

POLICY PAPER

# Africa-EU Energy Cooperation

## Green Energy Initiative in Perspective

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## **Brief Summary**

The energy sector is critical to socio-economic development, tackling gender inequalities and handling health challenges and recovery, which makes it an important pillar for cooperation between Europe and Africa. It is in the best interests of both Europe and Africa to develop joint initiatives and programmes that (1) end energy poverty and create universal (decentralised) energy access (including to clean cooking) (2) accelerate renewable energy deployment (3) power key industries and sectors for Africa's socio-economic transformation, and (4) maximise energy efficiency.

At the same time, the European Union (EU) and African Union (AU) must ensure a development-centred, rights-based approach, promoting and demanding success in good governance, ensuring gender mainstreaming, and guaranteeing early, comprehensive, and meaningful engagement of civil society organisations (CSOs), indigenous peoples, youth, and local communities in the governance and implementation of the partnership.

This policy brief first summarises energy-related outcomes of the AU-EU summit, including the Global Gateway Investment Package for Africa, then analyses corresponding risks and opportunities, including suggested ways forward. Last but not least, the brief summarises key recommendations for AU-EU co-operation on energy.

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## Abbreviations

<b>AAP</b>	Annual Action Plan
<b>AU</b>	African Union
<b>COP</b>	Conference of Parties
<b>CSO</b>	Civil Society Organisations
<b>DFI</b>	Development Finance Institution
<b>ECCAS</b>	Economic Community of Central African States
<b>EFSD+</b>	European Fund for Sustainable Development Plus
<b>EIB</b>	European Investment Bank
<b>EU</b>	European Union
<b>IEA</b>	International Energy Agency
<b>JET</b>	Just Energy Transition
<b>LDCs</b>	Least Developed Countries
<b>LNG</b>	Liquefied Natural Gas
<b>MDB</b>	Multilateral Development Bank
<b>MIP</b>	Multi-Annual Indicative Programme
<b>NAP</b>	National Adaptation Plans
<b>NDC</b>	Nationally Determined Contribution
<b>NDICI</b>	Neighbourhood, Development and International Cooperation Instrument
<b>ODA</b>	Official Development Aid
<b>PEAC</b>	Central African Power Pool
<b>PGII</b>	Partnership for Global Infrastructure and Investment
<b>PIDA</b>	Programme for Infrastructure Development in Africa
<b>SDGs</b>	Sustainable Development Goals
<b>SSA</b>	Sub-Saharan Africa
<b>TEI</b>	Team Europe Initiatives
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>WAPP</b>	West African Power Pool

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# 1 Introduction

The scale of Africa's potential deployment of renewable energy is vast. It is substantially larger than the continent's current and projected power consumption and, therefore, could easily meet the expected necessary growth in energy services, eliminate energy poverty, and power a green, renewable-based economy, as indicated in Agenda 2063. Despite this, fossil gas as a potential transition fuel has recently garnered political attention. One of the underlying reasons for this is the Russian invasion of Ukraine, with Europe now pivoting to Africa to achieve Europe's energy security.

The energy sector is critical to socio-economic development, tackling gender inequalities and handling health challenges and recovery, which makes it an important pillar for cooperation between Europe and Africa. It is in the best interests of both Europe and Africa to develop joint initiatives and programmes that (1) end energy poverty and create universal (decentralised) energy access (including to clean cooking) (2) accelerate renewable energy deployment (3) power key industries and sectors for Africa's socio-economic transformation, and (4) maximise energy efficiency. At the same time, the European Union (EU) and African Union (AU) must ensure a development-centred, rights-based approach, promoting and demanding success in good governance, ensuring gender mainstreaming, and guaranteeing early, comprehensive, and meaningful engagement of civil society organisations (CSOs), indigenous peoples, youth, and local communities in the governance and implementation of the partnership.

This policy brief first summarises energy-related outcomes of the AU-EU summit, including the Global Gateway Investment Package for Africa, then analyses corresponding risks and opportunities, including suggested ways forward. Last but not least, the brief summarises key recommendations for AU-EU cooperation on energy.

## 2 Energy policy priorities and context for the new AU-EU partnership

The AU sets out major priorities in its Agenda 2063,<sup>1</sup> including “harnessing all African energy resources to ensure modern, efficient, reliable, cost-effective, renewable and environmentally friendly energy to all African households, businesses, industries and institutions”. Priorities include:

- the mobilisation of adequate financing from all available sources, including domestic and international
- the acceleration of regional integration to create large markets for energy services, as well as ensuring economies of scale and profitability for investments in the energy sector
- the development and harmonisation of policies and regulatory frameworks that create new markets and financing opportunities, and promote trade
- the development and implementation of frameworks and initiatives that encourage technology innovation and transfer, technical cooperation, and technical capacity building and training.

This vision is in parts operationalised through the Programme for Infrastructure Development in Africa (PIDA), a multi-sector programme covering four sectors: transport, energy, transboundary water and telecommunication/ICT. The programme is dedicated to facilitating continental integration through improved regional infrastructure. PIDA’s energy vision is to develop efficient, reliable, affordable, and environmentally friendly energy networks and to increase access to modern energy services for all Africans. This would be achieved through the development of continental clean power generation and transmission projects, implementation of high-capacity oil and gas pipeline projects, and developing renewable energy resources. Furthermore, the Africa Climate Change Strategy 2020-30, which has an overall objective of the “achievement of the Agenda 2063 Vision by building the resilience of the African continent to the impacts of climate change”, includes a specific section on “Unlocking Africa’s mitigation potential” (activity 5.6) under result area 5. This demonstrates the potential of Africa as a carbon sink and generator of renewable energy, which could be used to avoid emissions in Africa and also could be shared with the rest of the world.

Access to new and sustained sources of climate finance will play a crucial role in achieving these goals across all countries. The Africa Climate Change Strategy notes that only 10%-15% of plans for Nationally Determined Contributions (NDCs) are nationally funded and thus they are dependent on access to international climate finance. Climate financing is still a major constraint on the implementation of NDCs and National Adaptation Plans (NAPs).

Aside from a strong focus on accelerating the deployment of renewable energy, many African stakeholders, including heads of state, have recently made a case for fossil gas as a transition fuel. The hopes placed in Africa’s gas resources are that they will help to meet the challenges of power supply and energy access in

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<sup>1</sup> See: <https://au.int/en/agenda2063/overview> [Last retrieved: 2022-09-25].

Africa.<sup>2</sup> The Senegalese President, Macky Sall, who has been the new African Union chairperson since February 2022, has stipulated that no economic development is possible without electricity, and that fossil energies, including fossil gas, will have to accompany universal access to electricity and a just energy transition during a transitioning period. Further, the role of fossil gas as a transition fuel and enabler for Africa's socio-economic development was strengthened at the Sustainable Energy for All summit held in Rwanda in May 2022, where a number of African leaders called for more gas development in Africa.<sup>3</sup> Recently, a proposal by a technical committee of the African Union for an "African Common Position on Energy Access and Transition" to be launched at COP27 included the recommendation to make fossil fuels a "crucial part" of Africa's short, medium and long-term energy mix. Although this position was luckily rejected by the African Group of Negotiators, this still highlights the current geo-political tensions around fossil gas.

The EU aims to reinforce its geo-political profile through the European Green Deal and its Global Gateway strategy, which aims to mobilise up to € 300 billion in investments between 2021 and 2027 – which includes € 150 billion in Africa – to underpin a lasting global recovery, including the just energy transition in Africa. This sum is composed of:

- up to € 135 billion worth of investments from the European Fund for Sustainable Development Plus (EFSD+), including a new initiative with the European Investment Bank (EIB) that is supposed to bring € 25 billion of additional investments
- grant financing of up to € 18 billion under other EU external assistance programmes
- investments by European financial and development finance institutions of up to € 145 billion
- better coordination between the EU and its member states to enhance the strategic role of the boards of the Multilateral Development Banks (MDBs) in support of Global Gateway projects.

Further support for sustainable infrastructure in developing countries, including in Africa, will be provided through the G7 Partnership for Global Infrastructure and Investment (PGII), which was announced at the G7 Summit in Elmau in 2022. PGII will collectively mobilise up to \$ 600 billion in public and private investment over the next five years through its national and regional initiatives, including the Global Gateway strategy and Team Europe initiatives.

The European Union itself also aims to transition towards a cleaner future. Europe is expected to cut gas demand by 40% by 2030, compared to 2021, through its REPowerEU and Fit for 55 packages. Since the Russian war in Ukraine, this push for renewables and energy efficiency has only increased. The EU's new Carbon Border Adjustment Mechanism will further accelerate the transition by taxing high-carbon imports to Europe, helping to bolster and grow Europe's local cleaner industry. At the same time, the European Union is seeking other non-Russian sources of gas to ensure energy security in the short-term. In its RePowerEU plan and External Energy Strategy, the EU earmarked Egypt, Nigeria, Senegal, and Angola for increased export of liquefied natural gas (LNG) to Europe, and Algeria for gas through pipelines. In a joint statement from the EU and Egypt, both sides agreed to reinforce cooperation on LNG.<sup>4</sup> Individual member states are also pursuing fossil gas opportunities in Africa. During his visit to Senegal, German Chancellor

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<sup>2</sup> AFP (30.11.2021): "Fatal blow" to Senegal's gas wealth dream. In *Global Times*, 30.11.2021. Available online at <https://www.global-times.cn/page/202111/1240273.shtml> [Last retrieved: 2022-09-25].

<sup>3</sup> See: <https://www.mininfra.gov.rw/index.php?eID=dumpFile&t=f&f=44024&token=c9d8a3e4e9ad4d22aa3c3b883055c9426760c584> [Last retrieved: 2022-09-25].

<sup>4</sup> See: [https://ec.europa.eu/clima/news-your-voice/news/joint-statement-european-union-egypt-2022-04-11\\_en](https://ec.europa.eu/clima/news-your-voice/news/joint-statement-european-union-egypt-2022-04-11_en) [Last retrieved: 2022-09-25].



Scholz announced that the two countries' governments had begun “intensive” talks on cooperation on gas extraction and LNG production.

These announcements are taking place against the backdrop of the Statement on International Public Support for the Clean Energy Transition at COP26, in which more than 20 countries and institutions, including the European Investment Bank, France, Germany, and Italy, agreed to end financing for fossil fuel projects abroad by 2022. Although the G7 have re-confirmed their commitment to end direct international public finance of fossil fuels by the end of 2022, they also agreed that there may be exceptions to safeguard national security and geo-strategic interests. Further, the EU recently re-classified both fossil gas and nuclear energy projects as “green”, making them eligible for low-cost loans and subsidies according to the EU taxonomy. These developments exacerbate perceptions by African countries that the EU tries to prevent them from development on the back of fossil fuels, even though it continues to be reliant on gas. Further, such double-speak on gas is a dangerous distraction from the urgent and critical discussion on how to accelerate the transition to renewable energy. It also risks Africa’s energy investments being skewed into producing fossil fuels for European consumption, rather than used for energy access or transition for Africans.

### 3 AU-EU cooperation on energy – The Global Gateway Investment Package

During 17–18 February 2022, the African and European Unions held the 6th Summit in Brussels, under French (EU Council) and Senegalese (AU) presidencies. This summit formed a crucial moment to rebuild trust and establish a more balanced, collaborative, and equal partnership between Africa and the EU.

The outcome declaration made limited references to climate, primarily about support for green transition, including the implementation of the NDCs and NAPs of African countries under the Paris Agreement to enhance mitigation and adaptation. It also included a reference to “make use of available natural resources within the energy transition process”,<sup>5</sup> which opens the door for fossil gas as an alleged means for a phased energy transition. In addition to the declaration, the EU released factsheets on its Global Gateway Investment Package for Africa. This promises at least € 150 billion to support Agenda 2030 and AU Agenda 2063. It has five priority areas, which include “Accelerating the green transition”. Part of this priority area on green transition is a pillar on sustainable energy. The investment package aims to increase renewable energy and hydrogen, provide access to affordable, reliable, and sustainable energy, and support market integration and sector reforms. Its ambition is to increase renewable energy generation capacity by at least an additional 300 GW by 2030. Actions are envisaged at three levels: country, multi-country/(sub-)regional/trans-regional, and a continental (“whole of Africa”) approach. In its joint communication on the Global Gateway Initiative, the EU indicated that it would mobilise grants totalling € 2.4 billion for Sub-Saharan Africa (SSA) and € 1.08 billion for North Africa to support renewable energy, energy efficiency, the just transition, and the greening of local value chains.

Further, Continental Team Europe Initiatives (TEIs) were announced on multiple priority issues including the EU-Africa Green Energy Initiative. This will contribute support for Africa’s green transition in the energy sector. The initiative seeks to increase renewable energy capacity, increase the number of African people gaining access to affordable and reliable energy and promote sustainable energy uses by supporting market integration and sector reforms.<sup>6</sup> The Continental Initiative is composed of, and informed by, the national and regional African programmes and their various priority areas and Team Europe Initiatives where relevant to energy. This has the potential to lead to more strategic approaches that consider the continental perspective, but it also bears the risk of excluding local action and small actors.

#### 3.1 Just Energy Transition (JET) partnerships

The Africa-EU Green Energy Initiative will support JET partnerships co-developed by African countries. The engagement of African countries in the development and design of the energy transition partnerships is important. This will ensure that specific country needs are fully taken into account. During the round-table on Climate Change and Energy Transition at the EU-AU summit, it was announced that Team Europe had engaged in an inclusive dialogue on the ground to launch a series of pilot projects in Senegal, Egypt, Ivory Coast, Kenya, and Morocco. These JET partnerships will aim to decarbonise the energy mix, including by phasing out coal and optimising the share of transitional sources of energy, such as fossil gas. Although,

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<sup>5</sup> See: [https://www.consilium.europa.eu/media/54412/final\\_declaration-en.pdf](https://www.consilium.europa.eu/media/54412/final_declaration-en.pdf) [Last retrieved: 2022-09-25].

<sup>6</sup> Ibid.

generally, JET partnerships can be a promising approach to support renewable energy deployment and fossil phase-out in African countries, the lack of a clear rejection of fossil fuels and the inclusion of fossil gas as “a transitional energy” remains a major challenge.

## 3.2 Clean hydrogen production in Africa

Under the Africa-EU Green Energy Initiative, there is a proposal to actively promote new opportunities for cooperation on clean hydrogen with neighbouring regions as a way to contribute to clean energy transition and foster sustainable growth and development. This is in line with the target as outlined in the REPowerEU plan to import 10 million tonnes by 2030, in addition to producing 10 million tonnes of green hydrogen in Europe itself.<sup>7</sup> In order to facilitate imports of 10 million tonnes of hydrogen into the EU, the European Commission aims to conclude hydrogen partnerships with reliable partner countries to ensure open and undistorted trade and investment relations for renewable and low carbon fuels. In this context, the European Commission is working on a Mediterranean Green Hydrogen Partnership between the EU and countries in the southern Mediterranean to link the two Mediterranean shores of Europe and North Africa. The planned EU-Egypt Hydrogen Partnership and the EU-Morocco Green Partnership are important first steps.<sup>8</sup> Furthermore, the EU is planning to sign a memorandum of understanding with Namibia on green hydrogen at this year’s COP27 in Egypt.<sup>9</sup> These are the first stepping stones for broader green hydrogen cooperation between Europe and Africa.

Climate innovation energy technologies, such as clean hydrogen producible at a low cost, could be a catalyst for accelerating energy access and leapfrogging towards 100% renewable energy in Africa, for example, by bringing in foreign revenue for renewable technologies.<sup>10</sup> It could also be an economic driver by supporting the development of new supply chains in the producing country. However, developing these technologies needs to be guided by comprehensive policies and strict social and environmental safeguards, and to be implemented as one part of a greater strategy for Africa’s green and inclusive energy transition.<sup>11</sup>

## 3.3 Regional electricity interconnections and market integration

The EU will support African partners to develop the Continental Power System Master Plan for the necessary infrastructure to connect the five African power pools. The investment package will include funding for major ongoing projects for electricity interconnections and transmission lines, as well as support through technical assistance for setting up the Africa Single Electricity Market.

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<sup>7</sup> See: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_3131](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3131) [Last retrieved: 2022-09-25].

<sup>8</sup> See: [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_22\\_3703](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_22_3703) [Last retrieved: 2022-09-25].

<sup>9</sup> See: <https://energycapitalpower.com/eu-deal-namibia-green-hydrogen-imports/> [Last retrieved: 2022-09-25].

<sup>10</sup> See: [https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway/eu-africa-global-gateway-investment-package\\_de](https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway/eu-africa-global-gateway-investment-package_de) [Last retrieved: 2022-09-25].

<sup>11</sup> See: <https://www.germanwatch.org/en/84785> [Last retrieved: 2022-09-25].

## 4 Financing behind the Global Gateway Investment Package

The € 150 billion Global Gateway Investment Package is built on EU budget funds from the Neighbourhood, Development and International Cooperation Instrument (NDICI) Global Europe Instrument, with a confirmed budget of € 79.46 billion for 2021-2027 and a spending target of 35% for climate actions. This budget includes agreed budget allocations for four different African regions. Multiannual Indicative Programming documents have been released for two African regions, namely Sub-Saharan Africa and North Africa as part of the Southern Neighbourhood, indicating priorities over the seven-year funding cycle. Annual Action Plans set out precise funding specifications. To achieve the promised € 150 billion, the European Commission proposes to crowd in finance through (1) getting EU member states, EU finance institutions (and even African institutions) to commit additional financing, and (2) mobilising additional public and private investments through the use of blended finance and guarantees, with a specific allocation for the EIB. The Global Gateway Investment Package therefore uses a different approach to financing infrastructure projects, namely, using official development aid (ODA) in the form of grants. In addition, a big share of its finance/official development aid will be for blended finance and guarantees to catalyse greater volumes of private capital. This stands in contrast to the Chinese Belt and Road Initiative, which provides financing largely via state-to-state channels, risking the creation of unsustainable debt levels. Nevertheless, also within the Global Gateway Investment Package, increasing the debt burden on countries, particularly in least developed countries (LDCs), is a big risk.

### 4.1 Sub-Saharan Regional Multi-Annual Indicative Programme (MIP)

The regional Sub-Saharan African MIP will contribute substantially to supporting the priorities of the EU-AU summit of 2022. The Regional MIP has six priority areas, including Priority Area 3 “Green Transition”. The programme has a total of € 10,242 million across priority areas. Priority Area 3 on Green Transition receives a total of € 2,100 million, which is broken down as shown in Table 1.

**Table 1: Funding allocations to green transition in the Sub-Saharan African Regional MIP 2021-27**

<b>Priority Area 3: Green Transition</b>	<b>€ million</b>	<b>% of total programme</b>
Climate Mitigation and Resilience	300	2.9
Sustainable Energy	570	5.6
Sustainable Agri-food Systems	470	4.6
Biodiversity and Environment	400	3.9
Water and Oceans	360	3.5

Within the sustainable energy pillar, support will focus on key regional energy projects for energy production based on renewable energy sources (hydropower, solar, wind, geothermal, etc.) and regional transmission corridors and interconnections. The aim is to support the fight against energy poverty in SSA by contributing to enhanced renewable energy production (including decentralised solutions), energy systems, and standards harmonisation, in particular through the African Power Pools, trans-border energy interconnectivity, energy efficiency, storage, and distribution. The MIP also proposes a Green Energy Team

Europe Initiative at regional level, which should form a large component of the Continental Global Gateway EU Africa Green Energy Initiative. Interested member states include Germany, with others to be confirmed.

## 4.2 Sub-Saharan African Regional Programme Annual Action Plan (AAP) 2022: Green Transition

The AAP 2022 for sustainable energy allocates in total € 83 million to five priority actions (see Table 2). It also aims to implement the EU-Africa Green Energy Initiative, but it is unclear what role the initiative will play in the planned priority areas and how/whether additional funds will be channelled through the initiative.

**Table 2: Funding allocations to green transition in the Sub-Saharan African Regional MIP 2021-27**

Actions	Description	Amount (€)	Lead Service
Appui au Pool Énergétique de l'Afrique Centrale (PEAC)	The Central African Power Pool (PEAC) is an institution of the Economic Community of Central African States (ECCAS) in charge of the implementation of energy policy, the construction of community infrastructures, and electricity exchange in the ECCAS. The vision of the PEAC is to develop the enormous hydroelectric potential of Central Africa to satisfy, by 2030, all forms of electricity demand within and outside the ECCAS area, via interconnected energy lines and free trade markets for electrical energy.	6,000,000	EUD Congo Brazza
Clean cooking		12,000,000	EUD Nigeria
Securitisation works for the Kariba dam	The Kariba dam opened in 1959 and supplies 1,626 MW of electricity to parts of Zambia and Zimbabwe. Recently, Zambia had to reduce hydropower production due to rapidly declining water levels. Further, the dam is in risk of collapsing unless urgent repairs are carried out. If the dam were to collapse, a tsunami-like wall of water would rip through the Zambezi valley and knock out 40% of southern Africa's hydroelectric capacity. The Zambezi River Authority estimates that the lives of 3.5 million people are at risk.	30,000,000	EUD Zambia
Support to the West African Power Pool	The West African Power Pool (WAPP) aims to integrate the national power systems into a unified regional electricity market with the ultimate goal of providing, in the medium and long term, a regular and reliable energy at competitive cost to the citizenry of the ECO-WAS region.	25,000,000	EUD Benin
One-Stop-Shop	The Team Europe One-Stop-Shop is an online platform that aims to answer the need for a single access point to European support and financing instruments for clean energy solutions in Sub-Saharan Africa. As such,	10,000,000	INTPA F1

	it bundles the European contribution to the green energy transition in Africa. Project and business developers operating in partner countries can visit the platform to filter European funding and apply for advisory support to make their proposals bankable and link them with suitable financiers. The One-Stop-Shop also aims to act as an intermediary for investors and financiers interested in support for their pipeline development or listing their offer in the database.		
<b>Total</b>		<b>83,000,000</b>	

## 5 Risks and Opportunities of EU-AU cooperation on energy

### 5.1 Global Gateway Initiative is a rebranding exercise that lacks a people-centred development focus and suitable financial support

Since the announcement of the Global Gateway Initiative, many months have passed but not much clarity has been developed on what the parties to the initiative actually want to achieve. It seems that the initiative is simply a rebranding exercise of existing EU initiatives and ongoing work, which falls significantly short of the necessary investments to help Africa leapfrog to 100% renewable energy. It is estimated that \$ 420-670 billion of additional energy investments are necessary between 2020 and 2030 to achieve universal access to electricity on the continent by 2030.<sup>12</sup> According to the EU, the Global Gateway branding is about democratic values, positive choices for investments, and alignment with the Sustainable Development Goals (SDGs) and the Paris Agreement.

The Global Gateway branding is also supposed to be the EU's counter offer to China's Belt and Road Initiative. China is currently the largest funder of infrastructure projects in Africa, financially backing around a fifth of all projects and constructing a third of them.<sup>13</sup> These investments, which are primarily in the form of loans from Chinese banks have, however, been criticised for creating unsustainable debt levels for African countries. Although it is good that the EU wants to strategically support African countries by providing suitable, sustainable alternatives to the Chinese investments, this should not come at the cost of supporting people-centred development in Africa. There is a risk that an approach that focuses on visibility and branding will favour large and mega-scale infrastructure projects, similar to Chinese infrastructure investments. This could disadvantage or even exclude small locally-led CSO initiatives in vulnerable communities. By calling for investments in regional integration to create large markets for energy services this perception is being perpetuated. Although substantial upgrades in electricity grids and connectivity will play an important role, the objective should be to provide energy access and deliver energy to productive sectors, rather than creating large energy markets *per se*, which are more prone to rent-seeking, oligopoly control, and capture by vested interests.

Further, it is still unclear where the money for the flagship initiatives, including the EU-Africa Green Initiative, will come from, and which instruments would be used. It is proposed that the finance will be provided through a mix of ODA, financial tools (such as infrastructure trusts and capital market instruments), and blended finance and guarantees. Although the approach of using limited official finance to catalyse greater volumes of public and private capital can prevent unsustainable debt levels, the only risk-free way to ensure that the debt burden is not increased is to increase the share of grants. At the same time, there should be caution around the use of the EFSD+, especially in LDCs, and a focus on improving access to finance.

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<sup>12</sup> See: <https://www.afdb.org/en/the-high-5/light-up-and-power-africa---a-new-deal-on-energy-for-africa> [Last retrieved: 2022-09-25].

<sup>13</sup> See: <https://www2.deloitte.com/us/en/insights/industry/public-sector/china-investment-africa-infrastructure-development.html.html/#endnote-sup-3> [Last retrieved: 2022-09-25].

## Way forward: scale up climate finance and support the development of financial environments and policy frameworks

The EU must urgently scale up its climate finance, in line with its fair share of delivering on the Paris Agreement's \$ 100 billion commitment. This could, for example, be achieved by allocating new sources of revenue from the Carbon Border Adjustment Mechanism to international climate finance as contributions to the United Nations Framework Convention on Climate Change (UNFCCC) funds or as a fund for LDCs under Heading VI of the EU budget. In addition, EU member states and the EU collectively should scale up bilateral and multilateral contributions to meet climate finance needs with a focus on scaling up grants and in line with the Team Europe approach. Concretely, member states' bilateral flows and flows of European Development Finance Institutions (DFIs) should contribute to the EU Africa Green Energy Initiative. Further, to support the New Collective Quantified Goal on climate finance, the EU must commit to scaling up mitigation, adaptation, and loss and damage finance, in line with actual needs and global equity.

With regards to the EU's Global Gateway Investment Package, instead of putting a large focus on EFSD+, the EU should also commit here to providing a greater share of finance as grants. This will ensure that Global Gateway investments will not contribute to an increase in debt burden, because an increase in loans, even if concessional, comes with risks. Further, there should be support for the development of financial environments and policy frameworks that provide sustainable investment, with a special focus on small-scale actors. Accessibility of funding and capacity to pay for RE technologies remains a major challenge for the majority of communities and small enterprises in Africa. The structure of financing must therefore be improved, with greater attention paid to the development of direct financial access opportunities to small- and medium-sized RE projects through adequate and appropriate financing and risk-taking instruments. Blended finance and guarantees should be used with caution, especially in the least developed countries, with stronger safeguards against debt distress and improved access for SMEs, micro-level actors, women's organisations that might be taking on high-risk, innovative, decentralised RE projects, or other green enterprises. The EFSD+ should substantially overshoot the 30% climate target and 35% aspiration stated by the European Commission, towards 40%, and focus on unlocking investments in energy access, clean transport, and supporting agro-ecology, with stronger environmental and human rights safeguards and complaint mechanisms.

## Way forward: creating transparency and coherence between Global Gateway and NDICI/Global Europe Instrument and civil society entry points

To help with the credibility of the Global Gateway Investment Package, the EU Commission should clearly describe to what extent the Global Gateway builds on the NDICI programmes, the breakdown of grants, EFSD+ (blended finance and guarantee), and what investments in addition to the existing NDICI budget of € 79.46 billion for 2021-2027 are expected, including by country and region. Moreover, it should include clarification on the overlap and coherence between Team Europe Initiatives outlined in the MIPs and in Global Gateway Initiatives launched at the AU-EU summit. Specifically, it needs to be clarified how the Global Gateway EU-Africa Green Energy Initiative overlaps with the Team Europe Initiatives on energy in the Sub-Saharan African regional MIP and what financial allocations from the NDICI budget will be set aside for the EU-Africa Green Energy Initiative.



Since EU member states are required to commit additional funding to achieve the promised € 150 billion, the EU Commission should regularly provide updates on which member states have already expressed interest and/or allocated specific amounts to the EU-Africa Green Energy Initiative. This will increase transparency and create entry points for civil society to engage with their respective national governments on the implementation of the initiative.

Further, clarity should be provided on which Directorate Generals are engaged and will be leading the Global Gateway Initiatives, including focal points for civil society. This will allow civil society from both Africa and Europe to actively influence the implementation of the suggested initiatives. The EU Commission should also elaborate on what consultation processes and civil society entry points they foresee in the further development of the Global Gateway Initiatives, both in Brussel and via the individual country delegations.

## **Way forward: applying a development-centred, rights-based, and people-centred approach**

To become a sustainable alternative to other investment opportunities in Africa, the Global Gateway Initiative needs to use a rights-based, development-focused, people-centred, and gender-sensitive approach, targeting energy access, poverty reduction, human rights, and land rights. The Global Gateway Initiative does stress the importance of a value-based, ethical approach for people, local environments, and local economies. These principles must be upheld to ensure that the Global Gateway Initiative and any energy cooperation forged under the EU-Africa partnership do not move forward at the expense of frontline communities but instead provide broader benefits to people, including access to energy, a good quality of life, and enhanced socio-economic progress. Therefore, ensuring fair and broad distribution of socio-economic benefits, especially for the most vulnerable in society, is of utmost importance. By meeting the development needs of people, the Global Gateway Initiative can significantly improve the livelihoods of people, generating many more jobs and eliminating energy poverty in Africa. If well designed, the initiative could accelerate the rate of renewable energy transition in Africa, which would not only result in significant short- and long-term emissions reductions but also renewable energy systems that meet the energy needs of the population and are more resilient to extreme weather events, droughts, and supply shortages.

## **Way forward: ensuring effective multi-stakeholder participation**

Any infrastructure or energy transition programme intersects closely with human rights issues. Therefore, the active participation of affected communities and civil society, and measures that protect human, socio-economic, and environmental rights, must be secured. There is an important need for conscious and intentional efforts to devise mechanisms that will foster engagement and remove barriers to participation. Multi-stakeholder engagement and civil society participation can ensure community buy-in, prevent external interests from driving development, and guarantee understanding of the local social and environmental context. Without the engagement of stakeholders, including those affected by the energy transition, solutions imposed from above are likely to lack ownership, meet resistance, or simply not work. As a result of the EU-Africa CSO forum, the EU is supporting the setting up of a CSO Partnership Mechanism. This is still at very early stages but must be a key aspect of the EU-Africa Partnership and the Global Gateway Initiative. Such a CSO Partnership Mechanism should enable civil society to input at a strategic, rather than national or project, level on the energy partnership and related initiatives. Further, establishing effective platforms, capacity building, and grievance mechanisms for local communities is essential for ensuring meaningful

participation, inclusion, and accountability, thus eliminating marginalisation and exclusion. Existing platforms have to be tailored to be more inclusive and consultative.<sup>14</sup>

## Way forward: applying a gender transformative approach

In addition, the Global Gateway Initiative should articulate a strong gender-sensitive approach, in line with the EU's commitments in the Gender Action Plan III, the AU Agenda 2063 and Agenda 2030, which set the precedence for tackling inequalities and promoting sustainable development. Any initiative must ensure that women, youth, and other marginalised groups are involved in all facets, beginning with the design and going all the way through to its governance, implementation, monitoring, and evaluation, and particularly considering the gender dimension of energy access. The EU's new Gender Action Plan III sets out the commitment that, by 2025, 85% of all new external actions should have gender equality as a principle or have as significant objectives further gender mainstreaming and a gender-transformative, rights-based, and intersectional approach.<sup>15</sup> There should therefore be explicit support for, and earmarking of, women's sustainable energy initiatives in the form of small-scale individual or community-owned off-grid projects as well as efforts and mechanisms for tackling inequalities within and between communities, countries, and regions. Modalities of support should also be assessed from a gender perspective, as should consideration of grants-based, micro-financing, and re-structuring of blended finance to ensure women, women's organisations and enterprises (notably micro-, small-, and medium-sized enterprises) are direct beneficiaries. Further, empowering women and youth through training should be supported as an integral part of the initiative. This will also enable their effective participation and enhance self-belief, build capacities, and foster ideas that are necessary for transformative change.<sup>16</sup>

## 5.2 Development traps and carbon lock-in

The decisions to "make use of available natural resources within the energy transition process" during the EU-AU Summit in February 2022 and to label fossil gas as green in the EU taxonomy, together with the rush for fossil gas from Africa to supply European gas reserves in response to the Russian war in the Ukraine, open the door for fossil gas as an alleged means for revenue creation and a phased energy transition.<sup>17</sup>

Investing in fossil gas as a transitional fuel is likely to drive up what are currently lower emission levels on the continent. In addition, investments in the expansion of gas capacity in Africa would delay the much-needed expansion of renewable energy, causing Africa to reproduce Western unsustainable economic systems. According to the International Energy Agency's (IEA's) net zero by 2050 roadmap, 1020

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<sup>14</sup> See: <https://iea.blob.core.windows.net/assets/a01c5f4a-e833-42da-9387-830fcb024046/Recommendationsoftheglobalcommissionon-people-centredcleanenergytransitions.pdf> [Last retrieved: 2022-09-25].

<sup>15</sup> See: [https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf) [Last retrieved: 2022-09-25].

<sup>16</sup> See: <https://iea.blob.core.windows.net/assets/a01c5f4a-e833-42da-9387-830fcb024046/Recommendationsoftheglobalcommissionon-people-centredcleanenergytransitions.pdf> [Last retrieved: 2022-09-25].

<sup>17</sup> See: [https://www.consilium.europa.eu/media/54412/final\\_declaration-en.pdf](https://www.consilium.europa.eu/media/54412/final_declaration-en.pdf) [Last retrieved: 2022-09-25].

GW of annual solar and wind additions are needed by 2030.<sup>18</sup> The required additional investments to achieve universal access to clean, affordable, and reliable energy by 2030 have been estimated to be between \$ 42 and \$ 67 billion/year. However, international public finance for clean energy in Africa is marginal. In the four years following the Paris Agreement, international public finance from G20 countries and the major multilateral development banks provided only \$ 13 billion of public finance for renewable energy in Africa, which was 3.7 times less than the support given to fossil fuels.<sup>19</sup> In addition, African countries receive much less finance for developing renewable energy compared to countries in the global north. Worldwide, Africa and the Middle East receive only 2% of investment into renewable energy annually.<sup>20</sup> Subsequently, of the almost 180,000 MW of new renewable power worldwide, only 2000 MW were added on the African continent.<sup>21</sup>

Further, energy development plans that rely on gas production and exports are risky, as the world is transitioning to zero emissions and future gas demand is subject to large uncertainties. As the risk of stranded fossil fuel assets grows, investing in gas risks leaving Africa with stranded assets and increases debt burden, which, in the light of stranded assets, is even more detrimental. It is proven that investments in fossil fuels, especially gas, does not benefit the people of Africa. Instead, fossil fuel-based energy systems, such as gas, have displaced people from their ancestral lands, polluted water systems, promoted corrupt regimes, and led to conflicts. A truly development-focused cooperation needs to invest in energy systems that serve the interests of Africans in fighting climate change through establishing resilience, ending energy poverty by enabling universal access, and ending decades of under-development. It will be counterproductive to invest the little available resources in gas production in Africa.<sup>22</sup>

## **Way forward: creating financial environments that favour and de-risk renewable energy deployment**

Instead of pouring more and more finance into the fossil fuel industry in the region, making use of Africa's huge renewable energy potential and addressing the urgent need for a just transition should be at the centre of engagements with Africa. Although the MIPs and APPs have not indicated support for fossil gas infrastructure in Sub-Saharan Africa, the NDICI/Global Europe Instrument legislation does not completely exclude the potential for fossil gas finance. Therefore, it would be good if the EU Commission would clearly define what efforts are being made to ensure that energy cooperation with Africa goes only to energy efficiency and renewables, to align it with the ambition of the EIB's energy-lending policy, which excludes finance for fossil fuels, and which itself will be a major beneficiary of the EFSD+ guarantee. This should include clarifications on whether the legislation governing the NDICI regulation determines safeguards for the Global Gateway Initiatives (e.g. EU-Africa Green Energy Initiative) or whether the Global Gateway will be accompanied by a new, stepped-up approach to environmental safeguards, cli-

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<sup>18</sup> See: [https://iea.blob.core.windows.net/assets/7ebafc81-74ed-412b-9c60-5cc32c8396e4/NetZeroBy2050-ARoadmapfortheGlobalEnergySector-SummaryforPolicyMakers\\_CORR.pdf](https://iea.blob.core.windows.net/assets/7ebafc81-74ed-412b-9c60-5cc32c8396e4/NetZeroBy2050-ARoadmapfortheGlobalEnergySector-SummaryforPolicyMakers_CORR.pdf) [Last retrieved: 2022-09-25].

<sup>19</sup> See: <https://en.milieudefensie.nl/news/07-md-banktrack-fossil-fuels-africa-rpt-hr.pdf> [Last retrieved: 2022-09-25].

<sup>20</sup> See: <https://www.energymonitor.ai/sectors/power/energy-monitors-power-transition-tracker-europe-the-middle-east-and-africa> [Last retrieved: 2022-09-25].

<sup>21</sup> See: [https://www.giz.de/en/downloads/Study\\_Renewable%20Energy%20Transition%20Africa-EN.pdf](https://www.giz.de/en/downloads/Study_Renewable%20Energy%20Transition%20Africa-EN.pdf) [Last retrieved: 2022-09-25].

<sup>22</sup> See: <https://climateactiontracker.org/publications/natural-gas-in-africa-why-fossil-fuels-cannot-sustainably-meet-the-continents-growing-energy-demand/> [Last retrieved: 2022-09-25].

mate proofing, and human rights safeguards. Given the current interest in fossil gas investments in Africa and the loophole in the NDICI legislation, developing new and stricter safeguards for the Global Gateway Initiatives is strongly recommended.

Further, the EU should support African countries with clear, programmatic, regulatory and properly funded government systems and rules that enable guarantees, and other schemes that ensure investments in RE (especially decentralised, small-scale, and people-centred approaches), so that these are safe and easy to undertake. Such bold policies can help to create the enabling environment needed to reassure local, national, and international financial institutions, and to motivate them to actively seek RE-sector customers as a new, rapidly expanding growth sector. The EU should support African countries to build financial environments and conditions that provide affordable and sustainable capital for climate-friendly investments to showcase the value of investing in modern technologies. Additionally, both Europe and Africa should undertake extensive measures to move away from fossil fuel investments including investments in gas. This includes working out ways to accelerate the phasing out of fossil fuel finance, including through direct foreign investment, multilateral development banks, and export credits.

## 5.3 Focus on large-scale infrastructure investments

The EU-AU cooperation on energy emphasises large-scale energy infrastructure investments such as regional electricity interconnections (e.g. PEACC, WAPP), transmission lines, and large-scale installations (e.g. the Kariba dam). Although these large-scale infrastructure projects are important to power Africa's sustainable industrial development and larger cities, the impact at the community level, particularly for the electrification of last-mile communities, is often limited because these projects are not designed or implemented to meet local needs and to account for local energy uses. Further, large-scale energy infrastructure development has been behind some of the land disputes, displacements, and destroyed livelihoods.<sup>23</sup> In this respect, more stringent requirements should be placed on large-scale RE projects. For example, to ensure local value, it is critical to ensure stringent, thorough, and participatory assessment processes.

The Global Gateway Initiative does highlight a value-based, ethical approach to its infrastructure projects, stating that those most affected by projects must have a full say through proper consultations and civil society engagement.<sup>24</sup> Additionally, if projects are deemed acceptable, such large-scale investments should be complemented with small-scale individual or community-owned off-grid projects. This is especially necessary to meet individual and community energy needs in remote, underserved, and sparsely populated regions, and to address the broader energy access challenges. The needs include provision of energy access to enable productive use, such as for the small-scale agriculture and micro-, small-, and medium-sized businesses and community services that form the backbone of livelihoods and economies in Africa. There is funding available for CSOs and local authorities in the NDICI, but the amount is unfortunately very small.

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<sup>23</sup> See: <https://www.energymonitor.ai/policy/just-transition/land-conflicts-are-slowng-kenyas-transition-to-clean-energy> [Last retrieved: 2022-09-25].

<sup>24</sup> See: [https://ec.europa.eu/info/sites/default/files/joint\\_communication\\_global\\_gateway.pdf](https://ec.europa.eu/info/sites/default/files/joint_communication_global_gateway.pdf) [Last retrieved: 2022-09-25].

## Way forward: increased investments in small-scale renewable energy

If done in the right way, the EU-AU cooperation has the potential to end Africa's widespread energy poverty and enable energy access, especially for last-mile communities, while simultaneously allowing the powering of local industries and sectors for Africa's socio-economic transformation. Their value-based approach, including the commitment to community consultations and civil society engagement, is an important first step. This must now be fully implemented at the local project level and also at a strategic level related to the energy partnership and related initiatives, for example, through a CSO partnership mechanism (see point 2).

Further, this will entail overcoming various pre-existing obstacles including dedicated support and promotion of the full range of renewable electricity applications, from grid-connected to mini-grids to small stand-alone systems, as well as other forms of energy. The EU needs to make clear that it will increase the share of investments in on- and off-grid, decentralised, distributed energy systems that will allow for universal energy access, especially for rural, remote, last-mile communities to use for productive uses including clean cooking. The projects have to align with local energy needs and priorities and be built on a low carbon, climate-resilient basis. The investments in clean cooking, as indicated in the AAP 2022 for sustainable energy, are a step in the right direction. However, with only 14% of the total amount dedicated for sustainable energy in 2022, the focus is clearly on large-scale projects. Looking forward, the EU should aim to balance investments between large and small-scale projects.

## 5.4 Export focus when supporting green hydrogen production in Africa

On the one hand, green hydrogen and its derivatives have vast potential to drive a broad socio-economic evolution towards a green economy and to leapfrog to 100% RE systems of the future. For example, a green hydrogen-supported, electrified economy could promote local value creation throughout the value chain, increase and create new green jobs for local communities, build new skills through transfers of technology know-how, and strengthen local economic actors.<sup>25</sup> Development of a green infrastructure for energy and hydrogen production, as well as transport and storage, development of long-term partnerships with potential importing countries in Europe and beyond, earning of foreign revenues from exports, and satisfaction of local hydrogen demands to decarbonise local industries, such as in the production of fertiliser using green ammonia, are other valuable opportunities.<sup>26</sup>

On the other hand, there is a risk that investing in export projects for producing renewable hydrogen and its derivatives could cement existing energy poverty in Africa if these types of investments push back investments in decentralised renewables, and if newly built renewable capacities are not also used for the

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<sup>25</sup> See: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2022%3A23%3AFIN&qid=1653033264976> [Last retrieved: 2022-09-25].

<sup>26</sup> See: [https://www.germanwatch.org/sites/default/files/positionpaper\\_greenhydrogenproductionandpower-to-x\\_productsinafrica\\_250122.pdf](https://www.germanwatch.org/sites/default/files/positionpaper_greenhydrogenproductionandpower-to-x_productsinafrica_250122.pdf) [Last retrieved: 2022-09-25].

local population's energy supply.<sup>27</sup> Further, all green hydrogen projects – local use and export – bear the risk of creating or aggravating resource conflicts around water, land, and energy.

## **Way forward: development of strict sustainability criteria and a sustainable global hydrogen market with a common certification scheme**

To avoid these risks, the global hydrogen market must be based on common rules, in particular, for standards, certification, and good regulatory practice. The EU has already started to develop a comprehensive regulatory framework.<sup>28</sup> Based on this, the EU should support efforts for developing a sustainable and transparent global hydrogen market. The development of a Global European Hydrogen Facility, as reflected in the REPowerEU Chapeau Communication, could be an important first step. In addition, the EU and its member countries should adopt strict sustainability criteria for hydrogen imports as well as supporting partner countries, which are developing their green hydrogen economies, to develop sustainability criteria for green hydrogen production. It goes without saying that other colours of hydrogen must be strictly excluded.

## **Way forward: supporting the creation of regional hydrogen markets**

The cost of transporting green hydrogen increases significantly with distance, favouring a lower-cost regional distribution. This potentially opens up an economic case for an international reconfiguration of value chains, including the possibility that subsequent stages in the value chain move to locations with better renewable infrastructure potential.<sup>29</sup> When promoting new opportunities for cooperation on green hydrogen with African countries, special attention should be paid to enabling the creation of regional markets. This will include ensuring that African countries benefit from an attractive part of the value chain of green hydrogen production and that these countries are not merely restricted to being raw material providers. To address this, the EU should support African countries to pursue opportunities for upstream and downstream processing in the regions. Additionally, strategies should promote economic progress and job creation opportunities resulting from green hydrogen. Such pursuit, in turn, requires capacity and skills training to ensure that local communities are qualified to fulfil labour market requirements to access these jobs. To this end, targeted investment and new competencies built up through training and innovation programmes should strengthen existing economic players. For instance, establishment of renewable technology centres in African institutions to leverage technology advancement and developing innovative and sustainable financing models for low-carbon, distributed, energy industry development would be beneficial.<sup>30</sup>

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<sup>27</sup> See: <https://www.germanwatch.org/en/84785> [Last retrieved: 2022-09-25].

<sup>28</sup> See: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=JOIN%3A2022%3A23%3AFIN&qid=1653033264976> [Last retrieved: 2022-09-25].

<sup>29</sup> See: [https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Jul/IRENA\\_Global\\_hydrogen\\_trade\\_part\\_1\\_2022\\_.pdf](https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Jul/IRENA_Global_hydrogen_trade_part_1_2022_.pdf) [Last retrieved: 2022-09-25].

<sup>30</sup> See: <https://iea.blob.core.windows.net/assets/a01c5f4a-e833-42da-9387-830fcb024046/Recommendationsoftheglobalcommissionon-people-centredcleanenergytransitions.pdf> [Last retrieved: 2022-09-25].

## 6 Recommendations for EU-AU cooperation on energy

### 6.1 Finance

The EU should:

- urgently scale up climate finance, in line with its fair share of delivering on the Paris Agreement's \$ 100 billion commitment, for example, by allocating new sources of revenue from the Carbon Border Adjustment Mechanism to international climate finance as contributions to UNFCCC funds or as a fund for LDCs under Heading VI of the EU budget
- with EU member states and in line with Team Europe approach, collectively scale up bilateral and multilateral contributions to meet climate finance needs with a focus on scaling up grants (e.g. through contributing to the EU Africa Green Energy Initiative)
- provide a greater share of the finance within the Global Gateway Investment Package as grants. Blended finance and guarantees should be used with caution, especially in LDCs, with stronger safeguards against debt distress and improved access for SMEs and micro-level actors
- support the development of financial environments and policy frameworks that provide sustainable investment, with a special focus on small-scale actors
- take extensive measures to move away from fossil fuel investments including investments in gas. This includes working out ways to accelerate the phasing out of fossil fuel finance, including through direct foreign investment, multilateral development banks, and export credits
- increase the share of investments in on- and off-grid, decentralised, distributed energy systems that will allow for universal energy access, especially for rural, remote, last-mile communities for productive uses including clean cooking.

### 6.2 Governance and participation

The EU should:

- create transparency and coherence between the Global Gateway and NDICI/Global Europe Instrument and on civil society entry points
- describe to what extent the Global Gateway builds on the NDICI programmes, the breakdown of grants, and EFSD+ (blended finance and guarantee), and what investments in addition to the existing NDICI budget of € 79.46 billion for 2021-2027 are expected, including by country and region
- clarify how the Global Gateway EU-Africa Green Energy Initiative overlaps with the Team Europe Initiatives on energy in the Sub-Saharan African regional MIP and what financial allocations from the NDICI budget will be set aside for the EU-Africa Green Energy Initiative.
- close the loophole in the NDICI legislation and develop a new, stepped-up approach to environmental safeguards, climate proofing, and human rights safeguards for the Global Gateway Initiatives, particularly given the current interest in fossil gas investments in Africa
- ensure participation and strategic input on the energy partnership and related initiatives for all relevant stakeholders through a CSO Partnership Mechanism. This also includes ensuring consultations of frontline communities at a project level
- establish effective platforms, capacity building, and grievance mechanisms for local communities.

## 6.3 Gender

The EU should:

- support women's sustainable energy initiatives in the form of small-scale individual or community-owned off-grid projects as well as efforts and mechanisms for tackling inequalities within and between communities, countries and regions
- assess modalities of support from a gender perspective, and consider grants-based, micro-financing, and re-structuring of blended finance to ensure women, women's organisations and enterprises (notably micro-, small-, and medium-sized enterprises) are direct beneficiaries
- empower women and young people through training.

## 6.4 Green Hydrogen

The EU should:

- develop strict sustainability criteria and create a sustainable global hydrogen market with a common certification scheme
- facilitate the creation of regional hydrogen markets through:
- supporting African countries and economic players to pursue opportunities for upstream and downstream processing in the regions
- promoting economic progress and job creation opportunities
- building capacity and skills through training and innovation programmes and establishing renewable technology centres in African institutions.



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