Not enough being invested to meet energy goals

The finance required to close electricity gaps remain dramatically short of what is needed to meet global energy goals by 2030, leaving the worlds most vulnerable people behind, according to a new global report released today by Sustainable Energy for All (SEforALL).

123rf.com

The *Energizing Finance: Understanding the Landscape 2018* report analyses finance flows for electricity and clean cooking access in countries across Africa and Asia with the most significant access gaps. The report reveals alarming developments in several key areas of energy access finance that require urgent action to keep Sustainable Development Goal 7 - affordable, reliable, sustainable and modern energy for all – within reach.

Research shows annual investment of $52bn is needed to meet universal electrification, yet finance commitments for electricity in the 20 ‘high-impact’ countries - representing 76% of those without electricity access - has barely increased, averaging just $30.2bn annually.

Coal investment increasing

Of serious concern, finance for coal-powered energy is increasing, at a time when the International Panel on Climate Change is issuing stark warnings about stalling progress on the Paris Agreement targets. In the countries tracked, annual commitments for coal plants almost tripled, growing from $2.8bn to $6.8bn. The potential impacts of this increase pose a clear challenge to climate goals, the air we all breathe and the ability to bring energy to those that need it, at the speed promised.

“The good news is that renewables offer us a powerful opportunity to provide reliable and affordable clean electricity both through the grid and off-grid”, said,Rachel Kyte, CEO and special representative of the UN Secretary-General for Sustainable Energy for All.

“The bad news is that we are not yet seeing a strong enough project pipeline or sufficient levels of public investment that will crowd in private finance to seize this moment of falling prices for revolutionary technology. Even more worrying is that at the same time we’re seeing incremental increase in funding for renewable energy, investments in coal increased. Coal is not an answer to energy poverty.”

This wakeup call is especially apparent for Africa where nearly 600-million people live without energy access that allows them to improve their living standards and realise their full potential. Only 17% ($5bn annually) of the total electricity finance tracked in the report was allocated to the region - down 32% from the last report.

“Our numbers paint a stark picture. We are falling further and further behind goals for energy access investment. Regions with the highest needs, like sub-Saharan Africa, are getting the smallest share, while we’re seeing big gaps for some of the technologies with the most promise, like off-grid renewable energy and clean cooking. This should be a wake-up call to policy makers and investors who are working to ensure universal and sustainable energy,” Dr Barbara Buchner, executive director, Climate Policy Initiative, said.

Other key findings include:

- ## Off-grid solutions remain off-track

  Since the last report, finance tracked for off-grid technologies nearly doubled, going from $210m to $380m per year. However, this is only 1.3% of the total tracked flows into energy access – a miniscule amount of finance for a solution that offers so much promise.

- ## Solar is soaring

  54% ($16.2bn annually) of all finance committed in 2015/16 went to grid-connected renewable energy (RE); with an almost fivefold increase finance for solar photovoltaic (PV).

- ## Two thirds of all electricity finance tracked was concentrated in South Asia - mainly in India

  The top three countries – India, Philippines and Bangladesh – received an average of $24bn a year, or 79.5%, of finance for electricity in the reporting period.

- ## Heavily favours non-residential customers

  Only 28% ($8.6bn) of all grid-connected electricity finance is used to support new or improved access for residential consumers. The remainder is expanding electricity supply to support broader economic activity.