

**OFID Workshop: Energy Poverty in Africa
Abuja, June 9-10, 2008**

Brief summary of the sessions

Thank you Mr. Chairman.
Excellencies; Distinguished delegates
Ladies and Gentlemen,
Good morning:

I will do my best to summarize the key ideas discussed during these last two days.

At this Workshop on Energy Poverty in Africa, all participants acknowledged the fact that the lack of energy is a main impediment to economic and social development. There is clear evidence that energy is linked to overall human development. The fact that more than half a billion people living mainly in rural areas lack electricity in Africa is just staggering and unacceptable. Africa, a rich energy-endowed continent, needs more usable sustainable modern energy.

During this workshop, various aspects of energy poverty in Africa were tackled. A *Business-As-Usual* approach to Africa's energy issues was found to be definitely not appropriate; more challenging and innovative approaches are needed.

Let me briefly summarize some of the key findings of this workshop concerning the way forward:

I have divided these findings into three main areas: the power sector, the energy access in rural areas and the reforms in the energy sector. It is clear that these three parts are not independent as many issues are cross-cutting.

First, regarding the power sector, it was found that:

- There is a need to further develop and strengthen multi-country common vision and strategies on energy issues, which should be based on regional cooperation and continental approaches. Power pooling was cited as an excellent initiative to develop further.

- At the national level, the importance of energy to development should be adequately reflected in national development frameworks.
- For the industrial sector, energy poverty is due, in part, to the fact that the interconnections between large electric networks are still embryonic. The need to develop large-scale trans-border projects such as high voltage lines, pipelines, and hydropower in multinational basins was therefore strongly emphasised, as only larger secure markets based on industrialisation and human development can justify such projects. Many on-going and planned regional power pool projects were cited.
- The capital intensiveness of the power sector requires that both the public and the private sector should be involved. The private sector is part of the solution with a public sector taking the initiative and the lead by developing an enabling environment based on continuous policies. The private sector needs a sanitized, predictable business environment. The public-private partnership was presented as a key solution, provided that governments put in place the right environment for its development.
- Although finance was not considered as a major constraint, some identified critical bottlenecks are: lack of political will, wars and conflicts, poor governance or unstable governments, poor pricing policies, energy trade rules, cross-border risks, regional integration insufficiently developed and complex investment climate not conducive to the private business development.
- Many participants mentioned the need to drastically improve the efficiency and the governance of state-owned power utilities by appropriate investments and capacity building in order to avoid economic burden, as the operating cost as well as the delivery of electricity grid services require substantial improvements. Here, updated technologies could play a key role.
- Capacity building was considered by many as being a fundamental pillar for energy development.
- Taking advantage of the fact that Africa is the least contributor to green house gases and that the continent is suffering the most from climate change effects, innovative ideas were proposed so that African countries could financially benefit from international carbon trading systems, as well as from appropriate clean cost-effective technologies resulting in a sustainable win-win solution.

Secondly, regarding energy access to rural areas it was first observed that rural electrification is a challenging issue due to the geographical spreading out of the populations and their low income, this is in addition to the fact that energy is not a gender-neutral issue.

Suggestions to increase the accessibility, the availability and the affordability of energy in rural areas were:

- Incorporation of energy access strategies into pragmatic development approaches lead by governments. Governments should provide the enabling environment to foster entrepreneurship to develop local energy SMEs or more precisely sustainable energy SMEs if one adopts the UNEP definition.
- Decentralised small-scale energy options using local resources – such as wind, solar, geothermics or micro-hydro – could offer some local sustainable solutions for meeting the needs of the rural population. Solar power was particularly emphasized, the question is how to economically harness this source. The energy mix for the poor should be diversified.
- As the market-based model is inappropriate to energy access in rural areas, targeted subsidies and cross subsidies with a more efficient government revenue collection is needed. If earlier it was mentioned that financing was not a major issue; here in contrast money is a problem for poor rural populations.
- Empowerment and involvement of local communities at all stages is a must by, inter alia, helping them to shift progressively to modern fuels by appropriate incentive and capacity building. Participatory bottom-up approaches should be sought.
- Finally there is a need to strengthen public power utilities, enabling them to carry out projects to extend their grid wherever appropriate.

Thirdly, regarding the energy sector reforms it was observed that many African countries have made numerous reforms aiming at reorganising their energy sector according to a classical framework. However, these reforms were unable to produce the expected results on the ground. A lack of comprehensiveness of the initiated reforms is one of the main reasons of their inefficiency.

Since a one fit-all solution does not exist, proposed solutions are to adapt reforms to local context; to tackle the issue of reforms in a comprehensive manner and to strengthen critical planning capabilities and disseminate best practices.

To conclude, I would like to paraphrase two of the speakers by saying that Africa is not a continent of potentials but rather a continent of opportunities and that these African problems require Africans in the driver's seat.

Thank you for your attention.

R.Bencherif