Investing in the New Economy

ESDN Conference 2010
4-6 July, Ghent, Belgium

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If we follow the same path:

By 2030…

- Global energy demand up by 45%
- GHG emissions up 45%
- Global average temperature up 5.2°C, with possible sea level rise between 26-59 cm (IPCC)
- Sustained losses equivalent to 5-10% of global GDP as compared to the 3% of GDP loss from the current financial crisis (IMF)
The price to Natural Capital

- 1981 – 2005: global GDP more than doubled, but 60% of world’s ecosystems degraded/exploited unsustainably (MEA, 2005)

- Global GHG emissions at 42 GtCO2 per annum are 5 times higher than the Earth can absorb …

- ‘Ecological Footprint’ exceeds Earth’s regenerative capacity…
We are the voice of the ones not having (yet) any
40 years in search of a path for sustainable development, based on
the increasing acknowledgment that Environment is vital for our
economic and social development
Urgent need for reflecting economic variables and solutions in
environmental governance, at all levels
Current models unlikely to allow for achieving international
commitments such as Agenda 21 and MDGs
Status quo is not an option: current economic and financial crisis, and
other “silent” crisis such as food
Developing countries have a particular stake in this
Multiple Crises

- Food crisis: 1 billion people worldwide at risk of hunger and malnutrition by 2050 (FAO),
- Need to increase agriculture production by 50% to feed 9 billion (OECD outlook to 2030)
- Financial and economic crisis - threatening jobs worldwide; poverty reduction gains
- Decline in trade, investment, ODA and foreign remittances
- 200 million jobs lost between 2007 and 2009 (ILO)
- Climate crisis – exacerbating all the others
Emerging opportunities

- Collective global “rethink” of development and business models
- Governments trying to stimulate economic activity create jobs (cf EU 2020 Plan); reduce public deficit
- Significant international awareness on benefits of transition to a green economy, for developed as well as developing countries
Benefits to Health and Human well being

- Clean water
- Clean air
- Soil productivity
- Carbon capture
- Medicines, ex: 42% anti-cancer drugs are natural, 50% synthetic drugs have a natural origin

- Measurement issues, for this as other benefits and costs – “growth”/GDP discussion

TEEB Interim report 2010
Opportunities Amid Crisis
The Green/New Economy

What?

• « An economy that results in improved human well-being and reduced inequalities over the long term, while not exposing future generations to significant environmental risks and ecological scarcity «

UNEP’s working definition
The New Economy
What?

- An economy characterized by substantial increased investments in economic sectors that build on the earth’s natural capital, or reduce ecological scarcities and environmental risks.

- Main sectors (GER): renewable energy, low carbon transport, energy efficiency, clean technologies, waste management, freshwater provision, sustainable agriculture and fisheries, forest management, etc.

- Entails
  - policy reforms at national level
  - development of international enabling conditions including market and trade infrastructures.
Green Stimulus Ranking as % of Total Stimulus of August 2009
(UNEP GGND Update to the G20 - September 2009)

- South Korea: 79%
- China: 34%
- France: 18%
- Germany: 13%
- US: 12%
- South Africa: 11%
- Mexico: 10%

Source: HSBC Global Research
G20 Green Stimulus Spending Per Sector
(US$ Billion)

Source: HSBC Global Research, UNEP
Global New Deal
How?

International Policy Architecture
- International Trade
- International Aid
- Global Carbon Market
- Global Markets for Ecosystems Services
- Development and Transfer of Technology

Domestic Policy Initiatives
- Perverse Subsidies
- Incentives & Taxes
- Land Use and Urban Policy
- Integrated Management of Freshwater
- Environmental Legislation
- Monitoring and Accountability
Demonstrating that Greening is a new engine for growth, sizing sectoral opportunities, addressing hurdles & enabling conditions.

Demonstrating the value of ecosystems & biodiversity, capturing these values, and reversing the vicious cycle of environmental losses and persistent poverty.

Sizing and incentivizing growth in green & decent jobs.

- Decent jobs from Community-based Conservation, PES/ IPES implementation,
Green Economy Report
Making the Economic Case for Reform

Green Economy Report Sector Focus

Enabling Conditions
- Finance
- Subsidies
- Laws & Taxes
- Markets

Energy
Transport
Industry
Buildings
Cities
Agriculture
Forestry
Fisheries

GGND: A Policy Brief
Regional / Country Reports
New Economy, making the case: Energy, Sustainable Buildings
Energy today: challenges and opportunities for Green Economy path

- **Energy security**: Current patterns of energy production and distribution still leaving billions without access to modern forms of energy; global stress about future energy supply.

- **Climate change**: About 25% of global greenhouse gas emissions come from the power sector, all energy-related emissions would account for half of GHG emissions.

- **Health**: Energy related pollution is responsible for more deaths than malaria and tuberculosis combined.

- **Subsidies**: Global energy subsidies total US$300 billion/year or around 0.7% of global GDP, but there is inadequate support for renewable energy development.

- **Prices**: Unstable prices affecting food prices and government revenue.
New Economy Opportunities

- Globally about 2.3 million jobs in renewable energy sector.
- Investing US$630 billion in renewable energy would create 20 million additional jobs.
- China is now leading on manufacturing wind turbines and solar panels. Renewable energy industries jobs 1.1 million in 2008 and adding 100,000 a year (China Renewable Energy Industries Association).
Green Buildings

- Investments in improved energy efficient buildings = 2-3.5m jobs in Europe & USA.

- Germany retrofitting existing housing stocks to improve energy efficiency. So far, over 200,000 apartments retrofitted, 25,000 new jobs created and 116,000 existing jobs sustained.

- In Australia a proposed US$ 3b green housing over 4 years is expected to reduce GHG emissions by 3.8mtons/year = 160,000 jobs

- New buildings: only 10% of market
Enabling conditions

• Place green investment at core of fiscal stimulus
• Include green investment in regular budget
• Create public-private funding mechanisms
• Create domestic conditions (fiscal/pricing policy, standards, education & training)
• Climate and environment proofing of investments in other sectors
• Create enabling national conditions (investment, trade unions,…) and international conditions (trade, ODA, technology transfer, climate agreement)
• Build on country/local specificity
Enabling conditions

A clear and sustainable legislative framework:
- To give clear signals to investors and private sector actors sustained in the long-term
- Responsibility of legislators, including at EU level, to make sustainable choices when deciding on budget (Agriculture, Fisheries, Social Fund, Structural Funds, etc)
Green Economy Partnerships
Nurturing Partnerships

- UNEP currently in discussions with wide range of possible partners in Europe, beyond central government level:
  - Trade unions
  - Agriculture and Fisheries federations
  - European Social Fund
  - Regions, Cities
  - European Economic and Social Committee
  - European Parliament
Green Economy Advisory Services
Advisory Services - Countries

- UNEP currently initiating partnerships in Green Economy in over twenty countries around the globe, e.g.:
  - Korea: review of National Strategy for Green Growth
  - China: Policy research (feeding into five-year plan)
  - Indonesia
  - Kenya, South Africa
  - Barbados, Brazil
  - Jordan

- In Europe
  - Regional Green Economy Initiative in Eastern and Central European countries (sustainable agriculture)
  - Moldova, Ukraine, Armenia, Azerbaijan
  - Russia?
  - EU countries: ESF?
More Information

UNEP Green Economy Website

http://www.unep.org/greeneconomy/