



# Abuja Action Plan on Sustainable Hydropower Development in Africa

15 May 2024

## Preamble

In the race to provide secure energy supplies for their citizens, African governments know the value of hydropower. It is already the backbone of electricity supply on the continent, providing 40% of the power in sub-Saharan Africa from a large installed base. This is a familiar technology that many rely on.

The challenge now is to expand electricity supply quickly, to 50% higher by 2030 and quadrupling it by 2050. This needs to be at an affordable cost, while mitigating and adapting to climate change. Hydropower is an affordable, renewable, clean and green solution to energy security and access, and therefore should be among the top targets for investment. The resource is also an enabler for other renewable technologies: it is clear that solar and wind will play a vital role in Africa's energy development, but these need firm, dispatchable and flexible resources to complement them. Hydro can play this role, facilitating the maximum use of those cheap but variable technologies.

The first step needs to be the optimum use of the infrastructure that already exists. Many of Africa's hydro facilities are aging, with deteriorating performance as a result. Refurbishment of these stations would reinstate and even expand their generation capacity, while also giving opportunities to increase their flexibility. This is the low-hanging fruit of hydropower development, giving significant benefits for relatively low upfront cost.

Beyond this, there is ample scope for investment in new greenfield projects, with around 90% of Africa's potential as yet untapped. There are also numerous possible sites for pumped storage hydropower, the need for which will likely increase as variable renewables come to dominate Africa's power mix in the future. With hydropower, Africa can generate enough renewable electricity to power a just energy transition. It can also help reduce global carbon emissions by attracting energy-intensive industries and enabling hydrogen production at industrial scale.

Development of these resources will not happen unless urgent action is taken, however. Hydropower projects are complex and bespoke, with correspondingly long development and construction cycles. Sustained political support is required to carry such projects through this process; enabling policies need to be put in place and markets that disincentivise investments in hydropower need to be reformed; unnecessary planning barriers and delays to sustainable projects must be removed; capital needs to be sourced in sufficient quantities and at a fair cost. These are significant barriers to progress, but if addressed then the result is a large quantity, high quality and low-cost power supply that will support African economies for many decades.

The hydropower industry is ready, willing and able to step up to this challenge. While this technology has been taken forward primarily by African governments, there is growing appetite from private investors to be involved, either independently or in public-private partnerships. This should be encouraged, as private actors may drive development faster and more cost effectively, and deliver more bankable projects. The sector is committed to high quality and sustainability, demonstrated through the use of the Hydropower Sustainability Standard. Certification under this standard provides assurance that environmental and social issues are addressed, and should facilitate access to finance.

In support of this Action Plan, we confirm our endorsement of the global commitments, principles and recommendations in the San José Declaration on Sustainable Hydropower and the Bali Statement on Powering Sustainable Growth.

To achieve this, we call on Governments and international bodies to implement the following actions:

# The Abuja Action Plan

**We call for African governments to recognise and champion sustainable hydropower as a clean, green, modern and affordable solution to provision of secure electricity supply that ensures industrialising nations the same access to reliable electricity as industrialised nations have historically enjoyed.** If African citizens are to enjoy the benefits of hydropower, governments will need to commit to long-term support for the sector, assuring developers that putting the capital up to bring projects to construction is worth the risk.

**We recommend that African governments make clear long-term plans for the development of renewable energy, including targets for the development of hydropower.** Given the long development and build time of hydropower projects, developers need signals of need for their projects over a long time horizon. Having clear objectives for the technology in the context of wider energy development goals also reduces development risk and encourages investment in the early stages of projects. Consequently there will be a higher likelihood of delivering hydropower projects and providing Africans with the energy they need. Clear plans will also have the benefit of increasing the credibility of countries within the Paris Accord framework, with more reliable Nationally Determined Contributions.

**We call for all actors to recognise and reward hydropower's role as an enabler of variable renewable energies and prioritise this technology accordingly.** Hydropower enables the growth of variable renewable energies by providing reliability, stability, flexibility and storage capacity to grids, without resorting to carbon-emitting alternatives. Prioritising renewable power generation through solar and wind without also ensuring the robustness of electricity grids through complementary technologies is not sustainable in the long run.

**We encourage governments to speed up permitting of projects, while also improving the quality of decisions.** To sustain developers' interest in bringing forward projects, governments will need to invest in their capacity to assess and decide on the suitability of proposals. As well as following the recommendations of the Planning for Climate Coalition, governments need to ensure that they have the right people inside departments to make timely and evidence-based decisions, and are securing advice from experts in hydropower.

**We urge all actors to implement policies that support decarbonisation by advancing sustainable hydropower projects.** A step-change in investments is urgently needed to ensure that Africa's hydropower potential is developed fast enough to meet the continent's energy and developmental goals, with capital flow more than three times the current level needed. This will not happen without significant technological, financial

and institutional support, so governments need to create an attractive environment for developing and constructing hydropower through supportive policy that is sustained over long development cycles. Investments in modernisation of Africa's aging hydropower fleet, hybridising hydro and solar technologies, and developing grid infrastructure should be priorities. In general, the aim should be to minimise risks for project developers. As a capital-intensive technology with a long lifetime and low running costs, hydropower is vulnerable to revenue and foreign exchange risks. Governments must ensure that the risks to project finances from unreliable off takers are minimised through sector reforms and/or guarantee mechanisms. The mismatch between the need to buy equipment and borrow money in hard currency while project revenues are in local currency must be addressed. Only in these ways can capital be accessed at low cost.

**We ask the International Financing Institutions and Sustainable Development Funds to support renewable energy infrastructure projects.** Hydropower and grid projects are crucial due to their role in enabling renewable development, but have long lead times. These characteristics should be recognised and rewarded through concessional loans, conditioned on compliance with clear sustainability requirements. Other financial products that should be used are non-sovereign guarantees and the provision of "Blended Finance".

**We support efforts to ensure appropriate grid infrastructure.** This encompasses the connection from hydropower projects to the wider grid, having suitable capacity and redundancy within that grid to ensure it can take the power generated, and interconnection between countries to widen the pool of supply and demand. Not being able to transport electricity to market is a key risk factor for developers and operators; given the long lead time of transmission lines, early action to mitigate this risk is vital.

**We expect all companies planning, constructing and operating hydropower projects in Africa to do so in accordance with international good practice as defined by the Hydropower Sustainability Standard; Governments should support this commitment by expediting projects that are certified under the Standard.** Going forward, the only acceptable hydropower is sustainable hydropower. All hydropower projects should be able to demonstrate and certify their sustainability.

