Ninety Eight Sovereign Debt News Update: The Inaugural Africa Climate Summit in Retrospect: Climate Financing, but at What Cost?

By:

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September 28, 2023

Focused on delivering climate-positive growth and finance solutions for Africa and the world, the African Union Commission and the Republic of Kenya hosted the Africa Climate Summit (ACS) in Kenya, Nairobi, from the 4th to the 6th of September, 2023. Running under the theme "*Green Growth and Climate Finance for Africa and the World*," the summit was attended by policymakers, practitioners, businesses, diplomats and civil society groups to exchange views on climate solutions. They discussed barriers to overcome and lessons learnt in different regions. The summit was, therefore, the first global stocktake concluding at COP28 in the United Arab Emirates (UAE) in December 2023.

The maiden Africa Climate Summit occurred against the backdrop that countries are not equally vulnerable to climate change. Further, they are not equally prepared for its impacts. For example, the most vulnerable countries are the most likely to be impacted by climate change and least likely to have the capacity to adapt to its negative effects. This is the case with the African continent, which is suffering some of the worst consequences of climate change despite contributing less than 4% of the world's greenhouse gas emissions. According to one source, the world's ten most climate-vulnerable countries are in Africa, accounting for over 150 million people. While it is reported that countries in debt distress or at high risk of debt distress are particularly vulnerable to climate change, 22 of those are African countries. Indebtedness and the effect of climate change make it impossible for these countries to take climate action in a fiscally responsible and sustainable manner.

The Nairobi Declaration on Climate Change, which is the outcome document of the Africa Climate Summit, has been met with mixed reactions. The Declaration places much emphasis on major polluters to increase their contributions to developing nations that are bearing the brunt of the climate catastrophe. African leaders have called for the enactment of international taxes on financial transactions and carbon emissions in order to finance investments in climate action. The declaration also calls for reforms to the multilateral financial system, an increase in financing with favourable terms, and debt pauses in the wake of climate disasters. However, global interests, financial, and corporate solutions dominated the discussions as well as the final declaration. Here is how:

Caveats Before the Summit

A few weeks before the summit, and in a letter addressed to Kenyan President William Ruto as the host, as well as the Chairperson of the Committee of African Heads of State and Government on Climate Change (CAHOSCC), over 500 civil society organisations issued an urgent call to reset the focus of the Africa Climate Summit. The letter identified the US-based consultancy firm McKinsey & Company as having helped shape the summit's concept note, which the organisations argues did not champion Africa's interests but those of the US and "*the Western corporations they represent*." Overall, the letter expressed concerns that the summit's emphasis on investment deals and shared

responsibility for climate action risks absolved higher-income countries of their historical responsibility for the climate crisis. However, there was no official response to these valid pleas.

Absolving of Polluters?

According to the 1992 Rio Declaration, the polluter pays principle posits that those responsible for causing pollution ought to bear the costs of dealing with such pollution to prevent damage to human health and the environment at large. While President Ruto, the host of the summit, alluded to this fact by highlighting the challenge that "those who produce the garbage refuse to pay their bills," at another turn, Ruto absolved the nations who caused the climate disaster of their primary accountability, stressing that "*the conversation of North vs South must come to an end; the conversation of who did what is not a luxury we can afford*." President Ruto was therefore breathing hot and cold, and this, regrettably, rubber-stamped the issuance of pollution permits to the global north.

A Strong Drive for Carbon Credits

The push to establish Africa's carbon market through carbon credits in order to increase incentives and better financing for climate action on the continent was one of the summit's key discussions. However, the drive for the carbon market and carbon credits has been discredited by one source, essentially describing them as "*pollution permits*". According to one analyst, the banking on carbon taxes and carbon credits by African leaders to raise climate finance is largely problematic and inherently flawed as the concepts assume continued emission by top emitters in order to source revenues to mitigate climate change.

A Case of Piecemeal Pledges

While acknowledging the "acute, unfair debt" and that *17 of the world's 20 countries most impacted by climate change are in Africa while the world's 20 richest nations, including his own, produce 80% of the world's carbon emissions that are driving climate change*, United States Special Presidential Envoy for Climate, John Kerry announced that the United States intended to provide an additional $30 million to accelerate climate-resilient food security efforts across Africa, as part of implementing President Biden's President's Emergency Plan

for Adaptation and Resilience (PREPARE). This includes USD$20 million to the Africa Adaptation Initiative for the Food Security Accelerator and USD$10 million to the Climate Resilience and Adaptation Finance and Technology Transfer Facility to scale technologies advancing adaptation. Many a critic have, however, bemoaned the inadequacy of USD30 million to be shared amongst the 55 countries on the African continent. Coming from the richest and most polluting nation, the amount pledged is almost an insult given that the same country has provided approximately $76 billion in support to Ukraine in the fight against Russian invasion.

In similar taste, the European Union (EU) Commission President Ursula von der Leyen talked about the Global Gateway Initiative through which the EU had allocated €1-billion (USD$1.1 billion) to unlock investments in green initiatives in Africa (including dams in the Democratic Republic of Congo). Interestingly, the EU Commission President promised to provide Tunisia with a similar amount of 1 billion euros in financial aid to stop migrants from crossing into Europe. In this regard, the priorities of the United States and the European Union are, therefore, quite clear.

Lack of Support from Most African Governments

The presence of African leaders at the summit was underwhelmingly low. The expectation was to witness Heads of State and government representatives from the continent attend the first-ever climate forum on African territory in their numbers. Out of 55 countries on the continent, only 14 leaders of government were present. None of the leaders of Africa's top economies, namely Nigeria, South Africa, Egypt, Angola, and Ethiopia, were in attendance.

One source reports that Nigeria, which is Africa's top oil producer, wrote to Kenya to communicate its non-attendance as it did not want to become a "bystander to be lectured by the worst emitter." South Africa is also reported to have formally withdrawn because the government is protesting against pressure from some European partners to abandon coal, which provides 80% of the country's energy, in preference for renewable energy. These European partners are reported to be part of the world leaders in pollution who, at the same time, are planning on imposing levies on certain carbon-intensive imports from South Africa at a time when the country is experiencing excruciating

levels of load shedding. In the case of Uganda, another source reveals that President Museveni outrightly refused to attend because of John Kerry's involvement, particularly since he came to address African leaders, yet not only does he come from the global north, but from one of the top global polluters.

The Climate Summit, however, concluded with USD$23-billion worth of investments and pledges towards "green growth, mitigation and adaptation" across Africa. These included:

- A USD$4.5 billion finance initiative towards 15GW of clean energy in Africa by 2030(announced by COP28 president Sultan Al Jaber);
- A USD$12 million deal between Kenya and the EU to kick-start a hydrogen value chain in Kenya;
- A USD$1 billion African Development Bank & Global Centre on Adaptation initiative to finance youth-led businesses and start-ups across Africa;
- A USD$450 million purchase of African carbon credits by United Arab Emirates investors by 2030;
- A USD$30 million African Development Bank initiative for food security and climate resilience in Africa;
- A matching USD$30 million US government initiative for food security and climate resilience efforts in Africa; and
- £34 million announced by the UK for new projects across 15 African countries to help women, at-risk communities and more than 400,000 farmers build resilience against the effects of climate change.

Africa should be commended for attempting to launch a wider South-South discussion for fair policies and for being united behind an appeal for financial reforms, including new global taxes and debt relief, to fund climate action on the continent. The African leaders further called for the acceleration of ongoing initiatives, such as the Bridgetown Initiative, the Accra-Marrakech Agenda, the UN Secretary General's SDG Stimulus Proposal, and the Paris Summit for a New Global Financing Pact, to reform the multilateral financial system and global financial architecture. A new financial structure tailored to Africa's requirements was recommended at the summit, along with debt relief and restructuring, as well as the creation of a new global climate finance charter by 2025 through the UN General Assembly and COP processes.

The summit, however, might have easily been a squandered chance to host a novel gathering that promoted and centered African interests and concerns. The lauded above-listed funds are pledges, and these pledges come in against the history of missed climate targets, such as the Green Climate fund of $100 billion pledged over a decade ago and have not been fulfilled to this day. One source alleges that estimates show that more than three-quarters of the financial commitments made at the summit were actually merely *restated amounts for projects that had already been funded before the summit, including committed loans that run the risk of double counting, and the remaining amounts were not completely transparent*.

While the Summit aimed at uniting the continent, the disappointing attendance by other African governments is a cause of concern, more so in comparison with the attendance by the global north diplomats. Being described as "a continental gathering appropriated by private interests", there are concerns over some of the solutions, such as the carbon market and pledges made by the leaders at the summit. One source holds that the document signed by heads of state at the inaugural Africa Climate Summit underscores a missing consensus. According to one source, the declaration signed by the chiefs of state at the first Africa Climate Summit highlights a lack of agreement between nations that support renewable energy and those that claim fossil resources, particularly gas, are essential for economic development.

Be that as it may, while the participation of civil society was initially frustrated, civil societies were allowed to protest, to hold a People's Assembly and a vigil, and later to present a People's Declaration. Among other various important and valid key points, the People's Declaration outrightly recognizes that while Africa is the least responsible for climate change, the continent has faced centuries of oppression and is confronted by immense climate-induced challenges in the coming decades. More importantly, the People's Declaration asserts that *Africa cannot secure climate justice within the boundaries of a broken system and that meaningfully addressing the climate crisis requires reparations and financing in the order of trillions, not the billions which are promised (and remain undelivered)*. At COP28 in UAE in December of this year, it remains to be seen if the efforts at the Africa Climate Summit genuinely paved the way for honest discussion of Africa's rightful place in the development and criticism of climate financing, climate governance processes and as the AfSDJN has been

continuously calling for reforms of the global debt and financial architecture.

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