



ENERGY

Africa Clean Energy Corridor Action Statement and Action Plan

Provisional copy



CLIMATE SUMMIT 2014

**UN HEADQUARTERS · NEW YORK
23 SEPTEMBER · #CLIMATE2014**

Africa Clean Energy Corridor

On the occasion of the United Nations Secretary General's Climate Summit, we the signatories of the IRENA Communiqué on the Africa Clean Energy Corridor (ACEC) issued in Abu Dhabi on 17 January 2014, together with partner governments, regional bodies, United Nations agencies, international financial institutions, private sector entities, and International Renewable Energy Agency, announce the Africa Clean Energy Corridor initiative to promote the accelerated deployment of renewable energy in the countries of Eastern and Southern Africa power pools.

The Africa Clean Energy Corridor initiative aims to substantially increase deployment of renewable energy in Africa, reducing carbon emissions and dependence on imported fossil fuels, leading to a more sustainable and climate resilient economic growth. Four-fifths of all electricity in Eastern and Southern Africa is currently generated from carbon-intensive fossil fuels such as natural gas, oil or coal. Regional demand for electricity is expected to more than double in the next quarter century. The Africa Clean Energy Corridor aims to meet half of total electricity demand from clean, indigenous, cost-effective renewable resources by 2030, thereby reducing carbon dioxide emissions to a more sustainable level.

Therefore, we the partners in the Africa Clean Energy Corridor initiative agree to support the implementation of the Action Agenda, as endorsed by Ministers representing 19 countries of the Eastern African and Southern African power pools in January 2014. The implementation of this Action Agenda will enable the ACEC countries to fully consider cost-effective renewable power options and develop enabling frameworks to attract investments, with a view to ensuring the accelerated and successful development of the proposed corridor.

Any parties interested in joining this announcement can contact IRENA at e-mail EPress@irena.org.

Partners in the Africa Clean Energy Corridor Initiative:

Africa Clean Energy Corridor Countries: Angola, Botswana, Burundi, the Democratic Republic of Congo, Djibouti, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, South Africa, Sudan, Swaziland, Uganda, the United Republic of Tanzania, Zambia, and Zimbabwe

Partner governments: France, Italy, New Zealand, the United Arab Emirates, the United States of America

Regional bodies: The African Union Commission, the East African Community, the New Partnership for Africa's Development

International financial institutions: The African Development Bank, Agence Française de Développement

United Nations agencies: The United Nations Development Programme, the United Nations Economic Commission for Africa

Private sector: Copperbelt Energy Cooperation, ENEL

Action Plan

The Challenge: Four-fifths of all electricity in Eastern and Southern Africa is currently generated from carbon-bearing fossil fuels like gas, oil or coal. Fast growing regional demand for electricity, which is expected to at least double in the next quarter century, is putting pressure on the countries to sustain their efforts for accelerated socio-economic development and poverty alleviation due to high fuel import bill for the governments as well as rising concerns on carbon emissions.

The Response: The ACEC proposes an optimal development of RE resources and cross-border trade of renewable power along a stretch of land extending from Egypt to South Africa, which aims to have half of all electricity produced from clean, indigenous, cost-effective renewable power options by 2030. By deploying RE on a regional scale, the ACEC can attract required investments to potentially meet 40-50% of power needs in the Eastern and Southern Africa regions by 2030. These combined efforts at regional level will also translate into improved security of supply through resource diversification, reduced carbon emissions (up to 127 metric tonnes of carbon dioxide equivalent relative to a 2015 baseline) and fostered new investment opportunities and job growth.

The Commitment to Action: The Ministers of nineteen countries of the Eastern and Southern African Power Pools endorsed a Communiqué during the IRENA's Fourth Assembly in January 2014 to promote and accelerate the development of the Africa Clean Energy Corridor based on an Action Agenda. This Ministerial Communiqué is firmly based on the earlier political commitments by African leaders, such as: (i) the 2010 Maputo Declaration of the African Union Conference of Energy Ministers that resolved "to promote renewable energy ... to address all issues relating to climate change" with "priority to integrative regional projects including electricity networks interconnection"; and (ii) the Abu Dhabi Communiqué of 2011 that envisioned "to promote intensified utilization of Africa's vast renewable energy resources for accelerating Africa's development".

Based on the above, we as the partners of the Africa Clean Energy Corridor initiative (ACEC Partners) agree to support the implementation of the Action Agenda that will enable the countries of the Corridor to fully consider cost-effective renewable power options and develop enabling frameworks to attract investments towards an accelerated development of the Africa Clean Energy Corridor.

Way Forward: The ACEC is an ambitious undertaking that requires collaborative, coordinated and targeted efforts by Governments, regulators, development partners, private sector, financing institutions and regional and international organisations. IRENA acts as the ACEC hub, facilitating multi-stakeholder efforts and providing support and technical assistance through in-house expertise and matchmaking. Interested stakeholders can join this effort in numerous ways, including:

1. *Zoning, resource assessment and planning* activities for the ACEC build upon the PIDA, which includes a number of large energy generating projects as well as transmission facilities for bringing their output to market, as agreed by the ACEC participating countries. Identification of zones is underway for development of renewable power in areas of high resource potential from which electricity can be transmitted in cost-effective fashion to cities and other load centres. A zoning methodology has been developed and validated with relevant stakeholders in the region. Interested partners are invited to support the ongoing work with

the Eastern and Southern Africa Power Pools, their constituent utilities, and the respective ministries to put in place improved country and regional planning processes that integrate all cost-effective renewable power options into resource development plans, using the system planning test models developed by IRENA.

The African Union Commission, the East Africa Community and New Partnership for Africa's Development have already expressed support in the conduct of these activities.

2. *Enabling market and financial frameworks* are essential for renewable power options to fairly compete. The work with the Independent Regulatory Board of Eastern Africa and the Regional Energy Regulators Association of Southern Africa is ongoing to help them create open, competitive power markets. An Enabling Regulatory Environment Action Plan is being prepared to mitigate structural and regulatory barriers to the development of renewable resources and strengthen regulatory institutions. This will help implement the harmonized policy and regulatory framework for Energy Master Plans and infrastructure development.

With a view to helping reduce the cost of capital for financing renewable power projects in Africa, work is underway to benchmark existing financial structures for infrastructure projects in Africa and evaluate which are most efficient in delivering capital at reasonable cost. Work is also being initiated to examine credit guarantee mechanisms that have worked to reduce financing costs in specific countries. International financial institutions and development agencies are invited to support the work in exploring innovative arrangements to reduce costs of capital, including, creation of a dedicated financing facility.

The African Development Bank, the African Union Commission, the Common Market for Eastern and Southern Africa, New Partnership for Africa's Development, the UN Economic Commission for Africa, [the Islamic Development Bank, the European Investment Bank, the OPEC Fund for International Development, the Governments of Italy, UAE, ...] expressed support in the activities to develop the enabling market and financial frameworks for the ACEC.

3. *Capacity building* has been organized to help operate African power grids with higher shares of renewable electricity generation by combining variable wind and solar with baseload hydro and geothermal resources. With the input from various stakeholders, a needs-based practitioners' guide is being prepared on strategies for integrating variable renewables on these grids while retaining cost-effective and reliable service.

Regional institutions (and ...) are welcomed to take the lead in the conduct of such capacity building activities.

Replicating the Clean Energy Corridor: In the light of the rapidly growing power needs of Central America and South East Asian countries, renewable energy sources can fuel low carbon growth, by potentially meeting substantial power needs in the regions. The interconnected electricity transmission system of Central America (SIEPAC) presents an opportunity to develop a clean energy corridor that will enable the regional market to operate with higher share of renewable energy. ASEAN's target of 15% renewable power in the supply mix by 2015 and enhanced cross-border electricity trade through integration of the national power grids can lead to the development of another clean energy corridor initiative in the South East Asian region.



Engagement with the Central American and ASEAN countries has just been initiated and interested partners are invited to support the future work, which would include building political support among leaders in each region, regional resource assessment and planning, enabling policy and regulatory environment for investment, and identification of generation and transmission investment opportunities within the proposed corridors.