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VOICES OF THE SOUTH ON GLOBALIZATION

No. 12 | 2009

TOWARDS A GREEN ECONOMY

In this issue

Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.
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ONE TRILLION DOLLAR AND MORE

Several initiatives are under way to move toward a global green economy, most of these associated with the United Nations Environment Programme (UNEP). But private investors from industrialized and emerging economies are also actively involved.

They have invested a record amount of more than 1,248 trillion USD ($1,248,740,645,993.00) since 2007 in promoting technological innovation and resource efficiency that will accelerate environmentally and socially sustainable industrial growth and economic development throughout the world.

These investments have been undertaken by finance institutes and corporations in North America, Europe, China, India, Japan and Brazil, says a new report launched by the Ethical Markets Media (USA and Brazil) and The Climate Prosperity Alliance.

The Global Climate Prosperity Scoreboard, which tracks private investment in companies growing the green economy globally, indicates how investors and entrepreneurs are leading governments in promoting sustainable growth.

The scoreboard totals investments in solar, wind, geothermal, ocean/hydro, energy efficiency and storage, and agriculture. "We purposefully omitted nuclear, 'clean coal', carbon capture and sequestration, and biofuels. We indicate which investments have been publicly announced and committed by major companies for 2010 and beyond," say the Scoreboard analysts.

Dr. Marc A. Weiss, Chairman and CEO of Global Urban Development and Chair of the Climate Prosperity Alliance, said: “This $1.248 trillion of investments are not only from North America and Europe, but also from China, India, Brazil and other developing countries. They indicate that the private sector currently is ahead of governments in understanding that during the 21st century, people, places, and organizations can only get richer by becoming greener and only earn more money by using fewer resources and reusing more."

Dr. Hazel Henderson, futurist, author of 'Ethical Markets: Growing the Green Economy' and president of Ethical Markets Media, who serves as vice-chair of the Climate Prosperity Alliance together with vice-chairs C.S. Kiang (China), Rodrigo Loures (Brazil), Lawrence Bloom (UK) and James Nixon (USA) said, “Ethical Markets Media’s mission is reforming markets and growing the green economy globally."

"Our Global Climate Prosperity Scoreboard will be updated regularly to show progress toward the ecologically sustainable economies that are vital to our common future. Societies are transitioning from the 300-year old, polluting, fossil-fuelled Industrial Era to the advanced technologies of the information-rich Solar Age,” she added.

The Climate Prosperity Alliance, a volunteer, global network of financiers, businesses, economic development authorities, scientists and NGOs is based on earth systems science, showing the widespread evidence of destruction caused by the now-obsolete technologies of the combustion-based Industrial Revolution and its extraction and exploitation of the Earth’s capital: oil, coal, gas, minerals, forests, water, land and biodiversity.

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THE GE INITIATIVE

The United Nations Environment Programme (UNEP) together with other UN sister agencies and civil society groups is implementing a global Green Economy Initiative (GEI). The objective is to motivate governments and businesses to significantly increase investment in the environment as an engine for economic recovery and sustainable growth, decent job creation, and poverty reduction in the 21st century.

The Initiative is designed to assist governments in "greening" their economies by reshaping and refocusing policies, investments and spending towards a range of sectors, such as clean technologies, renewable energies, water services, green transportation, waste management, green buildings and sustainable agriculture and forests.

Greening the economy refers to the process of reconfiguring businesses and infrastructure to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using less natural resources, creating less waste and reducing social disparities.

Initially envisioned as a two-year project, the GEI has been expanded to include a number of related UNEP and UN-wide initiatives focused on providing macroeconomic evidence for significantly increasing investments in the environment as a means of promoting sustainable economic growth, decent job creation, and poverty reduction.

GEI activities include providing advisory services to countries interested in greening their economies, producing research products, such as The Green Economy Report, The Economics of Ecosystems and Biodiversity series of reports, and the Green Jobs Report, and engaging partners to effectively promote and implement green economy strategies.

One of the major outputs of the Green Economy Initiative is the production of a Green Economy Report (GER). The GER seeks to make a macroeconomic case for green investment using research and analytical tools, reviews, projections, and policy recommendations regarding the development of major green sectors such as renewable energy technologies and sustainable agriculture at global, regional, and country levels.

In developing the GER, UNEP convened a meeting of Chapter Coordinating Authors (CCAs), whose institutions have partnered with UNEP in mobilizing intellectual capacity around the world to contribute to the GER. This meeting was a follow-up to the workshop on the GER held in April 2008. It took place on November 17-18 this year in Geneva.

The objectives of this meeting were:

1) to present preliminary drafts/annotated outlines of the chapters,

2) to enable chapter coordinators to interact substantively on the structure, content and methodologies used in their respective chapters, and

3) to identify areas for cross-fertilization and ensure consistency across the entire report as we enter the drafting phase.

The Green Economy Report, a flagship of the GEI, is a ground-breaking study being conducted, using economic analyses and modeling approaches to demonstrate that investment in greening the economy across a range of sectors, including agriculture and forestry, can drive economic recovery and lead to future prosperity and job creation, while at the same time addressing social and environmental challenges.

The Report will explain the core principles and concepts underlying a green economy and make the case for the more sustainable use of natural, human and economic capital. The green sectors being analyzed include:

- Agriculture
- Buildings
- Cities
- Fisheries
- Forests
- Industry
- Renewable energy
- Tourism
- Transport
- Waste management
- Water

World-renowned experts and institutions from both developed and developing countries are working with a UNEP team led by Pavan Sukhdev, a former senior banker from Deutsche Bank, to develop the report. An "open architecture" framework has been adopted in preparing the report to allow the gathering of a wide-range of analyses and examples.

When published in late 2010 the report will target decision-makers, seek to influence business leaders, and solicit the support of the public in calling for increased environmental investments to promote sustainable economic growth, decent job creation and poverty reduction.

Apart from the main Green Economy Report, and in response to the unfolding financial and economic crisis, an immediate report and policy brief calling for a 'Global Green New Deal' was produced in early 2009.

UNEP called for a Global Green New Deal In response to the financial and economic crisis. It was purported to revive the global economy and boost employment, while simultaneously accelerating the fight against climate change, environmental degradation and poverty. UNEP is recommending that a significant portion of the estimated US$3 trillion in pledged economic stimulus packages be invested in five critical areas:

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PROFITING FROM NATURE PROTECTION

Investments in protecting nature can bring huge financial returns, according to a major investigation into the costs and benefits of the natural world. The Economics of Ecosystems and Biodiversity study (Teeb) says money ploughed into protecting wetlands, coral reefs and forests can bring a hundredfold return on capital.

The TEEB study is being led by UNEP with financial support from the European Commission, German Federal Ministry for the Environment and the UK Department for Environment, Food and Rural Affairs.

At the meeting of the environment ministers of the G8 countries and the five major newly industrialising countries that took place in Potsdam in March 2007, the German government proposed a study on '"The economic significance of the global loss of biological diversity" as part of the so-called "Potsdam Initiative" for biodiversity.

The following wording was agreed to at Potsdam: "In a global study we will initiate the process of analyzing the global economic benefit of biological diversity, the costs of the loss of biodiversity and the failure to take protective measures versus the costs of effective conservation."

The study is led by Pavan Sukhdev, a senior banker from Deutsche Bank, and founder-director of the green accounting project "GIST" (Green Indian States Trust) in India. Sukhdev is currently on secondment with UNEP. This proposal was endorsed by G8+5 leaders at the Heiligendamm Summit on 6-8 June 2007, and work on the TEEB (The Economics of Ecosystems and Biodiversity) study began.

The TEEB study is being conducted in two phases. Preliminary findings from the first phase were presented, in the form of an interim report, by the then German Environment Minister Sigmar Gabriel, EU Commissioner Dimas and Pavan Sukhdev at the High-Level Segment of the Ninth Conference of the Parties to the Convention on Biological Diversity (CBD COP-9) in Bonn, Germany, in May 2008.

Sections of Phase II of the study were released in autumn 2009 through and the final synthesis and presentation is scheduled for October 2010. This process is intended to aid dialogue and international engagement with the TEEB study.

Support for TEEB continues to grow and, in April 2009, the G8+5 Environment Ministers signed the Carta di Siracusa which further supports the work of TEEB as a vital component of addressing the increasing depletion of ecosystems and biodiversity.

The TEEB study aims to:

- Integrate ecological and economic knowledge to structure the evaluation of ecosystem services under different scenarios.
- Recommend appropriate valuation methodologies for different contexts.
- Examine the economic costs of biodiversity decline and the costs and benefits of actions to reduce these losses.
- Develop "toolkits" for policy makers at international, regional and local levels in order to foster sustainable development and better conservation of ecosystems and biodiversity.
- Enable easy access to leading information and tools for improved biodiversity practice for the business community – from the perspective of managing risks, addressing opportunities, and measuring impacts.

Raise public awareness of the individual's impact on biodiversity and ecosystems, as well as identifying areas where individual action can make a positive difference.

- In practical terms, TEEB seeks to show that economics can be a powerful instrument in biodiversity policy, both by supporting decision processes and by forging discourses between science, economics and governing structures. The legitimate and effective use of economic instruments in biodiversity conservation depends on their appropriate application and interpretation. Several products to enable this are envisaged for Phase II, all benefiting from the current process of international input and collaboration:
- For Policy-makers and Administrators: A " policy toolkit " providing guidance for policy-makers, covering subsidies and incentives, environmental liability, new market infrastructure, national income accounting, cost-benefit analysis, cost-effectiveness analysis, and methods for implementing Payment for Ecosystem Services (PES) and Access and Benefits Sharing (ABS).
- For Enterprises: Information on how to quantify and disclose, mitigate or offset corporate impacts on ecosystems and biodiversity, as well as case studies of successful business models that recognize the value of ecosystem services and biodiversity.
- For Citizens: Information on the value of ecosystems and biodiversity, as well as examples of how to reduce their impact on wild nature and influence producers through their private purchasing decisions.

The TEEB study is underpinned by state-of-the-art science and economics. The goal is to provide the conceptual foundation to link economics and ecology and to posit a paradigm of the relationship between biodiversity and ecosystem services.

This aspect of the study tackles the challenges of valuing ecosystem services, as well as issues related to economic discounting. It aims to quantify the costs of inaction and examine the macroeconomic dimension of ecosystem services loss. This information will focus on improving our understanding of the economic costs of biodiversity loss and ecosystem degradation.

This survey is the most comprehensive overview of existing thinking in this area to date, and the process is bringing scientists and economists together to provide the analysis and tools required in order to be able to create a robust methodological framework.

- *Jaya Ramachandran* ☑

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BIODIVERSITY AND ECOSYSTEMS CRITICAL

The need to move economies onto a low-carbon path and the benefits of doing so are now widely acknowledged -- yet the need to move towards a truly resource efficient economy, and the role of biodiversity and ecosystems in this transition, are still largely misunderstood or under-appreciated, says a new report.

Building momentum for the transition to a resource efficient economy calls for international cooperation, partnerships and communication. Every country is different and will need to tailor its responses to the national context.

However, all may stand to gain -- countries, businesses, people on the ground -- by sharing ideas, experience and capacity. Policy champions can lead this process and use windows of opportunity to forge a new consensus to protect biodiversity and ecosystems and their flows of services, the TEEB for Policy Makers Report released on Nov. 13 November points out.

"Natural capital – our ecosystems, biodiversity, and natural resources – underpins economies, societies and individual well-being. The values of its myriad benefits are, however, often overlooked or poorly understood. They are rarely taken fully into account through economic signals in markets, or in day to day decisions by business and citizens, nor indeed reflected adequately in the accounts of society," bemoans the study.

The steady loss of forests, soils, wetlands and coral reefs is closely tied to this economic invisibility. So too are the losses of species and of productive assets like fisheries, driven partly by ignoring values beyond the immediate and private.

"We are running down our natural capital stock without understanding the value of what we are losing," warns the report. Missed opportunities to invest in this natural capital contribute to the biodiversity crisis that is becoming more evident and more pressing by the day.

The degradation of soils, air, water and biological resources can negatively impact on public health, food security, consumer choice and business opportunities. The rural poor, most dependent on the natural resource base, are often hardest hit.

Under such circumstances, strong public policies are of the utmost importance. These policy solutions need tailoring to be socially equitable, ecologically effective, and economically efficient.

Solutions are already emerging from cooperation between economists and scientists – and being tested and refined around the world. They point to four urgent strategic priorities:

• **to halt deforestation and forest degradation** (i) as an integral part of climate change mitigation and adaptation focused on 'green carbon' and (ii) to preserve the huge range of services and goods forests provide to local people and the wider community;

• **to protect tropical coral reefs** – and the associated livelihoods of half a billion people – through major efforts to avoid global temperature rise and ocean acidification;

• **to save and restore global fisheries** and related jobs, currently an underperforming asset in danger of collapse and generating US$ 50 billion less per year than it could;

• **to recognise the deep link between ecosystem degradation and the persistence of rural poverty** and align policies across sectors with key Millennium Development Goals.

The study sees two related challenges ahead. The first is to understand the values of natural capital and integrate them into decision-making. The second is to respond – efficiently and equitably.

Unlike economic and human capital, natural capital has no dedicated systems of measurement, monitoring and reporting. This is astonishing given its importance for jobs and mainstream economic sectors as well as its contribution to future economic development.

"For instance, we have only scratched the surface of what natural processes and genetic resources have to offer," notes the report

It goes on to say: As part of good governance, decision-making affecting people and using public funds needs to be objective, balanced and transparent.

Access to the right information at the right time is fundamental to coherent policy trade-offs. Better understanding and quantitative measurement of biodiversity and ecosystem values to support integrated policy assessments are a core part of the long-term solution.

The first key need is to improve and systematically use science-based indicators to measure impacts and progress and alert us to possible 'tipping points' (sudden ecosystem collapse). Specific ecosystem service indicators are needed alongside existing biodiversity tools.

Another key need, according to the report, is to extend national income accounts and other accounting systems to take the value of nature into account and monitor how natural assets depreciate or grow in value with appropriate investments. New approaches to macroeconomic measurement must cover the value of ecosystem services, especially to those who depend on them most – 'the GDP of the Poor'.

TEEB's analysis highlights existing and emerging solutions suitable for wider replication. **Rewarding benefits through payments and markets:** Payments for ecosystem services (PES schemes) can be local (e.g. water provisioning) up to global (e.g. REDD-Plus proposals for Reduced Emissions from Deforestation and Degradation, as well as afforestation, reforestation, and effective conservation – if designed and implemented properly). – *Tatjana Baumann* ☑

BONN HOSTS THE CARBON*N* CLIMATE CENTRE

ICLEI-Local Governments for Sustainability and the United Nations Environment Programme (UNEP) join forces to create the Bonn Center for Local Climate Action and Reporting – **carbon***n*, the two organizations announced Dec. 14 in Copenhagen at the UN climate conference.

"Cities will be one of the main drivers of climate change action so recording what they do is crucial," said David Cadman, President of ICLEI-Local Governments for sustainability.

"Mitigation projects are a first step to achieving climate neutrality in cities and **carbon***n* will be key to that transition."

carbon*n* is a joint project of UNEP and ICLEI Local Governments for Sustainability and aims at facilitating the access of local governments to climate benchmarking instruments on a global scale.

carbon*n* will help local governments report and compare their commitments, policies, programs and performance in greenhouse gas emission reductions.

carbon*n* will also play a pivotal role in developing standards and providing guidance on local emissions accounting and reporting.

"**carbon***n* will bring climate expertise to our city," said Jürgen Nimptsch, Mayor of Bonn in Germany. "This time it will be climate monitoring expertise. It makes sense to bring such a project to Bonn."

Through **carbon***n*, UNEP and ICLEI will work together for the development of low-carbon cities and communities and engaging cities in the UNEP Climate Neutral Network.

Launched in February 2008, the Climate Neutral Network (CN Net) is a high-profile outreach initiative led by UNEP to promote a global transition to low carbon economies and societies. Today, the CN Net has close to 200 participants, including ten countries, three regions, 15 cities Aguascalientes, Arendal, Brisbane, Cape Town, Cascais, Copenhagen, Curitiba, Daejeon, Niteroi, Rizhao, Slough, Sydney, Vancouver, Växjö, and Waitakere), approximately 100 private companies, UN agencies and leading NGOs that have set some of the world's most ambitious greenhouse gas reduction targets.

CN Net gives participants a platform to present their strategies in climate neutrality to the world, providing visibility and inspiring others. It functions as a network for information exchange and sharing of practical experiences, making the best available knowledge on climate neutrality widely available to all. In the coming year CN Net will also provide technical support through a "help desk" function to assist existing participants, and those wishing to join, to develop emission reduction strategies, determine offsetting requirements, conduct inventories, set goals, etc

ICLEI has supported cities in local climate action for 17 years and "**carbon***n*" will benefit greatly from ICLEI's extensive experience in facilitating climate action at a local level. Currently over 1100 local governments around the world have signed up for ICLEI's Cities for Climate Protection (CCP) programme. ☑

UNEP LAUNCHES SHANGHAI EXPO GREEN REPORT

The United Nations Environment Programme (UNEP) released Aug. 18 its assessment of Shanghai's efforts to organize an environmentally-friendly Expo 2010 that aims to benefit not only the 70 million expected visitors but also leave a green legacy for the city's over 20 million residents.

Achim Steiner, UN Under-Secretary-General and UNEP Executive Director, said: "Since the first Expo in London in1851, world fairs have given visitors a taste of the future and the progress of human societies. The Shanghai Expo follows this historic legacy and is offering us a glimpse of a greener future."

While the report applauds Shanghai's environmental initiatives, it also makes recommendations for improvements. The city's development of green transport, with the objective of making public transport the primary mode of travel, deserves wider promotion across China and worldwide. The city has constructed a world-class 400-kilometers rapid transit network and is experimenting with new energy vehicles such as electric buses, hydrogen fuel-cell buses and hybrid buses.

Despite this remarkable accomplishment in the transportation sector, the city is still challenged by its high dependency on coal for electricity. In its report UNEP recommends that the city continues to scale-up its development of renewable energies as demonstrated in its setting of China's largest building-integrated solar power PV plant on the Expo site and the first offshore wind farm in Asia that is under construction off Shanghai's coastline.

The report also notes that while the safe disposal of waste seems to be the foundations of Shanghai's strategy, including the use of landfills and mechanical-biological treatment (MBT) plants, there is a need to develop a more comprehensive waste reduction strategy for the city as well as for the Expo. Shanghai's efforts to ensure drinking water safety has improved as has the increasing sewage treatment rate and cleaning up of polluted rivers, says the report. ☑

THE GE INITIATIVE *(continued from page 2)*

Raising the energy efficiency of old and new buildings;
Transitioning to renewable energies including wind, solar, geothermal and biomass;
Increasing reliance on sustainable transport including hybrid vehicles, high speed rail and bus rapid transit systems;
Bolstering the planet's ecological infrastructure, including freshwaters, forests, soils and coral reefs; and
Supporting sustainable agriculture, including organic production.

UNEP's Global Green New Deal also calls for a range of specific measures aimed at assisting poorer countries in reaching the Millennium Development Goals (MDGs) and greening their economies.

These include an expansion of microcredit schemes for clean energy, reform of subsidies from fossil fuels to fisheries, and the greening of overseas development aid.

A Policy Brief outlining these recommendations was prepared in consultation with over 20 UN agencies and intergovernmental organizations and shared with members of the G20 ("London Summit") meeting in April 2009. UNEP followed-up on this initial brief with a Global Green New Deal update that was launched during with the G20 ("Pittsburgh Summit") in September 2009.

The update summarizes the current amount of green investments included in national financial stimulus packages for a selected group of countries, the rate of green investment disbursement, and progress in domestic policy reforms required to embed these investments in a long-term transition to a green economy.

The update concludes that much more needs to be done and urges G20 governments to invest US$750 billion of the US$2.5 trillion stimulus package (about 1 per cent of global GDP) towards building a green economy – one that reduces carbon dependency, addresses poverty, generates good quality and decent jobs, maintains and restores our natural ecosystems, and moves towards sustainable consumption.

The report was written by Professor Edward B Barbier of the University of Wyoming -- a leading expert on the economics of sustainability -- and co-authored with the late Prof. David Pearce, the landmark *Blueprint for a Green Economy*.

Pavan Sukhdev, Project Leader of UNEP's Green Economy Initiative who is on secondment from Deutsche Bank, said: "Prof Barbier's report is the third in our ongoing stream of work to rethink economic models and target job growth in a world where leveraging 'Natural Capital' is both an increasing constraint and an untapped opportunity, and where failing to pursue sustainable development is no longer an option".

He said the new report built on two earlier reports - the Interim Report on The Economics of Ecosystems and Biodiversity (TEEB) published in May 2008 and an initiative of the G8+5 and the Green Jobs Report of September 2008. ☑

1 TRILLION DOLLAR AND MORE

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"Human societies are now gradually re-industrialising our economies using the Earth's income -- the renewable energies of sun, wind, ocean/hydro, geothermal and non-agricultural biomass -- based on human capital: new knowledge of planetary processes and ecosystems, designing our economies with Nature," a statement posted on www.ethicalmarkets.com points out.

The Climate Prosperity Alliance uses the Climate Solutions 2 computer model of Australia's Climate Risk Pty., showing how $1 trillion invested every year for the next 10 years can assure the global transition to sustainable prosperity and job growth.

This $10 trillion is less than the bailouts of failed banks in the USA and Europe and less than 10 percent of the world's pension and institutional funds of $120 trillion. Institutional fund managers can shift 10 percent of their assets away from hedge funds, risky derivatives and commodity speculation to real investments in a greener global economy, thereby assuring their beneficiaries a healthier future, adds the statement.

"While we encourage progress toward directly investing in growing the green economy, we urge government officials meeting in Copenhagen to follow the lead of these private investors that have already committed $1.248 trillion. We applaud our pension fund colleagues of the UN Principles of Responsible Investing who have joined in pledges to allocate more of their members' $19 trillion of assets into similar green companies," says Dr. Henderson.

She adds: "Now, governments must go beyond arguing over targets, caps and carbon-trading -- and follow the lead of China and the USA in their comprehensive plan for cooperation on clean energy and climate change. Such a general agreement in Copenhagen can promote and underwrite more direct investments and growth of the green economy."

The new Global Climate Prosperity Scoreboard is researched and compiled by the Ethical Markets Media expert team: Timothy Nash, M.Sc., principal, Strategic Sustainable Investments, Toronto; Rachel Tubman, M.Sc., senior researcher/futurist; assisted by The Cleantech Group and members of the Ethical Markets Sustainability Research Group. As these investments increase, the scoreboard will track totals, providing investors and governments with tangible evidence of the growing green economy. - *J. Chandler* ☑