



AFRICAN DEVELOPMENT BANK GROUP

Transitioning to Green Growth Perspectives for Africa

Green Growth
Knowledge Platform
A Practitioners' Workshop

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ENERGY, ENVIRONMENT & CLIMATE CHANGE DEPARTEMENT



Outline

- ❑ Part 1 - Context
- ❑ Part 2 - Rationale
- ❑ Part 3 - Outlook



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Part 1 - Context



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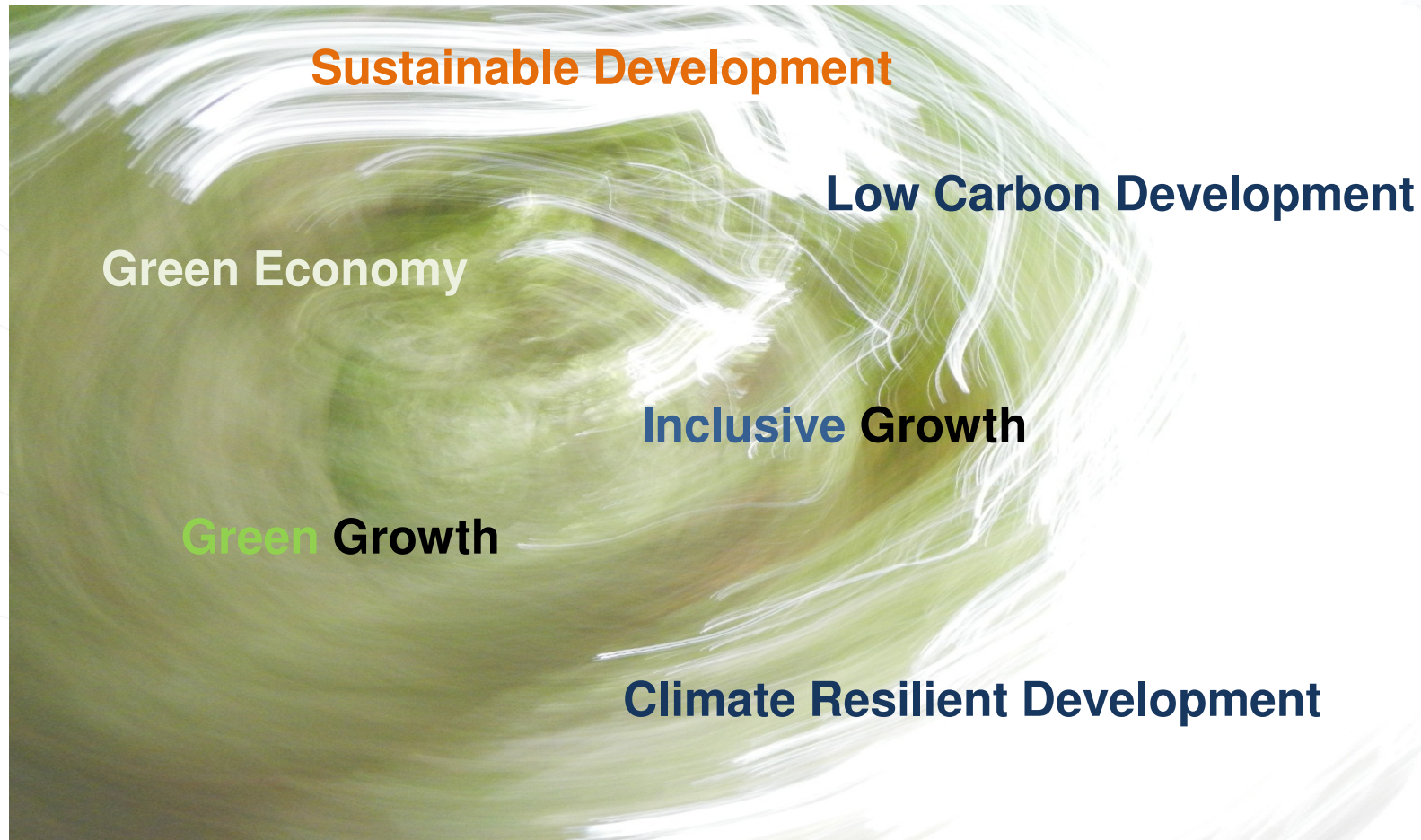
Background

- ❑ Natural resources are not inexhaustible and the development process should be aimed to meet the needs of the present generation without compromising the ability of future generation to meet their own needs.
UN Brundtland Commission Report, 1987.

- ❑ Economic development, social progress and environmental protection are inter-dependent and mutually reinforcing pillars of sustainable development.
UN World Summit, 2005.

- ❑ The green economy is a tool for delivering sustainable development when supported by robust policies.
Rio+20 UN Conference on Sustainable Development, 2012.

Concepts



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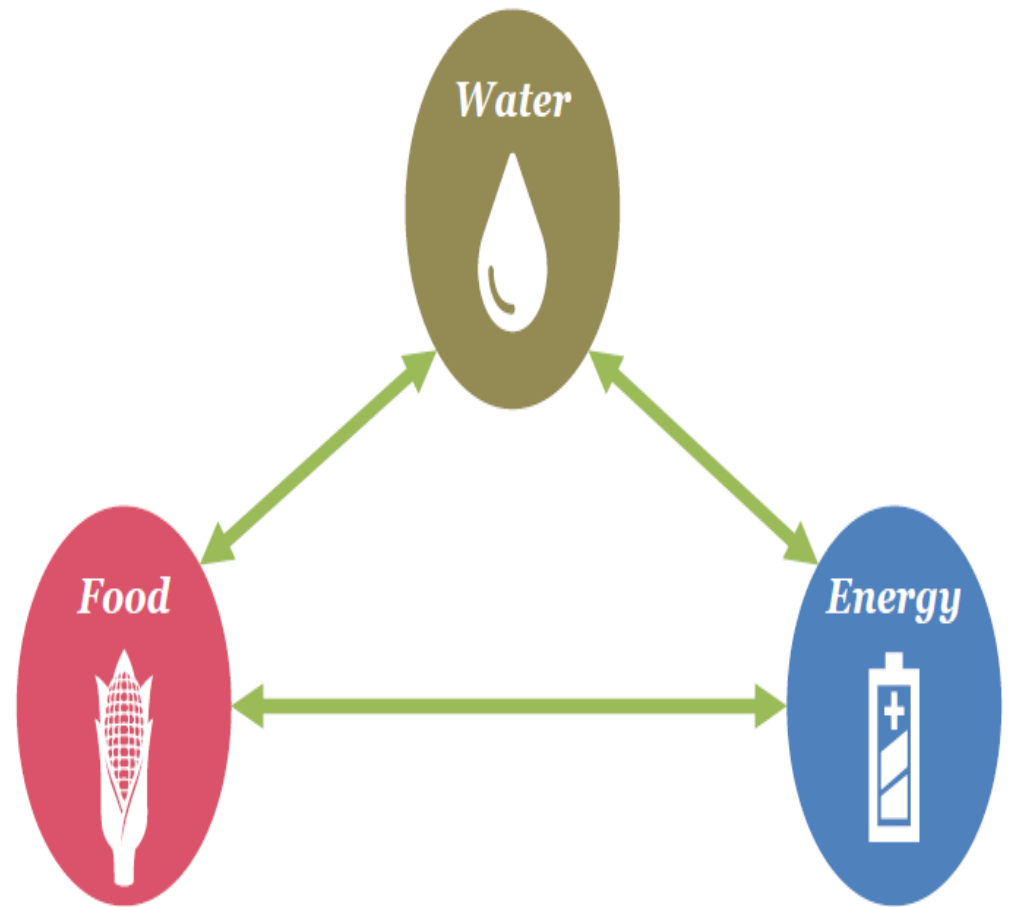


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Threats to Sustainability

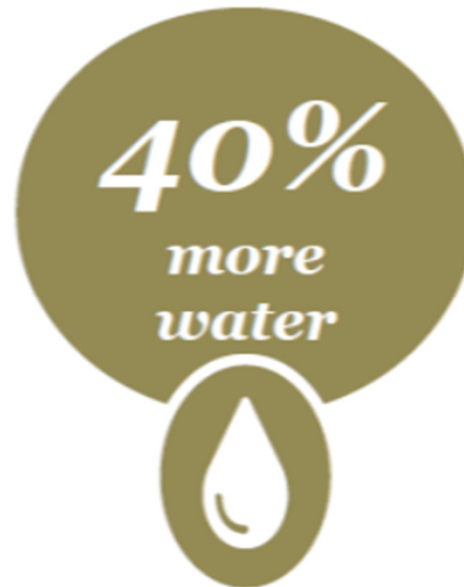
Global Perspectives

- ❑ Population growth
- ❑ Globalisation
- ❑ Consumption patterns
- ❑ Climate change
- ❑ Environmental pollution
- ❑ Land degradation
- ❑ Water scarcity



Is Business As Usual Affordable?

- ❑ With a population of 8.3 billion people by 2030 we'll need;



Part 2 - Rationale



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State of Play in Africa

Development

A continent on the move:

- Rapid economic growth (*GDP growth rates of 5% and more*).
- Increasing Foreign Direct Investment.
- Growing entrepreneurship.

however:

- Growth often driven by natural resources, low employment elasticity.
- Poverty remains wide-spread (*Over 60% of Africa's population earn less than US\$ 2*).
- Among the largest wealth disparities in the world.

Environment

A continent rich in natural resources...

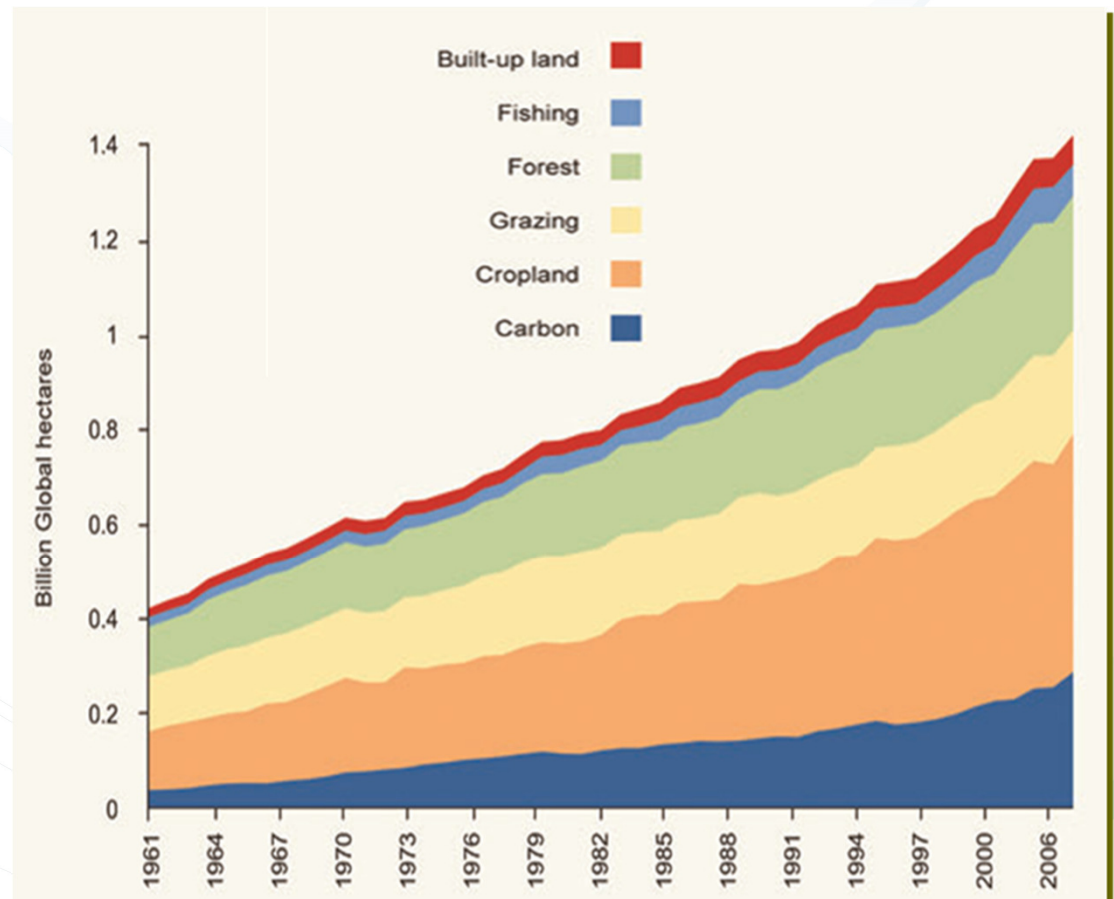
- Abundance of renewable and non-renewable resources.
- Continent is still within the bio capacity of its lands.
- Africa is low carbon: Average per capita and aggregate emissions are low.

however:

- Progressive land degradation and environmental pollution.
- Increased demand on natural resources leading to over exploitation.
- Disaster Risk and Climate Change.

Africa's Ecological Footprint

- ❑ Increased by 240% in just under 50 years.
- ❑ A result of growing populations and increased per capita consumption.



Source: WWF and AfDB, 2012. Africa Ecological Footprint Report



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Opportunities for Africa

□ Natural Capital

- 93% of Africa's natural and renewable energy resources remain untapped (IRENA 2012).

□ Human Capital

- About 65% of the total population of Africa are below the age of 35 years (AUC 2012).

Africa could leapfrog outdated technologies and practices and move towards a more sustainable growth path.



Source: IRENA analysis based on the Global Atlas

Growing Green

The emphasis is placed on achieving development objectives and growth targets while seeking to.....

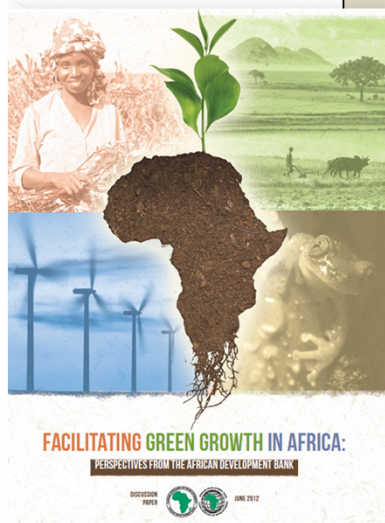
- ☐ Maximize natural resource use efficiency.
 - e.g. enhanced technologies, improved value chains
- ☐ Minimize waste and pollution.
 - e.g. recycling, reducing air and water pollutants
- ☐ Strengthen resilience
 - e.g. climate risk screening, social safety nets



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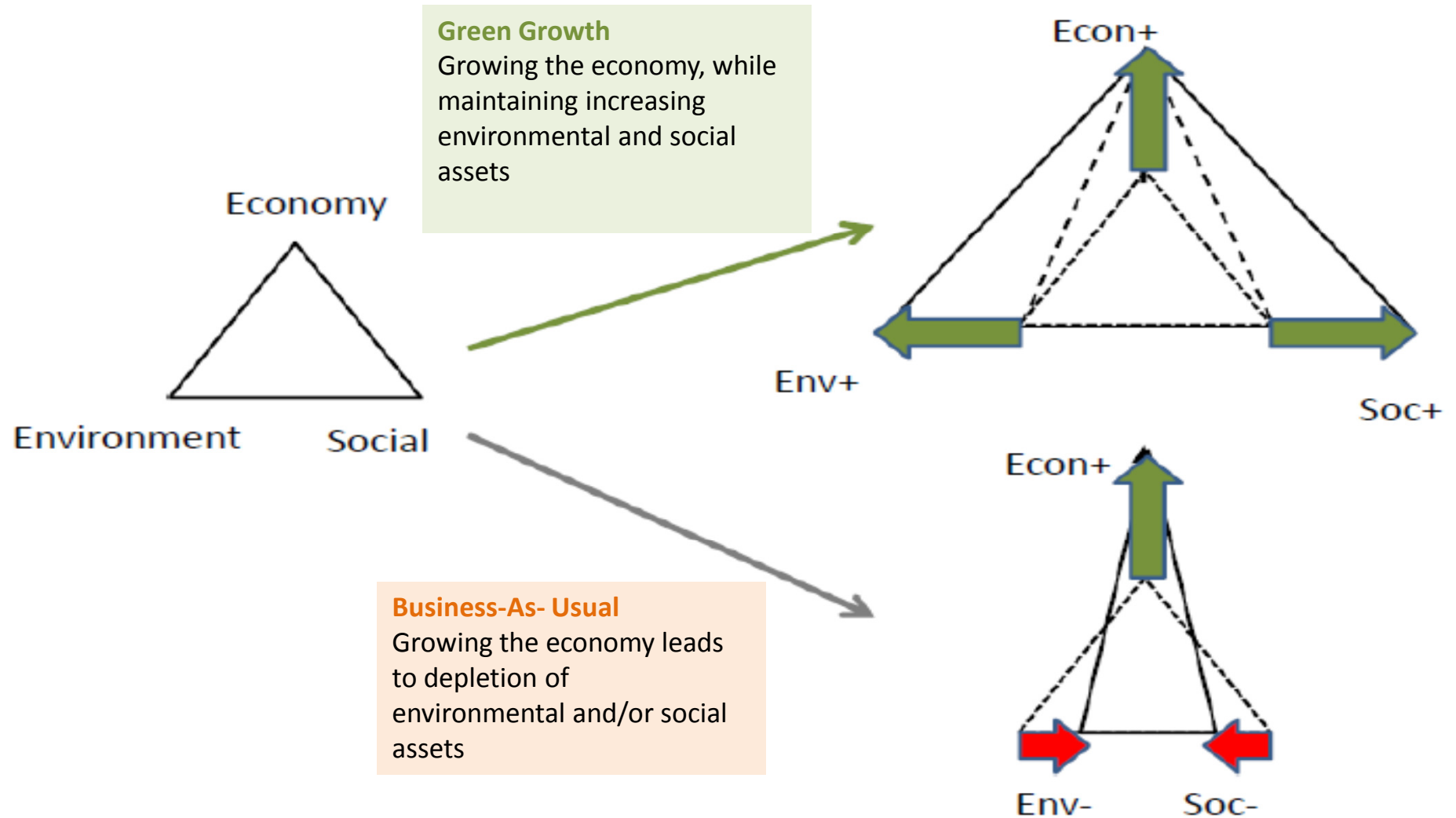
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➤ Focal Areas: Emphasis on cross-sectoral approaches



GREEN GROWTH Focal Areas	
I. Providing Sustainable Infrastructure	II. Efficient/Sustainable Management of Natural Assets
<ul style="list-style-type: none"> • Energy • Transport • Urban • Water 	<ul style="list-style-type: none"> • Renewable Resources (e.g. land, water) • Non-renewable Resources (e.g. minerals)
III. Resilience Building of Livelihoods and Economic Sectors	
<ul style="list-style-type: none"> • Physical/Climate (Disaster Risk Management, Adaptation to Climate Change) • Socio-Economic (e.g. Commodity Risk) 	

It is a about building a more robust and sustainable development model...



Examples of AfDB Pilot Country Engagements

Strategic Entry Points

Sierra Leone:

- Mainstreaming Green Growth into PRSP
- AfDB main partner
- Technical assistance
- Lead: ONEC

Mozambique:

- Green Economy Road Map
- AfDB, WWF collaboration
- Joint presentation with government at Rio+20
- Lead: ONEC

AFDB GREEN GROWTH PILOT COUNTRIES



Kenya:

Green Economy Road Map
Multi-stakeholder engagement
Lead: OSAN

- Scoping work in Cape Verde, Senegal and Morocco
- Mainstreaming of Climate Change and Green Growth into Country Strategy Papers

Early Lessons Learned



AfDB/OECD workshop: “Green Growth in Africa: Concepts, Tools and Strategies for Building Greener Economies and a Sustainable Future” in Lusaka, Jan 15-18, 2013

- Over 100 participants from African countries and representatives from UN agencies and other international organizations.
- Concept Developed AfDB’s Green Growth team, co-chaired by ONEC and CCCC, and OECD
- Participant Support by EADI
- Hosted by the Government of Zambia

Country Initiatives – Early lessons learned

Ethiopia, Rwanda, Sierra Leone, Kenya, Mozambique

Common characteristics of these early movers:

- ❑ **High level political support** complemented by broad stakeholder consultations.
- ❑ A **long-term vision** for the country's development trajectory.
- ❑ A focus on **programmatic** rather than project based solutions.
- ❑ Upstream **diagnostics** to review development options in view of environmental and socio-economic concerns.
- ❑ An emphasis on enhanced **cross-sectoral collaboration**.
- ❑ The transition to green economies is viewed as a **necessity and opportunity** - not a constraint!

Source: AfDB/OECD Workshop Report, 2013

Financing

The annual financing needed for transitioning to a green economy is estimated at the global level to be between US\$ 1.05 trillion and US\$ 2.59 trillion (UNEP, 2011)

- ❑ Embracing green development pathways may be associated with higher upfront investment costs.
- ❑ When assessing the cost of the transition towards greener economies, it is important to recognize the cost of inaction as well.
 - e.g. climate change: cost of action - 1% of global GDP per annum; by contrast cost of inaction and business as usual – 5 to 20% of global GDP per annum (Stern, 2007).
- ❑ Substantial finance is required from both public and private sources to transition to a green economy.
- ❑ Resources from these sources have been increasing, though Africa's access remains low.
- ❑ Investors, donors and international institutions play a very significant role

Part 3 - Conclusions



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Key Messages

❑ The transition to green growth is in Africa's interest.

- Solutions should be tailored to fit the national contexts as countries are at different stages of development.

❑ Having the means of implementation is Critical.

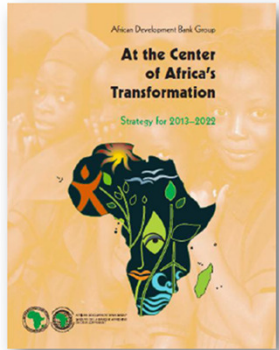
- Donors, investors and national/international institutions are central to resource mobilization for green investments in Africa.

❑ Partnerships should be strengthened.

- South-south cooperation enhanced.

The AfDB – a committed partner

AfDB Strategy for 2013-2022



- ❑ “At the Centre of Africa’s Transformation” AfDB Strategy for 2013 – 2022 has inclusive growth and the transition to green growth as the overarching objectives.
- ❑ Plays a catalytic role in advancing the building greener economies by attracting private and institutional investors through a variety of innovative financing instruments.
 - *e.g. launched its inaugural ‘green bond’ in October 2013 raising USD 550 million from around the world within 24 hours.*
- ❑ Committed USD 10 billion to support climate resilient and low carbon development in Africa between 2011 and 2015.
- ❑ Established the African Natural Resource Centre in 2013.
 - *To provide independent advice, capacity building and technical assistance to support African countries maximize the development outcomes derived from their natural resources.*
- ❑ The Bank will continue to work with its development partners to support Africa’s transition to greener economies.



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Thank you. Merci!

Further information:

The Bank's 2013-2022 Strategy highlights inclusive growth and the transition to green growth as long-term strategic objectives :

<http://www.afdb.org/en/about-us/afdb-strategy/>



The African Development Report: *Towards Green Growth in Africa* explores regional perspectives for growing green:

<http://www.afdb.org/en/knowledge/publications/african-development-report/>

Thematic Links:

Green Growth: <http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/green-growth-initiative/>

Energy : <http://www.afdb.org/en/topics-and-sectors/sectors/energy-power/>

Environment : <http://www.afdb.org/en/topics-and-sectors/sectors/environment/>

Climate Change : <http://www.afdb.org/en/topics-and-sectors/sectors/climate-change/>

