

## Session 7: Can masterplans work?



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Masterplans have been useful in many countries that have decided to develop programs on rural electrification. The diversity of energy resources in SSA, coupled with the peculiar challenges of rural electrification, leave policy makers with flexibility to decide which policy approach would better deliver the goals of rural electrification. An appropriate masterplan can set the policy direction and a roadmap for the rural electrification program. But the questions are, do masterplans really work or do they stifle both flexibility and creativity in the planning process?

The presentations emphasized various ways in which master plans are developed to address the problem of rural electrification based on the strengths and weaknesses of the sector. In Mozambique for instance, the priority of the government is to scale-up rural electrification by 20% by the year 2020. Hence a master plan that was developed aimed to address issues that would facilitate capital mobilization for the power sector and also build the capacity of the sector to facilitate the implementation of power projects that would provide efficient low cost, environmentally friendly electricity to the people.

Despite the problems associated with master plans, they are still necessary to guide policy implementers as a constant reminder of the sector issues even if they are outdated. In Uganda for instance, the master plan shows various approaches that can best increase electricity access. For example the master plan will determine the choice of whether to embark on grid or off-grid technology, whether subsidies should be provided for a certain category of customers and which areas must receive electricity first.

In Uganda the general objective of the master plan (IREMP) was to enable Government promote the rural electrification programme through public and private sector participation in a coordinated manner, with a clear idea on future options available for accessing electricity services to different areas, regions, communities and economic activities. More specifically they would package at least five grid connected short-term rural electrification projects (PREPs) for private sector development through a competitive process. In addition they would gather information on regional demand profiles and the costs on-grid, isolated grid and stand alone projects for inclusion in rural electrification database for use by the various stakeholders. This plan would establish priorities for public and private investments in underserved rural areas, including for “regional equity projects”. Finally, the plan indicates a 10-year least cost investment plan for expansion of the national distribution network in rural areas. The

results if the plan have been somewhat mixed. The original purpose of IREMP was to have an instrument for private sector initiative to invest in rural electrification. However, the first wave of projects (PREPs) and simulations on priority lines have indicated that private sector upfront investment remains low. Also, bilateral funding partners (Sida, Norad, JICA, etc.) that are giving grants insist on public financing and ownership of infrastructure other than the private sector. There has been Notable interest in IREMP by bilateral and multi-lateral partners with a view to providing assistance to projects that bring in “value for money.” Despite the IREMP, local funding (budget from Government) still tends to favor politically oriented projects. The conclusion is that master plans can work provided that they are updated regularly to capture changing circumstances, resources are available in time, and political influence in project choice.

In Mozambique, the master plan focus was on the development and extension of the grid supply system. The plan is based on a Least Cost Investment Plan (LCIP) for the power sub-sector in Mozambique. The idea is to take advantage of the valuable national hydropower energy resources that are in all parts of Mozambique. This needs to be done by continuing the least cost approach and extending the national grid and undertaking the rehabilitation needed. The main objective of this master plan was to prepare a comprehensive LCIP for the power sub-sector and thereby contribute to poverty reduction, facilitate implementation of power projects on a rational basis, increase access to efficiently priced electricity (20% by 2020), and facilitate mobilization of capital to power sector projects. Areas selected for electrification are based on both social and economic factors. The program has been somewhat successful in that connections have increase from 12,000 in 2002 to 100,000 in 2008, but the goals were somewhat higher. The conclusion is that the master plan constitutes a important tool in the electrification process in the country. It can provide guidance of the electrification in the country for all the stakeholders including donors. In fact, the experience of the past years indicates that the selection criteria and the priority of the projects proposed by master plan were correct. However, there are now projects that have been developed that are not part of the master plan. Within the country development priorities have changes and the master plan is in great need of being updated to keep up with the countries priorities.

In Rwanda, the master plans were not the focus of the development of rural electrification. Instead the idea was to create a sector wide approach for the energy sector (SWAp). The idea was to coordinate the support of the government and donors to advance the Rwandan energy sector as a whole. The object was to harmonize all efforts toward a common objective, to coordinate planning, as well as monitoring and evaluation of all activities, to strengthen partnership and national ownership, and o develop a common and well defined program of work.

The government commitments were to assume leadership and set up a sector secretariat for donor coordination and coordinate with all other relevant ministries, as well as districts, to organize sector working group meetings at agreed intervals, to organize the joint energy sector review every year, and consult regularly with development partners. The obligations of partners was to appointing a lead donor representative, who will be coordinating donor positions, co-chairing in meetings, to provide budget support, to

harmonize their own planning, and to plan future support to the energy sector together with the government. The approach has yielded significant plans for electricity extensions, but as of yet there the process is just in the beginning stages and there have been challenges. They include management of a multi donor fund with different administrative procedures, the management of bulk procurement, and the creation of a new directorate dedicated to this program within the utility.

In Madagascar, the master plan focuses on grid extension and the use of renewable energy (hydro, biomass, wind and solar energy). The master plan was launched in 2001 for a period of 15 years. The objective for the period 2004-2012 is to increase the access of rural population to electricity from 3.9% to 10%. The implementation of the master plan has been challenging due to limited public and private funds for energy projects, lack of favorable regulatory framework and political influence resulting in the selection of projects that are non-profitable for private operators. Therefore, in order to be effectively implemented, the master plan requires government commitment to the development of the energy sector, promotion of private investment in rural electrification projects, adequate financial mechanisms involving the banking sector and micro -finance institutions, participation of local communities in the decision making process.

The conclusions are that the master plan approach is vital because it serves as a guiding principle in implementing rural electrification policies in developing countries. But master plans sometime can become outdated and to make them work, they should be subject to periodic review in order to reflect changing circumstances of the society.

**Presentations include:**

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Yusif Uwamahoro, Sector coordinator – Rwanda electricity access scale-up program and SWAP development.

Namisoa Rakotoarimanana, Technical director, ADER – Madagascar ADER planning.

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