

FREPLA

Workshop III
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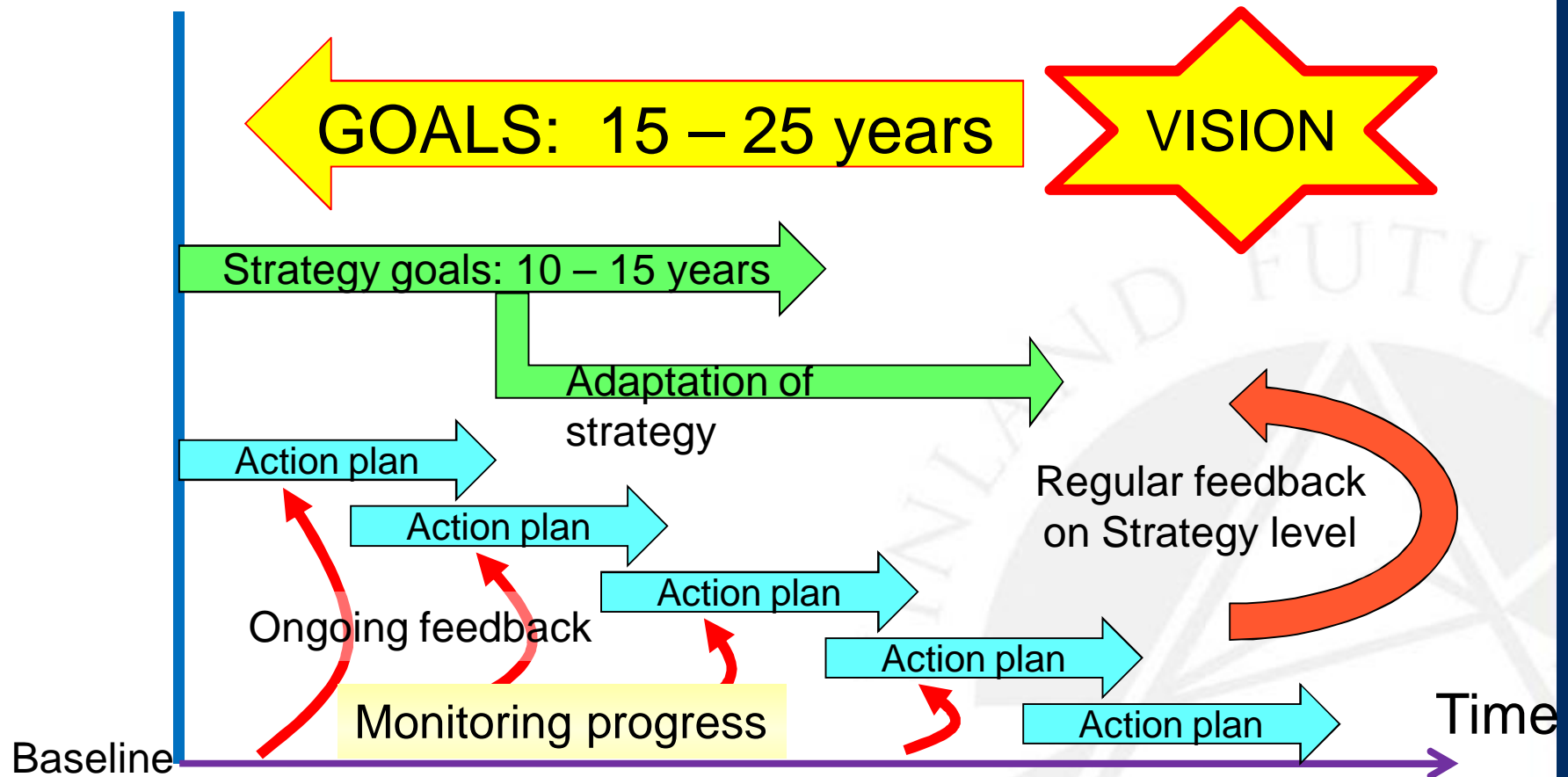
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RE Policy Planning

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Strategic Planning and Management



DRIVING FORCES

Examples of Driving Forces:

Economic growth	Population growth	Urbanization	Industrialization
International economic developments	Ratification of international agreement	Emergency preparedness	Price development on the resource market
Need for hard currency	Loan conditions for donor money/loans	Pressure from private investment interest	Technology breakthrough

Contents

- Policy planning
- Strategic Planning and Management
 - Different phases of strategic planning



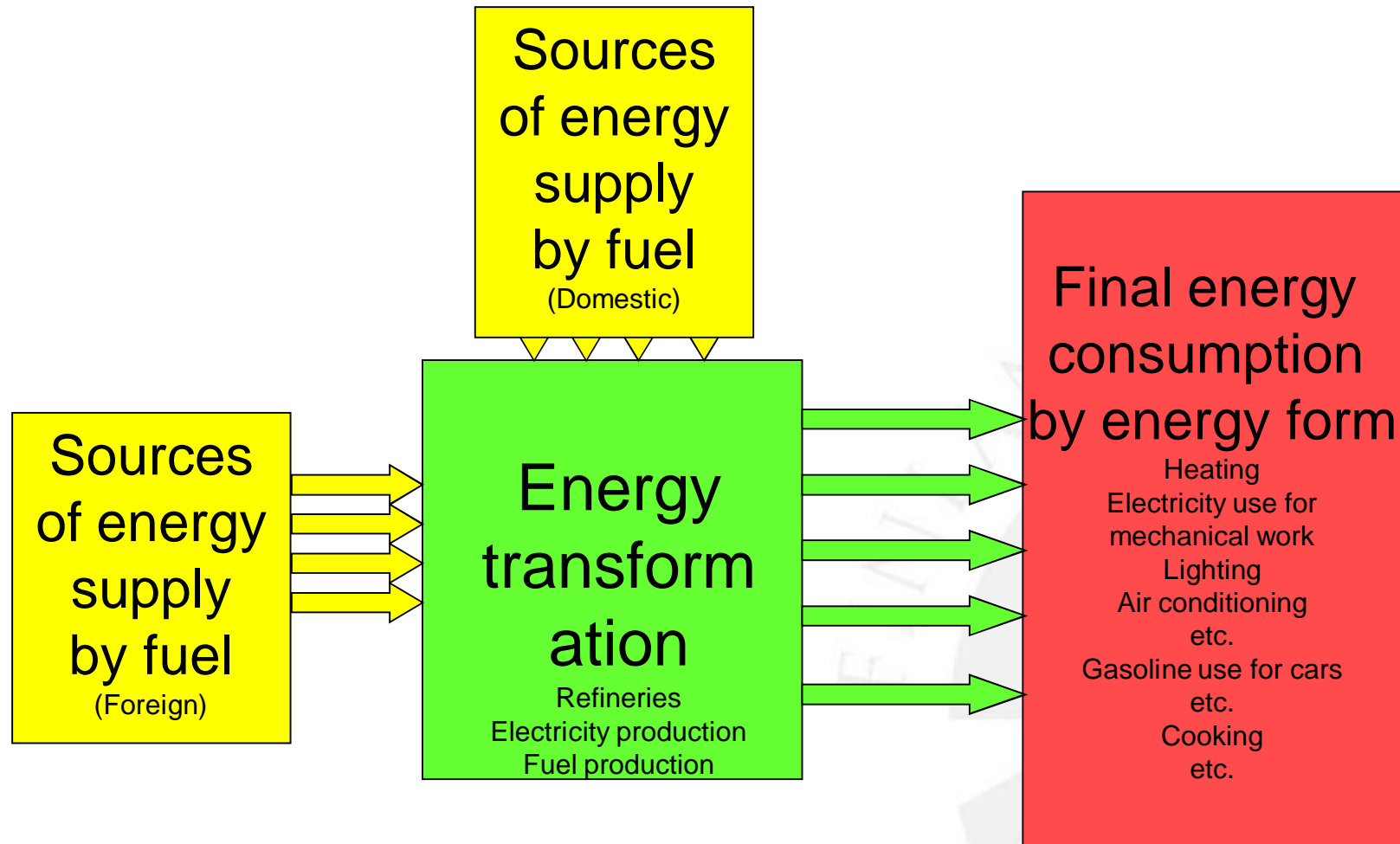
Strategic Planning and Management

Strategic planning and management:

- Vision
- Driving forces
- Identifying baseline
- Developing scenarios
- Formulating a strategy
- Formulating an action plan
- Monitoring progress and evaluation
- Adjusting to new information



Energy Balance



STEEPV framework

STEEPV framework provides comprehensive viewpoints for analysis of different factors:

- Social
- Technological
- Economic
- Environmental
- Political
- Values



VISION

The vision typically contains at least the following elements:

- Energy demand to match economic and social development goals.
- Availability of domestic financial resources (user pays principle or other).
- Prospects for renewable energy resources.
- Prospects for technological improvements in conversion, transmission and distribution.

VISION

- Geographic relation between energy production and energy consumption.
- Priority areas for energy supply (residential as well as industrial/commercial; including energy for the poor and rural electrification).
- Dependency on and security of foreign sources (ODA, DFI)
- Scale of the system
 - Household level, village level, several villages, large scale
 - Required manpower, transmission/distribution grid, fuel supply system, etc.

VISION

What elements should a vision for Lao PDR have?

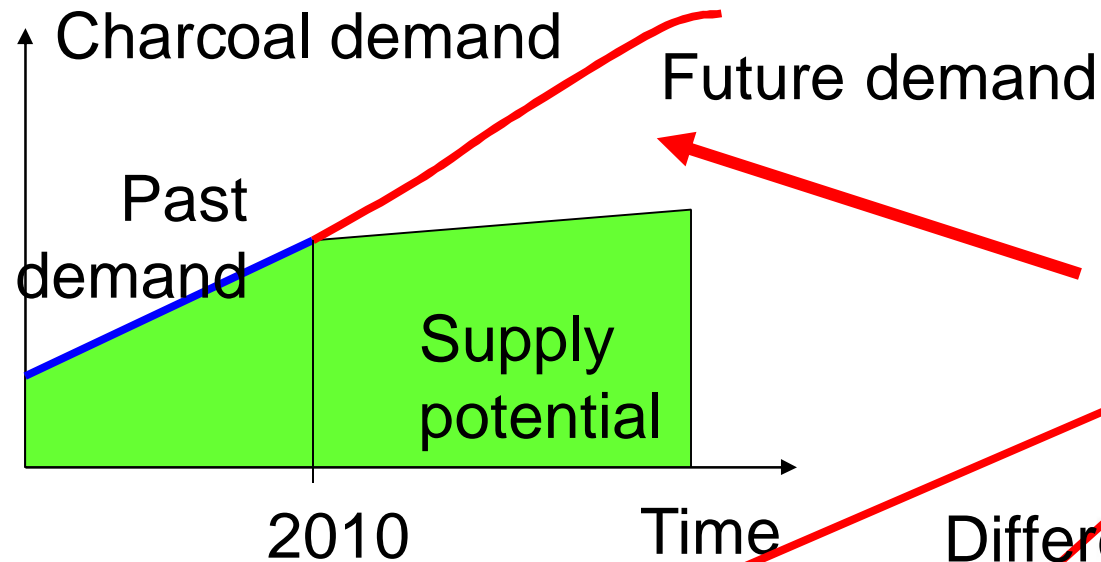


DRIVING FORCES

What are driving forces for Lao PDR energy planning (group work) ?

- Consider economic development in different sectors (annual % growth)
- How population growth and urbanisation affect energy demand
- What kind of industrial development (e.g. basic metals vs. textile)

Example of scenario thinking



How to fill the gap

Different scenarios

1. Import from neighbour province

2. Plant trees for production

3. Reduce consumption by introducing biogas

Different impacts on MDGs, poverty reduction, environment, etc.



BASELINE

Baseline should include e.g. following items:

- Energy use per capita in the base year and expected trend towards the target year.
- Energy demand in absolute terms per type of resource in the base year and expected trend per type.
- Net import/export in the base year.
- Sectoral energy demand in the base year and target years.

BASELINE (cont.)

- Energy intensity of the economy.
- Expected reserve of domestic energy resources (including lifetime of generating facilities) at the end of the planning period.
- Extend to which energy subsidies obscures potential for energy saving.

BASELINE (cont.)

Additionally, baseline could include important side items like:

- Health effects
- CO₂ and other emissions
- Number of people not having access to energy services
- Average fuel use in motorized vehicles

Baseline

What components should Lao energy system have in a baseline?

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BUILDING SCENARIOS

- **Business-as-usual scenario**
 - In which the existing trends and regulatory framework are not changed.
- **Technical possibility scenario**
 - In which the current state of energy technology would be applied across the country, to its maximum potential, using regulatory or other instruments.

BUILDING SCENARIOS

- Sustainability scenario

- In which the expected long-term results taking into account social and environmental dimensions, are calculated back to what needs to be achieved by certain intermediate dates, through a programme that includes further research, funding and actions.



Formulating a strategy

Formulating a strategy

- Long-term view (15 years, with 5 year intervals)
- Changes to be made (quantifiable targets)
- Responsibilities of stakeholders
- Results to be achieved (examples):
 - Increasing the energy-efficiency of housing through local government targets.
 - Reducing the SO₂ emissions of power plants through power company targets.
 - Distributing investment costs in rural areas between government and energy production and distribution companies.
 - Changing to (for example) a certain percentage of renewable energy sources by the end of the strategy period through a general target for every target group.

Formulating a strategy (cont)

- Back-up plan, if results are insufficient
- Legal and institutional arrangements
- Process:
 - Involving the stakeholders
 - Managing the process



Formulating an action plan

Formulating an action plan

- Action plan is the translation of the strategy to the level of individual activities or tasks
- The action plan specifies the following information for every action:
 - Clear description of action
 - Time frame for execution of the action
 - Organisation responsible for execution of the action
 - Individual in charge of execution of the action
 - Means of implementation of the action (budget, tools)

Monitoring progress and evaluation

Monitoring progress and evaluation

- To ensure that the activities are being executed and result in the desired outcome
- Ways to monitor progress
 - Statistical information collection and dissemination on energy generation, use, import and export, intensity, etc. by the statistical bureau
 - Qualitative study based on questionnaire by a scientific organisation or consult
 - Inspection or supervision by a separate government agency
 - Use of indicators
- Comparison of indicators with targets

Adjustment to new information

Adjustment to new information

- Strategic planning is a continuous process
- Reasons for adjustment although plan is on track
 - structural reforms, technological developments and availability of funds
- New written versions of the strategy will be required on a periodic basis, perhaps every five years, but the strategic process needs to be a continuum

Stakeholder involvement

Stakeholder involvement

- Reasons for stakeholder involvement:
 - Policy will benefit from a wider field of expertise and creativity;
 - Relationships will be based upon mutual trust and recognition;
 - An expected wider range of policy options to choose from, leading to more sustainable outcomes;
 - Short-term costs of involvement are outweighed by longterm benefits of fair and lasting solutions;
 - More cost-effective solutions and predictable policy outcomes;
 - Less monitoring costs and risk of failure

Stakeholder involvement (cont.)

- Stage 1, Task 1 Developing a clear mission, a stakeholders' strategy
- Stage 1, Task 2 Identifying the stakeholders
- Stage 2, Task 1 Establish effective two-way communication
- Stage 2, Task 2 Develop options for mutual gain
- Stage 2, Task 3 Agreed criteria for comparing policy options
- Stage 3, Task 1 Disseminating information through the media and other networks
- Stage 3, Task 2 Plan for monitoring and review

Stakeholder involvement

Stakeholder	Strategy formulation	Action plan formulation	Implement activities	Monitoring	Adjustment
Energy service providers	-	B	A	A	-
Government agencies	A	A	A	A	A
- National	C	B		B	C
- Local					
Financial Institutions	C	B	B	C	C
Utilities	-	B	A	A	-
Consumers:					
- Commercial	C	C	B	-	-
- Residential	C	C	B	-	-
Technology, R&D, Academia	B	C	-	B	C
NGOs	B	B	-	B	B

A: High involvement (co-production, development of part of the work high self-interest.

B: Medium involvement (input at request, low self-induced action)

C: Low involvement (reacting to document, no self-induced action)

Stakeholder involvement

Who would you involve in Lao energy planning?

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VISION

Strategic planning and management :

- Step 1: Set objectives and targets (on the basis of a vision).
- Step 2: Develop programmes of action with relevant groups.
- Step 3: Implement the programme.
- Step 4: Monitor, evaluate and report progress.
- Step 5: Review and reset objectives and targets (where necessary).