



Part I

Conceptual and Institutional Framework for Action





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Urban and peri-urban agriculture to improve nutrition and livelihoods of poor families, Venezuela.

Chapter 1:

The green economy as concept

1.1 Green economy: Origins and definition

In the 20 years since the term “green economy” was first coined, interest in green economic principles and actions has evolved and intensified. As of 2008 the global market and financial crisis triggered calls in the global policy arena for a Global Green New Deal (GGND). This was the focus of a report commissioned by the United Nations Environment Programme (UNEP) in 2009.⁸ Implementation of green economic principles was described as a long-term strategy for moving national economies out of crisis. The GGND set out three concrete objectives: (i) economic recovery; (ii) poverty reduction; and (iii) reduced carbon emissions and ecosystem degradation. The document proposed a framework for green stimulus programmes as well as supportive domestic and international policies, including support to least developed countries.

Despite continuing concern over global economic and environmental developments in many countries, the pace of the implementation of green stimulus packages and green investments in critical sectors, such as public transport, remains painstakingly slow. United Nations entities are thus called upon to identify concrete opportunities for green economic development, as well as the positive and proactive role that the United Nations can play in facilitating such development.

At the visionary level, UNEP (2011) considers the green economy as: “An economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.”

At the operational level, the green economy is seen as one whose growth in income and employment is driven by investments that:

- Reduce carbon emissions and pollution
- Enhance energy and resource efficiency
- Prevent the loss of biodiversity and ecosystem services.

These include investments in human and social capital, and recognize the central position of human well-being and social equity as core goals promoted by growth in income and employment. By definition, green economic objectives need to be aligned with the sustainable development agenda, highlighting a concern with the balance of risks and scarcities faced by peoples across the globe. Affirming sustainable development as overall or end goal, the green economy also represents an attempt to mobilize more action-oriented, mainstream and bottom-up pathways to sustainable development. The approach is based on sound economic analysis of current trends, risks and opportunities as well as on taking stock of national experiences in applying more integrated policy tools effectively.

⁸ The report was authored by Professor Edward B. Barbier, who in the 1980s co-authored along with David Pearce and Anil Markandya the ground-breaking report “Blueprint for a Green Economy” (Earthscan 1989) for the United Kingdom of Great Britain and Northern Ireland Government. See Barbier (2009) and UNEP (2009).

1.2 Sustainable development and its objectives

“Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.” - Principle 1 of the Rio Declaration on Environment and Development, at the United Nations Conference on Environment and Development (UNCED 1992).

The concept of sustainable development was thrust onto the global stage by the Brundtland Commission in *Our Common Future - Report of the World Commission on Environment and Development* (1987) and defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

The report’s framing of the concept of sustainable development twinned environmental action with poverty reduction, and helped set the stage for the 1992 Earth Summit and Rio Declaration. The concept recognized the value of the environment, extended the time horizon and emphasized the role of equity. The Commission (1987: 43) noted that sustainable development embodies two key themes:

- The idea of needs, in particular, the essential needs of the world’s poor, to which overriding priority should be given
- The idea of limitations imposed by the state of technology and social organization on the environment’s ability to meet present and future needs.

Mindful of the message from the *Limits to Growth* (1972) report by the Club of Rome in the 1970s, the Commission recognized that limits are not always absolute but also reflect states of technology and

organization, which in turn impact on the ability of our biosphere to absorb the effects of human activities. In addition, environmental impact is determined by the sheer size of populations as well as by their geographic distribution, living standards and consumption patterns. Projected population growth will raise the stakes in poverty reduction efforts, pushing higher consumption and production levels, and absent appropriate policies will further increase pressure on resources.

The likely growth of the world population from 7 billion today to over 9 billion by mid-century requires a considerable increase in economic output to ensure food security, reduce poverty, raise living standards and create full, productive and remunerative employment for all. Demographic change not only heightens the need for an alternative economic paradigm, but also calls for policies to address population dynamics within a human rights-based framework that serves to empower, among others, women and girls.⁹

As governments today seek ways to lead their national economies out of financial and economic crisis, the revival of growth, and the optimal nature or quality of such growth, remain topics of intense debate. This is reflected in the findings of the Commission on the Measurement of Economic Performance and Social Progress, chaired by Joseph Stiglitz (2009), which examined the need to move beyond the common yardstick of Gross Domestic Product (GDP).

Meeting essential needs remains critical, as measured by progress in achieving the MDGs. At the same time, persistent gaps in the health and growth of developing regions remain. These raise perturbing questions in terms of how the world can best address resource scarcity, including through more equitable and efficient

⁹ Cf. historical messages in this respect from the International Conference on Population and Development (ICPD) of 1994 (www.un.org/ecosocdev/geninfo/populatin/icpd.htm) and the World Summit for Social Development (WSSD) of 1995 (<http://social.un.org/index/Home/WSSD1995.aspx>).

exploitation and sharing of resources. The concept of the green economy addresses this challenge with a substantively new and different approach. It aims to deepen our understanding of, and support for, risk-assessment and decision-making that more effectively merge environment and economics.

Against this historical context, and with the above more action-oriented components in mind, the green economy describes an action-oriented pathway taken by any country, region or the global community to implement sustainable development policies – whose ultimate aim is human health, well-being and productivity, in the spirit of Principle 1 of the Rio Declaration.

1.3 Mandates and goals in the context of the green economy

The United Nations System includes more than 30 agencies, programmes, regional commissions and funds covering different aspects of sustainable development – from humanitarian-, to business- and trade-related. Most of these activities interface, often on a day-to-day basis, with the national economic realities, priorities and decisions of its member states.

Considering the ways the United Nations work can support the greening of national economies in concrete and practical terms is a natural outgrowth, then, of all of the other aforementioned United Nations resolutions and initiatives, not to mention the specific goals and objectives embraced by individual member institutions. Some of these key linkages (between institutional mission and green economic principles or objectives) are outlined thematically in the sections below.

The discussion above noted the concepts of human well-being, needs, social equity, future generations, risks and scarcities.

Showing means of addressing these, reference has been made to economic development (growth, jobs), resources (food, energy, water), human development (health, education), infrastructure, technology and behavioural patterns (both in consumption and production). Consideration of human well-being and poverty, human needs and equity raises the goals of human development, health and education.

1.3.1 Human development, health and education

In the twentieth anniversary edition of its Human Development Report series, the United Nations Development Programme (UNDP) affirmed its definition of “human development” as follows:

- Human development is the expansion of people’s freedoms to live long, healthy and creative lives; to advance other goals they have reason to value; and to engage actively in shaping development equitably and sustainably on a shared planet (UNDP 2010a).

The United Nations Development Programme has added that people are both the beneficiaries and the drivers of human development, as individuals and groups. The report sees as critical to advancing and sustaining progress in human development the identification of principles for how governments can promote sustainability, equity and empowerments that are mutually reinforcing. The report also identifies the critical role investment in health and education – promoting gender equity – and development cooperation in these areas have played over the past four decades in advancing human development even where growth has faltered.

The advancement of health is integral to human development. As stated by the World Health Organization (WHO) charter, “health is a state of complete physical, mental

and social well-being, and not merely the absence of disease.” Not only is health improved with advances in human development, but improved health promotes human development insofar as a healthy population is more productive overall.

Environmental degradation and ecosystem disruption also takes a human health toll by contributing to the emergence of new diseases and resurgence of known contagious diseases.¹⁰ There is thus mounting evidence that green economic activity can have many clear and quantifiable global health benefits – reducing the burden of disease overall and particularly among the poorest and the most vulnerable.

Equity is an essential building block to a more holistic concept of health – one which addresses the root environmental causes of disease with preventive actions that also support sustainable development. The World Health Organization states that “health development” is directed by the ethical principle of equity: Access to life-saving or health-promoting interventions should not be denied for unfair reasons, including those with economic or social roots.¹¹ This reflects the rights-based approach promoted by the United Nations High Commissioner for Human Rights. Commitment to the principle of equity ensures that WHO activities aimed at health development give priority to health outcomes in poor, disadvantaged or vulnerable groups.

For the United Nations Educational, Scientific and Cultural Organization (UNESCO), the equity principle drives the organization’s work to provide equal

access to “Education For All”. Exclusion and inequalities linked to wealth, gender, ethnicity, language, location and disability are holding back progress to human development, particularly in least developed countries. Incentives are also needed to get more girls into school and to retain them in school, particularly in developing countries where gender parity has still not been achieved at all levels of education.¹²

1.3.2 Decent work and green jobs

Initiatives to address employment and the quality of working conditions highlight the goal of decent work as promoted by the International Labour Organization (ILO). The ILO Director General’s Report to the International Labour Conference in 1999 provided an early definition of what is meant by the concept of “decent work”:

- Productive work under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage are provided (ILO 1999).

Since then, the ILO has attributed the following characteristics to decent work:

- It is productive and secure work; ensures respect of labour rights; provides an adequate income; offers social protection; and includes social dialogue, union freedom, collective bargaining and participation.

10 Currently, WHO (2009) estimates that approximately 25 per cent of all deaths and disease globally are due to environmental pollution, including urban outdoor pollution; indoor smoke from the burning of solid fuels and biomass in poor countries; unsafe water, sanitation and hygiene; chemical exposure; and climate change itself. Most of this burden of disease is borne by poor countries (cf Pruss-Ustun 2005).

11 See <http://www.who.int/about/agenda/en/index.html>

12 Encouraging young people, particularly young women, to become scientists and engineers is critical in the green economic transition. For example, an estimated 2.5 million new engineers and technicians will be needed in sub-Saharan Africa alone to achieve improved access to clean water and sanitation (see UNESCO, 2010).

Collaboration between UNEP and ILO in follow-up to the World Summit on Sustainable Development (WSSD) has led to a work stream focused on green jobs. The Labour and Environment Assembly (WILL 2006), hosted by UNEP and ILO with the International Trade Union Confederation and International Employers Organization paved the way for new research that resulted in publication of the Green Jobs Report in 2008. The report defined “green jobs” as:

- work in agricultural, manufacturing, research and development, administrative, and service activities that contribute substantially to preserving or restoring environmental quality.

In a more recent analysis, the ILO Institute for Labour Studies has produced a refined definition:

- Green jobs are those jobs maintained or created in the transition process towards a green economy that are either provided by low-carbon intensive industries (enterprises) or by industries (enterprises) whose primary output function is to green the economy (IILS 2011).

The Green Jobs report of 2008 recognized that there are “shades of green”, considering, for example, ripple effects that impact the provision of support services and that create jobs that are indirectly green. Greening holds the prospect of, among others, improving the health of the workforce and creating jobs in the environmental and pollution abatement sectors. Greener economic development can also help reduce and avoid occupational and environmental diseases and injuries that seriously hinder workforce productivity both in industrialized and agricultural economies. Acknowledging the fact that different industries, old and new, are likely to go through their unique transitions, the report identified different

ways in which employment is likely to be affected as economies become green and oriented toward greater sustainability. This reflected the facts that new jobs will be created, some substituted, some eliminated and some transformed. Faced with this scenario, calls have emerged for a fair and just transition in which those harmed by change are adequately assisted and newly created opportunities are shared by specific groups of workers, social constituencies and communities. Social dialogue is a critical component of the just transition, especially in the workplace. This entails an important role for joint labour–management committees and similar bodies.

A key message from the 2008 report was that green jobs need to reflect decent work – productive jobs under conditions of freedom, equity, security and dignity in which rights are protected and adequate remuneration and social coverage are provided. Evidence shows, however, that green jobs do not automatically constitute decent work, depending on how “green” is defined. Some of these jobs may be dirty, dangerous and difficult and do not qualify as green if the concept also embodies labour standards. The dismantling and recycling of electronic parts by workers under conditions that do not meet recognized occupational health and safety standards, for example, would not qualify as green.

Developing the workforce for transformed or new green jobs requires a new set of skills and knowledge different from those promoted in the past. This requires reorienting current formal and non-formal education at all levels to mainstream sustainable development issues, as promoted by UNESCO as the lead agency for the Decade on Education for Sustainable Development. It also requires technical and vocational education and training to train and retrain the existing workforce.

1.3.3 Green industry, goods, services and their sustainable trade

The United Nations Industrial Development Organization (UNIDO) has for years sought to promote sustainable industrial development and the goal of producing more with less as captured by the Brundtland Commission in its analysis of industry in the 1980s. In its mission statement, UNIDO states that it aspires to reduce poverty through sustainable industrial development, adding, “We want every country to have the opportunity to grow a flourishing productive sector, to increase their participation in international trade and to safeguard their environment.”

The UNIDO statement highlights the concepts of growth, productivity, trade liberalization and environmental care. This includes trade as a facilitator for greening markets across the world. The preamble to the 1994 Marrakech Agreement that established the World Trade Organization recognizes sustainable development as well as the protection and preservation of the environment as fundamental goals of the organization. The WTO provides a framework of disciplines to facilitate global trade and serves as a forum to negotiate further trade openness. Freer trade is not an end in itself. It is tied to crucially important human values and welfare goals captured in the WTO founding charter. Among these goals are raising living standards, ensuring full employment, using the world’s resources sustainably and protecting the environment.

The WTO members thus established a clear and explicit link between sustainable development and disciplined trade liberalization in order to ensure that the opening of markets goes hand-in-hand with environmental and social objectives. Ministers also addressed this topic in the 1994 Decision on Trade and Environment. They acknowledged the Rio legacy and expressed the view that there should not

be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable multilateral trading system on the one hand, and acting for the protection of the environment and the promotion of sustainable development on the other.

In recent years, Asian interest in the concept of green growth has led UNIDO to sharpen its focus on green industry, and to describe green industry as having a two-pronged agenda:

- To assist existing and emerging industries to reduce their energy, water and materials consumption and to reduce their emissions to water, air and land in an agenda for the greening of industries meant to ensure that all industries produce more while using fewer resources and generating fewer emissions, year after year, as a continuous improvement process over time
- To establish a vibrant and innovative environmental goods and services sector that includes providers of waste management and recycling techniques and services, producers of environmental technologies, providers of energy efficiency and renewable energy techniques and suppliers of environmental monitoring services (Yumkella 2010).

The UNIDO agenda raises the distinction between brown and green sectors, between the greening of existing goods and services and the development of new markets in goods and services that are explicitly green and labelling as such. The earlier work by UNEP and ILO on green jobs and more recent work on green economy recognizes the reality of greening as a process. It includes practices and goods that are not green by definition, but part of greening as an ongoing process of progressively making improvements in reducing pollution and in using natural resources more efficiently.

This approach is complemented by the work of United Nations agencies such as the International Civil Aviation Organization, the International Maritime Organization or the International Telecommunication Union (ITU), which are engaging specific sectors and industries to promote innovation, improve their environmental footprint and help the greening of other sectors. For instance, the development of new green technology standards in the areas of information and communication technologies, smart grids or intelligent transport systems is laying foundations for a low carbon future.

The green economy suggests an economic system that is dominated by investing in, producing, trading, distributing and consuming not only environmentally friendly but also environmentally enhancing goods and services.¹³ In this sense, green conditions should no longer be seen as constraints on an economy but rather as forces that generate new economic opportunities. This is about expanding and reshaping, not reducing, the scope for economic development and poverty reduction.

1.3.4 Green growth¹⁴

Concepts similar to green economy that have been promoted in recent years, particularly in Asia, include that of green growth and the circular economy. The use of the word “growth” suggests the particular importance many countries attach to the quantitative expansion of their economies to accommodate the growing population and rising development aspirations. According to the United Nations Economic Commission for Asia and Pacific (UN-ESCAP and others

2010), “green growth” refers to, “economic progress that fosters environmentally sustainable, low-carbon and socially inclusive development.”¹⁵

There are three things to note here. First, “growth” as used in this concept is not the same as output growth, which is the standard meaning of growth in economics. Rather, it is elevated to cover economic progress. Second, “green” appears to be equal to environmentally sustainable, which refers to using natural resources efficiently and respecting the carrying capacity of ecological systems. Third, low-carbon and social inclusion are the objectives of green growth.

According to the Organisation for Economic Co-operation and Development (OECD 2011a), “green growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies.”¹⁶

Applying holistic and life cycle principles at the national level, the concept of the circular economy, written into legislation in China, refers to an economy that reduces the consumption of resources and the generation of wastes, and reuses and recycles wastes throughout the production, distribution and consumption processes. This resonates with the 3R concept as promoted for instance in Japan, signaling a waste mitigation hierarchy of reduce, re-use and re-cycle. Investment in resource-efficient technologies and preventative waste management are expected to generate new sources of income and jobs, building a resource-efficient society.

¹³ The term “environmentally friendly” refers to causing no harm to the environment, such as low-impact logging. The term “environmentally enhancing” refers to strengthening ecosystem functions such as the restoration of degraded land.

¹⁴ Partly drawn from Sheng (2009).

¹⁵ See also UNESCAP Environment and Development Division, Green Growth website <http://www.greengrowth.org/>

¹⁶ The OECD has argued that green growth means improving health prospects for populations and strengthening energy security through less dependence on imported fossil fuels, adding that investment in the environment becomes a driver for economic growth. See www.oecd.org/document/41/0,3746,en_2649_34893_43783465_1_1_1_1,00.html

The relationship between human well-being and the amount and type of available goods and services for consumption is left for individuals, households and other economic agents to determine. Traditional economic models of the relationship assume that more is better. Today, this assumption is questioned by the drive for resource efficiency, sustainable lifestyles and the call for more with less. The concept of the sufficiency economy promoted in Thailand builds on similar principles taken from Buddhist teachings.

References to movement from the waste or throw-away society to the resource-efficient society raise the question of sustainable consumption and sustainable lifestyles. This poses again the ideas of needs and limitations as highlighted by the Brundtland Commission in defining sustainable development. Sustainable consumption and a healthy, green lifestyle have different meanings in different communities, rich and poor, and different national conditions within which United Nations agencies operate worldwide. This has been reflected in Roundtables on Sustainable Consumption and Production convened in follow up to WSSD as part of the Marrakech Process overseen by the United Nations Department of Economic and Social Affairs and UNEP.

1.3.5 Sustainable consumption and production

At the 2002 WSSD summit hosted in Africa, countries agreed that, “Poverty eradication, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of, and essential requirements for, sustainable development.”¹⁷

The Johannesburg Plan of Implementation (JPOI) dedicated full chapters to the themes of poverty, health, the natural resource base (cf. ecosystem services as defined by the Millennium Ecosystem Assessment¹⁸) and unsustainable patterns of consumption and production. Recognizing that consumption patterns often undermine progress made in improving resource efficiency in production, the text put the term “consumption” ahead of the term “production” and used the concept sustainable consumption and production (SCP). This also sought to recognize the interrelation between production and consumption, between supply and demand and the need to move from a tendency to treat these aspects in isolation from each other. The JPOI described SCP as a shift:

To promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, delinking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes and reducing resource degradation, pollution and waste.¹⁹

17 Johannesburg Plan of Implementation (2002), paragraph 2, available at: www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POIToc.htm

18 The UN Convention on Biological Diversity determines ecosystems as a component of biological diversity. Accordingly, the Millennium Ecosystem Assessment (MA 2005) identified an ecosystem as “a dynamic complex of plant, animal, and microorganism communities and the non-living environment interacting as a functional unit.” The main contribution of the MA was the elaboration of the concept of “ecosystem services”, which it defined simply as “the benefits people receive from ecosystems.”

19 Johannesburg Plan of Implementation (2002), paragraph 15.

Importantly, the above raises the idea of decoupling of economic growth from resource use and environmental degradation. It highlights key elements of SCP, namely:

- The promotion of social development and economic development and growth, but growth that is within the carrying capacity of ecosystems and decoupled from environmental degradation
- Increased resource efficiency and cleaner technologies, reducing material use and eliminating waste and pollution.

Sustainable lifestyles and consumption patterns are key agenda items addressed by United Nations agencies such as WHO, UNEP, UNDP, the World Food Programme, ITU and UN-HABITAT insofar as they are closely related both to trends in health and quality of life as well as to human and sustainable development overall. Integral to cleaner production are economic concepts such as eco-efficiency; using less material; costing for environmental externalities (the polluter pays); and payments for ecosystem services, as well as the principle of precaution. These principles have been promoted in work with industry by UNEP, UNIDO, the International Finance Corporation and others since the 1980s.

The words “production” and “consumption” point to activities at the level of organization, company, household and individual consumer. These microeconomic dimensions have been addressed by a range of environmental policies implemented by governments. The green economy as work area focuses on macroeconomic analysis of the trends that result from these activities, and how economic and other policies pursued by governments can influence these to scale

up progress towards sustainable development. The green economy and SCP can therefore best be described as two sides of the same coin, covering macro and micro interventions that require changes in policy and regulatory instruments, investment and business operations, as well as behavioural change in society.

1.4 The five capitals as enablers

The United Nations Environment Programme (UNEP 2011) has highlighted that a green economy is expected to deliver three types of outcomes. They are (i) new sources of income and jobs; (ii) low carbon emissions, reduced use of resources and reduced generation of waste and pollution; and (iii) contributions to broader societal goals of sustainable development, social equity and poverty reduction. The optimal contribution of a green economy to social goals is, however, not automatic. Specific policies and institutions must be attached to green economy activities. These include effective education and training programmes, instruments that send appropriate price signals and incentives, as well as supportive trade and investment agreements.

This tie-in of goals and impacts in the economic, social and environmental domains raises the role of catalysts and incentives to improve integration across the three pillars of sustainable development. It is a challenge that affects all agencies in the delivery of their mandates. This chapter has given an overview of how agencies define the green economy and related concepts such as human development, health and education, SCP, green jobs, green industry and green growth. It has highlighted how different agency mandates lead to differences in approach ranging from humanitarian concerns to a focus on the economic case.

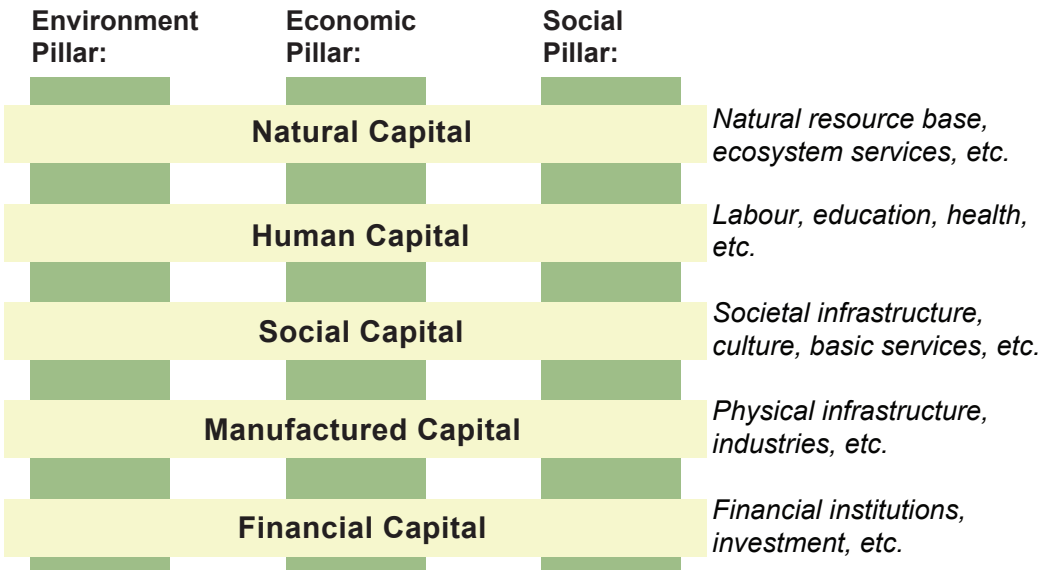
Comparing the core concepts and goals of what sustainable development sets out as a vision, the question follows: What is really different in approach when activities are initiated under the heading of green economy? One shortcoming of the way in which sustainable development has been operationalized over the last two decades has been the tendency to operate activities under the so-called three pillars in isolation from each other. The world's approach to dealing with the three pillars of sustainable development has led many to juxtapose these rather than to integrate them. New thinking related to the green economy seeks to address this, highlighting that what really matters is not the arithmetic among the three pillars (added or subtracted as convenient) but rather the algebra among them (how the variables relate and affect one another in context, how they combine towards the equation of sustainable development).

Seeking to improve the effectiveness and scale up the impact of activities for sustainable development, approaches such as that of the green economy focus on enablers that cut across the three pillars of environment, economic and social development. These enablers refer to resources or different types of capital that are employed to advance implementation of sustainable development and deliver results in its three principle domains. This more integrated approach does not require any change to the established definition of sustainable development.

Nor does it seek to substitute the three pillars. Rather, it requires attention to the way in which the relationship among the three pillars is conceptualized and how as a result resources or capital are allocated in decision-making with an integrated perspective that cuts across the three principle domains.

This approach has special interest in using indicators that integrate environmental, economic and social dimensions. It focuses on environment as a driver for economic growth, and ecosystem services that can be valued in economic terms. Using the idea of five capitals as enablers that cut across the three pillars of sustainable development, the approach can be presented schematically as shown in Figure 1.

Figure 1 signals core work areas for many United Nations agencies, programmes and regional commissions, including mandates related to environment, labour, education, health, industrial development and investment. The positioning of five capitals that enable results in the domains of environmental, economic and social development signals an action-oriented approach. It reflects a new approach in which the green economy is about mainstreaming across the three pillars and an action-oriented pathway for achieving sustainable development. It requires new forms of integrative collaboration and joint management among different United Nations agencies as well as among different ministries within governments.

Figure 1. Drivers for green growth

Note: Five “enablers” that cut across the three pillars of sustainable development to deliver “results” in each of the environmental, economic and social domains.

In a green economy, natural capital – comprising the biosphere as a whole, including biodiversity and ecosystems – is an enabler of economic growth and human well-being. Rather than being seen as a passive receptor of wastes and pollution generated by economic activity or as one of many substitutable factors of production, the environment in a green economy is seen as a determining factor of economic production, innovation, value creation, stability and long-term prosperity.²⁰

The green economy model seeks a more balanced portfolio of investment of social, human, natural, financial and physical capital. It recognizes the value of markets, but is not tied to markets as the sole or best solution to all problems. It better includes and uses the productive power of natural capital, especially in devising livelihood solutions for those living in poverty and who depend on nature for a large part of their livelihood. Since the poor are most dependent on the natural resource base for their livelihoods and least able to shield themselves from a degraded environment, movement towards a green economy is seen as a means of promoting equitable and inclusive growth.

²⁰ The Millennium Ecosystem Assessment (MA) shows how ecosystems and their services contribute to human well-being. For the full MA series of reports published under United Nations auspices from 2001 onwards, visit: www.maweb.org/en/Reports.aspx#



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UN official clearing a spot for tree planting at a school in Ogoniland, Nigeria.

Chapter 2: Institutional support from the global to local level

2.1 Introduction

The United Nations system, as the most inclusive multilateral framework for policy and action, has an essential role to play in supporting efforts to pursue sustainable development, including efforts through the avenue of a green economy. Relevant experience and a range of programmes are in place that can be further developed and tailored to the green economy approach with local needs and relevant context in mind. Being vertically integrated, the United Nations is present at global, regional, national and in some cases also at local levels. The United Nations can play a role in generating a shared analytical methodology and framework to assess investment, policies and measures in support of a green economy transformation and improved pathways to sustainable development.

The same applies to the Bretton Woods family of institutions and multilateral development banks at the regional level. United Nations agencies, multilateral finance institutions and other international agencies are all challenged to find the appropriate combination of top-down and bottom-up initiatives. Programmatic action at country and regional levels can for example be used to provide tailored and coherent responses through a locally driven, bottom-up approach and possible tools defined by national and local stakeholders. This chapter provides a brief overview of the relevant presence of the United Nations and multilateral finance institutions at different levels of action, ready to support national green economy transitions in different parts of the world.

2.2 Supportive action by the United Nations system globally

The United Nations collectively raises awareness on key issues at the global level through international summits and conferences such as the legacy of key events on sustainable development, notably the United Nations Conference on Environment and Development (UNCED 1992), the World Summit on Sustainable Development (WSSD 2002) and the United Nations Conference on Sustainable Development (Rio+20 2012). Noteworthy because of their focus on sustainable development are the three Rio Conventions agreed in 1992, namely the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD).

The United Nations provides the platform for agreeing on principles, norms and standards in treaties relating to, among others, human rights, labour, environment, climate change and anti-corruption. United Nations agencies, programmes, funds and regional commissions collaborate also with non-governmental actors in these areas, including the private sector as is done through initiatives such as the United Nations Global Compact of the United Nations Secretary-General. The normative function at the global level will be key to ensuring that a green economy is framed in the context of sustainable development and poverty eradication, employing relevant norms and standards that truly serve to make sustainable development a reality in markets and societies worldwide. In this regard,

expertise is being mobilized through such inter-agency mechanisms as the High-Level Committee on Programming, the Environment Management Group, UN-Energy, UN-Water and UN-Oceans and the United Nations Development Group (UNDG), which also pools together resources needed to support the United Nations Country Teams (UNCTs) in their respective regions. These mechanisms aim at enhancing system-wide coherence of agendas and issues in various contexts ranging from the MDG Summit to Conferences of the Parties.

In line with conference outcomes and international agreements, the United Nations System provides support to Member States in meeting their sustainable development goals. Coming together around the MDGs, the United Nations System has contributed substantively to the strengthening of particularly the social pillar. The comprehensive plan of action called “Agenda 21”, adopted at the UNCED 1992 and reinforced at the WSSD 2002, is being implemented globally, nationally and locally by various organizations of the United Nations System, governments, and Major Groups.²¹ This is reflected in the agenda of almost all United Nations entities as documented in the “Note on Environment in the United Nations system”²² prepared by EMG members in 2011.

What has yet to happen on a greater scale is stronger focus on socio-economic aspects and the integration or convergence among the pillars of sustainable development as

noted by the United Nations Secretary-General (2010) in his report to the first PrepCom held for the UNCSD (Rio+20).²³ The opportunity offered by Rio+20, with green economy in the context of sustainable development and poverty reduction as a core theme, is the chance to advance the application of a range of economic instruments to impact investment choices and consumer behaviour to ensure such integration and transformation of national development takes place.

This sense of opportunity is reflected in the joint statement “Green Economy: A Transformation to Address Multiple Crises” that 22 heads of agencies from the United Nations, the World Bank and WTO issued in June 2009.²⁴ It offers a common perspective from multilateral institutions on how, inter alia, actions such as green investment, financial support, fiscal reform, phasing out perverse subsidies, trade liberalization, education, green jobs, capacity development and integrated environmental-economic accounting can help countries onto a greener and more inclusive development path.

Today, agencies need to explore new ways of pursuing these actions through initiatives such as the Green Economy Initiative and related programmes of international agencies from the global to local level. These can complement initiatives by different Major Groups from the non-governmental world, including the Green Economy Coalition and the Vision 2050 initiative of the World Business Council for Sustainable Development.

21 For the full text of Agenda 21 online, visit www.un.org/esa/dsd/agenda21/.

22 The text is available as Information Document UNEP/GC.26/INF/23 prepared for the 26th Session of the UNEP Governing Council <http://www.unep.org/gc/gc26/information-docs.asp>, February 2011. The note was developed with input from all EMG members.

23 The report warns that “the overall picture is one of divergence” and adds that “progress to date is also threatened by the series of crises that affected the global economy starting in 2008” (UNSG 2010). The full text of the report and other SG reports for the Rio+20 PrepComs are available at: www.uncsd2012.org/rio20/index.php?menu=44

24 The statement was issued at the United Nations General Assembly Conference on the World Financial and Economic Crisis and its Impact on Development, held in New York from 24-26 June. It is available from http://www.unep.org/pdf/press-releases/Green_Economy_Joint_Statement.pdf

2.3 Supportive action at the regional level

The United Nations Secretariat, through the Regional Commissions, provides a unique platform for regional dialogues and consensus building, which often leads to the coordination of regional and subregional activities. In addition, the Regional Commissions as the Chairs of the United Nations Regional Coordination Mechanisms have the opportunity to mobilize the expertise of the entire United Nations System as well regional and international institutions and research community outside of the United Nations System. Approaches to green economy policies and actions have already been addressed at this level, most comprehensively in the Asia and Pacific Region.

In 2005, the Fifth Ministerial Conference on Environment and Development in Asia and the Pacific adopted the green growth approach as a key strategy to achieving sustainable development in the region. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) has since conducted a range of activities to promote green growth. Notable progress made includes a partnership with the Global Green Growth Institute in the Republic of Korea, along with the development of a “Low Carbon Green Growth Roadmap for East Asia”. The 2010 UN-ESCAP Ministerial Conference adopted the Astana Green Bridge Initiative, which will promote an innovative partnership between Europe and Asia and the Pacific for the implementation of the green growth approach. Its Regional Implementation Plan and Ministerial Declaration set a framework for Member States of Asia and the Pacific to achieve sustainable development, including the MDGs and poverty eradication through green growth.

Relevant instruments have been developed in other regions as well. The United Nations Economic Commission for Europe (UNECE) Protocol on Strategic Environmental Assessment (2003) and the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (1998) precede recent green economy initiatives but remain particularly relevant. The Aarhus Convention links environmental rights and human rights, government accountability and environmental protection. Importantly, it underlines that sustainable development can be achieved only through the involvement of all stakeholders. This also applies to the participation by European countries in the further development by the OECD of its Green Growth Strategy.

In Latin America and the Caribbean, the United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC) is studying the creation of an institutional mechanism such as a subsidiary body of the Commission that would periodically convene ministries of industry, development, finance, environment and social affairs in order to promote the integration of sustainable development into government strategies. This would become an important mechanism in advancing a holistic approach and in improving alignment in planning between ministries such as those of the Environment and Finance.

This was the spirit of a Ministerial Statement by African Ministers at an Annual Meeting of the African Union Conference of Ministers of Economy and Finance and the United Nations Economic Commission for Africa Conference of Ministers of Finance, Planning and Economic Development in March 2011 when they stated: “We will play our part to spearhead the transition to a green economy in Africa, inter alia, by supporting the necessary systemic and institutional transformations to ensure that green economies contribute to sustainable development

and poverty reduction objectives... We call on all development partners to accompany Africa in this journey.” When African Ministers of the Environment issued the Bamako Declaration on Environment for Sustainable Development in June 2010, they urged the African Ministerial Conference on the Environment member states to fully explore opportunities for building green economies, among others through the development of cleaner technologies, renewable energies, water services, green transportation, waste management, green buildings and sustainable agriculture.

2.4 Delivering as a team at the national level

Providing sound advice and support to governments for their development policies, strategies and actions will be essential to achieving a national transition to a green economy. Responding to country demand, United Nations agencies as service providers and implementing agents can assist in advancing national green economy initiatives through the United Nations Resident Coordinator System and the United Nations Development Assistance Framework. This country-specific planning framework for the development operations of the United Nations System lays the foundation for cooperation with governments and other development partners.

United Nations Country Teams (UNCT) have in recent years scaled up their assistance to governments to support low-carbon and climate-resilient development. In 2009, 65 UNCTs reported capacity-building efforts on climate change, linked especially to policy development and implementation, to support obligations under existing legal frameworks, including 17 joint programmes targeting climate

change.²⁵ While these efforts can clearly be seen as an integral part of United Nations support for transition to green economy, there is at present no consolidated overview of the extent to which green economy is being specifically targeted through joint efforts by UNCTs and through actions in parallel to joint UNCT efforts.

The expertise in support of the UNCTs is being mobilized, at a global inter-agency level, through inter-agency mechanisms such as the High-Level Committee on Programming, the Environment Management Group and in a synthesized way directly targeting the work of UNCTs, the United Nations Development Group. At the regional level the UNDG Regional Directors Team pool resources needed to support UNCTs in their regions.

Subject to country demand, the Delivering as One approach could help such efforts. The approach is being piloted in eight countries and in 24 so-called self-starters. The overall objective of the approach is to maximize existing synergies, eliminate duplication and overlap and optimize the impact of the collective effort of the United Nations system. While the overall experience of Delivering as One countries has been diverse, the lessons emerging suggest that UNCTs in those countries are engaged in more coherent planning, prioritization and programming. The approach has supported greater national ownership and leadership of the development agenda, and participant countries have improved access to the full range of the mandates and expertise of United Nations agencies.

The Delivering as One experience holds important lessons for future country-level collaboration among United Nations agencies as they participate in national green economy advisory services as provided by, for example, UNEP. Advisory

²⁵ Reported through the Resident Coordinator Annual Reports (RCAR) available on the UNDG website (www.undg.org) including through the synthesis of the RCARs.

services include the provision of platforms for national dialogue and consultation; analytical and research support through macroeconomic and sectoral assessments of green economy opportunities and options; capacity enhancing activities; and sharing of international experiences and best practices. Since 2010, the UNEP Green Economy Initiative has been providing advisory services to more than 20 governments around the world, with an active engagement in 15 countries.

2.5 Engaging at the local level with cities, rural communities and others

Green economy approaches can also be applied at the subnational level, for example, at the level of cities and rural communities. Rapidly urbanizing communities in industrializing countries have pressing problems related to their daily quality of life and environment, their health and their employment. On the other hand, rural communities in poor countries have their own set of unique but relevant economic problems associated with, for example, their access to education and direct dependence on natural resources.

The potential contribution to sustainable development at this level requires capacity development and supporting tools in areas such as sustainable land use, building standards, green cities, public transportation, infrastructure and energy efficiency, sustainable agriculture and rural livelihoods. Local authorities can be a substantive contributor to the achievement of green economy objectives. The local level offers ample opportunities for collaboration and consultation with civil society, research centres, think tanks, community-based groups and grassroots organizations.

Various parts of the United Nations already support efforts at this level. For example,

under the UNDP-Global Environment Facility Small Grants Programme a number of green economy approaches have proven successful at the community level, and sustainable livelihoods have been an entry point to engage communities in green economy development processes in areas such as certification and revenue generation based on local produce. The Seed Initiative of UNDP, UNEP and the International Union for Conservation of Nature (IUCN) has a growing database of local level, multi-stakeholder partnerships through which local entrepreneurs are advancing MDGs on the basis of green business development.

In its work with cities, UN-HABITAT is taking action in two key areas, namely (i) assisting national and local governments in reviewing and updating building laws and regulations; and (ii) revitalizing urban planning. The first of these aims to promote the use of climate-friendly building materials, renewable energy sources, as well as energy efficient design criteria and standards. Through appropriate urban planning, a powerful tool to curtail urban sprawl, the intention is to promote sustainable public transport systems and influence the management of future energy supply and demand.

2.6 Facilitating the provision of public-private financing at all levels

Programmatic action in support of green economy goals at all levels requires private capital and targeted public finance to catalyse new ways of managing economies, businesses, projects and technologies. The World Bank and International Monetary Fund (IMF) as well as the Regional Development Banks have all made sustainable development a core component of their policy and operational practices, and are exploring ways in which these can be aligned with new green economy approaches.

The role of the multilateral development banks (MDBs) in fostering a transition towards a green economy needs to consider carefully their distinctive capacities in both public and private lending. The MDBs play different roles in this respect. Yet overall resource efficient and low-carbon development has become a priority in all MDBs. It is increasingly integrated and mainstreamed in their development and operational strategies, as has the development of various practices to mainstream resource efficiency and climate change considerations in all their financing activities.

Like United Nations agencies, the MDBs can support borrower countries in a number of ways to address the challenges of the green economy. With respect to climate change in particular, they can do this through:

- The use of a broad range of instruments to fund climate change interventions
- Catalysing energy efficient and climate change investments by the private sector
- Providing technical advice and capacity support to borrower governments
- Support for project implementation and sustainability
- Support for carbon market development.

Concerted action related to climate change is illustrative. In their Joint Statement of December 2009 at the Copenhagen Climate Conference, the Heads of the MDBs and IMF pledged to build upon their respective mandates,

expertise and resources to help developing countries and their public and private sectors respond to the challenge of climate change while achieving the MDGs. The Climate Investment Funds are a joint instrument for five MDBs (including their private sector arms) to assist developing countries in scaling up financing that is needed for the transition to a green economy. Contributions of US \$6.5 billion have been pledged by 13 countries. The Clean Technology fund has endorsed 14 investment plans for a total of US \$4.5 billion leveraging US \$37 billion in co-financing.

A range of sectors benefit from the above, with notable results in renewable energy and energy efficiency. The initiative includes projects with investments in the natural resource sector, both national and multi-country regional activities. Since the MDBs operate on a country demand basis, their portfolios reflect increasing demand from different stakeholders in developing countries for developing sustainable policies and practices. Hence the emphasis on green growth and green economy is timely and relevant.

While transitions to a green economy are increasingly the driving force in all the Bretton Woods Institutions and Regional Development Banks, their collective response to date has focused particularly on climate change. Initial emphasis on action to reduce GHG emissions is increasingly accompanied by action to improve climate resilience in countries. The MDBs are also collaborating with United Nations agencies in initiatives such as the Climate Finance Options knowledge platform, which is managed jointly by UNDP and the World Bank. The platform addresses information needs on the multitude of funds available for climate action in developing countries.²⁶

26 Based on the UNFCCC framework, the platform is composed of two complementary domains created to help catalyse financial and investment flows to more effective and efficient climate measures (mitigation and adaptation). See www.climatefinanceoptions.org.

2.7 Improved collaboration between UN system partners and others

Work delivered at the global and regional levels is mainly in support of the work delivered at the national and local levels. The United Nations and multilateral fund offices at the national level are the front-line with the governments, who are the drivers of development.

With its main focus on the national economy, the green economy is an issue that lends itself very well to stronger inter-agency

cooperation and demand-driven partnerships at the national level. It requires the network and expertise of the United Nations and multilateral finance partners, including stronger collaborative mechanisms that help to integrate and mobilize the enabling capitals across the three pillars of sustainable development. Likewise, international agencies are well advised to work not only in an inter-agency context, but also in close collaboration with civil society, research centres, business, labour, consumer groups and community-based and grassroots organizations, particularly for transformative action at the local level.