

Conference Report

Potsdam Africa Dialogues 2024

sef:

Sunny Side Up? - The Energy Crisis as an Opportunity for a Just Transition in Africa

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This year's Potsdam Africa Dialogues explored Africa's pivotal role in the global energy transition. The conference brought together experts from Africa and Europe, including policymakers, academics, and representatives from financial institutions and civil society organisations, to examine strategies for overcoming energy poverty while promoting a sustainable, equitable energy transformation. Throughout the sessions, participants shared insights, best practices, and innovative solutions to address the continent's energy challenges while leveraging its rich resources and potential for renewable energy development. This report highlights key discussions, focusing on lessons learned and policy suggestions to foster a just energy transition in Africa.

Africa's Renewable Energy Potential: Challenges and Opportunities



Keynote by Alize le Roux (ISS)

Africa is at a critical juncture in its energy development, striving to meet growing energy demands, reduce energy poverty, and align with global climate goals. Although it contributes less than 5% of global greenhouse emissions historically, its CO₂ emissions are expected to rise sharply due to urbanisation, industrialisation, and population growth. While renewables account for just 4.5 %, Africa's energy mix is currently dominated by fossil fuels (95%). According to forecasts, this proportion is going to decline to approximately one-third by 2063. However, around 20 African countries are currently heavily reliant on fossil fuels, which hinders the transition to renewable energies.

In her keynote address Alize le Roux, Senior Researcher at the Institute for Security Studies (ISS), emphasized Africa's vast potential for renewable energy, citing successful projects like Morocco's Noor Solar Complex and Kenya's Lake Turkana Wind Farm. Hydropower also plays a critical role, with projects such as Ethiopia's Grand Renaissance Dam stabilising grids. Despite these advancements, progress is constrained by systemic challenges, including underinvestment, outdated infrastructure, and policy instability. Africa needs \$200 billion annually for energy transition by 2030, yet only \$110 billion is expected, with a substantial portion still directed to fossil fuels.

Natural gas was acknowledged as a transitional energy source, offering grid stability while renewables scale. However, the risk of stranded assets remains high without balanced investment strategies as well as a stable legal basis. Nuclear energy, particularly Small Modular Reactors, presents future opportunities, with countries like Rwanda showing interest.

To unlock its renewable potential, Africa must modernise infrastructure, secure private and international investment, and ensure governance stability by promoting democratic principles and combating poverty. These measures are essential for achieving a just and sustainable energy transition.

For further insights, the Global Governance Spotlight by Alize le Roux and Dr Jakkie Cilliers is available for download on our website.



Global Governance Spotlight
#1014

Africa's Future in the Global Energy Transition: Balancing Growth, Access, and Decarbonisation
Alize le Roux and Jakkie Cilliers

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Balancing Fossil Fuels and Renewables

The first panel discussion, chaired by Nora Witt (sef:), delved into the multidimensional nature of energy poverty across Africa. Driven by rapid population growth and ambitious economic aspirations, the continent's energy demand continues to outpace supply.

Bärbel Höhn from the Federal Ministry of Economic Cooperation and Development (BMZ) highlighted the potential of decentralized energy systems, particularly solar installations tailored to rural areas disconnected from central power grids. In this context, she emphasised the crucial role of women in the local energy supply and the consequent need to promote them in the energy sector. Isaac Kiva, representing Kenya's Ministry of Energy and Petroleum, pointed to his country's achievements in renewable energy development as evidence of the feasibility of ambitious energy transition targets in Africa. Such solutions the panel agreed, can significantly expand energy access while fostering social and economic development. However, participants emphasized that technical innovations alone are insufficient—they must be complemented by local expertise and sustainable maintenance mechanisms.

The role of fossil fuels as a transitional solution sparked robust debate. Dr Kamugisha Kazaura from the African Union Commission emphasized the need for a balanced approach, utilizing both fossil fuels and renewables during the transition. Amos Burudi Wemanya from Greenpeace Africa underscored the urgency of reducing fossil fuel reliance to mitigate climate risks, while also highlighting the detrimental economic and social consequences that have resulted from their use, often leading to conflict. While their views diverged on the role of natural gas as a transition fuel, both agreed that energy policies should prioritize access for underserved populations and equitable development outcomes.



Session 1, f.l.t.r. Nora Witt (Chair), Bärbel Höhn (BMZ), Amos Burudi Wemanya (Greenpeace Africa), Dr Kamugisha Kazaura (African Union Commission). Isaac Kiva participated online.

The consensus emerged that the energy transition should not jeopardize economic growth but instead align with social development goals. Panelists also discussed the role of regional collaboration in managing fossil fuel dependency while integrating renewable solutions. According to Kazaura, the establishment of

a unified electricity market that transcends national borders could make the energy supply more efficient. He highlighted the Africa Continental Power System Masterplan (CMP) as a blueprint for integrating renewable energy into existing grids and enhancing energy trade among African countries.

Geopolitics and Africa's Negotiating Power

Prof Rainer Quitzow's presentation highlighted Africa's critical role in the geopolitics of energy. The European Union's growing demand for renewable energy and critical raw materials has intensified its focus on Africa. Meanwhile, China's longstanding presence has established it as a key stakeholder on the continent, underscoring Africa's role in the evolving dynamics of global power competition. Africa's abundant renewable resources and critical minerals position the continent as a key player in global energy markets. Europe's growing dependency on African resources, juxtaposed with China's established presence, presents an opportunity for Africa to strengthen its negotiating leverage by fostering multi-partner agreements. However, without coherent strategies, Africa risks being sidelined in favour of external interests.

Building Effective Partnerships

The Africa-EU Green Energy Initiative was a focal point of discussions on partnerships. Panelists emphasized the importance of fostering partnerships rooted in mutual benefit and respect. Johan van den Berg from the Africa EU Energy Partnership noted that the Initiative's success depends on its ability to adapt to African priorities rather than imposing external agendas. Philipp Knill (BMZ) referred to financial commitments made by Germany and the EU at international forums, including the G20 summit. He then went on to discuss the challenges that arise in ensuring that these funds actually go to projects that are in line with African interests.



Session 3, f.l.t.r. Dr Marcus Kaplan (Chair), Amos Burudi Wemanya (Greenpeace Africa), Dr Kamugisha Kazaura (African Union Commission), Philipp Knill (BMZ). Johan van den Berg participated online.

Panelists highlighted the need to build local capacity through training and technology transfer. Kazaura

underscored the role of decentralized energy systems in fostering local ownership and resilience. Panelists also called for stronger communication channels to align African-led strategies with international efforts, ensuring that partnerships do not reinforce dependency but instead empower local actors.

Wemanya expressed criticism on the grounds that there is a paucity of genuine equality and greater inclusion of African perspectives and strategies in the partnership. He emphasised the necessity for enhanced involvement of civil society and the recognition of their role as key stakeholders. Panelists agreed that equitable partnerships must be structured to deliver shared benefits while building trust and promoting long-term collaboration between African nations and their international counterparts.

Financing Africa's Energy Transition

The session “Money, Money, Money” examined financial barriers to Africa’s energy transformation. Adele Yayra Boadzo from the African Development Bank outlined initiatives like the Sustainable Energy Fund for Africa (SEFA), while Christoph Tiskens from the KfW Development Bank stressed the need to derisk investments to attract private capital. Ensuring that both private and public investment flows efficiently into the right sectors and infrastructure projects remains a key concern. Dr Grace Mbungu from the Africa Policy Research Institute (APRI) emphasized the importance of framing energy access as a fundamental right to ensure inclusive and impactful financing strategies.

Panelists converged on the need for innovative financial mechanisms to support energy projects across the continent. The discussion also highlighted that existing investments are disproportionately concentrated in a few countries, such as South Africa. Expanding access to financing for emerging and developing economies was identified as crucial for achieving a balanced energy transformation across the continent.

Mbungu further emphasized the importance of viewing energy investments through a socio-environmental



Session 4, f.l.t.r. Celia Schmidt (Chair), Dr Grace Mbungu (APRI), Christoph Tiskens (KfW Development Bank). Adele Yayra Boadzo participated online.

lens. She argued that investments should be structured to empower local communities, foster resilience against climate change, and generate long-term developmental gains beyond immediate energy access.

Following on from this, the fifth session focused on opportunities and constraints for private investments from a corporate perspective. Jan-Niklas Beck (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ) once again emphasised the importance of stable and flexible financing models and increased risk protection. As Ndiarka Mbodji, Founder and CEO of Kowry Energy Services UG, asserts, a potentially fruitful strategy for activating private investment entails the enhanced participation of local banks and pension funds within the energy sector. Models such as Infra Credit in Nigeria, which rely on the mobilisation of local sources of capital, could serve as a model for other African countries to boost investment in renewable energies. In addition, both panelists referred to inadequate infrastructure systems, which have resulted in numerous African countries struggling with insufficient scalability. Improving this is essential for increasing energy production and distribution.



Session 5, f.l.t.r. Celia Schmidt (Chair), Jan-Niklas Beck (GIZ), Ndiarka Mbodji (Kowry Energy Services UG)

There was consensus among both panelists that the hydrogen market in Africa is regarded as a pivotal technology for the future of energy supply. However, the high cost structure was identified as a significant challenge.

Conclusion

The Potsdam Africa Dialogues 2024 underscored that Africa’s energy transition is not just a regional challenge but a global opportunity. Key takeaways include the need for inclusive financing models, equitable partnerships, and diversified energy strategies. By addressing these areas, Africa can lead the way in a just energy transformation, offering lessons for the world while securing sustainable development for its people.

To achieve these ambitious goals, stakeholders must commit to actionable policies, robust investments, and collaborative partnerships. The time to act is now, ensuring that Africa’s energy future is both green and just.

Lessons Learned and Policy Suggestions

The Potsdam Africa Dialogues 2024 highlighted several critical lessons and actionable policy recommendations:

Investing in Infrastructure and Innovation

- o Accelerate grid modernization and energy storage development to support renewables.
- o Promote decentralized energy solutions as well as local technical development and maintenance systems to address rural energy gaps.

Balanced Transition Strategies

- o Support a phased transition that balances immediate energy needs with long-term sustainability.
- o Incentivize investments in renewable technologies and minimize reliance on fossil fuels.
- o Consider social and ecological perspectives in the energy transition.

Enhancing Geopolitical Leverage

- o Strengthen regional frameworks like AfSEM to improve Africa's negotiating power.
- o Advocate for equitable terms in international partnerships.

Financing as a Catalyst

- o Expand access to blended finance models and green bonds.
- o Create a stable regulatory framework.
- o Address perceived investment risks through data-driven strategies.

Fostering Inclusive Partnerships

- o Establish platforms for continuous dialogue between African and global stakeholders.
- o Ensure local value creation and fair distribution.
- o Embed capacity-building initiatives to ensure local populations benefit from projects.