



AMCEN



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African Ministerial Conference on the Environment

African Ministerial Conference on the Environment

Eighteenth session

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and Dakar, 12–16 September 2022*

Collaboration between the African Ministerial Conference on the Environment and African ministers for finance and economic planning

Note by the secretariat

I. Introduction

1. Africa holds some 30 per cent of the world's mineral reserves, 65 per cent of its arable land and 10 per cent of its internal renewable energy sources, and its fisheries are estimated to be worth \$24 billion. Africa's rainforest cover is the second-largest in the world, after the Amazon. The Congo basin peatlands, for example, store nearly 30 per cent of the world's tropical peatland carbon – about 20 years' worth of the fossil fuel emissions of the United States of America. But nearly 3 million hectares of rainforests in Africa are lost each year, resulting in soil degradation and unstable weather patterns that reduce the gross domestic product of the region by 3 per cent annually.¹ Sustainable management and judicious use of Africa's extraordinary natural endowments will underpin an African economic renaissance that will lead to the maintenance of peace and stability and encourage investment in socioeconomic development.

2. While economic growth in Africa was projected to rebound in the short and medium term, the coronavirus disease (COVID-19) pandemic has reversed the gains achieved over the past two decades towards the attainment of the Sustainable Development Goals, especially in relation to poverty, health, education and employment, which in turn affects the environmental conservation gains made over the years. The aggression by the Russian Federation against Ukraine in violation of Article 2 (4) of the Charter of the United Nations has exacerbated the situation by inflating food prices, potentially increasing hunger and food insecurity. Such external shocks have underlined the need for countries to diversify, take advantage of the African Continental Free Trade Area and use digital technologies to build resilience and accelerate the industrialization of the productive sectors of their economies.

3. Studies have shown that investment in the green economy could create significant numbers of jobs and help to accelerate economic recovery. For example, research by the Green Fiscal Policy Network partners at the International Monetary Fund covering 72 advanced economies and emerging markets found that in periods of uncertainty, increasing public investment by 1 per cent of gross domestic product would create between 20 and 33 million jobs in those countries (representing some

* In accordance with the decision taken at the meeting of the Bureau of the African Ministerial Conference on the Environment held on 26 May 2022, the eighteenth session of the Conference, which was adjourned on 16 September 2021, will resume as an in-person meeting in Dakar from 12 to 16 September 2022.

¹ www.unep.org/news-and-stories/story/africa-restoring-ecosystems-central-green-recovery#:~:text=When%20African%20Ministers%20of%20Environment,the%20pandemic%20sprang%20to%20life.

2.2 billion workers).² The results suggest that demand reacts strongly to public investment shocks, possibly because they signal a government's commitment to growth and stability. By raising confidence, a push in public investment is also likely to foster investment from businesses that might otherwise remain cautious in their hiring and investment decisions.³

4. The International Monetary Fund also estimated the multipliers associated with green spending to be between 2 and 7 times larger than those associated with non-eco-friendly expenditure, depending on the sector, technology and horizon involved.⁴ Research on green investments in South Africa indicates that they provide a stronger gross value-added and job-creation pathway than "traditional" fossil fuel-based investments. Indeed, investment in green initiatives could bring up to 60 per cent more jobs in the short term and generate as much as 140 per cent greater economic value in the long term, compared with traditional fossil-fuel-based alternatives.⁵

5. An analysis of options for the Democratic Republic of the Congo also revealed the potential benefits of investing in natural capital, which includes reforestation and agroforestry in addition to building nature-based facilities in urban areas. Utility-scale renewables could increase the extent of electricity penetration in the economy, while the extensive use of mini- and microgrids could bring electricity to as many as 10 million people. Overall, such investments could result in 130 per cent more jobs and 280 per cent greater economic output when compared with traditional investments in the same sectors. The potential of green investment strategies is even more important, in view of the ways in which they would support the future development of the African economy.⁶

6. The International Monetary Fund has concluded that the bare minimum that African countries will need until 2025 for an adequate response to the coronavirus disease (COVID-19) pandemic is approximately \$285 billion.⁷ Furthermore, Africa also faces a financing gap of more than \$100 billion per year to facilitate climate change adaptation.⁸ The timing of stimulus packages will have implications for economic growth in Africa and the ability of African countries to achieve their development objectives. It is crucial to improve domestic resource mobilization, ensure that expenditure is efficient and adopt policies to attract private sector finance and improve governance.⁹ An urgent overhaul of inefficient climate expenditure, as well as nature-damaging government expenditure, such as fossil fuel subsidies, fishery subsidies and unsustainable agricultural subsidies, is required to achieve a healthier and more sustainable, equitable and efficient recovery.

7. Debt and the triple planetary crisis of climate change, biodiversity loss and pollution and waste are intertwined, as are planetary and human health, for which the coronavirus disease (COVID-19) pandemic served as a stark reminder. Without substantial, concrete and sustainable debt relief, developing countries will face pressure to exploit natural capital to repay short-term debt, placing aside conservation and climate change ambitions. African countries are no exception in that. Furthermore, the climate crisis can exacerbate debt vulnerabilities by increasing sovereign borrowing costs.

8. It is increasingly apparent that environmental issues are too large to be addressed by any single entity, but rather require the concerted efforts of all sectors of our increasingly interconnected regional and global society. Partnerships offer a mechanism to foster such joint action, as well as an opportunity for non-traditional and non-State actors to become involved in environment and climate action and to contribute to building Africa's prosperity. Encouraging alliances between the finance, economic development and environment sectors offers opportunities to accelerate environment and climate action, which will enable a policy and regulatory environment that will incentivize and implement solutions for achieving the 2030 Agenda for Sustainable Development and Agenda 2063: The Africa We Want.

² greenfiscalpolicy.org/.

³ International Monetary Fund, *Fiscal Monitor: Policies for the Recovery* (Washington, D.C., October 2020).

⁴ www.imf.org/en/Publications/WP/Issues/2021/03/19/Building-Back-Better-How-Big-Are-Green-Spending-Multipliers-50264.

⁵ Brian O'Callaghan, Julia Bird and Em Murdock, *A Prosperous Green Recovery for South Africa* (Oxford University Economic Recovery Project, SSEE and Vivid Economics, 2021).

⁶ Economic Commission for Africa, *Building Forward for an African Green Recovery* (Addis Ababa, 2021).

⁷ Remarks by Kristalina Georgieva at the summit on the financing of African economies, International Monetary Fund, 18 May 2021.

⁸ www.imf.org/en/Publications/fandd/issues/2021/09/fighting-climate-change-in-Africa-ireri.

⁹ Remarks by Kristalina Georgieva; see footnote 7.

II. Rationale for collaboration between the African Ministerial Conference on the Environment and African ministers for finance and economic planning

9. Making environment action an enabler of socioeconomic development requires coherent implementation of actions across various sectors. That coherence needs to be solidified at the policy level, by harmonizing policies and their implementation across various complementary ministries, in a manner that creates a government-wide enabling policy environment.

10. The realities that directly threaten Africa's progress towards achieving the Sustainable Development Goals require substantial reorientation of the way in which Africa views environment and climate action. Such action can no longer be a footnote in mainstream development; henceforth, the environment needs to play a strategic role, providing practical, affordable, innovative solutions to bridge gaps in Africa's socioeconomic development, the end goal being to accelerate Africa's progress towards achieving the Sustainable Development Goals and the aspirations of Agenda 2063. That is what led to the adoption, at the sixteenth session of the African Ministerial Conference on the Environment (AMCEN), held in Libreville from 12 to 16 June 2017, of the ground-breaking Libreville Declaration on Investing in Innovative Environmental Solutions and the foundational decision 16/1 on investing in innovative environmental solutions for accelerating implementation of the Sustainable Development Goals and Agenda 2063 in Africa.

11. With decision 16/1, Africa established high-level policy levers for environmental action as an accelerator of socioeconomic transformation rather than as a regulatory obligation, as they are traditionally viewed. That logic was carried forward to the global policy level at the third session of the United Nations Environment Assembly of the United Nations Environment Programme, held in Nairobi from 4 to 6 December 2017, where Africa, working with the global community, sponsored resolution 3/5 on investing in innovative environmental solutions for accelerating the implementation of the Sustainable Development Goals.

12. The sixteenth session of AMCEN and third session of the United Nations Environment Assembly marked a watershed moment that crowned the Conference's engagement over the years towards a clear strategic focus on leveraging the environment as a provider of practical solutions for mainstream development. Through decision 16/1 and resolution 3/5, AMCEN proposed a series of innovations to further that objective, including innovations in policy, market enablers, financing, partnership, education and technology.

13. This positioning was further strengthened at the seventh special session of AMCEN, held in Nairobi from 17 to 19 September 2018, where the Nairobi Declaration on Turning Environmental Policies into Action through Innovative Solutions for Environmental Challenges in Africa was adopted. In the declaration, the African ministers for the environment urged African States "to invest in and prioritize urgently needed innovative approaches and start the intrinsic implementation of innovative solutions to environmental challenges that unlock inclusive wealth and simultaneously build climate resilience, while supporting the achievement of the multiple targets of the Sustainable Development Goals".

14. At the fifteenth session of AMCEN, held in Cairo from 2 to 6 March 2015, a few months prior to the adoption of the Paris Agreement under the United Nations Framework Convention on Climate Change, the African ministers of the environment acknowledged the findings of the report entitled *Africa's Adaptation Gap 2: Bridging the gap – mobilizing resources*. These findings provided a basis for the common African position on parity between adaptation and mitigation in the Paris Agreement, including in allocation of resources, which was reflected at the global level in the adoption of paragraph 4 of article 9 of the Paris Agreement. In addition, the adoption of the 2030 Agenda and its Sustainable Development Goals led Africa's environment ministers to affirm that natural capital was key to sustainable development and poverty eradication in Africa. To that end, the African ministers of the environment, at the fifteenth session, adopted the Cairo Declaration on Managing Africa's Natural Capital for Sustainable Development and Poverty Eradication. The adoption laid the basis for how the continent's environmental assets should best be leveraged to drive the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals, as well as the realization of the African Union's Agenda 2063 aspirations.

15. At its fifteenth session, AMCEN also adopted decision 15/1 on sustainably harnessing Africa's natural capital in the context of Agenda 2063, in which the African ministers of the environment agreed to take measures to combat illicit trade in Africa's natural resources and to put in place appropriate policies and institutional measures to harness the full potential of Africa's rich natural resources endowments and create value addition in sustainably managing natural resources. This was

after analysis revealed that Africa loses an estimated \$195 billion of its natural capital each year because of illicit financial flows, illegal mining, illegal logging, the illegal trade in wildlife, unregulated fishing and environmental degradation and loss.¹⁰

16. Despite significant decisions taken by AMCEN over the years, Africa lags behind in realizing the promise of the Sustainable Development Goals, which may not all be achieved if current trends continue. The Sustainable Development Goals underpin both the environmental sustainability and socioeconomic prosperity that are at the core of the agenda of AMCEN and the vision of the continent, as set out in Agenda 2063.

17. AMCEN is a forum for setting regional environment and sustainable development policy. That mandate, however, does not include a clear accountability system for the implementation and delivery of policy decisions. As a result, implementation of decisions lags behind their traditionally swift promulgation and adoption, resulting in a disconnect between impressive decisions and the tangible developmental impact they were intended to have. It would therefore be prudent for AMCEN to begin to pay closer attention to the implementation of its decisions and to assessing their impact.

18. At the fortieth meeting of the Committee of Experts of the Conference of African Ministers of Finance, Planning and Economic Development of the Economic Commission for Africa, held from 11 to 13 May 2022 in Dakar, the experts noted that COVID-19 and the war in Ukraine had triggered a series of global shocks that called for a continental response and unified action, in particular by putting in place regional instruments and a new financial architecture to cope with such emerging shocks. The experts noted with concern the impact of the shocks on liquidity, as they were felt not only in Africa, but globally. They considered that the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be hosted by Egypt from 6 to 18 November 2022, could be leveraged to ensure that tools for green growth could be scaled up to increase liquidity access, resilience and sustainability.¹¹

19. The Conference of African Ministers of Finance, Planning and Economic Development subsequently adopted by consensus a total of 10 resolutions prepared by the Committee of Experts, calling for accelerated action and strengthened partnerships. Of key importance to AMCEN was the adoption of a resolution on carbon certification. In that resolution, the Conference of Ministers noted with concern that, as reported in the sixth assessment report of the Intergovernmental Panel on Climate Change, Africa remained the region most vulnerable to climate shocks while being the least responsible for the inexorable increase in global temperatures. They underlined the critical importance of the continent's natural heritage and its incalculable contribution towards the sequestration of harmful greenhouse gases, and in particular such regions as the Congo basin, which play an essential role in regulating the Earth's climate. They also noted the absence of efficient accounting and carbon certification processes in the African region to incentivize efforts to sustain such carbon sinks and regulate the Earth's climate, while addressing its own development imperative, by pricing such emissions in ways that match the related social costs.

20. The gaps noted in the carbon certification resolution would serve as a good foundation to commence the formal mechanism of collaboration between AMCEN and the African ministers for finance and economic planning.

III. Possible engagement between the African Ministerial Conference on the Environment and African ministers for finance and economic planning

21. AMCEN, with the above in mind, should forge deliberate steps to actively engage with the ministers for finance and economic planning with a view to a sustainable, long-term formal collaboration that will ensure impactful, innovative socioeconomic and environmental transformation in Africa. In that regard, the Conference could consider approving the following complimentary scenarios, to be conducted in tandem, to enhance collaboration:

(a) A courtesy meeting between the President of AMCEN and the President of the Conference of Ministers of Finance, Planning and Economic Development to introduce the collaborative agenda;

¹⁰ <https://www.unep.org/regions/africa/our-work-africa>.

¹¹ E/ECA/CM/54/4/Rev.1.

(b) Joint collaborative meetings between the Bureau of AMCEN and the Bureau of the Conference of African Ministers of Finance, Planning and Economic Development to define the issues;

(c) A joint session of AMCEN and the Conference of African Ministers for Finance, Planning and Economic Development to forge innovative policy directions and actions to accelerate socioeconomic and environmental development of and green investments in the continent;

(d) Attendance of the President of AMCEN at meetings of the Conference of African Ministers of Finance, Planning and Economic Development to explain AMCEN decisions that have socioeconomic impact.

22. In addition, the Conference could consider approving the following areas of intervention identified for inclusion in an initial joint programme of work:

(a) Development of sustainable budgeting frameworks for the purpose of ensuring mobilization of resources for African nationally determined contributions and national adaptation plans. Having a common African framework for sustainable budgeting would also facilitate cohesion in addressing the priorities of Agenda 2063 and the African Green Stimulus Programme;

(b) Development of high-integrity carbon markets across the continent, allowing coherence with African positions on the implementation of article 6 of the Paris Agreement while also building capacity for high-integrity carbon credit issuances based on harmonized protocols. That focus of work between AMCEN and the Conference of African Ministers of Finance, Planning and Economic Development could include the identification of opportunities to introduce carbon markets within the African Continental Free Trade Area.

IV. Key recommendations for the African Ministerial Conference on the Environment

23. The following are proposed as key recommendations on policy interventions for consideration by the Conference at its resumed eighteenth session:

(a) Commence engagement of AMCEN with the Conference of African Ministers of Finance, Planning and Economic Development as a matter of priority, in view of the urgent need to accelerate progress in turning decisions into action;

(b) Establish the mode and frequency of collaboration between AMCEN and the Conference of African Ministers of Finance, Planning and Economic Development;

(c) Develop innovative financing mechanisms for the environment and sustainable development on the continent to reduce Africa's dependence on external financing and build capacity for domestic resource mobilization for investment in climate resilience;

(d) Use environment and climate action as opportunities for economic development and job creation;

(e) Mandate the AMCEN secretariat to engage with the secretariat of the Conference of African Ministers of Finance, Planning and Economic Development, Economic Commission for Africa, African Development Bank and African Union Commission on this collaboration.