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## A REVIEW PAPER ON LEADERSHIP AND POLITICAL COMMITMENT TO GREEN ECONOMY: THE CASE OF ETHIOPIA

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### ABSTRACT

*This review paper aimed at identification of leadership and political commitment in attaining the green economy vision as well as to identify key actors and achievements following its implementation in Ethiopia. Accordingly, the leadership commitment of the Ethiopian government made it the pioneer country to design and implement transformational climate policy and devised latest relevant law in Forestry Development, Conservation, and Utilization Proclamation (542/2007). Key sectors involved in the strategy were Prime Minister Office, EPA, MoA, MoWE, among other national and international communities. Tremendous achievements were recorded following the implementation of the strategy via afforestation, reforestation and clean energy generation with great commitment and mobilization of the community. Finally, measures that need to be taken in to account for the success of the green economy strategy were recommended.*

### KEYWORDS

green economy, leadership commitment, political commitment, afforestation, reforestation, sectors, clean energy, ethiopia.

### ABBREVIATIONS

|       |   |                                                              |
|-------|---|--------------------------------------------------------------|
| CDM   | : | Clean Development Mechanism                                  |
| CRGE  | : | Climate Resilient Green Economy                              |
| CRS   | : | Climate Resilience Strategy                                  |
| EPA   | : | Environmental Protection Authority                           |
| EU    | : | European Union                                               |
| GDP   | : | Gross Domestic Products                                      |
| GHG   | : | Green House Gases                                            |
| GTP   | : | Growth and Transformation Plan                               |
| ILO   | : | International Labor Organization                             |
| OECD  | : | Organization for Economic Co-operation and Development       |
| MoA   | : | Ministry of Agriculture                                      |
| MoFED | : | Ministry of Finance and Economic Development                 |
| MoWE  | : | Ministry of Water and Energy                                 |
| NTFPs | : | Non-Timber Forest Products                                   |
| OPM   | : | Office of Prime Minister                                     |
| REDD  | : | Reducing Emissions from Deforestation and forest Degradation |
| UNDP  | : | United Nations Development Program                           |
| UNEP  | : | United Nations Environment Protection                        |

### INTRODUCTION

Ethiopia aims to achieve carbon-neutral middle-income status before 2025. As set forth in the first national Growth and Transformation Plan (GTP), this leap required increasing agricultural productivity, strengthening the industrial base, and fostering export growth. Economically, it means growing fast enough to increase the current gross domestic product (GDP) per capita of around USD 380 to USD 1,000 (the lower threshold of middle-income status), decreasing the share of GDP contributed by agriculture from more than 40% to less than 30%, and migrating from farming and herding to jobs in the services and industry sectors. Ethiopia has good prospects for growth. The International Monetary Fund forecasted that Ethiopia achieve real GDP growth of more than 8% annually over the next five years. Of the countries with more than 10 million inhabitants, only China and India are expected to grow at a faster pace (EPA, 2011).

Ethiopia launched its Climate Resilient Green Economy (CRGE) Strategy as a central element in its ambition to become a low carbon middle income economy by 2025. This will develop a green economy to enable the country to strengthen its adaptive capacity to the effects of climate change; its intent to become a “green economy front runner” is an expression of both its potential for and its belief in a sustainable mode of growth. Ethiopia, in fact, is fully aware of the impediments that conventional development paths cause by their unsustainable use of natural resources. It has over the few years registered unprecedented and continuous growth as a result of policies and strategies carefully tailored to respond efficiently to the existing socio-economic context. The Climate Resilient Green Economy strategy is yet another positive step to resist the adverse effects of such problems as climate change and build an economy that will provide sustainable development (Foreign Minister, 2015).

To tackle the challenges of global climate change and related problems, the government of Ethiopia has identified four major economic pillars to underpin the ‘Green Economy’ strategy. These are: improving crop and livestock production practices to allow for better food security and higher farmer incomes while reducing greenhouse gases emissions; protecting and re-establishing forests for their economic and ecosystem value, specifically including an increase in carbon stocks; expanding electricity generation from renewable sources of energy (clean energy) for domestic and regional markets; and leapfrogging to modern and energy-efficient technologies in the transport, industrial and construction sectors. Establishing these parameters for the relevant parts of the economic development plan is preventing the economy from being locked into any unsustainable paths, and will also help to attract the investment required for their development. Additionally, as part of this strategy, the government has selected four areas for fast-track implementation: exploiting Ethiopia’s vast hydropower potential; large-scale promotion of advanced rural cooking technologies to minimize the use of charcoal; large scale efficiency improvements to the livestock value chain; and reducing emissions from deforestation and forest degradation (REDD) (Foreign Minister, 2015).

### OBJECTIVES

1. To identify the commitments of leadership and politics in green economy of Ethiopia
2. To describe the achievements of green economy in Ethiopia
3. To identify core sectors involved in green economy
4. To recommend important issues for the success of Green economy

### THE CONCEPT OF GREEN ECONOMY IN ETHIOPIAN CONTEXT

There is no unique definition of “green economy”, but the term itself underscores the economic dimensions of sustainability. It responds to the “growing recognition that achieving sustainability rests almost entirely on getting the economy right”. It also emphasizes the crucial point that economic growth and environmental



stewardship can be complementary strategies, challenging the still common view that there are significant tradeoffs in pursuing these two objectives. In other words, synergies prevail over the tradeoffs. The concept of green economy should be seen as consistent with the broader and older concept of sustainable development. The specificities of the broader concept are its holistic character, as it encompasses the three pillars of development – economic, social and environmental – and its particular focus on inter-generational equity (UNDP, 2011).

Although climate change poses significant threats, the international response to climate change also offers considerable opportunities for Ethiopia. Within the broader global agenda on climate change, developing countries like Ethiopia stand to gain from both adaptation and carbon finance. Carbon finance – payments for activities which reduce global carbon emissions such as planting new forests and foregoing dirty technologies – has the potential to be a major revenue source for Ethiopia. Although it is an early estimate and needs to be refined and assessed for feasibility, and it will require changes in the way carbon finance is transacted, it has been calculated that under a carbon neutral growth trajectory, Ethiopia could offset in the region of 250 million tons of carbon a year. Even with the low current carbon price of US\$10-20 per tone, this could generate billions of dollars for the country. The opportunity is not just financial. Climate change offers a lens through which Ethiopia can revisit some of its most intractable development challenges. The key is to position Ethiopia at the forefront of the low carbon revolution promised by the climate agenda. Ethiopia has huge low carbon potential – it is rich in forests and has ample renewable resources of hydro, solar, wind and geothermal energy. To make the most of this potential, the country will need to (a) ensure that its long-term planning is compatible with a low carbon future and (b) make it as attractive as possible to carbon investors.

In the business-as-usual (BAU) scenario, Ethiopia will use hydropower and renewable sources of energy to create a near-zero GHG emission electric power supply by 2030. On the other hand, the planned scaling-up of domestic power production capacity, combined with successful implementation of energy efficiency measures, offers opportunities for power exports. These exports could reduce the emissions of neighboring countries and represent the single most important abatement lever compared with BAU for the Ethiopian power sector. Ethiopia has an average export potential of 25TWh per year during 2011 – 2030, which could result in an annual abatement potential of 17 Metric tons of carbon dioxide equivalent (Mt CO<sub>2</sub>e) on average and nearly 20 Mt CO<sub>2</sub>e in 2030 (UNDP, 2011).

## LEADERSHIP AND POLITICAL COMMITMENT

Ethiopia is one of the first countries in Africa to develop a green growth strategy. Ethiopia's leadership, and its early attempts through greening its economy to achieve more inclusive growth, are of real interest for a world in which alternative growth models for long-term sustainable development and social equity have rapidly become a priority in government, business and civil society. This is why the OECD and Ethiopia's Environmental Protection Authority (EPA) agreed to produce a brief case study of Ethiopian progress and prospects – principally to showcase Ethiopia's existing progress in going "green", i.e. what has been done in the country to produce the strategy, how to transform the strategy into an implementation plan, and the next steps for crystallizing individual components of the strategy, but also to offer a small space for reflection within Ethiopia on where the work might go next (OECD, 2013).

His Excellency Mr Meles had a vision for sustainable development and was a pioneer in Africa's green thinking where the need for such thinking is most urgent. This first came to light at the Lem (Green) Meeting in Addis Ababa in June 1992. The post-colonial development model in Ethiopia had failed dramatically and the country was in ruins. In his address at the meeting, one year after assuming responsibility for what is one of the most challenging countries on earth, Mr Meles encapsulated the thinking of the day by calling for "conservation-based, people-led, people-centred development" requiring a "multi-disciplinary and broad-spectrum approach for there is no piece-meal solution to the problem at hand." This speech was the first step on the road to a green economy in Ethiopia. Over the following 20 years, despite, or perhaps because of, the perennial ravages of drought, war and outside shocks, Mr Meles continued exploring sustainable development in Ethiopia and today there are countless green success stories throughout the country with vast green growth potential. Perhaps his greatest green legacy from his time in office will be the Climate Resilient Green Economy strategy, the first of its kind in the world, announced in Oct 2011 just before the UN climate talks in Durban. This was Ethiopia ahead of the curve (Open Democracy, 2012).

Prime Minister Meles Zenawi contributed to leading Africa's active engagement in the UN climate change negotiations in his role as Chair of the Meeting of the Committee of African Heads of State and Government on Climate Change. His efforts in mobilizing Africa's voice on climate change are a clear example of his legacy in advancing Pan-Africanism through intergovernmental processes and dialogue (UNEP, 2012).

The current decentralized forest governance of Ethiopia is part of its recent constitution. According to the constitution, Ethiopia established a federal government system in which the regional states are semi-autonomous and responsible to manage their natural resources, including forests. Specific to the forest management, the latest relevant law is the Forestry Development, Conservation and Utilization Proclamation (542/2007) and subsequent regional state laws. At both Federal and State levels, the policy recognizes the importance of community participation for ensuring the sustainable utilization of the country's forest resources (Banana *et al.*, 2013)

Calls to promote 'transformational climate policy' are gaining prominence within the international climate discourse (Kates *et al.*, 2012). Its proponents argue that the breadth and scale of responses needed to deal with the climate challenge can, in many cases, no longer be addressed simply through incremental adjustments (Bahadur & Tanner, 2012). Rather, transformational approaches – both with regards to mitigation and adaptation – are needed as a means of achieving large step-changes for traditional modes of development and growth. The call for transformation is even more pronounced when considered in the context of slow progress in international climate negotiations, and the relative failure to embed nationally-owned climate-relevant policies within wider growth and development plans' (Dimitrov, 2010; Van Den Berg & Feinstein, 2010; Preston *et al.*, 2011).

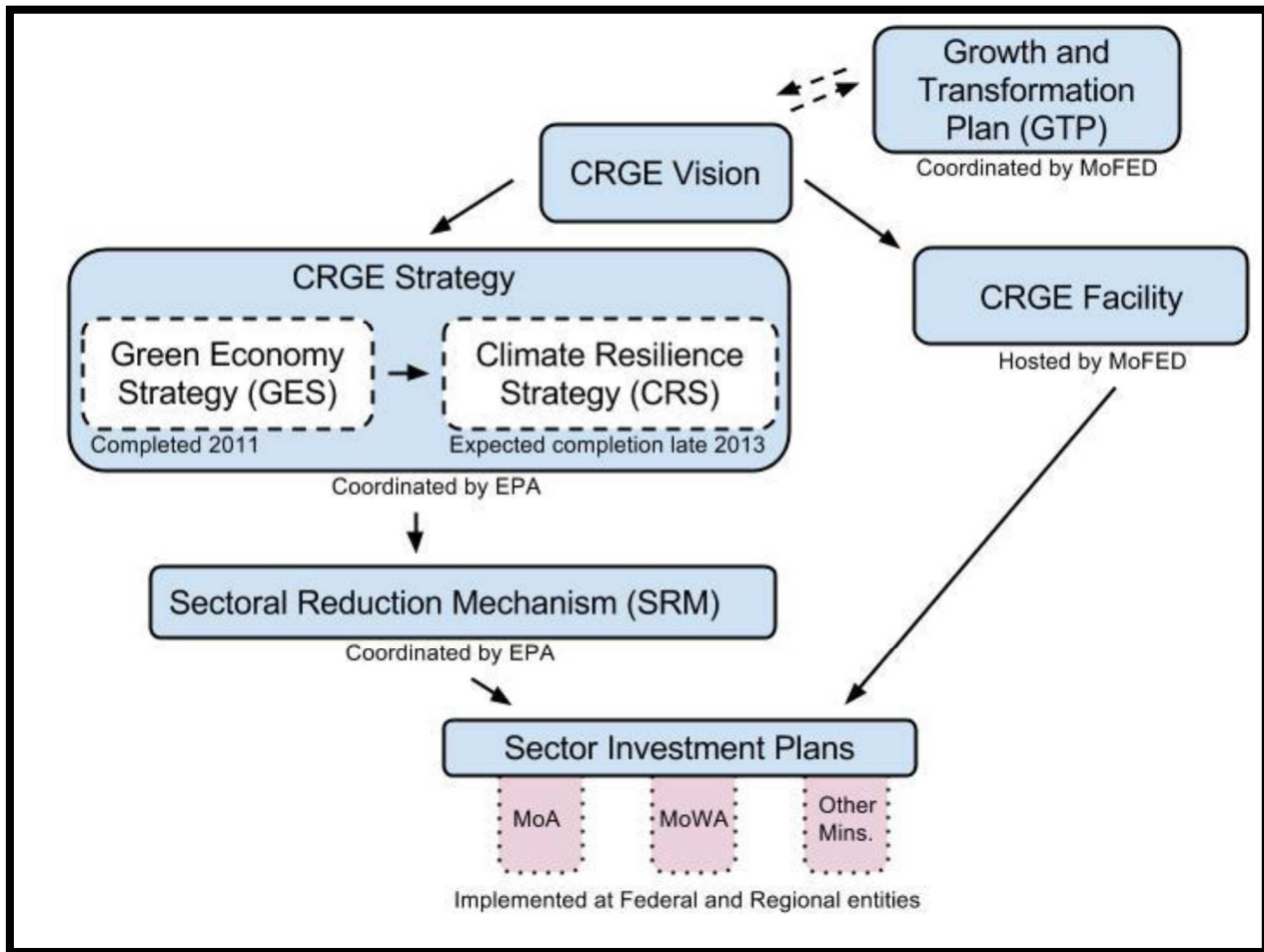
Given the scale of reform that transformational approaches imply, care needs to be taken to ensure that new policies are flexible and robust in dealing with a range of possible future outlooks. Moreover, longer-term commitments and investments needed to deliver many mitigation and adaptation objectives will inevitably have important economic and social impacts on a wide variety of stakeholders. With this in mind, alongside the technical challenges of designing transformational climate policies, a number of key considerations are largely missing from the discourse: what are the key political and economic opportunities and barriers in driving forward transformational climate policy? What roles do vested interests, incentives and power play in its development? And whose voices and needs are represented in the process? Despite the emphasis, few countries have undergone a process of designing transformational climate policies. Fewer still have gone about implementing them. The Ethiopian government experience in relation to CRGE strategy clearly make it the first country among the developing economies to prepare domestic transformational climate policies that are meaningfully embedded within the country's vision for the economic growth and development where the design and delivery of Ethiopia's CRGE offer a number of unique insights (Lindsey, J. and Elizabeth, C, 2013).

Ethiopia has made extensive efforts to implement its green economy plan through efficient use of finance and sets to build a Climate Resilient Green Economy (CRGE) by 2025. While building its resilience; it also takes steps to ensure that the economy is green and sustainable. The CRGE Vision aims to provide Ethiopia with a common goal and road map for achieving a climate resilient green economy. Through the leadership of the Prime Minister, Ethiopia is taking a leading role in both the regional and global response to climate change. Despite the burden of climate change, the country's adaptation to Climate Change and carbon emissions abatement initiatives and similar strategies has made a strong start; as a result, the nation has come out to be a leading global player in building climate resilient economy. And it had demonstrated a strong commitment towards climate change mitigation and emission reduction.

## SECTORS PARTICIPATE IN GREEN ECONOMY

In 2011, Ethiopia's late Prime Minister laid out a forward-looking and ambitious vision for the country: to transform Ethiopia into a carbon-neutral middle income country by 2025 (EPA, 2011a). Named the CRGE 'Vision', this was soon accompanied by a more detailed CRGE 'Strategy', which presented a framework for promoting Ethiopia as an early-adopter of low carbon growth and exploiting opportunities to transform the country's development model towards greater economic and environmental sustainability (EPA, 2011b). As part of this, the Strategy has three overarching objectives: fostering economic development and growth; ensuring abatement and avoidance of future emissions; and improving resilience to climate change.

FIGURE 1: CORE INSTITUTIONAL STRUCTURE AND MAKEUP OF THE CRGE PROCESS



Source: Lindsey, J. and Elizabeth, C, 2013

A wide range of actors and groups are involved in the development of the CRGE’s Vision and Strategy (see Figure 1 and Table 1). From amongst them, the OPM, MoFED, and EPA constitute the three primary actors involved in the process. OPM assumes overall leadership of the CRGE, with EPA responsible for the coordination and design. Insights from key informant interviews point to tension between the EPA and Ministry of Agriculture (MoA) over designation of the lead role in developing the CRGE Strategy, particularly during the early stages of the process. Despite being an Authority, and thus not carrying the same weight as conventional line ministries, the EPA was able to secure ownership in developing the CRGE. MoA nevertheless remains influential in the design of the CRGE, particularly as agriculture has been fast-tracked as a sector priority and developed its own sectoral CRS. Given MoFED’s role in developing Ethiopia’s GTP and its high degree of leverage and influence within central government, the ministry plays a central role in the on-going development of the CRGE. This relates particularly to the Strategy’s implementation and funding mechanisms as MoFED assumes responsibility for the management of the CRGE Funding Facility (MoFED, 2012).

TABLE 1: INSTITUTIONS INVOLVED IN THE DEVELOPMENT OF CRGE’S VISION AND STRATEGY

| Sector                                          | Role                                                                                   | Involvement in vision and strategy consultation process                                                               | Influence and leverage                                                                                        |
|-------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| OPM                                             | Overall leadership of the process                                                      | Principal actor involved in the oversight of all activities                                                           | High degree of influence                                                                                      |
| EPA                                             | Lead in the design and delivery of the vision and strategy, coordination and budgeting | Main actor                                                                                                            | High degree of influence                                                                                      |
| MoFED                                           | Responsible for the delivering of the GTP, financing                                   | Core partner alongside EPA                                                                                            | High degree of influence and leverage                                                                         |
| MoA                                             | Implementation of the program                                                          | Inputs to inter-ministerial steering committee as well as representative in the technical and sub-technical committee | Moderate degree of influence and leverage. Influence growing as agriculture fast-tracked as a priority sector |
| Other line Ministries                           | Development, implementation and preparation of program units                           | Inputs to inter-ministerial steering committee as well as representative in the technical and sub-technical committee | Some degree of influence and leverage                                                                         |
| Donors (DFID, CDKN, UNDP, JICA, NORAD, GIZ, WB) | Partial funding for inputs                                                             | Limited involvement in the design of the strategy but greater support in shaping and implementing it                  | Some degree of influence and leverage                                                                         |
| Technical consultants and research institutions | Provision of technical inputs                                                          | Advisory services                                                                                                     | Moderate Leverage                                                                                             |
| Regional Governments                            | Support implementation                                                                 | Involvement in GTP through regional consultations. Partial consultation with technical subcommittee.                  | Some degree of influence and leverage                                                                         |
| NGOs, Civil Society and Private sectors         | Limited formal involvement                                                             | Limited                                                                                                               | Limited degree of influence and leverage                                                                      |

Source: Adopted from Lindsey, J. and Elizabeth, C, 2013

## ACHIEVEMENTS IN GREEN ECONOMY

Various evidences show that the country's agriculture, forestry, energy, industry and transport sectors are ripe for low carbon development, thus a huge possibility is there to seize the opportunities presented by low carbon technologies and attracting investment in green industries. There is an enormous potential for action on climate change to deliver multiple co-benefits for the well-being of the population and the country's economy. Climate change has the potential to hold back the vibrant economic progress, or reverse the gains made in the holistic transformation and could exacerbate social and economic problems. At the same time, a changed climate may bring more rather than less rainfall, that bring benefits for more agricultural and livestock production and enable higher value crops to be grown, or more hydro-electric power to be generated. In addition, new financial support from industrialized countries for low carbon and climate resilient development, such as REDD + (Reducing Emissions from Deforestation and forest Degradation), are likely to become available. Ethiopia can, therefore, benefit from charting a low carbon development path in an increasingly carbon constrained world (Ethiopian Herald, 2015).

The Humbo Community-based Natural Regeneration Project was started in 2005 and is Ethiopia's first carbon trading initiative. Both sustainability and inclusiveness have been key features of the project, which has protected 2,728 hectares of degraded forest, and is now restoring and sustainably managing them. The Humbo forest had largely been destroyed by the late 1960s. Following two years of consultation, planning and negotiations, a farmer-managed natural resource regeneration approach was used to restore the degraded natural forests, with village-level cooperatives subsequently managing the restored forests. Apart from local social, economic and environmental benefits, this project has also attracted a new funding stream in the form of the Clean Development Mechanism (CDM) and the local communities are benefiting from the global market in carbon – albeit this is still a volatile one. The project got recognition and was the first project in Ethiopia (also in Africa) to receive temporary certified emission reductions. About 73,000 credits were issued, and the credits were purchased by the World Bank's BioCarbon Fund, which generates income for Humbo residents (World Bank, 2012).

Under Mr. Zenawi, Ethiopia played a key role in UNEP's Billion Tree Campaign, planting a total of 1.7 billion trees since early 2007. Some 12.6 billion trees have been planted worldwide in 193 countries, with Ethiopia's contribution the third-largest behind India and China (UNEP, 2012).

More than 480 species of wild trees and shrubs have been recorded as important traditional or forest-food sources in Ethiopia. Most coffee, spices and honey for local consumption and export come from forests. Coffee produced in the managed forests in Yayu Coffee Forest Biosphere Reserve area accounts for over 70% of cash income for the local community (Seyoum 2009). Nationally, coffee is the most important export commodity, earning over 30% of the foreign currency. In general, forests are the second largest sources of non-agricultural income for the rural household. For example, in Southwestern Ethiopia, where forest cover is high like the Bench Maji Zone, 52% of annual cash income is obtained from NTFPs (Non-Timber Forest Products) while in Sheka it is about 41%.

In Ethiopia, households living in and nearby forest areas earn a significant part of their income from forests. For instance, forests in Bale Mountains contribute about 34% and 53% of the per capita household income and per capital household income, respectively (Yemshaw, Y. 2007)

The Oromia Coffee Farmers' Cooperative Union (OCFCU) brings together smallholder coffee growers. Established in June 1999 by 34 cooperatives with 22,691 farmers, the cooperative today comprises 197 individual cooperatives with a total of over 200,000 members. Oromia's mission is to make small producers economically self-sufficient and to ensure household food security. A key objective is to improve and maintain the sustainability of the coffee industry by supporting biodiversity, enhancing soil health through the use of organic compost and to promote environmental protection. Oromia's coffee is organic, and forest-grown, and no herbicides, insecticides nor chemical fertilizers are used in its production. Harvesting is carried out by hand. Supervision and inspection are undertaken once a year by BCS Öko-Garantie, a private agency implementing EU Regulations on organic production (ILO, 2010).

The country has been constructing so many hydroelectric power projects for generation of clean energy. It has also devised wind mill and waste, and geothermal energy generating projects for the success of its green economy. To mention few:

- Amerti Nesha (2011, hydroelectric, 98 MWs)
- Ashegoda (2013, wind, 30 MWs)
- Adama I (2012, wind, 51 MWs)
- Gibee III, Adama II, and the Grand Renaissance Dam are under construction
- Geothermal energy from Abaya and Afar areas
- Koshe Project (To generate 50MW energy from waste in Addis Ababa)

## CONCLUSION AND RECOMMENDATION

Ethiopia is a pioneer country that has launched Climate Resilient Green Economy Strategy and devised domestic transformational climate policy with strong leadership and political commitment. Afforestation and reforestation campaigns through mobilization of people have been conducted to improve forest coverage. Core sectors that have critical role in the implementation of Climate Resilient Green Economy strategy at Federal and Regional level exerted much effort in generation of clean energy and assurance of sustainable environment development. Although key government institutions/sectors and local community with collaborative support of International community and NGOs have attempt to strengthen the policy and strategy, the realization still demands great sacrifice to assure the success of the already commenced green economy. Thus, based on the aforementioned facts, the following points are recommended:

- As forests and natural resources continue to decline, decentralized reforms aimed to improve natural resources management and forest development, conservation and proper utilization by transforming management power to the local and international communities should further be strengthened
- Community based forest management with proper awareness on utilization of Non-Timber Forest Products to improve the livelihoods of rural people should receive special attention
- Intersectoral collaboration for the full implementation and achievement of Climate Resilient Green Economy strategy and domestic transformational climate policy need to be emphasized
- More comprehensive scientific investigations have to be conducted on the leadership and political commitment together with community mobilization in achieving the green economy vision of the country

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