

Timeline

8:00 - 14:00

Date

June 21, 2016



You're Invited

A Research and Policy Event:

**Tuesday,
21st June 2016
8:00-14:00**

Lunch will be provided

**Intercontinental Hotel
Haile Selassie Avenue,
Lusaka**



For further information or to RSVP please email
Miljan Sladoje at
m@an.sladoje@thlgo.org

The event provides us with an opportunity to discuss the results of the studies from the region by Professor Kelsey Jack (Tufts University) who will be presenting on her work. The overall objective of the workshop is to create a forum to discuss how research can help inform policies on utility provision in Zambia.

To motivate this discussion case studies of projects recently supported by International Growth Centre and Innovations for Poverty Action will be presented, and a panel of policy-makers in Zambia will share their views.

The studies presented will cover a number of important topics in the water and electricity sectors, including how customers perceive prices and how they respond to changes in prices. An in depth presentation of recent findings from a study by Prof. Kelsey Jack and Mr. Grant Smith from the University of Cape Town will discuss the effect of prepaid electricity metering on electricity consumption, household welfare, and revenue in the City of Cape Town.



ipa
Innovations for
Poverty Action

IGC
International
Growth Centre

Evidence for Policy: Electricity and Water Utility Provision



08.00 – Registration

08.45 – Opening Remarks
 Rachna Nag Chowdhuri, Innovations for Poverty Action
 Anand Rajaram, International Growth Centre

09.00 – Impacts of switching to prepaid electricity
 Professor Kelsey Jack, Tufts University

09.45 – An overview of energy and water research in Zambia
 Professor Kelsey Jack, Tufts University

10.30 – Tea Break

11.00 – Panel Discussion
 Christopher Mubamba, Former Director of
 Transmission Development, ZESCO
 Claude Kasonka, M&E Director, MCAZ
 Silvester Hibajene, Director, Business Development,
 CEC Africa
 Tubber Mahuma, Networks Engineer, SWSC

11.45 – Open Discussion

12.30 – Lunch




Impacts of switching to prepaid electricity



The revenue recovery challenge

Electricity access in Sub-Saharan Africa. Electrification rates are generally low in Sub-Saharan Africa (SSA). Expanding access is often seen as key to economic growth. However, with new electricity connections come new challenges.

Prepaid metering: A possible solution? Poor households may struggle to pay monthly bills. Discount rates for failure to pay are costly and may be politically infeasible. By reframing electricity as a commodity, prepaid electricity meters require that households pay in advance for the electricity they consume.

Other countries in SSA look to South Africa, which underwent a period of rapid electrification in the 1990s, for ideas on how to successfully expand the grid. South Africa has over two decades of experience with prepaid electricity and is widely seen as the global leader in prepaid electricity innovation.

New evidence on customer responses. The findings presented here represent the first evidence on how customers and revenue respond to prepaid metering. Researchers worked with officials in the City of Cape Town to design and implement the study.

Study partners

- City of Cape Town
- I-PAL Africa
- I-PAL Urban Services Initiative
- IGC Energy Programme

STUDY OVERVIEW

Research questions

- How does monthly electricity use respond to prepaid metering?
- How do adjustments in consumption affect revenue?
- Which types of customers adjust their consumption when switched to prepaid metering? Why?

Study design

Setting: Mitchell's Plain, Cape Town – a low to middle income neighborhood of around 50,000 customers.

Sample: Around 2,500 residential customers, initially on postpaid billing.

Intervention: Customers assigned to switch from postpaid billing to prepaid metering between November 2014 and February 2015.

Results

Switching households to prepaid electricity:

- Reduces electricity use by 11 percent or 1,245 kWh per customer per day, on average.
- Improves revenue recovery for the utility, especially for households with late payment of their monthly bills.
- Lowers the cost of revenue recovery with a positive return on investment for the average customers in the study.

Note: Findings will be updated with further analysis and additional results.

Evidence for Policy: Electricity and Water Utility Provision

On June 21st, in collaboration with the International Growth Centre (IGC), IPA hosted an event on electricity and water utility provision research. The overall objective of the event was to create a forum to discuss how research could help inform policies on utility provision in Zambia. To motivate this discussion, case studies of projects recently supported by IPA and IGC were presented, and a panel of policy-makers in Zambia shared their views.

Professor Kelsey Jack (Tufts University) and Mr. Grant Smith (University of Cape Town) gave an in-depth presentation of recent findings from a study of the effect of prepaid electricity metering on electricity consumption, household welfare, and revenue in the City of Cape Town. The studies presented at the workshop covered a number of important topics in the water and electricity sectors, including how customers perceive prices and how they respond to changes in prices.



Address

Intercontinental Hotel, Haile Selassie Avenue

City

Lusaka

Country

Zambia