

# Climate Action

DIGEST

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## REBUILDING BACK BETTER & DIFFERENT – JUST TRANSITIONS UNDER COVID-19 AND CLIMATE CHANGE IN AFRICA

For over half-a-year now, the COVID-19 emergency have been at the centre of news across the globe and Africa. Specifically, in Africa where I am peening these thoughts, many lives and livelihoods have suffered a huge toll. Health services for non-communicable diseases (NCDs), responsible for 41 million of all deaths globally, have been severely disrupted as we speak. On the livelihoods front, COVID-19 has been projected to cause the first increase in global poverty since 1998. It is set to push up to 49 million more people into extreme poverty in 2020. Sub-Saharan Africa is no exception and is projected to be hardest hit in livelihoods terms. What is clear, as COVID-19 now enters month after month in Africa, is that beyond a health crisis, an economic catastrophe is looming.

*A trader in a market in Ghana. The informal sector has been greatly affected by the COVID-19 pandemic, businesses were affected and traders need to be protected.*

# Rebuilding Back Better & Different– Just transitions Under COVID-19 and Climate Change in Africa



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*The economic hard times in Africa as a result of loss of employment and livelihood during the COVID-19 pandemic is creating a ripple effect that is also affecting the food market.*

This is worsened by the fact that this emergency is coming to exacerbate an already precarious socioeconomic situation. In a continent whose economies are already 20times less productive than competitors in the global, Africa is projected to have lost \$29billion in the initial months, and is hurtling down to negative 5.1% GDP growth for 2020. This is going to compound an already existing challenge of youth unemployment where currently there is an urgent need to create no less than 12million jobs each year for the youth. But as things stands, an estimated 50% of all jobs are set to be lost under this COVID-19.

As if this is not enough, currently 257 million citizens go to bed hungry as the continent at the same time losses food worth \$US 48 billion simply because of inefficiencies in the entire agro-value chain. It suffice to say that COVID-19 is compounding Africa's precarious scenario with an up to 7% contraction occasioned by supply chain disruptions. When you put all these together with the elephant in the room called Climate Change it becomes something else. It is like adding salt to injury so to speak. I say so because Climate

Change Emergency is already reducing productivity and projected to lower incomes in Africa and other developing regions by a massive 75%.

The cumulative effects of COVID-19 adding to existing vulnerabilities is pushing the region into its first economic recession in 25 years. With these strains on one hand, and ever-increasing global competition on the other, it is very likely, that some businesses that have closed will never re-open. Some jobs that have been lost, will never be recovered. It suffices to say that Africa, which is a socioeconomically fragile region, is being pushed further up the vulnerability scale and this will only further plunge millions into suffering.

COVID-19 crisis is yet another reminder of the urgent importance to surmount and emerge stronger. And this leads us to two fundamental questions that needs to be answered. First, how do we re-imagine, re-organise and re-design Africa's development under the changing climate and the unsettling realities of a COVID-19 plaguing our world and more so Africa?

**And second, how do we rebuild better, in a way that can lift the youth from the fangs of unemployment and at the same time salvage the challenges currently plaguing the informal as we position Africa to be global competitive?**

**Rebuilding Better and Stronger the African way: Harnessing the Power of innovative approaches in**

“Every adversity carries with it seeds of equal or greater benefits”. This insightful African proverb aptly describes the mindset we all must have as we face this global emergency head-on. We need to view it as an opportunity to rebuild more robust, competitive, and inclusive economies that unlock the productivity of all 1.2 billion citizens of the African continent.

But this needs a strategic approach founded on some key elements. These elements are what could be considered as pillars for ensuring the COVID recovery in Africa, climate proofs the region’s economies, and injects competitiveness and economic inclusiveness. Lack of which has been the source of perennial vulnerability, that has now been magnified by the COVID emergency.

**1) Rebuilding through Informal Sector:** it accounts for over 80% of all employment in sub-Saharan Africa – and has been so for a long time. Over 90% of new jobs created in Africa during the 90s for instance were in the informal economy. Currently, up to 80% of young workers in nearly all school-to work transition surveys fall into the category of informal employment. Going forward, this sector has also been described as the “present and future” of work in Africa.

Efforts to re-build resilient inclusive economies must therefore focus on where majority of people draw their livelihoods. And by this, ensure we have most people productively engaged in productive economic activities.

**2) Africa Catalytic Sectors:** while informal sector actions emanate from nearly every sector, transformation can only be driven through a strategic focus on the sectors that can be considered catalytic.



A customer receiving his food supply from a food vendor. Demand for organic food has been high during the pandemic period..

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The informal sector employs upto 80% of Africa’s population. agriculture being a critical sector needs to be revamped and supported..



*A vendor displays fresh fruits in an open air market. The ability to stop post harvest losses is able to increase earnings upto 30 times by actors in the agro-sector.*

These sectors are economically inclusive – meaning they engage majority of the population. This implies that maximising their productivity thorough value addition means putting more money in more pockets. In addition, these sectors can meet both climate and socioeconomic priorities simultaneously. Accordingly, the agro-value chain coupled with clean energy power especially locally manufactured solar dryers, clean cook stoves for value addition, stands as most catalytic. Not only are these inclusive – with agriculture employing over 60% of the population, but the continent holds a significant resources comparative advantage in them.

Africa's agro-market is also estimated worth up to \$150 billion each year. This represents a ready market for enterprise actions in agriculture, value added agriculture, clean energy, in powering agriculture among key intervention areas. For example, decentralising solar dryers among cassava farmers – where cassava is converted into dried cassava chips that can be preserved for longer, sold to millers to be further processed into cassava flour or eaten as is / or fried into cassava chips, has been proven to increase incomes by up to 150% and reduce postharvest losses by 30%. Use of solar dryers to dry rice has proven to be 48times faster than traditional open sun drying and result in better quality, cleaner, more hygienic rice that fetches more in the market. Decentralizing solar dryers to informal food traders in markets across the continent,

to enable them dehydrate and preserve their harvest that remains unsold at end of day and sell when demand peaks is not only cutting postharvest losses but increasing earning up to 30times. All these are delivered by innovatively applying an accessible climate solution – solar dryers – which enhances incomes without piling on the emissions that exacerbate climate change in the first place.

**3) Low Risk Investment Financing** is critical to catalyse growth of enterprises in the informal sector. But this needs to build on institutions that are most accessible to informal sector players. Up to 90% in Africa, inadvertently engaged in the informal sector transact in cash and in part, the convenience of mobile money. Formal financial structures such as bank accounts, are out of their reach.

For such actors to build critical credit history they need to raise capital is a tall order. However, they are accounted for in communal cooperatives, which exist in some form even at the lowest socioeconomic level in nearly every community in Africa. Cooperatives are weaved into the diverse cultures in the continent and draw on critical values that are fundamental to development – selflessness, trust, and co-creation of value. Community cooperatives are proven to work, are accessible and relevant to the diverse financing needs of the informal sector having withstood the test of time.

They build on trust, which is social capital and a critical asset for mobilising finance – especially in the informal sector. These cooperatives need to be leveraged as structures for traceability and accountability in financing informal sector enterprise development.

For example, through these cooperatives, rainwater harvesting equipment could be acquired for members to ensure water used for irrigation is safe. Solar dryers critical for safe value addition could likewise be acquired. Training on safe use of fertilizers could also be delivered in addition to prioritizing organic fertilizer that is eternally safe. And governments should come up with policies to de-risk these cooperatives. As a start, stimulus packages being issued by governments, should be targeted at cushioning cooperatives against liquidity crunches hence ensure that delayed payments from members, that may arise out of COVID related down-turns, do not render them insolvent and close them down.

**4) Market Incentives** there is a growing market segment of consumers ready to pay a premium for food that is certified organic, healthy and environmentally complaint – at times up to 3 times the price of conventional foods. Informal sector food traders who cultivate using nature based, non-chemicalised approaches and add value using non-polluting clean energy stand a chance to tap this market. But this is only if their production is certified by formal national standards bodies. National standards bodies therefore need to adopt critical, affordable climate action related enablers such as solar dryers, and nature-based agriculture, to ensure informal sector players have a way of achieving criteria needed to be formally certified. And by this, tap into the growing, lucrative organic foods market.

**5) Prioritising Human Capital:** a skilled person, capable of turning challenges, into enterprise opportunities is 4 times the value of produced capital and 15 times the value of natural capital. What we must urgently invest in skills retooling of youth and inspire them in establishing enterprises in the “catalytic areas of the economy. For example, across Africa, we are structurally guiding youth through Innovative Volunteerism to use locally available material and develop mechanical solar dryers. They are being guided to decentralise the same to farmers to enable them add value. Biofertilizer is another area – where youth are converting agricultural waste – be it rice husks, maize cobs and other agricultural waste into organic fertiliser earning over 560% profit. To catalyse such enterprises, policy will also need to be in tandem to lower enterprise costs especially for the youth. A critical aspect can be zero-rating taxes on material and equipment required to develop such solutions.

### Conclusion

Three economic challenges that continue to peak even as the medical crisis phase of the COVID-19 wanes will only

plunge Africa into deeper climate crisis. This is given the direct correlation of climate vulnerability with weak economic fundamentals.

The opportunity that the COVID is presenting for Africa, Revisiting its progress towards more resilient, inclusive, and competitive economies informed by fundamentals that the COVID crisis has exposed will be a game changer in the lives of the informal sector who drive over 80% of the economies in sub Saharan Africa.. This chance is unmissable if we are committed to just transitions.



*An image of an open air market showing how business has been affected by the pandemic with no usual human traffic visiting markets.*



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