

Synergies between African Eco-Labeling
Mechanism (AEM) and Green Economy (GE)
with Strategies for Positioning AEM in
International Politics

Final Draft

Presented

To

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Table of Acronyms

AEM	African Eco-labelling Mechanism
AGOA	African Growth and Opportunity Act
AMCEN	African Ministerial Conference on the Environment
AMU	Arab Maghreb Union
ARSCP	African Roundtable on Sustainable Consumption and Production
BMU	Nature Conservation and Nuclear Safety
COMESA	Common Market for Eastern and Southern Africa
CTE	Committee on Trade and Environment
FDI	Foreign Direct Investment
EAOPS	East African Organic Products Standard
ECA	Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EM	Executive Manager
GE	Green Economy
GHG	Green House Gas
GDP	Gross Domestic Product
GIZ	German International Cooperation
IEA	International Energy Agency
IFOAM	International Federation of Organic Agriculture Movements
LCA	Life Cycle Analysis
MFN	Most Favoured Nation
NT	National Treatment
REC	Regional Economic Communities
SACU	Southern African Customs Union
SADC	Southern African Development Community
SCP	Sustainable Consumption and Production
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
WSSD	World Summit on Sustainable Development
WTO	World Trade Organisation
YFP	Year Framework Programme

Executive Summary

Green Economy (GE) is defined as one that results in improved human well-being and social equity, while significantly reducing environmental risk and ecological scarcities (UNEP 2011). It is a development that calls for measures to account for resource use efficiency, reduction or avoidance of environmental degradation, and requires an all-round social inclusiveness. It is an economy that is driven by public and private investments in a manner that activities contribute to reductions in carbon emissions and pollution, increase energy and resource use efficiency, and enrich the quality of ecosystem services. Green economy is catalyzed by targeted public expenditure, policy reforms and regulation changes aimed at enhancing the natural capital both as an asset as well as a source of benefit especially for the people whose livelihoods and security depend on nature (UNEP 2011).

African Eco labeling Mechanisms (AEM) is a system of developing and implementing eco-label standards in four important sectors of African economy. These sectors include agriculture, forestry, fisheries and tourism. The standards are aimed at regulating both production and consumption in the four sectors so as to avoid or reduce environmental degradation, reduce carbon emissions and pollution. The standards are also based on a framework for increasing resource use efficiency and improving or preserving the ecosystem integrity to maintain or restore ecosystem services. The standards also enhance human capital through training and observance of labour regulations and laws. Eco labeling is mainly private sector driven and like in GE is catalyzed by public policy.

GE activities are more encompassing as they address more sectors of the economy than AEM. Although activities in the four AEM sectors do spill over to other sectors like transport, energy, water and building, their considerations are limited to how they apply within the four sectors. Activities in the four AEM sectors are all related to the activities identified to drive the GE agenda.

The two initiatives are complementary in all considerations of objectives and the set of activities to drive the agendas, but differ slightly in the approaches where GE is jointly driven by public and private investments while AEM implementation tends to lean largely on private sector investments supported by public policy. The divergence in approaches however, leads to further complementarity or convergence in stakeholder participation broadening the share of responsibilities in driving the common agenda of increasing and maintaining environmental sustainability through introduction of regulatory interventions in economic and social development activities.

AEM is apparently a market driven tool whose success is highly dependent on the consumers and producers willingness to participate in the scheme. This exposes AEM or eco-labeling in general to the dynamics of economic performance in different sectors worldwide. An increase in consumers' purchasing power may increase their appetite for premium goods thus increasing participation in the scheme. GE on the other hand is more public investment driven and therefore less dependent on financial markets although poor economic performance worldwide may constrain public expenditure in GE activities.

Africa's share in international trade remains very low partly due to lack of competitiveness in production. This is evidenced by the fact that over the years the total volume of imports to Africa has grown faster than the volume of exports from Africa. Within Africa, trading between RECs is also low and is dominated by few countries. A number of African countries are attempting to enhance their regional groupings as a way to enhance economic development, but figures on intra-African trade remains lower than projected. Countries that have managed to intensify their connections with the global economy through trade and investments have grown more rapidly over a sustained period and have consequently experienced larger reductions in poverty (UNECA 2010).

Political critics of AEM argue that it imposes a non-tariff trade barrier to producers, but given the trend of events in eco-labeling worldwide it should be considered as a condition to access the premier market rather than a trade barrier. Participation in the fulfillment of the conditions as laid down in the standards is optional and voluntary.

Introduction

Most human activities are motivated by quick financial gains without much regard to the impacts they cause on the environment. This is despite the fact that sustainability of these activities is itself dependent on the well-being of the environment. Due to the unsustainable nature of human activities, there have been a number of concerns on the effect of man on the earth's systems. For example, it is well known that much of the Green House Gas (GHG) emissions that cause global warming come from human activities. These concerns have led to many international meetings by organizations and individuals.

Since ancient times the survival and prosperity of mankind on earth has depended not only on the availability of natural resources, but also on the richness and the ability of these resources to provide goods and services. The richer and probably the more diverse these resources are, the higher the chances that they will provide the necessary support to life. Natural resources are spatially variable biophysical systems thriving under complex dynamic interrelated processes full of progressive and feedback loops and cycles that utilize and recycle energy within and between organisms, populations, communities, ecosystems and, to a larger scale, across landscapes in a manner that is self regulating.

Land utilization for agricultural development is functionally based on harnessing natural processes in order to maximize the production of agricultural commodities. The producer or cultivator modifies the ecosystem or landscape into a desired agro-ecosystem (crops or pastures of choice) largely by altering its connectedness to the natural processes of energy and matter recycling within and beyond its bounds. This therefore becomes a man managed ecosystem where production of the desired commodities is maximized and the natural self-regulating mechanisms are altered. The created agro-ecosystem will need to operate within certain thresholds in order to achieve the productivity of agricultural commodities that is desired by the cultivator. Such alterations will affect essential processes such as food chains and energy transfer, pollination, seed dispersal and germination, biodiversity, soil fertility, water availability and quality among others generally associated with unmodified ecosystems.

To achieve sustainable development, there is need to ensure that the systems that are altered from their natural state or process do not result in depletion, degradation, deprivation either in short or in the long term.

A number of ways have been suggested or put in place by various stakeholders to enhance sustainability either in production or in consumption. One of these efforts is the use of eco labels. Eco labels are a process where goods are produced following a set of standards meant at enhancing environmental qualities. African Eco-labelling Mechanism (AEM) is one of these efforts, and aims at developing standards in four sectors, namely agriculture, forestry, tourism and fisheries, implementing them in the whole of Africa. Although AEM standards will be voluntary, there is need for active and aggressive campaign not only to create awareness but also to popularize and increase acceptance of the standards among the African countries. Efforts must be made to counter some of the uninformed or misinformed criticisms that tend to go against the objectives of this noble idea.

This report aims to highlight how activities of AEM will contribute to the global agenda on green economy in relation to African development aspirations and policies. It reviews the politics against African Eco-labelling mechanism and makes recommendations on how AEM should strategically position itself in the international politics. We start by analysing the objectives and activities of AEM in light of the green economy agenda to identify synergies either in methodological approaches, sector coverage, social inclusiveness, and stakeholder participation. We will analyse international politics associated with Eco-labelling and focus particular attention on African eco labelling. Through consultations, recommendations will be made on how to strategically position AEM not only to take advantage of these international debates but also to counter the negative political moves that tend to frustrate the efforts.

Green Economy is defined as one that improves human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. The concept “Green economy” does not replace the term sustainable development, but there is a growing recognition that achieving sustainability rests almost entirely on getting the economy right. The simplest definition is that a green economy has low-carbon, high resource efficiency, and is socially inclusive. In a green economy, growth in income and employment are driven by public and private sector investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services (UNEP 2011).

The Purpose of this Report

This report aims to analyze how the African Eco Labeling Mechanism can synergize with the Green Economy Agenda based on the goals and objectives of each as they relate to the sustainability of African environmental resources. It aims to analyze the promotion of development including reduction of poverty, improvement of human welfare and the national or regional economies through trade among other things. The Report will also explore ways in which AEM can strategically position itself in the international politics so as to articulate its objectives to harness the good will of policy makers in the implementation of its programmes.

This report will start by analyzing the goals, objectives and the sectors of interest in both the AEM and GE, and the activities that can be taken to deliver the objectives for Africa. This will then be followed by analysis of the complementarities in various fields of operation with a view of identifying areas of synergy in the two programmes. The fields of operation that are thought to have synergetic effort include: sectors of interest and the respective targets, conceptual frameworks and methodological approaches; stakeholder participation; institutional responsibilities; grass root support or implementation plans; policy support; and access to national and international resources.

African Eco-Labeling Mechanism (EM)

The African 10 Year Framework Programme (10 YFP) on Sustainable Consumption and Production (SCP) was developed as part of the regional follow-up to the Johannesburg Plan of Implementation that was endorsed by the World Summit on Sustainable Development (WSSD) in 2002. Approved by the African Ministerial Conference on the Environment (AMCEN), the implementation of the 10-YFP was officially launched in 2006. As one of the

five priority areas of the 10 YFP, the African Roundtable on Sustainable Consumption and Production (ARSCP) in cooperation with UNEP identified the development of a continent-wide and cross-sectoral African Eco-labelling Mechanism (AEM). The concept and architecture of the AEM was further advanced in a process led by UNEP involving African experts and supported by the Marrakech Task Force on Cooperation with Africa which is facilitated by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU).

In 2009 the BMU commissioned the German International Cooperation (GIZ) to implement a 3-year project leading to the institutionalisation of the AEM. The six main fields of activity of the project are setting up an organisational structure, development of a system for standard setting and recognition, capacity building in the African sub regions, promotion of the African eco-label in the business sector, political networking and promotional activity, and development of a business plan. GIZ is responsible for meeting the objectives of its contract with BMU. Its role in the project is to give technical advice and facilitate the stakeholder process. However, the success of the AEM also depends on the leadership and commitment of key stakeholders in Africa, namely those assembled in the AEM's Executive Board.

As UNEP has been the key initiator of the idea to build an African eco-label and has facilitated the process of the AEM until the establishment of the AEM Secretariat with financial support of BMU, its role is to facilitate the political process and to provide technical input to the AEM. Activities to be carried out under the technical component are to analyse AEM's potential of climate change mitigation and adaptation, and to identify synergies between the AEM and the East African Organic Products Standard (EAOPS) as well as between the AEM and Green Economy.

The main project goals are:

- AEM has a functioning organisational structure, and a workable strategy to ensure financial self-sufficiency.
- AEM is in a position, through a benchmarking system, to assess existing sustainability standards and integrate them into its own mechanism.
- Greater know-how and capacity for certifying sustainability standards is available at national accreditation institutions and certifier.
- Promotion of the African Eco-Label receives support from national and international partners (private sector/NGO/government)
- The African Eco-Label is known and well-received internationally, by both the public and governments

Objectives

The objectives of AEM are to develop and implement an African Eco label in four main sectors a) agriculture, b) forestry, c) fisheries and d) tourism. This label is called Eco mark Africa, and is meant to spur sustainability in production and consumption in the four sectors. Being an eco label it is expected to generate significant environmental benefits in all aspects of environmental conservation including mitigation of and adaptations to climate change.

Conceptual Framework of AEM

Eco labeling minimizes waste from production and consumption, and increases nutrient recycling during production. Recycling of nutrients enriches the regenerative capacity of systems within the biotic resources through conversion of organic compostable wastes into nutrients and feeding back into the production system rather than combusting the waste that would not only remove the nutrients from the production system but also increase green house gasses into the atmosphere. It is for this reason that eco-labeling is considered environmental friendly. Figure 1 shows conceptual model of how eco-labeling contributes to environmental conservation and sustainable development.

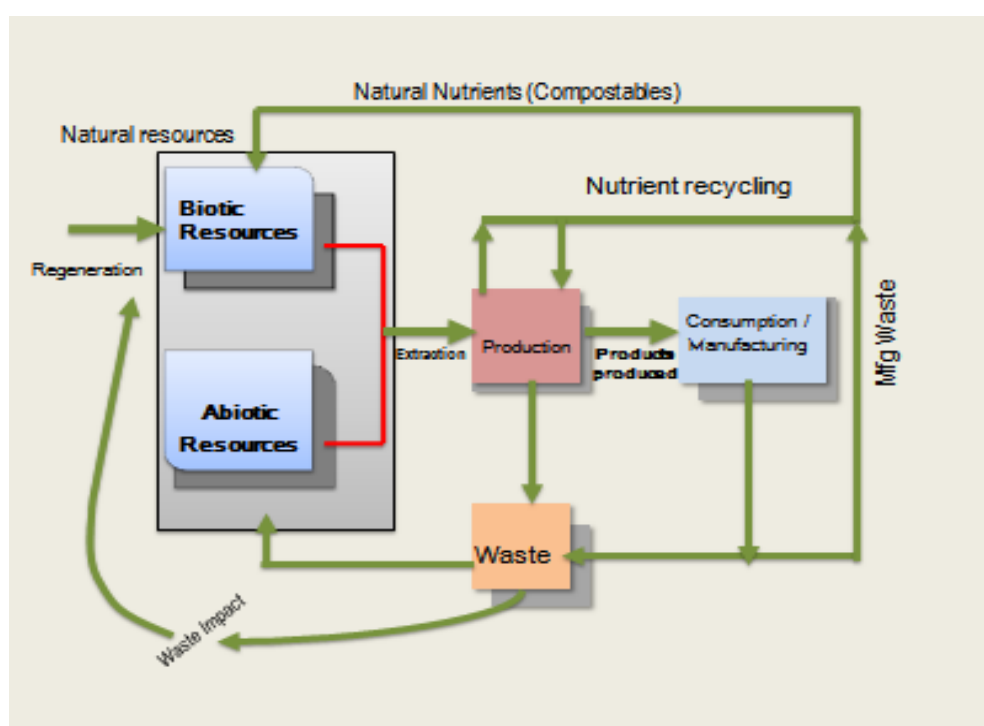


Figure 1: Conceptual framework of how eco-labeling contributes to sustainable development

Areas of Application

Eco Mark Africa (EMA) is expected to be a Pan African label intended to be a sustainability identity of goods and services produced in Africa in the four sectors. This identity is proposed to promote both internal and external trade of African goods and services among the consumers. The label is expected to stimulate trade between African countries and also trade between Africa and other countries outside Africa.

Sectors of Interest

EMA will initially be applied in four sectors considered to be most important for African economies. These are 1) Agriculture, 2) Forestry, 3) Fisheries and 4) Tourism. In each of these sectors, standards will be set to govern production and in some cases as need arise, will

extend to consumption. The standards will also cover services to these sectors. In agriculture the standards will govern the whole process from land preparation, planting, crop or livestock husbandry, harvesting, post harvest storage, packaging and transportation. They will also include selection and application of farm inputs like fertilizers, pesticides and herbicides, management of soil fertility, energy inputs, water use efficiency and all other materials used in crop production.

In forestry the standards will govern in general forest management including species identification and inventorying, maintaining records of growth and tree age patterns, and energy flow between organisms at different trophic levels (producers, consumers and decomposers). The standards will cover tree harvesting to make sure that only mature trees of specific species are harvested, selection of tree species to be harvested to make sure that species depletion does not occur. The standards will govern use of chemicals in control of pests and diseases to make sure that the chemicals used are not harmful to the environment and man. Harvesting of trees will be managed to minimize waste, and encourage re-use of wastes that may be inevitable during the felling and extraction of timber or other commercial products from the forest. This is particularly important considering the large amount of wastes generated in tree harvesting and the need to recycle such wastes.

In fisheries the standards will emphasize fish stock management to maintain acceptable age structures, species diversity, and waste management in fishing and handling of fish catches. The standards require maintenance of records to show fish catches, population structure, and feed resources. Like in the standards of other sectors use of chemicals is restricted or controlled to avoid contamination.

In tourism the standards will govern operations in the three major impact causing activities: a) transportation, b) accommodation, and c) construction, operations and decommissioning of tourism facilities. Transportation falls in several categories including air travel, sea travel and road travel including movements to tourist destinations and with tourist centers like in game watching, site seeing and event participation. The standards will monitor and govern energy utilization, water use efficiency, and also govern waste management in hotels and other tourism facilities.

In all the sectors, Life Cycle Analysis (LCA) will be done to track energy utilization, waste production and water use efficiency at all levels of production and consumption. The producers and consumers will maintain records of inputs and outputs at all stages to help with monitoring and assessment of Life Cycle Analysis for commodities produced in all the four sectors.

Green Economy

World development is faced with many unprecedented challenges associated with utilization of natural resources. Human activities have resulted in losses in biodiversity and scarcities in essential commodities required for proper functioning of natural systems. Green Economy is a term used to describe a transition towards sustainable utilization of these commodities including environment, climate, water; soils and the economy in general. It calls for systems or activities to be put in place to ensure that human activities do not harm the sustainability of natural processes from which these resources come. It brings a fundamental shift in the ways goods and services are produced and consumed to avoid aggravating the state of the

environment, including the disruption of the climate and depletion of natural resources. Figure 2 shows a conceptual framework of a green economy and the domains of sustainable development that can help to understand the tenets of a green economy and the processes that affect sustainable development.

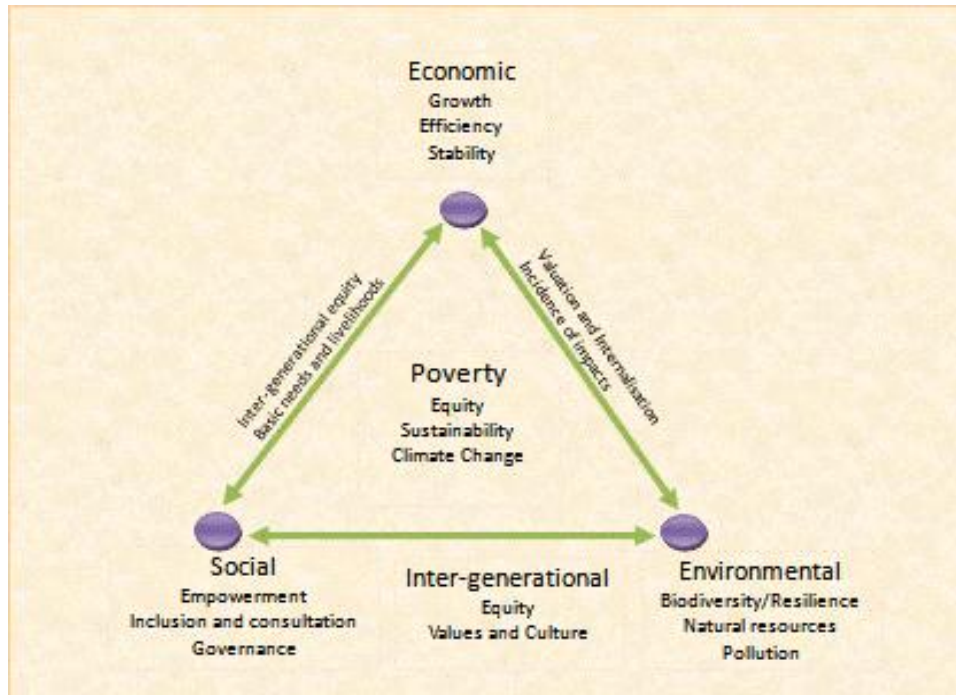


Figure 2: Elements of sustainable Development

The three domains must be balanced such that the environmental conscientiousness is matched with economic efficiency and social responsibility.

As regards to targets on environmental accountability, development is sustainable if habitats for humans, animals and plants are preserved and consideration is given to future generations in the use of natural resources. This means that:

- Areas of natural importance and biodiversity are preserved
- The consumption of renewable resources (e.g., water and raw materials that can be recycled.) is kept within the capacity of regeneration and natural replenishment
- The consumption of non-renewable resources (e.g., fossil fuels and minerals) are kept below the rate of natural replenishment or levels of depletion
- Any impact of emissions and toxic substances on the natural environment (water, soil, air, and climate) and human health is to be reduced to safe levels.
- The impact of environmental disasters is to be reduced and environmental risks are only to be accepted to the extent that, even in a worse-case-scenario, no permanent damage outlasts one generating would be caused.

As regards targets on economic efficiency, development is sustainable if prosperity and the capacity for economic development are preserved, this means that:

- Levels of income and employment are to be maintained and increased as required, with due consideration being given to socially and geographically acceptable distribution.
- It should be possible for productive capital, based on social and human capital, to be at least maintained and to show qualitative improvements.
- Economic competitiveness and the capacity for innovation are to be improved.
- Market mechanisms (pricing) should be the primary economic determinants, with considerations being given to scarcity factors and externalities.
- The public sector is not to be managed at the expense of future generations.

As regards to social responsibilities, development is sustainable if it maintains social accountability and the well-being of people and development. This means that:

- Human health and safety are to be comprehensively protected and promoted
- Education is to be promoted, ensuring individual development and identity
- Culture is to be promoted, together with the preservation and development of the social values and resources that constitute social capital.
- Equal rights and legal security are to be guaranteed for all, with particular attention to equal rights for women and men, minorities and respect for human rights.
- Solidarity is to be promoted within and between generations and also at the global level.

Objectives

The main objective of the green economy agenda is to reorient production and consumption patterns so that they can contribute to sustainable development without causing environmental degradation and resource depletion. This calls for innovative concerted efforts to disconnect economic development from environmental degrading activities. Green economy focuses on several key economic sectors that are found to be driving the defining trends of a transition to a green economy. Some of the objectives identified to spearhead the transition to green economy include:

- To reduce deforestation and increase reforestation to increase and maintain forest cover to make good economic sense in their own right and sustainably support livelihoods
- To transform agriculture so as to sustainably feed the world's growing population without undermining the natural resources base that support the sector
- To mitigate the growing water scarcity with policies to increase investments in improving water supply and use efficiency
- To achieve sustainable levels of fishing that will maintain fish stocks and diversity and secure a vital source of income.
- To ensure that tourism development is well designed to operate without environmental degradation and to support economy and livelihoods.
- To create jobs in a green economy and enhance social equity

Sectors of Interest

The sectors of interest in green economy comprise of: agriculture; buildings; energy supply; fisheries; forestry; industry; tourism; transport; waste and water. Each of these sectors has set targets currently at a global scale as follows (UNEP 2011):

Agriculture: Agriculture targets to increase nutritional levels from the 2800 to 3000 Kca/person by 2030 and maintain it at this level

Energy: Green Economy targets to increase penetration of renewable in power generation and primary energy consumption to at least reach targets set in IEA's Blue Map Scenario. (IEA, 2009; 2010)

Fisheries: Achieve maximum sustainable yield by an aggregate world cut in fishing effort of 50% by decommissioning of vessels, reallocation of labour force and fisheries management.

Forestry: Targets 50% reduction in deforestation by 2030 as well as increase planted forests to maintain to sustain forestry production.

Tourism: Aims at creating new green jobs, support local economies and reduce poverty, reduce cost of energy, water and wastes and increase the value of biodiversity and cultural heritage

Transport: Aims at increasing energy use efficiency to reach consumption and emissions targets set in IEA's Blue map Scenario, and expand public transport (IEA, 2009).

Waste: Targets to reduce wastes going into landfills by about 70%

Water: Targets to halve the number of people without access to water and sanitation by 2015

Building: Increase energy use efficiency, create green jobs, improve human health and productivity, and play a role in environmental conservation.

As indicated elsewhere in this report, green economy contributes significantly to sustainable development in all the sectors outlined above. Table 1 shows the linkages between Eco-labelling and sustainable development in agriculture with details on how different activities relate to the tenets of green economy.

Table 1: Eco-labelling and the linkages to sustainable development and Green Economy

Eco-labelling Category	Activity	Links to Sustainable Development and Green Economy
Croplands - agronomy		Improved yields would mean better economic returns and less land required for new cropland. Societal impact uncertain - impact could be positive but could negatively affect traditional practices.
Croplands – nutrient management		Improved yields would mean better economic returns and less land required for new cropland. Societal impact uncertain - impact could be positive but could negatively affect traditional practices.
Croplands – Tillage / residue management		Improves soil fertility may not increase yield so societal and economic impacts uncertain.
Croplands – water management		All efficiency improvements are positive for sustainability goals and should yield economic benefits even if costs of irrigation are borne by the farmer.
Croplands – rice management		Improved yields would mean better economic returns and less land required for new cropland. Societal impacts likely to be benign or positive as no large-scale change to traditional practices.
Croplands- set aside & LUC		Improve soil fertility but less land available for production; potential negative impact on economic returns.
Croplands – agroforestry		Likely environmental benefits, less travel required for fuelwood; positive societal benefits; economic impact uncertain.
Croplands – grazing, nutrients, fire		Improved production would mean better economic returns and less land required for grazing; lower degradation. Societal effects likely to be positive.
Organic soils - restoration		Organic soil restoration has a host of biodiversity/environmental co-benefits but opportunity cost of crop production lost from this land; economic impact depends upon whether farmers receive payment for the GHG emission reduction.
Degraded lands – restoration		Restoration of degraded lands will provide higher yields and economic returns, less new cropland and provide societal benefits via production stability.
Biosolids applications		Likely environmental benefits though some negative impacts possible (e.g., water pollution) but, depending on the bio-solid system implemented, could increase costs.
Bioenergy		Bio-energy crops could yield environmental co-benefits or could lead to loss of bio-diversity (depending on the land use they replace). Economic impact uncertain. Social benefits could arise from diversified income stream.
Livestock – feeding		. Negative/uncertain societal impacts as these practices may not be acceptable due to prevailing cultural practices especially in developing countries. Could improve production and economic returns
Livestock – breeding		
Livestock – additives		Negative/uncertain societal impacts as these practices may not be acceptable due to prevailing cultural practices especially in developing countries. No data (n/d) on economic or environmental impacts.
Manure management		Uncertain societal impacts. No data (n/d) on economic or environmental impacts.

Complementarities between AEM and GE on goals and objectives

The goals of AEM are to improve sustainability of the environmental resources by promoting eco label standards that contain ways in which to reduce environmental effects of production and consumption and to improve trade on sustainably produced goods.

The objectives are to promote production of goods sustainably and inspire consumers to purchase such goods through third party certification and accreditation so as to protect the environment from degradation.

The goals and objectives of green economy on the other are to re orient production and consumption patterns so that they can contribute to sustainable development without causing environmental degradation and resource depletion.

Both the AEM and the green economy aim at making development sustainable both environmentally and economically by regulating the processes of production and consumption in all sectors. The initiatives are complementary in the procedures they prescribe and the target they intend to achieve in the long term.

Complementarities in areas of focus

The four sectors selected by AEM are: 1) agriculture, 2) forestry, 3) fisheries, and 4) tourism. The rationale behind selection of these sectors is based on the importance of the sectors to economies in Africa, and the role they play in the African development agenda in its broad sense of improving food security, reducing poverty, creating and improving development opportunities including the improvement of human well being. One other factor that may have influenced the selection of these four sectors is their influence on environment especially the dependence of national development on the sustainability of natural resources within these four sectors. Currently the standards in the four sectors are largely based on sustainable production for good reasons some being that many environmental gains can be achieved through sustainable production and that at a beginning stage it is advisable to focus one and latter extend to other when tangible gains have been evidently achieved.

The green economy on the other hand as outlined above is focusing on ten focal areas namely: 1) agriculture, 2) forestry, 3) water, 4) tourism, 5) waste, 6) fisheries, 7) energy, 8) industry, 9) transport, and 10) building.

The four sectors in AEM have implications on all others in the green economy. The performance of one of the sectors in AEM may depend on the nature of other sectors in the green economy. Good performance in the implementation of AEM standards in agriculture for example will depend on water resources. However, the successful implementation of AEM standards in agriculture will improve the availability and quality of water resources. Application of AEM standards will therefore improve and complement efforts in all sectors of green economy:

Table 2: Complementarities in AEM and GE activities

AEM Sector	Activities	Complementarities in GE Sectors
Agriculture	Improving agronomic practices	Agriculture, forestry
	Better nutrient management	Agriculture, forestry
	Increased conservation tillage and residue reuse	Agriculture
	Less chemical usage	Agriculture
	Organic soils restoration	Agriculture
	Degraded lands restoration	Agriculture, waste
	Better water use efficiency	Agriculture, Water, Wastes
Forestry	Improved biodiversity	Agriculture, Forestry
	Maintained primary forest cover	Forestry
	Agroforestry	Forestry, agriculture
	Enrichment of soil carbon	Forestry, agriculture
	Reduced forest wastes	Forestry, building, energy
Fisheries	Biodiversity conservation (aquatic)	Fisheries
	Better human health	All
	Employment opportunities	All
Tourism	Wildlife conservation	Forestry, Fisheries
	Better water use efficiency	Water , Tourism Industry
	Better energy use efficiency	Energy, Tourism, Industry
	Reduced waste disposal	Waste, Tourism, Industry
	Less emissions from transport	Transport, Industry, Tourism, energy
	Building designs (hotels to conform better energy and water saving standards)	Building, energy,

Commonalities and divergences between AEM and GE in conceptual frameworks and approaches

Eco-labelling is an environmental sustainability mechanism designed to be consumer driven through standards that guide production and consumption. It ensures that natural resources are not depleted and the environment is not degraded. The approach of AEM is to have the standards implemented voluntarily and that the demand created by the consumer choices will drive the producers to voluntarily participate in eco labelling. It is the implementation of the standards that bring benefits to the environment in the form of ensuring that environmental integrity, goods and services are sustained and restored where degradation had already taken place.

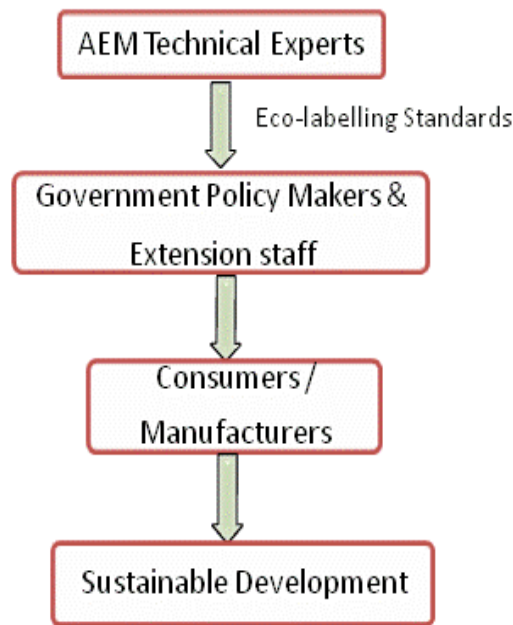


Figure 3: The conceptual framework of eco-labelling is as follows

In a much more simplified understanding Eco-labelling is a consumer driven initiative. This builds on the premise that business health is dependent upon and in turn affects, both social and environmental health. The figure 4 below is adapted from Williams 2004 to illustrate this concept.

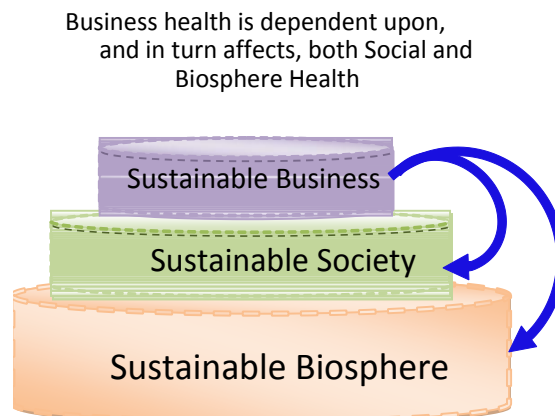


Figure 4: Conceptualization of AEM based on business as the driving factor

The green economy on the other hand is an environmental sustainability concept driven by an observed need to balance the forces that development exert on the environment so that sustainable utilization of environmental resources can be achieved. Green economy is policy driven through implementation of sector based policy guidelines for the management of natural resources and the environment in general. The following is a conceptualization of the GE especially in the context of its application in Africa.



Figure 5: Diagrammatic representation of the Green Economy process.

The common attributes of both frameworks are:

1. The primary goals of both approaches is to make environment sustainable
2. They both link environment and development in all sectors
3. They both aim at instituting sector based interventions to monitor and regulate human activities
4. They both focus on sustainability of production and consumption
5. Though GE is basically a policy driven agenda, AEM also needs policy interventions in order create an enabling environment for its implementation despite being a voluntary consumer driven initiative.
6. They all address issues of climate change especially reducing GHG emissions and increasing the capacity to adapt to climate change.

Interventions of key drivers of environmental change

Both AEM and GE aim at initiating interventions that can alter the trends of environmental degradation to maintain them at sustainable levels. The primary focus of the interventions by AEM is to encourage the producers to interact with the environment sustainably by influencing how they produce their commodities of trade. On the other hand, the focus of interventions by GE is aimed at influencing governments at different levels of governance to develop and implement policies to guide the people.

The two initiatives therefore have similar goals and both aim at influencing or altering the current trends of environmental change by applying different approaches that are synergetic. While the approach by AEM describes actions by people through the standards of production and consumption, the GE on the other hand address development of policy instruments not

only to create a politically enabling environment but also guide the process of transformation through which negative effects can be reduced.

The synergy is that each one complements the other. AEM for example will need a conducive political environment to facilitate the uptake of eco label standards by the producers and consumers. The GE on the other hand will require policy instruments to integrate environmental standards with socioeconomic activities of different communities who deal or own the resources. Without involving the communities or integrating environmental sustainability with economic activities, very little can be achieved in reversing the trends of environmental degradation. Table 3 gives the proposed interventions both in AEM and in GE by sectors so as to identify the synergetic effects they have on each other,

Synergies between GE and AEM Interventions

Table 3 shows the synergies between GE and eco-labelling. As shown in the table, interventions on both initiatives match in most cases and are sometimes indistinguishable.

Table 3: Interventions by AEM and GE and the synergies

GE Interventions	Synergies with AEM Interventions
Global / International Policies	
Elimination of export subsidies and liberalising trade in agricultural products	AEM supports liberalized trade in agricultural products
Market power asymmetry	Eco-labelling harmonises markets
Food safety standards	Eco-labelling ensures food safety through application of standards
Intellectual property	-
National policies	
Support for improved land tenure rights of smallholder farmer	-
Targeting programmes for women smallholder farmers	Eco-labelling will improve participation of women and small scale farmers in production
Public procurement of sustainably produced food	Eco-labelling all about procurement of sustainably produced goods including foods
Building effective national and international institutions	Supports national and international institutions especially in setting of standards and harmonization
Economic Instruments	
Capacity building and awareness-raising	Eco-labelling works with capacity of sustainable production (application of standards) and public awareness on what the labels mean
Supply chains, extension services and NGOs	Eco labels need effective supply chain of sustainably produced products and consumers for the products
Integrating information and communications technologies with knowledge extension	Information on the implementation of AEM standards will be producer based technical knowledge extensions to the producers
Economic management tools	Management of production systems under eco label standards and the improvement of trade contribute to economic development
Better food choices	Eco label standards in agriculture are aimed at improving food quality and diversifying food resources available. This leads to better food choices.
International trade agreements	One of the principle objectives for producing Eco label products is access international markets which are usually acquired through trade agreement between countries, regions or international trading organizations.
Use of market based instruments	Eco label standards are market based instruments to bind the producers and consumers.
Economic incentives and disincentives	Participation in Eco label standards has both economic incentives and disincentives

GE Interventions	Synergies with AEM Interventions
Financial Instruments	
Public investments reforms	Eco-labelling will require public investments especially in creating market structure and communication infrastructure.
National and regional funding opportunities	-
Private investment reforms	Production using Eco label standards requires private investments reforms in order to shift from conventional to green production
Payments for ecosystem services (including water)	Eco-labelling (AEM) will contribute to the value of ecosystems including water and thus improve payment for the services

Green Economy is built with an approach that seeks to improve human wellbeing and reducing social inequity over the long term, while not exposing future generations to significant environmental risks and ecological scarcities. To achieve this, the first steps are to increase investments in the sustainability of ecosystem services to ensure that the environment continue to benefit the current and future generations. The second step is to strategize on economic growth for sustainable use of natural resources and the environment.

Green Economy aims at creating an enabling environment so that actors in the private sector can have an incentive to invest in green economic activities. The measures that have been suggested for creating this enabling environment are as follows:

- Creating a context in which economic activities enhances human well-being and social equity, and significantly reduces environmental risks and ecological scarcities.
- Designing investment and spending to stimulate the greening of economic sectors.
- Designing and implementing market-based instruments and taxes to promote green investments and innovations.
- Removal or reduction of government spending in areas that deplete environmental assets.
- Implementing well-designed regulatory frameworks to create incentives that drive green economic activity.
- Promoting capacity building and training to support a transition to a green economy.
- Strengthening international governance to promote a green economy.

GE appears to be all about making the right policies with specific targets towards the green economy. The five key areas of policy-making that have been highlighted in GE documents as creating the enabling conditions to support a transition to green economy are:

- Policies on *public investment and spending* to leverage private investment, including public infrastructure projects, green subsidies and sustainable public procurement;
- *Market-based policy instruments, such as taxes and tradable permits* to level the playing field and provide market incentives in order to promote the greening of key sectors;
- Policies to implement *subsidy reform* in areas that deplete and degrade natural capital;
- National regulatory *legislations, institutions and enforcement* to channel economic energy into environmentally and socially valuable activity; and
- Implementing *international frameworks* that regulate economic activities, including the international trading system, in driving a green economy.

Stakeholder participation and institutional responsibilities

Both AEM and GE are multi stakeholder initiatives right from the conceptualization stage, to project design, institutionalization, programme implementation through to monitoring and evaluations of how the objectives are to be met.

Stakeholders in AEM

Both AEM and GE may involve the same stakeholders at different levels of operation. In eco labelling, stakeholders fall in two categories; stakeholders during the formation of standards and the stakeholders during the implementation of standards. In the preparation of standards, the stakeholders are mainly the experts in all the aspects of the sector, including informants in cross cutting issues like trade and transportation. These also include government representatives in the respective sector and if necessary representatives from the regional governments. Among the experts would be representatives of international organizations especially where they have a particular role in technical or management and finance.

At the applications stage, stakeholders will be standards organization, the certification bodies, the producers, and of course the market support operators (traders, transporters) including industrialists for the industrial produce.

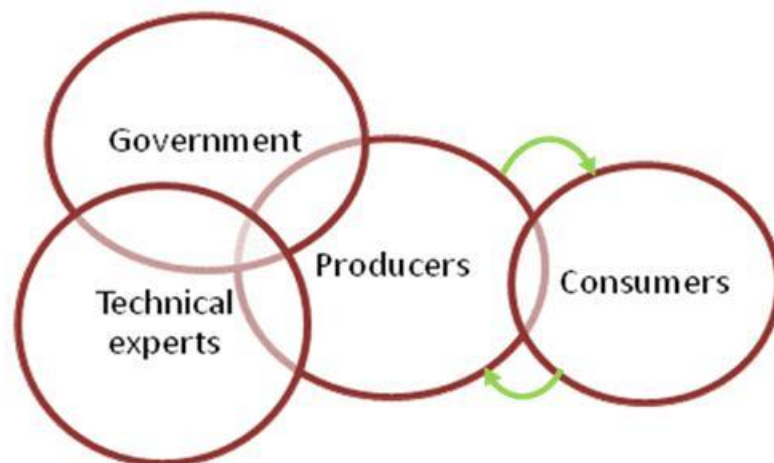


Figure 6: Composition of major stakeholders in AEM

Stakeholders in GE

In GE stakeholders could also be considered into the three categories as above. The technical experts, the government operatives and the extension group that includes NGOs, land managers

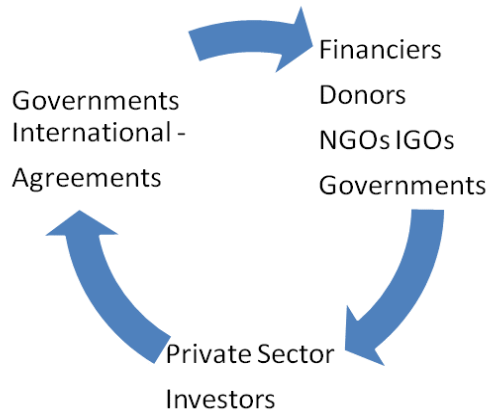


Figure 7: Stake holder involvement in the GE process

Complementarities between AEM and GE in stakeholder participation

Both AEM and GE have to involve government operatives. AEM however, need the government only at the policy level which is mainly at the implementation stage. Eco labels need some policy support to enable uptake by the producers and also gain support by the government extension services and the technical grass root supporters especially in the case of small scale producers. This is a major area of complementarity because both AEM and GE involve the same grass root experts and extension personnel. It is also possible that government operators involved in both AEM and GE share the same offices if not the personnel.

Complementarity for technical experts exists in the organizations that deal with sustainability of production in various sectors. These experts are the same ones who participate in either AEM led sustainability initiative or GE led sustainability initiative. The difference however is that the AEM led initiative is leading development of standards while the GE is developing policy tools. The role of government agencies and the technical experts are almost limited to the standards formulation stage as the rest remains under the control of private sector.

During implementation, AEM is characterized by the producers and consumers and occasionally the standards compliance inspectors. In the GE, the government is the main stakeholder and its presence is felt at all levels of GE formulation and implementation stages. NGOs play part in the implementation taking the place of international intergovernmental organizations like for the EAC, involvement of EAC ended after the standards were formally endorsed by IFOAM and accepted the national implementing agencies. After the standards formulation stage active involvement IFOAM also ceased. IN AEM at the implementation stage there comes another actor – the auditors or assessors who are qualified to ascertain that the standards have been followed and recommend for the certificate to be issued.

Grass root Support for Implementation

The AEM is characterized by a very heavy grass root as compared to GE. The Producers are mainly farmers, farm managers and land owners whose activities directly affect natural resources on the ground. Activities that involve the grass root actors will have a direct impact on the ground.

The GE on the other hand has little connection with grass root actors. Most of the influence in the GE agenda is centred on policy instruments to direct government and international resources towards activities that are beneficial or do not harm the environment. The influence the agenda has on grass root activities is through the private sector and through government extension services. While AEM is a consumer and market driven mechanism guided by eco label standards, GE is a private sectors driven initiative guided by policy instruments both at national and international levels. Although in some cases the consumers could be considered as part of the private sector, the ability of the private sector to influence tangible and sustainable outcomes on the ground needs to be explored further.

The AEM appears to have a basis for a very good grass root support as its activities are directly influencing land use activities with a clear and sustainable monitoring system that ensures and quantifies the impacts or achievements. On the other hand the GE is centred on government and international policies on public and private sector investments.

Importance of AEM in Intra Africa and International Trade

One of the primary objectives of Eco-labelling is to stimulate trade within and between states or countries, between regional economic commissions and also international trade between developed and developing countries. Standardisation of production procedures and the third party certification process gives confidence to the buyers that they are buying something whose quality they already know or whose contribution to environmental protection is well known.

For trade within Africa the major trading partners are the economic blocs and commissions that have united on a regional basis and some have formed custom unions to facilitate trade and movement of goods within the region and adopt similar tariffs across the region.

There are many regional economic communities in Africa and each African country is a member of at least one economic community (Alemayehu and Kibret 2008). In addition to politically motivated groupings, this proliferation of RECs partly indicates that the issue of regional integration is very crucial for African countries. One of the reasons for the many RECs and partnerships is that about 40 percent of the population and one-third of the economies in Africa are trapped in landlocked countries whose trade and development depend almost entirely on events that happen beyond their own borders. In addition, most countries in Africa are small in size and hence their economic feasibility is highly limited. It is obvious from the current pattern of RECs that the continent has this *spaghetti bowl* (figure 8). Regional economic communities (Figure 8) whose missions overlap, are for the most part, yet to achieve the most important objectives they were set up to accomplish- enhancing economic integration and uplifting the living standard of their population. One major instrument in this regard is intra-African trade. Although African share of world's total export is very low - less than 3 per cent- Figure 9 shows that the little trade contributes significantly to the GDP of each African country and hence its importance. Intra African trade has the potential to raise the level of welfare of the African population through fostering regional economic development (Longo and Sekkat, 2001).

TRADING BLOCS IN AFRICA

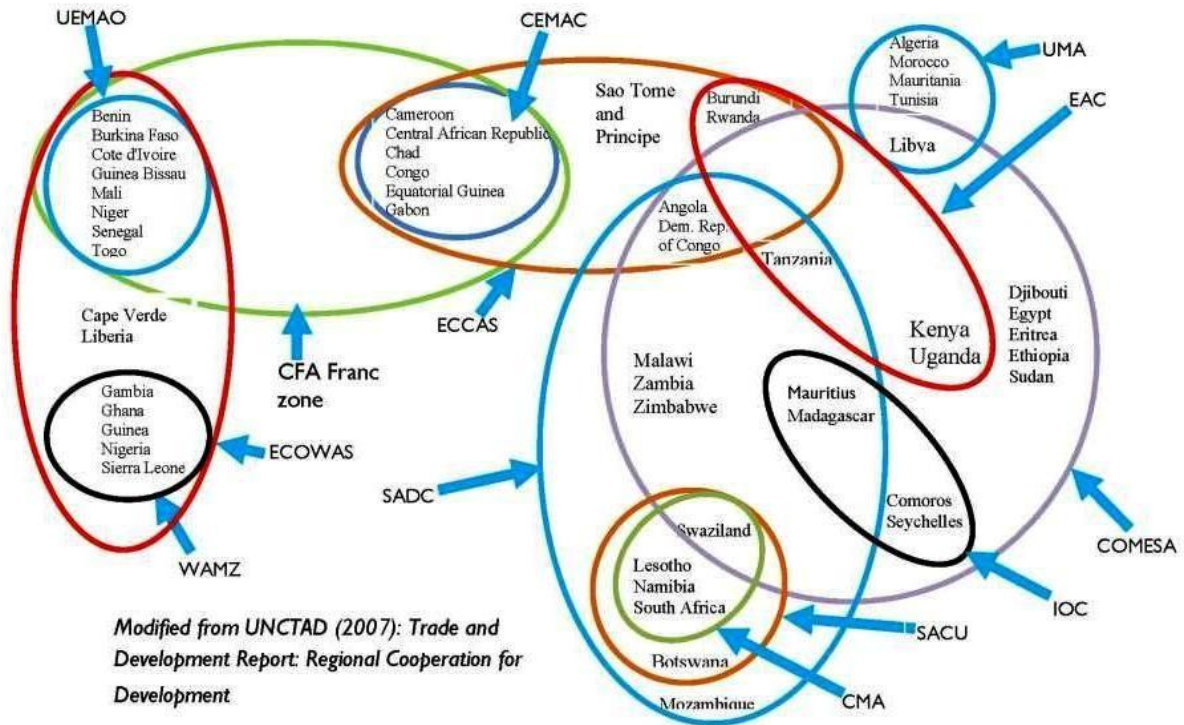


Figure 8: Country memberships to commissions and economic blocs in Africa

This section looks at the current status of African trade between RECs and between Africa and other countries in the rest of the world particularly countries in Europe and the United States for various commodities to see the trends, and the future prospects of these trades with the coming of AEM. First and foremost Africa takes a very little share of the world’s export market. As seen in figure 9 below, this share has always been less than 3% of the world export market.

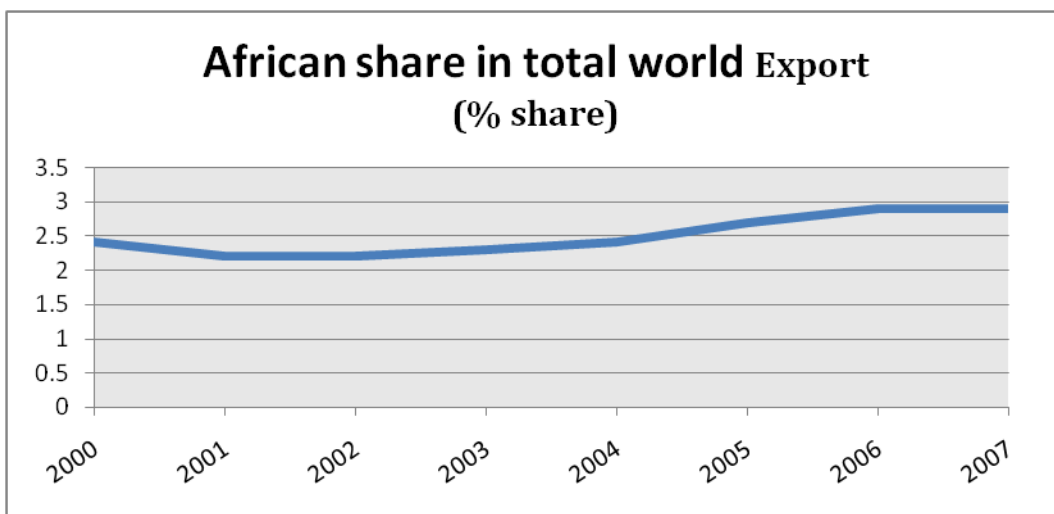


Figure 9: The percentage of African share in the total world ma

A comparison of the total world exports with that from Africa to the rest of the world shows how little Africa contributes to the world (Fig. 10). While total world volume of exports has

more than doubled from 2000 to 2007, that of Africa has not change much within this period. Africa has a lot of potential to export to the rest of the world considering the vast natural resources, oil and the agricultural potential.

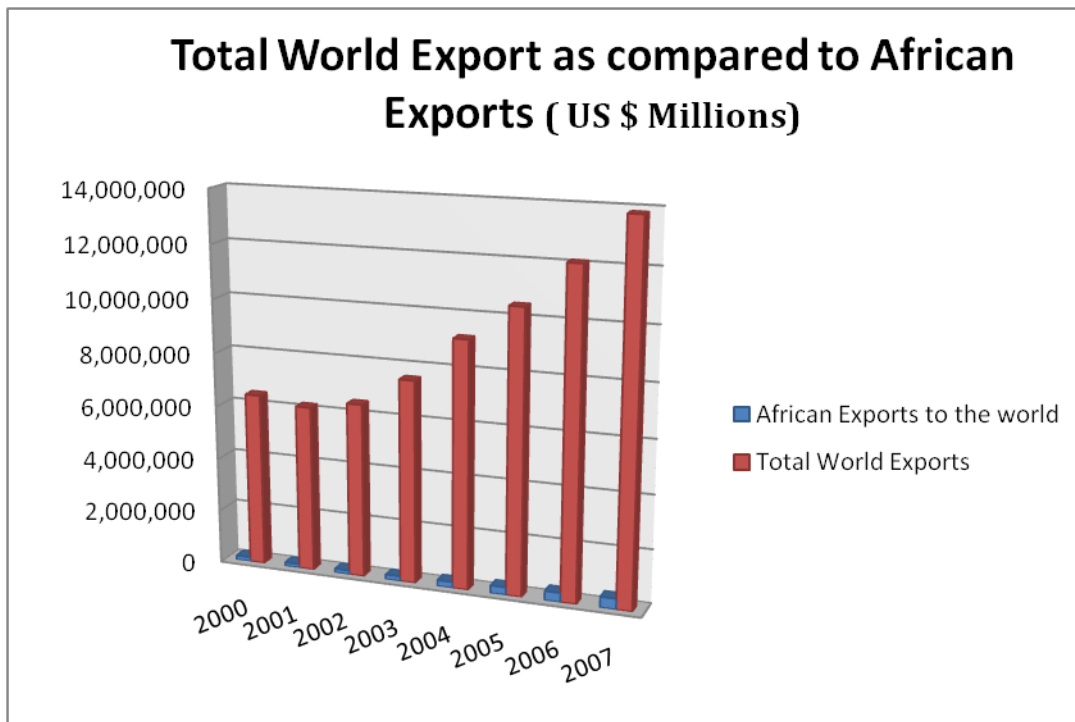


Figure 10: The total world export as compared to African exports.

At an AGOA Forum hosted by the US in June 2005, the US Secretary of State stated that African countries trading amongst themselves could foster development in Africa. However, there remain significant constraints limiting greater intra-African trade. These include both tariff and non-tariff barriers. Tariffs continue to be an impediment to greater intra-African trade. Table 4, shows the tariff barriers for agricultural products between the five major economic blocs.

Table 4: Tariff barriers for agricultural products

Economic Community	MFN Bound average	MFN Applied Average
ECOWAS	69.0	16.9
ECCAS	66.7	20.1
SADC (excluding SACU)	101.0	15.7
COMESA (excluding SACU)	90.7	20.0
AMU	69.4	17.6
SACU	71.4	9.1

Source: World Trade Organizations trade database and ITC's Market Access database.

Market Access

In the context of trading, tariff barriers are not the only constraints to market access. There are a number of other factors that affect market access and thus flow of goods from one region to another. These factors are particularly important in an African context given that most of the countries are considered small economies and are classified as developing countries. The United Nations Economic Commission for Africa (ECA, 2005) separates market access constraints into three major categories, as: 1) natural barriers, 2) man-made barriers and, 3) non-tariff or technical barriers. According to ECA the natural barriers to trade refer to supply and production constraints that include social and political considerations and infrastructure constraints. Man made constraints and non tariff barriers refers to import and export restrictions, customs formalities; export procedures such as custom valuation. Technical barriers include technical regulations and standards that set out specific characteristics of a product such as its size, shape, design or labelling or packaging of the product. AEM can play a significant role in reducing difficulties brought about by the natural barriers and also by the non-tariff technical barriers to trade. As presented here, natural barriers are major constraints to intra-Africa trade, both on the export and import side. The natural barriers to trade are also referred to as the supply-side constraints which are the barriers related to production capacity, diversification potential and the range of products exported by a country. Constraints on supply in the four sectors of AEM (agriculture, forestry, fisheries, and Tourism) can range from political situations, climatic conditions and land size and tenure to available technology and human resources. African countries that do not diversify their production also limit their potential to export to just one or two of the required commodities. Given the trends of market dynamics around the world today, the demand for eco-labelled goods is on increase to the extent that it can be considered already as both a natural and a man-made barrier to trade. The role that AEM can play in Africa is to unlock the barrier that already exists by giving a mechanism to comply with market demands.

As incomes rise in African countries, consumers demand greater choice in the variety of products and increasingly sophisticated products. In the absence of capacity for local production, increased demand for imports of such products provides an opportunity for the more able countries to export to the other African countries. AEM places a lot emphasis to building capacities for the producers to produce quality products. If AEM is adopted across the RECs the capacity to produce quality goods to fill this rising demand will improve, and regions can share trade opportunities more equitably.

The nature of a country or regions infrastructure has an important impact on its trade performance and competitiveness. Geographic proximity to markets, partner countries and ports are particularly important in this regard. The fact that much of Africa is sparsely populated and has poor communications network, the cost of transportation is rather high.

Figure 11 shows that inter regional trade in Africa have been low as well. It was during the year 2010 that it passed 10% of the total trade in Africa. A number of reasons have been attributed to the low inter regional trade some being poor communications infrastructure, lack of harmonization in the standards of production, and most regions producing same kind primary products.

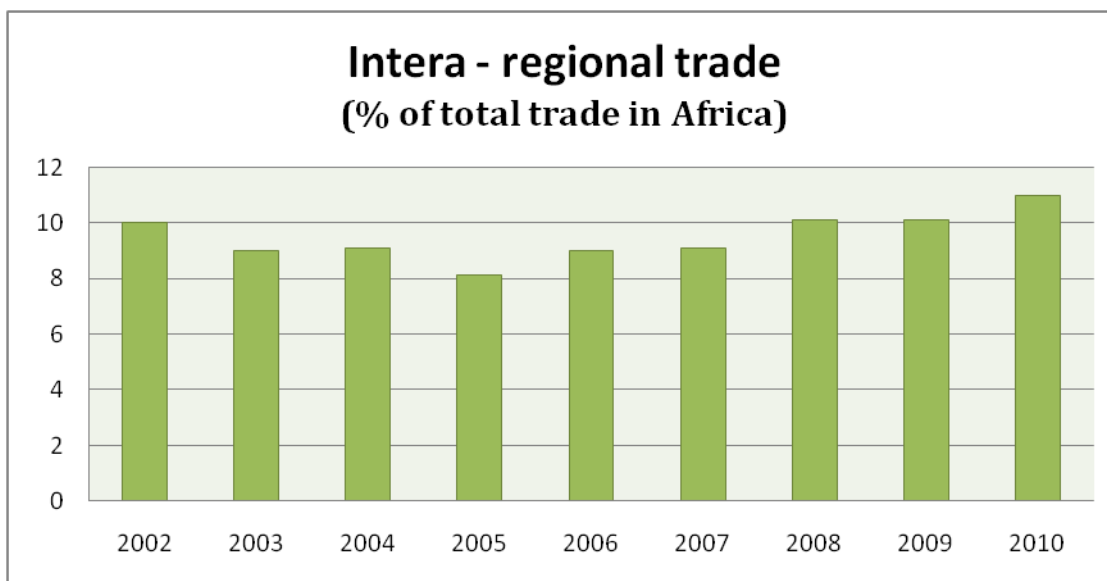


Figure 11: The trends in inter-regional trade as a percentage of total trade in Africa

Figure 12 shows the top 10 countries in Africa that participate in intra regional trade on exports and imports. South Africa tops the list followed by Nigeria and Cote D'Ivoire where exports to the rest of Africa are shown to be higher than imports from the rest of Africa. The countries with more imports than exports are Zambia, DRC and Morocco. Angola and Algeria however, seem to export more to the rest of Africa than they import. Zimbabwe, Mali and Ghana do not have significant exports to the rest of Africa.

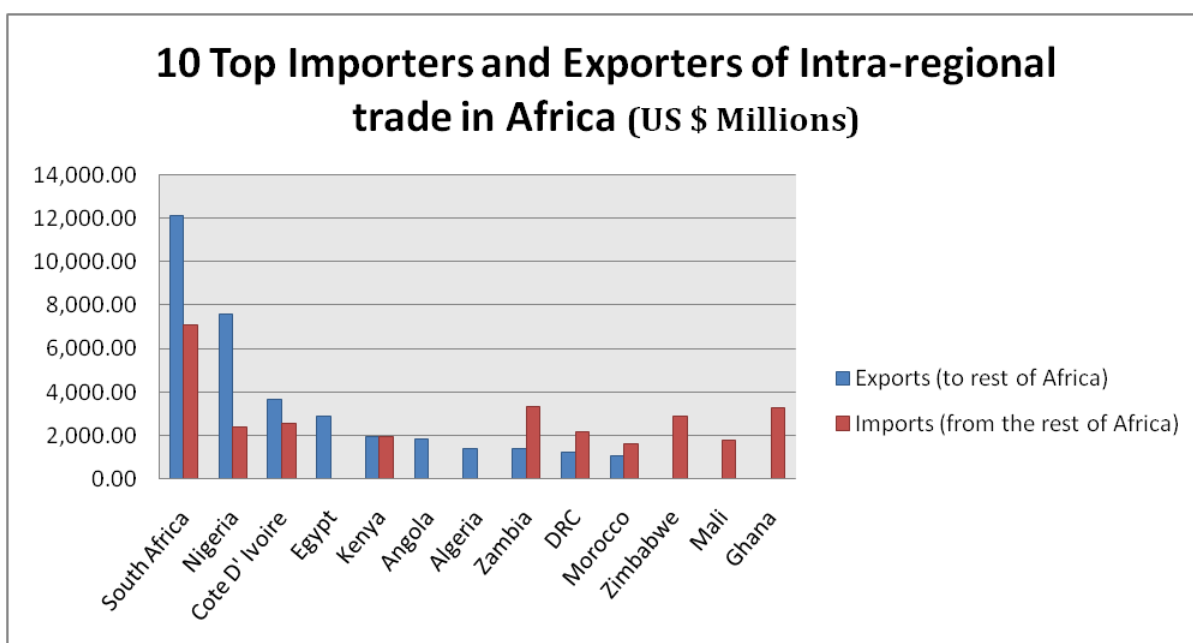


Figure 12: 10 Top Importers and Exporters of Intra-regional trade in Africa (Million of Dollars)

Considering growth in import volumes, Africa has the highest growth in import volumes compared to the rest of the world Figure 13 (a) and (b). This is due to growth in Africa’s consumption demand driving imports higher than other regions.

South Africa is the most active country in intra-Africa agricultural trade. However, it is a relationship defined predominantly on exports to Africa with a low level of imports. South Africa exports a diverse range of value added products whilst imports remain concentrated in commodities. Significant imbalances in agricultural trade between South Africa and the respective REC’s continue to persist. Regional trade arrangements have fostered greater trade but significant obstacles to greater trade remain.

African countries that do not invest in infrastructure create a trade-enabling environment and diversify their production, limit their potential to the supply of one or two commodities hereby perpetuating the trend of huge trade imbalances in favour of South Africa.

China is the highest exporter to Africa and USA is the highest importer. Other countries that export more to Africa than they import are France, Germany, and Japan. South Africa although an African country itself, is reported to export more to other African countries than it imports and thus it is recorded as a major exporter to African countries. After USA other countries that import more from Africa than they export to Africa are India, Netherlands, United Kingdom, and Spain (Kiggundu 2008).

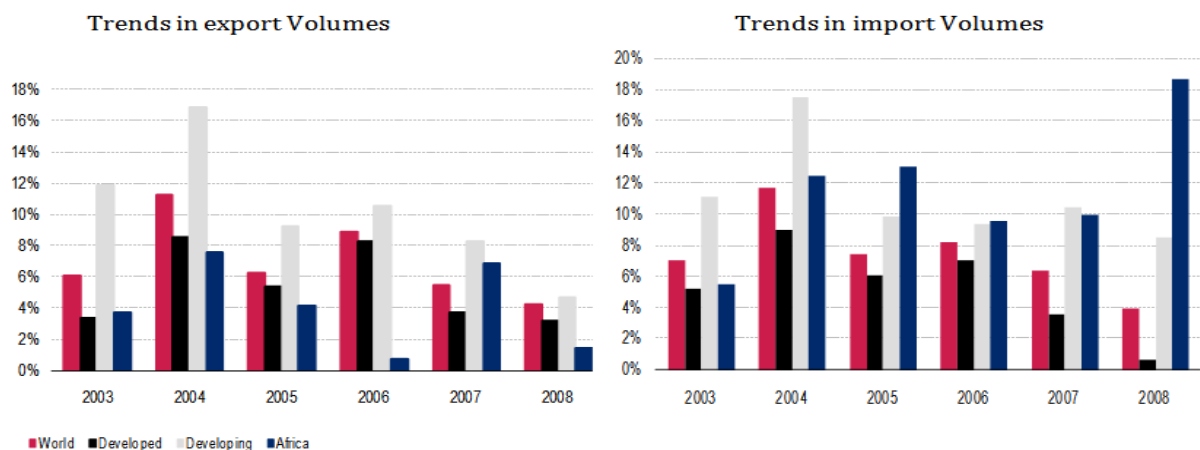
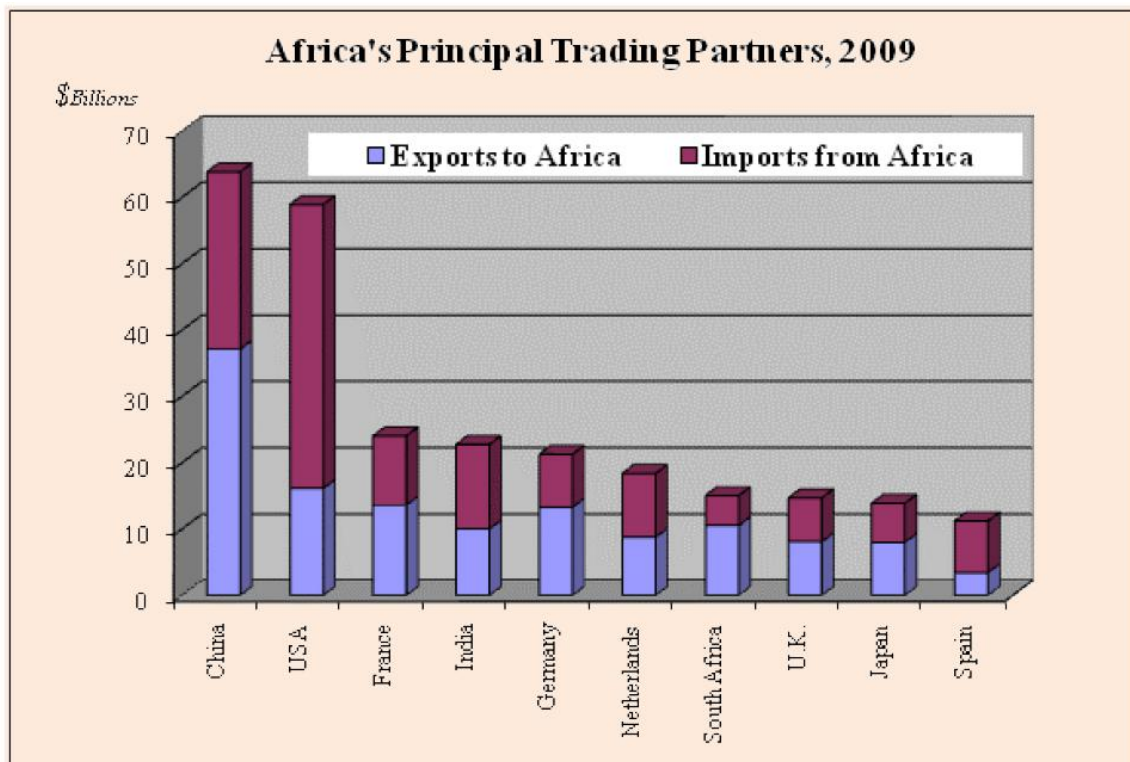


Figure 13: Trends in import volumes: (a) – left panel; (b) right panel

One way to assess performance in trade is to know the growth in import or export volumes between countries. The figure above shows growth in import volumes for the world, developed and developing countries and for Africa in general. The graph shows that Africa’s growth in imports is above the world’s growth and has been consistently higher for a number of years. This growth is considerably higher than that of the developing countries which also includes Africa. Figure 14 shows the principal partners of African business by the volume of export and import business with Africa.



Source: Derived from IMF *Direction of Trade Statistics Yearbook, 2010*

Figure 14: Africa's Trade Partners

USA has been the biggest trading partner with Africa up to around 2010, after which china that had been second became the first. China's trade with Africa has soared to \$114.81 billion in 2010, according to the Chinese government's *white paper on the economic and trade cooperation with Africa*. This number is expected to increase as Chinese demand for oil, gas, iron and other raw materials continues. China's FDI in Africa is closely linked to trade and development assistance. Thus FDI has increased over the past 10 years in tandem with increased Sino-African trade, although China's FDI to Africa remains marginal in terms of China's total outward FDI flows (0.2% in 1991 and 5.9% in 2007 — (Kiggundu, 2008; Kaplinsky and Morris, 2009). According to the Chinese Ministry of Commerce, China's FDI in Africa has increased by 46% per year over the last decade.

As crude petroleum export which is about 37% dominate intra regional trade in ECOWAS followed by refined petroleum oils that constitute about 16%. Similarly crude petroleum leads in the total exports from ECOWAS where it forms 72% while refined petroleum oils drop to a mere 3% of the total exports as shown in figure 15 (a) and (b).

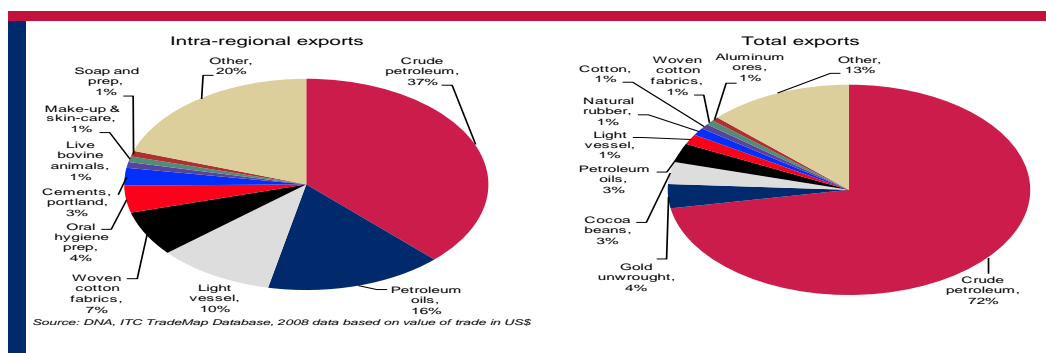


Figure 15: Africa's regional trade patterns – ECOWAS: (a) right panel (b) left panel

Central African states experience very low regional trade, with total trade highly concentrated in a single primary commodity, the crude petroleum at 85% of the total trade (figure 16 (a) and (b)). ECCAS however, shows to have a higher diversity of agricultural produce traded within the region than in the ECOWAS. In the total trade volumes however, only mineral products appear in the statistics with very little representation of rough and sawn wood that are each 1% of the total traded volume.

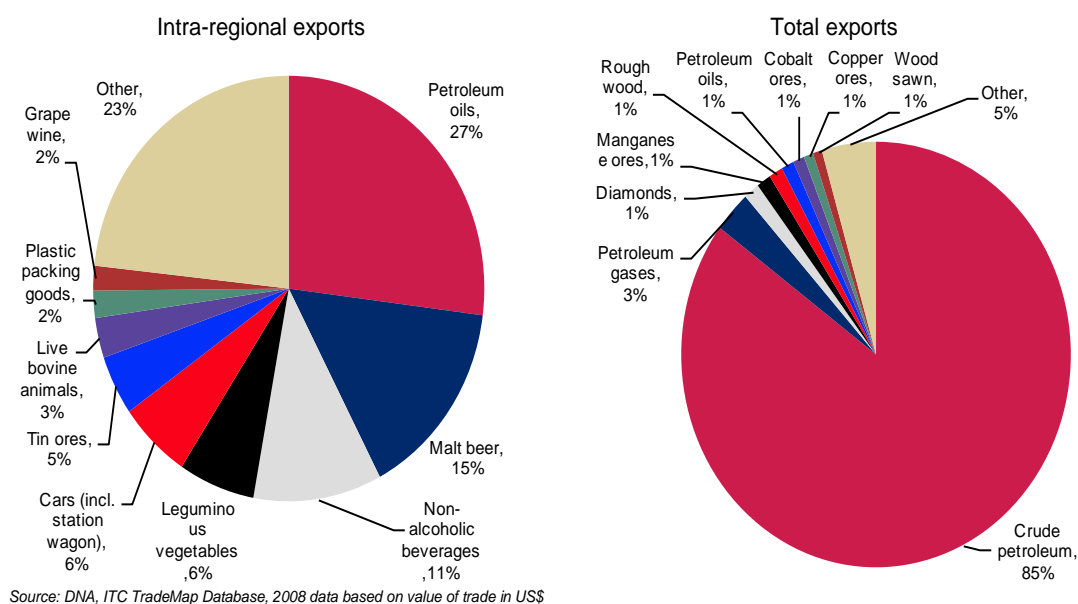


Figure 16: Africa's regional trade patterns – ECCAS (a) left panel and (b) right panel

The economic values of the RECs vary considerably. SADC leads with 14,173 million dollars followed by ECOWAS with 8,910 and COMESA with 8,092 million dollars. ECCAS is the least with economic value of 482 million dollars. This variance in economic value follows the economies of the member states of the RECs. South Africa's higher economic value is responsible for the high scores in the economic strength of the Southern African Development Community, and Nigeria and other mineral rich west African countries make ECOWAS to have a relatively high score on economic value.

The three biggest markets among the RECs for intra African trade are therefore SADC, ECOWAS and COMESA (Fig.17). It is therefore advisable for AEM to put more emphasis on improving trade between these three RECs and the rest of Africa.

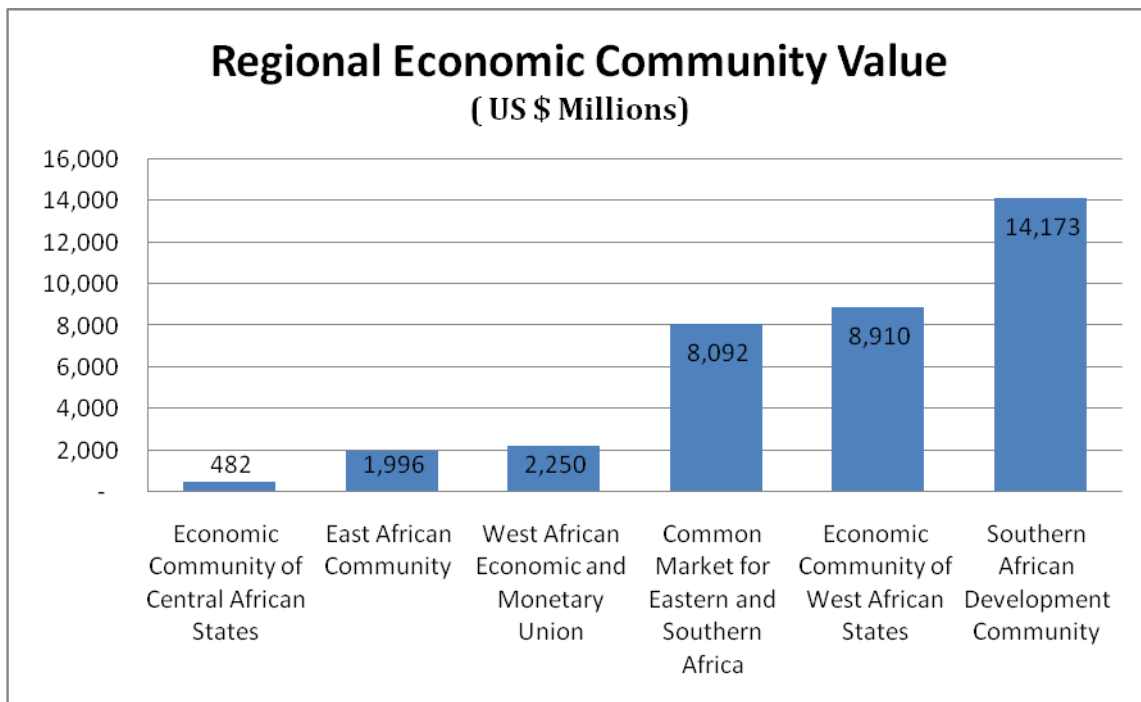


Figure 17: Regional Economic Value

The three RECs that export to other RECs more than they import are CEPGL, ECCAS and MRU and to a much lesser extent COMESA. All other RECs either import more than they export to other RECs or both the imports and exports are at par. Intra-regional trade obstacles are predominantly small and low-income markets offering few economies of scale and limited demand (fig. 18).

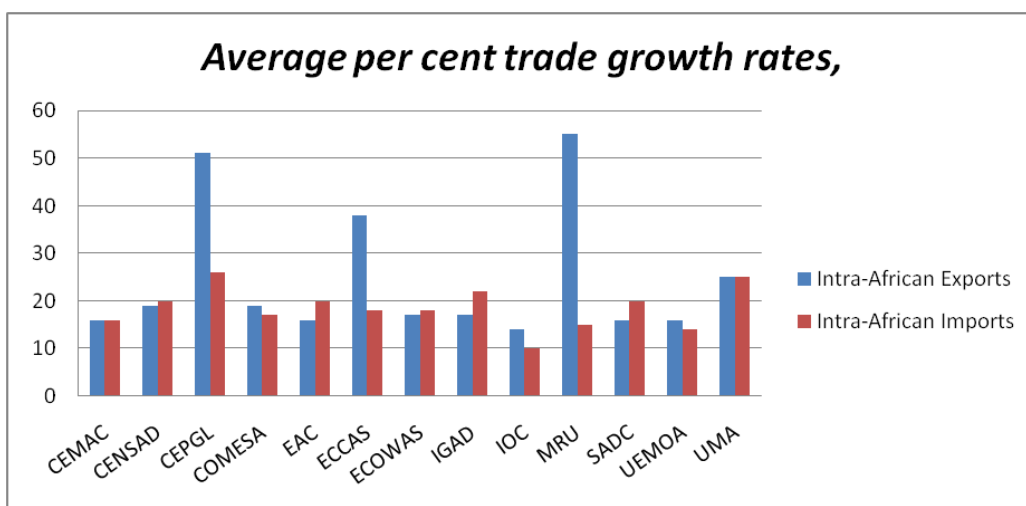


Figure 18: Africa's Intra REC Exports and Imports

Neighbouring countries tend to export similar primary commodities and have few manufactured goods to trade regionally. Other obstacles include: high trade costs, resulting

from bureaucratic and administrative inefficiencies, including failure to implement policies and processes, poor systems management and corruption. Lack of coordination and harmonisation between and within regions concerning trading mechanisms, standards, payment systems etc, in some cases exacerbated by inter-state conflict and border-region civil conflict. Confusion between requirements of different RECs in instances of dual/multiple REC membership also present difficulties in Africa intra trade. (ADB, 2011). Most RECs balance of trade with countries outside Africa is almost at par where the exports are almost equal to imports. It is only in CEPGL where imports record a negative value growth rate while exports had close to 10% growth rate (fig. 19).

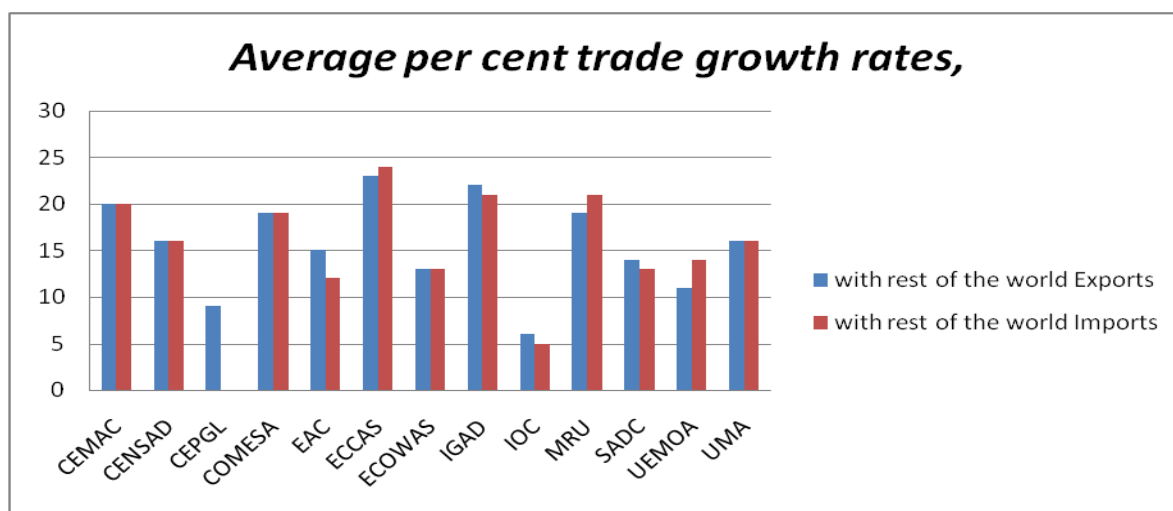


Figure 19: RECs imports and export trade with the rest of the world

The potential for AEM to increase trade in Africa

As reported in the foregoing chapters the room for Africa to contribute to the world trade is enormous. At the global level, Africa's share in global exports increased from 2.4 per cent in 2000 to 2.9 per cent in 2007, but averaged about 2.5 per cent between these periods (UNECA, 2010). Africa's export trade (fig. 20) represents just under 3 per cent of world trade; in 2010 Africa constituted only 2 per cent of total world imports; Intra-REC exports in general registered an average growth rate of 15 per cent; Africa countries have not effectively exploited the various trade preferences extended to them by developed countries like the United States' African Growth and Opportunity Act (AGOA) and by the European Union's Economic Partnership agreements (EPAs). It is reported that only a very small percentage of the roughly 6,000 duty-free, quota-free product lines allowed by AGOA have been utilized (AGI 2012; Kimemia and Oyare 2006).

Over the period between 1995 and 2006, only a few countries made Africa's share in their total export trade equal or exceed 40 per cent on average: Benin (41 per cent), Burkina Faso (49 per cent), Djibouti (43 per cent), Kenya (49 per cent), Mali (57 per cent), the Niger (65 per cent), Senegal (40 per cent), Sierra Leone (85 per cent) and Togo (44 per cent). Nevertheless, they represented only 10 per cent of the total value of exports to Africa. Disregarding Kenya's exports to Africa, they constituted only about five percent.

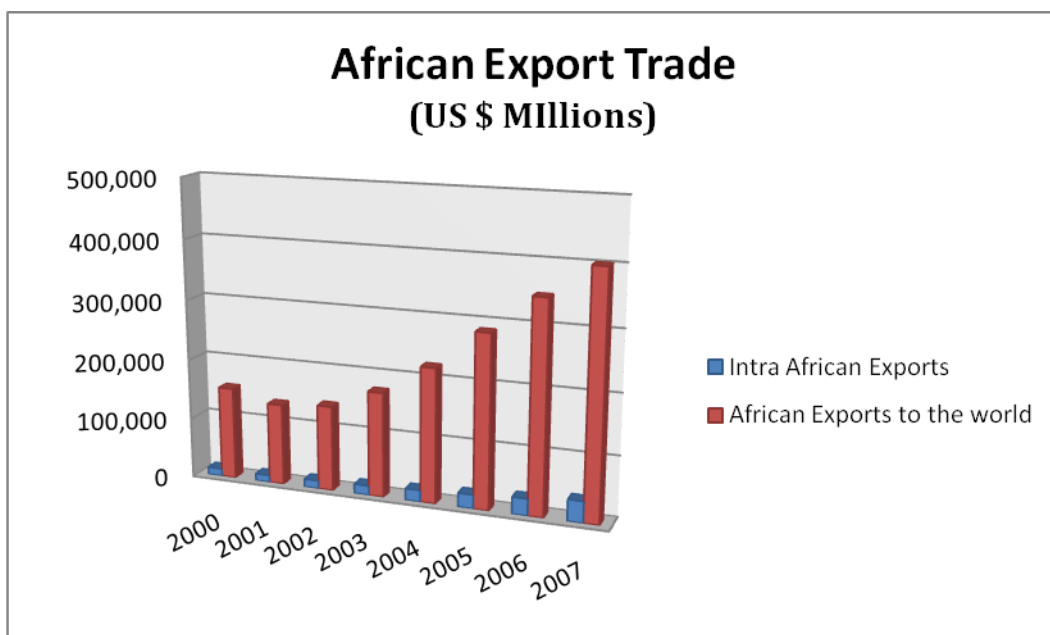


Figure 20: A comparison of Intra African Exports and African Exports to the World

Indeed, in value terms, the leading exporters to Africa were South Africa (27 per cent), Nigeria (11 per cent), Côte d’Ivoire (8 per cent), Swaziland (6 per cent) and Kenya (6 per cent). Together they constitute about 58 per cent of the value of the total exports to Africa by African countries.

Market studies on organic produce have showed that the African market has been quite small in most parts of the continent. This is due to a number of factors such as lack of awareness due to poor marketing, low-income levels and lack of local organic standards and certification infrastructure (Bett and Freyer, 2007; Kimemia and Oyare 2006).

Market opportunities for the products of organic agriculture can be classified into both international and domestic categories. Both markets are growing and are expected to continue to grow in the foreseeable future. In 2005 the global market alone was estimated at \$US30-32 billion, an increase from \$US 27 billion in 2004 (UNEP-UNCTAD, 2006).

The three biggest markets among the RECs for intra Africa trade are therefore SADC, ECOWAS and COMESA. It is therefore advisable for AEM to put more emphasis on improving trade between these three RECs and the rest of Africa.

Trade in organic food and drinks attained the \$US 50 billion a year mark in 2008 and despite the economic slowdown and financial crises, the percentage of market growth for organic products remains the highest in the food sector. More than 50 per cent of all baby food sold in the UK in 2008 was organic. In parallel, the market for organic cotton, which was only \$US 241 million in 2001, exceeded US\$ 5 billion in 2008. Demand for wild harvested products and cosmetics made of organic ingredients is also growing exponentially. The growth trend is expected to continue as consumers and supply chains increasingly realize the health and environmental benefits of organic production.

While increasing demand for organic products has outpaced supply in recent years, many individuals and institutions, especially in developing countries and economies in transition,

have not been able to seize the business development and wealth creation opportunities offered by this growing segment of the market. Barriers to this are, most significantly, a lack of knowledge and understanding of the requirements and standards for production and export.

African countries and their regional economic communities (RECs) are pursuing integration through free trade and developing customs unions and a common market. Eventually, these efforts are expected to converge in an African Common Market (ACM) and an African Economic Union (AEU), whereby economic, fiscal, social and sectoral policies will be continentally uniform. Through such an economic marketplace, Africa can strengthen its economic independence and empowerment with respect to the rest of the world. Studies also show that too much self-sufficiency and protectionism deprive populations of the benefits of free trade (UNECA, 2010).

Africa has a vast potential to increase production in the four sectors considering the land area available for production and the availability of labour. What is needed is to increase awareness on the growing market opportunities and information on eco labeling standards and procedures to follow in order to get the certification. With the coming of AEM the constraints of production that are mainly due to lack of awareness will be reduced. AEM therefore has a high potential to increase trade in Africa.

All the statistics captured in literature cover only the formal trading sector. Africa informal sector is a major player of trading but due to lack of credible data, it is not reflected in reports. If the informal sector is accounted for, a better representation can be achieved. For example, some indications suggest that Uganda in 2006 exported \$231 million worth of goods, informally, to the five countries that border it—an amount that is roughly 86 percent of its official export volume to these states (Lesser and Moisé- Leeman 2009).

Access to Local and International Financial Resources

Access to resources is crucial in order to drive the agenda forward. AEM once put in place is expected to be self financing through payment of fees from participants. Apart from the initial formative stages, AEM may not require any capital injection as the system should be self financing. However, if need be access to international funding should be made in order to lower burden of the producer especially on the costs of certification. The contribution AEM will make in conserving the environment will be huge and a clear justification to have access to international funding. Locally AEM will be helping countries to reduce the burdens of combating climate change through AEM benefits in climate change, adaptations and mitigation. At the same time countries will be gaining through increased export volumes of various commodities, through improved human health and nutrition. Countries therefore should find it necessary to avail financial resources to AEM especially in creating public awareness and training of producers.

Strategic positioning of AEM into international Politics

Introduction

Sustainable development occasioned by the need to enhance efficiency in utilization of already depleting natural resources, can be attributed as one of the fundamental anchors of environmental labeling to facilitate change in consumption patterns, thereby safeguarding the environment for sustainable development (Agenda 21).

Eco-labeling traces its inception back to 1978, following the German Blue Angel programme which sought to inform consumers of environmentally friendlier products among similar products in the same product category. The initiative involved evaluating, authenticating and standardizing products to certify their environmentally friendlier nature. Of integral focus to this essay is that the process entails information on the whole life-cycle of the products, from the generation of inputs, production process, consumption and waste disposal. It must be noted that eco-labeling has since evolved and at present governments, industries and non-governmental organizations are involved in the setting up their own labeling criteria.

International trade and Eco-labelling

International Trade is regulated by the WTO principles; Most Favoured Nation (MFN) principle and the National Treatment (NT) principle. These principles call for the abolition of discriminative trade practices and unequal treatment of goods all in the aim of achieving free global trade (Article I & III, WTO).

The MFN principle requires all WTO members to subject equal treatment to all goods making entry to a particular custom territory. In essence if country A seeks to import a particular product say a cotton shirt, country A would not discriminate on where the good originates from by for example imposing a higher tariff if from country B and not C. This basically leaves the competitiveness of the cotton shirt on the price (cost of production). The NT principle requires WTO member states to subject imported goods to equal treatment as locally produced goods. This entails abolition of discriminative measures desired to advantage the local producer such as subsidies, road blocks, and inspections amongst others. The essence here is to achieve a platform where the foreign product upon entry, arrives at the shelf of the retail outlet as though it were a locally produced good, thereby subjecting both the local and foreign producer to equal treatment.

It must be noted that WTO members are in consensus that labelling schemes can be economically efficient and useful for informing consumers, and tend to restrict trade less than other methods such as tariffs, technical barriers to trade, sanitary and phytosanitary measures amongst others. This can only be so hypothetically, where the scheme is voluntary, allowing all sides to participate in their design, based on the market, and is transparent. However, these schemes have a potential of being misused to protect domestic producers thereby resulting in discriminative trade practices occasioned by unnecessary barriers or restrictions on international trade.

WTO members have raised reservations regarding the growing complexity and diversity of environmental labeling schemes. Chief of these concerns includes the Process and Production

Methods (PPMs) criteria. Developing countries, in particular their Small Medium Enterprises (SMEs) are to face colossal difficulties in adjusting to their export market standards. This forms the basis for politics in eco-labeling.

Borrowing from decided international trade disputes, eco-labeling has been interpreted as not falling under the provisions of GATT. This therefore implies that eco-labeling is not to be subjected to the same criteria as GATT/WTO goods. With reference to the Tuna-Dolphin case which concerned US Restrictions on the import of Tuna, the panel resolved that provisions of the Dolphin Protection Consumer Information Act (DPCIA) do not restrict the sale of Tuna products as Tuna products could be sold freely both with and without the “Dolphin Safe” label. The panel contended that the final choice was upon the consumer and that there was no government interference therefore not falling within the ambit of GATT/WTO provisions.

Notably where the labeling exceeds even to the mere extent of naming or defining a product may constitute a technical regulation thereby infringing on the GATT/WTO provisions. This was depicted in European Communities – Trade Description of Sardines case. Here an EU regulation seeking to allow only one fish species to be labeled as ‘sardines’ was held to have violated the WTO’s Agreement on TBT.

In essence labeling infringes on the WTO regime where, labeling standards exceed the preference of consumers (i.e. Consumer choice) and instead act as a technical encumbrance to the trade of a particular good.

Causes of distress

Lack of a uniform standard

Increase in the complexities of eco-labeling seems to favour domestic producers than exporters (producers’ of similar products from other countries) who may influence the choice of product groups and the criteria used for awarding the labels.

This leaves producers in exporting countries (mostly in developing countries) with the burden of imposed standards which adds an extra cost to their cost of production.

A case study with regard to this based on Indian textile industry by Ralph Piotrowski and Stephan Kratz (1999) where the study noted that the German textile industry in 1993 introduced two types of eco-labels; the MST (*Marke schadstoffgeprüfter Textilien*) that relates to attributes of the final product and the MUT (*Marke umweltschonender Textilien*) that relates to the production process of textiles. German firms were able to comply with these standards easily as these themselves were involved in development of the standards and hence already possessed the required technical competence. However, this was not the same for India or other developing countries: these had to ensure compliance by importing dyestuffs from Germany or other EU countries, thus resulting in an exorbitant increase in production costs which in effect corresponded to the cost of such certification. In addition, with respect to MUT, an on-site inspection was required, which meant further additional cost.

Germany had also banned imports of textiles and clothing using amine-based azo dyes, which are harmful for the health of textile workers. These dyes comprise 75 percent of the dyes produced and used in India (UN, 1996). Moreover, the use of dyestuffs such as cobalt blue and sulphur black were also totally banned in the international market. Though workable substitutes would have been explored, switching over to them would have entailed an

investment of over US\$13million, principally for upgrading technology and installing new treatment plants to meet the required standards (Sachin and Nagpal, 2003).

Lack of awareness

Awareness of eco-labeling in developing countries is far below par, subjecting producers in developing nations to lack a market for their produce. Majority of producers in developing countries lack basic information about eco-labeling programmes, certification requirements for their produce and where or from whom the certificates are issued.

Cost of technology

It must also be noted that, technology encompassing eco-friendlier systems of production are highly specialized which has resulted in them being patented by firms (mostly in developed countries). Access to these patents by small medium enterprises is expensive thereby prohibiting trade. It must be established that each country is entitled to set rules as to govern the way products are produced. Notably lower divergent environmental standards in competing countries provide unfair trade advantages. Some environmentalists fear that free trade may result in the lowering of domestic environmental standards in order to meet foreign competition. Industries in developed countries spend substantially more in production process owing to advancement of environmentally sustainable methods of production; therefore subjecting an equal treatment to such advanced products with inferior products would be an inequality. Consequently an equitable approach must be adopted so as to promote eco friendlier methods of production.

What is certain is that eco-friendlier production methods must be embraced in a bid to enhance environmental sustainability. What is uncertain is the application of those labeling standards to the international economic legal regime. Cognizant of the above, the CTE have identified the following measures that could be used to remedy the impact eco-labeling has to trade. These steps include: mutual involvement between developing countries and developed countries in establishing the standards; harmonization of standards; countries acknowledging their disparities in development but equal in sustainable development efforts; mutual recognition of each other countries labels and the preferential access to green technology by developing countries (Simi, 2009).

Eco-Mark Africa (EMA)

EMA embraces the above raised concerns by seeking to harmonize the multiple mushrooming eco-labelling standards in the African continent. EMA has identifies four sectors where it targets to establish eco-labelling standards, these include Agriculture, Tourism, Forestry and Fisheries. Its proposals seek to formulate fundamental and operational principles that African states are to be guided in formulating their standards.

This initiative seeks to harmonize production standards in Africa, thereby creating a common export market preventing a scenario where different countries would be competing with one another in production standards, thereby enhancing their bargaining power. With the converging of such interests, African states seek to synergize their efforts to establish a credible institution seeking to establish the eco-labeling codes, authenticate and certify producers and/or products that adopt and apply the desired eco production standards. This is to be achieved with the gradual development of standards following advancement in technology, economic strength amongst other features.

AEM the body established to authenticate and certify EMA standards seeks to embrace the difficulties that developing countries face as well as position African exports to being competitive with global eco-labeling standards.

The goal here is to create a market for African produce. This entails the featuring of more and more African products being labeled and accepted by other regional trading blocs such as the European Union (EU, 2002). With a unified eco-labeling mechanism, any country that allows for the importation of a certain eco-labeled product from a member African state would be obliged to honour such equal treatment to a similar African product from a member state. Here the rejection of an AEM certified product from any member country is deemed to be a rejection of that product from all the member countries. This would go a long way in preventing an undercutting scenario which would leave African states scavenging for markets.

Intra trade is to be significantly boosted as a common labeling mechanism would prevent the cumbersome administrative authentication and certification protocol of products. These procedures are to be scrapped thereby enhancing freer trade. Secondly being a common standardized eco-labeling mechanism, exporters though in different countries need not inject in an extra cost so as to produce a certain product to a particular standard. Instead it would be like producing a product for local consumption as a common standard would be in place in all AEM member countries.

AEM would be better placed in Liaoning with other regional standards as presenting itself as having a market share of a vast market topology as the African continent would arouse interests from other trading blocs or countries such as China, India, Brazil and EU amongst others. With the synergized efforts, awareness amongst local and continental producers would be significantly facilitated owing to the establishing of harmonized standards and there being a clear guideline as to the process of certification of EMA by the AEM.

Positioning of AEM in International Politics

Eco Labeling is a production based intervention to promote trade within and between regions along with environmental benefits. It is usually faced with a number of national and international politics both from the production processes and on trading fronts. Most of the politics on Eco-labelling fall in the following four categories:

- Barrier to trade
- Developed countries locking out goods from the developing countries
- Goods produced being beyond the means of the poor
- Standards prohibiting the poor from participating in production

This section discusses the circumstances under each of these political propositions and makes some of strategies on how AEM can position itself to overcome the politics.

Barrier to Trade

There are a number of people who think that introduction of eco labeling will add another non tariff barrier to trade. Proponents of this idea argue that the requirement for producers to comply with the set standards before they can participate into the market to sell their goods and that they are required to obtain the label for their products to sell. They will be required

to contract certifiers who will confirm that they have complied with the standards before they can have the eco label on their products.

Arguments against this proposition are that the standards should be seen as a means to put one's products into the market rather than being seen as a barrier to the market. Products that have the label enjoy a premium market that the products without the label will not enjoy. Products with the label are expected to cost more thus giving the producer an incentive to comply with the standards. Barriers are usually imposed by an authority as controls and are usually mandatory and one has no choice but to comply. With eco-labeling it is one's choice to apply the standards or not. If it is really a barrier no one will willfully and by choice subscribe to it. Subscription to eco labeling is controlled by market forces. If the market for eco labeled products is good and the business of producing goods following the standards is profitable, producers will subscribe to it at their own volition.

As mentioned before, trade barriers are imposed by countries or other authorities like RECs especially among the importing countries or organizations. In order for AEM not to be affected by such criticisms as being considered as a trade barrier, African Union and the RECs in Africa need to conduct awareness campaigns with clear messages that Eco Labeling is not a trade barrier but a means to overcome barriers of trade especially those relating to standards of production.

Trade between developed and developing countries

Currently health and environmental issues are of concern to all countries worldwide. It is the responsibility of any country to keep its citizens in good health and clean environments. Unfortunately to do so, the countries must make sure that goods imported in their markets are not hazardous to their environment and people no matter where the goods originate from. Eco label standards present a harmonized set of requirements to make sure that the concerns are addressed communally rather than by countries individually. Complying with Eco labeling standards should be seen as a harmonized way of getting into the market no matter where the producer is based or where the market is located or the country that is importing.

The African business communities should come forward and dialogue with their political counterparts to dispel the notion that the developed countries are using eco labeling to lock out goods from developing countries from entering their markets. Business with EAOPS goods in Europe should be used as an example of how eco labeled goods from Africa are not blocked from entering markets in the developed countries.

Goods produced are beyond the means of the poor

It is true that goods produced may be beyond the means of the poor. The market targets people who can afford higher premium prices. This in many considerations means that the richer are paying more in order to conserve and protect the environment. This is not only for the good of only the richer but for the good of every one including the poor.

The poor who cannot afford the premium prices of eco labeled products do have an alternative market of similar commodities without labels that they can afford. Good environment is an international public good that benefits everyone irrespective of colour, race, religion, economic status or countries of residence.

It is unlikely that all producers in all countries will be able to subscribe for the standards particularly among the developing countries where a number of challenges limit compliance to the standards as described in other sections of this report.

AEM does not need to worry about this political accusation because in the first place eco-labeling is a means to create markets, a means to promote trade and a means to protect the environment. Although eco labeling does contribute to food security and poverty reduction, providing food to the poor is not the primary goal of Eco – Labeling. However, if more people subscribe to the standards such that production of eco labeled products will be less expensive due to availability of low cost inputs, the prices will be lower and more affordable by lower income groups.

Standards prohibit the poor from participating in production

The argument that standards prohibit the poor from participating in production may be argued against due the fact that there are no minimum limits to the amount of production. The producers with resources can participate by producing higher quantities if they so wish while the poor can contribute lower quantities of production based on the resources available. AEM targets small scale producers. Experiences in EAOPS is through small Scale farmers who come together to form producer associations that collectively can market their products together and even source inputs collectively to bring down the cost of production. To the contrary of the proposition, Eco-labelling will assist small scale producers gain access to premium markets if they get together in producer associations and individually or collectively apply the standards.

Conclusions

Analysis of the objectives and activities of both GE and AEM show a big complementarity with each other especially in the sectors of agriculture, forestry, fisheries and tourism. All the activities prescribed by AEM standards are geared towards enhancing sustainability (Midgley, 2012; FEC 2007; Hale, M. 1996), and contribute directly to the green economy agenda (Hale, M. (1996). Several activities in the sectors of GE like transport, energy, water and building are not dealt with directly by AEM, but in as much as they relate to the four sectors of AEM they are considered (MSC, 2010; IFOAM. 2002; 2006; FSC 2004). There is a big synergy between AEM and GE both in objectives and activities that drive the agendas.

The unique characteristic of all eco labels is the objective to protect the environment. Through application of eco label programmes, governments, NGOs and other authorities seek to influence consumer decisions and encourage the production and consumption of environmentally preferred goods and the provision of environmentally sound services. Eco labels therefore tend to serve as a market based instrument to increase demand for products that make environmental improvement in the way they are produced (ADI, 2007; Gulbrandsen, 2006).

The specific eco label environmental objectives that are common in both Eco-labelling and GE include:

- encouraging efficiency in the management of renewable resources to ensure their sustainable utilization and continued availability even to future generations;
- promoting efficiency in the use of non-renewable resources, including fossil fuels;
- facilitating the reduction, reuse and recycling of industrial, commercial and consumer waste;
- encouraging the protection of ecosystems and species diversity;
- encouraging the proper management of chemicals in products and
- reducing the emissions of green house gases into the atmosphere through better management of land, production process, materials and also consumption of products.

Environmental issues typically considered by both Eco-labelling and Green Economy in any kind of life cycle based leadership could include:

- pollution of air, water or soil
- energy management;
- waste management;
- resource consumption;
- resource depletion;
- natural resource management;
- biodiversity;
- ecosystem health; and
- human health.

Environmental objectives in Eco-labelling fit perfectly in the green economy agenda (Pearce, and Barbier, 2000). In Rio+20 and the Arusha 2012 AMCEN conferences, Green Economy

in the context of Sustainable Development and Poverty Eradication along with International Framework for Sustainable Development were part of the agenda items. The conferences reiterated employing strong environmental policies and making aggressive environmental regulations.

As the Green Economy agenda moves forward with allocations of public investments to sustainable development and enhancement of natural resources capital, it is important to realize that as the activities set to drive this process starts operate there will be other activities that will have synergetic effects with those of GE. A synergy in the applications of GE and AEM will help countries to be more effective and efficient in resource allocations and rationalization of human capital across sectors and across geographical regions (UNEP 2010; 2012).

The major areas of synergy between GE and AEM that are most complementary are in capacity building to create awareness and knowledge transfer, improvements and diversification of methods of production. The initiatives will increase sustainability of production systems across the sectors (Pezzey, 1989). The initiatives increase sustainability of natural resources and contribute to securing of the environmental assets. The initiatives also contribute to climate change impacts mitigation and enhance climate change adaptations across sectors (UNEP 2012).

AEM will increase trade inside and outside of Africa by improving and empowering the producers with technologies to make them more competitive in production and marketing of their produce. African countries will be better placed to take up Africa's share in the global trade (ADI, 2007; World Bank. 2003; Daya, et. al. 2006).

Growth in intra-African exports was 25 per cent, suggesting that trade confined within the RECs appears to be less optimal than trade at the Africa wide level (Kimemia and Oyare 2006). The lesson in this is to redouble efforts to harmonize communal markets to create a larger Africa-wide marketplace, given that trading interests of countries are not necessarily confined within REC borders. Growth in intra-African trade outpaced the growth in Africa's trade with the rest of the world by about 10 per cent. Africa has a potential to supply its import needs from its own sources in some project categories, particularly fuels, beverages and tobacco, and in ores, metals and precious stones (ADI, 2007).

Recommendations

1. Coordinate GE and AEM implementations such that the actors can benefit from each other.

As the objectives and most of the activities appear to be very similar in the four sectors that are common to both GE and AEM, the actors at national and regional levels of operation for the two initiatives are likely to be the same both in the government and in the private sector. Coordination of activities between the two can leverage on time and funds.

2. Combine efforts between the two initiative on policy legislation, public awareness and education

There is a need for African countries to leapfrog changes in systems of production and consumption in order to follow a development path that de-links economic growth and environmental degradation. Until recently when SCP was endorsed by African Ministers of Environment in Arusha (AMCEN 2012) SCP did not feature prominently on the political agendas of African countries despite the role it can play in achieving development goals such as the MDGs. There is a need for high political support for green economy and Eco-labelling to feature well in the development of national strategies and integration of their actions into national sustainable development and poverty reduction strategies.

3. Institutionalizing GE and AEM

The existing institutional setting does not favour planning and implementation of GE and AEM within the national government machineries. A better coordination is needed among the various institutions responsible for environmental protection and sectoral policies. Integrating sectoral policies and environment concerns is still lacking. Governments need to enact municipal legislation that compliments international protocol on the harmonization of Eco-labelling standardization.

4. Stakeholders Cooperation

Based on experiences on SCP, Africa has a weak inter-sectoral and inter-ministerial coordination. Lack of stakeholder cooperation and poor relations with authorities have been reported as major constraints to SCP. If these constraint are not addressed on time they will certainly affect implementation of GE and AEM activities. Cooperation between different stakeholders in the production - consumption system (producers, consumers, authorities, retailers, NGOs, advertising agencies, designers, financial institutions, etc) is generally poorly developed in Africa. This may be due to the culture of information confidentiality and a lack of involvement of stakeholders during project formulation. There is a need to improve cooperate responsibilities on improving their sustainability records. There is a need for government agencies to engage partnerships with industry to promote sustainability in consumption and production.

5. Create Market Conditions

The market demand and supply for eco labelled goods poorly developed in Africa; yet, they need to be created and maintained in order to make the changes in the consumption-production system viable. Greening of public procurement and of private-sector supply chains are examples of initiatives that could have significant effects on creation of the right market conditions. Labelling schemes can help to address product impact during use and disposal phases and to support regulation and promotion of sustainability. The organic products of East Africa produced through EAOPS are an example.

6. Use GE as a platform for AEM implementation

GE has a global political and financial support based on deliberations of Rio+20 conference and has convinced engaged regions of the world that it is the right way to

manage economic growth without degrading the environment. Eco-labelling however, will blend in markets and trading opportunities into sustainable consumption and production as a private sector self driven initiative with little dependence on external funding. For Africa AEM once implemented provides an opportunity for contributing to the GE agenda without relying on foreign funding.

7. Need to Consolidate Financial Mobilization

Both GE and AEM at the initial stages will need financial support. This is mainly due to the fact that in the short term at the beginning there are more public benefits than individual gains. Lessons learnt from implementation of SCP in Africa, have a lack of consolidated international financial support. Since both initiatives have similar objectives it is logical to consolidate financial mobilization efforts such that achievements in one can supplement efforts of the other in sectoral considerations and in geographical coverage

8. Upgrade acceptable traditional knowledge, practices and experiences, to GE approved activities and Eco Label standards to stimulate grassroots sustainable actions:

Much local traditional knowledge and practices in Africa have sustainability values and merits and could be up-graded and scaled out for a wider dissemination. There is also a vast array of examples showing that consumers and citizens can be drivers for sustainability changes if their practices are recognized. Communities are much easier to accept changes if these changes are in line of what they already know or are changes towards solving the problems they already experience. Several countries in Africa are among the fastest growing economies in the world. The growing economies are creating a higher middle class that need better quality products some of which should be eco label products.

9. Promote sustainable production and consumption

AEM will need political support both internally and externally: internally to popularize Eco-labelling production and externally to create an internal market for EMA labelled products. Eco-labels are effective tools to measure and communicate the environmental properties of sustainable products. More successful labels however relate to consumers on issues such as personal health and monetary benefits. Examples include organic food and energy labelling. Eco-labelling can become very effective if it is combined with green public and private procurement. The implementation of the African Eco-labelling Mechanism (AEM) should be included in the marketing and information campaigns to promote trade. The AEM has a potential to promote African exports, and should take the specificities of the African production and consumption environment into account. In the context of international trade, expanding market access for African sustainable products should be included in the agenda.

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