Policy Brief

Why Africa's Long-Standing Bargain at COP May Not Deliver the Economic Transformation We Need from the Energy Transition

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Highlights

What decision-makers need to know before COP

USD 700bn+
Global market for six clean energy technologies in 2023

< 1%
Africa's share of that market

USD 48bn
Clean energy investment in Africa, 2025 (about USD25bn in 2015)

01
Africa's climate diplomacy has historically prioritised the equity dimensions of climate action such as adaptation finance and compensation for loss and damage. While these remain essential, they are insufficient to secure the economic opportunities emerging from the global energy transition.

02
The global clean energy economy is expanding rapidly, but manufacturing and technological capabilities remain concentrated in a few economies, leaving Africa marginal in the production of clean energy technologies.

03
Africa's critical mineral endowment and renewable energy potential provide opportunities for industrial development, but these advantages do not automatically translate into domestic value creation.

04
Growing investments in renewable energy deployment can stimulate local manufacturing, enterprise development and skilled employment if deliberately linked to industrial policy.

05
Africa needs to re-emphasise technology transfer, local value addition, industrial financing and participation in regional and global clean energy value chains as a central part of its COP negotiating priorities.

06
Climate finance and development partnerships should be structured to support not only renewable energy deployment but also the development of domestic productive capabilities.

Three Priorities For Africa's Engagement At COP

1. Climate finance for industrial development
2. Policy space for value addition and industrialization
3. Technology transfer for productive capacity development

1 Context: Moving Beyond Climate Justice Towards Economic Transformation

The global response to climate change has created important platforms for multilateral diplomacy, with the Conference of the Parties (COP) emerging as one of the most significant. Established under the United Nations Framework Convention on Climate Change (UNFCCC), COP provides a platform for countries to negotiate collective responses to climate change. A central principle underpinning these negotiations is Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), which recognises that countries have different historical contributions to greenhouse gas emissions and varying capacities to respond.

For Africa, this principle has been central to its negotiating position. Despite contributing relatively little to historical global emissions, the continent faces disproportionate climate vulnerabilities. Consequently, adaptation finance, disaster risk reduction and compensation for loss and damage have remained key priorities in its climate diplomacy[1]. These demands are legitimate and necessary.

> The global energy transition is not merely an environmental process; it is also an industrial and technological transformation reshaping international trade, investment and economic competitiveness.

Countries that establish strong positions in clean energy manufacturing and technology development stand to capture significant economic value through industrial production, employment and export revenues.

This raises an important concern considering Africa's longstanding negotiating approach and how it can sufficiently secure the economic opportunities emerging from the energy transition. While securing climate finance remains important, it does not automatically translate into industrial development. Without deliberate interventions, Africa risks remaining a supplier of raw materials and a consumer of imported technologies, while the manufacturing capabilities and economic benefits of the transition accrue elsewhere.

ESTABLISHED PRIORITIES

Climate justice agenda

- Adaptation finance
- Disaster risk reduction
- Compensation for loss and damage

+

ADDED FOCUS

Economic transformation

- Industrial development
- Domestic value creation
- Clean energy value-chain participation

ACEP argues that Africa's climate diplomacy must complement its longstanding climate justice agenda with a stronger focus on industrial development, domestic value creation and participation in clean energy value chains.

[1] AGN (2026). African Group of Negotiators at SB 64. Summary Report. Retrieved from: https://agnonclimatechange.org/agn-summary-report/

2 Modern Energy Value Chains Need Urgent Prioritisation

The global transition towards low-carbon energy systems is creating substantial markets for solar PV, wind, batteries, electric vehicles (EVs), heat pumps and electrolysers. The combined global market size for these six technologies surpassed USD 700 billion in 2023[2], reflecting the growing economic significance of the clean energy industry.

However, the benefits are unevenly distributed. China and advanced economies accounted for nearly 60 percent and 35 percent of this market respectively. Other emerging economies accounted for the rest while Africa accounted for less than 1 percent[3]. Additionally, Africa's capacity in the manufacturing of these technologies is almost absent with only a few facilities available[4], highlighting the continent's limited participation in clean energy manufacturing (Figure 1).

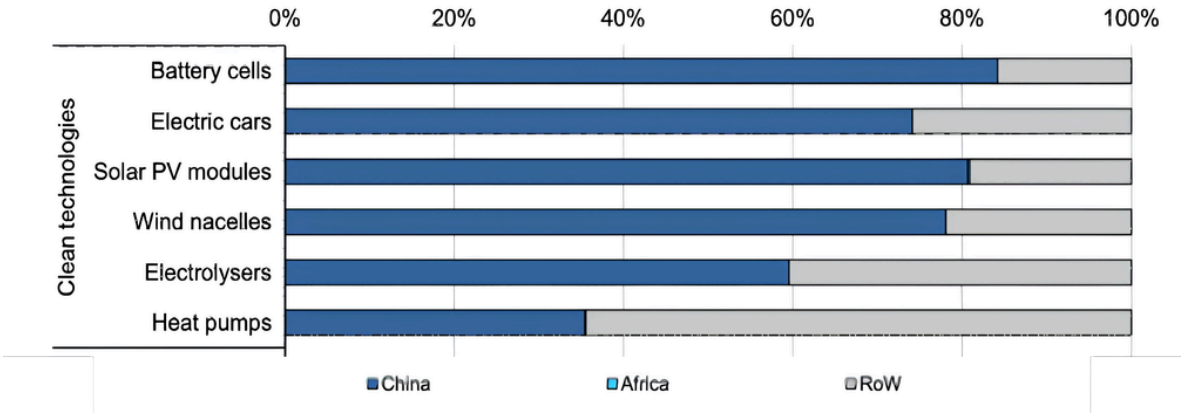


Figure1:Share of global manufacturing capacities of clean energy technologies (2024)
Source: Adapted from IEA (2025)[5]

This imbalance is particularly concerning given Africa's endowment of critical minerals, including lithium, cobalt, manganese, graphite and copper, which are essential inputs for clean energy technologies. Yet, much of the continent's participation in these value chains remains concentrated in the extraction and export of raw materials, with processing, component manufacturing and technology development largely occurring elsewhere.

The implications extend beyond lost manufacturing opportunities. Limited participation constrains domestic enterprise development, skilled employment, technological learning and the accumulation of industrial capabilities. It also exposes African economies to external supply-chain disruptions and over-dependence on imported technologies.

Limited Participation Constrains

Domestic enterprise development | Skilled employment | Technological learning | Industrial capabilities

[2] IEA (2026). Clean Energy Technology Supply Chain Data. IEA, Paris. https://www.iea.org/reports/clean-energy-technology-supply-chain-data, Licence: CC BY 4.0
[3,4,5] IEA (2025), Stepping Up the Value Chain in Africa, IEA, Paris https://www.iea.org/reports/stepping-up-the-value-chain-in-africa, Licence: CC BY 4.0

3 Africa's Renewable Energy Deployment Can Be Strategised for Industrial Development

Growing investments in renewable energy deployment present an opportunity to stimulate domestic industrial development. According to the IEA's World Energy Investment data, clean energy investment in Africa increased from approximately USD 25 billion in 2015 to USD 48 billion in 2025 (Figure 2). This growing investment creates demand for solar panels, mounting structures, cables, inverters, batteries, electrical equipment and associated engineering services.

Demand created by deployment

Solar panels | Mounting structures | Cables | Inverters | Batteries | Electrical equipment | Engineering services

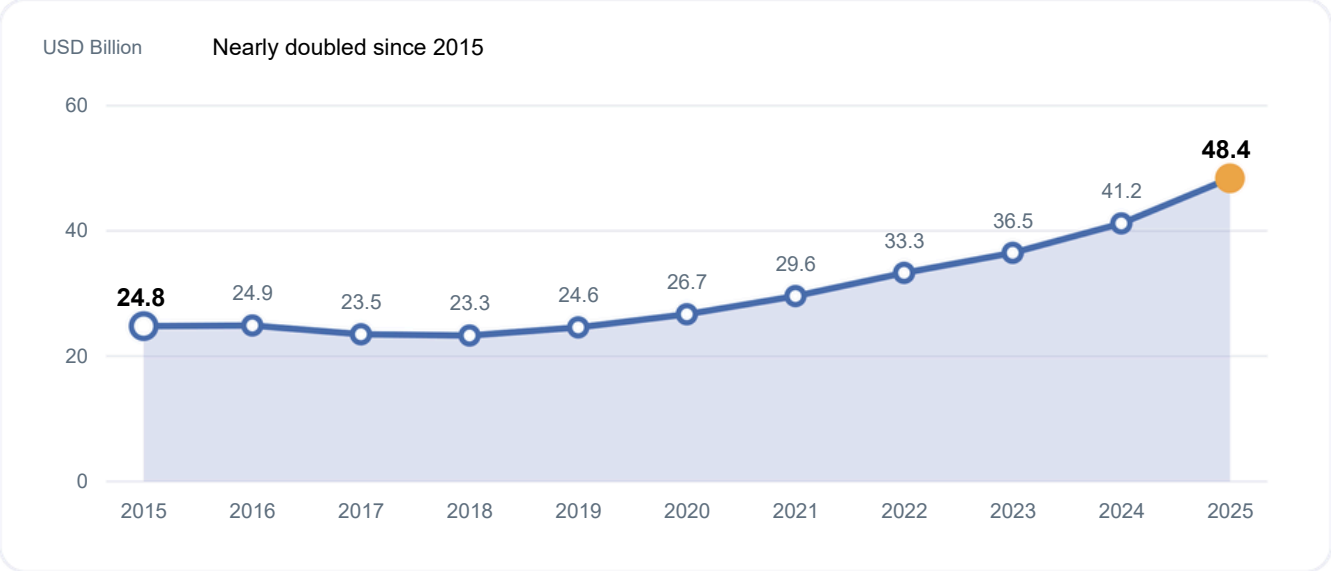


Figure 2: Investment trends in clean energy deployment in Africa (2015-2025)
Source: IEA (2026)[6]

Such demand can provide an important foundation for domestic manufacturing and enterprise development. However, increased renewable energy deployment does not automatically generate these benefits. Where projects rely predominantly on imported equipment and foreign technical services, much of the economic value is transferred outside the continent. The challenge, therefore, is to deliberately connect renewable energy deployments to industrial development objectives.

African governments can achieve this through structured financing and procurement arrangements that encourage local assembly, supplier development, technology transfer and technical skills development. Concessional financing and development partnerships for renewable energy projects should be designed, where feasible, to support domestic industrial capabilities alongside infrastructure deployment.

[6] IEA (2026). World Energy Investment 2026. IEA, Paris. https://www.iea.org/reports/world-energy-investment-2026, Licence: CC BY 4.0

Regional cooperation is equally important. Through the African Continental Free Trade Area (AfCFTA), countries can coordinate industrial strategies, harmonise standards and develop complementary manufacturing capabilities. This would help overcome the limitations of fragmented national markets and create opportunities for regional clean energy value chains.

> Moving beyond access to clean energy technologies towards building the capabilities to produce them.

These opportunities should inform Africa's climate diplomacy strategy and engagements with the international community. The objective should be to ensure that investments in renewable energy infrastructure generate wider economic benefits through domestic enterprise development, employment, technology transfer and value retention.

4 Repositioning Africa's Priorities in Global Climate Negotiations

The changing dynamics of the global energy economy require Africa to broaden its negotiating agenda. This does not mean abandoning demands for climate justice, adaptation finance and loss and damage support. Rather, it means recognising that the energy transition is also reshaping global industrial competitiveness, trade and investment.

Three priorities should guide Africa's engagement at COP and other UNFCCC processes:

1

Climate finance for industrial development

Climate financing arrangements should be positioned as catalytic to support both renewable energy deployment and the development of local industries. This includes concessional financing for manufacturing investments, support for clean energy enterprises and mechanisms to reduce investment risks for emerging domestic industries.

2

Policy space for value addition and industrialization

International cooperation frameworks need to recognise opportunities for Africa to pursue appropriate industrial policies, including local value addition, domestic enterprise participation and regional manufacturing. The continent's negotiating position should also secure greater representation in global initiatives shaping critical minerals governance and clean energy supply chains.

3

Re-emphasising technology transfer for productive capacity development

International cooperation should aim beyond access to imported technologies to centering partnerships for local manufacturing, research, technical training, licensing arrangements and joint ventures. Technology transfer arrangements must be positioned as a key pillar for market access and investing in Africa, and intentionally designed to contribute to building domestic technological capabilities over time.

These priorities would help reposition Africa from a predominantly consumer and supplier of resources in the global energy transition to an active participant in its industrial and technological development.

5 The Way Forward

African Group Of Negotiators (AGN)

1

Greater collaboration between the AGN and industrial sector stakeholders

The African Group of Negotiators(AGN) should give greater prominence to industrial development and value-chain participation in its negotiating positions. This requires stronger coordination between climate negotiators, trade ministries, industrial development agencies, energy policymakers and African think tanks.

African Governments

2

Link renewable energy investments to local industrial capacity development

Bilateral and multilateral financing should be negotiated to incorporate appropriate provisions for local assembly, supplier development, technology transfer and technical skills development. Public expenditure in renewable energy deployment should also be targeted at developing the capacities of local firms while providing predictable demand.

3

Develop responsive industrial policies for clean energy value chains

Governments should identify realistic opportunities for domestic participation based on existing industrial capabilities, market demand and technological requirements. Priority areas could include mounting structures, cables, electrical components, battery assembly, system integration and technical services. Targeted incentives should support firms to progressively upgrade their production and technological capabilities.

4

Invest in research and innovation

Governments should strengthen research institutions, universities and private-sector partnerships to support applied research in renewable energy technologies, battery storage and mineral processing. International technology cooperation should facilitate knowledge exchange, technical training and the development of locally relevant technological solutions.

AU And Its Organs

5

Strengthen efforts towards regional cooperation

The AU should accelerate efforts aimed at regional integration to develop regional clean energy manufacturing networks, harmonise product standards and expand intra-African trade. Regional specialisation can help achieve economies of scale and connect resource-producing countries with manufacturing capabilities and larger markets elsewhere on the continent.

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