



# COTE D'IVOIRE

## WILLINGNESS TO PAY STUDY

From July 2017 to October 2018, SRUC supported the Government of Cote d'Ivoire's efforts to better understand Ivorians' energy consumption and willingness to pay, gaining insights and results that will ultimately allow the national electricity regulator to more effectively carry out its missions of regulating the electricity sector.

### **WORK ASSIGNMENT SUMMARY**

The Sector Reform and Utility Commercialization (SRUC) Task Order (TO), in support of the Cote d'Ivoire national electricity regulator, Autorité Nationale de Régulation du Secteur de l'Electricité (Anare), undertook a country wide Willingness to Pay (WTP) Study to gain an understanding of: 1) the current and projected energy consumption and related expenses for Ivorian households and businesses; and 2) their willingness to pay for electricity connections and services. SRUC provided a nationally-representative statistical study on the Willingness to Pay for electricity; more detailed information on household and small business electricity consumption; and an assessment of the public perception of the quality of the services provided by the current electric utility concessionaire. Finally, SRUC worked with Anare on their plan to use these insights to inform future electricity sector programming, on both tariff reform and future electrification efforts.

## CHALLENGE

Anare only became an independent agency in YEAR, fully outside the government, and has since sought capacity building assistance on key regulatory matters, including the tariff setting process. Electricity costs have been subsidized by the Government of Cote d'Ivoire for several decades and the regulator has experienced resistance from the public on raising tariffs to more cost reflective levels. Further, Cote d'Ivoire's electricity system is operated by a private company, Compagnie Ivoirienne d'Electricité (CIE), through a concession contract, which is the foundation for most of the legal and regulatory precedent in the sector.

Challenged by the lack of reliable willingness to pay information within Cote d'Ivoire and the absence of current national information on commercial and residential electricity consumption, granular demographic data, and how both have evolved over time, Anare requested USAID's assistance in conducting a national study to understand current data on willingness to pay of households and businesses. In addition to using the resulting willingness to pay data to review electricity tariffs, Anare also anticipated that willingness to pay data would enable it to better carry out its mission of regulating the electricity sector, arbitrating disputes between sector participants, protecting consumers, and assisting sector participants.



*A community member providing information on their electricity usage during the survey*

## APPROACH

In collaboration with Axes Marketing, a local survey contractor, SRUC designed, piloted, and executed the Willingness to Pay Study and presented the results and key takeaways to Anare. SRUC's approach involved the following:

- Developed the national willingness to pay for electricity services survey methodology, including goals and outputs, an indicator list, and implementation plan.
- Conducted training sessions with Anare on how to engage households and businesses on this type of survey in order to 1) educate the supervisors and interviewers on the script and questions, and 2) address logistical and technical concerns prior to survey deployment. ANARE attended these trainings in order to understand how to appropriately carry out this type of survey in the future.
- Conducted pilot surveys which included the interviews of 40+ households and 30+ businesses and analyzed pilot survey results to test the adequacy and alignment of the data collected with the overall willingness to pay survey objectives and subsequently, applied questionnaire amendments.
- Surveyed nationwide representative sample of consumers' willingness to pay for dependable, high-quality electricity services, as well as the perceived quality of services. A wide range of households were interviewed including households connected directly to the national grid through CIE; residents with no access to the national grid; and small and medium-sized businesses connected to the grid in sectors across the entire spectrum of the economy.
- Reviewed and analyzed the survey findings to understand the main drivers behind Ivoirians' willingness to pay across different demographic segments of the population, such as gender, level of education, and the number of children in a household attending school, among others.

- Developed and provided Anare with a “toolbox” to supplement the results and insights gathered from the Willingness to Pay Study.
- Delivered training and capacity building workshops in Abidjan to representatives from Anare and Cote D'Ivoire Energies (CI-Energies) with the goal of providing an understanding of the theoretical, logistical, and analytical skills to manage and interpret a similar study.

## KEY RESULTS

- **Surveyed 4,800 households and 560 businesses in 5,000 localities** across Cote d'Ivoire to capture a nationwide representative sample of consumers' willingness to pay for dependable, high-quality electricity services.
- Delivered a **three-day training workshop**, where attendees from Anare, USAID, and CI-Energies were taught the theoretical and operational process to replicate the study and its potential impact on national electricity tariffs, including a didactic approach where key steps and hurdles were explained in detail.
- Developed a **Willingness to Pay “toolbox”** for Anare to provide a broad understanding of factors influencing tariff setting, managing said factors, and building the skills needed to enable its broader mission as a regulator.

## M&E INDICATORS

- Number of laws, policies, regulations, or standards to enhance energy sector governance formally proposed, adopted, or implemented as supported by USG assistance – **1 regulation recommended** to Anare for the Ivorian electricity tariff schedule as a result of the Willingness to Pay survey. (Standard Indicator: EG.7.3-1)
- Number of people trained in technical energy fields supported by USG assistance – SRUC conducted capacity-building meetings with local survey subcontractor and Government of Cote d'Ivoire stakeholders (Anare, CI-Energies) on survey design, statistical approach, and role that these types of survey should have on the electricity tariff and future energy sector programming. **121 people trained (76 Females, 45 Males)**. (Standard Indicator: EG.7.3-2)

## COOPERATING PARTNERS

SRUC worked in close partnership with the Power Africa Pillar 2 On-Grid Connections Team and USAID/Cote d'Ivoire, which funded this work through a buy-in to the Task Order. SRUC used survey instrument baseline drafts from similar efforts funded by USAID and the Millennium Challenge Corporation.

## FOLLOW ON WORK

The methodology developed by the SRUC team will be used by Anare moving forward to ensure they are cognizant of their ratepayers' willingness to pay for electricity services and able to undertake their mission of regulating the sector in the best interest of the public. The information SRUC presented from the survey will help the government tailor its future electrification programming.