



Leveraging Climate Finance for Clean Energy Access in Africa

Mobilizing Private and Blended Finance to Scale Climate Solution

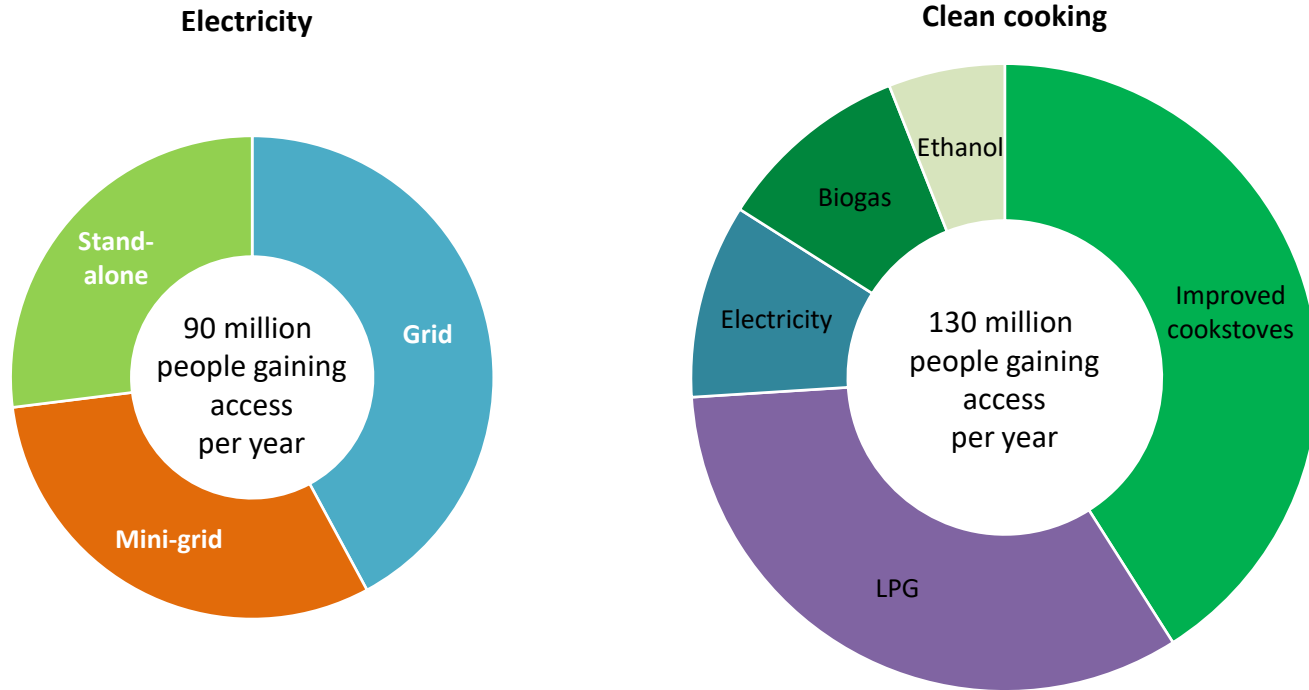
Luca Lo Re, International Energy Agency

PMIF Knowledge Forum, 6th July, 2022 - Madrid



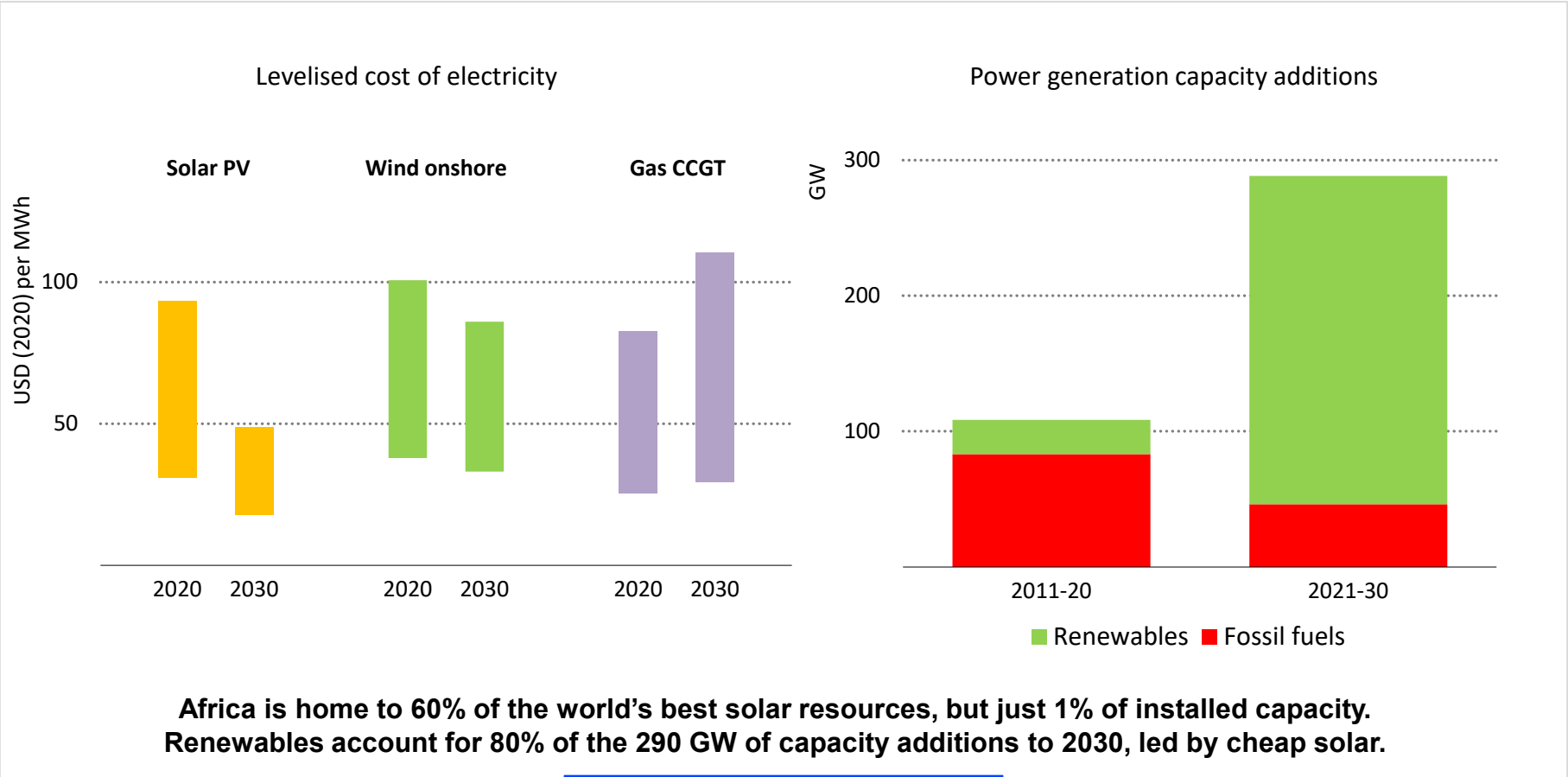
Affordable energy for all Africans is the immediate & absolute priority

People gaining access by technology 2022-30



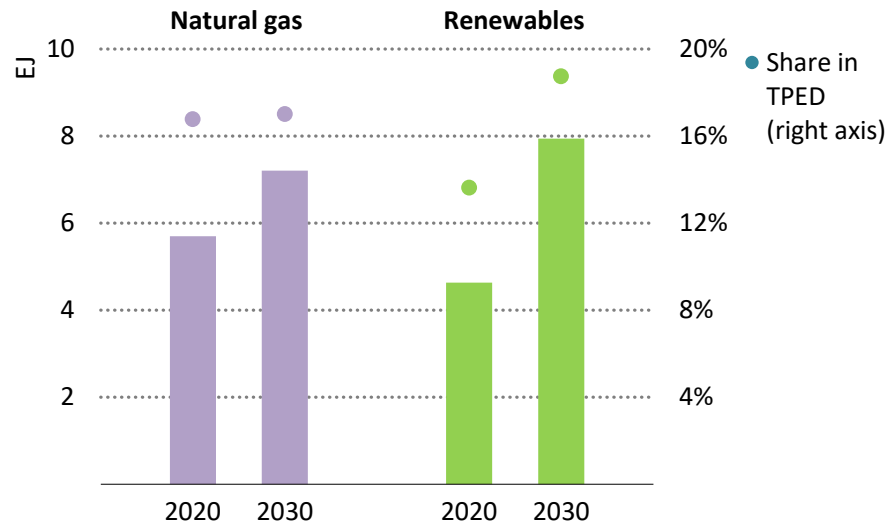
Investment needs to achieve full access are USD 25 billion per year, comparable to the cost of building just one large LNG terminal

Electricity is the backbone of Africa's energy system, led by solar

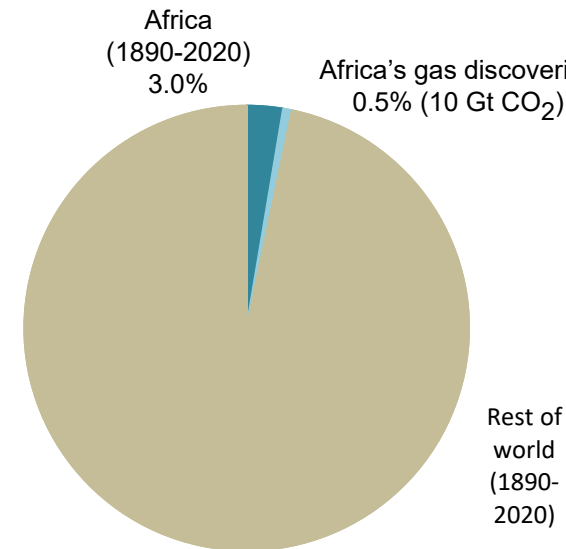


Natural gas supports Africa's growing industrialisation

Modern energy demand in Africa by fuel, 2020 and 2030



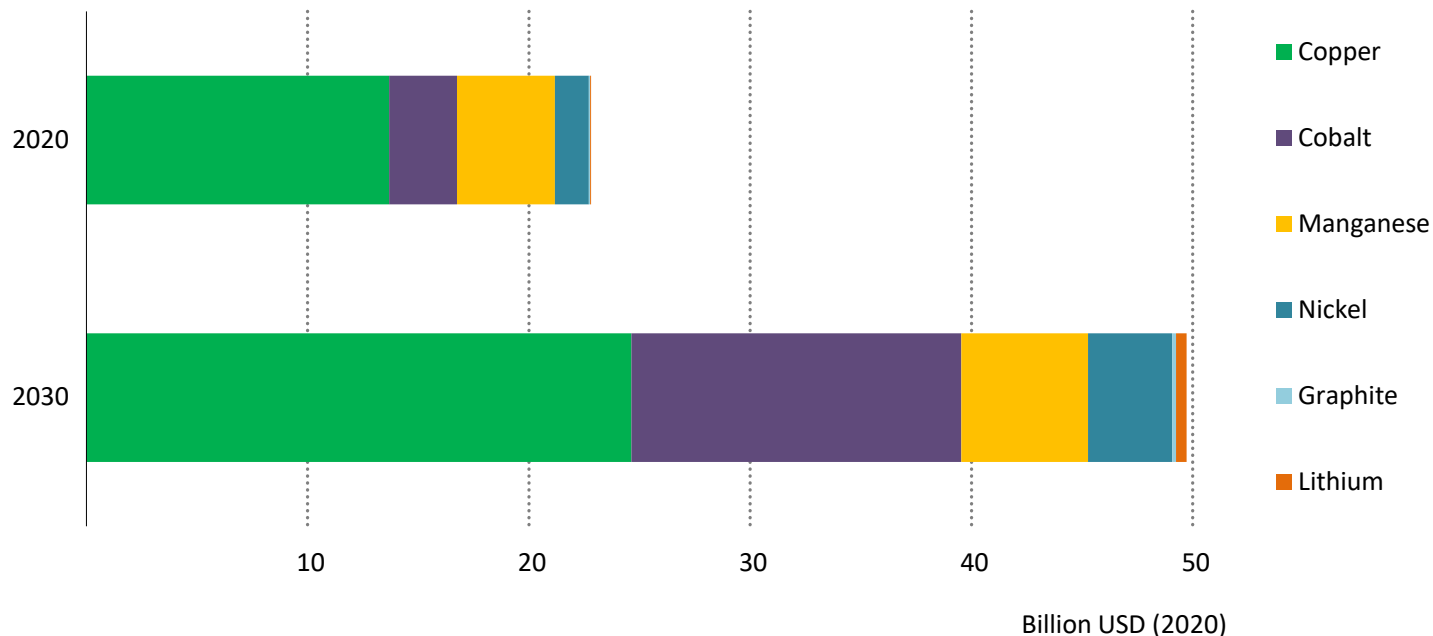
Cumulative energy-related CO₂ emissions and CO₂ emissions from using gas from Africa's discovered, not yet approved fields



Natural gas is vital to increase fertilisers, steel & cement production and to desalinate water. Production of discovered but not yet approved fields would bring Africa's share of cumulative emissions to only 3.5%.

Critical minerals present a major economic opportunity

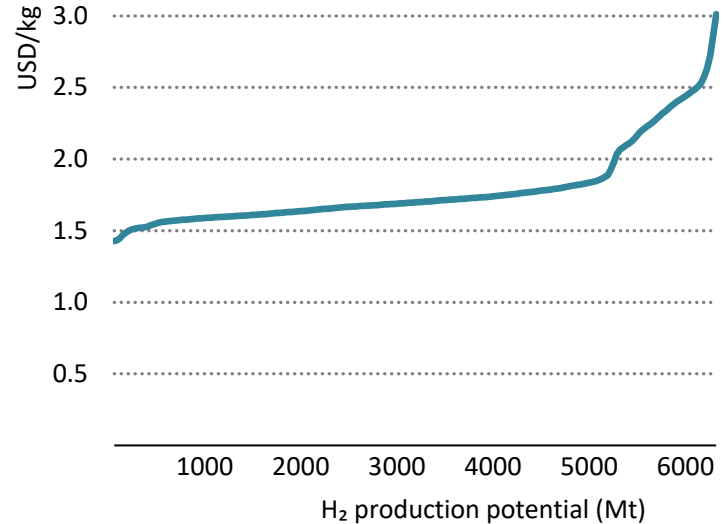
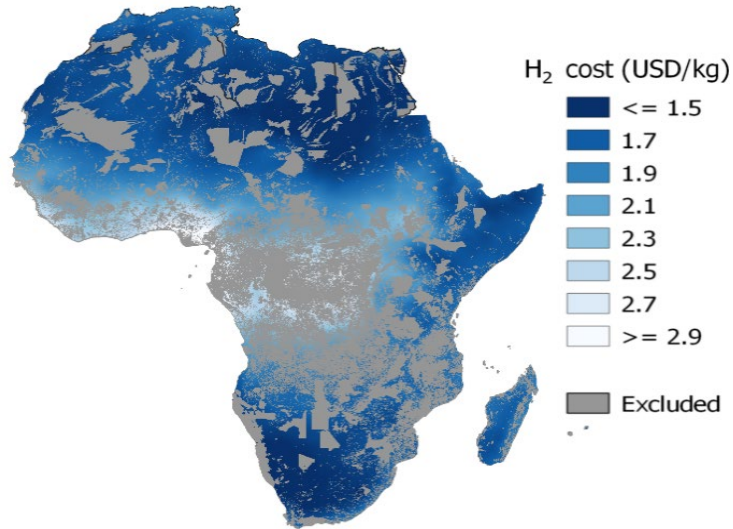
Revenues from copper and battery metals in sub-Saharan Africa



Revenues from critical mineral exports are already over USD 20 million today. By 2030, they more than double. Seizing this opportunity requires a strong focus on minimising the environmental and social impacts of mining.

Africa can be a leading player in hydrogen made from renewables

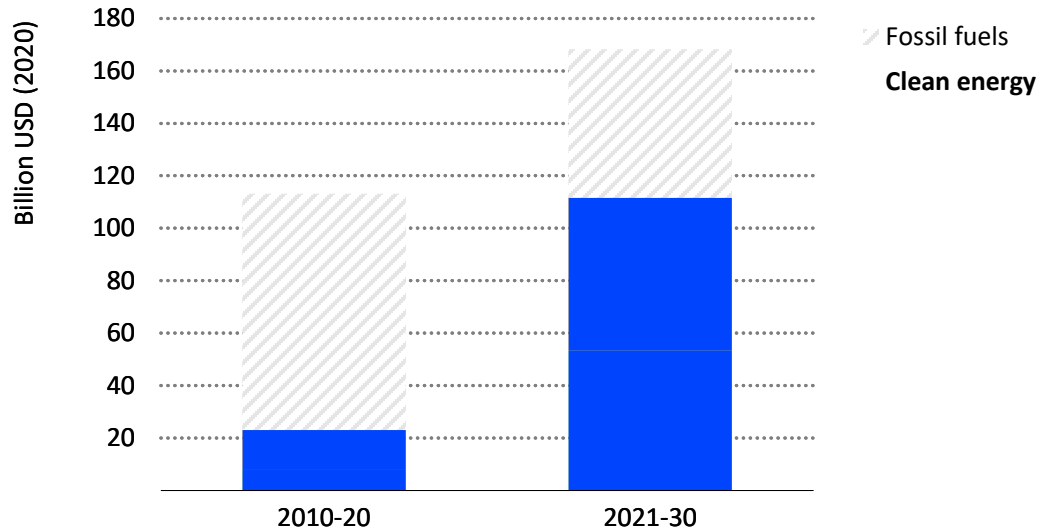
Clean hydrogen cost potential, 2030



Several renewables based hydrogen projects are already underway. Africa has the potential to produce 5 000 megatonnes of hydrogen at less than USD 2 per kilogramme—equivalent to global primary energy demand today.

Increasing financial flows to Africa is an absolute priority

Average annual investments in clean energy and share of these from private sources

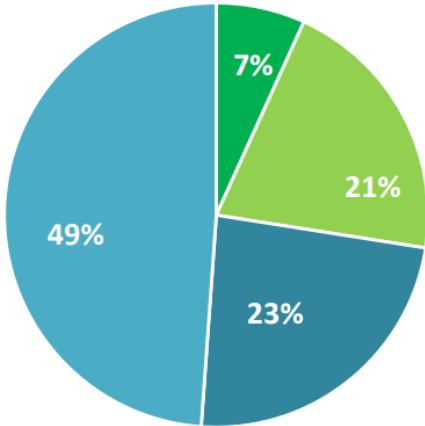


Investment in clean energy needs to grow sixfold. Multilateral development banks must increase concessional finance flows to energy and adaptation in Africa, and must use it strategically to attract greater private sector capital.

Developing new sources of finance is essential

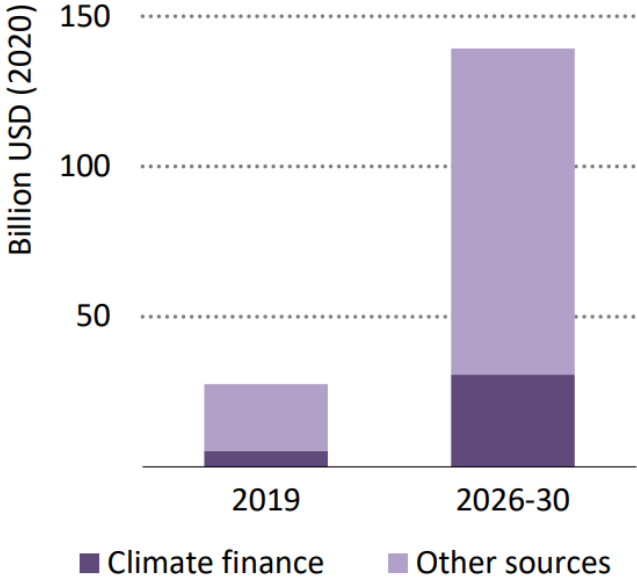
Climate finance from developed countries to Africa in the SAS

Annual climate finance commitments, 2019



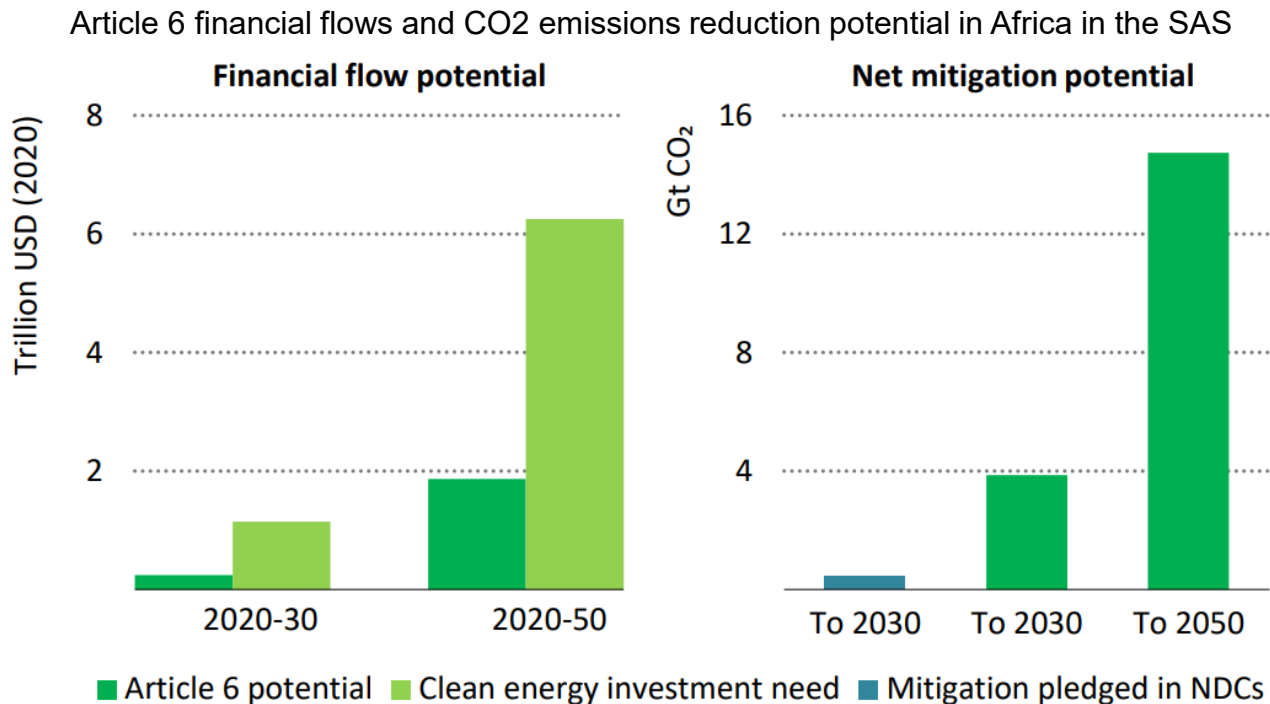
Africa ■ Energy related ■ Other
Rest of world ■ Energy related ■ Other

Clean energy investment in the SAS



Climate finance flows from developed countries to Africa have to increase fivefold by 2026-30 compared with 2019 to meet clean energy investment needs

International carbon markets have important financing potentials



The implementation of Article 6 mechanisms could deliver financial flows that exceed 20% of required investments in clean energy by 2030 (USD 225-245 billion) and reach roughly 30% by 2050 (nearly USD 2 trillion).

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