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**A green economy in the context of sustainable
development and poverty eradication**

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Note by the secretariat and the United Nations Environment Programme

Summary

The Economic Commission for Europe, at its sixty-fourth session in March 2011, decided to hold the Regional Preparatory Meeting for the United Nations Conference on Sustainable Development on 1 and 2 December 2011 in Geneva.

The present document was prepared jointly by the United Nations Economic Commission for Europe (ECE) secretariat and the United Nations Environment Programme to support meeting discussions related to green economy in the context of sustainable development and poverty eradication.

While the thematic document, “Greening the economy: mainstreaming the environment into economic development” (ECE/ASTANA.CONF/2011/4) — prepared by the ECE secretariat and the United Nations Environment Programme for the Seventh “Environment for Europe” Ministerial Conference in Astana in September 2011 — will support the discussions of the Regional Preparatory Meeting on a green economy in the context of sustainable development, the present document builds on the Astana outcomes and points out future perspectives.

* This document was submitted late owing to the need to incorporate changes and comments from the Seventh “Environment for Europe” Ministerial Conference.

I. Introduction

1. Green economy is seen to be at the heart of renewed efforts to integrate environmental and social considerations within the mainstream of economic decision-making in the run-up to the United Nations Conference on Sustainable Development (Rio+20) and beyond.

2. The present paper summarizes the main messages contained in the outcomes of the Seventh “Environment for Europe” Ministerial Conference (Astana, 21–23 September 2011) related to the discussions of “Greening the economy: mainstreaming the environment into economic development”, one of the major conference themes, and offers perspectives for future action.

II. Key findings related to the green economy and poverty eradication

3. The Astana Conference called for a bold and ambitious approach to implement a green economy as a tool to help achieve sustainable development and eradicate poverty. Despite significant achievements in greening the economies across the pan-European region, the scale of the green economy challenge for the region is still large.

4. In terms of the policy mix, there is no one-size-fits-all solution to achieve a transition to a green economy. Policy must be tailored to each country’s characteristics, natural resource endowments, level of development and the strength of its institutions, as well as the nature and size of the predominant market failures, the sectors, objectives and targets it decides to prioritize and other situation-specific factors. For example, for some countries in the region green economy should help to tackle poverty and enhance livelihoods in long-term sustainable ways.

5. The policy mix should consist of a robust regulatory framework and market-based instruments — such as environmental taxes, charges and fees, carbon pricing and subsidies — as well as other instruments, i.e., a voluntary approach and information-based instruments.

6. Full cost pricing should be a central element of the policy mix across all sectors. Putting a price on pollution and greenhouse gas emissions and on the overexploitation of a scarce resource should be an important component of any policy mix regardless of the economic sector.

7. The political economy dimension is also seen as important. The transition to a green economy should engage all stakeholders, including consumers and businesses, to become more sustainable. There is a need to further raise public awareness on the green economy, especially among non-environmental ministries, and to mainstream the environment into sectoral policies. This could be done by further showcasing green economy success stories across the region. Studies have shown that implementing emissions reduction targets led to a significant number of new jobs being created, which was particularly relevant in helping to overcome the global crisis.

8. It is very important to make the business case for the green economy, without which businesses are unlikely to get involved. Businesses are considered the drivers of the green economy, but there is a need to emphasize that competitiveness and sustainability are not mutually exclusive.

9. Changes in current unsustainable consumption and production patterns, including wasteful life styles, are a key for transition towards green the economy and resource

efficiency (or energy efficiency) gains have often been offset by the increased level of consumption. Engaging stakeholders including civil society and consumers through education, awareness-raising information-based policy tools and labelling is key.

10. There is a need for technical and vocational training to transition to a green, entrepreneurial and sustainable economy. In that respect, several concrete steps to prioritize could include: (a) teaching students about the importance of moving to a green economy and making them ecologically literate; (b) understanding the needs of industry to transition to the green economy; and (c) ensuring that policymakers' support for educators is sufficient to enable them to provide the requisite training for new skills.

11. The major energy-related challenges for countries in the pan-European region, regardless of their economic structure, are to improve energy efficiency and energy security and to gradually eliminate inefficient fossil fuel subsidies in order to achieve long-term emission-reduction targets.

12. It is also important to safeguard and upgrade natural capital — such as water, agriculture and forests. Further development of specific mechanisms for payments for ecosystem services to value ecosystem services and make them more visible is required.

13. Research and innovation are central to the green economy due to their potential to reduce the costs of existing emissions abatement and environmentally sustainable technologies, as well as to deliver the new technologies that are needed to advance efforts to cut emissions, reduce waste and increase resource efficiency. In both advanced and transition economies, innovation has an important role in generating employment and enhancing productivity growth through knowledge creation and diffusion in the post-crisis context.

14. Practice has shown that developing clean technology action plans can help stimulate the required green innovation. Certain policy measures, such as feed-in tariffs and investment grants, have been critical in spurring on positive recent trends in green innovation in the pan-European region.

15. Targets and indicators are also crucial for the green economy. The Rio+20 Conference should be used to find ways of going beyond gross domestic product (GDP) and to discard the traditional concept of GDP.

III. Future perspectives

16. A useful and practical outcome for the Rio+20 Conference could be an internationally agreed road map for the green economy. Consensus for the development of an internationally agreed green economy road map is already emerging in other regions. Such a road map could help guide countries in the transition to a green economy, offer policy options for building the green economy and showcase best practices and lessons learned. The road map could consist of both a political and an action-oriented part, with the former focused on elaborating a political commitment for accelerating the transformation to the green economy. The latter part could provide a toolbox with concrete instruments and measures and a clear distribution of work and responsibilities.

17. Progress at the regional and national levels through road maps and action plans is also important. These could build on countries' and regions' climate change commitments and expand them to encompass the wider green economy agenda.

18. An Economic Commission for Europe-wide platform for dialogue and sharing experiences on the green economy could be created. That would enable countries to build on their concrete achievements and to share good practices.

19. The “Green Bridge” Initiative, which was supported by the Sixth Ministerial Conference on Environment and Development in Asia and the Pacific, could be a practical mechanism for transferring green technologies and investment among countries of Europe, Asia and the Pacific. The Green Bridge Partnership Programme, based on that initiative, could provide a long-term and stable base for green investment and cooperation.

20. While there are many priorities for the green economy, certain areas merit priority consideration and action. In the pan-European context, these could include:

(a) Transitional measures (better understanding of structural change associated with the transition to a green economy; targeted, compensatory measures for those adversely affected);

(b) Job creation (enhancing employment-creating green activities);

(c) Financing (overcoming barriers for green infrastructure investment; enhancing access to climate and innovative finance and technologies; assistance for transition and developing economies);

(d) Education for sustainable development (technical and vocational training for a green, entrepreneurial economy; raising awareness; sustainable consumption);

(e) Measuring progress towards the green economy (beyond GDP; green economy indicators);

(f) Energy (phasing out of fossil-fuel subsidies; scaling up energy efficiency; energy security; promoting renewable energy);

(g) Industry (scaling up energy- and resource-efficiency in industry; sustainable products and markets; sustainable waste management);

(h) Agriculture (subsidy reform; enhancing organic agriculture);

(i) Water (integrated water resource management; enhancing water-use efficiency; access to water; quality of water and health);

(j) Sustainable and climate-resilient cities (energy efficiency standards; financial incentives for households; greening publicly owned building stock; zoning/land use planning; decarbonizing transport; sustainable urban waste management; disaster preparedness);

(k) Green Public Procurement (creating demand for market formation);

(l) Completion and implementation of a 10-Year Framework of Programmes on Sustainable Consumption and Production.

21. To move forward, member States should consider:

(a) What policy mixes have the potential to achieve a green, inclusive and competitive economy over the short, medium and long term, and what role does regional cooperation play in this respect?

(b) Which support measures should countries take to address the socio-economic impacts of structural change arising from the transition to the green economy?

(c) What are the most promising models for engaging business in building the green economy?

(d) In which areas can the region share good practices and lessons learned to contribute to a global green economy?