

IBEKA in Indonesia – via FIT for micro-hydro –  
first priority was giving access to members  
who didn't have it; then for local education  
and health care

POWERING AFRICA THROUGH FEED-IN TARIFFS

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## POWERING AFRICA THROUGH FEED-IN TARIFFS

ADVANCING RENEWABLE ENERGY  
TO MEET THE CONTINENT'S  
ELECTRICITY NEEDS

friends of  
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# FiTs in Africa

## FiTs already in place:

- Algeria
- Kenya
- Mauritius
- Rwanda
- South Africa
- Tanzania
- Uganda

## FiTs being planned (2012)

- Botswana
- Egypt
- Ethiopia
- Ghana
- Namibia
- Nigeria

## Alternatives beyond the Grid

## How Tanzania's REFIT Promotes Mini-Grids






# Lessons and Recommendations

- Building momentum for the REFiT
- Designing the policy
  - Right process
  - Right contents
- Creating enabling environment
- Integrating REFiT into wider development strategt





# Building momentum

- Can be attractive if seen as driver for economic development
  - International organisations, donors, CSO support = important (overcome vested interests)
  - More support if integrated in wider development strategy
  - Overcoming scepticism (e.g. Tanzania)
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# Designing Policy

- Process – inclusiveness important (poor sidelined in many countries); coalitions
- Content:
  - Cost-reduction VS wider socio-economic benefits
  - Small VS big
  - Net metering and differentiated tariffs allow smaller producers and local ownership
  - Namibia = mix (net metering; FiT; ReBid)





# Content

- Tariff levels and cost recovery:
  - avoided cost to avoid price rises
  - Low tariffs don't stimulate investment (or only large projects – limits for access)
  - N.B. Rwanda – cost of generation was in fact cheaper (grid stability, economic dev, access, fast outlay); Uganda – front-loaded tariffs (Uganda)
- Cost sharing: innovative ways of cross-subsidising, n.b. no middle class; minimum free (design)?; taxing dirty energy; international climate finance
- Grid issues: often poor quality; very limiting or expensive; SPPs?





# Creating Enabling Environment

- Simplifying process: tricky administrative processes (Kenya, Uganda) – standardised PPAs, clearly defined responsibilities, extra ‘capacity’ e.g. Atlases
- Capacity in utilities and ministries (technologies,
- Access to finance: national banks regard as risky; PPAs not credit-worthy (utility - Tanzania); international support goes via banks (more expensive – therefore agencies?)








# Creating Enabling Environment

- Local awareness: local accepting – success stories; government pilot projects (Rwanda and public services)
- Local Technical capacity: import of labour and tech increases cost – unattainable for local developers, so go for less quality; local supply chains key – e.g. East African Tech Centre
- Poor installation and maintenance undermine confidence; building capacity important for local development







# Integrating in wider development strategy

- To fully unlock, need to embed in wider strategy (not just 'cheapest energy')
  - For energy access (how deal with off-grid)
  - For jobs – creating supply chains (labour and industry)
  - Include in education – vocational
  - Industrial strategy
  - Rural development and poverty alleviation strategies
  - Greater benefits come from increased local involvement, ownership and management (in design e.g. what is it needed for? How shared? How priced?)
  - Need suite of complimentary policies from wider strategies

