

“Building back better”: regional perspectives of green economic recovery post COVID-19

By Barbara Ntambirweki¹

The COVID-19 pandemic is testing governments and shattering economic growth all over the world. The pandemic is currently causing significant adverse impact on the global economy with governments around the world implementing various fiscal measures to mitigate its effects and provide relief for businesses and households. In Africa, the impacts of COVID-19 are being felt in different ways and the measures taken by the respective governments have differed on the areas of focus and comprehensiveness.² In Uganda, according to a recent World Bank report³, an estimated 3.15 million Ugandans could fall even deeper into poverty. This would be on top of the 8.7 million people currently living below the poverty line. In Kenya, projected GDP growth in 2020 now stands at 1% from 5.7% due to the gravity of the pandemic; with the economy seeing a decline in tourism activity, export revenues, and a disruption in the supply chain. Similarly, the outlooks in Tanzania and Uganda show a similar trend with GDP growth being revised to 2% and 3.5% respectively (decline in 3.3% and 1.8% percentage points).⁴

Countries in East Africa imposed strict lockdown measures to slow the spread of COVID-19. The lockdown measures induced a reduction in emissions of air pollution across the different countries fell sharply at a rate never observed before. However,

the opening of the economies has led to business as usual practices like deforestation, environmental degradation and biodiversity loss. COVID-19 presents an opportunity to refrain from the destruction of nature which increases likelihood of more pandemics. Climate change, the loss of biodiversity and the erosion of natural capital ecosystems are still urgent issues. Termed as “slow motion pandemic” they require decisive policy action to be addressed. The decisions taken today may shape climate and human health for decades to come. It is now that policymakers have an opportunity to plot a greener and fairer agenda to prevent one crisis leading to another.

Green Growth Development Strategies and Policies in East Africa

The Uganda Green Growth Development Strategy⁵ recognizes the strong dependence of the economy on natural resources. 80% of Ugandans rely directly on land, agriculture, and fishing for their livelihoods, while 70% of the labour force depends on rain-fed agriculture. Uganda is vulnerable to climate change. The country has been grappling with floods, landslides and locust infestation in Northern Uganda. Kenya’s Green Economy Strategy and Implementation Plan⁶ recognize that green economy can help reduce pressure on natural resources and spur economic

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² <https://www2.deloitte.com/tz/en/pages/finance/articles/impact-of-covid19-on-ea-economies.html>.

³ <https://www.worldbank.org/en/news/press-release/2020/06/29/uganda-world-bank-provides-300-million-to-close-covid-19-financing-gap-and-support-economy-recover>

⁴ <https://www2.deloitte.com/tz/en/pages/finance/articles/impact-of-covid19-on-ea-economies.html>.

⁵ <https://www.undp.org/content/dam/LECB/docs/pubs-reports/undp-ndc-sp-uganda-ggds-green-growth-dev-strategy-20171204.pdf>.

⁶ Kenya Green Economy Strategy and Implementation plan 2016-2030

growth. It is estimated that 42% Kenya GDP and 70% overall development derived from natural resources related sectors including agriculture, mining, forestry, fishing, wildlife, water, supply and energy. These sectors are sensitive to climate change and variability a fact that makes Kenya economic growth highly vulnerable. Rwanda's Green Growth and Climate Resilience Strategy⁷ sets a framework for mainstreaming climate change and green growth approach in national and socio-economic planning. Rwanda is also highly vulnerable to climate change, strong reliance on rain fed agriculture. Therefore the case for a green economic recovery to address the pandemic is clear, requiring fiscal policy makers to "green" their response to the crisis.

The Uganda Green Growth Development Strategy envisages that the transition to a green economy will cost an estimated US \$ 11 billion over thirteen years. In Kenya, the projections given for implementation of green economy is approximately Ksh 2.4trillion approximately US \$ 23 billion. There is still low prioritization and funding to key strategic sectors, such as Water and Environment, Agriculture, Energy, Transport and others. All of them play a catalytic role in accelerating transition to a green economy. During the Uganda budget reading in June 2020, the economic stimulus and growth strategy was presented under the theme: "Stimulating the economy to safeguard livelihoods, jobs, businesses and industrial recovery".⁸ It stated three key objectives:

1. improving the wellbeing of Ugandans
2. boosting economic transformation and improving peace
3. security and good governance

A quick analysis of the budget shows that the stimulus recovery growth strategy is not directly linked to nature. The government has rightly put people first, by preparing policy measures to increase health spending and strengthen health systems. Yet, the economic stimulus and growth strategy presents unparalleled opportunity to align COVID-19 recovery to environmental fiscal reform goals. Such reforms are already enshrined in the Uganda Green Growth Development Strategy. Looking at the budgetary allocations FY 2020/21 for the environment and climate change sector, these include: funding to enhance resilience to climate change, restoration of degraded and protected ecosystems and forest conservation, among others. Most allocated resources are inadequate and

focus on business-as-usual activities. They lack consideration to environmental sustainability in the long run.

Building back better⁹ now

In the wake of COVID-19, East African countries should embrace the idea of "building back better". It is an opportunity to make our economies greener than before and tackle climate change for real. We need to prevent further and irreversible damage to nature. There is an opportunity to learn from countries that have taken the lead, such as Germany, Singapore, and New Zealand among others. They have acted decisively to prevent permanent damage to nature and, by doing so, are lowering future costs of protecting the planet.

Over the past months the world has witnessed unprecedented government financial interventions in response to COVID-19. Economic stimulus packages include a range of fiscal mechanisms, including bailouts and loans for sectors that have large and lasting impact on nature. With the "Green package for the future"⁹ Germany invested in widespread 'green' measures. These include funding for 'green' infrastructure and Research & Development (R&D), particularly in the energy and transport sectors, as well as forest conservation and management. The 'Next Generation European Union'¹⁰ recovery package is the most environmentally friendly stimulus package to date. Of the 750 billion (US\$830bn) package, 30% will be directed towards 'green' initiatives. It includes targeted measures to reduce dependence on fossil fuels, enhance energy efficiency and investment in preserving and restoring natural capital.

The lessons of the pandemic

If COVID-19 has taught us anything, it is that countries need to fully commit to investing and rebuilding for a sustainable future. However, the pandemic is leading to an increase in public debt which needs to be managed over a long period. It needs to happen in ways that aid, rather than hinder economic recovery. We need a bold and radical new approach to support the recovery. It should create a fairer and greener economy, one that puts our planet's wellbeing at the centre, while ensuring sustainable public finances.

To "build back better", we require a quantum shift in the implementation of green fiscal policies and strategies. It is an important element in tackling

http://www.environment.go.ke/wp-content/uploads/2018/08/GESIP_Final23032017.pdf.

⁷ Rwanda Green Growth and Climate Resilience Strategy 2011-2050

⁸ <https://www.finance.go.ug/publication/budget-speech-financial-year-202021-stimulating-economy-safeguard-livelihoods-jobs>

⁹ <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

¹⁰ https://www.vivideconomics.com/wp-content/uploads/2020/04/200723-GreenStimulusIndex_web.pdf

both climate change and COVID-19. Such measures would increase the efficiency and effectiveness of budgetary responses, aligning them to climate and broader environmental objectives. A green approach to economic recovery that strengthens resilience, creates employment, supports economic growth and promotes low-carbon approaches will provide benefits for sustainability in the long run. The time has come to change the business as usual economic model. We now have to turn to a resilient approach with nature at its core.

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