

## Press Release

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# Renewables are spinning the economic wheel with new industrial activities, jobs and social value but most countries are still left behind

**This imbalance will undermine global co-operation and security as climate change intensifies and resources get scarcer**

- Policy packages meant to strengthen local value and manufacturing are creating remarkable prospects for economic growth and jobs in the energy sector in the coming years. More jobs are expected to be created by ramping up renewable energy capacity than are lost by phasing out fossil fuels
- Governments are reskilling workers in the energy sector to build a renewables workforce; already, the skills of approximately 22 million workers in the oil and gas industry, equivalent to 70% of all jobs in the energy sector, overlap with the skills needed for low-carbon jobs in 2022
- Of the 113 countries that lack universal access to electricity, only 54 have targets for increased access. Meanwhile, only 39 of the 128 countries that lack universal access to clean cooking have targets. Access to energy increases the likelihood of women finding jobs by 9% to 23%
- The number of people without access to electricity was projected to rise in 2022 for the first time in decades, increasing by 20 million to reach 774 million, mainly in Sub-Saharan Africa
- Despite all the efforts invested in decarbonising the power sector, and even though global carbon intensity fell overall, emissions are still increasing, rising 1% in 2022.

**Paris 19 July 2023** - Governments are finally acknowledging the fundamental role that renewable energy plays in boosting economies, creating jobs, fostering inclusion and achieving energy independence. However, short-termism still prevails, and most countries are left behind due to lack of access to finance and technology, missing the golden opportunity to build resilient economies and societies with reliable, affordable and clean, renewable energy. Ultimately, this is compromising efforts to achieve global stability, security, sustainable development, planetary well-being and energy access for millions, according to the final two modules of REN21's Global Status Report (GSR) 2023 Collection - *Renewables for Economic and Social Value Creation (ESVC)* and *the Global Overview (GO)* - released today.

These two modules conclude the GSR series for the year, which kicked off with the *Renewables in Energy Demand Modules* exploring renewables uptake in the energy consuming sectors of as industry, buildings, transport and agriculture and were followed by *the Renewables in Energy Supply Module* covering the distribution of final energy among heat, fuel and electricity, geographies and technologies.

*Renewables for Economic and Social Value Creation* demonstrates the wide benefits that renewable energy deployment generates in creating jobs and local economic value, reducing pollution and health costs, protecting the environment, advancing gender equality, improving energy supply and security and providing energy access in energy-poor communities and to fuel economic activities. The *Global Overview* brings together the various modules and synthesises the status of renewables in

the wider fossil-fuel dominated energy system and in the context of global challenges such as climate change, development goals and the geopolitical landscape.

The global COVID-19 Pandemic, the worsening climate emergency, Russian Federation's invasion of Ukraine and ensuing energy crisis – together with inflation, energy insecurity and supply chain disruption - prompted some governments to seek independence from oil and gas imports and adopt new, more ambitious and comprehensive targets, policies and investments to expand renewable energy deployment and build local economic and industrial activities around renewable energy. These policy actions are creating remarkable prospects for economic growth and jobs in the energy sector in the coming years. The energy transition is set to produce a global net gain in employment, with more jobs created by ramping up renewable energy capacity than are lost by phasing out fossil fuels, according to REN21's *GSR 2023 Collection*.

“Despite a nascent renewable energy industry in Nigeria, an astounding 50,000 jobs have been created in the sector, which are expected to keep growing fast to reach the levels of the country's deeply rooted oil and gas industry by the end of the year. This clearly points to the huge potential of renewables to invigorate the economy and improve people's livelihoods and quality of life. Investing in renewable energy in developing countries can bring multiple benefits and a major return on investment in healthcare, access to development and energy and ultimately economic activities and benefits and global stability,” said Kristina Skierka, Chief Executive Officer of Power For All.

Evidently, the shift to a renewables-based economy is not only reducing emissions and tackling climate change. It has already created more than 12.7 million jobs globally and generated great social value with reduced energy costs, better health, more inclusion and enhanced energy security and access. This invigorated economic and social cycle is set to increase the faster governments deploy renewable energy. The policy packages, already put in place by several countries and regions are looking promising.

In Nigeria, the Solar Power Naija Programme aims to support the creation of 250,000 jobs and to benefit up to 25 million people through the installation of 5 million solar home systems and mini-grids. In the United States, the Inflation Reduction Act of 2022 is expected to create nearly 5 million clean energy jobs. Employment in the European Union's solar industry grew an estimated 30% in 2022, adding around 600,000 jobs. Meeting the targets of the REPowerEU plan will require around 3.5 million jobs between 2022 and 2030.

China is still leading in the area of local manufacturing and value creation, producing 80% of all solar and positioning the entire Asia region at the top of the number of jobs created globally accounting for two-thirds of total jobs. More than 20 countries are taking measures to strengthen local value chains and manufacturing of renewable energy technologies to increase the economic and social value of renewables and to fend off energy and material supply disruptions. In addition to policies supporting the deployment of renewables, they are providing tax credits and incentives for the local manufacturing of renewable energy technologies, banning the export of unprocessed raw metals needed to manufacture renewables to foster local processing industries, requiring local content or limiting imports of select intermediate products. India, which is expected to create more than 3.4 million jobs in the wind and on-grid solar power sectors by 2030, imposed a basic customs duty on imports of solar PV cells and modules and is investing USD 3 billion in an incentive package to manufacture high-efficiency solar panels domestically.

To accompany the transition, governments are reskilling workers in the fossil fuel industry to help them adapt to a renewables-based economy. Already, the skills of approximately 22 million workers in the oil and gas industry (70% of all jobs) overlap with the skills needed for low-carbon jobs. Renewables are also driving greater inclusion as governments develop targets and training programmes to integrate more women and Indigenous peoples in the renewable energy workforce.

“Despite the wide-ranging benefits of renewables, most countries and institutions are still putting money into fossil fuel projects and resorting to fossil gas as a transitional fuel, leading to their citizens missing out on potential gains in development, jobs, security and health. At the same time, greenhouse gas emissions and climate impacts are rising, and energy security and access for developing countries are worsening, which has devastating consequences for food security, migration, health care and ultimately global security. We cannot afford the losses we are currently risking”, said REN21 Executive Director Rana Adib.

Governments of developing and emerging countries, which should be jumping on the occasion in light of the ample socio-economic opportunities provided by renewable energy-based economies, are failing to step up fast enough. Consequently, 113 countries lack universal access to electricity, and only 54 have targets for increased access. Meanwhile, only 39 of the 128 countries that lack universal access to clean cooking have targets although access to energy increases the likelihood of women finding jobs between 9% to 23%. Due to short-sightedness, inflation and high energy costs, the number of people without access to electricity was projected to rise in 2022 for the first time in decades, increasing by 20 million to reach 774 million, mainly in Sub-Saharan Africa.

“It’s shocking that in the year 2023 we’re going to see the number of people without access to electricity actually go up. If anything shows the folly of relying on fossil fuels to solve our energy needs, this is it. It’s heart-breaking to see that it is mainly in Africa this is taking place. My continent is blessed with abundant renewable energy resources, and we’ve been failed by the fossil fuel era,” said Mohamed Adow, Founder and Director of Power Shift Africa.

Although emerging and developing economies account for two-thirds of the world’s population, they received only one-fifth of the global investment in renewables in 2022.

Despite the numerous social, economic, and geopolitical challenges worldwide, investment in renewables reached a record high of exceeded USD 500 billion in 2022, but this figure still pales in comparison to the USD 1 trillion invested in fossil fuels. In 2021, private banks provided a staggering USD 395 billion for fossil fuel projects and only USD 53 billion to renewables.

Out of the total investment in energy infrastructure, 30% is spent on renewables, 52.5% on fossil fuels and nuclear energy, and 17.4% on grids and storage.

“We need to significantly increase the capital for public investments in renewables. These should mostly come in the form grants away from complicated loans that increase the debt burden for developing countries. We also need to enhance international collaboration and financial flows from rich to poor countries to fulfil their commitments based on fair shares and historic responsibility to achieve the 1.5°C Scenario and its socio-economic benefits. Funds should also be mobilised from multilateral development banks and through global institutions such as the Green Climate Fund or the Just Energy Transition Partnership – JETP, among others”, said Rabia Ferroukhi, Director of Knowledge, Policy and Finance and the International Renewable Energy Agency.

One of the most striking findings of the *Global Overview Module* is that despite all the efforts invested in decarbonising the power sector, and even though global carbon intensity fell overall, emissions are still increasing, rising 1% in 2022. This clearly highlights the continued dominant supply of fossil fuels in the power sector. “This indicates that the world is spending significant amounts on infrastructure that will continue to emit and lock in greenhouse gases and intensify climate change. If we’re serious about the energy transition, this means we’re basically throwing money out the window, since this infrastructure will be useless a few years down the line and producing more harm that will incur additional human, and economic costs,” said Adib.

Despite the fact that there are international mechanisms and multilateral agreements in place, such as the Paris Climate Accords, to enhance global cooperation and collective action, governments are taking isolated and slow steps and holding back the required transfer of technology and finance. Failing to tackle global challenges collectively is leading to the fact that most countries are missing out on the socio-economic benefits of a rapid energy transition and risking hard consequences of exasperated poverty and climate change on human lives, nature, migration and conflicts.

### **About REN21 and the GSR 2023 Collection**

REN21 is the only global community of renewable energy actors from science, academia, governments, non-governmental organisations and industry across all renewable energy sectors. Our community is at the heart of our data and reporting activities. All of our knowledge activities, including the *GSR 2023 Global Overview and Renewables for Economic and Social Value Creation Module*, follow a unique reporting process that has allowed REN21 to be globally recognised as a neutral data and knowledge broker.

Since its first release in 2005, REN21 has worked with thousands of contributors to put the spotlight on ongoing developments and emerging trends that shape the future of renewable energy. Producing this report each year is a collaborative effort of hundreds of experts and volunteers contributing data, reviewing chapters and co-authoring the report.

For the first time in 2023, the GSR is released as a collection of modules, with the first one focusing on Renewable Energy Demand. The new structure makes the GSR a key tool in expanding the renewable energy discussion into key sectors and ecosystems, developing a shared language and driving a stronger integration of supply, demand, infrastructure, market and investment.

### **Media contacts:**

Yasmine Abd El Aziz, REN21, +33652256925, press@[ren21.net](mailto:ren21.net)

Jose Bonito, World Media Wire, +44 7528 01622.