



**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA**

Conference of Energy Ministers of Africa (CEMA)

All-Africa Energy Week 2010 (AAEW)

Pan-African Investment Forum (PAIF)

Statement

By

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**Your Right-honourable Prime Minister, Mr Ayres Ali,
The AU Commissioner for Energy and Infrastructure
Dear Ministers, Your Excellencies, Distinguished Guests,
Ladies and Gentlemen,**

It is a great honour for me to address you on behalf of Mr Abdoulie Janneh, United Nations Under-Secretary General and Executive Secretary of the United Nations Economic Commission for Africa (UNECA) who, due to exigencies of work, could not come personally and sends his regrets.

Let me start my statement by thanking you all for accepting our invitation to attend this very important Pan-African Investment Forum. Your presence in such large numbers is a testimony of the centrality of energy to Africa's development.

I would also like to express our gratitude to the Government and the People of Mozambique for hosting this meeting and for the generous hospitality extended to us since our arrival in Maputo. Our appreciation also goes to our partners, the African Union Commission and the African Development Bank for the excellent collaboration, dedication and the true team-spirit that has underpinned our joint work. We are very thankful also to our key partner organizations and institutions, in particular the Government of Korea including the Korea Trade and Investment Agency (KOTRA) and POSCO for the support rendered to make this event possible.

Distinguished Participants

Infrastructure is a key requirement to realize economic growth. This has long been recognized in Africa, as reflected in the Lagos Plan of Action of 1980 and the Abuja Treaty of 1991. Similar recognition can be found in the New Partnership for Africa's Development (NEPAD) which was adopted by the African Heads of State and Government of the then Organization of African Unity (OAU) in 2002.

Energy, the focus of this joint event, is central to sustainable development and poverty reduction efforts in Africa. Energy services enable basic human needs, such as food and shelter. The correlation between energy poverty and human poverty is strong. Equally, the link between access to affordable energy and the MDGs has long been established and it is common knowledge that sustainable energy provision is a pre-requisite to attaining the MDGs.

Climate change impacts constitute a serious challenge and can exacerbate the energy problematic on the continent. However, climate change also offer opportunities for Africa to diversify its energy supply through advanced, cleaner, more efficient, affordable and cost effective energy technologies. The global shift to greener energy sources is providing more opportunities for investment in Africa's own clean technology industry.

It is against this backdrop that the African Union Commission, the African Development Bank and UNECA are co-organizing the first All-Africa Energy Week and the African Energy Investment Forum, under the auspices of the AU Conference of Energy Ministers of Africa that will hold its statutory meeting during this week.

Distinguished Ladies and Gentlemen

The World Investment Report 2010 highlights a promising outlook for investing in Africa. This is great news for the continent as between 2000 and the unfolding of the 2008 global financial crisis, African economies grew by over 5 percent, with the average economic growth rate reaching 5.8 percent in 2008.

While Africa's increased economic growth is widely recognized, its sources are less understood. Although soaring prices for oil and other natural resources have had an effect on GDP since 2000, the recent research from the McKinsey Global Institute (MGI) shows that Africa's recent economic growth is more than a resource boom.

Resources accounted for only about a third of Africa's economic growth. The remaining two-thirds came from other sectors, including wholesale and retail, transportation, telecommunications, and manufacturing. This reflects the significant structural changes that have spurred the broader domestic economy including prudent macroeconomic policies, good governance and improved environment for private sector investment. These growth fundamentals and drivers are critical for Africa's future growth and should be sustained.

Distinguished Ladies and Gentlemen,

It is important to note that despite the contribution of infrastructure to Africa's recent growth record, the continent's infrastructure networks have lagged behind other developing countries, especially in the vital energy sector.

Africa's infrastructure stock is characterized by missing regional links and stagnant household access. This has serious impacts on the continent's competitiveness as transaction costs in Africa are much higher than in other parts of the world.

The Africa Infrastructure Country Diagnostic study (2009) reveals that for the continent to play catch-up on infrastructure with other parts of the world, meet the MDGs and achieve development targets at national level within 10 years, an annual investment on infrastructure of \$93 billion is required. This is well beyond the continent's financial capability.

To address this gap and given that the fiscal crunch of 2008 has put pressure on new public investment and it is difficult to find international support and appetite for large commercial projects, there is need to find innovative sources of financing. These include, utilising resources for infrastructure-the so called "Angola model", tapping on remittances of Africa's Diaspora and on pension funds as well as using infrastructure bonds. I would like to pay particular attention to the potential offered by public-private-partnerships.

Distinguished Participants

There has been a growing interest in the role the private sector can play in infrastructure development. In Africa, several policy reforms have been initiated to facilitate private sector participation. Several public-private partnerships (ppps) have been established to finance and implement road, rail, power, telecommunication and water projects on the continent with mixed results. Due to market failures, most dismal results have been registered in the power and water sectors; laudable successes are most limited to the road and mobile telephony sectors.

We should also note that investment commitments for energy projects with private participation in developing countries over 2005–08 are lowest in Sub-Saharan Africa both in terms of the number of projects and of the total share of the global commitments. This is mainly due to the inability of African governments to provide long-term finance for infrastructure and unwillingness of international financiers to contribute due to unfavourable country risk perceptions. These challenges need to be addressed if the continent is to close its infrastructure gap. That is why we are here and I am confident that in the next five days we will be able to find ingenious policy options and strategies to catapult Africa to a sustainable energy future.

Distinguished Participants

I look forward to stimulating ideas and fruitful discussions on the two main themes of the AAEW and the PAIF conference, which are “Energy Infrastructure and Services in the Context of Climatic Challenges” and “Promotion of Investment for Infrastructure Development in Africa” respectively.

In addition to the thematic conference, this joint event will provide a practical platform to promote private investment through a Ministerial Round Table focusing on public-private dialogue, as well as Business Round Tables and investment consultation sessions focusing on priority pipeline projects both at sub-regional and country level.

We hope that the Business Roundtable and the business consultation will prove to be mutually beneficial for both the international investors and African stakeholders – namely, participating African countries and regional/sub-regional infrastructure initiatives and projects. In particular, the Business Round Tables and the investment consultation sessions will focus on promoting private investment through :

- (i) compiled pipeline projects at both regional and country levels for which a synopsis will be provided;
- (ii) presentations on projects in infrastructure and potential package investment deals at regional, cross border, and country levels;
- (iii) Regional/Sub-regional level Business Round Tables;
- (iv) Country level investment consultation sessions for country projects; and
- (v) Networking and high-level dialogue.

I am sure that the great depth of knowledge and expertise from speakers, policy makers, investors and participants assembled here will result in forward-looking proposals that will help answering Africa's infrastructure needs.

I thank you for your attention.