

# Policy Frameworks for Green Growth in Developing Countries

**Second Annual Conference on Climate Change and Development in Africa  
Addis Ababa, 20 October 2012**

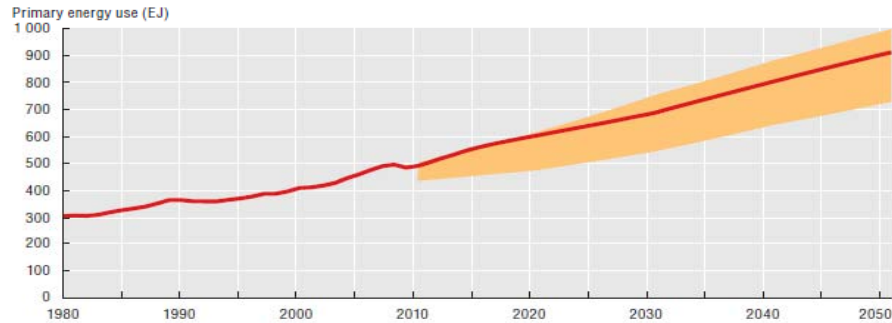
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OECD

# Outline

- 1. Global and Regional Specific Challenges**
- 2. Rationale for Green Growth in Developing Countries**
- 3. A Policy Framework for Green Growth with International Support**
- 4. What's Next?**

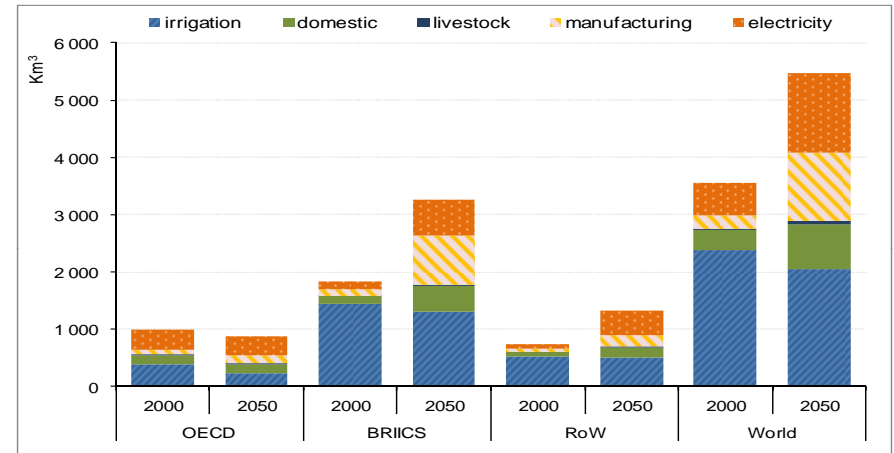
# Global Emerging Trends and Challenges

World primary energy demand between 1980 and 2050

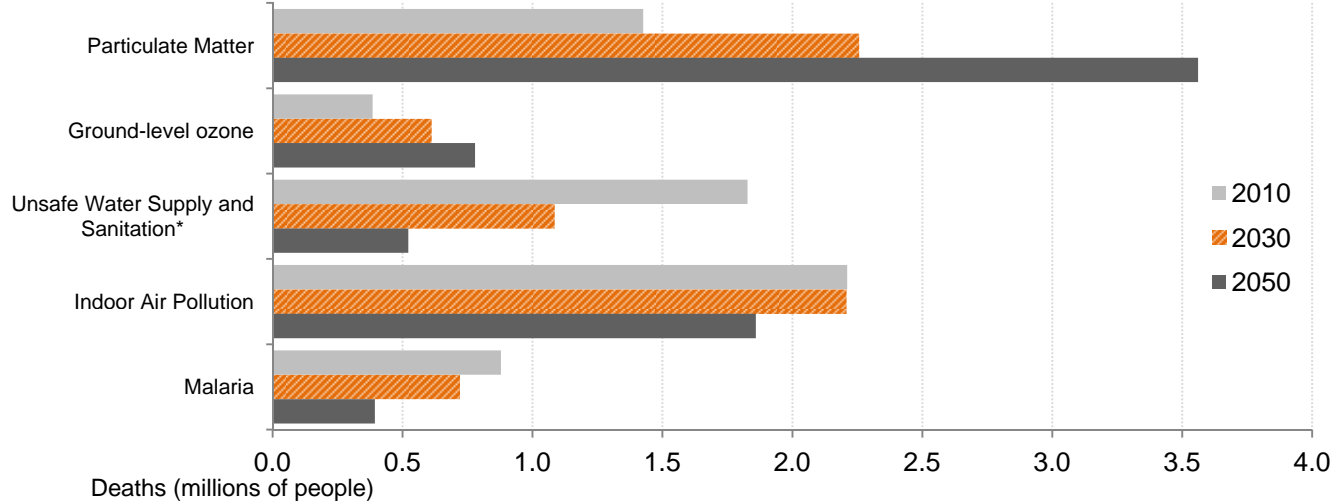


Notes: A widely accepted method for the accounting of primary energy use from different energy sources does not exist. Here, the methodology proposed by the IEA is used, which assumes a 33% efficiency for nuclear power and 100% for renewable power. Alternative methods may lead to slightly different contributions of nuclear power and renewables to the energy mix. The shaded area indicates the 10-90<sup>th</sup> percentile literature range.  
Source: OECD Environmental Outlook Baseline; output from IMAGE.  
StatLink <http://dx.doi.org/10.1787/888932570259>

Global freshwater demand between 2000 and 2050



Global premature deaths from selected environmental risks: Baseline, 2010 to 2050



## Regional impacts from climate change

- **Africa:** by 2020, between 75 and 250 million people are projected to be exposed to increased water stress; yields from rain-fed agriculture could be reduced by up to 50% in some regions by 2020; agricultural production, including access to food, maybe severely compromised.
- **Asia:** Freshwater availability projected to decrease in Central, South, East and Southeast Asia by the 2050s; costal areas will be at risk due to increased flooding; the death rate from diseases associated with floods and droughts is expected to rise in some regions.
- **Latin America:** gradual replacement of tropical forest by savannah in eastern Amazonia; risk of significant biodiversity loss through species extinction in many tropical areas; significant changes in water availability for human consumption, agriculture and energy generation.

# Specific Challenges in Africa

- **Poverty and job creation:** 47% of the African population still lives below the \$1.25 per day poverty line
- **Hunger and Food Security.** Need to increase by 70 % global food production by 2050 (due to population growth and change in consumption patterns). Agriculture is the key to reducing hunger in Africa (33 to 35% of population in SSA is malnourished) – but productivity is low.
- **Natural Capital Degradation:** 24% of per capita wealth in LIC, 12% in MIC and 2% in OECD.
- **Accelerating Urbanization:** By 2030, 50% population will be in urban areas, yet there is a large infrastructure gap in Africa.
- **Lack of Energy, Water and Sanitation Access:** 74% of Africans still lack access to electricity ,more than 1/3 of the 884 million people today have no access to safe drinking water live in SSA

**To tackle these challenges, a new growth and development model is required.**

## ...to start with, a definition of Green Growth

*Green growth is about fostering **economic growth and development** while ensuring that **natural assets** continue to provide the resources and environmental services on which our well-being relies. To do this it must catalyse investment and innovation which will underpin sustained growth and give rise to new **economic opportunities**. (OECD, 2011)*

- Green growth must lead to **short-term** mainstream improvements – more GDP, jobs, poverty reduction, social equity
- ...as well as **long-term** resilience and resource security

# What should GG policies deliver for all countries?

## ECONOMIC BENEFITS

1. Increases **GDP**
2. Incentivises **ecosystem service production**
3. Increases economic **diversification**
4. Stimulates innovation and use of green **technologies**

## ENVIRONMENTAL BENEFITS

5. Increases **natural resource productivity**
6. Uses natural capital **within ecological limits**
7. Uses non-renewables to increase **capital base**
8. Reduces adverse **environmental/climate impact** and improve **resilience**

## SOCIAL BENEFITS

9. Increases livelihood opportunities and income, especially **poverty reduction**
10. Creates and sustains **decent jobs**
11. Enhances **social, human and knowledge capital**
12. Improves **inclusion and equality**

# OECD Proposed Green Growth Framework for Developing Countries





# There has been some uptake in African countries

- 1. Green Growth Strategies** in Ethiopia and Rwanda
- 2. Green Growth Policy Instruments**
  - Sustainable public procurement that empower disadvantaged groups in South Africa
  - Environmental fiscal reforms – e.g. Forest Taxation Regime to promote sustainable forest management in Cameroon.
  - Green energy investment frameworks in Kenya and Uganda
- 3. Institutional mechanisms**
  - Water Accounting in Namibia has led to improved water management. Public Expenditure Reviews in Malawi highlighted the cost of environmental degradation

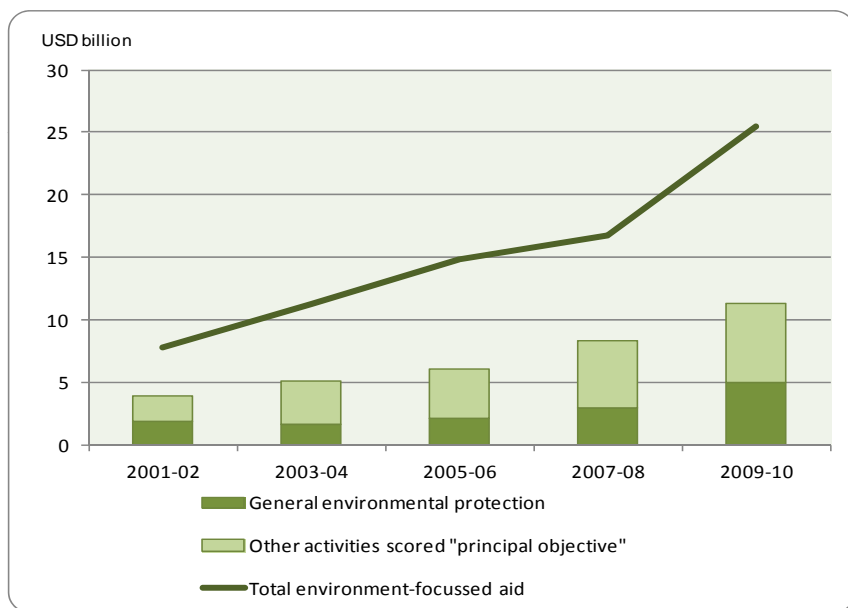
# How can the global community help?



# Trends in ODA to the Environment, 2001-2010

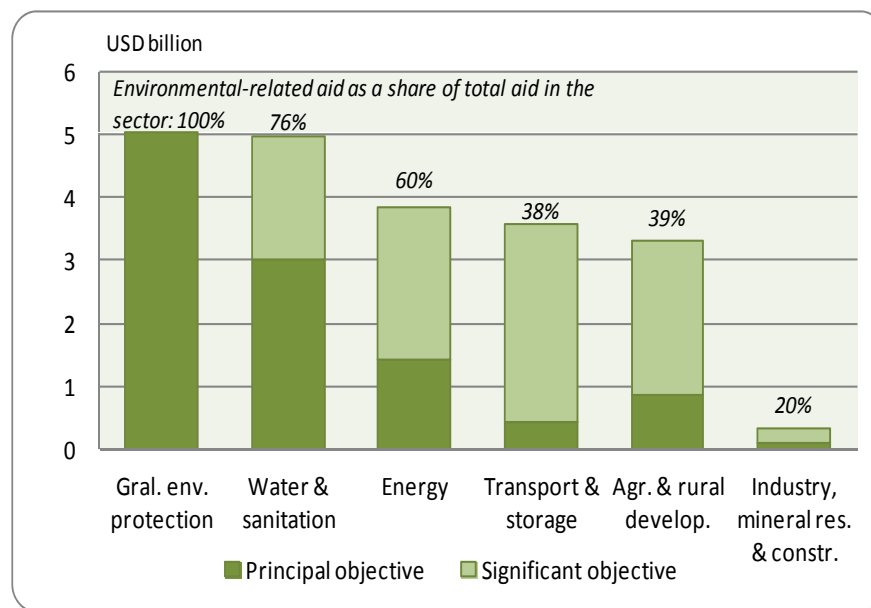
Trends in ODA to the Environment, 2001-2010

Bilateral commitments, annual average, constant 2010 price



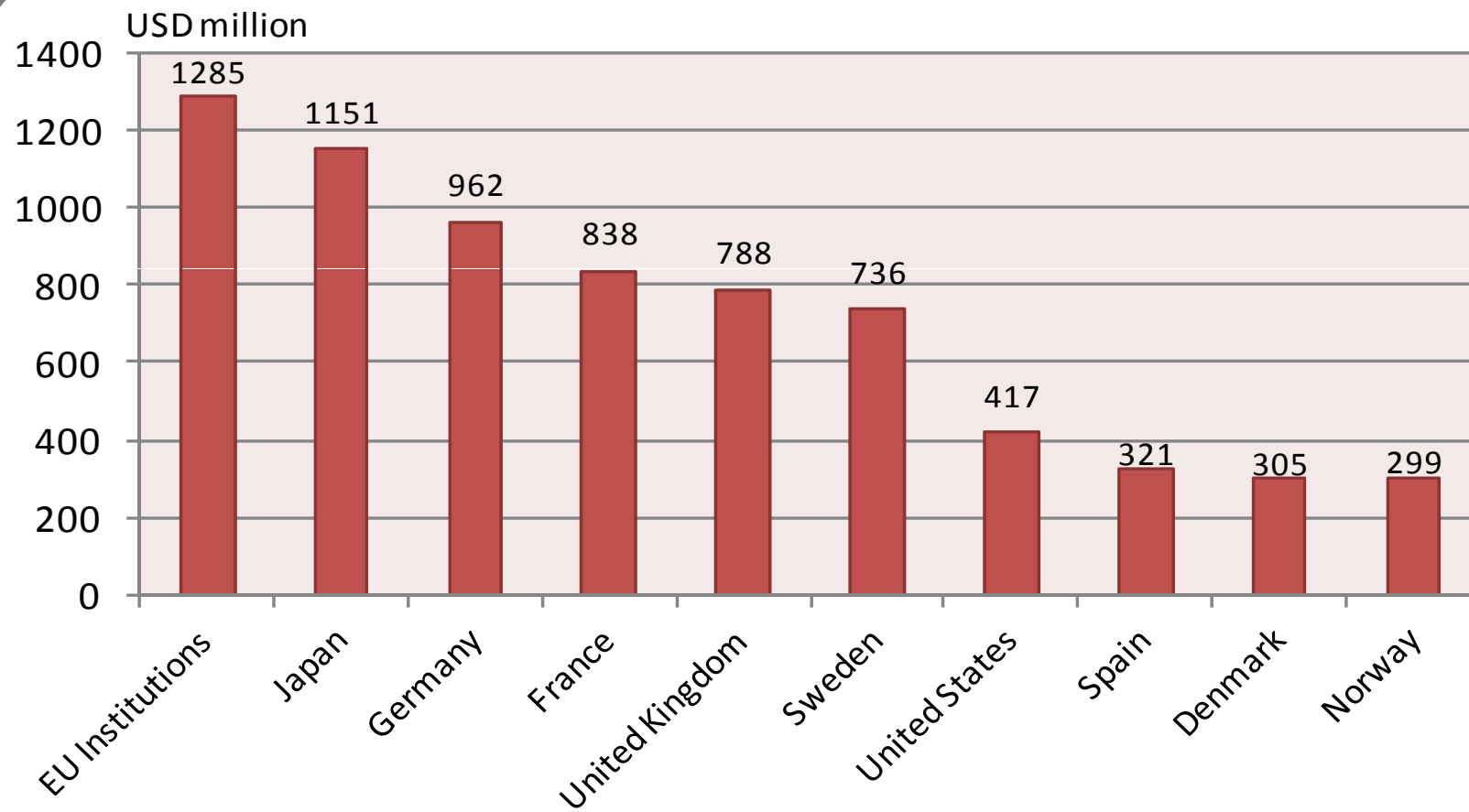
Environmental-related ODA at Sectoral Level, 2009/10  
(% share marked as environmental related)

Bilateral commitments, annual average, constant 2010 price



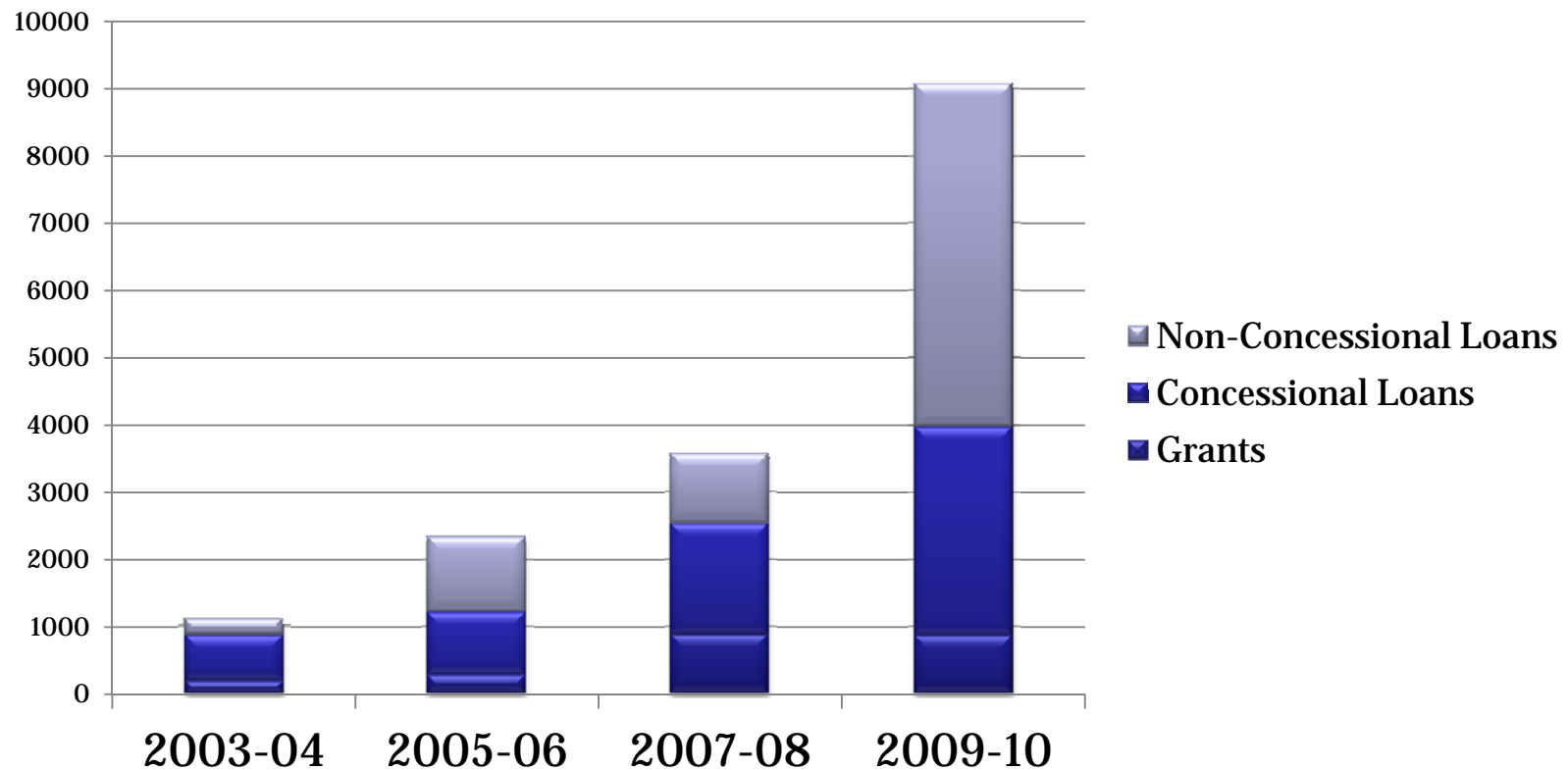
## Top DAC donors support to environment in Africa

USD million commitments, average 2009-10, constant 2010 price



## Beyond ODA... Energy sector in Africa Grants, concessional and non-concessional loans

Annual average commitments, constant 2010 price, all donors (USD million)



While aid for energy rose, non-concessional energy finance rose even faster.

## What's next?

- **Green Growth is assuming greater importance** in partner country strategies, development co-operation programming and South-South Co-operation.
- **OECD will continue to improve its policy framework** for green growth, working with developed and developing countries, and will encourage donors to provide more and better assistance to promote green growth.
- **Regional Workshops in Africa** early 2013 with the African Development Bank, and 2-3 case studies (including Ethiopia).
- **Green Growth and Developing Countries Report** will be published in early 2013.

# Thank You For Your Attention.

For more information

[www.oecd.dac/greengrowth](http://www.oecd.dac/greengrowth)

