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Foresight Africa Podcast

“Five trends to expect in Africa for the rest of 2022”
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Episode Summary:

Ryan Short, a partner at Genesis Analytics, explores five trends to look for in the business world in the year 2022. He touches on achieving “net zero” in greenhouse gas emissions, ESG and impact, the EU’s green taxonomy, and more. He concludes giving some advice to African negotiators ahead of the COP27 climate summit in Egypt.

ORDU: From the promise of new technologies to the innovative and youthful population shaping our continent's future, Africa is full of dynamism and optimism worth celebrating. I'm Aloysius Uche Ordu, director of the Africa Growth Initiative at the Brookings Institution and host of Foresight Africa podcast. Since 2011, the Africa Growth Initiative at Brookings has published a high profile report on the key events and trends likely to shape affairs in African countries in the year ahead. Entitled "Foresight Africa," the goal of the publication is to bring attention to the burning issues facing the continent and to support policy actions to address them. With this podcast, we intend to engage the report's authors, as well as policymakers, captains of industry, youths, and other key figures from Africa and around the world.

My guest today is Ryan Short. Ryan leads the shared value and impact team at Genesis Analytics, a Johannesburg based firm. Ryan, I'm delighted to welcome you to our show. During my vacation in South Africa in February this year, Ryan, I read your excellent piece where you stated that 2022 seems to have started at a frantic pace. It's going to be a year of tipping points, I quote. Little did we know then that Russia will be invading Ukraine with devastating consequences for the global economy. We'll talk about that shortly. But first Ryan, our listeners would like to know a little bit about you. Could you briefly share with us your journey to where your current position as head of ESG at Genesis Analytics, please?

SHORT: Well, it's great to meet you, Aloysius. I'm Ryan Short, I'm a partner at Genesis Analytics and I came to that position as the head of the shared value and Impact Advisory Team through quite a circuitous route. I'm actually a lawyer by training and after qualifying, I was determined to make my mark on the City of London as a financial derivatives lawyer. And I did that for six or seven years before I realized that for me, there wasn't enough purpose in the investment banking environment. And then the pendulum swung all the way to the other side and I joined the aid industry with Genesis. It's been 10 years advising African governments on economic development. And since then, the pendulum has come back to the middle somewhere between profits and purpose. And I now head up a team that helps multinationals across the continent to combine profit-making commercial activities with consciously solving some of the societal and environmental challenges that the continent faces. So, that's my history and how I came to be doing this very interesting work as the head of the shared value and impact team. Our purpose is ultimately to try and reshape capitalism—nothing less than that—into something that works a bit more for the world.

ORDU: So noble cause, in pursuit of noble cause through a circuitous route, as you put it.

SHORT: Exactly. And I think I learned in the first third of my career that profit without purpose is quite meaningless. In the second third of my career, I learned that purpose without sustainability has less impact. And I think the sweet spot is between those two, in what Michael Porter from Harvard would call shared value, which is using the profit motive and acknowledging the power of that profit, of that engine, but putting it to work in a way that creates value for society.

ORDU: Absolutely. I think a lot more people should take a leaf from your page in terms of the lessons of doing good. You can make money and do good at the same time. This is very, very important. Thank you very much, Ryan. So what other areas is Genesis currently engaged in, and what exactly is your business model for the benefit of our listeners?

SHORT: Genesis is I suppose, the best term would be a diversified advisory firm. Its purpose is to unlock value in Africa. So there are 180 consultants in the firm. Some of the smartest minds on the continent in our view, and we set those minds to work solving African problems.

We see three main groups of problems that the continent is going to face in the next few decades. The first is the youth bulge and what to do with a staggeringly young population. The second is the impact of technology on the continent. And then the third is the impact of the climate crisis on the continent.

So, much of our work is geared around that triumvirate and the specific areas that we have practice areas are in health economics; in human development and education—and that ranges right from early childhood development to university education; monitoring and evaluation climate finance; we have a digital team looking at digital solutions; and then we also have an antitrust economics team. And the part of the firm that I sit in, Aloysius, which is I think to be management consulting with companies.

I should also say that Genesis is a global African consultancy. That's not a term you often hear put together, but we are very proud Africans, very patriotic Africans, and we believe that there's absolutely no reason that an African consultancy can't be a global leader. And that is our aspiration. We have offices now in Johannesburg, Nairobi, Abidjan, Lagos, London, and Toronto. And there's no doubt that we'll be expanding that in the near future.

I think the one thing I would just add is that we have a very unusual client base. We work almost equally with governments, donors and foundations, and the corporate sector because we think value for the continent can be unlocked by all three of those groups. And the work that I head up, as you noted, is working with the corporate sector.

ORDU: That's phenomenal. I see the three things you mentioned in terms of the biggest megatrends, if there was ever any, facing our continent. The notion of the youth bulge, of course, it's absolutely up there. And the technological revolution which COVID helped us to actually recognize and expand even further the limits of technology. And then the climate crisis, which is really one of the ones ravaging, ravaging the continent and other parts of the world as well. So it's great that you guys have this trinity of oversight around the megatrends facing the continent. That's excellent.

Let me now turn to the five trends that you propose to watch out for in the business world in 2022. I must tell you, while holidaying in your wonderful country, I was really intrigued, which is what led me to reach out to you. You noted that companies everywhere will start committing to net zero, that most won't have a plan for getting that. Could you explain to our listeners what you mean by that?

SHORT: The climate crisis has obviously been raised in the consciousness of the world progressively over the last 20 years, maybe 30 years at a stretch. Most climate denialists would have to agree that the science is now unanimous about what is happening to the planet. But humans being humans, it takes a long time for people to internalize that crisis, and even more so for corporations, I think. Corporations are stuck in a day-to-day rut of the next board meeting, the next set of results, the next bottom line. And it's not easy for companies that are systemic creatures to make the adaptation to realize that there's something contextual that is existentially a risk to the company. That risk seems distant, that risk seems collective, and most things that occupy people and companies are personal and immediate.

But in my view, companies are now starting to recognize the climate crisis, and the reason for that is that often the engagement with these big collective issues starts at the level of the state, and the state makes multilateral agreements with other states about how the states are going to deal with something. Then they create potentially voluntary recommendations in the country in question and then ultimately those become mandatory. And I think that process has been playing out for a number of years. And in 2021, we started to see some regulatory frameworks that were previously voluntary starting to become mandatory. I'm thinking, particularly of the TCFD framework, which is a UK-based framework, which now makes it mandatory for companies to report and to take seriously climate the climate crisis and to come up with the strategy and report on their strategy to deal with it.

So I do think that this is the year that it will become a trend for companies to start saying we believe in net zero, which of course refers to net zero emissions by 2050. Why I say, Aloysius, that most will have no idea how to get there is that I think the easiest part is to make a verbal commitment or an aspirational commitment. And it's almost expected now of CEOs that they would take that route.

However, there are two reasons why I think they have very little idea of how they're going to get there. The first is that it's such a fundamental shift in how they do business. It really is throwing out the old models of doing business and bringing in a completely new way of doing business. And I don't think most companies have internalized what a strategic change that is going to be to the way that they operate.

The second reason is that I think many of them are hoping that they won't have to cut emissions to get to net zero. They will be able to access technology that can secure negative emissions. For example, carbon scrubbing, or carbon capture and storage, or regenerative sinks of forests that can help to actually neutralize emissions. And frankly, those technologies are still very much in an early stage.

So, although I think most CEOs are hoping we can carry on with business as usual and then we can buy into the technology that allows us to meet our net zero targets—that's a viable strategy—the fact is, though, that those technologies are not yet largely available at affordable rates, at least. So those are the two reasons why I do think that although companies and CEOs feel that this is something they need to publicly commit to, they really probably have no idea of how they're going to get there yet.

ORDU: You also noted that, I quote, ESG will continue to evolve into impact. Could you explain what you mean there?

SHORT: Sure, that's a very interesting move, so let's firstly explain ESG. So ESG obviously stands for environmental, social, and governance, And it's another acronym for risks to an investment that may arise from context. The ESG model was promoted first by the long-term investment community, particularly in pension funds and insurance funds. And the thinking was if you're taking a long term bet on an investments, it makes sense to think whether there are some environmental, social, or governance risks to that investment that are going to affect the return to that investment. So ESG is very much and has always been an investment risk lens. It's asking what are the risks in the world to this investment.

Why we think that is deficient is for a number of reasons. The first is that that's only answering part of the question. If you are concerned about the world, the question you should be asking is what impact is this investments having on the world, not what risks does the world create for this investment.

ORDU: Right.

SHORT: So, impact is a different way of looking at it. It's not asking what risks are there to the investments, it's asking what impact does this company or assets or investment have on the world. So that's the first distinction.

The second is that ESG really looks at the world from a position of negativity—so what are the risks? Whereas the notion of impacts considers, what are the benefits as well. And I think in reforming the capitalist system, it's absolutely important not only to look at the negative consequences of investments and of corporates, but also to have a theoretical mechanism that can also consider the benefits that those organizations create.

And that leads me to the third deficiency, which is, the "E" and the "S" are measures of outside risks. Governance is a measure of internal risk and it's actually from a very different genus to the "E" and the "S." The parts of E, S, and G that we think is missing is economic. So, we much prefer when we think of impact to think of "SEE," social, economic, environmental, both positive and negative impacts. And we think, and we've seen with our clients, that there is a slow rejection of ESG as a meaningful mechanism, and that impact is actually a much more holistic view that considers the economy, which is where most companies have the most value to add actually, and also considers both negatives and benefits of that economic activity.

The concept of ESG has become somewhat devalued, I think, because there are so many definitions and approaches out there and there is a huge amount of greenwashing that's going on. I read with interest, Aloysius, an article in Bloomberg recently that quoted that nearly 90 percent of the companies on the S&P 500 are in some form of ESG fund. It's so easy to social wash into greenwash under the ESG framework that I feel it dilutes the whole concept.

Another example is I had some emails last week, and one of them was from my bank and it was offering me some structured products to invest in. And it said that you can invest in an ESG fund. I thought, well, let's have a look, a look at what that actually means. And then I went into the back end of the prospectus, and of course, what ESG fund meant was that they would exclude tobacco and arms. And they would exclude the bottom 10 percent of the market for ESG scores. So what that means is that that fund had access effectively to 90 per cent of the markets, less tobacco and arms. Is that any different to a normal index investments? I don't see it, but they are getting marketing mileage out of branding it as ESG.

ORDU: Interesting, a completely different way of looking at the way companies operate. And you're right, the challenge is it's a much more strategic shift in thinking and in operation. But I think we're not yet there, basically is what you're saying, we're not yet there.

Let's pivot now to the EU. In 2021, last year, the European Commission, as you know, released a standard taxonomy classifying all economic activities by debt sustainability. The taxonomy is clearly not without controversy. Could you help us understand why the proposed EU standards have become so controversial? By the way, what are these standards and why have they become so controversial?

SHORT: Well, the EU taxonomy is essentially trying to answer the question that many people have been wrestling with, which is what is a sustainable economic activity. And in other words, what qualifies as a green economic activity? And the reason why that's necessary is because to achieve deep action, there's a need for consistent definition and for guidance to prevent greenwashing, because anybody can come up with a product or an activity, package it in a way that looks green, and then say this is a sustainable activity or investment.

So, the EU Commission a number of years ago put in place a taskforce to answer this very thorny question of what does sustainable mean. And at the end of last year, they released that taxonomy. I won't go into the detail, but essentially it's any activity that is involved in climate mitigation or adaptation, the sustainable use of water, and of the oceans of activity that helps with the transition to a circular economy and so on. And so the taxonomy effectively defines what is green by activities that meet those criteria or that don't do harm to those criteria.

So, this is a very useful thing because now investors who want to put their money behind sustainable activities have an official officially endorsed stamp of approval, so to speak, that if you put your money into sustainable fishing, yes, that will now be deemed as sustainable. And why that's important is that ultimately it's my belief that sustainable activities will attract cheaper funding. And so it's very attractive to be able to say this is in accordance with the EU taxonomy.

The controversial part is that the EU Commission recommended that for energy generation, that nuclear energy and natural gas be deemed to be sustainable activities. They were controversial for different reasons, nuclear is because it's a controversial energy source, an essential one, in my view, but for many people the risk of nuclear is just too high, as well as the problem of the waste. So for many European member states, they're very anti-nuclear and they thought it was outrageous that the Commission had included nuclear as a sustainable source of energy. But technically, that's quite right. It is a highly sustainable source of energy.

The other one was the natural gas, and natural gas is obviously a fossil fuel. So it's not a green energy source. But the Commission's thinking was that in order to make the bridge from fossil fuels to renewables, gas will be a bridging energy source that is cleaner than oil and coal, but not renewable, but it would be necessary as a bridge into the renewable era. And, of course, environmental activists were enraged that natural gas, a fossil fuel, had been declared sustainable. But the last I heard is that their taxonomy has indeed been passed by the Commission and I suspect it will become a global standard.

ORDU: Fascinating, very, very fascinating indeed because you couldn't, in a way, fault the commission, because the idea, the very notion that we would jump from fossil fuel to green energy overnight is not going to happen. So that transition, which is where gas—not as bad as coal and the others, but not as green—is really a tightrope to walk. And I think over time, especially with what's happening in Europe now, which we'll come to in a minute, that logic makes a lot of sense. And of course, in all this, it's not enough to say we do no harm, right? It's important to show that we're doing good, and the latter requires a deliberate action, intentional, to do good. That's really what you're saying.

SHORT: Yeah, that's right. I think the minimum standard now for business is do no harm, and particularly with respect to the environment, which has ramped up the agenda in the last decade. But the big shift in business needs to be to go from free business at any cost to do no harm to, in addition, consciously do good. And I think that's the revolution that we're seeing in the corporate sector. And you certainly see some progressive movers that are recognizing that actually to think about positive impacts is not a cost to the company, it's actually a strategic opportunity and it's linked to good business and good returns.

ORDU: Very good. It's difficult to say anything these days without reference to COVID. And of course, in your piece you did talk about COVID. And COVID, of course, we're witnesses to a polarized world, essentially the rich unvaccinated versus the poor and unvaccinated, and most of the latter, no need to guess, of course, are on the African continent. But then you wrote that the private sector would be expected to take the lead on COVID vaccination policies. To what extent is that really happening right now in South Africa and broadly on the continent, since you are a close observer of events on the continent?

SHORT: Globally, vaccine mandates are actually quite rare. The last time I looked there maybe were 10 countries in the world—Austria was one, Malaysia was one—where they had made it absolutely mandatory for citizens to have a vaccination. So, the vast majority of countries in the world have left vaccination to the citizens' choice, and are not going to force them to have a vaccination.

There are some exceptions to that on the continent. In part, I know that Malawi, and Zimbabwe, Ghana have made it compulsory for government officials to have a vaccine. And I know Kenya has made it compulsory to have a vaccine to access government services. So there have been some partial vaccine mandates passed, but no comprehensive vaccine mandates passed.

What's interesting, though, and the reason that I write that corporates will lead the way on this, Aloysius, is that if you look at global survey data on what consumers expect of companies, it's very clear that they expect companies not to wait for regulation on environmental and social issues, but to be joint partners with governments on those and also to lead the way.

So the survey that I'm referring to is run by a global PR firm called Edelman, and they produce a trust survey which is very rigorous and very comprehensive, and it surveys every year citizens in 26 countries, including many African ones, on the levels of trust in different types of institutions. And that survey last year had an interesting number, and it showed that 57 per cent—this is an average, so you can think of it as a global average—57 per cent of people, think of them as consumers, felt that companies should be leading the way on COVID vaccination and that they should be setting the policy on COVID vaccination. This is an expectation.

So I do think that in a vacuum of many governments not wanting to be draconian about vaccine mandates—and there are very few on the continent that are prepared to do that in toto—that the corporate sector will see that it will be up to them to lead the imposition of vaccine mandates on their staff or on their premises. And of course, they are quite within their rights to do that. Every business retains the rights of admission to its premises, and every business has the obligation to provide a safe working environment for its employees. So it isn't necessary actually for the government to say then the vaccines are compulsory because private actors with those rights can enforce that themselves. Just as if you own a nightclub or a sports stadium, you can also reserve the rights of admission of who you will let into those grounds.

So, to answer your question, maybe focusing on South Africa, so yes, business has indeed filled that gap in South Africa. The government being extremely democratic has not wanted to impose a mandate that may be seen as unconstitutional. But private businesses have said that's fine, but we will be imposing those mandates on our staff, and that includes some real flagship companies like Anglo-American Standard Bank, Discovery Health, Old Mutual UI. And I suspect that now that those flagship companies have taken that view, that most companies will follow suit with confidence, because they will also have of course taken senior counsel's legal opinion whether this is constitutional and they believe it is, and so they're moving in that direction.

And then just a final comment is it's quite interesting that this year, before the students returned to university, there were six universities that took the same view, that for students to return to the campus, they needed to be vaccinated. Which has also been controversial, but I think also supports this idea that it's private institutions rather than governments that will enforce vaccine mandates.

ORDU: Very interesting. That contrasts sharply to what we witnessed here in the United States, where we won't get into the politics of it, but in a raging global pandemic, it's just amazing how certain segment of the citizenship really, from the get go, we're very, very opposed to any form of—these same people will get their children inoculated for all kinds of preventive diseases, but when it came to the pandemic itself, COVID-19, they basically said, government is forcing us to do something against our wish, which is, as I said, that's a story for another conversation.

Let me turn now, Ryan, to small- and medium-scale enterprises in South Africa and, of course, in the rest of the continent. When we talk of job creation on the continent, when we talk of youths, which is a pillar of your company—attention to youth, that is—small- and medium-scale enterprises are the engines of growth and development on our continent. I'm just wondering, as an expert on ESG, are they really aware of the ESG issues we've been talking about right now.

SHORT: I don't think so, Aloysius, and I think for two reasons. Firstly, anyone who's running a small business will know that life is frantic and it's constructed around survival of the business rather than lofty ideals of how we want to look after the world or society. So for that reason, I think it's quite rare for SME's to be thinking about ESGs.

I think the other reason is that ESG is largely driven, as noted, by the investment community. And beyond small private equity investments, perhaps, the SMEs are not institutions that are taking large, long-term pension fund investments. So I think their funders are probably not asking those questions. So I think for the time being, the idea of social environmental care is something that's sitting much more with large corporate than with the SME.

ORDU: I guess it makes sense. Many of them are also in survival mode. So trying to be strategic and think out of the box in terms of doing good is a challenge. Let's now shift, Ryan, if we may to the biggest elephant in the global room, so to speak, the Russian invasion of Ukraine. This has, of course, triggered unprecedented sanctions on Russia. What do you see as the unfolding consequences for African countries from this crisis?

SHORT: Let's start with the economic, perhaps, because maybe those are the most dramatic. So I think this crisis in Ukraine is a disaster for the continent. The reason that I say that is linked to oil and wheat, which as we know are two big exports of both Ukraine and of Russia. And those supplies have been shocked into standstill. So, I think the most obvious outcome of that will be a rapid rise in the price of oil. I think the global price is already above $110 a barrel and all but 10 of 54 countries in Africa are oil importers. So certainly we can expect a major increase, and I know here in South Africa the petrol price, or gas prices you would say, is going up next week quite significantly. So that's, I think, the first mechanism of impact.

Of course, oil is also a major input into fertilizer, and fertilizer is highly needed in a continent where the large proportion of economic activity is in agriculture, whether commercial agriculture or smallholder agriculture. So I think the shortages of fertilizer and the increasing prices of fertilizer are going to also directly affect the food outcomes on the continent.

Another area economic area where there will be severe impacts is on the imports of wheat. As you know, Russia and Ukraine are responsible together, I think, for about a quarter of the world's wheat exports, and the wheat price has rocketed more than 50 per cent. So, I know that East Africa in particular is a big importer from that region of wheat. So you put this all together, and I think we likely are going to have less food, less food grown in Africa, much more expensive wheat imports, and much more expensive oil imports. And you put that together, and you can expect very high levels of particularly food price inflation, which we're already starting to see, and in poor countries, food price inflation is almost always linked to some form of social unrest and political unrest. So, I think economically, we can't overestimate how serious this Ukraine crisis is for the continent.

I think the other area that is often overlooked are the political consequences for the continent of the war. So, it's interesting that in the UN resolutions, General Assembly resolutions, to condemn the war, only 50 percent of African countries voted in favor of that resolution condemning Russia, but 50 percent didn't. About 30 percent just didn't take sides, including South Africa, which was surprising to us. South Africa abstained and wouldn't be committed either way. And then about 20 percent just didn't take the vote, they were just absent. So, that 50-50 split between those that are willing to say, yes, we condemn the war and those that are not, I think, also creates quite interesting political consequences. I think it ultimately will force the African countries who are ambivalent about the West in many cases, and who have quite strong ideological and historical ties to the more socialist, even communist, countries, especially Russia and China, I think that the political outcome will be if we see a bifurcation in the world into zones of democracy and zones of authoritarianism, the African countries that have decided to sit on the fence will ultimately have to choose which side of that fence they want to be on. So I think that's a long term political outcome that is not often thought of because the short term economic consequences are likely to be quite disastrous for the continent.

ORDU: Clearly, the glass is not all half full. These are all very, very negative consequences. Do you see any positive aspects for the continent at all?

SHORT: I do see some. I think the behavior of Russia and particularly of President Putin will immediately force the EU and other Western powers to look to diversify their energy sources as quickly as possible?

ORDU: Right.

SHORT: And I think that holds tremendous opportunity for the continent because don't forget there are 10 oil producers in Africa. There are also a significant number of coal producers. And Africa also has tremendous natural assets and the ability to generate renewable energy, particularly solar and wind. And the African continent is just a skip and a throw across the Mediterranean Sea from Europe. So I think as far as energy dependency goes, the diversification by the European powers and other powers, I think, around the world could potentially grow into an opportunity for African countries to become energy providers.

ORDU: And of course, the same economic growth was expected or projected in 2022 to be the heavyweights—South Africa, Algeria, and Nigeria, and Ethiopia, of course—were not supposed to do as well this year before the crisis, because the slack in terms of growth of the region was really expected to come from small and medium sized countries—Kenya, Ghana, Cote d'Ivoire, et cetera. But then this happened, right? And so the major exporters now of oil, clearly, as you said, this is a boom time, when last did we see prices exceeding one hundred and twenty? Now that every Tom, Dick and Harry is really pumping production of oil and gas, what does all that mean for ESG commitment? We just came back from Glasgow last year where everybody signed up to COP26. Does that mean those commitments have gone out of the window?

SHORT: I think in the short term, they probably have. It reflects the tension between grand statements of intent and actually the state of energy production in the world. So, the fact of the matter is that most of the world's energy still comes from oil and coal and natural gas or fossil fuels. And although there's been great progress made towards renewables, it's a fact of life that when there seems to be a supply shock to those fossil fuel energy sources, the prices absolutely spike and the countries run around trying to secure supplies. And I think it is a reminder of just how far we've got to go to move from fossil fuels into renewables.

So, I think in the short term, those great words and the great commitments will always be trumped by the realities of we need energy for this economy right now. And we don't actually care what it is, even if it's fossil fuels, because the need for the energy trumps the collective vision of a renewable world.

But I do think in the medium term or the long term, picking up on this theme again about energy dependency, in a strange way, the actions of the Russian state and of President Putin, I think, has put another nail into the coffin of fossil fuels. Not that they aren't greatly still used, but I think it's really forced countries to think about where they want to get their energy from. And traditionally, they have got it from countries that have the oil and the gas and the coal, and there's a strong correlation between those countries and authoritarianism, dictatorships even. And I think this has proved how fickle and unreliable that source can be.

So I do think in the medium term, in a perverse way, this is actually a boost to the ESG agenda because I think countries will now look around and say, you know, why are we importing all of this oil from Russia or Saudi Arabia or Iran—non-democratic countries—when we can create our own energy at home, which is cleaner, completely secure, and under our sovereignty? So, I think in an unexpected way, this Ukraine crisis is actually going to boost the development of renewable energy once this initial price has passed. Of course, don't forget that although the price of oil is through the roof at the moment, that's also a benefit to renewables. You know, the more expensive fossil fuels are, the more viable other technologies become. So, I don't see a short-term spike in prices as being a bad thing for the long-term renewable energy agenda.

ORDU: Well, that reminds me of the famous words of John Maynard Keynes, the British economist, perhaps in the long run, we're all dead, right? But you're absolutely right. I couldn't help but agree with you that ultimately, medium- to long-term, there will be benefits for the ESG agenda. Sticking to the COP26, obviously Glasgow, in many people's view, did not really deliver for Africa, right, because there was a lot of talk, the commitment to a 100 billion for developing countries by 202_ never really materialized. Now here we are, COP27, Africa's COP, will be held in Sharm El Sheikh in Egypt later this year. What would you your advice be to the African group of negotiators as they approach COP27 in Egypt?

SHORT: Yeah, that's a great question. I think the African negotiators need to land a number of points. Firstly, that Africa is a key part of the energy transition, both in terms of the assets that it possesses—I'm talking about wind and sun—but also the natural sequestration assets that sit in the middle band of Africa, which is the tropical rainforests, particularly in the Congo. These are incredible assets, existing assets, to the world and also the wind and sun resources can be also tremendous assets the world in the future. So that's the first point I think I would be trying to land.

The second, I think, falls under the banner of a just transition. It's really striking to me when I look at the amount of emissions that African countries have contributed to the global stock of carbon emissions—I think it's less than a percent. It's really inequitable that countries that are in the developmental process of industrializing should be held back by others that have done exactly the same thing and created the carbon problem. So, the second narrative I would be pushing is this is not this is not our problem, we did not create this, but we are going to be feeling the effects of this.

Thirdly, I think, money talks, and we need in Africa vast funds, not just commitments of funds, but upfront funds on transition projects. If that is what the developed countries want to see, then I do think that the developed countries who have created the carbon problem need to stump up the cash for those projects.

And then maybe the last point I would be pushing is that climate and conservation are very linked. And what Africa does also need beyond the transition is the protection of national parks, which are natural carbon sinks. And I think by funding the protection of those parks there are a number of environmental benefits beyond carbon. Yes, you are sequestering carbon, but you also protecting biodiversity and also certain natural habitats. So, I'm not a climate negotiator, Aloysius, but those are some of the I think those are some of the fair points that can be made by African negotiators in Egypt.

ORDU: I couldn't agree with you more because the points you made are absolutely warranted. And the idea of approaching Cairo in an engaged manner in Africa, speaking with one voice and in solidarity, every opportunity they have to hammer home this issue of just transition that you just talked about, to hammer home the natural resources of the continent, that really would be solutions to the global problem. I mean, we're transitioning to electric vehicles and most of the materials you need for that are actually mostly from Africa. So I couldn't agree with you more. And of course, the biodiversity perspective, the question is whether indeed, they will not do what they did in Glasgow, but this time act cohesively, intentionally, and in solidarity to hammer home these points for the rest of the world. These are very, very important.

As we wind up around, Ryan, I just recall a recent commentary I read in *Fortune* magazine, March 14th, 2022. It was titled, "ESG is not enough. It's time to add an H." And this article was written by Dean Williams of the Harvard School of Public Health and Dr. Patricia Geli, and they argue that it's time to incorporate public health as part of the ESG framework. Now, for somebody like you who's been engaged in this area, do you have any thoughts on this particular proposal and how exactly might this be done?

SHORT: Well, I haven't seen that article, so, you know, let me give you a top of the head response. So, I agree with the professors that public health is an important issue, or the effects on public health has to be an important issue for companies to consider if they're going to be able to say we create no harm. So, most of the food companies in the world would have a case to answer to be able to say that. So, absolutely agree with the academics that the health and the impacts of the corporate on public health—be it food companies, alcohol companies, tobacco companies, and so on—is valid and should be part of ESG. I would respectfully disagree with the professors that we need another letter in that acronym. I think health sits absolutely naturally under the "S," which is social. And so that's where I would fold it, under the social consideration.

I think if you are rearranging the letters of ESG, as we've already discussed, I think it's far more pertinent to take the "G" out and replace it with another "E" and so that we are considering social, economic, and environmental impacts. I think those three go together much more comfortably than the "G." But very interesting angle, I would agree that public health is something that should be considered, and I think that's almost part of moving towards a more of an impact way of looking at it because now you are asking not just what public health risks are there to this investment, but what public health harms are being created by the investment. And that's broader than ESG. It's a form of impact assessment.

ORDU: Ryan, thank you very, very much, it has been very, very enlightening talking to you on ESG matters. Thanks again and have a wonderful, wonderful afternoon in South Africa.

SHORT: Thank you so much, Aloysius, I've really enjoyed our chat.

ORDU: I'm Aloysius Uche Ordu, this has been Foresight Africa. To learn more about what you heard today, find this episode online at Brookings dot edu slash Foresight Africa podcast. Each episode will be listed on its own web page, and there will be links to the content discussed in the episode.

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Thank you very much.