

**Africa Energy Sector
Partner Supported Activities
Progress Report
March 2006**

Structure of Presentation

- **AFTEG Strategic Objective**
- **Outcomes for Clients**
- **Constraints to Outcomes**
- **Partner Support to Advance the Agenda**
- **Areas of Support and Activities**
- **Report on Progress**
- **Some selected activities**

AFTEG Strategic Objective

Support our clients to scale up and ensure a sustainable supply of energy services to their population as part of broader efforts to stimulate growth, reduce poverty and promote inclusiveness.



Expected Sector Level Outcomes

- Increased Access to Electricity;
- Improved Quality of Service of Electricity;
- More Efficient Resource Use in Sector;
- Enhanced Reliability of Supply of Household Fuels;
- Improved Resource Mobilization in Sector.

Country Level Outcomes

- Higher productivity, enhanced competitiveness and growth prospects;
- Enhanced scope and quality of social services;
- Reduced vulnerability to shocks to supply of basic household fuels;
- Reduced rate of deforestation and related degradation of environment.

Constraints to Outcomes

- **Access**: low level of access to modern energy services, particularly electricity, for the predominant rural/peri-urban population;
- **Utilities' Performance**: poor quality and responsiveness of utility services to existing and growing needs of industry, commerce and households;
- **Security of Household Fuels**: eroding supply of biomass fuels and limited progress in availability of efficient alternative household fuels;
- **Regional Integration**: slow progress in development and trade of vast regional energy resources to lower electricity costs and underpin expanding supplies across all countries.

Partner Support to Advance the Agenda

Operations

- Scale up scope of programs
- Customize interventions to country conditions
- Strengthen program design
- Enhance implementation capacity

Analytical and KM

- Understand and overcome barriers to achieving superior outcomes
- Enhance quality of outputs
- Improve monitoring and evaluation
- Share learning through dissemination

Operational Support

Project Level Activities

- ✓ Refining and implementing models and institutions for scaling up access e.g. Senegal model, OBA
- ✓ Deepening direct impact of energy access on productive and human capital (growth and social services)
- ✓ Better managing production and distribution of biomass, wood-fuels etc. in a sustainable and efficient manner
- ✓ Energy security interventions for poor and vulnerable (taxes, subsidy regimes etc.)

Analytical and Knowledge Management Activities

- Improving Utility Performance- e.g. Nigeria, Guinea (Conakry), Zambia, Ghana
- Learning/mainstreaming reform and PPI lessons – e.g. Cape Town PPI conference
- Enhancing the impacts of energy access and renewable energy – Ethiopia, Ghana, Zambia
- Regional market structures and integration – Southern Africa Power Pool, Nile Basin initiatives

Selectivity Criteria

- Relevance for our clients
- Impact on poverty reduction and growth outcomes
- Ability to deliver high quality products
- Consistency with AFTEG business lines and ESMAP themes
- Enhance effectiveness of our work

Reporting on Progress (Legacy)

■ Traditional Biomass Energy (RPTES):

■ **ESW:** “Senegal: PROGEDE Project” selected as WB “Best Practice” and showcased at Energy Week 2006

■ Operational (new):

■ Burkina Faso: US \$10 million

■ Ghana: 1.5 million

■ Rwanda.

Reporting on Progress (Legacy)

■ Modern Biomass Energy (RPTES/ESMAP):

■ **ESW:** “Advancing Modern Biomass Energy for Development” (ESMAP #300/05)

■ **Operational:**

- Uganda (IDA)
- Benin (IDA)
- Guinea Bissau (IDA)
- Ethiopia (Carbon)
- Formal Requests: Senegal, Burkina Faso, Mozambique, Ethiopia.

Reporting on Progress

- Africa ESMAP Window established
- First round of business planning for FY 2006 completed.
- 15 activities/US\$ ~ one million
- Activities fully integrated with AFTEG business process and consistent with corporate and ESMAP themes
- Activities selected to enhance results and impacts of projects and KM activities

Activities FY 06 ...(1)

Project	Theme Name	Required Funding 06	Allocation
B. Faso- Rural Energy	Energy Access	45000	\$45,000
Ghana- Energy Development and Access Project	Energy Access	60000	\$60,000
Senegal-Rural Energy	Energy Access	30000	\$30,000
Tanzania - Energizing Rural Transformation	Energy Access	60000	\$60,000
G.Bissau-Multisector Infrastructure Rehabilitation Project	Energy access	60000	\$60,000
Zambia - Increased Access to Electricity	Energy Access	50000	\$50,000
Total Energy Access		305000	\$305,000

Activities FY 06 ...(2)





Project	Theme Name	Required Funding 06	Allocation
Petroleum Access and Efficiency Issues in Small Countries	Energy Security	180000	\$60,000
Total Energy Security		\$180,000	\$60,000
Mozambique - Energy Reform and Access	Market Efficiency and Governance	80000	\$50,000
Southern Africa Market Structure and Investment Priorities	Market Efficiency and Governance	450000	\$300,000
Utility Performance Benchmarking & Improvement Strategies	Market Efficiency and Governance	200000	\$52,000
Regional Energy Integration	Market Efficiency and Governance	100000	\$50,000
Benchmarking Transmission Pricing/Contractual Arrangements for Cross-Border Elec. Trade	Market Efficiency and Governance	75000	\$30,000
Total Market Efficiency & Governance		\$905,000	\$482,000

Activities FY 06 ...(3)




Project	Theme Name	Required Funding 06	Allocation
Access and Renewable Energy Scale up	Renewable Energy	150000	\$60,000
Benin- Energy Services Delivery	Renewable Energy	60000	\$60,000
Madagascar - Energy Efficiency	Renewable Energy	30000	\$30,000
Total Renewable Energy		240000	\$150,000

South Africa

Renewable Energy Market Transformation (REMT) Project

-  GEF grant of \$ 6 million, no World Bank loan
-  TA only to support grid-connected renewable energy power generation and commercial solar water heating
-  Investments to be financed by private sector, with co-financing from Bank's Carbon Finance and other CDM sources
-  Project appraisal completed; negotiations scheduled for February 2006

New Climate Change Initiative

-  Mainstreamed learning from REMT enabled fast-track development of the new initiative
-  Focus on energy efficiency and carbon reduction - Includes proposed GEF project support of \$ 10-30 million.
-  Bank/GEF Project Concept Notes scheduled for May 2006.

Uganda: Energizing Rural Transformation

- Approved: Dec 2001; Effective: July 2002; Mid-Term Review completed in 2004
- Project is meeting fundamental objective of setting up regulatory and operational framework for private sector led, commercially oriented rural electrification and telecom services:
 - Rural Electrification Agency has been created and is processing transactions
 - Three of four project-supported transactions are well advanced (West Nile, Kakira Sugar Works Cogeneration, Kasiizi Mini-Hydro Mini-Grid) after some delays
 - Communications component proceeding faster than expected, will meet Phase II targets during Phase I
 - Cross sectoral energy support showing mixed results - Water moving well, others (health, education) delayed.

Cross-country Productive Uses Study

- The Study is meeting the objective of “Promoting the use of Productive Uses of Electricity in Rural Areas” and is entering the last stages of Task 3 field activities. The remaining task of producing and disseminating a final report is expected to be completed by end of 2006.
- Survey of Tanzania Productive Uses in 4 regions, 340 SMMEs have been interviewed by Local consultants "Datavision". Final report available.
- Survey of Kenya Productive Uses is currently being finalized. The survey will focus on productive Uses by SMMEs that receives electricity through photo-voltaic panels. Final Report available by March 30th.

Tanzania Energizing Rural Transformation (ERT) Project

Bank preparations have advanced in close collaboration with SIDA on:

- Rural electrification, 200,000 (or more) new connections and ICT investments
- Rural Energy Agency/Fund and Rural Communications Access Agency/Fund
- Credit support facility and associated business development services;
- Socio-economic impact analysis and a monitoring and evaluation system; and
- Design of barrier removal strategies for renewable energy.

Recent sector developments are challenging, but appraisal might take place during Mid 2006.

Guinea Bissau: “Multi-Sector Infrastructure Rehabilitation Project”

■ LICUS Country

■ Power + Water + Roads (US \$20 million)

■ Innovative Approach to Power Sector Crisis

■ Leasing vs. Rehabilitation

■ Rehabilitation/Reinforcement of Network





■ “Commercialization” of costumer management

■ Piloting of Biomass Co-generation





■ Preparation of new “National Energy Strategy/Program” (**ESMAP Support**): Mainstreaming Renewables into “National Energy Matrix” (Hydro, Co-gen, Biofuels, Eolic, and sustainable traditional fuels).

Mainstreaming Low-Cost Innovations in Electricity Distribution Networks.

Status of activity:

-  An initial Report on best practices end of 2004
-  Country Specific Information collected from MOZ, TZA, UGA and ZAM
-  Workshops in Zambia and Tanzania in December, 2004
-  Workshops in Mozambique and Uganda in January, 2005

Results- key stakeholders implementing low cost technologies customized for their need

-  Mozambique: New EDM standards and specifications, pilot projects
-  Tanzania: Revised TANESCO standards being technically evaluated
-  Uganda: Feasibility study on Single Wire Earth Return (SWER) projects
-  Zambia: ZESCO is carrying out a project with prepaid meters.

Energy Activities

■ Development of template for new style country assessments

- Support access scale up, PRSP
- Liberia, Mauritius

■ Quick response to FEMA priorities

- Quick impact programs for demand-side management, efficiency improvements

■ Mainstreaming carbon finance in unit operations

- Full time staff resource person to be based in AFTEG