



Speech of the Minister of Energy, in charge of Natural Resources, Mr. Yonis Ali Guedi, at the AREI meeting
Djibouti, Wednesday October 12, 2022

**Madam Acting Director of the IDU,
Ladies and Gentlemen, all protocol respected;
Ladies and Gentlemen ;**

It is a real pleasure for me to participate virtually in this meeting and to speak today on a theme so relevant and of paramount importance on the private sector investment in renewable energy in Africa.

First of all, I would like to inform you that the use of the private sector is in line with the Presidential Vision and is fully in line with the social project and the policy driven by the Head of State of Djibouti, His Excellency Mr. Ismail Omar Guelleh, and this, in order to build a more resilient economy and to promote a shared prosperity. Indeed, as we all know, the private sector represents an important engine for sustainable economic growth and inclusive development in any country.

Resorting to the private sector in the construction of large-scale energy infrastructures is accompanied by numerous advantages, notably the mobilization of substantial financing; the deployment of the most advanced technologies; the proposal of a good quality/price ratio; the respect of set deadlines and the on-time delivery of the built works as well as the effectiveness and efficiency in the operation of the buildings constructed.

In this perspective and aware of the major role that the private sector can play in the economic development of our country, especially in the energy field, the government of Djibouti has undertaken bold structural reforms.

Among these reforms, I quote:

the establishment of a one-stop shop facilitating and simplifying the procedures for creating a private company, in order to create favorable conditions for the emergence of a strong and dynamic private sector;

-the creation of an attractive and favourable environment for private investors (through the elaboration of an incentive Investment Code and the freedom for any foreign private investor to freely repatriate his profits without restriction);

-the adoption of a legislative, legal and regulatory arsenal favorable to business and protective of all private investors, whether national or foreign;- the development of a clear institutional and legal framework for public-private partnerships (PPP), identified as an important lever in the implementation of the "Djibouti Vision 2035" strategy concerning the mode of financing, development and management of our infrastructure, especially energy, with the main objective of encouraging the private sector to provide projects within the timeframe and budget allocated

-the creation of a Partial Credit Guarantee Fund in Djibouti, whose mission is to contribute to the development and promotion of the private sector by facilitating the granting of financing to national companies through risk sharing with credit institutions;

-And, the liberalization of the electricity production market in Djibouti through the adoption of a law regulating the activities of independent power producers (IPPs) with the objective of promoting private sector participation in the production of electricity from renewable energy sources

It is within this framework that the construction project of the wind farm of Goubet with a capacity of 60 MW which will be inaugurated very soon, was carried out with the financial and technical support of many private partners.

In addition, the role of the private sector will also be important in the realization of the construction project of the solar power plant of Grand Bara with a capacity of 25-30 MW with the imminent launch of work by a private energy group Emirati.

In addition, the green hydrogen exploration project in our country will be carried out with the financial support and expertise of a private mining group.

Ladies and Gentlemen,

As you will have understood, in view of the many reforms carried out and the use of private partners in the exploitation of renewable energies in our country (whether wind, solar or geothermal), the promotion and development of the private sector is therefore one of the priorities of the government policy in Djibouti.

Through the strengthening of the private sector in the economic structures, especially energy, the aim is to allow this sector to play its full role, alongside the public sector, in the dynamics of the quest for an economic and social development of our country with the expected effects of achieving more economic growth, creating more jobs and improving the living conditions of the population.

However, in order to attract private sector investments in the renewable energy sector in Africa and thus reduce the risks incurred by private investors, it is imperative to:

- Maintain peace as well as political and institutional stability in African countries;
- to liberalize the energy production market in Africa in order to allow the private sector to invest in the enormous potential of renewable energy in African countries
- Undertake all necessary reforms to further improve the business climate, providing all necessary guarantees and creating a secure and attractive environment for foreign private investors;
- to strengthen the legal and regulatory provisions protecting private sector investments
- to respect or enforce the agreements concluded;
- And above all, to reduce the exchange rate risk through monetary stability.

To conclude, we all know that in view of the heavy investments to be made in the energy sector in general and in the development of renewable energies in particular, the state budget alone is not enough, hence the need to call on the private sector.

Thank you for your kind attention!