

Energy for Development in Africa

Whose Problem?

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Energy – the Orphan Child of Development?

- Unloved
- Nobody wants it
- Everyone knows it's there
- It won't go away

But it is becoming harder to ignore

Why?

Industrialised countries are becoming worried about (their own)
Energy Security and Climate Change

Developing countries are a threat to both these interests

An Absence of Policy – a collective failure?

Development aims are tied to the Millennium Development Goals – there is no energy access goal or target

There is wide agreement that economic growth is essential for poverty reduction, based on increased productive capacity and the creation of wealth

Our own history in Europe and in America demonstrates beyond doubt that energy drives growth (also growth drives energy demand)

Energy (and energy services) greatly expands our physical and intellectual capacity

Can we imagine that Africa is different? Without sustained growth over many years, Africa and the international community will continue to be absorbed by the symptoms of poverty

Africa is rich in energy resources, yet services are poor or non-existent

The Energy Agenda

- Increase investments in infrastructure in the least developed countries. This needs private capital. How can this be secured?
- Improve access to energy supplies and services, especially to the “bottom of the pyramid”, poor communities and households
- Ensure that infrastructure investments lead to improved services and better access – this needs clear strategies
- Diversify energy sources and technologies – exploit local resources
- Cleaner energy production and lower carbon – very important for high volume energy sources, esp. in large emerging economies (China, India) and in Africa (e.g. use of coal and gas)
- Reduce energy demand growth – higher energy efficiency and less wastage (why can't industrialised countries stabilise their own demand – a CSD 15 outcome?)

African Energy Opportunities

Q. Can renewable energy make a worthwhile contribution to high volume energy supplies?

A. Globally a small part but in Africa this may be different – hydropower (8% realised), geothermal

Resources are not evenly dispersed – regional cooperation is essential to fully exploiting continental opportunities. Hydropower must part of regional water resources management (e.g. NBI)

Biofuels (ethanol and diesel) – will this head off the global oil supply crunch? This may be the best way to supply local liquid fuel demand and export to the international market – the customers exist!

Africa's Energy Crisis

There is talk of an approaching energy crisis in Africa – due to rising population and years of infrastructure neglect and under-investment

Drought and water demand has reduced hydropower production
Wood fuel supplies are strained – deforestation, drought and demand
Electricity supplies are deteriorating – rolling power cuts in the productive sectors (Tanzania, Uganda)

What can be done?

- Is there a solution in locally produced biofuels?
- Promote the role of the local private sector (SMEs) in energy services delivery and the supply of equipment
- Should we re-engage with the electricity utility companies?
- What happened to power sector reforms?
- Urban and rural areas need different solutions
- Rural electricity co-operatives – can they work in Africa?

Infrastructure and Official Development Assistance

- Developing country governments give high priority to infrastructure
- Many donors see this as a discredited form of aid
- Energy associated with power plant, transmission lines and dams

Q. What's the problem?

- ❖ These projects were not linked to poverty reduction, influenced by home-based business interests and corruption
- ❖ The investment needs are now way beyond the resources of donors
- ❖ Private finance is essential but investors are risk averse

A. The solution?

- ❖ Better donor and IFI coordination
- ❖ Partnerships with the private sector – risk mitigation
- ❖ Involve the local private sector
- ❖ Above all, African countries need to speak with one voice

A re-awakening of interest

Energy is back on the development agenda but the response is different – the old project based approaches will not work

- ✓ World Bank Energy Investment Framework – to be finalised in 2007, linked to regional development banks
- ✓ African Development Bank Clean Energy and Development Investment Framework – access, low carbon and climate change adaptation
- ✓ EU-Africa Partnership for Infrastructure (regional/continental)
- ✓ EUEI Policy Dialogue Facility
- ✓ EUEI EU-ACP Energy Facility €220m – proposals being reviewed
- ✓ Russian G8 \$30m contribution to GVEP for energy access in Africa
- ✓ World Bank ESMAP Programme to promote SMEs in energy services
- ✓ UN CSD 15 Energy for Sustainable Development

The Energy Puzzle

**We all need secure and affordable energy supplies
Economic growth drives energy demand, especially in
developing countries**

**Access to energy must be improved to achieve economic growth
and poverty reduction (World pop. 6.3 billion today; growth
1.2% p.a. = 10 billion by 2050?)**

**BUT, can the supply of fuel and infrastructure investment keep
pace with rising energy demand in a growing and urbanising
world?**

**AND, how can we reduce the impacts on the global environment
to avoid catastrophic effects?**