

Rural Electrification in SSA

Our Experience and Lessons Learnt

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Outline of the Presentation



- KfW in Brief
- Key Principles behind our Activities in the Power Sector
- Our Approach to Rural Electrification in SSA
- Lessons Learnt
- Implications for Future Projects

KfW Development Bank

Key Figures



Number of Staff	~ 400
Ongoing projects	over 1,400 in over 100 countries
Representative offices abroad	About 50
Commitments (2008)	EUR 3.8 billion
> of which KfW's own funds	EUR 2.0 billion
Disbursements (2006)	EUR 1.5 billion (of which EUR 1.1 billion from budget funds)

Our approach in the Power Sector

Key Principles

- Overall objective is **economic development**
- We are seeking **least cost solutions**
- We are **neutral** with regard to the **technology** – but specific consideration to RE and EE
- **Support to sector reforms** based on the market principle



Rural Electrification

The Challenges in SSA

100% - 76% Tunisia
Algeria
Egypt
Libya
Mauritius
Morocco

75% - 51% South Africa
Cote d'Ivoire

50% - 26% Ghana
Cameroon
Nigeria
Botswana
Namibia
Zimbabwe
Senegal
Sudan

25% - 11% Benin
Eritrea
Congo (B)
Zambia
Togo
Angola
Ethiopia
Madagaskar
Kenya
Leshoto
Tanzania

below 10% Uganda
Burkina Faso
Malawi
Mozambique
DRC

Source Africa Energy 2008

Rural Electrification

Our Approach in SSA



- Projects in South Africa, Mali, Senegal, Uganda
- **private sector** involvement
- Investment subsidy + customer contribution
→ objective is **long-term economic viability**
- **Negative concessions**
- **Adapted technical solutions**
- Output Based Aid (OBA): “Result based financing”

Rural Electrification

Lessons Learnt



- **High transaction costs:**
complex, long preparation
- **Various risks to economic viability**
- **(Pre-) Financing ability**
- **Private sector interest?**

Implications for Future Projects

Role of the Public Sector



- Creating a conducive **investment climate**
- **Reliable partner** for private sector
- National rural electrification **strategy**
- Rural electrification **agency**
- Need for **capacity building**

Implications for Future Projects

Attracting Private Investments

- Who are we targeting?
- Private sector needs **reliable framework conditions**
- Pre-condition for any investment: **economic profitability**
- Access to finance
- Keep it **simple!**



Implications for Future Projects

What about Sustainability?



- “Free for all approach” not feasible
 - Only **economic viable solutions** can be sustainable
- Thorough project preparation key to success
- **Subsidies** are needed
 - but must set **right incentives**

Thank you for your Attention! Any Questions?

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