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Research shows world at a tipping point to meet global energy goals by 2030 without urgent investment

New SEforALL data highlights finance is still off track to meet universal access by 2030 as clean cooking challenge escalates

VIENNA, 22 October 2019: Public and private financial institutions are not responding adequately to meet global energy goals as finance, particularly in Sub-Saharan Africa, remain drastically below levels needed to deliver universal access according to new *Energizing Finance* research released today by Sustainable Energy for All (SEforALL).

The *Energizing Finance* report series, now in its third year, has tracked finance flows across developing countries in sub-Saharan Africa and Asia with the largest energy access deficits - that together represent nearly 80% of those living without access to electricity and clean cooking. The new data shows urgent, substantial action and investment is needed to meet Sustainable Development Goal (SDG7) by 2030.

This year's **findings on electricity show a slightly positive trend with USD 36 billion committed** – up from USD 30 billion tracked in the last report. However, only USD 12.6 billion of total tracked finance commitments for electrification benefits residential customers, representing just one quarter of the estimated annual investment of USD 51 billon required to meet universal access.

The story for clean cooking remains much bleaker. An annual investment of USD 4.4 billion is required to close access gaps, yet **only USD 32 million in finance commitments for clean cooking solutions were tracked** - representing less than 1% of the estimated finance required for universal clean cooking access by 2030. This lack of progress is now an environmental and public health issue and an escalating challenge for the world to meet if it's to deliver the promise of universal access.

In the midst of a global climate emergency, the report also highlights ongoing reliance of investment into fossil fuels as a way to support energy access. **Finance commitments for grid-connected fossil fuel fired power plants, specifically coal, decreased from USD 8.1 billion tracked in last year's report to USD 6.6 billion.** Four coal plants were financed in the period tracked, located in Bangladesh and the Philippines with a total USD 5.6bn in new investment. Yet *Energizing Finance* strongly reinforces that coal will not reach vulnerable, remote populations and continued financing of new, non-renewable power is incompatible with the Paris Agreement, meeting the SDGs or responsible investing.

António Mexia, Chairman of the SEforALL Administrative Board and CEO of Energias de Portugal (EDP), said: "Yet again we're seeing that overall investments are falling far short of what is needed to meet global energy goals. While some positive trends are emerging, we need much greater investment in centralized and decentralized renewable energy solutions, as well as urgently address the need for a big market solution to clean cooking access. If we're to meet our promise of leaving no one behind, we simply must address finance flows to ensure access to sustainable, affordable, reliable energy for all. This research shows us where we must focus our efforts."

Further key findings from this year's research include:

- **Sub-Saharan Africa is getting left behind in the energy transition:** The gulf in electrification and clean cooking finance is putting continent's status as an upcoming economic powerhouse on hold. With population increases, which is outstripping levels of new access, Sub-Saharan Africa is only at risk of getting left further behind.
  - 573 million Africans currently lack access to electricity. Despite this, four of the 13 Sub-Saharan African countries tracked reported an absolute decline from last year's report, and ten of the 13 each received less than USD 300 million in 2017.
- **We're still off track on off-grid:** Only 1.2% of all finance tracked went to off-grid solutions – an abysmally low amount of finance for a solution that offers so much promise in supporting countries grow their resiliency and provide access to remote populations
- **Women and displaced persons are disproportionately impacted by energy access:** For the first time ever, this year's edition tracked finance for access according to gender and the displaced. In 2017, only 7 percent of the USD 14 billion annual official development assistance (ODA) for energy activities in developing countries was specifically targeted to benefit women.
- **Whilst China and India have significantly reduced domestic fossil fuel expansion, they have continued to invest in overseas coal plant projects, mainly across Africa, Bangladesh and the Philippines.**
  - 60% of all coal financing tracked in 2017 was sourced from the Ex-Im Bank of India (USD1.6bn) and China Ex-Im Bank (USD1.7bn) for projects in Bangladesh.

Dr. Barbara Buchner, Executive Director of Climate Finance at Climate Policy Initiative, which developed *Understanding the Landscape* report in partnership with SEforALL, said: "The numbers are showing a consistent message year after year: finance for electricity access and clean cooking are failing those most in need. In Sub-Saharan Africa, there continues to be severe underinvestment in the energy sector, and vulnerable groups— particularly women and displaced people— are disproportionately impacted by the lack of energy access. Without substantial effort from governments and investors to increase financing, the situation will remain unchanged and many will continue to suffer the consequences."

As the world enters the final decade of the SDGs with a major void in finance and political urgency, the stark findings in this report and the lack of progress towards aching SDG7 underscores the need for targeted action. To address this, specific *Energizing Finance* recommendations include:

- **Meeting SDG7 targets will only be achieved if the international community overhauls its current approach to clean cooking**, significantly increases its investment and adopts a holistic and innovative approach. The sector requires risk taking and concessional and grant based funding to stimulate market demand and foster private sector engagement in supply. Government commitments, target-setting and allocation of domestic budget as evidenced in Uganda, Madagascar and the Philippines, are needed to enable households to afford high quality, cleaner solutions.
- **The overall decline in international public finance must be urgently addressed.** International public financial institutions must fulfil their commitments to fill the financing gaps for electricity access, with a focus on serving the most vulnerable populations, especially women and displaced people.
- **Policy makers, particularly in Sub-Saharan Africa, must prioritize emissions free, non-coal fired electricity as part of their integrated energy planning and investment plans.**

This should be underpinned by fiscal and other incentives as necessary, possible and appropriate to give private investors the confidence required for long-term investment in energy infrastructure and assets.

The *Energizing Finance* report series examines supply and demand for finance across electricity and clean cooking. Two reports were released this year, including *Taking the Pulse*, which looks at projected financing needs for universal energy access by 2030 in three focus countries, Madagascar, the Philippines, and Uganda, as well as *Understanding the Landscape* which presents a more overall view on SDG7 finance by tracking flows into the 20 largest energy access deficit countries.

Dan Murphy, Managing Director of Catalyst Off-Grid Advisors, said: "This edition of Taking the Pulse reveals the sheer volume and type of capital needs of energy access enterprises to deliver off-grid and clean cooking solutions to achieve universal access. Yet this research shows the major disconnect between commitments and needs to deliver energy access - a significant bridge for policy and finance decision-makers to cross."

Energizing Finance: Understanding the Landscape 2019 was developed in partnership with Climate Policy Initiative. *Energizing Finance: Taking the Pulse 2019* was developed in partnership with Catalyst Off Grid Advisors and E3 Analytics.

Read the report in full on the SEforALL website here and follow #SDG7finance for the latest.

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About Sustainable Energy for All
Sustainable Energy for All (SEforALL) empowers leaders to broker partnerships and unlock finance to achieve universal access to sustainable energy, as a contribution to a cleaner, just and prosperous world for all. SEforALL exists to reduce the carbon intensity of energy while making it available to everyone on the planet.

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