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BUILDING THE BIG PICTURE FOR A GREEN ECONOMY

By the Green Economy Coalition - Oliver Greenfield and Emily Benson

This is the story of building a practical vision for the future, one that is described by a common language and defined by a shared set of priorities. That vision is for a green, fair economy that helps to lift people out of poverty, reverses the destruction of our ecosystems and provides everyone with the same opportunities.

Building a common vision requires bringing different world views together. One world is perhaps best exemplified by the World Economic Forum, which meets every year in Davos, and brings together the economic elite. It is exclusive, expensive and it is where power resides. The other world is epitomised by the World Social Forum, which changes location each year, and provides a space for activists and civil society to debate alternative solutions to our global challenges.

Rio+20 offered an opportunity to bring these two worlds into contact with each other through the language of a Green Economy. For too long, sustainable development has existed on the fringe of political and business discourse, while mainstream agendas have been dominated by GDP growth and profit margins. The Green Economy discussions created by Rio+20 have been a chance for civil society to reclaim the language of economics and redefine the meaning of a healthy and successful economy. The Green Economy Coalition and its global network have started to draft a new social contract for our economies. Our mission now is to bring that contract into the treasuries, boardrooms and newsrooms the world over.

Here, the Green Economy Coalition¹ takes a look back at what brought us together, what continues to drive us forward, and where we want to arrive next.

A bitter pill

For those of us working within the sustainable development community, whether our primary issues are poverty or environment, in recent years we have been faced with an unpalatable truth. The situation is getting worse. While we have seen remarkable economic growth in the last three decades, the costs and the benefits of that growth

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¹ For more information, see www.greeneconomycoalition.org

have not been shared equally. We have already breached some ecological limits, and our natural systems are in an increasingly perilous state. Our financial system has been exposed as fragile and volatile. Despite all of our best efforts, the sustainable development community has not managed to reverse these trends or even significantly slow the decline. On the contrary, evidence suggests we face an escalation of the crises.

The eureka moment

For years in the UK, the sustainable development community sought to influence the government into a different course of action. We mostly came away feeling as if the advances made little impact, and were nowhere near the scale of what was required. Then the government commissioned an economist, Lord Nick Stern, and his team to quantify the economic impacts of climate change². His results showed how climate change would impact GDP, and suddenly the government sat up.

A similar story can be told in countries, north and south. In Malawi, an economic analysis revealing the costs of unsustainable patterns of development on four key sectors prompted the government to rewrite their national development strategy³. In Bangladesh a budget review revealed that spending on climate change adaptation was much higher than previously understood, and has prompted the Ministry of Finance to lead a new set of discussions on the future of their economic policy⁴. Like it or not, the sustainable development community has had to recognise that it is economics, not science, that is the language of power. If we are to be taken seriously, if we are to be listened to, then it is a language that we must learn and use.

Collective action from a global stalemate

In 2009, the sorry outcome of the Copenhagen COP-15 process highlighted that in the battle between national short-term political and economic goals versus long-term global climate change, it is the domestic economic priorities that will win every time. Few countries will sign away their economic competitiveness for the assumed global good of tackling climate change.

On the back of the failed negotiations, environmental organisations, development organisations, trade union and labour groups, businesses and UN agencies came to the same conclusion. If we had any hope of shifting the course of national decision making, then we needed to devise a new pathway whereby countries can remain economically competitive while at the same time tackling the biggest social and environmental challenges. We saw that Green Economy could offer that pathway.

However, we recognised that the mission to transform the current economic order was too big for any single organisation. We needed to create a global movement of collaboration, working across the whole picture, connecting and inspiring each other, ensuring that our Green Economy actions are increasingly co-ordinated and mutually re-enforcing. There was and continues to be a risk that a Green Economy would achieve little or be hijacked by incumbent powers. These risks demanded collaborative networks to battle for Green Economy's integrity and transformative ambition. This was the call to action that brought the Green Economy Coalition together.

Growing a global conversation

The Green Economy Coalition members hosted a series of national dialogues⁵ to explore what a transition might involve in different contexts. In India we explored ways that the shift could provide decent work opportunities and be founded on different greener services that would help to regenerate the environment⁶.

2 Stern Review on the Economics of Climate Change, see http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/sternreview_index.htm

3 UN Poverty Environment Initiative, see <http://www.unpei.depiweb.org/what-we-do/pei-countries/malawi.html>

4 UN Poverty Environment Initiative, see <http://www.unpei.org/what-we-do/pei-countries/bangladesh>

5 Green Economy: development country stakeholders have their say. Weblink: <http://www.greeneconomycoalition.org/document/developing-country-stakeholders-have-their-say-synthesis>

6 India national dialogue – a short paper, see <http://www.greeneconomycoalition.org/document/indian-national-dialogue-short-paper>



In the Caribbean we heard of how their economic model needed to be far more resilient to both external and internal shocks, and one that could be self-directed rather than driven by external agendas⁷. In Mali we learnt how a new economic framework would drive investment towards natural infrastructure such as forests and land. In Brazil we discussed a model that could redistribute wealth and natural assets to improve human well-being and social equity⁸. In Spain we learnt of how a Green Economy transition could provide new opportunities for alternative economic sectors, that could provide jobs and a more hopeful future for the country's unemployed youth⁹.

Building a common vision

Building on our conversations at the national level, and within our global networks, our coalition built a common vision - prosperity for all within one planet limits. We agreed our collective goal was to accelerate the transition to a green, fair and inclusive economy. We agreed it is an economy that helps look after the natural world and shares economic benefits and opportunities more fairly. It is one founded on five action areas:

It helps **manage natural systems**, by investing, protecting and restoring them. It takes and trades surplus, while investing and ensuring environmental integrity. It helps create and maintain jobs for the rural poor, and emphasises ownership and access rights, new markets for ecosystems services and investment for those countries that manage and look after nature well.

It **invests in people** by allocating economic benefits and costs fairly to achieve a more just and equitable society. It explicitly pursues a society founded on wellbeing, reducing poverty, providing social protection, re-skilling for a just transition, creating greater economic inclusion, investing in communities, stimulating social innovation and supporting community resilience.

It **transforms economic sectors** by greening the brown sectors and growing the green sectors. It creates innovation opportunities, economic development and resilience, increased prosperity for all, promoting sustainable energy for all, sustainable agriculture, green cities and communities, improved livelihoods and decent work, rewarding resource efficiencies, technology and service innovation and delivering improved supply chain confidence.

It influences financial flows ensuring that we spend and invest in the sectors, systems and skills we need. It reforms subsidies and taxation, commits to sustainable public procurement, helps growing new markets in environmental services, improving investor confidence, healthier public finances, more resilient and useful private sector finance.

It **improves governance and measurement** by redefining 'progress' and good governance to meet environmental and societal needs. We see measuring what matters, articulated by Sustainable Development Goals to define global priorities, of wellbeing and environmental improvement, being supported by national Beyond GDP, and by the development of corporate sustainability measurement.

The risks and the opportunities

The risks associated with a green economic transition remain significant. There is the danger that the natural world will be commoditised. There is the threat that the term 'Green Economy' will be used to 'green wash' bad behaviour. There is the possibility that 'green' policies will exclude the poorest, or worse, legitimise resource grabbing. We cannot afford to ignore the dark side of the Green Economy.

Equally, we cannot afford to underestimate the opportunities offered by a transition. This is a chance to build economies that are sensitive to local need, that share the benefits more fairly and play their part helping to look after the natural world.

7 Caribbean national dialogue – a short paper, see <http://www.greeneconomycoalition.org/document/indian-national-dialogue-short-paper>

8 Brazil national dialogue – a short paper, see <http://www.greeneconomycoalition.org/document/brazilian-national-dialogue-short-paper>

9 For more information, see <http://www.greeneconomycoalition.org/maps/spain>



These are economies that we can build and shape to meet our needs. They are green, fair and inclusive economies.

Together with NGOs and CSOs, the Green Economy Coalition launched a global consultation on the kind of principles that must underpin the transition to a Green Economy. We identified nine core principles including equity, justice, dignity, ecological limits, inclusion, accountability, resilience, efficiency and sustainable development. It is these foundations that must guide businesses, governments and practitioners in the transition process to a new and Green Economy.

Was Rio the turning point?

Rio+20 offered the chance to bring decision makers from around the world to discuss the transition to a different economic model. The summit did not get off to a good start. Presidents and prime ministers of world's most powerful economic countries had a G20 meeting in Mexico a few days before Rio. Did they use this meeting to discuss the emergence of a new economic vision? No. Did they make use of their geographical proximity and come down to Rio? No. The economic elite remained elusive.

However, Rio did signal the beginning of a global conversation about the state of our economy. There are two paragraphs in particular that stand out:

60. We acknowledge that Green Economy in the context of sustainable development and poverty eradication will enhance our ability to manage natural resources sustainably and with lower negative environmental impacts, increase resource efficiency and reduce waste;
62. We encourage each country to consider the implementation of Green Economy policies.

As soon as the text has been agreed, the global spin machine started moving. Heads of State, ministers and government delegations called the text a significant achievement. While 1000 NGOs, institutions and individuals signed a petition calling it "The Future We Don't Want"¹⁰ – citing failures on removing fossil fuel subsidies, failure to protect oceans, failures to address women's reproductive health.

The Green Economy Coalition sat somewhere in the middle of these two positions. The outcome document had many failings. It lacked timeframes, urgency and a clear indication of how the transition will be funded. But, the prospect of a Green Economy had not died. Governments previously deeply suspicious of the concept had now agreed to explore a Green Economy as one tool for sustainable development.

To quote the Venezuelan delegation during the final plenary – "Green economy has changed from something that is being imposed, to something we own."

As a result of Rio+20, the sustainable development community has also been given a mandate, albeit weak, for many of the things we wanted. We have a commitment to the Sustainable Development Goals (SDG), to strengthening UNEP, to emboldening corporate sustainability reporting, to developing beyond GDP metrics, to adopting the 10 year programme on sustainable consumption and production. We also had some encouraging signals on energy and the bolstering of science in policy making.

Ironically, the lukewarm acceptance of a Green Economy and the lack of global agreements served one essential transition ingredient well. We did not want one top down imposed Green Economy but many, growing from the ground up, sensitive to their own environmental and cultural contexts, empowering a new economic inclusion and ownership, countries and communities empowered to look after their own natural assets and see their positive future inextricably linked to using and caring for them wisely.

So Rio+20 was a stepping stone, not a turning point.

¹⁰ The Future We Don't Want, see <http://www.ipetitions.com/petition/the-future-we-dont-want>



What has happened since Rio?

So eight months has now passed since Rio+20, and the agenda is moving very quickly. We see three main macro themes emerging that require our active involvement, and one topic, that is a common but contentious debate demanding improved dialogue and understanding.

1. One development agenda. Within the international development sphere there is still an opportunity for 'one development agenda' – where new goals define our global objectives, national Green Economy planning sets the macro-economic policies required for the transition, the 10-Year Framework on Sustainable Consumption and Production helps deliver the sector change, while implementation is enabled by finance reform and opportunities for stakeholders to participate at all levels.

However, there is also a significant risk that the agendas will fragment into multiple conflicting processes, creating confusion and limited stakeholder inclusion. This is particularly evident with the post-MDG and new SDG processes.

2. Green Growth. National follow up processes are being supported by institutions such as the Global Green Growth Institute, the Global Green Growth Forum, the OECD and the World Bank, with support by governments and businesses. There are national processes being initiated in Nepal, Jordan, Indonesia, South Africa, China, Mexico, Brazil, Barbados, Ethiopia, Cambodia, Brazil, Guyana, Kazakhstan, Mongolia, Papua New Guinea and Philippines, among others.

The movement towards 'greener growth' is encouraging and needs our energy and support. This is because it draws the mainstream world closer to a sustainable future. It creates a business and government focus on resource efficiency and green sector investment. But, ultimately, this is a stepping stone. At some point everyone will need to acknowledge the limits of resource availability, and the need to keep ecological assets intact for the services they provide. We must also ensure that green growth is inclusive with clear ambitions for equity and poverty reduction. Without these principles and qualifiers, the suspicions that a Green Economy means little more than 'green wash', or will commoditise nature, or will impose rules from the top down, or lacks ambition on social development, will only flourish and come true.

3. Mainstream need for economic growth. Economies around the world continue to stagnate, prompting politicians to consider more active economic interventions in the shape of 'industrial policy'. This is significant because it forces governments to consider the types of industries and commerce their countries should develop for the long term, which in turn promotes questions of resource availability, skills, availability of finance, the balance between private and public ownership and responsibility, global market and regulatory developments.

The answers to these questions we believe are offered by a Green Economy, although a first step is for governments to consider green growth. We need to encourage bold political leadership to intervene and stimulate industries that can survive for the long term - ones that can prosper with less resource input and can develop value and resilience for national accounts, communities and nature.

Economic Growth – the contentious topic that demands improved dialogue and understanding

The topic of 'economic growth' is a nuanced and highly charged debate depending on geography and stakeholder group. The perspectives are well known:

- For many in the environment movement, if humanity is already living beyond planetary limits, a contraction of resource extraction needs to be coupled with ecosystem restoration. For these stakeholders, the science points to an imperative for negative economic growth.
- For most economic and business models, and therefore national governments, growth is a vital means by which to balance national debts, remain competitive, pay taxes and wage bills, and have surpluses to re-invest. 'No growth' is therefore not an option.



- For much of the developing world, struggling under the burden of poverty, economic growth is needed in order to raise standards of living. Economic growth is therefore also essential.

There are a number mutually reinforcing ways to tackle this impasse. The concept of 'green growth' is helpful but to live within limits necessitates a net reduction in brown economy. The argument for 'contraction and convergence' is also helpful – the developing world needs to grow economic activity, the developed world needs to grow economic solutions that replace resource intensive solutions.

This is prompting the emergence of the concept of a circular economy – where closing the loop around production and consumption will create innovation and growth in new industries and services, with the explicit purpose of reducing material inputs and wastes. Another way into the argument is that we need to redefine growth itself to mean growth of quality. This is why the beyond GDP agenda is so vital. An example of beyond GDP economic growth would be to develop new markets and solutions for natural system management – which creates employment, revenues, taxes, and improves natural systems.

Finally, by getting stuck on the horns of 'grow' or 'don't grow', we risk missing an important point. A more equitable and efficient distribution of assets, can help provide for more people's needs with the same resources we use today. That is a further reason why Green Economy, beyond the moral imperative, must champion equity.

Where next?

The social contract for a Green Economy is gradually emerging: we want fair, inclusive and green. We must hold politicians to this contract, so that a Green Economy becomes the default political choice. Politicians around the world need to sell it to their constituencies as their route to increased prosperity for all, and be judged on their ambition and competence on bringing it to life.

We must remain vigilant to the weaknesses and dark side of a Green Economy, actively ensuring this transition does tackle equity, reduce poverty, and improve the state of the natural world. So the Green Economy Coalition will champion inclusion, equity and environmental improvement.

Specifically, we need to drive the developments of the five critical themes of Green Economy and ensure that progress on these themes is linked, coherent and mutually reinforcing. These are:

Measurement

The creation of indicators for sustainable development and a Green Economy should seek the greatest possible alignment with societal aims, but they also need to be relevant to businesses, governments and international institutions in order that they can direct their activities in mutually re-enforcing ways.

This means that we need to pursue a one development agenda. We must merge the SDG and post-MDG processes, link these international priorities to national priorities that are being created with the beyond GDP processes, and finally link these to the evolution of corporate reporting. At each level of metrics, from international, to national and corporate, we must seek greater transparency and access for stakeholders and improved governance and accountability. We call this project, 'Measure What Matters'¹¹.

Finance

Finance and investment is the lifeblood of the new economy. Yet we sit at the edge of a financial crisis. Financial system reform is underway in some countries, and even at the international level, but how is this agenda connected to building the new economy?

¹¹ For more information, see <http://www.greeneconomycoalition.org/updates/press-release-high-level-working-group-established-align-processes-corporate-reporting-beyond>



We want to see the current reform agenda ask how we can build a finance system capable of creating greener, fairer economies. We call this 'Banking because the future matters'¹².

Working with our partners, the Global Alliance for Banking on Values, we want reform our financial systems to promote diversity in the banking sector, promoting the activities of smaller sustainability banks which are more capable of investing in community-based sustainability businesses and opportunities.

We also want to see reforms that address the weaknesses in the mainstream finance: short-termism, casino speculations, and blindness to ecological risk, and encourages them to develop new markets and financial products that can invest in economic and industry sector reform, community wellbeing, and environmental assets.

Sectors

Food, housing, transport, energy, infrastructure and cities all need national and international action plans to support their transition into sustainable systems. This change needs to be catalysed by investment, public procurement, taxation and subsidy reform, but it must be centred on how to create resilience and prosperity for people, and build a more sensitive and less demanding relationship with nature, whilst delivering reasonable returns for the innovators and entrepreneurs. The Green Economy Coalition is particularly interested in working on how to support the small and medium-sized enterprises. This links directly to our finance reform work to encourage small-scale sustainability banks as they are more able to invest in SMEs.

People

The wellbeing of our communities, as well as our ecosystems, needs to be at the heart of our development efforts. Governments and international institutions need to be graded on their efforts for tackling equity, providing essential social protection measures, nurturing decent jobs, and providing communities with improved access, rights and opportunities. We need to construct an economy that is rooted in all people's creativity and serves everyone's wellbeing.

We need to go beyond just social protection, we need to help people to trade, to learn, to share, to care for the natural world and build a future that is positive for all people. The Green Economy Coalition is now reviewing national policy measures in a number of developed and developing countries to assess the extent to which current programmes can deliver on this vision.

Natural systems

Economies must become a force to help manage and protect our natural systems rather than a threat to them. This means that we need to encourage national governments to undertake ecosystem valuation exercises. We recognise there are many concerns about valuation and the potential for commoditisation of nature. We must address this by ensuring the valuation methodology is inclusive and transparent by bringing different values and stakeholders into the processes. However, we think it is a vital first step to make economic ministers and departments aware of the value of ecosystems in order to win their understanding and support.

Having undertaken valuation, we must ensure there is effective follow on policies that improve the management of natural systems. This does not immediately mean just markets and business. Other tools exist such as community rights, law and public commons. A balance of all tools needs to be applied at national and international levels. The Green Economy Coalition will be working with governments to ensure that inclusive, and relevant valuation techniques in different contexts. We call this Valuation to Action.

12 For more information, see <http://www.greeneconomycoalition.org/updates/banking-if-future-matters-online-consultation>



Conclusions

Looking back to the despair at Copenhagen when the Green Economy emerged to bridge the chasm between climate and economy, what can we now expect from the 2015 climate negotiations? If we can quantify the cost of inactivity to governments, and the opportunities offered by new sectors and pathways; if we can gather and showcase the policies that ensure wise use of our natural, human and financial assets; and if we can use this window of opportunity to connect the dots between the different agendas (from global goals, to national plans, to corporate agendas), then 2015 could prove to be a watershed year in our history. If, on the other hand, civil society fragments and global organisations bury themselves in narrow priorities then we risk incoherence and failure all over again.

The Green Economy Coalition is working towards the first scenario and we believe it is possible. We want to work with other CSOs, governments and businesses to make it happen. We must recognise we are in this together: the science demands it, our societies need it, the planet deserves better.

Oliver Greenfield is the Convenor of the Green Economy Coalition, the world's largest civil society network working together to accelerate the transition to a green, fair and inclusive economy. Prior to this role Oliver spent 7 years leading WWF's Sustainable Business and Economics work, where he pioneered systemic stakeholder change programmes: One Planet Business, One Planet Finance and One Planet Economy. Before WWF, Oliver managed change in industry and the public sector, as a corporate strategy consultant for Booz Company and as the senior strategy advisor for the BBC World Service. He has degrees in engineering and business and has worked with many organisations and cultures for social, environmental and economic value.

Emily Benson is seconded from the International Institute for Environment and Development to work with the Green Economy Coalition, leading on communications, research and outreach activities. Before joining the Coalition she was the Head of Engagement and Communications at Stakeholder Forum where she worked closely with NGOs, businesses and practitioners to engage them in intergovernmental processes related to sustainable development. Prior to this she worked in film and television as a Researcher and Producer. She has an MSc in International Development from the LSE, and a BA in English Literature from Balliol College, Oxford.

