

Highlights from the 6th edition of SEforALL's Annual "Energizing Finance Report 2024"

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The Energizing Finance Report 2024 (the "Original Report") provides a comprehensive analysis of tracked finance commitments flowing to two key areas: Electrification and Clean cooking. The Report aims to help understand finance flows, based on data from OECD's Development Assistance Committee (DAC,) and identify gaps hindering energy access goals.

The review provided herein, summarizes the notes from the Original Report. Some specific key notes and lessons learnt from the Original Report are formatted in ***Bold Italic*** throughout this report, for conspicuity.

Financial Commitments

Financial commitments to electricity in 20 tracked countries, between 2014 and 2022, peaked in 2018 (~\$11.9 million USD), and saw the largest decline in 2022.

Within the same timeline, 2014 and 2022, India received the most commitment of all countries. However, at per capita level, Bangladesh and Pakistan received the largest commitments amongst the 'tracked countries'. Importantly, distribution imbalance was noted between countries, when compared at per capita level; lower per capita commitment was evident in many countries with lower electricity access.

Between 2014 and 2022, five Asian countries attracted 1.8 times more ODA commitments to electricity access than 15 countries tracked in Sub-Saharan Africa. The main reason for this isn't clearly reported, but it can be assumed that the Asian countries with highest commitment - India, Pakistan and Bangladesh, had similar denominator factors, such as political will and rightly established power sector policies, regulations, and reforms.



Electricity Case Studies

Two countries, Bangladesh and Kenya, were used as case studies, due to their successful increase in electricity access rates by around 70%, over the past decade. The focus was tracking the enabling policy and regulatory framework of electricity access in these countries, to see how it impacted the electricity rate increase.

In 2000, Bangladesh and Kenya had electricity access rates of 32% and 15%, respectively. Today, Bangladesh has electricity access rates of 99.9%, while Kenya has 76.5%.

Both Bangladesh & Kenya are LMICs (Low-and Middle-Income Countries), with a 2022 population of 171 million and 54 million, respectively.

Similarities between Bangladesh & Kenya in creating the pathway towards increasing electricity access:

1. An enabling environment in policy and finance:

- Bangladesh established a rural-dedicated electrification board, same with Kenya, and has utilized a continuous effort to fortify the regulatory and policy framework of the electricity sector
- Bangladesh had political will to prioritize universal electricity access.

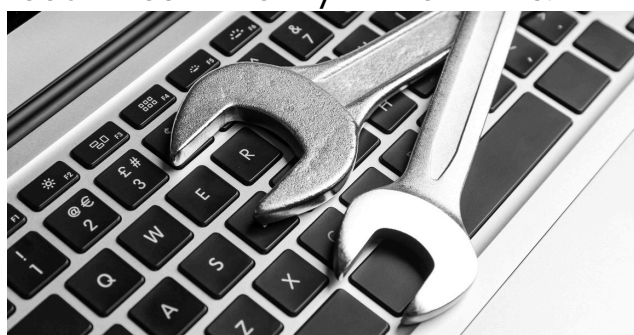
- Kenya created a mature policy and regulatory environment for electricity access

2. High / increased financing commitments:

- Bangladesh's largest financing commitment of \$10.96 billion went to grid-connected fossil fuels, followed by transmission & distribution (T&D) projects.
- Kenya's largest financing commitment amount of \$3.18bn went to T&D grid projects.

3. Focus on T&D

- Bangladesh and Kenya experienced significant increase in the T&D network, including longer transmission length in both countries – mainly in the 2010's.



Technical Notes and Lessons from Bangladesh:

In Bangladesh, 84% of its electricity generation is from gas, oil and coal plants. Only a small share is from hydro power and solar PV (2.7%). The country imports around 12% of its electricity.

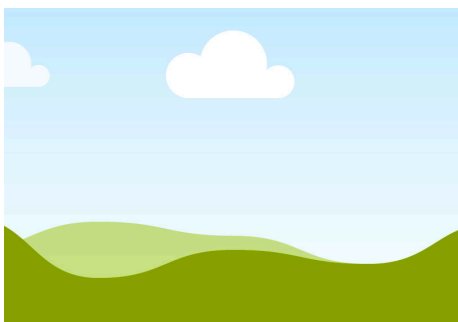
- ***Although increased renewable energy generation should be the goal, African countries with abundant supply of other energy sources should tap into such resources and have a mix of power generation sources; however, the levelized cost of energy (LCOE) should be evaluated on a project basis.***

·In Bangladesh, the private sector players are only involved as IPPs, under “Generation”. Private sector isn’t involved in transmission or distribution.

- ***It is obvious that the Bangladesh government is still very much involved in all levels of power supply from generation to distribution. This shows political will, which African governments need to emulate.***
- ***On the other hand, allowing private sector involvement in generation and distribution as observed in Nigeria, has the advantages of a free market and competition. However, in such markets, tariff regulations should be a key focus of the regulatory bodies, to ensure the end users are not over-burdened with cost, and to avoid a situation where electricity becomes too expensive, compared to earning power.***



·In Bangladesh, **Bangladesh Energy Regulatory Commission (BERC)** is the regulator, and has created regulations for generation licensing, generation tariffs and T&D tariffs



Bangladesh transmission line length was around 14,717 km as of 2022-23, which is about 42% increase compared to 2016-17. In relation, substation installed capacity stood at 61.525 MVA in 2022-23, which is about 2.5x increase from 2016-17 capacity.

- ***African countries with energy access deficiencies should also focus on improved T&D network, including transmission lines & substations.***

Infrastructure Development Company Ltd. (IDCOL) is a govt-owned DFI in Bangladesh, financing off-grid projects. IDCOL implemented the Solar Home System (SHS) to engage the private & non-governmental sectors to accelerate electricity access. Government-owned DFIs can be created by African countries / states that are struggling with energy access, to finance certain solar systems, in specific urban and rural areas.

