



Development of an Energy Access Strategy for the East African Community

A Policy Brief

Background

The increasing demand for modern energy services and the high population growth across East Africa is a challenge for development in the region. The East African Community (EAC) is the regional intergovernmental organisation of the Republics of Burundi, Kenya, Rwanda, Uganda, and the United Republic of Tanzania. Its headquarters are located in Arusha, Tanzania. Continuing with business as usual in the EAC means that development levels in 2015 will remain almost unchanged to those of today. EAC countries are addressing the problem individually through a range of measures, but more needs to be done – hence the need for a coordinated regional approach. To meet the challenge of attaining the Millennium Development Goals (MDGs), the EAC has launched a three pillar process:

- ▶ Regional Development Strategy (2006–2010)
- ▶ East African Power Master Plan
- ▶ Regional Strategy on Scaling up Access to Modern Energy Services.

The three pillars are linked by the aim of facilitating a reliable supply of, and improved access to modern energy services. A common energy policy among EAC countries can assist in attracting necessary investment and promote competitiveness in order to provide cost effective energy services. The East African Power Master Plan will ensure reliable supply and access to modern energy sources on a regional basis. This will boost industrial development and agriculture. Electricity interconnection and trade within EAC countries will also generate economies of scale. The Regional Strategy will help to achieve the MDGs by identifying and mapping the energy service needs of half of the EAC population up to the year 2015. This will require additional investments totalling around USD 3.4 billion. Developing capacity and improving knowledge on energy issues in the EAC are essential to expanding access. Establishing close relationships between regional energy stakeholders (ministries, the private sector, NGOs, energy operators and international donors) is also an essential part of the strategy.

Strategic Targets

The EAC has agreed to four strategic targets to address the energy access challenges for achieving the MDGs:

Region	East African Community (EAC)
Project Partner	GIZ and UNDP
Project Manager	Ray Holland
Term	April 2008 (Date of final report)

Target 1: Traditional biomass use to be cut by 50% by switching to modern cooking practices and so bringing indoor pollution to safe levels, and to increase the sustainability of biomass-derived fuel production.

Target 2: Access to reliable electricity for all urban and peri-urban poor.

Target 3: Provide modern energy services (such as lighting, refrigeration, information and communication technology) and water treatment and supply to all schools, clinics, hospitals and community centres.

Target 4: Access to mechanical power within all communities for productive uses.

In general, all targets require energy supply to a large number of end-users who typically only use a very small amount of energy. Yet, one of the key messages of the scaling-up strategy is that there is a significant untapped market for private sector investment. Figures indicate that (excluding the top 20% income households) poor households spend up to USD 1.2 billion per year on energy services lower in the energy ladder. This shows that a substantial proportion of the required financing is available through end-user payments.

Strategy Actions

Three overarching issues must be addressed to reach the scale-up strategy targets:

- ▶ Mainstreaming energy into MDG-based national development strategies
- ▶ Developing pro-poor energy policies and regulatory frameworks to attract the necessary investment from Official Development Assistance, national budgets and the private sector
- ▶ Building national capacity to deliver modern energy services to the poor and underserved



Energy for poverty reduction targets needs to reach a large number of end-users who typically use little energy.

The Way Forward

Under the scaling-up strategy, the EAC has already defined a regional implementation framework overview, an investment plan and an activity work plan. These are now being converted into national work plans to complement and build on existing energy access activities. The EAC is strengthening the capacity of its Secretariat to support the implementation of the national work plans according to the EAC mandate. The work plans need to be endorsed by national governments and presented at a donor meeting to raise the initial funding needed to begin implementation. There is also a need for advocates in the region to create widened awareness and support for the implementation of the strategy.

The following key features of pro-poor modern energy access have to be recognised:

- ▶ Energy for poverty reduction targets needs to reach a large number of end-users who typically use little energy
- ▶ Small improvements in supply can have big impacts in terms of health, education and income generation
- ▶ Generally, end-users have limited resources to spend on energy, so energy supply interventions must emphasise affordability
- ▶ Incentives are needed to encourage the private sector to invest in risky, small-scale energy projects
- ▶ Local governments can take a more active role in energy access, through incentives, capital subsidies and tax concessions
- ▶ Successful business models exist in the region, which need to be shared among member states – the Regional Strategy will help to do this

Some important initiatives to increase energy access for poverty reduction in EAC member states are:

- ▶ Energy for Rural Transformation (Uganda)
- ▶ Rural energy agencies (Uganda, Tanzania)
- ▶ Improved stove programmes (Rwanda and Uganda)

Latest Developments

- ▶ EAC work plans adopted by EAC Energy Committee and EAC Secretariat
- ▶ Donor Conference (building support and mobilising resources for implementation) held in 2008
- ▶ Capacity Assessment for implementation of strategy in the region undertaken in 2011

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November 2011