

## African Utility Week 2018

**9h30 – 10h45, 15 May**

**Opening Ceremony**

**EU Welcoming Address (5 min slot)**

### Speaking points

- The SDGs and the Paris Agreement implementation have made it clear that for the development agenda to deliver it can no longer be business as usual. Linkages between water, energy, food security, industrialisation, and growing population need to be taken into account at all times.
- We also need to consider the high cost of achieving universal energy and water access. The estimated cost goes beyond €2 trillion by 2030 for both.
- The involvement of the private sector is therefore crucial. Private investments both from domestic and international sources will have to top up public investments and drive innovative solutions to energy and water challenges in Africa.
- From the EU side, sustainable energy was prominent on the Africa-EU Summit agenda last year and EU subsequently reaffirmed its commitment to the African Renewable Energy Initiative (2018).
- In acting on this, we see ourselves playing a three-fold role: i) as development partners; ii) as foreign direct investors; and iii) as partners in research and innovation.

### **Development partnership**

- EU is Africa's long-standing development cooperation partner, including in the energy sector. And through our support, we are increasingly encouraging private sector participation through a number of blending instruments.
- The EU External Investment Plan launched last year will support investments in sustainable energy and facilitate SMMEs financing.
- Our Electrification Financing Initiative (ElectriFi) unlocks, accelerates and leverages investments to provide access to affordable, reliable, sustainable and modern energy in Africa and beyond.
- In South Africa, the EU-funded Infrastructure Investment Programme, managed by the Development Bank of Southern Africa, is supporting infrastructure projects in the energy, water and other sectors. For example, the uMhlathuze Project encourages water reuse in the coal industry where presently a wasteful eight million litres are consumed daily to process and wash coal.
- In April we have launched €52 million Employment Promotion through SMME's Support Programme, which seeks to improve the regulatory environment for SMMEs, their

competitiveness and access to finance in the sectors priorities in the country's Industrial Policy Action Plan, which include green industries.

### **Investment partnership**

- EU is the largest foreign investor in South Africa responsible for 75% of the total FDI stock in the country. EU accounts for one third of the overall FDI in Africa with €32 billion invested by EU companies in 2015.
- EU investors are prominent in the energy sector. One specific example is the involvement of European companies and Development Finance Institutions in South Africa's Renewable Energy Independent Power Producers Programme and their positive contribution to localisation and employment in the sector.
- EU welcomes recent signature of the 27 outstanding power purchase agreement with the Independent Power Producers and Minister Radebe's announcement that Integrated Resource Plan would be finalised in August. This should further reinforce investors' confidence in the sector. In this context, the signing of the other outstanding IPPs projects and clear indications of timing of any future windows remain critical.
- While supporting localisation, the EU believes that this should be pursued through long term policy clarity leading to the creation of sizeable industries. Blanket obligations expressed in spend percentages are not sustainable. Similarly, discretion in assessing compliance cannot be such that obligations are more or less complied with depending on the origin of the investors or other subjective factors.
- The recently ratified Economic Partnership Agreement (EPA) creating a common free trade area with the whole of SACU and Mozambique opens up opportunities for strengthening trade and investment relations. A committed and forward-looking EPA implementation is thus the best guarantee that EU investors may keep looking at South Africa with the necessary comfort.
- I am happy to see that 14 innovative companies from Europe are exhibiting this year at the African Utility Week. I encourage you all to visit EU pavilion, to learn about products and services on offer and consider possible business partnerships.

### **Research and Innovation partnership**

- Innovation and technology transfer are a necessity in this day and age. We all need new and/or more affordable solutions in the clean energy and water sectors to achieve better access, efficiency and sustainable supplies.
- In this context, I would like to emphasise opportunities for research cooperation under the EU Horizon 2020 programme.
- EU and African researchers have been already teaming up in multiple large-scale research projects, including on water efficiency in concentrated solar plants and on sustainable point-of-use water treatment technologies.
- Further opportunities should be explored under the new calls for proposals

## **Conclusion**

- Strong leadership and citizenry participation at national, regional, continental and global levels determine the ability to leap frog in the development of sustainable energy and water sectors. European Union and Africa are not exceptions. So let's indeed lead and participate!