

Report released on state of renewable energy, infrastructure in sub-Saharan Africa

Financial risk consultancy [JCRA have released a report](#) in partnership with the Centre for Economic and Business Research (CEBR) that looks at the state of renewable energy and infrastructure in sub-Saharan Africa.

JCRA director, Lionel Kruger says: “Good infrastructure encourages economic growth wherever it is, but this is especially true in low-income countries such as South Africa. However, Eskom’s stalling is having a detrimental effect on the very industry that could serve to boost the economy,” referring to Eskom’s refusal to sign power purchase agreements.



Cost neutral

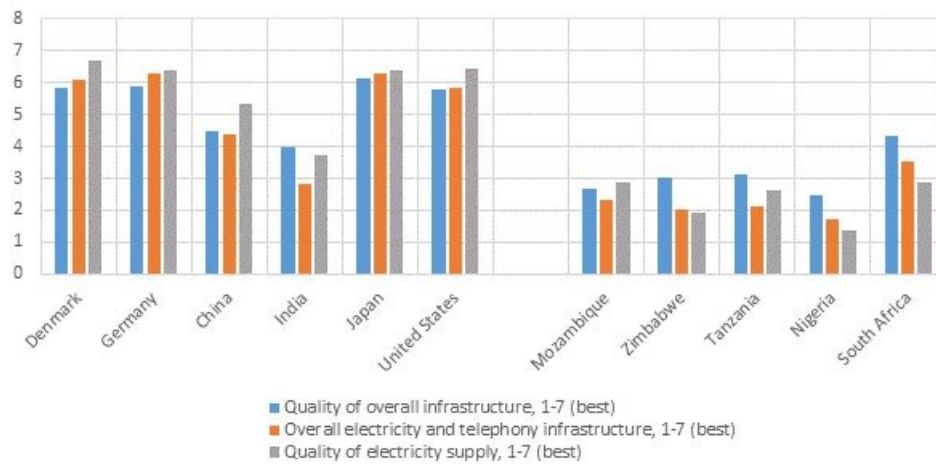
Eskom believes that the REIPPPP projects have resulted in a 2016 net loss of R9bn for the economy, using methodology supplied by the Council for Scientific and Industrial Research (CSIR). However, CSIR argue that Eskom are not applying the methodology correctly, and that the entire REIPPPP process will trigger tariff payments 45% lower and will be almost cost neutral from a pure fuel-saving perspective.

“To have 26 construction projects with a combined investment value of c. R50bn that could be providing employment to tens of thousands of people on hold indefinitely is simply unacceptable,” Kruger says.

In 2014, the renewable sector alone attracted 86% of foreign direct investment into the South African economy thanks to a relatively open foreign investment policy, and the fact that renewable infrastructure revenue streams closely match the liabilities of their investors.

Attractive to foreign investors

“The REIPPPP and various other government measures have been a fantastic success and South African renewable energy infrastructure is still an attractive prospect for foreign investors. However, the longer Eskom stall, the less appealing and more risky those opportunities become,” says Kruger. As it stands, South Africa and the rest of sub-Saharan Africa lag significantly behind European and Asian comparators in terms of the quality of infrastructure. In fact, South Africa’s overall infrastructure quality is only fractionally higher than that of India – a nation with a per-capita income four times lower. The REIPPPP projects will go a long way in bringing the country up to speed.



Source: Global Competitiveness Indicators, World Bank

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