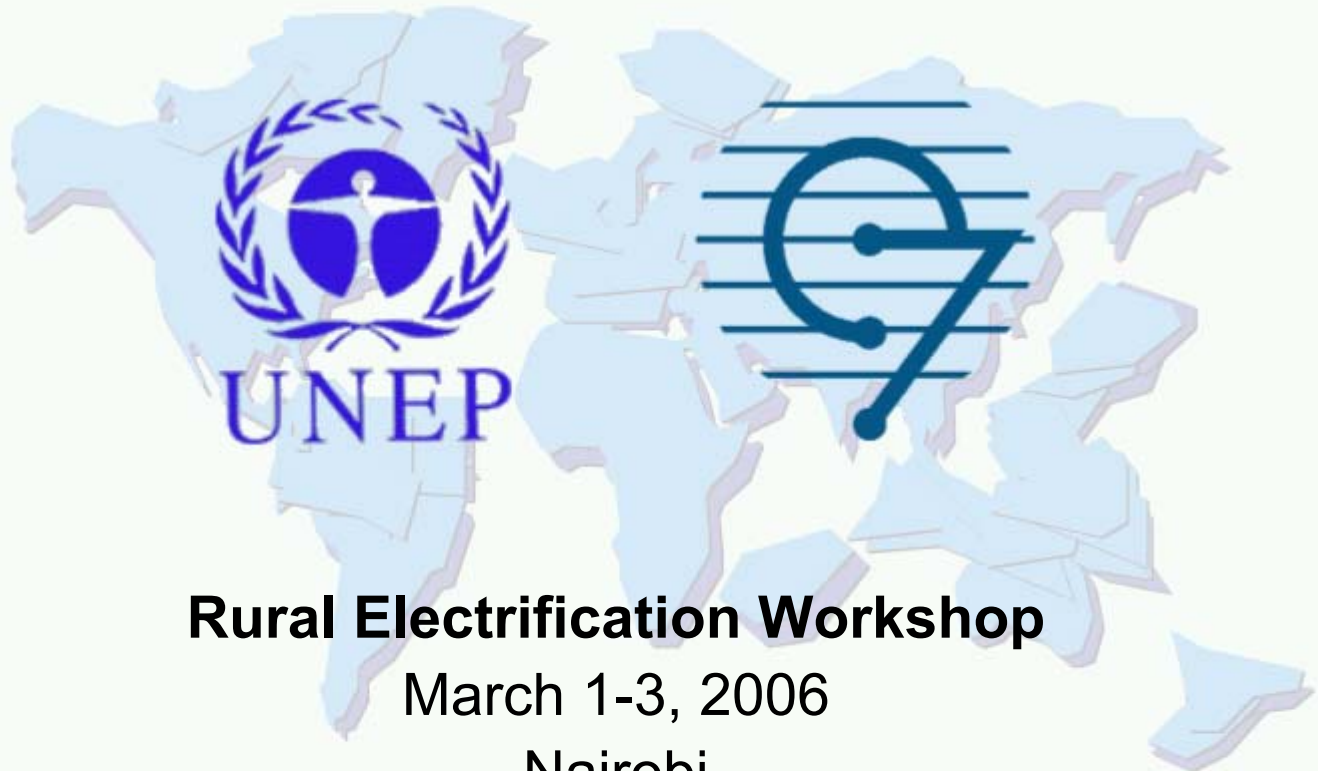


## Session 2.1 Discussion Group 2



**Rural Electrification Workshop**

March 1-3, 2006

Nairobi

- Local Buy-In
- Sustainability +vly impacted with local ‘ownership’ & participation
- Engagement with wide range of local stakeholders (L.A.s, NGOs, institutions) – NB external stakeholders must understand who stakeholders are
- Understanding local community governance & stakeholder ‘structures’ – local knowledge is key – is source of significant risk for external investors
- Project must form part of development strategy of community – endorsement from key stakeholders
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- **Political risk**
- **Investors need stability in order to be assured of investment return (regulatory & political framework). Clearly defined rules. Transparency. Supportive.**
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- **Ownership Issues**
- **Clear defined ownership structure – preferably ltd. liability company – can act as vehicle for investment (banks want to lend to formal entities)**

- Regulatory & Legal Compliance
- Environmental impact assessment of some sort – is necessary in order to engage with funding bodies etc
- Rights of access to resource? Who governs that access?
- Regulatory compliance is major obstacle to private investment
- Technical standards – demand driven not technology driven – balance
- **Affordability**
  - How do we measure it?
  - Not sufficient *in isolation*.
  - Cost per connection good benchmark for assessing affordability
  - Connection targets
  - Benefit per connection (e.g. kWh usage per connection)
  - Available subsidies? Necessary subsidies?
  - Cost for project identification
- **Customers**
  - Is the demand there? Clear understanding of that market is necessary. Can customers pay? Degree/ method of subsidization necessary.
  - Customer mix – industrial v commercial v domestic