

High-level Workshop on “Public-Private Partnerships’ implementation in the Energy Sector in Africa: Challenges, Best Practices and New Trends”

Opening Remarks by Mr. Hamdok Abdalla, Director, Governance and Public Administration Division, United Nations Economic Commission for Africa

30 June – 1 July 201, Addis Ababa, Ethiopia

Mr. Kim, Jin-Woo, the president of Korea Energy Economics Institute (KEEI)

Mr. Chairman, Distinguished participants, Ladies and Gentlemen:

Introduction

On behalf of the Economic Commission for Africa (ECA), and indeed, on my own behalf, I wish to extend to all of you a warm welcome to Addis Ababa and to this High-Level Workshop on “**Public-Private Partnership implementation in the Energy Sector in Africa**” focusing on “Challenges, Best Practices and New Trends” that is jointly organized by the Korea Energy Economics Institute (KEEI) and UNECA.



[Workshop Documents](#)

I would like to begin by expressing my sincere gratitude to our friends and partners from Korea. The strong support and partnership of the Korea Energy Economics Institute made this Workshop happen. I also thank all our partner organizations from the continent and more further abroad who have agreed to participate in this event.

As African policy makers, and development partners you all have a very important role to play in the effective provision of public services and energy sector development and as a consequence, in sustainable development in Africa. I thank you for taking time from your busy schedules and responsibilities to come to this meeting and share with us your invaluable expertise in this area. Your presence here today is a true sign of your commitment.

Background – challenges & needs

The fact that African countries face enormous challenges in their quest for sustainable development in general, and in particular in access to basic services such as education and health care is well-known. So I am not going to dwell on these challenges. Nevertheless, the promotion of investment cannot be overemphasized to achieve sustainable growth and development in the continent.

The investment needs of Africa are huge. In the area of infrastructure, the overall annual infrastructure funding gap has been estimated at US\$35 billion, of which 80% relates to power. Sub-Saharan Africa's energy capacity has developed at only about 3 per cent annually over the last three decades, falling far behind the region's GDP growth rate. Only about 20% of the population in the region has access to electricity, compared with 50% in South Asia and 80% in Latin America. In rural areas (which accounts for about two-thirds of Sub-Saharan Africa's population), only about 12% of households have access to electricity. The economic costs of power outages can reach 4% of GDP in some countries, as manufacturing enterprises face an average of 56 days per year without power. In addition, power costs are unusually high in SSA, because of heavy reliance on small scale production.

In order to fill this gap and provide room for the private sector to flourish, strengthened commitments from African governments and their partners are necessary. To meet Africa's critical investment needs, PPPs are critical. Furthermore, the private sector, in partnership with the state, can provide public services more efficiently

In recognition of this, African governments have begun transferring service provision to the private sector. For example, from 1990-2008, a total of 359 infrastructure projects were implemented using private participation in Sub-Saharan Africa, with a total investment amount of around 70 billion USD. While more needs to be done in the area of sharing development experiences, today, I would like to stress the importance of effective implementation of PPPs.

Importance of PPP - Ladies and Gentlemen

Indeed, significant and sustained development in developing countries cannot be realized without the private sector's participation. The private sector is the main engine for economic growth and development. It allows entrepreneurs to set economic activity in motion by bringing resources together to produce goods and services. Through PPP, the private sector can bring in additional funding for public projects, besides valuable technical and managerial experience. Thus, partnership between public authorities and the private sector can allow for a better and less costly provision of services compared to public sector provision of service alone.

The public sector in developing countries has limited capacity both in financing the required investments as well as in efficiently operating it. Thus, there is a need to attract investment on a sustainable basis, which cannot be achieved by government efforts alone.

Engaging the "responsible" private sector in development solutions can have a fundamental, long term impact on poverty alleviation and social development by increasing client' countries national competitiveness. The experience of the last 15 years shows that most countries will be better off working in a partnership with the private sector to achieve sustained efficiency gains and minimize fiscal financing requirements.

A key factor in Korea's successful economic and social transformation is the quality of its PPPs. Korea demonstrated an unprecedented capacity in making and implementing pragmatic policies to promote strategic trade and investment opportunities. The sharing of Korea's successful experiences in PPP implementation and institution building can play a catalytic role in responding to Africa's needs and growing demand for the implementation of PPPs in partnership with domestic and foreign private sector.

Objective – Distinguished participants

Our meeting today is to promote Public-Private Sector Partnership (PPP) and private investment in the energy sector. More specifically, this meeting aims to build the capacity of African countries in order to implement PPP with a focus on the power sector (energy development) with a view to promoting investment.

Together, during the course of this workshop, we will address the main challenges to PPPs in the energy sector in the continent, best practice and new trends in a spirit of partnership and shared sense of the urgent priority needed to drive this agenda forward. With the depth of expertise and experience here, I am confident that we will be able to share experiences and agree on the best ways forward to not only identify better ways of improving the quality and efficacy of PPPs in the energy sector but also how best to encourage better investment to meet the continent's energy needs. I hope that this meeting will provide a clear roadmap on how we can achieve our shared goals.

By way of conclusion, I am confident that with your active and fruitful participation, we would have made a major contribution in advancing the agenda of promoting the use of PPPs in the energy sector in African countries.

With these few remarks, I wish to thank you, once again, for being here with us and wish you successful deliberations.

I thank you.