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SOUTH AFRICA, ETHIOPIA, KENYA LEAD RENEWABLES SPURT IN AFRICA

Sub-Saharan Africa will see more capacity come online this year in non-hydro renewable energy than in the whole of the 2000-13 period

London and New York, 21 August – Sub-Saharan Africa is emerging as one of the most exciting new markets for renewable energy technologies such as onshore wind, small-scale and utility-scale solar and geothermal power, according to research company Bloomberg New Energy Finance.

Its latest analysis suggests that 1.8GW of renewable power capacity (excluding large hydro-electric projects) will be commissioned in the region in 2014. That is still small by world standards, but it is more than the amount that came online in the entire 2000-13 period.

The advance of renewable energy in Africa reflects a combination of growing local need for power, and awareness that the cost per MWh of clean options such as wind and photovoltaics has declined sharply over recent years. Renewables can represent a cost-effective alternative, particularly compared to diesel generation but also to power stations burning coal or gas.

Bloomberg New Energy Finance forecasts that investment in clean energy excluding large hydro in Sub-Saharan Africa will be \$5.9bn this year, down 5% on 2013's figure of \$6.2bn, but that it will accelerate to \$7.7bn in 2016. In the 2006-11 period, investment was far lower, averaging some \$1bn per year.

Victoria Cuming, senior analyst at Bloomberg New Energy Finance, commented: "Sub-Saharan Africa is not new to renewable energy. South Africa has been an active market for a few years and there have been occasional large investments in geothermal in the Rift Valley countries. What is different now is the breadth of activity, with wind, solar and geothermal exciting interest in many different countries, and the potential for further growth."

The three largest markets for utility-scale renewable power over the 2014-16 period are forecast to be South Africa with 3.9GW likely to be installed, the largest part of which will be wind, followed by solar PV with a smaller amount of solar thermal; Kenya with 1.4GW, mainly geothermal and wind; and Ethiopia with nearly 570MW, largely wind with some geothermal. Some other countries such as Nigeria are seeing ambitious plans mooted for gigawatts of renewable power, but have yet to put in place the stable policy regime to reassure investors.

This year has already seen two financings of renewable power projects worth several hundreds of millions of dollars. In July, Abengoa of Spain secured the debt of \$142m from the African Development Bank towards the development of its 100MW Xina Solar One solar thermal project in South Africa; and in March,

Lake Turkana Wind Power agreed \$650m in borrowings from a group of development banks and local lenders towards its 310MW wind project in Kenya.

Derek Campbell, Cape Town based analyst for Bloomberg New Energy Finance, said: "The joker in the pack for the Sub-Saharan region is likely to be rooftop and other small-scale PV, which has the potential to enjoy explosive growth in Africa's towns and cities and also in rural areas not connected to the grid.

"Small-scale solar needs viable financing models, since the initial capital outlay is too high for most households. We have seen some strong activity in Kenya, with business models such as M-KOPA. The question is whether people in other countries can warm to the idea of generating their own solar power in the same way as they flocked to mobile telephony."

Methodology

Estimates for Africa's renewable energy build-out are based on projects that have reached financial close as well as those at earlier stages in major countries that have received some benefit – eg the projects cited in Kenya's short-term energy strategy and the winners of the first three rounds of South Africa's renewable energy procurement programme. If the projects had not declared a feasible commissioning date, we estimated one based on average build time in sub-Saharan Africa, varying by technology and project size.

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