

Djibouti city energy transition

For more than two decades, Djibouti has been in an energy race against time. The stakes are high for this small country with a subsoil devoid of any fossil fuels, and for which electricity coverage is as much a question of economic and social development as it is of national sovereignty.

"We are developing a strategy," says Yonis Ali Guedi, minister for the sector. Developing this sector would enable the country to have the energy resources required to set in motion the impressive urban, port, and in the not-too-distant future, industrial infrastructures that have been emerging over the past 10 years, in a highly unstable sub-regional context.

Aware of the difficulty of this equation, Isma?l Omar Guelleh (IOG) took up the issue in 1999. Only a few months after coming to power, the Djiboutian President secured the electricity interconnection project with his Ethiopian neighbour, which had been under discussion for several years between the two countries. It materialised in 2011 with the construction of a 283-km high-voltage line linking the Ethiopian town of Dire Dawa to the suburbs of Djibouti City.

"It represents 60 to 65% of the country's electricity consumption," says the minister. A second one is currently being completed to inject an additional 60 MW per day into the Djibouti network before the end of the year.

Increasing exposure to extreme heat, droughts, and floods pose serious risks to livelihoods in Djibouti as well as for the country's long-term economic growth. Without swift action, Djibouti could lose up to 6 percent of its GDP annually by 2050, equal to nearly four years of today's economic output, according to the World Bank Group's first Djibouti Country Climate and Development Report (CCDR).

The report provides a detailed roadmap for how Djibouti can transform these climate challenges into opportunities for sustainable growth and economic diversification, highlighting the importance of infrastructure investment, action on water and food security, and energy sector reform.

Djibouti shares many climate risks with other countries of the region, but Djibouti's role as the major port for the Horn of Africa makes the resilience of its transport infrastructure important to the entire region. Also, economic activity is concentrated in low-lying coastal Djibouti City, making protection against coastal flooding from sea level rise a key priority.

The International Development Association (IDA), the World Bank's fund for the world's low-income countries, has been a key partner in supporting Djibouti's development journey. The Djibouti CCDR emphasizes the crucial role of IDA support in helping the country secure the substantial investments required to adapt to climate change over the next 25 years.

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"This report emphasizes the opportunity for Djibouti to accelerate investments as we move to the goal of 100 percent renewable energy very soon," said Ilyas Moussa Dawaleh, Minister of Economy and Finance, in charge of Industry & Republic of Djibouti. "Our main objective is to reduce energy costs and expand access to it. We must ensure that all Djiboutians benefit from reliable and affordable energy. Djibouti is full of multiple renewable energy resources including solar, wind, geothermal and green hydrogen."

Djibouti has already made important infrastructure investments that can enable it to become a resilient hub for the region, ensure livability in a hotter and drier climate, and diversify its economy. These include investments in ports, rail, and roads, clean energy generation, water desalination and a water pipeline connection. The CCDR concludes that additional investments, capacity building in public sector management, and policies that incentivize private sector participation are needed to ensure that Djibouti reaps the full benefits of these investments.

Overall investment needs could exceed \$2.8 billion, while even a limited set of priority adaptation actions requires US\$1.1 billion in additional funds. Such investment can be consistent with Djibouti's goal of achieving both growth and debt sustainability if it is accompanied by economic reform and if additional adaptation resources are provided on a concessional basis. International support is particularly warranted given the regional importance of the resilience of Djibouti's economy.

Djibouti City, September 8, 2023 - President Ismail Omar Guelleh on Sunday, 10th September, will carry out the landmark inauguration of Djibouti's first-ever wind farm, advancing his stated ambition to make the nation of 1.1 million the first in Africa to rely entirely on renewable sources for electricity by 2035.

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Web: <https://sumthingtasty.co.za/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

