POLICY BRIEF

Africa and German Climate Foreign Policy 2024

Implications of the 2023 Africa Climate Summit

The first Africa Climate Summit in September 2023 marked a milestone in global climate politics. African countries made clear that they want to actively shape the global climate debate to seize the opportunities of the green transformation and shake the perception of being mere victims of the climate crisis. The Africa Climate Summit will take place biennially to strengthen the continent's role in global climate politics.

The formal outcome of the Summit was the Nairobi Declaration.[1] The signatories have sent a strong signal to the global community with explicit promises to align their economic development plans with climate-compatible growth while implementing the energy transition in a socially just manner. The EU, Germany, and other states of the Global North have been encouraged to welcome African states as partners on an equal footing.

The African Union (AU) becoming part of the G20 in 2023 indicates that the international order is shifting. To strengthen co-operation, it is high time to recognise Africa's changing role in Germany's climate foreign policy. In this briefing, we highlight the three main topics of the Summit and offer recommendations for German climate foreign policy with regard to African countries in 2024 as the German government is revising its Africa Policy Guidelines.

Finance

Recommendations

- Germany should support systemic reforms and sustainable long-term financial instruments that allow African countries to grow economically, to prepare for and adapt to climate change impacts.
- Germany should work together with other countries of the G7 and beyond to advance solutions of debt relief in 2024. The G20 Common Framework for Debt Treatments is not sufficiently effective in its current form.
- The German government should join the international taxation taskforce initiated by France and Kenya and proactively push for ambitious outcomes in line with African countries' priorities.

Finance was one of the main issues at the Summit. Many African countries are heavily indebted; 24 countries had debt levels above 60% of their GDP in 2022.[2] The growth rate of African countries' debt since 2010 has exceeded the GDP growth rate four times over the same period.[3] Thus, debt relief and restructuring programmes are crucial for creating fiscal space for many African countries. At the same time, the continent is highly vulnerable to the impacts of the climate crisis.[4] The need to prepare for and respond to climate impacts is increasing the pressure on the already very scarce public resources in African countries.

[1] The African Union is supposed to develop an implementation framework for the declaration. See African Heads of State and Government, 2023, The African Leaders Nairobi Declaration on Climate Change and Call to Action (accessed 14 October 2023).
[2] UNCTAD, 2023, World of Debt (accessed 14 October 2023).
[3] UNCTAD, 2023, World of Debt (accessed 14 October 2023).
[4] IPCC, 2022, Climate Change 2022. Impacts, Adaption, and Vulnerability, pp. 1285–1455 (accessed 27 February 2024).

Addressing the debt issue

Examples of debt-relief instruments include debt-for-climate or debt-for-nature swaps. These instruments grant debtor countries debt relief if their governments commit to climate action or nature conservation measures. At the Africa Climate Summit, Germany and Kenya agreed on a debt-for-climate swap of over EUR 60 million.[5] Currently small in scale, these swaps are merely one part of the solution.[6] They cannot, however, provide enough relief for highly indebted countries, which need systemic programmes instead.

In the Nairobi Declaration, African states have clearly outlined their priorities and submitted proposals to make more financing available for a green and resilient transformation. Many of these priorities are based on previous calls to reform the international financial architecture (IFA reform). Last June, France's President Macron and Barbados' Prime Minister Mottley organised the first Summit for a New Global Financing Pact (PACT), with various IFA reform avenues on its agenda. The Nairobi Declaration urges leaders to make progress on the reforms, based on the PACT Summit outcomes and the tenet that 'no country should ever have to choose between development aspirations and climate action'.[7] Their calls included instruments such as a debt pause clause that would allow countries to pause on debt payment in the event of climate disasters, to be granted maturity extensions of sovereign debt, and obtain a grace period of ten years.

German climate foreign policy should support systemic reforms and sustainable long-term financial instruments that enable African countries to develop economically and to prepare for and adapt to the impacts of climate change. The EUR 60 million debt-for-climate swap between Germany and Kenya is only a small step towards systemic reforms. Notwithstanding, the German government's willingness to offer debt relief for climate adaptation measures to Kenya proves that the issue of debt is generally taken seriously.

The German government should work with other creditors in the G7 and beyond (including private creditors) to advance further-reaching solutions in 2024. They should recognise that the G20's Common Framework for Debt Treatments is not effective in its current state. There is no comparability of treatment, the pace of the process is too slow, and the solution is unlikely to be sustainable. As a new member organisation of the expanded G20, the AU might be able to shape the Common Framework so that it fulfills its role as an agile and more adequate instrument for highly indebted countries. Brazil's 2024 G20 presidency provides a good opportunity to advance on more structural reforms of international institutions, such as the IFA reform agenda. Moreover, the current G20 troika consists of India, Brazil, and South Africa, and all are eager to push the debt relief agenda forward. Germany should support efforts for a truly effective initiative for faster and systematic debt cancellation for countries involving all creditors.

Creating new revenue flows

Levies and taxes are one instrument to create a systematic revenue for climate action. Taxing polluting activities enforces the 'polluter pays' principle and contributes to reducing pollution. The Nairobi Declaration acknowledges this potential with its proposals for a 'global tax regime' to finance large-scale climate action. Historically, Germany has had a strong focus on levies and taxes, most recently through Chancellor Scholz, and has already been successful with demands for a global minimum tax of 15% at G20 level in 2021. Germany should continue to push forward on tapping innovative sources of financing for climate action. This includes levies on sectors such as shipping and aviation, profits of oil and gas companies, or on financial transactions.[8]

[5] Reuters, 2023, Africa Climate Summit Opens with Focus on Financing, Continental Unity (accessed 14 October 2023).
[6] Adrogué, B., Plant, M., 2022, Debt-for-Climate Swaps Won't Solve the Climate or Debt Crises, But Can They Help? (accessed 14 October 2023).
[7] PACT Summit, 2023, The Paris Pact for People and the Planet (accessed 14 October 2023).
[8] Micozzi, M., Niedermeyer, R., Ryfisch, D., 2023, Summit for a New Global Financing Pact (accessed 14 October 2023).

Revenue from these innovative sources can be used, for example, to increase and sustain funding for the Loss and Damage Fund, which is in severe need of hard-to-acquire public financing.[9]

African countries have been particularly active in this area. The UN negotiations on the creation of a UN international tax framework are one example.[10] Lead by Nigeria, the UN General Assembly approved a proposal from the African Group to amend a draft resolution to promote inclusive and effective international tax cooperation at the UN.[11] This document, among others, calls to 'establish a Member State-led, open-ended ad hoc intergovernmental committee […] for the preparation of the terms of reference for the negotiation of a United Nations convention on international tax cooperation'.[12] Moreover, the governments of Kenya and France have set up an International Taxation Task Force at COP28 in Dubai.[13] The main objective of this task force is to assess and analyse different international instruments, including taxes and levies on international shipping, aviation, and fossil fuels. The German government should join the task force and proactively push for ambitious outcomes in line with African countries' priorities.

With regard to private finance, in 2017, the Compact with Africa (CwA) summit was initiated under Germany's G20 presidency to support private investment in Africa. The summit was held for the fourth time in 2023.[14] On top of the agenda were scaling up private investments and energy partnerships. Germany promised investments over EUR 4 billion for green energy by 2030 with a focus on renewable hydrogen capacity.[15] These investments should only be a starting point and leverage private investments. In addition to the level of investment, the type of financing provided is of key importance. In order to become a reliable partner – as Chancellor Scholz emphasized – Germany must ensure that these investments contribute to local value creation. African countries are often stuck at the bottom of the value chain as suppliers of raw materials. At the same time, they mainly import highly processed products, creating a trade deficit that needs to be balanced.[16] Scholz has underscored this problem on multiple occasions.[17] The Chancellor now needs to stand by his commitment at the CwA summit and establish partnerships that support local value chains. The new Africa Policy Guidelines by the German government to be published in 2024 is expected to demonstrate how this promise will be implemented.

Renewable Energy

Recommendations

- Germany should align its various partnerships to increase their effectiveness and coherence. This includes partnerships at the national level (Climate and Development Partnerships; Climate and Energy Partnerships; Hydrogen Partnerships) and the EU level (Africa-Europe Green Energy Initiative, AEGEI), but also in plurilateral partnerships (Just Energy Transition Partnerships, JETPs; Accelerated Partnership for Renewables in Africa, APRA). German co-operation interests should be transparent to build trust and put partnerships on an equal footing.

[9] CAN Europe, 2023, New Resources for Public Climate Finance and for the Loss and Damage Fund (accessed 14 October 2023).
[10] United Nations, 2023, Second Committee Approves Nine Draft Resolutions, Including Texts on International Tax Cooperation, External Debt, Global Climate, Poverty Eradication (accessed 28 November 2023).
[11] Global Alliance for Tax Justice, 2023, Governments Approve Proposal for International Tax Cooperation at United Nations (accessed 28 November 2023).
[12] United Nations General Assembly, 2023, Macroeconomic Policy Questions. Promotion of Inclusive and Effective International Cooperation on Tax Matters at the United Nations (accessed 28 November 2023).
[13] Civillini, M., 2023, France, Kenya Set to Launch Cop28 Coalition for Global Taxes to Fund Climate Action (accessed 16 November 2023).
[14] Numerous countries have now joined the initiative: Benin, Burkina Faso, Côte d'Ivoire, the Democratic Republic of Congo, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo, and Tunisia.
[15] AP News, 2023, Germany Pledges to Invest 4 Billion Euros in Green Energy Projects in Africa (accessed 20 November 2023).
[16] Power Shift Africa, 2023, Just Transition. A Climate, Energy and Development Vision for Africa (accessed 14 October 2023).
[17] Germanwatch e. V., 2023, Kanzler Scholz setzt sich bei Klimafinanzierung und globalem Finanzpakt selbst unter Zugzwang (accessed 14 October 2023).

- Germany should provide grants and concessional financial support to further increase the growth rate of renewable capacity additions and close the investment gap of USD 28 billion of concessional finance to achieve African climate and energy goals by 2030.
- German ministries and the chancellery should strengthen consistency in supporting and communicating with partners. In all partnerships, transparency, accountability, additionality, and the systematic involvement of civil society should guide Germany’s engagement.
- Germany needs to ensure that certifications and standards that benefit local communities are implemented instead of focusing on the extraction and export of hydropower and other resources.

Renewable energy took centre stage at the Africa Climate Summit. 600 million Africans have no access to electricity, and 800 million have no access to clean cooking.[18] As energy is a key enabler for development, local fossil fuels might incentivise investments that aim to expedite it. Therefore, it is crucial to acknowledge and publicly support renewable energy sources and their benefits for sustainable development. The explicit support for renewable energy is a recurring topic throughout the Nairobi Declaration.

One of the highlights of the Summit was that African leaders agreed on a common target for the expansion of renewable energy, amounting to 300 gigawatts by 2030 with support from the international community. To achieve this goal, it will be necessary to advance on the African Single Electricity Market and the supporting Continental Power System Masterplan. Launched by the AU in 2021, it aims to create a continent-wide efficient, affordable, and sustainable electricity market by 2040 with the necessary generation and transmission infrastructure. The EU is supporting these plans through the AEGEI as part of the Global Gateway Africa-Europe Investment Package. In addition, Germany has a bilateral P+ with Kenya, Rwanda, and Côte d’Ivoire to support ambitions in building decarbonised and resilient economies. During the Africa Climate Summit a new type of plurilateral partnership was launched: APRA.[19] This type of plurilateral initiative has the potential to achieve the goal of 100% renewable energy. Germany should provide targeted financial and technical support to make APRA a successful approach for other African countries.

APRA can also be considered as complimentary to JETPs that have been criticised for offering support only to the most polluting countries. While JETPs face a number of challenges,[20] they can potentially bundle resources from the International Partners Group (IPG),[21] including Germany. Billions of dollars were announced to support a just transition away from fossil fuels, as in the case of South Africa, or to provide alternative pathways to oil and gas exploration, as in the case of Senegal. However, the effectiveness of JETPs is yet to be proven. Before launching any new JETPs, the IPG, including Germany, should co-operate with JETP countries and Multilateral Development Banks to establish inclusive and effective structures for these partnerships.

Germany and its partners should now pool the required support packages and co-ordinate efforts to create effective and coherent partnerships. The AU’s positioning on the future role of oil and gas will be critical, considering massive pressure from states such as Nigeria and Senegal, which remain adamant on exploiting their fossil resources. Coherent communication and support among German ministries and the chancellery is crucial. Key principles for Germany's engagement in all partnerships should include transparency, accountability, additionality, and systematic involvement of civil society.[22]

[18] World Bank, 2023, Africa’s Pulse (accessed 14 October 2023).
[19] IRENA, 2023, Joint Statement on the Accelerated Partnership for Renewables in Africa (APRA) (accessed 14 October 2023).
[20] Simpson, N. P., Jacobs, M., Gilmour, A., 2023, Taking Stock of Just Energy Transition Partnerships (accessed 28 November 2023).
[21] The International Partners Group consists of the G7 countries, Denmark, and Norway.
[22] Wemanya, A., Opfer, K., 2022, Principles for Just Energy Transition Partnerships in the African Energy Context (accessed 14 October 2023).

Increasing investments in renewable energy

While there is tremendous potential for renewable energy, only 2% of global investments in renewable energy over the past two decades has been in Africa.[23] One major cause is the risk assessment for African countries which results in extremely high cost of borrowing. These are up to eight times higher than in developed countries,[24] a serious obstacle to increasing investments in renewables.

At the Africa Climate Summit, countries committed to provide necessary reforms and to raise the share of renewable energy financing to at least 20% by 2030. Some progress has already been made: renewable energy capacity additions account for half of all additions since the COVID-19 pandemic.[25] This indicates that renewable power projects are becoming easier to finance. Concessional support is needed to continue the growth rate, either for demonstration projects or to facilitate the mobilisation of private capital. According to the International Energy Agency, USD 28 billion of concessional finance will be required annually to achieve climate and energy goals in Africa by 2030.[26]

Investments in renewables are crucial to harness Africa's abundant resources and enable sustainable development without fossil fuels. Investors are particularly eager to invest in hydrogen production in Africa, for example in Namibia. The EUR 4 billion pledged during the CwA summit focused on private sector opportunities and hydrogen specifically. The German government needs to ensure that certifications and standards are established to create benefits for local communities instead of focusing on extraction and exportation of hydrogen alone.[27] Focusing primarily on exporting hydrogen or other resources can lead to a depletion of local resources (e.g. water, land, or energy), namely without benefits for local communities, such as increasing energy access or establishing upstream/downstream industries. To be able to establish trust and build partnerships that are truly equal, German interests in these partnerships need to be transparent.

Resilience

Recommendations

- Considering their vulnerability to climate impacts, Germany should increase its engagement and finance for many African countries with regard to resilience, including adaptation and addressing loss and damage.
- Adaptation finance should be based on grants and only to a very limited extent on concessional loans, taking into account the fact that these instruments, which constitute the majority at present, add to an already extreme debt burden.
- German engagement should focus on transformative adaptation efforts that offer context-specific, rights-based and people-centred solutions, recognising that effective solutions based on indigenous adaptation solutions exist and should be scaled up and strengthened.
- Germany should increase its support towards sustainable agriculture and food sovereignty in Africa and explore partnerships with non-traditional partners such as small farmers and farmers' unions. Germany should also strengthen the representation of women, girls, and marginalised groups, building on its Feminist Development Policy and its Guidelines for Feminist Foreign Policy. This would entail adjustments of financing mechanisms of bilateral programmes.

[23] IRENA, 2022, Renewable Energy Market Analysis. Africa and its Regions (accessed 14 October 2023).
[24] UNCTAD, 2023, A World of Debt (accessed 14 October 2023).
[25] IEA, 2023. World Energy Outlook (accessed 14 October 2023).
[26] IEA, 2023, Financing Clean Energy in Africa (accessed 14 October 2023).
[27] Beaucamp, L., Nforngwa, E., 2022, Green Hydrogen in Africa. Risks and Benefits (accessed 14 October 2023).

African countries are active players in the green transition. At the same time, many African countries and regions are 'vulnerability hotspots' – they are among the most vulnerable to the impacts of climate change.[28] Thus, strengthening adaptation and resilience is central for African countries and will require up to USD 86 billion annually in the years leading to 2030.[29] Many African civil society organisations have criticised the Summit for failing to address the issue of adaptation.[30] Increased support for African resilience to climate change impacts should therefore be a key component of Germany's climate foreign policy.

First and foremost, Germany should increase its finance for adaptation projects and programmes. At COP26 in Glasgow, all parties committed to double their adaptation finance by 2025 compared to 2019 levels. So far, it is not clear how they will meet this commitment. Parties should now provide a roadmap clearly outlining the finance increase over the next years. While 44% of Germany's climate finance went into adaptation, this share should rise to 50% as soon as possible.[31] Currently, 28% of adaptation finance from Germany is loan-based, which further increases the recipients' debt burden. In the future, Germany's climate finance should thus be mainly based on grants.

The focus should be on transformative adaptation and disaster risk management. Transformative adaptation efforts are unique in that they offer context-specific, rights-based, and people-centred solutions that build social and ecological resilience by sustaining livelihoods and biodiversity. Adaptive solutions such as agroecology, food sovereignty movements, forest restoration, or practices based on indigenous knowledge already exist across Africa. Agroecology and food sovereignty movements drive systemic change by rebalancing power dynamics within the food system, while having numerous co-benefits. These range from enabling farmers to boost their farms' resilience to extreme weather events, protecting biodiversity, and improving soil fertility. Another important pillar is loss and damage (L&D) and addressing the economic and non-economic impacts of rapid-onset and slow-onset events. These events, ranging from droughts to flash floods, directly affect vital sectors and systems that are crucial for Africa's resilience and result in compounded vulnerabilities. Germany's initial USD 100 million pledge to the L&D fund was an essential step. This pledge must complement mitigation and adaptation efforts and add to development and humanitarian finance at large. It is crucial that this initial contribution is perceived not as a cap, but as a beginning shift from the millions to the billions, paving the way for and encouraging others to substantial future contributions.

Germany has previously expressed an explicit commitment to support partner countries in adaptation and resilience building. Measures that the German development co-operation supports in this regard include climate risk management, early-warning systems, and the Global Shield against Climate Risks. Additionally, Germany focuses on bolstering adaptation planning, improving food and water security, building critical infrastructure against extreme weather events, promoting nature-based solutions, and encouraging agroecology practices. Climate, land-use, energy, food, and development challenges are intertwined. Consequently, efforts to adapt to climate change and reduce disaster risks need to be seamlessly integrated in a comprehensive approach. Additionally, it is crucial to expand support for sustainable agriculture and food sovereignty in Africa. This entails exploring partnerships with unconventional partners like small-scale farmers and farmers' unions. This would also entail an expansion of the recipient base for bilateral partnerships. Moreover, it would also require reassessing and amending the guidelines for access to finance, which are currently challenging for non-traditional actors due to their complexity. It would be crucial to simplify these requirements as much as possible.

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[28] IPCC, 2022, Key Findings of the AR6 Report on Impacts, Adaptation and Vulnerability. Part I: Impacts and Risks (accessed 14 October 2023).

[29] UNEP, 2023, Adaptation GAP Report (accessed 14 October 2023).

[30] Morgan, C., Thorph, A. G., 2023. Nairobi Declaration. A Missed Opportunity to Raise Ambition for Climate Action in Africa (accessed 14 October 2023).

[31] BMZ, 2023, Klimafinanzierung. Deutschland als verantwortungsvoller Partner (accessed 14 October 2023).

Government-to-government partnerships such as P+ are highly influential, but such high-level agreements also need to materialise for communities and grassroots actors with actions that reflect local needs and priorities. This requires an inclusive engagement that ensures that communities take ownership of projects emerging from P+, not only in their implementation but also, more importantly, in their design. This could, for example, take the form of a parallel civil society partnership/platform between Germany and the partner countries, which itself provides support and consults on P+. These are fundamental principles of aid effectiveness as established through the Paris, Accra, and Busan agreements.

Furthermore, Germany has recently published a Strategy for Feminist Development Policy and Guidelines for a Feminist Foreign Policy. These include commitments to foster participation of women, girls, and marginalised groups on equal terms and pledges to strengthen their representation at all levels of social, political, and economic decision-making processes. Implementing these commitments will build on partnerships with actors who play a role in dismantling power structures and thus may have been non-traditional partners for development co-operation so far. Again, success will hinge on the involvement of local communities. Moreover, for adaptation action and knowledge exchange, alliances such as between trade unions, civil society, and grassroots actors must be invigorated on the African continent.

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