

MINI GRIDS FOR HALF A BILLION PEOPLE

Building an Institutional Framework for Mini Grids

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Introduction



- Most countries have less experience with mini grids than alternatives
 - ✓ Main grid generally has maximum experience/history
 - ✓ Solar home systems also have a head start
- Hence, countries may not have set up institutional framework aimed at scaling up mini grids.

Core messages



- Governments should formally recognize role of mini grids
 - ✓ Include in national plans for electrification
- Governments should set up institutional framework
 - ✓ Facilitate mini grids
 - ✓ Regulate mini grids
 - ✓ Flexible to support variety of financial/legal mini grid business models

Overview of Institutional Framework



- Governments should assign existing or newly created agencies responsibility to achieve national electrification targets through mini grids.
- Institutions should have explicit and harmonized roles and responsibilities
 - ✓ Should be clear to mini grid developers which actors are involved in which capacity and at which point.

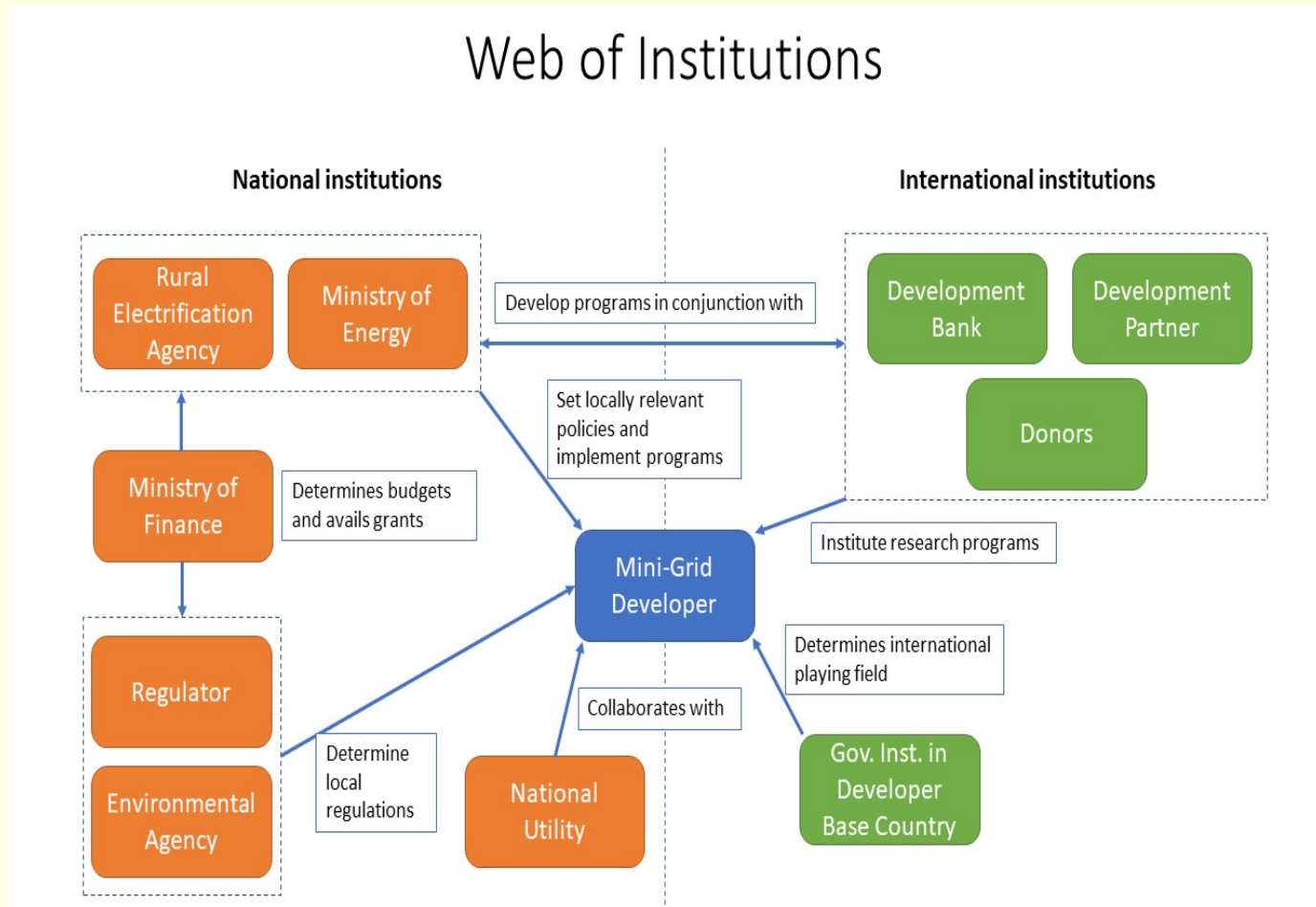
Role of Institutional Framework



- Ensure mini grids meet all rules and regulations.
 - ✓ Smaller firms may need help from some institution
- Ensure that mini grids are located at suitable sites
- Facilitate flow of financing to private mini grids
 - Key for foreign funds
- Establish and regulate tariff regimes
- Ensure that enough skilled workers are available

Relevant Institutions

Web of Institutions



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Key agencies -1



- Lead Agency
 - ✓ Overall responsibility
 - ✓ Key point of contact
 - ✓ Several countries has Rural Electrification/Energy Agency
- Regulator
 - ✓ Permits
 - ✓ Tariffs
 - ✓ Future relationship with main grid

Key agencies -2



- Standards bureau
 - ✓ Technical standards for mini grids
- Non-energy permitting entities
 - ✓ Use of land, water, natural resources
 - ✓ Environmental regulations
 - ✓ May need assistance on working with mini grids

Key agencies -3



- Labor ministry
 - ✓ Labor issues may arise when number of mini grids become large
- Social agencies and NGOs
 - ✓ Mitigate local frictions that may come up
 - ✓ Protect consumers in case some issues come up

World Bank role



- Assist in designing and creating institutional framework specific to a country
- Assist in capacity building of relevant agencies
- Assist in selecting suitable financial/legal mini grid business model(s)
- Assist in monitoring and evaluation programs
- Co-finance these activities.