

Green Economy – a way to accelerate MDG achievement?

**Poverty Environment
Partnership Meeting**

Lilongwe, 3rd March 2010

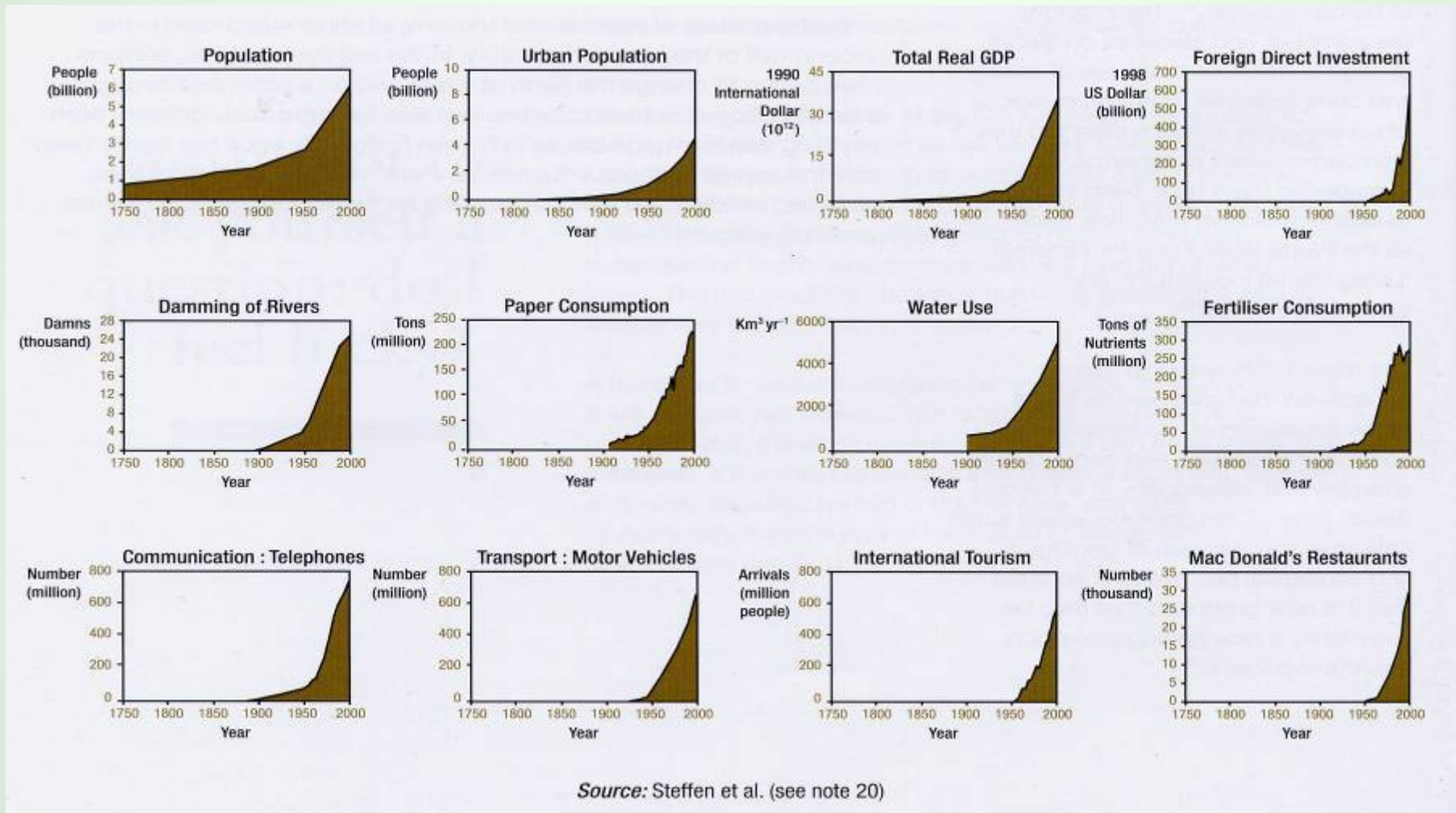
**Steve Bass, Senior Fellow,
IIED**



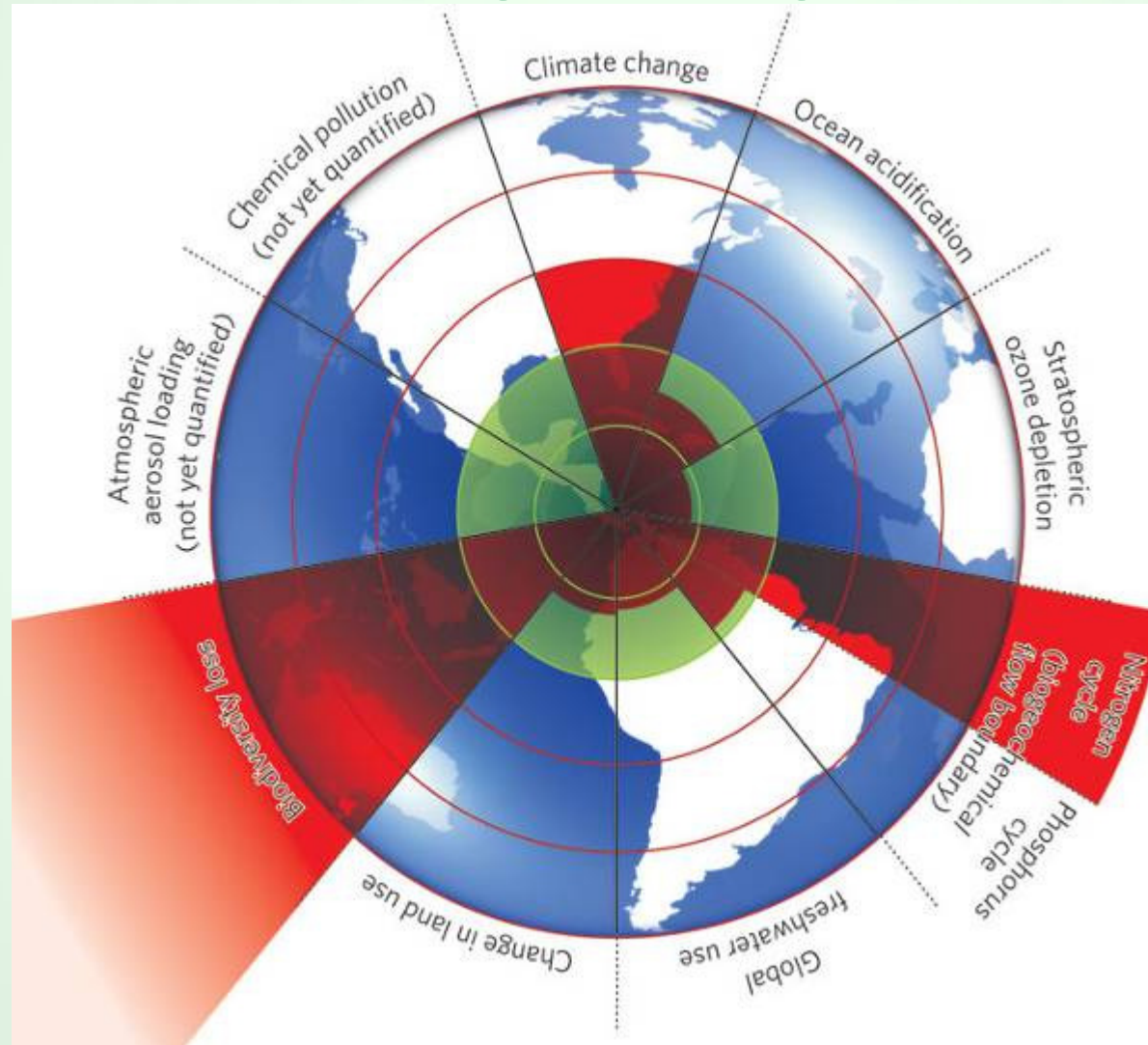
*“As we proceed through this PEP meeting,
the words ‘green economy’ are going to
become very important”*

Secretary, Ministry of Development Planning and
Cooperation, Gov of Malawi, 1st March 2010

Rapidly growing economic activity....



... is breaching ecological limits



The env foundations of MDGs are insecure

- 1: Eradicate poverty and hunger – **sustainable NRM...**
- 2: Universal primary education – **sanitation / water / fuelwood**
- 3: Gender equality and empower women – **NR access / IAPoll**
- 4: Reduce child mortality – **sanitation / water / IAPollution**
- 5: Improve maternal health – **water / fuelwood / IAPollution**
- 6: Combat major diseases – **wat-san / biodiversity / climate**
- 7: Ensure env sustainability – **env info / rights / accountability**
- 8: Global partnership – **manage global public goods (BD, CC)**

Green economy – recent answer to many problems?

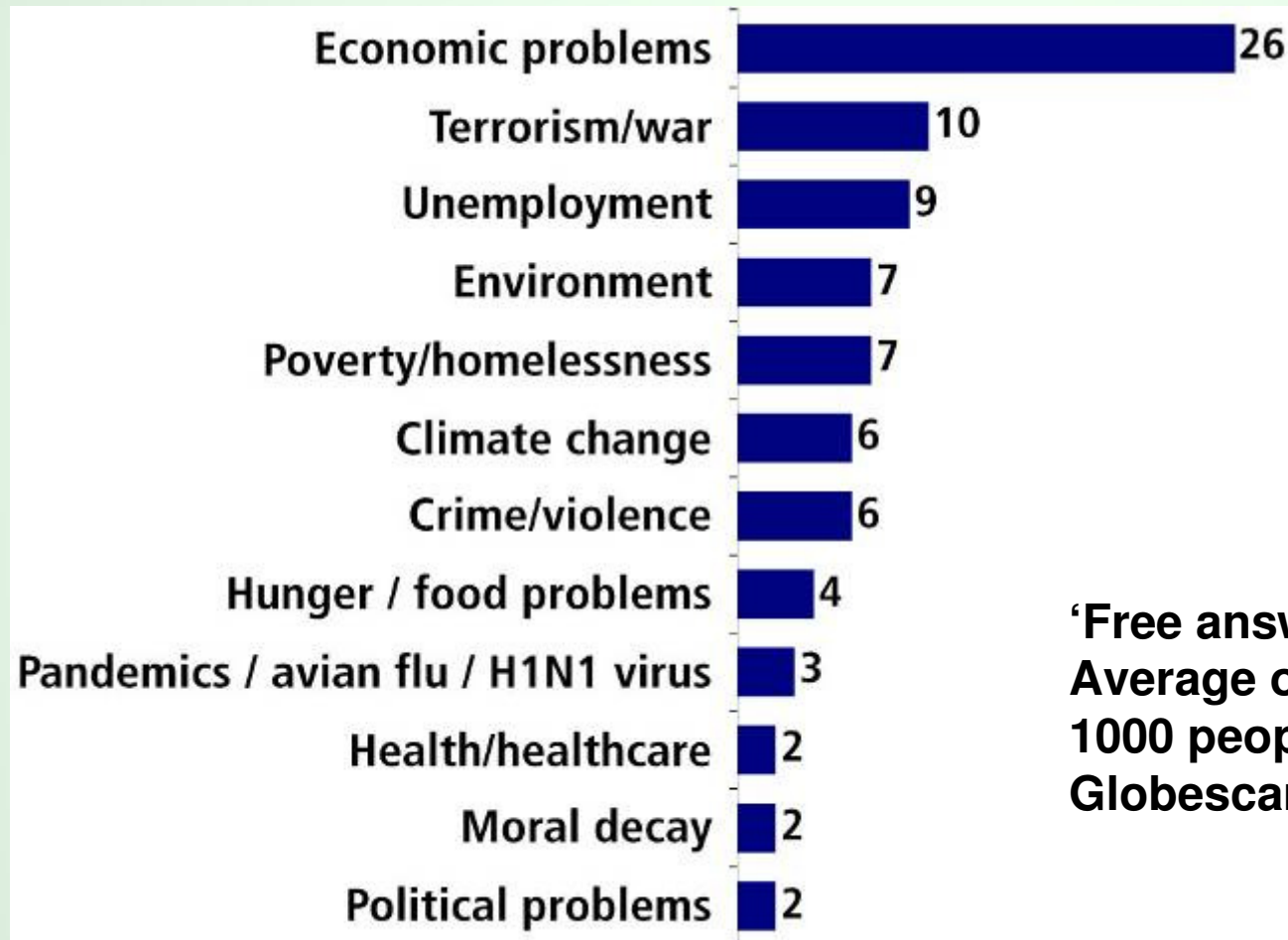
1. *Climate change is the problem; after Copenhagen, **green economy** is the answer (Sukhdev/UNEP)*
2. *Further economic collapse is the problem; **green growth** is the answer (OECD, G20 stimulus)*
3. *Lack of decent employment & dying industry is the problem; **green jobs** are already the answer (ILO)*
4. *Debt-fuelled consumption growth is the problem; **'one planet economy'** is the answer (WWF)*

Green economy – some worries

Green economy could turn out to be:

- *'Greenwash'*
- *'A diversion from solving the real problems'*
- *'A new green conditionality'*
- *'A new consensus of the powerful, excluding many'*
- **Need to assess potential GE solutions and worries**
- ***The invisible hand of the market is not enough; it needs the guiding hand of society (Adam Smith)***

Public concern about the economy



WS_G1t

**‘Free answer’ unprompted.
Average of 23 countries –
1000 people per country –
Globescan/IIED 2009**

Five themes dominate recent GE action

1. **Low-carbon** energy, transport, infrastructure
2. **OECD/G20** recovery packages and investment
3. **Big banks/companies** (regulations, clean-up, expanding green markets, CSR)
4. **Intergovernmental strategies, studies, guidance, toolboxes** (OECD, UNEP, UNDP, ILO, EC....)
5. **NGO/think-tank** visions and wellbeing measures
= *Green growth/development/economy/new deal...*

Five more GE themes for attention?

1. **Green govt procurement** (govt purchases = 27% of the global market...)
2. **Cut env-degrading subsidies** (fossil fuel and farm)
3. **Recapitalise the NR base** – ‘green infrastructure’
4. **Long-term investment mechanisms** e.g. green bonds and social stock exchanges
5. **Informal economy, social enterprise and civil society action** – building local resilience

Local 'glimpses' of green economy

- Micro-finance for solar, Bangladesh



- Organopónicos, Cuba



- The Plant Oil Stove
Indonesia



- Eco-sanitary pads Rwanda



Informal economy – as part of GE

- **Informal economy** = <60% economic activity, flexible, innovative, resilient in tough times
- **Communities** - \$2.5B annual investment by forest communities in sustainable forestry...
- **Social enterprise** – solar, cookstoves, footpumps, community toilets, etc <50% cost + other benefits

Can reduce need for govt social security provisions

But low tax revenue, illegality...

➤ *Key step: get the enabling conditions right*

Effective governance of green economy: possible core objectives?

1. **Economic resilience**
 2. **Biosphere protection**
 3. **Equity and social justice**
- **... and accountability for 1-3 above**

(Green Economy Coalition)

Much thinking to build on!

- Limits to growth: scenarios (Meadows) 1960s
 - Questioning consumption: $I = PAT$ (Ehrlich) 1970s
 - Sustainable development: integration (Brundtland) 1989
 - Green economic policy: 'Blueprint' (Pearce) 1989
 - Economics of climate change (Stern) 2006
 - Economics of ecosystems and biodiversity (TEEB) 2009+
 - Prosperity without Growth (Jackson) 2009
 - Beyond GDP: wellbeing (Daly) 1989; GDP of the Poor (Sukhdev) 2005; Sarkozy Commission 2009
 - ... plus traditional societies' holistic and cyclical systems
- *Key step: marshall this experience and materials*

Some questions for PEP meeting

1. What are **LIC perspectives** on green economy?
 - what kinds of green economy do LICs want?
 - what 'glimpses' of green economy already exist?
 - how to make international GE initiatives helpful?
 - what do LIC govts need to do?
2. What should **development assistance** do?
 - Can PEP improve policy uncertainty/inconsistency?