

## **Africa Dialogue Series 2021**

### **Panel on Climate Action and Energy Transition**

**Key Remarks by H.E Ambassador Omar HILALE (7 minutes)**

**27 May - 3PM-5PM**

First and foremost, allow me to thank OSAA and the African Union for convening the African dialogue Series and for inviting me to open this Panel on the crucial topic of **“Climate Action and Energy Mix: Africa’s Leadership Role in a Mutual Accountability Framework”**.

In fact, *tracking SDG13 and SDG7* shows us that the world's economies are shifting at many levels and significant progress has been made. However, **the journey is still long in order to tap into new climate action opportunities and reach all the countries in need of sustainable energy especially in Africa.**

Since the beginning of the COVID-19 pandemic – which has led to factories closing, aircraft being grounded and reductions in road traffic – global demand for coal and fossil-based energy has fallen considerably. **Satellite images of decreased atmospheric pollution in the world’s most industrialised countries provide a stark illustration of the impact human activities have on air quality and ecosystems.** The world lived and is still going through an unprecedented situation, in which the global health crisis immobilised human and industrial activity, plunging economies into complete paralysis. **Like COVID-19, climate change is a reality that must be faced and dealt with as a matter of urgency – because the two phenomena have much in common.**

**If carbon neutrality is to be achieved by 2050, climate action and decarbonizing energy production is a necessity.** These objectives reflect commitments made by the international community in the 2015 Paris Agreement, and countries reiterate them every year during the Conference of the Parties (COP). However, it is important to underline that **the more time passes, the global interdependence between human activity, financial markets, economies and climate action becomes more pressing and yields consequences.**

Furthermore, the **2019 Summit for Action on the Climate**, which took place at the initiative of the Secretary-General, provided a global platform for raising the level of global ambition on climate action. In doing so, it has succeeded in focusing the attention of international financial agencies and institutions on climate finance. **African countries have to be part of the solution and to shape the narrative of their own economic recovery** that takes into account the climate and energy transition challenge.

**I wish now to turn to Investment opportunities in renewable energy post COVID-19 and make a case for Africa.**

We all have seen that the COVID-19 crisis has led to an unparalleled fall in the price of petrol, with **petroleum and gas companies potentially seeing a 68% decline in their revenue from 2020 compared to 2019**. This collapse has reduced the production ability of the petroleum industry, and underlines **the importance of ending our current dependence on fossil energy in favour of investing in renewable energy**.

**Morocco presents a relevant example in this respect**. In order to ensure the country's energy security while fulfilling its commitments in the struggle against global warming, **Morocco has decided to raise its share of clean energy in the electricity mix to 42% by 2021. The aim is to further increase Morocco's share to 52% by 2030.**

Indeed, while access to electricity in sub-Saharan Africa is expanding, with the **region's population expected to double from 1 billion people in 2018 to over 2 billion in 2050, researchers forecast that demand for electricity will increase 3 percent annually**. Right now, the main sources for the region's energy is coal, oil, and traditional biomass (wood, charcoal, and dry dung)—which are associated with severe environmental and health damage.

**Integrating and designing an energy mix largely reliant on renewable energy would** simultaneously support strong growth, low emissions, and ecologically sustainable development in Africa. However, Africa's current energy mix is almost entirely composed of fossil fuels and biomass.

In this vein, evidence shows that **a substantial reduction in renewable energy's costs will enable Africa's renewable energy transformation**. The most exponential change is the big decline in the **cost of solar photovoltaic energy, which decreased 77% from 2010 to 2018**. Trailing solar's improvement in affordability, are both on- and off-shore wind, which experienced notable, yet less sharp, declines in cost.

However, while wind and solar have become increasingly cost-competitive, the implementation of renewable energy in Africa continues to lag behind much of the rest of the world: **Solar and wind together constituted 3% of Africa's generated electricity in 2018, versus 7% in other regions of the world.**

Given that technological advances in energy storage have bolstered its reliability, financing renewable energy in Africa is now the most significant challenge.

In one hand, many African countries are used to building a new fossil fuel plant, which is expensive to run. On the other hand, renewable sources have high installation costs, but they are inexpensive to operate. In other words, **the high upfront cost of renewable energy necessitates greater capital expenditure**. Consequently, African countries need to mobilize public, private, and multilateral and bilateral donor financing to raise funds for renewable energy infrastructure projects to mitigate the expensive upfront costs. **Morocco and Ethiopia have launched a coalition of**

**energy access in 2019, benefitting least developed countries in Africa in order to help them face this challenge among others.**

In addition, it is important that advanced economies honor the 2015 Paris Agreement—in which those advanced economies committed to **“0.12% of the world’s GDP or the 100 billion dollars per year through 2025 to address the needs of developing economies”** —as a means to finance renewable energy infrastructure development and facilitate the transition to a low-carbon energy economy including in Africa.

Given the current economic situation, governments and financial institutions would be well advised to **capitalize on low interest rates to stimulate technological innovation in renewable energies.**

Additionally, the sharp fall in the price of petrol offers a unique opportunity to reduce subsidies on the consumption of combustible fossil fuel (**this represents US\$ 400 billion worth of subsidies worldwide, of which 40% is used to lower the price of petroleum products**). In this regard, more Governments and financial institutions are therefore investing in clean energy mechanisms as part of their plans for economic recovery.

Today, a renewables-based energy transition promises to deliver vast socio-economic benefits to countries across Africa, improving energy access, creating jobs and boosting energy security. To realize these benefits, African countries have an opportunity to leapfrog fossil fuel technologies to a more sustainable, climate-friendly power strategy aligned with the Paris Agreement and low-carbon growth.

To conclude, what international cooperation should do, is to assist African countries achieve universal energy access within the 2030 Agenda timeframe in four areas of action:

- **Promote access to energy to Africa;**
- **De-risk and promoting private sector investments in Africa;**
- **Strengthen and modernize the African grid;**
- **Support systemic innovation inside Africa.**

Various studies have shown that the transformational potential of the electricity sector in African countries such as Morocco, Ghana, Ivory Coast, Rwanda and South Africa is gaining ground, at the same time, international cooperation must use best practices that exist in order to scale up action inside Africa, namely on how to:

- 1. Take advantage of the abundance and competitiveness of renewables;**
- 2. Align ambitious renewable targets in energy and climate plans;**
- 3. Continue supporting the development of regional markets inside Africa;**
- 4. Leverage renewables and distributed energy resources to achieve universal energy access;**

5. **Develop tailored power sector transformation plans based on a systemic innovation approach;**
6. **Build on policy frameworks for just and inclusive transitions that doesn't harm the economy but help to diversify it.**

In conclusion, let me say that in Africa and around the globe, **Energy is the foundation of economic development, and energy poverty is the greatest obstacle to that development.** Therefore, the goals of inter-African development cooperation in the Climate and energy sector should reduce energy poverty and promote economic and social development, while also decarbonizing the power sector and supporting least developed countries in the transformation to a low-carbon economy.

The solutions to achieving those goals, however, will usually vary between African countries, as well as among different sectors within countries, from the household level to the industrial level. **There is no “one size fits all magic formula” but African countries that have succeeded nationally are best placed to help other interested African countries to reform their economic and energy policies for that purpose.**

Africa of tomorrow should be different in many ways from the one we knew before the COVID-19 pandemic. Though the crisis is undoubtedly harrowing, the international community needs to learn lessons from it. This means further promoting green finance for Africa in the next decade; investing in an industrial transition and sustainable modes of production/consumption; and rebuilding the economy through the creation of jobs that are resilient to the climate crisis – which, ultimately, is the greatest threat to the planet.