African energy market: a golden investment opportunity

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In order to realise the full potentials of the UN initiative on Sustainable Development Goals, the sustainable development Goal No 7 on clean and affordable energy, serves as the fulcrum to the delivery and pursuit of achieving, by 2030, almost all the other goals. While this has been achieved in some parts and feasible in other parts of the world, Africa with the world’s fastest growth rate, and having a population of 1.2 billion (approx. 15% of the world) but only 4% of its energy demand, may have difficulty achieving this goal. The situation is very dire in the continent because about half if the population do not have access to reliable, affordable and sustainable electricity.

On the other hand, the continent prides itself of the abundance of energy resources including fossil fuels, biomass, hydro, wind and solar. The energy potentials from these resources surpasses and is comparatively higher than other parts of the world and could be harnessed with relative ease.

There is under-exploitation of energy resources due to limited capacity to mobilize financing for investment, especially from private sources, owing to policy, institutional and regulatory issues, which need to be addressed to create the necessary enabling environment for the much-needed investments in energy sector to be deployed. Without a consistent and persistent involvement of the international private investment agencies, it is highly improbable that substantial progress will be achieved relying on State funds and efforts, more especially because of competing demand on the scarce resources from the health, educational and transport sectors. In recent years, there is clear and growing evidence across the continent on the significant thrust towards collaboration between governments and private institutions and the crucial role of private investments in the development and delivery of energy projects.

This paper is aimed at highlighting the efforts by African Governments in addressing these challenges (legal, financial regulatory and environmental) to provide enabling investment climate geared towards addressing huge electricity access deficit in the continent. Investing in the electricity sector in the continent will certainly bring about the high Return on Investment because of the population and the needed for the services.