



United Nations
Economic Commission for Africa

Southern Africa Office

DRAFT CONCEPT NOTE

AD HOC EXPERT GROUP MEETING

**GREENING INDUSTRIALIZATION IN SOUTHERN AFRICA THROUGH
DIGITALIZATION, INFRASTRUCTURE DEVELOPMENT AND REGIONAL
INTEGRATION: LEVERAGING AFCFTA IMPLEMENTATION**

MAPUTO, MOZAMBIQUE

24 October 2022

I. Background

I.1 Introduction

1. Globally, there has been a growing commitment among countries to pursue inclusive green development. With climate change predicted to be the greatest threat multiplier for biodiversity, coupled with the need to promote structural transformation, greening industrialization¹ has increasingly become a policy priority for many countries, including those in Africa (ECA, 2016).

2. Specifically, given that Africa's growth has been characterized by unemployment, degradation of valuable natural capital, heavy dependence on natural resources, high energy and material intensities, low productivity across most sectors, high production costs, and increased waste generation, greening industrialization presents the continent with an opportunity to attain structural transformation, characterized by sustainable and inclusive growth; job creation; climate resilience; safeguarding of the productivity of natural resource assets; and the motivation to transform existing supply chains that link natural resources to markets, into value chains that diversify African economies and ensure greater value addition (ECA, 2016).

3. The existing evidence identifies a myriad of factors that can promote and facilitate green industrialization. These include: creating incentives to improve efficiency in the use of natural resources; minimizing waste and energy consumption; implementing environmentally responsible public policy initiatives; efficiently and effectively allocating resources to the highest value use; and to some extent the role of infrastructure development. , However, not much is known about the role of digitalization, and economic integration in greening industrialization, and the knowledge base on the role of infrastructure development needs to be expanded. Hence, the need to understand how these factors may speed up the greening process.

I.2 Infrastructure development

4. In developing countries, basic infrastructure (e.g., roads, electrical power, water and sanitation, and information and communication technologies) remains patchy. Evidence shows that in the developing world, approximately 2.6 billion, 2.5 billion and 800 million people have no access to electricity, basic sanitation and water, respectively, with Sub-Saharan Africa and South Asia having the highest proportion of people without access to these services (ECOSOC, 2018).

5. Lack of access to such critical infrastructure limits access to markets, jobs , and information and training, hindering business activities and raising poverty and inequality. Evidence shows that in lower-income countries, infrastructure constraints undermine firm productivity by about 40 per cent (ECOSOC, 2018). That is, for the manufacturing sector – an important employer, accounting for approximately 16 per cent of the world's total workforce

¹ According to the 2016 UNECA report, greening industrialization is a process that ensures that the structural transformation process 1) reduces resource inputs and increases efficiency in the production process; 2) cuts back on harmful waste emissions (e.g., chemical effluents and poisonous gases); 3) strengthens infrastructure to reduce environmental impacts (e.g., pollution and extreme weather events); and 4) maintains or improves the natural resource base, including providing associated environmental goods and services.

of 2.9 billion (ECOSOC, 2018) - the adverse impact of inadequate infrastructure is substantial.² In this regard, consistent with SDG 9, and in the context of Africa, governments need to put more effort in building resilient infrastructure that supports and promotes sustainable and green industrialization.

I.3 Digitalization

6. A small but growing body of literature has examined the impact of digitalization on industrial growth (Njangang and Nounamo, 2020; UNCTAD, 2018). According to this literature, digitalization allows for the use of digital technologies to provide new revenue and value-producing opportunities; can provide new opportunities for industrialization in low income countries if these countries can leverage data on market demand for design and production decisions; and facilitates translating these data into intangible assets and makes it easier and cheaper to use these data for design and production. In terms of greening industrialization, studies show that digitalization can promote green total factor productivity, impede carbon emissions, improve efficiency, and significantly improve green process innovation (Sun and Guo, 2022; World Economic Forum, 2022).

I.4 Regional integration

7. Regional integration helps countries overcome costly geographical divisions, poor infrastructure and obstructive policies that undermine the flow of trade, capital, energy, people and ideas (World Bank, 2022). By removing these divisions, regional integration gives countries access to a larger supply market, promotes manufacturing activity, enables access to resources (e.g., climate friendly goods) to promote green industrialization and makes the region's industrialization globally competitive (The Brookings Institution, 2019).

I.5 Leveraging AfCFTA implementation

8. The AfCFTA can be an important tool in greening industrialization. For instance, it can bolster green industrialization by 1) encouraging investment in green infrastructure that will integrate climate risks and act as a buffer against current polluting infrastructure, and 2) promoting environmentally friendly protocols and e-commerce or advancing the development of green value chains. According to the University of Oxford (2022), there are at least 5 ways AfCFTA could facilitate greening industrialization.

- i. First, despite AfCFTA not including any treaty commitments on climate change, there is significant potential to leverage the new agreement to scale climate action. That is, national AfCFTA implementation plans (e.g., trade measures to support climate action by classifying climate goods and services, labelling and certification schemes), for instance, could include climate policy commitments.
- ii. Second, AfCFTA can help strengthen institutional linkages on climate cooperation. This can be attained by strengthening the links amongst the RECs and also with

² A single job in the manufacturing sector is found to generate about 2.2 jobs in other sectors (ECOSOC, 2018).

AfCFTA, contributing to scaling climate action. Third, it can assist African countries pair carbon measures with green infrastructure investments through major infrastructure initiatives (e.g., the EU's Global Gateway and the US's Build Back Better World), building the infrastructure needed for green industrialization.

- iii. Fourth, AfCFTA can help establish a green innovation policy for the continent, support sectoral initiatives (e.g., Glasgow Breakthrough Agenda)³ on cutting-edge technologies that suit Africa's industrialization aspirations, and establish a Green Innovation Fund for the continent to support these initiatives.
- iv. Fifth, it can align trade facilitation and government procurement with climate policy. In this regard countries can (a) prioritize and facilitate trade in climate goods and services, (b) support export market promotion for climate technologies for both intra-African and external trade, and (c) ensure government procurement policy prioritizes the purchase of climate technologies (e.g., renewable energy, and climate-smart agriculture technologies).

I.6 African countries and greening industrialization

9. Despite greening industrialization carrying potential benefits for African countries, including those in Southern Africa, including by providing countries with the opportunity to integrate into an increasingly global green economy, it is not an easy task for these countries to attain this goal (Chema & Jonathan, 2021). Notably, it has proven a challenge for African countries to accelerate economic transformation and industrialization path while observing the required climate action. Furthermore, new technologies and solutions needed for greening industrialization are still expensive and their reliability unproven.

10. Regardless of these complexities, Southern African countries remain committed to moving towards greening industrialization. Most of these countries are highly commodity dependent and lack of economic diversification both of which make the region more vulnerable to natural and external geopolitical shocks. Thus, there is an urgent challenge for the region to accelerate green industrialization, diversify economies, exploit the advantages of digitalization, infrastructure development, regional integration, and leverage AfCFTA implementation.

I.7 The present Ad hoc Expert Group Meeting

11. It is against this background that the United Nations Economic Commission for Africa, Subregional Office for Southern Africa (SRO-SA) commissioned a study on: *Greening Industrialization in Southern Africa through digitalization, infrastructure development and regional integration: leveraging AfCFTA implementation*.

12. The present Ad-hoc Expert Group meeting (AEGM) will enable invited experts and other stakeholders to review the draft study report and ensure that it is fit for purpose. The study is part of SRO-SA's continuous effort to support evidence-based policy making, and provide technical assistance and advisory services to member States on issues pertinent to

³ The Glasgow Breakthrough Agenda was launched at the UN climate change negotiations in 2021, and seeks to make clean technologies and sustainable solutions the most affordable, accessible, and attractive option in each emitting sector globally before 2030.

national and regional development, including the implementation of relevant continental and international agreements. The study findings will contribute to informing the SRO-SA twenty-eighth session of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) for Southern Africa being held back-to-back with the AEGM under the same theme.

II. Meeting Objectives

13. The overall objective of the AEGM is to provide a platform to critically examine the draft study report and ensure its robustness in informing policy and action towards greening industrialization in Southern Africa through digitalization, infrastructure development and regional integration.. In this regard, the meeting as well as the key issues arising from the discussions and recommendations of the meeting will be tabled at the twenty-eighth session of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) for Southern Africa.

14. Specifically, the meeting will:

- i. Identify gaps, provide expert inputs, and further insights to add value and enrich the report;
- ii. Propose revisions, and ensure that the recommendations are appropriate and adequate to inform the finalization of the report;
- iii. Promote experience sharing, including best practices and lessons on greening industrialization in the region and beyond;
- iv. Foster knowledge networking and collaboration on the broader green agenda of Southern Africa.

III. Format

15. The meeting will take one full day and will feature both plenary and breakout sessions.

- i. ***Plenary- presentation and general discussion on the draft report***

16. The draft study report will be presented at the first plenary session. The presentation will be followed by general discussions aimed at seeking clarifications, additional information and providing general comments on key aspects of the report.

- ii. ***Break-out group discussions***

17. Four breakout sessions will be constituted to allow for in-depth review and discussion on the four strands of the theme, namely: (1) supporting green industrialization through digitization; (2) promoting green industrialization through infrastructure development; (3) deepening regional integration in support to green industrialization; and (4) how AfCFTA can promote green industrialization. To kick-start the break-out group discussions, a discussant will share insights on the thematic area assigned to the group. Each group will critically examine corresponding chapters of the draft report using structured guidelines. Furthermore, each group

will review and provide comments, and inputs to the introduction, conclusions and recommendations.

iii. Plenary- presentations and discussion on reports of the break-out groups

18. Each break-out group will make presentations on the findings of their deliberations, and as necessary, provide additional comments and inputs to the assigned chapters/sections of the report. The session will provide an opportunity for interaction and cross-fertilization among the various groups.

19. The meeting *Provisional Programme of Work* is attached.

IV. Expected outcomes

20. The AEGM is expected to lead to the following key outcomes:

- i. Well-articulated expert inputs and recommendations to inform the finalization of the report.
- ii. Appreciation of the imperative to pursue green industrialization to mitigate climate change, bolster inclusive and sustainable economic growth, and improve living standards of Southern African citizens;
- iii. Improved understanding of the state of digitalization, regional integration and infrastructure development and how they can support green industrialization;
- iv. Commitment to accelerate AfCFTA implementation to contribute to the green industrialization drive;
- v. Enhanced collaboration in the implementation of the broader green agenda of Southern Africa.

V. Expected outputs

21. Several outputs will be delivered at the end of the meeting:

- i. A summary of key issues and recommendations from the AEGM;
- ii. The report of AEGM's proceedings;
- iii. Press releases and news stories; and
- iv. Web publications.

VI. Meeting documents

22. The meeting will be informed mainly by the draft study report on *Greening Industrialization in Southern Africa through digitalization, infrastructure development and regional integration: leveraging AfCFTA implementation*. The meeting concept note and programme will guide participation in the meeting. Other ECA reports and publications relevant to the theme will also be shared for information and dissemination purposes.

VII. Participants

23. Meeting participants will include leading experts in the areas of industrialization, trade, infrastructure development, regional integration, private enterprise/business, micro, small and medium-sized enterprises (MSMEs), regional and national business associations. Participants will also include high level representation including recognized experts from academia, government, regional economic communities, national and regional financial institutions, development partners, civil society, and representatives from the African Union organs and agencies and United Nations agencies and programmes.

VIII. Date and Venue

24. The meeting will be held on 24 October 2022. The venue will be at theHotel, Maputo, Mozambique.

IX. Working Language

25. English will be the working language of the meeting. Portuguese interpretation will be provided for.

X. Administrative Information

26. A comprehensive Information Note for participants will be e-mailed prior to the meeting and will also be posted on the SRO-SA website. The Note will contain useful information on organizational logistics and other general information on the hosting country.

XI. Contacts

27. Confirmation of participation, request for additional information and all other communication on the AEGM should be addressed to: Mr. Mundia Hangubo, email: mundia.hangubo@un.org and copied to Mr. Mzwanele Mfunwa, email: mfunwa@un.org.