I would like to start today’s discussion with a few words on what the future may, and should, hold for energy in Africa. But first we should take a wider view, and rather than look to the future, look to today.

Because while we often speak about the global energy system being in a transition, this is a misnomer. A transition suggests that there is some end result, or some finality. But until the day that every citizen of the world has affordable access to clean sustainable energy, this transition continues. It is rather better to say that the energy system is evolving, reacting, changing, growing – all of these things and more.

Take a look to today’s oil prices, for example. Who here in this room could have confidently suggested one year ago that we would be looking at USD 50 a barrel? Yet that is what we are facing today, and that is what our energy systems must deal with. Yet these prices will not last forever.

And so for Africa, as with all regions of the world, these oil prices represent both a challenge and an opportunity. It is of course a challenge for exporting nations that rely on profits, and a potential boon for importing nations whose economies can benefit from lower energy bills. But that is too simple. It is also a chance to reduce or remove fossil-fuel subsidies that currently eat up such a large part of government budgets. It is a chance to invest in a diversified energy system that can better withstand price shocks in the future. It is a chance to make meaningful progress on climate issues.

A low oil price is just one example. Taking advantage of such opportunities, seizing this and other chances, is what the countries of Africa must do if the 21st century is to be the African century.

Because there is a great deal of work to be done.

With the invaluable assistance of many African governments, institutions and experts, the IEA this past year published an *Africa Energy Outlook*, focusing on sub-Saharan Africa. A central theme of this report
is the apparent contradiction between a region that is very rich in energy resources, but in many countries still very poor in terms of energy supply.

As of today, more than 620 million people in sub-Saharan Africa – that’s about two-thirds of the population – live without electricity. In addition nearly 730 million rely on hazardous, inefficient forms of cooking resulting in huge numbers of premature deaths.

These are large numbers, representing great challenges. But these challenges are surmountable. Not only that, but the benefits of success are immense. Meeting the energy needs and aspirations of sub-Saharan Africa’s citizens can turbocharge economic growth; reliable power supply can transform the welfare of households and remove the shadow of uncertainty that holds back the growth of many promising businesses.

Renewable energy resources are pivotal to the prospects for African energy. In our Outlook, they account for almost half of the growth in power generation over the period to 2040, with hydropower playing a major role in bringing down the average costs of power to consumers – currently among the highest in the world. Renewable sources are also instrumental in helping 950 million people gain access to electricity, particularly in rural areas where the costs of connection to the centralized grid are high.

So how can this become a reality? What is needed for the sub-Saharan energy sector to be an engine for inclusive economic and social development?

One critical element is continuing to improve the conditions necessary for investment. Predictable, reliable, and stable procedures and frameworks combined with appropriate incentives can give investors the confidence that is required to commit capital to Africa’s energy sector. We estimate that, since 2000, two out of every three dollars put into the sub-Saharan energy sector has been committed to the development of resources for export, rather than to meet directly the needs of Africa’s own consumers. This has to change. Governments can rebalance this equation and bring more money into the sector if they make a concerted effort to reduce the risks facing investors on their domestic markets.

Another critical element, in our view, is regional co-operation. Although some major cross-border energy initiatives are in place, technical and political barriers continue to limit trade and hold back investment, particularly in large projects that require regional scale.
A clean, smart and well-functioning energy sector is not an impossible goal, and we have been encouraged by the progress made by many governments in the region, including those represented here today. But the journey is by no means over.

I will now turn to our very distinguished panel to hear about the next steps.