MAIN REPORT
OF THE SCOPING MISSION FOR THE PROVISION OF TECHNICAL ASSISTANCE TO THE CREATION OF A NATIONAL AGENCY FOR RURAL ENERGY SERVICES (ANSER) IN THE DEMOCRATIC REPUBLIC OF CONGO

12 February 2013

EU Energy Initiative Partnership Dialogue Facility (EUEI PDF)
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<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>ANSER</td>
<td>National Agency of Rural Energy Services</td>
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<td>CATE</td>
<td>Technical Support Energy Unit</td>
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<td>CDM</td>
<td>Clean Development Mechanism</td>
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<td>CNE</td>
<td>National Energy Commission</td>
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<td>DER</td>
<td>Rural Electrification Directorate (under SNEL)</td>
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<td>DEU</td>
<td>Delegation of the European Union</td>
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<td>DRC</td>
<td>Democratic Republic of Congo</td>
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<td>ECC</td>
<td>Church of Christ, Congo</td>
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<td>EDC</td>
<td>Electricité du Congo (private company)</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>EDF</td>
<td>European Development Fund</td>
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<td>EMRRP</td>
<td>Emergency Multisector Rehabilitation and Reconstruction Project</td>
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<td>EU</td>
<td>European Union</td>
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<td>EUEI PDF</td>
<td>EU Energy Initiative Partnership Dialogue Facility</td>
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<td>FCPF</td>
<td>Forest Carbon Partnership Facility</td>
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<td>KFW</td>
<td>Kreditanstalt für Wiederaufbau Bankengruppe (German Development Banking Group)</td>
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<td>KV</td>
<td>kilovolt</td>
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<td>kW</td>
<td>kilowatt</td>
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<td>LV</td>
<td>Low Voltage</td>
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<td>MADR</td>
<td>Ministry of Agriculture and Rural Development</td>
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<td>MECNT</td>
<td>Ministry of Environment, Nature Conservation and Tourisme</td>
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<td>MRHE</td>
<td>Ministry of Hydro Resources and Electricity</td>
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<td>MV</td>
<td>Medium Voltage</td>
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<td>MW</td>
<td>Megawatt</td>
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<td>NAMA</td>
<td>Nationally Appropriate Mitigation Actions</td>
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<td>PMEDE</td>
<td>Project for the Rehabilitation and Strengthening of the Inga Hydro-Power Stations and Kinshasa Distribution Grid</td>
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<td>REDD</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
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<td>REGIDESO</td>
<td>Water Distribution Company</td>
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<td>SE4ALL</td>
<td>Sustainable Energy for All</td>
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<td>SENEN</td>
<td>National Service for Renewable Energy (Service national des energies nouvelles)</td>
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<td>SG</td>
<td>Secretary General</td>
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<td>SGE</td>
<td>Secretary General of Energy</td>
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<td>SNEL</td>
<td>National Electricity Company</td>
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<td>SWOT</td>
<td>Strengths Weaknesses Opportunities Threats</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>USD</td>
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<td>World Bank</td>
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1. Background

1.1 Government objectives

The Government of DRC aims at to increase the share of the population with access to drinking water from 26% to 56% and to electricity from 9% to 18% by 2016.

In order to speed up access to electricity for the 78,000 villages in the country, the Ministry of Water Resources and Electricity (MRHE) defined a pilot study for the development of rural electrification on 50 sites through pico and micro power plants, i.e. 5 villages in all provinces except Kinshasa. The objective will be to provide, as soon as possible, electricity to at least 1000 villages a year, as well as install rural electrification for purposes such as: pumping installations for drinking water, agroprocessing equipment, small workshops, domestic supply and education and health services. It is expected that the Government or any other public funding agency dedicated to this task will play an important role in the financing of these projects.

With the exception of the Equator province and other savannah regions, the country is endowed with important hydro resources, which are evenly spread across the country. Thus, the most popular technology consists of the exploitation of hydro-electric power by pico, micro, mini or submerged power plants. However, the Government has realized that without socio-economic development, the modernization of the villages will not follow on electrification and rural exodus will continue. Therefore, the focus is on rural energy services. One of the major challenges is the reduction of the consumption of wood energy, which accounts for 95% of the energy consumption of the whole country.

1.2 Request

On June 12, 2012, EUEI PDF received a request from the Minister of Water Resources and Electricity of the Democratic Republic of Congo (DRC) concerning the support for the development of the institutional structure of the energy/electricity sector for the DRC through a National Agency for Rural Electrification. Subsequently, the Minister reformulated the request for assistance, which will rather focus on the establishment of a National Agency for Rural Energy Services (ANSER) with the objective of spearheading the modernization of the villages, in which almost 70% of the total population of the DRC live.

Since 2011, the Government of the DRC has decided to launch an ambitious rural electrification programme. In spite of ample natural resources and substantial investments in electricity projects, the level of electricity distribution only reaches 9% and is unevenly provided across the country. Approximately 27% of the urban dwellers representing 30% of the total population have access to electricity. As far as the rural population is concerned, it is less than 1%. Access to electricity in the provinces varies between 44% (Kinshasa) and 0,5% (Occidental Kasai), see the map of the D.R. Congo below:
1.3 Approach

The Scoping Mission visited the DRC between the 6th and 19th January 2013. Following an analysis of the request, it recommended that the EUEI PDF respond to the request after receiving confirmation of progress made within the legal and institutional framework.

The approach consisted of gathering relevant information through the study of documents, as well as interviews with the various stakeholders, in addition to evaluating the degree of involvement and expertise of the stakeholders. The information contained in this report could be enhanced, but it has been selected for its relevance as regards rural energy services and the proposed institutional structure. Moreover, the team has tried to discuss all the aspects to be considered in the future structure, based on its experience with the establishment of similar agencies and funds in other countries of the region.

The team made two presentations during the scoping mission: a mid-term assessment reflecting the preliminary results and a debriefing at the end of the visit. In addition, the mission undertook an appreciation of the perspectives and points of view of the Congolese partners as well as of the development partners met. The mission’s main conclusions and recommendations have, in general, been met with approval.

2. The electricity sub-sector

The country has large hydro power plants, namely Inga I and II (an installation of a total of 1775 MW). The actual capacity was 100 MW in 2009. The two power plants are now under rehabilitation, which has already considerably improved their capacity. New high-voltage power lines are being constructed in order to complement the existing lines from Inga to Kinshasa and Katanga in the south in order to prepare a larger export capacity of electricity. The other hydro and thermal power plants represent a capacity of approximately 800 MW, of which about half is exploited. In theory, the total
capacity is about 2500 MW, including 137 MW from auto-producers or independent power producers other than the National Electricity Company (SNEL).

The MRHE has an inventory of a large number of projects together with a list of promoters, who are ready to cooperate in the development of projects following the signature of Public-Private Partnership agreements.

In addition to hydro, the endogenous resources – a large percent of which are renewable – include solar energy, wind power, geothermal energy, methan gas (Lake Kivu) and biomass. As regards the small villages, hydroelectricity and photovoltaic solar are the most realistic options. With the exception of PV panels for individual homes, large solar systems are not yet developed. This does not prevent considering the construction of networks distributing solar energy, since they would have the advantage of being able to combine low demand from households during the day with peak demand from productive and social utilisations during the same period. Peak demand from households in the morning and evening, on the other hand, corresponds to slack demand from productive usages.

In most villages, the water sources have enough flow to permit the installation of pico, micro or mini power plants.

### 3. Rural electrification initiatives

#### 3.1 Strategy

The DR of Congo has not developed a strategy for rural electrification, in spite of the studies that have been carried out on the subject (see 5.1). A five-year plan 2007-2011, covering the supply of water and electricity, mentions the need for a general strategy for the sector, as well as a legal framework and the allocation of funds for rural electrification, but the plan does not articulate the need for a specific strategy.

The Policy Document of 2009 concludes that “rural electrification is embryonic and has been relegated to a position of secondary importance regarding investment and procurement, as compared to the industrial sector and/or export” (page 23). The most significant point raised in this document is the opening of a possibility to concede rural electrification zones to public or private operators. While waiting for the establishment of a definite programme, the policy document proposes to authorize the establishment of smaller projects. A number of projects of this nature have already been launched (see 3.3). The document also proposes the creation of an Agency for the sole purpose of rural electrification, in line with the study carried out by Sofreco, which does not advocate a strategy but concentrates on institutional framework measures (5.1).

Lately, the Minister of RHE has issued an information note on the strategy of his Ministry concerning the implementation of a 2012-2015 government programme for water and electricity supply. A strategic axis has been defined for the urban and peri-urban population as well as another axis focusing on the rural population. In this context, the creation of ANSER is mentioned in addition to

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**Hydro project categories:**
- Pico, < 20 kW
- Micro, 20 kW-100 kW
- Mini, 101-500 kW
- Small, 501 kW- 25 MW
- Power plant, > 25 MW
ambitious objectives for rural electrification, addressing not only the supply of electricity but also the installation of water pumps, agroprocessing equipment such as mills, small mechanical workshops, electricity supply to families living in sheet houses, in addition to support for improving health and education infrastructure. This brief is the very first beginning of a true strategy, in that it formulates important principles.

3.2 SNEL

A Directorate of Rural Electrification (DER) within SNEL in 2009 replaced a predecessor unit established in 2005. It is the understanding of the DER-SNEL that the extension of 15-30 kV lines are part of rural electrification, whereas lines of more than 30 kV are dedicated to urban and peri-urban electrification. As regards low voltage, the electrification footprint (perimeter) of SNEL applies to towns of more than 100,000 inhabitants, in accordance with the classification of the decentralization legislation (see section 3.5). It is important to note that many major urban centres are not categorized as towns.

Therefore there is no unanimity regarding the classification of rural electrification; various distinctions mentioned are:

- Towns or villages of less than 100,000 inhabitants
- Zones that are not served by SNEL
- Small towns served by the interconnected network of SNEL but where the average voltage level does not exceed 30 kV
- Villages of 1,000 to 5,000 inhabitants

This is the reason why there is some confusion regarding the zones or focus of rural electrification.

The rural electrification projects of SNEL are either financed by its own funds or by development agencies. In the zones where SNEL is represented by an office, the company manages the connections according to the national tariffs (mostly the social tariff for customers without a meter). The user will often pay for the connection over several months. Where electricity is supplied from thermal power plants, the tariffs are negotiated locally and must cover the cost of diesel consumption in addition to maintenance.

Priority criteria for electrification do not exist, neither are the limits of responsibility of SNEL clarified. In the areas where the company is active, the provincial authorities are consulted but do not select the zones to be electrified. On the other hand, SNEL will take action in response to requests from the population, typically initiated by the inhabitants of middle-sized towns. The population will be consulted when works are taking place, and it is informed about obligations and contributions.

A Belgian NGO, Energy Assistance, has supplied funds for projects carried out by SNEL (extension projects).

The DER-SNEL will probably play an important role in the future in the construction of medium voltage lines, also outside of its present perimeter.

3.3 Other rural electrification initiatives
Isolated systems based on hydraulics give are a good example of the electrification issues:

1. A micro power station has been constructed in Ngula (Bandundu), around a farm, at about 600 km from Kinshasa. The financing of approximately USD 100,000 is private and sponsored by a voluntary foundation. The supply of electricity to the dispensary and school is free of charge. As the community is poor, it will pay for the electricity through a charge in kind on the agricultural products processed for the farmers who use the mill to grind their corn, cassava and other products. The current capacity is 36 kW.

2. The Church of Christ (ECC) took the initiative of constructing a hydro plant at Gombe Matadi (Lower Congo/Bas Congo) at a cost of EUR 600,000. The project was inaugurated in 2012, 11 years after the start-up. The load is 57 kW, equal to 14% of the installed capacity. The length of the low voltage lines is 4 km. The population pays a fixed price of 5 dollars a month and 20 dollars for the connection including the installation of 3 light bulbs. There is a high degree of power loss at the moment. Further works are being planned in order to reduce losses. The ECC is involved in other similar projects.

3. A power plant of 300 kW at Kimbau (Bandundu), constructed by means of private/NGO financing for a hospital managed by the Catholic Church. The project includes 8 km of MV lines (10 kV). The length of the low voltage lines is 7 km, and 3 km of additional MV lines have been constructed to connect an economic operator. The estimated cost of the total installations is EUR 1.5 million. At the present time, the hospital is by far the largest consumer, however the diocese has written to the MRHE asking for an extension of the distribution network.

4. The CNE manages a pilot project at Kikimi in the peri-urban zone of Kinshasa, which consists of a submerged hydro installation of 5.5 kW, pumping water from the Ndjili river to feed into a small purification plant and also to supply electricity to the University, the village church and lighting (limited supply). The cost of the project has been estimated at USD 60,000.

These examples indicate the willingness of NGOs and private and public companies to finance or contribute to the financing of energy services projects. However, it is clear that the dimensioning and implementation cause problems and that the unit costs are very high and not uniform (up to EUR 10,000 per kW). There are problems regarding logistics and transport of equipment (for ex. turbines) and consumables, which must be considered during the development of such projects. In fact, the development of this type of project is difficult, even impossible, in many regions of the country due to the lack of passable roads.

3.4 Development partners

Ongoing projects

1. Large-scale projects

The AfDB has a project of peri-urban electrification, which was approved at the end of 2010 for the connection of 23,000 new subscribers in the provinces of Kinshasa, Lower Congo, Bandundu, South Kivu and Oriental Province. The other donor-financed projects focus on the interconnected system.

The World Bank, African Development Bank, EIB and KfW are involved in the reconstruction of Inga I and II through the Project for the Rehabilitation and Strengthening of the Inga Hydro-Power Stations and Kinshasa Distribution Grid (PMEDE) of 2007. This project complements two other projects dating
back to 2002 and 2007 under the *Emergency Multisector Rehabilitation and Reconstruction Project* (EMRRP) financed by the World Bank, which included major components for the rehabilitation of the electricity system.

According to information from the AfDB, ten out of the 14 groups at Inga should initially be rehabilitated as part of component A. The capacity at Inga should reach more than 900 MW in 2012 and eventually attain its full capacity of 1.3 GW. Half of the energy will be transmitted to Katanga, the remainder will be utilized by Kinshasa, which will then benefit from an additional transmission line between Inga and Kinshasa (component B). Component C includes the improvement of the distribution system in Kinshasa, and component D covers institutional strengthening of the SNEL and MRHE.

According to the projections, these measures will only be finalized in 2016. The Inga III project aiming at a capacity of 4.5 GW is already being discussed with the same partners.

The *Southern African Power Market Project* financed by the World Bank and AfDB is in the process of rehabilitating the transmission line from Inga to Katanga and further towards Zambia in order to be able to export more electricity, eventually including South Africa.

2. **Smaller-scale projects**

The ongoing construction of new hydro power plants include:

- Zongo II of 150 MW in Lower Congo, financed by a loan from China Eximbank to the DRC of USD 360 million at an interest rate of 2% and a grant element of more than 35%, in addition to USD 16 million from the DRC. The project is located 130 km from Kinshasa and will supply the capital and Lower Congo. The power plant should be commissioned in 2015.
- Grand Katende in Occidental Kasai of 64 MW at an estimated cost of USD 260 million (financed in part by Eximbank of India). The project should feed the principal towns of the two Kasai provinces, Kananga and Mbuji-Mayi, however it has experienced delays and adjustments and is first expected to be operational in 2016.
- Kakobola of 9 MW in Bandundu, on private Indian and DRC government financing (USD 52 million in total). The works will be accomplished in the beginning of 2014. An agency has been created for Kakobola whose operational expenses have been financed as fees from the operational budget.

3. **Studies and other interventions**

The SE4ALL (Sustainable Energy for All) initiative has already been introduced in the DR Congo. It is managed by the National Energy Commission (NEC, or CNE in French) of the MRHE. A programme financed by the UNDP, initiated in 2012, has carried out a document review (first component). The second component, a provincial energy diagnosis, is in the process of being finalized. Four provinces are involved: Maniema, the two Kivu provinces and the Oriental Province. A third component consists of a gap analysis aiming at getting a road map of all the programmed or ongoing initiatives for the whole territory. This study should be finalized in February 2013.

**Project and programme pipeline**
With regard to the future, the conversations held with the development partners during the Scoping Mission indicate that the AfDB has identified three micropower-plant projects (Ilobo, Kongolo, Tshilomba). The Bank expects to finance these investments in its next programme (2013-2017), which would also include the study of about 10 additional projects to be implemented at a later date.

The World Bank prepares a pre-electrification project together with the organisation Lighting Africa. This project consists of the supply of solar lamps for 600,000 households. The project will be managed by the CATE (Technical Support Energy Unit) in the MRHE. Among others, the project aims at creating a market for solar lamps. The KfW has in its pipeline hydroelectric power-plant projects supporting the supply of drinking water to ten secondary towns.

Companies in certain African countries have also expressed interest in investing in clean energy in the DRC, for example Egypt. The Egyptian Embassy has indicated that public funds could be allocated to complement private initiatives, i.e. the electrification of two villages by means of solar PV.

EU has just committed the entire 10th FED, and has not yet finalized the programming of the National Indicative Programme (NIP) of the 11th FED. However, the 3 sectors of concentration will be: reform of the security sector, health and agriculture (about 2/3 of the total amount). Moreover, a sum will be allocated to the Millenium Development Goals (MDG). The EU also has access to vertical funds handled by Brussels. These can be released without delay when needed. Finally, the new ACP-EU Energy Facility, for which the third call for tenders is being prepared, will also be able to support rural electrification initiatives as well as institutional projects. The Africa-EU Energy Partnership represents another possibility for technical assistance financing.

3.5 Environmental and climate aspects

The DRC has adopted an Environmental Law (Law N° 11/009 of 09 July 2011 covering the fundamental principles relating to environmental protection). The law aims at “promoting sustainable management of natural resources, preventing risks, fighting against all forms of pollution, and at improving the quality of life of the population while respecting ecological balance”.

Ongoing projects include the REDD, now REDD+, NAMA and FCPF initiatives, managed by the Ministry of the Environment. A programme with UNDP as executing partner, financed by the EU and Germany, aims to strengthen the capacity of managing low carbon emissions, particularly through:

- Establishment of a recording system for greenhouse gas emissions
- Identification of ideas of mitigation in view of formulation of NAMAs
- Conception of a performance monitoring system of the NAMAs.

This programme functions in synergy with the REDD+ program regarding the project inventory and pipeline.

As regards the results, the Ministry of the Environment is currently establishing the baseline for greenhouse gas emissions. The first part has been finalized and a preliminary report is available. It will be necessary, however, to fine-tune the data in order to better detect the tendencies. The second part addresses the capacity strengthening for initiatives covering low carbon emissions and the mitigation of negative effects.
The REDD programme started in 2009 and is already rather advanced. Substantial financing has been mobilized in order to present concrete proposals. Implementation has begun but until now the initiatives mainly include institutional aspects and studies.

Institutional development includes, among others, a National Authority for the Clean Development Mechanism under the supervision of the Ministry. "Thematic coordination" groups have been set up in the context of the REDD programme.

In the light of the concerns attached to the conservation of the forest heritage, which is endangered especially in Lower Congo and the Kinshasa Basin, the Ministry has every interest in supporting ANSER.

3.6 Territorial governance

The DRC being a country of 2.34 million km² facing major logistical challenges in transportation, makes it necessary to address the subject of the administrative and governance division of the territory.

The Constitution and the legal aspects of decentralisation

Following the enactment of the new Constitution of 18 February 2006, the DRC in 2008 adopted a set of major laws relating to decentralization. They include laws on the autonomous administration of the provinces, the organization and functioning of the Conference of Governors of the provinces and on the composition, organization and functioning of the decentralized local entities.

The provinces enjoy autonomy in the management of their financial, economic and technical resources. They have their own bodies (elected assembly and governors). The governor and deputy governor are elected by the provincial deputies. The governor chooses his ministers – 10 at a maximum. The members of the provincial assembly adopt the budget of the province.

The Conference of Governors constitutes a consultative body. The law on local entities defines the relations between the provinces and the State, the statute of the subdivisions, etc.

Article 204 of the Constitution of 18 February 2006 stipulates that “the exploitation of non-nuclear energy sources and the production of water for provincial needs” fall under the exclusive jurisdiction of the provinces. This also applies to the elaboration of mining, mineralogical, industrial and energy programmes of provincial interest and their implementation in accordance with the general norms of national planning. A decree on internal revenue, duties and taxes of the provinces, as well as the revenue-sharing of taxes and levies, was issued in 2012. The part of revenue-sharing allocated to the local entities has been fixed at 40%.

This is the reason why the provinces are essential actors in the development and implementation of the programme. The local decentralized entities also have competencies relating to the electrification of their towns/sections/chiefdoms and can request electrification and mobilize the population.

Local entities
There are still 11 provinces but the number of provinces has been determined at 26, inscribed in the Constitution by their given name (art. 2). This provision is to be applied within 36 months following the actual installation of the political institutions planned by the present Constitution (art. 226).

The provinces comprise towns and rural areas as follows (art. 4 of the Law N° 08/016 of 7 October 2008):

- The provinces are subdivided into towns and territories
- The towns are subdivided into municipalities
  - these into blocks and/or incorporated associations
- The territories are subdivided into communes, sectors and/or chiefdoms
  - the sector or chiefdoms into associations
  - the association into villages

The towns are autonomous. According to the definition, a town is a provincial country town or “any urban area of at least 100,000 inhabitants, having at its disposal utilities and economic and social infrastructures, and which have by decree of the Prime Minister been granted the status of a town.” (Law N° 08/016, art. 6.2).

The village is thus the last link of the territorial chain → sector/chiefdom → association → village. It remains to be clarified whether the ANSER will operate on the whole territory, with the exception of towns with more than 100,000 inhabitants, or only in villages in a stricter sense.

**The capacities**

At the present time, the capacities of planning in the provinces is limited. In fact the implementation of the provincial as well as of a large majority of the local entities has not been completed yet. The governors are highly dependent of the central government bodies. The MRHE is fully aware of the challenge, mainly at the provincial level, and a conference of provincial governors should take place in February 2013.

**4. Stakeholder mapping, analysis and need evaluation**

**4.1 Introduction**

This chapter aims at providing useful information in order to facilitate the understanding of the profiles and interaction between the different stakeholders in the electricity sub-sector of the DRC.

To achieve this objective, it is important to undertake a stakeholder mapping, and analyse and assess the needs related to the development of the National Agency of the Rural Energy Services (ANSER in its French abbreviation) in the DRC.
The stakeholder mapping will mainly focus on potential donors, agencies and units of the different ministries, as well as organizations who play an active role and show interest in the electricity and energy sector.

4.2 Stakeholder identification

The institutional framework should clearly define which institutions are involved in the process of creating ANSER, the relationship between them and their role, in particular according to:

- Rural electrification policy elaboration
- Elaboration of the various programmes and master plans for the implementation of these policies
- The “decision process” – who takes the decision and how
- Implementation of the elaborated programmes and master plans
- Supervision, control and monitoring (including disbursement of subsidies and funding)

The government authorities, civil society, private sector and donors will play an important role in creating ANSER and generating high value added in the rural electrification process in the DRC.

The scoping mission has held discussions with the following stakeholders, whose profiles correspond closely to the above criteria:

| Stakeholders consulted in the framework of the scoping mission of the EUEI PDF |
|---------------------------------|---------------------------------|
| I – Minister & Cabinet          | I – 1   | Minister                          |
| I – 2   | The Cabinet of the Ministry of Water Resources and Electricity (MRHE) |
| II – Others entities of the MRHE | II – 1 | MRHE - CATE (Technical Support Energy Unit) |
| II - 2  | MRHE - CNE (National Energy Commission) |
| II - 3  | MRHE - General Secretary of Energy |
| II - 4  | MRHE – (Restructuring) Consultants |
| III – Others Ministries         | III - 1 | Ministry of the Environment       |
| III - 2 | Ministry of Agriculture and Rural Development |
| III - 3 | Ministry of the Budget            |
IV – Industries

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<td>SNEL – DER Directorate of Rural Electrification</td>
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<td>EDC - private company (not Interviewed by the Scoping Mission)</td>
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V – Development partners

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<td>V - 4</td>
<td>KFW, GIZ and the Egyptian Embassy</td>
</tr>
<tr>
<td>V - 5</td>
<td>UNDP</td>
</tr>
</tbody>
</table>

Table 1: The DRC ANSER project – Stakeholders

The Cabinet of the Minister and the KfW mentioned the EDC as an example of a private company that has invested in rural electrification and now operates several micro-hydro power plants. Unfortunately, the Scoping Mission was unable to reach the firm during the time spent in the DRC. The Consultant of the next stage of the project will certainly collect some useful information from the EDC about its rural electrification capabilities and strategy.

The representative of the UNDP was out of the country during the Scoping Mission, and therefore, very little information was obtained from this important stakeholder.

4.3 Stakeholder profile and mutual interaction

Stakeholder profile and evaluation of the current activities and needs within rural electrification

The following table summarizes the profile and role of each stakeholder involved in the ANSER creation and development process.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Profile and evaluation of rural electrification activities and need assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>I – Minister &amp; Cabinet</td>
<td></td>
</tr>
<tr>
<td>I – 1 Minister</td>
<td>• Initiator and driver of the ANSER initiative</td>
</tr>
</tbody>
</table>
| I – 2 | The Cabinet of MRHE | • As stated in the decree on the organization of the MRHE, it is in charge of the electrification programmes and strategy on the entire territory of the DRC  
• Policy and advisory unit of the Minister  
• Staff are not employees of the Ministry, but work on a daily basis with their counterparts at the General Secretariat of Energy  
• Ensures the promotion of ANSER to other ministries |

<table>
<thead>
<tr>
<th>II – Other entities of MRHE</th>
<th></th>
</tr>
</thead>
</table>
| II – 1 | MRHE - CATE | • Created by Ministerial decree N° 028 – 4 CAB/MIN/ENR/2004 of the 6th of October 2004 upon request by the World Bank  
• Technical Unit with administrative and financial autonomy  
• The role of the CATE is to provide technical assistance to the Ministry as regards institutional support, its role as contracting authority, capacity building within the public sector and the companies involved in the electricity sub-sector  
• Presently involved in large power plant projects and in developing a rural electrification strategy  
• Expects that better coordination of rural electrification activities, policies and strategy will be the outcome of the creation of ANSER |
| II – 2 | MRHE - CNE | • Created in 1980 and in charge of specific energy studies  
• Focal point for the SE4All within the MRHE  
• In charge of the monitoring of the energy sector in the country (Energy Information System) and reporting to the IEA (International Energy Agency) on a yearly basis |
<table>
<thead>
<tr>
<th>II - 3</th>
<th>MRHE - General Secretariat of Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The GS Energy is the entity within the Ministry in charge of the implementation of the energy policy and strategy.</td>
</tr>
<tr>
<td></td>
<td>The GS Energy should be involved in rural electrification but in practice it has very little capacity in rural electrification.</td>
</tr>
<tr>
<td></td>
<td>Wishes to be involved in the design and implementation of rural electrification projects, and national electrification projects in general.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II - 4</th>
<th>MRHE – (Restructuring) Consultants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project supported by the World Bank to help the Ministry to restructure and re-organize so as to be better coordinated and with clearer separation of functions between the different units.</td>
</tr>
<tr>
<td></td>
<td>The consultants are working in close coordination with the Minister.</td>
</tr>
<tr>
<td></td>
<td>Their work aims at improving the institutional set-up and the rural electrification services.</td>
</tr>
</tbody>
</table>

**III – Other ministries**

<table>
<thead>
<tr>
<th>III - 1</th>
<th>Ministry of the Environment, Nature Conservation and</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ministry in charge of the environment and nature conservation; focal point of the</td>
</tr>
</tbody>
</table>
|   | Tourism                                                                 | REDD and NAMA initiatives; in charge of determining the sectors that should undergo environmental impact assessments, as well as establishment of their procedures and contents  
|   |                                                                       | • The Ministry hopes to increase its collaboration with the MRHE on the national rural electrification programme, especially in view of the potential for CDM projects  
|   |                                                                       | • The Global Environmental Facility could also be used as funding opportunity – the Ministry of Environment sees cooperation opportunities with the MRHE as concerns the energy component |
| III - 2 | Ministry of Agriculture and Rural Development | • The Ministry is in charge of coordinating development activities at the rural level including water supply, roads and rural electrification  
|   |                                                                       | • A rural electrification service exists in this ministry, but it has never implemented a programme in this area  
|   |                                                                       | • The Ministry expressed that the ANSER logically should be under its control |
| III - 3 | Ministry of the Budget | • Ministry in charge of preparing the budget, budget allocations, implementation and monitoring  
|   |                                                                       | • In addition, this Ministry is in charge of budget structure and nomenclature and it is a source of information about how the State budget is distributed and used |

**IV – Industries/Public Utilities**

| IV - 1 | SNEL | • National Electricity Company established under Decree N° 70/033 of the 16th May 1970  
<p>|        |      | • The SNEL became a commercial company (SARL) in 2011, with the State holding 100% of the shares; it is in charge of the production, transmission, distribution and commercialization of electricity in the country |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Sees ANSER as an opportunity to refocus on urban and peri-urban areas, which are the most profitable</td>
</tr>
</tbody>
</table>
| IV - 2 | REGIDESO | • Public enterprise with technical, industrial and commercial activities, in charge of the production and pipe-based transport and distribution of drinking water in the country  
• Wishes that the ANSER provide them with energy for their water pumping and treatment plants in small towns/villages |
| IV - 3 | SNEL – DER | • Department in charge of rural electrification at the SNEL  
• Sees ANSER as an opportunity to increase the potential for extension of the grid in rural areas |
| IV - 4 | EDC | • Local company which constructs electricity installations and distributes and sells electricity  
• Manages several micro-hydro power plants |

**V – Development partners**

| V - 1 | EU Delegation | • The EU approach is to help rebuild the country politically (governance) and physically (transport infrastructure, agriculture and health care).  
• The EU aims at supporting regional initiatives and measures to protect the environment  
• The EU activities in the DRC include cross-cutting issues such as democracy, good governance, human rights, the rights of children and indigenous peoples, gender equality, sustainable environmental protection and the fight against HIV/AIDS.  
• According to the EU representative, the EU Delegation is ready to support the MRHE through training of staff and stakeholders as well as technical |
| V - 2 | The World Bank | - The World Bank has played an active role in the DRC energy sector since its re-engagement in 2001, supporting the rehabilitation of energy infrastructure, new electricity power supply, transmission and distribution projects
- It is currently involved in the restructuring of the National Electricity Company, SNEL
- The Bank's involvement in the country's power sector, however, has focused almost exclusively on the exploitation of the 100 meter Inga Falls on the Congo River, which is reported to be the largest single source of hydropower in the world (>100 GW)
- The World Bank, in cooperation with other donors, supports the rehabilitation of the existing Inga I and II hydroelectric sites, which are currently, even after some upgrading, operating at less than half their installed capacity
- The World Bank has also indicated that it will support Inga III, a proposed project expected to have a capacity of 4.5 GW of hydroelectric power, about two and a half times the combined capacity of the first two Inga facilities, when these become fully operational
- The Bank sees the creation of ANSER as an opportunity to develop small-scale projects, with direct impact on the population. |
| V – 3 | The African Bank of Development | - Like the World Bank, the AfDB is supporting the rehabilitation of the existing Inga I and II hydroelectric sites, and is considering support to the Inga III |
hydropower plant project.

- The AfDB is also involved in the restructuring of SNEL
- The AfDB also sees the creation of the ANSER as an opportunity to work in small-scale projects, with direct impact on the population

V – 4 KfW

- The KfW supports the DRC in the following priority areas: water supply and sanitation, biodiversity and sustainable management of natural resources as well as microfinance
- A substantial amount was offered by the KfW to the DRC government as support for the Inga project and some regional interconnections, but the amount was reduced due to disagreement on the terms
- The KfW is now involved, to the tune of €20 million, in supporting small hydropower plants which will supply electricity to its drinking water projects in small towns
- The KfW is not convinced that the authorities have the capacity to create a totally autonomous and viable agency
- The KfW has indicated that it could evaluate the possibility of financing the project in the event that a totally autonomous agency is created

A UNDP

- The UNDP is mainly involved in defining mitigation actions (in the framework of NAMA) in energy and agriculture
- Funding from the EU and Germany to develop the NAMAs, to define the greenhouse gas emission baseline and to develop a low-emission capacity building programme (LECBP) in close cooperation with the REDD+ (through the Ministry of the Environment) has been provided
- With the aid of Norwegian funding the UNDP is in the process of identifying
Table 2: Stakeholder profile and needs assessment

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Needs Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP</td>
<td>Developed SE4All in DRC; assisted in gap analysis for road map which will guide commitment within SE4All Initiative. Finalized document review report and road map.</td>
</tr>
<tr>
<td>MRHE, Ministry of Environment and Ministry of Rural Development</td>
<td>Cooperation exists, mostly for information exchange. There is little cooperation between MRHE and Ministry of Rural Development. Prime Minister's memorandum clarifies roles and responsibilities.</td>
</tr>
<tr>
<td>CATE, CNE, GS Energy</td>
<td>Limited cooperation; all claim involvement in rural electrification but none substantial experience or credentials. Energy diagnosis and identification of development opportunities within small-scale hydropower initiated. Four provinces inventoried: Maniema, South and North Kivu, and Oriental Province.</td>
</tr>
</tbody>
</table>

4.4 Stakeholder interactions

- **The Minister and the Cabinet**: There is strong interdependence between the Minister and all Cabinet staff. The Cabinet disseminates messages and collects inputs for the Minister. Cabinet and GS Energy staff work closely.

- **The MRHE, Ministry of Environment and Ministry of Rural Development**: Cooperation exists, but limited, mostly for information exchange. A memorandum clarifies roles and responsibilities.

  - At present, little cooperation; some tension due to perception within Ministry of Rural Development that it should lead creation and development of ANSER, which has rural electrification among its responsibilities. Prime Minister's memorandum addresses this issue.

  - According to memorandum, ANSER should be attached to MRHE.

- **The CATE, CNE, GS Energy**: Limited cooperation; all claim involvement in rural electrification. Energy diagnosis and small-scale hydropower inventory initiated. Four provinces inventoried.

  - Consultants working on restructuring issues are elaborating a proposal to clarify responsibilities.

  - CATE personnel (3 engineers, including Coordinator) are recruited and paid by World Bank to support MRHE on some projects.
The CNE personnel (137 employees) comprise officials and public servants of the MRHE. They are involved in various studies and data collection initiated by the MRHE, but they do not participate in the World Bank’s activities.

The managers and staff of the GS Energy are all public servants assigned to the implementation of policies, strategies and master plans on behalf of the MRHE.

The CATE and CNE have limited working/project relationships with each other, and with other ministries.

The MRHE and the development partners: the MRHE has excellent relationships with the development partners. The Minister has held several meetings with each of the development partners to request their support for the ANSER development and the rural electrification programme.

There is no coordination forum or other regular meetings between the different development partners in the DRC.

4.5 Stakeholder analysis and mapping

a) Stakeholder analysis

The stakeholder analysis is a collaborative process aiming at understanding the stakeholder perspectives and their relevance with respect to the creation and operation of the ANSER.

The process also aims at understanding the relationship between the stakeholders, and their position vis-à-vis the issues under examination.

The following criteria have been developed to analyze each identified stakeholder:

- **Contribution**: Does the stakeholder have information, counsel, or expertise on the issue that could be helpful to the ANSER? (rated from 1 to 5, 1= very low and 5 = very high)

- **Legitimacy**: How legitimate is the stakeholder’s claim to be involved? (rated from 1 to 5, 1= very low and 5 = very high)

- **Willingness to engage**: To which degree is the stakeholder willing to be involved? (rated from 1 to 10, 1= very low and 10 = very high)

- **Influence**: How much influence does the stakeholder have? (Here it is necessary to clarify “who” the stakeholder influences, e.g., other companies, NGOs, consumers, investors, etc.) (rated from 1 to 5, 1= very low and 5 = very high)

- **Necessity of involvement**: Could a stakeholder derail or delegitimize the process if it were not included in the initiative? (rated from 1 to 5, 1= very low and 5 = very high)

The following table summarizes the overall rating made for each of the criteria considered in this analysis:
<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Expertise</th>
<th>Willingness</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Contribution</td>
<td>Legitimacy</td>
<td>Willingness to Engage</td>
</tr>
<tr>
<td><strong>I - Project owner</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S11 - Ministre</td>
<td>4</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>S12 - Mriet Cabinet du Ministre</td>
<td>4</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td><strong>II - Other Mriet entities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S13 - Mriet - CATE</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>S14 - Mriet - GNE</td>
<td>2</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>S15 - Mriet - SG Energie</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>S16 - Mriet - Consultants</td>
<td>3</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>III - Other Ministries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S17 - Ministre de l'Environnement</td>
<td>3</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>S18 - Ministre du Developpement Rural</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>S19 - Ministre du Budget</td>
<td>2</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>IV - Industry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S20 - SNEL</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>S21 - REGIDESO</td>
<td>2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>S22 - SNEL - DER</td>
<td>4</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>S23 - EDC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>V - Development Partners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S24 - DUE (Délegation de l'UE)</td>
<td>3</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>S25 - Banque Mondiale</td>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>S26 - Banque Africaine de Developpement</td>
<td>2</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>S27 - KFW</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>S28 - UNDP</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Stakeholder criterion analysis for the ANSER project in DRC
b) Stakeholder mapping

As a result of the analysis, the stakeholder mapping provides a visual and analytical tool allowing to further determine which of the stakeholders are key players. The mapping shows where the stakeholders stand when evaluated by the same criteria and compared to each other, and helps to visualize the often-complex interplay of issues and relationships created in the criterion table.

The following bubble chart is a 3-dimensional illustration of the results of the analysis.
Figure 1: ANSER DRC – STAKEHOLDER MAPPING
5. **SWOT analysis before creating ANSER**

The Scoping Mission team undertook a SWOT analysis (Strengths-Weaknesses-Opportunities-Threats), which applies to the present situation before the adoption of the law on electricity and other expected regulations relative to electricity.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strong political will for rural electrification&lt;br&gt;- Political will for the creation of the ANSER, shared by all the consulted ministries&lt;br&gt;- Initiation of a regulatory framework (bill on electricity)&lt;br&gt;- Existing experience within rural electrification&lt;br&gt;- Existing technical skills&lt;br&gt;- Availability of credit in the 2013 investment budget for studies relating to ANSER&lt;br&gt;- Possibility of financing from the rapidly growing private sector&lt;br&gt;- Implementation and institutional establishment of the REDD, NAMA and SE4ALL initiatives.</td>
<td>- Regulatory framework to be improved&lt;br&gt;- Legal framework to be defined (decree on creation and organization)&lt;br&gt;- Scope of activities of several MRHE structures not clearly defined with regard to rural electrification&lt;br&gt;- Insufficient skills within the MRHE for managing and setting up projects, as well as understanding the institutional challenges in the energy sector&lt;br&gt;- Insufficient legal and regulatory skills within the MRHE&lt;br&gt;- Lack of a rural electrification strategy at the national level as well as coordination of the different initiatives carried out in the various ministries&lt;br&gt;- Boundaries of the areas of intervention not clearly defined (rural, peri-urban)&lt;br&gt;- Types and priorities of rural energy services projects not clearly defined (size of installations, extension of the grid relative to the necessary subsidies and support).</td>
</tr>
</tbody>
</table>
Eight points of strengths and weaknesses and six points of opportunities and threats have been identified. The mentioned points are not comprehensive, however the most important thing will be to analyse the on-going activities before deciding whether the rural energy services programme is viable from an institutional, financial and technical point of view, and capable of rising above the weaknesses and threats.

The DRC Government is aware of the weaknesses and has, among others, proposed a bill to, among others, create the ANSER. The request for assistance covers the accompanying measures to the establishment of ANSER. These elements are analyzed in the following chapter.

6. Legal framework of ANSER

6.1 Background

The DRC has for the last few years worked on a legal framework for the electricity sub-sector as well as a legal/institutional framework for the rural energy services. Preceding studies have been implemented regarding the institutional structures for rural electrification:

- Sofreco, Rural Electrification Study, October 2007

These consulting firms have studied and proposed a legal framework and good governance structure, as well as internal organization and operational modes for a rural electrification/energy services
instituion. The studies have nourished the discussions and debates on the electricity law, but they have, in general, had little impact.

Following the elections in 2011, the electricity bill was vigorously launched, and it has already been put forward to Parliament. The Planning and Infrastructure Commission of the National Assembly has examined and amended the bill. The last version, dated December 2012, should be presented for approval to the National Assembly before being presented to the Senate. In case of disagreement between the two chambers of Parliament, a joint committee will be required to resolve the dispute.

In order to prepare for the creation of the ANSER, a budget line of 4 billion Congolese Francs from government’s own resources has been included in the capital budget of the 2013 Finance Law. The budget line 7810 indicates that the credits have been set aside for studies. In order to dispose of this credit, the MRHE needs to formulate terms of reference/scope of work and other tender specifications and launch calls for tenders to consulting firms.

6.2 The electricity law and decrees of application

The electricity bill, under deliberation in the Parliament, comprises chapters and articles on concession and license, on rules of contract by delegated authority, etc., as well as on the institutional and legal framework of the sector. The Minister in charge of the electricity sector conceives the policy on production, transport, distribution and marketing of electricity. The Regulatory Authority, under the supervision of the Ministry, is in charge of promoting competition and the participation of the private sector, and to propose specifications for allocating concessions and licenses and arbitrate disputes between operators and consumers. Likewise, it will propose the tariff structures for transporters and distributors.

The law includes a chapter on the public establishment in charge of promoting electrification in rural and peri-urban areas, whose organization will be fixed by decree. Besides collecting and disposing of data and elaborating electrification plans, the establishment will promote electrification through technical and financial support. Such a public establishment can also be responsible for procurement, the promotion of local initiatives, the management of financial resources and the supervision of project implementation. In addition, it should manage the relations with the donors (development partners), assessment and evaluation of funding requests and be in charge of the National Electrification Fund. The resources of the establishment and those of the National Electrification Fund are specified in the bill. The resources of the National Electrification Fund will come from:

- A charge on the exercise of public electricity services
- A tax on electricity consumption
- A levy on the revenues from the export of electric energy

Implementing decrees (organization and operation of the public establishment and collection and management of the Fund’s resources) will be adopted in the Council of ministers. The financial mechanisms of the Authority are to be fixed by interministerial decree.

6.3 Organizational aspects of ANSER

**Governance structure**
According to Law N° 08/009 of 7 July 2008, a public establishment enjoys autonomy in its management and possesses its own assets under the control of the Ministry to which it belongs. The statutes and nature of its missions, assets and initial endowment are fixed by the decree creating it. In addition, it is governed by a Board of Directors and general management. The Board of Directors has a maximum of 5 members. The General Manager and the Assistant General Manager are appointed by the President upon recommendation by the Council of Ministers.

Control of the financial operations is ensured by the “college of statutory auditors”, comprising at least two members.

As part of its responsibilities, the Board of Directors appoints the staff upon recommendation by the general management.

The law relating to the electricity sector mentions the setting-up of “a public establishment in charge of rural and peri-urban electrification”, however the intention is to create ANSER under this heading. Thus the level of responsibility of ANSER within peri-urban electrification as well as urban electrification outside the area of operation of the SNEL remains to be decided.

Comments

In order to reassure the stakeholders among the development partners and civil society, it will be necessary to include representatives of the civil society and private sector in the Board of Directors, as well as ensuring that the organizational decree makes provision for a Consultative Committee comprising equal private/public representation (private: civil society, economic sector and beneficiaries; public: ministries as well as provinces). The committee will have a say on major decisions, policies and strategies.

The ANSER organigramme should include the following functions.

1. Development and formulation of strategies, plans and policies of the ANSER
   Defining the boundaries between the various areas of intervention (primary responsibility of the different actors, interfaces and cooperation)
   - Formulation of the global strategy of ANSER
   - Prioritary areas of intervention
   - Reflection on the cooperation structures with the provinces (local offices...)

2. Project preparation phase
   - Studies, programming and preparation of investment projects
   - Project management and contract management of studies
   - Promotion and communication: public relations, information and awareness campaigns

3. Project implementation
   - Delegated contracting authority for projects to be undertaken
   - Management of construction contracts
   - Management of financial mechanisms: subsidies, grants, benefits
   - Support in setting-up projects and support to business plans and models
   - Supervision of project implementation
4. Operational phase
- Assistance to the creation/training of management committees, cooperatives or management systems operated by private promoters
- Assistance to promoters in obtaining concessions, licenses and authorizations
- Assistance in setting up technical assistance contracts and other services supporting the concession holders of the electricity systems
- Development of projects for the productive and social uses of electricity
- Support to the creation of rural energy services (focusing on drinking water, agriculture, health, etc., but also on the maintenance of the systems, connections and sale of services)
- Management of concessions
- Monitoring (data gathering) and ex-post evaluation
- Environmental (partly cross-cutting) aspects
- Gender (partly cross-cutting) aspects

5. Cross-cutting functions
- Legal Counsel
- Public relations
- Internal financial control
- Initiation of payment of subsidies and the invoices for services provided (consulting firms, public works enterprises, etc.)
- Management of human resources and administrative affairs
- External and internal training

The “college of statutory auditors”, mentioned in the law relating to public establishments, is responsible for the external and ex post control of financial operations. However, it is recommended to hire a local financial institution to carry out a priori control of invoices to be paid. This institution will also ensure that the release of subsidies be carried out in accordance with the agreements.

6.4 The operational aspects of ANSER

ANSER needs to be a proactive organization for the purpose of defining priority programmes and ensure their implementation through contracts with consulting firms and public works enterprises.

Before the formal start-up, the ANSER team will have to prepare the following steps:

- Cooperate with the concerned ministries and organs, specially the provinces, in order to obtain the necessary information regarding construction projects and rehabilitation of existing installations, which do not function any longer
- Develop an implementation strategy and programme for the first projects to be undertaken. The policies concerning the project types, subsidies and public awareness should also be prepared at this stage.
- Assist promoters and beneficiaries in defining projects and provide advice. In spite of the fact that a major part of the projects will probably be financed by public funds, the contribution from the beneficiaries in money or in kind is of prime importance. Partnership agreements with existing operators, for instance the SNEL, concerning future cooperation, should also be considered.
• Contact consulting firms and public works enterprises\(^1\) able to provide the necessary services and consider the training of SMEs in the provinces.

Procedures, manuals and guides will be elaborated when ANSER becomes operational.

6.5 Financial aspects

**The functioning of ANSER**
The bill only stipulates that the functioning of ANSER be ensured, among others, by means of an annual government allocation. It is important to maintain clear-cut separation between the accounts for the operation of ANSER and for the projects financed by the National Electrification Fund. In this respect, line 10 of article 83, “allocating all other financial resources which could be set aside for rural and peri-urban electrification as well as electrification of agglomerations and secondary towns”, should be clarified.

**The financing of Technical Assistance**
The development partners will be prepared to set up technical assistance programmes and studies. The proposed Technical Assistance for the Creation of the ANSER, to be financed by the EUEI PDF, according to the enclosed Terms of Reference, will most probably have to be followed by technical assistance support, financed by a development partner, to accompany the Agency’s development during its first operational years. The Institutional Set-up Technical Assistance will propose the terms and conditions for this further TA support towards the end of its mission.

**The Fund covering rural electrification**
The levies, taxes and charges foreseen for the Fund from domestic resources should be detailed as soon as possible. A study on the rates and modalities of perception and collection should be defined and undertaken under the budgetary provision of the investment budget.

**Other financing**
The development partners will be invited to direct their existing and future projects relating to rural electrification to ANSER. Most of the partners are willing to consider participating in rural electrification, provided a reliable structure is set up. It is advisable, at the beginning, to start on domestic funds and with existing projects, which would be transferred to the Agency.

The private sector will be invited to set up projects with the ANSER. Working sessions will have to take place for this purpose.

Subsidies and contributions from the beneficiaries will be established by a policy based on an assessment of the potential and realistic possibilities.

6.6 Conclusion on the legal framework

The legal framework, as outlined above, seems adequate and at the same time ambitious. The ANSER will be of the “second generation agency” type, as per the terminology used for road funds/agencies. The “second generation” characteristic derives from the fact that ANSER will not

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\(^1\) The Scoping Mission received information that only four public works enterprises are viable.
only be established as a simple project management unit but as an entity which manages its finances and the Electrification Fund with a high level of autonomy and contracting authority.

At the same time, the autonomy of ANSER and its financial and administrative good governance will have to be secured. An interministerial consultative committee (or cell), comprising the ministries of the environment, rural development, health, education, trade, budget, finance, economy as well the SNEL and REGIDESCO, should already be established during the preparation phase. During the implementation phase, a Consultative Committee with the participation of the civil society and private sector will support the Board of Directors, as described above. It is recommended to recruit a financial institution or trustee for the control a priori of the invoices to be paid and of the release of subsidies.

Provided that the regulatory, financial and organizational aspects are taken into account, it will be possible for the project to meet the challenges, which have been described in the SWOT analysis. Thus the ANSER will enjoy a sound development in the long term.

7. Conclusions and recommendations

7.1 Conclusions on the stakeholders

1) 17 out of 18 stakeholders identified by the Scoping Mission were interviewed during individual and group meetings.

2) About a third of the stakeholders fall into the category of key players for the ANSER creation project in the DRC.

3) Most of the key players are either the Minister and his Cabinet, or the potential project sponsors such as the development partners.

4) More than 90% of the stakeholders show very high regard and interest in the project.

5) The capacities of most of the stakeholders should be strengthened during the ANSER creation and development phases.

6) The MRHE should be re-organized in order to optimize the role and responsibilities of each of the units and avoid overlapping activities and mission duplication – with the added risk that results are poor.

7) It is imperative that the role and responsibilities of other ministries related to rural electrification be clarified and inter-ministerial cooperation should be increased, thereby diminishing jealousies and misunderstanding. The tasks to be carried out are so important that there is room for the contribution of all the stakeholders, but it is necessary to determine the perimeters of intervention and to communicate them better.

7.2 Challenges

The team of the Scoping Mission estimates that the government and development partners, as well as the private sector and civil society in the DRC, are capable of making substantial efforts as regards the development of rural energy services. Renewable resources are available, the negative effects on
the environment of the interventions foreseen are estimated to be minimal, and the will to change the legal framework and to develop the necessary institutions is also present.

The development partners are skeptical vis-à-vis the initiative and mention the delays and difficulties encountered during the implementation of the PMEDE and EMRRP and other major projects. Especially, they have put forward the poor financial management, adding that they did not themselves from the start possess the necessary knowledge, which could have helped them to prevent or overcome the difficulties. To be noted that the CATE was established within the MRHE to assist in project management. The Scoping Mission team has not been able to validate the different perspectives and it only mentions them as perceptions that, nevertheless, will guide the partners in their willingness to go ahead with rural electrification. It is thus necessary for the Government to convince the partners of its willingness to follow the right course.

That being said, the challenges are immense, due to the fact that the size of the country and the logistical difficulties indicate that the tasks should be tackled in a strategic manner. A definition of the geographic and socio-economic priorities is necessary.

The good functioning of a new structure such as ANSER will only be assured if the DRC gives guarantees of institutional innovation by implementing the above-mentioned reforms. To that effect, one of the major challenges will be to identify competent staff members who are able to work in a team, taking into account that each member of the team will need to have overlapping competencies within the technical, economic, legal, regulatory fields.

While ANSER will be endowed with a certain degree of autonomy, it will still be subject to the supervision of the Ministry in charge of energy. Law N°08/009 stipulates the supervision criteria. But in addition, there will have to be a high degree of cooperation. The general electrification and renewable energy policy falls under the Ministry, together with the general electrification objectives.

7.3 The donors

The development partners have contributed large sums to the energy sector, either to interconnected systems and even for the export of electricity, or by benefitting economic operators and major consumers of electricity. The partners have invested very little in institutional support. Capacity strengthening has been included in the projects in order to ensure that they were managed correctly. It is important to acknowledge the project management competencies of the CATE, especially of the PMEDE group, and of the restructuring consultants to the Minister. However, support programmes for institutional development are almost non-existent in the energy sector at large. To be noted that the donors have granted support to the Ministry in charge of the environment for its institutional development. In that sense, models exist.

Other African countries, or developing countries, have benefited from intensive institutional support programmes, for ex. through sector budget support, where the strengthening of national institutional structures is considered as an objective in itself. This type of support is being implemented in parallel with legal reforms and the restructuring of the public administration.

The donors have all made it clear that they could contribute to rural electrification, but they are waiting for the start-up and the concrete steps that will be taken to reinforce the capacities around an autonomous institutional framework reflecting good governance, especially concerning financial
aspects. The World Bank, African Development Bank and European Union will have options for providing technical assistance and also be involved in concrete activities, once the Agency has become viable.

7.4 Recommendation regarding Technical Assistance

After its return from the DRC, the Scoping Mission team has formulated draft Terms of Reference for a Working Group to be set up by the MRHE, in view of preparing the establishment of the ANSER. The Terms of Reference for the Scoping Mission include the formulation of Terms of References for Technical Assistance for the Creation of ANSER, to be financed by the EUEI PDF in two phases, provided that the conclusions of the Mission are that this project will be viable. The Mission is convinced of the willingness by the Minister and the MRHE, as well as the other actors, to create the Agency in order to implement the ambitious government programme addressing rural energy services. Due to this conviction, they have prepared the draft Terms of Reference for both the interministerial consultative committee (or cell) and the Technical Assistance, which are attached to this report.