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Energy for development: 10 years left to achieve SDG 7

EVENT REPORT



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How to turn energy access for all from a dream into reality

It's a tough ask for developing countries to tackle the climate crisis and to ensure energy for all (UN Sustainable Development Goal 7), but it can be done. This positive message emerged from the Friends of Europe debate 'Energy for development: ten years left to achieve SDG7', held in Brussels on 2 December 2019. Five panellists, with expertise in the African public and private sectors, shared ideas on achieving these two key goals as fast as possible. The event coincided with the opening of United Nation's COP 25 summit in Madrid and with the launch of Friends of Europe's discussion paper 'Energy for development' (available [here](#)).

"Climate action is front of mind and many pieces of the jigsaw are falling into place, thanks to this month's COP25 talks in Madrid as well as the European Parliament's recent declaration of a climate and environment emergency," said the moderator **Shada Islam**, Director of Europe & Geopolitics at Friends of Europe. However, she added, many developing countries still face energy poverty challenges.

“ The EU now realises it won't reach the targets for the UN 2030 Agenda for Sustainable Development through traditional development assistance

Carla Montesi, Director for Planet and Prosperity at the European Commission Directorate-General for International Cooperation and Development (DG DEVCO)

More than 30 million people worldwide gained access to affordable, reliable and sustainable energy sources over the last five years, but around 840 million people globally still lack access to electricity. If electrification progresses at the current rate, 650 million could remain without electricity by 2030. Is there any hope of achieving SDG7 – of ensuring access to affordable, reliable, sustainable and modern energy for all – by 2030?

The zero-carbon win-win

"We can tackle climate issues and energy poverty by transitioning the energy sector from fossil fuels to zero carbon in order to reduce greenhouse gas emissions," replied **Carla Montesi**, Director for Planet and Prosperity at the European Commission Directorate-General for International Cooperation and Development (DG DEVCO), referring to the European Union and its relations with partner countries such as those in Africa. Thanks to renewable energy and private sector developments especially, this transition is a great opportunity to achieve SDG7 – and several other SDGs that rely on electricity's availability, while meeting the EU's mid-century climate action goals. This transition will require an integrated approach, including reforms to governance and regulatory frameworks.

The EU is committed to helping all Africa's energy work. To that end, it promotes political ownership, energy sector governance with a focus on energy policy and utilities, and initiatives to increase investment energy investment on the continent. "That said, the EU now realises it won't reach the targets for the UN 2030 Agenda for Sustainable Development through traditional development assistance," added Montesi.

The EU is therefore partnering on energy with Africa, especially in Sub-Saharan countries – where two-thirds of the population still lack access to electricity. Under its new mandate from 2019-2024, the European Commission will strive to create innovative financing instruments to support African public and private sectors working in energy. Lastly, energy development is a high priority in the new African Continental Free Trade Area (AfCFTA), notably through the Programme for Infrastructure Development in Africa, running until 2040.

Africa Energy Outlook 2019

There was also optimism from **Stéphanie Bouckaert**, Senior Energy Analyst and Co-Lead of Africa Outlook at the International Energy Agency (IEA), “Our new report concluded there is big potential growth for African energy demand.” This growth stems from three trends: a soaring population by 2040, with one in two people added to the world’s population being born in Africa; rapid urbanisation, with cities likely to host an extra 500 million people by 2040; and rising industrialisation, because of the continent’s growing imports of goods and materials. All these trends will drive Africa’s

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need for more energy and unlock economic growth.

The IEA report says this growth in Africa will be fuelled by renewable energies (e.g. solar, wind, geothermal and hydropower), energy efficiency (e.g. through buildings and transport), and natural gas. The continent has seen major recent discoveries of natural gas, but it remains a niche fuel in Africa, despite meeting around half of the primary energy demand of North Africa. If governments across Africa concentrate on these three areas, there is every chance they will achieve Agenda 2063 development plans as well as SDG 7, added Bouckaert.

Make use of sunny skies

Renewables were often highlighted during the debate, especially solar energy. But Africa has a mere 5 GW installed solar capacity – this is miniscule when compared with 4 GW in little Belgium alone. Other renewables, like wind and hydro, are under-developed too. Panellists also lamented Africa’s lack of electricity transmission and distribution capacity, which would ensure that renewables can play a larger role. This is an area the EU has addressed, investing €3bn in African energy projects since 2012. Further investment is expected under the EU’s new Green Deal and a European Commission

committed to more support for Africa's climate action, environment and biodiversity.

Among African countries, there is significant variation in their efforts to ensure energy for all. Kenya has made excellent progress, with 75% of the population now electrified, compared to just 25% a decade ago. Ethiopia and Rwanda are also advancing well. The European Commission's DG DEVCO believes the keys to further energy

“ Electrification is not synonymous with energy, because it mainly refers to the development of electricity grids – which ignores other sectors such as energy for transport, cooking and heating

Luca Giansanti, Senior Vice-President and Head of Government Affairs of Eni

development in Africa and elsewhere are long-term planning and the collection of good data, in support of capacity-building.

When considering energy in Africa, it's important to consider two concepts, remarked **Luca Giansanti**, Senior Vice-President and Head of Government Affairs of Eni. Firstly, it's unhelpful to simply say that people are either connected or unconnected to energy. “Access to energy should mean that energy is affordable, reliable and healthy for people and the environment, as well as being safe and available for homes and communities,” he said. “Moreover, electrification is not synonymous with energy, because it mainly refers to the development of electricity grids – which ignores other sectors such as energy for transport, cooking and heating.”

Smarter funding

Investment is essential for Africa and its energy sector, but extra funds won't suffice. “Early stage money is really helpful for energy projects. We must create the right conditions for business, including sound regulation, so money will flow into investments,” said **Michael Franz**, Team Leader of GET.Invest. This European programme – which mobilises investments in decentralised renewable energy projects – supports the private sector, financiers and regulators in building sustainable energy markets. Companies come to GET.Invest for advice, so they can become ‘bankable’ and get funding from major lenders.

“ Finance is driven by the perception of risk and a lack of capital, so we must tackle both these issues to help African energy projects

Michael Franz, Team Leader of GET.Invest

“Africa is very diverse, so there is no one energy solution. It needs lots more investment in energy, at a minimum €20bn a year, but it only gets a fraction of that,” Franz lamented. Due to the lack of public resources, the private sector is becoming increasingly involved in projects that involve solar power, grids and transmission. As Franz pointed out, technology costs are less of an issue today than overall funding, since the cost of solar power has fallen by 90% over the last 13 years. “Finance is driven by the perception of risk and a lack of capital, so we must tackle both these issues to help African energy projects,” he added.

Franz underlined how the continent's lack of energy seriously impacts so many aspects of life – including schools, industry, farms and hospitals. Even in Kenya, which has relatively good access to energy, there are power cuts every seven hours on average. “Changing African energy systems is a bit like turning around a large tanker at sea – it will take a long time,” said Franz. So how can the continent achieve SG7? Franz had four suggestions for the energy sector: collect data and information, get business backing for projects, create the right regulatory framework, and then raise the money required.

Potential investors often fight over the limited viable opportunities, noted Franz. He ended with a cautionary note, “We won’t achieve modern and sustainable energy services in Africa by 2030, because 500 million people will still lack access to energy.” He also added that the challenge is not so much the energy, but what people can do with it – citing a lack of grids and appliances.

There is no lack of money available for energy projects in Africa, remarked several debate participants. However there was a consensus that international donors and lenders should also fund smaller projects, not just big infrastructure.

A European Investment Bank (EIB) representative replied that it’s increasingly focused on supporting smaller projects in Africa and beyond, although large infrastructure remains the bank’s main goal, including in the energy sector. Furthermore, in accordance with the European Commission’s new Green Deal, the EIB will no longer finance fossil fuel projects from the end of 2021 onwards.

“The best way to support energy in South Sudan is to offer direct help for local communities, in partnership with private companies and EU

Peter Sam Mutoredzanwa, Country Director for South Sudan at the United Nations Office for Project Services (UNOPS)

Pushing the private sector locally

“€2bn a year flows into South Sudan from the UN and NGOs, but there’s no money for renewable energy and little government interest in it,” said **Peter Sam Mutoredzanwa**, who is Country Director there on behalf of the United Nations Office for Project Services (UNOPS). He said UNOPS is focused on environment and climate change issues in developing countries, calling on procurement and project management, often in tandem with the private sector and other UN agencies.

The best way to support energy in South Sudan is to offer direct help for local communities, in partnership with private companies as well as the EU, added Sam. Yet this is highly problematic due to rampant corruption, ongoing internal conflicts, the emigration of millions of South Sudanese abroad as refugees and the lack of any public development department.

According to Sam, “South Sudan, just like much of Africa, is blessed with many hours of sunshine every day. There’s huge potential for solar power, if only the country decided to back it.” Through a limited number of partnerships there, UNOPS has helped to build roads and schools and install solar panels and systems. Nevertheless, Sam bluntly stated that only “dreamers” think SDG 7 can be achieved in South Sudan by 2030. Carla Montesi begged to differ, with regard to Africa in general, “The EU has invested €3bn in African energy development and leveraged €23bn: this is a reality and not a dream!”

Clean cooking is a hot topic

Besides boosting Africa’s energy development, public-private partnerships (PPPs) were widely recommended to promote clean cooking solutions. Today 900 million Africans rely on stoves that burn wood, charcoal or dung. “They’re harmful to human health and the environment, due to air pollution and deforestation. We advocate cleaner cooking, such as with natural gas, and assisting the transport sector to be energy efficient and use more renewable energy,” said Giansanti. Several other speakers also called for more attention to be paid to clean cooking, together with more EU support.

“ I learned that Africa will be key to tackling the climate crisis and a just energy transition

Shada Islam, Shada Islam, Director of Europe & Geopolitics at Friends of Europe

Eni has a three-pronged strategy for African energy over the long term. Firstly, the company develops domestic energy markets, so that local communities can access energy wherever the company operates – such as the 18 million people who receive electricity in Niger and the Republic of the Congo. On a continental level, this means developing natural gas resources in Egypt, Ghana, Mozambique and Angola. “We aim to contribute to communities’ energy access and stability. Of the 14 African countries where we operate, 10 receive the entirety of our production,” said Giansanti.

The company’s second area for development is renewables. Besides solar projects in Algeria and Tunisia, it has signed agreements for similar projects with national energy companies and government agencies in another four countries. According to Giansanti, the aim is to have 5 GW of installed solar capacity by 2025 for a total investment of €1.4bn.

Lastly, Eni aims to maximise its African energy work by joining forces with others, notably by building more PPPs. On the public side, it cooperates with the European Commission in the High-Level Platform on Sustainable Energy. It also has working agreements with several UN agencies – including the United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), United Nations Industrial Development Organization (UNIDO), plus the Food and Agriculture Organization (FAO).

Further investment solutions could include diaspora entrepreneurs, an audience member suggested. He claimed that many African countries rely heavily on remittances from expatriates abroad, but rarely try to tap into diaspora expertise and funds to support local projects of any kind. Many in the debate also agreed with the recommendation for bottom-up projects, as opposed to the traditionally top-down approach favoured by EU institutions, because this leads to empowerment of local communities and thus better energy access.

The debate brought together stakeholders from the public, private and civil society sectors, both from Africa and Europe, making the discussion a collective brainstorm on how to achieve SDG 7 before 2030. “From today’s event, I learned that Africa will be key to tackling the climate crisis and a just energy transition,” concluded the Shada Islam.

Key recommendations to all stakeholders to leverage a fair and inclusive energy transition and tackle the climate crisis

- Focus on renewable energies, energy efficiency, and natural gas, so that Africa can achieve SDG7 and Agenda 2063 targets.
- Develop all renewables, especially solar energy, plus electricity transmission and distribution capacity.
- Don't ignore sectors such as energy for cooking, heating and transport – in particular, assist the transport sector to be energy efficient and use more renewable energy.

Good governance and the right regulatory frameworks to create a conducive environment...

- Tackle climate issues and energy poverty by transitioning the energy sector from fossil fuels to zero carbon, via an integrated approach that includes reforms to governance and regulatory frameworks.
- Boost energy development in Africa, pushing for the energy sector to collect data and information, get business backing for projects, create the right regulatory framework, and raise the money required.
- Increase smart funding for Africa's energy sector, including early stage money for projects, and create the right conditions for business, including sound regulation.

...to better channel money into development finance

- Invest far more in African energy, because the continent only gets a fraction of the €20bn annually it needs as a minimum.
- Increase funding to smaller energy projects, not just big infrastructure.
- Address issues around the perception of risk and a lack of capital, to increase funding for African energy projects.

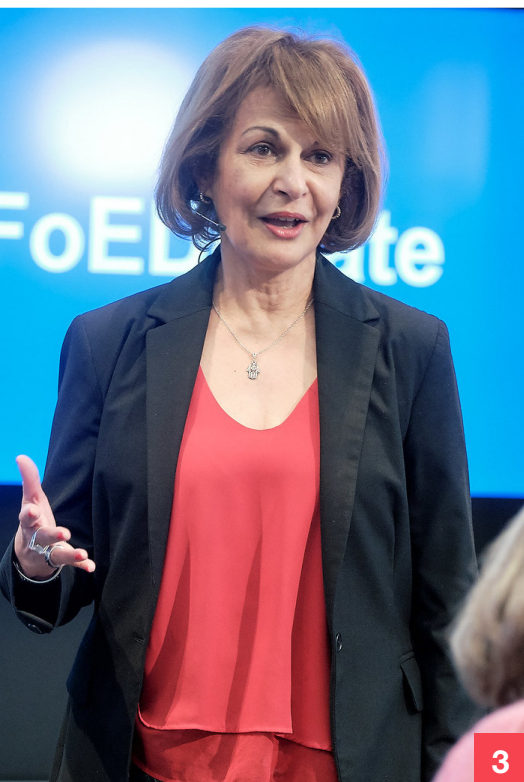
Making sure PPPs are in place and...

- Work with the private sector to directly support energy projects for local communities
- Develop cleaner cooking solutions as a priority, especially through public-private partnerships.

...nobody is left behind

- Focus more on bottom-up energy projects, to empower local communities and enhance energy access.
- Tap into diaspora expertise and funds to support local energy projects.

To learn more about how to reach SDG7 before 2030, read our publication [here](#).



1. **Luca Giansanti**, Senior Vice-President, Head of European Government Affairs at Eni; **Stephanie Bouckaert**, Senior Energy Analyst and co-lead of Africa Outlook at the International Energy Agency (IEA); **Michael Franz**, Team Leader of GET.invest
2. **Sam Lampert**, Director of Operations and Impact at the European Development Finance Institutions
3. **Shada Islam**, Director for Europe & Geopolitics at Friends of Europe
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