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Climate Collaboration in Multipolar Times

The European Union and China as Energy Transition Partners to African Countries

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Executive Summary

The G7's Just Energy Transition Partnership (JETP) agreements with Senegal and South Africa are designed to help these economies become less carbon-intensive while also creating new opportunities for political and commercial cooperation. However, these agreements come as the rise of China and growing multipolarity complicate Africa's external relations. This paper puts JETP agreements in the context of Africa's energy cooperation with China. It uses interviews to map the European Union's unique vision of JETP collaboration and contrast it with the more project-focussed and demand-led Chinese approach. It also tracks conversations around JETP cooperation in South Africa and Senegal to show how this approach is being received and how energy- and climate-related cooperation feeds into broader trends of multipolarity.

Content

Acronyms

ANC	African National Congress
BMZ	Federal Ministry for Economic Cooperation and Development / Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
CBAM	Carbon Border Adjustment Mechanism
CCCC	China Communications Construction Corporation
COP	Conference of the Parties
ESG	Environmental, Social, Governance
EU	European Union
FOCAC	Forum on China-Africa Cooperation
JETP	Just Energy Transition Partnership
UN	United Nations
USD	United States Dollar

Introduction

On 25 October 2023, European Commission President Ursula von der Leyen convened the Global Gateway Forum with a call to action:

> "The fate of present and future generations depends, more than ever before, on the quality and quantity of the infrastructure that connects us all. Investment in affordable, clean energy. Investment in digital infrastructure. Investment to better equip our workers with skills that match the jobs of tomorrow."[1]

This call for renewed investment in the context of the European Union's (EU) Global Gateway happened a week after China reinvigorated its own global connectivity programme: the Belt and Road Initiative (BRI). At the Belt and Road Forum of 17 and 18 October 2023, clean energy took on an outsized significance. Citing "open, green and clean cooperation" as a core principle of the BRI, Chinese President Xi Jinping said: "China will continue to deepen cooperation in areas such as green infrastructure, green energy and green transportation."[2]

A focus on green energy and digital connectivity was not the only similarity between the speeches. Like von der Leyen, Xi focussed on future generations: "Let us advance modernization of all countries, build an open, inclusive and interconnected world for common development, and jointly build a community with a shared future for mankind."[3]

For both the EU and China, Africa represents these future generations' yearning for development and the jobs of tomorrow. Africa's demand for energy and its vulnerability to climate change are well-documented. What receives less focus is the continent's emerging role in a global landscape defined by competition between the US-EU alliance and China. Africa is a key part of the Global South, the Group of 77, and what is becoming known as the New Non-Aligned Movement. The reality of this shift became clear during the 2022 United Nations (UN) vote on condemning Russia's invasion of Ukraine, in which many African countries' positions diverged from those of the United States and Europe, to the dismay of some.[4]

While the vote was widely discussed as a landmark challenge to the Western coalition's unipolar ability to set global agendas, it was also arguably the result of years of building alternative relationships with emerging global powers such as China. China's setting up of engagement platforms such as the Forum on China-Africa Cooperation, its rise as a global lender on par with the World Bank[5], its establishment of alternative institutions such as the Asian Infrastructure Investment Bank, and its encouragement of new multilateral groupings such as the BRICS group[6] have all contributed to a new landscape in which African countries have more options for partners in development and strategy.

[1] European Commission. 2023. "Opening speech by President von der Leyen at the Global Gateway forum." 25 October 2023.
[2] Xinhua. 2023. "Full text of Xi Jinping's keynote speech at 3rd Belt and Road Forum for Int'l Cooperation." Accessed 25 October 2023
[3] Ibid.
[4] Wall Street Journal Editorial Board. 2022. "The UN's dishonor roll." 3 March 2022. Accessed 17 September 2023.
[5] Thurston, Andrew. 2023. "China has financed power plants, airports, and roads around the globe – but has it made the world a better place?" Boston University, The Brink Blog. 11 October 2023. Accessed 30 October 2023.
[6] It was announced in August 2023 that Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Emirates would join the group. Argentina has subsequently withdrawn its participation.

However, the continent's new choices come in the context of new challenges. Massive financing gaps and debt loads affect Africa's ability to provide much-needed infrastructure, and an ever-growing climate crisis is creating new challenges across the continent.

This paper compares EU and Chinese energy cooperation with two African countries: South Africa and Senegal. Both countries have Just Energy Transition Partnership (JETP) agreements with the Group of Seven (G7), spearheaded by EU member states. They also have growing economic and political relationships with China, which in the case of South Africa extends into energy cooperation.

The EU's targeted engagement via JETP cooperation is contrasted with China's broader, demand-led engagement with African countries. It uses a set of interviews with high-level stakeholders to track how these different forms of engagement are framed in conversations about global alignment at a moment of growing multipolarity.

It first focusses on the realities shaping Africa's energy transition before providing an overview of China's presence on the continent. It then outlines the EU's JETP deals with South Africa and Senegal, with a focus on how they have been received domestically.
Finally, it provides recommendations to EU stakeholders for strengthening this engagement in the context of growing Africa-China cooperation around energy.

Africa's climate-energy-debt nexus

Although Africa is only responsible for a small portion of global emissions, it will suffer the effects of climate change disproportionately. Even though Africa is estimated to have contributed only about 3 per cent to 4 per cent of global greenhouse gas emissions,[7] it is highly exposed to the direct impact of climate change.

One key reason for this vulnerability is a lack of hard infrastructure such as roads and data networks, as well as soft infrastructure such as legal and educational systems, which can help countries move beyond subsistence agriculture. Without those systems, these countries have very little buffer against the impact of extreme weather events such as droughts on their economies.

In other words, the impact of the climate crisis cannot easily be separated from the ongoing crisis of underdevelopment that characterises African economies. The two problems are not separate. They move in tandem, and each exacerbates the other. More specifically, the economic impact of extreme weather events keeps developing countries from catching up in the development race because of the broad-based nature of this impact, but also because extreme weather events specifically impact infrastructure. These events force African countries to keep repairing and replacing infrastructure, instead of using the funds they have to build new infrastructure.

The capital needed for the continent's green transition is a key issue. Over the last decade and a half, African countries have faced two related dynamics. Bilateral concessional lending by traditional Paris Club lenders declined sharply, while private lenders in Western countries faced an extended period of very low domestic interest rates. As a result, this industry was encouraged to seek yields in emerging markets, which was promoted politically as leveraging the power of private capital as a new tool of development, during a period in which there was a greater appetite for risk within the financial industry.[8]

[7] CDP Africa. 2020. "CDP Africa report: Benchmarking progress towards climate safe cities, states, and regions." March 2020. Accessed 20 October 2023.
[8] Lippolis, Nicholas and Verhoeven, Harry. 2022. "Politics by default: China and the global governance of African debt." Survival: Global Politics and Strategy 64, no. 3: 153–178. 30 May 2022. Accessed 20 October 2023.

The shocks from the COVID-19 pandemic and the Russian invasion of Ukraine pushed interest rates higher, which sharply raised debt repayments. The International Monetary Fund has recently argued that this dynamic is one of the largest contributors to the creeping debt crisis in Africa and the broader Global South.[9] In addition to the impact of higher interest rates, African countries also face high risk premiums on their lending. The ONE Campaign recently calculated that many African countries pay up to 500 per cent more for market lending weighted with both higher interest rates and risk premiums than what they'd pay at World Bank rates [10]

Again, the impact of financing constraints and inflated debt cannot be separated from the impact of climate change and the wider developmental gap that results from the historical legacy of colonialism. The effect is akin to the famous scene in Lewis Carroll's *Through the Looking Glass*: African countries have to run as fast as they can just to stay in the same place. Any pause (for example to deal with a flood, cyclone, or drought) immediately takes them backwards in an increasingly competitive development race.

The continent's demographic makeup adds urgency to this reality. Africa is one of the only parts of the world where the youth population is still increasing, and by 2050, one in every three young people (between the ages of 15 and 24) in the world will be African.[11] By then Africa will have at least 17 cities with more than 5 million inhabitants, and 90 cities with more than one million inhabitants. The spectre of large cities without the infrastructure to serve this young population is sobering. Although Africa's youth bring talent and vibrancy, the constant drag of systemic underdevelopment raises the danger of an unemployment crisis, and with it large-scale instability and mass migration.

Chinese climate engagement with Africa

Emerging trends in Chinese green energy engagement with Africa in a geopolitical context

China's BRI reshaped development in many parts of the Global South, in part by packaging new sources of semi-concessional and market lending with engineering, procurement, and contracting by Chinese firms. The approach struck a balance between allowing Chinese companies to expand into international markets and respond to the demands of recipient governments with low levels of conditionality (beyond the imposition of stringent conditions governing the repayment of the loans themselves).

After hitting peak lending around 2016, the BRI shifted. In response to domestic and transnational debt loads, lending from Chinese policy banks for large-scale projects declined sharply. The result was that the thinking around the optimum design of BRI projects shifted towards smaller projects with shorter repayment windows. These came to be known as "small yet smart", in the parlance of the 2023 Belt and Road Forum.[12]

[9] International Monetary Fund. 2023. "Africa: Special issue: In pursuit of stronger growth and resilience." October 2023. Accessed 1 November 2023.
[10] Dodd, Amy and Rivera, Jorge. 2023. "The collateral damage of rising interest rates." The ONE Campaign. 18 September 2023. Accessed 20 October 2023.
[11] Dews, Fred. 2019. "Chart of the week: Africa's changing demographics." Brookings. 18 January 2019. Accessed 20 October 2023.
[12] Xinhua. 2023. "Full text of Xi Jinping's keynote speech at 3rd Belt and Road Forum for Int'l Cooperation." Accessed 1 November 2023.

In 2021, Xi announced that China would stop funding coal power plants overseas.[13] This decision was an implicit acknowledgement of the growing power of China's renewables industry. China has invested more than USD 50 billion in solar supply capacity – about ten times more than Europe – and overtook Germany as the largest manufacturer of solar capacity in 2015.[14] About 80 per cent of the world's photovoltaic energy generation components are produced in China. All 10 of the world's top solar companies are Chinese, and in 2021 its solar exports exceeded USD 30 billion. Solar made up 7 per cent of China's trade surplus with the rest of the world over the last five years.[15]

This massive domestic capacity is arguably a key factor in the emerging political centrality of green energy in China's current outreach to the Global South. President Xi Jinping's keynote speech at the massive Belt and Road Forum in October 2023 elevated green energy as a core axis of the BRI's second decade on par with connectivity. This was the most recent iteration of a broader trend of putting green energy cooperation at the heart of the Africa-China relationship, as seen in the Declaration on China-Africa Cooperation on Combating Climate Change, adopted at the Forum on China-Africa Cooperation (FOCAC) summit in 2021.

This positions China as an inalienable part of the Global South, both a developing country and a natural partner to developing countries.[16] In other words, green energy provision plays a geopolitical role for China in the context of increasing pressure from the United States and its allies, for example via the Inflation Reduction Act's move to exclude Chinese components from supply chains. As options narrow for the Global North, demonstrating solidarity with the Global South is becoming a crucial geopolitical gesture for China.

At the Belt and Road Forum in October 2023, Xi announced funding of USD 47.8 billion each into the Export-Import Bank of China and the China Development Bank, as well as another USD 10.9 billion into the Silk Road Fund.[17] This funding infusion as well as the rhetoric of South-South cooperation on "small yet smart" projects is arguably aimed at mobilising the energies of China's (mostly private sector) renewables firms while setting the political stage for collaboration along the Belt and Road.

China's unique capacity in the Global South green energy sector

Three axes structure China's energy engagement with the Global South. First, as mentioned above, China's solar and wind manufacturing capacity makes it the most important source of green energy components. For example, in the first six months of 2023, South Africa imported 3.4 gigawatts of solar panels from China.[18] This is the equivalent of about 5 per cent of the country's total installed power capacity in 2022.[19] The scale of the Chinese solar industry means that even in energy partnerships that ostensibly do not include China, it is

[13] Volcovici, Valeria, Brunnstrom, David and Nichols, Michelle. 2021. "In climate pledge, Xi says China will not build new coal-fired power projects abroad." 22 September 2021. Accessed 21 October 2023.
[14] Hill, Joshua S., "China overtakes Germany to become world's leading solar PV country." 22 January 2016. Accessed 6 February 2023.
[15] International Energy Agency. 2022. "Solar PV global supply chains." Accessed 21 October 2023.
[16] Ministry of Foreign Affairs of the People's Republic of China. 2021. "Declaration on China-Africa cooperation on climate change." 3 December 2021. Accessed 21 October 2023.
[17] Ma, Josephine and Xie, Kawala. 2023. "As it happened: Xi Jinping unveiled new action plan for Belt and Road Initiative." South China Morning Post. 18 October 2023. Accessed 22 October 2023.
[18] AfricaNews. 2023. "South Africa's solar panel imports from China skyrocket." 15 September 2023. Accessed 22 October 2023.
[19] Globaldata. 2022. "South Africa power market size and trends by installed capacity, generation, transmission, distribution and technology, regulations, key players and forecast, 2022-2035." 4 July 2022. Accessed 22 October 2023.

difficult to avoid Chinese components, especially in price-sensitive environments such as Africa. It should be noted that this was not in the context of a formal BRI project. Rather, the ad hoc trade in new energy components creates a strong Africa-China connection even in its absence.

The second axis of engagement is contracting. Chinese construction companies have a significant presence in Africa. More than 500 Chinese contracting companies have worked on the continent, and based on the revenues of the top 250, Chinese contractors' market share in Africa is about 61.9 per cent. In some countries, that share is above 80 per cent.[20] Many Chinese contractors work across sectors. For example, a 2022 *China Daily* article provided a glimpse of this breadth, quoting a contractor: "Even though we are a construction company and have built infrastructure like bridges and hospitals in Africa, we also participate in setting up renewable energy facilities like hydroelectric dams and solar power stations."[21]

The latter category brings us to the third axis: financing. Chinese state-owned contractors have traditionally had a close relationship with Chinese policy banks as well as the state insurance provider Sinosure. This formed a key aspect of BRI projects, in that it allowed contractors to offer recipient countries projects as package deals, with financing and contracting agreed in one efficient process. Despite increased risks of a lack of oversight and rent seeking,[22] this approach helped to shorten the average implementation time for Chinese projects to three years, compared to seven for World Bank projects.[23]

Just Energy Transition Partnerships: The G7's broad-based approach to climate engagement with the Global South

The EU's first JETP was announced in tandem with South Africa in 2021.[24] The JETP model (generally) targets high-emitting middle-income countries. It aims to provide financing to help these countries make significant steps towards decarbonising their economies, with a particular focus on transitioning from coal-fired electricity. This implies a broader approach than simply providing greater access to green energy. Rather, as German Development Minister Svenja Schulze remarked in relation to the JETP with Vietnam, these are "lighthouse initiatives" that aim "to demonstrate that, even in a rapidly growing economy like Viet Nam, economic growth can be decoupled from fossil fuel energy consumption."[25]

JETP agreements combine a mix of loans and grants via the public and private sectors with policy reforms, capacitation, and other measures aimed at kickstarting a broader economic transformation while also creating opportunities for the private sector in G7 countries.

They also bring together a wider range of actors. Each JETP project is led by a G7 state, while other governments, as well as the EU, play different complementary roles. They also

[20] Zhang, Hong. 2021. "Understanding the structural sources of Chinese international contractors' market power in Africa." Policy Brief no. 56. China-Africa Research Initiative. Accessed 22 October 2023.
[21] Opali, Otiato. 2022. "China's energy investments growing rapidly in Africa." 30 August 2022. Accessed 22 October 2023.
[22] Brautigam, Deborah. 2021. "How Zambia and China co-created a debt 'tragedy of the commons.'" China-Africa Research Initiative Working Paper no. 51. Accessed 22 October 2023.
[23] Malik, Ammar. 2023. "What the past tells us about the future of the BRI." China in Africa Podcast. 10 November 2023. Accessed 11 November 2023.
[24] European Commission. 2021. "France, Germany UK, US and EU launch ground-breaking international Just Energy Transition Partnership with South Africa." 2 November 2021. Accessed 23 October 2023.
[25] German Federal Ministry for Economic Cooperation and Development. 2022. "Just Energy Transition Partnership (JETP) with Viet Nam." 14 December 2022. Accessed 23 October 2023.

include the multilateral development banks as well as G7 private-sector lenders and companies in the energy sector and related fields. On the recipient side, the negotiations are led by the recipient government, but there is a focus on involving a broad range of stakeholders, including labour organisations and other members of civil society, local government, and local communities. Officials[26] from the Federal Ministry for Economic Cooperation and Development (BMZ) say the complexity of the negotiations due to the large number of participants and the country-specific design of the agreements limit how many can be pursued.

Unpacking South Africa and Senegal's JETP agreements

South Africa's JETP agreement was the first of its kind, and it is also the furthest along in planning and implementation. According to the investment plan announced at the COP27 summit in 2022, the USD 8.5 billion financing package comprises 63 per cent concessional loans, 18 per cent commercial loans, 15 per cent loan guarantees from multilateral development banks, and 4 per cent grants. Seventy per cent will be spent on transitioning the electricity sector towards green sources, with the remainder being channelled into the development of the green hydrogen and electric vehicle sector, as well as social spending.[27]

Senegal's JETP was announced via a joint political declaration on 22 June 2023.[28] Its detailed investment plan has not been announced yet, but the funding will come to USD 2.7 billion, of which USD 158 million (about 6 per cent) will be grants.[29] It is smaller in ambition than South Africa's plan, focussing on helping Senegal increase the proportion of renewables in its energy mix from the currently planned 30 per cent to 40 per cent.

South Africa's JETP agreement overlaps with later agreements with Vietnam and Indonesia in trying to manage the transition of entire energy-generation systems to renewables, with the attendant shift in transmission systems. Although the funding offered is not enough to accomplish this entire task, the agreement is designed to be catalytic and to draw in additional funding, especially from the private sector. In addition, the agreements are aimed at not only managing an energy transition, but also to make it just. In other words, the energy transition has to be designed so as to avoid causing widespread unemployment of people working in key sectors, for example South Africa's large coal mining, transport, and coal power sectors.

South Africa mirrors Vietnam and Indonesia in that it is a middle-income country with an industrial base that is largely dependent on coal. About 77 per cent of South Africa's primary energy is currently supplied by coal.[30] South Africa's energy choices are also shaped by institutionalised coal bias in similar ways as in Indonesia.[31]

However, in contrast to some other JETP countries, South Africa also suffers from a significant energy deficit. By 2021, 89.3 per cent of households were connected to the country's electricity supply,[32] which places South Africa well above the regional average of about 50

[26] Conversations with these officials took place under Chatham House rules.
[27] Omarjee, Lameez. 2022. "Here's SA's R1.5trn investment plan for a green transition." News24. 4 November 2022.; South African Presidential Climate Commission. 2022. "South Africa's Just Energy Transition Investment Plan." 3 November 2022. Both accessed 23 October 2023.
[28] European Commission. 2023. "The EU and the International Partners Group announced a Just Energy Transition Partnership with Senegal combining climate and development goals." 22 June 2023. Accessed 23 October 2023.
[29] Sarr, Secou et al. 2023. "Behind the scenes at Senegal's Just Energy Transition Partnership." Carbon Brief. 8 September 2023. Accessed 23 October 2023.
[30] South African Department of Minerals and Energy. n/d. "Coal resources." Accessed 23 October 2023.
[31] Sims Gallagher, Kelly et al. 2021. "Banking on coal? Drivers of demand for Chinese overseas investments in coal in Bangladesh, India, Indonesia and Vietnam." Energy Research and Social Science 71. January 2021. Accessed 23 October 2023.
[32] Macrotrends. n/d. "South Africa electricity access 1996-2023." Accessed 23 October 2023.

per cent.[33] However, these numbers are largely theoretical because since 2007, the country has suffered regular electricity outages that have worsened to 12-hour daily blackouts in some regions in 2023.[34] These have become so severe that they are starting to threaten social stability, because they are causing water scarcity, small business failures, and internet and mobile phone service interruptions. South Africa's Reserve Bank governor in 2023 contrasted the country's projected economic growth (0.3 per cent) with the estimated 2.3 per cent it could have been with a stable electricity supply. The blackouts (labelled "load shedding") cost South Africa's economy USD 51 million per day in 2023, with USD 13 billion lost by the end of the year.[35]

Decarbonising South Africa's economy is only part of the problem – from the perspective of many ordinary South Africans, a yawning energy demand is a much more pressing one. South Africa's energy crisis is partly caused by the centrality of a fleet of aging coal power plants in its energy supply. BMZ officials pointed out that this was a key factor in pursuing the JETP agreement with South Africa: The fact that the coal plants are coming to the end of their lifespans created an opportunity for an intervention in replacing them with renewables. In theory, the JETP agreement is aimed at jumpstarting both at the same time: closing the energy deficit by bringing new energy generation online and upgrading a fractured grid, while decarbonising the economy. However, as is shown below, these agendas start diverging when it comes to the specific implementation of the deal.

In contrast to South Africa, the JETP agreement with Senegal is somewhat of an outlier. Senegal is a low-income country without a large industrial base. It is also not a large emitter (less than 0.04 per cent globally[36]) nor a large coal consumer (the bulk of its energy is generated through oil and natural gas [37]). However, similar to South Africa, Senegal has high electricity demand, especially outside of major urban areas, and among the poorer majority of the population.[38] In terms of energy prices, Senegal and South Africa were the ninth and tenth most expensive on the 54-country continent.[39]

Senegal's deal is smaller and also does not include the United States. Rather, it is aimed at forging closer energy cooperation between the EU and Senegal and – in the words of one official – to "send a message" that the G7 is willing to work with low-income, low-emission countries. The deal was spearheaded by France and Germany. According to some interviewees, the inclusion of Senegal displays the political dynamics of the wider G7 JETP process within the EU, reflecting pressure from France to include a francophone country and the need to maintain French influence in West Africa at a moment when it is facing challenges in the Sahel.

The deal also comes amid a rapid expansion of relations with China under the presidency of Macky Sall. This includes the upgrading of the relationship to a comprehensive strategic cooperative partnership and Senegal hosting the FOCAC summit in 2021. Although only 3.3 of Senegal's total imports came from China in 2000, by 2020 China became the country's second-largest trade partner, the builder of large-scale infrastructure – including the

[33] International Energy Agency. 2023. "SDG 7: Data and projections." Accessed 23 October 2023.
[34] Ferragamo, Mariel. 2023. "Will South Africa's power crisis sink its green ambitions?" Council on Foreign Relations. 20 June 2023. Accessed 23 October 2023.
[35] Ngila, Faustine. 2023. "South Africa's power blackouts with cost the economy $13 billion this year." Quartz. 27 February 2023. Accessed 23 October 2023.
[36] Ritchie, Hannah, Roser, Max and Rosado, Pablo. 2020. "Senegal: CO2 and greenhouse gas emissions." Our World in Data. 2020. Accessed 23 October 2023.
[37] International Energy Agency. 2019. "Senegal energy outlook." 22 November 2019. Accessed 23 October 2023.
[38] Diaby, Karamba, 2023. "Germany-Senegal gas plans: New potential for modernization." IPS. 8 February 2023. Accessed 23 October 2023.
[39] Statista. 2023. "Household electricity prices in Africa as of December 2022, by country." Accessed 23 October 2023.

symbolic Museum of Black Civilisations – and a key player in its digital sector via a national data centre built by Huawei.[40]

Domestic reactions in Africa to JETP agreements

The domestic reactions to the JETP agreements were revealing of the challenges facing the process. In South Africa, one of the sticking points in the negotiations focussed on debt. The grant component of the JETP package is just 4 per cent, and South African officials complained about the large loan component of the financing. In discussing the details of the deal, South African President Cyril Ramaphosa said: "The key challenge for South Africa and our sister countries on the continent is access to new, at scale and predictable funding that does not further exacerbate our debt crises."[41] An unnamed European official was quoted by *Financial Times* saying that South African politicians were engaging in "theatre"[42] and that it was clear from the beginning that the grant component would be limited. That may be so, but Fitch calculated that the package would significantly add to the country's debt burden and that it comprises 2 per cent of 2022 gross domestic product.[43]

The grant component of South Africa's JETP package is aimed at transitioning communities dependent on coal mining and related industries into other economies via reskilling and investment in job-creation initiatives in coal mining areas. Coal mining provides about 100,000 jobs in underdeveloped rural provinces.[44] Another 100,000 jobs depend indirectly on the industry.[45] The coal industry is also one of the only economic sectors in South Africa that is majority-owned by Black South Africans, which gives it significant political influence. In addition, the National Union of Mineworkers, which represents coal miners, has strong connections with the ruling African National Congress (ANC). It is a member of the Congress of South African Trade Unions, which is in a formal tripartite alliance with the ANC and the South African Communist Party, and its first Secretary-General was Cyril Ramaphosa, the current president.[46]

Pressure around the JETP from the unions on the government continues. Already in 2021 when the JETP deal was first announced, the Acting Secretary-General of the National Union of Mineworkers, William Mabapa, said: "While funding the transition is key, the process followed is more important to the union. The union needs assurance that workers and working-class communities will not be negatively affected."[47] In an interview for this project, a South African analyst who has focussed on the reception of the JETP among the unions told me that an additional problem was that the unions have not devised their own strategy for buffering the blow of decarbonisation to their membership. Rather, they are mostly putting pressure on their alliance partners in the government to ensure that these rural communities and Black-owned businesses dependent on the coal industry are not

[40] Bhattacharya, Samir. 2023. "China's growing bonhomie with Senegal: Why the world should take notice." First post. 16 June 2023. Accessed 23 October 2023.
[41] Pilling, David, Cotterill, Joseph and Hodgson, Camilla. 2022. "South Africa warns $8.5 billion climate package risks fuelling debt burden." Financial Times. 4 November 2022. Both accessed 24 October 2023.
[42] Ibid.
[43] Fitch Ratings. 2022. "Debt-funded energy transition schemes unlikely to weigh on emerging market credit profiles." 11 November 2022. Accessed 24 October 2023.
[44] Pilling et al. 2022. "South Africa warns" (see note 39).
[45] IndustriALL. 2021. "Unions uneasy over South African Just Transition finance deal announced at COP26." 4 November 2021. Accessed 24 October 2023.
[46] National Union of Mineworkers. n/d. "NUM history." Accessed 24 October 2023.
[47] IndustriALL. 2021. "Unions uneasy over South African Just Transition finance deal announced at COP26." 4 November 2021. Accessed 24 October 2023.

devastated by the transition. This in part explains the South African government's hesitance about the financing makeup of the JETP as well as the wider ongoing coal bias within the ANC.

In response to pressure from Global North countries to decarbonise their economies, many Global South countries argue that their small share of historical emissions should allow them some leeway to use their domestic oil, gas, and coal reserves to boost trade and spur domestic development. This debate became particularly acute in response to the search for new sources of natural gas by European countries in the wake of the Ukraine crisis.

This question was a sticking point in JETP negotiations with Senegal, which had discovered a major gas deposit off its coast in 2016.[48] The Senegalese government remains intent on exploiting its gas resources to boost development. In 2022, Senegalese President Macky Sall told the visiting German chancellor, Olaf Scholz: "Not being the greatest polluters since we are not industrialised, it would be unfair in the search for a solution (to global warming) to ban Africa from using the natural resources which are underground."[49]

According to interviews, the G7 negotiators struggled with Senegalese demands that its natural gas should remain a key part of its energy mix, because it was politically impossible to fund gas projects as part of the JETP process, even though gas access had improved emissions from biomass burning in Senegalese cities.[50] Eventually, in a last-minute compromise, the JETP agreement did not include a gas allocation, but language was added acknowledging Senegal's right to exploit its gas reserves.

BMZ officials confirmed that there was concern on the European side that the Senegalese drive to maximise their gas reserves would draw attention from increasing the share of renewables. However, another possibility is that renewables would simply be absorbed as a part of providing greater energy access, while the use of natural gas would increase in tandem. A similar dynamic could emerge in South Africa, which discovered major gas deposits in 2023.[51]

This points to a broader division between the two sides: the tensions between the JETP providers, which focus on decarbonisation, and the recipient countries, which focus on energy access.

Tracking climate and energy cooperation in Global South conversations about alignment

The underlying logic of both the BRI and the JETP initiatives is that they would build ongoing relationships with recipient countries. These include opportunities for the private-sector companies created by these projects to extend ongoing relationships around maintenance, upgrades, build–operate–transfer, and equity models. Note that the JETP agreements contain significant policy reforms aimed at making the projects more bankable for G7 companies.

In the second place, the finance provided creates a multi-year repayment relationship that, in the third place, also translates into a political relationship.

[48] Erdoğan, Hüseyin. 2016. "Major gas deposit in West Africa found offshore Senegal." AA Energy. 28 January 2016. Accessed 24 October 2023.
[49] France24. 2022. "Senegal not giving up on oil and gas." 17 October 2022. Accessed 24 October 2023.
[50] International Energy Agency. n/d. "Senegal." Accessed 24 October 2023.
[51] Steyn, Lisa. 2023. "SA's largest onshore gas project to be developed after major gas discovery in Mpumalanga." News24. 22 August 2023. Accessed 24 October 2023.

The rise of China as a global lender disrupted a window of unipolar power running roughly from the end of the Cold War to the 2008 global financial crisis. During this time, G7 countries both set norms and discursive horizons, and Western-led multilateral banks and direct Paris Club lending created a financial landscape that responded to this political direction-setting.

China's BRI provided a set of political narratives and norm-setting mechanisms that slowly chipped away at G7 dominance. That, together with the sheer amount China lent, had a transformative impact on the global development landscape. A recent estimate found that from 2000 to 2021, Chinese project loans and grants came to USD 1.3 trillion.[52] In other words, between 2008 and 2021, China added roughly the equivalent of another World Bank to the global financing scene.[53]

Even more important than China's role alone is its role in setting a precedent for financing and contracting from a growing number of emerging powers in the Global South, including Turkey, Saudi Arabia, the United Arab Emirates, India, and more. Without working to draw in these powers, China's record of successful and profitable projects in Africa arguably set an example. Although G7 dominance is certainly still at play, the Global South now has other options.

With these options come alternative political groupings, of which the BRICS is only the most prominent. South African government officials emphasised that they place equal importance on the environmental and energy engagement with the G7 via the JETP agreement and alternative forms of cooperation on sustainable development and climate issues being pursued within the context of the BRICS. Crucially, these do not necessarily follow the norms guiding the JETP process. A South African diplomat interviewed for this project said South Africa is trying to maximise its cooperation with BRICS members to increase its energy options. It is also coordinating its climate negotiation positions at the UN Framework Convention on Climate Change with its fellow BASIC (Brazil, South Africa, India, and China) members. Although these forms of cooperation will not necessarily weaken JETP-related coordination on decarbonisation, they potentially add competing norms and politico-developmental narratives into the mix.

Against the background of multipolarity, the question becomes what the EU has to offer these countries. Its large and wealthy market and strong private sector are obvious answers. There are also indications that its norm-setting around environmental, social, governance (ESG) and other standards has taken on a business aspect. Some African governments prefer to disaggregate the contracting and ESG provision for large projects to different countries, with Europe frequently being chosen for the latter. For example, in the urban centre KaTembe in Mozambique, which is linked by bridge to Maputo, the bridge was constructed by the China Road and Bridge Corporation,[54] but the ESG monitoring was done by the Portuguese firm Nemus.[55]

More broadly, new research shows that China is increasingly outsourcing ESG implementation to foreign firms, including many in Europe. In addition, 50 per cent of China's lending to low- and middle-income countries, outside of emergency liquidity lending, is now in the

[52] Parks, Bradley C. et al. 2023. "Belt and Road reboot: Beijing's bid to de-risk its global infrastructure initiative." AidData. 6 November 2023. Accessed 10 November 2023.
[53] Gallagher, Kevin P. et al. 2023. "The BRI at ten : Maximizing the benefits and minimizing the risks of China's Belt and Road Initiative." Boston University Global Development Policy Center. September 2023. Accessed 24 October 2023.
[54] Hu, Yifeng and Magaria, Silva. n/d. "The dream bridge on Maputo Bay." Ministry of Commerce of the People's Republic of China. Accessed 24 October 2023.
[55] Nemus. n/d. "Urban development of KaTembe, Mozambique."; Bettencourt, Pedro. 2018. "Sustainable planning of a new city in Mozambique." Brazilian Journal of Operations and Production Management 15, no. 2: 270–284. June 2018. Accessed 24 October 2023.

form of syndicated loans. Of that number, 80 per cent are in syndicates with Western lending institutions such as the International Finance Corporation, the European Bank for Reconstruction and Development, and Standard Chartered, all of whom bring their own ESG standards.[56]

This involvement points to an interesting emerging situation, whereby European and/or Western standard-setting will remain important, but in the context of bolstering the implementation of Chinese lending and contracting, rather than by countering China's involvement in Africa.

More broadly, it points to a trend of Global South countries looking to Western and Chinese actors for different things, notably hard infrastructure from China and soft infrastructure and services from Western stakeholders.[57]

In geopolitical terms, this trend highlights African perspectives on multipolarity, particularly that African governments want to work with many different actors at once to forge a more robust development path. This could potentially be in conflict with the drive from both the United States and the EU to ringfence supply chains from Chinese involvement, at a time when China remains one of the most relevant stakeholders in infrastructure provision to the Global South.

JETP agreements risk not taking the demand for additional energy in these societies seriously enough. This tends to lessen the focus on decommissioning the current hydrocarbon generating capacity in favour of adding renewables to the mix to make up for the energy shortfall. In the second place, it underestimates the nationalistic push in post-colonial societies to make use of hydrocarbon resources in enrichment projects driven by resource nationalism.

China is a significant actor in both those fields, and this role is a direct challenge to the G7's project of coordinated cross-cutting norm-setting. For example, in 2023, the massive Chinese contractor China Communications Construction Corporation (CCCC) submitted a so-called Marshall Plan to the South African government to address the twin crises in the electricity and logistics sectors that seriously hamper the South African economy.[58] CCCC's USD 13 billion plan would include both projects, which are in line with the aims of the JETP (solar power generation, rail refurbishment to reduce dependence on road transport), and also projects in direct conflict with it (gas power plants, increased rail links to South Africa's coal fields to boost its coal exports). At the time of writing, the South African government hadn't responded publicly. What is much clearer is that China's focus on project-by-project engagement (rather than overarching plans), its demand-driven approach compared to EU norm-setting, and its deep pockets and continued hydrocarbon imports dovetail with its rhetorical commitment to South-South cooperation.

Conclusion

South Africa's and Senegal's JETP partnerships with the G7 come in the context of two related global trends.

First, sharpening global tensions are occasioning a transition from a global order dominated by the logic of globalisation to one shaped by strategic competition between the US-

[56] Wooley, Alex. 2023. "Belt and Road bounces back as Beijing seeks to future-proof its flagship global infrastructure initiative." AidData. 6 November 2023. Accessed 10 November 2023.
[57] Malik, Ammar. 2023. "What the past tells us about the future of the BRI." China in Africa Podcast. 10 November 2023. Accessed 11 November 2023.
[58] Infrastructure News. 2023. "China's strategy to address South Africa's logistic and energy challenges." 10 October 2023. Accessed 24 October 2023.

EU alliance and China. This implies a greater focus on de-risking, both among Western powers and China, as well as increased scrutiny on who Global South countries choose to align with.

At the same time, a conversation is starting in Europe about its own strategic future. It is being fuelled by large-scale events such as the Ukraine war and the possibility of a second Trump presidency, as well as by the drive to set a global EU agenda on issues such as climate change via a mix of targeted funding and norm-setting, as seen in the Global Gateway infrastructure connectivity initiative and the G7's JETP agreements with African countries, in which the EU is taking a leading role.

The provision of funding to make the South African and Senegalese economies less carbon-dependent dovetails with the implementation of measures such as the Carbon Border Adjustment Mechanism (CBAM) that would force importers to match the carbon pricing paid by EU companies. The dual use of the carrot of energy transition funding and the stick of market access foregrounds EU norm-setting in its climate cooperation with African countries.

China is increasingly promoting its own ESG norms,[59] while also trying to reshape the global regulatory environment to be friendlier towards Chinese companies.[60] More fundamentally, it is also promoting its own model of modernisation, framed as being more amenable to African development paths than those offered by Western powers.[61]

However, despite these trends, China's image in Africa remains that of a partner who is both more project-focussed and more demand-led, as summed up in the comment by a (perhaps apocryphal) Kenyan official: "Every time China visits, we get a hospital. Every time Europe visits, we get a lecture."

In addition, China's record of large-scale infrastructure funding and its strong renewables and contracting sectors make it a formidable energy transition partner to the continent.

This project's tracking of conversations in South Africa and Senegal around their JETP cooperation with the EU raised fundamental issues. First, there is a contradiction between the EU's focus on decarbonisation and the preoccupation of African governments with enhancing energy access. Second, the possible debt impacts of the JETP agreements triggered anxiety. Finally, domestic carbon lobbies in both countries framed the exploitation of domestic hydrocarbon resources for local development as a natural right of post-colonial states, especially in light of EU demands for natural gas after the Ukraine invasion.

The risk for the EU is that these concerns could be woven into growing African resistance to CBAM[62] and broader historical resentments to create a narrative of Western double standards and ongoing Europe-Africa power imbalances.

Although China is not necessarily actively promoting that viewpoint, it fits into its broader narrative of South-South cooperation, its deferral to carbon-dependent Global South states in forums such as the UN Framework Convention on Climate Change, its broader promotion of Chinese technical standards and development models, and the reality of Chinese companies' formidable track records in Africa. China's strongest tool in Africa remains less about any direct challenge to European influence, and more about its legacy as an alternative set of options that fractures Euro-American hegemony in African development.

[59] Nedopil Wang, Christoph and Lund Larsen, Mathias. 2023. "Green development guidance for BRI projects phase III: Study of China overseas investment funds." Green Finance and Development Center. 10 August 2023. Accessed 25 October 2023.
[60] Sheehan, Matt, Blumenthal, Marjorie and Nelson, Michael R. 2021. "Three takeaways from China's new standards strategy." Carnegie Endowment for International Peace. 28 October 2021. Accessed 25 October 2023.
[61] See e.g., Mingyu, Jin. 2023. "The inspiration of Chinese modernization for African renaissance." The Consulate-General of the People's Republic of China in Lagos. 31 March 2023. Accessed 25 October 2023.
[62] See e.g., Jessop, Simon, Ramahi, Abdelhadi and Savage, Rachel. 2023. "Development bank head at COP28 urges African exemption from EU border tax." Reuters. 6 December 2023. Accessed 10 December 2023.

A more fundamental challenge for the EU is how willing it is to adapt its African engagement to growing global multipolarity. This would entail a willingness to continue and expand trilateral cooperation with Chinese and other external partners in Africa, deferring to African demands for job creation, electricity access, and mixed energy sources, as well as taking into account the impact of JETP funding on Africa's climate–energy–debt nexus.

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