

The Climate Finance Highlight



DC L'AFRIQUE

21st March to 25th March 2022

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THE NEED FOR FOSSIL FUELS IS MUTUALLY ASSURED DESTRUCTION

At *The Economist's* Sustainability Summit, held in London between 21st and 24th March 2022, the United Nations Secretary-General Antonio Guterres lamented about the effects of Russia's invasion of Ukraine on the Paris Climate agreement and Planet Earth as a whole.

As Russia's invasion and occupation of Ukraine continues, the European continent faces a wartime energy transition. For decades, the European continent has had working energy supply systems that ensured that over 440 million people's energy needs were addressed. However, as the war progresses in Eastern Europe, countries in the region seek to urgently slash Russian gas in the interim and altogether from 45 percent of all gas provision to 0 percent by 2027. Europe spends \$1 billion daily on coal, gas, and oil from Russia and with events ongoing, the bloc plans on finding replacements for fuel supply in areas like Qatar, Saudi Arabia, and Iran. For instance, Germany has signed a long-term gas agreement with Qatar. Elsewhere, countries like the UK seek to turn towards new drilling opportunities in the North Sea in the coming years while the USA expects to drill for increased supply of oil and gas through its own oil and gas firms at home.

The scramble for new coal, oil and gas alternatives as a replacement for Russian-sourced fossil fuels has caused swift fuel price increases globally. A more long-term effect the situation creates concerns the problem of climate change which relates to the continuous warming of the Earth's temperature due to human activities. Speaking at the Summit, UN Secretary-General, Guterres, explained that the conflict is worsening climate change as it has disrupted fossil fuel supply chains in Europe. Guterres asserts, "Countries could become so consumed by the immediate fossil fuel supply gap that they neglect or knee-cap policies [intended] to cut fossil fuel use." He continued by stating, "This is madness. Addiction to fossil fuels is mutually assured destruction." The UN is of the view that the efforts to ditch Russian fossil fuels should not amount to countries halting their decarbonization efforts to turn to available fossil fuel alternatives, which are equally detrimental to the Earth's climate, to bolster energy security. Instead, Guterres holds the view that "now is the time to put the pedal to the metal towards a renewable energy future."

The United Nations' alert to the climate change issue at this point is justified by the notable progress that was made at Glasgow. At COP26, over 40 countries pledged to begin phasing out fossil fuels by 2030 for advanced economies and 2040 for developing economies. However, with events ongoing, the Paris climate agreement's goals and progress made at Glasgow are under the threats of retardation and/or neglect. The climate goal of limiting average global temperature increases to 1.5 degrees Celsius is on "life support" and countries need to do more to reduce emissions altogether. Pledges need to be fulfilled, actions must be taken towards renewable sources of energy and finance ought to be provided to safeguard the Earth, its people, and its resources for future generations.

Country	2020 GDP (USD 'b)	2021 P GDP Growth (%)	2022 P GDP Growth (%)	Credit Rating
Ghana	68.5	4.71%	6.17%	Caa1/Moody's
Nigeria	429.4	2.64%	6.31%	B2/Moody's
Kenya	102.4	5.59%	6.04%	B2/Moody's
Cote d'Ivoire	61.2	5.95%	6.47%	Ba3/Moody's

Source: IMF World Economic Outlook Database (2021), GDP (P- Projected)

Africa Markets in Focus

Economic Rates

Country	91 Day T-Bill	182 Day T-Bill	Inflation (%)	Policy Rate (%)
Ghana	12.51%	12.46%	13.90%	14.50%
Nigeria	2.48%	3.30%	15.60%	11.50%
Kenya	7.25%	8.07%	5.39%	7.00%
Cote d'Ivoire	2.26%	2.43%	5.60%	4.00%

Source: Various Central Banks.

Services Provided: Transactions Advisory II Research & Capacity Building II Training & Consulting

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Exchange Rates (Local Currencies against the USD)

Country	Year Open 31-Dec-20 21	Week Close	YTD Change	YTD
Ghana	6.095	6.7835	0.6885	-10.15%
Nigeria	411.148	415.562	4.414	-1.06%
Kenya	112.216	112.973	0.757	-0.67%
Cote d'Ivoire	579.178	590.486	11.308	-1.92%

Source: Oanda

Climate Energy Indicators

Country	***Electricity Consumption (kWh per capita)	**Access to Electricity (%)	*CO2 Emissions (kt)	***Fossil E Consumption (% of total)
Ghana	351	83.5	16,110.00	
Nigeria	145	55.4	130,670.00	
Kenya	164	69.7	18,400.00	
Cote d'Ivoire	275	68.6	9,910.28	

Source: World Bank and DC L'Afrique Research *2018, **2019, ***2014

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