STRATEGIC FRAMEWORK LAUNCH ADVISORY COUNCIL DIALOGUE

POST-DIALOGUE REPORT: HIGH-LEVEL INSIGHTS AND KEY ISSUES – 25 MAY 2021
On Africa Day, Tuesday 25 May 2021, the African Climate Foundation (ACF) hosted a webinar to launch its **Strategic Framework (2021–2025)**, which is built on the premise that climate change interventions have immense potential to unlock new development pathways at the nexus of climate change and development. The webinar featured an interactive dialogue with the ACF’s Advisory Council members, who provided pan-African perspectives on energy transition trajectories in Africa – while juxtaposing insights and reflections relevant to the ACF’s Strategic Framework.

The webinar convened 193 participants from across the world working on climate change and development issues. The discussion aimed to unpack two broad themes:

1/ **navigating the climate and development nexus in Africa,** and
2/ **understanding the geopolitics of climate change and climate diplomacy.**

Highlighting lessons based on key sectoral experiences, the webinar offered participants an opportunity to engage with the different perspectives of the Advisory Council and identify how these insights can be collectively applied to frame a new narrative that centres on economic transformation in Africa, and what this means for energy access and transitions, and its intersection with other cross-cutting development priorities.

This note provides high-level insights on key issues emerging from the dialogue. These are categorised under five areas:
FORCEFUL AGENCY IN AN ERA OF MAJOR DISRUPTION

The COVID-19 pandemic is a stark reminder that we are living in an era of major disruption. Disruption in all its manifestations (e.g. climate change and digital transformation) requires the adaptability and agility of communities, nations and regions. However, Africa’s historic and continued vulnerability to systemic issues such as access to finance, macroeconomic orthodoxy and the global economic system, more broadly, limits the continent’s ability to respond effectively to disruptions with the same speed and sophistication as other regions. In the context of COVID-19, there is no question that Africa has been the least infected, but the most affected (by social and economic measures). As we look forward to the future impacts of climate change, which will be more pronounced on the continent, it is critical to learn lessons from the current pandemic and devise strategies that consider potential social, economic and justice issues.

Africa has, for many decades, faced the consequences of a very prescriptive set of conditionalities that have boxed economies as lateral players, in terms of their comparative advantage of natural resource wealth. This, in turn, has had huge implications for underdevelopment in Africa. Avoiding another wave of commodity dependence requires significant transformation, and the transformative process the continent needs to put in place demands that Africa is at the forefront of global conversations and forges its own development path.

Current climate models, green imperatives and associated sustainable financing instruments are already disregarding the intricacies of African countries. For Africa to move in a clean development direction, concessional financing, for example, needs to be made available without it being contingent on development plans that Africa has in place. In addition, conversations for Africa to accord with climate mitigation should not be the only objective assigned to the continent. Africa should, instead, be part and parcel of the solution to the net zero targets, without the imposition of standards, rules and macroeconomic policies that are not contextually relevant to the reality of African economies. Similarly, Africa should not merely be at the receiving end of technologies but should be setting trends and innovating in ways that make sense for its communities and economies.

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Africa should be clear about its agenda. It is an industrial development agenda that is centred on transitioning to a low-carbon pathway which delivers jobs, economic growth and social benefits. The way in which African countries exercise their forceful agency to leapfrog to sustainable energy will be demonstrated through their climate and trade negotiations, access to concessional climate finance on preferential terms, and overall favourable deals that simultaneously give central importance to social issues, human rights and gender equality.

The ACF needs to be part of building an ecosystem of capability and knowledge construction that is indigenous to Africa, and that is going to allow the continent to act decisively. Critical
to this is creating an African-owned research infrastructure and framework that amplifies perspectives at the nexus of climate change and development—which can, in turn, be harnessed to overcome future development and climate challenges.

THE ENERGY TRANSITION AS A PATHWAY FOR ESTABLISHING MORE EQUITABLE GROWTH

The energy transition must be part of the global discourse on broader climate discussions, including considerations regarding economic, strategic, competition and geopolitical significance. As posited in the International Energy Agency’s (IEA) Net Zero 2050 Roadmap, the energy economy of the future will be clean. It will also be based on new types of strategic materials (that are abundant in African territories), and on new types of power generation and distribution.

This has implications for African economies that are not sufficiently diversified, are vested in fossil fuel infrastructure and are dependent on fossil income. As Africa moves into a new mode of development, a great concern for countries is the potential exposure to a level of risk that will be compounded by climate change (e.g. stranded assets in high-carbon sectors).

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Energy access should be viewed as a development strategy in itself, and it is vital that the continent seeks strategic partnerships which support its developmental objectives from its vast renewable energy resources (solar, wind, geothermal or biomass). The continental focus should be on adapting and developing a resilient growth framework that is sustainable, low-carbon and economically viable, and one that generates social benefits and employment.

With China doubling its renewable capacity, the cost of renewable energy will dramatically reduce over time – there is already evidence of historically low-cost renewable energy today. Africa needs a regulatory framework, an investment climate, and access to finance that
de-risk renewable energy investment and drive transformation of power, including driving investment in infrastructure that supports the goals of economic diversification. For the African context, there are vast opportunities for establishing a more equitable growth path, based on new renewable energy sources for the future.

ENABLING REAL PROSPERITY THROUGH AGRICULTURE AND FOOD SYSTEMS

We need to appreciate the critical importance of agriculture, not just as a contributor to economic growth, but in terms of the large proportion of African populations that are inherently dependent on it for their livelihoods. Agriculture also plays a role in industrialisation, and its intersection with land, water and other industrial sectors, and brings forth opportunities for technology deployment, job creation and improved food security.

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Despite the significance of the agricultural sector, African farmers remain unempowered and underinvestment in agriculture persists. This is occurring within the context of a population growth boom.

Agriculture is also a sector that is most deeply affected by climate change, and the bidirectional relationship between climate change and agriculture should be recognised. Greater integration between food systems and climate change discourse should be prioritised at a global level, because the same food systems that the continent advocates, and builds, will have massive implications as to whether the sector contributes to the production of greenhouse gases. Importantly, climate change will alter global agricultural production and distribution, and Africa needs to understand where the risks and opportunities are, and how it subsequently positions itself for a sustainable future.

Going forward, key questions need to be posed – will reforms proposed by Africa’s agricultural sector allow the continent to address climate change issues or will farming practices cause the sector to be a leading emitter? African institutions and actors ought to be at the forefront of funding agricultural research and development that feeds into these climate conversations and solutions – regenerative agriculture, and technology and innovation, poses open prospects for addressing this, and a further interrogation of opportunities to advance this and unlock economic transformation on the continent should be at the top of the agenda for the UN Food Systems Summit.

HARNESSING THE POTENTIAL OF AFRICA’S YOUTH FOR A DEMOGRAPHIC DIVIDEND

The combination of a youthful population and access to digital technologies holds the potential to drive innovation that transforms Africa’s climate agenda. While Africa’s youth are innovating, there needs to be far greater commitment of resources to research and
there is a catalytic role that the private sector can play in supporting initiatives and embedding the youth in organisations that build up their capacity and amplify their voice.

Technologies already being built into agriculture, e-commerce and trade need to be integrated into a broader climate agenda – and the youth should be engaged in these conversations. There are efficiencies that technologies bring to supply chains which can mitigate post-harvest losses; and low-hanging fruit such as demand-driven agriculture that allows for data-driven decision-making. These innovations can be extended to various forms of manufacturing and production processes, and data becomes critical market infrastructure.

The demographic dividend will only be a dividend if Africa can feed its people, and if climate-smart food systems can be optimised to incentivise farmers into adopting more sustainable farming solutions. The continent should further lend itself to simple technologies (such as agroforestry systems) that do not require considerable investments.

Despite the majority of the world's population without access to electricity being in Africa, African entrepreneurs and start-ups are already working on the intersection of distributed solar systems, smart grids, digitalisation, and remote management of energy assets – delivering modern and affordable electrification services without huge amounts of capital infrastructure investments. Through this, we are seeing utility-scale solar and wind becoming the most competitive on the African continent.

A starting point is equipping young people with knowledge and information skills, as well as the requisite capital to de-risk innovative solutions.

Digital access, fintech, and data management systems have created a completely new consciousness among young people that is harnessing frontier technologies and technical capabilities across agriculture, water management, energy, and food security. This is transformational and is the ecosystem that needs to be nurtured strategically in order to generate new forms of employment for Africa’s growing young population.
A starting point is equipping young people with knowledge and information skills, as well as the requisite capital to de-risk innovative solutions. This will create a platform for the youth to play a more meaningful role in the continent’s development agenda. The youth will only be a driving force behind economic prosperity to the extent that they are active participants in policy discussions that bring innovations to market, drive uptake, and scale solutions (many of which are already being developed). To effectively realise an inclusive approach to policymaking, youth voices need to be at the decision-making table.

**LEVERAGING A SINGLE CONTINENTAL MARKET (AfCFTA) FOR GREEN INDUSTRIALISATION**

The African Continental Free Trade Area (AfCFTA) provides a possible avenue for socio-economic prosperity. A key opportunity lies in creating an integrated power market in Africa, where different sources of energy can be balanced, and where energy trade takes place. As the free trade agreement advances, this becomes a potential reality. A well-regulated electricity market, and low-carbon power incentivised by climate finance, forms the foundation for how Africa will power its industrial development in the future and resolve issues of energy access.

Most intra-Africa trade is based on natural resource goods, and there is a wealth of untapped potential sources of growth from minerals and commodities that go beyond the exploration and extraction of raw materials. A single market provides wider scope to pursue regional strategies that eliminate non-tariff barriers and harmonise standards for traded products across Africa’s markets.

The African region should strategically think of itself as part of a global value chain that extracts the most value from its integration into the global economy. This will require a clear understanding of how the continent organises its supply chains of the future (including what materials and processes will be necessary); what trade means for the continent; how Africa negotiates protocols for trade and engages in carbon markets; and what form of local manufacturing value-add can be leveraged to broaden access to electricity and drive sustainable growth. Moreover, supporting value-added activities will be essential for generating meaningful employment for the youth.

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An industrialisation agenda needs to look beyond manufacturing and extend to formalising relations (including repositioning the continent geopolitically), modernising value chains, and taking into consideration the interactions across and between a diverse set of sectors. This requires concerted and coordinated effort at various levels of institutions and actors (public and private), policy and governance frameworks. For Africa, driving industrialisation entails capturing the complexities that exist at the climate change and development nexus.
Africa needs to assert the relevance of multilateralism and other processes taking place outside of the Paris Agreement, taking into consideration that climate change impacts in the Global South are inherently different from those of the Global North. There needs to be a nuanced understanding of the challenges facing the African continent, and policymakers should be pre-emptive, and not reactive, in response to global pressures.

Decommissioning fossil fuels in the African context will require existing finance mechanisms to be cognisant of the economic disruptions that may result from energy transitions, and mechanisms need to be put in place to promote economic diversification and attract investment (and expand market access) into alternative energy sources (i.e. renewables).

African policymakers need to revisit existing strategies for accelerated finance mechanisms in order to reinforce support for economic recovery plans. This should take into account trade issues and increased investment in other sectors of the economy so as to boost industrial development activities linked to other energy streams. This should include agriculture and food systems.

Africa needs to adjust its technology and IP rules to accommodate the energy transition and to avoid being locked out of the fast-paced global technology regime.
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