

EVENT REPORT

Konrad-Adenauer-Stiftung e.V.

MULTINATIONAL
DEVELOPMENT POLICY
DIALOGUE

JOHANNES HÜGEL
HARRY MULGREW
November 2017

Energising Africa Dinner Debate: Financing Access to Energy

www.kas.de/mned-bruessel/



According to recent studies, the population of Africa is expected to double by 2050¹. This will lead to unprecedented migration from Africa northwards to Europe, as Africa is projected to add more than half of the world's additional population over this time¹. With regards to the EU's policy on immigration, this renders border policies evermore obsolete and establishes a pressing need to promote sustainable economic growth within Africa itself.

On the 22nd October 2017 the **Multinational Development Policy Dialogue** of the Konrad-Adenauer-Stiftung hosted the dinner debate "**Energising Africa – Financing Access to Energy**". This discussion brought together over thirty environmental experts, representatives from the Alliance for Rural Electrification (ARE) and the Renewable Energy Cooperation Programme (RECP), CEOs, Ambassadors and the Commission to discuss energy access goals and their implementation in urban and rural Africa.

The debate was set in the context of two recent European initiatives: the German-

led **G20-Africa-Partnership**, which aims at enhancing the cooperation between G20 countries and Africa in the areas of investment promotion, renewable energies and climate change, and the UN's seventh **Sustainable Development Goal (SDG7)**, which is targeted at providing universal access to affordable, secure and clean energy by 2030.

Furthermore, the evening was a part of the broader KAS dialogue programme on "Green Finance – Best Practices of Private and Public Partnership in the context of sustainable urban development." In this week-long event, mayors, municipal environmental secretaries and experts from the private sector were invited to Brussels, Essen and Berlin to study different issues such as the use of renewables in cities, energy efficiency and innovations in urban sustainability efforts.

The goal of the dinner debate was to compliment this programme as two participants, **Ms Nelly Alemfack**, representing the Young Volunteers for the Environment (JVE) in Cameroon and **Mr Adams Tidjani**, CEO of the Institute of the Environment and Metrology in Senegal, held presentations on their respective fields. Presentations were also held from the European side by **Mr Jens Jaeger**, Policy & Business Development Officer at ARE, and **Mr Georgios Pantoulis**, Head of the Energy Sector in the Directorate-General for International Cooperation and Development. The debate was moderated by **Mr Michael**

Franz, Senior Adviser of the EU Energy Initiative Partnership Dialogue Facility.

Sabina Wölkner, Programme Director



of the Multinational Development Policy Dialogue, opened the proceedings by outlining the many challenges Africa faces in the decades to come. Africa faces the highest urbanisation rate in the world and yet 700 million people still lack access to energy. According to the International Energy Agency (IEA), electrification deficits in Africa, particularly Sub-Saharan Africa, remain an urgent matter as the continent is far from achieving the seventh sustainable development goal. Therefore, the African Union has started the **Africa Renewable Energy Initiative (AREI)** which aims at improving access to renewable energy, furthering the implementation of 10 GW of renewable energies by 2020. Ms Wölkner stressed that energy and access to energy are the ground on which sustainable development can happen. Hence, development policy efforts should be united and coordinated towards the common goal of achieving SDG7 in Africa and worldwide.

Jens Jaeger introduced the ARE, estab-



lished in 2006 as the only global business association representing the decentralised renewable energy sector for rural electrification in developing countries. ARE works on establishing a multistakeholder approach with more than 110 companies worldwide and facilitates cooperation between Europe and Africa for energy projects. The organisation supports governments in implementing clear policy frameworks for off-grid solutions, encourages cross-sector partnerships and develops innovative financing mixes to de-risk investments in the off-grid sector.

Nelly Alemfack presented Clean Energy for Africa (CLENA), an organisation



which brings together local communities, Governments and stakeholders and encourages them to step up their efforts in the efficient use of biomass. In Sub-Saharan Africa 70% of the en-

ergy needs are met by biomass and Ms Alemfack emphasised that it is essential to include local communities actively in these projects in order to have effective results. CLENA along with JVA particularly engage with youth and women to participate in the decision making process and the organisation has now financed projects in 17 countries throughout Africa.

Adams Tidjani, with PhDs in Nuclear Physics and



Polymer Photochemistry, lent a scientific perspective to the discussion. He showed that the energy industry, followed by the transport industry contribute the most to CO2 emissions in his hometown of Dakar. Combatting this, two solar power plants generating 20 Mw of electricity each have been built in Bokhol and Malikounda and a wind power plant is being constructed in Taiba Ndiaye. Mr Tidjani made the innovative suggestion of replacing charcoal with biocoal – a nanocomposite which uses the typha plant species and nanotechnology to “dampen” coal. This can lead to emission reductions of up to 50% and furthermore, the coal burns for longer at a constant temperature, making it ideal for cooking. Mr Tidjani raised the question, however, of who can finance such projects and insisted it is essential to increase population awareness.

Georgios Pantoulis brought the EU’s



perspective to the table; stressing that energy access is and has been a primary initiative of the EU long before the latest development goals and Africa partnerships. He further explained that the EU’s budget support policy rests on three pillars. Firstly, direct financial transactions are made to the treasury of the partner country, fostering partner countries’ ownership of development policies and reforms. Secondly, this is conditional on policy dialogue with the country as well as performance assessment and capacity building to offer up EU knowledge across

the different Directorate-Generals. And lastly, the EU supports investments from public and private sectors, thus enhancing funding and raising many times the initial EU investment.

The fil rouge throughout the following discussions was the question of how to close the 2.5 trillion euro per year funding gap which will be required to meet the ambitious SDGs in the coming decade.² The EU remains the world’s biggest donor of financial assistance with 75.5 billion euros of assistance being provided in 2016.⁵ However, foreign direct investment has dropped since the financial crisis in 2008 and it has become increasingly difficult to access finance for much needed investment. The discussion revolved around the increasingly popular proposal of blended finance – supplementing public funds with private investment to mobilise capital flows into the projects. Recent studies have shown the tremendous potential of blended finance in closing the funding gap since it was first recognised as a solution in 2015.^{3 4} In 2016 the European Commission proposed the **External Investment Plan** (EIP) in partner countries in Africa to act as an innovative financing mechanism for development and bolster private resources. This led to a discussion of the needs of private sector investors: how is one to offset the financial risks and political risks of such proposals? The political risks are met through a clear and sustainable political framework, which we have seen in the **Africa-EU Energy Partnership** (AEEP), as commented Michael Franz. Financial risks can be mitigated through different types of financing, with microfinance loans in Ethiopia being the example quoted. By offering extremely small loans, the industry is able to free up much needed finance to millions of people unable to access traditional finance

services. These types of loans have particularly low liquidity risk and are ideal for rural partnerships.

Sebastian Große-Puppendahl, a policy officer at the European Centre for Development Policy Management (ECDPM), raised the issue of how local development plans have to be embedded into national development plans to function. It is essential to adapt the EIP to specific needs of partner countries and build on regional dynamic. **Andrea Mogni**, a senior financial expert of the EIAS Association suggested investment promotion and government management of grids and energy production as focal points to be worked on. Furthermore different kinds of packages would be needed to persuade bigger companies to invest in Africa. It is clear what is to be done by 2030, but there remains a lack of knowledge as to the level upon which it needs to be implemented.

Mr Pantoulis responded by saying that the EU would like to work on technical assistance but with the goal of becoming “unnecessary” in the future, such that private investment becomes the soul



promoter of African development at some point. **Her Excellency Ambassador Nonye** of the Nigerian Embassy summed up the remarks by stating that there is a paradigm shift in the way development projects are being run, with the youth playing an increasingly important role. Sabina Wölkner provided

closing remarks, thanking the participants for the lively debate.

1. Bish, J. 2016. The Guardian. Population growth in Africa: grasping the scale of the challenge. Available: <https://www.theguardian.com/global-development-professionals-network/2016/jan/11/population-growth-in-africa-grasping-the-scale-of-the-challenge> Accessed 26.10.2017

2. United Nations Publications. 2014. Developing countries face \$2.5 trillion annual investment gap in key sustainable development sectors, UNCTAD report. Available: <http://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194> Accessed 26.10.2017

3. United Nations Department of Economic and Social Affairs. 2015. Addis Ababa Action Agenda. Available: https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf Accessed 27.10.2017

4. World Economic Forum. 2016. Insights from Blended Finance Investment Vehicles & Facilities. Available: http://www3.weforum.org/docs/WEF_Blended_Finance_Insights_Investments_Vehicles_Facilities_report_2016.pdf Accessed 27.10.2017

5. European Commission Press Release. 2017. EU Official Development Assistance reaches highest level ever. Available: http://europa.eu/rapid/press-release_IP-17-916_en.htm Accessed 26.10.2017

6. European Commission Publication. 2017. EU External Investment Plan. Available: https://ec.europa.eu/europeaid/eu-external-investment-plan-factsheet_en Accessed 26.10.2017