

**SPEECH BY MINISTER RADEBE AT THE
POWER AND ELECTRICITY WORLD AFRICA CONFERENCE
27 March 2018**

Your Excellencies

Distinguished Guests

Ladies and Gentlemen

Good Morning

On behalf of the Government of South Africa, allow me to thank Power and Electricity World Africa for hosting this International Conference in South Africa, during the year of the Centenary of Nelson Mandela, who would be turning 100 years old.

May I also take this opportunity to congratulate the organisers of this significant conference. We hope that under your able leadership the Conference will come to a successful conclusion.

Ladies and gentlemen, Africa is endowed with natural resources ranging from solid minerals such as coal, gold and iron to crude oil as well as gas. Countries such as Norway, the UK, the US and Canada have been able to use their natural Resource endowment to develop and diversify their economies to a greater extent.

Fossil fuels, primarily natural gas and diesel or heavy fuel oil, along with some coal, make up almost the remainder. Renewables such as biomass, geothermal, wind and solar add about 1 percent.

It is important to highlight that approximately 600 million people have no access to modern forms of energy in Sub-Saharan Africa. In some African countries less than 5 percent of the rural population has access to electricity.

The cost of addressing the needs of Sub-Saharan Africa's power sector has been estimated at USD 40 billion a year, which is equivalent to 6 percent of Africa's gross domestic product. This large funding gap cannot be bridged by the public sector alone. Therefore private participation is critical.

Although public utilities have historically been the major sources of funding for new power generation capacity, that trend is changing. Most of African governments are unable to fund their power needs and utilities do not have investment-grade ratings to raise sufficient debt at affordable rates.

Official Development Assistance (ODA) and development finance institutions (DFIs) have only partially filled the funding gap. The ODA and concessional funding have fluctuated considerably over the past two decades and have recently been overshadowed by Independent Power Producers (IPPs) and Chinese-supported investments.

South Africa is also characterised by disparities in energy access, with about 3 million households still suffering from energy poverty atypical for developing countries, whilst the other 14 million households have access to the most sophisticated energy system on the African continent.

The development of various transmission corridors into Namibia, Mozambique, Botswana, Zimbabwe, Zambia and right into the Democratic Republic of Congo, is a strategic programme which we are pursuing. We believe that the Inga Project in the Democratic Republic of Congo can unleash clean and affordable hydropower to meet the energy needs of all of the sub-region.

The integration of the economies in the Southern African Development Community (SADC) can only happen if transmission interconnections are developed. Transmission interconnection projects have been initiated on the eastern and western flanks of the region.

These projects are intended to open up the cleaner generation options like hydropower and natural gas. Examples we can use are the Inga Project in the Democratic Republic of the

Congo (DRC), the STE Project in Mozambique, through which about 50 000MW of power exchanges could occur, and the Rovuma Gas pipeline project.

Ladies and gentlemen, whilst these huge projects have long lead times, we need to also plan for decentralized energy access, to immediately address the energy poverty at household level. Empirical studies indicate that with energy access, the African child has more time for education, including during the night. Access to energy is the most critical driver for development on the continent.

It is also important for me to highlight that the universal access roadmap in South Africa is premised on the exploitation of all available technology options to provide an energy solution to all South Africans, utilizing grid, distributed generation, solar home systems, modern thermal carries (like liquefied petroleum gas, bio-ethanol etc.) in an integrated manner.

Electricity infrastructure constructed under the renewable energy IPP programme can be tapped into as well, because it tends to be located in remote areas. In order to meet their contractual economic development obligations under the IPP programme, the potential for partnerships with IPPs is huge. Social responsibility is not a luxury anymore, and more and more businesses are encouraged to subscribe to sustainable development in its broadest definition.

Ladies and gentlemen, given the huge funding requirements for increasing access to energy in Africa it is clear that we need to encourage, facilitate and leverage private sector investment and partnerships. There are certain blockages that need to be resolved in this regard.

The biggest challenge is to provide the regulatory certainty for long term investment commitments. It is critical that we fast-track the promulgation of appropriate regulations and the introduction of regulatory institutions for facilitating the necessary authorizations for such projects.

In most SADC countries, independent regulatory authorities already exist, and through the work of the Regional Electricity Regulators Association of Southern Africa (RERA), capacity building programmes have been underway for the past few years.

In conclusion, the divergence of Africa's economies makes it imperative to address the challenges posed by a growing unemployed youth population and climate change, among others. An area that requires our undivided attention and investment, as young people are the future.

May you have a very successful and blessed conference.

I Thank You