

How to Make Energy and Climate Work for Africa



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GENEVA, Switzerland, June 30, 2015 (APP) -- Africa has abundant supplies of every type of energy: oil, gas, coal, hydro, geothermal, solar and wind. So why do two-thirds of Sub-Saharan Africans lack access to electricity - 621 million people, and rising? Excluding South Africa, which generates half the region's electricity, Sub-Saharan Africa uses less electricity than Spain.

Africa needs urgently to expand energy generation, accelerate progress towards universal access to modern energy and support low carbon development. How can African governments achieve these goals? Can Africa become a global renewable superpower? And what should be Africa's ambition for the global climate talks in Paris in December?

On June 5, The Africa Progress Panel launched the report, *Power, People, Planet: Seizing Africa's Energy and Climate Opportunities*, at the World Economic Forum on Africa 2015 in Cape Town. Our report offers answers to these questions. The report's key messages have evolved out of a chaotic policy environment. Disentangling the links between climate, energy and finance - while interpreting the turbulent narrative of global politicking at the highest level -

has been a challenge. Our report shines some light on these often obscure issues.

The statistics are sobering:

- It would take the average Tanzanian eight years to use as much electricity as an average American consumes in a single month. And over the course of one year someone boiling a kettle twice a day in the United Kingdom uses five times more electricity than an Ethiopian consumes over the same year.

- Households living on less than US\$2.50 a day collectively spend US\$10 billion every year on energy-related products, such as charcoal, kerosene, candles and torches.

- Measured on a per unit basis, Africa's poorest households are spending around US\$10/kWh on lighting - 20 times more than Africa's richest households. By comparison, the national average cost for electricity in the United States is US\$0.12/kWh and in the United Kingdom is US\$0.15/kWh.

- 600,000 people die each year of indoor pollution from the use of charcoal and wood for cooking because there are no alternative energy sources. Of those 600,000, half are children under 5.

- What is emerging is a powerful new African narrative. No longer wishing to be left on the sidelines of international power brinkmanship, Africans across the continent are taking action. And it is easy to see why. The potential for Africa to emerge as a global renewable superpower is huge. Our report describes that potential, but does not shirk from outlining some of the challenges, from corruption in utilities, to billions lost in illicit financial flows, to the contradiction of Africa's global oil superpowers leaving a majority of their citizens in the dark.

The bottom line is that African governments have an opportunity to seize the climate challenge to rethink their energy policies. This means pushing a "development first" approach by adopting an appropriate energy mix while putting in place the foundations for a low-carbon transition.

As Kofi Annan, Chair of the Africa Progress Panel, states, "We categorically reject the idea that Africa has to choose between economic growth and low-carbon development. Africa needs to utilize all of its energy assets in the short term, while building the foundations for a competitive, low-carbon energy infrastructure."

In May, we were in Berlin to discuss with Chancellor Angela Merkel the report and the forthcoming G7 meetings. Germany is a global leader in renewable energy while facing the challenge of moving away from dirty coal. Chancellor Merkel, a scientist and former environment minister, understands well the global challenges and Africa's opportunities.

The 2015 Africa Progress Report urges African governments to:

- Gear the region's natural gas resources towards domestic energy provision as well as exports, while harnessing the "vast untapped renewable energy potential".
- Cut corruption and make utility governance more transparent, strengthen regulation, and increase public spending on energy infrastructure.
- Redirect the US\$21 billion spent on subsidies for loss-making utilities and electricity consumption, which benefit mainly the rich, to connection subsidies and renewable energy investments geared towards the poor.

The report also calls for strengthened international cooperation to close Africa's energy sector financing gap. We estimate that gap at US\$55 billion annually to 2030, which includes US\$35 billion for investments in plant, transmission and distribution, and US\$20 billion for the costs of universal access.

A connectivity fund with a target of reaching an additional 600 million Africans by 2030 is needed to drive investment in on- and off-grid energy provision. Aid donors and financial institutions should do more to unlock private investment through risk guarantees and mitigation finance.

The report challenges African governments and the international community to scale up the level of ambition for the crucial climate summit in Paris in December, and calls for wholesale reform of the fragmented, under-resourced and ineffective climate financing system. Furthermore, the report calls on the G20 to set a timetable for phasing out fossil fuel subsidies, with a ban on exploration and production subsidies by 2018.

While recognizing recent improvements in the climate negotiating positions of China, the European Union and the United States, the report says that current proposals still fall far short of a credible deal for limiting global warming to no more than 2degC above pre-industrial levels. The report condemns Australia, Canada, Japan and Russia for effectively withdrawing from constructive engagement on climate.

By hedging their bets and waiting for others to move first, some governments are playing poker

with the planet and future generations' lives. This is not a moment for prevarication, short-term self-interest, and constrained ambition, but for bold global leadership and decisive action," said Mr Annan.

Mr Annan added, "Countries like Ethiopia, Kenya, Rwanda and South Africa are emerging as front-runners in the global transition to low-carbon energy. Africa is well positioned to expand the power generation needed to drive growth, deliver energy for all and play a leadership role in the crucial climate change negotiations."

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