

Climate change: What a just transition means for Africa

By [Garth Napier](#)

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Climate justice is not the first thing that springs to mind when talking climate change. And yet it is one of the most important aspects of the debate. Climate justice recognises the disproportionate impact of climate change on low-income communities and developing countries, and simultaneously seeks solutions that address disparities caused by societal injustices as well as environmental destruction.



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On face-value, the decisions and commitments made around climate change have been applaudable, however, the impact on developing economies is often not fully understood and can have severe consequences.

This is because international benchmarks and conversations around a just transition and moving to net-zero do not adequately recognise local contexts and challenges. And while we must accept that the adoption of green-power solutions requires pragmatic trade-offs, policy changes, investment, and a more enabling regulatory environment, we need to ensure these trade-offs do not penalise developing economies and, more importantly, low-income communities.

As an example, consider a scenario where a reinsurer takes a decision to not insure a coal business. This may make sense in a developed market. However, if this is translated into producing electricity in South Africa, a major mine in South Africa that supplies Eskom would not be able to insure its assets, which could have disastrous repercussions for the country.

Critical to add our voice to dialogues

Developed economies have the resources to invest in renewable energy; emerging and developing markets don't necessarily have the capital nor the skills, so when developed economies are making decisions like these, it can come at cost.

It is, therefore, critical that we ensure we participate and add our voice to dialogues that discuss how we can work together collectively as a continent and play our part in designing solutions that are right for us.

As we look for solutions to this multi-faceted problem, we must talk about the just transition and what that means for communities across the African continent. Many of the communities do not have access to basic energy and use firewood as a source of energy. We cannot expect them to bear the brunt of transitioning to clean energy.



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Need to develop ethical solutions

How do we do this in a way that is inclusive of the situation of developing economies?

Importantly, our economy, as well as others on the African continent, can be an important pilot for how developed economies can fund the transition in developing economies. We have a very important role to play in showing how other countries can approach it in an equitable way.

It is vital that business and governments help deliver a just transition that includes creating shared value – a shift to a green, low-carbon economy that does not leave millions of workers and their communities behind. This means we must develop solutions that are ethical and respect human rights.

In South Africa alone, the civil unrest in parts of the country and disastrous flooding in KwaZulu-Natal earlier this year have ramped up the urgency for us to act in a way that is more socially conscious, resource-efficient, and inclusive.

Insurance, by its nature, tries to manage risk for individuals by pooling these together in a shared value-type model. We can provide an affordable price of insurance to an individual because we have a larger risk pool (spreading of risk). There is an opportunity to develop a similar model for delivering climate-friendly insurance products.



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Levelling the playing field

Strategic partnerships are also critical to helping developing economies in the quest for a just transition.

We already know that there is a great discrepancy between developed and emerging economies in funding and technology. Not all countries can move at the same speed or from the same starting point when it comes to carbon emissions. So how do you set different goals per country and even at a community level?

Technology solutions and the sharing thereof are going to be crucial to help solve the energy challenges we face as a continent. The impact innovation can have and the funding solutions required are even more relevant now as many households turn to alternative power solutions.

Important to the question of funding is also skills, knowledge, and even intellectual property transfer. Levelling the playing field may mean a willingness from owners of innovative but expensive renewable technologies to share their IP more broadly – like an open-source economy. This would bring down the cost of technology in this space significantly.



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Collaborative effort needed

We believe that using our resources we can effectively drive a just transition to a low-carbon economy that also addresses other societal challenges. As a non-life insurer, we have a significant balance sheet and already made substantial investments in businesses, allowing others to use our capital to generate green energy.

While we are playing our role as an insurer, we need to work together with governments, customers, industry, and stakeholders to find solutions for Africa, in Africa. Collectively, these efforts should translate into a common understanding of what is needed to best ensure a just transition that includes our most vulnerable communities in the most equitable way possible.

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