

# The Role of the Industrial Sector in the Development of Green Economy in North Africa

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**Expert Group Meeting**

4-5 March 2015, Rabat, Morocco

## Aide Memoire



UNITED NATIONS  
Economic Commission for Africa  
Office for North Africa



## Context and background

The United Nations Conference on Sustainable Development held in June 2012 (Rio+20) ranked green economy as one of the major international concerns, highlighting that the current consumption and production methods relating to economic and population growth have led to overexploitation of natural resources and seriously damaged the environment and ecosystem balance. Good environmental governance and the optimization of scarce resources are even more crucial in such a context that is highly vulnerable to climate change and economic and budgetary constraints.

Green economy tends to recognize the natural capital value that constitutes the foundation of economy. It aims at maximizing the efficient use of natural resources, significantly reducing environmental risks, creating jobs and new sources of income, and ultimately resulting in improved human well-being<sup>1</sup>. Green economy is based on the concept of sustainable development, which is part of a holistic three-dimensional approach: economic, environmental and social. A green economy will help meet future Sustainable Development Goals (SDGs).

Efforts carried out by international and regional institutions<sup>2</sup> in recent years have shown that the ecological transition of the economy may potentially create new jobs and increase the competitiveness of businesses and thereby of the economy as a whole. The study "Vision 2050" of the World Business Council for Sustainable Development<sup>3</sup> estimates that the creation of value in the closely related environmental sectors (energy, agriculture, water, etc.) is expected to increase by nearly USD 4.1 trillion by the year 2050.

Many countries around the world, particularly in Africa, have already adopted economic or green growth strategies. Others have engaged in a gradual "learning" process which aims at better understanding not only the issues and opportunities, but also the implications of reforms relating to such a transition, taking into account their respective contexts (resources, institutional and human capacities, constraints, etc.), as well as their development priorities. This is the case of North African countries which are facing major challenges relating to economic diversification, competitiveness, industrialization, sustainable job creation particularly for the youth, energy and food security, reduction of social and spatial inequalities, towns and coastal areas development, adaptation to climate change, environmental protection, and sustainable management of natural resources and sensitive ecosystems.

In this region, countries' economic performance largely depends on the exploitation of their natural resources (mining, phosphates and food processing, energy production, industry and tourism) whose added value remains well below potential. The sustained pressure exerted by productive activities on this natural capital is threatening the balance of ecosystems (biodiversity loss, overexploitation of resources, pollution and climate change), human well-being (health, safety, income and migration) and economic sustainability, and ultimately adversely impacting public spending because of the entailed environmental costs. In Algeria, the cost of the damage incurred as a result of climate change is estimated between 1.3% and 4.3% of the 2009 GDP (source: ANCC). Economic losses, coupled with the public health costs resulting from

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1 UNEP definition: [www.unep.org/greeneconomy](http://www.unep.org/greeneconomy)

2 OECD, UNEP, ILO, UNIDO, FAO, UNCTAD, ECA, AFDB, WB, UNRISD, AFED, GIZ, Blue Plan...

3 WBCSD, 2010. [www.wbcsd.org/vision2050.aspx](http://www.wbcsd.org/vision2050.aspx)

environmental degradation, were also estimated at 7.23% of the 1998 GDP (source: Ministry of spatial Planning and the Environment, 2002). In Tunisia, the overall cost of water degradation was estimated at 0.6% of the GDP (OTEDD, 2004).

Furthermore, governments and businesses should work together to preserve natural resources, limit greenhouse gas emissions and turn investments towards the development of new sectors. Different studies conducted by the North African countries have identified several priority areas, including renewable energy, energy efficiency, clean transport, recycling and reuse of household and agricultural waste, water management and sanitation, sustainable agriculture, eco-tourism, environment-oriented industries and services. In Algeria, for example, the sector of "household waste reuse" (6.1 million tons of which only 5% is recycled) could generate a turnover of about DA 23 billion, that is 230 million Euros<sup>4</sup>. According to a study undertaken in 2012 by the Millennium Institute<sup>5</sup>, a green investment of 2% of the GDP over a five-year period could create about 300,000 direct jobs in Tunisia in such areas as construction, agriculture, energy and water, representing over 9% of the total number of jobs. In Morocco, the renewable energy development program (solar and wind) will help save 2.5 million of TOE and avoid the emission of 9.5 million tons of CO<sub>2</sub>/year<sup>6</sup>.

The state plays a fundamental role in promoting green economy through the setting up of an enabling global framework and the necessary reforms to encourage investment and innovation, foster the change of production and consumption practices, and support capacity building and partnerships development among key stakeholders (industrial sector, research institutes, banks, civil society, etc.). However, breaking with the "business as usual" model can take place only through the involvement of the business and industrial community. The resolute steps taken by some companies to reduce their environmental impact and promote sustainable development practices (eco-responsibility, environmental management system, CSR) remain generally hampered by critical uncertainties relative to their role and future in the co-construction of a green economy and, particularly, to how to transform the environmental constraint into an opportunity for economic and social performance.

The industrial sector is a key stakeholder in the transition toward a new inclusive green economy model. The new challenges pertaining to energy transition, optimal water and land management, fight against pollution, waste management and safeguard of biodiversity and ecosystems, require a change in the productive apparatus. The sector should consider and monitor the impact of its activities on the environment, territories and consumers. It should go beyond the simple goal of productivity to subscribe to a more sustainable approach, focusing more on resources optimal use, innovation and development of new competitiveness areas. Finally, it should improve its social performance and contribute to national efforts aiming at job creation, regional development, and poverty and inequality reduction.

Within this general context and aiming at contributing to the ongoing discussion on green economy in the region and contributing to knowledge sharing, pursuant to its mandate<sup>7</sup>, the ECA Office for North Africa launched a consultation on "the industrial

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4 GIZ- BMZ- Ministry of Industry, SMEs and investment promotion. « Etude sur l'employabilité et l'entrepreneuriat pour les jeunes et les femmes dans l'économie verte en Algérie ». March 2012.

5 Millennium Institute, ITUC. "Growing green and decent jobs", April 2012

6 Ministry of energy, mining, water and environment. [www.mem.gov.ma](http://www.mem.gov.ma)

7 Rio+20 Summit has specifically mandated United Nations Regional Commissions to provide assistance to their member countries to accelerate the achievement of the sustainable development goals, in particular through the promotion of green economy policies.

sector and green economy in North Africa: challenges, experiences and prospects". This study is intended to assess companies' commitment to considering environmental concerns and sustainable development principles. It is also meant to promote a better understanding of the strategic positioning, the challenges and opportunities of a green economy for private businesses.

These are called upon to reconsider their production schemes in order to reduce their environmental impact, better control resource consumption and promote valorizing environmental goods and services.

To share this study findings, mainly with key stakeholders of the green economy sector, and to develop them, the ECA Office for North Africa will organize an experts' group meeting in Rabat, Morocco, on 4-5 March 2015.

## Meeting objectives

The meeting mainly aims to take stock of the progress made in terms of the vision and national policies on green economy in North Africa, on the one hand, and to analyze perceptions, practices and business expectations relating to green economy, on the other.

The specific objectives of the meeting are to:

- Raise awareness and enhance understanding of green economy issues and benefits;
- Share knowledge on policies and ongoing initiatives in the region, and promote dialogue between the public actors, private operators and development partners;
- Determine enterprises role and expectations in the promotion of green economy and make recommendations to improve their contribution.
- Enhance the country reports on green economy and the regional report on the industrial sector and green economy in North Africa, prepared by the ECA.

## Participants

This meeting will bring together experts from governmental institutions in charge of sustainable development and green economy, private operators, civil society, local authorities, academia, regional and international organizations, as well as representatives of the United Nations System and development partners.

## Meeting proceedings

The activities of the meeting will be held as a side event of the thirtieth meeting of the Intergovernmental Committee of Experts (ICE) of the ECA Office for North Africa which will tackle, among other subjects, the "trade-industrialization" relationship and the implementation of the 2063 Agenda in Africa. They will take place in plenary session and working groups during one day and a half, under two thematic sessions and a final session to present and adopt recommendations.

### Session 1: Vision and public policies for an inclusive green economy

This introductory session will present the strategic context and the progress made in terms of green economy in North Africa, based on the analyses of three country reports (Algeria, Morocco and Tunisia). It aims at promoting a common understanding of green economy challenges and benefits, and sharing experiences on policies and initiatives underway in these countries, while launching the debate on the progress, constraints and opportunities in the other regions' countries.

### Session 2: The role of the industrial sector in the development of a green economy

This session will discuss the report on industrial sector and green economy in North Africa, to develop it. Group work (parallel sessions) will deeply reflect on two major issues:

- Group 1: Industrial policies under the green economy (Characteristics and constraints, objectives and guidelines)
- Group 2: Competitiveness and innovation: how to lift the obstacles?

### Final Session: Key recommendations and closure

This last session will focus on the discussion and adoption of the workshop's main recommendations.

## Expected outcomes

The expected outcomes of the workshop are:

- Raising key stakeholders' awareness and deepening their knowledge on green economy and the related policies;
- Achieving a better understanding of the challenges and obstacles facing the companies, to promote green economy;
- Drawing up concrete recommendations to facilitate the involvement of businesses in the environmental integration process and the development of a green economy.

## Outputs

At the end of the meeting, the following outputs will be prepared and disseminated:

- The meeting's report which will include the main conclusions and recommendations;
- A press release;
- Final report of the study on the industrial sector and green economy in North Africa, which will include the main outcomes and recommendations of the meeting.

## Documentation and working languages

The working papers and meeting programme of work will be communicated to participants as soon as possible. The activities will be held in French, English and Arabic, with simultaneous translation in three languages.

## Date and venue

The meeting will be held on 4-5 March 2015 in Rabat, Morocco, within the framework of the ICE thirtieth meeting to take place from 3 to 6 March 2015.

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