

FINANCING RURAL SADC'S  
ACCESS TO ENERGY: THE  
LEGAL ASPECTS

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# CHALLENGES FOR SADC

- FOOD INSECURITY;
- AGRO-BASED ECONOMIES;
- HUGE REGIONAL ASSYMETRIES, one dominant economy, South Africa

# THE POTENTIAL

- **HUGE POPULATION RESOURCE: 238.2 MILLION PEOPLE;**
- **SIGNIFICANT RENEWABLE & NON-RENEWABLE ENERGY RESOURCES:**
  - Petroleum: Angola reserves 5.4 billion barrels, produces 1.05 million bbl/d
  - Natural Gas: SADC holds 2% of African reserves
  - Coal: SADC holds 20% of world reserves

- Solar: Tropic and Sub-tropic Climate with vast solar power generation capacity
- Electricity: total installed generating capacity of 52,270 MW

# ACTUAL SCENARIO

- 75% OF SADC'S PEOPLE ARE RURAL BASED. NO REAL ACCESS TO ENERGY RESOURCES
- NO MEANINGFUL EXPANSION OF EXISTING ENERGY PRODUCTION CAPACITY
- REGION EXPECTS ENERGY SHORTFALL COME 2007

# ELECTRIFICATION

- JUST OVER 20% OF SADC ELECTRIFIED
  - ONLY MAURITIUS 100% ELECTRIFIED;
  - SOUTH AFRICA, THE “GIANT ECONOMY” IN SADC ONLY 66% ELECTRIFIED
  - 5 OF THE 14 COUNTRIES HAVE RATES BELOW 10%

- ELECTRIFICATION AN URBAN PRIVILEGE, HISTORICAL IMBALANCES KEPT IN POST-COLONIAL SADC:
- YET RURAL SADC HAS HUGE PRODUCTIVE POTENTIAL
- IMPROVING ACCESS TO ENERGY IN RURAL SADC THE KEY TO SADC ECONOMIC DEVELOPMENT.

# LEGAL ENVIRONMENT

- SADC STATES SIGNATORIES TO CRUCIAL INTERNATIONAL ENERGY AND ENVIRONMENT TREATIES;
- MOST IMPORTANT REGIONAL INSTRUMENT IS THE SADC PROTOCOL ON ENERGY (1996)
- SOME STATES HAVE NATIONAL LAWS ON ACCESS TO ENERGY

# EFFICACY

- DO THESE POLICIES ENHANCE SOUND AND EQUITABLE ENERGY PRODUCTION & DISTRIBUTION?
- Protocol recognises significance of energy in economic development;
  - encourages direct participation of citizens & communities in energy development & use;
  - seeks to expand use of renewable energy.

- BUT FAILS TO RECOGNISE THE DEVELOPMENTAL CHALLENGE OF AN “UNENERGISED” RURAL SADC;
  - IRRELEVANT TO THE NEEDS OF THE BULK OF SADC PEOPLE;
  - AND BY IMPLICATION, TO THE ECONOMIC DEVELOPMENT OF THE REGION (annex 1 on electricity and woodfuel pertinent)

# A NATIONAL LAW: example of Zimbabwe

- Rural Electrification Act, 2002:
  - To “facilitate rapid and equitable electrification of the rural areas”;
  - Funds raised by way of a consumption tax on urban electricity consumers (6% of bill)
  - Promotes off-grid & stand alone technologies for rural electrification.

- **IMPLEMENTATION PROBLEMS:**
  - Same as in the SADC Energy Protocol:
  - No transparency in Resources allocation;
  - Prioritisation of RE Projects not based on sound & equitable economics;
  - No real link with rural needs & priorities;
  - A Top-Down Initiative with no rural input

# THIS IS A REGIONAL PROBLEM

- HUGE POLICY GAP IN REGIONAL ENERGY POLICY;
- EFFORTS ON RURAL ENERGY ARE BASED ON AD HOC NATIONAL ARRANGEMENTS (see Zambian example)
- SADC HAS TO REVISIT ENERGY QUESTION.

# RECOMMENDATION

- REDRAFT ENERGY POLICY AT REGIONAL LEVEL:
  - LINK WITH INTERNATIONAL ENERGY INSTRUMENTS;
  - DRAFT NATIONAL LAWS WHICH ARE EFFECTIVE IN AVAILING ENERGY RESOURCES TO RURAL COMMUNITIES; START WITH A MODEL LAW COMMON TO ALL IN SADC

- EXPLOIT LINKAGES WITH THE MULTILATERAL TRADE ARENA:
  - USE GATS NEGOTIATIONS TO TABLE OFFERS WITH RURAL ENERGY CONDITIONALITIES.
  - CREATE FAVOURABLE BUSINESS ENVIRONMENT FOR MULTI-FACETED INVESTMENT IN ENERGY RESOURCES.