

Capacity & institutional strengthening for rural electrification and development - Decentralised Energy Option (CAP-REDEO)

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Newsletter No. 5

Provincial Stakeholder meeting and Stakeholder consultations: The case of Laos



The Provincial meeting in Thakek



Coordinator: IED



Partner: ETC Energy

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In the months of June and July ETC put a lot of energy in preparing the final ETC activities in Laos, together with LIRE. The main objective of these activities was to identify bottlenecks, as perceived by the different stakeholders, when moving from electricity planning to implementation. This meant that the project was to be taken one step further.

The activities consisted of an energy stakeholder consultation at national and provincial level, a provincial level workshop and bilateral meetings at national level.

The aim of the consultation was to interview relevant stakeholders in order for them to discuss the rural electrification options which had been developed by the CAP REDEO project over the last two years. It included both the people responsible for rural electrification planning in (governmental) institutions, as well as (private) partners with the potential to implement RE projects.

Input from the stakeholder consultations was then used for the provincial level workshop and the bilateral meetings at national level.

1. Stakeholder consultations in Laos

For the stakeholder consultations in Laos ETC contracted LIRE, the Lao Institute for Renewable Energy. Thongsanti Vongsaly interviewed several stakeholders from both private and public sector in the months of June and July at separate occasions.

The intention of the consultation was to get a better grasp of the stakeholders' perception of the CAP REDEO planning scenarios, and the bottlenecks and potential interventions they suggested to facilitate implementation of the electrification plans, as the ultimate goal is to reach more poor people with electricity.

Face to face interviews were conducted using one questionnaire for public actors and a different one for private actors.

The views of all actors on the feasibility of the CAP REDEO rural electrification plans can be summarized as follow:

- According to government staff the identified hydropower sites are viewed as suitable, except for the Nakay site and Bualapha district as there is sufficient electricity coverage in the area and other projects are foreseen in areas that have not yet been electrified.
- Private sector actors mention that the plans for hydro power sites still lack detail and that the investment costs are high, which makes their involvement unclear.
- Both public and private sector feel that the biomass gasification plans would not be feasible due to the lack of supply from feedstock.

Several bottlenecks for implementation were identified going from human



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resource management issues, lack of financial capacity to high transportation costs of biomass. The recommendations and solutions were further discussed and elaborated in the provincial workshop and during the bilateral national meetings.

2. Provincial stakeholder meeting

On the 22nd of July the provincial workshop 'bottlenecks and potential interventions for rural electrification – from planning to implementation' took place at the Provincial Department of Energy and Mines in Thakek, Khammouane Province. The workshop was conducted by ETC and LIRE staff. The meeting started at 9:00 a.m. and ended at 4.30 pm. Twenty participants from both public and private sector were present.

The meeting was started by the chair, the Director of the Provincial Department, Mr. Bounta Buasavanh.



The presentations and discussions revolved around four issues:

1. Present background of ETC and its programmes including CAP REDEO
2. Give an overview of institutional capacity for implementation of rural electrification based on the stakeholder profiles
3. Presentation of the results of stakeholder consultations
4. Discussion on bottlenecks, opportunities and potential interventions in order to improve implementation of rural electrification plans

During the discussions the governmental representatives stated that they foresee no problems in achieving the electrification target for 2015. Rural electrification is achieved through programmes like REP I, REP II and a project funded by the World Bank, Power to the Poor.

Furthermore several solutions were put forward to encourage private sector involvement within rural electrification projects:

- More cooperation between government and private sectors
- Getting possible financial support from the government in the form of subsidies
- Specific policies to attract more financial support are required and should be developed
- Grid extension options should be funded from public budget, loans, through an international organisation



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or from contribution of the beneficiaries.



A discussion was held on the provincial policy framework and the involvement of private sector stakeholders. Mr Bounta informed the participants that hydropower projects with a capacity of under 5MW can now be approved by the provincial level without having to go through the national level. This makes the involvement for the private sector less tedious. He also mentioned the necessity of a policy framework clarifying the role of private actors. Finally the improvement of access to loans for private companies is a necessity and could be done through, for instance, a policy regulation to lower bank interest rates.



The proposed CAP REDEO scenarios for Laos focus on hydropower and biomass projects. During the workshop several bottlenecks in the implementation of these possible scenarios were identified. The main ones were the lack of detailed feasibility studies, unsecure economic feasibility, lack of continuous supply of biomass and no systematic integration of project plans and governmental development plans. Solutions to these bottlenecks would be more technical assistance for, for instance, feasibility studies, capacity building of public and private actors and the facilitation of access to financial resources.



The participants were satisfied with the proposed solutions. The workshop was officially closed by Jaap de Winter from ETC and Mr Bounta from the Provincial Department.

3. National bilateral meetings

In consultation with LIRE, ETC decided that it would be more fruitful to hold individual meetings with national actors instead of a national workshop. This enabled more room for discussion and the possibility of going into specific issues. The national stakeholders'



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consultations were carried out on the 23rd and 24th July. During the meetings different identified bottlenecks were discussed and solutions and recommendations were sought for.

During the meeting The Director General of the Electricity Department (DoE) mentioned that the government has received funds to develop a National Strategy for Renewable Energies, which should be completed by the end of 2009. This strategy would enable the development of off-grid projects that should comply with the 10% target for off grid solutions by 2020.

Government staff is sceptical about the potential of the biomass gasification technology as the production cost and electricity price are high. Capacity building needs are high, as not many staff members have knowledge of renewable energy technologies.

From the private sector the main message is that renewable energy options are a great solution to provide electricity to remote areas and to poor people but the collection of fees from villagers is such a bottleneck that most private actors don't invest. Furthermore they face high investment risks due to the absence of a specific legal framework for the private sector. Unplanned grid extension remains a large problem.

In terms of improving the implementation of projects, solutions would be for the private sector to be able to work more independently from the government and to receive more incentives. All actors are very enthusiastic of the GEOSIM tool but wish to receive more training as due to the large turnover of staff. Finally Mr

Hatsady sees an opportunity to expand the EdL training centre to train people in renewable energy technologies as well.

In order to assure successful implementation several requirements were mentioned:

- Electricity tariffs for off grid projects should be the same as from the grid (700kip/kW) in order to assure accessibility of the poorest
- Establishment of Public-Private Partnerships where the public partner would facilitate the access to financial resources
- Subsidies are a necessity to support rural electrification projects

Finally several points for follow up were identified with the stakeholders:

- Detailed feasibility studies on renewable energy systems need to be done.
- Capacity building of public and private actors on biomass gasification and on hydropower is a necessity as many actors do not have the technology knowledge.
- Training of DAFO technicians
- More training of EdL on GEOSIM
- Facilitation of access to credit for the private sector



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4. Next issue

In our next newsletter we will give more information on the stakeholder meetings and consultations that took place in Cambodia.

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