The Politics of Energy in Africa – Energy Partnership with Africa

Burdens of History and Current Perspectives

By Winfried Speitkamp and Daniel Stange

He who wants to shape the future must understand the past. Nowhere this is as much the case as in the relationship between Europe and Africa. An energy partnership with Africa means that on the one hand the specific history that connects Africa with Europe must be recognized, and the burdens of the shared history must be given consideration. On the other hand the interests of the African states must be identified, for example, which energy policy is being pursued and which energy conflicts are being carried out.

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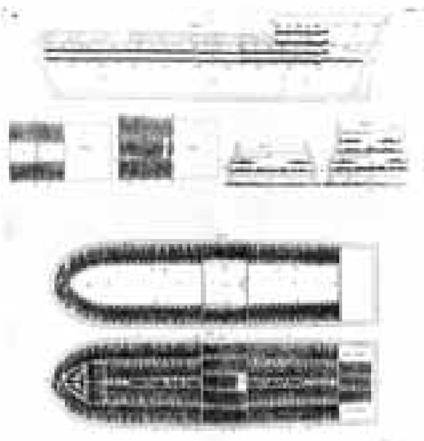
The term 'partnership' is not new when describing the relationship between Africa and Europe. It first made an appearance in the 1940's, in the late phase of European colonialism. Great Britain, whose colonial authority had just collapsed in India, tried to shore-up its position in Africa with a series of reforms and by restructuring the Commonwealth. Of course, by then it was too late. Centuries of European exploitation of Africa had removed any quality of legitimacy and credibility.

Even today Europe is above all known for two things in Africa: for the deportation of 15 million Africans as part of the trans-Atlantic slave trade from the 16th to the 19th century and for its colonialist rule between 1880-1960.

The Slave Trade and Colonialism

During the hunt for slaves and during slave transports an untold number of people died, villages were destroyed, families torn apart, the weak and the young killed indiscriminately. The slave trade had profound long-term political, demographic, economic and social impact. The colonial rule in Africa did not only bring exploitation and humiliation with it, but also permanent excesses of violence, even to the extent of genocide. This history has not been forgotten in Africa. On the contrary, since the system change of 1990 and the end of the Cold War, that also toppled African dictators and introduced more democratic structures, the demands for compensation for slave trade and colonialism are again on the rise.

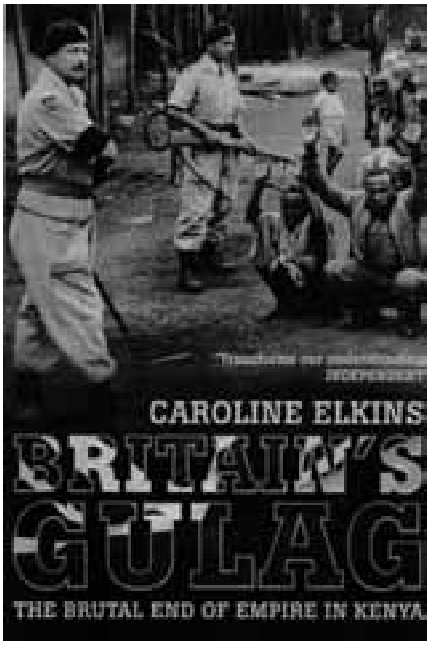


"Slave ship" Wood cut 1788/1789

Kenya provides one example. The country has still not recovered from the wounds of the extremely bloody Mau Mau uprising in the 1950's. The unrest was brutally put down by the British colonial power and tens of thousands had been interned for years. After independence was declared in 1963 in Kenya and up until the 1990's the memories of Mau Mau were ousted from public life. 'Forgive and forget' was the motto of President Kenyatta in order to avoid the conflicts surrounding issues of compensation for combatants and of collaboration with the colonial power.

Today everything seems different. Since the democratization of Kenya, which led to a change of government in 2002, the actions of the British are compared with the policies and concentration camp systems of Hitler and Stalin. Significant compensation has been requested. Officially this has been declined by the British, just like the many other compensation requests that have been rejected by former colonial powers. This is also the case with the Herero of Namibia. As a result of the 1904 uprising against the German colonial authority their population was decimated by 80% as a result of brutal wars, displacement policies, and internment.

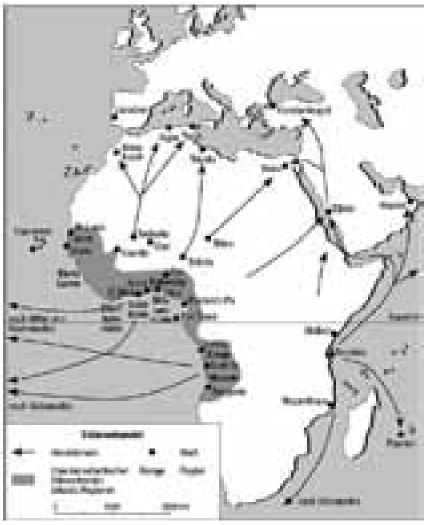
From an African perspective thus, Europe has still not recognized its historical responsibility. Offers of 'partnership' are understood as barely veiled neo-colonial advances, especially when Europeans would be the first to profit while in Africa at best only elites might get some advantage.



Front cover (2005) about the supression of the Mau Mau uprising in Kenya.

Colonial Economic Policy and Unilateral Growth

As a matter of fact, the effects of colonial economic policy have still not been overcome today. The colonial powers invested in highly unbalanced economies in their colonies, which were entirely geared to export. The focus was on raw materials not on industrial development. Railway branch terminal lines ensured the transport of mineral resources from the resource sites and mines to the coast where ships were waiting to take over the transport to Europe. Only in settler colonies with large European population, like in



African Maps (from left): a) slave trade b) colonial divisions around 1910 c) African states in 2000. Source: Winfried Speitkamp, Kleine Geschichte Afrikas, Stuttgart 2007.

North Africa and in southern Africa, did railway networks develop. Thus, colonial powers avoided industrial investment in Africa.

Finally, at the time of the Great Depression, the colonial powers began to reconsider their involvement. First developmental plans were presented and then expanded in the 1940's. Great Britain, France, Belgium, and Portugal now focussed on economic growth within their African territories. The main goal of these developmental plans was to strengthen the cohesiveness of the territories and they were financed to a large extent by locally generated capital. Infrastructure was the focus. The development of several harbours, road networks, railway lines, and especially hydropower facilities at the Nile in Uganda, at the Lualaba in the Belgian Congo, at the Sanaga in the Cameroon, and at the Zambezi between North and South Rhodesia (today Zambia, and Zimbabwe) attest to this. These all contributed to the growth of the African economies after the Second World War, which grew disproportionately in contrast to the rest of the world.

The years of independence around 1960, however, did not see a change in the economic fortunes of the African States. Economic growth continued until the 1970's, albeit at a slower rate. Now mining began to expand; existing sites continued to be used and new ones were discovered and developed. Along with the exploitation of iron, copper and diamonds in Southern Africa came the discovery of oil and uranium in Nigeria. Also secondary processing and industrialization developed, and again grew disproportionately in comparison to the rest of the world. However, agricultural growth did not match population growth. In countries like Kenya and Tanzania or Nigeria industrial investments created a certain economic growth. However, the starting point was low and the growth concentrated on industrial areas that were already active like mining and the regions around important cities. In addition, most of the primary resources were meant for export and the economy continued to be ill-balanced. Revenues from oil exports made these countries develop a petrochemical, iron and steel as well as electrical industry, but again these sectors primarily focused on the export market. The ongoing political crises and wars of these young states dampened investment enthusiasm. Foreign investors were quick to pull out their capital and even domestic investors looked abroad for investment opportunities.

The African economies consistently maintained their monocultural orientation and were more dependant than ever on world market prices. Many countries derived more than 50% of their export revenues from a single product, for example crude oil from Nigeria, Gabon, Angola and Congo-Brazzaville, cotton from Mali, coffee from Rwanda, copper from Zambia. Entire regions concentrated on single products, like cocoa in Ghana, coffee in Kenya. This meant that the welfare of each individual farm was dependant on the world market.

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To make matters even more difficult, the majority of African countries while important producers were not the sole producers of their most important export product. Eventually, these countries experienced a collape of export prices of almost all of their agricultural products and many raw materials. This led regimes into crisis as they had based their national budgets and the sinecures of the elites entirely on revenues of natural resources. Congo's (Zaïre) national budget for example, collapsed in the mid-1980's after the decline of copper prices.

Post-Colonial Economic Policy and Economic Crisis

Economic policies did not help to alleviate these problems. After independence (around 1960) the African states decided on a policy of industrialization

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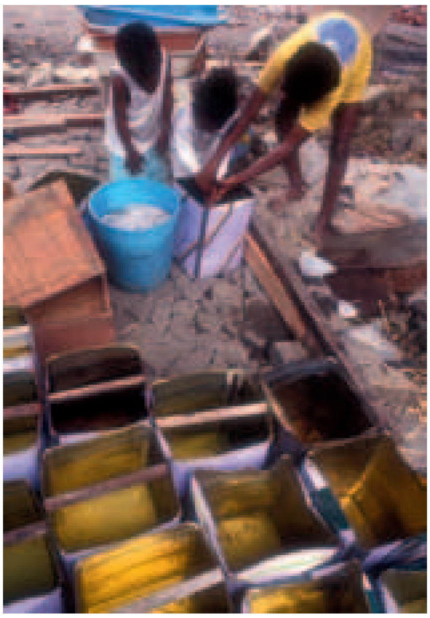

In many African states, rural populations are disadvantaged with respect to the distribution of public resources and investment.

The Kenyan President, Jomo Kenyatta

and modernization following a Western model, even if under the banner of state socialism and despite criticism from the West. Three main elements were involved in this. Firstly, the state sector was significantly expanded. Energy, traffic and parts of heavy industry, even the banking sectors were nationalized. Secondly, late-colonial policies of economic guidance and controlled development were continued. To this end, economic plans with five or ten year goals were established like in Ghana. Thirdly, significant state investments were directed into public building projects. Beyond this, in the first decade significant funds were used for the construction of schools and universities.

Thisdid not only burdenthe national budgets but also led to a chronic debt crisis at a time of increasing interest rates. Moreover, the investments turned out to be unproductive or even purely prestigious projects that had no stimulus effect on the economy or enduring economic growth. Even the industrial investments were misguided, and many new industrial facilities were not working at capacity.

But the most significant consequences resulted from inadequate agricultural policies. In the distribution of public funds and investments, city populations and urban development projects were privileged. In contrast, there was no precise information available about the situation in the countryside that could have been used to inform policy. At best, agricultural mega-projects or model-farms were supported for reasons of prestige and to the disadvantage of the broad population of small farmers. Often even damage to farmer's economic well being was seen as acceptable, for example, when low food prices were enforced in order to appease urban populations.

The oil crisis of 1973 and its consequences contributed early on to the collapse of the African economies. An increasing amount of economic investment had to be used for energy, namely for transportation systems. In the interior the majority of goods was transported by street traffic and trucks, or as in the case of Congo, by plane. As a result of the economic collapse, foreign demand for raw materials dropped pushing African economies further into a crisis. At the same time interest rates went up. The African states had taken up loans in order to fund their investment programmes and found that they were unable to service them without taking out additional loans. In the years between 1970 and 1976 the debt-load of the African states quadrupled. In Nigeria between 1970 and 1982 national debt grew from 478.1 to 6084.7 million US-dollars and in Kenya from 312.8 to 2401.6 million US-dollars. This development resulted in increasing amounts of available monies being used to pay interest charges and amortization. One third and sometimes up to two-thirds of export revenues had to be used to service debt. At this time, governing cliques and elites began to hectically divert national revenues onto private accounts abroad. At the same time these states developed a dependence on the International Monetary Fund, which coupled further loans with conditions. Namely, a strict financial-restructuring policy, restraint with state-regulation and social expenditures, a floating exchange rate and an even greater focus on the export economy were introduced. All of this threatened social peace, destabilized the political order and strengthened authoritarian forms of government.

The Fight for Resources

Even where oil provided an unexpected boom, the single-sided direction of the economy had a negative effect. Oil production in Nigeria had started in 1958, and as a result the value of the Nigerian currency increased. The export of agricultural products collapsed. The revenues of the oil boom were not invested productively in the country. Vast areas, outside of the oil producing regions of the south, did not profit from the export revenue but had to cope with increased prices, including energy prices. When the oil price fell in 1983, the state's income was halved, loans had to be taken out and inflation increased. State demand fell and industrial facilities no longer ran at capacity, in some parts as low as 20%. In the 1980's copper prices also fell and states in the copper-belt like Zaïre and Zambia were driven into fiscal ruin. This in turn resulted in authoritarian regimes and kleptocratic practices of the ruling elite. Monoculture, export orientation, debt, and bad economic practice had driven Africa into a chronic state of crisis. Africa's share of world trade just kept falling.

This crisis-ridden turn of events made resource distribution fights more acute. With the political turnaround of 1990/1991, the end of the power block confrontation, and the disappearance of externally supported dictators, new civil wars erupted like in Liberia in 1989 and Sierra Leone in 1991, the States of the Great Lakes region in 1993, Ethiopia/Eritrea in 1998, and the Ivory Coast in 2002. Warlords supplied themselves with weapons and soldiers at the 'violence markets' (Georg Elwert) and tried their hand at the game of power and resources. Governments intervened to maintain their access to the resources of neighbouring states. In the Great Lakes Region of Africa up to eight states were involved in a state of constant warfare, the first among these was and still is Congo. Violence rules, especially where oil has been located or


The Nigerian writer Ken Saro Wiwa who was executed in 1995.

is suspected. In the Niger Delta, conflicts have been going on for decades and are centred around the policies of the Nigerian government, the role of Shell, the exploitation and destruction of the environment and the rights of indigenous people. In 1995 the execution of the writer, Ken Saro-Wiwa and eight other members of the 'Movement for the Survival of the Ogoni People' aroused public attention. They had protested against the decimation of the environment caused by oil production in the Niger Delta. Today, a number of criminal groups are also involved in this sector and kidnappings and oil theft are daily events in the Niger Delta. This interaction of a great number of different parties creates incalculable consequences. In Nigeria, despite the wealth created by oil, more than two-thirds of the population live under the poverty line, set at less than 1 US-Dollar per day.

Put differently, in the current conditions oil-strikes lead to violence, war, and poverty. Even in those places where oil is not produced yet but only suspected, or where exploration is just beginning, like in parts of the Sudan, including the Darfur area, or in Northern Mali at the border to Algeria, violent military action begins, Governments,

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local elites, warring factions, militia and external powers, e.g. China in Sudan, fight for influence and power. Even the desert areas where oilfields are suspected, or where solar collectors could be set up, are not ownerless places. This myth grows out of 19th century European views of Africa. In travel journals of that time, the Sahara has always been imagined as empty and unoccupied. In reality however, the Sahara has always been an area of activity and a zone of transfer, criss-crossed by many travel and caravan routes, and ruled by indigenous people. Local authorities or nomadic border fighters claim ownership or at least user privileges that directly collide with the contracts between states and investors. These are all the more rigidly defended in the face of foreign investment. What can be said of oil today, could apply to solar power stations tomorrow.

The smallest of photovoltaic facilities play an increasing role in rural energy generation. Pictured is a solar installation from the initiative, ' Licht für Bildung " (lit. 'shine a light on education') run by the German NGO 'Stiftung Solarenergie' (Source: Stiftung Solarenergie)

The Problems of Private Energy Supply

These conflicts are just one aspect of a complex and problematic situation. Even if solar power stations were set up, the majority of the African population would not benefit from them. Most of sub-Saharan Africa has to do without regional electricity networks. As a rule, the majority of rural regions do not have electricity with the exception of economically important enterprises, like mines. The infrastructure policies of the governments were focused on subsidizing cities and the explosively growing metropolises. The latter are the places where political decisions are made, where power structures are built and elections are decided. By contrast, rural areas have often been decoupled from this progress, also in areas of street construction and educational policies. This has accelerated the drive of rural populations to move into these cities.

However, even in urban centres not everybody has access to the electrical network. In the colonial period, starting in the 1930s, mainly European neighbourhoods were connected to the network. Today there are still entire parts of cities, especially the wild-growing slums that are without electricity. Even today, access to energy, namely to modern sources of energy splits societies. Just like in the colonial times, those who have electricity are seen as, and also feel privileged. On the individual level, the use of modern forms of energy was and is a symbol of progress and prestige.

Considering the access to private supply of energy in rural areas few changes can be noted since the late colonial period. Even today, firewood or charcoal provide the basic fuel in rural areas. In the 1980's, the portion of commercially sold energy compared to the total amount of consumed energy was less than one percent and has not increased much since then. Even in urban settlements, petroleum and electricity have never really replaced the traditional sources of fuel entirely but act as supplements. Where a network connection was possible, regular charges and the requirement of purchasing electrical appliances discouraged pursuance. The state energy policy in sub-Saharan Africa gave the subject of energy supply of private households in rural areas little attention until the debates about the development of rural regions in the 1980's. The state energy policy in many places focused its attention instead on energy mega-projects like hydropower facilities that promised comparatively comprehensive and inexpensive production of energy. This is a clear continuity with late colonial policies.

The most prominent and also most contentious project was the Cabora Bassa-Dam at the Zambezi River in Mozambique. These hydropower facilities are capable of generating 2.4 gigawatts of electricity. By the 1970s not just local but worldwide protests began to form against this gigantic project of the Portuguese colonial government. It is a picture-book example of late colonial exploitation. Even after the independence of Mozambique in 1975, Portugal had established continuing ownership of the dam and power station and had finalised long term delivery contracts with South Africa for the generated energy at extremely low prices. Therefore Cabora Bassa did not fill the energy requirements of Mozambique but rather that of the Aluminium industry in the Northeast of South Africa. The revenues were largely for the benefit of the Portuguese owners. It took until 2005 for Mozambique to take over the shareholder majority of the dam for a billion US-dollars.

Development and Reform plans

Mega power stations of this type became the norm for energy generating facilities for the regional energy systems. These were often in conjunction with industrial centres that readily consumed the generated electricity. In terms of energy generation these power stations had little meaning, to large shares of the population because of the non-existence of electricity networks. While urban centres were supplied with energy by high voltage cables, regional networks were only rarely developed in rural areas due to cost-effectivity. Besides firewood, the backbone of the local energy supply was comprised of small diesel power stations organized into small local networks. The problem with this structure became clear during the 1973 to 1979 oil crisis. The jumps in the price of oil drove up the costs of all energy generated on the basis of crude oil. As a reaction to this the UN called a conference in Nairobi in 1981 whose proposals were turned into the "Nairobi Plan for Action" and shaped energy policy in sub-Saharan Africa for decades. At the heart of the Nairobi Plan was the use of locally available energy sources and an increase in efficiency. These proposals were well received in the development community. The improvement of ovens and the installation of solar power facilities were typical projects and were meant to achieve the much-lauded goals of 'help to self-help'. The proposals also were reflected in state energy policy. In Uganda for

Foto: Wikipedia EmjayE2

Cabora Bassa Dam at the Zambezi River in Mozambique, one of the most controversial mega-energy projects in Africa.

example, an electricity programme for rural households was set up. As a result, by 2001 about 10,0000 photovoltaic facilities had been installed, equipping about five percent of domestic households at a state subsidised price of 90-140 US-dollars.

However, for the growing energy requirements of Africa the increasing inclusion of renewable energy sources into energy systems will not provide a solution. Already in 1981 the Food and Agricultural organization of the UN (FAO) warned that the use of biomass to deal with growing energy requirements in Africa would have dramatic consequences. Studies had shown that the use of firewood had already dramatically reduced African forests. Fossil fuels and renewable fuels remained the central sources of household energy supply. Photovoltaic systems, which became more common in prosperous rural households, did not become more common because of the investment costs. In addition, as a result of the low capacity of electricity generated in this way, basic energy requirements were not covered, for example for the preparation of food. Facilities powered in this way could not entirely give up on more traditional fuels. Photovoltaic power was more of a supplement to the existing energy supply in order to use entertainment and communications appliances like televisions, radios, and telephones. In this respect, rural populations at least got the opportunity to participate in public and thus in political life. Even so, from an economic perspective these policies were misguided. Based on the analysis of similar projects in Kenya, it can be seen that the rural middle classes did not use these facilities for economic investments or for the development of trade businesses but rather for an expansion of their consumerism. A general increase of income in the rural areas did not occur, nor did it reduce the disparity between urban and rural regions.

Foto: Daniel Stange

Monument of Dedan Kimathi (1920–1957), leader of the Mau Mau uprising, who was executed by the British colonial government. This monument was unveiled in Nairobi on the 18th of February in 2007.

Summary and Outlook

In southern Africa state energy policies over the last 50 years, were little focused on the needs of private consumers. In many places they concentrated on the supply of urban or economic centres or on energy export but often neglected rural areas. In the last twenty years, sustainable rural energy supply has advanced to become a key subject of energy policy. However, socially appropriate and successful concepts cannot be recognized. Up to now concepts are rather based on subsidizing otherwise not accepted energy sources and on the ability and willingness of the consumer to invest in and agree to medium term supply contracts. From this perspective, an improvement of the energy supply does not serve social advancement, but rather requires it as a precondition and strengthens existing disparities unless it is accompanied by a policy of subsidization and structural improvement.

Mega-projects are even more problematic, like the ones in the framework of a 'solar power partnership between Europe and Africa'. Such plans require a subtle understanding of problems. The burdens of history of the partnership concept are not the only aspect to be taken into consideration but also the current political and social fault lines, including the largely deficient statehood. Each intervention awakens resistance; each expectation of future profits mobilizes interest. Local authorities, warlords, state authorities, Western development agencies and foreign investors must struggle with concepts and find their ways forward. It cannot be foreseen yet, how sub-Saharan Africa might profit from an energy partnership with Europe. A connected network that uses water, wind and sun and connects power stations in Africa and Europe but excludes sub-Saharan Africa may seem like a future-oriented solution from a European perspective but hundreds of millions of Africans would ultimately be marginalized. •