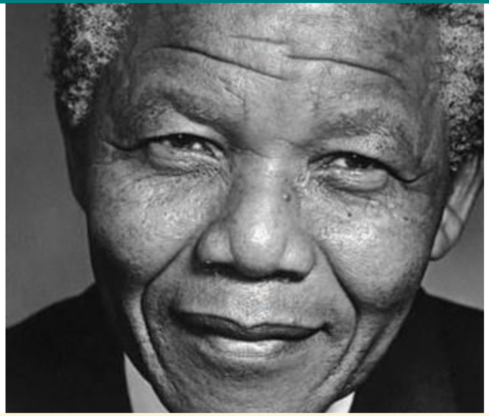
# BE PART OF THE LEGACY

JOIN UCT'S NELSON MANDELA SCHOOL OF PUBLIC GOVERNANCE



## DEVELOPING AFRICA'S NEXT GENERATION OF ETHICAL LEADERS

THE NELSON MANDELA SCHOOL of Public Governance

UNIVERSITY OF CAPE TOWN
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD

UNLEASHING AFRICA'S HUMAN POTENTIAL

# Trade and Climate Change
# An African Perspective

A discussion in partnership with the
Forum on Trade, Environment and the SDGs (TESS), Graduate Institute of Geneva

By Professor Faizel Ismail

Director and Professor, Nelson Mandela School of Public Governance, University of Cape Town

# Introduction

This paper is an exploration to identify the questions that African policy makers and negotiators to research on Climate Change and Trade:

1. What are the impacts of climate change on Africa's development?
2. What are the most critical development challenges Africa faces and how is climate change impacting on these challenges?
3. How can Africa turn these challenges into opportunities to advance its development?
4. What can and should the AU/AfCFTA do?
5. How can trade and investment rules and global governance support Africa's climate resilient development needs?

# IPCC, WGII Sixth Assessment Report, Chap 9.

"***Africa has contributed among the least to greenhouse gas emissions***, yet key development sectors have ***already experienced widespread loss and damage*** attributable to anthropogenic climate change, including biodiversity loss, water shortages, reduced food production, loss of lives and reduced economic growth" (IPCC, 2022).

# Issues discussed in the paper

This paper thus discusses how African countries can implement CRD at the national and regional level through five key strategies:

i) Renewable Energy, the Just Transition and Green Industrialization;

ii) Adaptation: Agriculture and Green manufacturing;

iii) Climate Finance and strengthening DFIs;

iv) Climate Change, Trade and Investment, and;

v) Global Governance, Reform of the WTO and Global Green New deal.

A Narrative for African countries on Trade and Climate Change

We first discuss a few concepts below on the approach to climate change and development and then briefly explore each of the above issues

# Just Energy Transition (JET)

- The concept of a **'just energy transition" or JET** is very helpful in contributing to the policy debate about how to develop more inclusive and socially just approaches to transitions in developing countries towards a low carbon economy,
- The JET can be traced to the debates by the union movement in the 1990s when North American workers began to tie a just transition to the job losses faced by workers due to environmental protection
- the 'just energy transition' is generally applied mainly to a transition from fossil fuel energy and production and does not include the concept of adaptation or of resilience
- the concept is often utilized in a manner that is project based and incremental
- the IPCC report thus argues that 'transformational changes' are probably required for **climate-resilient development (CRD)** pathways…

# Climate Resilient Development (CRD)

- The IPCC sixth assessment report defines CRD as ‘a process of implementing greenhouse gas mitigation and adaptation measures to support sustainable development for all’
- In this way climate change responses are mainstreamed into sustainable development through the concept of Climate Resilient Development (Chapter 9, IPCC, WGII Sixth Assessment Report).
- As such, climate-resilient development pathways include two main categories of responses:

i) **actions to reduce human-induced climate change and its impacts**, including both mitigation and adaptation toward achieving sustainable development, and;

ii) **actions to ensure that effective institutions, strategies**, and choices for risk management will be identified, implemented, and sustained as an integrated part of achieving sustainable development. (Denton et al, 2014).

# Mainstreaming CRD in National Development Strategies (Governance)

- Climate Resilient Development (CRD) thus requires the integration or mainstreaming of climate change responses (mitigation and adaptation and resilience) into **national development strategies.**
- This approach will integrate development objectives and climate change responses (mitigation, adaptation and resilience) - **Citizen led** climate interventions and **private sector** participation
- In **Kenya,** the Climate Change Directorate is the secretariat for the **National Climate Change Commission,** serving as an overarching mechanism to coordinate sectoral and county level action
- In **South Africa,** the National Committee on Climate Change, the Intergovernmental Committee on Climate Change and the **Presidential Climate Change Commission** have been established to enhance intergovernmental and multisectoral coordination on climate action.

# i) Renewable Energy and Industrialization

- many African countries suffer severe **energy poverty** – 60% of the global population without access to electricity are in Africa.
- Africa's **access to electricity** is still **very low** ranging from as low as 11% in countries such as Malawi to an average of about 40% across the region
- increasing Africa's renewable energy infrastructure would **reduce reliance on wood fuel** and charcoal, especially in urban areas, with co-benefits including reduced deforestation, desertification….
- as latecomers to industrialisation, African countries can **leapfrog fossil fuel technologies** to more sustainable energy (Lopes et al, 2019)

# Opportunities for Africa to Build Energy Infrastructure and to Industrialize

- African countries have a significant opportunity to reduce the large deficit in electricity access by taking advantage of the **reductions in renewable energy prices** and availability of accessible technologies together with Africa's **resources in wind, solar, hydro geothermal and green hy**drogen (IRENA).
- Second, the potential for African countries to **industrialize** by building regional value chains – using their existing comparative advantages in metals that are vital for the **new technologies, especially batteries, including nickel, cobalt, lithium and copper**, etc. is very significant.
- Third, the use of existing **regional power pools** to create a continental power pool for the distribution of energy across the continent could provide powerful regional integration infrastructure for both energy distribution and regional industrialization

# The AfCFTA can facilitate Regional Cooperation on Infrastructure and RVCs

- On each of these strategic programmes the AfCFTA could play a vital role – facilitating the negotiations between the member states and assisting them to **cooperate on building cross-border continental regional energy transmission and distribution channels.**
- A research and dialogue programme with governments, the private sector investors and regulatory bodies at the national and regional level will be required to advance this process with the AfCFTA Secretariat playing a key coordinating role.
- The AfCFTA can facilitate manufacturing of key components and technologies and **building of Regional Value Chains in REenergy technologies**
- The AfCFTA will need to lead the process of **negotiating Trade (and Investment, Competition and IP) Rules to facilitate RVCs and Regional Trade in Energy**

# How can the WTO and the UNFCCC support Renewable Energy and Industrializaton in Africa?

- On the relationship between trade and climate change there are several existing instruments where the WTO can provide developing countries with flexibilities to support their climate resilient development strategies. These include:
- first, developed countries should recognize the principle of **Special and Differential Treatment (S&DT) and Common but Differentiated Responsibilities and Respective Capacities (CBDR-RC)** as agreed in various WTO agreements and UNFCCC conferences;
- second, allowing for **selective tariff protection for components** in the production of renewable energy where technologies in developing countries to support their **industrialization and localization strategies;**
- third, create **flexibilities for subsidization of local production** including local content requirements, possibly with a sunset clause to develop competitiveness;
- fourth, allow for developing countries to utilize **export restrictions or other measures aimed at fostering transformation of minerals,** and;
- fifth, expand existing **flexibilities on IP protection and mechanisms to foster transfer of technology** (Bridle and Bellman, 2021; WTO doc, 2022).

# ii) Climate-Resilient Agriculture and Adaptation

- Africa has the fastest-growing population in the world. Its population is expected to increase by roughly 50% over the next fifteen years, growing from 1.2 billion people to over 1.8 billion by 2035.
- 85% of Africa's poor live in rural areas and mostly **depend on agriculture** for their livelihoods,
- climate change is **reducing crop yields and productivity**. Africa’s Agricultural productivity growth has been reduced by 34% since 1961
- climate change is already contributing to **land degradation, loss of biodiversity, bush encroachment and spread of pests and invasive species**
- **climate resilience** can be enhanced through improvements to early warning systems, insurance, investment in safety nets, secure land tenure, transport infrastructure, communication, access to information and investments in education and strengthened local governance (IPCC, 2022).

# Africa has to invest in ecological and built infrastructure and Smart Agriculture

- African countries need to consider how to increase investment in both, **ecological and built infrastructure (water, energy, roads, rail, ports, telecoms**, etc).
- EI incudes **healthy mountain catchments, rivers and wetlands** for example, and refers to naturally functioning **ecosystems** that deliver valuable services (not only) to people, such as fresh water, climate regulation, soil formation and disaster risk reduction
- Another approach to address climate change adaptation is that of Climate-Smart Agriculture (CSA) - actions needed to transform and **reorient agricultural systems** to effectively support development and **ensure food security** under climate change

# Cassava case study

- Cassava is a shrubby, hardy root crop, and cassava flout is often used as an **alternative to wheat flour.**
- Cassava is the fourth most important source of daily calories in sub-Saharan Africa and grows in hot dry conditions and is ideal for adapting to stressful conditions caused by the climate emergency (Egezi, 2022).
- Nigeria is the sixth largest importer of wheat – mainly from Ukraine and Russia.
- However, **Nigeria** is also the **world's largest cassava producer**
- This potential of Cassava to act as a substitute for wheat was recognized by African policy makers when they established the NEPAD Pan Africa Cassava Initiative (NPACI) in November 2005

# How can the AfCFTA support CRD in Agriculture?

- The AU and the AfCFTA can lead the way in supporting African countries to mobilize **investment in ecological and built infrastructure (water, energy, roads, rail, ports, telecoms, etc) and Smart Agriculture.**
- Initiatives such as the NEPAD Pan Africa Cassava Initiative (NPACI) can be dynamized and driven by the AfCFTA and the AU
- The AfCFTA can also drive the process of building **regional value chains in other strategic commodities, such as coffee, cocoa, sugar, poultry, cotton, where Africa can build its competitiveness while adapting to climate change**
- The AfCFTA should consider **negotiating rules** to enable diversification and processing of agriculture products while supporting flexibility for programmes such as their public stockholding programmes for **food security purposes**;
- The AfCFTA will also need to consider how its own regional agreements on **intellectual property rights (TRIPS), Investment, Competition and the digital economy**, can enable technology transfer on climate-smart agricultural technologies, increase investment in green manufacturing, while supporting small farmers.

# What can the WTO do?

- WTO has several trade policy tools that could be made more flexible to enhance the capacity of developing countries to support their climate resilient development strategies in Agriculture. These include:
- first, developed countries should recognize the principle of **Special and Differential Treatment (S&DT);**
- second, **allow f**or developing countries to utilize **export restrictions** to enable diversification and processing of agriculture products;
- third, allowing African countries and other developing countries sufficient **flexibility to support their public stockholding programmes** for food security purposes;
- fourth; provide African countries and other developing countries sufficient flexibility in their domestic support subsidy entitlements while **eliminating the huge domestic support entitlements of OECD countries** that cause significant damage to developing country agriculture production and trade;
- fifth, provide **flexibility on intellectual property rights** (TRIPS) for developing countries and enable **technology transfer** on climate-smart agricultural technologies (WTO doc, 2022).

# iii) Accessing Climate Finance and strengthening Development Finance Institutions

The challenge of advancing towards Climate Resilient Development (CRD) will require African countries to obtain **access to affordable development finance**.

- The African Union's Programme for **Infrastructure Development** (PIDA) aim to increase hydropower capacity nearly six-fold, irrigation capacity by over 60% and hydropower storage capacity by over 80% in major African river basins such as the Congo, Nile, Zambezi and Niger river basins (IPCC, 2022).
- the IPPC estimates that the **projected risks to road infrastructure and sea level rise across Africa** (up to the end of the twenty first century) range from USD 183.6 billion to USD 248.3 billion (IPCC, 2022).
- Developed countries made **promises** at both the UNFCCC Copenhagen Accord in 2009 and then at the UNFCCC **Paris Agreement in 2015** to scale up their climate finance for developing countries to an amount of **USD 100 billion per year** by 2020 to support developing countries **mitigation and adaptation needs**.

# How can Africa negotiate “Climate Finance”?

- The most recent OECD countries reports on **non-concessional funding** indicate that non-grant instruments and loans make up **70-80 percent** of reported public climate finance. (Rodriguez and Rosales, 2021).
- **about 40%** of the public financial resources provided to developing countries for climate finance are non-concessional loans, semi-concessional loans, equities, or instruments of the like, meaning **loans in commercial terms’** (Rodriguez and Rosales, 2021).
- developing countries at the UNFCCC meetings argued that commercial loans, guarantees and export credits should **not be counted as finance** towards the $100 billion goal.
- Carlos Lopes confirms that “from 2002 to 2019, funders **disbursed** just over $8.1 billion in development finance to Africa for climate adaptation, **less than a third** of the $29.2 billion committed.
- This **low disbursement ratio** largely reflects barriers to project implementation, such as requirements for co-financing, rigid climate-fund rules and **inadequate programming capacity within countries**” (Lopes, 2022).

# How much Climate Finance is needed?

- Lopes states that based on data from the **Africa Nationally Determined Contributions Hub,** the continent will **need $715 billion for mitigation and $259-407 billion for adaptation from 2020-2030.**
- The **African Group** of Negotiators on Climate Change has called for **$1.3 trillion per year by 2030** in financing for developing countries to tackle climate change.
- Meanwhile, major multilateral development banks have committed a paltry $38 billion to low- and middle-income countries, with $9 billion for Sub-Saharan Africa" (Lopes, 2022).
- OECD need to increase this to $750 billion a year by 2030 (Barbara Creecy, 22 Oct 2021).

# The Case of the ESKOM Financing Model for a Just Energy Transition Partnership (JET-P)

- At COP 26 held in Glasgow, South Africa began a negotiation with its developed country partners to provide a package of loans to the value of **$US 8.5 billion**
- The parties, including the **UK, US, France, Germany, and EU member states** agreed in a political declaration that the funding will be utilized as part of South Africa's just transition for targeted programmes of reskilling and upskilling and creating employment opportunities for the affected workers, women and youth.
- There are three areas where the government would utilise the funds: (a) ESKOM transition; (b) development of a green hydrogen economy; and (c) research and development to support the development of an e-vehicle industry in South Africa.
- the challenge of unpacking the **so-called climate finance agreement** that was announced at COP 26, in Glasgow, Scotland, in November 2021, is still ongoing, and South Africa is still **uncertain about the contents of the package** (Sept 2022)

# Need to strengthen African DFIs

- IPCC report argues that African countries **expect grant finance** to play a crucial role in supporting adaptation efforts because loans add to already **high debt levels**, exacerbated by the COVID- 19 pandemic.
- IPCC report argues that African governments should disclose climate risks when taking on sovereign debt, and **debt-for-climate resilience swaps could be used to reduce debt** burdens for low-income countries while supporting adaptation and mitigation.
- while African countries were able to submit proposals to the **GCF**, they had the **lowest** percentage of **approvals (39%)** compared to all other regions.
- The report indicated that as of October 2020, four years after the decision to fund National Adaptation Plans, **only six African countries** had completed their NAPs (IPCC, 2022).
- This suggests the need for African countries to develop their **capacity to access development finance** and develop their project proposals for funding. The need for African countries to strengthen the capacity of their development finance institutions is critical to the building of this capacity.

# How can the WTO Aid for Trade and Trade Facilitation Agreement support CRD?

- The AfT mechanism has become an important instrument to support the development of climate-resilient key trade-related infrastructure in developing countries.
- A recent study has indicated that while developing countries have demanded climate finance for mitigation and adaptation to amount to at least $100bn a year by 2020, **over $400 billion** have been disbursed through the **AfT initiative between 2006-18** (Monkelbaan, et al, 2021).
- the AfT initiative has supported four main activities - each of which has important **environmental implications** (Aid 4 Trade Global Review – 2019):

i) technical assistance for trade policy;

ii) trade related infrastructure (building roads, ports, and and energy and telecommunication networks);

iii ) building productive capacity and supply side capacity, including trade development, and;

iv ) trade related adjustment (UNEP, 2019).

# How can the WTO Trade Facilitation Agreement support CRD?

- WTO Trade Facilitation Agreement is an important instrument for developing countries, especially LDCs to seek AfT support for their trade related infrastructure needs or climate resilient development strategies.
- while these countries have ratified the agreements the ‘First Review of the Operation and Implementation of the Trade Facilitation Agreement’ in November 2021 has pointed to the **lack of implementation among LDCs** due to their ‘capacity constraints, technology constraints, and limited awareness of the TFA resource’ and the need for additional support from the donor countries for ‘**technological, institutional and human capacity** building’ in these countries (WTO doc, 2021)
- the resources promised by the donor countries in the WTO on AfT to assist developing countries to implement the TFA could be an important source of finance for developing countries to support their climate resilient infrastructure investment.
- A **Trade and Environment Fund** could be established by the WTO and other multilateral institutions to provide additional finance to developing countries to **source critical green technologies** and build **climate-smart trade infrastructure.**

# iv) Trade, Investment and the EU Carbon Border Adjustment Mechanism

- There is **no official 'climate and trade' agenda** at either the WTO or the UNFCCC (Deere Birkbeck, 2020).
- Climate relevant trade negotiations in the WTO are mostly addressed through discussions around the **liberalization of environmental goods and services.**
- In addition, the trade and climate change debate in the WTO has received renewed impetus in the form of a series of Member-led initiatives bringing together a subset of like-minded members interested on a particular topic.
- These initiatives have been operating through issuing **joint statements (JSIs)** in areas such as **fossil fuel subsidy reform or environmental sustainability** (Bellman, 2021).
- However, both the above initiatives have failed to build consensus in the WTO.

# The EUs Carbon Boarder Adjustment Mechanism (CBAM)

- The European Commission published its ‘**Fit for 55%’ package** (i.e., 55-per-cent reduction in carbon emissions by 2030, and net zero emissions by 2050),
- The package includes its proposal for a **carbon border adjustment mechanism (CBAM) -** under the European Green Deal (EC, 2019; EC, 2020a; EC, 2020b; EC, 2022)
- The measure aims to reduce the risk of **‘carbon leakage**’ by requiring exporters to the EU to pay a carbon price at the EU border equivalent to that faced by EU producers under the EU Emissions Trading Scheme (ETS).
- The ETS is a GHG cap and trade scheme that contributes towards emissions reduction targets by setting a cap on the maximum level of emissions for a number of sectors and allows the trading of emission permits at a market-generated price (Monaisa, 2022).

# How will CBAM impact African countries?

- The CBAM as proposed by the European Commission covers imported goods from at least **five different industries**: i) **cement, ii) electricity, iii) fertilisers, iv) iron and steel, and v) aluminium** (EC, 2021).
- Climate vulnerable countries in **Africa that will be directly impacted** include: Mozambique (aluminium and steel); Ghana (aluminium); Cameroon (aluminium); Zimbabwe (steel); Zambia (steel); Nigeria (steel); Algeria (fertilisers); Libya (fertilisers); Egypt (fertilisers); Tunisia (fertilisers); Morocco (electricity); South Africa (steel, aluminium) (IEEP, 2021; Leuker, 2022)

# What are Proponents of CBAM arguing?

The measure is seen by **EU CBAM advocates** as important for:

i) preventing ‘carbon leakage’,

ii) maintaining domestic support for strengthened EU climate action

iii) encouraging decarbonisation in global supply chains (IEEP, 2022).

iv) alleviating the **concerns** of affected **companies** that worry about **losing market share to foreign competitors**, and

v) addressing concerns of citizens who worry about offshoring of jobs (Cosbey et al, 2020).

# What do Critics of CBAM argue?

CBAM has received a number of criticisms from developing countries. The critique has focused on at least three issues:

i) the **inconsistency of the measures with multilateralism**, the UNFCCC and WTO principles (UNFCCC principle of ‘common but differentiated responsibilities and respective capabilities’ (CBDR) and S&D);

ii) the negative impact of CBAM on production and employment in developing countries and increased inequality – **‘green trade protectionism’.**

iii) ‘restrictions on imports based on the carbon intensity of products may **violate** WTO legal provisions on **non-discrimination**, and policy relief or exemptions for European producers could be seen as a **prohibited subsidy** under the WTO's Agreement on Subsidies and Countervailing Measures’ (Cosbey et al. 2020)

# Developing Countries are critical of CBAM

- CBAM is a **unilateral instrument**, it is **coercive,** it **undermines the sovereignty of developing countries** around the world
- it removes developing country policy space on their approach to carbon reduction
- it is designed to **protect the competitiveness of the EU carbon emitters** while undermining the competitiveness of developing country producers exporting to the EU.
- since the carbon taxes collected by the EU at the border are intended to be added to the coffers of the EU, they increase the fiscal space for the EU to **subsidize carbon emitters at the expense of developing country producers**.
- the EU should initiate a genuine multilateral discussion on how to develop a fair and balanced instrument to prevent ‘leakage’ by domestic companies and the potential competitive advantage being passed on to foreign producers.
- The EU could initiate such a discussion at the UNFCCC and WTO…

# v) Global Governance and Reform of the WTO

- The collapse of the Doha Round in 2008 resuscitated an old debate on the need to reform the WTO. The outgoing USTR Susan Schwab called for a radical reform of the WTO rules, especially that related to special and differential treatment (Ismail, 2009).
- The incoming Obama Administration led a robust debate on reform of the WTO.
- This debate took on a more aggressive turn with the Trump Administration that declared a “trade war” with China (Ismail, 2020).
- The debate in Geneva in the run up to the twelfth WTO ministerial conference (MC12) has continued to push ahead with the agenda of reform that the US insisted on in Buenos Aires.
- MC12 Outcome Document stated that: ”**We commit to work towards necessary reform of the WTO. While reaffirming the foundational principles of the WTO**, we envision reforms to improve all its functions.” (WT/MIN(22)/24 WT/L/1135, 17 June 2022)

# The GATT was always controversial

- The reference to "foundational principles" is controversial and opens up a debate that began in 1946 at the start of the negotiations to create a multilateral trading system.
- The original principles of the Multilateral Trade and Economic System (the GATT and the Bretton Woods System) were based on most-favoured nation (MFN) or non-discrimination or equality between countries; reciprocity and trade liberalization.
- The developing countries (India and Brazil in the main) argued that developed and developing countries were not equal and that the lesser development situation and status of developing countries should be recognized.
- They thus called for the principle of Special and Differential Treatment for developing countries to be recognized. It took a long time for the GATT to accept this principle and it was formally recognized in annex four of the GATT in 1964 (Ismail, 2008).

# Africa Group Proposal calls for Development and Inclusivity

- A statement by the Africa Group, Cuba and India - Entitled "Strengthening the WTO to Promote Development and Inclusivity" argues that Uruguay Round created "**many imbalances**" and that these have become worse during Covid crisis (WTO doc, 2022).
- The Africa Group proposal argues that reform should address asymmetries and bring greater balance to WTO rules, "**WTO reform does not mean either accepting inherited inequalities or new proposals that would worsen imbalances**" (WTO doc, 2022).
- Thus both developed and developing countries in the WTO remain locked in an **impasse on the basic foundations of the GATT** and how to create a balance of responsibilities between themselves that is fair and equitable.

# UNCTAD calls for a Global Green New Deal

- **UNCTAD** argues that the rules and practices of **multilateral trade, investment and monetary regime need urgent reform** (UNCTAD, 2019).
- The TDR argues that these **rules are currently skewed in favour of global financial and corporate interests, and powerful countries**, leaving national governments, local communities, households, and future generations to bear the costs of economic insecurity, rising inequality, financial stability and climate change.
- Thus UNCTAD proposes a **new set of principles that is referred to as the Geneva Principles for a Global Green New Deal.**

# A Narrative for African countries on Trade and Climate Change

- "Africa has **contributed among the least** to greenhouse gas emissions, yet key development sectors have already **experienced widespread loss and damage** attributable to anthropogenic climate change, including biodiversity loss, water shortages, reduced food production, loss of lives and reduced economic growth" (IPCC, 2022).
- African countries are making commitments, in accordance with the UNFCCC Paris Agreement, in their Nationally Determined Contributions (NDCs) to climate change mitigation.
- the particular **development situation** of African countries should be recognized, and the plight of workers and communities to be addressed – through a **Just Energy Transition (JET)**
- the 'just energy transition'(JET) must be located **within a broader framework of 'climate resilient development' (CRD).**
- climate-resilient development is defined as "development trajectories that combine adaptation and mitigation to realize the goal of sustainable development".
- African Countries should assert their Agency, through the AU and AfCFTA at three levels: **regional integration in Africa**; **South-South relations and; global governance – WTO and UNFCCC;** to advance their own interests on climate resilient development (CDR) and also contribute to the global effort to transition to a low carbon economy.

# How can the AfCFTA advance Africa's climate resilient pathways?

African countries led by the AfCFTA and the AU **need to mainstream climate change into its development strategy (and SDGs),** by advancing climate resilient development, through **several pathways**, including;

a) renewable energy and transformative green industrialization;

b) agriculture, food and nutrition security and climate change adaptation;

c) strengthening its development finance institutions;

d) engaging in the multilateral forums such as the WTO on the negative impacts of carbon border adjustment mechanisms (CBAM) and;

e) asserting its agency in contributing to a compact on a global green new deal.

# How can South-South relations support Climate Resilient Development?

- First, the African Group can **work together** with other developing countries to restore the integrity of the **WTO** and insist on the strengthening of the rules-based trading system that is fair, just and development oriented
- Second, African countries can **share experiences on a 'just transition**' from coal and other fossil-fuel based energy to renewable energies, with other developing countries. They can do conduct peer reviews to share experiences and act together with other developing countries in the UNFCCC to **negotiate fair and 'just transition' mitigation commitments.**
- Third, African countries, can collaborate with BRICS countries and **utilize their financing instruments**, such as the New Development Bank (or BRICS Bank), Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund to provide concessional financing for **investment in Africa's cross-border infrastructure** projects to reduce transport and logistics costs, without increasing Africa's unsustainable debt burden.

# How can the AU and AfCFTA assert their Agency in the MTS and UNFCCC?

Developing and developed countries should work towards a **positive trade and environment agenda:**

**First,** developed countries should recognize the principle of Special and Differential Treatment **(S&DT)** and Common but Differentiated Responsibilities (**CDR)**

**Second,** the Environmental Goods and Services Agreement **(EGS)** being negotiated in the WTO should be **inclusive and multilateral**, rather than plurilateral and exclusive.

**Third,** the WTO can use the example of the Doha Ministerial Declaration on the TRIPS Agreement and Public Health to also **expand TRIPS flexibilities for developing countries in relation to climate related goods and services.**

**Fourth,** African countries should insist that EU and US should rather support a **positive trade agenda** to encourage and assist developing countries to implement their mitigation commitments and adaptation development strategies, **rather than impose unilateral measures such as CBAM.**

**Fifth,** developed countries that are mainly responsible for historical emissions have a responsibility to **make good on their promises**, made in Copenhagen (COP15), for $100 billion dollars of climate finance per year by 2023 (the original target agreed at Copenhagen was to be met in 2020 but not met) and to increase this to **at least $750 billion a year by 2030**.

# Global Green New Deal

- African countries have supported the need for Reform of the WTO to address the existing inequities and the asymmetry of the WTO rules. The reform of the WTO should also address the **need to create new rules on climate change and the environment based on the principle of sustainable development** as proposed by UNCTAD. The UNCTAD Geneva principles are set out below.
- **Principles for a Global Green New Deal**
- i) Global rules should be calibrated toward the overarching goals of **social and economic stability, shared prosperity, and environmental sustainability** and be protected against capture by the most powerful players.
- ii) States share **common but differentiated responsibilities** in a multilateral system built to advance global public goods and protect the global commons.
- iii) The right of states to **policy space to pursue national development strategies** should be enshrined in global rules.
- vi) Global regulations should be designed both to strengthen a dynamic international division of labor and to **prevent destructive unilateral economic actions** that prevent other nations from realizing common goals.
- v) Global public institutions must be **accountable** to their full membership, **open to a diversity of viewpoints**, cognizant of new voices, and have balanced dispute resolution systems.


YOUR TICKET TO
EXCELLENCE
To be part of Africa's rising generation and to inspire meaningful change, support the Nelson Mandela School of Public Governance.
To learn more about the Nelson Mandela School visit
www.nelsonmandelaschool.uct.ac.za
THE NELSON MANDELA SCHOOL of Public Governance
UNIVERSITY OF CAPE TOWN
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD