The Green Economy has been promoted over the last five years as the latest idea for boosting growth through green investments. But many have been unhappy with the idea of abandoning sustainable development as the core aim. In practice, the two concepts can work together. But the core elements being promoted for a green economy – low carbon, resource conservation, waste reduction, increasing efficiency – can only drive us towards sustainable development if social values and distributional concerns are uppermost. We’ve realised it is vital to understand stakeholder perspectives and tailor tools to different contexts: in some places investing in soils, water, vegetation; in others, resilient urban infrastructure, but in all places ensuring core economic policy internalises environmental and social values.

Steve Bass, IIED

It’s a complex concept and the international community has not yet reached a consensus on what a green economic model entails. It undoubtedly offers new opportunities but there are also risks and challenges, particularly to developing countries, who fear that green economy policies adopted in the North and emerging economies will have adverse impacts on their ability to develop. How can they make the grade, for example, if Europe reinforces protectionist trends or brings in demanding environmental certification schemes?

A new economic model

For many supporters of the green economy concept, it means nothing less than shifting to a new economic paradigm – one that sees poor communities participating equally in a thriving economic system, fragile ecosystems protected and the wellbeing of society and individuals enhanced. These outcomes will not be achieved by tweaks to a profit-led system, they say. Instead they believe a fundamental change is needed to move from the prevailing capitalist economic model that drives most of the world’s markets to an approach that sees public policy informed by the needs of local citizens and ecosystems as much as by big business interests.

Green growth

For others, a green economy means green growth: an opportunity to invest in innovation now and capture new markets in the future. Some governments are working with multinationals and think tanks, such as the South Korean-based Global Green Growth Institute (3GI), to produce technology-dependent strategies for economic

More to think about

Are big companies and financial markets encouraging a change in consumer and business behaviour to support a green economy in your country, or is it business as usual? Who are the main influences on government policymaking?

Some say that following a green economic model weakens a country’s competitiveness. What do key economic and political actors in your country think about this?

Do your government’s finance and budget policies support an integrated approach to creating a green economy?

Are plans for a green economy only good for the environment or do they also bring real social benefits – especially to the poorest communities?

Is there a robust framework and mechanisms, such as public consultations, community radio and social media, to support dialogue about a green economic model between national actors and local citizen groups in your country?
Lighting up Brazil

Brazil has a long history of dealing with environmental and social challenges and now, for a number of reasons, the time appears right for it to consider a fundamental shift towards a national green economic model. Key actors are waking up to the strategic long-term benefits that could result and discussions are well progressed among a range of groups and sectors throughout the country. Brazilian activists will have a high profile at Rio+20.

Practical initiatives have already been tested. ‘Light for all’, for example, launched by the Brazilian federal government in 2003, was a programme to provide electricity to all rural areas using renewable energy. Working in conjunction with the power utility company Eletrobras, the programme was rolled out through rural cooperatives and sub-contracted electricity companies, with the government paying 85% of the implementation costs. The success of the model has meant that the programme exceeded its target of reaching two million homes and is soon to hit the three million mark.

In 2009 Goldman Sachs predicted that by 2050 Brazil will be the fourth largest economy in the world. If Brazil continues down its current path, green economics will have moved from the margins to the mainstream.

An economic value on natural resources

Then, what price natural resources and the environment? A green economic model that puts a value on natural wealth could make Africa, for instance, a leading player in the global bargaining game according to Achim Steiner, the Executive Director of the UN Environment Programme (UNEP). Yet, he cautions, a key challenge will be making sure that this wealth is shared with the people who nurture the land day-by-day. It’s not for nothing that this potential commodification of the natural world is an anathema to some.

Payments for environmental services – transactions that reward those who are guardians of ecosystems that benefit others – have already begun, in Costa Rica, for example. A programme there that aimed at rewarding poor farmers looking after the forest initially failed to get beyond awarding contracts to wealthy landowners and companies. A second phase, learning from early mistakes, hopes to target farmers more accurately and remove some of the structural barriers that prevented them from participating.

Issues for Rio and beyond

The chief hope is that the Green Economy as a concept will survive the Rio +20 summit and governments will commit to looking at how they can integrate green economics into their policies, for the benefit of poor people. Progress will be hampered if the issue of subsidies for fossil fuels, which directly contribute to climate change, is not tackled soon. There’s the potential of using alternative GDP metrics to indicate green economic success and further work needed on creating the right incentives for commercial and social enterprises to adopt a green approach to growth.

Sharing experiences of successful green economic policies between countries in the South and on the global stage through a knowledge-sharing platform would be a significant step forward and is a move keenly supported by the World Bank.

Additional resources

- Green Economy Coalition: www.greeneconomycoalition.org/
- Vitae Civilis Institute for Development, Environment and Peace, Sao Paolo, Brazil: www.vitae civilis.org.br/
- www.facebook.com/UNRioplus20
- Global Green Growth Institute: www.gggi.org

“Robust green economies are not going to materialise if all that takes place is a ‘retrofitting’ of the prevailing economic system to secure the globalised, ‘green economy’ interests of the powerful few, while providing the poor merely with some supplemental social policies.”

Nidhi Tandon, director of Networked Intelligence for Development and author of the UN Women’s paper on Rio+20 and the Green Economy

This briefing has been produced by IIED, for the Reframing Rio project. Reframing Rio is an ambitious multimedia project that aims to reignite the global debate about the need to re-set the world on more sustainable pathways around the landmark Rio+20 meeting in Brazil in May 2012. The project has been implemented by tve, together with IIED and IPS. The content has been produced with the financial assistance of the European Union. The content is the sole responsibility of IIED and tve, and can under no circumstances be regarded as reflecting the position of the European Union.

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