

Session 2.1

Rural Electrification in Senegal

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At the institutional level:

- A public monopoly,
- Only one sponsor: the State,
- No incentives or attractive framework for the private sector,
- A very bad allocation of resources, with a phobia about alternative low cost distribution techniques,
- Absence of a long term vision for the development of rural electrification,
- Decentralized options and renewable energies not taken good advantage of it.

CONSEQUENCES OF THIS OPTION



- **Poor access to electricity in rural areas:**
 - In 1997, the electrification rate was 5% in rural areas
- *Double failure in terms of:*
 - access to electricity*
 - impact on poverty reduction.*

Thus the necessity of introducing reforms in the sector

- ↳ On 14 April 1998, the 98 - 29 bill was passed and its implementation relating to the reform in the energy sector ordered, resulting in the creation of the Agence Sénégalaise d'Electrification Rurale (ASER), the Senegalese Agency for Rural Electrification and the Commission de Régulation du Secteur de l'Electricité (CRSE), the commission in charge of regulating the sector of electricity.

REFORMS OBJECTIVES



- To make available to domestic and industrial users enough quality energy at a competitive price;

Acceleration of the development of Rural Electrification;

- Opening up the market and setting up an appropriate framework for a Public-Private partnership in order to increase :
 - ❑ the means of production;
 - ❑ the financing sources for Rural Electrification.

THE MISSION OF ASER



ASER is an autonomous body attached to the Ministry in charge of Energy.

- ❑ Its mission consists of promoting the development of rural electrification.
- ❑ It brings technical and financial assistance to the concessionaires and ERIL projects promoters.
- ❑ It acts as Employer for the Ministry in charge of Energy. It is responsible for supervising rural electrification work allotted to a Contractor.

ASER'S OBJECTIVES



Increase the rate of rural electrification as follows:
from 5% in 1997, to:

- * 15% in 2005;
- * 30% in 2015
- * 60% in 2022

ASER'S TOOLS: The Rural Electrification concessions



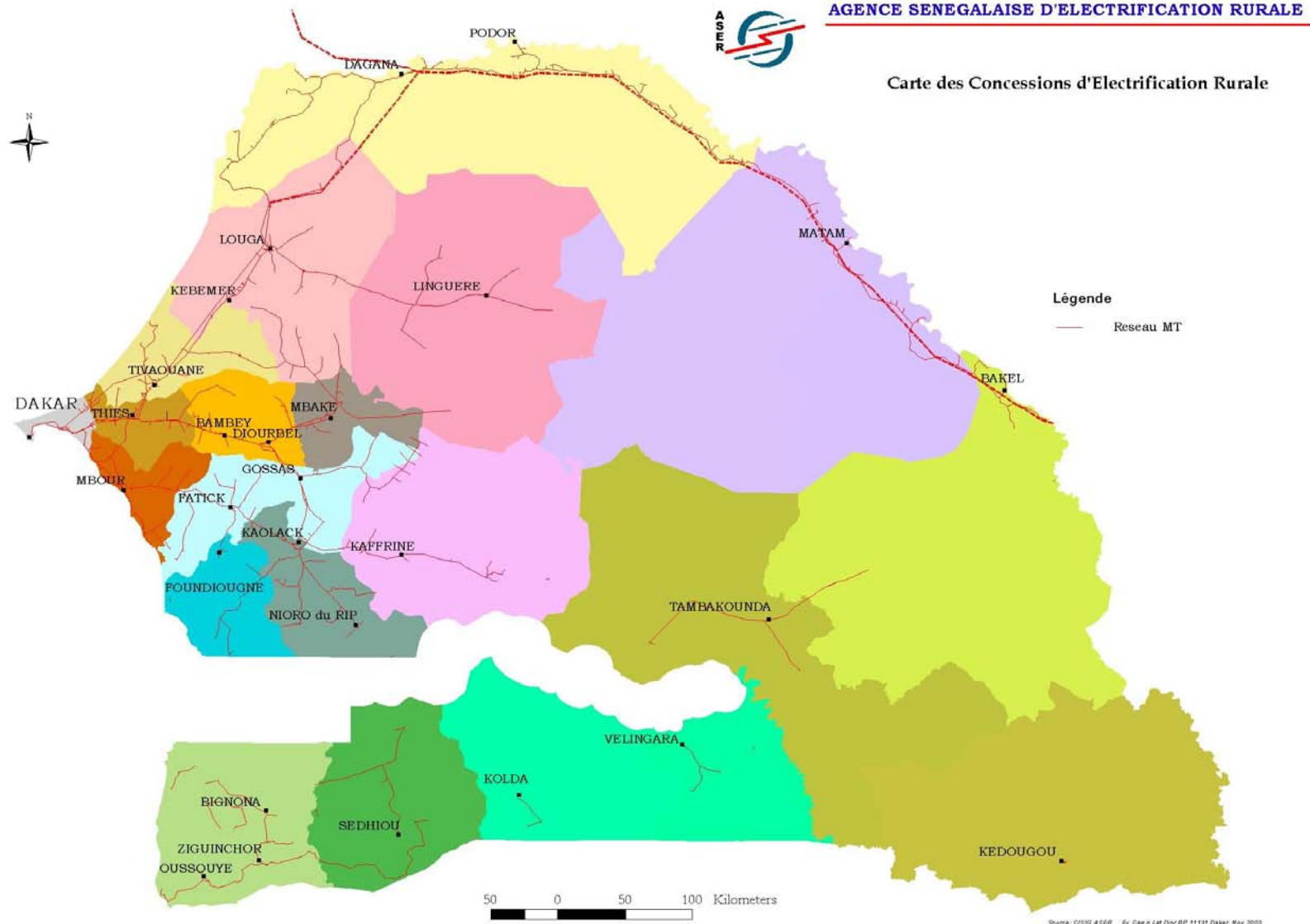
- The State's planned approach : the RE concessions.
Division of the country into rural electrification concessions to be allotted to private operators through a process of competitive bidding;

Every concession is the subject of a Local Electrification Plan (LEP/PLE) which defines :

- the appropriate techniques and RE technologies,
- the type of investments and the market,
- The productive uses as well as the collective and social equipment needed in order to maximize the effects of rural electrification on poverty reduction

The average potential of customers per concession is Estimated between 5000 and 10 000 minimum.

THE R.E CONCESSIONS



MAIN CHARACTERISTICS OF THE R.E CONCESSIONS



- Creation of a big market: every concession has a pool of users ranging from 5000 to 10000 clients minimum;
- Duration of the concession: 25 ans.
- Varied tariffs from one concession to another;
- Marketing of electrical services,
- Technological neutrality,
- Specific support to renewable energies.

ASER'S TOOLS (CONT'D): SPONTANEOUS PROJECTS



- Local Initiative RE (LIRE/ERIL) Projects :

Those spontaneous projects are set up by the local organizations, the village groups and other local community associations, the associations of emigrants, private individuals and NGOs.

The promoters are accompanied and helped by ASER through study support and investment grants.

The coexistence rules between those spontaneous projects known as local initiative rural electrification projects or ERILs and the concessions are made clear to every ERIL promoter before his project can be considered eligible for ASER support.

ASER'S FINANCIAL INSTRUMENTS : for Rural Electrification Concession



- Subsidy for the rural electrification concessions; based on the results according to the « OBA » principle. The Local Electrification Plan is a good indicator for any the potential operator who can rely on it to elaborate his business-plan.

Subsidy on investment can reach **80%** of the global cost of investment;

The operator's **minimum** investment share is **20 %** of the global cost of investment.

ASER will select the potential operator who will claim the minimum grant for the maximum of clients.

He will have to apply tariffs which are compatible with the maximum prices defined by CRSE for the target concession.

Within a concession, identical prices are applied for the same service levels. Those prices may vary from one concession to another.

ASER'S FINANCIAL INSTRUMENTS: for Local Initiative RE Projects.



- For the local initiative projects (ERIL projects) two steps must be considered:

I./ Eligible projects for study support.

Selection of eligible projects following a call for bid twice a year.

If selected, the promoter will get a grant worth **50%** of the feasibility studies cost.

Study Cost :

CFA Frs 3,000,000 in case of decentralized production;

4,500,000 in case of supply using a medium tension line.

ASER'S FINANCIAL INSTRUMENTS: for Local Initiative RE Projects.



II./ promoter of ERIL Project eligible for investment grant:

According to other criteria, the eligible projects for study support are analysed and a selection is made for the eligibility of some of them for investment grant.

Promoter's minimum deposit or share is **20%** of total investment cost;

ASER's maximum investment support is **80%** of investment cost.
The minimum grant for the maximum clients criterion is still valid.
In case of point equality, selection will be made on a first come first served basis.

MAJOR INNOVATIONS ON ASER'S STRATEGY



- **Creating a permanent rural electrification financing mechanism: The Rural Electrification Fund (REF/FER);**
- **Setting up a help and support system for the local initiative rural electrification (ERIL) projects: selecting planning offices for support and study, allocating grants for study and investment.**
- **Adoption of a specific road map by the public authorities, for the sub-sector of rural electrification, which would translate the long term vision of the RE issue, with clear objectives, a timetable and well-defined financing needs;**
- **Sectoral decompartmentalization by setting up the Multisectoral Energetic Committee which will take into account the energetic needs of the other strategic sectors (education, health, agriculture, breeding, fishing, hydraulics, rural telephony etc...)**
- **Positioning of RE as an instrument for poverty reduction, for capacity reinforcement, for controlling rural exodus and emigration;**

With this new approach it'll be possible:

- **To increase the financial resources allotted to rural electrification by diversifying the funding sources (State, sponsors and private sector);**
- **To speed up the development of RE in view of maximizing its effects on poverty reduction, in conformity with the Millennium Development Objectives and thanks to the promotion of productive uses of electricity in rural and suburban areas,**
- **To promote women and children by making their domestic work load less heavy.**

***** THANK YOU FOR YOUR ATTENTION *****

« Electricity Everywhere and for All, For a Sustainable Rural
Development »