

**Electrification and its effect on the African renaissance**  
**8 March 2000**  
**Chairman - Eskom Electricity Council**

As the unquestioned leader among electricity suppliers in Africa and beyond, Eskom believes it has a role to stimulate debate on issues that are relevant in society today. For this reason we have undertaken to sponsor the Tribute Forums. Through our sponsorship we provide an opportunity for professionals to be empowered and contribute to the debates in a meaningful way.

Eskom's strategic intent is to be a pre-eminent energy and related services business, of global stature. While we are very serious about this intent, we do not wish to supplant the existing African utilities. We want to use the advantage of our size to elevate the African electricity industry to a level where it can compete with the global players.

When we as African utilities unite and support one another, we can achieve the stature that we need to compete effectively in the international markets.

Major projects are being planned in a number of African countries and Eskom has been invited to participate as a partner of choice.

Thus, Eskom will always seek to act in concert with host country utilities, after due consultation with the respective governments and other relevant stakeholders.

Long before it was fashionable to talk about trade with Africa, Eskom was talking to its counterparts across the continent. Before cross-border cooperation became the flavour of the month, Eskom was talking about a regional grid and a Southern African Power Pool.

It was with this in mind that in September 1995, the twelve member governments of SADC, including Mauritius, signed an "enabling memorandum" for the formation of a Southern African Power Pool (SAPP). The power utilities of the same countries then signed an inter-utility agreement on the SAPP.

This organisation has created a mechanism by which member countries can trade electrical power among themselves, buying from suppliers with the best terms and conditions and selling to those offering the best prices.

To facilitate this mechanism, high-capacity electrical transmission lines are being built, connecting the various national networks to one another.

It is a fact that among the positive results of the formation of the SAPP are the possibility of reduced generation costs and the furtherance of a long-held vision in the electricity supply industry -- the Southern African Grid.

An ingenious and effective way of countering crippling shortages of electric power by moving it around the sub-continent, the Southern African Grid has long been seen as a

vital tool for improving relations among regional states and encouraging economic and social advancement.

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At present, the southern members of the SAPP depend almost completely on coal for their generation needs, while those in the north are dependent on hydro. The coal-burners are concerned about their impact on the environment and the hydro-users are severely affected by drought.

By connecting them on a common grid, each set can, in turn, reduce the problems of the other. There are other possibilities emerging as well. Natural gas off the coast of Namibia, impervious to climatic conditions and with a much-reduced environmental impact, could soon be harnessed to feed power into the system.

A grid such as this is not a single project with an easily defined starting date or finishing date, however. It is, in fact, a collection of smaller projects as each of the countries taking part builds transmission lines connecting its national electricity grid to those of its neighbours.

As the number of such interconnections increases, and the ability of African countries to buy and sell electricity improves, so the effectiveness and benefits of the arrangement will increase.

A significant element in the long-term success of the grid will be when the major hydro potential on various rivers is utilised to send substantial amounts of electricity to other African countries.

For example, various hydrological surveys have estimated that there is a hydro-generation potential of up to 50 000 MW at Inga on the Congo River and up to 120 000 MW in the region as a whole.

This is enough to supply the total demand of the whole African continent and still have some left for export to Europe and Asia.

In short, the concept of an interconnected grid for the exchange of electricity is accepted and endorsed by all the African countries, especially SADC member countries.

The grid exists, albeit tenuously, throughout much of Southern Africa, but the lines and substations need considerable upgrading and strengthening. Construction projects are under way but many remain to be tackled.

Clearly, a great deal of money will have to be found for these projects. I believe that with South Africa's acceptance into SADC and Eskom's first-class record as a borrower, financing may become easier to obtain.

Let me now turn my attention to Eskom Enterprises, a wholly owned subsidiary that was

formed to seek out opportunities for co-operation agreements and joint ventures with our neighbours.

We have already established an office in Uganda, headed by the Managing Director of Eskom Enterprises (Africa), Duncan Mbonzana.

Eskom Enterprises will leverage the competencies and facilities of Eskom and focus on the following lines of business:

Infrastructure development, assets creation, project management, consulting services, and research and development

Energy business operations management contracts, operating, maintenance and refurbishment contracts, purchase of operating entities

Specialised energy services, utility and equity investment in related services

Key opportunities in related or strategic businesses including telecommunications and information technology.

During 1999 projects were initiated in several African countries, and 20 potential projects were under evaluation at the end of last year.

We have begun to establish a presence in Mali, Ghana, Uganda, Tanzania, the Democratic Republic of Congo, Angola, Zambia, Mozambique and Botswana. In some of these countries projects are already in progress.

Thus Eskom Enterprises will focus its efforts on Africa in support of the South African Government's African renaissance.

At the core of the African renaissance vision is an acceptance that Africa's people and their institutions have a capacity and the responsibility to create, foster and maintain economic, political, social and moral processes and practices that define Africans as competent, proud citizens of the world, on a par with the best.

Eskom is in tune with the new societal and continental imperatives, new economic realities and new challenges, which are slowly being conceptualised, and given coherence and political muscle through the vision of the African renaissance.

Since our first democratic elections in 1994, we have brought electricity to about two million South African households, most of them in underdeveloped rural areas.

Since 1994 more than R1,2 billion a year has been invested in the electrification of rural areas. More than 45% of rural households in South Africa were electrified by the end of 1999.

Behind these cold statistics lies the heart-warming story of the impact of electrification on

the lives of the sons and daughters of Africa:

It is a story of schoolchildren and students whose studies are so much easier by the bright glow of electric light

It is the story of sick people who would have died, but for the electric refrigerators in rural clinics that keep medicines fresh and effective

It is the story of people who were isolated from the world but who now follow events via the electronic media and are able to make a contribution to the advancement of mankind

It is a story of unemployed men and women who can now buy food and clothes for their families, because they have a small business in their homes powered by electricity.

With prices that are among the lowest in the world, we made it possible for the poor in our country to use this wonderful new energy.

To counter the problem of the costs associated with greater distances from the established grid, there are new initiatives to promote the use of non-grid energy such as solar power. In remote areas, where it is expensive to electrify the rural population by traditional means, solar energy is cost-effective.

And today, at this momentous point in our history  
Eskom has become a showcase for transformation  
Eskom is a leader in the art of achieving, rather than promising  
Eskom is demonstrating how things can be done, in spite of obstacles  
Eskom has delivered on the electrification programme.

Already we are training thousands of Africans, both from within our borders and beyond, to underpin the African renaissance that we see before us.

Many people from the power producers in our neighbouring countries are being trained in our facilities, learning how to be world-class suppliers. Not only are we showing the way for the future, we are transferring technology to our colleagues as well.

In spite of these accomplishments I believe that Eskom, as one of the leading electricity suppliers in the Southern African Grid, must be businesslike, efficient and profitable to survive in this era of globalisation.

When multinational organisations investigate possible sites for a new plant, they always have a list of very specific criteria against which to test the possibilities. It is my firm belief that a reliable, quality supply of electricity at very economical prices is a vital factor in such a situation.

As one of the world's largest power supply companies, and arguably the most efficient, Eskom is particularly well placed to provide the developmental infrastructure on the continent that will help change both the reality and perceptions of Africa's circumstance.

I conclude by re-stating Eskom's commitment. We are dedicated to energising Africa's economic reawakening; we are committed to bringing light and enlightenment to our beloved continent.