



Green Economy: A UNEP definition

*Green economy is one that results in **human well-being** and **social equity**, while significantly **reducing environmental risks** and **ecological scarcities**.*

It is the vehicle for delivering sustainable development and poverty eradication.

On the practical side, green economy is an economy that generates revenues through **investments** that **reduce CO2 emissions** and pollution and enhance energy and **resources efficiency** and prevent the loss of **biodiversity** and **ecosystem services**.

Green Economy: why?

A transition to a green economy can contribute to **eradicating poverty**. A number of sectors with green economic potential are particularly important for **the poor**, such as **agriculture, forestry, fishery** and **water management**, which have public goods qualities.

The key aim for a transition to a green economy is to enable **economic growth** and **investment** while increasing **environmental quality** and **social inclusiveness**.

Critical to attaining such an objective is to create the **conditions for public and private investments** to incorporate broader environmental and social criteria in order to achieve greater **social inclusion**, living within planetary boundaries, and to enhance the natural basis for wealth creation, sustainable livelihoods and **poverty eradication**.

The need for policy interventions



- **“Unfettered markets are not meant to solve social problems”** (Yunus, Muhammad and Karl Weber, 2007).
- Existing policies and market incentives have contributed to capital misallocation because they allow businesses to run up significant **social and environmental externalities**, largely unaccounted for and unchecked.
- **There is a need for better public policies, including pricing and regulatory measures, to change the perverse market incentives that drive this capital misallocation and ignore social and environmental externalities.**

Green Economy: how?



- With a strong emphasis on the **transformation of national economic structures** through **shifting investment** towards a new generation of assets: **clean technology**, energy and **resource-efficient** infrastructure, well-functioning **ecosystems**, **green skilled labor**, strong institutions and good governance.
- **Policy reforms** such as carbon taxes are framed in terms of how they serve to shift investment towards green activities.
- Analyses carried out by UNEP and others show that this shift of investment, enabled by policy reforms, can be an effective tool for integrating the three pillars of sustainability over the medium and long term.

Example from Africa in advancing GE



- Following the Rio + 20 SDC , The Nineteenth Session of the African Union Summit held in July 2012 called upon the African Ministerial Conference on the Environment (AMCEN) to conduct a substantive analysis of the outcomes of Rio+20 and develop a roadmap for the effective implementation of the outcomes in Africa. In response to this, the 14th Session of AMCEN, held from 10-14 September 2012 in Tanzania, decided to develop and implement 5 Regional Flagship Programmes ... among which

More concrete example from Africa: Opportunities of green technological Leapfrogging



- In the **aluminium sector, Africa has the most efficient and cleaner smelters in the world** due to new production facilities that have the latest technologies in the field.
- Taking advantage of the early stage of industrialisation, Arab countries can freely choose between available technology paths and achieve a “leapfrog” industrial development.

Source: International Aluminium Institute, 2003.

Example from Kenya; Policy and regulatory frameworks



- **In Kenya, investment climbed from virtually zero in 2009 to \$1.3 billion in 2010 across technologies such as wind, geothermal, small-scale hydro and biofuels - driven by a feed-in-tariff policy.**

This is an example of a Powerful price signal

Ghana: Green fiscal reforms



In 2005 the government of **Ghana** used the findings of a Poverty and Social Impact Analysis which demonstrated that **petroleum subsidies** go predominantly to higher income groups to initiate a public and parliamentary debate on reforming such subsidies. =>Thanks to reducing petroleum subsidies, Ghana **eliminated fees for attending primary and junior-secondary school**, and made available extra funds for **primary health care** and **rural electrification** programs (IMF 2008). (created fiscal space)

More generally:

Taxation and smart market mechanisms that shift consumer spending and promote green innovation such as removing fuel subsidies could save 1-2% of global GDP a year, open fiscal space and makes room for public and private investment for a green economy transition.

Brazil



- Brazil has achieved inclusive economic growth with a reduction in poverty from 20% of the population in 2004 to 7% in 2010, supported by a set of complementary policies and programs to reduce the environmental impacts of agriculture.
- Key policy elements include:
 - (i) a focus on agricultural R&D and diffusion of knowledge at local levels with the pivotal role of the Brazilian Agricultural Research Corporation, and the allocation of the necessary resources (more than in any comparable country in the world);
 - (ii) provision of complementary measures such as agricultural credit and the pro-environment guidelines of the Brazil Development Bank;
 - (iii) dovetailing agricultural production patterns to the national program on Zero Hunger ensuring consistency of poverty and agricultural policies;
 - (iv) farm-level capacity building policies and mechanisms ensuring stakeholder participation;

Source: GGBP – Synthesis of Key findings

Germany



- Germany and China have the most aggressive policies. In addition to a 40% GHG reduction target, Germany has an extensive array of initiatives.
- These include R&D support of several billions of euros (focusing on wind geothermal and solar energy,
- long-term low-interest loans (for renewables),
- an energy and climate fund (spent on various support programmes relating to energy efficiency, renewable energy, energy storage and grid technology, energy-efficient renovation, national and international climate protection as well as electro-mobility),
- a climate protection initiative (with projects in areas such as refrigeration technology and biomass research),
- and a climate technology initiative (aiming to mobilize bilateral technology cooperation with countries that have German export potential).

Source: GGBP – Synthesis of Key findings

USA



- In the U.S., many of the incentives for investment in green technology were put in place (or strengthened) with the American Recovery and Reinvestment Act of 2009.
- The Act contained loan guarantees, tax incentives and other subsidies amounting to \$20 billion for research and investment in green technologies.
- In June 2013, an ambitious Climate Action Plan included an additional \$8 billion in loan guarantees for advanced fossil energy projects that reduce GHG emissions.

Source: GGBP – Synthesis of Key findings

China



- **China** has committed to green growth in its 12th Five Year Plan. Actions include investing in natural resource management, with the aim of creating 1 million new forestry jobs and reducing rural poverty.
- In general; Chinese efforts have gone heavily into PV projects, mainly directed to export
- Under the second phase of its Golden Sun Program, the Chinese government allocated a total of (\$2 billion) to support the domestic PV market in 2012,
- China Development Bank provides billions of dollars in concessional lending to renewable energy. In 2010 it had credit lines worth (around US\$ 45 billion) available for the renewable energy industry.
- Some Chinese provinces and municipalities are particularly active and have their own fiscal incentives to promote new plant investment in the solar industry. Beijing, for example, provides upfront subsidies for qualified demonstrative PV projects.
- **This highlights the importance of working at national but also local level.**

Source: GGBP – Synthesis of Key findings

Thanks

