POLICY BRIEF

EU–Africa Energy Co-operation

Opportunities for Reshaping the EU's Energy Partnership Offer

Global CO_2 emissions must be almost halved by 2030 if the world is not to exceed the 1.5°C limit.[1] Around three quarters of global emissions can be attributed to the combustion of fossil fuels.[2] According to a UN report in October 2023, current plans for fossil fuel production will lead to a global increase in coal production by 2030, and in oil and gas production by as far as 2050.[3] A radical shift is needed to remain beneath the 1.5°C limit. The transition to renewable energy is crucial for global decarbonisation. If we do not accelerate the expansion of renewable energy and quickly phase out fossil fuels entirely, we are bound to miss our climate targets.

For African countries, renewable energy is not so much a decarbonisation concern as it is a development issue. The African continent is responsible for less than 3% of the world's energy-related CO_2 emissions.[4] Currently, almost half of all Africans have no access to electricity.[5] A large part of Africa's population has to use 'traditional biomass' for cooking and heating, with significant negative health consequences. Additionally, the African continent is facing significant population growth while striving to meet its development goals. This offers the unique opportunity to meet the growing energy demand with renewable energy, bypassing traditional, fossil-based development pathways.

With the Global Stocktake (GST) Energy Package, COP28 has sent an important signal for the accelerated expansion of renewable energy and for the phase-out of all fossil fuels. Important measures include 1) the accelerated and at the same time fair and orderly phase-out of all fossil fuels in the energy systems to achieve net-zero emissions by 2050, 2) the planned tripling of global installed renewable energy capacity, 3) the doubling of energy efficiency improvements, 4) significant reduction in non-carbon emissions, particularly methane, and 5) the reduction of emissions from road transport by 2030. However, this plan lacks a substantive support package from industrialised countries for developing countries. This is urgently needed because the majority of climate investments are still concentrated in the Global North.

Access to finance blocks rapid renewable energy deployment

Insufficient access to finance is a key obstacle for rapid renewable energy deployment. The African continent is home to around 20% of the world population and around 60% of the world's best solar sites. Yet, only 2% of global investment in renewable energy is made in Africa.[6] At the same time, more than 20 countries in Africa are at acute risk of falling into debt distress.[7] The proportion of debt to economic output has reached its highest level since the beginning of the century. High interest rates, in turn, are hindering the

[1] IPCC, 2023, Summary for Policymakers (accessed 13 May 2024).
[2] IEA, 2024, CO2 Emissions in 2023 (accesses 13 May 2024).
[3] UN Environment Programme, 2023, Emissions Gap Report 2023 (accessed 08 May 2024).
[4] International Energy Agency, 2022, Africa Energy Outlook 2022 (accessed 08 May 2024).
[5] Ibd.
[6] International Energy Agency, 2023, Clean Energy Investment Landscape: Setting the Scene (accessed 08 May 2024).
[7] Chatham House, 2022, Addressing Debt Distress in Africa (accessed 13 May 2024).

expansion of renewable energy. Unfortunately, fossil infrastructures remain attractive in African countries, as they are associated with lower initial investments. This path, however, carries a high risk of locking these countries into fossil fuel dependency, decades of high emissions, and stranded assets. The African continent has been left behind in the first wave of fossil-fuel based industrialisation. Without adequate support, African countries with high debt, limited fiscal space, and no access to financial resources are at risk of falling behind once again, this time in the global transition to renewable energy.

Partnerships can boost renewable energy and development

Boosting renewable energy deployment in African countries and thereby preventing fossil lock-ins requires strategies that remove financial barriers. Partnerships can be effective to accelerate renewable energy deployment and to leapfrog intensive fossil fuel use altogether.[8] If done right, partnerships can support the partner countries' development plans by effectively channelling capacity building, technology transfer, and renewable energy and energy efficiency investments for energy access. This requires an appropriate and tailor-made mix of financial tools. Further, through prioritising the development of local value chains for green technologies (e.g. photovoltaic, batteries, green hydrogen) and strengthening local and regional markets, energy partnerships can create employment opportunities for citizens and thereby foster the countries' socio-economic development. At the same time, such partnerships can strengthen the EU's international climate leadership and lower political and economic barriers for more ambitious climate targets in partner countries. In this vein, they can also play a crucial role for the negotiations at COP30 and the next round of Nationally Determined Contributions (NDCs).

Shortfalls of the EU partnership approach

While partnerships have great potential, the EU's current approach offers room for improvement. In the past, new partnerships have been announced but implementation afterwards has been slow. This is partly due to the fact that partnerships are not sufficiently co-ordinated between the various EU Commission Directorate Generals (DGs) and lack integration with the partnerships of individual Member States.[9] Further, the EU's credibility has been undermined, for example as a result of its rush to secure fossil gas from African countries while trying to prevent them from utilising their own fossil resources. Although the EU is expected to cut gas demand by 57% by 2030 through its REPowerEU and Fit for 55 packages,[10] it has earmarked Egypt, Nigeria, Senegal, and Angola for increased export of liquefied natural gas (LNG) to Europe, and Algeria for gas through pipelines. Moreover, the EU 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.[11] Such double-speak exacerbates the EU's hypocrisy in the eyes of African countries and distracts from the urgent discussion on how to accelerate the transition to renewable energy. It also risks that Africa's energy investments will be skewed into producing fossil fuels for European consumption.[12]

[8] E3G, 2024, EU clean Transition Partnerships with Emerging Economies (accessed 10 May 2024).
[9] Ibd.
[10] Bundesregierung 2023, EU-Klimaschutzpaket: Fit For 55 (accessed 13 May 2024).
[11] EU Commission, 2022, Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 Amending Delegated Regulation (EU) 2021/2139 as Regards Economic Activities in Certain Energy Sectors and Delegated Regulation (EU) 2021/2178 as Regards Specific Public Disclosures for those Economic Activities (accessed 13 May 2024).
[12] Germanwatch, 2022, EU-Africa Energy Cooperation (accessed 10 May 2024).

Lastly, many of the EU partnerships and initiatives proposed as part of the European Green Deal are EU-led and export-oriented. For example, the Africa–EU Green Energy Initiative (AEGEI), the energy component of the Global Gateway in Africa, has been criticised by African civil society for being led solely by the EU Commission with very limited involvement of African leadership, and none of African civil society.[13] Other partnerships bear the risk of a prominent export focus, such as the strategic partnership between the EU and Namibia on the development of renewable hydrogen and critical raw materials supply chains. As a first result of the EU–Namibia partnership agreement, the European Investment Bank (EIB) is loaning the Namibian government up to EUR 500 million to finance projects that will support clean energy exports from Namibia, such as key infrastructure for the production and export or renewable hydrogen.[14] There is a risk that investing in such export-focused projects could cement existing energy poverty in the country. This creates the impression that the EU is mostly interested in securing its own supply – for example for renewable hydrogen – with only limited consideration of African interests and needs.

Opportunities for reshaping the EU's partnership offer

After the EU elections in June 2024, the new Commission has the power to reshape its partnership offer while demonstrating global climate leadership. However, the EU elections also entail risks for partnerships, for example if populist, radical right parties gain political strength. This could endanger the co-operative approach of Team Europe[15] and worsen the lack of co-ordination we have observed in the past. More importantly, a significant shift to the right could undermine the EU's Green Deal framework and seriously impede the EU's ability to drive climate action. Particularly, the EU's foreign climate policy, including the Africa–EU co-operation on energy, could suffer significantly.[16]

In an increasingly multipolar world, close collaboration between countries and regions with shared interests gain importance. Given the strong historical ties and increasingly strong economic relations between Africa and Europe, partnerships with the African continent should remain a focus of the EU. As part of the Africa–EU co-operation, energy should be assigned highest priority as a cross-cutting and central issue of climate mitigation and sustainable development. Germanwatch has developed the following recommendations for the EU to consider when reshaping its partnership offer on energy:

1. **The EU should continue to support grid expansion and regional electricity interconnections via the Africa–EU Green Energy Initiative and African-led initiatives such as PIDA and Desert to Power in line with the Nairobi Declaration and the Continental Master Plan.**

   A key strategic priority should be to support African countries' renewable energy transition in line with the measures outlined in the COP28 energy package and the Nairobi Declaration, an agreement signed by all African Leaders during the Africa Climate Summit in 2023. With the Nairobi Dec-

[13] CAN Europe, 2021, Letter from Civil Society Organizations Monitoring African Renewable Initiatives to the European Commission and Member State Representatives (accessed 10 May 2024). The AEGEI brings together the EU, its Member States, European financial and development institutions, the private sector, the EIB, and the European Bank for Reconstruction and Development (EBRD).

[14] European Investment Bank, 2022, EIB to Support Green Energy in Namibia (accessed 10 May 2024).

[15] The 'Team Europe approach' refers to the pooling of resources and expertise as the backbone of the EU's external action, including Global Gateway. Team Europe consists of the EU, EU Member States (including their implementing agencies and public development banks), the European Investment Bank (EIB) and the EBRD.

[16] European Council on Foreign Relations, 2024, A Sharp Right Turn: A Forecast for the 2024 European Parliament Elections (accessed 10 May 2024).

laration, African leaders reaffirmed their ambition to increase Africa's renewable generation capacity from 56 GW in 2022 to at least 300 GW by 2030. Achieving this is particularly important in view of the millions of Africans who currently do not have access to electricity. Further, the African Union aims to develop an Africa Single Electricity Market (AfSEM) that will connect 1.3 billion people across 55 countries. According to Transition Zero, investing in grid expansion and interconnectors reduces the amount of generation and storage required (thereby lowering electricity prices), increases the reliability of the grid, and creates new revenue streams for countries with high renewable generation potential.[17] The AU has already developed a strategic roadmap for the implementation of AfSEM with the support of the EU through the Africa–EU Energy Partnership, called the Continental Master Plan (CMP).[18] The EU should now support the implementation of the CMP for example through investing in grid expansion and regional electricity interconnections to connect Africa's five power pools. This is already a key priority of the Africa–EU Green Energy Initiative and needs to be continued. Further, the EU should increase its support for African-led initiatives such as the Desert to Power Initiative or the Programme for Infrastructure Development in Africa (PIDA).[19]

2. The EU should prioritise and bundle investments in decentralised renewable energy to address energy poverty and facilitate productive uses of electricity on the African continent.

Next to grid expansion and regional electricity interconnections, the EU should also ensure impact at community level, particularly for the electrification of last-mile communities. Currently, the EU offer concentrates on large-scale energy infrastructure development, which is essential for the achievement of the AfSEM. At the same time, large-scale infrastructure investments under the Global Gateway branding provide visibility for the EU, a counter-offer to China's Belt and Road Initiative. As China is currently the largest funder of infrastructure projects in Africa,[20] visibility of EU support is an important geopolitical consideration for the EU. However, large-scale energy infrastructure is not designed to meet local needs and to account for local energy uses. Further, large-scale projects have been behind some land disputes, displacements, and destroyed livelihoods.[21]

Since the EU wants to strategically support African countries by providing suitable, sustainable alternatives to Chinese investments, the EU should not try to imitate China but rather find its own niche. Therefore, the EU should promote the full range of renewable electricity development, prioritising investments in on-grid and off-grid, decentralised, and distributed energy systems. Such systems provide universal energy access, especially for rural, remote, or last-mile communities fast and efficiently. These decentralised energy systems also meet productive needs of communities, including for health facilities, schools, cooking, agriculture, and small and medium-sized businesses. The EU should consider bundling new and existing decentralised renewables investments from member states and Team Europe Initiatives into a flagship decentralised renewables programme, for example under the umbrella of the Africa–EU Green Energy Initiative. This could help with the scalability and visibility of investments, strengthening the geopolitical position of the EU

[17] TransitionZero, 2023, Cables to Change the World Report: The Economic Benefits of Transmission Investments to Decarbonise Global Electricity Supply (accessed 10 May 2024).

[18] African Union Development Agency, The African Continental Master Plan: A Continental Approach to Africa's Energy Future (accessed 10 May 2024).

[19] African Development Bank Group, 2021, Desert to Power Initiative (accessed 10 May 2024); African Development Bank Group, n.d., Programme for Infrastructure Development in Africa (PIDA) (accessed 10 May 2024).

[20] Deloitte Insights, 2019, If You Want to Prosper, Consider Building Roads: China's Role in African Infrastructure and Capital Projects (accessed 10 May 2024).

[21] Simberg-Koulumies, N., 2024, Just Sustainabilities: Lessons from the Lake Turkana Wind Power Project in Kenya (accessed 13 May 2024).

in the process. This flagship programme must make funds easily accessible for all actors including local governments, communities, and civil society actors.

3. The EU and its member states should integrate debt relief measures into their partnership offer, without cannibalising the share of grants, highly concessional loans, and guarantees.

One central element of the EU partnership offer should be to support African countries in overcoming financial roadblocks that arise from favouring fossil fuels. Most African countries are heavily indebted and therefore have limited fiscal space for investing in renewable energy. The amount of finance required for addressing multiple challenges simultaneously exceeds the borrowing capacity of national budgets. The respective challenges currently include achieving universal access to energy, realising the countries' development aspirations, developing green industries, and responding to the worsening climate impacts. Further, African countries are structurally disadvantaged as they do not have access to capital markets and often toil under austerity measures forced upon them, which stand in strong contrast to the expansive investments needed. Hence, the EU should lead the charge in finding ways to right those structural wrongs. Offering viable solutions to meet the immediate liquidity and solvency needs of African countries is key.

One possible way is to anchor debt relief measures as an essential part of the EU's partnership offer. Although most debt of African countries is held by private sector creditors, Multilateral Development Banks (MDBs), and China – not by the EU or its Member States –, this would demonstrate the EU's commitment to tackling the overlap between the debt and climate crises. Measures could include cancelling debt all together, which would send a strong signal internationally. The EU, as a relatively low-stake actor, could use its own debt cancellation to create momentum and political symbolism to inspire to follow suit, including private investors, MDBs, and other bilateral creditors, including China. This would also help to overcome the challenge that debt restructuring and cancellation procedures often suffer from a 'prisoner's dilemma', when neither actor is willing to ease the debt burden first as long as the other actor is not expected to reciprocate. To show the greatest effect, EU debt cancellation would need to be well co-ordinated with Member States, respective EU financial institutions, and EU private sector creditors holding the debt.

For countries with immediate liquidity problems, the EU should consider temporarily suspending debt and interest repayments. This is particularly relevant in case of a climate disaster to enable the affected country to provide relief and assistance. For countries that are not yet over-indebted, the EU may implement debt-for-climate swaps, for example as part of their EU–Africa Green Energy Initiative, which allow partner countries to swap part of the debt for commitment to invest the same amount in renewable energy or energy efficiency measures. This would boost renewable energy deployment in African countries and provide strong incentives for climate action. Germany has already been implementing debt-for-climate swaps with Kenya and Egypt.[22] A debt-for-climate swap at EU level would show the biggest effect if individual Member States pool their debt swap. Nevertheless, debt-for-climate swaps are only one tool in a bigger toolbox, as they are only minimally scalable.[23] They should therefore not serve as a replacement for sustainable debt restructuring.

Debt relief measures should further not come at the cost of grant-based finance. On the contrary, the EU should increase the share of grant-based finance, as well as highly concessional loans and

[22] BMZ, 2023, Debt-for-climate Swaps (accessed 10 May 2024).
[23] LSE, 2023, Do Debt-for-nature Swaps work? Learning from Belize (accessed 10 May 2024).

guarantees, as this is the only risk-free way to ensure that debt can be managed sustainably, and that future debt crises will be prevented.

4. The EU partnership offer must be mutually beneficial, well co-ordinated, and transparently built on the economic and political interests of all parties.

Partnerships must be mutually beneficial and should never be solely EU-driven. Instead, they should be co-created and based on a mutual understanding of each partner's interests while acknowledging the prevailing power dynamics and inequalities. It is high time to move away from a solely aid-based relationship, depicting Africa as the continent that needs saving. Instead, more needs to be done to establish a genuine partnership that benefits both regions, making use of the existing synergies. Synergies arise when the partnership both contributes to the implementation of the partner's economic and development plans and reflects the economic and political interests of the EU. It is particularly important that the EU communicates its anticipated benefits transparently rather than solely stressing its values-based approach. In this way, the EU can strengthen its credibility. On the flipside, moving away from an outdated aid-based relationship also requires that African countries must articulate clear commitments towards the EU. In addition, the EU needs to co-ordinate well with its member states and across DGs, be it to ensure integration of the various partnerships and initiatives or to address the debt issue as Team Europe.

5. The EU partnership offer must follow a rights-based approach and safeguard human, socio-economic, and environmental rights.

Energy issues are closely linked to human rights issues. Therefore, any co-operation on energy should provide broader benefits to the people, including access to energy, a good quality of life, and enhanced socio-economic progress. This includes 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 have set the precedence for tackling inequalities and promoting sustainable development.

Further, the EU and the respective partner country must ensure effective engagement with a broad range of stakeholders including vulnerable groups, affected communities, youth, business, and civil society. Multi-stakeholder engagement will create legitimacy for the partnership, prevent external interests from driving development, and ensure that corresponding policies and plans are supported by the local population. However, currently there is no structure for multi-stakeholder dialogue on energy between the two continents. Therefore, the EU Commission together with its respective African counterparts should devise suitable mechanisms such as national energy dialogues at country level to foster exchange between a diverse range of national stakeholders and Team EU, thereby ensuring that any national co-operation on energy, including concrete projects, responds to local needs and safeguards human, socio-economic, and environmental rights.[24] Additionally, the EU together with the AU should set up a multi-stakeholder platform for regional exchange and consultation on energy issues. This platform can both support implementation of the Africa–EU energy partnership, including Team EU initiatives such as AEGEI, and provide a constructive space for strategic discussions around important events (e.g. Africa Energy Summit, AU-EU Summit, COP29).

[24] Africa-Europe Foundation, 2024, The State of Africa-Europe: Africa-Europe Foundation Report 2024 (accessed 10 May 2024).

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