

Developments in the Infrastructure Sectors – February 2016

1. Introduction

The 2016 National Budget identified infrastructure development needs for the country to be around US\$ 2.7 billion of which tax revenue will only finance US\$ 164.8 million. Other identified sources included loan financing; public entities own resources; development partners; and statutory funds, contributing a total of US\$ 1.1 billion. Government prioritised projects in energy, transport and communication; water and sanitation; ICT; housing sector development and agriculture. Government expect the private sector to contribute to the national target to the tune of US\$ 1.6 billion.

2. Housing

The Ministry of Public Works and Local Government has stopped allocating land housing cooperatives and individuals. A state owned company UDCORP was charged with all servicing and housing development on state land. The challenges witnessed in the housing sector has led to these measures by government.

The Board of Directors of the African Development Bank (AfDB) approved a US \$8.2-million equity investment in Africa's housing and habitat company, Shelter Afrique, to strengthen its balance sheet and help it achieve its objective of providing quality affordable housing in Africa.

3. Power

A \$144 million Kenyan wind power project backed by a joint venture between Macquarie Group and Old Mutual Investment Group has been cancelled due to opposition from local landowners and farmers (<http://allafrica.com/stories/201602231572.html>, 23 February 2016).

This gives an important lesson with regards to the importance of stakeholder consultation during project appraisal. Lack of full consultation on projects might actually stall progress.

The project had aimed to provide electricity to an estimated 150,000 Kenyan homes by 2018.

This project was funded by Kinangop whose main investor is Africa Infrastructure Investment Fund II which is advised by African Infrastructure Investment Managers, a joint venture between Macquarie and Old Mutual. The rest of the stake is held by Norway's

investment fund for developing countries, Norfund. These are some of the possible sources of funding for renewable energy projects in Zimbabwe.

The U.S. President Obama's launch of the Power Africa initiative in 2013 and the new Electrify Africa bill passed by the U.S. Congress on Feb. 1, the prospect of electrifying Africa has once again galvanized the development community. Power Africa is an umbrella initiative that has, in the past two years, generated over \$30 billion in investment commitments from partners seeking to dramatically increase both the number of megawatts produced (30,000 more by 2020) as well as the number of people who can now access that power to an additional 60 million.

The African Development Bank launched the New Deal on Energy for Africa, promising to double energy production and triple access in Africa over the next decade. The U.N. also created Sustainable Energy for All initiative. The sustainable development goals also prioritised access to affordable, reliable, sustainable, and modern energy by 2030.

http://en.africatime.com/sao_tome_et_principe/articles/africas-energy-revolution-almost-here#sthash.VsMWpRjK.dpuf

The European Union (EU) has given Zambia 4.4 million Euros in a financial grant for the implementation of the electricity inter-connector project along with Kenya and Tanzania. This is similar to a project which the World Energy Council is also willing to support called 'Zizabona' electricity transmission interconnector, which could facilitate power trade across Zimbabwe, Zambia, Botswana and Namibia, ease congestion on the existing north-south transmission corridor from South Africa to Zimbabwe and add a 400 kV western corridor to the SAPP. *These developments would ease domestic power shortages and stimulate industrial development. Moreover they also increase financial viability of energy projects as they increase the market of the power.*

4.0 Conclusion

Energy development was put on the fore both nationally and internationally with increasing efforts to encourage transnational investments in the energy sector.