AFRICA 13.02.2018 | Charlotte Aubin

Sharing the load

Renewable energy is the most efficient way to power Africa's economic development. But the oil sector still has a vital role to play.

For much of Africa, the transition from fossil fuels to cleaner forms of energy is seen as an environmental imperative. With fossil fuels comprising a majority – as high as 70 per cent in some cases – of the energy mix, the situation on the continent is indeed ecologically dire.

But Africa's energy transition is economically urgent as well. Each year, oil subsidies consume 1.5 per cent of the continent's GDP – roughly $50 billion. That is enough money to provide solar power to some 300 million people. If the continent could rebalance its energy portfolio, moving away from hydrocarbons slowly, those subsidies could be reallocated in ways that would yield both environmental and economic benefits.

Today, neither oil exporters nor importers are adequately insulated from price shocks. When oil prices declined rapidly in 2015, for example, Africa's energy importers spent less on oil, while exporting countries suffered financially. When prices rebounded, the relationship switched: energy-exporting countries' revenues inched up, while importing countries struggled to maintain consumption levels.

Integrating cleaner power into national energy systems would not only raise local capacities; it would also free up hydrocarbons for export.

This is a needless cycle. Integrating cleaner power into national energy systems would not only raise local capacities; it would also free up hydrocarbons for export. The resulting revenue could then be invested into new forms of greener power. Such a transition, which would require cooperation with the oil sector, promises to boost socioeconomic progress.

Among the biggest benefits would be the electrification of areas that, under current distribution systems, are literally in the dark. Today, just 30 per cent of Africa has access to reliable electricity. But, with a total capacity estimated at around ten terawatts, installed solar capacity in

Africa could broaden access dramatically. In fact, according to some estimates, the increase in solar generation by 2030 could range from 15 to 62 gigawatts.

Fossil fuels are not destined to be phased out anytime soon, but an energy mix that included a significant increase in solar power would have major economic advantages for Africa, especially in areas where agriculture is the largest economic sector. Electrifying agricultural areas would facilitate the storage and transportation of farmed products, improve food security, and increase farmers' earning capacity.

In the drive to rebalance Africa's energy mix, the continent maintains one crucial advantage over developed economies: a clean slate. The relative absence of legacy investments is the principal reason why green power is Africa's best energy option. Although every country must balance its own energy needs, reliance on renewable sources, and solar power in particular, is the most cost-efficient strategy for fostering rapid economic development throughout the continent.

Reliance on renewable sources, and solar power in particular, is the most cost-efficient strategy for fostering rapid economic development throughout Africa.

Evidence of this potential can be found in the few photovoltaic power plants that have begun operating in Africa. For example, the Senergy 2 solar plant in Senegal sells electricity to the Senegalese power utility at a price that lowers the cost of the energy mix by 50 per cent. Similar solar solutions are being implemented by African telecoms to electrify communication towers.

The best way to accelerate the transition from hydrocarbons to greener forms of energy would be to redirect a portion of national oil subsidies to renewables. This would create stronger incentives to reduce fossil-fuel consumption, while encouraging investment and growth in green-energy output. For Africa's rural regions, moreover, such policies would help bring communities out of darkness and lead to the installation of other critical infrastructure that economic growth requires.

But while renewables hold the key to Africa's long-term prosperity, the continent's transition to cleaner power should not lead to an immediate,

full-scale repudiation of hydrocarbons. The oil sector will still have an important role to play. The industry's experience on the continent will be needed to navigate the energy transformation. And, because fossil fuels will remain part of the continent's energy mix, the oil sector must be encouraged to clean up its own act.

This may sound like an impossible alliance. But as policymakers across the continent seek to secure adequate supplies of clean energy to ensure rapid, inclusive economic growth and environmental sustainability, they are likely to find that there is no alternative. Cooperation between old and new energy industries may be the only engine that is capable of powering Africa forward.

(c) Project Syndicate



Charlotte Aubin
Paris

Charlotte Aubin is CEO of GreenWish Partners, a renewable-power producer dedicated to Sub-Saharan Africa.