

## Session 3: Hybrid Electrification Models



Tuesday, June 9, 2009

To speed up the pace of rural electrification in SSA and other developing countries, many of these countries have established new institutional framework supporting rural electrification through the establishment of agencies and funds. These institutions play very important roles in providing electricity to their rural communities working in concert with governments and donor agencies.

Developing countries have realized that legislation protecting state-owned utilities as the only agencies to provide electricity require certain reforms if rural electrification programs are to succeed. These institutions were formed as a result of policy reforms of their energy sectors to liberalize the electricity sector for capacity building and resource mobilization.

Population growth in rural areas of SSA grows at a faster rate than the resources of the utility companies can cope with. The Rural Electrification Agency (REA) and the Renewable Energy Foundation (REF) institutional framework is to provide capacity building in terms of rural electrification projects through technical support and to mobilize funding for investments in rural electrification from donor support and their national governments. The major objective underpinning the establishment of these institutions is to increase access to modern forms of energy in the rural areas for economic development, and reduce poverty.

These institutions seek to decentralize rural electrification programs that originated from centralized planning of electricity projects which are time-consuming and further exacerbate the slow process of rural electrification. These agencies are now involved in identifying, preparing, monitoring and evaluating projects and facilitating the work of project developers.

In Tanzania for instance these agencies were established under the rural energy Act 2005 to serve as a link between the private sector and entrepreneurs in their energy supply needs and to ensure reliability in supply while providing low cost quality service to rural communities and their businesses. The achievements of these Tanzanian institutions in having increased access to rural electrification both, in grid and offgrid projects are remarkable.

The REA/REF models from the experience presented by the experts compares favorably to other models due to the benefits explained by the experts attending the workshop. For instance, these models are independent of government interference and are also capable of increasing capital mobilization from the private sector by attracting commercial banks.

In spite of the achievements and benefits offered by these institutions, as opposed to other alternatives, there are also challenges, limited capacity of their members to provide technical support in rural electrification projects, and the need to continue to rely on such expertise from outsiders.

**Presentations:**

Wolfgang Mostert, Independent Consultant – REA/REF When and Why?

Gerard Madon, Direct Marge – REA/REF How?

Alassane Agalassou, AMADER, - Mali Diesel Minigrid.

Bengiel Msofe, Director Technical Services & Justine Uisso, Project Manager REA, Tanzania: REA/REF – Deeper Analysis: Tanzania Offgrid Renewable.