



AIDE-MEMOIRE

Ad hoc Expert Group Meeting for the Report on Inclusive Green Economy Policies and Structural Transformation in Selected African Countries

1. Background

1.1 Africa's structural transformation

African countries have in the past collectively and individually undertaken a number of measures including reforms to address the economic challenges faced by and foster economic transformation in the region. Key regional initiatives include the adoption of the Lagos Plan of Action of 1980 for economic development and the Abuja Treaty of 1991 as well as the New Partnership for Africa's Development (NEPAD) of 2001 as a programme for socio-economic transformation of the continent. In addition, since the mid-1990s many African countries have carried out effective macroeconomic management reforms. These reforms include the adoption of pro-growth policies.

African economies have over the last decade recorded sustained and impressive economic growth rates. In 2013, growth rates averaged 4.1 per cent, just below East and South Asia, but almost double the global average. High global commodity prices, increased domestic demand, and improved economic governance and management, among others, accounted for this strong economic performance. Medium-term growth prospects remain strong with the average Gross Domestic Product (GDP) growth rate projected to accelerate to 5.0 per cent in 2014 and 5.1 per cent in 2015 (UNDESA, 2014).

Despite the remarkable economic performance and progress made in addressing some of the key socio-economic challenges particularly in the areas of health, education, gender empowerment and extreme poverty, Africa has the lowest levels of human and social development. The continent remains home to the world's highest proportion of poor people and is off track to meeting other key MDGs. Youth unemployment in 2012 is estimated at 23.7 per cent, for North Africa and 11.8 per cent for Sub-Saharan Africa (ILO, 2013). On average about 72 per cent of the youth population in Africa lives on less than two dollars a day. Africa's impressive growth can therefore be described as largely non-inclusive because of its limited contribution to job creation and overall improvement to people's living standards (ECA, 2011).

The challenge confronting the region therefore is not only to maintain, but to translate the rapid economic growth into sustained and inclusive development, based on economic diversification that creates jobs, contributes to reduced inequality and poverty rates, and enhances access to basic services. This underlies the renewed calls by and consensus among African countries for a structural transformation that would effectively respond to the challenge outlined above.

Conceptually, structural transformation entails systematic changes in sector contributions to output as economies grow. Essentially, four interrelated processes define the structural transformation

process: i) a declining share of agriculture in GDP and employment; ii) the rapid process of urbanization as people migrate from rural to urban areas; iii) the rise of a modern industrial and service economy; and iv) a demographic transition from high rates of births and deaths (Timmer, 2012).

Structural transformation of African economies will involve a shift in both employment and output from its dominant agriculture-based economies, with acute dependence on natural resources; towards an economic structure based on industry and modern services, with strong employment potential, more equitable distribution of income, diversified manufactured goods, commodity-based value addition, enhanced resilience to global shocks; and greater regional integration. In effect, in a transformed Africa, economic successes will generate employment, create wealth, reduce poverty, minimize inequalities, strengthen productive capacities, optimize natural resources usage, enhance social conditions of its people and achieve sustainable development. The transformation will also see a more accountable and representative governance systems with effective policies, institutions and improved global interdependencies.

Industrialization is considered essential to economic transformation and has received renewed focus in Africa's development discourse. It is traditionally a significant source of employment generation, addressing poverty and inequalities in both developed and developing countries. Other factors that have been identified as necessary drivers of economic transformation in the region include capitalizing on the demographic dividend; strengthening the role of the State; investing in infrastructure, human capital and developing skills; transforming agriculture and diversifying economies; promoting innovation and technology transfer; addressing the daunting challenge of climate change; and promoting trade and accelerating regional integration (ECA 2013(a)).

1.2 Inclusive green economy (IGE) and its significance in achieving structural transformation in Africa

Green Economy is increasingly being recognized as an approach that can be used to achieve sustainable, inclusive and resilient economic growth while at the same time enhancing the productivity and efficient use of natural resources. Coined in 1989 (Pearce *et al.*, 1989), the concept of green economy rose to clear prominence and relevance in 2008/2009 during the search for solutions to the financial, energy and food crises, as well as the challenges posed by climate change and environmental degradation. During this period, the UNEP Global Green New Deal (GGND) made a major contribution towards shaping the concept of green economy and generated a strong case for the greening of the various stimulus packages as a strategy for responding to the diverse crises. The GGND sought to among others make a contribution to reviving the world economy; and to reduce carbon dependency and ecosystem degradation thereby placing economies on a path to clean and stable development (UNEP, 2009).

The advent to and the United Nations Conference on Sustainable Development (Rio+20) in June 2012 and the UNEP Green Economy Report released in 2011 generated greater attention and provided more clarity on the concept and importance of green economy in *sustainable development and poverty eradication*. The UNEP report defines a green economy as “one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services” (UNEP, 2011). A green economy therefore has the potential to provide opportunities for sustained

economic growth, job creation, poverty eradication, and environmental sustainability including climate change adaptation and mitigation.

While UNEP's definition of green economy encapsulates the imperative of *improved human well-being and social equity*, there is increasing recognition of the need to bring to the fore all three dimensions of sustainable development, namely; economic, social, and environmental, hence the term *Inclusive Green Economy*, which has gained traction. For the purpose of this report the term Inclusive Green Economy and Green Economy are used interchangeably.

Rio+20 recognized Green Economy as one of the important tools available for achieving sustainable development and poverty eradication and that it could provide options for policymaking. In order to promote the transition to green economy the outcome document calls on organizations of the UN System, other international organizations and donors to assist countries in their green economy transition, by among others providing information on models or good examples of policies and best practices in applying policies on green economy in the context of sustainable development and poverty eradication at all levels.

Given Africa's low levels of consumption, and the need to meet basic needs and eradicate poverty, structural transformation in the region will be justifiably associated with an inevitable increase in the uptake of resources, and the development and use of infrastructure, particularly energy and transport for industrialization. Adopting Inclusive Green Economy approach to their structural transformation could enable African countries to ensure efficient, equitable and sustainable use of their natural resources and reduce the adverse impacts of economic growth. In order to be inclusive and sustainable, structural transformation should be resource efficient and decoupled from social inequalities, environmental degradation and climate change, which are already posing serious limitations to growth. Moreover, the high dependence of Africa's economies on natural resources signifies increased and sustained pressure on these resources. As such minerals, forests, land, water and marine resources need to be efficiently and sustainably harnessed. The transition to an inclusive green economy would enable African countries to respond to these challenges and could inject momentum to, and complement the key drivers of structural transformation identified in section 1.1 above. In the context Africa's structural transformation, IGE could in particular play an important role in accelerating and promoting sustainable industrial development; boosting overall and renewable energy production, access and efficiency; increasing agricultural productivity and production in a sustainable manner; harnessing Africa's natural resources endowment sustainably; expanding trade opportunities; and creating jobs.

However, the shift to an inclusive green economy will require an intricate array of measures that would foster sustained high and equitable growth that creates jobs and reduces poverty while enhancing the stock and productivity of ecological assets. One of the essential enabling measures is the adoption of effective inclusive green economy/growth policies and strategies. Such strategies and policies are necessary in providing the overall strategic direction and incentives for coordinated adoption and implementation of various measures and actions needed to transition to an inclusive green economy taking into account national development priorities. These frameworks can provide a clear, predictable and stable policy environment that can create the confidence required particularly for investments to support the transition (ECA and UNEP, 2013a). In this connection, inclusive green economy policies are crucial to unlocking the non-financial and financial barriers to the transition to inclusive green economy that will contribute to the region's transformation agenda.

There are already in existence a wide array of policies and policy instruments that countries can develop or adapt and apply to foster the shift to inclusive green economy. The choice of policies will

of necessity depend on country specificities including the level of development and structural transformation priorities and objectives. Some countries have already adopted green economy/growth policies and strategies. These include Rwanda which has developed a Green Growth and Climate Resilient Strategy. Others are Ethiopia that has adopted, and is implementing a Climate Resilient Green Economy strategy; Mozambique has developed its Green Economy Roadmap which was later developed into Green Economy Action Plan; and South Africa that has adopted its New Growth Path, which integrates the transition to a green economy. Other countries in the process of developing their strategies and action plans include Kenya and Ghana.

Inclusive Green Economy policies on their own are not sufficient to enable African countries to make a successful shift to a green economy. In order to be effective, these policies need to be adopted and implemented alongside other enabling measures such as good governance and institutions, financing, technology innovation and transfer, capacity development and trade facilitation. In the first place these measures drive and support the development and adoption of effective IGE policies. Secondly, implemented in concert with the policies, an overall enabling environment will then be created to foster the transition.

2. Justification for the study on IGE and Structural transformation

In light of the above and prompted by the international attention to the green economy concept and aware of the interdependency of economies in an increasingly globalizing world, the transition to a green economy and its implications for Africa has been deliberated on at several regional fora. These include: the African Ministerial Conference on the Environment; the African Union Conference of Ministers of Economy and Finance and the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development; the Seventh African Development Forum; and African Union Summits. The various platforms recognized the importance of the concept in furthering sustainable development in the region and called on the international community to support Africa in this transition.

Against this backdrop, a study on *Inclusive Green Economy Policies and Structural Transformation in Selected countries* is being commissioned to contribute to responding to various calls made on IGE including the following:

- (a) The Africa consensus statement to Rio+20 requests ECA and partner to support Africa's sustainable development efforts, including through supporting the development of inclusive green growth policies and strategies in the context of sustainable development and poverty eradication.
- (b) Rio+20 calls upon UN entities and other partners to support developing countries upon request to achieve sustainable development including through, inter alia, green economy policies in the context of sustainable development and poverty eradication (UN, 2012).
- (c) During the Africa Regional Implementation Meeting (RIM) held in 2012, African countries committed themselves to put in place an enabling environment that would strengthen partnership with civil society, the private sector and other stakeholders, and enable business and industry, to ensure that green growth contributes to the overarching goal of poverty eradication. They also called upon the international community "to mobilize additional financial resources to support African countries that so decide to develop and implement inclusive green growth strategies and plans" (ECA, 2013b).

- (d) At the same RIM, African countries called on ECA, AUC, AfDB, UNEP, UNDP and other regional partners to support Africa's sustainable development efforts, including through supporting the development of inclusive green growth policies and strategies in the context of sustainable development and poverty eradication.
- (e) The Fifth Special Session of AMCEN launched the African Green Economy Partnership (AGEP), as part of the five Regional Flagship Programmes to be developed for the implementation of Rio+20 Outcome in the Region, and with the purpose of providing a more coordinated support for Green Economy in the region.
- (f) The 7th Joint ECA Conference of African Ministers of Finance, Planning and Economic Development and the AU Conference of Ministers of Economy and Finance in 2014 among others calls upon the African Union Commission, the Economic Commission for Africa, the African Development Bank and other development partners to support African countries in strengthening their capacity to formulate, adopt and implement inclusive green economy policies in the context of accelerating structural transformation in the region.

3. Objective of the study

The studies are aimed to explore the linkages and contribution of inclusive green economy policies and strategies to the structural transformation of selected African countries. The intent is to enhance understanding, and promote the adoption of inclusive green economy policies that will contribute to achieving structural transformation goals in Africa.

In this connection, the Green Economy Section of the Special Initiatives Division (SID) of the United Nations Economic Commission for Africa (ECA) commissioned the preparation of country reports on the same in five (5) countries, namely; Burkina Faso, Ethiopia, Gabon, Mozambique, and Tunisia. Questionnaire surveys were administered in eight (8) others- Cameroon, Ghana, Kenya, Mauritius, Republic of Congo, Rwanda, Senegal and South Africa. Information on inclusive green economy in Morocco was obtained from the country profile prepared by the ECA Subregional Office for North Africa.

The draft report that will be tabled at the meeting was informed by the above-mentioned resources, and a review of relevant literature.

4. Ad hoc Expert Group Meeting for study report

The meeting is being organised by the Green Economy and Natural Resources Section (GENRS) of the Special Initiatives Division (SID) of ECA.

(a) Objectives

The overall objective of the meeting is to enable participants to deliberate on, and provide inputs and comments to validate and enrich the *Report on Inclusive Green Economy Policies and Structural Transformation in selected African countries* in order to inform its finalisation. The specific objectives of the meeting are to:

- (i) Review the report, with a view to identifying gaps, provide expert inputs, and propose revisions to form the basis for finalizing it;

- (ii) Identify key elements to inform the key messages of the report; and
- (iii) Provide a platform to enhance understanding, multi-stakeholder dialogue, networking and coordination on inclusive green economy policies and structural transformation in Africa.

(b) Format of the meeting

The key input to the discussions at the meeting will be the draft report on Inclusive Green Economy Policies and Structural Transformation in Selected African countries.

The meeting format will comprise three substantive sessions:

(i) Plenary - General presentation and discussions on the draft report

Following the opening of the meeting, the draft report will be presented at a plenary. Particular focus will be on the following:

- Background/introduction
- An overview of the macro-economic framework in the context of IGE
- IGE policies and their role and significance in fostering structural transformation
- Enabling measures for inclusive green economy
- Analytical tools and methodologies for integrated assessments of inclusive green economy policies and strategies.

The presentation will be followed by brief discussions aimed at seeking clarifications and providing general comments on the key areas of the report.

(ii) Groups discussions - Breakout groups to undertake in-depth review and discussions of the report

After the plenary general presentation and discussions of the report, participants will be divided into break-out groups. Each group will be assigned to critically examine and discuss, using structured guidelines, specific chapters/sections of the draft report:

Additionally each group will review and provide comments and inputs to the following:

- (a) Analytical framework
- (b) Challenges and opportunities
- (c) Recommendations; and
- (d) Key policy messages

Each group will document and present for discussion at the plenary, its comments, inputs and recommendations to feed into finalizing the assigned main area and other shared chapters/sections of the report.

(iii) Plenary - Presentations and discussion of reports of the break-out groups

During this session, each break-out group will make presentations on their breakout discussion, and provide additional comments and inputs to the areas of the report assigned. The session will also provide an opportunity for interaction among the groups, with particular focus on the analytical framework, challenges and opportunities, policy recommendations and key policy messages.

(c) Expected Outcomes

The main outcomes expected from the meeting are:

- (i) Agreed upon elements and modalities for finalizing the draft report.
- (ii) Key policy messages on the report.
- (iii) Enhanced understanding, networking and coordination on inclusive green economy policies and structural transformation in Africa.

(d) Expected outputs

The main outputs of the ad hoc Expert Group Meeting will be:

- (i) The report of the meeting including participants comments, inputs and recommendations for enriching the draft report;
- (ii) Agreed upon elements/inputs for finalizing the key messages; and
- (iii) Web publications.

5. Participation

The meeting will bring together about 70 participants including policy makers, experts and practitioners from the fields of green economy, economic planning, finance, environment, social development, including gender and labour, as well as from relevant sectors of the economy. Participants will be drawn from government institutions, the private sector, academia and civil society organisations. Other participants will be drawn from United Nations agencies, and regional and subregional organizations.

6. Date and venue

The meeting will be held on **24 and 25 November 2015** at the United Nations Conference Centre, ECA, Addis Ababa, Ethiopia.

7. Language

Simultaneous interpretation in English and French will be available during plenary sessions.

8. Administrative arrangements

(i) *Registration and identification badges*

Participants are required to register and obtain identification badges prior to the opening of the meeting. The venue for registration will be the Delegates Registration Bureau. The participants should bring along their invitation letters and personal identification for registration purposes. For identification and security reasons, all participants should wear their badges at all times.

(ii) *Documents*

Participants will be sent the aide memoire, agenda and programme of the meeting as well as the draft report ahead of time.

9. Contacts

All communication on the meeting should be addressed to:

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