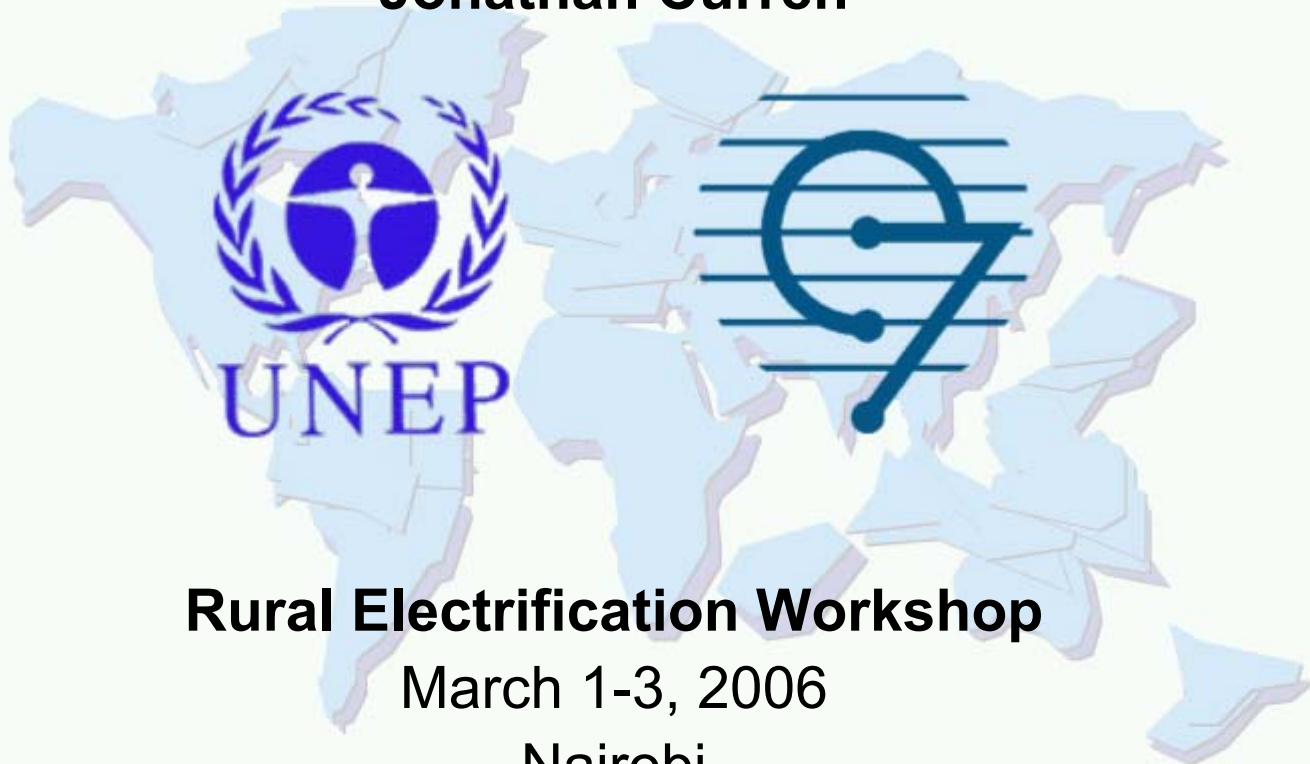


Session 3.1

Development of Rural Electrification Projects

Jonathan Curren



Developing RE Projects

- *Recipe for preparing and developing successful RE projects*



- *Main ingredients – making the business case for a feasible project and mitigating risk:*

- *Government and regulatory framework*
- *Market demand*
- *The right business model*
- *The right partnership framework*
- *Finance*

Government and Regulatory Framework

- National goals and objectives
 - Sustainable development
 - Poverty alleviation
 - Economic development
 - How does this feed in to action?
- RE Policy and Strategy
 - Who? – regulatory/ Government department/ agency
 - How is it implemented?
- Regulatory Framework
 - Light handed or...?
 - Centralised/ decentralised
 - Unified/ dispersed (one agency or several)
 - History of regulation
- Local Government
 - What is role of local Government in RE
 - What are responsibilities?
 - What is capacity to promote and assist
- Transparency of rules and regulations (is it easy and understood, easy to know what to do)
- Inter Government co-ordination
- Investment Environment
 - Encouraging participation from the private sector and CBO's

Market Demand

- Market assessment
- Demand
- Ability to pay
- Willingness to pay
- Local socio-economic framework



The Right Business Model

- What part of rural electrification is it playing
 - Utility
 - IPP
 - Distribution
 - Grid/isolated
- Structure
 - JV
 - Sole proprietor
 - PPP
- Role of key stakeholders
 - local government
 - national Government
 - civil society (CBO/NGO)
- Choice of technology

The Right Partnership Framework

- Not just partners, but the partnership framework
- What is role of partners
 - Passive
 - Active
 - Promote
 - Participate
 - Who gets what?
- What is permitted? PPPs?
- Capacity and interest of private sector
 - Local
 - National
 - International
- Intergovernmental relationships
- Community participation and involvement



- What is the financial model?
- How to deliver electricity so that it is:
 - Affordable
 - Financially viable
- Investment
 - Economic environment
 - Incentives
 - History
 - Guarantees (in general and specifically for RE – subsidies, taxes, tariff setting)
- Operation
 - Cost recovery
 - Tariff setting (differential tariffs, role of government)
 - Customer base
 - Financial management
- Grant support
- Subsidies
- Debt financing
 - Risk assessment and mitigation
- Access to equity



Way forward

- Ensure framework is in place at all levels to encourage the private sector
- Strengthen financial sector
- Get the right model and framework for the right case

Thank You

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