

EAST AND SOUTHERN AFRICA CSO CLIMATE CHANGE AND ENERGY TRANSITION JOINT CAPACITY BUILDING WEBINAR SERIES

AFRICA ISSUES SUMMARY REPORT ON THE ROAD TO COP 27 AND AFTER



Theme: Positioning Africa's Civil Society and Citizens on Climate Change, Energy Transition and Extractives in Readiness for COP 27 and after

Disclaimer. This is a summary brief of issues drawn from panellists and participants of the East and Southern Africa webinar series coordinated and organised by major civil society organisations, Natural Resource Governance Institute (NRGI), Tax Justice Network Africa (TJNA), Publish What You Pay (PWYP), Oxfam and Eco-News Africa in the positioning of voices and messages towards an African people centred CoP27 anchored on Climate Change, Energy Transition, and the Extractive sector. The views contained in the report do not necessarily represent the views of one particular organisation but a collection from diverse opinions on the issues around climate change and energy transition and possible positions and pathways that African governments could take. Organisations and readers are at liberty to pick out any areas or positions that they are most aligned for advocacy.

Background/Introduction

Despite being the least polluter, Africa is at a crossroads faced by the vagaries of climate change, looming energy transition commitments and meeting an envisaged development trajectory based on the use of its extractive resources to reduce poverty and inequality.

Developed and developing countries, through the Paris Agreement, committed to acting to limit the global average temperature increase to well below 2 °C, and to pursue efforts to further limit this to 1.5 °C above pre-industrial levels. Capping global warming at 1.5°C requires that global emissions reach net zero by 2050, according to the United Nations Intergovernmental Panel on Climate Change.¹ Meeting this target requires a large-scale mobilisation of political and economic capital to accelerate the process of replacing carbon-intensive energy infrastructure with low-carbon energy sources.

Climate change and the attendant consequences pose significant risks to Africa. Particularly its fossil-based extractive sector. Oil, gas, and coal reserves could remain stagnant or stranded and thus Climate change and energy transition has a bearing on the continent's developmental efforts to address energy poverty for the growing population and the overall industrialisation agenda.

The 2022 United Nations Climate Change Conference, more commonly referred to as COP27, will be held from 6 - 18 November 2022 in Sharm El Sheikh, Egypt, has been deemed "African COP". Interestingly, this will not be the first COP on the African continent, Africa has hosted other CoPs before in Morocco, Durban, and Nairobi. If going by the precedent set by past COPs, climate change commitments and targets have never been honored especially by the global north lead carbon emitters, even after the Paris Agreement. In most cases, the African political leadership has been disjointed in terms of a common position grounded on the realities of the continent's people, livelihoods, and economies as the least contributors to the climate crisis. Furthermore, the people's voices and grievances are often excluded in the negotiations and processes thereafter. The net result has been a technical process which has led to a potentially slow but catastrophic climatic journey to oblivion, with Africa bearing the brunt of climate shocks and stress.

With this concern, major East and Southern African Civil Society Organisations (, Natural Resource Governance Institute (NRGI), Tax Justice Network Africa (TJNA), Publish What You Pay (PWYP), Oxfam and Eco-News Africa mobilised and organised interactive webinars, in a series, to learn and share common concerns around climate change and the energy transition as they pertain to the African continent and its people. This policy brief provides a summary of the key issues that came out of these webinars to shape a concomitant position or asks that can assist African governments and negotiators in developing a people-centred position at the (delete upcoming) COP27 and after.

¹ Joeri Rogelj et al., "Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development," in Global Warming of 1.5°C. An IPCC Special Report on the Impacts of Global Warming of 1.5°C above Pre-Industrial Levels and Related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty (IPCC, 2018).



Climate Change and a Just Energy Transition for Africa

Climate Change and Transition should be about people. A just transition cannot be achieved if the majority affected by climate change and are likely to be affected by the energy transition as a mitigation measure are not heard on the negotiation table.

Climate change has been broadly defined as a change of climate that is attributed directly or indirectly to human activities that alter the composition of the global atmosphere. It is a natural climate variability observed over a comparable time.

There exists what is now implicitly considered two narratives or paradigms to address the catastrophic impacts of climate change. One paradigm is pushing for a faster move away from fossil-based fuels and the other vouching for a gradual and well-balanced process which enables, particularly the developing countries (including those from Africa), to address the climate impacts grounded in their realities and development imperatives.

The Intergovernmental Panel on Climate Change (IPCC) report confirms an exacerbation of the impacts of climate change on the globe with recent data showing that the total anthropogenic emissions have increased and reached the highest levels since 1850; since 2010 they have continued to rise and are now their highest levels. The average green gas emissions between 2010-2019 are higher than it has ever been in human history. In brief, the earth is literally frying under our feet and on our watch.

Previous reports indicate that Africa is experiencing more rises in temperatures and sea levels than anywhere else in the world. In the next decade, Africa will experience intense heat waves of up to 5 times more than ever recorded, more uncertain rainfall, droughts, and a change in general weather patterns. With these anticipated disruptions, mitigation and adaptation are required to reduce anticipated climate change risks.

Unless something is done immediately to curb greenhouse gas emissions, the threshold of attaining the 1.5% agreed upon in the Paris Agreement will not be attained. At least 43 climate change solutions have been identified with financial tags and statistics showing that the cost of ending climate change is not enormous. An estimated USD100 million annually is required to address the impacts of climate change.

Tracking both mitigation and adaptation could save up to USD17.5 billion annually. But if not done, the cost of adaptation could go up to USD1.3 trillion. The numbers tell that the impacts of climate change are widespread and life-threatening.

The unit cost of several low-emission technologies has fallen since 2010 and innovation policy packages have also enabled the costs to go down. Both innovation systems and policy packages have helped to overcome the distributional, environmental, and social impacts potentially associated with the global diffusion of low technology. For renewable energy, there is a sustained decrease in the unit cost of solar energy by almost 85% making solar energy now easily accessible. The cost of wind energy has gone down by 15% and lithium batteries, for energy storage, have gone down by about 85%. The deployments of these technologies has also increased in developed countries. Unfortunately, this investment and technological advancements are not evenly distributed; they are scantier in less developed countries and Africa in particular.

There is, therefore, a need for the transfer of environmentally sound technology from the global north to the global south (especially Africa). Technology needs to be harnessed and made affordable to mitigate the risks of climate change. Africa should not only be a market but also a producer of climate change mitigation technology. As a matter of essence and fairness, the production of transition technologies must be done on the African continent to make use of existing technology input resources, add value and create jobs.

A major concern now is that as the transition is happening, Africa is being left behind and the expectation is that it must catch up at a similar pace to its developed counterparts. It's against this background that the justice of the transition in Africa is being questioned; there have been calls for a just transition with the financing issue being top of the agenda.



Financing a Just Energy Transition for Africa

Financing Africa's climate change and energy transition pathways is mutually beneficial to both Africa and the developed world, as by virtue of its location and current low levels of emission, Africa so far is the largest existing carbon sink and buffer that so far can help save the globe.

A just energy transition for Africa cannot be achieved without financing. There is sufficient liquidity and capital to finance climate change. In 2010 developed countries committed to provide USD100billion annually towards financing climate actions. Unfortunately, this promise has not been honoured and much is not reaching the African continent. According to UN Africa Renewal Magazine of September 2022, to date, only \$80 billion of the \$100 billion per annum commitment by developed countries for developing countries by 2020 has been met. Of this, only around **\$20 billion** was provided to Africa from 2016-2019.

Africa requires and faces acute shortage in access to energy. Around 759 Mln people in Africa still lack access to electricity. According to the UN Road Map to 2030, it requires only 35bln annually to bring electricity to the 759 million who lack it in Sub Saharan Africa. Indeed, with as low as USD 25 bln annually spent, can raise all 2.6bln people who have no access to electricity, yet we seem not to get this money. CoP27 should be where this stain of shame in the fight against climate change is put to an end.

Africa is not ready to finance a just transition because governments have a limited fiscal space to finance it due to debt servicing pressures and competing priorities for social expenditures. Africa is on the brink of major urbanization and is therefore in urgent need of energy. The International Renewable Energy Agency (IRENA) estimates that Africa requires an investment of USD70 billion in renewable energy projects by 2030 for clean energy transformation to take place.

Developed countries must provide financing which was committed at all previous cops and follow by curbing illicit capital and financial out flows from Africa to enable the continent to use it to finance the transition.

For Africa to be ready for climate change and energy transition, there's need to seal the existing financing loopholes that are facilitating for Illicit Financial Flows to the tune of U\$ 89 billion annually (according to the 2020 United Nations Conference Trade and Development report). This however shows that Africa could meet and exceed its financing gap of U\$ 70 billion for renewable energy if these tax loopholes are closed.

Africa must be cognizant of the geopolitics surrounding climate change and the energy transition. Thus, African delegates at COP27 must commit financially towards clean sustainable energy systems on condition that developed countries avail climate financing grants.

We are aware of and appreciate the Just Transition Energy Partnerships (JETPs) which has or is being negotiated with countries such as South Africa and Senegal as a financing mechanism for the energy transition from coal. But we are concerned about the inequity, lack of transparency and participation by civil society and people likely to be directly affected by climate change and the energy transition in these negotiations.

We question and are unhappy with the principles on which these JETPs are structured. For example, the financing structure, which is largely based on loans, is unjust. In our view, it will keep the receiving countries perpetually indebted and will be made to pay for the pollution they did not contribute towards. A key demand in this regard is the need for transparency in financing and the Justice Energy Transition Partnerships (JETPs) which are currently being negotiated as a financing mechanism for climate change and energy transition. JETPs must equitably address both energy and justice angles.

We demand to know how much of the financing negotiated and agreed upon in each of these JETPs will finally reach the recipient countries. Funds available under the JETPs must reach the affected communities and mechanisms put in place to enable these communities to easily transition from

The detailed concerns and views expressed by other African CSO networks can be read here.²

² <https://www.businesslive.co.za/bd/opinion/2022-09-07-richard-halsey-just-transition-finance-proposal-needs-better-transparency/>



Proposals for financing a just transition in Africa

To adequately prepare financially, the African continent needs to develop its own pace for the energy transition and not be swept away by the western led timelines, narratives, and perspectives.

Specific recommendations/proposals on financing are given below:

- There is an urgent need for the African continent to reset its financing model to meet the Paris Agreement commitments. Africa will not experience a Just Transition with the already existing extreme levels of inequality. The current high and widening inequality levels within and across continents undermine Africa's efforts to mobilize resources for the just transition.
- There is need to hold the rich countries accountable in honoring their commitments to climate financing so that African countries can meet their climate mitigation and adaptation targets.
- Africa needs to come up with innovative ways to raise additional resources to finance the energy transition by looking inward on fiscal space expansion and broadening of its tax base. This can be done by introducing new mechanisms for revenue generation through wealth taxes, effectively taxing the Extractive Industries (EI) sector as well as reviewing/changing retrogressive fiscal regimes, for example in the EI sector, to close existing tax loopholes. This will help reduce dependency on external funding for climate financing especially given that developing countries are struggling to meet their USD 100 billion Paris Agreement Financial Commitment.
- Thinking about a Just Transition within a context of a neo-liberal financial architecture which shifts the financial burden to an already overburdened citizenry is somewhat of an oxymoron. As such, there is need to have in place citizen-driven solutions that address the challenges of climate financing and the energy transition to avoid reinforcing the existing vicious cycle of debt and donor aid.
- In thinking of enhanced DRM for a just energy transition, African governments must design taxes that are clear and coherent when it comes to their objectives for revenue generation, particularly for carbon/environmental taxes as these tax policies often sometimes contradict the overall national action plans on climate change. The motivation for environmental and carbon taxes must be clear and coherent. Furthermore, there is need to conduct research and do political economy analyses on what carbon/environmental taxes will mean once introduced for trade and investment to ascertain any potential distortion on a country's broader development outcome.

Financing a just transition is also about exploring private sector investment through Public Private Partnerships (PPPs). As such, governments need to be cautious in awarding investors overly generous tax incentives that will undermine the states' capabilities for raising DRM. Governments must conduct proper cost-benefit analyses of tax incentives before awarding them, especially for the extractive industries where research³ has shown that they are redundant in attracting foreign direct investment.

- If a just transition is to be realized, African governments need to implement policies that will address existing inequalities in energy access. This can be done by exploiting already existing natural gas projects that will benefit African people to avoid depending on aid for the continent's energy security.
- African governments need to develop alternative financial and economic models for financing the energy transition because the current neo-liberal models are not working. The current international financial architecture favours western countries, multinationals and their conduits/enablers whilst disadvantaging the African continent and other Global South countries.
- The transition comes with transitional risks of job losses for those that rely on the fossil fuel industry. As such, African governments must think of ways to create green jobs to cushion this potential negative impact.

A financing option for a just transition from the mining perspective is to integrate Artisanal and Small-scale Miners (ASM) in the green minerals value chain as this will propel jobs and increase revenue collection from the sector for enhanced DRM to finance the transition. Overall, there is a need to meaningfully invest (financially and knowledge-wise) in ASM players to ensure that they too are contributing meaningfully to the tax base.

- Africa needs increased political will to address the financing gap challenge for the energy transition. As such, citizens and civil society must put pressure on their governments and hold them accountable. Once the required political will is in place, the technical solutions on addressing fiscal space limitations as well as modelling new financial models can then follow.

³ <https://www.igfmining.org/beps/current-topics/tax-incentives/>



Climate Change, COP27 and Africa's Agenda 2063

Climate change is linked to the attainment of Agenda 2063 for sustainable development. The harsh realities of climate change and the energy transition have both a direct and indirect impact on the current and future livelihoods of millions of Africans

Capping global warming at 1.5°C requires a significant phase down by almost a half from fossils to clean energy by 2030 and that global emissions reach net zero by 2050. This is barely eight years from now and many African Countries will not beat this deadline. Africa should not be bullied into energy transition. To have a just transition in Africa, governments and Africa people's participation is critical in setting the agenda for the CoP27 negotiations and securing targets that are feasible. Listen to people's concerns first.

Africa therefore needs to develop or redefine its vision and mission on climate change and energy transition. This redefined vision may be slightly different from the global vision but aligned to Africa's vision, needs and development determinant factors or drivers of development. For example, setting Africa's energy transition targets to align with Agenda 2063 could plausible idea.

At government level, implementation of the Nationally Determined Contributions (NDCs) and National Adaptation Plans is critical and leveraging financing of the NDCs will be an essential game changer in turning the tide against climate Change.

This year's COP27 should be based on the following key policy pointers:

- **Energy transition should also address equity issues.** African states, including small Island states such as Seychelles and Carbo Verde, should not be treated with less equal status in the global climate governance and the United Nations Framework Convention on Climate change (UNFCCC) system.
- **Securing targets set.** There is need to first address and secure the targets set out in COP26. If previous targets were missed and abandoned, there is no guarantee that the targets of COP27 can be achieved.
- **Concrete enterprise-wide time bound targets to cut emissions**
- **Stronger role of regional economic blocks** in driving collective climate change, transition policies
- **Securing jobs, expanding skills, and creating new jobs** in the emerging climate and clean energy future
- **Availability of cheap technologies and establishment of technology centres.** African governments should think of establishing climate technology centres for Africa and move beyond the REDD+ framework of the UNFCCC Conference of the Parties⁴
- **People first.** Put people's interest and participation at the core of climate change discussions and negotiations

To have a just transition in Africa, governments and African people's participation is critical in the agenda setting for the COP negotiations. Therefore, Africa people's voices must take centre stage and be heard at the COP 27 and future negotiation table.

⁴ <https://unfccc.int/topics/land-use/workstreams/redd/what-is-redd>



Climate change and Africa's renewable energy

Africa's potential for renewable energy is limitless even with the existing modest technology and investment in place. Its photovoltaic energy potential, for example, could lead to electric production of around 660,000 kilowatts per hour, which is an enormous amount of energy for the Eastern and Southern African region. Solar and wind maps and atlases exist. This includes blue economy maps, which have been developed in countries such as Kenya, South Africa, and Zanzibar, among others. As such, the potential for job creation in this sector is enormous.

Despite this potential, Africa is still lagging in solar and wind energy generation and use compared to other developed countries with the continent's total solar and wind power generation far lower than the State of California in the United States alone.

Going by current data, Africa is and could remain a perpetual bystander in renewable energy technology. As noted earlier, clean energy technology is non-existent on the continent with Africa still a net importer of clean energy equipment such as solar panels and wind turbines. For Africa to benefit, investment in technologies and the production of equipment must be done within the continent.

We note that no African country has a single manufacturing plant for solar panels or wind turbines. Africa is a consumer continent despite it being the largest continent endowed with solar potential on account of its location along the equator. Africa cannot be a perpetual importer of solar panels whether they are 1st generation, 2nd generation or 3rd generation. With tons of uranium mined from West Africa, no uranium or nuclear energy plant exists in West Africa. This bias and unfair economic imbalance, even within the climate change context, must be urgently addressed.

Communities and land alliances are concerned about the potential race for land that may result in heavy investment and expansion in renewables. Solar farms require huge tracts of land and this can or may potentially spark off a new wave of land grabbing by solar energy and wind power producers entrepreneurs as well as multinational corporations. As a result, this could potentially exacerbate land conflict across the continent. In this dash for land, poor and indigenous communities could lose their land to the rich and marginal lands possessed for energy projects needed for the expansion of solar and wind farms. A Just Transition must therefore address the bad legacy issues that have characterised the current fossil fuel and mineral-based energy systems.

Previous energy systems have promised jobs which never came, promised prosperity but bred economic injustice, marginalisation, dispossession, and death. We particularly point out the Marikana Massacre for platinum in South Africa. These legacy issues must be addressed by the new energy systems and be underlying principles in defining the new justness in any transition.

There is a need to develop capacities for multi-skilled individuals to address the specialised skills gap challenge facing Africa. This can be through, for example, providing adequate training and skills transfer in renewable energy such as solar panel and wind power turbines manufacturing and servicing between developed countries and Africa.

We note the important observations made (including by Africa's political leadership) on the limitations of renewable energy as a pathway to net zero. For example, that renewable energy is not sustainable to meet the future global population's energy demands. It cannot even meet or drive Africa's development agenda. Renewable energies such as solar and wind are largely dependent on weather and climatic factors. Value addition and addressing limitations such as the storage and reliability of renewables such as solar and wind is thus an important element of its successful deployment and expansion in the continent. However, governments should start thinking on the role of renewables in their national energy mix by 2030.



Climate Change, Energy Transition and Africa's Oil

It is unfair to think that oil and gas projects in poor countries in Africa should be shut down at the same time as everyone else. However, the dilemma is that all this must go at some point (an element of climate justice). The transition risks are real and therefore calculated decisions must be made.

Africa is a small oil producer however some African countries such as Nigeria and Angola are large producers heavily dependent on oil. Recent discoveries of oil in countries such as Uganda has a potential of increasing Africa's oil reserves and exports. Both current and new oil producers have banked on oil revenues to drive their economic development agenda and achieving the Africa Unions Agenda 2036 targets. What will African countries do with its oil assets, in the context of climate change and energy transition without jeopardising development ambitions, remains unclear.

As noted by the Tyndall report 2022⁵, the fair approach to transition from oil will be to have developed countries transitioning earlier and developing countries being given a longer timeline to transition. It is evident that Africa will continue to rely on oil as a source of energy for a much longer period than that of its developed counterparts, based on its energy poverty status and growing population. It is worth noting that not many Africans will afford to drive electric cars by 2030 or even 2050 and that the available clean energy sources may not meet the demands of the growing population and the current and future economic and industrial plans and aspirations of the continent. As such, the net loss from a sudden switch away from oil will be significant. Despite this, Africa must remain conscious of the trajectory away from oil towards clean energy.

There are a lot of controversies and push for accelerated phasing out of fossil fuels as part of the energy transition. Given the geopolitics and economic dynamics underlying fossil fuels and Africa's development imperative, we think the answer lies in striking balanced negotiations towards a settlement which allows for the gradual phasing out of Africa from oil without jeopardising its development. Africa must however remain conscious of the trajectory away from oil towards clean energy

Africa's oil producing countries must seek to tap into African oil markets where oil as a major source of energy will still be needed. Africa should avoid the commodity-exporting narrative in its energy systems where all its extractive resources are mined largely for external export to other continents. There is a need to engage in inter-trade amongst African countries for locally produced energy.

Africa's Coal in the transiting future

Coal is still the dominant source of energy in developed countries such as the US and China. Developed countries such as Germany and the United Kingdom have indicated that they will be re-investing more into coal to offset their energy shortages. The Russia-Ukraine war has given these developed countries a rethink on the phasing out of coal, given the energy insecurities that have emerged from the on-going conflict. Globally, there has been an upsurge in the demand and prices for thermal coal reached above \$400 per tonne up from \$176 per tonne last year and around \$75 in 2020. Europe is willing to pay more than twice the price for coal last year. For coal rich African countries such as Tanzania, the past few months have witnessed a record boom in coal exports. According to the Mining commission and reported by Reuters, Tanzania expects to double its coal exports this year to around 696,773 tonnes while production is expected to increase by 50% to about 1,364,707 tonnes.

We realise that Africa has vast deposits of coal. The recent and ongoing Russia-Ukraine war shows that despite earlier predictions, the use of coal as a source of energy may now have a longer life than earlier predicted as European countries. For example, Germany plans to re-fire its coal plants as a way of diversifying away from its reliance on Russian gas and towards meeting and securing its energy demands. Europe is looking to Africa for thermal coal. This therefore gives Africa the opportunity to exploit and benefit in the short-term demand. This is however a risky bet as the long-term future of coal in large quantities may be unguaranteed. It is therefore essential for Africa to exploit and sell its coal to avoid totally losing out and but at the same time avoid locking itself in a coal carbon future

5 Calverley, D. and Anderson, K. (2022), Phaseout pathways for fossil fuel production within Paris-compliant carbon budgets. Tyndall Centre, University of Manchester.



Africa's gas as a transition resource

The emerging African political leadership consensus appears to support the continued investment and use of gas as a transitional source of energy to bolster the continents energy mix plans to meet the increasing energy demand required to propel it into the future. We recognise the need for a balance that allows Africa to use its gas for development but is also careful not to lock itself into a non-sustainable gas future.

Africa has large deposits of natural gas. Just a few years ago significant new discoveries were found in Tanzania, Mozambique and recently Namibia. The development of these projects is currently in progress with prospects for huge economic potential benefits to these countries as they become new producers.

There are different views on the continent on the future of gas as a source of energy. One view holds that promotion and investment in gas is a conspiracy to lock African countries into a catastrophic carbon future. Re-gasification of Africa must be stopped, it is asserted.

The other view looks at gas as a transit resource to clean energy. Gas is clean as it contributes less than half emissions compared to oil. The cumulative carbon emission contribution of the gas projects in these countries, as part of the global contribution, is negligible. Therefore, climate change concerns about poorer countries producing and burning more gas are not based on adequate evidence as Africa accounts for just 3% of all CO₂ emissions. Some studies have estimated that if Sub-Saharan Africa tripled its electricity consumption overnight and 100% of the new power came from gas, global emissions would only grow by 0.62%. There is need therefore for a balanced approach to looking at gas in Africa as a source of clean energy.

All sides need a more truthful, balanced picture of what is at stake. The developed countries need to acknowledge that its gas extraction and uses are far bigger threats to the future of the planet, even if some developing country project go ahead.

More gas is required to help African countries meet their energy access demands and bridge the gap that cannot be met by other sources of energy, such as hydro and renewables.

African governments affirmed this position in the Kigali Communique of May 2022 titled '**Ensuring A Just and Equitable Energy Transition in Africa; Seven Transformative Actions for Sustainable Development Goal (SDG) Seven (7)**'⁶ and during the Africa Union meeting in May in which they urged developed countries to finance gas development projects in Africa.

Burning more gas may be part of some lower-income producers' domestic energy futures. It could help some countries expand energy access, meet fast-rising electricity demand, boost energy security, lower electricity costs, or balance the power grid as renewables grow. But too many gas-producing countries are starting with the premise that if they have gas reserves, they should use it to meet their energy needs, without asking if it is the best path for them to take.

Moreover, politicians in developing countries, for their part, should stop overselling the "greenness" of gas. They also may need to accept that plans for their gas goes against the climate goals. This is especially so given the potency of methane and the long lives of many new projects before the gas starts to flow.

Realistically, poorer gas-producing countries will have to find most of the funds for future gas projects through private equity or their already-stretched public budgets.

The recent Russia-Ukraine war has increased the potential demand for Africa's gas as an alternative conduit to supply the European market. Even, in the context of the Russia-Ukraine war, Africa's gas should be produced largely for the African market and not exclusively for the European market.

We need to avoid COP27 becoming the place where gas for Europe becomes the main energy issue discussed. Africa's gas should also support Africa's development.

6 (<https://www.mininfra.gov.rw/index.php?eID=dumpFile&t=f&f=44024&token=c9d8a3e4e9ad4d22aa3c3b883055c9426760c584>)



Injustice of the Just Energy Transition Partnerships (JETPS) on gas

Looking at the history of Africa's engagement in the international climate dialogue, for a very long time, Africa has been urging the rich countries, who have caused climate change in the process of developing, to wean themselves off fossil fuels and slash the greenhouse gas emissions and to limit warming to below 1.5 degrees.

However, over the past months, European leaders have been working tirelessly to secure new gas deals with African countries with the terms of these deals remaining opaque. The deals that Europe is striking with African countries on gas are effectively working to help support Africa hook itself to fossil fuels, but not to meet the energy needs of African people.

Thus far, the Italian Prime Minister has secured deals with Algeria, Angola, Egypt and Mozambique. The German Chancellor, on his very first official trip to Africa, went to Senegal and announced plans to pursue energy projects intensively, the kind of energy projects that will help physically breach the 1.5 degrees target.

When talking about the energy transition, we are promoting a source of energy that may not be sustainable for Africa, especially given that the rest of the world (particularly developed countries) will move to 100% renewable energy as per the 2050 net-zero targets.

With newly signed deals, the developed economies are pushing Africa to develop fossil fuel infrastructure projects, (particularly gas), that will drag its economies back to a "dirty" and unsustainable model of development. COP27 needs to be reframed and the dash for African gas and the demand for a balanced discussion pushed back.

Gas JETP deals signed should be transparent. Recipient countries should be encouraged to explain how far gas is an answer to their domestic energy goals and needs and how the revenues collected from gas projects can be used to support the deployment of cleaner renewable energy.

Africa must make 2020's the decade of massive clean energy expansion. Fossil-dependent countries and potential new producers, on the continent, must be helped to transition.

Finally, if Africa does not reorient how COP27 is going to be approached, how issues are going to be negotiated and how to facilitate a process that allows the continent to accelerate the achievement of Africa's Agenda 2063, the Sustainable Development Goals (SDGs) and Paris Agreement then we would have failed the continent.



Africa's Minerals, Climate Change and Energy Transition

A just transition cannot be achieved if Africa's minerals are exploited to serve technological advancement and energy security elsewhere. Africa's transition minerals resource-rich countries cannot be bystanders in this potential energy revolution.

Africa is endowed with vast deposits of minerals which are critical to the clean energy technology required to support the energy transition and the pathway to net zero. According to available statistical data between 48% to 70% of cobalt (which is used in the manufacture of batteries for electric car vehicles and phones) and 4% of copper and 1% of lithium are found in the Democratic Republic of Congo (DRC). Western Sahara has 35% of the world's phosphate, Guinea has 17% of the world's bauxite, Tanzania, and Mozambique account for 45% of global graphite⁷. Tanzania is said to have the 5th largest global reserves of graphite⁸. South Africa accounts for 20% of the world's chromite and 26% of manganese. Other countries such as Madagascar, Namibia, Zimbabwe, and Mali produce significant amounts of green or critical minerals needed for the energy transition.

There is an upsurge in demand for these minerals (such as lithium, coltan, graphite and copper) as corporates and multinationals rush to secure their value chains. For example, global demand for rare earth minerals as a subset of critical minerals is expected to rise from 200,000 metric tonnes in 2019 to a forecast of 304,678 metric tonnes in 2025.⁹ Over 50% of all applications for mining licences in Tanzania between 2015 and 2022 were for critical minerals¹⁰. Africa must be aware of this increasing international interest. This provides an opportunity for the continent. However, there are potential risks and governance gaps that need to be addressed if this opportunity is to be harnessed.

Gaps and governance risks that should be addressed

- Policy realignment and reforms

The definition of critical minerals or transition minerals as they may be referred to is still varied and may not be very essential at this point, as its nomenclature or classification of criticality may be viewed from a demand perspective and strategic nature from a supplier perspective. Unfortunately, the discussion about these green or critical minerals and their economic potential has not yet garnered wide public discussion in African countries and on the continent generally. There is no coherent African voice on this subject; the available geological data is dispersed and scanty.

Scoping studies have revealed that there are gaps in the current mineral policies and legislation of countries such as DRC, Tanzania, and Uganda. They do not have a particular reference to green or critical minerals; they, however, have made some reference to these as strategic minerals, depending on their economic value and contribution.

Complete new policies or legislations solely targeting these minerals may not be necessary but reforms or improvements to cure some of the lacunae in the existing policy and legal regulatory and governance regimes could be essential.

- Africa's green transition minerals should drive prosperity

What is currently deemed as critical (green minerals) may not stay critical for long as new alternatives may kick in due to changes in technology and innovation. The window of opportunity is therefore limited for the next 30 years.

Africa has been the source of materials for global progress. This time around we must be thinking about how to position ourselves, so we don't find ourselves riddled with the resource curse which has bedevilled us for

7 https://resourcegovernance.org/sites/default/files/documents/triple-win_how-mining-can-benefit-africas-citizens-their-environment-the-energy-transition.pdf

8 <https://resourcegovernance.org/events/web-event/minerals-energy-transition-key-findings-how-africa-leverage-potential>

9 <https://resourcegovernance.org/events/web-event/minerals-energy-transition-key-findings-how-africa-leverage-potential>

10 NRGi scoping study report of Tanzania's Critical Minerals potential and policy implications for Tanzania, 2022

so long, whereby this demand for renewable energy and critical minerals ends up pushing us further into poverty and inequality, exacerbated environmental degradation and health risks, corruption, aggressive tax abuse and a new wave of mineral-driven conflicts, violence, and death. Rather, we should be equipping ourselves to benefit from the finance and technology which is necessary for the needs of our citizens who suffer most from the risks of climate change. Also, think about how to move up value chains to benefit socially and economically through minerals value, in addition to avoiding exporting raw materials and negotiation for better contracts. All these are important in achieving long-term social, economic and transformation from the extractive sector as stipulated in the Africa Mining Vision.

- Proper revenue management and avoiding booms and bursts

Clean energy demand is going to increase the demand for green minerals. Countries may experience short booms in the prices of minerals such as nickel and lithium and long-term from minerals such as copper. Demand for copper is going to be greater than for all critical minerals combined. Although the price is going to be lower than for minerals such as cobalt or lithium, copper will probably generate an even greater value of around USD 405 billion in the long run by 2050.

From 2020, copper is projected to experience an annual growth of 2% with absolute growth of 170% by 2050. Nickel will experience annual growth of 3% and absolute growth of 113% by 2050. Lithium will register a 9%-7% growth with an absolute growth of 2421% by 2050. Cobalt will register a growth of 7%-5% with an absolute growth of 16% by 2050¹¹.

These booms could fade out as new alternative raw materials for clean energy technology to replace critical minerals are discovered. Leveraging on this upsurge in demand and potential revenues to be realised in the short-term boom from critical minerals will be extremely key for African countries

- Good governance and securing supply chains

Critical or transitional minerals are largely found in Countries with problematic governance challenges and new remote areas. There is a high potential for the increasing demand and dash for these minerals to fuel corruption and conflicts¹².

Good governance and administrative capacity to manage these minerals is required. Africa has lost a lot of revenue because of corporate tax avoidance over previous mining booms; this needs to be investigated as taxes and local content arrangements will continue to offer the potential for huge benefits through taxing miners, taxing suppliers, and adding value to the minerals produced. Countries such as Australia and Canada generate more GDP and jobs from their suppliers than mining activities. Mining corporations operating should pay their fair share of taxes and create jobs on the continent.

- Skills development and value addition for shared prosperity

Governments and companies should focus on investment in relevant skills development and value addition of green or critical minerals on the continent. Many Africans may not afford to drive electric vehicles or Teslas's in the next 20-30 years, but millions will drive and rely on two wheelers for transportation and source of economic livelihood. In Uganda, the two-wheeler motorcycle (commonly known as Boda-Boda) industry employs **an estimated 400,000** youth (in Kampala alone)¹³ and is a source of livelihood for many unemployed graduates in the country¹⁴. A UN study done in 2018 found that in Kampala by 2014¹⁵ there were about 405,124 motorcycles, increasing from 15,979 motorcycles in 2007, a 58.7% annual growth rate.¹⁶ This number translates into millions of youth riding two-wheeler motorcycles for businesses across East and Southern Africa.

Investment in manufacturing of electric battery precursors for two-wheelers, such as motorcycles, is necessary and timely, as these are turning out to be the largest employer of youth and means of affordable transport on the continent.

- Aligning AU frameworks for common purpose

11 https://resourcegovernance.org/sites/default/files/documents/triple-win_how-mining-can-benefit-africas-citizens-their-environment-the-energy-transition.pdf

12 <https://eiti.org/sites/default/files/2022-10/EITI%20Mission%20Critical%20Report%202022.pdf>

13 <https://www.theeastafrican.co.ke/tea/magazine/kampala-moving-on-boda-boda-power-1371724>

14 <https://www.monitor.co.ug/uganda/news/national/jobless-graduates-chase-dreams-on-boda-bodas-3367664>

15 2018 United Nations Report

16 UNECA & UNECE, 2018: 31

The African Union should align its voice and existing mineral governance framework, such as the Africa Mining Vision, to provide a common voice on its green or transition mineral potential. African governments should be encouraged or compelled to make statements about this.

Unfortunately, there is no coherent voice yet across the African continent on green or transition minerals and Africa's potential to leverage on what it is endowed with. Africa cannot afford to miss out on this boom as it missed out on the previous mineral booms.

Despite having vast reserves of green minerals, the NRG Africa Critical minerals study report found that no country has all the minerals required for the green energy transition. Amongst the countries that have these minerals, only a few have all the necessities such as the ground assets like infrastructures to support a large industrial base, research and development capacity and large markets to support economies of scale. Therefore, there is need for a common fund and cross-border collaboration to enjoy economies of scale¹⁷.

As such, the African Union (AU) proposed green minerals strategy and observatory should be fully funded and supported by all member states. This year's COP27 should be a referendum on Africa's mineral resources and its future role in mitigating climate change and accelerating the path to net zero emissions.

Acknowledgements

Six organisations begun this webinar series which ran from April 2022 to October 2022. A working group from these organisations collaborated to coordinate the series which has culminated in this summary issues paper. The objective of the webinar series was to position the African voice and messaging towards an African people centred COP27 anchored on Climate Change, Energy Transition, and the Extractive sector. A draft copy of this issue summary report was submitted to Africa's COP27 chief negotiator before the COP27 to be held in Egypt in November 2022. This issue paper will also influence the messaging of all our policy advocacy activities for all engagements at COP27 and beyond.

The following individuals coordinated the webinar series and contributed to this summary issue paper:

1. Amos Wemanya – *Power Shift Africa*
2. Edgar Odari – *ECO- NEWS Africa*
3. Gerald Byarugaba – *Oxfam (Horn Eastern and Central Africa)*
4. Mukupa Nsenduluka – *Tax Justice Network Africa*
5. Moses Kulaba – *Natural Resource Governance Institute*
6. Nelly Busingye – *Publish What You Pay*
7. Paul Bagabo – *Natural Resource Governance Institute*
8. Theonestina Kassiga – *Natural Resource Governance Institute*
9. Veronica Zano – *Oxfam Southern Africa*

¹⁷ https://resourcegovernance.org/sites/default/files/documents/triple-win_how-mining-can-benefit-africas-citizens-their-environment-the-energy-transition.pdf