periodic reports are monthly, quarterly, annual. SUDERETA compiles these reports upon receiving similar reports from various implementers. Submits reports to donor. All partners report back to SUDERETA, sign M&E agreement undertaken by SUDERETA and may hire external consultancy.

Other relevant information:

Web-site :

www.nsiev.de

Publication of the North South Initiative:

“Enterprise of Trust – Economic Welfare in Rural Areas through the Use of Renewable Energies” Arved von Breitenstein , Lehada Shila (eds)

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