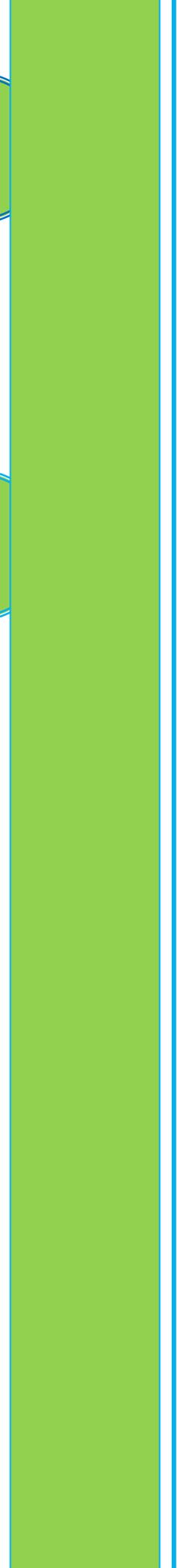
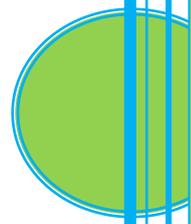
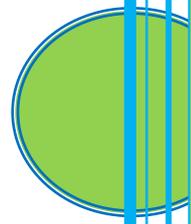


# Future Energy Central Africa

**Welcome Speech**  
by the President of CAPP  
Joël NANA KONTCHOU

Monday, 2 October 2017



**Your Excellencies the Ministers of the Energy Sector,**

**Distinguished Representatives of Technical and Financial Partners  
of the Energy Sector,**

**General Managers of utilities sector companies,**

**Distinguished guests,**

**Ladies and gentlemen,**

On behalf of the Bureau and members of the Executive Committee of CAPP, and in my capacity as Chairman of this Committee, it is with great pleasure and honour that I warmly welcome you to Cameroon, on the occasion of your participation in the FECA forum - Future Energy Central Africa.

As a specialized body of the Economic Community of Central African States (ECCAS), CAPP is the institutional expression of the commitment of our States to place electrical energy at the heart of the socio-economic development strategy of our Sub-Region.

We appreciate the great impetus given by the Minister of Water and Energy of Cameroon, Dr. Basile ATANGANA KOUNA to the execution of electrical projects throughout Cameroon and all the support given to the CAPP Priority Integration Projects (PIP) and Projects under the Cross-Border Programme (PPET).

Your presence among us is ample proof of the interest sub-regional authorities have in the economic integration of Central Africa, whose energy sector is today one of the best vectors.

The forum that opens today offers us an excellent opportunity to highlight the major points that make our region an attraction for investment. We need to reflect on the reforms needed to stimulate genuine development of the sector in order to meet the challenges of access to electricity.

## **The facts are known:**

Central Africa has one of the largest energy potentials on the continent: hydropower, hydrocarbons, renewable energies, to name just a few.

For example, ECCAS has 149 GW, more than half (57%) of the African hydroelectric potential, for an electrical generation that barely represents 4% of this amount.

Moreover, the distribution by power source is very uneven across countries. However, what apparently constitutes a constraint on energy security of one country can become an asset of regional integration and the energy-mix optimization policy, notably on the basis of the complementarities of resources that can be mobilized and harnessed between the different countries.

**The electrification rate in Central Africa does not exceed 20%;** which means that only one in five persons have access to electricity.

Moreover, in spite of efforts made in recent years, the distribution system remains inadequate, resulting in significant investment needs that the financial situation of our companies does not allow.

The distribution system is plagued by several challenges including: manual reading of meters, unreliable metering systems, obsolete IT systems, and irregular billing that result in significant losses. In order to increase the operational efficiency of distribution, our companies must invest in the boosting of line and substation capacities and human capacity building. We need to re-invent commercial activities by taking advantage of technological advances such as digitalization, building a new relationship with our customers, fighting fraud, improving service standards and adopting a reliable billing system.

We believe it is essential to reduce connection and consumption costs for users while limiting financial losses of our companies.

Our financing needs will probably not be met only by improving operational efficiency. All users, including the State, must pay their bills regularly; it is a civic duty.

How can we help suppliers to cover their costs while making electricity affordable? What is the most appropriate price to apply on our markets? These are questions that need to be addressed by regulation and it is essential today to define identity in the dynamics of transformation. Do we need a regulator that acts as a police, regulator, facilitator, or partner? Today, only five of the 10 CAPP countries have an electricity sector regulator. Cameroon that has an agency that was created more than 11 years ago, has been a pioneer in this area.

In short, we will not be able to accelerate progress towards universal access to electricity without improving the performance of distribution networks.

The total installed power capacity in the CAPP zone in 2017 is 6500 MW, while the total guaranteed power is 6350 MW including 4750 MW from hydro and 1650 MW from thermal.

Gas is gradually entering the generation fleet of Central Africa, including 34 MW in Equatorial Guinea, 266 MW in Cameroon and 200 MW in Congo.

The current situation of the electricity market in the CAPP countries shows that the gross generation of power plants in these countries is up to 30000 GWh.

Central Africa is also characterized by:

- A low rate of service (1.08%),
- Low average electricity consumption (108 kWh/inhabitant compared to 740 in North Africa and 1600 in Southern Africa) and a low interconnection of electricity grids,

Besides, in the 1990s and 2000s, a number of CAPP countries initiated reforms in the electricity sector to make it more competitive and to encourage private sector participation in the operation and financing of electricity infrastructure.

In the ECCAS zone that has a population of over 300 million inhabitants, more than 125 million people do not have access to electricity.

On several occasions, we have discussed about the creation of an action platform between the various stakeholders in the sector, in order to explore new sources of financing and help develop a sub-regional electricity market, among other things.

It is clear that there is a real political will within ECCAS to explore this potential in order to rapidly increase the energy resources of Central Africa by pooling the means of electric generation and transmission among the member countries with the aim of reducing costs and improving food security for the benefit of the people.

However, the challenges to be addressed are still numerous and I am going to cite just two main ones:

- Reservations expressed by member States concerning the impact of this approach on national policies relating to regulatory and institutional frameworks;
- Inadequate involvement of member States in the process related to the execution of REGIONAL ENERGY INTEGRATION projects;

In view of this situation, it is thus imperative for us, actors of the sector, not only to take the lead within the framework of infrastructural, high-impact and cross-border projects but also to work in a more systematic manner with national governments, traditional financial partners and the private sector.

The need to implement these leveraged projects requires moving from the project design study phase to an execution phase, on the one hand.

On the other hand, it is worthwhile encouraging and stepping up within the region cross-border electrification networks and interconnected networks that constitute the essential links in building the Central African Electricity Market.

The integration strategy in the Central African energy sector presents numerous advantages and some of these advantages include:

- ✓ Strengthening of the electricity supply security of the various countries of the sub-region;
- ✓ Building of national and regional infrastructure, notably by using hydroelectric potentials estimated at over 650 000 GWh/year and banking on the 2030 Interconnection Master Plan;
- ✓ Improving the reliability of the electricity system as well as the quality of supply ;
- ✓ Increasing the populations' access rate to abundant, clean, available and cheap energy in the entire sub-region.

The interconnections of electrical networks makes it possible to play on the complementarity of resources and needs of various countries insofar as the electricity imported becomes less expensive than the electricity consumed but produced locally from a more expensive source.

Besides increasing economic productivity and being a significant factor vis-à-vis poverty alleviation, cross-border networks are also factors of political stability and peace that is essential for investors.

Insufficient financing remains a potential risk within the framework of the process relating to the development of electrical facilities since most countries are not able to mobilize by themselves funds required for the execution of projects, even those whose studies have been finalized since hydroelectric projects require huge initial investments.

Furthermore, major international agencies as well as investors are not too keen on financing the construction of electrical facilities and the majority of resources available are meant only for the financing of studies.

A number of these studies already exist and can serve as bases for actions. These include:

- ✓ The Master Plan relating to the putting in place of an electricity market drafted on behalf of CAPP;
- ✓ The study on the development of the Inga hydroelectric site, financed by the African Development Bank (AfDB) and by other public and private partners of the DRC, launched in Kinshasa on 9 March 2011;
- ✓ The study on the interconnection of electrical networks (EIRE) of member countries of the ECCAS, financed by the AfDB ;
- ✓ The Electricity Market Code financed by the USAID and adopted by the 14th Ordinary Session of the Conference of Heads of State and Government of the ECCAS, on 24 October 2009;
- ✓ The study at the level of the CAPP on the putting in place of a regional regulation and conciliation body.

There is much good reason to move on. That is why we must necessarily, here in Yaounde, give a strong impetus to the incentives geared towards the participation of the private sector in these marketable projects and to work towards the mobilization of internal resources as well as all available funding sources through pertinent strategic, operational and tactical actions.

However, I am still convinced that at the end of this forum, investors will go back with the strong conviction that the region is a huge market with a business climate that is favourable for the effective implementation of technical and financing options; now is the time for action.

While wishing every success in our deliberations, I would like to thank you for your kind attention.