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# FACTSHEET

Energy is the No.1 Problem  
Hindering Economic Growth in Africa.

Africa is the most energy-deficient continent in the world, as it hosts 75 percent of the world's population without access to electricity.

Universal access to electricity and clean cooking remains an elusive goal for most states in the region: in 2022, 600 million people lacked access to electricity on the continent, 98 percent of them located in sub-Saharan Africa.

There is an urgent need for intervention given Africa's population of 1.4 billion is forecasted to reach 2.5 billion by 2050, which, when coupled with rising incomes and urbanization, will lead to a significant increase in energy demand.

This brief provides six evidence-based insights on Africa's energy landscape before providing five recommendations on reaching universal energy access amid global decarbonization

## The Scale of Africa's Energy Challenge

- **Access Deficit:** Around 600 million people in sub-Saharan Africa lack access to electricity, and four out of five households still rely on open flames for cooking. This energy poverty severely restricts industrial progress, agricultural productivity, healthcare, and education.
- **Clean Cooking Crisis:** The absence of clean cooking technologies contributes to household air pollution, causing an estimated 700,000 premature deaths annually.
- **Unreliable Supply:** Even among those connected to the grid, fewer than half can rely on a stable electricity supply, undermining the use of modern appliances and technologies essential for productivity and quality of life.
- **Economic Impact:** Frequent power outages and unreliable supply cost African economies up to 2% of their annual GDP and lead to substantial productivity losses, especially for small businesses and manufacturers.

# Why Energy is the Top Economic Problem

- **Barrier to Industrialization:** Empirical studies confirm that energy development, specifically access to electricity, has a significant positive impact on industrialization in Africa. Lack of reliable energy is a major obstacle to developing the manufacturing sector, which is crucial for economic diversification and job creation.
- **Stunted Socio-Economic Progress:** Energy poverty limits opportunities for education (students studying under poor lighting), healthcare (inability to store vaccines), and gender equality (women and children disproportionately affected by indoor air pollution).
- **Missed Economic Potential:** Africa is rich in energy resources-solar, wind, hydro, geo-thermal and natural gas-yet utilization remains low due to underinvestment and infrastructural challenges. The continent's renewable energy potential could fulfill 30 times its projected electricity demand by 2030 but harnessing this requires significant investment and policy reform.

## Investment and Policy Needs.

- **Investment Gap:** Current energy sector investment in Africa is about \$100 billion annually. The IEA estimates that at least \$300 billion per year is needed to achieve universal access to clean, reliable energy and to meet development goals.
- **Infrastructure Focus:** Most energy investment has gone into generation, with only 0.5% directed toward transmission and distribution infrastructure-yet reliable grids are essential for dependable supply and integration of renewables.

- **Attracting Capital:** To mobilize the necessary resources, African governments must create transparent, stable policy environments that reduce perceived risks for investors. Public-private partnerships, innovative financing models, and regional cooperation are critical.
- **Clean Cooking Solutions:** Addressing the clean cooking crisis requires just \$4 billion annually-an amount that could yield enormous health and productivity benefits.

## Looking into the future.

- **Leverage Renewables:** Africa has the world's richest solar resources but has installed only a fraction of its potential. Scaling up renewables- solar, wind, geothermal and hydro - can meet future demand sustainably and affordably, while also providing new jobs and economic opportunities.
- **Grid Modernization:** Upgrading transmission and distribution networks is essential for reliability, efficiency, and the integration of diverse energy sources.
- **Inclusive Development:** Energy solutions must be inclusive, ensuring that rural and marginalized communities' benefit from new investments and technologies.

## Conclusion.

Energy is indeed the most pressing problem for Africa's economy. Without urgent, large-scale investment and policy reform in the energy sector, Africa's ambitions for industrialization, economic growth, and improved living standards will remain out of reach. Addressing this challenge will unlock the continent's vast human and natural potential, enabling a future of sustainable and inclusive prosperity.