



## CONVERSATIONS ON AFRICA COP27

# Should Africa choose economic growth, focus on energy transition or can it pursue both?

Some believe Africa must choose whether development or energy transition should come first. But as Guled Yusuf, an Arbitration partner working extensively in Africa, tells Tim Scales, Head of the Africa Group and Co-Head of the Global Projects Practice, it doesn't have to be a case of either/or.

**Tim Scales:** In your commercial arbitration and investment dispute work, energy transition must be a growing theme for you, Guled?

**Guled Yusuf:** Arbitration has long been the preferred forum for disputes arising out of international energy projects. These disputes have traditionally focused on oil and gas. However, as energy transition has accelerated, renewable energy has come to play a more prominent role in my practice and I expect that trend to continue.

**Tim Scales:** How much progress are you seeing on energy transition in Africa?

**Guled Yusuf:** As you know, it is always difficult to provide an overview of such a diverse continent, not least when global energy transition will occur against the backdrop of transformational growth in the region, including a population that is set to double in the next 30 years.

Renewable energy is on the rise across the continent. In fact, I would go so far as to say that several countries serve as global leaders and have demonstrated a firm commitment towards accelerated adoption of renewable energy.

For instance, more than a third of Morocco's electricity is already renewable as a result of the Noor Ouarzazate Solar complex, the world's largest concentrated solar power farm. It is also worth mentioning that Mozambique, Ethiopia, Lesotho, Zambia and DR Congo generate virtually all of their electricity from renewable sources, principally hydroelectric.

There are two main future challenges. Firstly, adopting renewable energy more widely across the continent, as the examples above are not representative of the entire continent; and, secondly, ensuring that the successes already achieved are maintained while installed electricity-generation capacity is expanded significantly.

**Tim Scales:** But how do African governments decide what to prioritise?

**Guled Yusuf:** You are touching on one of the key points of tension on the continent in relation to energy transition.

Africa is one of the regions most affected by climate change but accounts for less than 6% of global energy consumption and 2% of cumulative global emissions. In addition to the need to address climate change, the continent faces a parallel imperative of extending electricity access to hundreds of millions as well as, more generally, pursuing rapid economic growth.

There is, therefore, an ongoing debate as to whether economic growth and development should be prioritised over the energy transition or vice versa.

**Tim Scales:** Where do you stand?

**Guled Yusuf:** In my view, Africa has the potential to play a leading role in energy transition, without sacrificing economic growth and development. I think the two can go hand in hand for a number of reasons.

The continent presents tremendous potential for solar and wind power due to its climate and geography, and it is the primary source for many of the minerals and rare earths that are critical for clean energy technologies.

Not to mention that several practical steps have been taken by industry, governments and international organisations to drive down the cost of renewable energy year on year. And some of the limitations with wind and solar – such as batteries and storage – are being addressed over time, to the point where you can envisage renewable energy being used as baseload in some circumstances.

There is a further compelling reason: the region's track record in rapidly adopting new technologies.

Africa's ability to adopt and develop new technology is often underestimated, but just look at mobile telecommunications. Africa was at the centre of the mobile revolution because many parts of the continent leapfrogged the landline phase. Instead, adoption of mobiles occurred very quickly and phones were used for many purposes beyond texting and calling. Countries like Kenya were among the first to adopt largescale mobile banking, where it has been estimated that the mobile-money system lifted about 2% of households out of poverty between 2008 and 2014.

Equally, I am hopeful that African countries may bypass traditional energy sources and go straight to building sustainable energy systems. There are already several examples of such success.

**Tim Scales:** What impact is the current spike in gas prices having?

**Guled Yusuf:** There certainly has been a spike and countries with abundant fossil fuel resources are very well placed to take advantage, particularly with a number of Western governments looking at long-term alternative sources of supply. I don't see this adversely affecting the impetus for renewable technology, however.

**Tim Scales:** Are you also seeing a spike in climate change-related disputes?

**Guled Yusuf:** Climate change disputes have certainly increased dramatically in recent years. There has also been a shift in the nature and scope of such disputes.

Traditionally, climate change disputes focused on claims for damages resulting from fossil-fuel production.

More recently, there has been a shift towards claims focused on human rights. Specifically, that the failure to mitigate climate change constitutes a breach of human rights, including rights to life, health, housing, water and food.

However, there have been relatively few claims brought before courts in Africa where there is less legislation in relation to climate change and more barriers to advance such claims, such as lack of standing or limited financial resources.

Overall, I expect climate change-related disputes to increase globally, including in Africa, which will only serve to spur on energy transition.

**Tim Scales:** Are you generally optimistic about the outlook?

**Guled Yusuf:** I am optimistic that many parts of the continent will leapfrog traditional fossil fuels and demonstrate the viability of renewable energy systems.



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