



**UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
ECONOMIC COMMISSION FOR AFRICA**

Thirty-third meeting of the Committee of Experts



AFRICAN UNION

Ninth meeting of the Committee of Experts

Seventh Joint Annual Meetings of the ECA Conference
of African Ministers of Finance, Planning and
Economic Development and AU Conference of
Ministers of Economy and Finance



Abuja, Nigeria
28 March 2014

**Side event: Greening Africa's economies and structural
transformation**

Background paper

Theme: Industrialization for inclusive and transformative development in Africa

I. Background

1. Africa's natural resource wealth has been a major driver of the continent's positive economic growth performance since the dawn of the century. A confluence of factors, including the increasing demand for raw materials from the world's emerging economies, notably China, as well as a more favourable investment climate in many countries have contributed to the growth of demand for Africa's natural resources over the course of the past decade. African governments, now better able to manage their economies, have directed these increased resources to growth-promoting sectors. As a consequence, the narrative on Africa's development has steadily shifted from a continent of limited hope to one of steady progress and expanded opportunities.

2. Despite this positive outlook, sustainability of growth will invariably require business models which accelerate economic growth while spreading its benefits to the population, and ensuring sustainable exploitation of its natural resource base. Economic growth must lead to provision of jobs and poverty reduction. It must also deal with the threats of environmental degradation such as deforestation, land degradation, loss of biodiversity and pollution. In addition, climate change presents major challenges and opportunities for Africa's continued economic growth and development. Thus, it is imperative that the continent charts a new development pathway that is anchored on sustainable natural resource management, and that avoids reliance on traditional fossil-fuel based energy sources.

3. Africa's low level of industrial development and carbon emission (about 2.4 per cent of global average), and its endowment of significant reserves of natural resources offer it a great opportunity to adopt green growth as an economic development model. These will enable the continent to maintain or accelerate the current growth momentum and ensure sustainable use of its natural resources. It will reduce wasteful use of its natural resources, create wealth and employment for Africa's growing youthful population, while reducing vulnerability to climate change impacts and socioeconomic risks.

II. Greening African economies for structural transformation

4. Greening is central to achieving structural transformation of African economies. This entails pursuing a development path that results in high economic growth, creation of decent jobs, social inclusion and environmental sustainability. The nascent literature on green economy suggests that greening Africa's economies for structural transformation will require the following:

(a) **Capitalizing on the region's natural resources:** While Africa is endowed with a very rich and diverse natural resource base (such as forests, land, minerals, biodiversity and aquatic resources), this is being exploited unsustainably, with very limited impact on social and economic development imperatives. First, it is pertinent to appreciate the value of these assets in terms of livelihoods sustenance, wealth and employment creation, and attainment of the overarching goal of poverty eradication. Secondly, there is need to adopt and implement policies that, among others, direct appropriate investments for harnessing and enhancing these valuable natural assets.

(b) **Focusing on selected sectors:** It is necessary to focus on greening selected sectors that are not only key drivers of the economy, but where targeted investments together

with enabling measures, could spur inclusive green growth. These include agriculture, forestry, fisheries industry, mining, trade and infrastructure, particularly energy.

(c) **Pursuing a low-carbon and climate-resilient development:** This development pathway will contribute to greening Africa's economies. It will entail designing and implementing forward-looking national development plans or strategies that encompass low-emission and climate-resilient economic growth. Adopting low-carbon strategies would enable the region to harness new technologies, and reap the benefits of international climate finance to achieve development in a low-carbon context.

(d) **Creating enabling policies and institutions:** The role of the State is critical in establishing and operationalizing enabling policies and institutions to promote green economy. In this regard, the main areas for priority action are: targeted public spending and private investment; policies, regulations and standards; seizing trade opportunities of green products; instituting appropriate fiscal reforms, which includes eliminating harmful subsidies; and international cooperation, particularly in regard to financing and technology development and transfer.

III. Role of technologies and innovation in greening African economies

5. Science, new technologies and innovation are central to all efforts regarding the greening of Africa's economies. Adopting new green technologies will not only result in higher productivity and improved development outcomes, but can also enable the continent to leap-frog dirty and inefficient technologies and products, thus skipping the most polluting and less sustainable production and consumption patterns.

6. African governments fully recognize technology and innovation as vectors of endogenous and self-sustained development. For example, in the Lagos Plan of Action and the Final Act of Lagos, African leaders laid out a clear plan for the deliberate deployment of science, technology and innovation to transform the continent. Further, the special summit of Heads of State and Government of January 2007 in Addis Ababa, Ethiopia, focused on science and technology innovation. Much more recently, in the outcome statement of the Africa Consultative Meeting on the sustainable development goals (SDGs), member States emphasized that technology development and transfer were key means of implementation and an integral part of the Rio+20 outcomes and made suggestions to that end.

7. However, very little is known about the set of technologies that African countries can deploy to achieve their green economy objectives. Where the technologies are acknowledged, little is known about their effectiveness. Also, barriers to adoption such as financing and high knowledge cost remain high. Against this backdrop, ECA proposes to organize a *High-level Policy Dialogue on Greening Africa's economies to achieve structural transformation: the role of new technologies and innovation* during the 2014 Joint African Union/ECA Conference of Ministers of Finance, Planning and Economic Development with the overall theme of the Conference being: "Industrialization for sustainable and inclusive development in Africa". The proposed high-level panel is consistent with and supportive of the overall theme insofar as industrialization is directly implicated in "green economy". Industrialization could be harmful to the goal of a green economy if it is based on fossil fuel. But without industrialization, it will be impossible for African countries to generate revenues, invest and produce the technologies critical for creating a green economy.

IV. Proposed objectives

8. The overall objective of the high-level policy dialogue is to provide a platform to surface, identify and examine concrete policy options that will promote the deliberate deployment of new technologies and innovation to green Africa's economies and achieve structural transformation.

9. More precisely, the objectives of the dialogue are to:

(a) Identify and discuss Africa's new technology and innovation requirements for greening the region's economies and achieving structural transformation;

(b) Assess the major constraints to financing and undertaking of research and development in appropriate technologies for Africa's green growth and development;

(c) Examine effective institutional and governance pathways for collaboration in the development and transfer of appropriate technologies for Africa's green economy and development;

(d) Examine best practices and reflect on lessons learned from mature science, technology and innovation programmes in developed economies towards achieving the Rio+20 targets in Africa;

(e) Identify institutional and policy incentives in favour of partnerships for public-private collaboration in research, development and implementation of new appropriate technologies;

(f) Explore the opportunities and challenges in capacity-building for adoption of appropriate technologies for green economy in Africa; and

(g) Make recommendations for consideration and adoption by African governments and development institutions.

V. Expected outcomes

10. The expected outcomes of the dialogue are:

(a) Enhanced understanding and appreciation of Africa's new technology and innovation requirements for greening Africa's economies and achieving structural transformation;

(b) Options for overcoming major constraints for financing research and development of appropriate technologies for green economy in Africa identified;

(c) Effective institutional and governance pathways for collaboration in technology development and transfer between Africa and developed countries identified;

(d) Lessons and best practices from mature science, new technology and innovation programmes in developed economies towards achieving the Rio+20 targets in Africa identified for up scaling to enhance green economic development in Africa;

(e) Institutional and policy incentives for enhancing public-private partnerships in investments in appropriate technology for green economy in Africa identified; and

(f) Opportunities for investments and capacity-building of African countries to innovate and adopt appropriate technologies to enhance green economy identified.

VI. Participants

11. The high-level panel will include representatives of member States, policymakers, academia, the private sector as well as representatives of the United Nations system and civil society. Panellists will consist of Ministers, private sector experts and the African Group of Experts and Climate Change Negotiators (AGN) representatives.

VII. Discussion issues

12. The discussions will focus on the following three main areas:

(a) Key sectors for greening and achieving economic transformation and new technology and innovation needs;

(b) Opportunities and challenges to spur innovations, new technology development and diffusion; and

(c) Good practices (what has worked so far, where and why, lessons learned, and way forward on technologies and innovations for greening economies and achieving structural transformation).

13. The specific areas of discussion will include the following:

(a) **Financing research in appropriate technologies:** Special attention will be paid to the issues of research and development (R&D) and an innovation system to lower the technology risks associated with clean energy and other aspects of green economy in Africa. The discussion will focus on the development of a mechanism for African countries to build strong science, technology and innovation capabilities, and to encourage more research and better access to knowledge in all scientific fields in order to ensure that relevant green economy concerns are addressed. Sustainable funding mechanisms for national research, particularly to develop and diffuse new technologies, will also be discussed.

(b) **Access to technology transfer:** African nations are recipients of technology in many areas, making effective international cooperation a critical enabling factor. The discussion will explore the channels for international collaboration for transfer of technologies and their relationship to the international policy architecture. It is also important to note that international discussions concerning technology transfer, particularly those related to environmental technologies, have suffered from a lack of coherence in policy positions, and it is necessary that new institutional impetus be explored to enhance Africa's access to technology.

(c) **Collaboration and partnership between private and public sectors:** Governments should develop policies incentives to promote public and private sector partnerships and collaborations in the research and development of appropriate technologies for green economy in Africa. This should essentially include building R&D infrastructure and an associated supportive environment to promote these activities, innovation and creation of indigenous technologies as well as the life-skills education needed to effectively adapt them in the context of green economic development in Africa.

(d) **Higher education and capacity-building for technology absorption:** It is imperative that Africa clearly adopt ways to reinforce capacities of governments and the private sector, as well as empowering its citizens in the promotion of green economy on the continent by building strong national systems of innovation and producing new technologies.

VIII. Languages

14. The panel will be conducted in English and French with simultaneous interpretation.

IX. Contacts

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