

**Key Note Address
by**

H.E Mr. Meles Zenawi

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Republic of Ethiopia
On**

“Green Economy and Structural Transformation in Africa”

October 25, 2011

Excellencies

Ladies and Gentlemen

I am honoured to welcome the participants of this august gathering to Addis and to express how very pleased I am to join you today.

The topic of your discussion for this years gathering Green Economy and Structural Transformation in Africa is an apt if provocative one. Many people I am sure would agree with you that the fundamental issue for us Africans is that of structural transformation of our economies and not mere growth of our GDP. Green economy is however an altogether different thing.

I am sure many Africans will ask what green economy has got to do with us. We did not create global warming and nothing we do is going to affect its future trajectory much. We are unlikely to be the source of new technology green or otherwise. So what indeed has green economy got to do with us? Why should we think of introducing green technologies which could be more expensive than the alternatives? Why shouldn't we simply concentrate on growth and transformation and leave the green thing to those who created the problem in the first instance and who can afford to embark on a new and largely untried course?

I can think of three good reasons why green growth is and can not but be an essential element of Africa's structural economic transformation and none of them have much to do with what we as Africans can or should do to mitigate global warming.

We can not even think of structural economic transformation in Africa without transforming our agriculture. Our agricultural sector is plagued by problems created by

others and by our own mismanagement. Much of our land has been cleared of tree cover resulting in massive land degradation, soil erosion and vulnerability to both flooding and drought. As a result of the global warming that has already happened we have become more exposed to strange combinations of drought and flooding. The resource base of our agriculture is very seriously threatened. We need to act and act quickly to stop or at least radically mitigate soil erosion. We need to improve the moisture retention capability of our soil, recharge our under ground water resources and increase the flow of our rivers. If we are to promote irrigated agriculture to adapt to the changes we have to rehabilitate our degraded hills and mountains. We can not hope to mitigate the impact of droughts and floods without a massive re-afforestation of our hills and mountains. But the impact of such a massive re-afforestation programme will not be limited to its effect on soil erosion and water management. The trees we plant could become vital sources of new income for our farmers if we can sustainably manage and harvest them. Green development involving massive re-afforestation, water management and soil conservation programmes is thus central to any hope of transforming agriculture and improving the income of our farmers.

Much of such work can be done by mobilizing the labour of our people and does not require much additional money. It certainly does not require any new technology. All it requires is the political will and social mobilization. Such a programme would also create a massive carbon sink in the continent, but that is as it were the icing on the cake and not the main reason why we embark on such a path. The main reason why we have to embark on such a green path of agricultural development is because that is the only way we can sustain a meaningful agricultural sector in the current global environment and because that is the only means we have to preserve the source base of our agriculture so that we can then transform it. It also happens to be something that we can do with the resources and technology at our disposal. Given the fact that agriculture is the main stay of our economies, embarking on a green path of agricultural development will of necessity mean that green development becomes a pillar of our overall goal of economic transformation. That is why we in Ethiopia have embarked on green development in agriculture including through the re-afforestation of up to 15 million hectares of degraded land.

The second reason why we can and should embark on green development as part of our structural economic transformation is because we are richly endowed with green and renewable sources of energy. We in Africa have enormous untapped resources to generate power from renewable sources. We have huge hydro power and wind power potential. We have significant potential in Geo -thermal energy and with the greening of our agriculture we will have enormous potential for modern bio-energy development. As and when the technology develops and becomes competitive with other sources of energy our abundant solar power resources will come in handy. There can not be any talk of structural economic transformation without massive increase in the electricity we generate. And if we are to embark on such a massive programme we have to generate the electricity from the resource that we have in abundance and whose opportunity cost is close to zero. That can only be done if we generate most if not all of our electricity from renewable sources. If we generate most or all of our energy from renewable sources then we will have by design or default embarked on a green path of economic transformation. That is why we in Ethiopia have decided to increase the electricity we generate five fold in five years and do so from renewable sources only. That is why we plan to promote bio-energy including second and third generation bio-fuels so that by 2025 when we expect to be a middle income country we will have close to zero net emission of carbon in our economy.

The third reason why we have to create a green economy has to do with global technological trends. It is true that International Negotiations on Climate Change have been stuck in a quagmire and are unlikely to get out of it any time soon. But this has not stopped those countries and companies that have the foresight and the resources from massive and concerted investment in green technologies. Most people know that carbon based energy resources are going to be prohibitively expensive even before they make our planet unlivable. It therefore makes a lot of sense for them to invest in the technologies of the future which most certainly are going to be green. Structural economic transformation in Africa will require that we catch up technologically with the most advanced nations. If the future is in green technologies our strategy for catch up can

not be based on technologies that will be out of use by the time we catch up. The future of the world is green and when we plan for our future we must do so on the basis of green technologies. All the more so because we have not heavily invested in old technologies and we are as it were investing in a green field.

Your Excellencies

[Ladies and Gentlemen

It seems to me that structural economic transformation and green development in Africa not only go together but are virtually inseparable. Our topic today is therefore very timely and appropriate.

As usual our problem is less in charting our course for the future and more in implementing our chosen course. More often than not the problem of implementation revolves around availability of resources for implementation.

As we embark on green development we will be doing humanity as a whole and in particular those who created the problem in an enormous service. It would therefore be natural and fair that we be compensated not only for the damage to our economies caused by global warming but also for the services we render in mitigating it. We have forcefully argued our case in the past and I am sure we will do so in the future. But even as we embark on the struggle to get every penny that we deserve we should recognize the issue of green development and structural economic transformation in Africa are too urgent and too important to be left to the tender mercies of the good will of others. We have to find a more reliable source of funding even as we insist on payment by others that is due to us by right.

We should first and foremost look at options of mobilizing our own resources. As I said earlier much of what needs to be done to embark on green development of our agriculture can be done through social mobilization and labour contributions of our people. We should also do more to mobilize domestic resources for investment in electric power

generation. I must say that we have all sold ourselves short when it comes to domestic resource mobilization for infrastructural investment. There is a lot of untapped potential there and we should share experiences on how to mobilize domestic resources for green infrastructure.

Contrary to views of some people, there is no shortage of investment funds in the world today. Indeed the problem globally is that there is a glut of savings that can not find suitably remunerative investment. As a result many emerging countries have been forced to lend their hard earned dollars at virtually zero interest rates to the most advanced countries. The irony is not only that the poor are lending to the rich, it is also that there are huge profitable investment opportunities in Africa and yet we have difficulty accessing the glut of savings in the system.

A number of mechanisms have been tried to address this anomaly. We have tried to access the resource at source and sought to borrow money from those emerging countries that have excess savings. Some of us have been more successful than others in doing so. We should try to do more of that but we have to realize that we will need additional mechanisms given the scale and scope of financing gap we face.

We have tried to work through the G20 to try to devise a mechanism that would mitigate the perceived risk of lending to Africa and to use the MDB's to mobilize additional resources for infrastructural investment in Africa. But this approach appears to have reached a dead-end as a result of the ideologically driven neo-liberal onslaught on the African state. As you know the neo-liberal thinking that is dominant in these institutions believe the African state should limit itself to building schools, clinics and so called social infrastructure and leave the rest to the private sector. The only problem with that approach is we have done exactly that for 30 years and the result has been the massive gap in infrastructural investment that is crippling the prospects of economic growth in our continent. Einstein is supposed to have said you can not solve a problem by limiting yourself to the level of thinking that created the problem in the first instance. We can not solve the gap in infrastructural investment by limiting ourselves to the neo-liberal

thinking that created the problem in the first instance. And so while we can not give up the fight to do more through these institutions we should at the same time seek other alternatives of accessing the global savings.

One such option would be to access the savings without intermediation by others but through multilateral rather than bilateral mechanisms. There are many alternatives of doing that. We have not in the past explored such a possibility as Africa's engagement with the major savers has been limited to bilateral contacts or Africa's engagement with one or the other emerging power. I believe the time has come for us to broaden our past engagements by approaching the emerging countries as a group to design mechanisms to enable us to directly access their savings for investment in green infrastructure. There are a few ideas to tackle the challenge but I am sure you the participants can come up with more and better alternatives.

I wish you success in your deliberations and thank you for your kind attention.