

Power underpins wave of African industrialisation

Power is closely tied to a surge of new infrastructure projects and rapid industrialisation across Africa, with significant opportunities still open to the power sector, delegates heard at a briefing for key power sector stakeholders in Sandton this week.

Infrastructure spend across Africa will grow at 10% per annum from 2015 and 2025, exceeding \$180 billion by 2025. Much of this is expected in Nigeria and South Africa with Nigerian infrastructure spend topping \$77 billion by 2025, while in South Africa infrastructure spend may reach \$60 billion by 2025. Strong development is also forecast in Ethiopia, Ghana, Kenya, Mozambique and Tanzania.

This is according to Duncan Bonnett, Director Strategy & Business Development at Africa House, research partner to POWER-GEN & DistribuTECH Africa, who was addressing power sector stakeholders in Sandton in the lead-up to POWER-GEN & DistribuTECH Africa 2018.

Outlining the importance of energy for Africa's development, as well as some of the opportunities for the power sector, Bonnett said: "This infrastructure development is unlocking growth in basic manufacturing in sectors such as chemicals, metals and fuels, which in turn drives growth in spend on utilities. Transport accounts for just over \$200 billion in projects across Africa – largely in rail, ports and road, followed by power with around \$150 billion of projects in the system – not including Grand Inga, which is unlikely to be realised in the foreseeable future. 17% of the power projects are by South Africa, followed by 12% in Nigeria. It's a very exciting space to be in at the moment."

Power development across Africa goes beyond the 'mega power projects', he said. "It also extends to consumer solutions and modular solutions."

Bonnett noted that with adequate power, economies and industries saw immediate benefits, while a lack of power exacerbated problems. "For example, 50% of Tanzania's crops rot because there are no cold storage facilities, which is due to inadequate power. Power is such an underlying aspect of development that spans just about every sector and every opportunity. In parts of Zambia, the roads are in a poor condition not because of trucks carrying copper and cobalt doing the damage; but because of the trucks carrying diesel to the mines. The introduction of proper power to those mines would actually go a long way to solving the roads problems in Zambia." In DRC, he noted, as little of 400MW of power would enable mines to double their output.

Bonnett noted rapid change and development was taking place across the continent, with a rapid urbanisation, growth in basic manufacturing and ICT driving new wealth creation. "Nigeria saved \$2 billion in foreign exchange last year because of the increase in their cement output. Just about every country in Africa is starting to see that dividend because of extra power in their industrial spaces, and we are starting to see this downstream in agri-industrial and basic materials manufacturing growth." Particularly strong development was taking place throughout Africa's 'energy belt', he said. "Across the region we are seeing strong infrastructure-led growth."

However, Bonnett noted that there were factors that had to be taken into consideration by stakeholders seeking to benefit from the wave of growth and development: "We find a lot of South African companies have misconceptions about the region and what's driving it."

Bonnet warned that investors had to be cognizant of the growing importance of local content and preferential procurement across Africa. "You'll have to have local content, a local office and skills transfer," he said. "You've got to be in situ if you want to be part of the game."

Platform for African power progress

Africa's leading power sector platform, POWER-GEN & DistribuTECH Africa 2018, will serve to underpin progress in African power sector development, delegates at the briefing heard.

The event, Africa's premier power sector stakeholder conference and expo, drew around 3,000 delegates, 25 exhibitors and 60 sub-Saharan VIPs in 2017.

Feraye Gurel, Event Director Africa, Turkey and UAE at PennWell, noted that the event was scaling up to offer small and mid-sized local stakeholders specialised marketing packages, to further support them in participating in the event.

David Graham, managing director of International Trade Projects and organisers of POWER-GEN & DistribuTECH Africa's VIP sub-Saharan African programme noted that the mission would take place again in 2018, offering exhibitors and delegates a rare opportunity to schedule talks with leading African power decision-makers.

Highlighting the success to date of the event's Gen-X theatre, where up and coming young engineers present their papers, POWER-GEN & DistribuTECH Africa Advisory Board member Bertha Dlamini announced that the programme is to be enhanced next year, with opportunities for large enterprises to support more young engineers' via conference participation and future career prospects.