Statement of Accomplishments

The goal of this project, in which I partnered with the South African Institute of International Affairs and the Trade Knowledge Network, was to assess the effectiveness of investment incentive programs for renewable energy in southern Africa, leveraging my previous work on investment incentives more generally (Competing for Capital, 2000; Investment Incentives and the Global Competition for Capital, 2011) and in previous work with the Trade Knowledge Network on developing countries (“Assessing Sustainable Development Impact of Investment Incentives: A Checklist,” 2009). In the course of this research, I met with both government officials and private sector companies and consultants, as well as working with SAIIA staff and conducting desk research. I also met faculty and students at the University of Cape Town’s Energy Research Centre, which could be developed into a further partnership in the future.

Between June 17 and June 28, Professor Kenneth P. Thomas (University of Missouri-St. Louis) worked with Katherine Grant and Lesley Wentworth at the South African Institute of International Affairs. I was also able to take advantage of serendipitous meetings initiated at a previous research trip to Washington, DC, and on the flight from London to Johannesburg. In this period, I met with an energy firm that does substantial consulting with the government, the director of renewable energy projects for the Department of Trade and Industry, and a principal in an energy startup. On July 8, I met with people on two campuses of the University of Cape Town as well as a venture funder based in Cape Town.

First, I identified the main programs connected with renewable energy (housed in the Department of Minerals and Energy) and investment attraction programs (primarily in the
Department of Trade and Industry). These include: a) solar hot water heaters for installation in low-income township and rural homes. The goal was to install one million by the year 2014; however, as of March 2013 only 330,000 had been installed (update this info). b) Department of Trade and Industry programs to address both energy generation and job creation goals.

While electric power is critical for development in southern Africa, renewable energy production does not create many permanent jobs. For example, the two concentrated solar power projects by Spanish firm Abengoa in Northern Cape province, which have a combined capacity of 150 megawatts and a total investment of $1 billion, will create only 70 permanent jobs. Moreover, a persistent problem plaguing the renewable energy programs is the fact that so many of the components must be imported, largely from China. Combined with South Africa’s unemployment rate in excess of 25%, “localization” is a key focus for government policy.

Second, I met with people from both the public and private sector. This included DTI and government contractor CSIR, energy startup Quantovex, World Bank consultant and UCT business professor Anton Eberhard, venture investor Kraay Vasen-Govender, and UCT professor Amos Madhlopa of UCT’s Energy Research Centre. The full list is as follows:

May 23 (in Washington, DC): Ria Govender, Nexant (a renewable energy consulting and grid software development firm) (Ms. Govender, a native South African, now works in Nairobi for Engility International Resources Group as an Energy and Environmental Manager)
June 17: Orientation meeting with Katherine Grant, SAIIA
June 18-21 Desk research and contacting interview targets
June 26: Steve Szewczuk, manager at energy consulting firm CSIR
June 26: Ntombi Ntuli, Director for Renewable Energy Industries, South African Department of Trade and Industry
June 28: Ezanne Swanepoel, Quantovex (renewable energy startup)
July 8: Anton Eberhard, University of Cape Town Business School (and World Bank consultant)
July 8: Kraay Vasen-Govender, director at Kensani Capital (venture capital firm)
July 8: Amos Madhlopa and colleagues, University of Cape Town Energy Research Centre
July 10: Wrap-up meeting with Lesley Wentworth, SAIIA

Next, I will work on a report for my partners and then build on it for an academic article.