POLICY BRIEF

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OJTA
Operationalising a Just Transition in Africa

FROM RESOURCE WEALTH TO ENERGY SOVEREIGNTY
AFCFTA AS A CATALYST FOR AFRICA'S JUST ENERGY TRANSITION

Africa possesses the critical mineral resources and renewable energy potential required to power a Just Energy Transition. However, high barriers to trade, limited local value chains, inadequate infrastructure, and the legacy of extractivist economic models have constrained the development of domestic renewable energy industries. The African Continental Free Trade Agreement presents a pivotal opportunity to leverage these natural resources to drive the energy transition at a more local scale, thereby making it truly African-owned. This would enable greater value capture, expand green employment, and accelerate reliable and affordable access to energy. This policy brief argues that such an approach can advance Just Energy Transition objectives while supporting African countries in meeting their climate commitments and emissions targets.

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KEY MESSAGES

1 AFRICA'S MINERAL WEALTH IS UNDERUTILISED

Despite holding a significant share of global critical minerals and high renewable energy potential, the continent has not fully capitalised on its own resources due to trade barriers and limited local manufacturing capacity.

2 INTRA-CONTINENTAL TRADE & REGIONAL VALUE CHAINS ARE CENTRAL TO A JUST ENERGY TRANSITION

Strengthening regional trade and local value chains can accelerate renewable energy deployment, create jobs, build economic resilience, and reduce reliance on external markets.

3 AFCFTA IS A STRATEGIC LEVER FOR ALIGNING ECONOMIC, INDUSTRIAL & CLIMATE GOALS

The AfCFTA provides a unique opportunity to remove trade barriers, foster local manufacturing of renewable technologies, and support NDC implementation in a way that promotes equity and inclusion.

4 POLICY DESIGN MUST EMBED EQUITY & CLIMATE SAFEGUARDS

Achieving these benefits requires mainstreaming JET principles, protecting vulnerable workers, avoiding fossil fuel lock-ins, and ensuring that industrial and trade policies advance social, economic, and environmental objectives

INTRODUCTION

Africa is facing an urgent two-pronged imperative: to develop and expand energy access while honouring climate commitments. This policy brief sets out guidelines for leveraging on liberalised intracontinental trade, and advancing regional value chains, to assist countries to accelerate renewable energy deployment while remaining aligned with Nationally Determined Contributions (NDCs) and the Just Energy Transition (JET).

Although among those least responsible for climate change, many African countries have submitted ambitious greenhouse gas reduction goals in their NDCs signalling commitment to the climate cause.[1] This is despite the myriad of additional economic crises and demands the continent faces, including the energy crisis. With 43% of the continent's population lacking electricity,[2] it is an acutely pressing issue whose impacts are compounded by climate change, through socioeconomic and increased vulnerabilities of livelihoods. Pursuing increased energy access in Africa is therefore highly urgent, yet equally complex, as the avoidance of exacerbating greenhouse gas emissions, in line with countries' climate commitments, needs to be balanced with meeting the real energy and development needs of communities. Therefore, expanding renewable energy access remains essential to the pursuit of energy equality on the continent.

Further complicating the imperative, is that while the continent has an abundance of renewable energy potential - the highest in the world,[3] Africa has some of the lowest levels of renewable energy generation globally.[4] This is despite many African countries having well-documented solar, wind and hydropower potential for clean energy generation, and possessing geological treasure troves of critical minerals required for both the manufacturing and trade of renewable energy equipment.[5] This paradox represents structural weaknesses in the renewable energy value chain and lack of the integrated industrial base needed to translate this potential into competitive manufacturing and large-scale deployment. The challenges include;

- fragmented manufacturing;
- limited infrastructure;
- underutilised complementary capacities; and most notably,
- limited regional value chains on the continent for regional processing.

Regional value chains are also limited by constrained trade between African countries, due to high barriers to trade including high tariffs, fragmented markets and insufficient infrastructure.[6] This hostile trade environment prohibits intracontinental trade of critical minerals and encourages international external trade patterns which limit local renewable deployment and associated economic benefits of local trade. Reducing barriers to trade could be one key lever for enabling growth of regional value chains, while also supporting local manufacturing of clean energy technologies and creating important co-benefits in terms of jobs and economic growth.

context

Barriers to intra-continental trade continue to constrain Africa's ability to leverage its critical mineral endowment in support of a just transition. Fragmented markets, weak logistics, and regulatory misalignment limit the development of regional value chains, reinforcing a pattern of raw mineral exports and externalised value addition. This undermines prospects for inclusive industrialisation, decent work creation, and economic sovereignty, while leaving mineral-rich communities exposed to environmental risks without commensurate benefits. Advancing the just transition in Africa therefore requires aligning trade integration with industrial policy to enable local beneficiation, strengthen regional supply chains, and ensure that the economic, social, and environmental gains from the energy transition are more equitably distributed.

The African Continental Free Trade Area (AfCFTA)(2020) seeks to facilitate trade on the continent by addressing prohibitive structures such as high tariffs and non-tariff barriers, including cumbersome customs procedures and conflicting regulatory standards. As the AfCFTA gains momentum, there is a golden opportunity to capitalise on liberalised trade through reduced trade barriers to leverage critical mineral resources to escape the roundtripping of the resource export trap, and work to produce the energy transition on a more local scale. By building domestic and regional manufacturing, processing, and deployment capacity, the transition can be African-owned and operationalised rather than dependent on imported renewable technologies. This would allow the continent to capture greater value along the supply chain, expand green industrial employment, strengthen technological capabilities, and accelerate reliable, affordable access to energy for its own populations.

Localising renewable energy value chains strengthens the implementation of NDCs because it domesticates industrial strategies and reduces dependence on imported technologies. At the same time, it mainstreams Just Energy Transition principles by ensuring that decarbonisation generates local jobs, builds technological capability, and expands energy access, making the transition both equitable and African-owned.

This policy brief outlines key recommendations for leveraging on liberalised trade in Africa to advance countries' energy transitions and local value chains while aligning with NDCs and Paris Agreement principles and simultaneously promoting a Just Energy Transition.

TRADE CONTEXT

Africa suffers from persistent low levels of internal trade,[7] which contribute to high prices for consumers, limited regional value chains and difficulty growing economies of scale and a continued dependence on exports to external markets – leaving the continent vulnerable to global price shocks, and with constrained economic growth. These low trade levels stem from supply-side constraints such as high trade tariffs, inadequate trade-enabling infrastructure, restrictive trade environments and colonial legacies of extractivism that continue to shape patterns today.[8] Historical and geopolitical factors further entrench the continent in this disadvantageous trade dynamic. As a result, Africa primarily exports unprocessed raw materials to countries with the industrial capacity for processing, only to import value-added products at higher prices.[9]

> AFRICA PRIMARILY **EXPORTS UNPROCESSED RAW MATERIALS** TO COUNTRIES WITH THE INDUSTRIAL CAPACITY FOR PROCESSING, ONLY TO **IMPORT VALUE-ADDED PRODUCTS AT HIGHER PRICES**

This limited regional integration also prevents Africa from fully leveraging its abundant renewable energy potential and critical minerals essential for the production of renewable energy technology. As such, without efficient regional trade and strong local value chains, the continent cannot scale up clean energy deployment or benefit from the economic opportunities of the energy transition. Addressing these constraints therefore, requires a coordinated continent-wide mechanism capable of reducing barriers, connecting complementary capacities, and strengthening local value chains - a role AfCFTA is designed to play.

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CONTINENTAL TRADE AS A LEVER

The African Continental Free Trade Agreement (AfCFTA) is an Africa-wide trade agreement that seeks to promote increased intra-African trade by reducing trade barriers and promoting regional integration. With 54 participating countries, the AfCFTA will result in a unified African market with more than one billion participants and a continental annual GDP worth over USD 2.8 trillion dollars. To realise this vision the Agreement aims to address trade barriers by lowering tariffs - gradually removing punitive tariffs on 90% of goods, streamlining cross-border regulatory measures and addressing non-tariff barriers.[10]

Deeper regional integration will enable economies of scale, build competitiveness of African markets, and expand intra-continental trade, financial flows, and investments.[11] If effectively implemented, AfCFTA could offer countries pathways to overcome round-tripping and reverse fragmentation, diversifying export destinations and products, and facilitating entry into new markets. By facilitating regional trade and strengthening local value chains, the AfCFTA can also create the conditions for countries to advance renewable energy deployment in alignment with their NDCs and the principles of a Just Energy Transition.

TRADE, JUST ENERGY TRANSITION & NDCS

Africa holds more than 40% of the world's reserves of critical minerals essential for producing renewable technologies needed for a clean energy transition, including cobalt, manganese and platinum.[12] However, it has not fully benefitted from this resource wealth due to high barriers to intra-continental trade and limited manufacturing capacity. With the AfCFTA lowering trade barriers and connecting complementary capacities across the continent, Africa can localise renewable technology manufacturing and translate its mineral wealth into industrial, economic, and climate gains aligned with NDCs and the Just Energy Transition.

The AfCFTA's reduced tariffs thus provide an avenue for local beneficiation of critical minerals necessary for renewable energy production, strengthening regional value chains and facilitating the meaningful extraction and trade of mineral resources. The implementation of the agreement will make it easier not only to extract and trade mineral resources but also situate the production of final renewable energy products and equipment within Africa by reducing tariff and non-tariff barriers. This supports the transition to cleaner energy sources while promoting employment and decent work, thereby contributing to addressing social justice concerns, and helping to address critical energy poverty challenges on the continent. Additionally, the AfCFTA also strengthens energy and economic sovereignty by reducing dependence on external markets and providing a buffer for African economies from global market shocks. These economic and industrial gains are not only important for growth but also create pathways for countries to meet their climate commitments and NDC targets while scaling renewable energy access responsibly. This facilitates the deployment of renewables and creates pathways for scaling energy access without locking in fossil fuels. Further, it aligns with climate commitments and helps countries meet their NDC targets without compromising development priorities.

The AfCFTA also has the potential to support climate finance mobilisation for renewable energy projects. By reducing tariffs, it creates incentives for increased investment in clean technologies and green infrastructure. The agreement can also harmonise standards across countries and facilitate cross-border collaboration and the transfer of technology and know-how, particularly with resource-rich countries such as the Democratic Republic of Congo.

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Although there are many potential benefits of leveraging on the AfCFTA for increased local trade, it is essential to prioritise safeguarding to avoid unwanted negative consequences. Vulnerable groups must be protected and the principles of the Just Energy Transition, including justice, equity, and leaving no one behind, must be fully mainstreamed in implementation. This includes accounting for potential negative impacts on workers in sectors that may shrink or become obsolete during the transition to clean energy.[13] It also requires advancing the social, economic, developmental, and environmental needs of each region, making every effort to not only avoid undermining JET objectives but also to accelerate their achievement.[14] Key actions include:

- **Protecting vulnerable workers in shrinking sectors such as fossil fuels.**
- **Prioritising the avoidance of fossil fuel lock-ins while developing local value chains and intra-African trade.**

Participation in AfCFTA also establishes a peer-support and review mechanism, helping countries strengthen NDC ambition and track progress. This mechanism supports green industrialisation across the continent, encourages ambitious NDCs, and facilitates regional knowledge exchange.

POLICY RECOMMENDATIONS

Embed Just Energy Transition (JET) Principles in AfCFTA Implementation

To ensure trade liberalisation supports climate and social goals, AfCFTA implementation, guidelines and complementary instruments should explicitly integrate JET principles. This includes:

- Strengthening policy coherence by aligning trade, climate, and industrial strategies across national and regional levels, ensuring that tariff schedules, investment protocols, and industrial policies support NDC targets.
- Establishing sustainability and developing gradual, harmonised environmental sustainability standards for traded goods, including low-carbon and climate-resilient production requirements.
- Mainstreaming equity and inclusion by ensuring women, youth, informal sector workers, and vulnerable communities benefit from emerging trade and industrial economic opportunities.
- Developing coordinated social protection measures, including safety nets and reskilling programmes to address labour market disruption arising from trade liberalisation under AfCFTA, and supporting workers impacted by the transition to participate in emerging regional value chains linked to the green transition.

AfCFTA implementation should therefore advance not only market integration but also justice-driven energy and industrial development.

Develop Regional Green Industrial Clusters and Value Chains

Harnessing AfCFTA's market integration requires continent-wide collaboration to create regional hubs for green manufacturing and beneficiation, particularly for renewable energy technologies and critical minerals. Key actions include:

- Promoting green industrialisation through incentives for low-carbon manufacturing, circular economy models, and energy efficiency.
- Prioritising beneficiation and local processing of critical minerals to avoid continued export of raw materials and to retain value within the continent.
- Creating supportive policy environments such as targeted green subsidies, tax incentives, and preferential procurement for sustainable industries.
- Supporting SMEs through capacity building, technology access, and harmonised standards to facilitate their integration into regional value chains.

Such clusters will help ensure the transition strengthens Africa's economic sovereignty and creates high-value green jobs.

Invest in Infrastructure for Trade and Renewable Energy Deployment

Unlocking regional value chains requires substantial investment in enabling infrastructure. Trade integration should guide the development of interconnected systems that support regional value chains in critical minerals and renewable energy technologies. AfCFTA and member states should:

- Expanding regional energy infrastructure, including cross-border energy, and digital infrastructure, including interconnectors, transmission networks, logistics corridors, to facilitate trade and ensure reliable energy for industrial production.
- Prioritising trade-enabling infrastructure, including cross-border transport corridors, ports, logistics hubs, digital systems, and harmonised standards frameworks that reduce the cost and time of moving goods across the continent.
- Develop regional renewable energy zones linked to manufacturing clusters, allowing countries to pool complementary resources (e.g., DRC cobalt + SA manufacturing + Kenya geothermal).
- Promote policy coherence by aligning infrastructure planning with national climate, trade, and energy strategies, as well as with AfCFTA commitments to avoid fossil fuel lock-ins and ensure that trade rules support low-carbon development.

Coordinated infrastructure investment is essential for scaling renewable energy markets, supporting value addition and enabling seamless intra-African trade that supports the competitiveness of low-carbon industries across Africa.

Harness Trade integration to Mobilise Climate Finance and Accelerate Technology Transfer

To operationalise a just, climate-aligned transition, African countries must scale both public and private finance. Trade frameworks can play a catalytic role in shaping investment flows and enabling the diffusion of technology across borders. This requires:

- Align trade and investment to channel finance towards regional clean technology value chains, consistent with Article 2.1(c) principles to align financial flows with low-carbon and climate-resilient development pathways.
- Use trade integration to scale innovative regional finance tools and mechanisms such as green bonds, blended finance, carbon markets, and regional climate funds, that prioritise cross-border industrial projects and renewable energy deployment.
- Reducing trade and regulatory barriers that limit investment in local manufacturing and value addition, thus ensuring finance supports production and trade within Africa instead of reinforcing import dependence.
- Strengthening intra-Africa technology transfer through harmonised standards and regional innovation platforms, enabling African industries to acquire, adapt, and locally produce renewable technologies.

A trade-enabled approach to climate finance through AfCFTA can unlock the resources required to accelerate deployment while supporting domestic industrial growth and advancing both economic sovereignty and a just transition across the continent

Leverage Trade integration to Promote Gender-Inclusive and Youth-Centred Green Job Creation

Trade integration must translate into broad-based social benefits. Trade policy and regional market integration should be intentionally designed to expand opportunities for women, youth, and vulnerable groups within emerging green value chains. This includes:

- Align trade and industrial policies to support green job strategies and labour-intensive segments of regional value chains, that can prioritise women, youth, and vulnerable workers.
- Investing in vocational training, higher education programmes, and reskilling, particularly in renewable engineering, battery manufacturing, installation, and maintenance.
- Reduce trade-related barriers that limit the growth of women- and youth-led enterprises through access to finance, mentorship, and access to regional markets.
- Implementing inclusive procurement policies and trade facilitation measures to ensure equitable participation in regional value chains linked to critical minerals and green industries.

A trade-centered gender- and youth-responsive approach ensures that regional integration not only drives industrialisation and the transition but also strengthens social resilience and shared prosperity across the continent.

Strengthen Trade-related Institutional Capacities and Public–Private Partnerships

Maximising the benefits of intra-African trade for a just transition requires strong, coordinated institutions and effective collaboration with the private sector. Trade integration must be underpinned by institutional systems capable of facilitating regional value chains and aligning trade with climate and industrial objectives. Effective implementation requires capable institutions and strong collaboration to facilitate regional value chains and alignment of trade with climate and industrialisation objectives. Recommended actions include:

- Building the technical capacity of trade, energy, climate, and industrial development institutions.
- Improving data systems and monitoring tools for tracking NDC-aligned trade and progress towards climate and industrialisation goals.
- Fostering public–private partnerships to scale cross-border investments, enabled through the AfCFTA, to drive innovation, financing, and large-scale project deployment, enabling regional production and distribution of renewable energy technologies
- Supporting inclusive, locally anchored trade models, including community-based and cooperative energy enterprises, to ensure that the benefits of expanded trade and industrial activity are shared widely.

Strengthened institutions and trade-oriented partnerships will ensure the AfCFTA and the resultant increased trade flows support both industrial growth and climate commitments.

CONCLUSION

Africa stands at a pivotal moment where expanding energy access, meeting climate commitments, and advancing inclusive development must occur simultaneously. The continent's abundant renewable resources and critical minerals offer immense potential but realising this requires moving beyond fragmented markets and extractive trade patterns. The AfCFTA provides a powerful mechanism to deepen regional integration and unlock pathways for industrialisation by reducing barriers, strengthening regional value chains, and enabling countries to beneficiate their own resources and scale clean energy deployment. However, its success in advancing a just transition will depend on how effectively trade is aligned with climate, social, and economic priorities.

By integrating JET principles, prioritising equity, and aligning trade and industrial strategies with NDC commitments, AfCFTA can serve as a cornerstone for an African-led just energy transition.Through coordinated investment in green industrial clusters, infrastructure, climate finance, and capacity building, African countries can capture far greater value from the energy transition while improving energy access, creating decent work, and strengthening economic resilience.

The pathway forward requires deliberate, justice-driven implementation that centres people, protects vulnerable groups, and ensures that the opportunities of the green economy are shared equitably across regions and communities. Done well, the AfCFTA can help transform Africa's energy and industrial landscape, turning resource wealth into sustainable development, regional integration, and a resilient, low-carbon future.

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