



## Contributing to the Talanoa Dialogue: The African Climate Talks II (ACT!-II)

*“Public Policy vs. Market mechanisms in the implementation of the Paris Accord”*

**22-23<sup>rd</sup> March 2018**

***Intercontinental Hotel, Addis Ababa, Ethiopia***

*“One key outcome of the conference (COP 23) is the Talanoa Dialogue. Talanoa is a Fiji term for a conversation in which the people involved share ideas and resolve problems. As the sum total of the current climate targets under the Paris Agreement is not yet sufficient for limiting global warming to well below two degrees Celsius, agreement was reached in Paris that the international community would have to raise the level of ambition over time. The Talanoa Dialogue is the trial run for this ambition mechanism.”<sup>1</sup>*

### Introduction

The world’s governments reached the Paris Accord in 2015 at COP 21. The agreement commits to specific targets for reducing greenhouse gas emissions. The Paris Agreement has been hailed as a breakthrough moment in the trajectory of the UNFCCC framework, capping emissions not more than 2<sup>o</sup>C since the 19<sup>th</sup> century onset of the industrial revolution. While 2 degrees warming has been considered the upper limit of ‘safe’ warming, the Paris Accord further seeks, if possible, to aim for even lower warming target of 1.5 degrees. The 2<sup>o</sup>C target is itself a political limit, with scientific debates still raging over its implications for the various regions (e.g. IPCC Special report. The main mechanism by which nations commit towards achieving the objectives of the Accord are the Nationally Determined Contributions (NDCs)).

The contradiction is that the goals adopted in the NDCs, are insufficient to achieve the goals of the accord, putting us instead on a course to 3<sup>o</sup>C or higher warming. The solution which has been proposed is to ‘raise the level of ambition’ of the NDCs. In practice, this involves getting individual countries to commit towards more ambitious climate mitigation commitments while also making resources available for adaptation. The absence of a legally binding framework to hold countries accountable to their Paris commitments, however, has created doubts about the efficacy of the ratchet up mechanism. For this and other reasons, the Paris Accord is viewed in some critical circles as being incommensurate with the scale of the climate challenge. The intended withdrawal of the US from the accord, apparently in order to protect big business interests in fossil fuels, cements this perception.

As of COP 23, global attention has turned to the mechanisms of implementing the Paris Agreement, including supporting national domestication initiatives, establishing the means of implementation support requirements, monitoring and evaluation, and so on. The NDCs are in theory supposed to contribute towards unlocking Africa’s green growth potential by ensuring that the mitigation components contribute towards avoided emissions and the adaptation components realign economic activities to climate adjusted pathways. The NDCs of developed and developing countries propose a variety of mechanisms to

---

<sup>1</sup> <https://cop23.com.fj/key-achievements-cop23/>

achieve the targets, including various carbon offsetting, credit and cap-and-trade systems, construction standards, shifts to renewable energy, land use change and forestation.

Most of the developed countries' and regions' NDCs have been rated to be insufficient to critically insufficient<sup>2</sup>. Carbon reductions have huge political, financial and economic costs. It is therefore self-evident that many of the mitigation actions proposed by developed countries are carefully calculated to ensure that trade-offs between the costs and benefits are adequately addressed. Increasing ambition will therefore require new calculations of costs and benefits.

Many of Africa's NDCs were developed with a view to compliance with the Paris agreement. Many were prepared with the expectation that they would be the basis for new funding for climate actions. Many of the NDCs also focus on climate actions in a few sectors, with most emissions reductions targeting the forestry and transport sectors, while adaptation actions address sectors such as agriculture, which are climate sensitive but also critical to economic performance and livelihoods. Although there were instances of consultations across sectors, these were by and large not based on coherent cross sectoral planning. As a consequence, many NDCs are discrete with limited integration into economy wide development policies and processes. Indeed, there is little evidence that the NDCs are significantly articulated in national programmes towards the achievement of the Sustainable Development Goals.

To attain the SDGs, African countries must build coherent policies for sustainable development, contextualized by the Paris accord as well as agendas 2030 and 2063. Climate change is a potential threat to the ability of the continent to achieve its sustainable development goals. Given the context in which the NDCs were formulated, it is becoming increasingly clear that they are very ambitious, and in many instances do not reflect the capacity of the countries to implement them, depending instead on the availability of conditional support for their implementation. This creates potential tensions between proposed climate actions and the larger development agendas, including actions aimed towards meeting the SDGs. There are apparent discrepancies between the NDC ambitions and current trends in climate finance, technology transfer and capacity building, which have remained largely unresolved in the UNFCCC context. As a consequence, African countries are faced with a conundrum – mainstreaming climate actions into the development process requires significant financing, at the same time as the need to respond to the impacts of climate change is already imposing new demands on limited national resources.

Ethiopia is one of the few countries in Africa whose NDC is integrated into its national development programme. As the Climate Action Tracker observes, the country's NDC is based on the Climate Resilient Green Economy (CRGE) strategy, which is integrated in its national development plan GTP II (Second Growth and Transformation Plan). If policies are successfully implemented, the NDC target could be achieved in 2030. Uncertainty remains on the effectiveness of current policies in place, which is reflected in a range of current policy projections<sup>3</sup>. Climate action tracker also rates the Ethiopian NDC as one of the few (globally) that are compatible with a 2 degrees Celsius pathway. Key components of the Ethiopian mitigation strategy is forestry and renewable energy. Ethiopia is well endowed with wind, solar and geothermal resources.

However, while constituting a significant proportion of emissions, questions remain regarding the reliance on renewable energy and other technical fixes to the climate challenge. Low carbon development entails

---

<sup>2</sup> <http://www.climateactiontracker.org/countries/ethiopia>

<sup>3</sup> <http://www.climateactiontracker.org/countries/ethiopia>

minimization of fossil fuel based energy generation, deployment of renewable energy generation capacity and cleaner technologies, incentivizing sustainable innovations and mainstreaming sustainability into economic and development planning. Current challenges facing developing countries have led to the identification of concerns and activities that militated against green growth. The use of antiquated industrial and thermal power generation machinery, an inefficient electricity grid, slow up take of greener technologies, long-term investments in carbon intensive energy generation plant and equipment, limited investment in low emission research and development, an antiquated policy context, and so on, all contribute towards creating obstacles for green growth transitions. Questions also remain regarding the cross-sectoral policy coherence between different levels of government, and on the need for collaboration and networking with diverse stakeholders and actors in informing the climate response.

A major outcome of the 2008-09 global financial crisis was to demonstrate that markets are not perfect, and to re-mobilize consensus on the need for strong government intervention to regulate markets. Consequently, major global and national policy frameworks post 2008 have given prominence to public policy in development policies and process. Thus a key attribute common to the Paris agreement as well as to 2030 Agenda of Sustainable Development (SD) and Agenda 2063 is to give pre-eminence to public policy as a driver of the processes towards the achievement of the goals of these frameworks. However, this creates challenges in Africa in view of the relative weakness of the public sector relative to international capital, largely as a result of the reconstitution of the African state through structural adjustment and liberalization programmes. While the debate in the 1980's through the 90s regarding choosing between strengthening policy process or establishing market dominance resulted in structural adjustment programmes, the SDGs era has re-established the need to have a carefully calibrated balance between states and markets, with public policy playing a key role in guiding markets as well as responding to emerging threats and opportunities. However, for the state to play this lead role effectively requires a functioning state system with effective policy making functions. Decades of structural adjustment informed state divestiture from key sectors has weakened the policy making function of the African state. At the same time, the private sector on the continent remains fundamentally weak and mostly informal. This sector has limited capacities to innovate, especially in technology, and faces major policy and operational constraints, including inter alia limited access to finance, limited access to markets, and a relatively unskilled labour force.

The actions to address climate change as defined in the NDCs will require strong public policy direction. In terms of mitigation, states will be expected to put in place policy measures to support pathways that avoid emissions, including investments in new infrastructure in key sectors such as water, energy, agriculture and transport. States will also develop industrialization, urbanization and employment policies which ensure that economies embark on green trajectories. This will be particularly challenging, given that most NDCs are not mainstreamed into system wide policy and implementation contexts, and also in view of the limited planning capacity of the African state. These challenges cannot be addressed through capacity building alone.

Macro-economic policy in Africa since early independence days has tried, unsuccessfully, to advance industrialization and development agendas. The reasons for the failures of development in Africa are numerous and well understood. However, the climate change discourse has tended to assume that climate change will give a new impetus to development on the continent, and somehow drive new development directions, without engaging the fundamental structural, historical and other challenges will have constrained previous attempts to stimulate development on the continent. The disconnect between

the climate change narrative and the development discourse is indeed disconcerting. There is an urgent need for development policy makers and climate change community to engage in a broad dialogue which interrogates the intersections between climate change and development in its broadest sense, with a view to advancing appropriate policies that would ensure mainstreamed NDCs in the context of comprehensive and climate informed development policies and programmes.

The UNECA's Economic Report on Africa 2015 makes a case for the "green Industrialization" of the continent. In support of the continent's structural transformation agenda, the ERA recommends that Africa can green its development pathways by benefiting from its current low carbon position and leapfrogging the development process by climate proofing new infrastructure and avoiding dependence on fossil fuels. In this context, structural transformation will fundamentally constitute moving labour from low productivity subsistence agriculture to higher productivity sectors, building on the various comparative advantages of the continent, including a youthful and growing labour force and abundant natural resources. The continent faces many structural constraints in its quest for transformation, including the absence of key drivers of technological innovations and low competitiveness in global markets. Real debate is required in order to interrogate the concept of leap-frogging, and its feasibility in the current context of low productivity agriculture whose very viability is seriously threatened by climate change, capital scarcity, and challenging business environments.

Green industrialization is also constrained by fundamental economic and political constraints which have seen the continent fail dismally in addressing poverty even in the period of relatively vibrant growth due to the commodity super cycle. Even these periods of supposed economic prosperity have been characterized by 'negative diversification'<sup>4</sup>, where climate change has contributed to driving the populations out of low productivity subsistence agriculture into low productivity in informal services, mostly in urban areas. Green industrialization assumes that the economies of Africa will be able to drive growth based on industrialization processes that utilize clean and sustainable energy, utilize resources sustainably, and equitable distribute the costs and benefits of growth. Based on the "Green Economy" concept, green industrialization recognizes the need for economic growth while maintaining a balance between society, economy and the environment in order to ensure sustainability

According to the UNEP, through a transition to the green economy it will be possible to re-launch the global economy with rates of growth far higher than the current model. It will be possible to create more and better employment, reduce poverty, reach greater levels of equality, and meet the millennium objectives. These outcomes would be achieved in a sustainable way that recognizes the value of nature and reduces greenhouse gas emissions. This in turn would reduce pressure on the natural environment, allowing it to recover, while, at the same time, creating new and profitable areas of investment that contribute to a resolution of the global crisis of capital.

However, the claims of proponents of the green economy idea have been challenged.<sup>5</sup> Critics view the UNEP 'green economy' concept as decidedly pro-market, ahistorical and apolitical. It completely ignores any consideration of the significance of the extraordinarily unequal power relations that exist in today's world, and the interests that are at play in the operation of this global system.<sup>6</sup> The green economy proposal benefits the large capitalist economies. It offers an opportunity for corporations to resume the

---

<sup>4</sup> Aryeetey in Monga, 2017.

<sup>5</sup> See e.g. Ulrich Brand (2015); Naomi Klein (2014)

<sup>6</sup> (Lander, 2011).

accumulation of capital and reap greater profits through both productive and speculative activities, with investment redirected towards nature (“natural capital”), the “carbon emissions market”, as well as new, supposedly clean technologies. The Green Economy thus seeks to create space for corporations to explore new technological solutions to the climate and other environmental crises. The efficacy of these so called solutions, which include carbon capture and sequestration, biochar, solar reflectors, algae blooms and ‘clean energy’ sources such as nuclear energy, ‘clean’ coal, natural gas, hydropower, biofuels, and biomass and so on has been questioned, with many of them already demonstrated to be ‘unclean’.<sup>7</sup> This viewpoints instead to the need to overhaul the capitalist mode of production as the only way to address the ecological, climate and economic crises confronting the world.

There has been global concern over the contradictions generated by the accumulation based model of economic growth. Sustainable Consumption and Production (SCP) which has been on the international agenda since Agenda 21 (1992), identified unsustainable patterns of production and consumption as the major cause of the continued deterioration of the global environment. The 2002 Johannesburg Summit called for a ten-year framework of programmes in support of national and regional initiatives to accelerate the shift towards sustainable consumption and production (UN-DESA 2007). The 19th Commission on Sustainable Development (2011) in New York finalized negotiations on the 10-Year Framework on SCP. However, because the conference was unable to come to agreement on many issues, which included inter alia the management of wasteland chemical, the Framework could not be officially adopted. Understandably, SCP would have implied a comprehensive revision of the capitalist civilization. The inclusion of SCP in the Rio + 20 was accepted after vehement opposition, particularly from the USA. The nations at Rio agreed that “fundamental changes in the way societies consume and produce are indispensable for achieving global sustainable development”.

Sustainable consumption and production is about “*the use of services and related products, which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as the emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of further generations*”.<sup>8</sup>

For Africa, massive and rapid industrialization will certainly be required if the continent is to have any hope of addressing the poverty challenges confronting it. To industrialize, the continent will need to overcome some serious and historical structural and political hurdles. The continent will also need to make some hard choices regarding the development model to be followed. The massive infrastructure deficit of the continent compounded by low indigenous innovation is a monumental mountain to be climbed in the development trajectory, requiring massive investments in knowledge, skills and experience for generating and managing technical change. The low skills levels and the absence of significant incentives for capacities for innovation means that the new technologies required for leapfrogging would necessarily have to be transferred to the continent. But by who? From where? Under what conditions? Experience with technology transfer under the UNFCCC has demonstrated that climate change has not changed the economic dynamics which have determined the flow of technologies between developed and developing countries. As such it is timely to interrogate the technology transfer dimension and to garner empirical evidence in order to inform policy processes on this dimension.

---

<sup>7</sup> (Bond, 2012).

<sup>8</sup> <https://sustainabledevelopment.un.org/topics/sustainableconsumptionandproduction>

Several questions arise out of this. Given that we are on a path towards 3 degrees warming, and given the implications for this for Africa's very survival, will the ratchet up mechanism be sufficient to address the lack of ambition in the NDCs? Is it even possible to resolve the climate crisis without addressing the economic and political formation that is responsible for the crisis in the first place?

## Objectives

### Overall objective

This African Climate Talks proposes to introduce a critical dimension to the Talanoa dialogue by interrogation these larger contextual questions which are typically silent in the UNFCCC process. In this broad context, the ACTS will tease out debates over a range of issues that affect the implementation of the NDCs in Africa, and create a space for the identification of alternative pathways to the resolution of the climate (and development) crises facing the continent.

### Specific objectives – Key issues

Key issues to be discussed will include:

#### The climate crisis

- Causes and solutions (Is the Paris Agreement an adequate framework to address the climate crisis?)
- Climate change impacts on development in Africa

#### Industrialization and leapfrogging, how realistic:

- Fossil fuel reserves in Africa
- Energy debts and investments, stranded assets
- Energy security and self sufficiency
- Innovation and technology

#### Climate change and key economic sectors in Africa

#### Climate change and emerging human and environmental insecurities

#### Climate Change as a constraint and as an opportunity

- Commercialization of climate
- Market based mechanisms and Carbon profiteering
- State and markets in climate change

## Expected outputs/outcome

- Broadening of the climate change debate to include critical linkages between climate change and the underlying economic and political dynamics
- Contribution to a more comprehensive climate response strategy which urgently addresses the African condition
- Emergence of a critical African epistemological community on climate change and development

## Targeted audience

Africa researchers, policy and decision makers and practitioners in the climate change and development community

## Venue

To facilitate the foregoing discourse, the ACPC in collaboration with Addis Ababa University will convene the second round of the African Climate Talks (ACT!-II) at the International Livestock Research Institute (ILRI) in Addis Ababa, Ethiopia on the 22-23<sup>rd</sup> March 2018.

## Contacts

James Murombedzi  
Africa Climate Policy center  
Economic Commission for Africa  
Menelik II Road, PO Box 3001  
Addis Ababa, Ethiopia  
murombedzi@un.org