

Plug into Africa: An overview of the African Energy Landscape ahead of COP28

Dash for gas

This trend, which accelerated after Russia's invasion of Ukraine, has set into motion the intense search for gas reserves, which will primarily cater to the international market and not domestic consumption. Previously, Algeria, Nigeria, Libya and Egypt were gas reserves and production hubs, but now [Mozambique, Senegal, Mauritania, Tanzania, Nigeria, Angola, South Africa, Ethiopia and Morocco](#) have been identified as potential investments with the major players Shell, Eni, Total and BP from Europe; Exxon, Kosmos Energy Limited from North America; Sonatrach and Empresa Nacional de Hidrocarbonetos in Africa; Mitsui & Co Ltd in East Asia; and Oil and Natural Gas Corporation in South Asia in the bidding. Going into COP28, the AGN has made it clear that they will support the fossil fuel phase-out but the developed nations of the global north will need to step up and ensure the resources to facilitate the process.

Amid this grim development and economic backdrop, there is a debate within Africa over the extent to which countries should exploit their oil and gas reserves.

The African Union

The executive council of the African Union had [proposed](#) that African nations adopt a common position at the COP27 climate summit on Africa's energy development.

It called on nations to "continue to deploy all forms of its abundant energy resources including renewable and non-renewable energy to address energy demand". This would involve financing for gas, green and low-carbon hydrogen and nuclear energy to "play a crucial role in expanding modern energy access in the short to medium term".

The Commissioner for Infrastructure and Energy of the African Union Commission delivered strong remarks highlighting Africa's leadership in global climate action at the High-Level Dialogue on the 1. °C Energy Transition held ahead of COP28. Organised by the COP28 Presidency (United Arab Emirates) and the International Energy Commission (IEA). The Commissioner stressed Africa's pivotal role in global climate discussions, stating that supporting and investing in Africa is essential, not philanthropic, as the continent is central to addressing global climate and energy issues.

She called for accelerating project implementation, adopting strict timeframes, and moving quickly, given the urgency of climate change.

Who benefits?

A key question when assessing new oil and gas investments is who benefits? The history of extractive industries across Africa suggests it is not Africans. The vast majority of the investment is directed to extraction and upstream infrastructure [for export](#) rather than downstream power delivery to Africans. Companies in Africa control [just 33%](#) of the continent's projected oil and gas production. A majority is controlled by companies in the global North, with TotalEnergies, Eni, ExxonMobil and BP accounting for a third.

Oil rich, still poor

Oil and gas-producing African countries have not seen accelerated development from these resources. Instead, the majority remain vulnerable, with communities dealing with high prices, a lack of economic opportunities and unending socio-ecological costs. Nigeria has the world's highest energy deficit despite being a major producer of oil and gas in the continent. Compounding factors drive Africa's energy access deficit, including unaffordability due to global markets that largely determine fossil fuel pricing that is out of reach for the majority of the population in the continent. Lack of infrastructure is also a major challenge, with [statistics](#) showing that in some countries, less than one in four are connected to the national grid. According to the World Bank, the definition of energy access is 'the ability to avail energy that is adequate, available when needed, reliable, of good quality, convenient, affordable, legal, healthy and safe for all required energy services'. Dependence on gas and oil does not meet the targets in the Paris Agreement. The production of oil and gas for domestic consumption and export is perceived by many governments in low- and middle-income countries as a way to attract foreign investment, boost economic growth and provide a revenue stream to support economic development in other sectors. However, the economies of countries rich in oil and gas resources [have generally performed less well](#) in the past than resource-poor countries. Furthermore, many oil- and gas-producing countries have not been able to take advantage of their resource wealth and invest in increasing productivity in other sectors or in establishing strong sovereign wealth funds.

Growth in Renewables

Countries like [Kenya](#) and Morocco want to focus on renewables, which are better suited to meeting the continent's development needs. According to the latest research by Climate Action [Network Renewable Energy Tracker](#), launched on the 22nd of November 2023, Morocco is the only country that is moderately on track to reach 100% RE, this is based on a number of variables the tracker analyses. Nigeria, Ethiopia, SA are ranking quite low despite their commitment in the international arena. Renewable energy has the potential to provide electricity to the 600 million Africans currently deprived of it, create jobs and stimulate industrialisation. However, despite this promise, currently, [no African country ranks among the world's top 30](#) for the percentage of its energy that is from renewable sources. They are being held back by unfair financial systems that prevent investment into renewables.

The IEA is clear: Achieving Africa's energy and climate goals means more than [doubling energy investment](#) this decade. This would take over \$190 billion each year from 2026 to 2030, with two-thirds going to clean energy. The continent receives around [2% of investment](#) in the almost \$3 trillion that has been spent on renewable energy over the last 20 years. As the world looks

to Africa to supplement the current gas shortage, Africa needs to be bargaining hard to unlock flows of renewable energy investments to the continent. An estimated [annual investment of \\$130bn](#) is needed for Africa to achieve 100% renewable energy for all by 2050.

“Every dollar invested in renewable energies will yield an additional \$0.93, and the deployment of renewable energies will progressively lead to lower costs, unlike fossil fuels.”

Dr John David Cooper, Director of Policy and Research at Sierra Leone’s Ministry of Mines and Mineral Resources

Real Solutions for Africa

Climate justice, reparations, adaptation and mitigation finance are inclusive and sustainable for millions of people on the continent. This includes

1. Swift action to improve access to capital and ease financing costs is essential to unlock a wave of clean energy spending in Africa.
2. An overhaul of the global financial system to lower the cost of capital and support the creation of investable projects.
3. Finalising the draft proposal of the Loss and Damage fund so that affected countries respond to economic and non-economic loss and damage associated with the adverse effects of climate change, including extreme weather events and slow onset events.
4. The need to look to indigenous climate and energy solutions to usher in a new era for the continent.
5. Fossil fuels like oil and gas have no place in Africa’s energy future.

Critical minerals

Locking in secure and sustainable supplies of critical minerals for the clean energy transition has quickly become a top priority for governments, companies and investors around the world. [Africa’s critical minerals](#) place it at the heart of a global low-carbon future. Competition for access to the continent’s critical materials will increase dramatically, placing Africa at the heart of the green energy future, both in environmental and geo-political terms. Protecting human and environmental rights must be the fundamental objective, even in pursuing renewable energy. The extractive industry is known for its abusive nature of indigenous communities for profit gains. There’s a need for African governments to implement policies, regulation frameworks and legislation that will create a transparent environment that will drive the continent’s development agenda and halt the expansion of sacrifice zones on the continent.

Carbon Credits: False Solutions and the ACIM (African Carbon Markets Initiative)

During Africa's first-ever climate summit in Nairobi, Kenya early in September, millions of dollars were pledged to boost Africa's carbon credit production 19-fold by 2030. This is a destructive practice disguised as a solution to unlock much-needed finance for the renewable transition. It is a flawed system that only encourages the oil industry to continue burning fossil fuels with a clean conscience. The carbon credit-producing projects do not nullify the emissions of the polluting companies that buy them. In practice, the net impact is to increase the climate crisis, promote land grabbing, displace communities and devastate African nations. The accounting of carbon offsetting is "a kind of accounting fraud that would be illegal elsewhere." A comprehensive report; [THE AFRICA CARBON MARKETS INITIATIVE: A WOLF IN SHEEP'S CLOTHING](#), suggests the fossil fuel industry is yet again passing the buck instead of taking accountability for phasing out fossil fuels completely.

CAMPAIGNS AND CASE STUDIES

- EACOP [The Socio-Economic Impact of EACOP resettlement activities on the project affected person](#)
- HOMEF [Expolited, Dispossed and Abandoned. A study on Oil Divestment by International Oil Compnies in the Niger Delta](#)

COP28 Presidency

This year, COP28 is set to be definitive for its future. Al Jaber's presidency is at the centre of power between oil interests and the urgent need to develop a realistic transition to renewable energy. This is what we know about him:

- He served a double tenure as Special Envoy for Climate Change (2010- 2016, 2020-present)
- He is the CEO of Abu Dhabi National Oil Company (ADNOC)

According to a synthesis report released in October '23, governments are lagging behind and the global community is not on track towards achieving the long-term goals of the Paris Agreement and there is a rapidly closing window of opportunity to secure a livable and sustainable future.

Dr. Sultan Al Jaber, COP28 President-Designate, said: *"The report is again telling us the world is off track. COP28 is the moment for all Parties to come together and put actionable solutions on the table. We must be ready with real answers to tackle the challenges, eradicate 22 gigatons of emissions by 2030, strengthen global resilience and mobilize finance at the scale necessary to enable a just and equitable transition. Now is the time to Unite, Act, and Deliver a strong*

negotiated outcome on the Global Stocktake.”

Significant events leading up to COP28

The Inaugural Africa Climate Summit

Approximately 30,000 delegates participated, including 18 Heads of African States, the Secretary-General of the United Nations, António Guterres, and President of the European Union Ursula von der Leyen, with discussions centred on climate action financing, the green growth agenda for Africa, and climate action and economic development.

What came out strongly was the need for an overhaul of the global financial system to facilitate climate action financing, including improved access to concessional loans, the fulfilment of a 14-year-old promise by developed nations to mobilise USD 100 billion annually for climate adaptation and mitigation, and the establishment of a carbon markets initiative to fund renewable energy infrastructure.

IMF and World Bank Meetings, Marrakesh

At the recent IMF and World Bank annual meetings held in Marrakesh, Morocco, the need to find solutions for financing for low and middle-income countries and the emphasis on building a cleaner and greener financially stable global economy was a call that African governments made. African countries often need help accessing affordable capital: financing costs can be at least two- to three- times higher than in Europe and North America. As a result, projects remain on the drawing board, and energy costs rise for Africa’s consumers – including the poorest households and least developed economies.

In its regional overview, the [World Bank](#) states, “Harnessing the potential of natural resources provides an opportunity to improve the fiscal and debt sustainability of African countries. During the low-carbon transition, natural resources (oil, gas, and minerals) offer a huge economic opportunity for SSA economies.” This is a massive indicator of where the institution's development funding is intended to facilitate and lends itself to undermining the efforts of creating a feasible financial environment to decarbonise African economies.

According to the latest [IEA: Financing Clean Energy in Africa](#), in sub-Saharan Africa nearly 400 million people (roughly one-third of the population) live in extreme poverty (World Bank, 2023); most of the population without access to modern energy fall within this group. Currently, the cost of capital for energy projects in African countries is at least 2-3x higher than in advanced economies and China, which hinders investment by raising project costs.

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