



AFRICA IRELAND ECONOMIC FORUM

Sectoral Session II: Energy & Clean Tech

Energy and water are two critical components currently constraining economic growth and development in Africa. This session discussed the challenges faced and how Irish companies can contribute to innovative clean tech solutions.

Panel:

- Dr. Vincent O'Neill, Ambassador of Ireland to Kenya
- Ms Sarah Dimson, Power Africa USAID
- Mr. Lourenco Sambo, Director General, Mozambique Centre for Investment Promotion
- Dr. Chris Kiptoo, Principal Secretary (International Trade), Ministry for Industry, Trade and Co-operatives of Kenya
- Dr. Eddie O'Connor, CEO Mainstream Renewable Power
- Mr. Michel Davitt, International Business Development, Nicholas O'Dwyer Ltd.

1. Rationale for session: Clearly articulated by the representative of the African Development Bank (AfDB) in his presentation earlier in the day when he indicated that the supply of sustainable energy is key to the achievement of the SDGs and - to all the high 5's of the AfDB Strategy. African commentators have prioritised supply of sustainable energy as the most important input to achieve other objectives (economic growth, food security, industrialisation, regional integration).
2. With unmet need for energy in many African countries (in many situations less than 20% of the population have access to energy) and the need to comply with international commitments for reducing greenhouse gases and generating clean energy, Africa is very well positioned to be a huge focus of growth in the supply of energy and clean tech innovations in the years ahead. There are consequently huge business opportunities in Africa for Irish companies in this sector. However this needs to be planned for. Each panellist was asked to give a short overview of their engagement with the energy/clean tech sector in Africa and to highlight opportunities the saw for an intensified Irish engagement in years to come.
3. **Ms. Sarah Dimson**, in describing the objectives of Power Africa, outlined very ambitious targets for working with public and private sector partners in supporting the development of energy infrastructure. Funds supplied through President Obama's initiative would be used to leverage further funds from private equity. Up to US\$ 300 million would be leveraged each year. Over 120 private and public partners have been identified to date. It was noted that Irish companies, with relevant competence and background, would be welcome to bid for these tenders. The focus is not just on major national energy infrastructure - but also on facilitating access to off grid sources by rural communities.
4. Mr. Lourenco Sambo emphasised the centrality of energy to the Government of Mozambique's (GoM) development plan - in infrastructure, social development and food security. The GoM plans to substantially increase investments in the development of energy infrastructure, encompassing the development of gas/oil and renewable sources. A



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national mapping exercise of energy availability has been commissioned and will be used to inform a prioritised national plan. Much effort was being placed also in getting the legal and regulatory frameworks in place; in identifying sources of financing, in training human capacity for expansion and in investing in complementary off grid solutions.

5. **Dr. Chris Kiptoo** situated plans for developing energy/clean tech infrastructure within plans for growing the Kenyan economy. Much has been achieved in recent years - Kenya is now a continental leader in renewables - with major investments in wind farms, geothermal and solar underway. The Government of Kenya's approach is to facilitate investments by the private sector. Already these investments are leading to a decrease in energy costs which is a key element of improving the 'doing business environment'. 65% of energy being generated now comes from renewable sources. Plans are underway also for tapping into the very significant oil reserves recently discovered in Kenya - with a lot of pressure being exerted to ensure the use of oil in future years is matched by an intensification of renewable sources.
6. **Dr. Eddie O'Connor** pointed to the significant cost reduction in renewable energy consequent to innovation and technology development in recent years. Investing in sustainable sources is not just the right thing to do, good for the environment but it can yield great returns for the investor (and Irish business). Mainstream can now produce electricity for 50% of the cost of coal generation in South Africa. There are huge opportunities for investments in Africa - however potential investors need to be assisted with some guarantees (mostly from potential losses from currency fluctuations) by western Governments. It is in their interest to do so - and the economic activity generated from energy investments can lead to more business/trading opportunities for western businesses. Other areas where western governments can assist is by investing in the training of civil service and the strengthening of national institutions required for the oversight/regulation/ support of an improved and more accessible domestic energy supply.
7. Mr. Michel Davitt gave some useful perspectives to Irish companies contemplating investing (in energy/clean tech or other sectors) in Africa. Irish people have exceptional links with African counterparts because of our colonial past and missionary contribution. Doors will open more easily to Irish business - and we need to be able to take advantage of this. Key to success is knowledge of the local context and being able to identify a trustworthy and competent local partner. Irish companies need also to be able to navigate the often complex local environment - they need also to be prepared to think in terms of long term returns. Having a strong presence on the ground (and not relying on second hand sources of information) is also essential. The huge outstanding need for providing a clean water supply and safe sanitation; the huge growth in population and the enormous infrastructure deficits in (rapidly growing) urban environments - all present substantial opportunities for Irish companies thinking of doing business in the energy/clean tech sector in Africa.

Points from Q&A/Discussion

8. A few important themes surfaced in the ensuing discussion (panellists and floor):
 - The importance of addressing wastage and inefficiency in existing energy supply systems and sources before contemplating significant scaling up
 - The enormous importance of building capacity in the public sector; of having the right oversight and regulatory structures in place; the need to invest in support institutions;



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the need to have an environment conducive to the private sector (legal, macro-economic, 'doing-business culture'); the need to invest in technical skills required for development/maintenance of energy related projects

- The need for companies bidding for contracts to demonstrate that they have the skills, knowledge and capital required for investing in the sector
 - The importance of understanding the risks of investments and coming up with viable mitigation strategies (major risks identified as political, bureaucratic, currency, regulatory, and land ownership)
 - The need to balance major infrastructure investments with improving access to energy in remote communities
 - The need to plan for development cooperation activities that can complement private investments by western governments/companies
9. The session concluded with a short discussion on what would be needed to deepen engagement by Irish companies in the energy/clean tech sector in Africa. Suggestions in this regard include - improving awareness of business opportunities (AIEF has a role in this); a stronger role for Irish Govt Departments/Embassies in helping to identify investment opportunities for Irish companies; more coherence across state agencies; and better engagement with Irish private sector representative organisations.