



NEPAD

A PROGRAMME OF THE AFRICAN UNION

Resource Mobilization Strategy for Energy in the African Continent

By

NEPAD Secretariat



Industry Background



NEPAD

A PROGRAMME OF THE AFRICAN UNION

- **Generation**
 - **Hydro Power Generation**
 - **Thermal Power Generation**
 - **Wind Power Generation**
 - **...etc.**
- **Transmission**
- **Distribution**



Types of electricity sector organization



NEPAD

A PROGRAMME OF THE AFRICAN UNION

- ***Vertically Integrated Utility***
- ***Wholesale electricity market***
- ***Retail electricity market***



Nature of Electricity Investment



- Long term investment
- Asset specific
- Capital intensive

Pre-Requisites for Resource Mobilization



- Government Support
- Strong regulatory framework
- Credit worthiness of the off-taker
- Process transparency



African Priorities



NEPAD

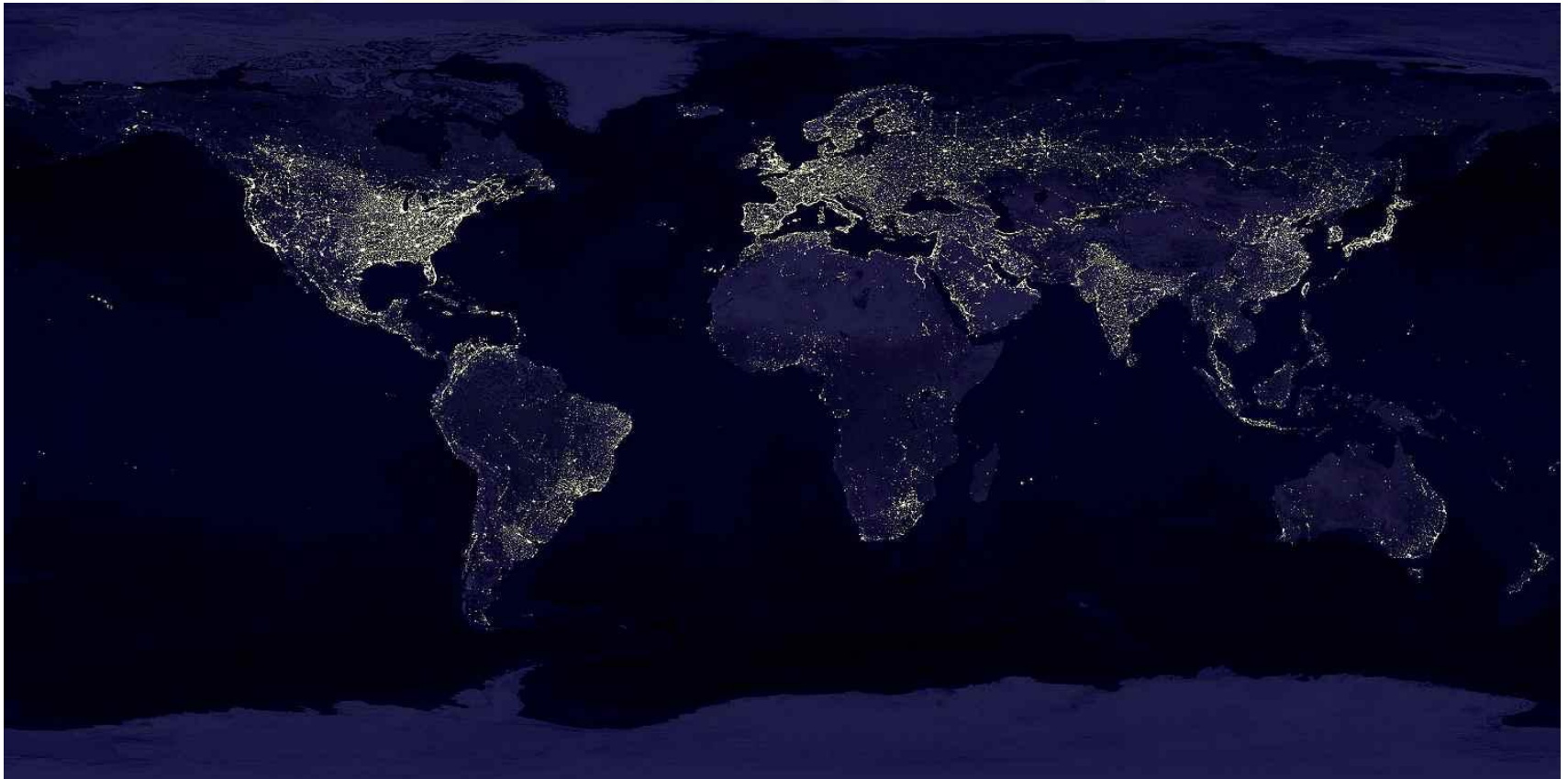
A PROGRAMME OF THE AFRICAN UNION

- The African priorities with respect to energy remain the same as spelled out in the founding document of NEPAD in 2001. Still, access to reliable and affordable energy supply is an issue.



NEPAD

A PROGRAMME OF THE AFRICAN UNION



01-Dec-2009

NEPAD-OECD Africa Investment Initiative,
Annual Ministerial Meeting, 11-12
November, 2009, Johannesburg South
Africa



Challenges



- **Conflicting Regional and National Interests**
- **Financial Resources**
- **Internal Market Regulations**
- **Cross Border Market Regulations**
- **Capacity Building**
- **Accurate and Timely Information**

Strategy to Advance the African Priorities



- The strategy shall meet the following criteria:
 - I. Prudent utilization of public and donor resources to unlock private sector potential
 - II. Projects which are bankable are categorized as PPP candidates
 - III. Increase knowledge transfer to the African countries.
 - IV. Maximize positive impact on the employment level



Our Strategy On Mega Projects



- Establish an investment conducive environment in Energy Infrastructure. This includes working towards the advancement of proposed pan continental “directives” wrt internal market regulations and cross border ones
- Boosting the investment environment in Africa at large

Our Strategy On Mega Projects Cont'd



- Direct ODA and public funds should be directed to unlocking projects
- Work with development partners on innovative financing schemes drawn from lessons learnt from successful interventions
- Set prioritization criteria for projects offered for PPP to establish the credit history of energy projects in the continent



Our Strategy On Mega Projects Cont'd



- Boost and strengthen the structure of regional organizations as legal non-state entities with a clear definition of responsibilities and liabilities

SMB as a parallel Path for Mega Projects



- Building upon the continent inventory of entrepreneurship, seeking business opportunities
- SMB especially in renewables offers advantages of modularity and economic competitiveness
- It is a parallel fast track to electrify the continent
- A study of SMB in energy is sought



Avenues for Cooperation with OECD countries



NEPAD

A PROGRAMME OF THE AFRICAN UNION

1. Assist in key strategic projects that will enable private sector development of generation facilities
2. Technical support to establish a pan-African legislation for internal market regulation and cross border trade similar to the European best practice together with the appropriate benchmarking mechanism
3. Capacity building and knowledge dissemination to establish a Private sector friendly environment



Avenues for Cooperation with OECD countries



4. Support a study of the non-OECD intervention in Africa and the core reasons behind its success and propose solutions to be cloned to financiers from other domains
5. Provide support and investment in the area of distribution and distributed generation equipment manufacturing on a regional basis to reduce the cost of rural electrification
6. Technical support for establishment of an environment appealing to distributed generation (SMB) ventures



In Conclusion



- Upstream ground work on the investment environment lie ahead
- Prioritization is key
- Two parallel streams for implementation, Mega Projects and SMBs approach