

Development of a legal framework and strategy for the electricity sector in Djibouti

Project Overview

Introduction

The EUEI Partnership Dialogue Facility (EUEI PDF) is an instrument developed within the framework of the European Union Energy Initiative (EUEI) aiming at supporting partner countries and regions across Africa, Southeast Asia, Latin America and the Pacific in developing policies and strategies for the promotion of access to energy.

Djibouti has great potential for renewable energy, particularly geothermal, wind and solar power. However, currently all electricity produced in Djibouti by the national electric utility, Électricité de Djibouti (EDD), is generated from thermal generators powered by heavy fuel oil and diesel. In addition, Djibouti imports 80 per cent of the electricity consumed from Ethiopia.

To achieve a higher degree of power self-sufficiency and to further reduce oil-based electricity generation, the Government of Djibouti plans to develop its geothermal, wind and solar resources in partnership with the private sector. With a view to creating favourable conditions to encourage private investment, the Government intends to reform the electricity sector and open it up to the private sector. It also plans to increase the electrification level, which currently stands at 50 per cent, by stepping up expansion of the electrical grid and promoting decentralised electrification.

Djibouti's Ministry of Energy and Water in charge of Natural Resources (MEERN) has therefore requested the EUEI PDF to support the formulation of a National Strategy and Action Plan for the electricity sector and preparation of a draft electricity law. To this end, EUEI PDF has engaged the services of a highly qualified consortium of companies/experts bringing together AF-Mercados and Axenne to undertake the project.

Objective

The goal of this project is to assist the MEERN in formulating **a legal framework and strategy for the electricity sector in Djibouti**. This will be done in collaboration with other stakeholders in the sector and the rural electrification subsector (ie other ministries, Electricité de Djibouti - EDD, the Agence Djiboutienne de Developpement Social - ADDS, the private sector, the Centre de Eétudes et de Recherche de Djibouti - CERD, technical and financial partners, donors, etc.). This is expected to contribute to improved energy security, a higher share of renewables in the energy mix as well as increased energy access.

The project will therefore feed into and contribute to the Government's intention to develop a Sustainable Public Policy in the energy resource use.

Project Description

Project implementation will comprise the following activities:

- ▶ **Analysis of the sector and consultations with all relevant stakeholders**
- ▶ **Development of energy scenarios**, with a focus on renewable energies and taking into account transmission and distribution network expansion, both grid-based and off-grid electrification

solutions (in rural, urban and peri-urban areas)), import from Ethiopia and a possible interconnection with other countries, for instance Yemen.

- ▶ Formulation of a ten-year **National Strategy and five-year Action Plan for the development of the electricity sector**. This will be based on specific objectives, such as renewable energy penetration rates, maximum power import, peri-urban, rural and decentralised electrification rates, contribution to poverty reduction. The strategy and action plan specially focuses on the approach, responsibilities and sources of financing for conventional and decentralised electrification and for the promotion of renewable energy sources. Last but not least, capacity building in the public sector (Ministère de l'Énergie et de l'Eau chargé des Ressources Naturelles - MEERN, Electricité de Djibouti - EDD, Agence Djiboutienne de Développement Social - ADDS), among others) and the private sector is defined to guarantee a successful implementation of the strategy and action plan.
- ▶ **Preparation of a draft Electricity Law**, that covers on one hand regulation framework, tariff setting, granting of licenses, incentive measures to attract private sector investments, technical requirements and renewable energy sources framework, and on another hand the roles and responsibilities of the various stakeholders e.g. institutions responsible for their promotion, incentives measures, financing. This will be in addition to electricity production and import issues.

Results and findings for each of these outputs will be presented to and discussed with the stakeholders during workshops, in order to achieve the greatest possible consensus before moving the analysis further. A large participation and agreement of all stakeholders is considered as a key success factor of the study.

The MEERN is the lead agency on the public side. Other primary stakeholders comprise EDD, Djibouti's Ministry of Economy and Finance, the European Investment Bank (EIB), the European External Action Service in Djibouti (EEAS), the World Bank and the Agence Française de Développement (AFD).

Project Partners

The project is implemented in collaboration with MEERN with support from EUEI PDF under the Africa-EU Renewable Energy Cooperation Programme (RECP), which is funded by the European Commission and some EU member states. For more information, please see:



Government of Djibouti
Ministry of Energy and Water in charge of
Natural Resources (MEERN)

<http://www.presidence.dj>



Africa-EU Renewable Energy Cooperation
Programme (RECP)

<http://africa-eu-renewables.org/>



European Union Energy Initiative –
Partnership Dialogue Facility (EUEI PDF)

<http://www.euei-pdf.org/>



European Commission, Development and
Cooperation – EUROPEAID

<http://ec.europa.eu/europeaid/>