

# Africa's quest for power

## COMMENT

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**WHY DOES AFRICA REMAIN POOR?** Civil war, famine, disease, the legacy of colonialism — all have been advanced as plausible reasons for the continent's grinding poverty and economic backwardness. But another factor — probably related in some ways to these others — plays a fundamental role in stifling development: a lack of modern energy sources.

Africa's enormous energy potential remains vastly under exploited. This is a key conclusion of the 2003/2004 *African Economic Outlook*, published recently by the OECD. While almost half of Africa's 53 countries could profitably produce hydropower, only 7% of this potential is reached

because of poor infrastructure and the high costs of initial investments.

Furthermore, despite its large geothermal and solar energy potential, Africa accounts for only 1.3 per cent of the world's installed solar facilities, and only four countries have started exploiting underground heat sources. Of the fossil energy sources — primarily oil — that African countries do exploit, only a quarter is consumed locally.

Limited energy development in Africa has resulted in one of the lowest uses of modern energy sources in the world. More than three quarters of sub-Saharan Africans have no access to electricity, compared to fewer than 14 per cent of Latin Americans and East Asians. As a result, most Africans use biomass (animal and vegetable wastes and firewood) for lighting, cooking, and heating.

Families in rural and semi-rural areas often have no choice but to exploit what they perceive as a "free" energy source. However, as populations grow and the need for energy increases, fragile ecosystems are threatened. Replacing biomass sources by less destructive energy supplies has thus become increasingly urgent.

Clearly, African countries, assisted by their development partners, need to develop the continent's enormous energy potential as an integral part of their efforts to spur economic growth and reduce poverty. Improvements in energy supplies have multiple beneficial effects. Public and home lighting, refrigeration of food, medicine and vaccines, and heating and proper sanitation help improve people's living conditions and health. More and higher-quality energy increases production through modernised communications, improved productivity, and a better business environment.

A secure energy supply, moreover, greatly extends learning possibilities and improves access to information. More informed citizens, in turn, participate at a higher rate and to a greater degree in their country's decision-making processes. Thus, institutions are rendered more democratic and governments become more transparent and responsible.

Some countries have sought to bridge the gap between their energy potential and their populations' lack of access to energy. In a few countries, private-sector participation in electricity companies, coupled with new independent regulators, has resulted in greater and more efficient power generation and higher employment, while doubling the number of subscribers.

Electrification for the rural poor has improved in South Africa and Ghana through the creation of independent agencies in charge of implementing rural electrification plans. Similar policies need to be adopted by a greater number of countries to enable them to address their energy challenges in a more effective way.

More attention should also be given to regional and inter-regional power initiatives, which can help smooth out the uneven distribution of energy resources across countries. Such reforms have the potential of benefiting consumers by lowering costs and improving the reliability and quality of services. An integrated, continent-wide energy strategy, linked to national policies for growth would, indeed, go a long way toward addressing this important need.

One vehicle for promoting such an approach is the New Partnership for Africa's Development (NEPAD). The NEPAD Heads of States Implementing Committee has asked the African Development Bank to take the lead in regional infrastructure (including

transport, energy, water, etc.) and banking and financial standards.

As part of the work on regional infrastructure, the Bank has developed a short-term action plan. Several projects, including some in the energy sector, have been prepared or are under preparation, and four have already been approved for financing by the Bank. Projects and programmes identified in the short-term action plan are estimated to cost \$7 billion. In addition, work has also started for preparing a medium to long-term action plan in close collaboration with the regional economic communities and in cooperation with the World Bank and the European Union.

The *African Economic Outlook* estimates that Africa's GDP growth in 2003 stood at 3.6 per cent, significantly higher than the 2.8 per cent recorded in 2002. Projections for 2004 indicate that faster growth is likely to continue, or even accelerate further, for the next two or three years. But this is still not enough: it is generally acknowledged that average growth rates of around 6-8 per cent are required if Africa is to make real headway in curtailing poverty. More intensive use of Africa's energy resources will necessarily be a critical component of any realistic development strategy.

As Africa looks to the future, developing its enormous energy resources — through both national and regional efforts — must be given high priority. Indeed, boosting its energy capacity will be critical to unleashing the continent's economic and human potential. —DT-PS

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