



To supporters of CAFOD's Energy Poverty Plan Campaign

April 2016

Thank you for your recent email about CAFOD's Energy Poverty Plan.

I welcome your support on this issue and agree that energy access is a priority. At the current rate Africa will not achieve universal energy access until 2080, 200 years after Edison invented the lightbulb.

Lack of access to energy is a major barrier to economic and human development in Africa. The statistics speak for themselves:

- 2 in 3 people in sub-Saharan Africa are currently without electricity access; that is 600 million people.
- Half of all businesses in sub-Saharan Africa view the lack of reliable electricity access as a major constraint to doing business; a major constraint on job creation.
- Africa's poorest can pay up to 80 times more for electricity than people in the UK; and largely rely on polluting and unsafe kerosene and candles.
- If everyone in Africa switched from kerosene to solar energy, the total savings after a year would be \$9billion; more than DFID's annual spend in Africa.

Therefore, I warmly welcome your energy access campaign which is in line with DFID's objective to support Sustainable Development Goal 7.

In relation to the specific points of the CAFOD plan:

1. Focus on off-grid access and gender:

DFID's Energy Africa campaign and wider energy access programming will be marshalling significant UK, as well as wider development partner, support for unleashing off grid solar markets across Africa. Our work on energy access also has a strong gender focus. However, much of the off-grid opportunity is about reforming the policies and regulations rather than necessarily increasing finance - as we believe we can prove the opportunity to private investors to come in at much greater levels than we ever could. That said DFID is also looking to scale up what has worked to pump prime the market.

2. Focus on Households:

DFID's priority for energy access is to ensure it benefits the very poorest. The big shift in access will be through innovations such as PayGo household solar to ensure energy becomes more affordable for the poor. We are also supporting innovation to improve energy for agricultural processing to create jobs and electrifying schools and clinics as these also have important outcomes for the poor.

3. Focus on Transparency:

DFID is a signatory to the International Aid Transparency Initiative and takes transparency very seriously. I will ensure we are constantly trying to improve the tracking of our results across different parts of UK's effort so we have common indicators. The number of people with access to energy is a critical indicator; and all our energy access programmes in DFID track this. We are also seeking to ensure that the partners we support listen to the poor and meet their needs.

DFID's Energy Africa campaign also delivers on all these areas. We are working to build a coalition to tackle the constraints on solar entrepreneurs offering affordable pay-as-you-go solar to the poorest in Africa. It is a sustainable, market driven solution to the challenge, expanding our work on energy access, and complementary to our wider investments in energy, which are also essential for inclusive economic growth.

Since the launch of Energy Africa support across the continent has continued to grow. Nine countries have joined the campaign to date (Sierra Leone, Nigeria, Somalia, Mozambique, Malawi, Rwanda, Ghana, Senegal and Ethiopia), with keen interest from another five. We are providing technical support to these countries to help them identify and tackle the barriers to solar businesses. We are scaling up our support to entrepreneurs to innovate in the energy services and technologies they provide and we will run further competitions for start-up finance to solar businesses, to grow the number of businesses offering affordable energy solutions to the poorest.

We know this works! DFID has already provided this type of support to what are now some of the most successful pay-as-you-go solar businesses in Africa. Businesses such as MKopa and Azuri are growing rapidly and attracting private investment. After 12-18 months of payments, poor families pay off their solar system and can use that credit history to buy other assets – such as phones, water tanks or even school fees.

It is in the UK's national interest that Africa continues to develop and grow, enabling them to stick to the path of stability and prosperity. The continent cannot realise its full potential until everyone has access to energy. Therefore, we look forward to working with African Governments, as well as wider development partners and INGOs such as CAFOD to realise Africa's energy potential.

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