

Publishable Summary

Access to modern clean energy, particularly electricity, is vital in the eradication of poverty and achieving sustainable development in rural areas in Sub-Saharan Africa. It is a foundation for encouraging economic development and supporting the provision of services such as health, education, clean drinking water, telecommunications etc. Renewable energy resources and the rational use of energy can and must play a major role in this transformation. With over three quarters of Africa's population living in rural areas and with less than 10% of those connected to electricity grids, it is crucial to stimulate private investment to meet this challenge. To do so, a number of key risks facing private sector investors have to be removed including financial risk, political and policy risk; and regulatory and licensing risks.

The MIRREIA project, which commenced in January 2005, intends to review and mitigate these major barriers to investment in Kenya, Tanzania and Uganda, and strengthen capacity through a 'learning by doing' approach, working directly with key Government and institutional stakeholders, and private sector developers."

Project objectives:

- Promote and encourage the use of renewable energy as a means to alleviating poverty in sub-Saharan Africa and protecting the local and global environment;
- Identify and define means to mitigate the major financial, policy and regulatory risks to private sector investment in RE; and
- Assist key stakeholders to improve market conditions and set the framework to assist project developers invest in viable, successful renewable RE projects and activities that lead to significantly improved energy efficiency, both on the supply and the demand side.

Expected results:

- A greater understanding in the target countries and internationally of the major barriers that are preventing wide scale investments in renewable energy and the rational use of energy in the rapidly emerging rural electricity sector from taking place throughout Africa
- This output will be demonstrated through the 'real' projects that will be assisted by this activity in negotiating some of these barriers and moving towards closure and implementation.
- The success of the project will be measured not so much by producing reports, but more by seeing the associated projects getting off the ground and an increased interest from other investors and finance organisations in each of the countries.

Project status September 05:

The project has carried most of the initial background activities including establishing the current state of play in each of the three countries and reviewing similar activities in other countries. From this initial review it is clear that there is a strong interest from the respective Governments to attract greater private sector investment in rural electrification and likewise there is a strong interest from the private sector to participate in this sector.

In each of the countries, the institutional framework to support rural electrification is either in place or in the process of being developed. Despite this, so far private sector participation has been limited. The project is working to try to bring the main parties together to identify and mitigate the key issues.

A review has been carried out of experience in a number of other countries internationally; including Cambodia, China, Sri Lanka, South Africa, UK and Denmark. This review highlights the key policy frameworks through this selection of developed and developing countries on how the electricity sector is structured to support rural electrification and how private sector (especially renewables) can access the grid.

Work has already commenced on identifying the key risks and barriers in each country that are hindering and discouraging private sector investment. This will form the foundation for the major project activities in supporting projects and reviewing finance options.

MIRREIA has already started to provide support to a community electricity project in Eastern Kenya. Mpeketoni Electricity Project is a community owned and operated mini-grid that are presently working with the e7 Fund and Scottish Power to look at the possibilities of applying wind power to reduce the cost of generation and to utilise indigenous and environmentally friendly resources. MIRREIA has provided logistical and technical support in accessing Government support through its Rural Electrification Fund and ensuring compliance with necessary regulatory and environmental requirements.

Planning is already underway to host a Rural Electrification Workshop in early 2006 to bring together the key stakeholders in the region and strengthen co-operation and sharing of ideas. There are also discussions on possible collaboration with another parallel workshop due to take place around the same time.

Further details and key documents can be found on the project web site <http://mirreia.energyprojects.net>