

A yellow banner with a slight 3D effect, containing the letters 'AREI' in white, uppercase, sans-serif font. The banner is positioned horizontally across the upper middle of the page, overlapping a large green diagonal shape and a brown textured background.

AREI

ABOUT THE AFRICAN  
RENEWABLE ENERGY  
INITIATIVE

AFRICA'S ENERGY  
FUTURE AT STAKE

# Africa's energy access challenge: the role of AREI

**1** Electricity and energy are key issues today for the African continent: about two-thirds of its population does not have any access to electricity services.<sup>1</sup> Ninety percent of these poorly connected and unserved populations are living in rural areas. Most Africans are still mainly using coal and wood for cooking and oil or gas for transportation, agriculture or heating. The energy access challenge is even more important as energy needs and demands are growing each year in Africa, due to population growth and economic development. Access to energy is crucial for human wellbeing and the current energy deficit and the growing electricity demand is a real challenge for Africa's development. Electricity demand in Africa is projected to triple by 2030, which means that the power sector will require investments of USD 70 billion per year on

average between now and 2030.<sup>2</sup> Obviously, African states will have to combine their economic and social policies (such as those addressing poverty, gender inequality, education, food production, social and community services) with the energy policy in order to reach their development goals. Promising solutions for the energy access issue in Africa lie in the implementation of renewables, which have a great decentralisation possibility for rural areas. Their potential on the continent is considerable. Several resources are relevant in different areas. Wind has a better quality in northern and southern regions for example, biomass and hydropower are more abundant in forested central and southern regions, while solar resources are significant everywhere.<sup>3</sup> Already, concentrated solar power, photovoltaics and wind turbines are deployed across the continent. Yet the renewable energy potential of the African continent remains largely untapped.

the political solutions to allow for such cooperation and foster the energy transformation in Africa.

AREI was created as an Africa-owned and Africa-led initiative, with a people-centred approach to expand renewable energy use on the continent. The initiative was officially launched by African Heads of State under the African Union on 1 December 2015 at the United Nations Climate Change Conference (COP21) in Paris. The launch was followed by a joint statement from supportive international partners (mainly from European Union, France and Germany), pledging financial support of USD 10 billion for AREI during the period of 2015-2020.<sup>4</sup> The AREI is a concrete opportunity to realise Sustainable Development Goal (SDG) Number 7, which aims to "ensure access to affordable, reliable, sustainable and modern energy for all". The initiative is set to achieve at least 10 gigawatts (GW) of new and additional renewable energy generation capacity by 2020, and at least 300 GW by 2030.

AREI has two over-arching goals; First, the promotion of sustainable development and its corresponding human wellbeing in all countries on the continent by "ensuring universal access to sufficient amounts of clean, appropriate and affordable energy".<sup>5</sup> Second, the concrete support of African countries in developing low-carbon development strategies and the solidification of economic and energy security in Africa.

## **AREI and the opportunity for a pan-African energy strategy**

Even though the transition towards renewable energy has started, a real pan-African transformation has to be accomplished on several levels: the economic, the social and the political. African countries will have to work on their own national energy strategies and the expansion of renewable technologies, but in order to achieve an effective energy transition, cooperation at the continental and international level is crucial. The Africa Renewable Energy Initiative (AREI) is one of

**70** billion \$



Needed investments in the power sector per year until 2030 to meet the electricity demand in Africa.

# The functioning of AREI

The AREI secretariat is based in Côte d'Ivoire and has defined guiding principles for its work. It pledges to contribute to achieve sustainable development in Africa with the spread of renewable energy and the initiative acts in support of all the African countries. It hopes to boost the regional and international cooperation on energy projects and strategies. Several technologies in the renewable field will be tested, from grid-connected applications to smaller systems. The needs of poor and vulnerable people should be at the forefront of any energy project decision.<sup>6</sup> AREI is trying to implement a multi-stakeholder approach in the consultation and cooperation process on renewable energy in Africa. The African leadership is essential for the success of AREI, from the policy but also economic, civil society, research and finance sectors. Exchanges and relationships have to be developed on the continental stage, but also with international actors such as other countries, the United Nations Framework Convention on Climate Change (UNFCCC), the Green Climate Fund and other climate and energy relevant structures.

Some of these activities are categorized as supportive or operational activities (such as mapping experiences, policy guidance or capacity building), while other activi-

ties are leading to the implementation of measures, such as feed-in tariff schemes or de-risking measures for investments in the renewable energy sector.

## Internal entities of AREI

The AREI has several internal organs: the Board, the Technical Committee, the Trustee and the Independent Delivery Unit (IDU). The Board of Directors is composed of the Heads of State of the five countries selected to represent North (Egypt), West (Republic of Guinea), East (Kenya), Central (Chad) and Southern Africa (Namibia). Currently, the Republic of Guinea is serving as Chair of the Board. All regional representatives have voting rights inside the Board. Besides the regional representatives, the chairperson of the African Union Commission, the coordinator of the Committee of African Heads of State and Government on Climate Change (CAHOSCC) and a representative of the African Development Bank (AdB) are part of the Board and assist to the meetings, but cannot vote. This also applies to the representatives of two international partners, currently France and the European Union as the major donors for AREI besides Germany. The Board has several central tasks for AREI: mobilize political support and interest for the initiative, provide strategic oversight and decisions, ensure the African leadership, set priorities and objectives, and oversee the implemen-

tation of the project pipeline.<sup>7</sup> The Technical Committee consist of five high-level experts from the energy sector. These experts define the initiative's operational priorities and objectives together with the Board as well as reviewing and selecting submitted projects and recommending funding. The Trustee of AREI is the AdB, which is accountable to the Board and in charge of managing funds and investments, as well as granting applications for energy projects. Finally, the IDU is currently headed by Saffiatou Alzouma Nouhou. The IDU is fully accountable to the Board and provides a secretariat role: the IDU staff coordinates the annual AREI work plans and meetings, and is responsible for the communication with stakeholders on behalf of AREI.

## The AREI's criteria

In order to consolidate AREI structures, criteria were developed as tools to verify if the submitted renewable energy projects are corresponding to AREI's principles and guidelines. These criteria are very diverse and classified in two categories: policy development (category A) and renewable energy installation or energy generation projects under AREI, including micro-grid and energy storage (category B). Inside category A, criteria include energy access, climate, implementation strategy, stakeholder involvement and equity. In category B, the criteria allow for the mapping of the context and situation of a project: economic, financial social, environmental, institutional and technical factors are the criteria to be verified.<sup>8</sup> These criteria are very important for all the actors working with AREI such as civil society, which ensures that benefits and advantages of the projects correspond to people's needs and demands.

### AREI has defined five work areas on the continental, regional and local level.

01 Mapping the energy experiences among the continent to enhance experience sharing and co-ordination

02 Strengthening policy, regulatory, support and incentives frameworks

03 Realising capacity building activities for African states and other actors

04 Supporting the funding and financing of renewable energy projects

05 Supporting the development of these energy projects

01

02

03

04

05

# Status Quo

## Phases of AREI implementation

### Establishment phase:

Development of governance protocols and principles, of a concrete action plan and AREI criteria.

**First phase:** Crucial for supporting incentive structures and policies for national governments in pioneering African countries.

**Second phase:** Should allow for the establishment of comprehensive national policies across the continent and enhance the cooperation between all energy stakeholders.

The AREI is planned to be established in three phases: it began with the establishment phase from 2016 to 2017. During this period, governance protocols and principles, working relationships between AREI's internal organs had to be organised and clarified. A concrete action plan and AREI criteria were also developed during this phase. The first phase is currently ongoing, planned to continue from 2017 to 2020. This phase is crucial for supporting incentive structures and policies for national governments in pioneering African countries which want to work towards a sustainable energy transition. Beside, more international funds have to be raised, as 2020 is an evaluation year for the actual donors who may change their contributions to AREI. This first phase also gives the opportunity to gain experience by achieving at least 10 GW of new and additional renewable energy generation capacity by 2020 across Africa.

The second phase, from 2020 to 2030, should allow for the establishment of comprehensive national policies across the continent and enhance the cooperation between all energy stakeholders. The transformative path of AREI should be concretised with the implementation of projects, but also policymaking, regulatory reform, and national capacity building. By 2030, universal access to energy services is to be achieved in Africa, with at least 300 GW of new and additional renewable energy generation capacity.<sup>9</sup>

The AREI Progress report of 2017 presented several achievements: Since August 2016,

the Initiative's Independent Delivery Unit (IDU) has been formally operational. However, the head of the IDU was only hired in summer 2018, which explains why the contributions and work from the IDU have been very limited until now. A mapping of actors has been done, AREI criteria have been further developed, and new partnerships with IRENA and GCF have been built. Besides, African leadership is guaranteed inside AREI organs.<sup>10</sup>

### Implementation as the actual challenge of AREI

On the implementation side, AREI is still advancing slowly: Currently, 24 projects have been officially accepted by the Board, but information on their status of implementation is not easily available. According to the African civil society, the communication about the selection of these projects according to AREI criteria was not transparent as no public information on these projects is available online.

Actors of the energy sector, such as the civil society, are still waiting for the start of these projects in their countries. In 2018 and early 2019, regional consultations were organised in the five countries representing an African region. They allowed more regional and concrete implementation debates. However, many countries were still not represented and the participation of diverse actors (such as civil society) was not well organised, except for East Africa. At the moment, the multi-actor approach of AREI is still not applied. Furthermore, the concrete implementation of renewable energy projects is not on schedule.

# Resources required

## 4 Resources pledged

To accelerate access to renewable energy in Africa, 10 donors committed 2015 to mobilise at least \$10 billion cumulatively from 2015 to 2020 to support the objectives of AREI through a joint declaration in December.<sup>11</sup> These donors are Germany, Canada, the United States, France, Italy, Japan, Netherlands, the UK, Sweden and the European Union. The EU, in a statement issued on 4th March 2017, announced the preparation of 19 renewable energy projects. In the meantime, a total of 24 projects have been accepted by AREI Board. In reality, the projects have only contributed €300 million in the form of loans and grants, with the hope that they leverage a total potential investment of €4.8 billion. Sadly, an investigation by African civil society organisations (CSOs) found that these announced projects include existing projects, largely supported by Overseas Development Aid (ODA) commitments.

## What is needed to help Africa leapfrog to a green future?

The continent makes up about 16% of the world's population, but represents only 4% of the global energy demand. As African countries pursue economic growth and the population rapidly increases, energy demand will also increase. According to the International Energy Agency (IEA), €300 billion of private investment is required between now and 2030 in order to make universal energy access possible in Africa. A greater amount will be needed to help the continent leapfrog and transition to 100% renewables by 2050. In its framework documents, AREI estimates that the total costs, including operating costs, supporting activities, incentives and investments amount to \$25-40 billion per year over the coming two decades.

## As per AREI, the required funding includes:<sup>12</sup>

- a) Direct financing of the operationalization of AREI with the support of the IDU as a coordinating and facilitating entity.
- b) Financial commitments from international climate funds to fund the pre-2020 requirements, as pledged in Paris.
- c) Support to individual countries or groups of countries for formulating requests and preparing proposals to the Green Climate Fund and other international funding sources.
- d) Detailed assessments of costs, facilitated through collaboration and sharing of ideas through the Africa RE Initiative, of a variety of trajectories and ambitious policy/support scheme mixes for different African country contexts.

To tackle the twin challenges of sustainable energy access and climate change together by scaling up and accelerating the deployment and timely funding of renewable energy projects in Africa, a fully independent and well-resourced Trust Fund is needed to respond to the aspiration of Africans for clean, appropriate and affordable energy and a safe and secure climate.

The challenges mentioned above relating to the un-procedural attribution of the 24 EU projects to AREI, without screening them against AREI criteria, which is central to the integrity of the initiative would have been easily avoided. For the goals of AREI to be realised, in line with the aspirations of Africans, a trust fund should be set for the initiative and fully capitalised and operationalised.



# 24

24 projects officially accepted by the Board

# 10 \$

At least \$10 billion of investment from 10 donors needed until 2020 to implement projects

# 300 GW

In order to reach 10GW of new capacity of renewable energies generation in 2020 and 300GW in 2030

# The challenges ahead

5 Africa is not a country but a continent: The implementation of renewables is different for each national context, which is sometimes hindering the coordination of pan-African energy policies. Governance and cooperation tools (such as AREI) have been developed, but many African energy actors are still not aware about the initiative and concrete implementation of energy projects is missing so far. Hence, the actors in the energy field are not well identified and coordinated. This unclear overview of the energy sector in Africa is hindering investments in the continent; investors do not see enough visibility and stability to finance renewable energy projects. One of the biggest challenges for the African continent remains the energy demand growth: solutions are essential for policymakers today to enable economic

growth and accelerate access to modern energy services.

## **AREI's transformative potential at risk**

Inside AREI, governance issues during the first three years of the initiatives did not help to discover the potentials of AREI for implementing renewable energy. The IDU could only start to work on its tasks in 2018/2019, which has been lately compared to AREI work plan. Direction and implementation of concrete projects are still not happening fast enough and the legitimacy of AREI to achieve its goals in the eyes of African delegates is at risk. This raises the question of the real role of this initiative: Is AREI just a label or really transformative? Besides concrete projects, it also needs transparent governance and its own financial means. Otherwise, countries like France or Germany might continue their investments and development practices without a real African lead and just label their work with AREI.

Furthermore, the integration of academia, civil society, youth, women and small and medium scale companies is often not happening. This is not respecting AREI's guiding principles, as an energy transition cannot happen without the engagement of all energy actors, starting with consumers. The gaps between people's need and institutional capacities may grow without this participatory and decentralised approach. The AREI's activities will have more impact and effectiveness on the ground for Africans and for the national economies if these stakeholders are included in AREI's activities and processes. For the next board meetings, the participation or at least the authorised observations from these actors would be a first step for AREI to concretise its participatory approach.



6



## **Main challenges:**

- ➔ No blueprint or one-size fits all solutions for energy policies
- ➔ Lack of overview of actors in the energy sector
- ➔ Lack of awareness about AREI
- ➔ Delay in setting-up governances structure of AREI
- ➔ Insufficient integration of multiple stakeholders

# The opportunities ahead

6 Africa has a late-comer advantage in that most energy infrastructure has yet to be built, which means it is possible to avoid the fossil fuel trap. Thus, Africa could transition faster than most industrialised countries and show how climate change should be tackled. The continent is highly vulnerable to the impacts of climate change, such as drought and extreme weather events. Bringing solutions from a highly impacted continent would be positive and encouraging for the international community, allowing the African countries to become climate leaders. Having African coordination mechanisms on energy, such as AREI, should help the most vulnerable countries and people to have reliable energy access, which would help in the fight against energy poverty.

## A real African lead and people-centred initiative for renewable energy

The AREI is a potential channel for the proliferation of renewables in Africa, introducing governance structures and offering the possibility for African countries to cooperate and act more efficiently. If AREI can send strong and clear messages, renewable energy will become an attractive field for investment and put Africa under the spotlight for investors. With the participatory approach of AREI, the energy transition on the African continent could happen in a people-centred way and develop participatory tools to strengthen national policies. The energy transition will not only be implemented through national governments, but also thanks to the engagement of civil society, the private sector or the research field. All these actors are crucial for a fair and effective energy transition.

Africa has the potential, the structures and actors to become a real leader in the transition towards sustainable energy: it should be able to perform now. Without tackling energy poverty in Africa in a sustainable manner with clean, renewable energy, the global energy transition will not happen. The AREI has the potential to take the lead and is offering hope for the development and well-being of all Africans.



### Potentials:

- ➔ Leapfrogging potential: AREI as a promising catalyst to face energy access and low-carbon challenges
- ➔ AREI as a platform for enhanced pan-African cooperation
- ➔ AREI as a promoter of people-centred energy policies

Sources:

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- 2 IRENA, Africa 2030: Roadmap for a Renewable Energy Future, 2015 P.31
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- 4 AREI Framework 2015, P.7
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- 7 <http://www.arei.org/board-and-idu/>
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- 9 AREI Framework 2015, P.18-19
- 10 Progress report January 2017, P.4-5
- 11 <https://unfccc.int/news/advancing-of-africa-renewable-energy-initiative>
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