



REPUBLIC OF KENYA

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Excellences, Ladies and Gentlemen,

1. I am delighted to join this Energy Transition Dialogue, and I congratulate all those who have been involved in bringing us together as the conference celebrates its 9th anniversary.
2. Let me also register my appreciation to the Government and people of Germany, for the warm welcome and hospitality accorded to me and my delegation
3. The Berlin Energy Transition Dialogue provides a valuable platform to exchange ideas on how to address the two interlinked challenges we all face - climate and energy.
4. The conference comes just a week after the IPCC released the synthesis report which essentially put the world on notice that we are on the brink of irrevocable damage, unless we act immediately, before it is too late.
5. And the message was loud and clear. The world needs to reach net zero, sooner than was anticipated in the Paris Agreement - by 2040 instead of 2050. How to achieve that goal and what are the drastic actions needed to cut emissions, is the dialogue that Governments and policymakers around the world must have, and that is why this energy transition meeting is timely.
6. The dialogue on 'energy transition', on how to balance energy security, affordability, and lower greenhouse gas emissions, is at the heart of sustainable development, and it is a transition that needs to happen even faster.
7. The vital role of energy in our lives and economies was brought home last year, 2022, especially to Europe, more compellingly, than ever before in recent history.
8. Europe is accelerating its transition to renewable energy, now driven not only by an existential climate imperative, but also by energy security concerns.



9. Let me today share with you what this transition looks like for Kenya, and for Africa, and give the vision of how Africa's assets, and our ability to leap- frog technologically, make the continent, and Kenya in particular, a critical partner if we are, all together, going to navigate this next era of energy transition.

10. As I do that, I hope you won't mind me reminding us that 138 years ago, a very different conference was taking place here in Berlin. One that also involved collaboration and cooperation, but of a more exclusive and violent nature.

11. At that Berlin Conference it was a German Chancellor who convened of the world's leading powers to divide Africa among themselves and carve up our land and our peoples as they saw fit.

12. In the years since that conference, so much has changed – we have seen the rise and fall of empires, the independence of African states, and the dawn of new challenges that demand a collective and collaborative response from us all.

13. Today in Africa we face multiple and intertwined crises:

- we are the continent least responsible but most vulnerable to climate change and its impacts
- we are the continent with the least energy access, with over 600 million Africans still without access to energy
- and of course, Africa still carries the scars of colonialism and the economic and institutional dependencies that followed it.

14. We not only have to provide secure energy access in a clean and renewable way, we need to do this while managing economic dependencies, addressing odious debts, completely shifting our development models – to finally prioritise the true flourishing and wellbeing of our people.

15. But I have not come here to dwell on the past or to list seemingly insurmountable challenges. Africa is not simply a victim in this story.

16. Quite the contrary. It is precisely in light of these challenges, that Africa's leadership on climate action is so powerful and inspiring.



17. In Africa, not too far from here, lies a continent of abundance – especially when it comes to renewable energy and green industrial potential.

18. The continent's renewable energy potential is 50 times greater than the anticipated global electricity demand for the year 2040. The untapped solar and wind potential is rated as 'superabundant' in most African countries – meaning the potential is over 1,000 times the current demand.

19. By contrast, all of Europe is classified as either 'replete' or 'stretched', with renewable energy potential less than 10 times the current demand, indicating they will not be able to meet a massive.

growth in energy demand with domestically generated supply.

20. Moreover, in Africa, lies 30-40% of the world's minerals - including those on which the green energy transition depends, and plentiful relevant natural resources and assets.

21. Add all that to Africa being home to the world's youngest and most rapidly expanding workforce - 60% of Africans are under the age of 25, and you start seeing the reason, **Why Africa.**

22. Besides, we have the benefit of being able to leap- frog into a cost curve of technologies that didn't exist even a decade ago - one that supports green economic growth. As Franz Timmermans said a few weeks ago:

"The continent of Africa is probably going to be the most important partner for Europe in terms of developing the renewable energy sector.

23. And Kenya is leading the way. We will be the continent's **green energy hub.**

24. Our national grid is small at just 3 Giga Watts – yet 92% of the power on it, comes from zero-carbon sources like geothermal, hydro, wind and solar. We aspire to reach 100% renewable by 2030 – and to take a quantum leap to 100 GW grid size, 100% renewable, by 2040.

25. That is possible thanks to our untapped potential of nearly 78 GW of solar energy, over 57 GW of wind energy, at least 10 GW of geothermal energy and 6 GW of hydro.



26. But the small grid size and relatively high energy costs have made it hard to attract energy-intensive industry to Kenya in the past. Yet energy-intensive anchor demand is exactly what is needed to make investment in additional renewable energy generation capacity, bankable. Therefore, renewable energy generation capacity and industrial deployment need to be developed concurrently to overcome the current stalemate where each is waiting for the other to happen first.

27. This is a fundamental difference with European renewable energy development – whose limitations may be available locations, permits, and grid management, but you do not need to line up demand before you develop an investment case. This African reality tends to surprise foreign investors, and drive the misunderstanding that there is no viable opportunity.

28. So what does Europe need to do to enable Africa meet its full potential as an energy and climate solution centre?

(i) Africa needs the right type and amount of investment capital to become the green industrial powerhouse of the world. Renewable energy investment and associated infrastructure is almost all upfront capex. With the right level of investment, Africa can provide energy access for all by 2030 while reducing total emissions related to energy generation by approximately 80%.

(ii) Africa should position to serve European demand for products and services: and not to be locked out through trade barriers. **The Carbon Border Adjustment Mechanism (CBAM)** to be introduced by the EU, should encourage production from places such as Africa that could offer low embedded emissions produced using renewables.

(iii) To enhance innovative financing, the EU should access more high-quality African carbon credits which offer co-benefits such as biodiversity and improved livelihoods, to be used in the EU Emission Trading compliance market. We need to work together to raise standards and avoid low integrity carbon while realizing higher prices for African countries and communities that are doing the hard work of protecting nature and managing carbon. In Kenya, Parliament is finalising the enactment of the carbon market regulations and activation plan which should be in force in the next few months.



(iv) Aligning European concessional and multilateral capital to Africa's climate action agenda, will not only generate economic growth and competitiveness, but also contribute to addressing the climate crisis for all. There is need to phase down climate incompatible funding, so as to free funds for climate action, unlock much more concessional finance and lower risks. Development finance needs to be much more available, accessible, and affordable.

(v) African economies do not have sufficient access to suitable debt for development to make the necessary investments for climate action. The debt-to-GDP ratio in Africa today stands at 64.5% up from 57.1% -the pre-pandemic figure of 2019. The risk profile of countries change because global rating agencies looks at the debt to GDP ratio and interprets the country's debt carrying capacity.

(vi) Access to international financial markets at very different rates, the brunt of monetary policy from advanced economies that pumped liquidity into their economies during the pandemic to protect their populations, currency depreciation, and expensive debt servicing, all coupled with climate change impacts, continue to impede growth and investments in clean technologies.

(vii) Africa can benefit from European, and in particular Germany's experience in workforce development and reskilling. Kenya will require a significant investment in building capacity and skills in its young workforce, and Germany's success in developing a fit-for-purpose vocational training system provides a good model that Kenya can be adopting and while learning through more partnerships.

(viii) In fact, the Government of Kenya, has succeeded over the past eight years, to increase the number of students in TVETs from about 80,000 to the current over 500,000 students.

29. In Kenya, we are on-track in driving a **carbon negative industrialization agenda**. Investments into our country will be industry built on 100% renewable energy. Germany, a prolific exporter of industrial manufacturing capacity, should establish Kenya as key industrial hub for German manufacturers as they transition to a new era. A combination of German technology and Kenyan geothermal resources is a best collaboration for green industrialisation.



30. New sales of electric cars, vans, and especially two-wheelers has been steadily increasing, and so Germany would make an ideal partner in this very important and transformative journey towards a global e-vehicle manufacturing hub.

31. We will also be a critical partner to Europe in the supply of green hydrogen. Hydrogen produced using renewable energy can be exported to any part of the world including Europe. Germany's Green Hydrogen Strategy anticipates that the country will have to import 85% of its green hydrogen requirements by 2030. As Europe's green hydrogen demands support the development of reliable supply chains and rules-based international hydrogen markets, Kenya is a good investment partner to help decarbonize the German economy and green the EU manufacturing capacities.

32. You can see from my discussion that we are moving fast in Kenya. We have the road ahead mapped out for green growth, and we are well on track to be the green energy hub. We offer, especially to Europe, the potential for a strategic green energy partnership. That partnership requires private and public investment – to build together on the assets we have. We can accelerate the energy transition – radically reducing greenhouse gas emissions, while at the same time protecting our economic growth. But it requires bold strategic partnerships. Winning will be impossible without allies and partners who will bring technologies and investments necessary to unlock the huge renewable energy resources in Kenya and the continent of Africa for a mutually beneficial win-win outcome.

33. Of course, we must acknowledge that the EU has been an ally and partner to Africa on these issues for many years now. In 2007 we saw the launch of the Africa-EU Energy Partnership with the aim to "*facilitate the achievement of universal access to affordable, sustainable and modern energy services in Africa*".

34. We have also seen partnerships deepened beyond the continental level, to the bilateral level too. Most recently these have come in the form of **Just Energy Transition Partnerships**, which I know we will be hearing much more about over the coming days.



35. And of course, Europe remains one of the biggest investors and trade partners in Africa's economies more broadly. It goes without saying that Africa- Europe relations have helped create millions of jobs and remain a critical cornerstone of our future.

36. In conclusion, the challenge I put to us all, for the next two days, is simple:

- If we want to have a real chance of addressing the climate crisis;
- If we want to have a real chance of addressing past and persistent inequities;
- And if we want to have a real chance of breaking the cycles of dependence that have plagued Africa and the global South more broadly for decades;

Then we will need to rise to the challenge of genuine partnership:

- Partnerships for renewable energy developments across the continent that are people-centred, socially and environmentally sound
- Partnerships that do not simply worsen the existing cycles of indebtedness, and dependence
- Partnerships that put real, additional, financing into African-led just transitions without simply increasing indebtedness and profit extraction
- Partnerships that do not push Africa further into the past and further into fossil fuel lock-in while failing to invest in real transition pathways toward a better, brighter, cleaner future.

I hope you all will join me in these next few days in rising to this challenge of genuine partnership.

37. Finally, I would like to announce to you, that Kenya is hosting the first ever Africa Climate Action Summit in Nairobi from 4th to 6th September this year.

38. The objective of the summit is to rally the world to tackle climate challenges that the least emitting continent faces, and to more importantly tap the numerous opportunities that Africa presents towards global net-zero ambition.



39. The Summit will provide a unique platform to deliberate on the nexus between climate change and Africa's development reality, and the need to push for increased investments in climate action globally and specifically in Africa.

40. I invite German and European companies, and organisations to come and sample opportunities, and ideas on Africa's contribution to solving this global climate challenge that poses existential threat to humanity.

41. Let's work together for pro-climate, pro-growth development. It has been proven that we can reduce emissions even as GDP grows, and Kenya and Africa are the best partners for this paradigm shift.

Thank you all and may best wishes for the dialogue

