Green economy – international perspectives

KAZAKHSTAN GREEN ECONOMY DIALOGUE

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Green Economy Coalition formed to explore GE
- Identifying good practice
- Helping national dialogues – Brazil, India, Caribbean, Mali, Botswana...
1. What is the challenge?
Global economic activity $\times 22$ in 100 years

Source: Steffen et al. (see note 20)
Global ecological limits being exceeded

- 60% of all ecosystems are degraded
- Cost = 11% of GDP
  (UNEP, 2010)
Natural resources are being wasted

Economies still material-intensive
- Inefficient water and energy use

Sub-optimal use of natural resources:
- NR revenues inadequate to fund development – low rates/capture
Poor people often do not benefit

- Poorest 20% have 1.5% of goods; but richest 20% consume 75%
- Few jobs from recent economic growth
- 8 of top 10 high-growth countries are now lower in Human Devt Index
2. What is a green economy?

One that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities

UNEP Green Economy Report (2011)
The search for GE: 3 main drivers

1. Finance interests: how to make money from hi-tech green investments?

2. Regulation: how to solve the env and social problems of growth?

3. Public values: how to improve the goals and targets of the economy – from GDP to wellbeing?

- No single driver is adequate; all 3 are needed
India, Carib, Mali, Botswana GE dialogs concluded

1. Sustainable development still the aim – GE can support
2. Ecosystem regeneration is now critical – GE must invest
3. Empowerment and inclusion are key – GE to create jobs; and inform and empower poor people
4. Accountability and responsibility – GE requires governance changes, new targets and measures
5. Culture is a source of economic resilience – shapes peoples’ dreams, cooperation, enterprise
6. But GE could be a bad idea – if it led to conditionality, inequities, jobless growth, or poverty traps
A green economy: 
gets the economics right
for sustainable development
Promising economics of GE at global level

- 2% global GDP invested in green economy over 2011-2050 could:
  - **Generate 5-20% growth** than current economy while...
  - **Producing more jobs**
  - **Avoiding some climate change and env damage**
- = $1.3Trillion/yr; 10% investment; 2x fuel subsidy
3. Who is working on green economy?
Recent green economy initiatives...

Most are ‘Northern’ or intergovernmental:

- **UNEP** – GE report (sectors) > 15 national plans
- **ILO** – green and decent jobs
- **G20** – 2008 stimulus packages (15% ‘green’)
- **OECD** – green growth strategy (policy framework)
- **Rio 2012** – GE in context of poverty and SD…
**Rio 2012: national positions on GE**

**Engaged, progressive countries are at all dev’t levels:** EU, China, Thailand, Indonesia, Ethiopia, Brazil…

**Unenthusiastic countries:** Russia/G77 fear green protection

**Top themes rich developed countries:**
- Sustainable public procurement, low-carbon technology and infrastructure, ‘beyond GDP’, national GE roadmaps

**Top themes poorer countries:**
- Jobs, social protection, access to green finance, decentralised energy, technology transfer

**Progressive middle income countries:**
- Brazil: sustainable finance protocol; soc/env income program
- Kazakhstan: Green Bridge tech/investment partnership
4. How to move towards green economy?
Good practice 1: **Catalog good green initiatives**

**Green economy test:**
- Creates value from env?
- Inclusive, cuts poverty?
- Within ecol limits?
- Resilient?
- Accountable?

**Glimpses of a green economy**

[www.greeneconomycoalition.org](http://www.greeneconomycoalition.org)
Good practice 2. Payments for env. services

<table>
<thead>
<tr>
<th>Environmental Market</th>
<th>Market Value (2008)</th>
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</thead>
<tbody>
<tr>
<td>Regulated Carbon</td>
<td>$117,600,000,000</td>
</tr>
<tr>
<td>Water Quality</td>
<td>$9,250,000,000</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>$2,900,000,000</td>
</tr>
<tr>
<td>Voluntary Carbon</td>
<td>$705,000,000</td>
</tr>
<tr>
<td>Forest Carbon</td>
<td>$37,100,000</td>
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</tbody>
</table>
Good practice 3: Attract quality corporations & investors with **GE at heart of business model**

e.g. Unilever Sustainable Living Plan has ambitious aims: by 2020

- Help 1 billion people improve health/well-being
- Source 100% of agricultural input sustainably
- Buy from 500,000 small farmers
- Cut total env impacts 50%

*(NB this is not necessarily an IIED endorsement!)*
Good practice 4: Support social enterprise with large-scale green benefits

Example: Dev. Alternatives, India

1,000,000 green jobs

Building 50,000 green houses

1,300,000 have land rights

1,250,000 schoolchildren run 48,000 env initiatives

National natural resource inventory/policy improved
Challenge! Include informal economy

- Significant: >50% of global employment
- Growing: +200 Million during 2009 recession
- Can be flexible, innovative and resource-efficient
- Challenge: enable decent, safe work – and rights
Good practice 5: Govt environmental expenditure review

- $ spent on env work by each ministry?
- What % is capital investment?
- How sensitive are investments to env risks?
- New env revenue potentials?

- Global average 0.5% GDP
- **Tanzania** env expenditure review led to env budget increase by 500%
Good practice 6: **Green public procurement**

- Govt purchases = 17% global GDP
- Govt green procurement can lead markets!
Good practice 7: GE road map

- Govt/business/civil society agree key steps
- Build on what works, not always a new plan
Good practice 8: **Public voice** on economy

People’s concerns about economy

- Pension funds
- Investment funds
- Company investment & practice...
Challenge: GE financing

Challenge: integrate **govt finance** (long-term risk capital) with **private** (high $ but little idea of GE) to lever 2+% GDP

- **Patient capital**: pension and insurance funds ($65T OECD)
- **GE investment standards** (PRI, Equator, OECD, dev banks)
  - proposed ombudsman for envt/marginalised/future generations?
- **Inclusivity instruments**: Micro-finance and micro-insurance
  - cash transfers to poor groups (Brazil *Bolsa Famila* and *Bolsa Floresta*)
- **Technology support**: for research, devt, deployment
  - with demand-pull policy to assure revenue stream
- **Fiscal reform**:
  - increase env tax (only 5% OECD), reduce for labour (24% OECD)
  - increase renewables subsidy, reduce for fossil fuels ($640B global)
Challenge: Govt enabling framework

1. **Understand current economic policy-maker priorities**
   - Growth, revenue, jobs, competition, FDI, cost-saving…

2. **Identify GE options that help with priorities e.g:**
   - Increase env revenue; cut env-damaging expenditure (fuel subsidy)

3. **Raise the profile of less visible GE options e.g:**
   - Informal economy; ‘natural infrastructure’, public procurement

4. **Governance framework to ‘get economics right for SD’**
   - Internalise env in prices; improve rates of return on env investment
   - Include marginalised actors; new econ measures (GDP>wellbeing)

5. **Participation and partnerships for the above**
   - (International) partnering for debate, technology, investment
   - e.g. Kazakhstan’s Green Bridge initiative