
POWER FOR ALL FACT SHEET

COVID-19 an opportunity to leverage renewable energy progress

**POWER
FOR
ALL**

80%

INFORMAL WORKERS IN SUB-SAHARAN AFRICA FACING PANDEMIC RISK JOB LOSS.

85%

OFF-GRID COMPANIES FINANCIALLY “STRUGGLING TO SURVIVE”.

\$2 MN

FUNDS COMMITTED TO OFF-GRID ENERGY COMPANIES IN KENYA.

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COVID-19 has altered social and economic dynamics across the globe. This fact sheet highlights the current state of the energy access sector in sub-Saharan Africa in light of the pandemic. It draws on latest analyses¹ from RES4 Africa Foundation (RES)², the Consultative Group to Assist the Poor (CGAP)³, and Energising Development (EnDev)⁴.

The COVID-19 pandemic has altered economic and social dynamics in many countries.

- » In 2020, the United Nations Economic Commission for Africa (UNECA) estimates that sub-Saharan African economies could experience a decline in GDP growth rate from 3.2% to 1.8% because of the COVID-19 pandemic. (RES, p.8)
- » Sub-Saharan African countries have a low tax-to-GDP ratio of 13.4% (2018) and increased government expenditures in COVID-19 health and social protection measures are expected to lead to reductions in taxes collected. This further constrains public finances and could lead to greater national budget deficits. (RES, p.9)
- » Due to COVID-19 lockdown measures, the International Labor Organisation (ILO) estimates that 80% of informal workers in sub-Saharan may lose their jobs and consequently incomes⁵, therefore creating a more than 56% increase in relative poverty for low-income countries. (CGAP, p.2)
- » For women surveyed, the increased strain of extra housework and providing meals for children, whose schools or childcare centres have closed, is not only a drain in time and family finances but also a source of mental stress. (CGAP, p.2,3)
- » A global survey by the International Labor Organisation (ILO) and partners of the Global Initiative on Decent Jobs for Youth reveals that over one in six young people (aged 25 and below) surveyed have stopped working since the onset of the COVID-19 crisis⁶.

Global disruptions brought on by the COVID-19 pandemic has reduced investment in the renewable energy sector, resulting in staff lay-offs and lowering customer ability to pay for electricity.

- » Off-grid energy companies are facing financial challenges. 85% of companies surveyed indicate that they are “struggling to survive” beyond more than five months. Moreover, 79% of companies have been unable to access financial relief. (EnDev, p.1,2)
- » Furthermore, financial constraints have led to 30% of the staff lay-offs in 35% of companies surveyed by EnDev. (EnDev p.1)
- » COVID-19 has had a negative impact on customers’ ability to pay for energy services. As of August 2020, the burden of repayment had worsened for 21% of customers surveyed in Africa, South East Asia, and Latin America⁷.
- » In many countries, COVID-19 lockdown measures have restricted personal contact and access to houses or commercial buildings thus contributing to a decline in new solar PV installations from 109 GW in 2019 to 90 GW globally thus far in 2020⁸.

In light of COVID-19’s impacts, countries are leveraging renewable energy technology to support healthcare services, education, and clean cooking.

- » In Nigeria, Lumos has been one of the four renewable energy companies selected to receive a share of the \$500,000 relief fund from the Nigerian off-grid energy investing company All-On. This funding is intended to support solarization of healthcare centers to supplement electricity supply during the COVID-19 pandemic^{9,10}.
- » Installing solar PV systems in healthcare facilities not connected to grid electricity or served by unreliable grids is underway in Jharkhand, India where a 10-kilowatt peak (kWp) solar PV system was installed in Nav Jivan hospital and has improved electricity capacity and stabilized operations¹¹.

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By the Numbers:

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- » The Community Tablet Initiative, the first digital school in Mozambique, is using solar-powered tablets to educate the community on COVID-19 preventive measures. Before the COVID-19 pandemic, the tablets were used for rural community education on financial literacy and civic education.¹²
- » Clean cooking solutions are essential in reducing vulnerability to respiratory illnesses and reducing household air pollution. During the COVID-19 pandemic India is giving away millions of cooking gas cylinders to those in need.¹³

Policy makers and partners have set up initiatives to design robust sustainable energy infrastructure systems as well as implement decentralized renewable energy solutions.

- » The African Enterprise Challenge Fund (AECF) launched the REACT Kenya Relief Fund, a USD 2 million fund intended to provide financial support to off-grid energy companies, so that their employees, customers and supply chains are not negatively affected by COVID-19 economic disruption.¹⁴
- » Foreign Direct Investment in renewable energy resources has been vital to diversify energy sources in light of COVID-19 economic shocks. In Egypt, the World Bank's Multilateral Investment Guarantee Agency has committed to providing funding for six new solar power plants in Benban Solar Park.¹⁵
- » COVID-19 government relief packages can include flexible payment plans, waivers to mitigate service disruption, and cash transfers targeted at vulnerable consumers in the energy sector. The Ghana government subsidized electricity costs for three months as part of its pandemic emergency response plans.¹⁶

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- » COVID-19 has negatively affected customers' ability to pay for energy services; relief measures such as waivers to mitigate service disruptions and cash transfers can help customers continue to benefit from clean energy access.
- » Women face an increased strain of extra housework and providing meals for children, whose schools or childcare centers have closed, is not only a drain in time and family finances but also a source of mental stress.
- » Financial investments in solar-powered technology in healthcare, education and clean cooking can play a significant role in aiding economic recovery beyond the COVID-19 pandemic.

Sources:

1. The rapid response COVID-19 analysis presented in the following reports do not yet have deep methods and as such results should be interpreted with this caveat.
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6. International Labor Organisation, “ILO Monitor: COVID-19 and the world of work. Fourth Edition update and analysis,” 2020.
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