



KEY POLICY MARKERS

Business Transitioning to Green The Challenges and Opportunities in Africa

At the Fourth Annual Conference on Climate Change and Development in Africa, held in Marrakesh from October 8th to 10th, 2014, PACCI, with the support of UNECA/ACPC, led a session on “the Challenges and Opportunities in Transitioning to Green Economy in Africa”. The message from the session was very cautious. Although companies do embrace the concept of a green economy, in the absence of an enabling environment for a transition towards greener economies, businesses fear that the transition could cause their export industries to experience declining demand or competitiveness.

Achieving the transition may require the green growth to be mainstreamed into development planning cycles, integration of different sectors and high-level political commitment.

Many African countries aim to accelerate economic growth through the expansion of their industrial base as a means to generate jobs, increase public revenue, expand social services and ultimately reduce poverty.

This reliance comes at a cost as ecosystems are disrupted which in turn can significantly impact livelihoods of rural communities. And given the importance of natural resources to economic development, as well as the inherent risk that poorly regulated development could irreversibly damage the natural resource base, National Biodiversity Strategies and Action Plans (NBSAPs) could play a useful role in helping define the trajectory that the transition to a resource-dependent green economy might take. Unfortunately, these linkages are seldom made.



About the Pan African Chamber of Commerce and Industry (PACCI)

The PACCI is a unique business support organization, with local representation in all the African countries. Its Mission is simple: to stimulate and support responsible trade and investment in Africa. PACCI provides a platform to: promote and support the economic well-being of African businesses, and in particular that of its members; improve and boost intra-African trade and investment; facilitate policy dialogue to the realization of a Continental Free Trade Area (C-FTA); support women owned businesses; drive innovative public policy impacting on business and communities; reinforce the protection of the environment and the creation of sustainable employment.



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What We Notice on the Ground

- Many African businesses want to actively engage with the concept of a 'green economy', but are not sure on how to find a sustainable balance between people, planet, and profit. Most businesses agree that today, sustainability is predominantly driven and motivated by a sense of environmental and social responsibility, company value, culture and brand reputation, green consumer demand, and the business case of sustainability.
- There is a large body of environmentally-related rules and regulations around the world, and more so in developed countries. There is fear among businesses in Africa that these regulations, standards and labelling may represent significant obstacles to market entry for African companies.
- Business in Africa remains fearful of the full implications of a transition to a green economy and the potential impact that green economy strategies in industrialised countries will have on their own economic prospects.
- The companies we spoke to are inspired by the greater good, but all of them say to transition to green there must be demand from consumers for green products and practices and there also must be government incentives for greening (as well as regulations and legislation that require it).
- Due to the lack of standards and frameworks available locally, green practices are mostly validated internally with little external validation. In many countries, there are no standards to be measured against locally and no body for accreditation or measuring.

"Despite a growing chorus of corporate commitments and actions, we're less optimistic that these activities...are addressing planetary problems at sufficient scale and speed."

-- Greener World Media

Green practices in Africa are evolving as new business and many of the firms and companies that are embracing them are now considered pioneers, experimenting with new and innovative processes in the absence of industry standards and an environment of no regulations or rapidly changing regulations and legislation. As businesses transition to the sprouting demand for a green sector, there is a pressing need to better understand the economic impact and influence the sector has on economy.

Businesses that are already part of the green economy are trailblazers that are often doing something or offering something that is new and innovative. As a result, there are a series of challenges that are particular to firms that are either greening their practices or offering a green product, all of which are related to the fact that there are, in many cases, higher costs (finance, policy uncertainties, lack of expertise etc.) associated with bringing "green" to consumers.

By supporting the "green economy", PACCI will face these challenges by becoming involved in advocacy and advisory at continental and regional levels to raise the profile of the green sector.



Despite the challenges green businesses in Africa face, many see a future in a green market. They are anticipating new skills requirements and working towards developing training approaches that will meet the needs of the workforce in their sectors. They are developing best practices, measures of success and standards that define the green sector and what it means to be a "green" product or business.

More than anything, green companies in Africa and elsewhere see that there are an increasing number of businesses joining the green economy and feel that there will be a huge benefit to them with this growth. Like everywhere else, "green business" in Africa hopes that a broader green market will allow for more product differentiation, increased public (and consumers), awareness of sustainable products and methodologies, more consistent regulation and policy-making across the board.

Observations from Business (a world of possibilities)

"Those organizations that have built sustainability into their structure properly will come out of this better than those who saw it as a public relations measure."

(Richard Spencer, Institute of Chartered Accountants in England and Wales (ICAEW), Feb 09)

- Lack of information - A major deficiency in the current transition initiative for business in Africa is the lack of information on what to do. It is remarkably difficult to find clear guidance as to what business should be trying to undertake to achieve transition or resilience. What is needed to know is what things should business start trying to set up, what should it avoid, what should come first. Especially, what's important is that

business needs to be able to see the causal links, to understand why and how the greening venture will have the effect of creating greater resilience. Business needs to know what projects it should start with, what the difficulties and costs might be, etc. Just being told, "Create an energy efficient plant" doesn't help much when what we need is to know how we might do that.

- The need for coordination, priorities and planning – One important aspect that needs improvement is the set up of mechanisms which guide business to work out and operate an overall/integrated plan, say opt for incremental innovation as opposed to transformative innovations. Today it will not be ideal to work on an ad hoc basis to set up a bakery here and a garden there, it is important that there should be continual discussion about what business needs to set up to achieve its goals, what should be done first, what is feasible, how business might proceed to get the main things done first, and what are the most important ventures to set up. How should the scarce resources best be deployed. Of course, individual initiatives are to be encouraged but, much more important, are likely to be bigger projects requiring national or regional effort.

- Lack of standards – "Green" business is claimed by many African businesses, even though they lack well founded and integrated sustainable, social, and environmental commitments. Many businesses work off of their own definitions of what "being green" means, while neglecting the fundamental and integrated social and environmental sustainability in business. This is because no standards of greening exist for businesses in most, if not all, African countries.

