

Green Economy

Economic growth is on top of the political agenda in most countries. Yet current growth paths are putting extreme pressures on our planet and its resources. Business as usual is not an option. This understanding has led to strong calls for transforming growth into greener growth or green economy. It has also led to development of green growth plans and policies to steer investments and economies in a more sustainable direction. The shift will be gradual, involve winners and losers and differ between countries. Sida promotes the shift towards a greener economy while seeking to ensure that poor and marginalised groups benefit from the transition.

Green economy is not a new concept, but a way to operationalise sustainable development by giving greater attention to design of economic policies, implementation and how budget allocations are made. It implies putting prices on pollution and natural resources to a much larger extent and shifting focus from environmental policies towards fiscal policies. Inclusive green economy offers cost-effective means to reduce pollution and resource use, and correct some of the shortcomings in today's economic system. Far too often poor men and women disproportionately suffer from water and air pollution and reduced access to well-functioning ecosystems. In a green economy, growth in income and employment are driven by policies and investments that reduce carbon emissions

“We all aspire to reach better living conditions. Yet, this will not be possible by following the current growth model . . . We need a practical twenty-first century development model that connects the dots between the key issues of our time: poverty reduction; job generation; inequality; climate change; environmental stress; water, energy and food security” - UN Secretary General Ban Ki Moon

and pollution, enhance energy and resource efficiency, and prevent loss of biodiversity and ecosystem services. Transparent revenue sharing from natural resource extraction and pollution charges, and targeting of environmental incomes may speed up poverty reduction, boost green jobs creation, and improve livelihoods for poor and vulnerable groups.

CREATING AN ENABLING ENVIRONMENT FOR AN INCLUSIVE GREEN ECONOMY

There is no “one-size-fits-all” prescription for how to implement green economy strategies. Although necessary, efficient and affordable, there are still many obstacles and challenges. Policy reforms, enabling conditions and strong and lasting political leadership are required. Ministries of Finance and Planning are in focus in the UNDP-UNEP Poverty Environment Initiative working in more than 20 countries.



Canning heart of palm in SE Asia/ADB Core Environment Program

Key issues include political feasibility, social acceptance, capacity, technology and markets. Government's interest in and ability to manage the transition is particularly important. Phasing out costly and harmful subsidies on fossil fuels for instance has proven to be difficult. Successful examples from Indonesia and Ghana illustrate the importance of determination, information and compensation.

Examples of Swedish support to green economy

The transition towards a greener economy will imply job creation in some sectors but also job losses in other areas. For instance jobs that depend on fuel subsidies are at risk whereas agricultural jobs are protected if soils are managed sustainably.

Policy makers, are concerned that sustainable management of natural resources and services may hamper growth rates and development in the short term. It is therefore of utmost importance that policy makers have capacity to properly assess environmental risks and opportunities and to identify and adequately manage winners and losers of proposed policy changes or investments.

SWEDEN'S ENGAGEMENT

Official development assistance can play an important role to create enabling conditions for an inclusive green economy. Sida promotes an inclusive green economy, through projects and programmes at bilateral and global level. Sida also engages in the international discussions on how a green economy can be framed to ensure inclusion, job creation and poverty reduction in partner countries. Last but not least, for over two decades Sida has supported different international environmental economics networks to enable more informed decision making. These networks include e.g. Environment for Development Initiative (EfD), Economy and Environment Program for South East Asia (EEPSEA), and South Asian Network for Development and Environmental Economics (SANDEE).

RENEWABLES FOR DEVELOPMENT

The energy sector poses a particular challenge for inclusive green growth. Global demand for energy is rapidly increasing, due to population and economic growth. Moving towards greener growth requires major transformation of energy production, supply and consumption patterns. In Tanzania a new Small Power Producer (SPP) Framework has been developed with the support of Sida. The project has paved the way for an expansion of renewable electricity. The support has resulted in several small scale power plants, which improve access to electricity in rural areas. Another sixty projects are in the pipeline.

AGRICULTURAL DEVELOPMENT

The agricultural sector is essential for employment, economic growth, poverty reduction and general welfare as the key sector in many low-income countries. Greener and more effective agricultural production can contribute

substantially to sustainable growth and food security, and reduce pressure on freshwater, marine and land resources. The Sida supported project PROAGRO II in Bolivia contributes to improving living conditions among small farmers by improving their management of water resources, increasing incomes and strengthening resilience to climate change. Today the programme works to strengthen capacity among local authorities for enhanced public services supply to the poor.

SUSTAINABLE SUPPLY CHAINS

Individual small holders and multinational corporations are connected in global supply chains. These supply chains can play an important role as a source of green jobs when global demands for energy, food, clothes are being met. Sida supports the WWF led Market Transformation Initiative with strong engagement of the private sector. The programme seeks to initiate, develop and improve standards for better and more sustainable production for key commodities like timber, palm oil and cotton while also influencing major producers and buyers.

SUSTAINABLE INFRASTRUCTURE

Greening growth requires investments in new infrastructure, policy reforms as well as better planned and managed infrastructure. In particular this implies more resource-efficient infrastructures, climate resilient and low-carbon infrastructures in water supply, transport (roads, rail and seaways) and ports. In Georgia, Sweden has together with the European Investment Bank contributed to the improvement of water supply in the cities of Kutaisi and Poti through rehabilitation of water infrastructure.

References

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