

GPublication for *The Africa Roundtable*

# Africa & Europe: Together for a Just Green Transition

## Follow-Up

December 2022

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Global Perspectives Initiative in cooperation with the Ministry of Economy, Planning & International Cooperation of the Republic of Senegal, and supported by the Federal Ministry for Economic Cooperation & Development, the Bill & Melinda Gates Foundation, the Mo Ibrahim Foundation, McKinsey & Co., and the African Center for Economic Transformation, and the Federation of German Industries



## **Global Perspectives Initiative (GPI)**

As a non-profit and independent platform, GPI works towards enhanced engagement and responsibility for sustainable development by German and European decision-makers. At the same time, the initiative aims to strengthen African perspectives in policymaking. To this end, GPI regularly brings together decision-makers from politics, business, civil society, academia, and media to discuss new approaches, provide new impulses and raise awareness on the common opportunities and challenges the two neighbouring continents are facing.

## ***The Africa Roundtable***

With *The Africa Roundtable*, GPI has established a high-level programme that brings together decision-makers from Africa and Europe who are active in politics, business, and civil society to develop joint, sustainable solutions. *The Africa Roundtable* consists of three pillars: encounter, communication, and research. It provides a dialogue platform for decision-makers and thought leaders and engages with current pressing issues and challenges of the neighbouring continents as well as partnership-based approaches to solutions and models of future cooperation.

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### INTRODUCTION

Following an invitation by the Ministry of Economy, Planning & International Cooperation, the third edition of *The Africa Roundtable*, and the first ever Roundtable on African soil, convened in **Dakar, Senegal** – the Chair country of the African Union – from **30<sup>th</sup> November until 2<sup>nd</sup> December 2022**. Co-hosted by H.E. Minister Oulimata Sarr and GPI, about 30 decision-makers from both continents met to discuss and develop joint plans of action for the two pillars of a just green transition, energy and agriculture, in the aftermath of COP27.

While the last Roundtable in May 2022 in Berlin focused on economic recovery, financial inclusion and pandemic preparedness, the questions a green recovery were underlying the debate. Then, participants made very clear that recovery efforts need to not only target economic losses, but be in line with climate goals, while preparedness transcends the issue of pandemics and is central to climate action. Hence, to take up the issues of green recovery and climate finance, the Roundtable in Dakar was held under the credo of **joint efforts for a green transition in the aftermath of COP27**.

## RECOMMENDATIONS FOR ACTION

- Fundamentally, international efforts for a green transition must take into account **Africa's unique position** as being heavily impacted by climate change, while only having contributed a fraction of greenhouse gases responsible for global warming, and additionally needing fast and stable electrification and industrialisation.

### Financing is key:

- Promises of **loss and damage compensation** made at COP27 should be followed up in a timely and holistic manner.
- Development finance institutions need to tailor packages that respond to the **actual and self-determined needs** of African markets and governments.
- **Ratings** of African economies need to accurately reflect the realities of these countries, which can be achieved through more dialogue, data sharing and transparency.
- The high cost of borrowing based on low credit ratings for African sovereigns is a competitive disadvantage and raises the need for more **concessional finance** and the reissuance and recycling of Special Drawing Rights.

### Private investments:

- Private investments are necessary and urgent to realise Africa's economic potential and opportunities for Europe in a win-win scenario.
- **German businesses should not miss this opportunity**, especially considering the prevalence of other actors in African markets. We therefore support the private sector, particularly the BDI's new Africa strategy.
- We ask for financial support for young entrepreneurs in Africa.
- We call on all sectors to join forces to **raise awareness, change the narrative and present Africa's potential** as an attractive investment location.
- Private investors must be supported through information, transparency, and reliable public guarantees.

### Energy:

- We call for pragmatic and context-dependent solutions to electrification and climate action. Natural gas and oil must be understood as an affordable and available resource for Africa's development and as a **bridge technology** while simultaneously diversifying portfolios towards renewables.
- The great potential of **green hydrogen** production in Africa must be recognised and utilised.

- Global power supply investments must recognise and target Africa as a major destination.
- Energy infrastructures and investments therein must transcend national borders and form **regional grids and power pools** for energy sharing.

#### **Agriculture:**

- Agriculture is a major economic sector and employer and should urgently be transformed towards greater productivity.
- Overall, agriculture needs to be **revitalised as a business sector** and made more attractive as a career, e.g. through targeted vocational training, especially for young entrepreneurs.
- Agriculture needs to add value and be profitable, otherwise it is not sustainable. Fertilisers are urgently needed to farm African soil profitably. Therefore, **open fertiliser supply chains** must be secured.
- As **women play crucial roles in food production**, political frameworks need to aim at further strengthening their economic and societal positions in agriculture, e.g. through securing training, realising economic independence through the right financing, and enabling land access and tenure.
- An **AU-EU agricultural platform** should be established to prevent trade disruptions and food crises in the future.

#### **Trust:**

- We are facing multiple crises. In the context of the pandemic, much trust in the global community and specifically in the partnership between Europe and Africa has been lost.
- We call for **COP27 to be followed by action**, or the relationship between the two continents might be seriously damaged.
- We call for a deepening of bi- and multilateral relations and creation of new projects between African and European states.

## SETTING THE SCENE

In preparation for *The Africa Roundtable*, GPI partnered with McKinsey & Co. and the African Center for Economic Transformation (ACET), which each produced a White Paper as scientific accompaniment. Mavis Owusu-Gyamfi, Executive Vice-President of ACET, gave an overview of ACET's White Paper *Climate Action for Africa at COP27*. The paper examines the expectations for and outcomes of COP27, the 'African COP' as many observers had called it, and the need for an **Africa-driven narrative surrounding negotiations and restructuring of climate finance**. ACET's report zoomed in on the **loss and damage commitments** made by heavy emitter countries made at the recent COP, which has been applauded by some as a major breakthrough in the negotiations. Actual numbers and individual responsibilities have not yet been specified, and it remains questionable whether Africa's projected annual needs of climate finance (including adaptation, mitigation, and loss and damage) of about USD 130-150 bn will be met. ACET also criticised the **lack of ambition in reducing emissions prevalent at COP27**, most likely a response to the Russian war in Ukraine, surging energy prices and many countries' turning back to coal and gas.

McKinsey & Co.'s White Paper *The Green Economy* was presented by Hauke Engel, Partner in the Nairobi Office, who gave an overview on potential **opportunities available in the energy and agriculture sectors** that could deliver growth and boost resilience while reducing emissions. It also zoomed in on countries' different economic and export portfolios shaping their priorities for a green transition. A move away from conventional energy sources could equal market share losses for African oil and gas exporters and result in the loss of jobs – at the same time, the growing demand for green hydrogen and the 65-70 m tonnes projected annual demand by Europe from 2050 could be a chance for Africa to **reshape its commodity exports**. Regarding agricultural output, McKinsey's analysis suggests that access to state-of-the-art training, reducing supply chain losses through improved transport and storage, and restoration of degraded land could **increase grain production two- to threefold to about 815 m tonnes annually** without raising emissions.

## ROUNDTABLE – AFRICA & EUROPE: TOGETHER FOR A JUST GREEN TRANSITION

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The Roundtable started with a reception opened by Dr Ingrid Hamm, CEO of the Global Perspectives Initiative, and H.E. Sönke Siemon, Ambassador of the Federal Republic of Germany to Senegal, The Gambia and Guinea-Bissau. Both reminded the participants to use this **opportunity for dialogue** and the combined knowledge and experience of the guests and speakers to talk frankly about the issues at hand and to find creative pathways for action. Kossivi Tiassou, Journalist and environmental expert at Germany's international broadcaster Deutsche Welle, gave a brief introduction into **Africa's energy dilemma at the core of a just green transition**: 600 million people without access to energy on the continent and subsequent different priorities of many African countries when it comes to balancing climate protection, growth, and electrification.

### Focus Session Energy

Following the lunch, the Roundtable was opened with a keynote by H.E. Oulimata Sarr, newly appointed Minister of Economy, Planning & International Cooperation of Senegal. While welcoming the participants, she also reminded everyone that a green transition needs to be looked at from different perspectives, and that **for many African countries, including Senegal, natural gas remains an imperative**. She also called for realising financial commitments and increasing investments, as adequate finance is the basis for any kind of development and for addressing immediate crises. Papa Samba Bâ, Head of Hydrocarbon in the Ministry for Petroleum and Energy of Senegal, reiterated Senegal's desire to use available resources such as gas for transition and electrification, as well as the country's **commitment to simultaneously diversify** its portfolio, e.g., towards green hydrogen.

Three political contributions from Europe started with a written statement by Dr Angela Merkel, Former Chancellor of Germany, who welcomed platforms such as *The Africa Roundtable* carrying forward the idea of collaboration; in **unstable international conditions** – the Covid-19 pandemic, climate change, and the war in Ukraine – needed more than ever. Koen Doens, Director-General for International Partnerships at the European Commission, further emphasised the strategic importance that Africa holds for the EU in terms of energy and critical raw materials. The EU aims to create mutually beneficial cooperation through its Global Gateway and increase the mere 4% of **global power supply investments** that are going into Africa today. He reiterated the desire for an

Africa-EU green energy initiative which was agreed on at the AU-EU Summit in February 2022 including 'hard' infrastructure investments and technical assistance to set up regional power plants and pools, citing EU-funded projects in Niger and Mozambique.

Dr Jörg Kukies, State Secretary and G7-Sherpa at the German Federal Chancellery, assured the Roundtable that the G7 and G20 are aware of the massive public and private investments that need to come from abroad into Africa to catalyse a mutually beneficial and just transition. While an **end to support for unabated fossil fuels** was agreed to at COP26 and the G7 Summit in Elmau, specific **exemptions**, e.g. the use of gas as a transitional source, are supposed to be made for African states, including Senegal. He further outlined the **Partnership for Global Infrastructure Investments** launched at the last G7 Summit which currently has a huge focus in energy infrastructures, and affirmed Germany's support for the Global Gateway, citing German public funding of EUR 9 bn for the construction of Egypt's railway.

From the private sector perspective, Managing Director for Africa of Siemens Energy Nadja Håkansson reminded the Roundtable of **pragmatism regarding financing and technology** when developing plans of action, to be specific to available resources, and that the 'best' energy solution is not necessarily the greenest at any given point, referencing the example of coal in South Africa. As there are limitations from an engineering perspective, she asked countries to open up to companies which are at the forefront of implementing **technologies which can be repurposed in the future**, e.g., the use of turbines for gas and hydrogen. Wolfgang Niedermark, Member of the Executive Board of the Federation of German Industries (BDI), presented the **BDI's new Africa strategy** which moves away from 'low hanging fruit' in other regions and finally realises Africa and its markets as a crucial trade and industry partner of Germany. This comes at a pivotal point of globalisation which calls for more diversification. To really make use of the win-win – energy and raw materials needed in Europe and industrialisation and job creation needed in Africa – he suggested e.g., introducing **high technology for transition to leapfrog and accelerate development**.

Addressing the elephant in the room – finance – Dr Al-Hamndou Dorsouma, representing the African Development Bank, opened the topic of energy transition towards transitions in other sectors such as food and transport, which are also crucial for a holistic green transformation. He further expressed concern over how to leverage private finance for transition in light of **limited public and national budgets**. Remarking that those who have the necessary



technology are not the ones who need the transition now, he called for **technology transfers** and the transitional use of gas as further support mechanisms to support a just transition, and to address the biggest problem of renewable energies: its intermittency and how to ensure a steady baseload. Prof. Joachim von Braun, Director of the Center for Development Research at Bonn University, supported Dr Dorsouma's point of broadening the lens of transition, especially to the **construction and food sector**, two of the biggest global emitters. He pointed out a recent initiative by the EU to make the construction sector energy sensitive by introducing new and more sustainable and durable materials, getting out of steel, concrete, and glass as quickly and to the extent possible.

Jan Friedrich Kappen from the World Bank followed this up by reminding the Roundtable that most of Africa's carbon emissions stem from **land use, deforestation, and using charcoal and kerosene** in households, deforestation alone four times higher than the emissions from the African energy sector, pointing to an often-overlooked issue: **energy poverty**. Combating energy poverty, even with conventional resources such as liquefied petroleum gas (LPG), can contribute to climate protection and the reduction of emissions, requiring a lot more pragmatism and equity in international approaches to an energy transition. Dr Daniela Beckmann, Director for North Africa at KfW Development Bank, encouraged development finance institutions to do their 'homework' and jointly – among each other but also in dialogue with their clients – evaluate, develop, and put together **tailor-made and self-determined financial packages**, loans, and mechanisms. These should not only support national development but also target cross-border and **cross-regional infrastructures** which are crucial for import, export, and energy sharing. She raised the example of a green hydrogen platform recently launched at COP27 which allocates different funding sources with different purposes together with multiple German ministries and public grants. Ms Owusu-Gyamfi seconded the energy sharing issue by calling for financial and technical support to set up regional grids and power pools, and further reminded participants that countries cannot be treated as 'silos' when looking at transition pathways, and that many different sectors have to be included, thereby addressing the **lack of African industry** present at the Roundtable.

Nathalie Delapalme, Executive Director of the Mo Ibrahim Foundation, also appreciated the progress made in the understanding to not work in 'silos' anymore but to see issues as interlinked, and to not employ one-size-fits-all solutions. However, she called for a

continued change of narrative that does no longer ask what the world can do to help Africa adapt to climate change but to ask what the world can learn from Africa in terms of adaptation: 22 countries in Africa already use renewable energies as the main source in their energy mix and are **spearheading a local green transition**. Relating to the crucial issue of finance, she also criticised problematic risk assessments of African economies by **rating agencies** which often presents an obstacle to affordable private and public finance and insurance.

This was supported by the Chair of the Liquidity & Sustainability Facility (LSF) Dr Vera Songwe who agreed but did not call for an African rating agency. Instead, better **interaction, data sharing and transparency** between African countries and international rating agencies is needed. Dr Songwe further elaborated on the objective of the LSF which aims to deepen and create **capital markets allowing African sovereigns to recycle issuances**. As there is still a need in Africa for long-term capital for 30-40 years and welcomed the IMF's Resilience and Sustainability Trust. As even these kinds of **concessional loans** will not be sufficient, she reminded the Roundtable that African countries have to chance but to go to the capital markets, in which cost of borrowing is still too high.

### **Focus Session Agriculture**

The second session of the Roundtable was opened by Maciej Golubiewski, Head of Cabinet of the European Commissioner for Agriculture, starting the agriculture session by emphasising that sustainability is the basis for agricultural production and food security – however not a sufficient condition. First and foremost, the livelihoods and resilience of farmers and primary producers needs to be preserved. He applauded the power of **local production** and markets as well as **SME agriculture** which is responsible for around 30% of global primary food production, both in Europe and Africa. Mr Golubiewski also cited the problematic of rising fertiliser prices and explained the EU's comprehensive response including stepping up emergency aid for countries most in need, investing in local food producers and entrepreneurs, keeping the markets open and ensuring grain exports could leave Ukraine through land-based routes and engaging with international organisations and regional economic communities. He strongly assured participants that the **EU will always advocate against any export bans on food and fertiliser**.

Ingrid-Gabriela Hoven, Managing Director of the GIZ, added remarks from the perspective of an implementing agency and expressed satisfaction over the fact that the **resilience and nature-**

**sensitivity of food systems** has gained relevance not only at the UN Food Systems Summit 2021 but also at the recent COP27. She stressed that agri-food systems have to be transformed dramatically to be more 'nature positive', otherwise global warming will not be contained to 1.5°C as today's global food systems contribute massively (about 40%) to greenhouse gas emissions and destruction of the environment. At the same time, agricultural production is also already heavily suffering from the impacts of climate change, especially extreme weather events. Minister Sarr followed this up with the five pillars of green, smart, and climate-resilient agriculture: 1) Enabling access to land for farmers, especially women and youths, 2) improving productivity and food sovereignty and developing indigenous grains, 3) **getting out of the 'ghetto' of microfinance**, 4) international, regional and local market access, and 5) financing and providing the necessary infrastructure: renewable energies, water management, transport and storage etc.

Everlyne Nairesiae, Africa Region Director of Landesa, raised awareness of the widespread exclusion from the mainstream energy supply and grid for smallholder farmers, a point that should not be overlooked when negotiating energy and agriculture transitions. Additionally, **disputed or non-codified land tenure rights** can make it difficult for farmers to sustainably invest in their land. This can lead to rather short-term perspectives, e.g. only planting cash crops, instead of focusing on more nature sensitive and preservative farming techniques, as well as prevent farmers from investing in expensive equipment or using their land as collateral to take out much-needed loans. Steven Pope, Head of Trade Facilitation at DPDHL Group, further remarked that many farmers are not able to **add value to their produce** and fully benefit from their yields. Exporting primary commodities can easily trap farmers in rural poverty, restricting also the amount of care they can put into preserving the land and contributing to green and sustainable agriculture. Reminding the Roundtable of the high quality of many African agricultural produces which buyers around the world would cherish, he stated that the main problem lies with **access to (international) markets and too long of supply chains**. He cited the American approach allowing direct access of exporters to markets as a positive example and criticised the EU's insistence on **non-tariff barriers** for agricultural imports.

Elhadj As Sy, Chair of the Kofi Annan Foundation, closed the Roundtable with a powerful statement on transcending the green transition into a global economic and social one that starts with

each one of us, our eating habits, consumption, but also beliefs and attitudes as well – because **there is no plan and no planet B**, but only the one we all share. He reiterated that Africa has a stake in climate change and in decarbonisation and does not need to be convinced that protecting the environment is a good thing to do but is well aware that not doing so would be contradictory to its own development. He further cautioned non-African leaders against not following through with their commitments and further hurting the **trust placed by Africa in the international community**, which has already been damaged from the inequitable responses to the Covid-19 pandemic.

## HIGH-LEVEL SIDE EVENT: EMPOWERING WOMEN TO FEED A CONTINENT

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The Side Event on the second full day of *The Africa Roundtable* focused on gender perspectives and the specific roles of women in food systems. The discussion was opened with a keynote by H.E. Prof. Awa Marie Coll Seck, Minister of State to the President of the Republic of Senegal, who stressed the **particularly vulnerable position of women in global value chains** and disruptions thereof. While women's empowerment is central to sustainable development, health and food security are central to empowering and enabling women to claim their place. Giving an overview on the concept of food systems, Prof. von Braun offered a blunt verdict of the state of global food systems as 'sick' and malfunctioning, simultaneously **straining the world's resources while also not providing universal nutrition**, partly due to trade and economic barriers. H.E. Jean-Marc Pisani, Ambassador of the European Union to Senegal, reminded the Roundtable that women's inclusion is **not only a normative question** and one of human rights, but also an issue of **efficiency** as they make up not only at least 50% of the population, but also of the workforce.

The participants discussed in detail the importance of **tenure rights, legal rights, and heritage tenures**. This discussion was particularly important to highlight the contestation of tenure rights and the impact it has to European partners. Participants highlighted that there are two different sectors operating in most markets in Africa: **informal and formal**. There are high percentages of land that are in fact not legislated, therefore a discussion can only take place when including informal sectors. A final aspect brought up was the different between rural and urban realities.

Private sector engagement brought many different perspectives: The question of formal and informal sectors remained central, with clear focus on the need for systematic change from informal to formal, especially regarding women's employment. Similarly, the topic of rural financing was brought up. Lastly, women-led SMEs were discussed in great details and how through **micro-finance and long-term resources** women can be targeted more effectively and sustainably.

Education and vocational training were the third focal point of debate between participants: The first issue was children and adolescents, especially young girls, **going to and staying in school** and how the current crises often hinder this. Secondly, there is a strong cultural element in accessing education, as well as gender roles – decisions do not solely depend on the parents but on cultural

circumstances. Thirdly, **vocational training** is not held in the same regard as in Europe and often looked down at or seen as outdated, raising the need for more **information and resources to be made available to target groups**.

### **CULTURAL PROGRAMME: A GLIMPE INTO DAKAR'S ART SCENE**

The Roundtable finalised with a cultural programme offering a glimpse into Dakar's art scene with local artists Aliou Badou Diack and Barkinado Bokum, as well as gallerist Loman Pawlitschek and art festival *Partcours* organiser Théo Petroni **showcasing some of Dakars main creatives and discussing the standing of African contemporary art in the world and domestic support for creative industries**. The art event was made possible with the support of the Friedrich Naumann Foundation for Freedom Africa.

### **OUTLOOK**

GPIs work on closer Africa-Europe relations will continue in 2023 with the next Roundtable taking place in cooperation with our close partner, the Mo Ibrahim Foundation, within the framework of the **Ibrahim Governance Weekend in Nairobi on 28<sup>th</sup>-30<sup>th</sup> April**. Additionally, topics raised at the Roundtable will influence other GPI events, initiatives, and formats: we will continue to work on and foreground the role of women within the context of **Feminist Development and Foreign Policy**, particularly focusing on women as changemakers. Regarding climate and climate-induced disasters, we will host a format on new technologies for early detection of crises in order to be able to react faster and more effectively. **Sensitising German businesses to the relevance of the African continent** to promote effective cooperation and their role in development will be discussed in talks with the largest German companies and their successor generation. In this context, we will also further intensify cooperation with our partners, including the BDI.

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