



Navigating the Opportunities and Risks of the European Green Deal for Africa

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On July 14, 2021, the European Commission adopted a set of proposals that constitute the European Green Deal (EGD). The EGD is a set of policy initiatives that define the EU's climate strategy and that aims to make Europe a first mover in international climate policy. Its central objective is to reduce the EU's net greenhouse gas emissions by at least 55 percent from 1990 levels by 2030. Toward this goal, the EGD provides a road map to a low-carbon future and the building blocks for a green economic growth strategy.

The EGD's potential global spillovers will reach Africa in view of the strong economic and historical ties between both continents. Opportunities and risks of the EGD for African countries abound in at least seven areas: agriculture, biodiversity, energy, critical raw materials (CRMs), circular economy, new technologies, and finance.¹

RECOMMENDATIONS FOR EU POLICYMAKERS

1. Forge genuine partnerships in sourcing CRMs and energy supplies from Africa by building industrial capacity, localizing value chains, and sharing technologies. Clean energy hardware industries, like battery and solar photovoltaic manufacturing plants, can be set up in mineral-rich countries, like the Democratic Republic of the Congo, as the EU shifts from Chinese supply chains.

2. Align areas of the EGD that directly affect Africa with the continent's own stated development priorities. These African priorities are outlined in continent-wide, sub-regional, or domestic policy documents. These include the AU's Comprehensive African Agricultural Development Program on agroecological threats, adaptation of

new standards and Pan-African Agenda on Ecosystem Restoration for Increased Resilience on protecting biodiversity, and the Africa Mining Vision on mineral resources. Overall, Europe should not use its financial muscle or technological standards to impose its foreign policy and geopolitical interests at the expense of Africa's own development aspirations.

3. Match the EU's stated principles around sustainability with actual volumes of climate financing to Africa. This climate financing should be separated from official development assistance and provided either as grants or at highly concessional rates to avoid saddling poor countries with unsustainable debt. The financing should also be rebalanced from its current heavy focus on climate mitigation toward climate adaptation and resilience.

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RECOMMENDATIONS FOR AFRICAN POLICYMAKERS

To tap into the opportunities presented by the EGD and mitigate potential risks, African countries must clearly articulate and assert their own climate transition agendas. They should, individually and collectively, outline their own climate change priorities, considering their resource endowments, historical legacies, development strategies, and geopolitical interests while also presenting clear demands of the EU around specific aspects of the EGD. These transition agendas could include the following:

- 1. Update geological surveys** of their endowments of fossil fuels, CRMs, and renewable resources to help attract FDI. Resource mapping will help position African countries to capture some market share for green hydrogen supplies to Europe and an estimated 75.6 billion euros (\$90 billion) worth of investments.
- 2. Strengthen market-creating instruments** by updating local content laws, policies, and regulations to reflect the low-carbon transition and to cover the specificities of CRMs. This should aim to achieve, among other objectives, knowledge, skills, and technology transfer; the localization of jobs; and forward and backward linkages to the rest of the economy.
- 3. Work closely with local private sectors to leverage new financial instruments** emerging in the context of the EGD toward jobs creation, skills upgrading, technology adoption, and investments in R&D to power local innovation.

- 4. Develop their own overarching climate action strategy** by finalizing the African Union's climate action plan; updating sector-specific strategies in areas such as mining, biodiversity, the circular economy, and agriculture; and developing common positions at global fora on managing the energy transition, especially the various aspects of the oncoming fossil fuel obsolescence in Europe.

KNOWLEDGE GAPS FOR RESEARCH COMMUNITIES

- 1. Generate better data and conducting in-depth forecasting.** This would entail quantifying and modeling the EGD impacts at continent-wide, sub-regional, and country

levels toward helping policymakers understand what is at stake. Specific topics can include modeling CBAM impacts on agriculture, oil and gas, and merchandise exports from African countries to the EU; generating better data on climate financing; and quantifying changes to investment flows in hydrocarbons and CRM projects due to shifting European demand.

- 2. Conceptualize a just transition for Africa.** African scholars and decisionmakers should design a just climate transition attuned to the continent's own realities to provide a framework for domestic policies and relations with external partners like the EU. Such a conceptualization would marry Africa's development needs around quality jobs, sustained growth, economic transformation as well as addressing climate change.

- 3. Avoid new technology dependencies.** Extensive research is needed to examine how to avoid replicating the technology dominance and dependency of the oil and gas era, especially around hydrogen and CRMs.

- 4. Advocate for transparency on the allocation of EU climate financing.** More information is needed on how the EU will allocate climate financing across industries, sectors, and countries in comparison to commitments under the 2015 Paris Agreement. In-depth assessments of the risks and opportunities of Eurobonds for African countries will also be necessary, and how to de-risk African economies to attract investments in decarbonized gas projects and green hydrogen, among others.

CONCLUSION

The EGD is mainly a collection of internal EU policy instruments, yet its potential impacts will reach African countries. Such effects will be felt in the market for agriculture, fossil fuels, and other natural resources. The impacts will also occur through the channels of Europe's financial muscle, technologies, and standards. Yet, no outcome is predetermined. In fact, the transition envisioned in the EGD offers the promise of overhauling EU-Africa relations from donor-recipient orientation of the past toward a mutually beneficial partnership in the twenty-first century if the right steps are taken now.

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¹These recommendations are drawn from "What Does the European Green Deal Mean for Africa?," Carnegie Endowment for International Peace, October 18, 2021, www.CarnegieEndowment.org/org/2021/10/18/what-does-european-green-deal-mean-for-africa-pub-85570.

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