

# Utilising Electricity Access for Poverty Reduction

## CASE STUDY REPORT: KENYA EXECUTIVE SUMMARY



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### Executive Summary

The research presented in this report forms one of two Case Studies prepared for the study on Utilising Electricity Access for Poverty Reduction. The Case Study seeks to answer, in the Kenyan context, the questions:

- 1. What level of electricity access is required to enable and sustain poverty escape?**
- 2. What constraints, despite increased access to electricity, mean that people are not able to use that electricity productively? How can they be removed?**

The research has been carried out through desk studies of policy and regulation, consultations with stakeholders involved in electricity provision and field research focusing on communities touched by four different electricity access programmes.

Overall, the field research has not revealed a consistent relationship between levels of electricity access and its impacts in terms of either productive activity or poverty reduction. In certain instances patterns have emerged to support the assertion that improved electricity access can lead to enhanced levels of productive activity; for example, beneficiary enterprises tended to have considerably higher revenues and profits than non-beneficiary enterprises (although it must be noted that it may be the case that better-performing enterprises are more able to afford improved electricity access).

However, examination of other impact indicators has often discerned no relationship or found influence in the opposite direction to that anticipated. No impacts were observed in terms of enterprise creation, while it appears that beneficiaries of an electricity access programme (particularly women) may be less likely to gain employment.

The effects of electricity access, and the productive uses it enables, on poverty are even more difficult to observe. The impacts on household income appear to be very mixed. Positive impacts in terms of education are commonly reported and attributed to improved electricity access; this is also true to a lesser extent for healthcare.

Throughout the field research, convincing patterns between the level of electricity access (as assessed by the SE4ALL Global Tracking Framework) and productive use or poverty impacts have not been found, affirming that the mechanisms by which electricity access enables poverty reduction are numerous and complex and are influenced by many other factors beyond the level of electricity access available.



The second part of this Case Study research has sought to identify some of the enabling factors and barriers that affect electricity access provision, take-up and productive use by enterprises and households. Numerous policy factors were identified, including ambitious but underperforming grid electrification programmes, helpful duty exemptions for off-grid equipment but also lengthy and unnecessarily complicated permitting and licensing procedures. The Kenyan government recognises the crucial role of off-grid systems for electricity access provision, but has not successfully tackled some of the barriers to mini-grid development such as tariff setting restrictions, imbalances caused by cross-subsidisation of the grid (but not private off-grid systems) and contingencies for grid arrival.

For end-users of electricity, high upfront and ongoing costs – coupled with a lack of access to affordable finance – are seen as a key barrier. Of the attributes of the electricity supply itself, reliability is most strongly reported as a barrier although the assessment of households' and enterprises' electricity access in the field research communities established that capacity and duration were more likely to be limiting factors.

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