



Implementation of RES4Africa action plan:

A call for joint public-private effort

Priorities and recommendations

RES4Africa is a network of key international energy stakeholders - utilities, industries, agencies, technical service providers and top academia - engaged in promoting clean tech solutions in the Sub-Saharan Africa region.

The rationales and benefits of large-scale renewable energy deployment are today clearly established and well understood by most institutional actors in Sub-Saharan Africa countries.

Several outstanding international analysis, publications, master plans provide a regional strategic framework and a policy roadmap for coordination and cooperation, covering policy and regulation, financial support tools, market integration, transmission infrastructures and industrial development. Now an effective implementation must be our common target.

RES4Africa priorities and recommendations

1. POLICY AND REGULATION

The **creation of a business-friendly environment** is the pre-requisite for RE deployment. In order to start a steady transition to renewables in Eastern Africa countries, certain aspects of **regulation are indispensable for any developer/investor**, so that building and operating RES power plants and the associated grid infrastructure becomes a standard business.

Key recommendations

- **Phase out high fossil energy subsidies** to create a level-playing field for renewables and reflect actual market driven costs;
- Establish clear, reliable and visible **long-term national renewable energies strategies** and translate them into concretely achievable targets, supported by appropriate instruments;
- Strengthen the role of **independent regulators**, consolidate regulated **grid access rules** and **grid cost allocation** schemes;
- Aim for a **market-based approach** that can provide clear price signals, increase the cost-efficiency of decarbonization, and allow consumers to take an active role in the promotion of renewable energy;



- Reconsider the long term bilateral **power purchase agreements** and take concrete and legal steps to a more open market structure/regime, including relevant institutional strengthening and human capacity building. New PPAs should be deliberately negotiated for relatively **shorter terms** in the light of the RE potential already identified for exploitation;
- Urgent review of project land acquisition laws and regulations to ensure **smoother/faster acquisition of Right of Way for electricity system infrastructure** development to speed up necessary national grid expansion (a significant fraction of identified RE resources are located in areas far removed from the national grid leading to delay or inhibitive high costs of integration);
- Ensure **non discriminatory third party access to the grid** and regulate transmission system conditions in order to allow bilateral sales of energy to eligible customers;
- Introduce the necessary **legislation** to allow the increasing presence of RE independent power producers (IPPs), self-consumption schemes, and third-party access;
- Promote **legal certainty** to secure land access, fair and streamlined authorization processes and transparent local permitting/building procedures;
- Standardise projects documentation to increase **projects bankability** and reduce investors risk exposure (i.e. feasibility study, PPAs);
- **Present dedicated policy** and regulation to increase **private sector participation in the rural electrification** activities (mini-grid regulation systems deployment and RE investments);
- Introduce necessary regulation to harmonize the future **integration of off grid systems in the grid**;
- Identify **key environmental and social sensitivities** that may present constraints to establishing RE projects in East Africa through country level **Strategic Environmental Assessment's (SEAs)**.

2. BUSINESS MODELS AND FINANCING

Regulators should allow the existence of **several business models and off-take entities** in order to increase inter regional energy transactions and meet growing energy demand, however some general overall basic principles should be established too. **PPA schemes** are among the appropriate instruments for large-scale projects bankability.

Key recommendations

- Encourage credible **tendering schemes** and dedicated guarantee packages;
- Promote the inclusion of **dedicated financing facilities** in the tenders;
- Promote **fiscal incentives** for RE investments (tax exemptions, free zones);

- Endorse **involvement of IFIs**, directly or indirectly, through local bank financing programs to reduce capital costs;
- Regarding competitive **tenders for PPAs**, efforts should be made to achieve **standardization** and fair bidding conditions;
- Promote and clearly regulate **trade** of physical electricity with neighbouring markets by utilities and IPPs;
- **Distributed generation** solutions deserve greater attention. The legal, institutional and regulatory frameworks should be adjusted accordingly;
- **Social and environmental risks** deserve proactive scrutiny from the outset and throughout the project lifecycle and should be managed through a structured Environmental and Social Management System.

3. INFRASTRUCTURE DEVELOPMENT

In Sub-Saharan Africa the **grid is one of the main barriers to RES development**. The introduction of necessary regulation and legislation to let the generators be in the main network or set up mini grids without physical and legal constraints is a priority.

Key recommendations

- Promote **the expansion and the upgrading of the national grids** in line with planned capacity expansion plans;
- Promote optimal **integration of renewable energy** in the electricity systems through **cost benefit analysis**;
- **Strengthen intra-EAC interconnections** and foster cross-border power transactions to follow market drivers as well as for balancing reasons;
- **Give priority to decentralized urban RES** that complement centralized large scale grid generators and also create small-scale business opportunities in grid-connect and micro-grid power;
- Improve **regulation for the efficient use of existing grids** by adopting region-wide common rules for cross-border trade, capacity allocation methods, congestion management and inter-TSO compensation schemes;
- **Promote Off-Grid and Mini-Grid** systems in order to increase access to electricity in rural areas and the definition of **minimum safety & technical requirements** and **standard or performance**;
- Encourage **private capital participation** in infrastructure investments.



4. SOCIO-ECONOMIC IMPACTS AND LOCAL CAPACITY

RES deployment invariably creates a **local manufacturing and services industry**. This requires the **involvement of the private sector** along the whole value chain to generate positive employment effects: a market for renewables as well as investment in local manufacturing are both necessary and requires an enabling environment where human capital acts as a gear.

Key recommendations

- Promote the adoption of instruments and supporting mechanisms aiming at **assessing the socio-economic benefits** generated by investments in renewable energy projects in terms of **job creation** and **enhancement of competitiveness**;
- Increase **project origination** in African countries by promoting the role of domestic developers and thereby contributing to capacity building of local communities;
- **Promote the independent certification of local companies** for services, systems and components;
- **Plan bidirectional flagship exchange programs**, for tertiary education and vocational training, private sector training institutional advocacy to **spread international best practices**;
- **Valorise capacity building** as win-win approach (i) for investors as leverage to increase the level of transparency, business opportunity, efficiency of decision making process and (ii) for the local community as guarantee for ownership and empowerment generating long-term sustainability, further local value and jobs opportunities;
- **Set up incubation centres** to act as: (i) Training centre on RES professional especially for technical professionals (both professional and vocational training); (ii) New technologies can be deployed on a mini-grid developed at the incubation centre to serve exhibition centre for emerging RES technologies; (iii) A business development unit can be set up at the incubation centre to nurture local RES business entrepreneurs and professionals to set up and run certified local companies for services, systems and components.

Conclusions

RES4Africa partners are aware that a **joint effort of the public and private sector** is more important than ever to deploy renewable energy in Sub-Saharan Africa. Therefore, we will continue to provide a dialogue and constructive inputs to **develop a sustainable Eastern Africa electricity market**, in cooperation with AEEP and by welcoming other partner organizations to join the initiative.