

Green economy –international perspectives

KAZAKHSTAN GREEN ECONOMY DIALOGUE

24-26 November 2011, Astana

Steve Bass, IIED



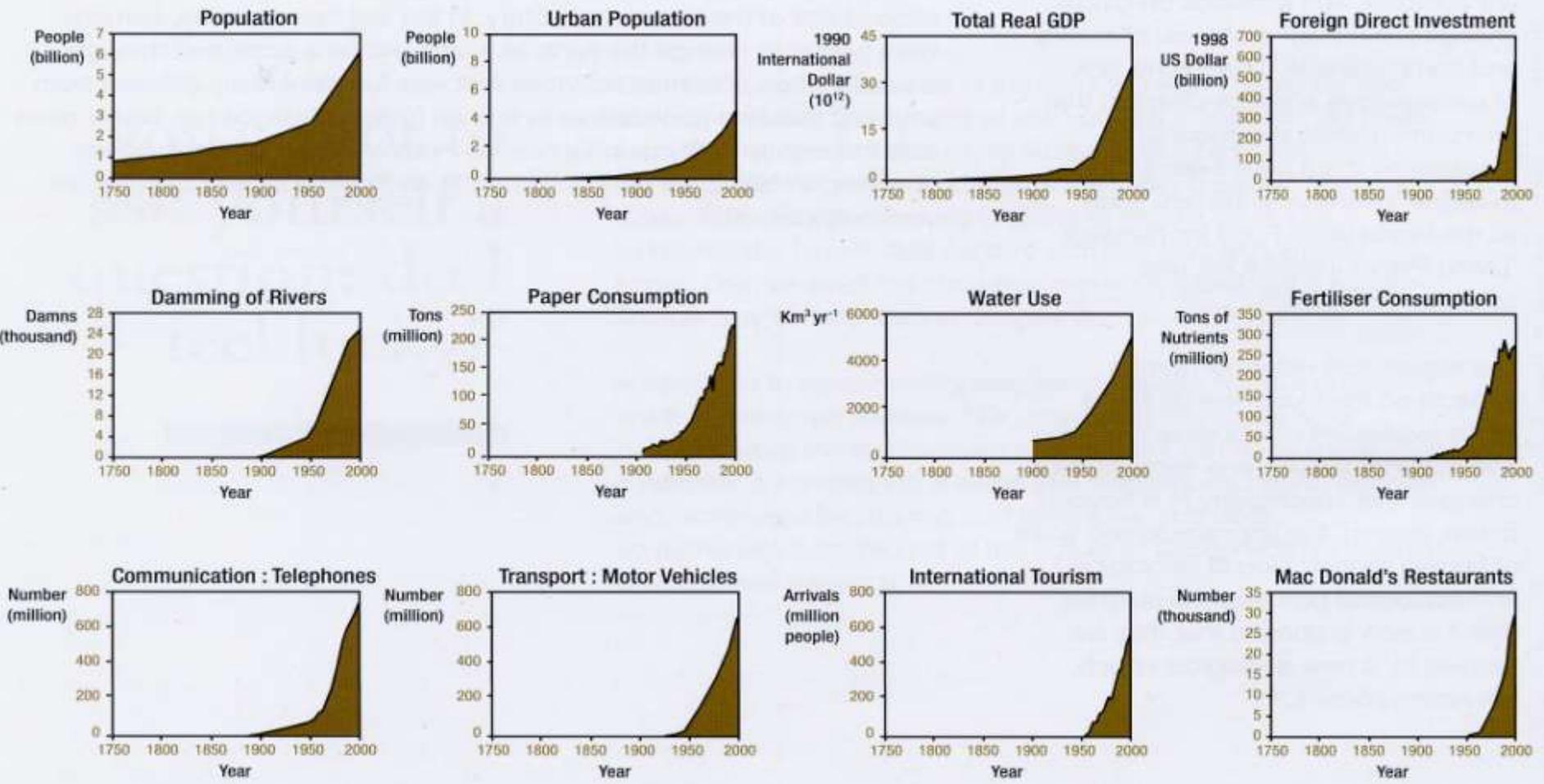


Green Economy Coalition formed to explore GE

- Identifying good practice
- Helping national dialogues – Brazil, India, Caribbean, Mali, Botswana...

1. What is the challenge?

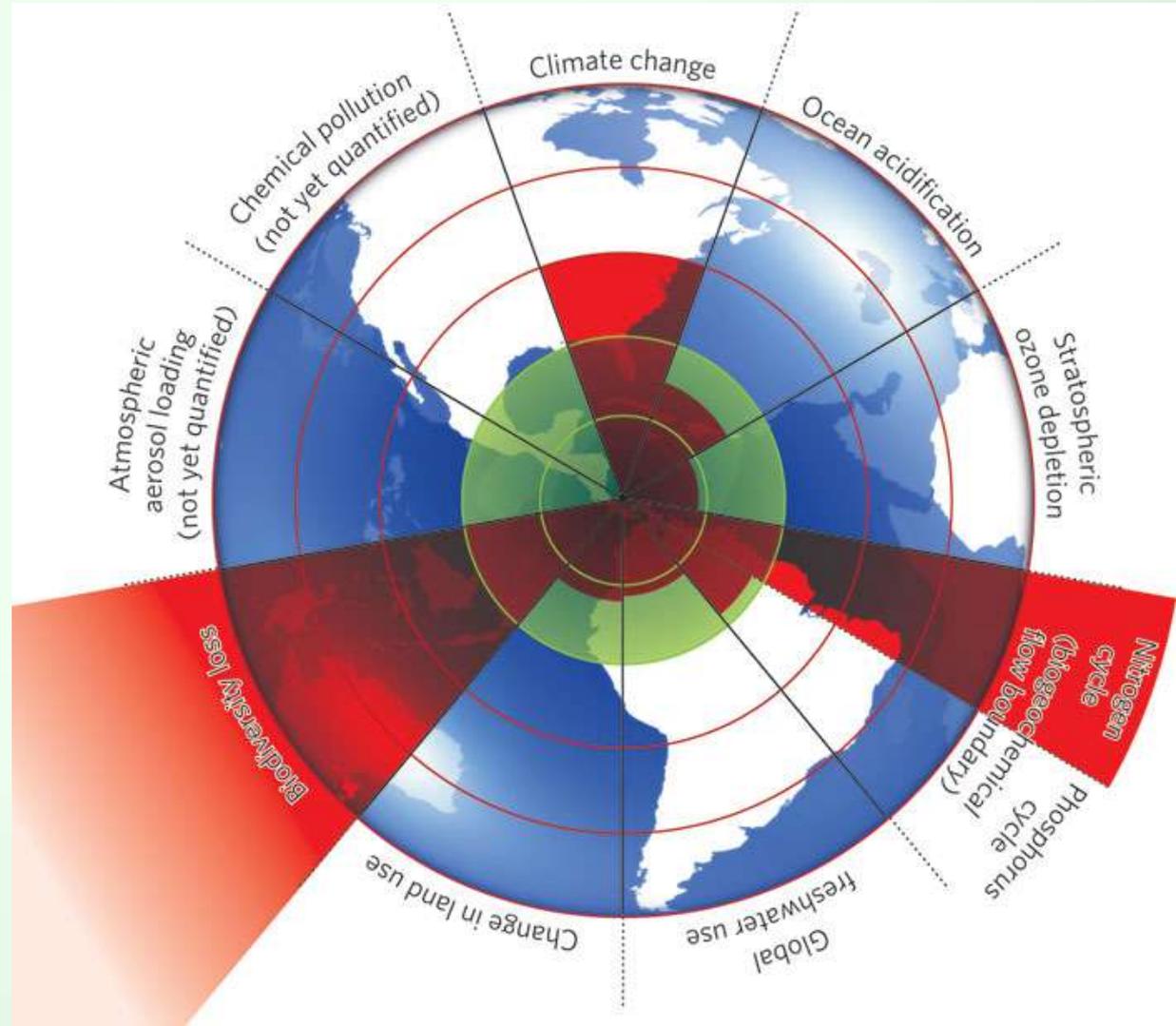
Global economic activity x22 in 100 years



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

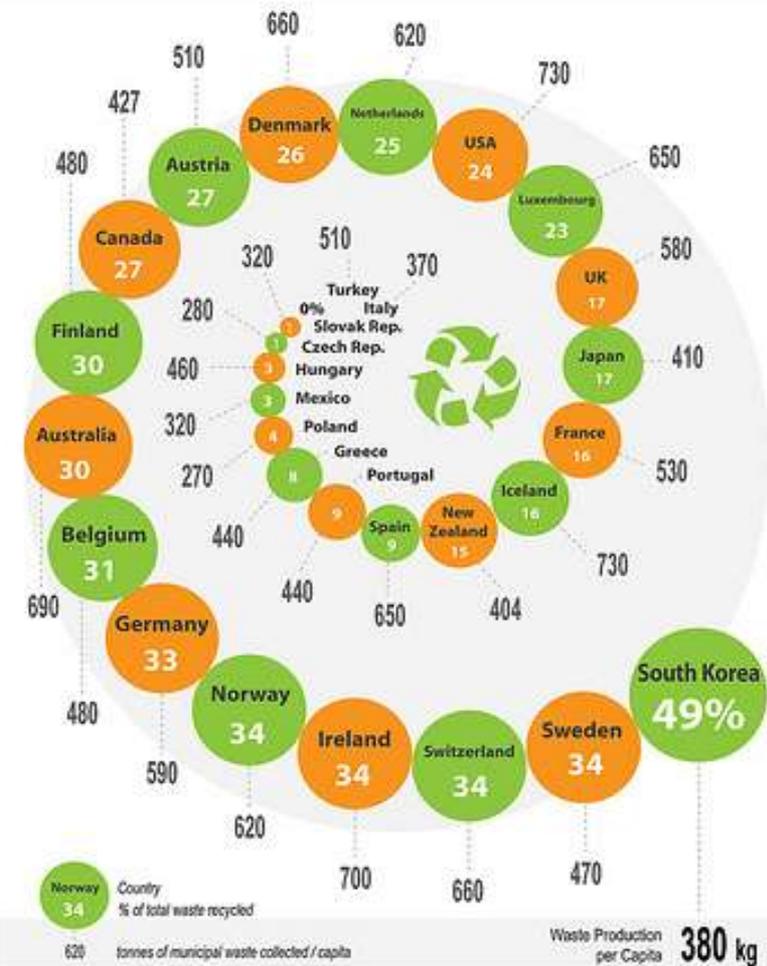
- Inefficient water and energy use

Sub-optimal use of natural resources:

- NR revenues inadequate to fund development – low rates/capture

Recycling Rates of OECD Countries

SOURCE: OECD Environment Statistics
Years of data are variable, between 2003 and 2006, except for New Zealand, which is from 1999.



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)

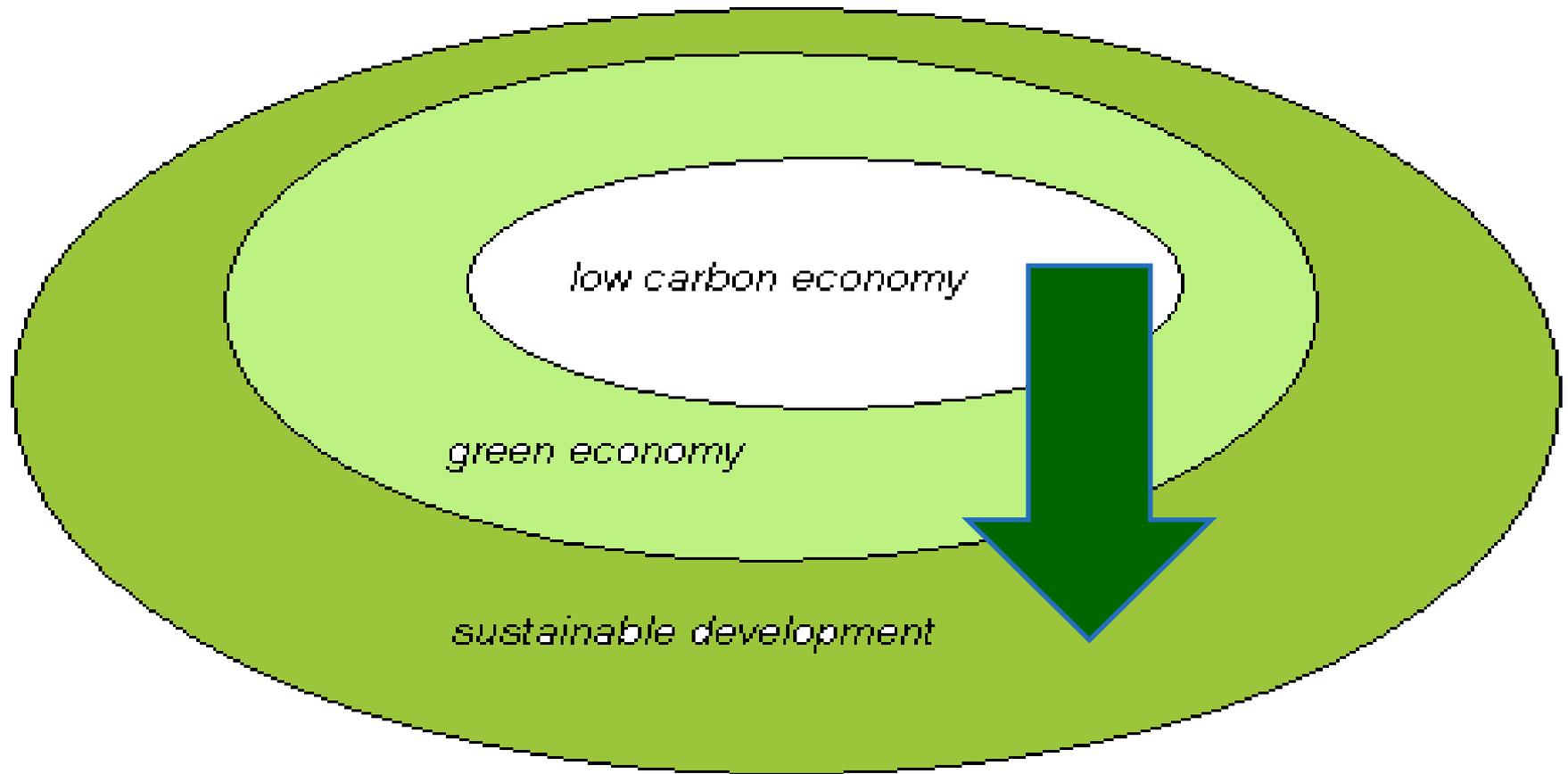
The search for GE: 3 main drivers

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**

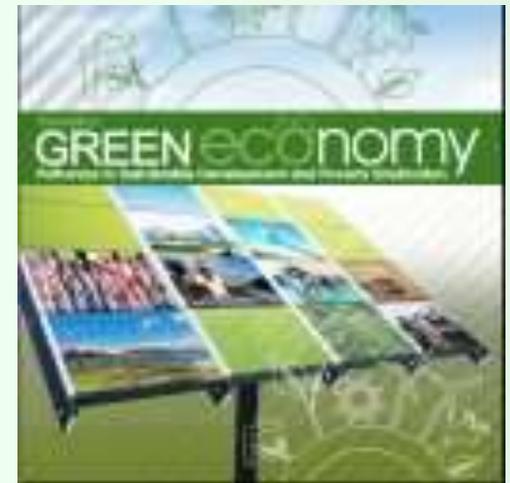
- 1. Sustainable development still the aim – GE can support**
- 2. Ecosystem regeneration is now critical – GE must invest**
- 3. Empowerment and inclusion are key – GE to create jobs; and inform and empower poor people**
- 4. Accountability and responsibility – GE requires governance changes, new targets 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

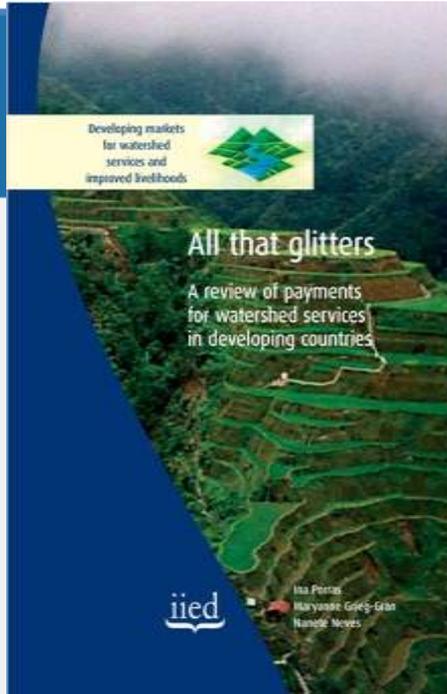
www.greeneconomycoalition.org



Good practice 2. Payments for env. services

Table 2. Market Value of Environmental Markets

Environmental Market	Market Value (2008)
Regulated Carbon	\$117,600,000,000
Water Quality	\$9,250,000,000
Biodiversity	\$2,900,000,000
Voluntary Carbon	\$705,000,000
Forest Carbon	\$37,100,000



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



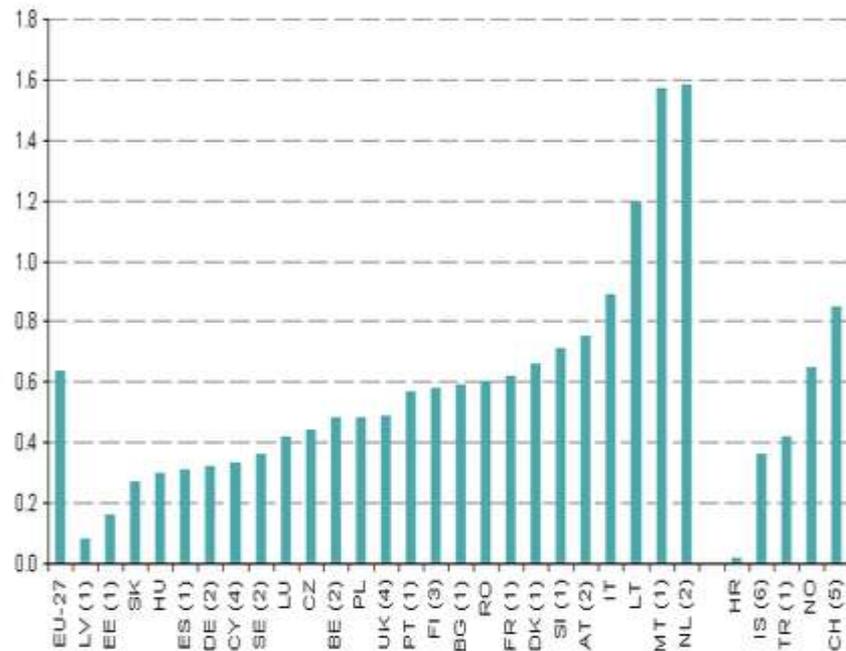
Challenge! Include informal economy

- 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

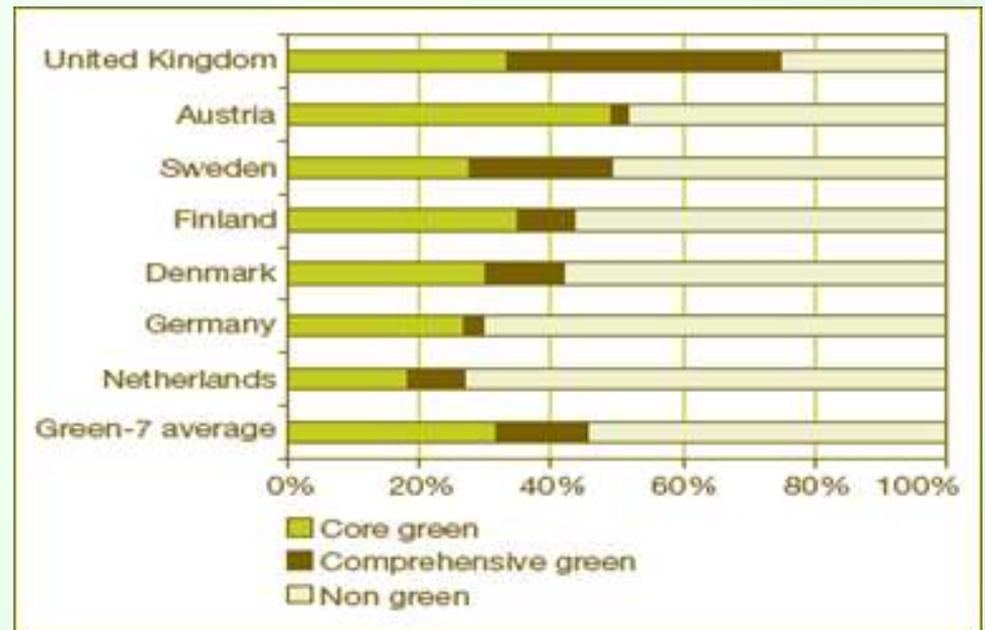
- \$ spent on env work by each ministry?
- What % is capital **investment**?
- How **sensitive** are investments to env risks?
- New env **revenue potentials**?



- ✓ 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 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