

Political, Economic and Environmental Challenges in Africa:

OGUNLADE R DAVIDSON

Director, EDRC

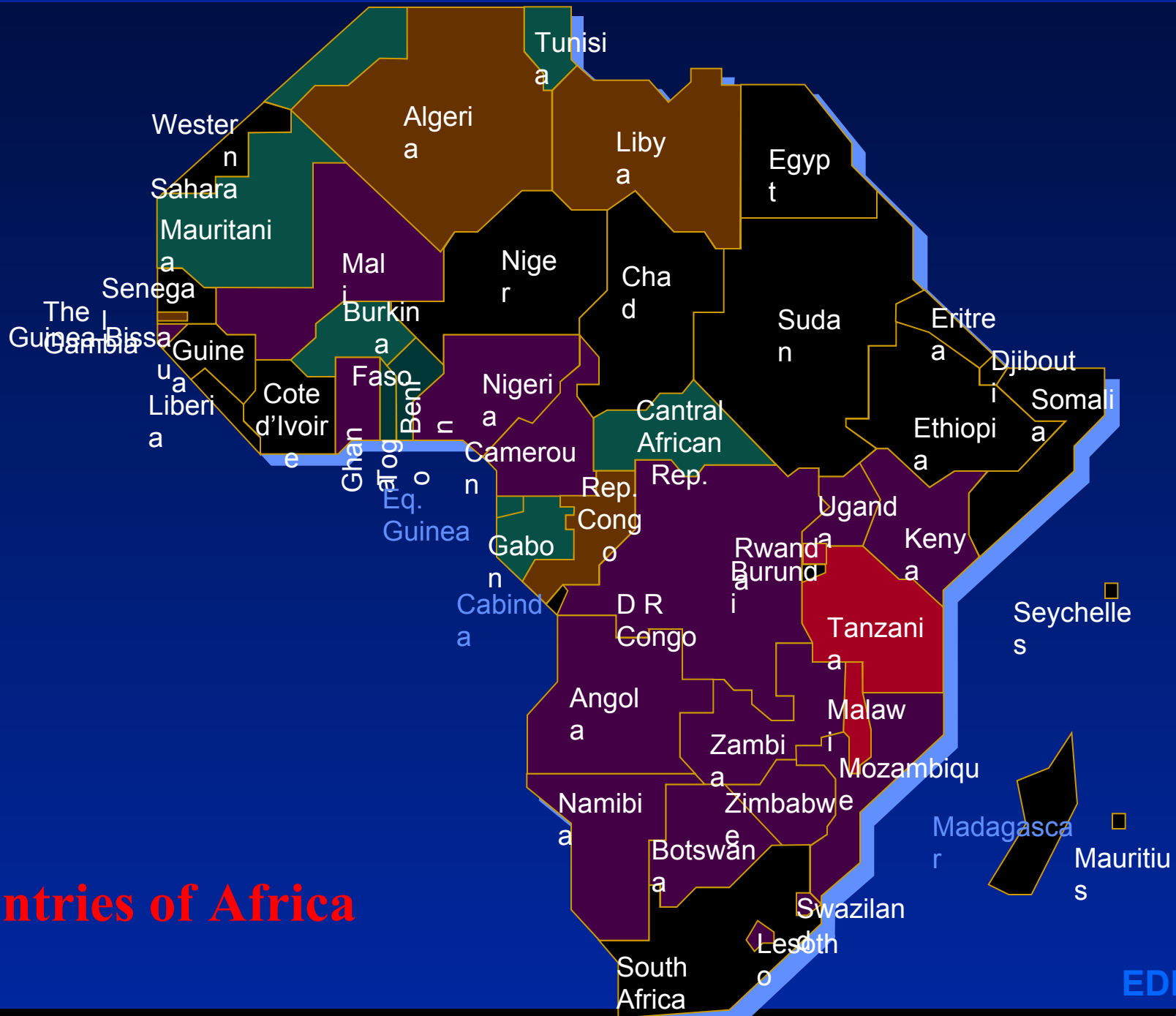
*Lecture at Protestant Academy , Mulheim
International Network of Engineers and Scientists for Global Responsibility
(INES)
March 1, 2002*

Energy & Development Research Centre
University of Cape Town



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Countries of Africa

Historical Impoverishment of Africa

- Inhuman slavery, colonial legacy, and cold war proxy
- Political independence with economic structures that fail to cope with the global economic system
- Destroyed existing structures - weak capitalist class and acute shortage of required skilled manpower - result in weak states
- Contribution to the world economy - supplier of cheap raw materials and consumer of manufactured goods
- No major infusion of financial investments

Failure after Political Independence

- Countries fail to empower its people for wealth creation, industrial and entrepreneurial initiatives –loss of creative potential
- The spirit that led to call independence and the setting up of OAU lost
- Weak states resulted in military coups - triggered by Ghana in 1966
- Education investments at wake of independence (25% of GDP), but beneficiaries stayed away
- Economic decline, reduced capacities and poor governance reinforcing each other

Resources of Africa

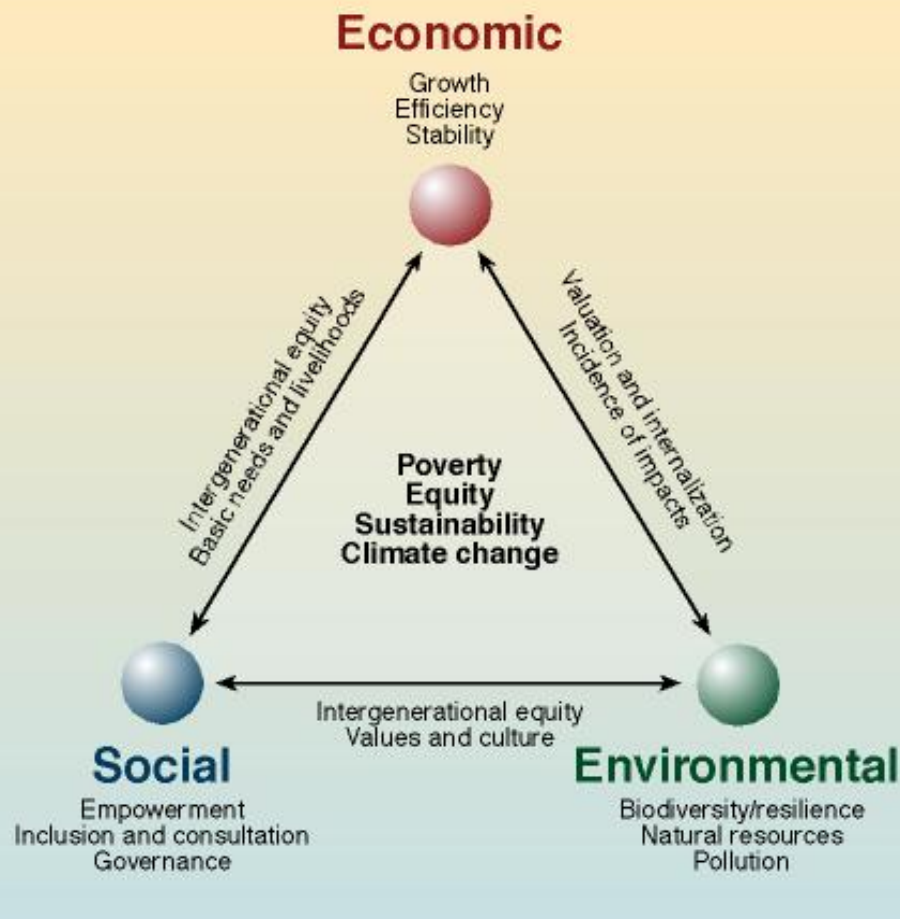
- Huge mineral, oil and gas deposits, flora and fauna and unspoiled natural habitat. Basis for mining, agriculture and tourism – Features most known
- Ecological assets of rain forests and minimum industrial pollution – benefit to mankind
- Sites of paleontology and archaeology that describes the evolution of man – scientific acceptance
- A variety of rich cultures that can benefit humans

Environmental Challenges

- Land degradation and desertification (food security)
- Protection and sustainable use of forests
- Effective management and protection of biodiversity – rich biodiversity and grasslands with home for wildlife but only 2-3% global tourism
- Water management and scarcity – decreasing rainfall and high dependence on ground water
- Land, air and water pollution – rich fishing grounds but serious pollution problems

Integral Elements of Sustainable Development

Key elements of sustainable development and interconnections

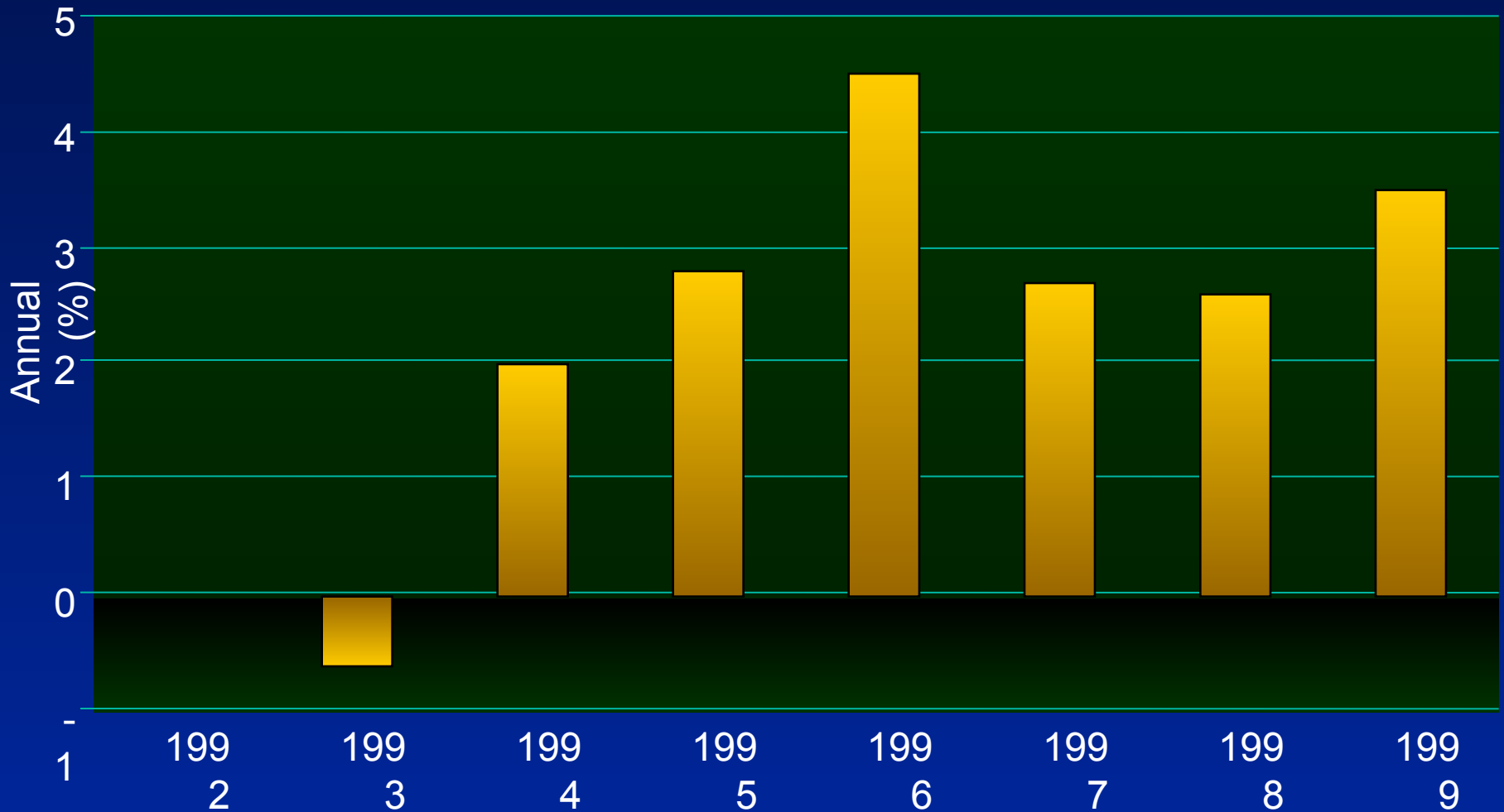


What is sustainable development?

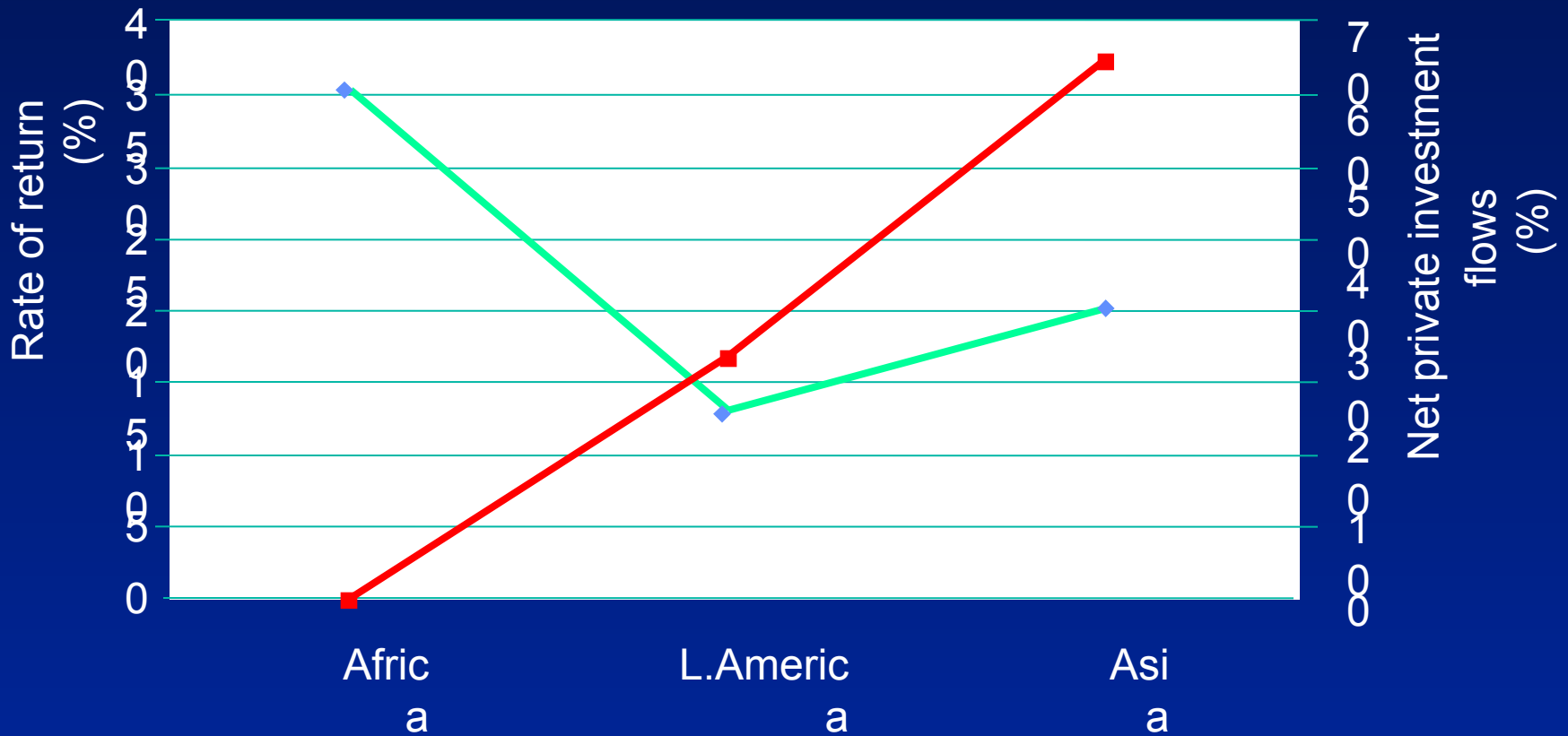
Many definitions but useful to think of SD in terms of challenges:

Clean air	Transport
Clean water	Housing
Food	Jobs
Energy	Waste disposal
Land use	Health care

Annual GDP growth of Africa, 1992-1999



Comparison of rates of return and net private flows to developing regions, 1996



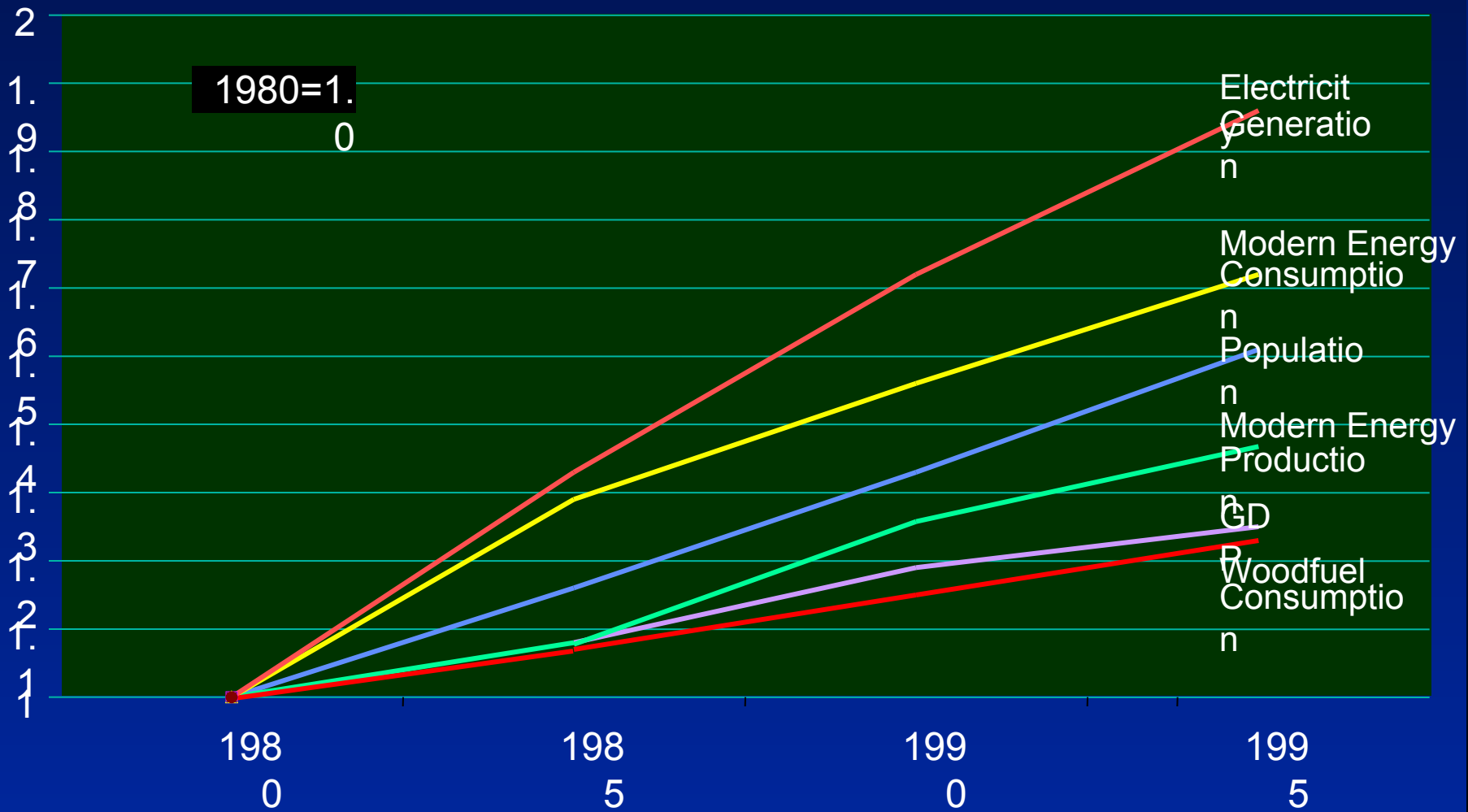
Energy - Development

- Africa requires substantial energy supplies to satisfy its basic and development needs
- Increasing demand for rural energy access
 - Rural areas are deprived of modern energy services
 - Dilemma: increase fuelwood difficult due to supply problems and lack of infrastructure for modern energy supply
- Satisfying urban demand very challenging
 - Energy needs of the urban poor significant
 - Urbanization rate is twice national growth rates
 - Growing number of cities with population over 1 million
 - Growing demand for urban lifestyle and modern energy services

Energy Sources of Africa

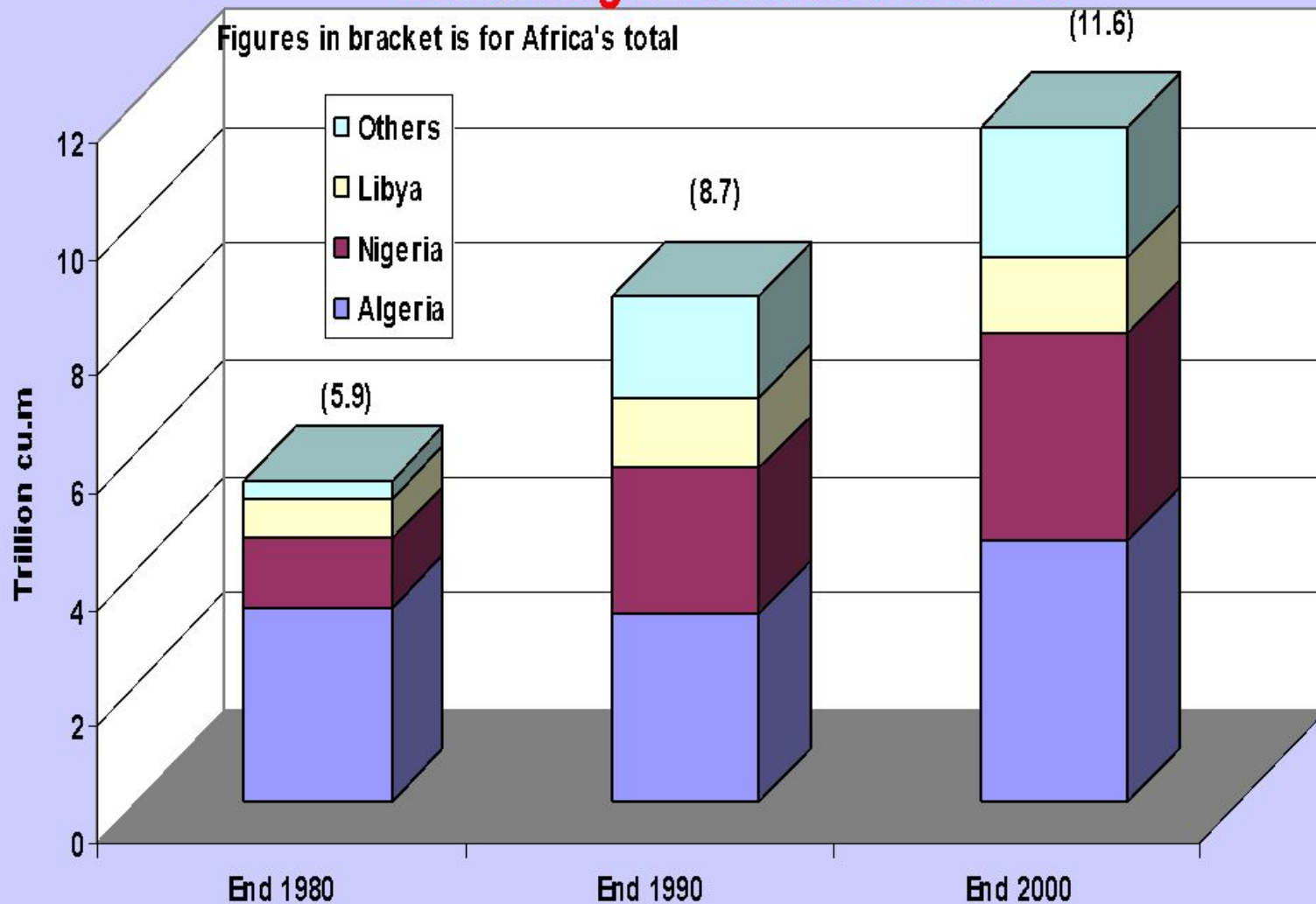
- Africa has diverse and abundant share of global fossil and renewable energy resources
 - 6.2% of Coal, 7.7% of Oil and 7.2% of Nat.Gas
 - Few Geothermal sources in East
 - 12% Hydro, East, Central & West
 - Large quantities of biomass, solar and wind in selected areas
- Nearly all these resources are under exploited
- Significant economic, technical and environmental constraints
- Only area globally with growing new oil and gas finds

Growth in selected energy parameters, 1980-95



Source: Base data from OECD & FAO

Growing Proven Gas Deposits in Africa and are found in increasing Number of Countries



Environmentally Friendly Energy Future

- Expanded energy services: basic parameters:
 - Social Equity
 - Economic viability
 - Environmentally sound
 - Institutional cohesiveness
- Diversity of Institutions and financial schemes
- Widening access at increased efficiency
- Development of a portfolio of technology options
- Market creation and stimulation: urban and rural
- Development of non-energy sectors: agriculture, telecommunications, transport, etc..

Policy Concerns: International Cooperation

- Improving climate for investments not yet tapped
 - High growth rates and Highest rate of return on investments
- Declining ODA and low share of FDI, but ODA can provide leverage fund support for many African countries
- Assist creating environment for attracting investments
 - Institutional reform
 - Regulations, standards and system of arbitration
 - Develop local business sector
- Support new alliances of public/private partnerships

Conclusions

- Economic-Environment-Development Challenges
 - Moving out of Poverty
 - High dependence on natural resources
- Positive economic trends
 - 3% growth in GDP since 1995
 - Highest rate of return on investments
- Renewed interest in African Affairs
 - Development of NEPAD
 - New thinking in financial system - World Bank
 - Recent EU initiative
- IMPROVED POSITIVE IMAGE OF AFRICA
URGENTLY REQUIRED

THANK YOU ALL FOR LISTENING

