Policy Brief

Putting Africa's Best Foot Forward

The Need to Rethink Africa's Common Position on Energy Transition

November 2026

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Highlights

What decision-makers need to know before COP

81%
of Africa's oil output comes from five countries

89%
of Africa's natural gas output comes from five countries

56%
reported fall in oil and gas investment, 2015–2025

01
Africa's Common Position on Energy Access and Just Energy Transition recognises the role of both renewable and non-renewable energy resources. However, its broad approach does not adequately reflect differences in resource endowments, economic dependencies and energy needs across African countries.

02
Oil and gas production is concentrated in a handful of African countries, making continued fossil fuel development an uneven opportunity for the continent.

03
Declining oil and gas investment and growing uncertainty about future global demand raise questions about the risks of encouraging new producers to deepen their dependence on fossil fuels.

04
Critical raw materials offer broader opportunities for African countries to participate in emerging clean energy value chains, but capturing these benefits requires regional industrial strategies.

05
Africa should retain a common continental framework while allowing differentiated national energy pathways, informed by resource endowments, affordability, energy security and long-term economic development.

06
Regional cooperation, responsive energy policies and strategic investments in critical mineral value chains are essential to advancing affordable energy access and industrial transformation.

The Way Forward In Five Actions

1. Reframe the common position around differentiated national energy pathways
2. Strengthen economic scrutiny of new oil and gas investments
3. Prioritise regional critical mineral value chains
4. Align energy investment with industrial development
5. Strengthen evidence-based energy planning

1 Context: A Common Position Built on Different National Realities

In 2022, the African Union (AU) adopted the African Common Position on Energy Access and Just Energy Transition, affirming that Africa should utilise its abundant renewable and non-renewable energy resources to address its energy needs[1]. The position emphasised the role of natural gas in supporting energy access and economic development. The subsequent African Energy Transition Strategy and Action Plan (ETSAP) further reinforced the role of fossil fuels, particularly oil and natural gas, in the continent's pursuit of universal energy access.

This common position reflects Africa's legitimate development priorities, including expanding electricity access, supporting industrialisation and ensuring that the transition to low-carbon energy systems does not undermine economic development. However, a common continental position does not necessarily translate into the best energy strategy for every African country.

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Africa's energy resources are unevenly distributed, as are the economic benefits and risks associated with their development. Countries with established oil and gas industries have different incentives and capabilities from those with limited reserves, emerging discoveries or no commercially viable resources. Similarly, countries differ in their renewable energy potential, infrastructure, energy demand and industrial capabilities.

A broad endorsement of continued fossil fuel development risks encouraging emerging and smaller producers to deepen their dependence on oil and gas, even where commercial prospects are uncertain or alternative energy pathways offer greater long-term benefits. Such investments could expose countries to stranded assets, volatile commodity markets or costly energy infrastructure that may become less competitive as global energy systems evolve.

Risks of deepening fossil fuel dependence

Stranded assets | Volatile commodity markets | Costly energy infrastructure

Africa therefore needs to rethink how its common position accommodates these differences. The objective should not be to abandon the continent's collective negotiating framework, but to make it more responsive to national circumstances and more deliberate about the opportunities for regional cooperation and industrial development.

[1] 1 African Union (2022). Africa Speaks with Unified Voice as AU Executive Council Adopts African Common Position on Energy Access and Just Energy Transition. https://au.int/sites/default/files/pressreleases/42071-pr-PR-_The_Executive_Council_Adopted_African_Common_Position_on_En ergy_Access_and_Transition.pdf

2 Africa's Conventional Energy Industry Is Highly Concentrated

Africa's oil and gas endowment is not as broadly distributed as the continent's common position might suggest. Although approximately 20 African countries produce oil, Algeria, Nigeria, Libya, Angola and Egypt account for about 81 percent of total continental output. Natural gas production is similarly concentrated, with Algeria, Nigeria, Libya, Egypt and Mozambique accounting for approximately 89 percent. Algeria alone contributes around 42 percent of Africa's natural gas production (Figure 1).

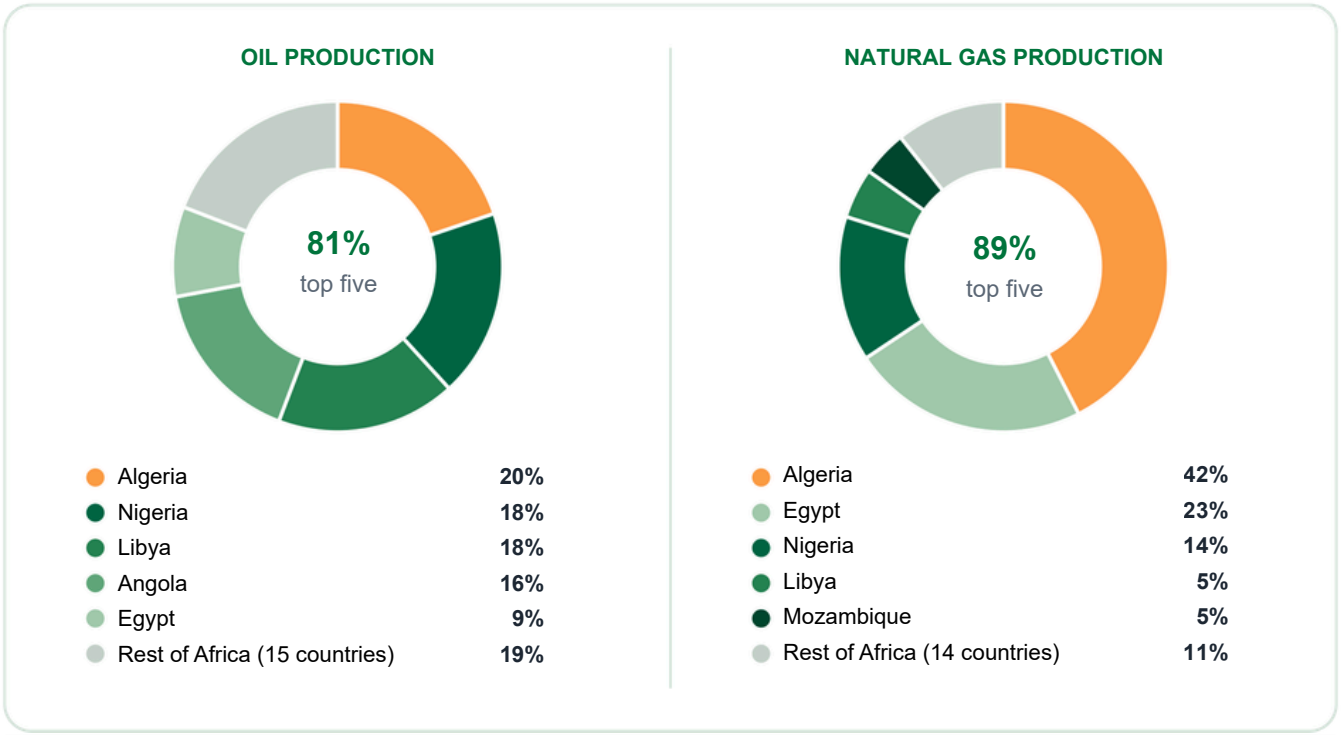


Figure1: Shares of oil and gas production by country in Africa
Source: Adapted from IEA World Energy Balances (2026)[2]

This concentration matters because the economic rationale for continued fossil fuel development varies considerably across countries. Established producers may have existing infrastructure, technical expertise and fiscal interests tied to the sector. Emerging producers, by contrast, may need to make substantial upfront investments to develop infrastructure, regulatory capacity and domestic markets before realising economic returns.

Meanwhile, investment trends raise further questions about the long-term viability of fossil fuel dependence. Between 2015 and 2025, investment in Africa's oil and gas sector reportedly declined by approximately 56 percent, with its share of total energy investment falling from 74 to 47 percent within the period (Figure 2). Fossil fuel power generation also experienced a decline of about 62 percent while clean energy grew by 92 percent.

[2] IEA (2026). World Energy Balances. IEA, Paris. https://www.iea.org/data-and-statistics/data-product/world-energy-balances. Licence: Terms of Use for Non-CC Material

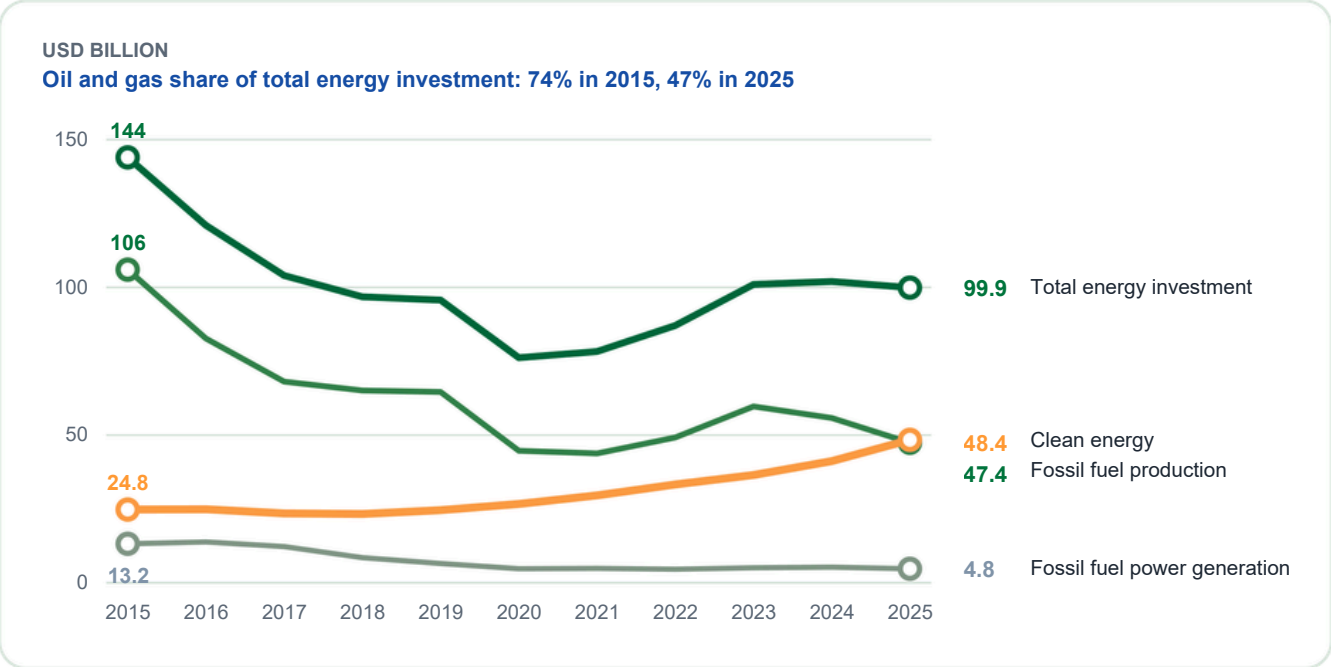


Figure 2: Energy investment trends in Africa (2015-2025)

Source: Adapted from IEA Energy Investment Data (2026)[3]

These trends do not imply that oil and gas will become irrelevant to Africa's energy systems in the near term. They do, however, reinforce the need for countries to assess new investments carefully against changing market conditions, infrastructure costs and alternative energy options.

For smaller and emerging producers, the priority should be to evaluate whether new oil and gas investments can deliver reliable domestic energy, affordable power and sustainable public revenues without creating excessive long-term liabilities. Continued fossil fuel development should be a country-specific economic decision rather than a presumed continental pathway.

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

3 Critical Raw Materials Offer Broader Opportunities for Regional Cooperation

Unlike oil and gas production, Africa's endowment of critical raw materials provides opportunities for a wider range of countries to participate in the global energy transition (Figure 3). The continent is a leading global producer of cobalt, manganese and chromium, and an important supplier of other minerals, including bauxite, copper and graphite, used across clean energy and industrial value chains.

A leading global producer of

Cobalt | Manganese | Chromium

An important supplier of

Bauxite | Copper | Graphite

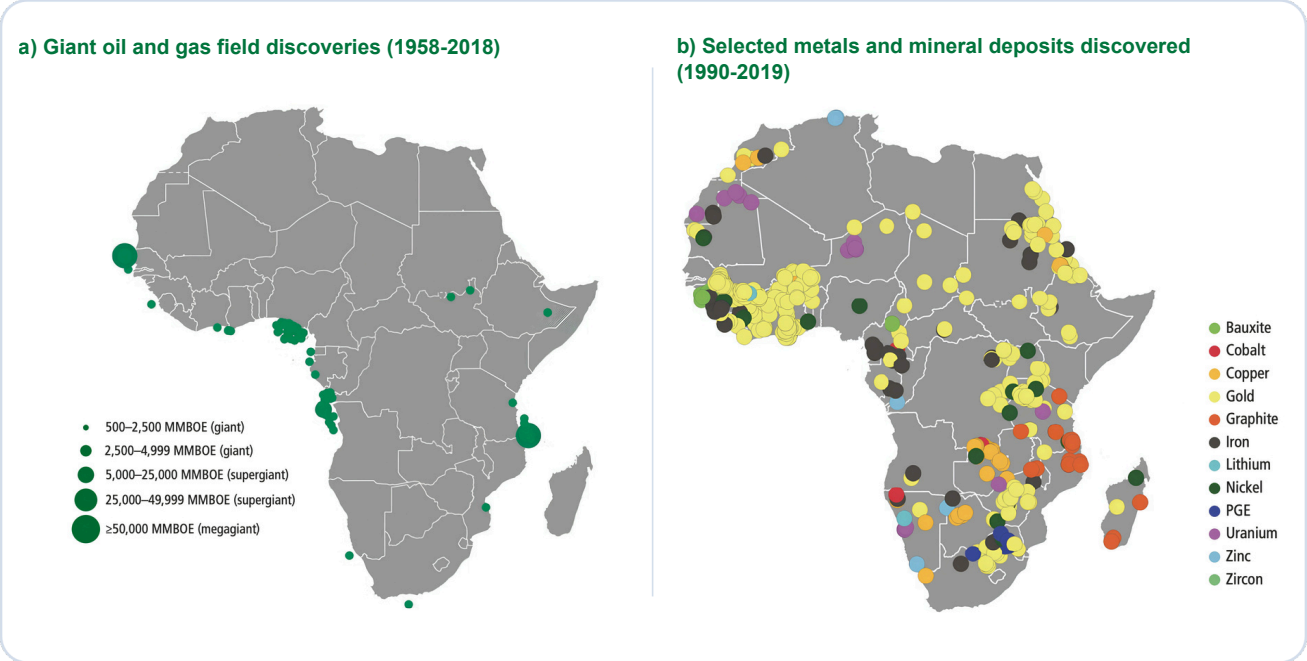


Figure3: Distribution of major resource discoveries in Africa

Source: Cust et al. (2023)[4]

These resources offer opportunities to expand mineral processing, component manufacturing and regional industrial development. However, mineral abundance alone does not guarantee economic transformation. Without investments in processing capacity, infrastructure, skills, technology and competitive enterprises, African countries risk continuing to export raw materials while importing higher-value products.

Realising these opportunities requires a regional approach. Individual countries may lack the market size, infrastructure or technical capabilities to develop competitive mineral-processing and clean technology industries independently. Regional cooperation can help pool demand, coordinate infrastructure investments, develop complementary industrial capabilities and strengthen Africa's bargaining position with international investors.

[4] Cust, James, and Albert Zeufack, eds. 2023. Africa's Resource Future: Harnessing Natural Resources for Economic Transformation during the Low-Carbon Transition. Africa Development Forum. Washington, DC: World Bank. doi:10.1596/978-1-4648-1743-4. License: Creative Commons Attribution CC BY 3.0 IGO

The African Continental Free Trade Area (AfCFTA) provides a framework for advancing this agenda. Countries can develop complementary roles across mineral extraction, processing, component production and manufacturing, creating regional value chains that retain more economic value within the continent.

Complementary Regional Roles Under The AfCFTA



Key Message

A differentiated continental energy transition strategy should therefore combine country-specific decisions on fossil fuel development with a stronger continental commitment to regional clean energy and critical mineral value chains.

4 The Way Forward

AU and Regional Economic Communities

1

Reframe the common position around differentiated national energy pathways

The AU should periodically review its Common Position and ETSAP to better reflect differences in national resource endowments, energy needs, economic dependencies and investment risks. Countries should be supported to evaluate energy options based on affordability, reliability, economic viability and long-term development objectives rather than a uniform continental assumption about fossil fuel development.

2

Prioritise regional critical mineral value chains

The AU and regional economic communities should coordinate strategies for mineral beneficiation and clean energy manufacturing. Through the AfCFTA, countries should harmonise relevant standards, facilitate cross-border investment and trade, and develop complementary capabilities across extraction, processing and manufacturing.

AFRICAN GOVERNMENTS

3

Strengthen economic scrutiny of new oil and gas investments

African governments should assess proposed oil and gas projects against realistic demand projections, production costs, infrastructure requirements and potential stranded-asset risks. Emerging producers should prioritise investments that demonstrate clear economic benefits and credible pathways to meeting domestic energy needs, while avoiding excessive dependence on uncertain future export revenues.

4

Strengthen evidence-based energy planning

African countries should improve the use of country-level data and scenario analysis to assess the costs, benefits and risks of different energy pathways. These assessments should inform national investment decisions and continental negotiating positions, ensuring that energy strategies remain responsive to technological change, market uncertainty and evolving development needs.

GOVERNMENTS AND DEVELOPMENT PARTNERS

5

Align energy investment with industrial development

Governments should connect investments in energy infrastructure and mineral development to domestic enterprise upgrading, technical skills, technology transfer and local value addition. Development finance institutions and international partners should support projects that combine viable energy systems with the development of productive capabilities.



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ACEP is a thought leader in Africa's energy and extractives governance space, working towards improving economic transformation and inclusive sustainable development. We contribute to developing alternative and innovative policy interventions through high-quality research, analysis, and advocacy in Africa's energy and extractives sector.