



# **SDG7 Initiative for Africa:**

Investing in clean energy for  
access and climate action

# The SDG7 Initiative for Africa

The SDG7 Initiative for Africa aims to accelerate private sector finance for clean energy to energize sustainable development in Africa faster and better, as well as to strengthen and upgrade transmission systems. The initiative is a mechanism built on three pillars - sustainability, governance and finance – to bring together countries, financiers and developers of clean-energy projects to align interests and combine scale and speed to fast-track financing from the private sector for deployment of clean energy in Africa.



## Sustainability

Supports achievement of Sustainable Development Goals (SDGs) through long-term financing for clean energy solutions, environmental sustainability and business sustainability



## Governance

Adheres to responsible investment principles such as those promoted by the UN-supported Principles for Responsible Investment, covering environmental, social and governance factors



## Finance

Mobilizes private-sector finance through bonds issued in capital markets and putting in place risk-mitigation instruments to fast-track investments for a bundle of clean energy projects covering different countries and technologies.

## LEVERAGE

World-renowned investment expertise and resources

Experiences of major clean energy project developers in Africa

Political will and leadership in a number of African countries

Big portfolio of announced renewable energy projects

Low interest rates globally

Declining costs of renewable energy technologies

## VALUE ADDITION

Clean energy programmes, including transport fuels and electric mobility, managing and transforming otherwise flared gas, and smart cities  
An enabling environment which allows countries to honour their commitments to climate action and meet access objectives:

Investments in transmission and interconnections infrastructure to enhance the business case for generation assets  
Political support and prioritization of national and regional projects

Support for project preparation for enhanced bankability  
Technical and regulatory support to countries, including capacity development (regulators, utilities and project sponsors)  
Bankable pipeline of 10,000 MW of clean energy projects deployed by 2025

## Africa's energy future under changing climate

Climate change is causing unprecedented variations in the frequency and magnitude of extreme weather events: floods, droughts and heatwaves. This has serious implications for Africa's development, even though the continent contributes the least the global anthropogenic emissions causing the looming climate crisis.

Yet, the global climate crisis presents an opportunity for Africa to capitalise on its vast renewable energy resources to be a global pole for low carbon climate resilient development. The NDCs of all African countries refer to actions involving clean energy in one form or another. They cover all end-use sectors and technologies.

The renewable power capacity additions to 2030 in those countries with stated renewable power actions is close to 22 GW. This is far less than the close to 200 GW of renewable power projects under construction, announced or proposed.

The 2020 revision window of NDCs as required by the Paris Agreement is a unique opportunity for African countries to:

- address the various shortcomings of their current NDCs, including in ambition, alignment with national development plans and sectoral coherence
- revisit the means of implementation
- tap new opportunities, including clean energy and the blue economy
- demonstrate leadership to tackle climate change to ensure the continent's development objectives as embodied in the African Union's Agenda 2063 and the United Nations 2030 Agenda for Sustainable Development are not derailed by the adverse impacts of global warming.

How African countries respond to the increasing energy demand under changing climate will be fundamental to the performance of their economies and realization of their development aspirations as embodied in various national development plans, the United Nations 2030 Agenda for Sustainable Development and the African Union's Agenda 2063.

# A compelling case for clean energy investments in Africa

There is a compelling case for private-sector investments in clean energy in Africa:

- Increasing energy demand
- Urgent need to close the energy deficit on the continent rapidly.  
There is realistic potential to increase the installed capacity by adding between 110 GW and 200 GW of renewable power by 2030, representing an investment opportunity of close to \$400 billion.
- Abundance of various forms of renewable energy resources, particularly solar, hydro, wind and bioenergy.
- Renewable power technology costs worldwide continue to decline and recent independent power producer tenders on the continent have resulted in some of the cheapest tariffs in the world – e.g. \$0.06 per kWh for the 72 MW World Bank/IFC Scaling Solar programme project in Zambia.
- Africa is the key global opportunity for transformative deployment of clean energy

Country	Project	Financial Close (Date)	Tariff @ FC	Technology
South Africa	REIPPPP 4	N/A	ZAR 65c / kWh (average)	Solar & Wind
Morocco	Noor Power Plant	12 May 2015	EUR 4.2c / kWh	Solar CSP
Zambia	Scaling Solar: Bangweulu	December 2017	USD 6.015c / kWh	Solar PV
Namibia	Hardap	H1 2018	USD 6.05c / kWh	Solar PV
Senegal	Scaling Solar: Kahone	September 2017	EUR 3.8016c / kWh	Solar PV

## But key challenges must be addressed urgently to unleash Africa's clean energy potential

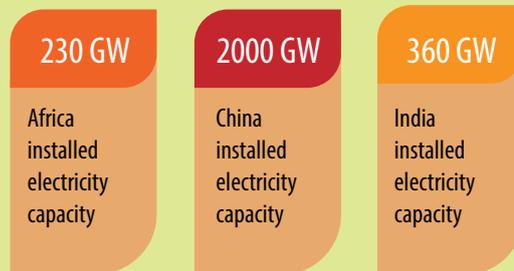
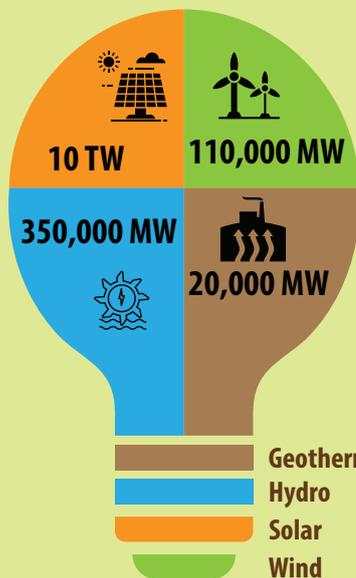
To unlock Africa's clean energy potential for sustainable development on the continent requires transformational leadership and mechanisms to fast-track policy and regulatory reforms. This will provide the enabling environment needed to enhance the confidence of investors and leverage limited public resources against a background of competing demands for resources to mobilize the needed investments from the private sector.

## Africa's energy paradox

### Abundant renewable energy resources

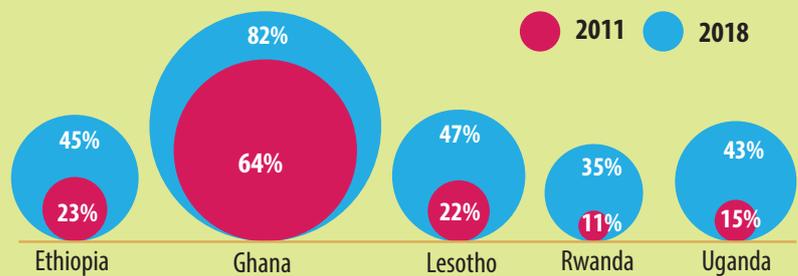
Africa's present energy situation is a paradox of abundant energy resources (including hydro, solar, wind and geothermal energy) and a very high deficit in access to modern energy, with about 590 million people still lacking access to electricity. A few countries such as Ethiopia, Kenya, Ghana, among others have made significant progress in electrification in recent years.

Close to 600M people without access to electricity and same number in 2030 unless urgent and transformative action taken now

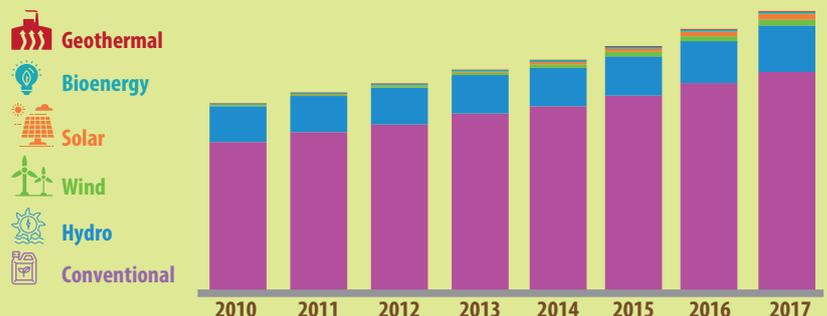


Excluding South Africa and North African countries, the rest of Africa has approximate installed capacity as South Africa ~ the amount of solar PV capacity China added in 2017 alone

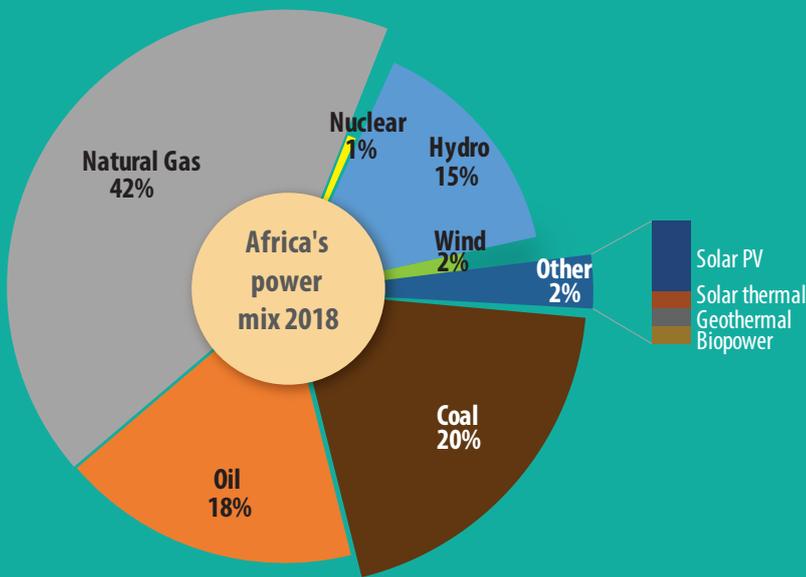
### Energy access improvements 2011 - 2018



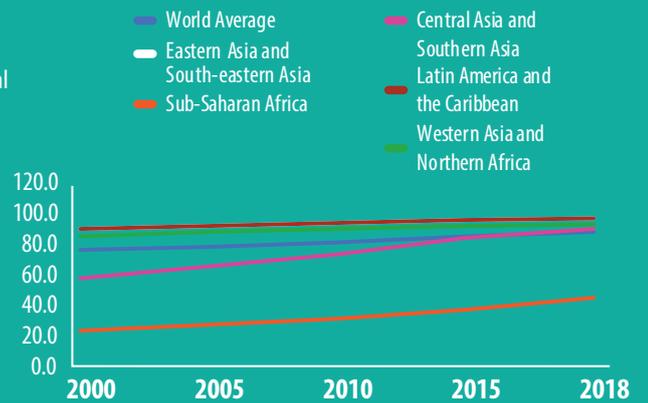
Although the potential for all forms of energy resources (particularly renewables) is very high, the share of renewables in the power mix is still very low and the current total installed capacity for electricity is only about 230 GW, dominated by fossil power. This is just under the installed capacity of Indonesia, 3% of China's capacity and 6% of that of India. South Africa's installed capacity of 54.2 GW is approximately equal to the installed capacity in the rest of Africa, excluding North African countries. This compares to the new solar PV capacity that China added in 2017 alone.



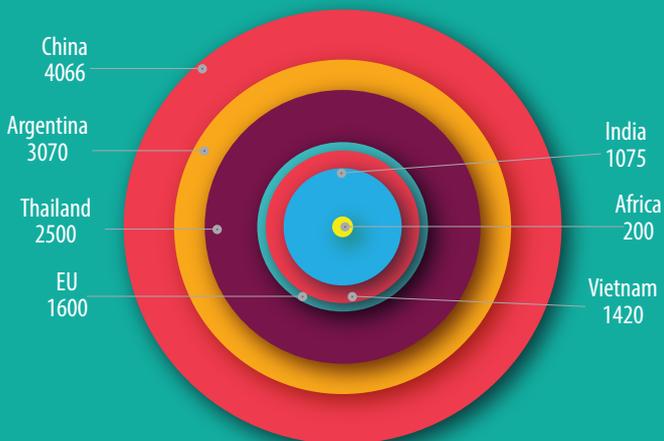
Compiled from various sources, including the databases of GlobalData, Enerdata, the International Energy Agency (IEA) and the International Renewable Energy Agency (IRENA).



### Average electricity access rates (percentage of population with access)

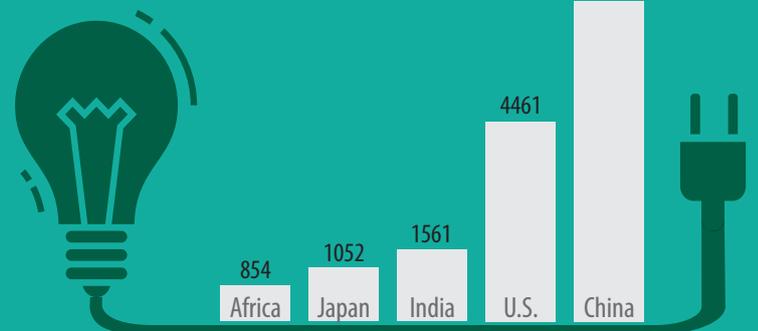


### Average per capita consumption (kWh/year)



World Bank Development Indicators

### Electricity generation in 2018 (TWh)



BP Annual Statistical Review 2019

