Coping with stranded assets: entry points

UNU-INRA WEBINAR: COVID-19 and fossil fuels in Africa (1 July 2020)

Daria Ivleva, Project Manager, adelphi
Stranded assets – beyond the private sector

Decline in revenues (quantity, price)
Compatible with the goals of the Paris Agreement

Decline in export earnings and domestic revenues

Stranded public assets
- Oil, coal, natural gas will no longer be supported
- Investments in fossil energy become worthless

Stranded private assets
Companies and investors lose

Governments lose:
- Energy security, limited domestic consumption
- Decrease in growth
- Decrease in government’s earnings
- Carbon-intensive infrastructure strands

Aggravating factors:
- Strong interest groups
- Strong dependency
- Misdirected development strategies
- Low governance capacity

National and international stability threats

© adelphi
Entry points for an “exit strategy”

In light of the pandemic:

• Well-managed transition early on reduces risks

• Especially important in times of strained budgets…

• …and in a challenging geopolitical landscape