African Union

Note for Information

The SDG7 Initiative for Africa: Accelerating clean energy investments for access and climate ambition in Africa

Technical paper

November 2020

<u>Project Title:</u> **The SDG7 Initiative for Africa: Accelerating clean energy investments for access and climate ambition in Africa**

I. Background Information

Climate change is causing unprecedented variations in the frequency and magnitude of extreme weather events: floods, droughts and heatwaves. How African countries prepare for and manage these extreme events would be fundamental to the performance of their economies and realisation of their development aspirations as embodied in various national development plans, the United Nations 2030 Agenda for Sustainable Development and the African Union's Agenda 2063. Another critical factor is how the continent responds to its increasing need for access to adequate, secure and reliable energy services to industrialise, trade, provide better health and education services, reduce poverty and increase inclusion, boost economic growth and cater for population growth, a growing middle class, increasing urbanisation and climate change.

To address these challenges and spur inclusive and resilient economies in Africa requires new and innovative approaches to leverage limited public resources against a background of competing demands for resources to mobilise the needed investments, particularly from the private sector. The Economic Commission for Africa (ECA) conceived the ***SDG7 Initiative for Africa*** to achieve this. The initiative is a mechanism built on three pillars – sustainability, governance and finance – to bring together countries, financiers and developers of clean-energy projects to align interests and combine scale and speed to fast-track financing from the private sector for the deployment of clean energy in Africa. The initiative provides the mechanism through which the private sector can play a crucial role in supporting countries to close their energy-access deficits, meet increasing energy demands and contribute to climate action and ambition through enhanced Nationally Determined Contributions to climate action (NDCs) in terms of the Paris Agreement. The initiative aims to crowd in financing from the private sector for over 10 GW of renewable electricity capacity in Africa by 2025 in the first instance, leveraging on world-renowned expertise of financiers, project developers, regional development banks and financial institutions, national sovereign funds, and leading national renewable energy companies, among others.

II. Activities under 2019-2021

The SDG7 Initiative for Africa aims to accelerate private sector finance for clean energy to energise sustainable development in Africa faster and better, as well as to strengthen and upgrade transmission systems. It does this through:

- Supporting business and environmental sustainability, supporting participating countries to revise their NDCs with increased clean energy actions;
- Supporting countries to address energy sector governance issues to address the enabling environment needed to attract private sector finance; and
- Supporting countries with mobilisation of private sector finance for clean energy actions, including from capital markets.

III. Status of Implementation

This initiative was launched during the ECA's 3rd Africa Business Forum on the margins of the 33rd Summit of the African Union by ECA and PIMCO. The event at the Business Forum followed the initial soft launch in September 2019 with H.E. President João Lourenço of Angola, on the margins of the UN Climate Action Summit, convened by the UN Secretary-General, to drum up support for climate action. A provisional list of renewable energy projects to be supported by this initiative in terms of refinancing or first-time finance has been drawn from pilot countries, namely Angola, Ethiopia, Ghana, Morocco, Mozambique, Senegal and South Africa.

IV. Expected Decisions

UNECA requests the STC Sub-Committee on energy to support a resolution to have this SDG7 Initiative for Africa welcomed and endorsed by African Union Member States in the next full session of Specialized Technical Committee on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism.