

Italy-Africa Initiative, Energy Session - Ministerial Conference  
“Italy-Africa, working together for a sustainable energy future”  
and Presentation of IEA’s Africa Energy Outlook



**Technical workshop**

**“Dialogue forum with the Private Sector in the off-grid renewable  
energy market”**

Rome, 13 October 2014

**OUTCOME REPORT**

## Recommendations of the Technical Workshop

As part of the Ministerial Conference “Italy-Africa, working together for a sustainable energy future”, the Italian Ministry of Foreign Affairs together with the Africa-EU Energy Partnership (AEEP) and the Alliance for Rural Electrification (ARE) organised the technical workshop “Dialogue forum with the Private Sector in the off-grid renewable energy market”.

The workshop was well attended, with **more than 300 participants** mostly from Europe and Africa, representing the private and public sector, as well as civil society. This includes high-level representatives from the European Union and Italy as well as good participation from African Ministers of Energy. Throughout the workshop, the participants formulated key recommendations to increase clean energy access and rural electrification as well as the share of renewable energy in the energy mix in Africa.

The **full implementation of an appropriate regulatory, legal, energy and investment framework in African countries remains crucial** to enhance clean energy access in Africa. This includes opening up African electricity markets for private operators (e.g. in Liberia only the national utility may generate and sell electricity), strengthening Independent Power Producers (IPP), enabling Public Private Partnerships (PPP) for finance, development, operation and management as well as addressing the risks posed by the African power sector. On the latter point, it is considered that **technical assistance** can contribute substantially to reducing policy-related risk, such as regulatory risk.

**Policies, including support schemes and subsidies, need to be tailor-made and dynamic** in order to effectively and efficiently support the growing market. A clear and robust policy framework is needed to boost private investment and involvement, and private operators across the electricity sector should not be disadvantaged vis-à-vis national public utilities. In addition, energy access policies should distinguish between urban and rural environments as these hold different characteristics.

Moreover, **flexible tariff-setting for mini-grid projects** should be established to allow for their commercial viability (e.g. to ensure recouping the upfront costs) and thus increased mini-grid operations. An accelerated roll-out of mini-grids would indeed strongly improve living conditions and local economic development. In this context, the recently developed **Mini-grid Policy Toolkit** (available on <http://euei-pdf.org/thematic-studies/mini-grid-policy-toolkit>) provides a link between the rationale for mini-grids in rural electrification, mini-grid operator models and suitable policy and regulatory frameworks.

For its part, the **EU should increasingly place energy access at the heart of its economic policy**, as it has done for its development policy. In this context, and as

affirmed in the IEA's Africa Energy Outlook, it considers that **off- and mini-grid solutions are very well suited to provide clean energy access in Africa.**

On the financial level and in the light of the investment shortage in the African power sector, it is key to stress the **interdependency between energy access and economic development**, and focus on **facilitating access to finance for small developers**. Indeed, the survey conducted by IRENA for the IOREC conference in June 2014, demonstrated once more that the most important concern for off-grid renewables is access to affordable finance for developers and end users while energy access technologies are ready to be applied for the benefit of rural people.

On the institutional level, it is essential to clearly establish **defined roles and responsibilities**, so that market entrants better understand which administrative procedures apply to them and which public body to address. These procedures should be streamlined and simplified to the extent possible to reduce transaction costs incurred by developers.

In addition, it is **vital that national institutions have and allocate the necessary capacity (technical, financial and human)** to effectively design and implement rural electrification strategies based on off-grid renewables. This will also enhance cooperation and coordination between national and international institutions in this regard and facilitate synergies in other fields.

Participants also suggested the creation of **national one-stop-shops to obtain information** on the national market, the relevant policy and legal framework, potential partners, available support and services etc. for the benefit of all stakeholders, incl. the end users, African and EU businesses, development partners, investors, financiers,...

Finally, participants stressed the importance of **capacity building and increasing awareness to involve the local level**. Indeed, energy projects must be well integrated in the local context and by working together with local authorities, the administration and chiefs of villages, Africans will increasingly see these projects as their own and become "enablers" in their villages and the surrounding area.

For more information and proceedings of the forum please contact:

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<sup>1</sup> As Secretariat of the Africa-EU Energy Partnership (AEEP), the EUEI PDF (EU Energy Initiative Partnership Dialogue Facility) creates a framework for structured political dialogue and cooperation between Africa and the European Union on energy issues. One of its tasks is thus to support the dialogue between and amongst public and non-state stakeholder groups.