



**KEY NOTE ADDRESS AT THE OCCASION OF THE 2018
ELECTRICITY SUPPLY INDUSTRY (ESI) FORUM**

By

HON. ALWEENDO, MP
MINISTER OF MINES AND ENERGY

**DOME CONFERENCE CENTRE, SWAKOPMUND
ERONGO REGION**

09 AUGUST 2018

- Director of Ceremonies;
- Hon Cleophas Mutjavikua, the Governor of Erongo Region
- Her Worship, the Mayor of Swakopmund, Pauline Nashilundo
- Hon. Regional & Local Authority Councillors, Traditional and Community leaders
- Mrs Foibe Namene, CEO of the Electricity Control Board,
- Mr Fessor Mbango, CEO of the Erongo RED,
- CEOs of the various Distribution Companies
- Captains of Municipalities and Town Councils
- Captains in the Electricity Supply Industry
- Members of the Media;
- Distinguished Invited Guests and all Protocol observed
- Ladies and Gentlemen;

A very good morning to you all!

It is an honour and pleasure to be here today to address this important gathering. I am delighted to be afforded the opportunity to deliver the key note address at the 2018 Electricity Supply Industry Forum under the theme of '**Building a Sustainable Future**'

I want to start my address by emphasizing how particularly meaningful it is for me to be here. The aspect of sustainability is close to my heart because simply stated, our future depends on it. No sector will continue to be relevant and deliver the much needed services to the public that are necessary to fuel our development, if it does not carry out its functions in a sustainable manner.

For the electricity sector in particular, a sustainable future must be a priority. Energy is quite literally the lifeblood of modern society as it exists today. It powers not only the economy, but also households, schools, hospitals and agriculture, to name but a few. A sustainable future will need to draw on new and innovative methods of power production. That means for us in the Electricity Supply Industry that our relevance is based on ensuring that electricity is available on demand to all our citizens at an affordable price without compromising the ability of future generations to do the same.

Electricity is one of a few strategic resources, without which development in our modern age will be severely hampered. It plays a vital role in the development of our country. Urbanization will continue to increase for as long as our rural areas remain un-electrified, in part because employment opportunities generally

follow electrification, and electricity enhances productivity in all sectors. For example, manufacturing will be gravely hampered if the electricity supply is not constant and sufficient. Mining, a significant contributor to our GDP, stagnates; education and health are negatively impacted... and the list goes on and on.

There are certainly other drivers of development, including the level of education, skills and commitment of our labor force; strong financial institutions to support capital investment; modernized agriculture; hard infrastructure and so on. However electricity at some levels still acts as the necessary catalyst for these other factors. And without sufficient electricity, sustainability in other sectors can be negatively affected as well.

Namibia is in the process of becoming more self-sufficient in terms of electricity production. As part of this process, 18 independent Power Producers (IPPs) have signed Power Purchase Agreements (PPAs) with Nampower to supply 171MW of renewable energy generation projects. In addition, Cabinet has approved the National Integrated Resource Plan, which aims to find least-cost electricity generation options to meet the country's needs over the next 20 years.

However, despite these efforts and others, we are still overly reliant on imports, importing approximately 60% of our needed electricity. With regard to access to grid electricity less than 50% of our population are connected. It is therefore clear that we need to find

ways to generate more electricity locally, and make electricity more accessible.

In the process of making these changes, the industry as a whole will have to change. The electricity distribution sector has already evolved since independence, with the establishment of regional electricity distributors (REDs) to increase the reliability of electricity at affordable tariffs.

But more change and reform is still needed. It is my view that our reform process will be less than successful with the current structure that is characterized by a single buyer of electricity. There is no doubt that IPPs should continue to be a feature of our electricity supply industry; they increase the local supply of electricity without creating more reliance on extremely limited State investment funds. It is therefore important that we continue to reform our electricity supply industry with a view to encourage more private sector investment in power generation.

And in light of Namibia's abundant resources ideal for renewable energy production - namely solar, wind and biomass energy - creating an environment that stimulates private investment into electricity distribution should be our priority.

In this respect Government has drafted an Independent Power Producer (IPP) Policy that outlines the key provisions of the Government's commitment to encourage private investment in our

power sector. The IPP policy also outlines the electricity market model, pricing regime, procurement approach, and the requirements for the IPPs to develop power generation projects and seek licenses for implementing the projects.

However, it is important to note that any policy that aims to create an attractive investment destination into this industry must take into account the unique type of resource that electricity is. Electricity is not simply a commodity; it is both crucial to development and a necessity for all people regardless of their social status. Poor people need electricity just as much rich people need electricity; young people need electricity just as old people need electricity. As a result, keeping electricity affordable and preventing producers from building huge profits into tariffs, are both crucial to maintaining electricity as a sustainable resource.

The Ministry is aware that cost reflective tariffs has got the potential to place a heavy burden on the final consumers, especially the poor and vulnerable. Therefore in an attempt to ensure that customers are treated equitably, the Government through the Ministry of Mines and Energy has devised the National Electricity Support Tariff Mechanism. The mechanism intends to make electricity more affordable through a subsidized tariff to household consumers on connection capacity below 15Amps.

In light of today's theme, **Building a Sustainable Future**, I think it is appropriate to look beyond the energy sector and think more

holistically about what sustainability is all about. When I think about a sustainable future, I think about a future in which everyone in society is able to live a decent life, in harmony with each other and the environment. A sustainable society, most importantly, is one that is cohesive, one in which people believe in a common future and are committed to getting there together.

It is therefore important to understand how much Namibia has moved towards achieving sustainability, and to identify areas where we are still lacking, so that we know where to direct our energies.

To understand our future, it can help to look to our recent past. Namibia's socio-economic development has made huge strides since independence. The economy is bigger, and to some extent more inclusive, and access to education and healthcare have improved vastly. Our economic infrastructure, including our transportation and electricity infrastructure, has improved.

But even in our successes, we must look for improvement. Inequality has not lessened as much as it could have given our levels of economic growth. Our public health care system is overloaded, while private health care remains inaccessible to the majority of Namibians. And while access to education has certainly improved, we need to start educating young people to be prepared for the future we want to live in, which means a stronger focus on science, technology, engineering and mathematics (STEM) education.

There are some that consider the progress that we as a country have made so far to resemble what is metaphorically referred to as 'low-hanging fruits', meaning that our achievements so far might have been easier given that we have started from a very low base of development. If this is indeed the case, it will suggest that the low branches have been picked clean, and it will become increasingly more challenging to progress further. It will require more concerted efforts from all of us to reach the next level of development.

In order for us to make meaningful progress, we need to take seriously what it would mean to build a cohesive society. At present, we seem to be descending into a state of disarray because of the challenges we face. We seem to be more interested and focusing our attention more on those issues that enhance our differences as opposed to us embracing those issues that unite us. While those challenges that are facing us might be daunting and at times unsettling, they should be seen as opportunities to progress rather than reasons for more divisions.

Take for example the current debates on the land issue or the economic downturn that we are experiencing. These are probably some of the most contemporary challenging issues facing us as a society. They are some of our most urgent challenges that require our collective wisdom. However, we seem to be approaching the most difficult issues of our time with an attitude that says that my way is the only appropriate one, thereby impeding finding a lasting

solution. We seem to be thinking that our solutions lie in making villains out of each other – villains that must be defeated at all cost. The truth, however, is that a society thus divided will struggle to move towards a sustainable future, just as a person who tries to walk in two directions at once ends up going nowhere.

To be sure, there will always be difference of views; there will always be divergent opinions when dealing with our socio-economic development issues. However, our differences need not necessarily divide us. Rather, we should use our diversity of views with regards to our challenges to build cohesive and inclusive strategies, strategies in which all stakeholders feel a sense of real ownership in the process.

It is at time like these where true leadership is needed in charting the way forward. Influence exists in various sectors of society, influence that can and should be used to move towards our common and sustainable future. And when I am talking about true leadership, I am referring to the leadership we expect from us as politicians, from business leaders, the traditional authority leaders, from student organizations leaders, and from civil societies leaders. These are but some of the spheres of society leadership that need to come together to talk, but more importantly, to listen to each other.

Let us all be reminded of what Martin Luther King had to say about leadership: “The ultimate measure of a man is not where he stands

at times of comfort and convenience, but where he stands at times of challenge and controversy". Where do I stand and where do you stand at times like these?

Let me conclude by saying that a sustainable future is possible only when all of us make it our responsibility to do what it takes to make it happen; when all of us put shoulder to the wheel in addressing our socio-economic development challenges. I am hopeful that when we leave from here all of us would have gained a greater appreciation of the task at hand. That all of us will have gained some insight as to how best to proceed with implementing it and making a meaningful contribution towards the Namibian House and its prosperity. The onus is thus on all of us to proceed and overcome the challenges I have detailed with new innovative ideas.

I thank you.