

**Your Excellency, Chairperson of the African Union,
Your Excellency, Chairperson of the AU Commission,
Excellencies Heads of States and Governments of the African Union,
Distinguished Delegates,
Ladies and Gentlemen,**

I wish to express my deep gratitude to the Chairperson of the African Union Commission, H.E. Mr. Jean Ping, for inviting me to the 12th AU Summit to participate in “Infrastructure Day”, the open day event held last week, and to address this august Assembly of Heads of State and Governments on the “Energy Sector” under the overall thematic focus of Infrastructure Development in Africa. I am here in my dual capacity as UNIDO Director-General and Chair of the Secretary-General’s Inter-Agency Energy Coordination Group. I also express my deep gratitude to H.E. President Abdoulaye Wade for hosting the Renewable Energy Conference in April 2008, and for insisting on the energy issue as a priority for this summit.

I. FOOD-FUEL-FINANCIAL CRISES

Excellencies, exactly one year ago, in January 2008, you granted me the privilege of addressing this august assembly for the first time. If you recall, H.E. President Kikwete of Tanzania forgave me for my excessive passion and zeal in that debate as I raised the alarm and a sense of urgency about the dangers of massive urbanization, lack of employment and jobs for Africa’s youth, de-industrialization and the lack of infrastructure and energy.

Exactly one year later, I face you again, but this time I am not so much angry as rather fearful and sombre about our future, because so much has changed in the 12 months of 2008 (that makes me wonder how Africa can cope with the new crises in addition to the multitude of other developmental challenges that are already on your plate). By April 2008, you were faced with the food and fuel crisis, and by September you were dealing with the food, fuel, and financial crises. Today, some worry that the financial crisis has gone from **Wall Street to Main Street**. But I worry that there are many people in Africa who live on **No Streets**, with no electricity supply. And, they may never have **Any Streets**, if we do not redouble our efforts and more realistically face our dilemmas.

Let me flag some of the key challenges in the energy sector in Africa: (i) very low electrification rates and consumption (per capita consumption of electricity is as low as 547 KWh as against 10, 833 KWh in North America); (ii) inefficiencies in energy systems; (iii) high dependency on traditional fuels; (iv) low level of energy exchange among countries; and (v) under-utilization of renewable sources of energy.

II. ENERGY POVERTY CRISIS

Excellencies,

The Energy Crisis or Energy Poverty Crisis is real in Africa, in terms of (i) Access (only one out of every four persons has access to energy); (ii) Quality (outages can be very high – about 140 days in a year in some SSA countries); (iii) Efficiencies (very low in almost all sectors); and (iv) Funding (there is a huge gap between requirements and availability). This, in turn, is impacting on our economic development, jobs and well being itself.

III. OPPORTUNITIES

I found out from the Regional Economic Commissions that thanks to support received from the African Development Bank, each sub-region has an energy master plan and several well-defined programmes. Some developmental partners think that these plans are too ambitious. However, if we are planning for Africa of 2030 or 2050, these plans may be modest, because by then the African population will be 1.4 and 1.9 billion, respectively.

There are huge opportunities in Africa, in terms of untapped potential for hydropower and other renewables, as well as large natural gas and oil reserves.

For instance, Africa has large hydropower potential but only 7% has been exploited so far.

Africa also has huge natural gas reserves amounting to about 8% of global reserves and 10% of global oil reserves.

Two critical areas which I would like to bring to your attention are the huge potential for Biofuels and Energy Efficiency for Africa.

IV. STRATEGIES AND KEY ACTIONS

The AU Commissioner for Infrastructure and Energy has presented an overview of the continent's infrastructure and energy situation. Let me focus on a few strategic issues.

Strategies and Key Actions: It is most critical that we promote a strong policy and investment climate to attract FDI and encourage private sector investment. Remember how policy changes expanded investments in digital mobile connections, so that we now have a 30% penetration rate.

Strengthening of institutional capacity, diversification of the energy supply mix, and promoting systems efficiencies would go a long way to promoting energy security in the region. For instance, implementing the Dakar Plan of Action for scaling up renewable energy programmes would require at least US\$10 billion over a period of 5 years to kick start the markets.

In our opinion, it is important to focus on developing hydropower resources in a regional and sub-regional context by establishing strategic frameworks for refineries and regional integration and interconnection.

Rapid Execution of Quick Win Projects: There is a portfolio of concrete regional projects / programmes where urgent action is needed now for their rapid implementation. While Grand Inga Interconnection would remain a priority for us on a long-term basis, there are a number of other concrete projects that need our immediate attention.

To name a few: Kafue Gorge Hydropower Interconnection; Kenya – Ethiopia Electricity Interconnection; Sambangalou Kaleta Interconnection; Inga III linking DRC – Angola – Namibia – Botswana - South Africa Interconnection; Nigeria – Algeria Gas Network Interconnection.

UN Energy and GEF's West Africa Energy Programme is a very good example of UN system collaboration with GEF to scale up access agenda and energy efficiencies in 18 countries of West Africa.

We commend the AfDB, World Bank, GEF, the EU, China, the Nordic Countries and Japan for supporting several of the initiatives mentioned above.

Excellencies,

To conclude, let me raise a few critical issues for your consideration.

In my opinion, it is critical to close the funding gap to meet Africa's huge requirements. We need US \$ 70-80 billion per year between 2010 and 2015 for new infrastructure and maintenance. Funds available from the traditional donor sources, plus the World Bank and AfDB, are at best US \$ 10 billion. This gap might become bigger in the context of the financial crisis. So, support from China, India, Brazil and the Gulf Countries will also be crucial.

Technology Transfer and appropriate public policies again remain key issues for Africa to make progress on the access agenda and low carbon technologies and systems.

The launch of the International Renewable Energy Agency (IRENA) by the German, Spanish and Danish Governments last week is an important multilateral effort to make renewable energy technologies more affordable, reliable and accessible. Africa must capitalize on this key initiative.

The ECOWAS Centre for Renewable Energy and Energy Efficiency, which has been developed by UNIDO and funded by the Austrian Government, is also a concrete step towards providing training and building local capacities to scale up renewable energy and energy efficiency in Africa.

Excellencies

In the 18th and 19th century, Africa missed the First Industrial Revolution even though our raw material and labour financed it.

In the 20th Century, Africa missed the green revolution in Agriculture, and it was just a footnote in both the digital revolution and globalization (Sub Saharan Africa's share of global manufacturing value added averages less than 2 per cent - in fact it has declined over the last two decades, its share of global inward FDI is less than 3%, and its ICT penetration rate remains low). Today, in February 2009, a new revolution is taking shape, and I feel we may not be fully attuned to it. The new revolution is the Green New Deal (as advocated by UN Secretary-General at Poznan) or the so-called Green Growth Agenda which is driven by both a concern over climate change and by the new economic stimulus packages emerging around the world. To quote President Obama "***The state of the economy calls for action, bold and swift, and we will act — not only to create new jobs, but to lay a new foundation for growth. We will build the roads and bridges, the electric grids and digital lines that feed our commerce and bind us together. We will restore science to its rightful place, and wield technology's wonders to raise health care's quality and lower its cost. We will harness the sun and the winds and the soil to fuel our cars and run our factories***". This sounds like he was talking about Africa.

The question for you, Excellencies, is, will our continent be part of this new green industrial transformation to a low carbon economy, or will Africa be forced to pay a triple price for climate change? Why do I say triple price? Because (1) when climate change worsens, Africa – the least emitter of green house gases – is projected to suffer the most, (2) last year when energy prices soared, a disproportionately larger number of African countries suffered severe food shortages and many are still on the World Bank’s list of most vulnerable states, and (3) deforestation due to demand for fuel wood coupled with current farming practices will increase the continent’s vulnerability to climate change. This is why Nobel laureate Dr. Wangara Mathia is now advocating for Carbon or Climate justice. This call can be extended to Energy Justice, that is, making energy services accessible to all. Noble Laureate Dr. R.K. Pachauri, Chairman of the Inter-Governmental Panel on Climate Change and Director of TERI, launched a call last week for the international community to introduce a new MDG for Energy Access (Africa should support this call).

THE GOAL IS STILL SUSTAINABLE AND COMPETITIVE INDUSTRIAL TRANSFORMATION OF AFRICA.

Is Africa ready for the third industrial revolution as advocated by Jeremy Rifkin? This third revolution will require re-configuration of the transport, construction and electricity sectors, creating new goods and services, spawning new businesses, and providing millions of new jobs.

I wish to stress here that having infrastructure or increased power generation is not an end in itself. The investments in infrastructure and energy are needed in order to expand the production possibilities on the continent, to upgrade its competitiveness, and to unleash the entrepreneurship potential of its youth for wealth creation.

2008 showed us that Time and Tide Wait for No Man. If Africans are not vigilant, the Green New Deal will have no deal for Africa. In this interconnected world, change happens fast and negative changes travel even faster. So we cannot afford to stand still. Every other nation is facing a crisis, so we must work ever harder to solve our own problems. Appeals just based on moral obligations will not be enough.

Climate Change provides an opportunity for transformative changes, and Africa must be part of the transformation or risk even greater marginalization. As our African brother, President Obama, has shown us young Africans, we can define our own future if we dedicate ourselves to the task, and I believe that we can.

Thank you for your attention.