

## **Powering Supplier Development**

Economies depend on electricity supplies that are free from interruptions and shortages to enable businesses and factories to be productive and work unimpeded, according to the World Economic Forum Global Competitive Report. However, South Africa's electricity supply shortages can affect the country's ability to compete in the global arena. The simplest solution to this power crisis can be found through the localisation of power generation, with legislation requiring that the majority of the work must be completed locally.

The expansion and acceleration of the Independent Power Producer (IPP) Procurement Programme seeks to do exactly that. In fact, it is one of the most crucial steps that the government has taken to encourage meaningful local participation in the effort to fix the electricity shortage problem. The Minister of Energy, Ms Joemat-Pettersson, announced in April 2015, that the Coal Baseload IPP Programme is set to procure 2,500 MW of electricity and the programme requires South African entities to have 51% participation in each IPP project.

In order to meet the local participation requirement of the procurement programme, international firms with the necessary skills and experience will be looking to partner with local companies. This ensures that these power generation projects leave a lasting legacy beyond just building a power station. They will leave a legacy of skilled and experienced locals who are able to contribute to the local economy long after the facility is up and running.

Localisation is an important aspect of IPP Procurement Programmes. The aim is to alleviate the strain that the national power grid is under currently, while developing local skills and experience in building power generation facilities. To ensure these projects do more than just produce power, South Africans must be involved at every level. The country is sure to benefit as a result of this institutionalised localisation process.

The promulgation of the B-BBEE codes and, more recently, the introduction of the Transformation Charter, have led to corporate South Africa placing renewed emphasis on enterprise development and the

alignment of strategic objectives with national priorities. AECOM has extensive experience in large-scale civil infrastructure projects, such as the Moses Mabhida Stadium in Durban and the Gautrain Rapid Rail Link project, where they are adept at delivering projects in South Africa in line with the country's regulatory requirements and economic drivers.

In power generation, AECOM became a major player in the African market through the recent acquisition of URS. The company has played an integral role in many power and distribution developments on the African continent over the last few years, with recent and current work in Africa including the Kenya-Uganda Power Interconnection Project, the Ethiopia Electricity Transmission System Improvement Project and the Ghana-Burkina Faso Power Interconnection Project.

AECOM looks forward to partnering with international players in the power development market for the IPP Procurement Programme, bringing our combined experience in power and distribution developments and large-scale civil infrastructure projects to this important initiative.