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# Covid-19, NDC updates, and power sector overhauls in Sub-Saharan Africa: Emerging opportunities for achieving just and prosperous futures

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The 2020s arguably represent the most critical decade of climate and development action, and one that will either steer us on a course to reach the long-term goals of the Paris Agreement and 2030 Agenda, or put these goals out of reach. While it's imperative that we work to recover from the immediate impacts of the global Covid-19 pandemic, our efforts to do so must not set us on long-term trajectories that exacerbate the risks, vulnerabilities and inequalities that the pandemic has highlighted. Fortunately, we find ourselves in a moment in time when three interrelated factors could unlock pathways to sustainable development and a just transition, namely: the economic shake-up caused by the Covid-19 pandemic; the timing of the updates of the [Nationally-Determined Contributions \(NDCs\)](#); and the emerging opportunities to decarbonise and liberalise the power sector<sup>3</sup>. Here we consider how these factors intersect in Sub-Saharan Africa (SSA).

## Where do we find ourselves? The opportunities of this moment

### Economic shake up

The Covid-19 pandemic has caused [massive disruptions to markets, supply chains, and world trade](#). It has also shown how localisation and regionalisation are crucial for enhancing the resilience and competitiveness of vulnerable regions in our globalised world. To recover from the impacts of Covid-19, across the world there is a need for stimulus packages that [drive economic growth and create jobs](#). By enabling state governments to rapidly mobilise resources, such packages could provide opportunities for the private sector and the donor community to identify key areas of action, direct their support towards these, and keep the sustainable development momentum driving forward. However, the stimulus packages are also accompanied by serious risks. Should they focus solely on short-term relief and be allocated to carbon-intensive industries, they could lead to high-carbon lock-ins, stranded assets, low growth and low competitiveness, and ultimately increased vulnerability for indebted regions. Concerningly [stimulus packages from a collection of countries in SSA](#) show just this kind of short-term focus, predominantly comprising broad-based actions aimed at repairing the status quo rather than facilitating transformation. Although this focus could help to address long-standing socio-economic vulnerabilities, it is only by acting in concert with international climate and development processes that it could catalyse the transformative change needed to pivot towards [just, resilient and competitive economies](#).

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<sup>3</sup> Just as significant opportunities and risks confront the power sector, so opportunities also lie in other sectors. To maximise the impact of available resources, an integrated, cross-sectoral response is necessary.

## First round of NDC updates

With insights into a government's vision for economic growth and technology transformation, and for how to simultaneously deliver on multiple social, economic and environmental priorities, the NDCs to the Paris Agreement represent [important commitments with which stimulus packages need to align](#), and off which could be leveraged additional financial and technical support.

The first NDC updates were initially due in 2020 in time for COP26. But when COP26 was postponed to 2021 on account of the Covid-19 pandemic, the deadline for the NDC updates was extended along with it. The vast majority of countries – including 55 in Africa – are only likely to submit their updates over the course of 2021, which provides a key moment to reflect on how to make and implement meaningful policy changes. This reflection can now happen alongside the stimulus packages, allowing each process to support and inform the other.

## Emerging opportunities to decarbonise and liberalise the power sector

For countries in SSA, state-owned power sectors that are ageing, expensive and unreliable have hindered development for decades. Already inadequate to meet the needs of the region, the Covid-19 pandemic has further highlighted the vulnerabilities of state-owned power utilities invested in fossil fuels. Yet, the power sector has enormous potential given its ability to have a multiplier effect both for economic recovery and decarbonisation.

In many parts of the world, renewable energy has become the most cost-effective and reliable new-build technology option and, in the power sector, [investment in renewables is outweighing investment in fossil fuels](#). Given its modular nature, renewable energy can be deployed quickly and scaled easily, allowing it to rapidly address the power deficit that exists in SSA while simultaneously driving post-Covid recovery. The development of renewable energy power plants can also lead to the creation of jobs in areas such as construction, operation, and manufacturing. And because of the growing trend of electrification in other sectors such as industry and transport, decarbonising the power sector can also drive the decarbonisation of other sectors. Decarbonising and liberalising the power sector has the additional benefit of reducing the burden on state budgets through the introduction of independent power producers, development finance institutions, and private sector financing.

The confluence of these factors at this critical juncture presents major opportunities to accelerate the expansion and decarbonisation of regional power sectors that can drive socio-economic recovery and build competitive and resilient economies.

## A radical course change for people and planet

There is a diverse collection of actions that could contribute to enacting the kind of radical course change that is needed to transition to sustainable long-term development pathways. We discuss some of these below.

### Aligning NDCs and stimulus packages with long-term strategies offers meaningful mechanisms for power sector reform

Countries that have ratified the Paris Agreement are required to communicate [long-term strategies](#) that detail their aims for achieving low-carbon and climate-resilient economies by 2050. Both the stimulus packages and NDCs provide countries with crucial [stepping stones in the path to achieving the resilient and sustainable futures](#) outlined in their long-term strategies.

Matching up the NDCs and stimulus packages should be [considered not only as prudent, but essential](#). Recovery packages focused solely on near-term investments risk being, at best, directionless and, at worst locking us into unsustainable pathways. Conversely, policies and targets in NDCs that lack investment for implementation, risk being unachievable. An example of an effective match up could include the use of stimulus recovery to build the smart energy infrastructure necessary for power transitions, while corresponding NDC targets focus on renewable energy and storage targets and establish a vision for the national power sector.

It is notable that, with the exception of Kenya, Nigeria and Burkina Faso that have dedicated support for renewable energy, [most SSA stimulus packages do not directly target the power sector](#).

This trend suggests that many African countries may well be failing to capitalise on current opportunities and that much work is still needed to achieve this alignment.

On a practical note it is important to consider that, despite being developed now, the NDC updates will only be implemented from 2026. Stimulus packages would therefore need to align with the first NDCs (to be implemented from 2021-2025) and then support the implementation of the more ambitious pledges of the NDC updates. Achieving a coordinated effort that aligns these different milestones and timeframes is imperative to attain the long-term goals of the Paris Agreement.

### **Interrogating the NDCs and building in-country capacity for NDC processes can aid the design of legitimate and feasible development targets**

A critical eye is needed to assess the progress made by the NDCs over the last five years, and the action that is urgently required in the coming decade. We need to take stock of what was learnt from the first NDCs; to identify where progress was made and where it is lacking; to identify which areas of the NDCs are suitable for ratcheting up ambition; and to assess where building blocks that enable ambition are still required. These lessons have not been well captured to date, particularly in SSA countries, and critical, reflective research in this area is urgently needed.

This research can also help to [interrogate the targets of the NDC updates to assess progress and identify risks](#), and evaluate their [ambition, transparency, coherence and implementability](#). These examinations will make clear if NDC updates are legitimate and feasible, and if they are indeed capable of contributing to the fundamental course change that is needed.

For instance, in their [focus on the power sector](#), NDCs need to move beyond simply increasing renewable energy targets to explicitly detailing ways of enhancing grid flexibility and access, addressing existing coal assets, supporting institutional change, and aligning opportunities between the power and end-use sectors.

In SSA particularly we need to continue to develop in-country capacity for NDC processes. The formulation of the intended NDCs (iNDC) in many African countries was heavily reliant on international consultants to lead the technical work. The same reliance is observable in the NDC update processes, which have been hindered by the fact that many international consultants were [not able to travel to countries given the Covid-19 pandemic](#). This not only threatens the technical basis of many African NDC updates, it also demonstrates the vulnerability of depending on external expertise. Five years on from the iNDCs we should have seen greater capacity built for in-country NDC development, and this capacity deficit requires serious attention if African NDCs are to be both ambitious and implementable.

### **Multi-centred and multilateral governance can support radical systemic change**

To effectively reform the power sector in SSA, legislation and infrastructure need to be aligned at national and sub-national levels. Without that alignment complexities around grid access and the generation and selling of power are likely to prohibit the emergence of new players and thwart progress.

Fortunately, the Covid-19 pandemic has clearly demonstrated how polycentric governance can bring together different levels of government with civil society and the private sector to [increase learning and experimentation](#), and support the development and implementation of [context-appropriate interventions](#). This kind of approach could massively facilitate the fundamental changes needed to achieve long-term climate and development goals.

At a global scale the pandemic has also shown how [multilateral governance](#) and cooperation can [drive collective action](#) to address global problems, [playing a key role](#) by sending guidance, establishing rules and standards, being transparent and accountable, supporting implementation, and promoting collective learning. Multilateral institutions can play a [similar role in climate governance](#) by guiding, facilitating and improving collaborative efforts for green recovery.

### **New sources of finance are key for greening the energy sector and driving sustainable development**

In SSA, the ability of countries to develop and implement NDCs that align with the goals of the Paris Agreement will require a massive power sector overhaul that supports the shift from fossil fuels to sustainable energy. For many SSA countries [climate finance](#) can act as a catalyst to accelerate a just transition to renewable energy, and support the NDC updates and review processes.

Financial support for the NDCs, made available through the international processes under the [United Nations Framework Convention on Climate Change](#) (UNFCCC), is crucial for both the preparation and implementation of the NDCs. Yet we already know that the support requests contained in the existing NDCs are greater than the support that has been pledged. Finding a solution for this funding deficit, as well as additional funds to support implementation and necessary sectoral reform, is urgent and imperative. It also highlights the importance of moving beyond a narrow discussion about climate finance to a broader discussion on how to [direct mainstream development funding and assistance](#) towards the long-term goals of the Paris Agreement. This discussion should also concentrate on how best to combine traditional financial resources with the new areas of funding, such as those emerging from the growing [interest of the global investor community](#) to support sustainable development and climate resilience.

### **Key recommendations for donors**

By promoting the alignment and cohesion of different processes, donors can play an important role at the intersection of Covid recovery, the NDC updates and the power sector in SSA. We detail five of these below.

#### **1. Shift support away from business-as-usual endeavours towards sustainable and resilient pathways**

Perhaps what the Covid-19 pandemic has most vividly demonstrated are the numerous risks that accompany our business-as-usual reality, and that are, for the most part, taken as a given. While it is necessary that world leaders weigh up the risks and opportunities of alternative pathways that are open to us for our common futures, it is difficult to deny that failing to radically alter course and remaining locked in to business-as-usual pathways represents the highest-risk trajectory for the world. Donor support should be aligned with this recognition.

#### **2. Support processes that pursue legitimate and feasible match ups of stimulus packages, NDCs and long-term strategies**

Donors can support efforts to align stimulus packages and NDCs, and ensure they lay the necessary foundations for the long-term strategies. These efforts will take on different forms as countries follow varied approaches to either mainstream Covid recovery and NDCs into existing policies, or to develop

new policies that focus on climate resilience and sustainable development. But no matter the approach, donors can support the alignment of near-, medium- and long-term policies and practices, and help to address the false dichotomy that still exists between climate action and development.

On the other hand, anecdotal evidence suggests that it is unlikely that the majority of the NDC updates will be incorporated by or aligned with the economic stimulus packages or long-term strategies. This suggests the opportunities presented by this moment may well pass unused and demonstrates the challenges that persist in mainstreaming NDCs in development processes. Donors have a key role to play here in ensuring they allocate resources that contribute to this type of alignment between NDCs and development policy processes.

### **3. Support efforts to develop in-country capacity for NDC processes**

By developing institutional, research and negotiating capacity at an in-country level, donors can help to ensure that NDC processes drive meaningful and robust national processes. This capacity will also help countries to avoid the dependencies that can stem from a reliance on external resources and expertise, and to develop and implement policies that are resilient to international pressures. Universities in SSA could play key roles [by acting as hubs to drive long-term, sustained capacity building](#) in the region.

### **4. Support processes that foster collaboration across sectors and levels of governance**

Cross-sector and cross-governance collaboration and coordination can promote learning and experimentation, and support the development and implementation of context-appropriate interventions that achieve multiple objectives. To this end, donors can support participatory processes that encourage transparent and open dialogue, and create opportunities to build the kinds of relationships that can support sustained and productive engagement.

### **5. Support critical research on the intersection between Covid-19, NDCs and SSA power sectors**

There is a dearth of local research on how the Covid-19 pandemic has impacted the NDC updates and the power sector, and the nuances and particularities of the resulting risks, opportunities and challenges within each SSA country. Yet this understanding is essential for accurately identifying what actions need to be taken to drive national progress.

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