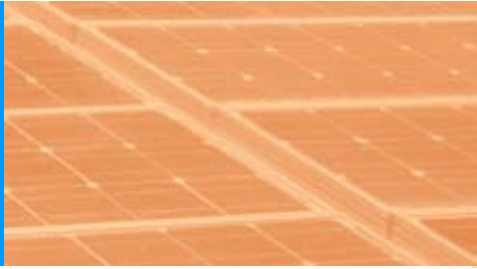




Partnership Dialogue Facility  
Energy policies for development



# Rural Electrification Policy Issues

## ARE

Brussels, 25 November 2009



Ray Holland, EUEI PDF

## PDF

A demand-driven *instrument of the EU Energy Initiative...*

- funded by 6 EU Member States and the EC,
- facilitates dialogue between:
  - *The European Union and its Partner Countries*
  - *Stakeholders at national and regional level,*
- supports development of energy access policies,
- hosted by GTZ.
- For more information see slides 10-18



# *Rural Electrification Policy*

Depends on level of electrification. If low:  
prioritise:

- Peri-urban and urban areas,
- Economic corridors, market centres,
- Social Services (health, education, water)
- Productive uses.



# *Development Assistance View*

- Poverty reduction – access,
- Climate and low carbon growth,
- Renewables,



## *Viewpoint of Utilities*

- Utilities required to be viable/profitable,
- Rural electrification is a cost, not a profit centre,
- Cannot afford to invest without subsidies,

A decorative banner at the top of the slide is divided into four panels. From left to right: a blue panel with the EUEI logo and text; an orange panel with a grid pattern; a yellow panel with a windmill silhouette; and a blue panel with a glowing lightbulb.

## *Policy instruments*

- Master Plans,
- Concessions,
- Consumer financing for grid connections,
- Rural Electrification Agencies & Funds,
- Mix of Pro-active and re-active,
- Subsidies per connection – not % of costs,



## ***Tariff Setting***

- Need simple system for off-grid,
- Role of regulator/REA ?
- Should cover operating costs, maintenance, capital, profit,
- Lifeline tariffs???



## *Legislation*

Should cover;

- Market opening,
- Independent generation,
- access to grid/ IPPs,
- Quality of service, consumer rights,
- Regulation, licensing.

A horizontal banner with four distinct images: a blue background with white grid lines, a close-up of solar panels, a windmill against a sunset sky, and a glowing lightbulb in a blue-tinted setting.

## ***Role of development assistance***

- Financing market stimulation,
- Loan guarantees,
- Capital for REFs,
- Capacity development – e.g. to manage REAs, PPPs.

A decorative banner at the top of the slide is divided into four sections: a blue section with the EUEI logo and text, an orange section with a grid pattern, a yellow section with a windmill, and a blue section with a lightbulb.

## *PDF – Our Activities*

- Energy policies and strategies (*national and regional*),
- Enabling of legislative and regulatory environment (e.g., for management of PPP),
- International Dialogue Events,
- Thematic studies (electrification, biomass etc.),
- Coordination between donors,



## ***Country activities (examples):***

Angola: *Renewable energy policy,*

Burundi: *Energy policy/strategy update, investment plan,*

Cameroon: *Rural electrification planning,*

DR Congo: *Energy policy, electricity law and rural  
electrification strategy,*

Ethiopia: *Planning tool for grid extension,*

Ghana: *GIS planning for rural electrification,*

Rwanda: *Update of energy policy leading to a SWAp,*

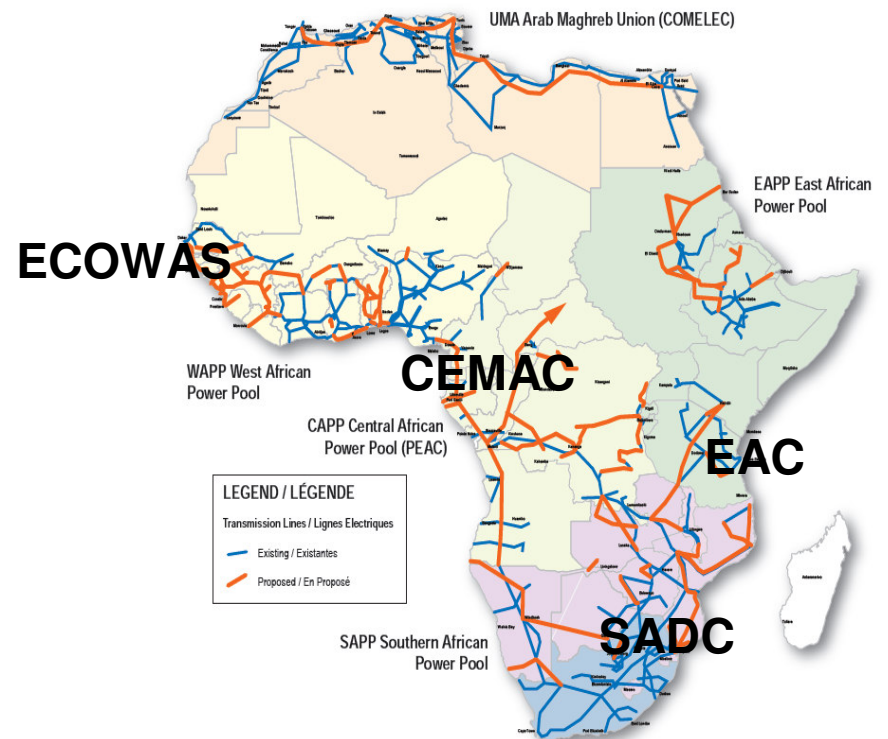
Uganda: *District level planning of community energy.*



## *Regional access strategies:*

- EAC
- CEMAC
- ECOWAS
- SADC

### **ELECTRICITY NETWORK**





## *Thematic Studies:*

- *Liquefied Petroleum Gas (LPG) – Senegal,*
- *Biomass energy guide – Africa,*
- *Biomass energy (cooking energy) strategies (BEST) – Malawi, Rwanda,*
- *Wind Regional Energy Strategy – Caribbean,*
- *Review of Experience with Rural Energy/ Electrification Agencies (REAs) – Sub-Saharan Africa,*
- *Paper on Energy and National Finances - Africa (Financing of Development Conference).*



## ***International Dialogue Events:***

- **EAC:** *Regional Energy Access Strategy and Donor Mapping,*
- **CEMAC:** *Inter-ministerial Workshop on Energy Access for the Rural Poor ,*
- **Europe:** *Facilitating a European Position on the Clean Energy Investment Framework and ESMAP Business Plan,*
- **Africa:**
  - *3 Workshops on Regional Energy Access,*
  - *3 regional BEST workshops, with GTZ,*
  - *Africa Electrification Initiative , with ESMAP.*
- **Amazonia:** *Regional rural electrification*



## *The Project Development Process:*

Request from government or regional organisation



Agreement on action to be supported



Non-objection from governing board (fundors including EC/AIDCO)



ToR agreed, restricted call for proposals



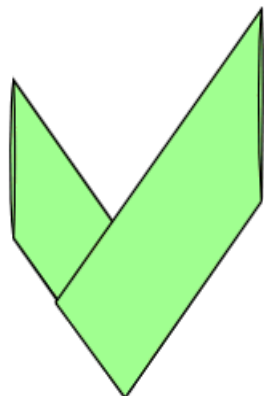
Bid evaluation, contract, implementation



Evaluate effectiveness, impact



## *Project Criteria:*



- Upstream, not implementation,
- Policy, strategy, regulation, legislation, enabling environment,
- Institutional capacity building,
- Normally under €200,000 per activity,
- More in exceptional cases.



## *Africa-EU Renewable Energy Cooperation Programme*

- Strengthen RE industry and markets,
- Introduce policy instruments,
- Grid integration and off-grid,
- Cooperative R & D,
- Technology transfer.

***Consultation paper on [www.euei-pdf.org](http://www.euei-pdf.org)***