

Africa Progress Panel report: Africa's leaders need to start an energy revolution

African governments, investors, and international financial institutions must significantly scale up investment in energy to unlock Africa's potential as a global low-carbon superpower.

That is the main message of a new report from Kofi Annan's Africa Progress Panel, *Power, People, Planet: Seizing Africa's Energy and Climate Opportunities*. The report calls for a ten-fold increase in power generation to provide all Africans with access to electricity by 2030. This would reduce poverty and inequality, boost growth, and provide the climate leadership that is sorely missing at the international level.

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



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In sub-Saharan Africa, 621 million people lack access to electricity - and this number is rising. Excluding South Africa, which generates half the region's electricity, sub-Saharan Africa uses less electricity than Spain. 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.

Power shortages diminish the region's growth by 2-4 per cent a year, holding back efforts to create jobs and reduce poverty. Despite a decade of growth, the power generation gap between Africa and other regions is widening. Nigeria is an oil exporting superpower, but 95 million of the country's citizens rely on wood, charcoal and straw for energy.

The report reveals that households living on less than US\$2.50 a day collectively spend US\$10bn 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.

This is a significant market failure. Low-cost renewable technologies could reduce the cost of energy, benefiting millions of poor households, creating investment opportunities, and cutting carbon emissions.

The report says Africa's leaders must start an energy revolution that connects the unconnected, and meets the demands of consumers, businesses and investors for affordable and reliable electricity.

The 2015 Africa Progress Report urges African governments to:

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

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

A global 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.

Time to end 'climate negotiating poker'

The report challenges African governments and their international partners to raise 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.

G20 countries should set a timetable for phasing out fossil fuel subsidies, the report states, with a ban on exploration and production subsidies by 2018. "Many rich country governments tell us they want a climate deal. But at the same time billions of dollars of taxpayers' money are subsidising the discovery of new coal, oil and gas reserves," Annan said. "They should be pricing carbon out of the market through taxation, not subsidising a climate catastrophe."

While recognising recent improvements in the negotiating positions of the European Union, the United States and China, the report says that current proposals still fall far short of a credible deal for limiting global warming to no more than 2°C above pre-industrial levels. It 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," Annan said.

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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