ECOWAS Renewable Energy Policy (EREP)

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related to manufacturing of items, the design of equipment, and building, operating, and maintaining of equipment and plants.

The targeted installation of 60,000 mini-grids systems by 2020 and 68,000 from 2020 to 2030 respectively and stand-alone systems of around 47 million people will naturally lead to development of related local manufacturing as well as operation and maintenance activities. The same can be stated for the domestic sector, where activities for improved cook-stoves and solar water heater technology will help to kick-start or intensify local related activities in these sectors.

Furthermore, fiscal measures and incentives as well as enforced regulations regarding norms for equipment and systems and certification of skills will be vital to create confidence within the private industrial and banking sector.

3.7 RE Barriers to be addressed

Various types of barriers are to be addressed to make the EREP scenario a reality. The existing barriers delay and hinder the dissemination of renewable energy technologies and services.

3.7.1 Policy and regulatory barriers

- The focus of national policy has consistently been on centralised grid development and conventional sources of electric power generation. There is an absence of clear-cut policies for the dissemination of renewable energy technologies. There has been lack of holistic energy planning and energy policy sometimes does not even include renewable energy. As a result, renewable energy technology development follows an ad-hoc path with no allocation of financial resources.
- Several incentives have been provided to promote investments in conventional power generation. Subsidizing grid development has also encouraged this which does not favour investments in alternative energy solutions.
- Non-discriminatory open access to the national electricity grid for renewable energy is not yet assured. There are other regulatory issues.
- Absence of a full-fledged rural electrification strategy with a clear demarcation between grid and off-grid electrification. In fact, the policy is mainly based on grid extension.

3.7.2 Financing and Investment barriers

- Production costs of renewable energies are often higher than subsidised conventional electricity price and it even tends downwards to economic grid parity cost. This also brings in the question of the high upfront investment cost to obtain renewable energy technologies for countries facing recurrent power shortage, and of absence of adequate financing mechanisms.
- For financial institutions, renewable energy technologies are perceived as too expensive solutions with lack of reliability and long-term viability. There is lack of effective regulation to support a workable financial framework encouraging investments.

3.7.3 Technological Barriers

- Procurement of equipment and local maintenance support for renewable energy-based electricity projects remains a real challenge because of the weakness of the present renewable energy market.
- Lack of actual conceptual capacity.
- Lack of critical mass to create conditions for local business.

3.7.4 Capacity barriers

- Lack of capacity in policy formulation, project development and RET financing – both individual and institutional. Availability of technical personnel at different levels, from engineers to technicians remains inadequate. Lack of promoters and entrepreneurs which would be essential for both centralised and decentralised and standalone systems.
- Lack of capacity to plan, structure and appraise projects in a financial view.

3.7.5 Limited public awareness

- Limited public awareness of advantages of renewable energy and its potential with regard to the energy challenges the respective country is facing.
- Inadequacy of awareness reinforces and underlies all of the other barriers and creates a market distortion which results in higher risk perception for potential renewable energy technologies.

3.7.6 Lack of Standards and quality control

- Poorly established standard and quality control of locally manufactured and imported technologies. Creating quality assurance is a precondition for building consumer confidence and in growing the market for renewable energy.

3.7.7 Inadequate resource assessment

Reliable and up-to-date sources of data would assist investors in making decisions on projects of renewable energy with more certainty. These barriers clearly indicate that developing renewable energy is not, for the most part, a problem of solving technological issues. It is, more fundamentally, one of putting in place an adequate institutional framework for the creation and implementation of policies that promote the use of truly accessible cleaner energy sources.