



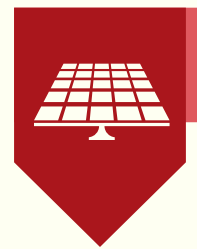
INCLUSIVE
SOCIETY
INSTITUTE

HOW CHINA CAN ACCELERATE AFRICA'S GREEN ECONOMY

INVESTMENT TO EMBRACE RENEWABLE
ENERGY AND DRIVE LONG-TERM
GROWTH



AFRICA'S CURRENT POSITION IN RENEWABLES



01

ECONOMIC OPPORTUNITY

Green energy, low-carbon development and green technology offer economic opportunities for South Africa and African countries.



02

GREAT POTENTIAL

Africa has abundant potential for renewable energy generation, and not only for their own consumption.



03

OBSTACLES IN THE WAY

Inefficiency, corruption and other challenges undermine domestic private and international development finance involvement in green projects.



04

LIMITED ACCESS TO FINANCE

Insufficient government incentives deter green investments and inadequate infrastructure hinders delivery and puts off new investors.



AFRICA DISPROPORTIONATELY IMPACTED

30 of the world's 40 most climate vulnerable countries are in Africa. The continent has temperature rises higher than the global average. And yet, Africa emits only 4% of global greenhouse gas emissions.

➤ **LOW GLOBAL
IMPACT**

➤ **BUDGETS
DIVERTED**

➤ **INCREASED
POVERTY**

➤ **DECREASED
PRODUCTION**





AFRICA'S COLLECTIVE APPROACH

➤ **TAAT**

Continent-wide initiative | African Development Bank

➤ **FEED AFRICA SUMMIT**

2023 Dakar Declaration | US\$72 billion mobilised

➤ **AFRICA CLIMATE SUMMIT**

2023 Nairobi Declaration | Broad approach

➤ **SAFE INITIATIVE**

Public-private partnership | To mobilise US\$10 billion

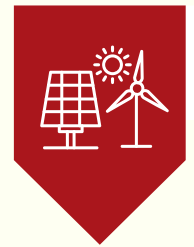


AFRICA'S FUNDING NEEDS

- US\$2 TRILLION NEEDED IN POWER SECTOR
- ANNUAL CAPITAL COMMITMENT OF US\$277 BILLION
- US\$200-400 BILLION A YEAR BY 2030 (CLIMATE LOSSES AND DAMAGE)
- US\$400 BILLION A YEAR (CLIMATE CHANGE ADAPTATION)



INTERNATIONAL POWER TRENDS



RENEWABLE ENERGY MIXES

Denmark has energy mixes that are dominated by renewables.



TAX BREAKS AND PRICE CAPS

Industrial countries and emerging powers collectively paid out US\$7 trillion in 2022.



RETURN TO COAL POWER

Russia-Ukraine war forced industrial countries to return to coal for power.



NATURAL GAS SHORTAGE

Germany's Cabinet approved putting on-reserve lignite-fired power plants.





AFRICA'S RESOURCES

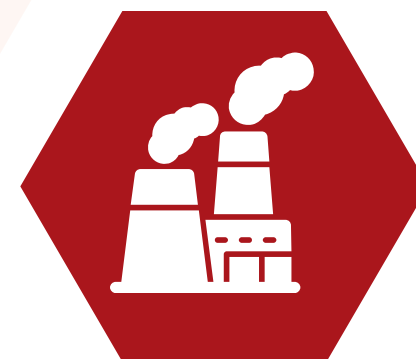
- 40% OF GLOBAL SOLAR IRRADIATION
- 20,000MW GEOTHERMAL POWER POTENTIAL
- 30,000MW HYDROPOWER POTENTIAL
- 110,000MW WIND POWER POTENTIAL
- INCOME FROM CRITICAL MINERALS





SOUTH AFRICA'S ENERGY MIX

8.7GW non-hydro renewable energy capacity planned and total power capacity to expand by 4GW from 9.3% to 17% in 2032.



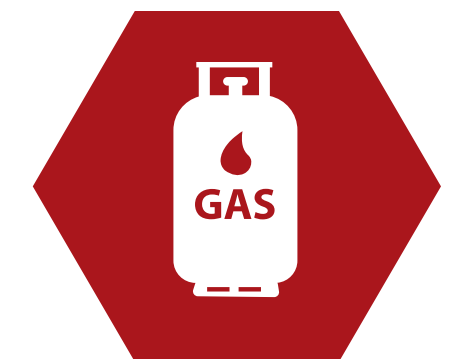
82.8%
COAL



8.8%
RENEWABLES



6%
NUCLEAR



3%
GAS



NEW ELECTRIC VEHICLES IN SA

➤ INDUSTRY LAGGING

Economy and high interest rates compound declines in vehicle sales.

➤ SLOW TURN TO NEVs

New technologies and fuels pose challenges for production.

➤ TAX INCENTIVES

Government to introduce tax incentives to make NEVs cheaper.

➤ GROWTH

Plans to increase motor vehicle production to 1% of global output.





SOUTH AFRICA: DEVELOPMENT FUNDING



JETP

US\$8.5 billion funding package from EU, Germany, France, US, UK, Netherlands and Denmark.



GREEN FUND

R679.8 million collective investments from Development Bank of Southern Africa.



CHINA LEADING THE WAY

➤ RENEWABLE ENERGY GIANT

The world's biggest emitter of greenhouse gas emissions now produces most of the world's renewable energy.

➤ EARLY INVESTMENT

China invested heavily in green energy technology in the 2000s when its GDP growth slowed and labour costs rose.

➤ MANUFACTURING CAPACITY

China controls 80% of the globe's solar manufacturing and dominates wind and battery manufacturing.

➤ MOVE AWAY FROM FOSSIL FUELS

Fossil fuels now make up under 50% of the country's power generation capacity.



CHINA'S CONTINUED PROGRESS

In 2023 China doubled its new solar installations, increased new wind capacity installations by 66%, and quadrupled energy storage capacity. It has solar photovoltaic capacity as large as the rest of the world combined.

➤ **HIGH-TECH EXPORTS**

➤ **TOP INDUSTRIAL POLICY**

➤ **DOMINANT IN EVs**

➤ **LESSON FOR OTHERS**



CHINA CAN BOOST SA

➤ JOB CREATION

A manufacturing sector in the energy sector based on renewable energy and gas, can soak up an army of low and unskilled labour.

➤ TARIFF DISPUTE

China is currently in a tariff dispute with the EU and the US over electric vehicle imports; manufacturers to halt operations.

➤ OPPORTUNITY FOR SA

South Africa could become a hub for Chinese electric vehicle manufacturers – and serve as a springboard to the rest of Africa.

➤ SUSTAINABLE PARTNERSHIP

China could partner with South African ones to exchange green economy technologies for development purposes.





CHINA CAN PARTNER AFRICA

China can partner with Africa in international climate change negotiations to secure better climate change funds for Africa – and to ensure that industrial countries honour their climate change financial commitments.

- **EXPAND AFRICA'S INFRASTRUCTURE**
- **ENFORCE GREEN PRACTICES**
- **IMPROVE AFRICAN AGRICULTURE**
- **MANUFACTURE ELECTRIC VEHICLES**





LESSONS FOR SOUTH AFRICA



INDUSTRIAL POLICY

China's government has pursued clear, well-thought-out industrial policies.



POLITICAL WILL

China pushed through renewable energy with steely determination.



THE WAY FORWARD



POLICIES AND REGULATIONS

A green economy hinges on policies and regulations, political will and investments.



LEADERSHIP

South Africa will have to help African countries build regional power pools.



PUBLIC-PRIVATE PARTNERSHIPS

Partnerships to finance climate change and drive green business are crucial.



RELATIONSHIP WITH CHINA

South Africa would do well to look to China for the way forward.





THANK YOU