PACE
Public Private Partnerships for Access to Community Electricity
Ethiopia, Nepal, Sri Lanka and Uganda

Rural electrification – a paradigm shift
Community electricity in developing countries

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Outline

• Definition – community electricity
• Brief history of community electricity
• Rural electrification in the South
• Community electricity post-WWII
• Twin trends – decentralisation & energy sector liberalisation
• Awareness raising & capacity building
• Parallels in other sectors
• Millennium development goals
• Transforming rural sectors – increased productivity & increased ‘access’
• A new paradigm
Community electricity - definition

Community electricity is electrification that:

• Brings stakeholders together to define their needs & seeks to forge partnerships amongst key players, both suppliers & consumers
• Involves local stakeholder participation
• Addresses issues of public access, particularly education, health, clean water, public lighting
• Benefits the community as a whole
Brief history

• Community electrification historically has two origins:
  > Private sector
  > Co-operatives, community-based

• Primarily rural in origin – strongly linked to co-op movement

• USA in 1930s (NRECA), Denmark 1930s & 1940s

• Took place when countries were predominantly urban

• Northern governments move to support electrification of last 25% of population

• Massive subsidies & supports
Rural electrification in the South

- In North, urban 70-80% create surplus to finance electrification of 20-30% rural
- In South, 70-80% of population live rural
- Urban is heavily subsidised by taxing rural
- Urban unable to subsidise rural electrification
- The 70-80% rural cannot afford traditional, grid extension electrification
- Latin America, Southeast Asia begin rural electrification co-operation 1950s, 1960s
- Much modelled on US mid-West co-operatives
Rural electrification in the South (cont)

• However, co-operative model not chosen by bulk of Southern countries
• Monopoly electricity companies lead the way
• Rural continues to be neglected in most countries, with few exceptions
• China, India, Argentina, Brazil, Thailand, later South Africa all adopt massive rural electrification programmes
• Few poor developing countries can afford rural grid-based – population too scattered, so, rural electrification slow
Community electricity post-WWII

- Rural co-operative movement grows rapidly in Latin America, Caribbean, South & Southeast Asia post-WWII
- Grows rapidly in rural credit in 1950s & 1960s
- Expands from agriculture to agro-processing, roads, water, and, in exceptional cases, electrification
- Strongly supported by donors (US, Sweden, in particular)
- Builds upon rural credit co-operatives, but, becomes too political by late-1960s
Decentralisation & liberalisation

- 1990s sees major move to decentralise government throughout the world – gives local governments more powers, responsibilities
- Simultaneously, energy sector starts major liberalisation in 1990s
- Liberalisation & decentralisation begin to converge in co-operative, public-private electrification by late-1990s
- Donors, particularly World Bank, Swedes, Norwegians, support this in a big way
Awareness raising & capacity building

• Major element of all decentralisation depends upon giving local authorities skills to enable
• As case studies show, without skills, decentralisation is ineffectual
• Donors & host governments must provide major support for awareness raising for all rural development, from environment to government, to infrastructure
• Major moves, primarily through international associations of local authorities to build capacity for good governance, technical capacity
Parallels with other sectors

• Electricity is becoming in early-21\textsuperscript{st} Century what water was in 1980s
• Emphasis in all rural infrastructure is changing as part of decentralisation & local empowerment
• ‘Small is beautiful’ is increasingly the operating mode
• Facilitation, through specialised agencies and funds become common
• Rural electrification begins to mirror water, roads, health
What is needed to increase ‘access’ from low levels to high levels in South?

• The traditional, national monopoly electricity model will not work for most rural Southerners
• ‘Access’ to electricity in much of rural South is still less than 30%
• To shift this, requires major rethink
• Electricity is essential for ‘rural transformation’
• Rural transformation involves:
  > Livelihood transformation & improvements
  > Economic revolution by increasing rural value added
  > Environmental sustainability
  > Social equity
  > Increased access by ALL to social services
Millennium Development Goals

• Eradicate extreme poverty & hunger
• Achieve universal primary education
• Promote gender equality & empower women
• Reduce child mortality
• Improve maternal health
• Combat HIV/AIDS, malaria and other diseases
• Ensure environmental sustainability
• Develop a global partnership for development
Rural electrification – a new paradigm

• Grid-based is only part of solution
• Need decentralised generation
• Need to develop local partnership between public & private, key stakeholders
• Need over-riding legislation to enable local electricity generation, distribution, sales
• Need regulatory system to support, promote
• Need stakeholder involvement
• Need to focus BOTH on electricity for economic development (‘power for productive uses’) & for improved access (mostly millennium goals)
Rural electrification – a new paradigm –
the productive uses side of equation

This ‘model’ helps stimulate local economies:

• Attracts investment
• Stimulates other local economic sectors
• Creates new employment
• Generates revenues both for local governments & for national governments
• Helps raise incomes
• This, in turn, increases purchasing power, further stimulates local economy
• Adds value to all local production => means of lifting rural areas out of poverty
Rural electrification – a new paradigm – the increased energy access side

This ‘model’ helps increase ‘access’:

- Provides service sector with new energy
- This enables better, cheaper delivery of services (health, education, water)
- Increases quality of life
- Millennium goals services – primary education, health, maternal care, etc. – should be open to all
- If open to all, then electrification increases access to all
- Access to electricity should not mean ‘a light bulb in every house’
Rural electrification: community electricity = public-private partnerships

The new paradigm requires all key stakeholders to participate – it is truly community electrification – to transform rural economies, unlock their social, political & economic energies.
Conclusions: Key issues from case studies

- Local level - developing true, equal partnerships
- Role of national governments
- Role of donors
- Identifying & gauging impacts
  > Livelihood
  > Economic
  > Millennium development goals
Key issues from case studies

How does one develop “equal” partnerships between local government & investors

• Trust
• Capacity of local government
• Understanding of government needs by private sector
• Understanding of consumers of role of private sector
Role of government

National role?
• Legislative & legal framework
• Regulation & licensing
• Financing
• Awareness raising
• Facilitation & intermediation of stakeholders

Local government
• Mobilisation
• Permits
• Licenses
• Support
Role of donors

Working with national governments
- Legislative & legal framework
- Regulation & licensing
- Financing
- Awareness raising

Other
- Transferring best practices, lessons learnt from one country to another
- Develop case studies showing diversities & similarities for various applications
- Lessons on incentivising stakeholders
Rural electrification impacts

What are they & how are they gauged?
- Economic
- Services – health, education, water, etc.
- Income generation
- Gender impact
- Access by poorest, least enfranchised elements

Livelihood impacts & millennium development goals
- Environmental effects
- Forging global partnerships