Policy Frameworks for Green Growth in Developing Countries

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Outline

1. Global and Regional Specific Challenges

2. Rationale for Green Growth in Developing Countries


4. What’s Next?
World primary energy demand between 1980 and 2050

Global freshwater demand between 2000 and 2050

Global premature deaths from selected environmental risks: Baseline, 2010 to 2050
Regional impacts from climate change

- **Africa**: by 2020, between 75 and 250 million people are projected to be exposed to increased water stress; yields from rain-fed agriculture could be reduced by up to 50% in some regions by 2020; agricultural production, including access to food, maybe severely compromised.

- **Asia**: Freshwater availability projected to decrease in Central, South, East and Southeast Asia by the 2050s; costal areas will be at risk due to increased flooding; the death rate from diseases associated with floods and droughts is expected to rise in some regions.

- **Latin America**: gradual replacement of tropical forest by savannah in eastern Amazonia; risk of significant biodiversity loss through species extinction in many tropical areas; significant changes in water availability for human consumption, agriculture and energy generation.
Specific Challenges in Africa

- **Poverty and job creation**: 47% of the African population still lives below the $1.25 per day poverty line.

- **Hunger and Food Security**: Need to increase by 70% global food production by 2050 (due to population growth and change in consumption patterns). Agriculture is the key to reducing hunger in Africa (33 to 35% of population in SSA is malnourished) – but productivity is low.

- **Natural Capital Degradation**: 24% of per capita wealth in LIC, 12% in MIC and 2% in OECD.

- **Accelerating Urbanization**: By 2030, 50% population will be in urban areas, yet there is a large infrastructure gap in Africa.

- **Lack of Energy, Water and Sanitation Access**: 74% of Africans still lack access to electricity, more than 1/3 of the 884 million people today have no access to safe drinking water live in SSA.

*To tackle these challenges, a new growth and development model is required.*
...to start with, a definition of Green Growth

Green growth is about fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. To do this it must catalyse investment and innovation which will underpin sustained growth and give rise to new economic opportunities. (OECD, 2011)

- Green growth must lead to short-term mainstream improvements – more GDP, jobs, poverty reduction, social equity
- ...as well as long-term resilience and resource security
What should GG policies deliver for all countries?

**ECONOMIC BENEFITS**
1. Increases GDP
2. Incentivises ecosystem service production
3. Increases economic diversification
4. Stimulates innovation and use of green technologies

**ENVIRONMENTAL BENEFITS**
5. Increases natural resource productivity
6. Uses natural capital within ecological limits
7. Uses non-renewables to increase capital base
8. Reduces adverse environmental/climate impact and improve resilience

**SOCIAL BENEFITS**
9. Increases livelihood opportunities and income, especially poverty reduction
10. Creates and sustains decent jobs
11. Enhances social, human and knowledge capital
12. Improves inclusion and equality
OECD Proposed Green Growth Framework for Developing Countries

National Planning and Goal-setting:
GG mainstreamed into existing plans / GG umbrella plan

• GG integrated into existing econ, env, social, sectoral policies and strategies
• Umbrella National GG Strategy developed if needed
• Strengthen enabling conditions for Green Growth

GG Policy Instruments:
Proven and promising incentives to deliver GG

• Environmentally-harmful Subsidy Reform
• Environmental Fiscal Policy Reforms
• Payments for Ecosystem Services
• Inclusive Green Social Enterprise
• Sustainable Public Procurement Certification of Sustainable Production
• Green Investment Policies e.g. For energy
• Green Innovation Policies

GG Institutional Mechanisms:
Stakeholders linked for continuous improvement

• Councils and Inter-Ministerial Coordination Mechanisms e.g. for Sustainable Development, etc.
• Green Accounting / alternative measures
• Public Expenditure Review
• Strategic Environmental Assessment
1. **Green Growth Strategies** in Ethiopia and Rwanda

2. **Green Growth Policy Instruments**
   - Sustainable public procurement that empower disadvantaged groups in South Africa
   - Environmental fiscal reforms – e.g. Forest Taxation Regime to promote sustainable forest management in Cameroon.
   - Green energy investment frameworks in Kenya and Uganda

3. **Institutional mechanisms**
   - Water Accounting in Namibia has led to improved water management. Public Expenditure Reviews in Malawi highlighted the cost of environmental degradation
How can the global community help?

**ENHANCE CAPACITIES**
- mainstreaming GG in plans, budget, sector operations

**PROMOTE GREEN TECH**
- help developing country science
- ease tech transfer and IPR use

**DEVELOPING COUNTRY GG POLICY FRAMEWORK** - driven by national stakeholders

**STRENGTHEN DEV CO-OPERATION**
- leverage private investment
- mainstream GG and env in dev programme

**POLICY COHERENCE**
- whole-of-gov
- avoid offshoring unsustainability
- public/consumer awareness

**FACILITATE TRADE in Env Goods and Services**
- harmonise international SD standards
- build env services markets
Trends in ODA to the Environment, 2001-2010

Bilateral commitments, annual average, constant 2010 price

Environmental-related ODA at Sectoral Level, 2009/10

(% share marked as environmental related)

Bilateral commitments, annual average, constant 2010 price
Top DAC donors support to environment in Africa

USD million commitments, average 2009-10, constant 2010 price

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<td>Norway</td>
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Beyond ODA... Energy sector in Africa
Grants, concessional and non-concessional loans

Annual average commitments, constant 2010 price, all donors (USD million)

While aid for energy rose, non-concessional energy finance rose even faster.
What’s next?

• **Green Growth is assuming greater importance** in partner country strategies, development co-operation programming and South-South Co-operation.

• **OECD will continue to improve its policy framework** for green growth, working with developed and developing countries, and will encourage donors to provide more and better assistance to promote green growth.

• **Regional Workshops in Africa** early 2013 with the African Development Bank, and 2-3 case studies (including Ethiopia).

• **Green Growth and Developing Countries Report** will be published in early 2013.
Thank You For Your Attention.

For more information

www.oecd.dac/greengrowth