



# Investing in the New Economy

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# If we follow the same path:

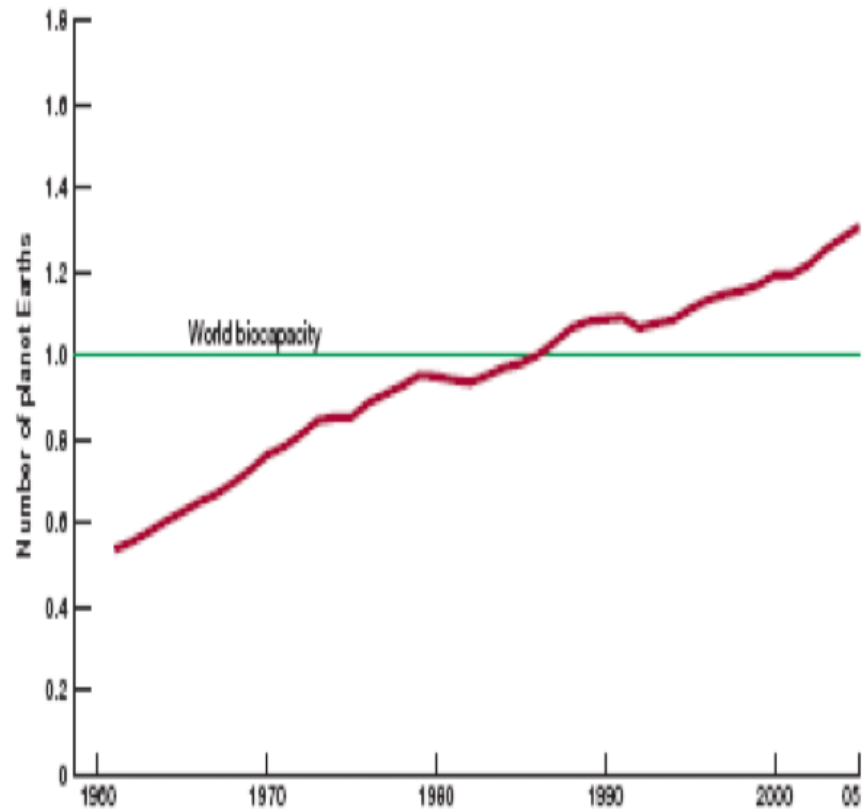
## By 2030...

- 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 GtCO<sub>2</sub> per annum are 5 times higher than the Earth can absorb ...
- 'Ecological Footprint' exceeds Earth's regenerative capacity...

Fig. 2: HUMANITY'S ECOLOGICAL FOOTPRINT, 1961-2005



# Overarching considerations

- 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

# 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 »

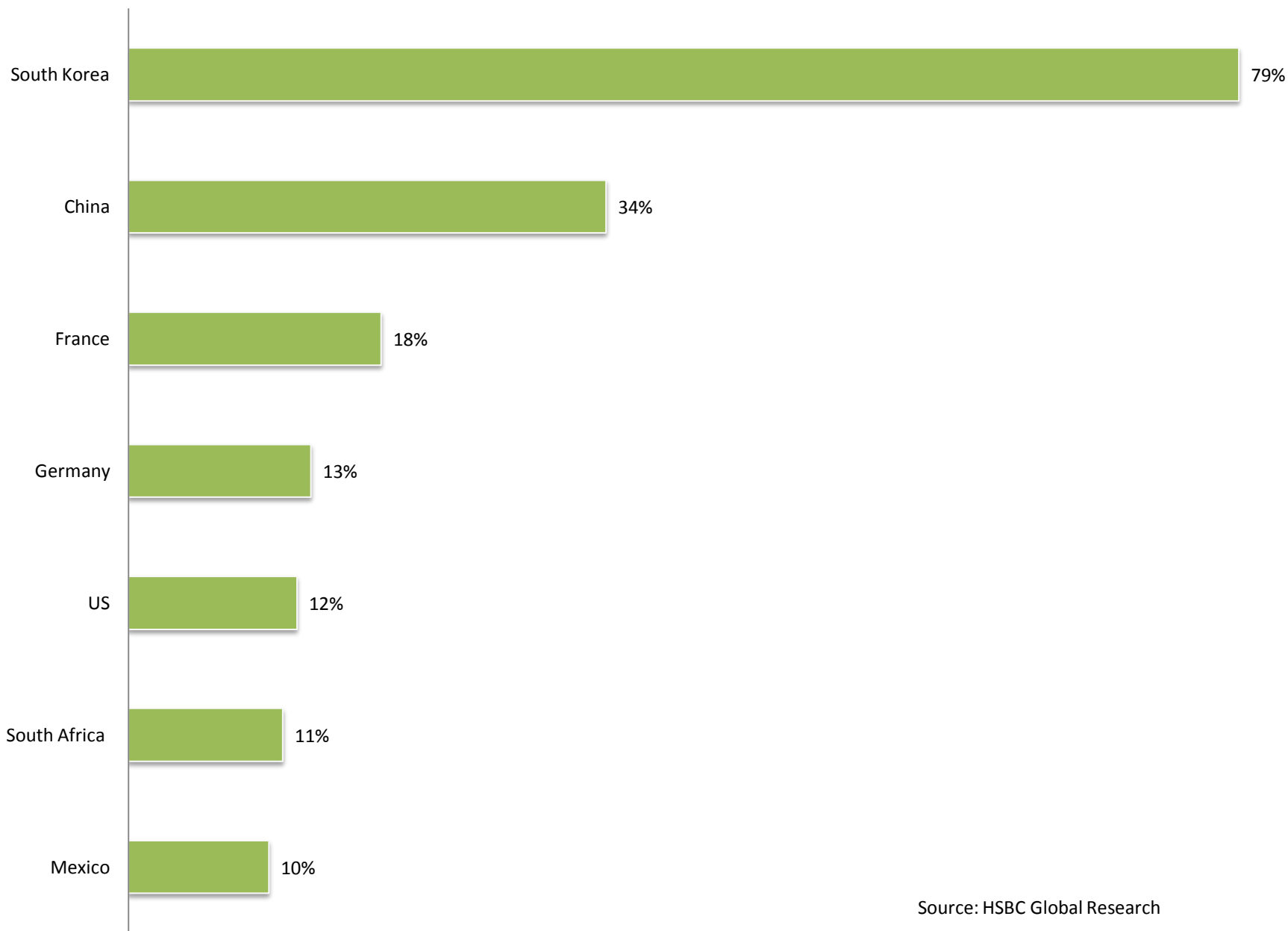
UNEP's working definition

# **The New Economy**

## **What ?**

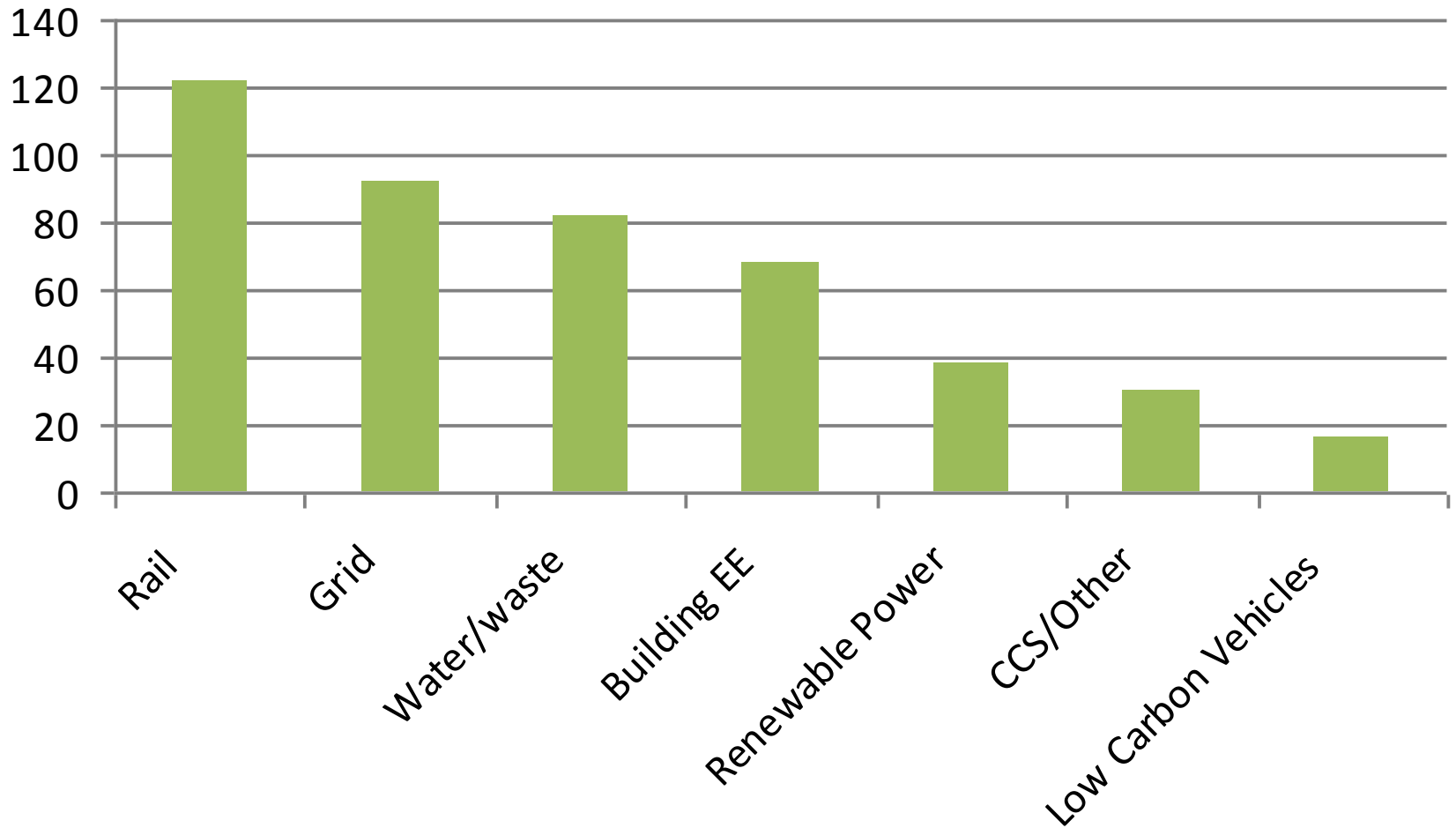
- **An economy characterized by substantial increased investments in economic sectors that build on the earth's natural capital, or reduce ecological scarcities and environmental risks.**
- **Main sectors (GER): renewable energy, low carbon transport, energy efficiency, clean technologies, waste management, 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)



Source: HSBC Global Research

## G20 Green Stimulus Spending Per Sector (US\$ Billion)



Source: HSBC Global Research, UNEP

# **Global New Deal**

## **How ?**

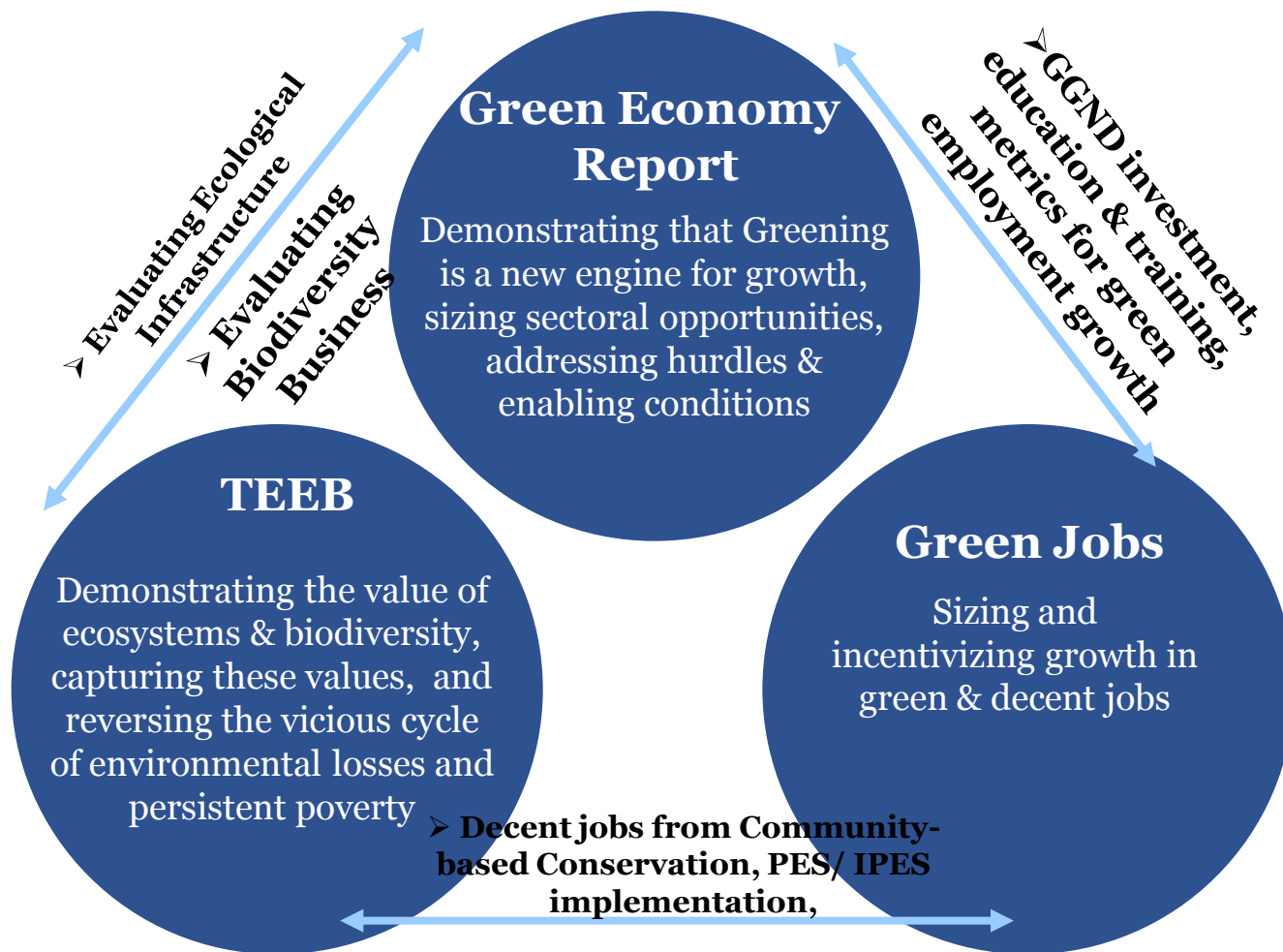
### **International Policy Architecture**

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

### **Domestic Policy Initiatives**

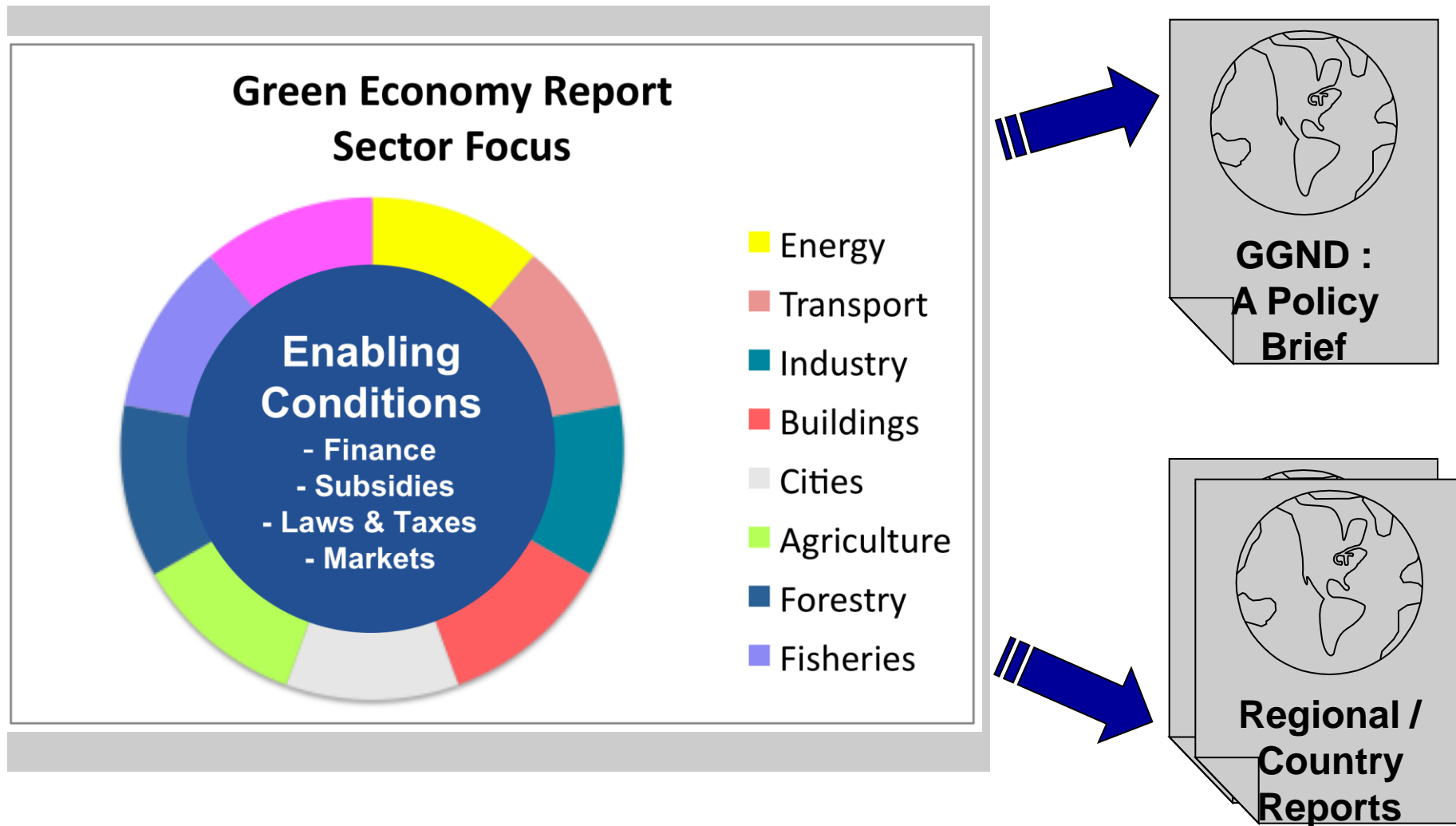
- **Perverse Subsidies**
- **Incentives & Taxes**
- **Land Use and Urban Policy**
- **Integrated Management of Freshwater**
- **Environmental Legislation**
- **Monitoring and Accountability**

# The Green Economy Initiative



# Green Economy Report

## Making the Economic Case for Reform



# 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 a 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/>**

