- **The NDEA called for a substantial increase in investments to realize the Bank's High 5 priority to "Light Up and Power Africa"**

By Dr. Kevin Kariuki;

Five years into the African Development Bank's ambitious New Deal on Energy for Africa (NDEA), the Bank's investments are set to provide electricity access to around 13 million people and deliver about 55,000 km of distribution lines, and 6,700 km of transmission lines, of which 3,200 km are for regional interconnections.

The NDEA called for a substantial increase in investments to realize the Bank's High 5 priority to "Light Up and Power Africa," which aims to mobilize finance and expertise to expand access to reliable, sustainable energy for more than 200 million Africans through investments in power generation, inter-connections, transmission and distribution. This effort is critical to unlocking Africa's vast economic potential, enabling the growth of value-adding industries and services, and, most importantly, unleashing the ingenuity of the continent's 1.3 billion people.

The strategy was grounded in the recognition that partnerships are central to its success. In collaboration with African countries, the Bank's interventions have ranged from setting up the right enabling policy environment, supporting utilities, to increasing the number of bankable energy projects. Additionally, the Bank is accelerating major regional projects and driving integration through the Program for Infrastructure Development in Africa, whilst also supporting bottom-of-the-pyramid energy access programs.

Priority was given to investments in low-carbon technologies, set to contribute to over 2 GW of additional generation capacity by harnessing the large, hydro, solar, geothermal and wind resources of the continent. Yet this is only the beginning, as much of the work to date has been centered on setting up the right frameworks to mobilize different partners and alternative forms of capital to tackle the various challenges in the sector at country, sub-regional and regional levels.

Indeed, mobilizing partnerships and rolling out countrywide energy transformation are continuous works in progress. In 2019, as testament to the Bank's efforts in enhancing dialogue and consensus, the G5 Heads of State endorsed the Bank's Desert to Power initiative, intended to build the world's largest solar zone across the Sahel by adding up to 10 GW of solar generation capacity through public and private interventions. The Yeleen Solar Program in Burkina Faso – the first of dozens

of similar projects expected to flourish across the Sahel region – will provide energy to 150,000 households in rural areas through solar mini-grids and solar home systems, and an additional 52 MW of grid-connected solar generation, enough to power 30,000 new households.

Achieving the objectives of the New Deal on Energy for Africa will require a significant increase in private sector investments. The Bank catalyzes more private investments into independent power producers and off-grid projects through partnerships with project developers, commercial banks, private equity funds, institutional investors and other development finance institutions. Over the past five years, the Bank's interventions reached $1.5 billion in private sector operations, corresponding to 1.7 GW additional generation capacity through independent power producers.

In addition to mobilizing concessional resources through bilateral and multilateral sources – notably from the European Union, Green Climate Fund and Climate Investment Funds – the Bank hosts the Sustainable Energy Fund for Africa (SEFA), one of the largest multi-donor technical assistance and concessional capital funds in the continent, designed to catalyze private sector participation in renewable energy.

In 2019, the Bank converted SEFA into a special trust fund to widen its interventions into green mini-grids to accelerate energy access to underserved populations; green baseload to support clean generation capacity; and energy efficiency to optimize energy systems and reduce energy intensity. SEFA is expected to contribute to the electrification of more than 7 million households by 2030.

The Bank is also actively supporting the mobilization of commercial capital through blended finance solutions. The Facility for Energy Inclusion, which was operationalized in 2019, is a $500 million investment platform organized around two funds – off-grid and on-grid – to provide flexible debt products, including in local currency, to emerging business models in the small-scale renewable energy space. The Facility for Energy Inclusion will contribute to more than 3 million new connections by 2030.

To enhance institutional performance and improve the enabling conditions to attract much needed investments, the Bank has also implemented initiatives such as the Electricity Regulatory Index to monitor and benchmark regulatory performance against best practices, the Sustainable Utilities Transformation

Agenda, to build sustainable utilities and energy institutions, and the Africa Energy Portal to provide accurate, up-to-date data on Africa's energy sector.

In 2019, the African Development Bank reported that an additional 96 million African households had gained access to electricity between 2015 and 2019, with countries like Rwanda on track to achieve universal access by 2025. Despite this encouraging progress, close to 600 million Africans still lack electricity access and achieving universal access goals under SDG7 still requires greater and swifter efforts to meet the demands of Africa's growing population.

Addressing electricity access remains a costly enterprise, with the International Energy Agency placing the price tag at around $120 billion annually through 2040, four times higher than current levels.

While our direct financial contribution is modest by comparison, we are confident that its judicious application to catalytic power projects, innovative financial structures, sector reform processes and acceleration of decentralized solutions will get us far in our mission.

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