

Time for Africa to Assert its Energy Sovereignty: A Call to Africa's Leaders Ahead of COP28

Summary: Wealthy development funders are increasingly declining to support fossil fuel projects abroad, and instead prioritizing clean energy solutions. Clean energy investment is critical, but the refusal to fund alternatives hampers African countries' autonomy to make decisions on energy supply and use, which should be aligned with their unique economic, social, and ecological circumstances.¹ Failing to center the continent's development challenges in transition planning risks slowing growth trajectories in countries where poverty alleviation is critical. Therefore, African leaders must collectively challenge monolithic decarbonization narratives imposed on the continent and present a cohesive proposal that puts economic development at the heart of their low-carbon transformations.

Western inconsistency calls for urgent consensus from African leaders.

Development partners have pledged to stop financing fossil fuel projects abroad, yet continue to support carbon-intensive infrastructure for their domestic needs. The governments of rich nations and the development financiers they host are increasingly aligning their portfolios toward exclusively financing clean energy. Despite African leaders emphasizing the importance of natural gas for their economic development, the G7 countries committed to ending public finance for oil, gas, and coal projects abroad in 2022. However, at home, their own energy security and affordability took precedence over decarbonization. For example, in the aftermath of the Russian invasion of Ukraine, they have contradicted their pledges and sought to finance oil and gas production abroad to replace Russian supplies and meet domestic demand. Furthermore, the Biden administration recently approved the Willow oil drilling project, and the UK government will resume licensing projects in the North Sea. Yet, this nuance/discretion has not been extended to African countries, as development partners continue to promote deep decarbonization strategies that shun all fossil development, including downstream gas.

Additionally, support for low-carbon development in Africa to compensate for fossil fuel divestment has been limited. The scale and access to financing, technology transfer, and capacity building for mitigation and adaptation in Africa are well below what is required to achieve thriving low-carbon economies. The nationally determined contributions of 51

¹ Broto, V.C. (2017) "Energy sovereignty and development planning: The case of Maputo, Mozambique," International Development Planning Review, 39(3), pp. 229–248. Available at: https://doi.org/10.3828/idpr.2017.9

² G7 Climate, Energy and Environment Ministers' Communiqué

³ <u>Kigali Communiqué: Ensuring a Just and Equitable Energy Transition in Africa: Seven Transformative Actions for SDG7</u>

⁴ <u>Foreign Policy: Europe to Africa: Gas for Me but Not for Thee</u>

⁵ <u>DW: Europe scrambles for African gas</u>

⁶ New Statesman: From an African perspective, Grant Shapps's energy policy makes no sense

⁷ <u>Project Syndicate: What Climate Justice Means for Africa</u>

African countries estimated that they need \$250 billion of climate finance annually from international public and private sectors; yet, as of 2020, only 12% of that amount is being provided.⁸

In contrast, wealthy nations are implementing massive investment and subsidy packages to support domestic green industrial development. The US Inflation Reduction Act and EU Green Deal Industrial Plan include significant public spending, tax incentives, local content requirements, and other support to bolster domestic green manufacturing. Experts project that the success of these policies could come at the expense of developing economies, which could see reduced green foreign direct investment. Given that many African countries rely on the US and EU for foreign aid, they could be disadvantaged as a result. According to the African Climate Foundation (ACF), the European Union's (EU) Carbon Border Adjustment Mechanism (CBAM) is set to deflate Africa's GDP by 1.12%.

Reclaiming Africa's energy transition discourse.

It is immoral for large historic (and current) emitters to implement policies that can stifle African development, to address a challenge that the continent has little responsibility for. Even doubling the continent's energy-related emissions would make only a modest contribution to the global carbon stock. In 2021, Africa contributed 4% of the world's energy-related emissions, well below its 17% share of the population.¹³ It is time to reclaim the discourse surrounding Africa's energy transition and shift underlying presumptions driven by wealthy nations' perspectives.

- 1. Emissions reductions are a means to an end, not an end in themselves. The objective of climate change mitigation and adaptation is to avoid a decline in quality of life due to climate shocks. Thus, the manner and pace of the transition for African countries should be determined based on how effective it is at improving livelihoods. Climate change is a significant threat to African countries, but so are poverty, poor access to healthcare, food insecurity, and lack of education. Moreover, higher incomes are necessary to adopt climate-resilient infrastructure and achieve better health, education, and employment outcomes. Consequently, energy solutions should support *all* of these aims, going beyond just emissions reduction or avoidance.
- 2. It is unjust for Africa to be the testing ground for industrialization via renewables, as it has no legacy infrastructure to fall back on. Developed nations have infrastructure that can meet their energy needs today, as they attempt to transform their economies with minimal disruption to livelihoods. The path to industrialization and prosperity via clean energy alone remains largely untested and unclear in many African countries, while rich nations have shown little action to back up their promises of support. Their engagement with the continent remains

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⁸ FSD Africa: The state of climate finance in Africa: Climate finance needs of African countries

⁹ European Commission: A European Green Deal

¹⁰ CSIS: Getting Real on the Inflation Reduction Act

World Economic Forum: Green subsidy race? 5 experts explain what to expect

¹² African Climate Foundation: EU's CBAM: Africa Could Lose Up To \$25b Per Annum as a Direct Result

¹³ European Commission Joint Research Centre: CO₂ emissions of all world countries

extractive, with no clear commitment to localizing value addition. For example, Germany's H2Global green hydrogen initiative aims to provide funding for products abroad to support the EU's import target of 10 million tonnes by 2030.¹⁴ Yet, Namibia and Angola are already expressing concern about the transparency and local benefits of the proposed deals.^{15,16} Even the cheapest form of clean energy, solar, has struggled to scale in Africa because of a lack of bankable projects and affordability concerns.^{17,18} Given that Africa's cautious approach to the transition is rooted in these realities, pro-climate commentators shouldn't misrepresent the desire for some fossil fuel projects as a laissez-faire attitude to emissions.¹⁹ Instead, they should recognize that other energy solutions are needed, while viable renewable projects are developed.²⁰

- 3. Climate justice shouldn't only mean subsidizing Africa's climate action. It should include the freedom to decide what those actions are. The Global South has strongly advocated for more climate finance from their wealthier counterparts in COP negotiations. However, it appears that additional support may now be contingent on following prescribed transition pathways, as implied by bans on fossil fuel financing. Pressuring African countries to adopt specific decarbonization pathways whether through investment bans, carbon border taxes or other measures denies them the agency to chart their own ways forward. The non-binding and consensus-seeking nature of the COPs has allowed countries to avoid honoring climate action commitments without repercussion, especially when it is at odds with their national interests. Africa should have the agency to do the same.
- 4. **Mitigation and adaptation shouldn't exacerbate economic struggles.** Currently, loans comprise 72% of climate finance provided to the continent.²⁴ Africa is home to the countries at greatest risk of climate vulnerability and debt distress. Each of these challenges threatens to exacerbate the other by increasing the cost of capital and limiting fiscal room for climate action (see Figure 1).²⁵ 24 of the V20 group of climate-vulnerable nations, and 21 countries in or at high risk of debt distress are African.²⁶

¹⁴ Energy Capital & Power: AEC, German Stakeholders Unpack African Green Hydrogen Opportunities at Invest in African Energy Reception

¹⁵ <u>DW: Germany eyes Namibia's green hydrogen</u>

¹⁶ DW: Experts urge caution on Angola-Germany green hydrogen deal

¹⁷ <u>Centre for Global Development: Where Are Africa's Clean Energy Projects? A Proactive Agenda for the US</u> <u>Government</u>

¹⁸ TechCabal: In 2019, Big Cabal switched to solar power: here's our experience so far

¹⁹ Global Citizen: The Fossil Fuel Industry Is Coming for Africa. These African Campaigners Are Fighting Back.

²⁰ Climate Action Tracker: Natural gas in Africa: Why fossil fuels cannot sustainably meet the continent's growing energy demand

²¹ London School of Economics: What is climate finance?

²² <u>Greenpeace: Group of Blockers: Developed countries choking urgent Loss and Damage demands</u>

²³ Vox: The US, Japan, and Australia let the whole world down at the UN climate talks

²⁴ Vox: The US, Japan, and Australia let the whole world down at the UN climate talks

²⁵ Brookings Institution: The debt and climate crises are escalating—it is time to tackle both

²⁶ Eurodad: How are climate and debt interconnected?

- 5. Africa should seek an equality of outcomes, not equality of opportunities. While the transition presents opportunities for new, green industrial development, there is no guarantee that African countries will realize these outcomes to the same extent as richer nations, given their economic disadvantages. To avoid exacerbating inequalities at the price of lower emissions, a broad set of measurable development outcomes, such as the Sustainable Development Goal indicators, should be used to assess the transition's success. Just as the SDGs recognize that climate action (SDG 13) is only one measure of societal progress alongside poverty reduction, access to affordable energy, decent employment, and sustainable industrialization so too should global energy transition decision-makers.
- 6. There is no single African energy transition story. Differing national realities on the continent, including natural resource base, existing energy infrastructure, and local capacities, likely mean optimal decarbonization pathways will differ. For example, Kenya has predominantly utilized its geothermal and hydro resources for power, making its transition less challenging. In contrast, countries like Nigeria and South Africa, which have relied on indigenous fossil fuels for fiscal revenues and power generation, will face greater challenges. Proponents of 'leapfrogging' or net zero narratives willfully ignore these realities, which is dangerous, as these narratives begin to influence high-level policymaking. Ignoring the unique circumstances of each country can be risky and undermine the effectiveness of climate action strategies.

Recommendations.

Closing the income and energy use gaps between Africa and the rest of the world is the continent's most urgent development challenge. It shouldn't be taboo to opt for faster economic growth over faster climate action when both objectives cannot be achieved simultaneously. In the run-up to COP28, African negotiators must advocate for a new paradigm of climate justice that prioritizes agency, developmental impact, and wealth creation, not only emissions reduction or avoidance. To ensure effective coordination with global climate action, the following conditions should be met:

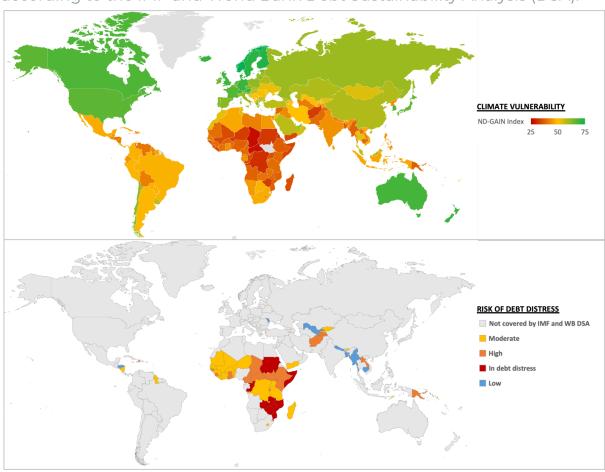
- 1. Development financiers should maintain broad criteria for energy infrastructure that go beyond emissions reduction and include national development aims, such as poverty reduction and job creation. Offers of support that neglect the host nations' ambitions will only create further antagonism and hinder cooperation on climate change.
- 2. African countries below the agreed development thresholds should be granted exemptions from stricter climate policies. For example:
 - a. No restrictions on financing oil and gas projects when per capita electricity consumption is below the Modern Energy Minimum.²⁷
 - b. No trade penalties, such as carbon border taxes, for emissions embodied in export goods from low-income countries.²⁸

²⁷ Energy for Growth Hub: Modern Energy Minimum

²⁸ New World Bank country classifications by income level: 2022-2023

- 3. Multilateral forums such as the COP, G7, and G20 should formally adopt a "do no harm" climate policy objective. Protests about Western hypocrisy on climate change have proven ineffective at creating a paradigm shift.
- 4. Divestments from fossil fuel projects, where necessary, should be re-channeled to support the growth of the clean energy sector in the same locations.²⁹ Renewable generation alone cannot absorb all of that investment, given the lack of bankable projects. However, investments in other infrastructure (e.g., better electricity networks and critical mineral exploration) can still support sectoral growth.

FIGURE 1: Maps showing the ND-GAIN Index (above), a measure of vulnerability to climate change, and countries' risk of debt distress according to the IMF and World Bank Debt Sustainability Analysis (DSA).³⁰



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²⁹ CREA: BRIEFING: 12.8 GW of Chinese overseas coal project cancelled, but 57 GW could still go ahead

³⁰ World Bank: Debt Sustainability Analysis (DSA)