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Backgrounder on the 2012 United Nations Conference on Sustainable Development (Rio+20 Earth Summit) and its theme on a Green Economy in the Context of Poverty Eradication and Sustainable Development

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Rio+20 Earth Summit in 2012

The UN Conference on Sustainable Development (UNCSD) will take place in Rio de Janeiro, Brasil in 2012. This summit, also referred to as the Rio+20 Earth Summit (to mark that it is being held 20 years after the initial 1992 Rio Earth Summit), has the **following objectives**:

1. To secure renewed political commitment to sustainable development;
2. To assess progress towards internationally agreed goals on sustainable development; and
3. To address new and emerging challenges.

The Summit will focus on **two specific themes**:

1. A Green Economy in the context of poverty eradication and sustainable development; and
2. An Institutional Framework for sustainable development.¹

Sustainable Development

As outlined in *Our Common Future*, the ground-breaking report by the United Nations World Commission on Environment and Development, CIELAP understands Sustainable Development:

- to be of the highest importance to human development;
- to be both a theory and practice that equitably entails environmental, social, and economic dimensions; and
- as being defined as: *development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*²

Green Economy - in the context of poverty eradication and sustainable development

Trying to define a "green economy"

There is current disagreement at the international level on the definition of the term "green economy" (which is sometimes referred to as "green growth"). The Co-chair of the Preparatory Committee for the UNCSD–Rio+20, Mr. Park In-kook, has identified the need for Member States come to a common understanding.²

Speaking in support of connecting a green economy to sustainability, Mr. Achim Steiner, United Nations Under-Secretary-General and the Executive Director of the United Nations Environment Programme, has suggested that: "A green economy was the most promising of options available to achieve sustainable development."³ In

comparison, the Group of 77 developing countries and China have stated through their representative that there is:

“...an assumption that a green economy could be equated with a cluster of economic policies, under the sustainable development paradigm, so as to bridge the gap between the economy and environment. However, the assumption was far from settled.”⁴

Generally, UN Member States have said that it is “important to first clarify whether green economy is a destination itself, or merely the trajectory towards sustainable development.”⁵ Some have suggested that green economy is a means of achieving the goals of sustainable development while others have put forward that it offers a set of pathways for nations to follow depending on their circumstances.⁶

That said, for the purposes of the UNCSD, there is a consensus among Member States that a “green economy” must be considered in the context of sustainable development (as explained and defined above) and must adhere to the Rio principles⁷. It is generally agreed that there will be no single approach to a green economy but that, similarly to sustainable development, it will look different in every nation state.⁸

Within the context of poverty eradication, it is recognized that it is important to ensure that initiatives do not work against development objectives but rather accelerate improvements in quality of life. It is also important to ensure that a green economy considers all three pillars of sustainable development (i.e. including the social element) and not just reduce it down to the more narrow economy-environment interface.

One consideration is whether any definition for a green economy is required, or if instead a common set of principles can be developed for the term. At the very least, the establishment of desired outcomes for a “green economy” transition (e.g. equity, internalization of externalities), would be worthwhile to provide common understandings and a road map that can be adapted to national circumstances. Some have suggested that the UNCSD-Rio+20 develop and endorse such principles as well as a tool kit to assist member states.⁹

The economics of a green economy

The concept of a green economy aims to bring together all of the economic policies and models relevant to sustainable development under a single banner. A green economy can be considered from the angle of any of these different economic approaches, as highlighted in a May 2010 UN Secretary General's Report, which has identified four strands of economic analysis that can be used to approach the concept:

One strand approaches the question through the analysis of market failure and the internalization of externalities. Another takes a systemic view of the economic structure and its impact on relevant aspects of sustainable development. A third focuses on social goals (jobs, for example) and examines ancillary policies needed to reconcile social goals with the other objectives of economic policy. Finally, a fourth strand focuses on the macroeconomic framework and development strategy with the goal of identifying dynamic pathways towards sustainable development¹⁰

The UN Secretary General's report outlines the following groupings of policy instruments that can be used to advance a green economy:

- (a) Getting prices right, including removing subsidies, valuing natural resources and imposing taxes on things that harm the environment (environmental “bads”) in order to internalize externalities, support sustainable consumption and incentivize business choices. It builds upon some of the earliest writings in environmental economics;
- (b) Public procurement policies to promote greening of business and markets;

(c) Ecological tax reforms, based mainly on the experience of European countries. The basic idea is that shifting the tax base away from “good” factors of production such as labour to “bad” factors such as pollution will allow for a double dividend: correcting environmental externalities while boosting employment;

(d) Public investment in sustainable infrastructure (including public transport, renewable energy and retrofitting of existing infrastructure and buildings for improved energy efficiency) and natural capital, to restore, maintain and, where possible, enhance the stock of natural capital. This has particular salience within the current recessionary context, given the need for public expenditure on stimulus packages;

(e) Targeted public support for research and development on environmentally sound technologies, partly in order to compensate for private underinvestment in pre-commercial research and development, and partly to stimulate investments in critical areas (such as renewable energy) with potentially high dynamic scale economies, and partly to offset the bias of current research and development towards dirty and hazardous technologies;

(f) Strategic investment through public sector development outlays, incentive programmes and partnerships, in order to lay the foundation of a self-sustaining process of socially and environmentally sustainable economic growth;

(g) Social policies to reconcile social goals with existing or proposed economic policies.¹¹

There are also a diversity of movements and schools of thought that aim to advance a green economy from a systemic perspective. Such approaches include: the use of alternative indicators to the GDP; questioning the need for growth; paying for ecosystem services; decoupling economic growth from the use of natural resources, among other approaches.¹²

UNEP’s Green Economy Initiative

In October 2008 the United Nations Environment Programme (UNEP) launched the Green Economy Initiative (GEI) to support a global transition to a green economy. As stated on its website the GEI is

“designed to assist governments in “greening” their economies by reshaping and refocusing policies, investments and spending towards a range of sectors, such as clean technologies, renewable energies, water services, green transportation, waste management, green buildings and sustainable agriculture and forests”.¹³

GEI provides the following definitions of a green economy:

“Greening the economy refers to the process of reconfiguring businesses and infrastructure to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using less natural resources, creating less waste and reducing social disparities.”¹⁴

“A Green Economy is one in which the vital links between economy, society, and environment are taken into account and in which the transformation of production processes, production and consumption patterns, while contributing to a reduction per unit in reduced waste, pollution, and the use of resources, materials, and energy, waste, and pollution emission will revitalize and diversify economies, create decent employment opportunities, promote sustainable trade, reduce poverty, and improve equity and income distribution.”¹⁵

OECD (Organization for Economic Cooperation)

In June 2009 OECD Ministers met, adopted the Declaration on Green Growth¹⁶, and asked the OECD to develop a Green Growth Strategy for the development of a green economy and sustainable development at the international level. The OECD was then charged with delivering a Green Growth Strategy Synthesis Report to the 2011 Ministerial Council Meeting to provide detail about what tools and recommendations governments can use to develop policies and transition to greener growth.

The OECD's 2010 Interim Report of the Green Growth Strategy: *Implementing our Commitment for a Sustainable Future* has provided a definition of Green Growth:

- “Within this context, green growth is gaining support as a way to pursue economic growth and development, while preventing environmental degradation, biodiversity loss and unsustainable natural resource use. It builds on existing sustainable development initiatives in many countries and aims at identifying cleaner sources of growth, including seizing the opportunities to develop new green industries, jobs and technologies, while also managing the structural changes associated with the transition to a greener economy. Managing the employment and other distribution effects of change in more traditional sectors will also need to go hand in hand with exploiting new opportunities. New indicators and data will be needed to measure progress towards green growth; including to reflect environmental quality, natural resource scarcity and quality-of-life beyond material well-being.

Green growth policies need to be embedded in a coherent, integrated strategy covering demand and supply aspects, both economy-wide and at the sectoral level. This will ensure that green growth is not a just a short-term response to the crisis but a transforming dynamic for both production processes and consumer behaviour.”¹⁷

Case Studies and Examples

The following examples illustrate how states are approaching and applying the concepts of green economy.

Denmark a Leader in Clean Energy

Denmark has become a world carbon leader by translating advances in renewable energy and energy efficiency into major economic gains and advancements in quality of life. Denmark's low-carbon move was precipitated by the 1970s energy crisis, at which point the country was 99 percent dependent on foreign energy sources. Today Denmark can say that it is energy independent and the most energy efficient country in the EU. It has achieved this through policy instruments such as carbon pricing, programs for energy labeling, and strict building codes. It has used feed-in tariffs and modernizing its electricity grid to achieve renewable energy gains. As a result of these efforts Denmark has achieved the following:

- Since 1990 the country's energy consumption has stayed constant and it has reduced its greenhouse gas emissions by 14 percent while growing its GDP by more than 40 percent;
- Approximately 17 percent of its energy and 30 percent of its electricity come from renewable resources, for which wind power is the largest source, followed by biomass;
- Rapid growth of its clean energy industries, with many Danish companies among the world leaders; and
- A clean energy technology industry that contributes to approximately 10 percent of the country's total exports.¹⁸

South Korea's Green New Deal

In 2005 the UN Economic and Social Commission for Asia and the Pacific (ESCAP) adopted a green growth strategy with four primary focuses that had been identified from practical experiences and global processes: sustainable consumption and production; greening business and markets; sustainable infrastructure; and green tax and budget reform. Investment in natural capital and eco-efficiency indicators were later added.¹⁹

A number of these recommendations were adopted by the Republic of Korea in the development of its green growth strategy. Korea's "Green New Deal", announced in 2009 (*after* the 2008 global financial crisis had occurred, helping to disprove that financial downturns are bad for sustainability and environmental planning), will involve spending the equivalent of \$38 billion USD over four years to encourage economic growth and create more than 956,000 jobs. This strategy plans to involve recycling, carbon reduction, energy conservation, flood prevention, river management and maintaining forest resources with the intent of creating jobs, minimizing suffering, and propelling a low-carbon growth engine.²⁰

Specifically, Korea's strategy "aims to (a) maintain productive economic activities while minimizing the use of energy and resources; (b) minimize environmental pressure in all uses of energy and resources; and (c) make investments in the environment a driver for economic growth." The third element strategically positions Korea to be an early player in emerging green industries.²¹

Urban Planning in Brazil²²

The city of Curitiba, Brazil, has taken an innovative approach to urban planning from as far back as the 1960s and has seen a number of benefits across the social, economic and environmental spheres. Despite growing its population from 361,000 in 1960 to 1.828 million in 2008, Curitiba has seen few of the typical negative drawbacks of population growth such as added congestion, increased pollution, and reduced public space.

Its innovative urban planning approaches include growing along radial axes; providing strong urban transit; planting trees and turning areas that are vulnerable to flooding into parks; creating artificial lakes to hold floodwaters; establishing the Curitiba Industrial City (CIC), an industrial park on the city's west side that takes into account wind direction to minimize pollution to the city; establishing strict environmental regulations, and placing a strong emphasis on waste management. As a result, the city has achieved the following:

- Increase of average green space per person from 1 km² to over 50 km²
- Highest rate (45%) of public transit use and one of the lowest rates of urban air pollution in Brazil;
- Lower fuel usage (by 30%) from Brazil's other major cities;
- Dramatically less fuel use and time lost from severe traffic congestion than other cities (13 times less fuel use and 11 times less time lost in comparison to Sao Paulo; 4 times less fuel use and 7 times less time lost in comparison to Rio de Janeiro);
- Significant cost savings and increases in property values and tax revenues due to effective flood control;
- Strong economic development from the CIC that has resulted in the creation of around 50,000 direct jobs and 150,000 indirect jobs as well as 20% of the state's exports; and
- Recycling rates of 13% compared to a 1% recycling rate in Sao Paulo.

¹ Visit the UN CSD's site at <http://www.uncsd2012.org> or Stakeholder Forum's Earth Summit 2012 site at <http://www.earthsummit2012.org/> for more information.

² United Nations General Assembly – ENV/DEV/1139 – Department of Public Information (2010). *Preparatory Committee for the UN Conference on Sustainable Development, 1st & 2nd Meetings (AM & PM): 17 May 2010*. Available from: <http://www.un.org/News/Press/docs/2010/envdev1139.doc.htm> [Accessed: 10 November 2010] (Found under "Opening Statements").

³ *Ibid.* (Found at paragraph 13).

⁴ *Ibid.* (Found under "General Statements").

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- ⁵ *Ibid.* (Found under “Session I, Part I”).
- ⁶ United Nations (2010). *Report of the Preparatory Committee for the United Nations Conference on Sustainable Development*, First session (17-19 May 2010). Available from: http://www.uncsd2012.org/files/other_pdfs/prepcom1/ACONF216PC5.pdf [Accessed: 25 October 2010], p.15.
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- ⁹ *Ibid.* p.17.
- ¹⁰ United Nations (2010). *Progress to date and remaining gaps in the implementation of the outcomes of the major summits in the area of sustainable development, as well as an analysis of the themes of the Conference*: Report of the Secretary-General (May 2010). Available from: http://www.as-newmedia.com/uncsd/files/PrepCom_One_Doc_on_GECSDPE_and_IFSD.pdf [Accessed: 25 October 2010], p. 15.
- ¹¹ *Ibid.* pps. 15-16.
- ¹² Stakeholder Forum. *Introductory Briefing Note: The Green Economy*. Available from: <http://www.stakeholderforum.org/fileadmin/files/Introductory%20Briefing%20Note%20Green%20Economy%20FINAL.pdf>. [Accessed: October 13, 2010].
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- ¹⁷ OECD – Organisation for Economic Co-operation and Development (2010). *Interim Report of the Green Growth Strategy: Implementing our Commitment for a Sustainable Future*. Available at: http://www.oecd.org/document/3/0,3343,en_2649_37465_45196035_1_1_1_1.00.html [Accessed October 25, 2010].
- ¹⁸ Example taken from EESI – Environmental and Energy Study Institute (2009). *On the Road to Copenhagen: Telling Denmark’s Story, a briefing held on November 24, 2009, by the Environmental and Energy Study Institute (EESI) and the Embassy of Denmark*. Available at: <http://www.eesi.org/road-copenhagen-telling-denmark%E2%80%99s-story-24-nov-2009> [Accessed October 25, 2010].
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