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Press Release

Zeronomics: Global Carbon tax key to pushing energy transition agenda in Africa

26 March 2021; Dubai, UAE – More than half of African companies are delaying their energy transition targets, leaving them in danger of missing the Paris Agreement target of net zero carbon emissions by 2050, new research from Standard Chartered has revealed.

Zeronomics, a study into the financing of a net zero world, surveyed the senior leadership of 250 large companies and 100 investment specialists around the world between September and October 2020 and found that:

- 55 per cent of Africa-based business leaders believe their companies are not transitioning fast enough (55 per cent of companies globally)
- Lack of access to finance is the biggest barrier to progress for African companies, cited as a significant obstacle by 78 per cent (67 per cent globally)
- Just 35 per cent of African companies fully support the aims of the Paris Agreement (47 per cent globally)

What are the barriers?

Many companies based in Africa are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. Some 32 per cent of business leaders (34 per cent globally) said their companies will make the most progress between 2030 and 2040, while a further 40 per cent (37 per cent globally) said they will take most action between 2040 and 2050.

Most companies are delaying transition because they do not feel they are currently equipped to meet the target. Some 78 per cent (59 per cent globally) said they need extensive organisational change before tackling net zero.

A lack of finance isn't the only hurdle companies in Africa face on the road to 2050. Seventy-two per cent (63 per cent globally) believe a lack of consensus on net zero definitions and targets is hampering progress, while the same percentage (60 per cent globally) say a lack of support for net zero transition from their organisation's investors is a significant barrier to net zero.

Meanwhile, COVID-19 is forcing many businesses in the region to focus on immediate survival: A whopping 80 per cent (85 per cent globally) of African senior executives say the pandemic has delayed their company's net-zero transition.

How to fix it

The research also reveals what business leaders believe is needed in order to speed up transition. 90 per cent (77 per cent globally) believe an effective global carbon tax, based on a carbon price that reflects the true cost of climate change, would help transition.

A further 88 per cent (81 per cent globally) said cost savings from sustainable practices could help the world hit net zero by 2050. Meanwhile, the same percentage (81 per cent globally) believe standardised net-zero measurement frameworks would help with transition, underlining the fact that what we have currently, a matrix of different definitions, measurement and reporting requirements is a major challenge for senior executives.

What are the top accelerators of net-zero transition?	Africa (%)	Globally (%)
An effective global carbon tax	90	77
Standardised global net zero transition measurement, disclosure and ratings frameworks	88	81
Increased operational efficiency / cost savings from sustainable practices	88	81
Increased shareholder activism / investor scrutiny and pressure	82	78
Increased investor demand for net-zero transition themed assets	82	72
Inclusion of net zero transition as a key part of investors fiduciary duties	80	74

Bill Winters, Group Chief Executive of Standard Chartered says: “Our survey reveals that most companies intend to transition to net-zero by 2050 but have yet to take the action needed to get there. A majority cite funding as an obstacle and carbon-intensive industries and emerging-market companies struggle the most.

“A successful net-zero transition must be just, leaving no nation, region or community behind and, despite the hurdles, action needs to be swift. We must act now, and we must act together: companies, consumers, governments, regulators and the finance industry must collaborate to develop sustainable solutions, technologies and infrastructure.”

Sarmad Lone, Regional Head, Client Coverage Corporate, Commercial & Institutional Banking Africa & Middle East, Standard Chartered Bank added: “Our survey reveals that there is significant opportunity in Africa to pave the way for zero-net carbon emissions. Our biggest challenge, and what should be a priority for us as companies, is to reach a consensus on net zero definitions and how the transition should be implemented across the region. It is no question that this will take time and is a mandatory collective effort by all communities in Africa. We have to reverse the damage we have done to our planet, and I am honoured that Standard Chartered is a company that has placed priority in achieving this goal.”

Zeronomics examines the economics of transitioning to a net-zero carbon future. Standard Chartered commissioned this major global study to understand how far companies have come on their journey to decarbonise and it reveals a gulf between words and action.

Reaching net zero carbon emissions by 2050 will be a considerable challenge. Every organisation in every sector has a critical role to play in limiting global warming. Commitment to this agenda must be top of mind for all companies – public and private, large and small – and to succeed they must undergo major transformation.

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