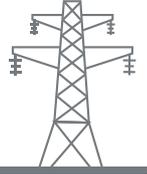


Challenges

600 Million Africans currently have no electricity.



The biggest energy challenge in Africa is financing. Africa has the natural resources – what it needed is financing.



TO MEET FUTURE ENERGY DEMAND IN AFRICA BY

2040: US \$43 billion dollars of annual capital investment is required.

Of that US \$43 billion dollars, US \$5.4 billion dollars for transmission (regional interconnectors) is required;

The current annual investment in Africa energy projects is less than US \$ 5 billion dollars.

Regional Integration would save US \$33 billion dollars per year - roughly (17%) in power generation costs.

The Program for Infrastructure Development in Africa (PIDA) has forecasted that between

2011 -2040

energy demand in Africa will grow from

590 to 3,100 TWh.

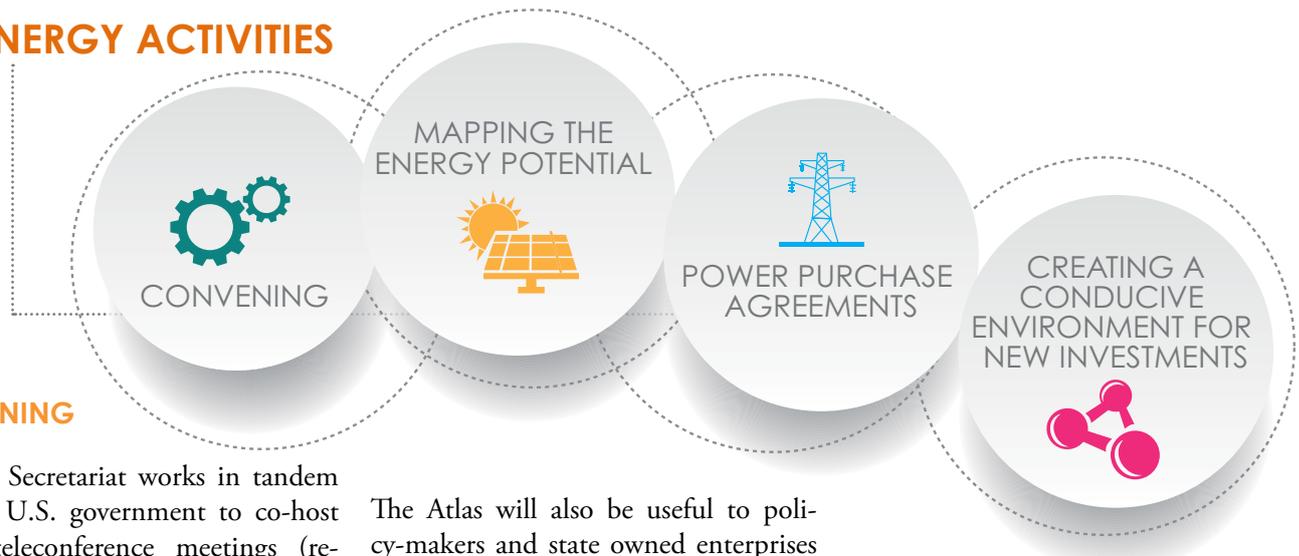
PIDA also forecasts that installed capacity will grow from 120 to 700 GW (considering units above 50 MW).

To address these challenges , and to bring light and power to Africa, there must be the political will to build, manage and maintain a sustainable energy infrastructure in Africa. This is exactly where the Infrastructure Consortium for Africa (ICA) adds value. Through its' convening power, the ICA has been able to facilitate substantial commitments from different financial sources to fund transformational power projects throughout Africa (for more, see www.icafrica.org).

ICA members are committed to building a reliable, sustainable power system in Africa.

ICA members are committed to building a reliable, sustainable power infrastructure system in Africa.

ICA ENERGY ACTIVITIES



CONVENING

The ICA Secretariat works in tandem with the U.S. government to co-host regular teleconference meetings (referred to as *Virtual Working Group* sessions) with energy experts from all over the world to discuss renewable energy challenges and solutions in Africa. USAID, the U.S. Treasury Department, the Department of Energy, The U.S. State Department and other U.S. agencies work with ICA to ensure these Virtual Working Group discussions offer stakeholders an opportunity to share experiences and have meaningful discussions about wind, solar and biofuel energy. These Virtual Working Group sessions normally include participants from African Ministries of Energy, NGO's, Research Organizations, Private Sector Investors and various representatives from the U.S. Government agencies.

Virtual Working Group discussions have informed decisions on a variety of important renewable energy activities in Africa.

MAPPING THE ENERGY POTENTIAL

The ICA is planning to develop an "Atlas of Africa's Energy Resources" that will combine illustrative maps, charts and comparative images which can provide important information on energy resources across the continent. The Atlas will, for example, provide much-needed geological information about geothermal energy. This information will be very useful in making informed drilling decisions and will work towards mitigating financial risk.

The Atlas will also be useful to policy-makers and state owned enterprises as it will help assess the technical and economic potential of the energy. Academics and Scientists can refer to it for research. Journalists and an Interested General Public – will use the Atlas as a reference for basic energy resource information in Africa. Discussions are underway to develop an inter-active, electronic Energy Atlas of Africa.

POWER PURCHASE AGREEMENTS

A *Power Purchase Agreement* (PPA) is a legal contract between an electricity generator (provider) and a power purchaser (a buyer -- typically a utility or large power buyer/trader). Contractual terms last anywhere between 5 and 20+ years, during which time the power purchaser buys energy, and sometimes capacity from the provider. PPAs play a key role in financing independently-owned (i.e. not owned a public utility) electricity generating assets. For example, renewable energy (wind, solar, geo-thermal etc.) are often independently owned in Africa.

The ICA conducts training sessions on all aspects of Power Purchase Agreements. Recently, the ICA conducted a week-long training session in Nairobi titled *Enhancing Private Sector Participation in Renewable Energy through Power Purchase Agreements*. This particular ICA training session brought together a vast broad group of stakeholders – including ICA member partners.

The participants of ICA training sessions have included representatives from Ministries of Energy, Finance and Justice –from Ethiopia, Mozambique, Rwanda, Sudan, Tanzania, Uganda, Zambia and Zimbabwe as well as representatives from Power Utilities, Regulator Offices and Public-Private-Partnership units.

CREATING A CONDUCTIVE ENVIRONMENT FOR NEW INVESTMENTS

In order to scale up energy investments in Africa, certain legal and regulatory reforms need to be established. With the full support of all its' members and partners, the ICA is committed to creating a conducive environment for new investments in sustainable energy. The ICA Secretariat has organized training workshops on "*Africa Power Sector Reform, Regulation & Performance*", which enhanced the capacity of experts to better provide the right advisory services to African countries on those issues. ICA is also providing support to PIDA by financing a comprehensive study on "PIDA Financing Strategy and Financial Structuring Plan", which is intended to help speed up PIDA implementation process of the Priority Action Plan of all sectors, including energy.

For more information about the Energy Platform at the ICA, please contact Mr. Callixte Kambande at: C.Kambande@afdb.org