

# Industrials, Manufacturing & Trade

ALERT | 27 May 2025



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## Africa's green industrial dawn: A global call for action and partnership

Africa finds itself at a pivotal juncture, uniquely positioned to champion a new era of sustainable development. Faced with the dual challenges of climate change and the urgent need for robust economic development, the continent is increasingly looking towards a green industrial revolution. This isn't merely an environmental imperative; it's a strategic pathway to unlock unparalleled competitiveness, generate meaningful employment for its burgeoning populations, and secure long-term prosperity. Now, African policy experts are making a compelling case to the Group of Twenty (G20): it is time to back Africa's green ambitions and align global trade and investment frameworks to realise this transformative vision.

This call gains significant momentum as South Africa holds the G20 Presidency until November 2025, a momentous responsibility that places Africa's development agenda firmly at the forefront of global discussions. Adding to this historic opportunity is the African Union's (AU) recent full membership in the G20, a landmark achievement that provides a collective and authoritative voice for the continent at the highest levels of global economic governance. This dual leverage offers an unprecedented platform to shape global policies that genuinely support Africa's green growth trajectory.

A powerful joint input paper, aptly titled *Improving Green Competitiveness for Inclusive Transformation*, underscores this very point. Crafted by the African Future Policies Hub, the Leadership Group for Industry Transition and the World Resources Institute, the paper argues that green growth is not a trade-off with development but rather an indispensable catalyst for it. By strategically investing in sustainable industries, embracing clean technologies and fostering resource-efficient practices, Africa can leapfrog traditional carbon-intensive development pathways and emerge as a leader in the green economy.

The continent's internal integration efforts, particularly through the African Continental Free Trade Area (AfCFTA), serve as a powerful enabler for this green transformation. The AfCFTA, with its potential to create a single continental market for goods and services, offers an unparalleled platform to scale up green industrial initiatives across the continent, fostering regional value chains in sustainable sectors. It can harmonise standards and regulations across member states, reducing trade barriers for green products and services and creating larger, more attractive markets for green investments.

The core message is clear: green competitiveness in Africa must be intentionally cultivated through inclusive and demand-driven policies. These policies must be deeply rooted in the continent's diverse regional priorities, acknowledging the unique contexts and opportunities present in different African nations. However, Africa cannot walk this path alone. The policy experts emphasise the crucial role of global partnerships built on mutual benefit, with the G20 being central to this collaborative effort.



## INDUSTRIALS, MANUFACTURING & TRADE ALERT

# Africa's green industrial dawn: A global call for action and partnership

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The call to action is direct and pragmatic: the world's leading economies must actively facilitate Africa's green transition through concrete actions, strategically leveraging the AfCFTA and promoting PPPs. South Africa's G20 Presidency theme, "*Solidarity, Equality, Sustainability*," with a strong focus on Africa's development, perfectly aligns with these ambitions. Deputy Minister of Trade, Industry and Competition, Andrew Whitfield, has specifically highlighted "*green industrialisation*" as one of the four priority areas for South Africa's G20 Trade and Investment Working Group.

Key recommendations for the G20 include reforming investment incentives to favour green technologies, encouraging regional pilots within the AfCFTA framework, and ensuring policy coherence across trade, climate and industrial development agendas. Public-private partnerships (PPP) are highlighted as instrumental in attracting the necessary investment by de-risking projects and combining the strengths of both the public and private sectors.

The opportunity is immense. A thriving green industrial sector in Africa, amplified by the AfCFTA and driven by effective PPPs, can generate millions of decent jobs, enhance resource security, improve public health and contribute to global climate goals. With South Africa hosting the G20 and the AU now a full member, Africa has an unprecedented platform to articulate its needs and shape global policy. By aligning global trade and investment frameworks with Africa's green ambitions, strategically leveraging the AfCFTA, and actively promoting PPPs, the G20 can unlock this potential, fostering a more sustainable and prosperous future for both Africa and the world. The time for decisive action is now, to usher in Africa's green industrial dawn, powered by continental integration and collaborative partnerships.

**Jackwell Feris, Njeri Wagacha and Kelo Seleka**



## Opportunities for green industrial development in key sectors

Building on the continent's ambitious vision for green industrial development, Africa presents a compelling landscape of concrete investment opportunities across several pivotal sectors. These opportunities are not merely about environmental responsibility; they represent significant economic potential, driven by global demand for sustainable solutions and Africa's rich natural endowments. Harnessing these areas is key to job creation, technological advancement and long-term prosperity.

At the forefront of this green industrial revolution is critical minerals beneficiation. Africa holds approximately 30% of the world's mineral reserves, including vast deposits of critical minerals like cobalt, lithium, manganese, graphite, copper and platinum-group metals – essential for electric vehicles, renewable energy systems and energy storage solutions. Immense opportunity lies in moving beyond raw material extraction to value addition and beneficiation at source. This means investing in sophisticated processing plants and even integrated manufacturing facilities for battery components, or electric vehicle parts, directly within Africa. The African Union's *"African Green Minerals Strategy"* explicitly highlights this potential, aiming to position Africa as a global hub for critical mineral processing, transforming its mineral wealth into genuine industrial power. For example, the Democratic Republic of Congo (DRC) and Zambia are already exploring alliances to develop regional battery manufacturing capabilities.

Another cornerstone of Africa's green future is renewable energy generation. The continent possesses immense untapped potential in solar, wind and hydropower, boasting some of the best solar irradiation and wind resources globally. Investment opportunities span large-scale utility projects, which can feed into national and regional grids, as well as distributed generation solutions like rooftop solar for commercial and industrial users, and innovative off-grid solutions crucial for electrifying rural communities. The demand for clean energy is rising rapidly across Africa, driven by industrialisation needs, population growth and persistent energy access deficits. Countries like South Africa, through the recent adoption of the South Africa Renewable Energy Master Plan (SAREMP) and Namibia, through the adoption of its Namibia Green Industrialisation Blueprint are actively working towards further localisation of renewable energy manufacturing, creating additional opportunities for component production and assembly. Public-private partnerships (PPP) are crucial for financing and developing these large-scale renewable energy projects, particularly those designed to integrate into a future interconnected continental grid under the African Continental Free Trade Area.

Africa is also rapidly emerging as a potential global leader in green hydrogen production. Leveraging its abundant and low-cost renewable energy resources, countries like Namibia, South Africa, Morocco and Egypt have launched ambitious green hydrogen projects aimed at both domestic consumption and export to decarbonise heavy industries in Europe and Asia. Investment opportunities exist in the entire green hydrogen value chain, from electrolysis





## Opportunities for green industrial development in key sectors

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plants powered by vast renewable energy farms to critical infrastructure for storage and transport, such as pipelines and port facilities for green ammonia, e-methanol or liquid hydrogen. PPPs are essential for developing the significant infrastructure required for a green hydrogen economy.

Beyond raw materials and energy, there are substantial prospects in green manufacturing and the circular economy. Africa can establish itself as a hub for the production of components for renewable energy technologies, electric vehicles and other sustainable goods. The continent's growing population and expanding consumer base provide a ready and increasingly affluent market for such products. Furthermore, there are significant opportunities in the circular economy, focusing on innovative waste management solutions, recycling

and remanufacturing. This can include converting waste-to-energy, recycling e-waste for critical mineral recovery, and developing circular microgrids that maximise resource efficiency. Initiatives like the African Development Bank's Africa Circular Economy Facility are supporting countries in developing national roadmaps and attracting investment into these high-potential areas.

Lastly, sustainable agriculture and the bio-economy offer crucial avenues for green investment. Investing in sustainable agricultural practices, such as precision farming and drought-resistant crops, can not only enhance food security for the continent but also significantly contribute to climate resilience and carbon sequestration. Opportunities also exist in the broader bio-economy, including the sustainable production of biofuels, bio-based chemicals and advanced biomaterials, leveraging Africa's vast biodiversity and agricultural resources.

These diverse opportunities highlight Africa's strategic importance in the global shift towards a green economy. However, realising this potential requires not only robust investment but also a clear understanding of the legal and regulatory landscape that governs these projects.

**Jackwell Feris and Martha Mbugua**



## Navigating the legal landscape for green investments in Africa

For potential investors eager to tap into Africa's burgeoning green industrial sector, understanding and navigating the continent's complex legal landscape is paramount. While the opportunities for sustainable development and lucrative returns are vast, careful due diligence and a thorough grasp of relevant laws, regulations and dispute resolution mechanisms are essential for successful and sustainable investments.

### Investment protection and treaties

Investors must first consider the layers of investment protection available. Many African countries are party to bilateral investment treaties (BIT) with major investing nations. These treaties typically offer robust protections against expropriation without compensation, provide for fair and equitable treatment, and often provide for recourse to international arbitration for investor-state disputes. Increasingly, regional multilateral investment treaties are also emerging across the continent. Simultaneously, the African Continental Free Trade Area (AfCFTA) includes a dedicated Protocol on Investment (Protocol), aiming to establish a predictable and transparent continental legal framework for investment. While this Protocol has been signed by many member states, it is crucial for investors to note that it is not yet fully effective, as it awaits the necessary ratifications by a sufficient number of countries to enter into force. Nevertheless, its principles

are important for guiding future intra-African investment protection and facilitation, signalling the continent's commitment to a harmonised investment environment. Beyond treaties, each African country possesses its own national investment laws, which outline the specific rights and obligations of foreign investors, investment approval processes and available incentives.

### Public-private partnership frameworks

Given the scale of green infrastructure required, public-private partnerships (PPP) will be a dominant model. A significant number of African countries (over 40) have enacted specific PPP legislation. These laws define the types of PPPs, procurement processes, contractual arrangements and critical dispute resolution mechanisms applicable in each country. Investors must thoroughly understand the PPP framework in the specific nation and the precise terms of the project agreement.

A key element within PPPs involves government guarantees and support, which are crucial for making projects 'bankable' – attractive enough for lenders to provide financing. These often come in various forms, such as off-take agreements (e.g. power purchase agreements for renewable energy projects), minimum revenue guarantees, political risk guarantees and loan guarantees. The legal enforceability and scope of these guarantees are critical considerations for investors. A guarantee is only as strong as the legal framework underpinning it and the government's commitment to honour its obligations.



## Navigating the legal landscape for green investments in Africa

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Concerns often revolve around the sovereign risk of the guaranteeing entity and the potential for political interference or changes in policy that could undermine the guarantee's value. To enhance the bankability of PPP projects and provide comfort to investors, international financial institutions and national governments are actively involved in credit enhancement mechanisms.

The World Bank Group, through its various arms like the International Finance Corporation and the Multilateral Investment Guarantee Agency, offers political risk insurance and credit enhancement products that protect investors against non-commercial risks, including breach of contract by a sovereign. These guarantees leverage the World Bank's strong credit rating to lower the risk profile of projects in developing countries, making them more attractive to private lenders and institutional investors.

Similarly, South Africa's National Treasury, recognising the importance of attracting private finance, has been proactive in developing its own credit enhancement mechanisms. Building on the success of its Renewable Energy Independent Power Producer Procurement Programme, which included robust government support structures, National Treasury is developing a blended financing risk-sharing platform. This platform aims to provide a credit guarantee vehicle, initially focusing on the energy sector, to de-risk public-sector projects for private developers and lenders. By providing such credit enhancements, both the World Bank and the South African Government aim to mobilise greater private capital, lower financing costs for crucial infrastructure projects, and ultimately accelerate green industrial development across Africa.

### Environmental regulations and compliance

Green industrial projects, by their very nature, are subject to stringent environmental regulations. Investors must ensure comprehensive environmental impact assessments are conducted and approved by relevant authorities, demonstrating strict compliance with national and, where applicable, international environmental standards. Understanding and adhering to national laws on pollution control, waste management and specific sector-related regulations (e.g. for renewable energy licensing or land use) is paramount.

### Taxation and incentives

Many African countries, including South Africa, offer specific tax incentives for green investments, such as reduced corporate income tax rates, accelerated depreciation allowances, and customs duty exemptions for imported green machinery. Investors should thoroughly assess the eligibility criteria and duration of such incentives. A clear understanding of general tax regimes (corporate income tax, value-added tax, withholding tax) and the benefits offered by Special Economic Zones, which often provide preferential tax regimes and streamlined procedures, is also essential.

### Labour laws

Investors must comply with national labour laws regarding employment contracts, wages, working conditions, health and safety, and trade union rights. Investors should also be aware of any local content requirements mandating the use of local labour, materials or services, and regulations related to skills transfer and training of local personnel, especially for advanced green technologies.

# Navigating the legal landscape for green investments in Africa

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## Intellectual property protection

Protecting intellectual property is crucial for technology-driven green investments. Investors must understand national intellectual property laws and leverage regional intellectual property organisations like the African Regional Intellectual Property Organisation (ARIPO) and African Intellectual Property Organisation (OAPI), which provide for regional patent, trademark, and industrial design protection. Beyond these, the AfCFTA Protocol on Intellectual Property Rights (IP Protocol) specifically aims to harmonise and enhance the protection of various IP rights within the African Continental Free Trade Area. This includes ensuring consistent rules and principles for promoting, protecting, cooperating, and enforcing IP rights across the continent. For investors in the green economy, this AfCFTA IP Protocol, once effective, means a significantly more predictable and secure environment for safeguarding technological innovations. It facilitates the easier and more secure cross-border transfer and licensing of green technologies, such as patented designs for renewable energy components or proprietary processes for critical mineral beneficiation. This harmonisation is vital for fostering innovation, enabling secure technology transfer, and encouraging trade in IP-intensive green goods and services across the vast continental market. Robust legal agreements are therefore vital for technology transfer and licensing, ensuring that innovations driving the green economy are adequately protected and can be traded effectively across the continent.

## Data Protection and Privacy

As the green economy increasingly relies on data-driven solutions – from smart grids and climate monitoring to e-mobility and precision agriculture – data protection and privacy considerations become paramount. Investors must understand and comply with the evolving landscape of data protection laws across Africa. Many countries, including South Africa with its Protection of Personal Information Act (POPIA), and countries like Kenya, has updated its data privacy laws with the Data Protection Act, 2019, have enacted comprehensive legislation often based on global principles like those found in the GDPR. Non-compliance can lead to significant financial penalties and reputational damage. Therefore, establishing robust data governance frameworks, ensuring data security, and adhering to strict privacy principles are essential for any green industrial investment involving the collection, processing, or transfer of personal or sensitive data.

## Foreign exchange and repatriation of profits

Understanding currency exchange regulations, including any restrictions on foreign currency accounts or repatriation of profits and capital, is critical. While many African countries have liberalised these policies, nuances exist. Compliance with reporting requirements for foreign currency transactions is also crucial.





# Navigating the legal landscape for green investments in Africa

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## Dispute resolution mechanisms

When disputes arise, investors need clear pathways for resolution. While local courts are always an option, foreign investors often prefer international arbitration as a more neutral and specialised mechanism, particularly for investor-state disputes that arise from alleged breaches of investment protections guaranteed under enforceable BITs or other international investment agreements. The enforceability of arbitral awards in the host country, often governed by conventions like the New York Convention, is a key consideration. The AfCFTA Dispute Settlement Body offers a mechanism for disputes between state parties. Crucially, when the AfCFTA Protocol becomes effective, it is expected to provide a framework for investor-state dispute settlement within the continental bloc, aiming to offer a harmonised approach to resolving investment disputes among African states and investors from other AfCFTA member countries. Furthermore, there is growing international discourse, including within the UNCITRAL Working Group III, about establishing a multilateral investment court or a permanent investment court system to address perceived shortcomings of traditional ad hoc investor-state arbitration, such as consistency and impartiality. While still under negotiation globally, the concept of a standing investment court could eventually influence dispute resolution for green investments in Africa, potentially offering a more standardised and institutionalised avenue for resolving investor grievances.

## Conclusion

Navigating the intricate legal landscape of Africa's diverse jurisdictions can be challenging. For investors seeking to capitalise on the continent's green industrialisation drive, securing the right legal advice from experienced practitioners is not merely advantageous but essential. Expert guidance helps to structure investments optimally, mitigate potential risks, ensure full compliance with evolving regulatory frameworks, and successfully execute projects from initial due diligence through to operational phases and, if necessary, dispute resolution. Such strategic counsel is key to unlocking Africa's vast green opportunities and ensuring a smooth journey through its unique investment environment.

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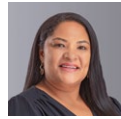
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Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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