



# Africa Energy Poverty

Presentation

To

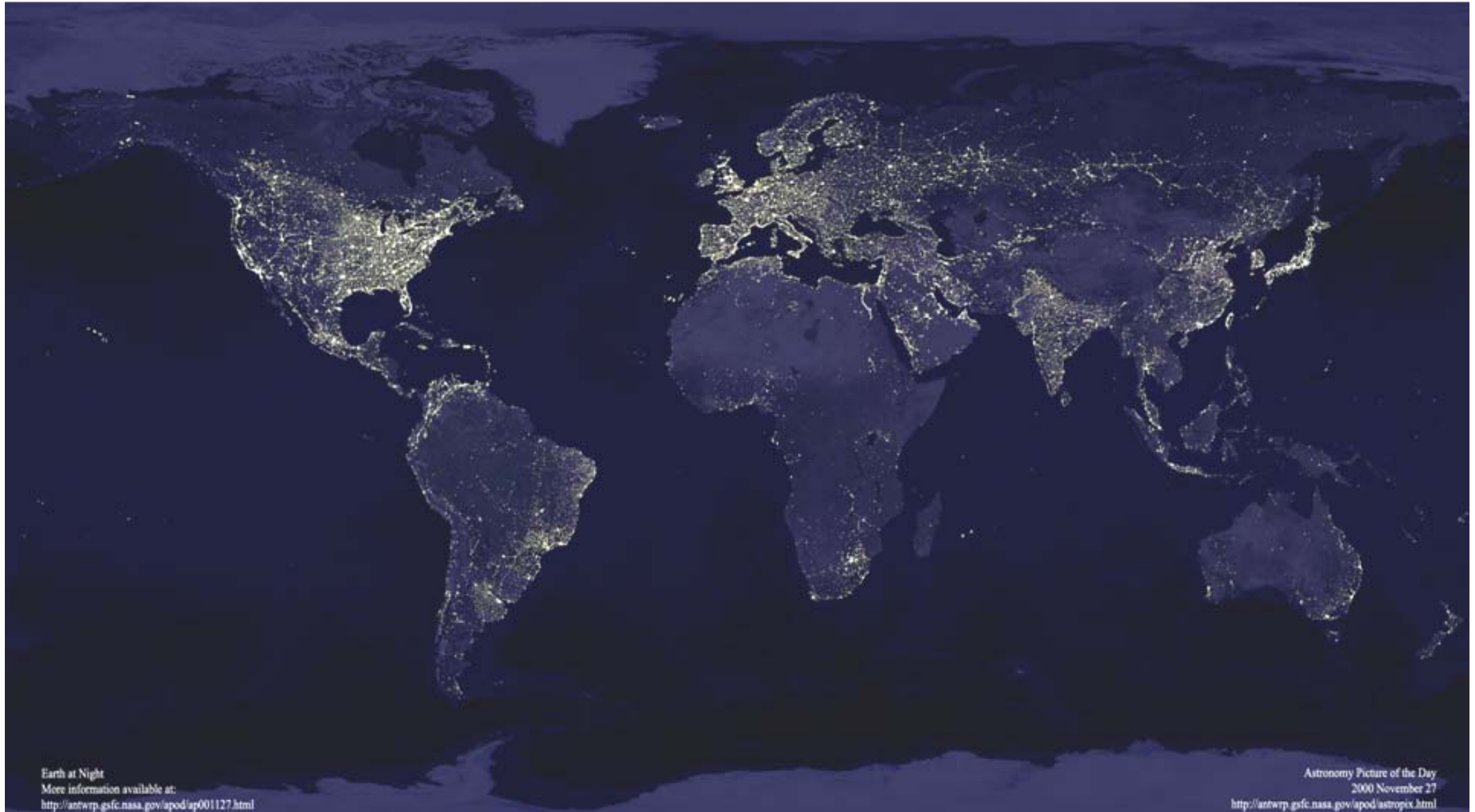
G8 Energy Ministers

Jamal Saghir  
Director  
Energy, Transport and Water  
The World Bank

Rome  
May 25, 2009



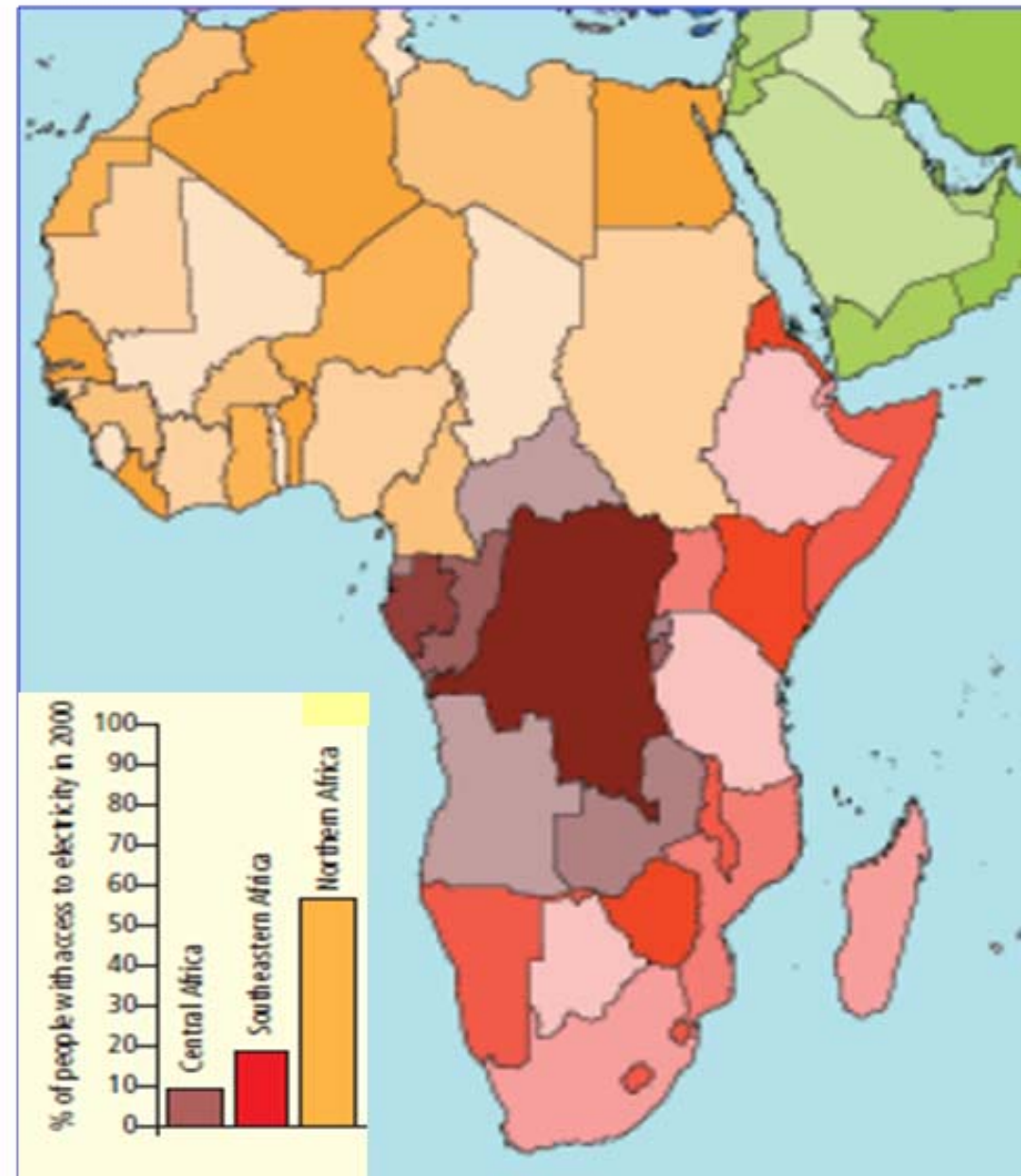
- **Key Message 1:** Africa has exceptionally low access to energy which is adversely impacting economic growth and achievement of MDGs



# Africa is characterized by exceptionally low energy access...

- ❖ More than **500 million** people are without access to electricity
- ❖ Based on current trends, more than **650 million people** will be without access to electricity in Africa by 2030

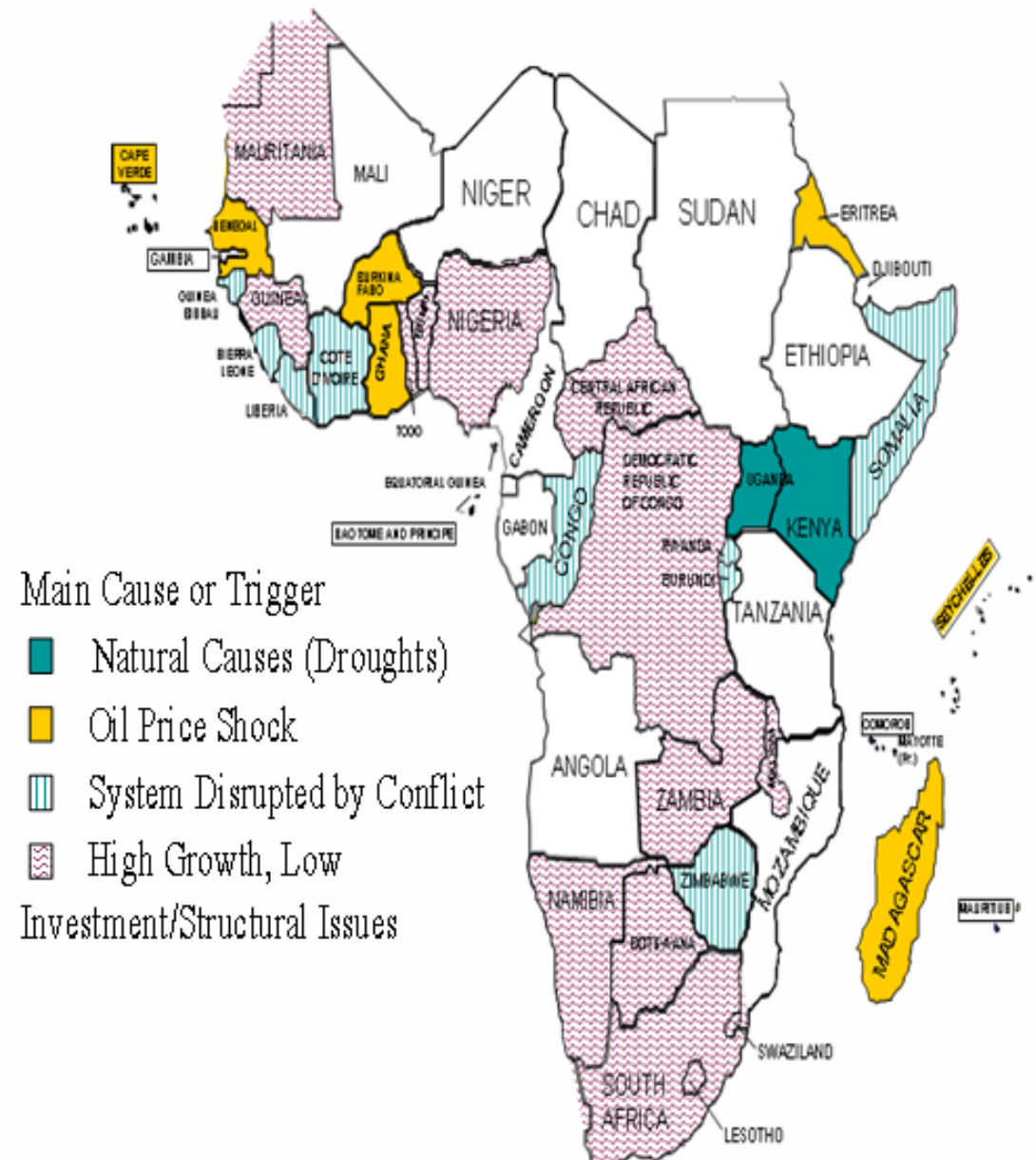
Access to Electricity in Africa, 2000



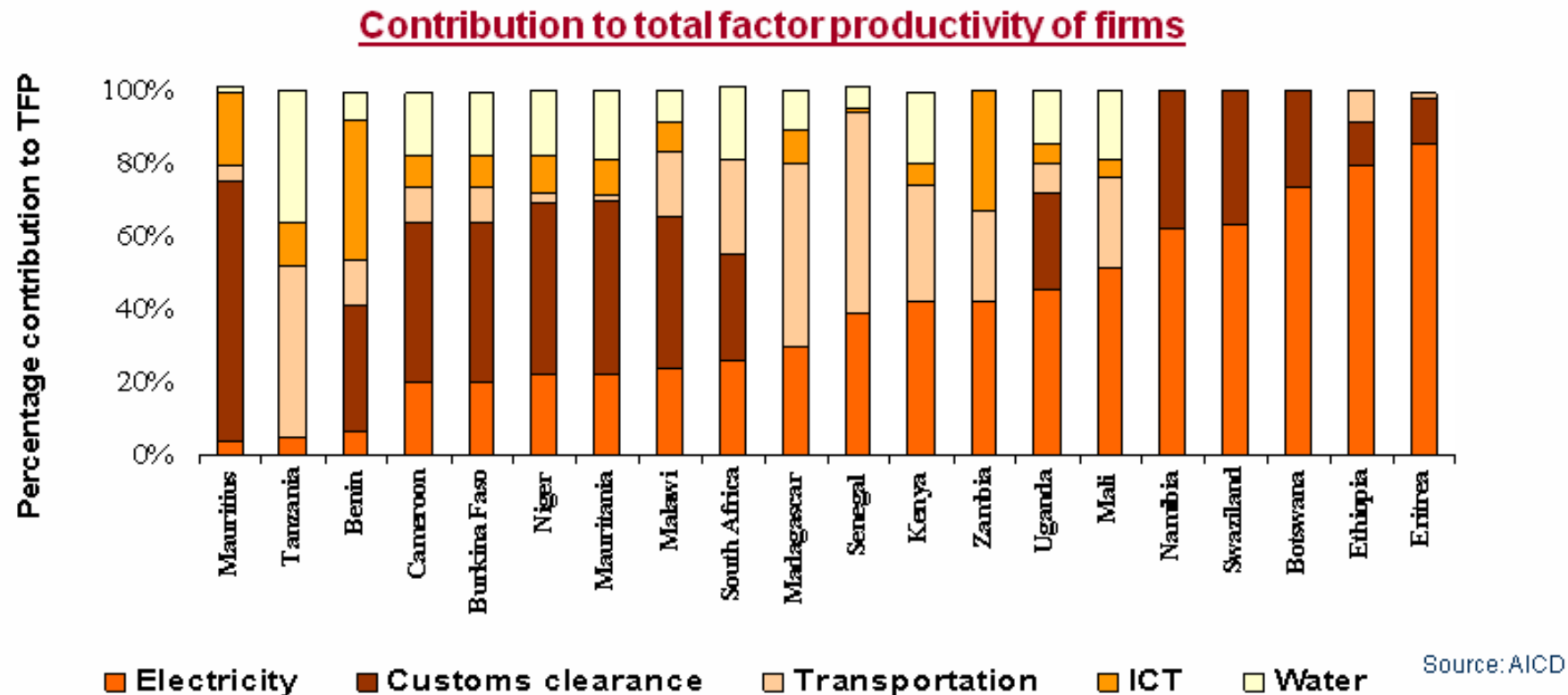
# Inadequate power supply hampers access and economic growth...

- ❖ Installed generation capacity of Sub Saharan Africa (excluding South Africa) is **less than half of Italy**
- ❖ More than **30 countries** face outages and load shedding
- ❖ Redressing Africa's power deficit could boost economic growth by **as much as 1.9%**

## Causes of Africa's Power Supply Crisis

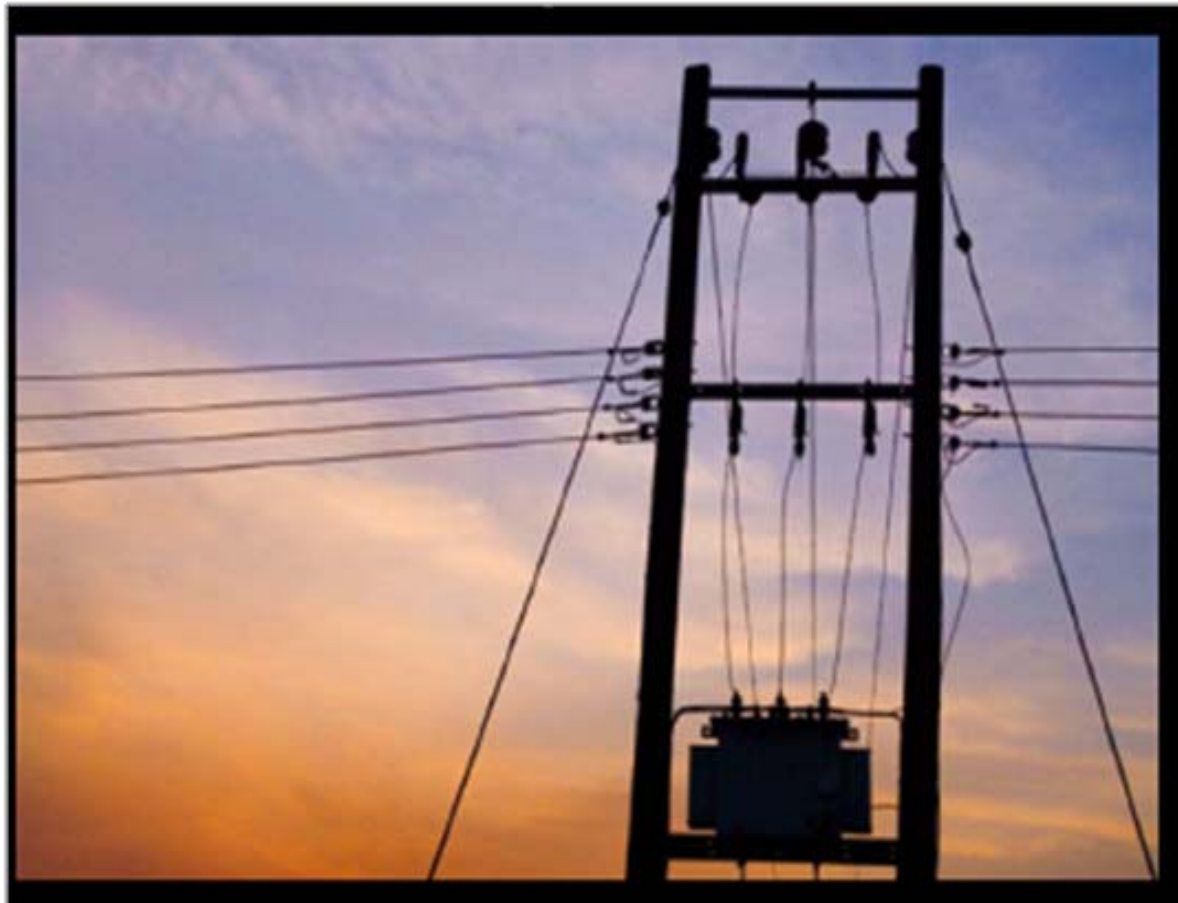


# Inadequate power supply is a significant drag on competitiveness and productivity of firms ...



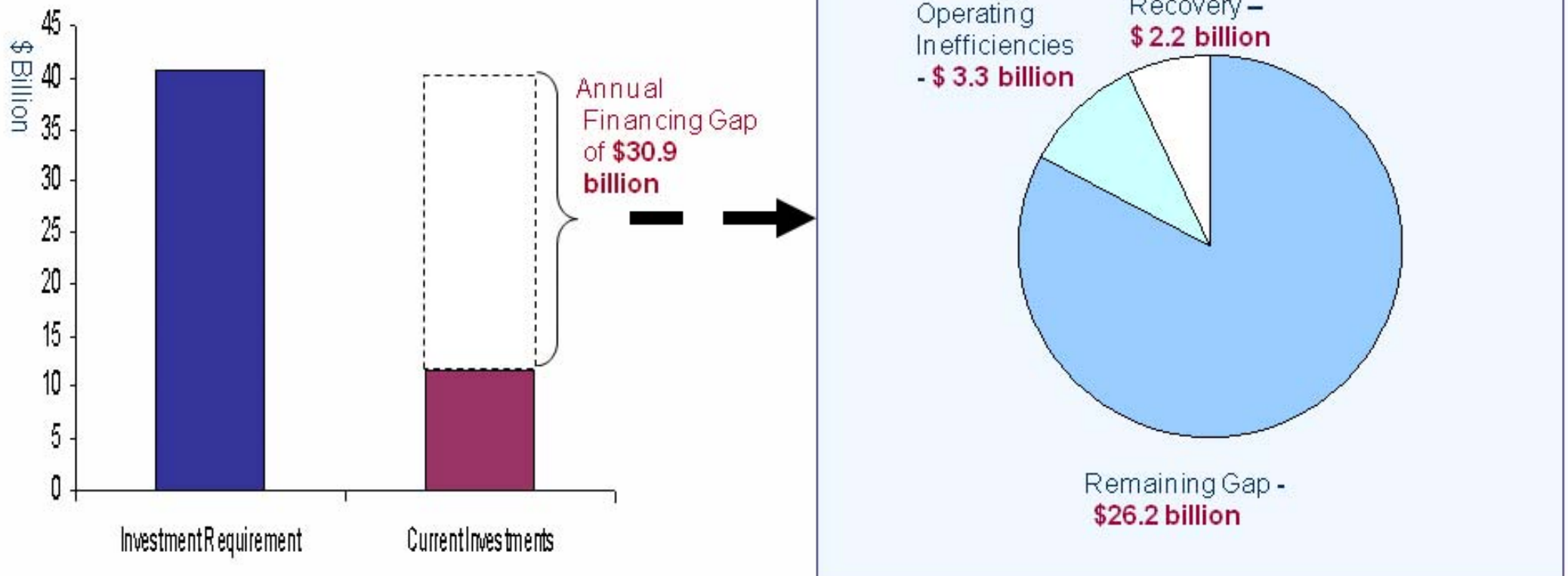
- ❖ Economic value of power outages as much as 2% of GDP
  - Coping options using mobile diesel units have been very expensive i.e. \$0.35/kwh
- ❖ Fifty percent of firms cite power supply as major impediment to doing business
  - Power outages result in loss of 6% of turnover on average for formal firms and as much as 16% of turnover for informal enterprises

- **Key Message 2:** Africa faces a large financing gap in the power sector



# Africa's power sector faces large financing gap...

## Africa Power Infrastructure Financing Gap



❖ Africa power infrastructure has huge refurbishment and expansion needs. The annual financing gap is \$30.9 billion

❖ Global economic crisis could reduce total power spending needs by at least 20%

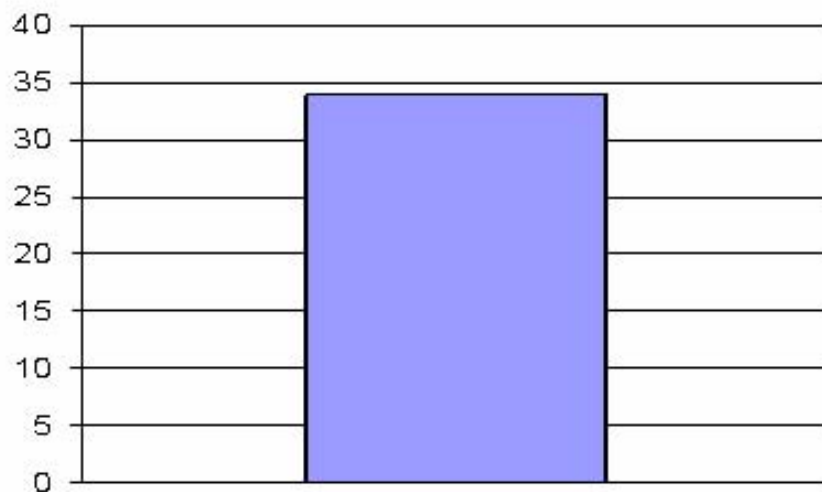
7 ❖ Existing spending is just over a quarter of what is actually required

- **Key Message 3:** Both the public and the private sector needs to be mobilized to meet the gap



# Both public and private financing needs to be mobilized...

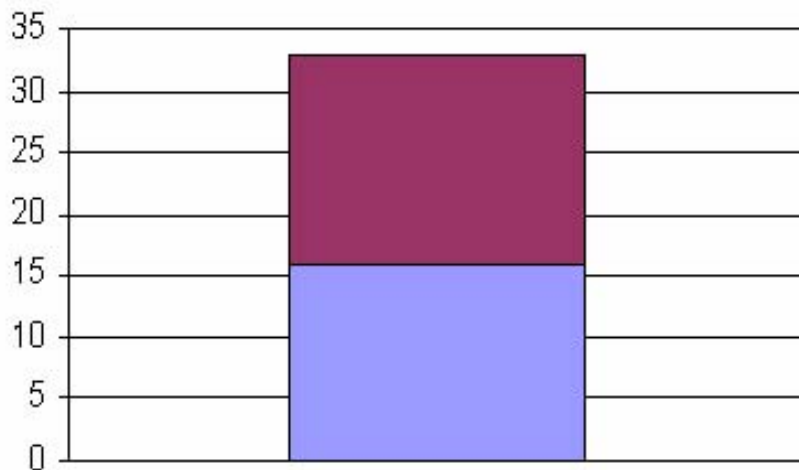
# of PPIs in Africa



❖ US \$2.5bn invested in PPIs to install 3000 MW

❖ Likely to continue given huge capacity needs

# of Concession and Management Contracts in Africa



❖ One Quarter Contracts prematurely cancelled

❖ Movement towards hybrid models with local firms

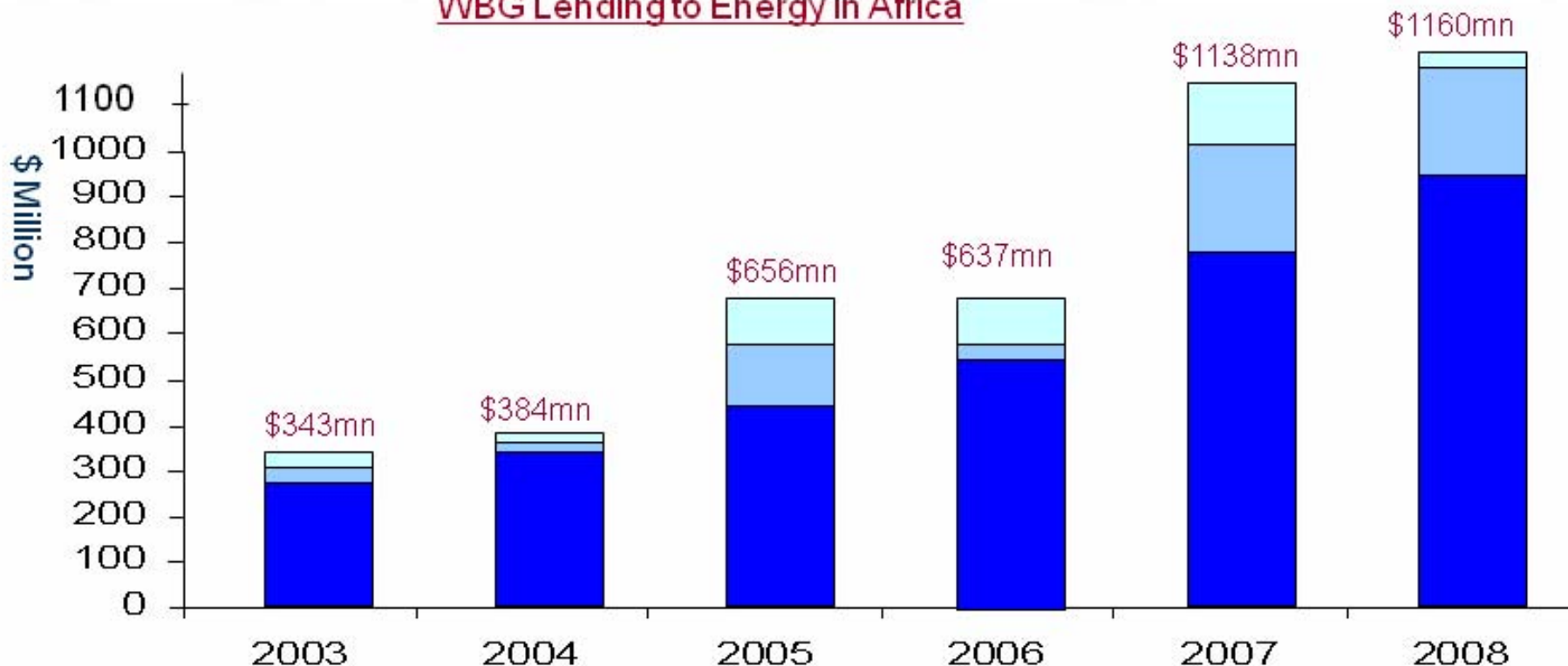
■ Concessions ■ Management Contracts

- **Key Message 4:** World Bank Group is scaling up its assistance for Africa's energy sector



# Role of the World Bank

WBG Lending to Energy in Africa



Source: World Bank

■ IBRD/IDA      ■ MIGA/Others      □ IFC

- ❖ Africa INFRA
- ❖ The Energy for the Poor
- ❖ Clean Investment Fund

- ❖ Lighting Africa
- ❖ Carbon Finance

- **Key Message 5:** There is a need for an internationally co-ordinated response based on five national and one regional pillar



## There is a need for a co-ordinated international response in support of Africa...

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1. Support for regional trans-Africa electricity networks



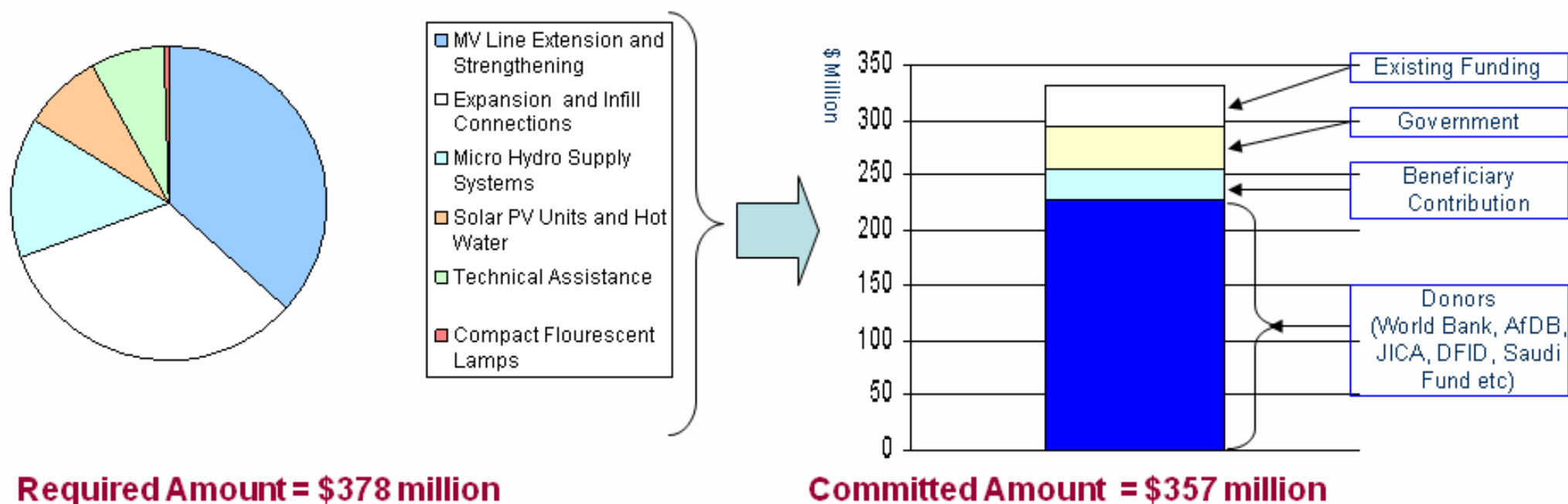
## There is a need for a co-ordinated international response in support of Africa...

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1. Support for **Regional** trans-Africa electricity networks
2. Deployment of Sector Wide Approach (SWAp) for expanding access to electricity .

## 2. Deployment of a Sector Wide Approach to Expand Access to Electricity

### RWANDA ELECTRICITY ACCESS SCALE-UP AND SECTOR-WIDE APPROACH (SWAP)



❖ **SWAps lead to** reduced unit costs and access for more poorer households in rural areas

❖ **SWAps result in a mix of technologies and approaches** e.g. grid extension, off-grid models, solar-powered electrification of clinics and schools

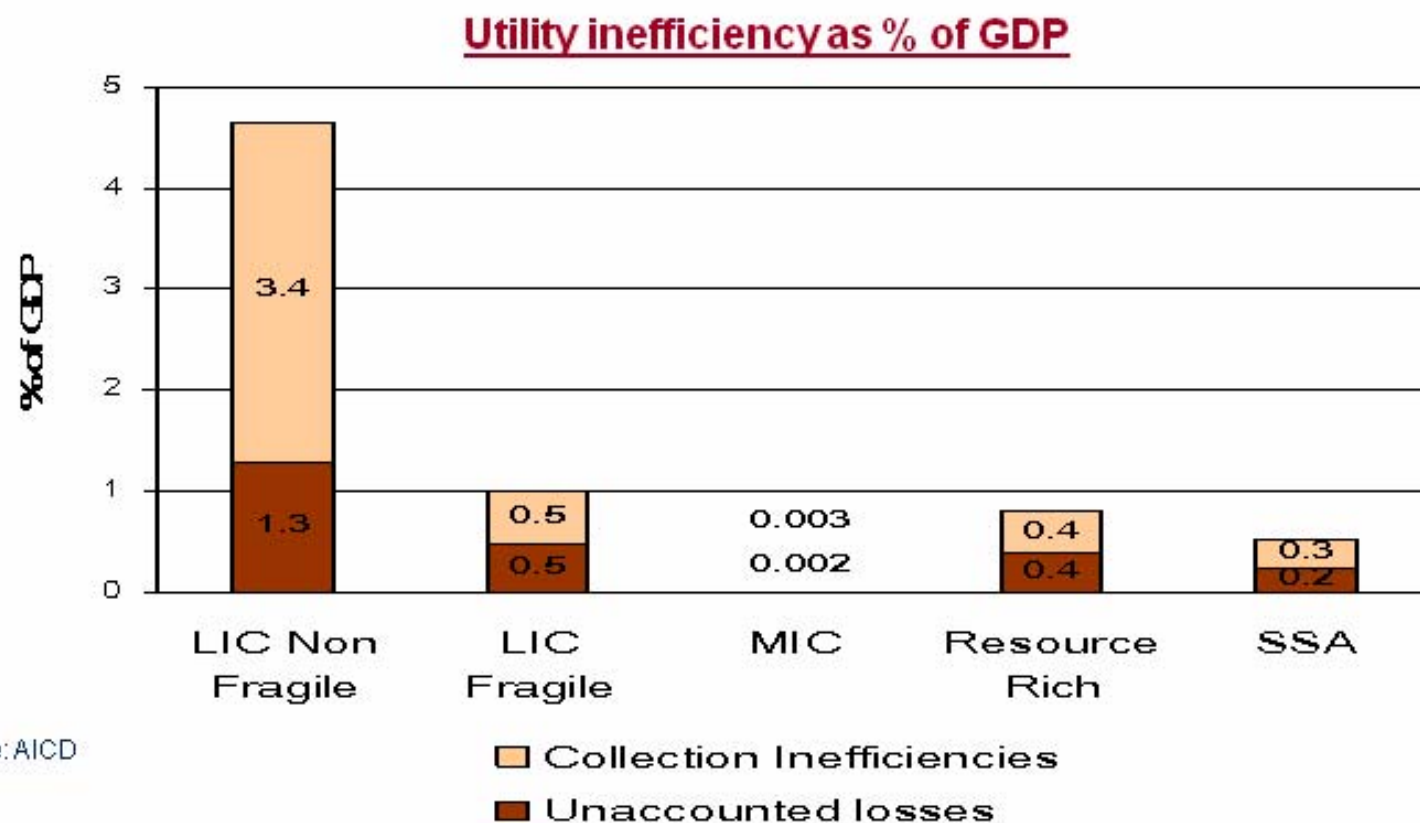
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3. Support for policy and institutional development and governance improvement activities

### 3. Support for policy and institutional development and governance improvement activities

- ❖ Institutional constraints are hindering efforts to improve access in Africa
  - operational inefficiencies of utilities are costing the region US\$3.2 billion/yr
  - under-pricing of power is costing a further US\$2.2 billion per year

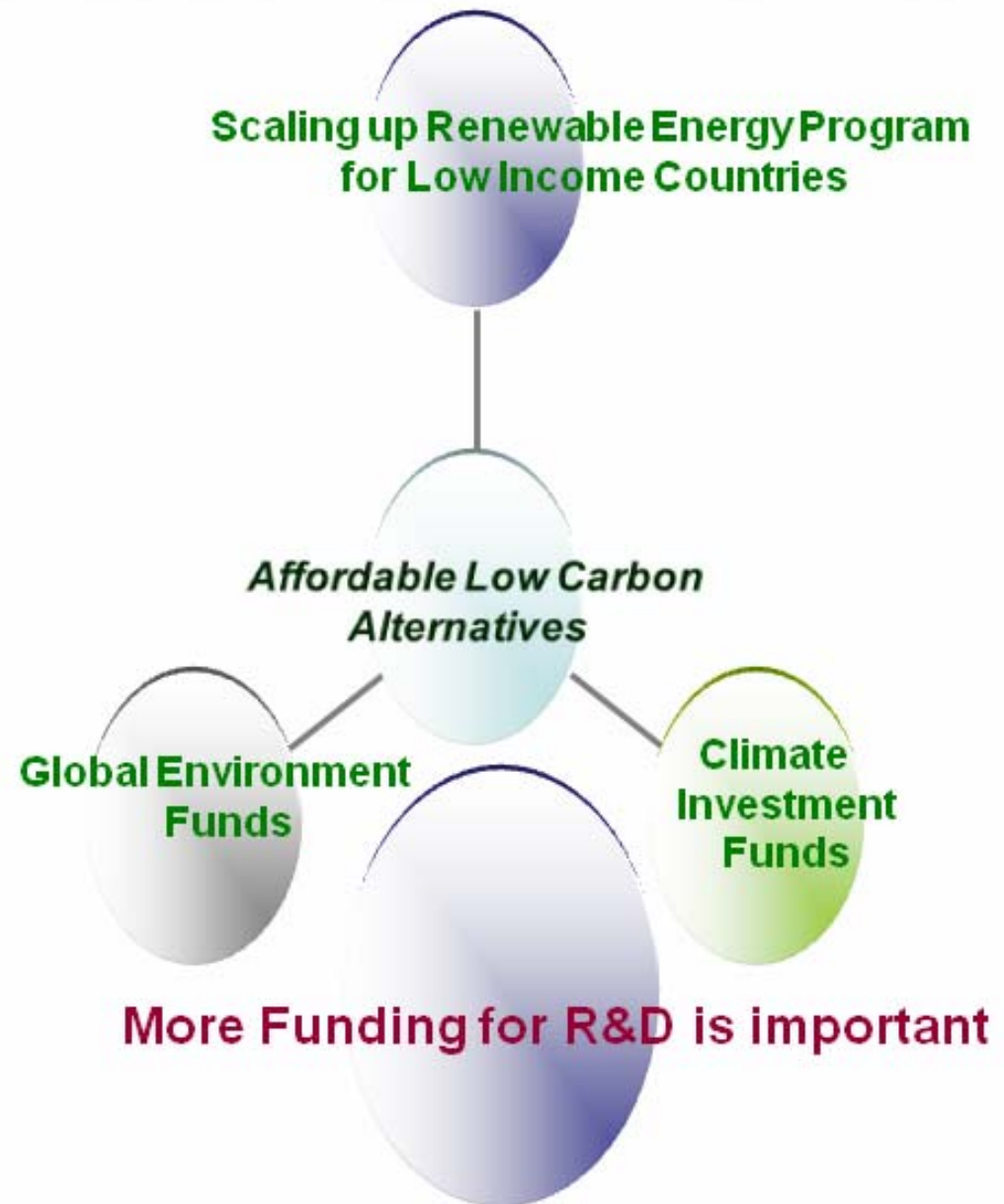


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3. Support for policy and institutional development and governance improvement activities
4. Support for low-carbon energy.

## 4. Support for low-carbon energy

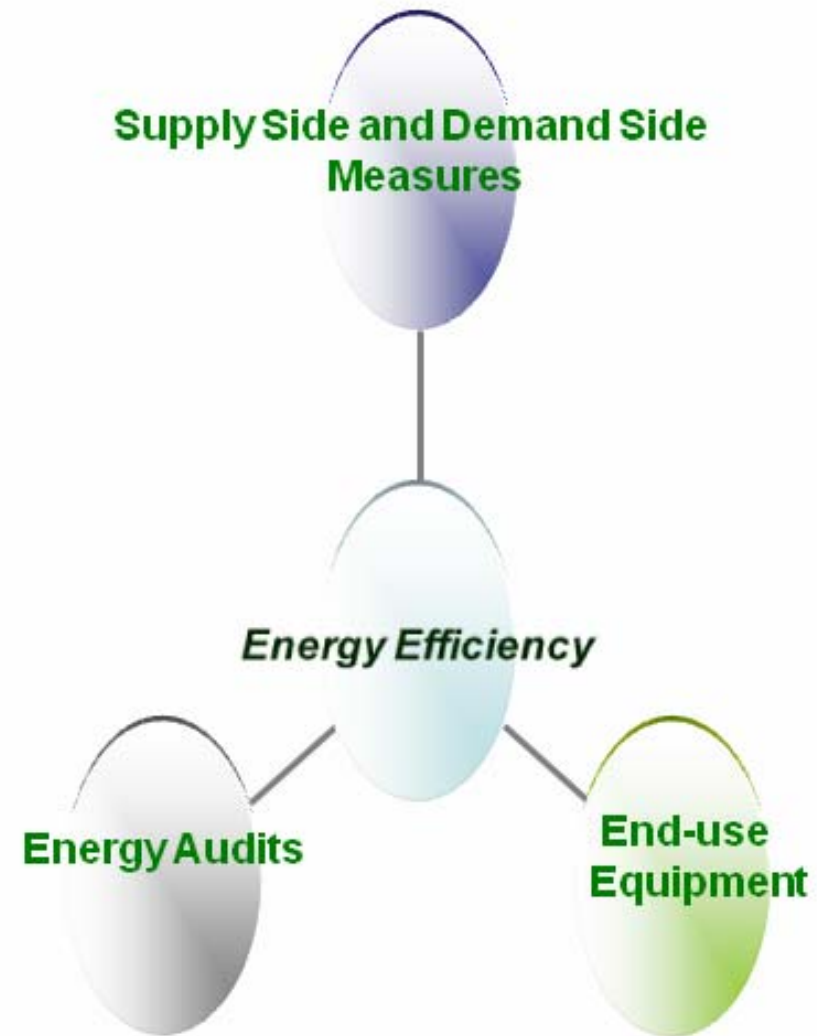


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4. Support for low-carbon energy.
5. Support for energy efficiency programs

## 5. Support for energy efficiency programs



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3. Support for policy and institutional development and governance improvement activities
4. Support for low-carbon energy.
5. Support for energy efficiency programs
6. Support for modern biomass and lighting programs.

## 6. Support for modern biomass and lighting programs

- ❖ Modern and efficient lighting products

CFLs



LEDs



- ❖ Improved cook stoves and fuel diversification.





Thank You

[www.worldbank.org](http://www.worldbank.org)