

Challenges facing energy sector

The Africa Energy Indaba will be hosted in Sandton from 19 to 20 February next year to discuss a wide variety of problems that African countries are facing in the energy sector.

A major challenge the African energy sector continues to face is funding for energy projects. Political and credit risk remain critical factors hindering potential investors from investing in the energy space of Africa.

Alleviating this investment challenge necessitates the development of new and innovative funding solutions and approaches that befit the African landscape. If successfully employed, these funding initiatives should assist in terms of bankability, ultimately bolstering project development in Africa's energy sector. These initial funding efforts will expedite direct foreign investment by renewing investor confidence in Africa, ultimately contributing to job creation and skills development.

The opportunity for privatisation to support the demand for reliable energy supply is becoming more feasible to address the lack of supply in many African countries. Privatisation tends to improve the productivity and quality of power supply, which remain imperative components in recovering the financial feasibility of power utilities. Moreover, management performance runs at its highest when strong incentives and governance systems

of privatised entities are firmly in place.

Earlier this year, Minister of Energy Jeff Radebe, signed 27 outstanding power purchase agreements with renewable energy independent power producers. These agreements form part of the South African government's Renewable Energy Independent Power Producer Procurement Programme. By adopting renewable energy initiatives, the government will create about 61 000 jobs over the next few years.

Inaccessibility of power remains another major challenge on the continent. Many outlying rural areas lack access to electricity owing to poor grid infrastructure and vast distances to which power needs to be distributed. This lack of energy leads to a multitude of socio-economic problems. African governments are focusing on broadening household access to electricity, thereby ensuring modern energy services are more equitable, affordable and accessible to the poor, ensuring the energy sector remains central to economic structural development.

The above challenges and their solutions will be unpacked and addressed in detail at the indaba. The conference will stand as a supportive platform to educate market players about how they can contribute to increasing energy security to not only create jobs and attract investments but to improve socio-economic development in Africa as a whole.