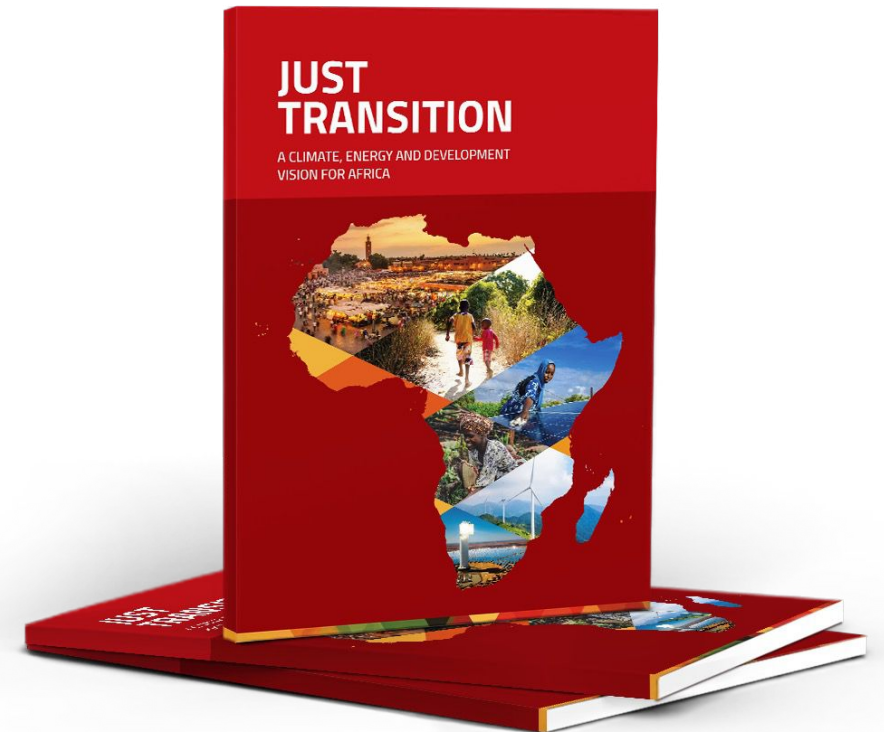


# JUST TRANSITION:

## A CLIMATE, ENERGY AND DEVELOPMENT VISION FOR AFRICA

Launch webinar  
29 May 2023





# **PARTS I & II SETTING THE CONTEXT AND WAYS FORWARD**





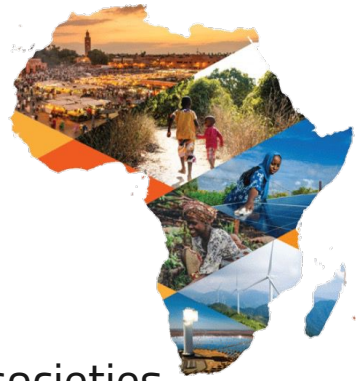
# Africa faces a complex set of intertwined challenges which demand radical change



- With over a billion people and 55 countries, Africa is home to diverse economies, resources, ecosystems and cultures
- Yet decades after independence African countries continue to face **famine, energy poverty, regional conflict, patriarchal oppression, economic insecurity, indebtedness** and a host of other impediments
- These and other structural development crises are increasingly compounded by **climate change**
- Underpinning both are challenges relating to **energy**. Africa must scale up energy production and access, while leapfrogging outmoded dirty-energy systems to modern, affordable, renewable energy systems.



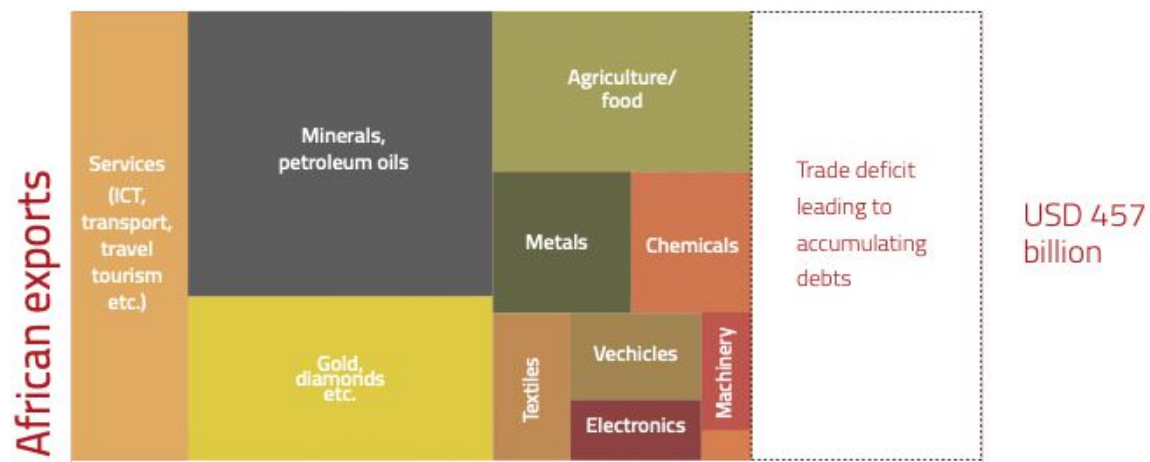
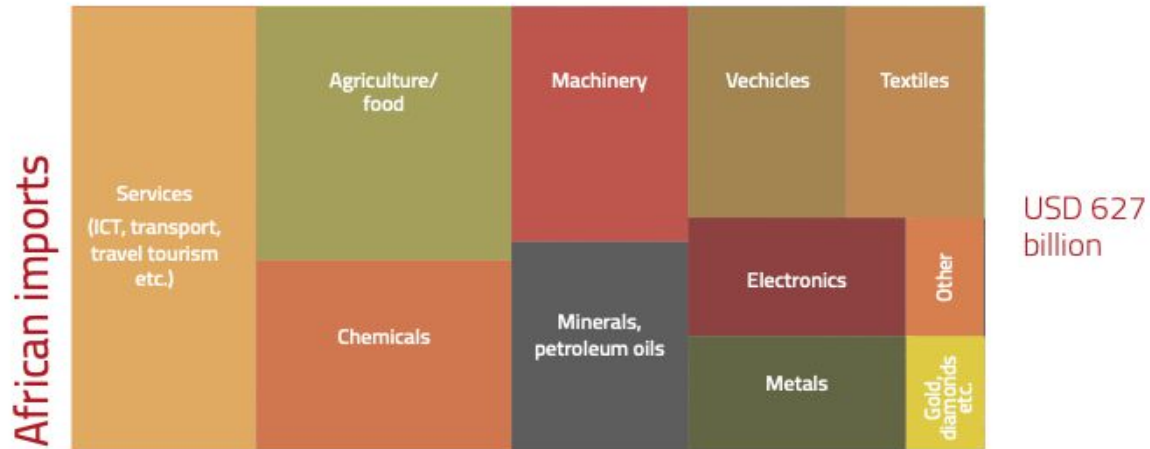
# Africa's structural crises are rooted in its history



- **Colonialism** moulded Africa's economies and societies to meet the labour and material needs of Western industrialisation and development.
- **Post-colonial** efforts to correct these imbalances, increase independence and nurture infant industries were curbed by energy crises, indebtedness and structural adjustment policies.
- Today African countries **continue** to depend on exporting primary products, resulting in economies that are fragile, vulnerable to shocks, and highly dependent on external factors.



# Africa faces three main structural deficiencies which create a vicious cycle of indebtedness



- African economies suffer at least three structural deficiencies that constrain development potential:
  - a) a **lack of food sovereignty**;
  - b) a **lack of energy sovereignty**; and
  - c) **low-value-added content of exports** relative to imports
- These deficiencies in turn contribute to structural **trade deficits**, weakened African **currencies** and pressure to issue **debt** denominated in foreign currencies, resulting in more indebtedness
- Faced with depreciating currencies and rising import prices, African governments typically resort to subsidising necessities and artificially maintaining exchange rates by **accumulating more debt**

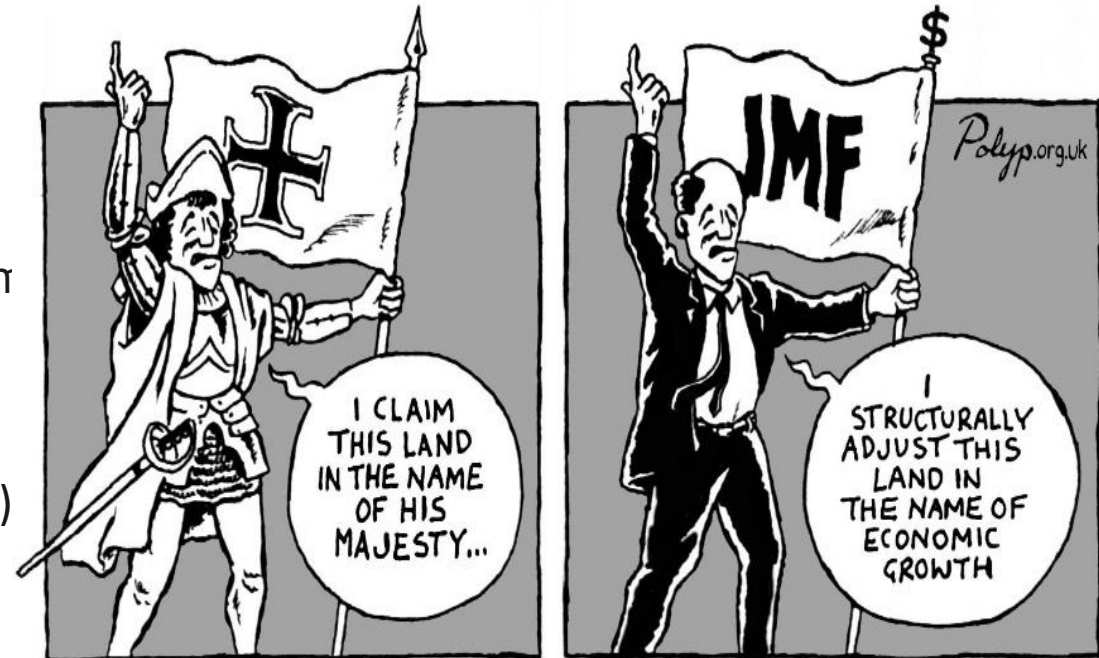
# Traditional economic policy responses promote traps that deepen Africa's indebtedness and dependence



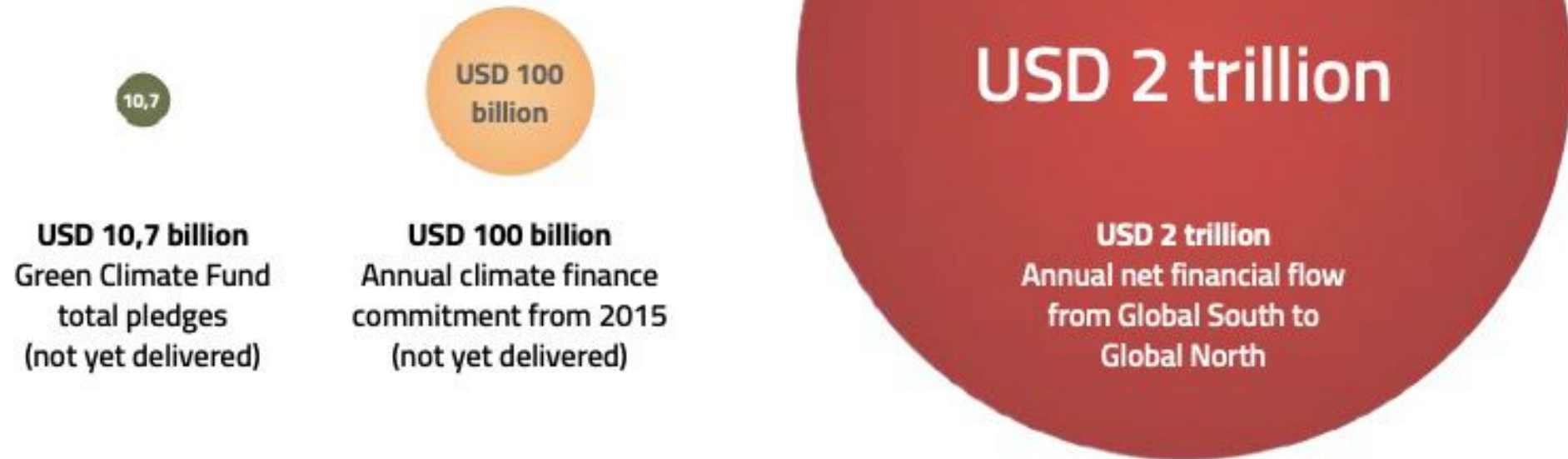
Many mainstream “development policies” masquerade as solutions to these problems, but are in fact structural traps that exacerbate the crisis.

- **Tourism** (while still being a net-importer of basic resources)
- **FDI and export-orientation** (while still being at the bottom of value chains)
- **Remittances** (while causing a brain-drain)
- **Financial liberalization** (encouraging speculation bubbles)
- **Privatising state-owned enterprises** (putting short term cash ahead of long-term value)

All can create a race to the bottom that intensifies indebtedness.



# The result is net neocolonial wealth extraction of over \$2 trillion from the global South to North every year





# Incrementalism will not solve this – we need a radical renewal of Africa's vision



- To break free from these traps, and manage a rapidly changing external context, Africa needs a **renaissance of endogenous ideas and leadership**
- Building on existing plans, such as Agenda 2063, can renew a vision of genuine **people-centred development**, framed in terms of African values and cultures, focused on meeting the needs of every African, and centred on social justice, feminist values, and meaningful progress
- Africa's vision for itself can be complemented by a more **assertive international role**, including South-South collaboration and self-reliance, more robust engagement in geopolitics, and systematic reform of the international architecture to address African and global challenges



# The foundation of a better African future is more resilient food, energy, and industrial systems



Africans can achieve **food sovereignty** by shifting away from export-oriented, cash-crop, industrial agriculture that has left Africa hungry, towards community-based agro-ecological systems that provide nutritious food, sustained yields, secure livelihoods, and climate resilience.

Africa must escape the post-colonial trap of prioritising extractive industries, assembly-line manufacturing and low-value-added exports through a **pan-African industrial policy** that develops African resources and human capacities, expands internal markets and economies of scale, and prioritises strategic investments, planning and partnerships.

More resilient agriculture and industrial systems must be powered with energy, and Africa has an unprecedented opportunity to leapfrog the dirty and obsolete energy systems of the past towards more **modern, people-centred, decentralised renewable energy systems**.

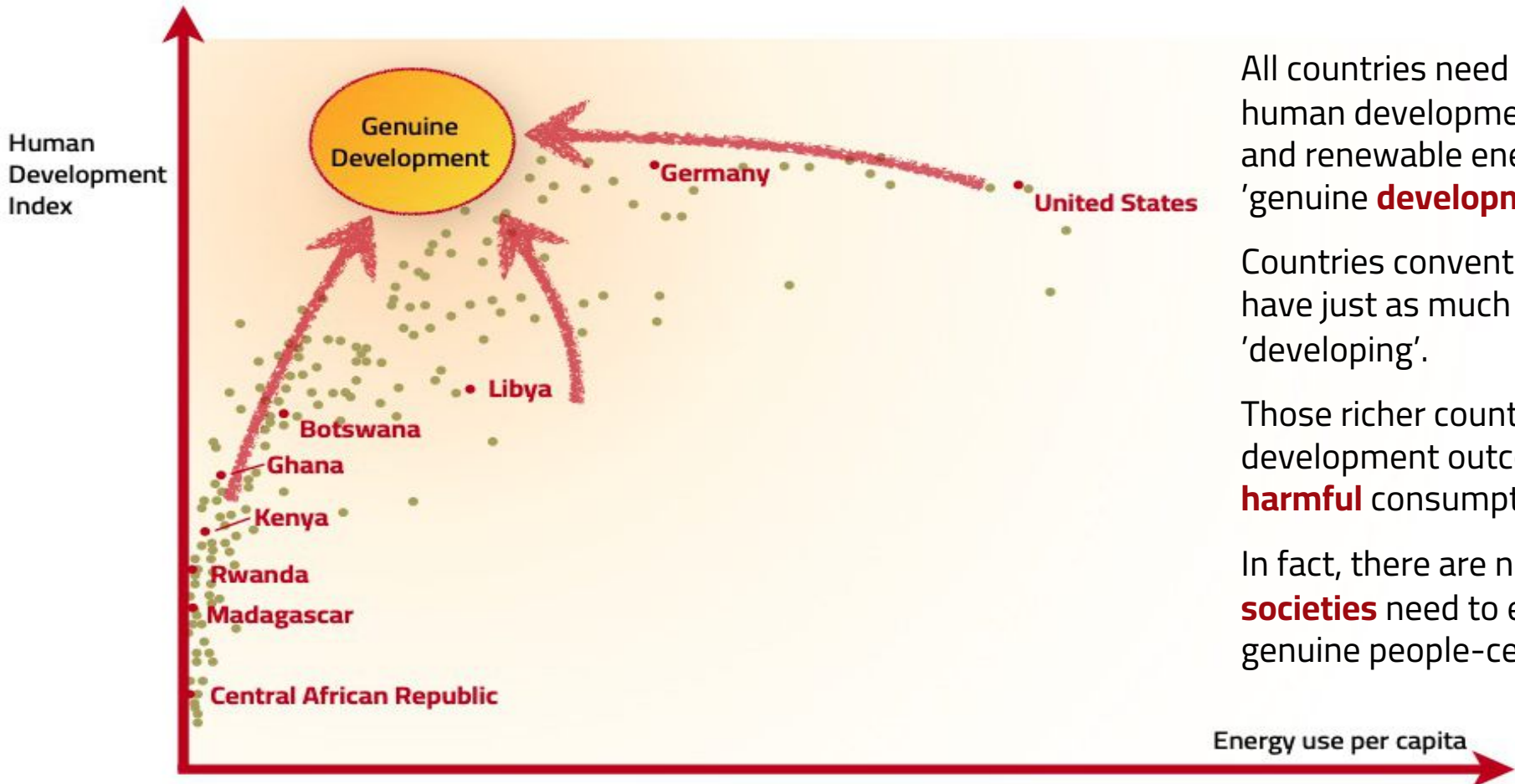


# PART III A SPOTLIGHT ON ENERGY





# There are no truly “developed” countries – All need to change to achieve sustainable prosperity



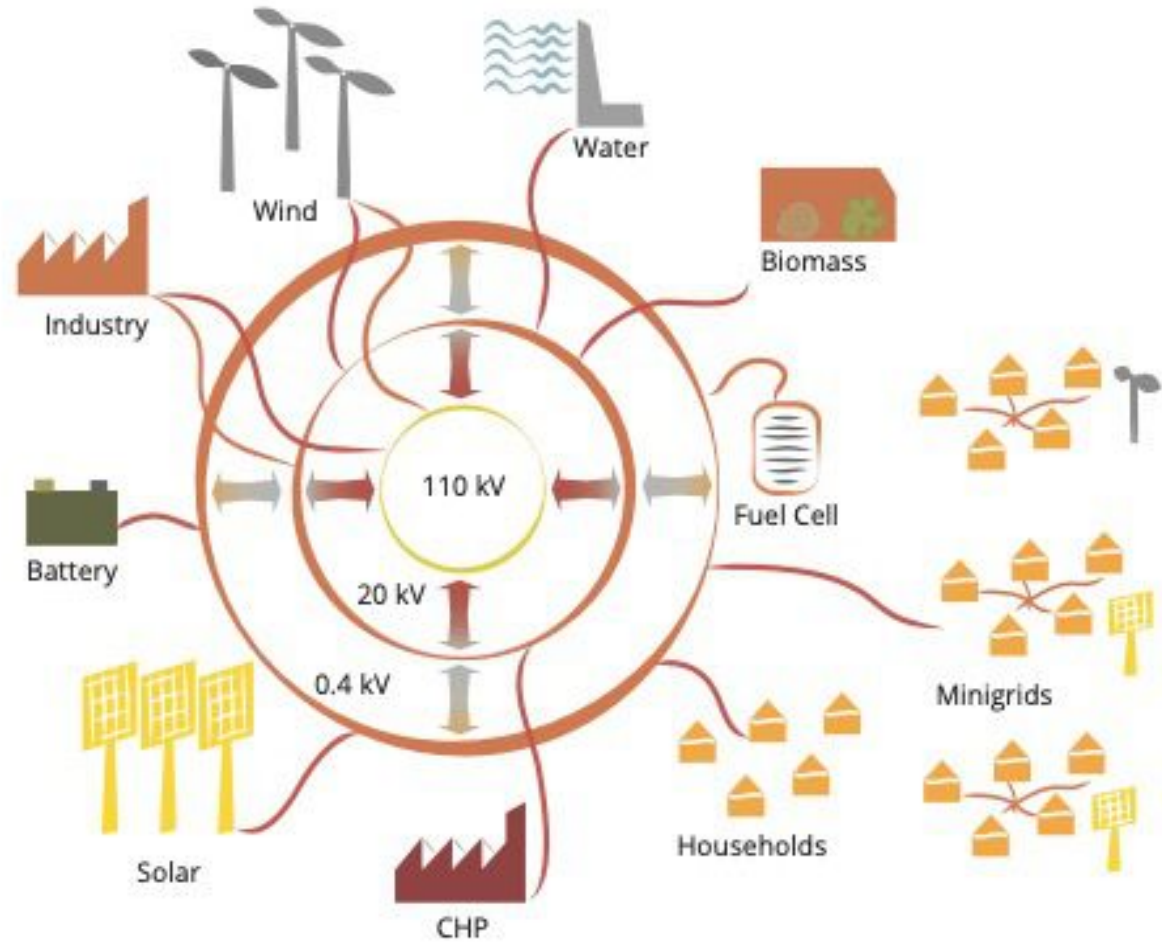
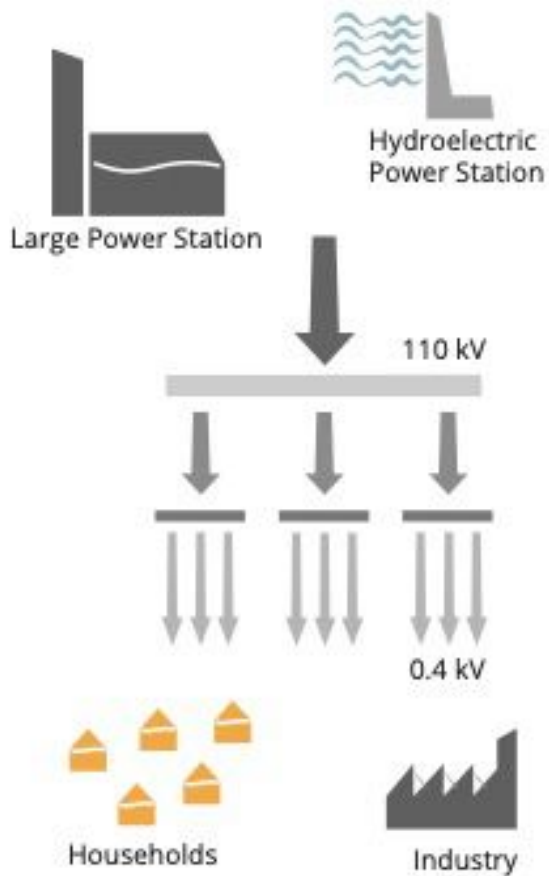
All countries need to converge to a zone of high human development levels coupled with sustainable and renewable energy consumption — a zone of ‘genuine **development**’.

Countries conventionally referred to as ‘developed’ have just as much work to do as those considered ‘developing’.

Those richer countries must maintain or improve development outcomes while **reducing excess and harmful** consumption.

In fact, there are no ‘developed’ countries — **all societies** need to embark on a quest to define new, genuine people-centred and sustainable development.

# We need to transition both our energy sources (dirty to clean) and our energy systems (centralised to distributed)





# Our report highlights several key principles for the energy systems we want



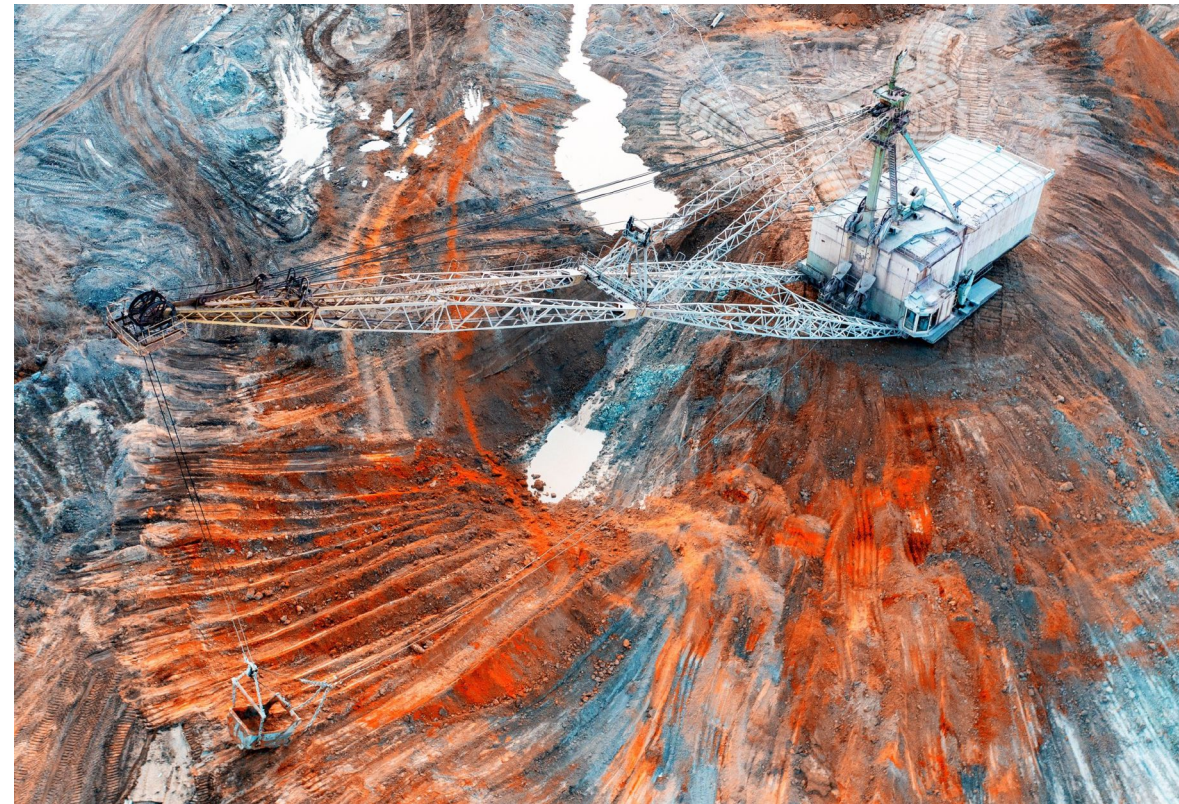
- Ensuring **African ownership and agency** in energy initiatives and plans
- Integrating energy systems design into **wider development objectives and planning**
- Establishing clear **policy priorities**, such as support for clean cooking and diversification of energy generation and ownership
- Providing scope for the delivery of **energy as a common good** and to genuinely foster energy democratisation
- Ensuring stakeholder **participation, equity** and **sufficiency** in terms of energy use



# A just energy transition must also ensure the right choices about renewable energy

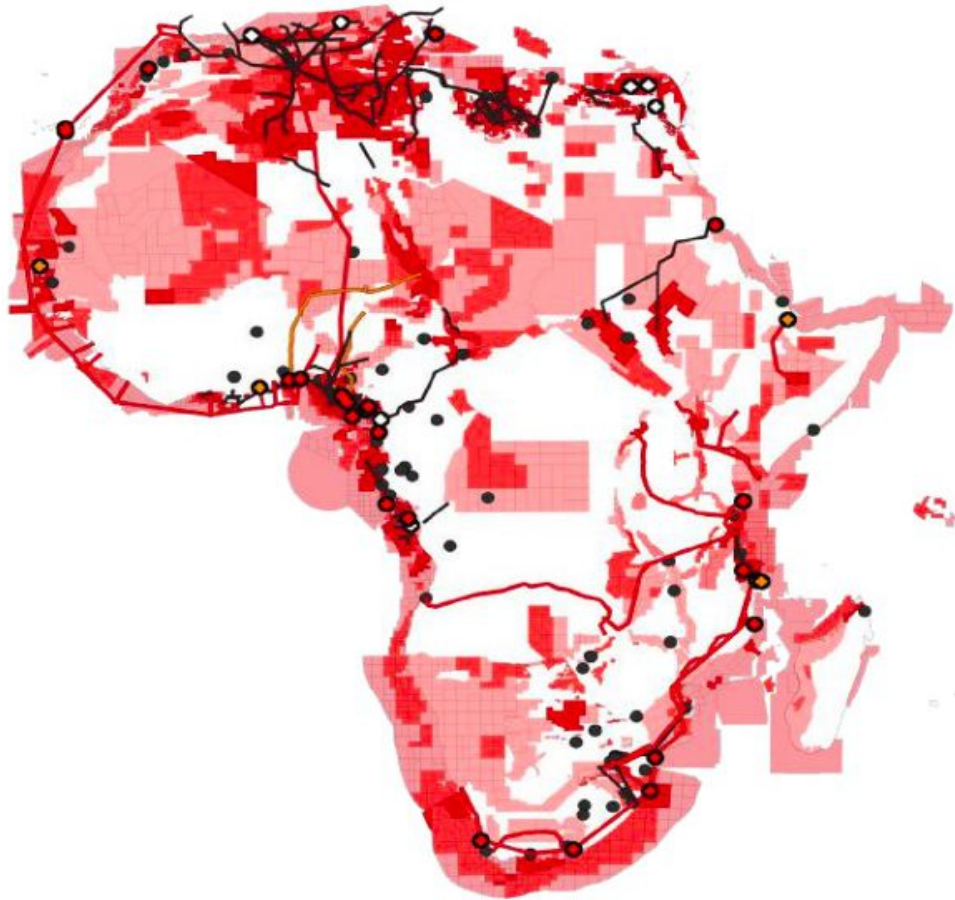


- The transition to a new model of energy provision must also navigate multiple **pitfalls**
- The **mining** of mineral inputs, and new energy infrastructure, must meet human rights, social and environmental standards
- Scarce **material resources** must be managed to generate long-term prosperity
- Proposed **new technologies** should be carefully **evaluated**
- Africans will need to be proactive to ensure the narrative of “**just transition**” is not appropriated by polluters, and African initiatives are not captured or diverted to meet the interests of donor countries, transnational companies or other foreign interests.





# A genuine energy transition must move rapidly away from fossil fuel dependence

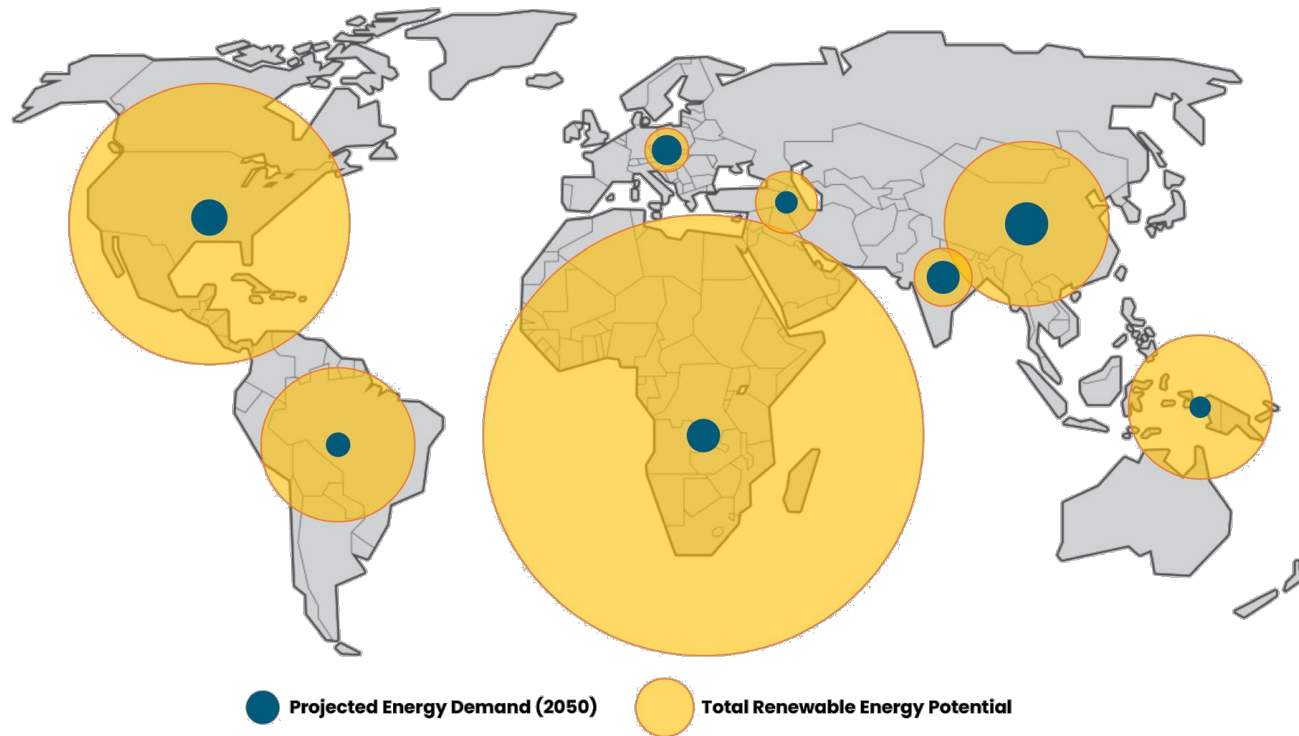


Current & planned fuel production in Africa



- As a new model of energy provision comes into focus, old **vested interests** are reasserting themselves
- The Russian invasion of Ukraine intensified the “**dash for gas**” and European governments and industry are redoubling efforts to extract and export fossil fuels from Africa
- These plans carry **multiple risks and uncertainties**, including potential for substantial stranded assets, especially since Europe has sped up its decarbonisation journey
- Rather than doubling down on fossil fuels, **Africa’s right to development** would be better served through renewable systems that can achieve universal access, enable food security and regional industrialisation, while advancing African and global climate goals

# Africa has immense renewable energy potential



- The world has significantly more **renewable energy potential** than is needed to provide **100% energy access** globally by 2050 in ways compatible with keeping warming below **1.5°C**
- Numerous analyses show how **Africa** is the continent with the **most favourable conditions** for harnessing renewable energy, with potential far outstripping any projected needs.



# PART IV FINANCING THE TRANSITION





# Africa can kick-start its own transition and development with strategically targeted domestic spending



- The dominant narrative is that Africa lacks the resources, and so will need to borrow more to fund the transition
- In fact, as well as addressing the highlighted structural traps, **African governments have a range of tools** at hand to enhance the generation of domestic resources
- One is to **address the lack productive capacity** — such as skilled labour, technical know-how, capital equipment — to begin scaling up domestic production without adding to the need for external inputs and debt
- Complementing this is the creation of more accountable markets and institutions, by **addressing market concentration and abusive practices** that misallocate resources and corrupt institutions





# Mainstream beliefs suggest African government spending increases inflation – we believe the right spending can combat inflation



## The mainstream approach

If Tunisia spends **2 billion** Dinars on Health & Education:

- More imports of food/energy/medical equipment
- Larger trade deficit
- Weaker exchange rate
- Passthrough inflation effect (even hyperinflation!)
- More external debt
- IMF/foreign lenders mandate spending cuts: Austerity
- Less investment in Health & Education
- More unemployment, brain drain, social, economic & political tensions

## An alternative development approach

If Tunisia spends **1 billion** Dinars on Health & Education, and **1 billion** Dinars on **a)** increasing domestic productive capacity of food, renewable energy, energy efficiency, and **b)** crackdown on corruption, abusive price setters, importers of luxury goods via taxation/regulation:

- Fewer imports of food and energy
- Lower trade deficit
- Stable (or stronger) exchange rate
- No passthrough inflation effect
- Lower external debt, and higher credit ratings
- Increase in foreign currency reserves
- More resilience to external shocks (food/energy security)
- Lower carbon footprint
- More employment, less brain drain, improved quality of life

# Domestic spending alone won't be sufficient for radical change – Africa must also address a range of external financing factors



## African countries should unite to push for:

- Scaling up of finance through existing mechanisms such as **multilateral climate funds**
- Initiating new measures such as **global programs** to support renewable energy deployment
- Deploying **innovative financial sources** such as financial transaction taxes, redirection of subsidies and special drawing rights (SDRs)
- The systematic **cancellation** of unfair and odious **debts**
- Improved **regulation of transnational corporations** and **tax evasion**
- Reform of imbalanced and unfair international **rules on trade, investment and technology**
- **Reform of the international financial architecture**, drawing on historical processes such as the New International Economic Order, and new ones such as the Bridgetown Initiative
- **Reparations** for colonial atrocities, biopiracy and the appropriation of cultural heritage



# Summary: Key Messages



- Africa can formulate **another development** vision that builds on the rich tradition of African collective, endogenous cultures, breaks dependencies and indebtedness, and fosters enhanced self-reliance
- This must address at least **three structural deficiencies** limiting development: a lack of food and energy sovereignty, and low-value added content of exports relative to imports
- **Energy and food sovereignty** can reduce dependence on foreign imports, cater to genuine, basic needs, and build productive capacity
- A new model of **value-added industrialisation** can enhance opportunity, generate employment, reduce indebtedness and secure a greater share of the benefits for Africans
- With the right policies, African countries have **considerable agency and fiscal space**, and can invest resources through their own means and currencies
- Remaining investment needs must be made possible through **international support and reparations**, in accordance with principles of equity and fair shares
- Africa can **inspire questioning of the mainstream development paradigm** beyond Africa. The set of intertwined, existential crises facing all societies calls for a deep reset of the meaning of 'development' and progress, everywhere
- African countries can succeed with their just transition if they **unite and re-embrace a truly pan-African vision**
- We look forward to **further dialogue about the findings of the report** and how to take them forward





# Concluding remarks



**A renaissance of African vision and leadership is possible.**

In a rapidly changing world, Africa can **renew its vision to avoid the pitfalls** of the past, tackle emerging challenges, and realise new opportunities,

Our report offers **principles** that can support this renewal, measures that can help it break free from structural traps, and proposals for a modern energy system to power people-centred prosperity, gender equality, and well-being in an era of climate change.

Through this report we invite all relevant stakeholders to **join us in reimagining** a new framework for African resilience and prosperity — one that can simultaneously tackle the linked challenges of climate, energy and development.



# Today's speakers



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Vice Chair, IPCC

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Executive Director, Coalition for Dialogue on Africa

Discussant



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