



United Nations
Economic Commission for Africa

Study on Unleashing the potential of the private sector to drive green growth and job creation in selected countries in Africa

C O N C E P T N O T E

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1. Background and justification

1.1 Context

There is necessity for African countries to pursue green growth¹ pathways and to increase opportunities for employment, and a great potential for the private sector to be a major driver in this course (Brahmbhatt *et.al* (2017), ECA (2015), ECA (2016a). The need for the shift to green growth pathways and to increase employment opportunities is underlined by trends witnessed in the region. Notable of these trends are that growth in Africa has been associated with a growing degradation and depletion of the continent's natural capital as well as waste generation; and creation of few jobs.

The degradation of natural capital is driven largely by heavy reliance on natural resources, low productivity and unsustainable patterns of consumption and production across many sectors (ECA, 2016). For instance, widespread unsustainable methods of fishing have led to declining fish production and stocks. In Africa, 45 per cent of freshwater fish and 58 per cent of freshwater plant species are over-harvested, and 21 per cent of all freshwater species are threatened (UNEP-WMC, 2016). In Ghana, fish production has declined from an average of 289,000 tonnes a year to 203,000 tonnes over the last five years. This trend is projected to continue with marine fish catches in Ghana, Côte d'Ivoire, Liberia, Togo, Nigeria and Sierra Leone expected to decline significantly by 2050 (Rustomjee, 2018). On terrestrial resources, Africa experienced the biggest forest area loss from 1990 to 2015 compared to the rest of the world despite the substantial decrease of the rate of forest loss in Africa from 2010 to 2015. Also, during the period 2010 to 2015, average per capita forest area declined from 0.8 hectares to 0.6 hectares per person (FAO, 2016). Under business-as-usual scenarios, it is predicted that a further 11 per cent of biodiversity in Africa would be lost (UNEP-WMC, 2016). Thus, without sufficient and effective response, high rates of resource degradation will continue to drive resource scarcity and contribute to the high production costs that in turn undermine the global competitiveness of many sectors in the region.

Moreover, being one of the most vulnerable regions, Africa bears a disproportionate burden of climate change impacts which are constraining growth and posing serious challenges to all facets of development in the region. A growing body of literature shows that countries are set to experience reduction in growth because of climate change. According to the United Nations Office for Disaster Risk Reduction, there has been a dramatic rise of 151 per cent in direct economic losses from climate-related disasters during the past 20 years. In their 2018 report, they stated that disaster-hit countries reported direct economic losses totalling approximately \$3 billion between 1998 and 2017 (UNODRR, 2018). In Rwanda for example, projections are that climate change could result in annual economic costs of about one per cent of GDP by 2030 (Government of Rwanda, 2011). The frequency and severity of droughts and floods is growing and causing a huge loss of lives and damage of infrastructure. The damage wrecked by cyclone Idai and Kenneth in March and April 2019 in southern Africa spells worse disasters in the foreseeable future if adequate climate adaptation and mitigation actions are not taken. It is reported that Idai left more than 600 people dead and an estimated 1.85 million people in need in Mozambique alone². The case of these cyclones confirms that in addition to economic losses, countries at the same time have no option but to divert part of their meagre revenues to adapt to climate change impacts. Already it is estimated that some countries deploy up to nine per cent of their GDP to adapt to impacts of climate change³.

Overall, resource degradation in conjunction with extreme climate incidents are derailing development and undercutting the progress towards the achievement of multiple Sustainable Development Goals (SDGs) and Agenda 2063 goals given the important role of natural environment in providing a wide range of resources and services that are vital for the economy and human welfare.

On employment, estimates are that in Sub-Saharan Africa alone, 18 million jobs each year will need to be created until 2035, just to accommodate youth entering the labour market (IMF, 2015). But growth has not created enough jobs (ECA, 2016 and ECA, 2017). As a result, there is a high unemployment rate of young people of 12.4 per cent. The proportion of young people who are not in employment, education or training is

¹ For the purposes of this study, green growth refers to economic growth that entails increased and efficient production and competitiveness while at the same time ensuring climate resilience and maintenance/ increase in the quality, quantity and productivity of natural assets.

² <https://www.unocha.org/southern-and-eastern-africa-rosea/cyclones-idai-and-kenneth>

³ <http://theconversation.com/many-african-countries-are-flooding-risking-decades-of-development-if-they-do-not-adapt-106581>

growing and rose to 29 per cent from 20 per cent in 2010 (ECA, 2019). The region is also characterized by highest rate of informal and vulnerable employment in the world. It is estimated 85.8 per cent and 66 per cent of the total employment in Africa was informal and vulnerable respectively (UN, 2019).

In the face of these challenges, scaling up and accelerating efforts towards resource efficiency, minimization of waste generation and resource degradation, and low carbon and sustainable consumption and production patterns while creating decent jobs is an imperative for countries in the region. Pursuit of green growth pathways is recognized as an important and essential response to this imperative, given the right policies and adequate investment. It is in recognition of the multiple gains that can arise from this growth paradigm that there is now a growing commitment among African countries to pursue inclusive green development (ECA, 2016). Such commitment is exemplified by several countries such as Ethiopia, Ghana, Morocco, Kenya, Mozambique, Senegal, South Africa, Rwanda, Uganda which have adopted green economy strategies. The Nationally Determined Contributions adopted by African countries are recognized as an integral part of a green growth and low-carbon trajectory.

The adoption of green economy frameworks also demonstrates the important role of Government in mapping pathways to green growth. That be the case, studies show that the private sector⁴ including both large and Small and Medium-sized Enterprises (SMEs) is a key actor and has a crucial role to play in the path to green growth and job creation (ECA, 2016; ECA 2016a). The private sector creates large economic output as well as jobs. For example, in low-income countries such as those that dominate Africa, SMEs account for 78 per cent of all employment. They contribute to both employment level and employment growth (Koirala, 2019). Moreover, the private sector is both an investor and a source of finance and drive innovation and technology transfer. In addition, the large environment footprint associated with private sector particularly in contexts with weak safeguard systems and environmental governance, is an indication of the vast scope for private sector driven green growth given the right policies and incentive schemes. According to the African Development Bank⁵, with appropriate conditions, the private sector is expected to take up 75 per cent of the US\$3 trillion investment opportunity offered in Africa by climate change by 2030.

The Green Economy Innovation and Technologies Section has been working on greening the economy from different perspectives, including “Enabling measures for inclusive green growth” as well as “Greening industrialisation, greening value chains and private sector development.” Those studies highlighted the importance of the private sector and the need for targeted enablers to fully exploit the potential of the private sector in the transition towards a green economy.

1.2 Justification

The rationale for this study, which will focus on the private sector, lies in the real need for green growth and job creation and the importance of responding to opportunities and addressing challenges to realize the full potential of the private sector in the pursuit of green growth pathways.

In light of the recognized need for green growth and job creation and the potential contribution of the private sector; this study is intended to provide evidence on green business and identify measures, incentives and conditions that need to be strengthened to spur green investment to generate green growth while creating jobs.

The study will build on other work in the area and contribute to addressing gaps in information on green business and its enablers including policies and regulation, financing, incentives, capacity development needs to scale up private business that can drive green growth and create jobs, in the context of African countries (AfDB⁶; ECA, 2016; ECA, 2016a; Koirala, 2019; Morgado and Lasfargues, 2017; OECD⁷). To this end, the study will particularly focus on following:

⁴ For this study, private sector refers to organisations or firms that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by the government). It includes financial institutions and intermediaries, multinational companies, small, and medium-sized enterprises, cooperatives, individual entrepreneurs, and farmers which operate in the formal and informal sectors. This definition excludes actors with a non-profit focus, such as private foundations. This is adapted from Morgado and Lasfargues (2017).

⁵ Private sector is the key to Africa’s green economic transformation. <https://www.afdb.org/en/news-and-events/private-sector-is-the-key-to-africas-green-economic-transformation-18873>

⁶ ibid

⁷ Private Sector Peer Learning Policy Brief 4. <https://www.oecd.org/dac/peer-reviews/Policy-Brief-4-Private-Sector-Engagement-to-Address-Climate-Change-and-Promote-Green-Growth.pdf>

(i) Identifying, analysing and showcasing examples of existing green business⁸ in key economic sectors. These examples can help demonstrate the business case including understanding the costs and benefits⁹ to the enterprise, of green business. Moreover, private enterprises thrive under particular conditions where challenges and barriers to investment in green business have been addressed. It is for example recognized that without policies for green entrepreneurship, there's serious risk that environmental stresses caused by industrialization will undermine growth. This could shed light on the conservative and uneven distribution of investment in green business. Therefore, in demonstrating the green business case, the study will identify and analyse green business enablers or inadequacy thereof. Such enablers include finance, innovation, technological, knowledge and capacity development and opportunities; and policies and government incentives to maximize green business investments. in the region.

(ii) Based on the existing and potential green business, identifying, documenting and analysing the scope and level of actual and potential and green growth and employment outcomes. This is important given the need for the private sector to generate such outcomes and that many studies have focused on limited components of green enterprises with little analysis on job creation.

(iii) Scalability of the green businesses. This is key promoting green interventions that can deliver high impact and create jobs, conserve natural resources among other results.

(iv) Connected with the three areas of study focus above, ECA (2016) and others have underlined the importance of learning-by-doing approach through sharing best practices and learning from the experiences of others to leapfrog in greening various sectors. As such the study will also explore and identify platforms, forums or alliances at various level, that can be capitalized on or established to strengthen learning, exchange, advocacy and collaboration between private-private and private and public sector to spur green business.

2. Purpose and objectives

The study is intended to generate and provide an evidence and knowledge base to inform and orient private sector decision making and investments and influence the design, and implementation of public policies, programmes and other interventions to upscale private green investments that can generate green growth while creating decent employment.

The overall objective of the study is to strengthen measures and conditions to expand private sector investment that will increase green growth while creating jobs.

The specific objectives of the study are to:

- (i) Strengthen national strategies to expand private sector investment that will increase green growth while creating jobs.
- (ii) Increase knowledge and appreciation of the benefits and opportunities for private sector to invest in green business and increased ability of the private sector to seize business opportunities offered by green growth pathways in selected sectors.
- (iii) Strengthen knowledge, skills and overall capacity of the private sector to identify design and expand investment in green business thereby contributing to green growth and job creation.
- (iv) Strengthen knowledge and capacity of the policy makers to design and implement policies and incentives for private green business to drive growth and employment. In this regard the study will contribute to strengthening the capacity of member States to develop, reform and implement their green economy frameworks and nationally determined contributions (NDCs).
- (v) Strengthen platforms or networks to increase peer learning and collaboration among the private sector and between the private sector and governments.

To achieve the above, the study will generate and provide an evidence and knowledge base to inform and orient private sector decision making and investments and influence the design, and implementation of public

⁸ In this study, green business refers to a profitable business activity that is low carbon, climate resilient, and contributes to efficient use of natural resources, reduces or eliminates waste and pollution or contributes increased availability, quality, or productivity of water, forests, land and other natural assets. As such, green business could also reap benefits including supply chain, input or market stability, climate resilience or tapping into green market opportunities.

⁹ Examples of benefits include increased competitiveness, quality and productivity improvements, reduced costs and reduced exposure to risks including input security (water, raw materials) and corporate social and environmental responsibility.

policies, programmes and other interventions to upscale private green investments that can generate green growth while creating decent employment.

Targeting existing and potential private business in selected sectors, the study will in an interrelated manner:

- (i) Identify, analyse and showcase examples of existing and potential green business in selected economic sectors and present a solid case including costs, returns, benefits and other stimuli for private sector investment in green business.
- (ii) Examine the green business environment, identify and analyse opportunities, enabling factors, challenges that enable or hinder green business to thrive. Such opportunities and factors may include markets, finance, innovation, technological, knowledge and capacity development opportunities and gaps; and policies and government incentives existing and needed to maximize green business investments.
- (iii) Based on the existing and potential green business, identify, quantify and analyse the scope and level of actual jobs created or could be created in the case of potential green businesses.
- (iv) Identify and where possible quantify the level of actual and potential environmental benefits including resources efficiency, climate resilience and reduction in resources degradation and waste generation resulting or could arise in selected private green business investments.
- (v) Identify, describe and analyse the different types and sizes of private green business and assess their scalability and the required conditions.
- (vi) Explore and identify platforms, forums or alliances at various level, that can be capitalized on or established to strengthen learning, exchange, advocacy and collaboration between private-private and private and public sector to spur green business.
- (vii) Identify, assess and present in a succinct format good practices in private green investments, green growth and job creation.
- (viii) Identify and provide key elements of a national strategy and practical action-oriented recommendations that the member States and enterprises could pursue to strengthen measures and conditions and expand private sector investment that will increase green growth while creating jobs.

The study will build on the work of partners and other organisation in the related fields. It will build on and complement ECA's work particularly on greening industrialisation, greening value chains and private sector development. The study will generate, and package action-oriented knowledge products thus contributing to ECA's strategic direction of fostering local responses and adapting global solutions to the continent's problems. Moreover, the study is premised on the importance of and need for innovative solutions and approaches to increasing growth and job creation thus aligning with the ECA's strategic focus on articulating policy options to accelerate economic diversification and job creation in the region.

The study will make substantial contributions to the achievement of many continental and global development goals and targets including those set out in Africa's Agenda 2063, the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. The study will contribute particularly to the achievement of SDGs 2, 7, 8, 9, 12, 13, 14 and 15 and the corresponding goals of Agenda 2063 and nationally determined contributions under the Paris Agreement.

3. Scope

The present study will focus on the potential to upscale green business investment in four selected sectors, namely energy, agriculture, manufacturing, and waste management. Most of these sectors underpin growth in many countries in the region. They also offer huge opportunities for private sector investment. Yet investments in these sectors has always come with high environment foot print. Therefore, steering investments to green business will have substantial green growth and employment outcomes.

A focus on green business sector by sector presents opportunity to identify sector-specific challenges and opportunities and providing tailored responses and policy options to greening private investments in those sectors, notwithstanding the overarching challenges, opportunities and necessary conditions across the sectors. The areas of detailed analysis are as outline under (2) above.

This study will entail a second phase of follow-up actions in 2020-2021 to disseminate the results and to foster their appropriation by national stakeholders.

4. Methodology

The study will entail country case studies to be carried out by six national consultants in six selected countries across the region. These are: Cameroon, Cote d'Ivoire, Kenya, Rwanda, South Africa and Zambia. These countries are proposed on the account of the significance of the selected sectors, the growing private sector and experiences in green investment in some of them, such as Kenya and south Africa. The selection also includes some countries (Cameroon, Cote d'Ivoire and Zambia) that are yet to adopt specific national green economy strategies to be contrasted with countries like Kenya, Rwanda and South Africa that have put in place government green economy frameworks. As indicated under scope above, the study will focus on actual or prospects for green business investment in four sectors namely agriculture, manufacturing, energy and waste management, across the six countries. Value chains in each of the sectors will be examined to identify existing and prospective green business for in-depth analysis as outlined under (2).

The country studies will be based on primary data from inventories/surveys and secondary data and information from various sources. The country case studies will yield six separate country report that will feed into a regional synthesis report to be drafted by a regional consultant.

To enrich the regional report, additional primary data will be obtained through a questionnaire survey which will be conducted by a regional consultant in other 11 countries in the region, listed below. The questionnaire will be sent out by email and completed by respondents including from selected private sector, ministries/agencies responsible for the selected sectors, and civil society organisations.

Table 1: Proposed list of countries for the questionnaire survey

	Country
1.	Algeria
2.	Angola
3.	Cabo Verde
4.	Congo Republic
5.	Ethiopia
6.	Ghana
7.	Morocco
8.	Mauritius
9.	Mozambique
10.	Senegal
11.	Uganda

The regional consultant will enrich the synthesis with secondary data drawn mainly from desk reviews of work and official records in the areas related to the study and complemented with other appropriate sources. Official records will, among other uses, be important in analysing policies and strategies, providing insights on policy objectives, trends and shifts in government priorities, and the linkages green growth and private sector investment in selected sectors.

Terms of Reference (TORs) will be prepared to engage six national consultants and a regional consultant with strong back ground in green economy and private sector development and strong experience and presence in the six selected countries and in Africa. Among the key tasks in the consultancy TORs will developing the conceptual and analytical frameworks, preparing the questionnaires, conducting the survey, identifying platforms, forums or networks at regional and global level and drafting and revising the reports.

An experts' inception meeting will be convened as an integral part of the study. The Inception meeting will be informed by a background paper on the study. The meeting will be attended by experts drawn from the targeted case study countries, private sector companies/associations, civil society and study partners. The objectives of inception meeting will be to strengthen the design and gain a common understanding of the study including rationale and expected benefits, objectives, methodology/approach, key terms/concepts, expected outcomes and outputs, and timelines; enhance ownership of the study by the target countries and partners;

clarify roles, responsibilities and constraints; explore and identify resources including, information sources, interviewees; and build a team that can be relied upon to support the study.

The regional (synthesis) report and the six country case study reports will be reviewed internally at the level of ECA and externally by partner and collaborating institutions. The report will also be tabled for external peer review at an experts' group meeting attended by representatives of private sector, government policy makers, experts in the field of green economy, climate change and private sector development. Feedback from the peer review process will inform the refinement, enrichment and finalization of the report synthesis report case study reports.

Follow-up activities to this study will include dissemination of the results in each participating country as well as at identified platforms. Some examples of such activities might be: a national meeting with key stakeholders to present results and main findings of the study; a training programme designed in collaboration with selected countries and identified platforms.

5. Outcomes and outputs

5.1 Expected outcomes

The study, followed by the outreach activities, is expected to lead to following outcomes:

- (i) Strengthened national strategies to expand private sector investment that will increase green growth while creating jobs.
- (ii) Increased knowledge and appreciation of the benefits and opportunities for private sector to invest in green business and increased ability of the private sector to seize business opportunities offered by green growth pathways in selected sectors.
- (iii) Strengthened knowledge, skills and overall capacity of the private sector to identify design and expand investment in green business thereby contributing to green growth and job creation.
- (iv) Strengthen knowledge and capacity of the policy makers to design and implement policies and incentives for private green business to drive growth and employment. In this regard the study will contribute to strengthening the capacity of countries to develop, reform and implement their green economy frameworks and nationally determined contributions (NDCs).
- (v) Strengthened platforms or networks to increase peer learning and collaboration among the private sector and between the private sector and governments.

5.2 Expected outputs

The study shall produce the following outputs

- (i) A regional (study) on Unleashing the potential of the private sector to drive green growth and job creation in selected countries in Africa. This report will contain a synthesis of the findings of the 6 case study reports supplemented by findings from literature review and findings from questionnaire survey in other countries in the region.
- (ii) Six country (case study) reports on unleashing the potential of the private sector to drive green growth and job creation in selected countries in Africa
- (iii) Policy briefs and web publications;
- (iv) Two experts peer meetings.

6. Collaboration and partnership

At the level of ECA, the Green Economy, Innovation and Technology and Natural Resources Section (GENRS) of the Technology, Climate Change and Natural Resources Management Division (TCND) will lead the study working together with the African Climate Policy Centre and in collaboration with Natural Resources Management Section, Private Sector Development and Finance Division and ECA subregional Offices who will actively interface with the countries and Regional Economic Communities (RECs) in the subregion. Beyond ECA, the key partner in the study is the Africa Regional Office for the Global Green Growth Institute. Other partners such as AUC, UNEP and FAO will be invited to contribute to the study.

7. Activities and timeline

Table 2 summarizes the main activities and time frames for the study process.

Table 2: Activities and timeframe

Main Activity	2019												2020											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Drafting and finalization of the concept note							X	X																
Preparation of TOR and recruitment of consultants								X	X	X														
Regional Experts inception meeting										X	X													
Carrying of the Studies										X	X	X	X	X	X	X	X							
Submission first draft national reports													X	X	X	X								
Submission first draft of regional report																X	X	X						
Internal and external (experts meeting) peer review and feedback																X	X	X						
Finalization of reports																		X	X					
Publication and dissemination																				X	X			

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