

Boosting the electricity market in the DRC for the development of rural and peri-urban areas

- *Government's ambitions for 2023, 2024 et 2025*
- *Engagement with technical and financial partners and the Private sector*

27 – 29 June 2023 – Le Capitol, Kin Plaza Aarjan by Rotana

1. CONTEXT

In 2019, the Democratic Republic of Congo (DRC) committed, through the voice of its President, His Excellency Felix Antoine Tshisekedi Tshilombo, to accelerate access to electricity for Congolese people in rural, peri-urban, and urban areas. The goal for the period 2021-2025 is to increase the electrification rate from 15% to 30%, reducing the significant disparity between urban (35%), rural (1%) and peri-urban areas (less than 5%) as much as possible. Achieving a national average rate of 30% by 2025 will require a significant effort in rural and peri-urban areas, which have significant populations without access to electricity. It is with this commitment that the government continues to pay close attention to the activities of ANSER.

To date, several measures and actions have been taken, including:

- (1) The establishment of the Mwinda Fund, a result-based subsidy fund aiming to accelerating the electrification of the country. The initial capitalization of the fund, equivalent to USD 5 million, was provided by His Excellency, the President of the Republic-Head of State, in January 2021. The fund has since received other contributions, including USD 63 million from the World Bank, with the first disbursements expected to take place in 2023;
- (2) The development of Local Electrification Plans (PLE) based on a decentralized (and therefore consultative) approach that draws on the 145 territories that make up the DRC;
- (3) The establishment of ANSER in the provinces through the opening of six pool offices, from which it provides technical assistance to the 26 provinces and 145 territories of the country;
- (4) The provision to ANSER, in 2022, of its first investment budget of USD 14 million, which funds more than ten projects aimed at deploying around twenty solar-powered mini-grids (photovoltaic and hydroelectric). The delivery of these mini-grids is scheduled for July/August 2023;
- (5) The allocation, by the government, of a budget of approximately USD 150 million to finance the "electrification through mini-grids" component of the Local Development Program-145 Territories (PDL-145T) for the year 2023. ANSER will oversee the execution of this program and will be responsible for managing the operation, maintenance, and extension part of the program, in partnership with the private sector.
- (6) This progress and the figures above demonstrate the strong political will of the authorities of the country, at the highest level, to initiate a new dynamic for the development of the DRC, going from the roots up. This is the very foundation of the "PDL-145T" concept.

On the side of technical and financial partners (TFP), several initiatives are also emerging and aim to provide adequate support for the government's ambitions. These include: (1) the World Bank's AGREE program (including the allocation to the Mwinda Fund); (2) the Mini-Grid Market Development Program in DRC supported by the IFC (Scaling Mini-Grid); (3) the AfDB's PAGASE program; (4) the SE4All program, which comes with a facility to support universal access to electricity (UEF); (5) the FONAREDD/energy program aimed at reducing the carbon footprint of current energy technologies and practices in the DRC; (6) the USAID program aimed at electrifying Africa (Power Africa Off-Grid Program-PAOP); (7) the BGFA program (Sweden), which provides subsidies parallel to the Mwinda Fund; (8) the ELECTRIFI program of the European Union, which aims to set up credit access facilities for companies; (9) the capacity building and support program for electricity market development led by GEAPP; (10) the promotion program for mini and micro-hydro power plants supported by UNDP and GEF; (11) the technical and strategic support provided by the Tony Blair Institute; (12) etc.

One of the particularities of the liberalized electricity sector in the DRC is the real possibility of building partnerships between the state and the private sector (PPP). In two years of ANSER's activities, it is impressive to note the enthusiasm of operators invested in the supply of renewable and decentralized energies on the Congolese market. ACERD's recent census (Congolese Association of Renewable and Decentralized Energies) indicates a jump from 21 to 43 companies registered as members in just one year (2022). The Mwinda Fund, as well as the opportunities offered by public investments, are highlighted as incentive factors.

More broadly, the electricity sector in the DRC is expanding rapidly: (i) several projects are in progress to rehabilitate large hydroelectric plants, build new ones, and expand the network; (ii) the Electricity Sector Regulatory Authority (ARE) is expanding its activities in provinces to get closer to operators and has issued its first technical compliance notices, allowing competent authorities to grant the very first concessions to private investors in the DRC; (iii) the National Electricity Company (SNEL-sa) has strengthened its position by developing a strategic vision to adapt to the new, rather competitive market environment.

2. THE ISSUE

Amidst this shining picture, a fundamental and legitimate concern emerges for ANSER: *How to better grasp this dynamic and turn it into a real opportunity to build, and further strengthen, the electricity market in the DRC, which is nascent and risky in rural and peri-urban areas?*

In other words, the aim is to ensure that, based on all ongoing and planned programs, one can attest (if not refine appropriate strategies to ensure) that:

- (1) Investments that are made or planned correspond to the local development priorities of the areas they benefit (planning, ownership, implementation approaches and expected development results), clearly sorting expected results for 2023, 2024 and 2025;
- (2) Public investments currently underway and planned, including through the Mwinda Fund, leverage significant private investments;
- (3) The mechanisms envisaged for minigrid operation, maintenance and expansion can enable the private sector to scale up;
- (4) There is a synergy between the different actors on behalf of the public authorities (the Ministry responsible for the General Secretariat and the UCM, the Provinces; the ARE and ANSER, as well as various other occasional stakeholders: Ministries of Rural Development, Planning, Land

Affairs, Environment & Sustainable Development, Small and Medium-sized Enterprises; Industry; ANAPI, etc.);

- (5) Coordination and accountability mechanisms between parties are effective.

3. OBJECTIVE

The purpose of the event is to consult stakeholders on the country's strategy and operational instruments for developing the electricity market in rural and peri-urban areas of the DRC. Its objective is also to mobilize TFPs and the private sector to support this national commitment.

The specific objectives of the event are to:

- 1) Present the government's 2021-2030 program, with a focus on the 2023-2025 period. This program aims to develop the electricity market in the DRC, and more particularly to boost the development of rural and peri-urban areas;
- 2) Present the 'PPP' collaboration framework to ensure the operation, maintenance, and expansion of investments funded by public funds in rural and peri-urban areas;
- 3) Present the strategy for mobilizing PPPs to develop and co-finance mini-grid projects in rural and peri-urban areas not covered by direct public investment;
- 4) Discuss the support mechanisms e.g results based subsidies available to accelerate the participation of the private sector in DRC's electrification sector
- 5) Discuss the legal and regulatory issues hindering the acceleration of electrification (progress to date, challenges and corrective measures envisaged);
- 6) Discuss the gaps and opportunities for collaboration and coordination between the government, private sector, and technical and financial partners.

The meeting will bring together representatives of the government, TFPs, the private sector and civil society. It will promote dialogue and strategic thinking. It should lead to concrete action plans to ensure the implementation of the Government's 2021-2030 program, for the 2023-2025 period and in favor of rural and peri-urban areas of the DRC.

4. CONTENT

The meetings will take place in person in Kinshasa and will extend over two days and a half. On the first day, the government will share the work done as well as its priorities for 2023, 2024 & 2025 and will answer questions from other stakeholders. On the second day, there will be interactive sessions between the government, private sector, and technical and financial partners discussing the models of collaboration to support the government's electrification priorities. The following half-day will be focused on discussions regarding the exploration of opportunities in carbon markets and other revenue sources for electrification and will conclude with a call to action to define the next steps.

To maximize this meeting opportunity and achieve the expected dividends, plenary presentations will be extensively summarized, but more elaborate working documents will be made available to guests two weeks before the meeting. The maximum amount of time will be dedicated to collecting feedback and contributions from stakeholders.

To achieve this, the content of the meeting will be structured as follows:

Day 1 (Tuesday, 27th June 2023):

Government strategic directions, 2023-2025 priorities and engagement with the private sector

9:00 am: Session 1 – Opening ceremony and introductory remarks by the Government of the DRC.

- Welcome and presentation of the meeting expectations (ANSER) ;
- Message from the Representative of the Governors of the Provinces (Representatives of the beneficiaries) ;
- Strategic orientations of the electricity sector policy in the DRC and the ambitions of the Government (H.E. Minister of Hydraulic Resources and electricity);
- The PDL-145 T, a structuring framework for programming to reduce inequalities (H.E. Minister of State, Minister of Planning) ;
- Access to electricity to boost integrated rural development and opening of meeting (H.E. Minister of State, Minister of Rural Development).
- Remarks from the TFP's Secretariat - (GEAPP)

10:00 am: Session 2 – Government's 2021-2030 program and focus on its 2023-2025 component, in particular for rural and peri-urban areas.

- Planning: Top-Down and Bottom-up approach for the 145 Territories of the DRC (ARE-ANSER-UCM);
- Presentation of the Priority Investment Program (PIP) (prioritization and relevance strategy, level of public-private funding mobilized; funding gaps, etc.);
- Progress and results expected for 2023: presentation of on-going and funded programs (level of execution or of programming within the PDL-145T, challenges, expected impacts, etc.);
- Prospects: discussion on the next actions planned for the 2023-2025 period and identification of gaps (in funding, technical assistance, etc.) that remain to be filled.

11:00 am: Break

11:30 am: Session 3 – legal and regulatory framework to guide engagement with the Private Sector (ANSER -UC PPP/Min of Planning/ARE) - How to ensure the development and sustainability of more than 100 mini-grids to be deployed in 2023? How, in the longer term, to encourage PPPs for the development and financing of mini-grid projects?

- Overview of the risk analysis and economic models proposed & strategy to promote private-led investments through PPPs – **ANSER, UC PPP**
- Progress in the legal and regulatory framework to unlock investments in rural and peri-urban electrification projects, experience sharing on recurring situations encountered in the field, proposed corrective measures, and associated action plan (to expedite the issuance of necessary authorizations) (**ARE**)
- Q&A.

1:30 pm: Lunch

2h30 pm: Session 4 – Scaling up the Mwinda Fund - how the Mwinda fund will support the development of PPPs ?

- Lessons learned from the Pilot and Intermediate program;
- Presentation of the Strategy and action plan for scaling up (led by the fund manager) ;
- Consistency with other programs in the sector and approach to leverage private investments.

3:30 pm: Session 5 – Promoting direct investments in the rural electrification sector (ANAPI).

- The DRC and its potential to attract both public and private investments.
- The investment incentives provided by the investment code related to the electricity sector.

4:30 pm: Closing session.

Day 2 (Wednesday, 28th June 2023)

Moving faster together – How the government, technical and financial partners and the private sector can collaborate to support the GoDRC’s ambitions.

8:30 am: Session 1 - Plenary welcome and opening remarks from ANSER and TFP representatives.

9:00 am: Session 2 - The voice of the project developers – What are the opportunities the developers see in the DRC market? What are the main challenges faced by existing local developers in developing mini-grid projects in DRC? What are the main bottlenecks for entry of new developers in the DRC mini-grid market? What are the lessons learned from previous PPP models in DRC and elsewhere? What are the main bottlenecks to accelerated progress? **(ACERD, private developers)**

10:15 am: Break

11:15 am: Session 3 - Optimizing subsidies for accelerated growth of the mini-grid sector – Which subsidy programs are available for the DRC mini-grid sector? What are the lessons learned from the pilot and intermediary phases of the Mwinda Fund? What are the lessons learned from mini-grid subsidy programs in other countries? How can the subsidies available in DRC be best optimized to ensure growth of the sector to meet the scale of the opportunity? **(ANSER, BGFA, SEforALL, CEI, other subsidy program managers)**

12:45 pm: Lunch

1:30 pm: Session 4 – Unlocking private capital – What are the risks that private investors see in the DRC mini-grid market? Which risk mitigation mechanisms are under development or available that mini-grid developers and investors can access to unlock capital? What else needs

to be done to improve the bankability of projects in the DRC mini-grid sector? (**IFIs and impact investors**).

3:00 pm: Session 5 – Driving development using decentralized renewable energy – Case studies from DRC and elsewhere on leveraging distributed renewables to drive economic growth in rural and peri-urban areas. What should be the priority intervention areas to ensure economic outcomes while improving project viability? (**GEAPP, ANSER, partners, private sector**)

4:30 pm – Networking break & Announcements

5:00 pm – Closing session.

Day 3 (Thursday, 29th June 2023)

9:00 am: Session 1 - Deep dive on improving the policy and regulatory environment – What are the experiences of project developers while navigating the policy and regulatory framework and processes in DRC? (**Project developers, ARE, ANSER, UCM, TFPs**).

10:15 am: Break

11:00 am: Session 2 - The potential of carbon markets and other emerging revenue sources to drive electrification and development – What are the opportunities for the mini-grid sector in DRC to tap into carbon markets? What are the other alternative revenue sources for mini-grid projects in DRC e.g. digital loads? (**Africa Carbon Markets Initiative, TFPs, project developers**)

12:00 pm: Session 3: Call to Action – What are the main takeaways from the roundtable? What do all parties need to do going forward?

Plenary closing ceremony (state protocol)
