

**STATEMENT AT THE OPENING OF THE MEETING ON ‘FINANCING
ELECTRICITY FOR GROWTH IN AFRICA’ BY DONALD KABERUKA,
PRESIDENT, THE AFRICAN DEVELOPMENT BANK**

Your Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

1. I am very pleased to welcome you to Tunis, our Temporary Relocation Agency. I want to commend the ICA for organizing this event. The African Development Bank is proud to be the host of the ICA Secretariat and we are pleased to be associated with this important event. Your presence here is clear evidence of your interest in joining forces and talents on the issue of energy.

2. I would like at this juncture to recognize the presence of H.E. Benjamin Mkapa, former President of Tanzania and Co-chair of the Investment Climate Facility for Africa. Your Excellency, we thank you for having found time from your very busy schedule to be with us this morning and we look forward to benefiting from your wise counsel.

3. Africa is endowed with abundant primary energy resources. Yet only 7% of this potential has been developed. $\frac{3}{4}$ of the population of sub-Saharan Africa have no access to electricity. Today, many countries in Africa are faced with an energy supply crisis, caused in part by inadequate investments, growing demand, and environmental change. The energy crisis has resulted in power deficits necessitating load shedding in countries such as Uganda, Ghana and Tanzania to name a few. Several countries

have introduced emergency thermal plants which have led to increased tariffs. Unless the energy crisis is resolved many countries will not be able to sustain the economic growth of recent times.

4. At the 2005 G8 Summit held in Gleneagles, infrastructure was singled out as a key driver for growth and poverty reduction on the continent. A decision was made to create the Infrastructure Consortium for Africa (ICA) to ensure a coordinated approach to infrastructure development in the continent and advocacy for scaling up of resources for investments. While addressing both national and regional constraints to infrastructure development a particular emphasis will be given to the latter.

5. The timing of this meeting is right. I am glad to note that a series of projects will be presented, which lend themselves to partnerships between the public and private sectors or other ways of innovative financing. We fully support this form of dialogue that is crucial for unlocking new financing opportunities.

Your Excellencies,

Ladies and Gentlemen,

6. Experience over the last few decades has shown the importance of stability to infrastructure development. There are projects which take a long time from planning to implementation. In addition, maintenance costs are considerable.

7. We, and our partners are giving special attention to information aimed at increasing energy supply capacity and electricity inter-connection. Examples of these projects include, the Algeria-Morocco-Spain Interconnection, Mozambique-South Africa

Gas Pipeline financed jointly with parties. We also note the efforts being undertaken by the various power pools to strengthen the transmission and distribution grid networks. We have started on the preparation of a Medium to Long Term Strategic Framework (MLTSF) that will guide infrastructure development on the continent for the next 15 to 20 years.

- 8.** We are all fully conscious of the fact that donor funding alone would not be enough to cover the backlog of infrastructure needs. It is for this reason that we are keen to engage the private sector in an attempt to ensure that the right environment is created for increased investments in infrastructure.
- 9.** You will know that another important outcome of the 2005 Gleneagles summit was the agreement to launch the Clean Energy for Development Investment Framework (CEDIF). MDBs such as us, the World Bank and the regional development banks have agreed to collaborate on the CEDIF. The *Investment Framework* seeks to catalyze investments from public and private sources to spur development of cleaner technologies. The African Development Bank has been an active player in the development of the framework.
- 10.** We welcome the focus that the ICA has placed on regional cooperation initiatives in this domain.
- 11.** I am told that, as an output of this meeting, a follow-up meeting involving Fund Managers of various project preparatory facilities will take place tomorrow to seek new ways of working together and pooling resources in order to accelerate the preparation of key projects to enable viable projects reach financial closure faster.

Your Excellencies,

Ladies and Gentlemen,

12. Africa is in competition with other parts of the world for such capital. We would encourage a candid and frank discussion on the policy, legal, regulatory and technical constraints hindering new investments in the energy sector. We also look forward to innovative solutions to project structuring and financing that are applicable to the African context.

13. In conclusion, let me use this opportunity to reaffirm the commitment of the African Development Bank to work with its partners to reduce the risks and costs of doing business and therefore bring about a better investment climate in the continent. We are encouraged to note the enthusiastic response of the private sector including those of you present today to new investment opportunities in Africa in the sector of energy. I look forward to continued joint efforts in this sector where you can earn a good return on your investment, while helping to reduce Africa's energy gap.