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GREEN INDUSTRIALIZATION PRIORITIES IN AFRICA AND PARTNERSHIP OPPORTUNITIES WITH EUROPE

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The Ukama platform aims at building an informal dialogue process between a diversity of African and European experts bringing together perspectives of the Europe-Africa cooperation, including Climate, Sustainable Development, Economic transformation, International Cooperation, Finance and Trade to facilitate the emergence of such shared expectations. The main objective of the platform is to convene critical thinkers to help set out the themes and issues that are relevant for shared sense of prosperity for Africa and Europe.

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The Institute for Sustainable Development and International Relations (IDDRI) is an independent, not-for-profit policy research institute based in Paris. Its objective is to identify the conditions and propose tools to put sustainable development at the heart of international relations and public and private policies. IDDRI is also a multi-stakeholder dialogue platform and supports stakeholders in global governance debates on the major issues of common interest, such as actions to mitigate climate change, protect biodiversity, strengthen food security, and to manage urbanisation. The institute also participates in work to build development trajectories that are compatible with national priorities and the sustainable development goals.

GREEN INDUSTRIALIZATION PRIORITIES IN AFRICA AND PARTNERSHIP OPPORTUNITIES WITH EUROPE

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Successive global shocks have strengthened Africa's resolve to build strategic economic buffers, while Europe is simultaneously investing in its own strategic autonomy and resilient supply chains. This creates a rare window for aligned interests on green industrialization. African countries are moving toward green industrial strategies. Green industrial partnerships between Africa and Europe can deliver mutual benefits: 1) for African economies, they could simultaneously address economic development challenges through diversification, job creation, local value addition, and climate finance mobilization transition, and political stability, in a context marked by rapid demographic growth, strong demand for structural economic transformation and the dwindling declining of classic development finance; 2) for the EU, they could offer perspectives in future markets and a long term vision of not just critical raw materials but intermediate green industrial goods (e.g. hot briquetted iron; battery inputs).

Key messages

African governments are adopting new policies, incentives, and regional strategies—such as the Africa Green Industrialization Initiative (AGII), the Africa Green Minerals Strategy, Special Economic Zones, and innovative finance (green bonds, carbon markets, green taxonomies)—to attract investment, strengthen value chains, and connect climate goals with industrial policy. Major momentum has come from continental summits (ACS1, ACS2), where African institutions pledged over $100 billion for green infrastructure and innovation.

Priority sectors`

Recent country announcements have highlighted ambitions in high impact sectors, such as: leveraging abundant renewables and mineral endowment for industrial upgrading (e.g. hydrogen-based DRI); building on growing demand for sustainable mobility both in domestic (e.g. EV assembly) and export markets (sustainable fuels); exploiting the important job potential of the agro-food sectors while reducing the continent's rising food import bill (food processing).

Challenges

With 60% of the world's best solar resources, 60% of remaining arable land, 40% of critical mineral reserves and 1 million young people entering the labour market every month, Africa's potential for green industrialization is high. Yet, investment barriers for investors persist and so far, only 2% of global clean energy investments happen in Africa. But to date- weak implementation of continental frameworks, fiscal pressures, lack of economies of scale and unreliable infrastructure are bottlenecks to competitiveness. Renewable energy technologies could be a game changer if some of these barriers can be overcome, even more so in the light of soaring oil and gas prices.

Key levers

Regional coordination, improvement of investment environments, robust infrastructure (especially electricity access and grids), and carefully designed industrial policies are essential to translating Africa's green ambitions into sustained economic transformation and job creation.

Opportunities and challenges for green industrial partnerships with Europe

Electrification and grid development are already an important part of Africa-Europe cooperation but a more comprehensive approach is needed. In the context of its Clean Industrial Deal, the EU is developing its green industrial toolbox navigating sometimes conflicting interests of protection and partnership development. While new instruments such as Sustainable Investment Facilitation Agreements (SIFAs) and Clean Trade and Investment Partnerships (CTIPs) signal a shift toward more integrated trade–investment–development approaches, major gaps persist in policy coordination across different DGs, financing architecture, and private sector mobilization. At the same time, EU policies—such as the Carbon Border Adjustment Mechanism (CBAM) and the proposed Industrial Accelerator Act (IAA)—are reshaping global trade conditions, potentially enabling greener value chains but also generating uncertainty and friction with partner countries.

Way forward

In a context of intensifying global competition and reconfigured value chains, there is a strategic window to build mutually beneficial Africa–Europe industrial partnerships, but this will require clearer alignment of interests, stronger institutional coordination across EU actors, more transparent and operational tools to deliver local value addition, and dialogue and learning platforms to address investment barriers (including regulatory and lack of speed), standards, and long-term market access. This will require identifying shared interests in scaling electrification, reducing vulnerabilities, and shifting from critical mineral extraction to higher value along battery and transmission line value chains. First-mover countries could back bold industrial policies through pilot integrated partnerships on standards, R&D, sustainable energy, and regional industrial clusters. Together, they could launch structured business–government dialogues to address investment conditions, regulatory barriers, data needs, risk-sharing, and green standards across Africa–Europe low-carbon value chains that could accelerate creation of green jobs to close the unemployment gaps among the teeming populations of African youths.

The insights of this report are based on: 1) an interview series among African actors in 2025; 2) a webinar on Green industrialization opportunities in the Agri-food sector in July 2025; 3) a policy dialogue on Africa-Europe green industrialization partnerships in October 2025 and; 4) a high level policy workshop in Abuja, Nigeria in January 2026 on green industrialization, trade and investment. All conducted by partners within the Ukama Africa-Europe network for sustainability thinkers.

European and African cooperation at the crossroads

Amidst geopolitical upheaval, both African and European countries are in the process of diversifying strategic political and economic partnerships. Several African governments now prioritize "green industrialization"—insisting on local value addition, vs repeating extractive models, development of light manufacturing powered by renewable energy deployment and circular solutions. At the same time, European partners and European development institutions are increasingly shifting from traditional aid to "mutual beneficial" partnerships, combining development, trade and investment tools—as well as aligning research and innovation funds with economic competitiveness goals. EU's increased focus on economic competitiveness and security which led for example to the recent proposal of the Industrial Accelerator Act (IAA) introducing the idea of a European preference scheme including countries with an Free Trade Agreement with the EU in place—can be both a risk or an opportunity for closer industrial cooperation depending on how it is managed and combined with external partnership tools.

At the 7th AU-EU Summit in Luanda in November 2025 political leaders agreed to "promote the sustainable development of value chains to enhance the capacity of local industries to participate in regional and global markets and to diversify and secure global supply chains (...)" and to "continue our support to regulatory changes to facilitate trade and investment". Overcoming investment barriers, including regulatory for European financial actors and institutions, is not an easy road to travel. As an example, at the Nairobi International Investment Conference this March, $2.9 billion of new deals, made by both foreign and domestic players were struck.[1] These flows came from India, China, the United Arab Emirates, and Kenya itself with a notorious invisibility of European investors.

The combination of Europe's development finance and capacity building experience with investment, trade and industrial policies could be a real competitive advantage but takes a lot of coordination which sometimes comes at the expense of speed and visibility.

This ambition is unfolding within a broader reconfiguration of global value chains. Industrial policies in Europe, the United States, Asia and to some extent also Africa reflect several simultaneous developments:

- A growing determination to secure supply chains in strategic sectors;
- Intensified international competition to attract investment, industrial capacity, technologies, and standards. In particular, structural overcapacity in manufacturing across industrialized countries (especially China), affecting both transition-related technologies and traditional industries, has brought issues of relative competitiveness, domestic and external markets, and the anticipated social impacts (jobs and trade balances) back to the forefront of policy agendas;
- The search for balance between accelerating energy and industrial transformation through access to Chinese technologies—which have significantly reduced costs—and preserving industrial and technological sovereignty;
- A narrow focus on trade instruments (market opening or protection/closure) instead of more comprehensive industrial cooperation approaches with like-minded countries that share strategic interests;
- The risk among certain developed countries or multinationals to strike non-transparent deals with African countries to circumvent restricted access to major markets that do not always encourage local value addition, industrial autonomy and revenue generation in the country.

In this context, the Africa Forward Summit offers a timely political moment to transform the high-level announcement.

1 https://www.capitalfm.co.ke/news/2026/03/president-ruto-unveils-2-9bn-investment-deals-63000-jobs-in-kenya/.

African green industrial ambitions and sectors of interest

Green industrial policy in African nations is in motion. Interviewees observed a policy shift in Africa with: i) a more affirmative approach on the political will for local value addition to critical minerals (e.g. Africa Green Minerals strategy and national policies that range from restrictive to incentivizing approaches) and; ii) an increasing interest in green industrialization, not as a constraint, but as an economic opportunity.

In recent years, African approaches and policies for green industrialization have multiplied at both national and regional levels. At least 11 nations have clear green industrial strategies. As an example, Nigeria is currently finalizing its Green industrial growth strategy—recognizing that despite its current high dependency on fossil fuels—the road to diversification is green. The South African Presidency of the G20, at a time when the African Union had just gained membership, has provided an opportunity to put the development of a critical mineral governance framework at the center of international discussions. At the first Africa Climate Summit (ACS1), which took place in Kenya in 2023, the Nairobi Declaration set out a narrative on green growth.

ACS1 is often described as a crucial moment and a narrative shift, identifying opportunities for Africa and framing climate action as an opportunity for industrial development. Governments, international development institutions, philanthropies and investors pledged a total of $23 billion in Nairobi to support these efforts. At the second African Climate Summit in Addis in 2025, African leaders have launched an Africa Climate Innovation Compact and African financial institutions have pledged $100 billion to finance green energy and climate-resilient infrastructure in order to drive a green industrial revolution on the continent under the umbrella of the Africa Green Industrialization Initiative (AGII). Another pan-African announcement was the Africa Climate Innovation Compact to deliver 1,000 African-led climate solutions by 2030.[2]

To realize this vision, the African Continental Free Trade Area (AfCFTA) is a key piece of the puzzle, as it transforms Africa into a single, vast market, which is essential for achieving the scale and integration necessary for cluster industrial investment. This allows for the critical shift to invest across the entire value chain, from mine to product. For instance, the Southern Africa EV metals cluster requires integrated investment in mining, refining, and component manufacturing, which the AfCFTA's unified market helps to sustain.[3]

At the country level, interviewees identified important efforts to improve investment environments and connect climate with industrial policies. Kenya leads the Africa Green Industrialization Initiative (AGII) (now situated under the Secretariat of the African Continental Free Trade Area [AfCFTA] Secretariat), the Committee of African Heads of State and Government on Climate Change (CAHOSCC) and has the ambition to go 100% renewables by 2030. Morocco has also positioned itself as a leading green industrial and energy platform, notably through renewable energy development, green hydrogen, and e-mobility projects, illustrating emerging forms of co-industrialization with Europe. Egypt has recently launched its Sustainable Green Industries Programme to boost competitiveness and investments with support of Team Europe and pursues the Egyptian-German Green Hydrogen Partnership since 2022. Ghana and Namibia are exploring models that combine resource valorization, energy development, circular economy and local industrial transformation. Nigeria has launched trade and investment dialogues with the EU last year and is developing a Green Industrial Growth Strategy including the launch of the $2-billion Climate Fund to accelerate energy growth. As an example, Nigeria is also developing an investment almanac to attract bilateral agreements especially for investments in renewables (solar and wind) and storage technologies. The electricity sector is a key priority for Nigeria which is leveraging support from multinationals and development agencies like the World Bank which developed a National Energy Compact for Nigeria *via* the Mission 300 program. Nigeria aims to localize value chains in Nigeria,

2 https://www.iddri.org/en/publications-and-events/blog-post/africa-climate-summit-2-strengthening-alliance-and-creating-clear

3 https://www.iddri.org/en/publications-and-events/blog-post/matching-green-industrialization-ambitions-africa-and-europe-3.

particularly in solar PV and lithium battery storage manufacturing and is developing a demonstration project for green manufacturing Lagos in partnership with China. Other policies such as a Special economic zone and tax incentives for potential manufacturers are being adopted. Nigeria ambitions to position Nigeria as a manufacturing hub role under the African Continental Free Trade Area (AfCFTA).

African governments are experimenting with innovative finance: green bonds, carbon markets and trade-linked finance are gaining traction as alternatives to traditional aid or concessional funding.

Tax Incentives and green industrial parks & Special Economic Zones (e.g. Ethiopia, Morocco, Ghana, Nigeria, Zambia) are also increasingly seeing the light of day.

In the light of these ambitions, it is however important to note a few risks: 1) designing green industrialization strategies by copying and pasting what worked in other contexts without consulting key national and subnational stakeholders; 2) green industrialization strategies relying too heavily on tax incentives can backfire in countries with already limited fiscal space and create a counterproductive race to the bottom in the region; 3) lack of scale which limits attractiveness for investors and bargaining power. For CRMs for example, producer clubs could be an equivalent to the consumer clubs promoted by G7. The African Green Industrialization Initiative (AGII) could become a central space of coordination. While it is encouraging that AGII is now situated under the AfCFTA Secretariat, it still lacks a sufficient institutional backbone and country buy-in beyond the first movers.

From Critical raw materials to refining and processing

African policymakers are increasingly vocal on the need to shift from mineral extraction to local value addition and calls for "CRM-led industrialization" are rising. At national levels, strategies for attracting investments in local value addition are heterogeneous but there is a general ambition to move from resource extraction to structural transformation. This sentiment shift is reflected in various policy strategies[4]—spanning from increased use of export restrictions and bans (which can backfire and discourage investments if the resource endowment is not significant enough in terms of market share) to emphasis on beneficiation and local value addition in recent MoU (e.g. those signed with the EU and the US in the Lobito Corridor) and more active state involvement. For the latter this also implies gaining/reclaiming capacity and access related to geological data.

At the continental level, strategies such as the Africa Green Minerals Strategy (AGMS) launched in March 2025 and the Africa Mining Vision (AMV) articulate a vision of regional cooperation and intra-African value chains. However, ratification and implementation have been weak and alignment between continental, regional, and national frameworks remains limited according to interviewees.

Regional and sub-regional cooperation and manufacturing hubs could be game changer in some sectors as lack of scale can be a discouraging factor for investors. Yet recent initiatives have faced political and commercial hurdles linked to disputes over revenue-sharing to finalize a planned coal refining MOU due to disputes over revenue-sharing and the difficulty of coordinated regional infrastructure planning. The rare example of the DRC-Zambia Special Economic Zone is an interesting example of regional cooperation aiming at battery precursors and green industry development but faces important implementation challenges.

In total (except for South Africa and Morocco), interviewees still see very little value addition so far and if yes often only to make it lighter to transport. A lot of work and a comprehensive approach is needed to overcome the lack of competitiveness for value addition due to water, energy, technology and human capital issues.

4 https://ecdpm.org/work/resource-nationalism-age-green-industrialisation.

Interviewees also warned against overrating the transformative and job creation potential linked to CRMs. And that export restrictions can backfire unless you have an absolute monopoly.

Country insights

Democratic Republic of Congo: some processing in cobalt but very little in total.
South Africa: some value addition (platinum); a few refiners (manganese); local ownership of mines helps a lot in moving further down the value chain.
Ghana: lithium (prices are falling, exploitants trying to renegotiate).
Morocco: phosphate, good example of value addition; proximity to the European market helps negotiating and moving further down the value chain.
Zimbabwe: export restrictions for lithium—some success in that with attracting Chinese investments.
Zambia: copper (competitive endowment); one of the driving forces behind Africa Mining Vision.
Nigeria: mining code, added obligation to manufacture but international mining companies don't easily become refiners and no competitive endowment, although new and somewhat backfiring but time will tell.

Different strategies in the sustainable mobility space

A lot of interest and ambition was shared around e-mobility, battery value chains and sustainable fuels. Interest in the e-mobility and battery value chain space translates into quite heterogeneous strategies across different African countries aimed at developing economic activities in the sector.

Some countries raise tariff barriers to protect national industry development around electric vehicles while others lower import barriers for components to encourage assembly industries. This dynamic can be compared to the debate in Europe or Africa on whether it is worth it to invest in local manufacturing solar panels knowing the difficulty to compete with China or rather focus on deploying and on the economic activities related to deployment at scale—also for the domestic market.

Another huge potential identified in the interviews is the production of sustainable fuels, notably for aviation and shipping. Here, a country's competitiveness depends a lot on shipping routes and airline hubs.

Country insights

South Africa: Cooperation on Electric vehicles part of Just Energy Transition Partnership (JETP), Clean fuels, including sustainable transport fuels part of the Clean Trade and Investment Partnership signed with the EU in November 2025.
Morocco: competitive advantage: history in the car industry; able to attract investments in industries for battery precursors and parts for electric vehicles.
Rwanda: has lifted import levies on electric motorbikes from India and China to accelerate uptake and develop business models building on these imports and around cleaner cities.
Ethiopia: banned ICE imports for passenger vehicles, though limited assembly and manufacturing
Senegal: Senelec wants to phase in electric vehicles, needs an investment strategy.
Ghana: used to be an automotive hub but was underfinanced; things are changing again; policy changes, incentives for investors; recently international companies are coming back in for example Volvo, VW.
Nigeria: tax incentives for potential manufacturers, reduce barriers for importation of components of electric vehicles, storage and batteries, (and solar PVs). Ambitions to position Nigeria as a regional manufacturing hub & leading role under AFCTA.
Zambia: announcement on battery value chain development: SEZ development by Sahara Industrial Parks; so far looking for investments for basic infrastructure; far from implementation.

Potential for shared value chains for green industrial goods

There are growing opportunities for Europe–Africa cooperation on green industrial inputs—particularly green hydrogen, green iron, and green ammonia. European member states and institutions, led by Germany, have led green hydrogen diplomacy, striking deals with a wide range of countries, including Egypt, Namibia; South Africa (part of JETIP but lagging in implementation) Namibia, Morocco even results so far are less transformative and moving more slowly than hoped for.[5]

5 https://ecdpm.org/work/african-green-hydrogen-using-sustainable-fertilisers-industrial-and-agricultural-development-morocco-egypt-and-kenya.

The steel industry is one of the most carbon-intensive sectors in Europe, accounting for 5% of emissions in the EU[6] while representing "only" 1% of manufacturing gross value added (GVA).[7] The combination of a high renewable energy potential and resource endowment makes some African economies ideal places for cost-effective hydrogen-based Direct Reduced Iron (DRI) production that could be exported as Hot Briquetted Iron as a first step towards green steel value chains between Africa and Europe. To scale up existing first initiatives, however, these need to be linked to strategies that facilitate and derisk renewable energy investments in those countries and the fear of "job losses" and deindustrialization in the importing countries need to be mitigated and positioned into context of a larger strategy of competitiveness in the green economy.

At the same time, Europe's ambition to move to green ammonia for fertilizer—after the Ukraine war exposed dependence on natural gas—aligns with Africa's need to reduce costly fertilizer imports, close agricultural yield gaps, and build local ammonia and fertilizers industries. Strategic partnerships, supported by long-term EU demand and African investment ambitions, could accelerate industrial upgrading, technology transfer, and regulatory alignment, while addressing Africa's infrastructure gaps and ensuring benefits for domestic markets. Such mutually reinforcing "competitive interdependence"[8] would strengthen Europe's energy security and climate goals while driving African industrial development—navigating commercial, political, and geopolitical risks on both sides.

Through strategic industrial partnerships African and European countries could take advantage of geographic proximity, pioneer international standards and regulatory frameworks, co-innovate on skills and technology development, mitigate geoeconomic risks and reduce costs for decarbonization.

Country insights

Egypt: Egypt has recently launched its Sustainable Green Industries Programme to boost competitiveness and investments with support of Team Europe and pursues the Egyptian-German Green Hydrogen Partnership since 2022 positioning itself as a key player in the global green hydrogen economy and potential for cost effective hydrogen-based DRI production. Ambitions to become a supplier of green and blue ammonia targeting exports. Has signed agreements to export green ammonia to Europe. First international auction through H_2global-even if still small scale.

South Africa: ambitions as a key player in the global green hydrogen economy and potential for cost-effective hydrogen-based DRI production. Opportunity to substitute fertilizer imports via local production of sustainable fertilizer and expand into regional African markets.

Kenya: opportunity to substitute fertilizer imports via local production of sustainable fertilizer and expand into regional African markets.

Mauritania: ambition to become a key player in the global green hydrogen economy and potential for cost-effective hydrogen-based DRI production.

Namibia: ambition to become a key player in the global green hydrogen economy and have the potential for cost-effective hydrogen-based DRI production. Has signed agreements to export green ammonia to Europe.

Guinea: The Simandou mine in Guinea represents a significant greenfield opportunity: estimated reserves exceeding 2 billion tons of high-grade iron ore.[9] Ownership of the mine: predominantly Chinese. Room for strategic agreements with minority stakeholders.[10]

Morocco: Morocco has positioned itself as an export-oriented industrial and energy platform, notably through renewable energy development, green hydrogen, and e-mobility projects, illustrating emerging forms of co-industrialization with Europe. Proximity to Europe makes it well placed for developing an interconnected hydrogen economy, combining pipeline and maritime exports with an established fertilizer industry and a growing green industrial base. Morocco's already established export-oriented fertilizer industry plans to significantly expand fertilizer production by 2028 powered by renewable energy sources.[11]

6 The geography of green iron and steel: New opportunities for Europe and North Africa – ECDPM.
7 Oxford Economics (2019). The Impact of the European Steel Industry on the EU Economy. London: Oxford Economics.
8 AEF, CAP-A, ECDPM, Bellona Europa (2025). Competitive interdependence: A new era for Europe- Africa industrial and energy cooperation. https://back.africaeuropefoundation.org/uploads/AEF_CAP_A_ECDPM_Strategic_report_2025_00539dbf9d.pdf.
9 Mining See (2024). Unlocking Simandou: A milestone in Guinea's iron ore saga. Belgrade: Mining See.
10 AEF, CAP-A, ECDPM, Bellona Europa (2025). Competitive interdependence: A new era for Europe- Africa industrial and energy cooperation.
11 AEF, CAP-A, ECDPM, Bellona Europa (2025). Competitive interdependence: A new era for Europe- Africa industrial and energy cooperation.

Nigeria: In addition to an ongoing plan to draft a green growth strategy, Nigeria is implementing an Energy Transition Plan which provides an integrated national framework that links energy access, industrialization, and climate mitigation.

Value addition in the agro-food sector with important job creation potential

Agri-food systems and the industrialization of freshness present strategic industrialization opportunities for African markets' growth with important job creation potential.

There is a lot of potential for domestic markets but also for increased Africa-Europe trade and in linking this topic to the broader debate around green industrialization between the two continents. To realize the full potential of agri-based green industrialization, policymakers must tackle critical challenges, including the barriers that have historically impeded agri-industrial growth in Africa, such as imbalances in subsidies, tariff and non-tariff barriers in Europe and the need to fully leverage Africa's comparative advantages, including through regional trade.

Factors such as increased urbanization, rising incomes, and shifting dietary preferences are driving demand for processed food. As such, Africa's growing reliance on food imports, particularly processed foods, has become a pressing issue.[12] The share of processed foods in Africa's food imports rose from 28% in 2000 to 33% in 2020,[13] and the continent's annual food import bill is projected to reach US$110 billion by 2025 This growing import dependency is draining foreign exchange and exacerbating trade imbalances, underscoring the need for stronger local food processing capacity. By investing in food processing, Africa can reduce its reliance on imports, create jobs, and retain more value within the local economy. Agro-industrial hubs such as those promoted under the Common African Agro-Parks (CAAPs) and Special Agro-Industrial Processing Zones (SAPZs) are being developed. For example, under the SAPZ initiative, supported by the African Development Bank and private-sector partners that have pledged US$3 billion in new investments to transform rural areas into thriving agro-industrial corridors. If fully realized, these hubs could centralize food processing, reduce infrastructure bottlenecks, and create economies of scale. Several African countries have developed green industrialization and green growth policies that highlight agri-food industrialization as a strategic priority[14].

Country insights

Ethiopia: has developed the Climate Resilient Green Economy strategy which prioritizes agricultural-led industrialization as a driver of economic development that will transition the country to a medium-income economy.

Morocco: the Green Morocco Plan emphasizes the development potential of food processing.

Rwanda: Its Green Growth and Climate Resilience Strategy emphasize food processing as integral to their green growth plans.

Angola: agro-food business development part of the Sustainable Investment Facilitation Agreement signed with the EU (SIFA).

Nigeria: pursues agro-processing combining sustainable agriculture and renewable energy; working on export readiness and standards in the context of the development of its Green Industrial Growth Strategy.

Other African green industrialization opportunities and avenues for cooperation

Countries like Kenya or Ethiopia (progress interrupted by civil war) have been investing significantly in renewable energy sources that can be used to power light manufacturing activities in traditional growth motor sectors such as clothing and textiles, food and beverages etc.

Electrification is also a strong priority and prerequisite of successful green industrialization. As an example, Nigeria is looking for bilateral partnerships especially for investments in renewables (solar and wind), working on investment almanac. Electrification is already a strong focus of Europe Africa cooperation. The EU, as well as France and Germany are partners of the Just Energy Transition Partnerships signed with South Africa and

12 Malabo Montpellier Panel Report (2024). VALUE-UP: Policy Innovations to Advance Africa's Food Processing Sector for Growth, Jobs, and Health.

13 UNCTAD (2024). Trade in processed food. https://unctad.org/system/files/official-document/stat2023d4_en.pdf

14 Kilelu, C., D'Alessandro, C., Adeniyi, D., Hege, E. Olorunfemi, G. (2025). Catalyzing green industrialization in agri-food processing - Strategic considerations for Africa-Europe collaboration, Ukâmâ.

Senegal to support the development and distribution of renewable energy. The comprehensive EU-Morocco Green Partnership can also be mentioned. Furthermore, the Africa-Europe Green Energy Initiative (AEGEI) launched at the 6th AU-EU Summit (2022) sets the objective to fund at least 50 Gigawatts of renewable electricity generation capacities & provide at least 100 million people in Africa with access to electricity by 2030. EIB and EBRD announced over EUR20 billion for the AEGEI for the 2021-2027 period including EUR3.4 billion in grants (source AEF) for both hard infrastructure investments and soft infrastructure development, such as investment in skills and regulatory capacities. At the Global Gateway Forum 2025: President von der Leyen announced a €618 million package to scale up renewables in Africa. The EU also contributes to Mission 300, an Africa-wide initiative to connect 300 million people to electricity by 2030, co-led by the African Development Bank Group and the World Bank Group. It brings together a broad set of partners from governments, development institutions, philanthropy and the private sector to accelerate affordable and sustainable energy access across the continent, including The Rockefeller Foundation, Global Energy Alliance for People and Planet (GEAPP), Sustainable Energy for All Mission 300's Private Sector Council. Under this initiative, national governments across Africa are signing National Energy Compacts, committing to reforms, utility strengthening and investment plans that support the initiative's targets. The national compacts are a successful innovation stating a country's energy access gap, investment needs, and resource breakdown (government, MDBs, private sector), as well as their policy reform commitment, creating accountability and unlocking private sector engagement. Similar methods could be used to make national green industrialization strategies more transparent and attractive to investors and development banks.

In this context, investing in **transmission lines and grids** is particularly key to overcoming bottlenecks for reliable electricity systems for green industrialization. It is, therefore, good news that "Electricity transmission and electricity grid"[15] is one of the priorities of the new Clean Trade and Investment Partnership (CTIP) signed between the EU and South Africa. Transmission lines have been an important bottleneck in the implementation of the ambitions of the previously adopted Just Energy Transition Partnership (JETP). Investing in high quality transmission lines and grids is also key for European countries' green industrial ambitions. A comprehensive "from copper to transmission lines" initiative could be developed between the two continents.

Another avenue for increased cooperation relates to the **circular economy and waste management**. Circular economy should be a strategic core aspect of every green industrialization strategy and collaboration on these issues could be expanded particularly with Morocco, South Africa, Tunisia, Nigeria and Kenya. As well as Ghana, Nigeria, and Namibia as they are exploring models that combine resource valorization, energy development, circular economy and local industrial transformation.

As an example, the State of the Bioeconomy in East Africa report illustrates how waste generated by the growing food manufacturing sector can provide avenues for processing novel products.[16] Circularity and waste trade can also offer relevant opportunities for collaboration and partnerships. In fact, there is a gap of partnerships tackling this issue and a critical need to regulate waste trade and impose environmental conditions, but also consider the loss of resources and value, health impacts. Various conditions, notably on transparency, work conditions, fiscal equity, could be integrated to partnerships on circularity.

15 https://policy.trade.ec.europa.eu/news/eu-and-south-africa-sign-first-ever-clean-trade-and-investment-partnership-ctip-2025-11-20_en

16 Virgin, I. *et al.* (2024). The State of Bioeconomy in Eastern Africa: 2024. Stockholm Environment Institute, East African Science and Technology Commission, and Bioinnovate Africa. ISBN: 978-9914-772-58-6.

Developing the EU's green industrial partnership toolbox

Europe is structuring its green industrialization policies but is facing internal green backtracking. Navigating a coherent external offer to strategic partner countries while aligning industrial policies across Member States is no easy task. For partner countries it can be confusing to see Europe involved in green energy diplomacy and developing a narrative of industrial partnerships, while 1) lacking clear off-take scenarios /projected demand for minerals, green industrial goods, molecules, etc., 2) facing a fragmented investment architecture, and 3) following its regulatory environment (including trade measures) in flux.

This calls for a more proactive approach to external partnerships as part of the EU economy transition.

There is room to shape a constructive agenda around Africa-Europe industrial partnerships that would create genuine local value addition and long-term economic resilience and market development on both continents. Despite emerging innovative tools, the policy frameworks, financing instruments, and private sector coalitions needed to make such partnerships operational remains largely to be built.

This will require confronting a structural tension at the heart of EU external action: development finance logic and industrial policy logic remain largely misaligned; development finance institutions prioritize project-level bankability, SDG and poverty reduction objectives; industrial policy is driven by supply chain resilience, strategic autonomy and technological leadership.

These objectives are not incompatible but bridging them requires deliberate institutional architecture that overcomes fragmented governance across EU Commission Directorates for International Partnerships (DG INTPA), for Trade (DG TRADE), for Internal Market and Industry (DG GROW), Climate (DG Clima) and its diplomatic service (EEAS). The financing architecture underpinning EU raw material partnerships remains a "fragmented web" of instruments with lack of clear off-take agreements and often aspirational commitments on local value addition and the notion of "mutual benefit", central to the political narrative, frequently lacks operational translation. These synergies need to be strengthened with DG Intpa playing a key role in identifying and supporting green industrial ambitions in key strategic sectors early on when risks for conventional investors are too high. Global Gateway could play a catalytical role to derisk investments, facilitate off-take agreements and offer development finance for reliable green infrastructure, as well as regulatory capacity building and dialogue, especially around green standards. DG Intpa, DG Clima and DG Trade have started to work together to develop the external dimension of the Clean Industrial Deal, but important questions remain.

One such example of a coordinated approach (bringing together different DGs) and new partnership model is the **Clean Trade and Investment Partnership (CTIP)** with South Africa, concluded at the G20 Summit in Johannesburg. CTIPs are the latest instrument in the EU's set of trade tools the Commission calls 'alternative forms of engagement', and to which experts also refer as 'trade-related agreements' or 'mini trade deals'. They are meant to complement the EU's vast network of trade agreements through a faster, more flexible and more targeted approach, tailored to the EU's and its partners' concrete business interests. The CTIP with South Africa targets higher-value sectors such renewable energy and low-carbon technologies; Electricity transmission infrastructure; sustainable fuels and raw materials and mineral value chains, as well as climate mitigation and adaptation technologies. It is supported by a dedicated Global Gateway investment package, integrating trade, investment, sustainable development, and industrial policy under a single framework. The CTIP has also provided a space to rethink rules of origin (ROOs) for EVs. The CTIP will use targeted cooperation tools, such as sustainable finance and green investment *via* EU development banks and export credit agencies, promotion of public procurement opportunities in clean sectors; promotion of clean technologies and environmental Social Governance standards, including in public procurement and regulatory cooperation on trade, investment, energy, and climate issues.[17]

17 https://policy.trade.ec.europa.eu/factsheet-eu-south-africa-clean-trade-and-investment-partnership-ctip_en

The EU has developed new partnership models blending traditional trade and investment tools with developmental and industrial-policy-oriented instruments**. The Sustainable Investment Facilitation Agreement (SIFA)** is one example. The first agreement of this kind was concluded between the EU and Angola in 2024 seeking to attract, expand, and retain foreign direct investment (FDI). It blends traditional investment facilitation disciplines—aimed at simplifying administrative procedures, enhancing transparency, and improving predictability for foreign investors—with provisions designed to steer investments towards sustainable development objectives. The agreement aims at encouraging Angola's economic diversification beyond fossil fuels by unlocking investment in "sectors with untapped potential, such as green energy, agri-food value chains, digital innovation, fisheries, logistics, and critical raw materials".[18] The EU is currently negotiating a SIFA with Côte d'Ivoire (and Ecuador in Latin America) with plans to launch further negotiations.

These tools are presented as pragmatic, more targeted approaches and the result of the complex geopolitical and geoeconomic context with rising trade barriers and a restructuring of value chains. The potential interest for the European Commission is quite clear: diversification of partners, reducing dependencies and staying competitive in current and future markets while resolving very concrete barriers to trade. They also emerge in a context of narrative shift in EUs cooperation policy which is increasingly focusing on mutually beneficial partnerships.

The establishment of industrial partnerships designed in a manner that satisfies both the interests of the EU and of its international partners largely depends on effective mutual understanding regarding issues and challenges to be addressed and expectations regarding the partnership. From the EU standpoint, this requires bidirectional dialogues to satisfy two objectives. On the one hand, the EU must have a good understanding of the internal policy questions faced by partner economies to have a good understanding of the perspectives through which they will approach the partnership, the question they may raise and the expectations they may have. On the other hand, the EU would benefit from having channels of dialogue and learning platforms, to avoid the risk of misinterpretation and tensions created by a misperception regarding intentions and policy design.

Today, EU's industrial policy is a source of uncertainty and tension for key international partners and impacts its climate diplomacy. Within an already comprehensive European regulatory framework (Net Zero Industry Act (NZIA), Emissions Trading System (ETS), Carbon Border Adjustment Mechanism (CBAM), vehicle and building standards), the Commission has recently presented another major innovation which still needs to be discussed and confirmed by the EU Parliament: the **Industrial Accelerator Act (IAA)**. Presented on 4 March 2026 by the European Commission, the IAA aims to respond to the main objective of the Clean Industrial Deal to ensure the competitiveness, resilience and decarbonization of its industry. However, its presentation comes at a time of urgency: the trade balance is deteriorating in key sectors for European industry (e.g. automotive) and investment in clean technologies is slowing down, deepening dependence, particularly on Chinese production and technologies. The IAA therefore aims both to ease this constraint by giving European producers targeted access to the internal market and to support low-carbon transition policies.[19]

The IAA plans to introduce local content and/or low-carbon criteria through public procurement and publicly funded production support mechanisms. Although the targeted strategic sectors represent only around 15% of the EU's production capacity (energy-intensive industries [steel, cement, aluminum], automotive [electric cars and batteries] and green technologies [solar thermal, heat pumps, wind power, nuclear fission and hydrogen]), they are key sectors in that they influence the entire downstream industrial ecosystem and in that they concern strategic sectors in Africa-Europe relations.

The question of the geographical scope used to define the location criteria was an important element in the IAA political negotiations, illustrating different visions of the role of European industrial policy. The very broad scope at this stage of what is meant by "EU content" proposes that content originating in third countries with which the EU has concluded an agreement establishing a free trade area or customs

18 https://trade.ec.europa.eu/access-to-markets/en/content/eu-angola-sustainable-investment-facilitation-agreement-sifa

19 European Industrial Accelerator Act: A first step towards a more assertive industrial policy | IDDRI.

union, or which are signatories to the WTO Agreement on Government Procurement, should be considered "EU content". This could therefore include around 80 countries with which the EU has concluded free trade agreements, as well as around 40 countries with which Member States have signed agreements on access to public procurement markets. It should be noted that the Commission reserves the right to exclude certain countries from this list by means of delegated acts. An important nuance is that the inclusion of third countries must be based on the principle of reciprocity; the final list of countries concerned will therefore be the result of trade negotiations on a case-by-case basis.

This measure has caused considerable tension between Member States and between the Commission's Directorates-General and now needs to be connected to the EU's ambition to diversify its sources of supply. Questions on potential impact of IAA include: how to reconcile economic security with open industrial partnerships, and clarify the list of countries included in the IAA European preference rules and the conditions (reciprocity: how will that impact developing countries own protectionist/local value addition favouring measures?).

The **Carbon Border Adjustment Mechanism (CBAM),** which entered into force this year, has created such tensions. CBAM will impose a fee on imported carbon-intensive goods like iron and steel, cement, fertilizers, aluminum, and hydrogen—much of which resonate with Africa's ambitions and assets outlined above—equivalent to what European industries pay under the European Emissions Trading System (ETS) in order to avoid carbon leakage and unfair competition. Strategic industrial partnerships between Africa and Europe would ensure market access for African green goods to ensure CBAM is a fair and transparent driver of global decarbonization. African countries, such as Mozambique have shown interest in establishing their own carbon pricing systems, driven by the introduction of the EU's CBAM. This could not only support decarbonization in African countries introducing the carbon pricing systems but also retain value within their economies rather than transferring this to the EU. The CBAM aims to avoid double taxation—this would allow carbon payments to be deducted from CBAM payments. However, partner countries are waiting for the EU to define under which conditions their carbon pricing systems will be recognized for such offsetting measures.

Finally, while some African leaders criticize European ESG standards as excessive, local communities increasingly demand stronger environmental and social protections. This gap creates a dilemma: while stringent standards can deter investors, they also build long-term trust, social license and widen market access.

The EU's partnership toolbox is evolving in a rapidly evolving geopolitical reset among traditional development and economic partners and newer players such as China, Gulf states which prioritize speed and delivery in investments (as well as infrastructure ownership over governance) where Europe is seen as slow and bureaucratic and where private banks face regulatory barriers for investment in Africa.

Conclusion and possible next steps towards green industrialization partnerships

Africa has ambitions to become a key player in the green economy. The global demand for Africa's critical minerals and vast renewable energy resources is soaring, yet there is a risk that this demand fails to catalyze wider transformation without targeting a growing degree of downstream value addition. At the same time, the EU is developing its industrial partnership policy toolbox, and both continents share complementary assets and ambitions. Important questions remain: How does the European partnership "offer" match with the African partnership "offer"? Which partnership tools are more suited for developing with a long-term economic vision and which for emerging countries with existing industries?

Here are a few ideas to move forward:

- Develop the institutional backbone of Africa's Green Industrialization Initiative (AGII) and use AGII and the Africa Climate Innovation Compact as the basis for dialogue with international partners.
- Identify first-mover countries willing to make bold public commitments on industrial policy. Commitment to developing pilot projects for integrated industrial partnerships combining regulatory cooperation (e.g. on standards), investments in research and innovation, sustainable energy and infrastructure. Support for emerging regional industrial clusters and cooperation approaches.
- Clarify the missing links in the European partnership toolbox and accelerate implementation for existing partnerships (the CTIP website calls upon European companies to suggest ideas for implementation).
- Launch business to government dialogues on investment conditions and barriers (including regulatory) in Africa-Europe (and potentially Africa-Europe-India) low-carbon value chains, Such dialogues could cover: investment readiness and barriers (including regulatory); assessing private investors' needs in terms of predictability and data quality and risk sharing; discuss the role of development banks in facilitating off-take agreements for local producers; align on standards & green taxonomies.
- Establish a joint roadmap to COP32 (2027, the African COP) bringing together governments, development finance institutions, private sector actors, and regulatory bodies to strengthen and coordinate financing, standards, taxonomy, industrial policy alignment, and value chain development for green industrial goods.