

ACCESS TO ENERGY : INEQUALITY BETWEEN EUROPE AND AFRICA, AND BETWEEN AFRICAN COUNTRIES



THE PROBLEM

Access to energy is still very limited in many parts of Africa, whereas it is universal within the European Union (EU). However, the EU bears a much larger responsibility for climate change, with a more prolonged and significant carbon emissions legacy than Africa. As a result, the African continent is faced with the unprecedented challenge of developing its energy supplies while reducing carbon emissions.



IN FOCUS-ENERGY ACCESS

- In 2019, the EU's entire population, accounting for just under 445 million people, had access to electricity, while only over half (54.7%) of the 1.3 billion people in Africa had access.
- Almost 600 million Africans remain off-grid, 1.3 times more than the EU population.
- There are stark inequalities between African countries. Egypt, for example, has 100% coverage, while South Sudan only has 6.7% coverage.
- Southern African countries have more people connected to the grid, ranking higher in electricity supply and power generation compared to the rest of Africa.
- An estimated 66% of the South African population is connected compared to Malawi's 42%. Therefore, it is the lowest-ranking country in that region.
- Africa accounts for 17% of the global population but only 3.4% of global energy consumption, while EU represents 5.8% of the global population but accounts for 10.4% of global energy consumption.
- Africa's share of the global carbon emissions (4.0%) is less than half its share of the global population (17.0%), while the EU's (8.2%) is considerably higher than its share of the global population (5.8%).
- Despite opposing trajectories, EU emissions are twice as high as Africa's. Africa's carbon emissions are steadily increasing, reaching their highest levels in 2019.
- The EU's carbon emissions have declined from a peak in 1979, yet in 2019 they were still over twice as high as Africa's.
- Africa's historical climate footprint is incomparable to the EU's. For example, Germany alone accounted for 4.2% of global carbon emissions between 1960 and 2020, more than all African countries combined.
- Despite the availability of Natural resources in Africa, statistics indicate that Africa uses about 8% of its potential hydropower.
- North and West African countries have developed significant partnerships with key investors to increase capacity for renewable energy.

WHAT CAN BE DONE

Get more investment into delivering energy access and transition in Africa, by mobilizing new and existing European and African actors more effectively:

- Focus on critical bottleneck: Identifying financing mechanisms and business models that are already starting to attract a lot of attention in energy distribution
- Identify de-risking measures that are necessary and deployable at country/municipal level
- Involve local partners: Advocate for aggregation platforms bringing local currency actors and SME which are the main drivers of the African economy
- Analyze SDG 7 targets: Concentrate on a few countries which might serve as an example for Africa-Europe energy compacts
- Turning plans into a reality – mobilizing investments for Africa-Europe energy compacts: Call to the EU and Africa for a public-private finance platform that provides incentives to crowd-in investment for countries to sign-up on compacts and deliver with partners (countries + companies) following the Africa-EU Summit

KEY CONSIDERATIONS

- Clarify the broader investment climate conditions needed to secure investment from foreign and domestic sources.
- Simplify the wide range of existing financial mechanisms intended to encourage foreign investment in Africa's energy systems, and reduce the associated red-tape and bureaucratic delays
- Understand why investment in energy has not been forthcoming.
- Recognize energy infrastructure and generation demand a public-private partnership, with clear commitments and expectations on both sides. A Compact can embody such pledges.
- Engage high level political leadership to champion energy investment and what needs to be done domestically: re-purpose subsidies from supporting fossil fuels to renewables; establish secure energy policy and regulation
- Explore the part to be played by long-term patient capital, such as public service pension funds.
- Identify grants and low-cost capital from social impact bonds, carbon offsets and other funds with which to blend regular investment capital.

WHAT ACTIONS ARE NEEDED NEXT

- Investing towards implementing technological advancement in the energy sector, therefore, translating into impact.
- Positioning young Africans at the forefront of the energy revolution.
- Easing the cost of doing business to attract more public and private partnerships to ensure that Africa lights up.
- Exploiting the availability of natural resources across Africa beyond the current usage, thereby taking center stage of the energy evolution within the continent.
- Africa and the EU need to mobilize more investments at the country level, make economies more resilient, and have people recover from the crisis.
- Africa and Europe should collaborate and make sure that the public and private sector plays their role in creating jobs, collaborate to work in partnerships and put back countries and the poorest economies on a better trajectory to grow sustainably.
- Demonstrating tangible successful transactions to enable the perception of risks for investors to diminish critically. Fostering the right drumbeat of EU-Africa public-private partnerships in priority domains of action will prove successful in building bridges between the two continents and longer-term economic prosperity.