

# The Climate Finance Highlight

14<sup>th</sup> March to 18<sup>th</sup> March 2022

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**DC L'AFRIQUE**

## A STEP FORWARD: A GLOBAL PLASTICS TREATY

The International community has made a commitment to draw up a framework to address the world's growing plastic problem at the United Nations Environment Assembly (UNEA-5) in Nairobi, Kenya. At this notable conference, one-hundred and seventy-five (175) countries – including major plastic producers like the US and China - have unanimously agreed to create an intergovernmental committee (INC) to negotiate and finalize a legally binding plastics treaty by the year, 2024.

The historic resolution; labelled the “End Plastic Pollution: Towards an Internationally legally binding instrument”, was adopted at the end of the UNEA-5.2 meeting. It establishes an Intergovernmental Negotiating Committee (INC), whose task is to develop the legally binding agreement by 2024. The agreement is expected to provide a variety of alternatives to address properly the full lifecycle of plastics (its production, design and disposal), its broad impact on the kind of planet we leave behind for coming generations. The President of UNEA-5 who also represents Norway as its Minister for Climate and Environment, Espen Barth Eide is of the view that plastic pollution has metamorphosed into an epidemic and with this resolution, countries can get back on track to finding and implementing a cure. This confirms that the commitment comes at a very crucial time.

According to the UN report *Drowning in Plastics*, 400 million tons of plastic are produced yearly and only 9 percent of this is recycled. The level of plastic production has grown faster across the world and is expected to double in the next 20 years. Billions of pounds of plastic end up in the oceans annually. It is estimated that between 5 million and 13 million metric tons of plastics enter the oceans yearly. Plastic pollution rose from two million tons in 1950 to 348 million tons in 2017. In 2019, this stood at 353 million tons of plastic waste and figures are expected to triple in capacity by 2040.

Plastics are made from fossil fuels and major plastic production begun after World War II. Plastic production modernized so many industries and spaces like medicine with the creation of life-saving equipment (e.g. incubators) and travel & transport with the production of jets and lighter cars. Despite its accessibility and benefits it offers, plastics are usually thrown away after single-use. Single-use

plastics make up 40 percent of the plastics produced every year and half of all plastics ever manufactured were made in the last 15 years. From bottles, bottle caps, sweet wrappers to plastic bags and food wrappers, the planet is swimming in discarded plastics which take hundreds of years to decompose and have major negative effects on the environment. For instance, plastics can break down further into micro plastics or small microfibers that may spread through the atmosphere into water systems. Plastics and micro plastics have also killed lots of marine animals and birds by entanglement.

Beyond the effects on the environment, single-use plastic production does contribute immensely to climate change. The simple explanation is, the more fossil fuels we need, the more we worsen the climate change problem. Since plastics are produced from fossil fuels (natural gas and crude oil), their extraction and manufacture, hike the amount of greenhouse gases emitted into the atmosphere. The extraction of fossil fuels and their transportation to plastic factories alone emits 1.5 to 12.5 million metric tons of greenhouse gases into the atmosphere. Also, when forests and vegetation are removed to make way for oil extraction; this accounts for 1.6 billion metric tons of carbon dioxide let into the atmosphere, and deforestation restricts the amount of carbon dioxide removed from the atmosphere. Even more, the landfills strewn across the world are filled up with single-use plastics, which account for over 15 percent of methane emissions released into the atmosphere. Overall, it was predicted that in 2021 alone, the production and incineration of plastic would pump over 850 million tons of greenhouses gases into the atmosphere and by 2050, the figure would rise to 2.8 billion tons.

We believe the twin solution in a two-step approach to alleviate the impact of single-use plastics on climate change is to first find a recyclable or reusable medium for single-use plastics. Where this fails, the second step will be to halt using this type of plastics. Given how single-use plastics are widespread, it may seem impossible to address but the United Nations Environment Assembly (UNEA-5) resolution or the “End Plastic Pollution: Towards an Internationally legally binding instrument” remains a step in the right direction towards mitigating the effects of single-use plastics on climate change.

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## Africa Markets in Focus

Country	2020 GDP (USD 'b)	2021 P GDP Growth (%)	2022 P GDP Growth (%)	Credit Rating
Ghana	68.5	4.71%	6.17%	Caa1/Moody's
Nigeria	429.4	2.64%	6.31%	B2/Moody's
Kenya	102.4	5.59%	6.04%	B2/Moody's
Cote d'Ivoire	61.2	5.95%	6.47%	Ba3/Moody's

Source: IMF World Economic Outlook Database (2021), GDP (P- Projected)

## Climate Energy Indicators

Country	***Electricity Consumption (kWh per capita)	**Access to Electricity (%)	*CO2 Emissions (kt)	***Fossil Fuel Energy Consumption (% of total)
Ghana	351	83.5	16,110.00	52.5
Nigeria	145	55.4	130,670.00	18.9
Kenya	164	69.7	18,400.00	17.4
Cote d'Ivoire	275	68.6	9,910.28	26.5

Source: World Bank and DC L'Afrique Research \*2018, \*\*2019, \*\*\*2014

## Economic Rates

Country	91 Day T-Bill	182 Day T-Bill	Inflation (%)	Policy Rate (%)
Ghana	12.51%	12.46%	13.90%	14.50%
Nigeria	2.48%	3.30%	15.60%	11.50%
Kenya	7.25%	8.07%	5.39%	7.00%
Cote d'Ivoire	2.26%	2.43%	5.60%	4.00%

Source: Various Central Banks.

## Exchange Rates (Local Currencies against the USD)

Country	Year Open 31-Dec-20 21	Week Close	YTD Change	YTD
Ghana	6.095	6.7835	0.6885	-10.15%
Nigeria	411.148	415.562	4.414	-1.06%
Kenya	112.216	112.973	0.757	-0.67%
Cote d'Ivoire	579.178	590.486	11.308	-1.92%

Source: Oanda

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