

# Policies for value capture: Chinese renewable energy investments in Africa

Ulrich Elmer Hansen, UNEP DTU Partnership,  
Technical University of Denmark

# Chinese investments in large-scale RE

- Growing RE investments in Africa:
  - From 2009 and 2018: solar PV 108 to 6,100 MW and wind power 739 to 5,500 MW (IRENA 2019)
  - Chinese firm as main contractor in 30% of new RE capacity (EIA, 2016)
  - Mostly large-hydro, but also solar PV and wind power
- But limited research at the project level exploring economic co-benefits
  - Skills development, technology transfer, jobs, income-generation, local production, etc.
- We studied economic co-benefits in three Chinese RE projects:
  - Garissa, Kenya (solar), Bui Dam, Ghana (hydro) and Adama, Ethiopia (Wind).

# Policies and economic co-benefits

- We find evidence of ‘bounded benefits’ in projects:
  - Some jobs created locally (unskilled), linkages created to service providers, local sourcing of minor components, and training of local staff
  - But, the extent of these benefits were generally limited
  - Chinese-dominated projects ‘parachuted in’ (creating local economic enclaves)
- Policies can significantly influence local co-benefits:
  - Local content requirements (spur localisation of component production)
  - Requirements in project contracts for training of local staff
  - Custom duties exemptions (encourage import of components from the outside)
  - Co-economic benefits not automatic: requires deliberate policies and regulation.

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