

# People-centered economic transformation in the era of climate change

A sub-national perspective

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# Outline

- Introduction
- Impacts of climate change on traditional livelihoods
- Responses to impacts of climate change so far
- Economic transformation at sub-national level as a way out
- Challenges and opportunities
- Suggestions for the way forward

# Introduction

- Previously dominant view: impact of climate change as a future concern
- Radical view: economic development/growth as substitutes/incompatible
- Some emphasis on the critical role of economic development in supporting adaptation: green transition could propel economies rather than sacrifice living standards
- SDGs as attempt to define a dual agenda where development targets for people, prosperity and planet sit alongside each other in a unifying framework
- We look at development from the perspective of those already affected and argue that economic transformation is their only hope

# Impacts of climate change on traditional livelihoods in Ethiopia

- Ethiopia is highly vulnerable to climate change impacts
- Droughts, floods, locust infestation in lowlands (2020-2023)
- Approximately 11.8 million people were food insecure in 2022 due to five consecutive drought seasons
- Loss of 6.8 mil. livestock; 25 mil. livestock in poor conditions by April 2023
- July 2022, 65% of people food insecure in Somali and Afar regions
- **Agro-pastoralist livelihoods have largely become unsustainable**

# Impacts of climate change (cont'd)

- Coffee production significantly affected by climate change
- Climate change + population pressure causing severe economic stress among small holder farmers, e.g., coffee producers from central Ethiopia
- Outmigration of young people from densely populated regions
- Untransformed urban economies → lack of productive/decent economic opportunities
- High unemployment, under employment and disguised unemployment
- Illegal and risky emigration

# Responses so far: palliative vs. transformative support

- Development interventions not sufficiently local people-centered
- Resource exploitation not prioritizing local economic needs
- Shift to exportable cash crops (& 'new' cash crops in densely populated areas)
- Focus on humanitarian support vs. resilience and transformation
- School feeding rather than agricultural transformation/decent jobs
- Water trucking vs. water harvesting/boreholes/irrigation/conservation
- Social services + humanitarian aid vs. support for economic transformation

# Local economic transformation as a way out

- Traditional livelihoods and 'nature-intensive' economic activities have become unsustainable
- Economic transformation as shift from 'nature-intensive' to 'mind-intensive' economic activities
- Shift from nature – intensive vs. mind-intensive activities → focus on upgrading quality of economic activities
- Not necessarily catching-up with technology frontier but gradual, consistent transformation and technological upgrading
- Not about sectors or even broad product categories but 'quality' of economic activities in a given context (time, location, technological level of the economy)

# Challenges and opportunities

## External challenges

- Palliative help – focusing on symptoms rather than the disease
- Diversion of and resources and policy attention
- Availing resources for water trucking but not for water pumps and water conservation; money for school feeding but not for agricultural transformation
- External orientation of local and national economies

## Internal challenges

- Leadership, vision, capacity, governance + local political economy,
- ‘Colonial’ economic ties and structures (internal center-periphery relations?)

## Opportunities

- Possibilities for technological leapfrogging – inexpensive, decentralized tech
- Rapid rise of renewable energy tech as an opportunity
- Natural resources: e.g. flood waters in Afar, rivers in Somali, ample sunshine



# Way forward

- Keep the people at the center of development - Ensure that natural resources are developed & exploited with local population at the center of development
- Identify context specific, local solutions
- Defocus palliative help, focus on transformation
- Make maximum use of natural resources and 'static comparative advantage' to upgrade productive structure of the local economy
- Reduce aid-dependence & its influence on economic strategies
- Gradually re-orient economy away from export to local necessities/needs

**Thank you!**