

Where a global carbon tax meets a just energy transition

More than half of African companies are delaying their energy transition targets, leaving them in danger of missing the Paris Agreement target of net zero carbon emissions by 2050, new [research](#) from Standard Chartered has revealed.



Bill Winters, group chief executive of Standard Chartered

Zeronomics, a study into the financing of a net zero world, surveyed the senior leadership of 250 large companies and 100 investment specialists around the world between September and October 2020 and found that:

- 55% of Africa-based business leaders believe their companies are not transitioning fast enough (55% of companies globally).
- Lack of access to finance is the biggest barrier to progress for African companies, cited as a significant obstacle by 78% (67% globally).
- Just 35% of African companies fully support the aims of the Paris Agreement (47% globally).

What are the barriers?

Many companies based in Africa are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. Some 32% of business leaders (34% globally) said their companies will make the most progress between 2030 and 2040, while a further 40% (37% globally) said they will take the most action between 2040 and 2050.

Most companies are delaying transition because they do not feel they are currently equipped to meet the target. Some 78% (59% globally) said they need an extensive organisational change before tackling net zero. A lack of finance isn't the only hurdle companies in Africa face on the road to 2050. Seventy-two percent (63% globally) believe a lack of consensus on net zero definitions and targets is hampering progress, while the same percentage (60% globally) say a lack of support for net zero transition from their organisation's investors is a significant barrier to net zero.

Meanwhile, Covid-19 is forcing many businesses in the region to focus on immediate survival: A whopping 80% (85% globally) of African senior executives say the pandemic has delayed their company's net-zero transition.

How to fix it

The research also reveals what business leaders believe is needed in order to speed up transition. 90% (77% globally)

believe an effective global carbon tax, based on a carbon price that reflects the true cost of climate change, would help transition. A further 88% (81% globally) said cost savings from sustainable practices could help the world hit net zero by 2050.

Meanwhile, the same percentage (81% globally) believe standardised net-zero measurement frameworks would help with transition, underlining the fact that what we have currently, a matrix of different definitions, measurement and reporting requirements is a major challenge for senior executives.

"Our survey reveals that most companies intend to transition to net-zero by 2050 but have yet to take the action needed to get there. A majority cite funding as an obstacle and carbon-intensive industries and emerging-market companies struggle the most.

"A successful net-zero transition must be just, leaving no nation, region or community behind and, despite the hurdles, action needs to be swift. We must act now, and we must act together: companies, consumers, governments, regulators and the finance industry must collaborate to develop sustainable solutions, technologies and infrastructure," Bill Winters, group chief executive of Standard Chartered says.

For more, visit: <https://www.bizcommunity.com>