



**THE GLOBAL LPG PARTNERSHIP**

# Lessons from scaling up LPG: The GLPGP experience

4th Annual Sustainable Energy For All Africa Workshop

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# The Global LPG Partnership Was Launched in 2012 to Help Countries Plan, Finance and Implement Major LPG Transitions

- The Global LPG Partnership (GLPGP) is:
  - A balanced public-private partnership (PPP) comprising 35 donor and developing-country governments, NGOs and UN agencies, development finance institutions and impact investors, and leading international LPG companies
  - A High-Impact Initiative under UN Sustainable Energy for All (SE4All)
  - The Project Executing Agency for the EU-KfW Clean Cooking for Africa Project
- GLPGP pursues evidence-based understanding of problems and definition and implementation of solutions
- GLPGP helps consumers switch to LPG via education, microfinance and other support
- GLPGP helps countries and their stakeholders build up and coordinate national and regional LPG ecosystems—supply, infrastructure, distribution and regulation—in a competition-neutral way, via international expertise and financing



# Six Pillars of Sustainable Large-Scale LPG Market Development

1. Effective, self-reinforcing market rules, well enforced
  - To support healthy competition
  - To allow for cooperation to benefit the market
  - To reward safe, legitimate operators and penalize and suppress the growth of illegal activity
  - To de-risk investment – especially in cylinders
  - To de-risk exports to markets for suppliers and traders
  - To enable and require all value chain participants to have a stake in its success



# Six Pillars of Sustainable Large-Scale LPG Market Development

1. Stability and continuity of fuel supply
  - To build consumer confidence in the distribution system and in LPG availability
  - To avoid business failure driven by shortages



# Six Pillars of Sustainable Large-Scale LPG Market Development

1. Market-stimulating and -sustaining policies
  - To encourage private sector investment in, and safe management of, cylinders
  - To balance necessary profit with desired consumer affordability
  - To not disadvantage LPG vs. energy alternatives such as kerosene, charcoal
  - To educate and inform consumers about LPG
  - To encourage diverse, safe forms of LPG retailing
  - To help finance consumer LPG equipment

# Six Pillars of Sustainable Large-Scale LPG Market



## Development

1. High retail density
  - To reduce time to buy LPG to a 5-minute walk
  - To make “As available as Coca Cola”—and possibly in the same retail points as Coca Cola
  
2. Effective, professional management and execution
  - To achieve in logistics, safety, cylinder management, business controls and human systems
  - To train often and well

# Six Pillars of Sustainable Large-Scale LPG Market



## Development

### 1. A National LPG Master Plan

- To develop a credible and implementable National LPG Master Plan which coordinates with other relevant national policies to enable:
  - Large numbers of new, long-term LPG customers to be created
  - Legitimate LPG companies and projects that will serve these customers to make enough money to survive, grow and reinvest over the long term
  - Safety and sustainability of the national system
  - Bankability for supply side investments and demand side consumer finance



# GLPGP Experience in Expanding Access to LPG in Cameroon



# GLPGP'S Mandate from the Government



- GLPGP was requested by the Cameroon Government to partner in the development of a multi-stakeholder National LPG Master Plan
- In December 2014, the Government of Cameroon officially signed a Memorandum of Understanding (MoU) with GLPGP, outlining its commitment to promote clean cooking and goal of expanding LPG access from about 12% of the population to approximately 58% by 2035.
- The event was officiated by Hon. Basile Atangana Kouna, Minister of Water and Energy (MINEE) and Mr. Alex Evans, Chairman of the GLPGP Operating committee.





# Cameroon National LPG Working Group

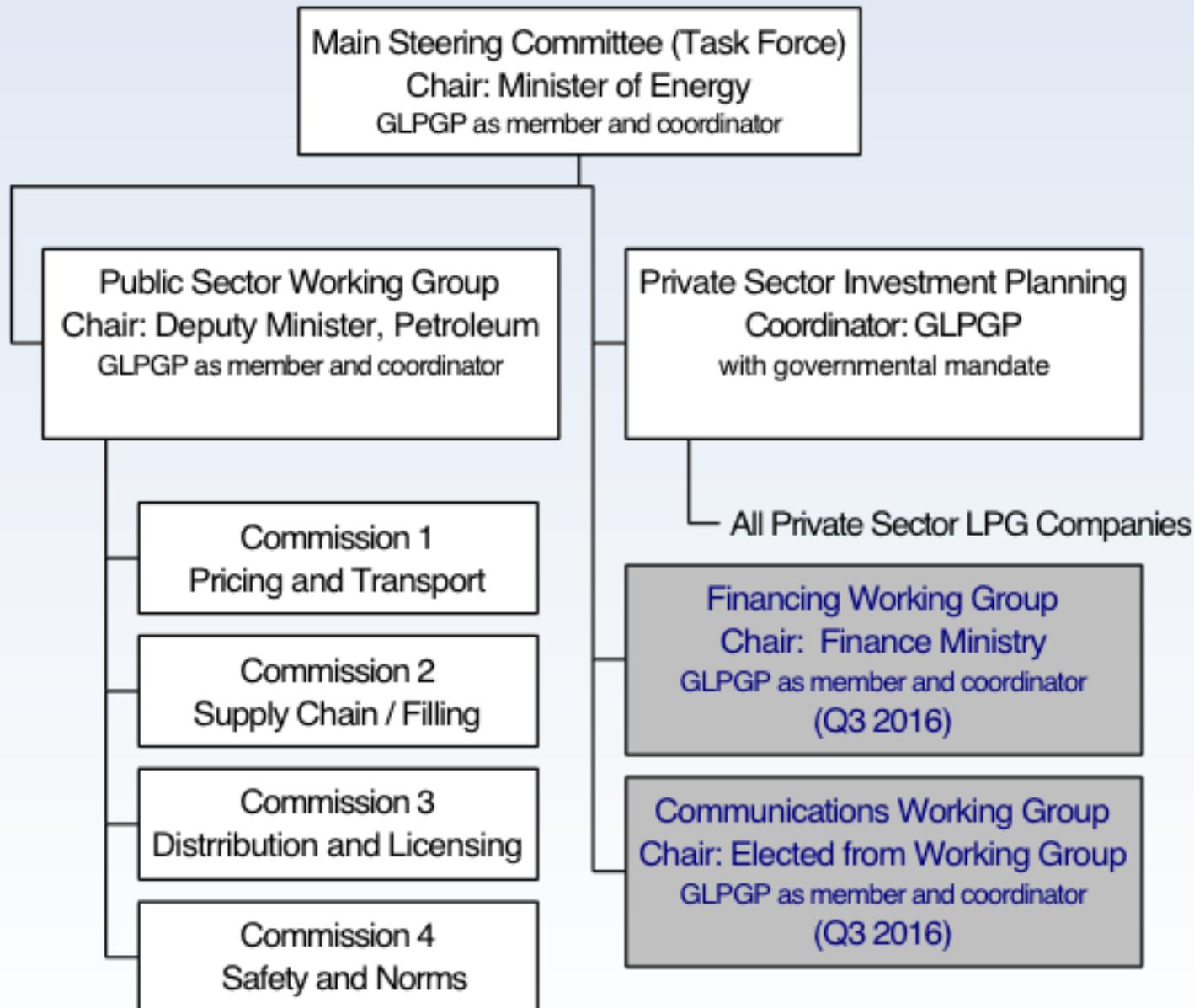
- In April 2015, the Ministry of Water and Energy (MINEE) formally established the **Cameroon National LPG Working Group**, an *ad hoc* committee to monitor and support GLPGP in unlocking the potential for clean and safe cooking in the country.

- **16 Members**, including:

**MINEE, MINIDT, MINEDEP  
MINSANTE, MINCOMMERCE,  
PROMOTION FEMMES &  
FAMILLE, SONARA, SCDP, GPP,  
SNH, CSPH, SE4ALL FOCAL  
POINT and GLPGP**



# National LPG Working Group Organizational Structure





## GLPGP Roles in the National Process

- GLPGP coordinated and facilitated the formation, governance and work of national LPG Development coordination committee (Public/Private) chaired by the Minister of Energy
- GLPGP prepared and ran the agendas of the Public Sector WG, starting with the first draft of the National LPG Road-Map
- GLPGP prepared for submission to the Public Sector WG the first draft of the National LPG Investment Plan, incorporating private sector inputs
- GLPGP prepared and ran the agendas of the Private Sector WG, collecting the elements for its consensus recommendations on the National LPG Road-Map and National LPG Investment Plan
- GLPGP closed out the national process with written consensus on the Road-Map and Investment Plan from both groups, and a written consensus from the private sector to invest according to the Investment Plan when the regulatory Road-Map is implemented and financing is obtained



## Impacts

The projected development impact through 2035 in Cameroon of implementing this National LPG Master Plan will be:

- 10 million additional LPG users
- over 100,000 lives saved
- 100 million tonnes of wood from forests saved, and
- USD \$100 million of annual new economic activity.





# Key Process Steps To Date



# Step 1. Set goals, metrics, for LPG use over time (e.g., household cylinders in use, LPG use in kg/capita)

## Example

COUNTRY: CAMEROON		start	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
Country	Population (million)*	21.4	22.0	22.5	23.1	23.7	24.3	25.0	25.6	26.3	27.0	27.7
Country	Number of HH	4.60	4.72	4.84	4.97	5.10	5.23	5.37	5.51	5.65	5.80	5.95
Country	% of HH with LPG	11%	13%	17%	22%	26%	30%	33%	37%	41%	46%	50%
Country	kT Res. cooking	70	85	114	151	183	217	245	282	320	369	411
Country	kg Cooking/cap	3.3	3.9	5.1	6.5	7.7	8.9	9.8	11.0	12.2	13.7	14.9
Country	kT Res. cooking	70	85	114	151	183	217	245	282	320	369	411
Country	kT Residential other	0										
Country	kT Industrial	7	8	11	15	18	22	24	28	32	37	41
Country	kT Transport	0										
Country	Overall kT LPG Cons.	77	93	125	166	202	239	269	310	352	406	452
	Million of circulating Cylinders (eq 12,5kg)	1.90	2.22	2.88	3.69	4.33	4.96	5.43	6.06	6.70	7.49	8.23

\*Population projections based on Cameroonian National Institute of Statistics, 2011



Step 2. Compare the existing LPG legal and regulatory framework with the idealized developing-country model

1. **Cylinder ownership.** Issues include branding, liability, associated safety drivers (tare identification, norms for the procedure of refilling and certification, means of transportation, pallets, hydro testing frequency and reports, authorized valves, colored identification of filling facilities, etc.)
2. **Refilling model.** Issues include the cylinder exchange scheme; co-mingling of cylinders in filling and transportation; enforcement and penalty regimes



## Step 3. Understand the Drivers for LPG Growth

- **Main Drivers in Cameroon include**
  - Development of distribution Infrastructure (*LPG Private Sector*)
  - Achieving critical size of the LPG Marketers (*LPG Private Sector*)
  - The capacity of the LPG private sector to invest in cylinders and create the distribution network (*Points of sale and appointment of Distributors*)
  - Necessary and sufficient safety rules tied to investment rules (*Regulations for LPG Distribution*)
  - LPG retail pricing, including LPG taxation

# Step 4. Define Key Barriers to LPG Adoption and Scale-up



LPG Hunting : LPG is really scarce and highly demanded



## Key Findings in Cameroon

- The “LPG Model” is imperfectly implemented. Ownership rights on assets and for filling are not protected well and there is cylinder smuggling to other countries due to low cylinder deposit price.
- Pricing is almost uniform nationally, with transportation cost equalization – could be improved.
- The number of outlets is not growing enough, with restrictions on opening retail outlets; poorly structured marketer-distribution-retailer relationships and responsibilities.
- Growing prevalence of non-exclusive distributors controlling the return to marketers of empty cylinders is weakening financial returns on cylinder investment.
- Common “utility” logistics organization,



## Step 5. Develop Policy/Regulatory Enhancements and Investment Plan

- Road-Map of policy and regulatory enhancements
  - Work with government, industry and other stakeholders to develop a Road-Map of policy and regulatory enhancements that enable rapid, sustainable expansion of the LPG market
  - Understand and apply worldwide best practices and lessons
  - Adapt best practices to local conditions and national preferences
  - Ensure economic sustainability and safety for the long term



# Summary - Timeframe

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Dec 2014	MOU
April 2015	Establishment of National LPG Working Group, first meeting in July 2015
Jan-May 2016	Draft the National LPG Investment Plan, with the Private Sector
March-July 2016	Draft the LPG Road-Map of changes to the Regulatory Framework, with the Public Sector
Sept 2016 Dec 2016	Presentation of the National LPG Master Plan. Cameroon Government press release on adoption of National LPG Master Plan

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Dec 2016 –2017	Implementation of Regulatory Changes set in the National LPG Master Plan
1-2 Q. 2017	Bankability studies

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3-4 Q. 2017 onwards	Begin investments and expansion of infrastructure and cylinder inventories
2018-2019	Evaluation of LPG uptake by households



# **THE GLOBAL LPG PARTNERSHIP**

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