

Keynote Speech

by

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at the

G7 Bologna Environment Ministers' Meeting

SDGs and Climate Change: focus on Africa

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Your Excellency, Gian Luca Galletti, Minister of Environment, Land & Sea of Italy

Your Excellencies,

Distinguished guests, Ladies and Gentlemen,

I am very pleased to attend the G7 Environment Ministers' Meeting in the beautiful city of Bologna. I learn that this city, Your Excellency Minister Galletti, is your place of birth and has, at the same time, been at the epicentre of global action on the environment in the past two weeks, with the current G7 Summit being its culmination. With that, I congratulate the Italian government for having placed the environment at the centre of their activity, and for providing such dynamism to discussions on environmental issues. As stated numerous times by Your Excellency, Minister Galletti, environmental policies must nowadays not only be viewed through the prism of conservation, but also through an optic of exciting new opportunities for economic growth.

Sustainable economic growth will indeed be of particular importance to face the demographic, economic, and climatic mega-trends that characterise today's global landscape. Increasing economic growth in the developing world requires

immediate answers to guarantee environmental sustainability. Meanwhile, rising rates of urbanisation and mushrooming megacities compel us to observe the changing ways in which people consume and produce things. Over all of this looms the impending threat of climate change, with its disruptive effects on the most vulnerable areas and populations of our planet. We live in a carbon-constrained world, and we will need to conceive of innovative solutions ensure economic growth and respect of our resources at the same time.

With the adoption of the Paris Agreement and of the Sustainable Development Agenda, the international community has demonstrated extraordinary determination to tackle these enormous challenges. IRENA believes that modern renewable energy sources will be the crucial ingredient to achieving the environmental objectives set by these two international initiatives. Today, more than 140 countries around the world have ratified the agreement that emerged two years ago out of those momentous negotiations in Paris, and approximately the same number have already submitted their Nationally Determined Contributions to reduce their emissions. Energy, which accounts for two thirds of current greenhouse gas emissions, will play a central role in the decarbonisation of the future. As proven by IRENA's report of

Perspectives for the Energy Transition, measures in renewable energy and energy efficiency specifically will achieve 90% of the carbon reductions that will be required to achieve the objectives of the Paris Agreement by 2050. IRENA's *Rethinking*, at the same time, establishes a direct link between the deployment of modern renewable energy sources and all SDGs related to environmental sustainability. Renewable energy will be the clear solution to reducing greenhouse gas emissions (SDG 13) and to achieving sustainable cities (SDG 11) in heating, cooling, cooking and home appliances, as well as transport. Moreover, modern renewable energy sources will be essential in halting deforestation for immediate energy needs (SDG 15), in addition to requiring less water use for the production of electricity (SDG 6) and increasing overall water supply through desalination and pumping.

None of this is truer than in Africa. The region sits at the epicentre of the global dramatic trends that we are tasked to tackle. Rates of GDP growth are rebounding after last year's marked deceleration. Economic growth, coupled with the planet's highest rates of population growth, exerts considerable pressure on the environment and on energy demand. At the same time, Africa is among the regions

hardest hit by the ravaging effects of climate change – droughts, crop failures and an intensifying of migratory flows are the dreary outcomes of our shifting climatic landscape. However, it is specifically in Sub-Saharan Africa that renewable energy displays its greatest transformative potential, and countries across the continent have realised this. IRENA analysis shows that all African countries, except Libya, have submitted their Nationally Determined Contributions. Of the 53 pledges analysed, 45 provide quantifiable renewable energy contributions for power, foreseeing the installation of at least 93 gigawatt of additional capacity by 2030. If these pledges are respected across the board, installed renewable energy capacity in the continent will more than double between now and 2030.

At the same time, Africa is transforming the traditional picture of universal energy access and rural electrification, leapfrogging ahead of past practices and spearheading an off-grid revolution. The importance of this phenomenon cannot be overestimated. For the first time, IRENA's *Renewable Energy Capacity Statistics* contain data for off-grid renewable electricity capacity, which in Africa reached 750 megawatt last year. We estimate that, in Africa, as many as 16 million households (approximately 80 million people) are served with and benefit from off-grid

renewable electricity. These remarkable numbers come from an analysis on trade data for home-based solar solutions, lanterns, and other equipment. They allow us to stop narrating electricity access through a negative picture of deprivation and poverty, and rather use a language of opportunity and growth.

This phenomenon is driven by rapidly-declining costs and by innovations in business plans and technologies. The cost of solar photovoltaics (PV) has fallen by as much as 80% since 2009, while our study on *Solar PV in Africa: Costs and Markets* finds that small PV systems for single households can now provide basic electricity services for as little as USD 56 a year, a cost similar or lower to diesel-fired generation or kerosene-based conventional lighting, which also have severe health consequences as we know.

The interesting part of this revolution is that it is largely being driven by local enterprises, which provide African solutions to African challenges. Companies like M-Kopa have so far connected more than 500,000 households in East Africa, and are now at the forefront of innovative business and financing models, such as pay-as-you-go modules and mobile payment technologies.

Within this array of good news, however, we must not forget that African countries will need to mobilise considerable investment sums to reach their NDC pledges. IRENA estimates that implementing renewable energy contributions in African NDCs will require an investment of at least USD 220 billion by 2030, of which USD 100 billion will need to come from domestic sources. Most of this investment will need to come from the private sector – utility companies, corporates, project developers, and investment funds. These actors have traditionally covered the vast majority of renewable energy investments, but still tend to perceive associated risks as too high. The reasons are many, and include political, regulatory, counterparty risk, in addition to currency volatility, lack of liquidity as well as delays in transmission lines.

A lot can be done to reduce investors’ perception of risk. Public finance will play a crucial role in creating the enabling environment, using public funds as a mobilisation tool to attract private capital. Governments can ensure commitment to long-term policies and necessary regulatory tools, in addition to creating special lending facilities aiming to provide direct support and facilitate renewable energy

projects. Finally, public assistance in terms of insurance forms against numerous forms of risk can help mitigate investment risk.

Ladies and gentlemen,

Africa stands ready to reap the benefits of a dramatic revolution in how we produce, distribute, and consume electricity. This will be crucial to ensure that this burgeoning continent maintain a path of economic growth at the same time as sound environmental policies. The attentions of governments with know-how, capacity and infrastructure, such as the group of countries summoned today in Bologna, will be of enormous importance to ensure that Africa upholds the spirit of Paris and joins the international community in our fight against climate change.

Thank you.