
New Pathways to Meet Africa's Challenges



By [Lite J. Nartey](#) , INSEAD

The continent doesn't have a choice between economic growth and protecting the environment - here's how they can go hand in hand.

Consider this: Heathrow Airport in the United Kingdom currently uses more energy than the entire west African country of Sierra Leone. Despite Africa accounting for less than 4 percent of global greenhouse gas emissions, many of its countries face significant threats from climate change, including increased droughts, floods, heat waves and potential crop failures.

According to the African Development Bank climate change costs the continent US\$7 billion to US\$15 billion yearly, a figure projected to reach US\$50 billion by 2030. Estimates suggest its impact could push 50 million Africans below the poverty line and put more than 100 million at risk of displacement. Yet, around 600 million people in Africa still lack access to energy, fundamental for economic development.

Tackling the twin imperatives of sustainable development - meeting the needs of the present without negative impact on the future - and economic growth in Africa is paramount. It was a central theme at the first Africa

Climate Summit, held in Nairobi in September 2023. However, sustainable development and economic growth are typically seen as being diametrically opposed and discussed in isolation. This conversation needs to change. We must acknowledge that one cannot occur without the other.

Based on my **research** into the role of multinational firms in the development of emerging markets, the debates over the last decade have failed to answer the question facing many commodity-rich African countries. That is, do they use their natural resources for development and damn the environment, or seek an alternative which acknowledges that sustainable development and economic growth are interdependent?

Rather than the simplistic arguments that all extractive engagement is bad, the question that really needs to be asked is how to extract resources while causing minimal damage to the environment.

Bypassing simplistic answers

Africa is highly dependent on extraction of natural resources for its economy, including oil, gas and minerals such as copper, cobalt, gold and diamonds. In fact, **45 African economies** are reliant on commodity exports. Yet they are facing increasing pressure to turn their backs on a lucrative revenue stream.

Not unfairly, people across Africa demand the same kind of economic opportunities already enjoyed by those in the Global North. But here lies the problem. To achieve this, the most obvious solution for many African countries is to adopt the economic development model employed by the current developed countries. That means exploiting the large and relatively untapped natural resources that lie within their borders.

As former Nigerian president Olusegun Obasanjo put it at **Africa Energy Week 2023**: “They said we cannot use our oil and gas resources. But these are the same resources they used to develop their economies. They want to keep us perpetually underdeveloped. We reject it.”

The reality in many African countries is that using the natural materials found within their borders is crucial if they are to continue their economic development.

Many have claimed that Africa can become a green industrial hub by exploiting its renewable energy resources and lead the charge towards decarbonisation. But constructing batteries, solar panels and electrical

vehicles for this technological transformation requires raw materials.

Companies need to find better ways to extract resources while causing minimal damage to the environment.

The good news is that this is already happening. Mining firms like the Bill Gates-backed **KoBold Metals** are now using artificial intelligence to predict the location of deposits, minimising the negative environmental effects of test drilling. Firms are also exploring the potential of keyhole mining technology to reduce the need for environmentally-damaging open mines.

The challenge of context

A green revolution needs money, innovation and technology. It also needs to address the unique needs of countries and even individuals. Put simply, the launch of a green revolution is expensive and context-specific.

Green technology has typically been designed, tested and implemented in developed nations. But solar energy works only if your country has a reliable and extensive energy grid that can store and then effectively distribute the energy generated. It is not so practical when applied to a nation that has just emerged from civil war and has a limited, damaged or non-existent energy network.

Take the installation of solar street lights in Nigeria. The idea seems great and uses technology that works elsewhere, yet it **failed** in Nigeria. And it's not an isolated case.

A 2017 research paper revealed some of the common causes of failure for renewable energy initiatives in sub-Saharan Africa. The study analysed 29 publicly funded projects across 10 countries, ranging from electrification of public institutions and solar street lighting to micro-grid rural electrification.

The paper found that common factors contributing to failure included political agendas, flaws in the project awarding process, insufficient stakeholder cooperation, issues in project planning and implementation, lack of effective maintenance and challenges related to public acceptance and inclusion. The last two points underline the importance of local context in green projects.

Time and money

Grand sustainable solutions like wind farms, public transport networks or geothermal plants also falter when viewed through a more local lens. In many developing countries, energy needs can be as localised and immediate as someone heading into the forest to collect wood so they can cook their evening meal. Mega projects take time that those who need energy now just don't have.

Then there is the question of raising the external investment for these projects. [The Nairobi Declaration](#), which was signed at the Africa Climate Summit in September 2023, calls for an almost six-fold increase in renewable energy capacity across the continent. Yet, according to a 2022 report by the [Climate Policy Initiative](#), Africa has received only 12 percent of the finance it needs to cope with climate impacts. This is due in part to concerns over the risk of investing in the continent.

Engaging the right stakeholders, the right way

It is also important that “green” development benefits as many local stakeholders as possible. While there is obviously an expectation that governments lead this conversation, companies must share the responsibility.

I've previously written about how companies can [communicate better with different stakeholders](#). It's also vital that firms properly understand stakeholders' different needs and the contexts in which they live. The differences in how people get food, shelter and energy can be vast even in one country. One plan won't necessarily work for everyone.

Too often companies are misguided in their assumptions about what stakeholders want and need to make their lives better.

Very few people in developing countries are going to buy an eco-friendly cooking stove because it is better for the environment. But they will buy it if it makes their life easier. The only way to understand people's needs is to bring them into the process from the start. Firms need to design products and develop solutions that are sustainable. But they also must be practical and meet specific needs.

Creating new paths for sustainability

As countries around the world look to continue their economic development, they also need to deal with the growing impact of the climate crisis.

Having just one model for sustainable economic development is not an option. It's important to:

- consider regional and local challenges
- listen to the voices and needs of local stakeholders
- accept that sustainable development means different things for different people.

This is an adaptation of an article published in [The Conversation](#).

Find article at

<https://knowledge.insead.edu/strategy/new-pathways-meet-africas-challenges>

About the author(s)

Lite J. Nartey is an Affiliate Professor of Strategy at INSEAD.