

The G7, South Africa and the Sustainable Climate Agenda for Africa



by Elizabeth Sidiropoulos, Alex Benkenstein, Jordan Mc Lean and Krissmonne Olwagen



Since the Ukraine war, the G7 has re-energised, focusing on the growing geopolitical challenges that the West faces from an assertive Russia and a rising China. The non-aligned position adopted by many developing countries in the G20 regarding Russia's invasion of Ukraine surprised, if not shocked, the West. Against this background, the G20 has become a much more fraught space to build consensus on many global challenges between the advanced economies and the developing ones. Since the Russian invasion of Ukraine, there have been serious efforts by Western countries to understand the position of developing countries and persuade them that the West still has much to offer, not least in the area of climate and energy transitions. Climate

and energy transitions feature in both the G7 and the G20 agendas, albeit the composition of each group means the emphases may differ. South Africa, a leading voice in Africa on these issues, will assume the G20 presidency in December, where climate and the just energy transition will be important themes.

This article discusses the Italian G7 outcomes on climate through the prism of South Africa's engagement on these issues. While South Africa's energy and climate challenges are not the same as those facing many other African states, South Africa has been a key proponent of African positions in both formal and informal (clubs) forums.

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South Africa and the global climate agenda

South Africa is one of the world's highest emitters of greenhouse gases, ranking 17th globally and producing 534.53 million tonnes in 2022.¹ The country has committed to meet emission reduction targets (between 350-420 megatons by 2030), as agreed in its revised Nationally Determined Contribution (NDC).² The ultimate goal is to reach net-zero by 2050 and to engineer inclusive and sustainable growth through a just transition.³ South Africa's latest Integrated Resource Plan (IRP)⁴ provides for an energy mix of 44 per cent coal,⁵ 28 per cent gas, 22 per cent renewables and 6 per cent nuclear energy by 2030. South Africa has admitted that it is unlikely to achieve its emission reduction goals for 2030, but has reiterated its commitment to its net zero target.⁶

¹ Joint Research Centre and IEA, *GHG Emissions of All World Countries*, Luxembourg, Publications Office of the European Union, 2023, https://edgar.jrc.ec.europa.eu/report_2023?vis=ghgtot#emissions_table.

² South Africa Government, *South Africa: First Nationally Determined Contribution under the Paris Agreement*, updated September 2021, p. 15, <https://unfccc.int/sites/default/files/NDC/2022-06/South%20Africa%20updated%20first%20NDC%20September%202021.pdf>.

³ Presidential Climate Commission (PCC), *A Framework for Just Transition in South Africa*, June 2022, https://pcccommissionflo.imgix.net/uploads/images/22_PAPER_Framework-for-a-Just-Transition_revised_242.pdf.

⁴ The IRP is designed to secure affordable and stable electricity supply. Full text available in *Government Gazette*, No. 49974 (4 January 2024), https://www.gov.za/sites/default/files/gcis_document/202401/49974gon4238.pdf.

⁵ Julia Evans, "A Shoddy Piece of Work' – Experts Decry South Africa's New Blueprint for Energy", in *Daily Maverick*, 10 January 2024, <https://www.dailymaverick.co.za/?p=2009357>.

⁶ Tim Cocks, "South Africa Appeals to Donors

With abundant coal reserves and some 90,000 people working in the sector, abandoning coal in the short run is not feasible. The cost of the transition is estimated at 98.7 billion US dollars over the next five years.⁷ The country was the first to enter into a Just Energy Transition Partnership, announced at COP26 with France, Germany, the UK, the US and the EU. More recently these partners have been joined by others. The total amount committed thus far is about 12 billion US dollars.⁸ The Just Energy Transition Investment Plan guides the allocation of transition finance and identifies three priority sectors (electricity, new energy vehicles and green hydrogen), while emphasising skills development and strengthening capacity at local government level on the just transition. The partnership is a mix of grant funding (4 per cent of the initial agreement), concessional loans (63 per cent), commercial loans and guarantees. The scale of financing and technical support needed, not only for a carbon-intensive country like South Africa, but also for the rest of the continent, is substantial.

South Africa is an important African voice on development and climate issues in many key fora: the BRICS

to Delay Its Climate Targets, Minister Says", in *Reuters*, 16 July 2024, <https://www.reuters.com/sustainability/climate-energy/south-africa-appeals-donors-delay-its-climate-targets-minister-says-2024-07-16>.

⁷ PCC, *South Africa's Just Energy Transition Investment Plan*, November 2022, p. 14, <https://www.climatecommission.org.za/publications/sa-jet-ip>.

⁸ Ethan van Diemen, "New Investment Pledges Boost South Africa's Just Energy Transition Funding Pool to \$11.8bn", in *Daily Maverick*, 1 October 2023, <https://www.dailymaverick.co.za/?p=1879356>.

group,⁹ the G20 (which South Africa chairs in 2025) and the UN Framework Convention on Climate Change (UNFCCC). In those fora, it has sought to articulate not only its own interests, but amplify the concerns and priorities of the African continent. South Africa's and Africa's position on the responsibilities of the G7 and the advanced industrialised economies on the climate agenda is based on the "common but differentiated responsibilities and respective capabilities" (CBDR-RC) principle, as set out in the 2015 Paris agreement. This means that the industrialised economies, responsible for most CO₂ emissions since the industrial revolution, must carry the largest responsibility for mitigation and contribute towards financing and technology transfer for developing economies to adapt to climate change, address climate-related loss and damage and transition away from fossil fuels.

During climate negotiations, South Africa has advocated for a greater focus on adaptation financing for fellow developing economies. It has emphasised that the quality of financing is as important as the quantity and has highlighted that the financial risk burden is not equally shared, as it rests entirely on recipient countries.

Furthermore, South Africa and the rest of the continent are concerned about unilateral climate actions taken

⁹ The BRICS comprises Brazil, Russia, India, China and South Africa and enlarged to include Ethiopia, Egypt, Iran and the United Arab Emirates at the Johannesburg XV BRICS Summit in 2023.

by advanced economies, which carry negative consequences for many African countries as they manifest as green protectionism. Both the European Union and the US (both part of the G7) have adopted policies that can be construed as green protectionism in recent years. In the EU the Carbon Border Adjustment Mechanism (CBAM) imposes carbon tariffs at the border for imported goods based on their level of embedded emissions. The South African government has criticised this as violating World Trade Organisation rules. Once implemented in full, South Africa stands to lose approximately 110 million US dollars in export revenue per year as steel, iron and aluminium are impacted.¹⁰ This will also have detrimental impacts on other African economies.¹¹ Major economies in the Global South regard CBAM as an example of "unilateral measures and discriminatory practices".¹² The BASIC (Brazil, South Africa, India and China negotiating group within the UNFCCC) ministerial statement at COP28 re-emphasised this point.¹³ The 2023 BRICS Johannesburg Declaration

¹⁰ "EU Carbon Price on Imports 'Violates' WTO Rules, Says Patel as SA Heads for Clash with Bloc", in *African Climate Wire*, 24 May 2024, <https://africanclimatewire.org/?p=1231>.

¹¹ Olivia Rumble and Andrew Gilder, "The Impact of CBAM on African Economies and the Role of the AfCFTA", in *SAIIA Policy Briefings*, No. 290 (March 2024), <https://saiia.org.za/?p=63502>.

¹² South Africa et al., *BASIC Ministerial Joint Statement at the UNFCCC's Sharm El Sheikh Climate Change Conference (COP27/CMP17/CMA4)*, 15 November 2022, <https://www.dffe.gov.za/node/1794>.

¹³ Brazil et al., *BASIC Ministerial Joint Statement on Climate Change*, 16 October 2023, <https://www.gov.br/mre/en/contact-us/press-area/press-releases/basic-ministerial-joint-statement-on-climate-change>.

criticised green protectionism, while emphasising a preference for technology-neutral approaches to mitigation and transition.¹⁴

The Italian G7 and the energy agenda for Africa

The G7's commitments on climate, energy and Africa during Italy's presidency warrant careful consideration given Europe's geopolitical context and the role it plays in financially supporting aspects of the green transition in South Africa and elsewhere on the continent. Italy's G7 presidency had a specific focus on Africa, which manifested both through a bilateral Italian initiative, the Mattei Plan for Africa, and the G7.

In January, Italy hosted the inaugural Italy-Africa Summit in Rome, attended by 21 heads of state or government, intending to recalibrate Italy's relationship with Africa and where the Mattei Plan was launched. Its financial commitment was 5.5 billion euros – of which 3 billion comes from Italy's Climate Fund.

In parallel, the G7 Summit hosted this June in Apulia adopted the Energy for Growth in Africa Initiative. It aims to support African states in the green energy transition by developing clean energy infrastructure, supply chains and generation capacity. The Initiative noted that Africa had

“significant but largely untapped clean energy potential [that] needs massive investments”.¹⁵ Its objective therefore is to “develop bankable clean energy projects” and attract private capital through the catalytic use of public finance and technical assistance as well as encouraging concessional finance flows to the continent. Importantly, the Initiative emphasises coordination with existing programmes, especially the G7 Partnership for Global Infrastructure and Investment (PGII), adopted during the 2022 G7 Summit and largely seen as a counter to China's Belt and Road initiative. In a summit side event, G7 leaders met with Italian and US businesses to support flagship PGII projects and committed to coordinating between the various G7 initiatives (PGII, Mattei Plan and the EU Global Gateway) as well as to developing synergies with the Alliance for Green Infrastructure in Africa. Importantly, the Mattei Plan has launched new financial instruments in collaboration with the African Development Bank, open to international partners' contributions, and the Italian G7 presidency also committed to establishing a secretariat to enhance investment coordination in the context of the PGII. These are all positive developments for tackling the climate challenge on the continent. Their success is critically predicated on being able to leverage the private sector's involvement in these projects and ensure effective coordination, which the Secretariat could help foster.

¹⁴ BRICS, *Johannesburg II Declaration: BRICS and Africa: Partnership for Mutually Accelerated Growth, Sustainable Development and Inclusive Multilateralism*, Sandton, 23 August 2023, <http://www.brics.utoronto.ca/docs/230823-declaration.html>.

¹⁵ G7, *G7 Leaders' Statement on Energy Growth in Africa*, 14 June 2024, <https://europa.eu/!9J9Mpt>. Signatories included: G7, Republic of Congo, Côte d'Ivoire, Ethiopia, Kenya, Mozambique, Nigeria and South Africa.

Access to critical minerals also featured in the G7 communiqué, as these are crucial for the green energy transition. Africa possesses significant reserves of these minerals, 30 per cent of the global total, according to the IMF.

The G7 in Apulia urged the establishment of international partnerships “to make critical minerals and critical raw materials supply chains more diversified, transparent, resilient, responsible, circular, resource efficient, and sustainable”.¹⁶ The communiqué also emphasised that the G7 would support “local value creation in critical minerals supply chains”. Various plans have been developed by G7 members including the US’s Minerals Security Partnership (MSP). As geopolitical rivalries between the west and China intensify, so too does the scramble to secure the minerals that are essential for decarbonisation. For South Africa and the continent such a scramble is seen as a potential threat that would make it very difficult for them to maintain a balance between rival geopolitical camps. The heightened emphasis in European and other western capitals on critical minerals and sustainable value chains is regarded in some African capitals as code for excluding China. The African Development Bank is currently developing a critical (green) minerals strategy to be able to exercise agency in response to these developments. African Union Chairman, Moussa Faki, stated at the January summit in Rome that African countries need to be free to

choose their partners.¹⁷ There is a fear that African countries’ actions might be constrained by policies and regulations adopted by western countries in this regard. The critical minerals debate in Africa is also framed as one that can contribute to African industrialisation and local development, rather than simply replicating extractive models of the past.

Lastly, the G7 communiqué focused less on the necessity of focusing on some of the transformational issues that would help tackle climate and the energy transition. Some of these transformational issues were highlighted in a letter penned to the G7 before the summit by 49 African parliamentarians, urging debt forgiveness and restructuring; reform of the international financial architecture; and delivering on climate and finance commitments.¹⁸

While recognising that countries should not have to choose between investing in their development and repaying creditors is significant, the G7 communiqué ignored the CBDR-RC principle of the Paris Agreement that remains at the core of developing country calls for the industrialised economies to live up to their historic responsibilities.

¹⁶ G7, *Apulia G7 Leaders’ Communiqué*, 14 June 2024, <https://www.g7italy.it/wp-content/uploads/Apulia-G7-Leaders-Communique.pdf>.

¹⁷ African Union, *Speech by H.E. Moussa Faki Mahamat, Chairperson of the African Union Commission, at the Italy – Africa Summit: A Bridge for Common Growth*, 29 January 2024, <https://au.int/en/node/43449>.

¹⁸ Enyinnaya H. Abaribe et al., “‘Three Things We Need G7 To Do’: An Open Letter from 49 MPs across Africa”, in *African Arguments*, 12 June 2024, <https://africanarguments.org/?p=44790>.



The G7 committed to “evolve the international financial architecture to make it fit for the challenges of today’s world” but provided no specifics,¹⁹ although Africa has already made a number of proposals on reforms.²⁰

Looking ahead

The G7, both as a grouping and through its individual members, is an important partner for Africa. Members are significant investors and trading partners. They are also significantly ramping up support for Africa’s decarbonisation efforts. This creates opportunities for building bridges between the outcomes of the Italian G7 presidency and the incoming South African G20 presidency on climate action and the just energy transition. South Africa’s G20 presidency aims to emphasise solidarity, equality and sustainable development, in which the just energy transition will be an important pillar. This will be the first time that a G20 summit is held on the African continent and South Africa will highlight African developmental priorities. The G7 is part of the G20 and it would be important for it to show concrete deliverables on its various African undertakings, while also recognising in practical terms the principle of common but differentiated responsibilities. This also includes taking time to consult with African stakeholders on initiatives in advance of initiatives. At a time of geopolitical

fragmentation, the G7 should prioritise emphasising its value addition within the more inclusive G20, with an acute sensitivity to the fact that Africans are articulating more specific agendas and that the G7 is a powerful force in many formal multilateral institutions where reforms are necessary to enable easier energy and economic transitions.

2 August 2024

¹⁹ G7, *Apulia G7 Leaders’ Communiqué*, cit.

²⁰ African Development Bank, *2024 Annual Meetings: African Countries Urged to Define Common Position for Reform of the Global Financial Architecture*, 24 April 2024, <https://www.afdb.org/en/node/70281>.

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- 24 | 49 Nicoletta Pirozzi, *How the European Elections 2024 Will Shape the EU*
- 24 | 48 Menachem Klein, *The Beijing Palestinian Reconciliation Agreement: An Opportunity not to Be Missed*
- 24 | 47 Nicola Casarini, *Europe's De-risking from China: Dead on Arrival?*
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- 24 | 42 Alessio Sangiorgio, *Expanding German-Italian Decision-makers' Coordination in the Energy Sector*