

## The role of private sector participation in Sub-Saharan Africa's energy sector

Africa Energy Indaba to reveal how private sector participation in electricity distribution remains essential to accommodate the expanding needs of Africa.

### FOR IMMEDIATE RELEASE

**Johannesburg, 21 January 2019;** There is a strong correlation between electricity consumption and economic growth. However, electricity inaccessibility and unremitting power shortages hamper initiatives for economic growth and raising the standard of living for almost 1 billion people across sub-Saharan Africa (SSA).

Inadequate generation capacity, transmission and distribution networks, along with high power-loss levels are critical factors contributing to the region's power deficit. Expanding capacity and improving performance of generation, transmission and distribution of electricity requires considerable investment and while various governments prioritise expanding electricity supply, many require private sector capital as they simply cannot raise the finance that the necessary advancements require.

The fundamental intricacies between electricity distribution network owners and investors and customer-service facets of distributing power deem private sector participation, a challenge with regards to distribution as opposed to generation and transmission thereof.

Private sector participation in electricity distribution is critical to accommodate the expanding needs of sub-Saharan Africa. SSA is projected to observe the most significant increase in

#### TELEPHONE

+27 11 463 9184

#### PHYSICAL ADDRESS

268 Bryanston Drive,  
Bryanston, 2194

#### POSTAL ADDRESS

PO Box 3738,  
Cramerview, Johannesburg,  
South Africa, 2060

#### EMAIL

[info@energyindaba.co.za](mailto:info@energyindaba.co.za)

#### WEBSITE

[www.energyindaba.co.za](http://www.energyindaba.co.za)

STRATEGIC PARTNERS



OFFICIAL TRADE  
ASSOCIATION PARTNER



ORGANISER





electricity demand amid the largest regions of the world between now and 2040. This expected rise in demand can be attributed to certain driving factors:

- SSA's population alone is predicted to almost double to approximately 2.1 billion, whereas the global population is forecast to increase by only 20 percent to roughly 9.2 billion.\*
- The worldwide average of annual GDP growth is 3.4 percent which is being trumped by SSA's predicted growth rate of 4.4 percent, making it the second-fastest rate globally.
- Rapid urbanization rates are expected to increase SSA communities' access to electricity from approximately 35 percent to 75 percent.

To accommodate this projected rise in energy demand, SSA authorities need to channel more capital investment to its power sector. However, SSA governments with substantial budget deficits are financially incapable of improving or expanding electricity distribution infrastructure. Evidently, a capital injection from external sources is required to make reliable, accessible and affordable electricity available to the continent's growing population. If the government can establish solid structures for private sector participation in electricity distribution, this funding issue could be resolved.

Successful private sector participation initiatives require a holistic approach to seven interrelated factors where a constant, systematized collaboration between various stakeholders address shared strategic objectives. These crucial factors for effective private sector participation implementation are setting transparent consensus objectives, selecting the right model, planning for the long-term, finding and keeping the right partner, building an integrated business case, managing regulatory and principal-agent risks as well as measuring impact.

It therefore stands to reason, that an appropriately structured private sector participation can effectively bridge the gap between the surging demand for electricity in sub-Saharan Africa and the lack of supply thereof, where governments are unable to fund the improvement and expansion of distribution grids.

In addition to placing considerable emphasis on the abovementioned pertinent topic, the **Africa Energy Indaba** will bring together industry leaders, business owners, government officials, professional experts and investors to unpack challenges and develop solutions to stay abreast of international energy competitors in this constantly changing space. Given the heightened relevance of this year's agenda, the annual **Africa Energy Indaba** will provide instrumental insights to anyone vested in Africa's energy arena, thereby reinforcing all sectors of the region's economy.

\*Source: /Article **A Private Path to Power in Africa**

<https://www.atkearney.com/web/china/energy/article?/a/a-private-path-to-power-in-africa-article>



Press Release Ends

## **ABOUT AFRICA ENERGY INDABA**

*An African Energy event for Africans and by Africans*

### **2019 Theme: Africa's Energy Future**

Africa's power and energy sector is a critical driver of growth and development across the continent. With vast natural energy resources ranging from coal, oil, gas, hydro, solar, wind and geothermal, there is ample choice for the discerning energy investor. Lack of access to electricity means that there is an opportunity for regional governments, energy businesses, organisations and financiers to unlock electricity access to millions of people who have don't have power. **The Africa Energy Indaba** is the continent's premier energy conference and exhibition: bringing together leading African and global energy players to unlock energy and business opportunities across the African continent. The event is the World Energy Council (WEC) regional event for Africa and has strategic partnerships with the South African National Energy Association (SANEA) and the NEPAD Planning & Coordinating Agency (NPCA).

**For media queries, please contact: Thembisa Bambathi**

**Email:** [thembisa@energyindaba.co.za](mailto:thembisa@energyindaba.co.za)

**19 -20 February 2019 at Sandton Convention Centre, Johannesburg**

[www.africaenergyindaba.com](http://www.africaenergyindaba.com)

**Website:** <http://www.africaenergyindaba.com>

**Twitter:** <https://twitter.com/EnergyIndaba> #AEI2019

**Facebook:** <https://www.facebook.com/africaenergyindaba>

**LinkedIn:** <https://www.linkedin.com/groups/3735455/profile>