



East African Community (EAC) Regional Strategy for Scaling Up Access to Modern Energy Services

**Focus on scaling-up electrification of
urban and peri-urn poor**

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The Strategy Background

- Energy access shortages pose a major risk to the EAC countries ability to meet MDGs, and reduce poverty
- The energy “poverty” affects all the countries in the region with population of over one hundred million people
- A Regional approach to energy access provides synergy through the EAC Secretariat, cross-border lessons learning, and cost effectiveness
- The Strategy is built on four simple and achievable targets – which serve the interest of the Region
- It has support from local stakeholders, governments and energy organizations
- The Strategy’s focus on MDGs allows it to demonstrate results aligned with the goals of many development partners



The Modern Energy Access Scale-up strategy

- The Strategy seeks to engage EAC Partner States in an ambitious initiative to scale up access to modern energy services to support the achievement of the Millennium Development Goals and poverty reduction
- It was adopted by EAC Council of Ministers in November 2006
- Objective is to enable at least half of the population to access modern energy services by 2015 i.e.
 - 9.6 million households (approx 48 million people)
 - 23,000 extra localities



Advantages of regional approach

- EAC structure provides opportunities to increase energy access in member countries through:
 1. Considerable political commitment incorporating five heads of State and many high level leaders.
 2. Established mechanisms for regional cooperation and decision making
 3. Economies of scale
 4. Synergy and cross learning opportunities
 5. Peer pressure among member states and of healthy competition



The 4 EAC Energy Access TARGETS

1. Access to modern cooking energy for 50% of traditional biomass users
2. Access to reliable electricity for all urban and peri-urban poor
3. Access to modern energy services for all schools, clinics, hospitals and community centres
4. Access to mechanical power within the community for productive use and heating for all communities



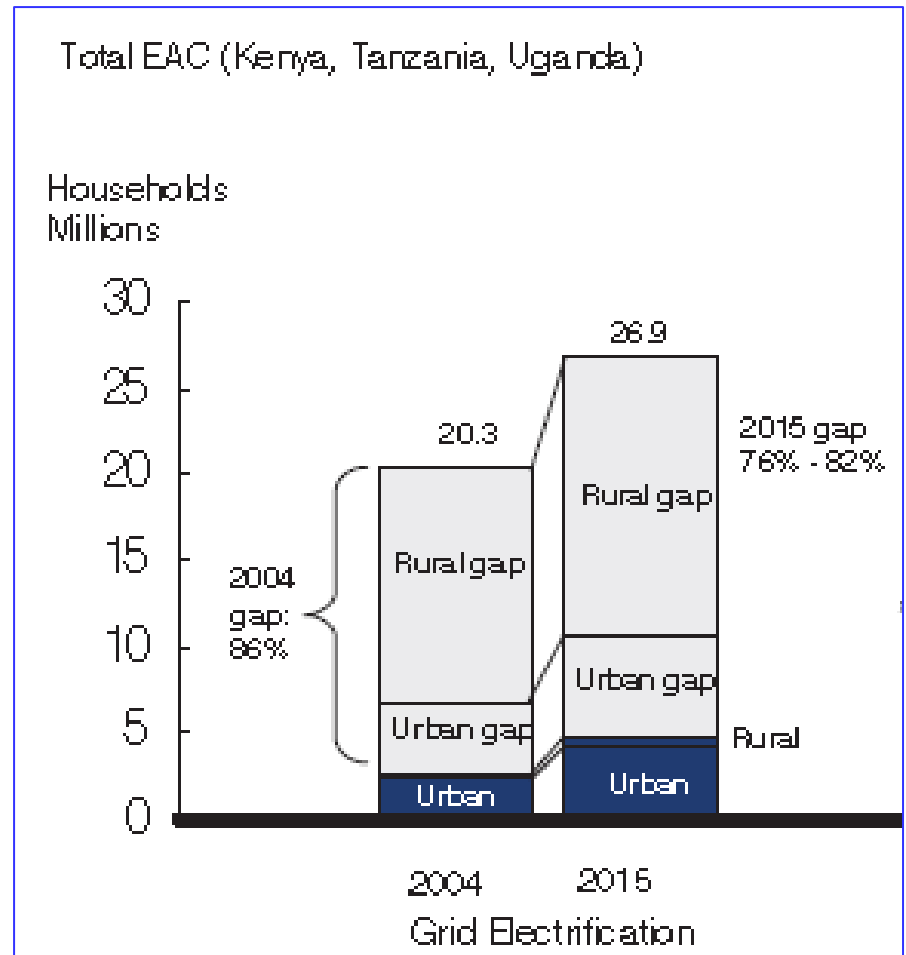
Target No 2

Access to reliable electricity for all urban and peri-urban poor

- Energy challenges faced by these populations tend to focus on cost of electricity connection and persistent outages.
- The strategy will focus on
 - introducing utility-led financing and cost reduction programmes for new connections
 - Lowering connection barriers
 - Innovative programmes for slum connections
- Here, locally based community distribution intermediaries may be a useful partner to fill a customer service

Electrification Gap

- 2004 electrification gap 86% (20.3m households)
- If present trend continues ...by 2015
- 26.9m households without electricity of which 8 million are urban households
- Projected electrification gap (76-82%)





Challenges to slum electrification

- High upfront connection costs
- High mobility and lack of address,
- Land tenure
- High costs of internal household wiring
- Insecurity
- (*There is high willingness to pay for electricity services as slum dwellers spend more than average tariff on alternative energy sources – dry cells, candles and kerosene*)



Challenges - Utility-based grid expansion to urban poor

Policy and regulation

- Policy does not require utilities to achieve connection of 100% of customers in distribution area.
- Insufficient diversification of generation resources to ensure reliability.

Financing

- Inadequate financing mechanisms to cover the cost of connection and wiring.
- Inability of lower-income households to manage variable incomes to afford monthly tariff.

Institutional capacity

- Insufficient managerial and operational capacity of utilities to expand connections quickly and at low cost.
- Inflexible payment mechanisms (such as prepayment meters)
- very poor households with erratic incomes.



Challenges – to implementation of new approaches

- Physical conditions of informal settlements make safety and maintenance of infrastructure extremely difficult.
- Low levels of awareness about grid safety and grid maintenance requirements.
- Widespread expansion of grid distribution in informal settlements requires commensurate cross-sectoral programs to manage an influx of new populations, including sanitation and water management programs.



Regional Level Intervention

1. **Regional policy harmonization:** Assisting member states review and develop forward looking energy access policies;
2. **Capacity building at national and regional level:** building the institutional capacity of key public and private sector institutions that will have regional impact;
3. **Strategy Implementation support:** assisting member countries develop investment programmes,;
4. **“Strategic coordination and programme management”:** developing a regional strategy to inform and support national strategies,



National Level interventions

1. Mainstream energy planning into energy planning and budgetary processes
2. build national capacity to support the role of private sector and communities in enhancing effective energy service delivery
3. Develop pro-poor energy policies and strategies including financing, support programmes (e.g. soft loans, grants etc)
4. Identify and promote suitable business models



Financing The Strategy...

- Total Capital expenditure to cover scale-up of existing and introduction of new business models is estimated to **USD 2.7 billion**:
 - USD 1.6b end user contribution
 - USD 1.1b subsidy by govt and dev partners
- Support required to trigger capital expenditure is **USD 556 million**:
 - USD 217m from dev partners programme support
 - USD 291m loan guarantees by dev banks
 - USD 48m from EAC



Major Responses Envisaged

- Undertake comprehensive analysis of energy policies across the region
- remove barriers to expansion of access to modern energy services
- mainstream access to basic energy services within national planning and budgeting processes
- develop strategies to build national capacity to support the role of private sector and communities in enhancing effective energy service delivery



Completed actions

- National Baseline reports and workplans produced

Highlights of national reports

- Wide gaps in modern energy access
- Inadequate capacity across key sectors
- Weaknesses in national planning and budgeting of energy access
- Inadequate resources
- Regional Implementation plan developed with plans for Increasing capacity at EAC and proposal for national level implementation structure
- Donor Conference held
- Initial support committed

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