

# What questions should you ask in-country to explore progress and potentials of a green economy?

## CONSULTATION DOCUMENT

COMMENTS VERY WELCOME! Please send to [steve.bass@iied.org](mailto:steve.bass@iied.org)

Steve Bass April 2013

### Part 1. PURPOSE OF THIS GUIDE

Green economy is a hot topic. Debates, definitions, evidence and increasingly policies tend to be dominated by powerful countries and groups. Several intergovernmental organisations are making it a priority, and are announcing policies and programmes, but have different approaches. While growing work on the international scene provides rich material, there are risks of considerable bias.

#### Different emphases in green economy debate and initiatives to date

Since the 2008 financial crisis, there has been much discussion of the promise of 'green growth' or 'green economies' to secure improved economic performance in ways that limit climate and environmental damage. But there have been different emphases in that discussion:

- Many are holding up investment in climate-friendly energy and infrastructure as key new sources of economic growth and jobs. Greenhouse gas abatement and low-carbon technology dominates, and is beginning to attract significant policy and investment support and the backing of some major corporations.
- Some others also point to enterprises that make sustainable use of natural resources. These hold promise for poorer countries and people in particular as offering routes out of poverty for those who depend disproportionately on natural resources. However, this has not yet become a significant part of green economy policy or investment plans.
- Although developing countries have had rather less input into green economy debates, in some the debate has also become one of inclusion – how people who have been marginalised by current economic systems should be included in a green economy.
- Finally, while a majority are focusing on growing the environmental and natural resource goods and services sectors of the economy, a minority is exploring ways to rethink the economy as a whole so that it refocuses on human and ecosystem wellbeing, questioning if and where growth is desirable. This has tended to take place in richer countries, albeit not exclusively.

Space is needed within developing countries and poor groups in particular, to explore all the above angles, to offer credible information and opinion from stakeholders, and to tailor green economy approaches that work at national and local levels. Only in this way can developing countries counteract any bias in international policy and ensure that they receive appropriate support in building green economies. This was realised at the Rio+20 conference, which called for green economy policy and activity to shift to the national level.

This guide therefore aims to encourage dialogue and diagnosis in and by developing countries. It is based on the experience of ten dialogues facilitated independently by IIED, and emphasises: <sup>1</sup>

- *Inputs from diverse geographies* – where green economy remains a contested idea internationally and many powerful players are promoting a narrow green growth agenda, dialogues and diagnostics provide the basis for credible and compelling national inputs
- *Evidence of what works* – where green economy remains too often a general and contested concept, evidence can provide encouragement of what to scale up locally and can back up or challenge different claims for green economy policy
- *A focus on inclusion and equity* – where this element has been missing in too much green economy planning, ensuring all stakeholders have their say and contribute evidence, and that green economy plans include and benefit poor/marginalised groups
- *A focus on 'doubly green'* – where greenhouse gas abatement has dominated plans to date, and developing countries are a minor source, it makes sense to complement this aspect with ensuring that plans address other environmental hazards and potentials, too
- *Basis for country-tailored green economy strategy* – with proprietorial (if not biased) approaches to green economy being promoted by different agencies, a country-driven and country-tailored approach is needed to ensure stakeholders get what they need, rather than what they are given

Part 2, the core of this guide, comprises a checklist of green economy issues and requirements, with a set of questions to elicit opinion and information on them [26 questions – final set will be numbered for reference]. Part 3 offers brief suggestions on how to run the dialogue process.

---

<sup>1</sup> The guide draws on experience from dialogues in: the Caribbean region, Brazil, Amapa state in Brazil, the Himalayan region, India, Kazakhstan, Cambodia, Mali, Botswana and Ethiopia. Partners in these dialogues have included UNDP, the OECD, and the Green Economy Coalition. A revised version of this guide hopes to draw on the experience of further dialogues which have involved UNEP, WWF and others – as well as any that were independently run e.g. in South Africa.

## Part 2. GREEN ECONOMY CHECKLIST AND QUESTIONS

The following checklist separates out the different dimensions of green economy – its objectives and outcomes, its stakeholders and politics, its governance and institutions, its financial and investment requirements, and its knowledge and technologies. Although they are linked, we separate the dimensions in this way to enable those debating or researching green economy to pick up on issues that current initiatives might ignore. The checklist is meant primarily to inform debate and initial assessment, but it could also be adopted for detailed green economy research, planning, monitoring and evaluation. The checklist on its own may be enough to inform the design of a particular dialogue or assessment, but we supplement it with suggested questions.

### 1. Green economy OBJECTIVES AND OUTCOMES

It is important to be clear on the current, intended or potential objectives of a green economy. We summarise the range below, based on a review of literature and initial country dialogues. Points a-c are the principal outcomes of a green economy, with points d-f being means to achieve them. Policies, plans and results could potentially support the full range a-f, or they might emphasise only some. At present, many international green economy initiatives give comparatively little attention to equity, non-carbon ecological limits, and/or natural resource management:

- a) *Human wellbeing*: decent jobs, health, livelihoods, freedoms, culture – as well as income
- b) *Climate and other ecological limits not exceeded*: reducing carbon levels; and operating within the eight other planetary boundaries (biodiversity, nitrogen cycles, etc)
- c) *Equity*: inclusion of stakeholders in process, economic activity, and benefit-sharing – especially those who are most dependent on natural resources and vulnerable to environmental risks
- d) *Economic growth*: in those sectors and areas where it is most needed to support wellbeing
- e) *Sustainable natural resource management*: improving natural resource productivity per person to achieve above
- f) *Resilient systems*: adaptation to climate change, diversification, risk management, effective institutions, creating competitive advantage from this, and attracting investment

#### Questions:

- *Current debates and initiatives*: To what extent are the dimensions of a green economy a-f included in in-country debates and initiatives on green economy? Where is the emphasis among a-f, and are further dimensions being pursued?
- *Definitions*: What terms are being used e.g. green economy, green growth, low-carbon economy, or new economy; and what qualifiers like ‘inclusive’ or ‘pro-poor’?

## 2. Green economy STAKEHOLDERS AND POLITICS

The transition to a green economy is an intensely political process – since it determines who bears the burden and/or enjoy the benefits of a green economy, and ultimately involves redefining what society wants and doesn't want from the economy. Many current initiatives are pinned on bureaucratic and financial activities alone – potentially leaving difficult aspects of the *status quo* unchanged. It is therefore important to explore questions of political economy, stakeholder interests, and drivers of change towards an inclusive green economy. The stakeholders who are potentially involved in a green economy, and should contribute to dialogue and diagnosis are:

- Central authorities and politicians charged with making holistic decisions
- Economic, financial and development authorities
- Environmental and natural resource authorities
- Infrastructure and urban authorities
- Private sector, large and small, domestic but also foreign, both mainstream and leaders in inclusive green economic activity
- Poor and marginalised groups
- CSOs and social enterprises
- Academics and researchers working on the above
- Investors in all the above, notably domestic
- Development cooperation
- Other groups deemed central to a nation's development e.g. cultural

### Questions:

- *Awareness:* What is the level of stakeholder understanding of green economy issues, especially by mainstream stakeholders? What are the public's main relevant concerns?
- *Drivers:* Who is driving the green economy idea in-country, who is resisting, and what are their motivations? How far do external initiatives support in-country approaches?
- *Involvement:* Who has access to the debate and planning processes for a green economy, who is involved and who not?
- *Alliances:* What groupings have formed around green economy?
- *Influence:* How influential are the above, and what is the source of their influence (political, financial, informational, etc)?
- *Distributional issues:* Who are or will be winners and losers from green economy initiatives?
- *Entry points for accelerating green economy:* What are the main opportunities in the above – near-term and longer-term, and who can best help realise them?

## 3. Green economy GOVERNANCE AND INSTITUTIONS

Whilst most countries have some green economic activities at pilot scale, and/or a special national strategy/plan for green economy, in practice a green economy will not be achieved without changes to mainstream governance. These changes should incentivise green economy outcomes a-f, as well as disable damaging brown economy outcomes. New regulations, market governance and

accountability mechanisms will be needed, as well as (re)installing environmental rights regimes. Typical requirements to be accommodated in a green economy strategy are outlined below:

- *Constitutional basis, rights regimes and international goals*
  - GE outcomes (see 1) are reflected in constitution, national vision statement, etc
  - Rights to public environmental assets, land, env services, env info, and env decisions
  - National contributions to global collective action on climate, environment, poverty
- *Public engagement*
  - GE forum and/or accord involving business, civil society and government
  - SD law e.g. precautionary principle, polluter pays, user pays, free prior informed consent
  - Engaging the poor via e.g. frugal innovation, social enterprise, joint env/social protection
- *Development planning, mainstreaming and control systems*
  - GE principles/strategy mainstreamed in development/physical/spatial/sector plans
  - An umbrella green economy strategy, integrated with mainstream plans
  - Mechanisms to identify and resolve trade-offs between economic, social and environmental goals e.g. Strategic environmental assessment
- *Corporate governance*
  - Effective use of standards, certification, labelling and other market mechanisms
  - Carbon, water and triple-bottom-line disclosure (similar also in govt agencies)
- *Research and innovation systems*
  - Continuous improvement mechanisms e.g. GE action learning groups and networks
  - Cataloguing GE activities existing and potential (with proof of concept)
  - Ecological footprint analysis (international)
- *Monitoring, accounting and accountability systems*
  - Combined poverty and environmental monitoring at local levels
  - MRV systems in support of climate/environmental finance mechanisms
  - Natural resource and/or national wealth accounts; and 'beyond GDP' measures
- *Government capacity to run the above systems*
  - Incentives and support for officials and others to shape and run GE systems
  - Access to knowledge and technology (below)

#### **Questions:**

- *Holistic approach:* What is the national overarching strategy (e.g. for sustainable development, economic development, or poverty reduction) and how effective has it been at handling multiple (GE) dimensions? If unsuccessful, how are overarching decisions made in practice?
- *Precedents to build on:* Which other policies, strategies, plans and monitoring criteria overtly support green economy outcomes?
- *Policy coherence:* How consistent and mutually supportive are these policies, strategies, plans and monitoring criteria in relation to dimensions of a green economy a-f? Where are the gaps?
- *Inclusion:* What special provisions have been made for ensuring poor/marginalised groups are involved in a green economy?
- *Entry points for accelerating green economy:* What are the main opportunities in the above – near-term and longer-term, and in which sectors?

#### 4. Green economy FINANCE AND INVESTMENT

At present, many GE initiatives are focused on large-scale investment in e.g. clean energy and infrastructure, often aiming to attract climate finance. But the economy will not become green and inclusive if it relies only upon investment at the margin, leaving the majority of public and private financial flows to continue focused on the brown economy. Mainstream finance mechanisms and flows will also have to change to enable the transition to the full range of GE outcomes:

- *Government budget and expenditure*
  - Routine public environmental expenditure review (PEER) and green budget coding
  - Sustainable public procurement (SPP)
  - National, municipal and locally-controlled green funds and green stimulus packages
  - Iconic nationwide projects e.g. household renewable energy, national (sports) events
- *Fiscal systems and incentive mechanisms*
  - Environmental taxes e.g. on energy, water, transport, resource use
  - Environmental subsidies and tax breaks e.g. on renewable energy, green economy zones
  - Removal of environmentally-harmful subsidies e.g. on fossil fuel
  - Environment caps and quantity-based mechanisms e.g. carbon budgets/tradable permits
  - Payments for environmental services (PES)
- *Investment mechanisms*
  - International climate funds, REDD+, relevant aid mechanisms
  - GE standards used in investment and banking, and dedicated GE financial products
  - Leveraging private investment via guarantees, etc...
  - Public-private-people partnerships (4P) for GE, with local control mechanisms
  - Streamlining of the multiple permissions needed for green investment
  - Outcome-based payments following verification of delivery

#### **Questions:**

- *Economic outlook:* Which government economic priorities are (potentially) encouraging of GE e.g. priorities for diversification, employment, infrastructure investment; what are the associated market trends?
- *Government leadership:* What is the government doing to identify and control its own expenditure to incentivise green economic activities and call a halt to brown practice? Are green economy plans followed up with adequate investment?
- *Investment quantity:* What are the quantitative trends in investment regarding green goods and services sectors, bottom-of-the-pyramid operations, etc? What green portfolios are emerging?
- *Investment quality:* How far do the standards and procedures used by investors, and by the authorities, encourage green and inclusive outcomes a-f?
- *Entry points for accelerating green economy:* What are the main opportunities in the above – near-term and longer-term, and in which sectors?

## 5. Green economy KNOWLEDGE AND TECHNOLOGY

A green economy requires different ways of thinking and operating. While some GE knowledge is available, it is scattered and not available to all. It is well-established that there is a huge requirement for advanced green technology, and richer countries and corporations have made particular progress regarding technologies for GHG abatement. But proprietary hi-tech solutions have become the dominant solution in green economy initiatives. 'Soft' technology and knowledge is also needed, and developing countries have much to offer here. Thus important knowledge elements include:

- *Technology screening* – ways to establish the least-cost green solutions that are robust to the full range of GE outcomes and that suit country/stakeholder contexts
- *Technology-transfer and -sharing deals* – ways to support massive gains in resource efficiency and to decouple economic progress from environmental damage, at the same time recognising the global public goods that result from their implementation
- *Traditional, 'frugal' and 'soft' technology* – uncovering, sharing and adopting social means to integrate objectives, make trade-offs and maintain common property; and adapting traditional cultural norms and resource management
- *Innovation and knowledge organisation systems* – that build accessible, credible and influential bodies of knowledge supporting the range of GE outcomes

### Questions:

- *Evidence of green economy activity:* What examples exist for different sectors, natural resources and livelihood systems; how well have they been assessed and catalogued; and do they work?
- *Knowledge of environmental assets and hazards:* what systems bring together knowledge of environmental stocks, flows and changing conditions in the country?
- *Technology portfolio:* What is the type and source of technologies being mooted for a green economy, and are they robust to the range of outcomes required
- *Management standards:* How far do the standards used in natural resource sectors, urban, industry, and other fields reflect the need to embrace GE outcomes a-f?
- *Research:* Which science and technology bodies are most active in current GE initiatives in-country, what roles do they play, and how do they source their evidence?
- *Knowledge networking:* What forum best offers opportunities for exchange on the knowledge needs of a GE?
- *Entry points for accelerating green economy:* What are the main opportunities in the above – near-term and longer-term?

## Part 3. GREEN ECONOMY DIALOGUE PROCESS

Part 2 offered a checklist of green economy issues and requirements, and suggested questions to support exploration of how far a green economy exists or could be accelerated. While that checklist can certainly inform research, perhaps the most important requirement for exploring green economy at present is stakeholder dialogue. We have emphasised the need to open up debate in circumstances where richer countries and businesses have dominated to date.

The following brief guidance is an initial place-holder. It is based on IIED's experience with ten national dialogues on green economy. In a final draft of this note, it will be enriched with material from wider experience of multi-stakeholder processes.

**Step 1 Preparation:** The most important step is to clarify *the purpose and context for a dialogue*. Dialogues to date have been of four main types:

- *Blue-skies awareness-raising* – exploring the implications of green economy as an apparently new concept, and sharing opinions
- *Mapping green foundations* – identifying the existing 'glimpses' of a green economy and the policy/institutional foundations for a possible green economy strategy
- *Benchmarking/reality-checking recent green economy initiatives* – discussing what a country has got out of a recent green economy plan, and where the gaps lie
- *Strategy scoping* – exploring the entry points, and assessing priority criteria, for accelerating green approaches

In addition, the possible need might be discussed for a continuing multi-stakeholder platform following the dialogue (see Step 4 below).

To clarify the purpose will probably involve a *scoping meeting with the stakeholders* listed at [page 3], and certainly with:

- Central authorities and politicians charged with making holistic decisions
- Economic, financial and development authorities
- Environmental and natural resource authorities
- NGOs and businesses engaged with the above
- Development cooperation agencies where relevant

Once the purpose is clear, a useful next step can be commissioning a *brief background paper*. This should be factual, as far as possible independently-produced, and address the main parameters laid out in Part 2. It should be made available to participants in advance of the dialogue, and be designed to aid discussion and not foreclose it.

**Step 2 Holding the dialogue:** Hosted if possible by an overarching authority (alternatively with joint hosting by economic and environmental authorities), the dialogue should be viewed as a platform for the range of green economy stakeholders laid out above.

The aim should be to achieve broad consensus, or at least clarity on different views. Group exercises should offer the opportunity to share ideas and form consensus on key issues such as:

- Desirable green economy outcomes in the country
- The robustness of recent or current green economy plans to those outcomes, and what else needs to be done
- The range of other precedents for a green economy ('glimpses') and enabling conditions already in place
- How to maximise winners and minimise losers from likely green economy activity
- Further work that needs to follow the dialogue to e.g. (a) take the dialogue into other key spaces, (b) fill knowledge gaps, (c) redress biases in current initiatives

It is likely that an initial dialogue will take 2-4 days. It may be supplemented by local-level or sectoral dialogues. It is difficult to have the necessary spread of stakeholders if there are fewer than 20 participants than 20, and difficult to create adequate opportunities for exchange and engagement if there are more than 50 participants. In order to gain an atmosphere of free debate, and to encourage shifting from entrenched positions, the Chatham House Rule has been effective – the record of the discussion is not attributed to individuals or organisations, and no participant can cite particular individuals or organisations once they leave the dialogue.

**Step 3 Writing up the dialogue:** This should be done by an independent and/or by a representative group of participants. The structure and content should reflect the agreed purpose (above). As with the background paper, the report of an initial dialogue should not foreclose further exploration, but it could usefully clarify the state of consensus or difference, and postulate priority issues and options for consideration

**Step 4 Keeping the dialogue alive – moving into diagnosis and action, and empowering stakeholders:** The IIED-facilitated dialogues to date have tended to be one-off, aimed variously at gaining developing country inputs into global green economy debates and notably Rio+20, and reality-checking recent 'green economy' plans. Once finished, they fed into other processes, and few were resourced to enable their own follow-up. Yet almost all have identified the need for follow-up – notably for a platform for continued exchange, learning, experimentation, debate, assessment and building momentum behind new policy 'asks'. One approach that has emerged from IIED-facilitated dialogue is a '*green economy action learning group*'. This comprises diverse stakeholders who take the dialogue to other fora, conduct research on green economy priorities identified in the dialogue, arrange tests in the field, review progress, and can exercise influence in scaling up when the proof of concept is secured.