GREENING AFRICA’S INDUSTRIALIZATION

Fatima Denton
Director, Special Initiatives Division,
ECA
3 April 2016
Towards an inclusive development agenda for Africa

• Agenda 2063 – the Africa we want

• SDGs – leaving no one behind

• Structural transformation is a conduit for achieving Africa’s development agenda

• Industrialisation, particularly commodity based, is the engine for this transformation

• Compelling case for resource-efficient growth

• Hence greening industrialization makes sense
What is green industrialisation?

• Decoupling resource intensity and production at the plant/farm level as well as in systems

• Decoupling spans countries, sectors and value chains

• Supply chains driven by final demand, governed by mix of regulations + incentives
Why green industrialization?

- Propitious global environment – right time / golden opportunity
- Late comer and low emissions advantage to leapfrog to championing and be a forerunner
- To gain greater control and ownership of development agenda
- Plug into the global economy
- Increased productivity
- Job creation and inclusion
Why green industrialization?

Safeguard environment (through resource efficiency) for future generations

Diversification for structural transformation for control and ownership

Benefit from resource efficiency and go further in development agenda since resources are finite

Gain latitude to configure and strengthen institutions

Decisions today will have profound implications for patterns of growth and consumption
Low green house gas emissions

- Africa’s contribution to emissions and environmental degradation is low

Global: 49 giga-tonnes
Africa’s share < 2Gt
What does it take to green?

• Changes at the margins will not do – a bold leadership is required

• An enabling environment rooted in strong governance, financial resources, technological capacities and skills that will drive the new trajectory

• Need for clear incentives, clear directions, and institutional design that will drive the agenda

• Trigger current supply chains linking natural resources to markets – value chain that will create more value added and help in diversifying economies
Which sectors for a transition?

• Production sectors:
  ✓ Extractives, agro industries, manufacturing

• Enabling sectors:
  ✓ Energy, water and transport

Using the value chain as entry point for decoupling
Greening approach

- Develop a green industrialization vision and strategy, building on industrial policy frameworks, processes and institutions
- Translate vision and strategy into policies, including shifts in government regulation, expenditure and fiscal measures
- Ensure that policies are “joined up” and reinforcing, and attune policy ambition to delivery capability
- Involve the full range of stakeholders in the design and delivery of policies
### Examples of country case studies

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Systemic component</th>
<th>Greening Drivers</th>
<th>Greening stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agribusiness in Côte d'Ivoire</td>
<td>Greening of value chains</td>
<td>Final markets in high income economies</td>
<td>Lead TNC and local firms</td>
</tr>
<tr>
<td>Bio-ethanol in Malawi</td>
<td>Coordination between retail, industrial and agricultural sectors</td>
<td>Government policy</td>
<td>Mainly government with growing private sector participation</td>
</tr>
<tr>
<td>South Africa renewable energy</td>
<td>Joined up government policy</td>
<td>Government policy, opportunities for investors to multiplying jobs. Falling PV prices, high demand for energy, funders ready to invest</td>
<td>Mainly government with growing private sector participation</td>
</tr>
<tr>
<td>Mauritian Blue Economy</td>
<td>Systemic approach towards marine and water sector</td>
<td>Government policy</td>
<td>Primarily government with growing private sector participation</td>
</tr>
<tr>
<td>Light manufacturing, Hawassa industrial EcoPark, Ethiopia</td>
<td>Greening of the value chain</td>
<td>Competitive advantage in export markets</td>
<td>Government in collaboration with predominantly foreign owned lead firms</td>
</tr>
</tbody>
</table>
Examples of country case studies – Plant-level decoupling

- Monitoring Energy Use at Brewery in Ghana
- Monitoring Water Usage at Brewery in Ghana

- RFO consumption (ltr / mt)

- Water Intensity (HL/HL)
Examples of country case studies
Motivations for plant-level decoupling

• Strategic long term survival of the business

• Need to drive down costs through localization of the value chain and resource efficiency, especially owing to shortages of suppliers of inputs – e.g. feedstock, water and electricity

• Complying with environmental legislation

• Meeting customer needs and participating in global markets

• Need to improve performance relative other companies

• Good relations with the community, and employee health and safety
Recommendations

1. Put in place macroeconomic policies and the incentives to drive green industrialisation, including appropriate pricing of water and energy as key inputs to the industrialisation process.

2. Leverage limited public resources to attract transformative private sector investments in infrastructure for agriculture, water, energy, cities and transport as well as regional trade and innovation as key enablers of green industrialisation.
Recommendations

3. Build inclusion in the green industrialisation agenda by designing policies and instruments that enable different groups to participate, recognizing existing imbalances between the rich and the poor and between urban and rural populations.

4. Build platforms for shared learning for systemic greening by promoting collaborative research and development, data collection and availability, as well as south-south and triangular cooperation.
Recommendations

5. Develop innovative financial instruments to mobilise resources for green industrialisation, including the use of green bonds, diaspora bonds, domestic resource mobilisation, curbing fossil fuel subsidies, and fiscal efficiency.

6. Play a more decisive role in global governance negotiations on trade, climate change and finance to better use its abundant land, water and energy sources and a young and increasingly better educated population.
Thank you