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Institute for Natural Resources in Africa

AFRICA'S DEVELOPMENT IN THE AGE OF STRANDED ASSETS



KEY MESSAGES

Discussion Paper
2019

KM.1

Africa is at a crossroads. Governments are caught between two agendas: meeting their developmental needs using available natural resources and at the same time achieving climate action ambitions. At the intersection are stranded assets.

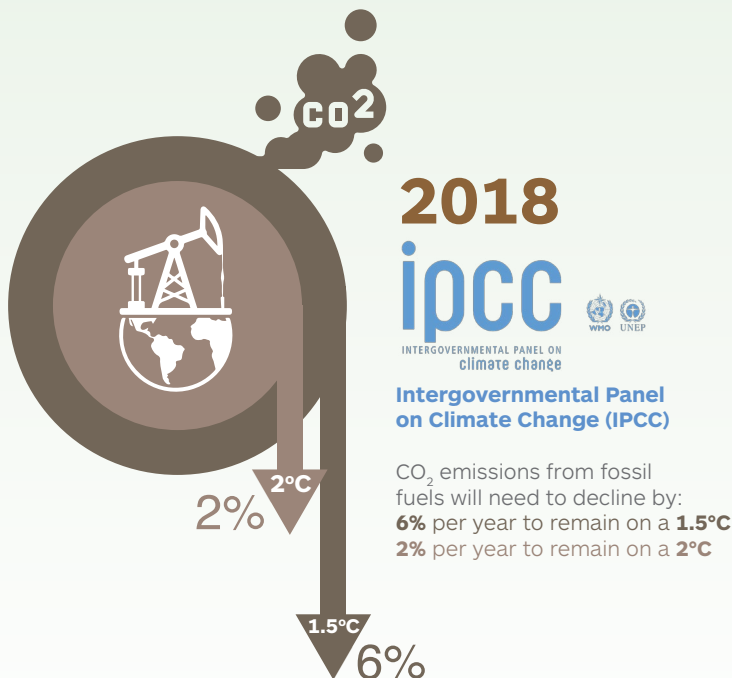


Africa average net income from oil & natural gas from 2010-2018 was **\$184 Billion**

KM.2

Climate change is a known driver of asset stranding but awareness is low among African policymakers. Instead, governments are increasingly concerned with how to use extractive resources to drive economic growth and transformation.

9 out of 10 of the countries most vulnerable to climate change are in sub-Saharan Africa



KM.3

Stranded assets risks are playing out against the backdrop of Africa's difficult history with its extractive resources, in which many resource-rich African countries have achieved only poor development outcomes.

In Niger, uranium and oil account for half of the country's total exports, yet it is one of the world's **poorest countries**, ranking 189th position out of 189 countries in the 2018 Human Development Index .

KM.4

Asset stranding brings both risks and opportunities. Managing the risks will be fundamental to sustaining vital government revenue from extractive resources.

In 2018 Angola earned **\$10.6 billion** in tax revenues from oil exports.

KM.5

The opportunities presented by asset stranding include better resource planning, developing regional markets and catalysing research and development in the natural resource space.

KM.6

Unlocking these developmental opportunities will require good governance and effective institutions to drive a common goal: utilising extractive resources to build competitive value addition and manufacturing processes.

Powered by
natural gas
Tanzania has
begun a **\$3 billion**
fertiliser plant
intended to be the
biggest in Africa.



45%
IN 2018



Sub-Saharan Africa's
electrification

KM.7

African countries have the right to use the resources at their disposal to support development: this includes investing in adequate infrastructure and tackling the continent's energy poverty. In this regard, natural resource endowments are matters of national sovereignty and African countries urgently need to exercise greater agency in exploiting these resources to fulfil their unmet development needs.

KM.8

Most African countries lack the resources and capacities to simply switch to cleaner fuels and technologies in the near future. Hence, the continent may require a delayed transition.

KM.9

Major polluters like China and the US are shirking their responsibilities to mitigate carbon emissions. Meanwhile, Africa is responsible for less than 5% of emissions but bears the impacts of climate change. African governments must negotiate to use the resources at their disposal to accelerate socioeconomic transformation while at the same time pursuing low-carbon development.



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Knowledge to Induce Change

About UNU-INRA

The United Nations University Institute for Natural Resources in Africa (UNU-INRA) is one of the 15 research and training centres of the United Nations University (UNU) and is the only one focusing predominantly on Africa. We provide cutting-edge solutions and knowledge outlets for natural resource planning and management from an African perspective.

UNU-INRA serves as a platform to amplify African voices and showcase made-in-Africa solutions. We harness the incredible talent on the continent and also strengthen and develop capabilities by equipping African researchers, entrepreneurs and policy actors with the requisite knowledge to sustainably manage natural resources. We deliver research, capacity development and policy advice, and we convene spaces for knowledge sharing.

Our operating units across 5 countries in Africa (Senegal, Ivory Coast, Cameroon, Zambia and Namibia) give us on-the-ground knowledge, while our global network of experts and the wider UNU group give us a comparative advantage in the production and export of knowledge.

It is our vision for Africa to realise the transformational potential of natural resources in the context of sustainable development and deliver a prosperous, fair and resilient future.



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