

**12. The role of Eskom in the African renaissance**

**25 February 1998**

**Presentation to the 21st Conference of Societe General Frankel  
Pollak**

*“Ex Africa semper aliquid novi”*

(There is always something new from Africa)

- Pliny the Elder.

In ancient times there was evidently a perception that Africa was a source of novelty. In the first century of the modern era, Pliny the Elder wrote that there was always something new coming out of Africa. The current discourse about the African renaissance may just rekindle that spirit of innovation and resourcefulness.

The concept of an African renaissance, for many people, appeals more to the psyche than to the pocket. It trips more easily off the tongue of the political leader than of the business leader. For many it appears to be more about collective African spiritual feel-good than about economic well-being. Without economic content and form, the African renaissance vision will remain largely a mirage shimmering in the arid political and economic wasteland that characterises much of Africa. It need not be so.

Those of us in the business world who have taken the vision of Deputy-President Thabo Mbeki to heart are resolved to provide the economic underpinning for this vision. Commercially, however, it is important to acknowledge that the vision of an African renaissance is an essential foundation stone that creates the environment, and political framework, for sustainable economic activity and growth. It provides the geo-political rationale for beneficial continental economic expansion and cross-border investment.

The previous management of Eskom was far-sighted enough in the mid-1980s to develop a vision of an African electricity grid led by Eskom. However, it was a vision largely ahead of its time and without a political framework that would legitimise and, in fact, demand South African economic investment and trade in Africa.

The role of Eskom in the African renaissance is to provide the economic foundation stone for business to give content, form and practical expression to this vision.

As with all other infrastructural development companies, electrification and electricity consumption are largely lead indices of economic development activities rather than the result of development activities.

In short, therefore, Eskom expects to lead the charge into Africa north of us, to provide the infrastructure in the form of a reliable, plentiful and low-cost power supply for South African companies to invest with comfort in countries to the north of South Africa. This is particularly important for the South African companies involved in natural resources

development, manufacturing, banking and retailing,

This envisaged role for Eskom has the full support and active encouragement of our political leadership. Eskom's resolve to lead this charge should not be under any doubt. We also have the capacity to achieve this vision. We have the management, the technology, the infrastructure and the size to do it. We have been doing it in South Africa and intend to continue our contribution to South Africa's renaissance even as we extend our mandate up north. We are committed to remaining the lowest cost electricity producer in the world. We are on the verge of testing revolutionary technology that will ensure cheap, safe, fail-proof nuclear energy. We intend to pursue our vision in a manner that protects and contributes to Eskom's high international financial ratings.

In 1991 Eskom launched its current electrification programme. Using borrowed funds, Eskom embarked on a massive campaign to bring electricity to one and three-quarter million South African homes by the turn of the century. In effect, this came down to connecting up to 300 000 homes a year, or more than 1 000 homes every working day. A truly massive undertaking, costing Eskom more than a billion Rand a year.

Research and subsequent experience showed quite clearly that, in business terms, this was not a short-term venture. A large percentage of the homes being electrified belong to poor families who have to live very modestly to stay within their means. It will take a number of years for their levels of disposable income to reach the point where they can spend a mere R70 a month on electricity, which is Eskom's breakeven point. So Eskom has to make the investment and manage the risks until, like the Little Dragons of the Pacific Basin, South Africa achieves breakthrough levels of economic growth.

The main reason for Eskom's approach can be found in the results of electrification. In areas without electricity there is poverty, lack of opportunity, lack of skills and suffering. In areas where electricity has arrived the transformation is startling. On each street, signs appear outside the homes, however humble they may be. Signs that say "General Dealer" or "Panelbeater" or "Dressmaker". There is a latent spirit of entrepreneurship in Africa, a spirit which needs just the smallest amount of opportunity and encouragement to blossom forth like a garden.

This situation applies equally in the other countries of our region. In Mozambique, in Tanzania, in Angola, in the Democratic Republic of Congo, the people are determined to break out of the cycle of deprivation, poverty and hopelessness. But they need the stimulus, the encouragement that electricity can provide. And so, as democracy begins to remove the bonds of oppression, and as electrification continues its work, perhaps we will see, once again, something new coming from Africa.

Eskom's role in this reawakening, this African renaissance, falls mainly into two categories. The first is electrification, about which I have already spoken, and the second is the support Eskom can provide for energy related projects in Africa. Eskom is an African utility. We are part of Africa. Our focus and our future lie here on this ancient continent which many regard as the cradle of mankind. So what can be done to further the availability of power to our homeland?

Eskom is doing much investigative work into developing energy sourcing and electricity

market potentials in Africa. Our teams have identified the countries which have important primary energy sources, those that have potential generation activities and those that have electricity market potential.

The next phase is to initiate discussions with the relevant countries, offering them our support in doing feasibility studies, raising finance and training operational staff. We will enter into a contractual partnership, possibly to build, operate and transfer the installations to the relevant nationals.

In this way, we believe we can use the leverage of Eskom's good name as a borrower to source funds, and use our expertise in the energy field to manage projects effectively and efficiently. We can see this modus operandi leading to an increasing number of African countries that are self-sufficient in energy, and have some available for export; and more particularly, countries that achieve this without becoming tied to ruinous rates of repayment that are completely unsustainable.

This then, is Eskom's vision of the African energy renaissance. An Africa with supplies of usable electrical energy, leading to greater production output, increasing economic health, diminishing debt and a growing sense of self-worth.

Eskom is dedicated to energising this African economic reawakening. We are committed to illuminating this proverbial dark continent, to bringing light and enlightenment to our beloved needy continent. The cardinal aim is to help catalyse the process of firmly locating Africa in the geo-economic sphere of the globe, integrating it into the global economy as a participant worthy of unconditional respect.

This will be our contribution to the African renaissance.