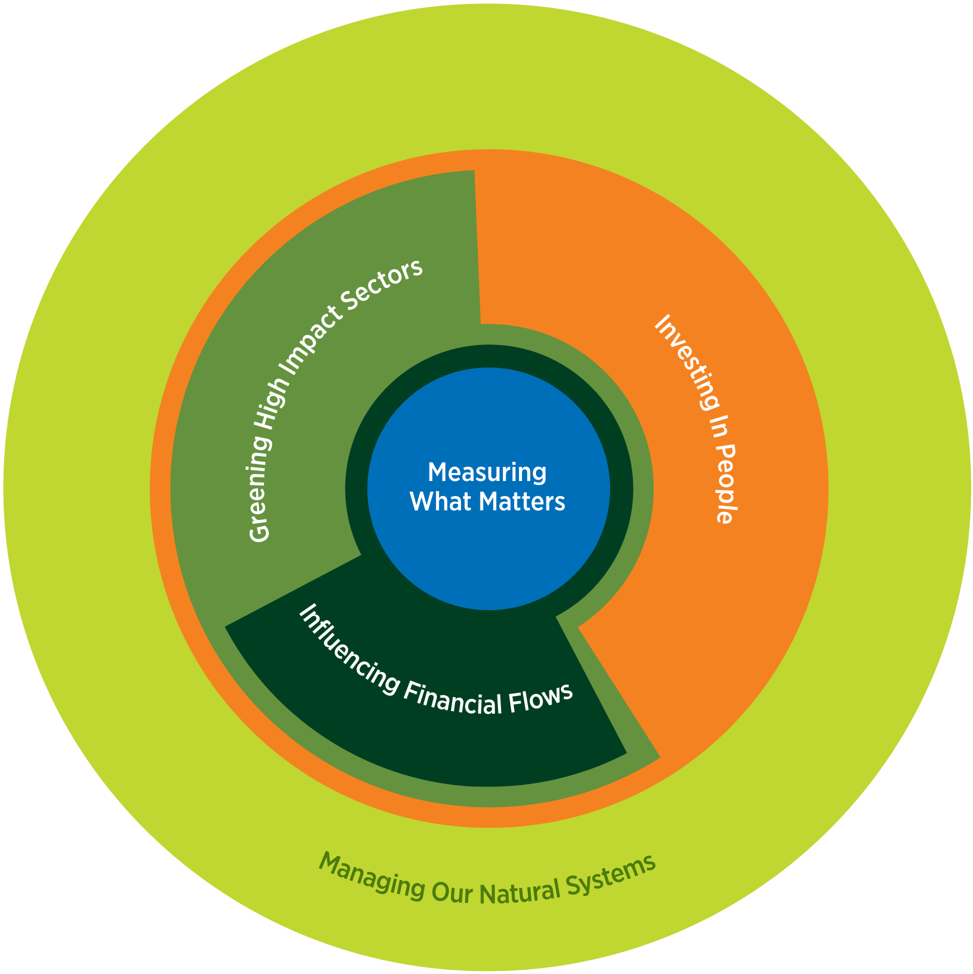

The Green Economy Pocketbook

The case for action

green economy coalition

The Green Economy Coalition is the largest, multi-stakeholder alliance working on green economy. We are made up of think-tanks, environmental and development NGOs, trade unions, businesses and UN bodies. Despite our differences we have come together because we recognise that the current economic order is failing our constituencies – from our global workers, poor and marginalised groups and local communities, to the planet. As our work has evolved, we have built an online global network of active contributors who are sharing their expertise and perspectives on the transition to greener, fairer economies.

A green economy is about a different way of doing things. It is about recognising that our economies need to be guided by different goals, they need to be sustained by different activities, and they need to deliver different results.

We believe it is possible.

We know it is necessary.

We invite you to be part of it.

This publication describes a vision for change. It provides a snapshot of the opportunities, as well as the questions, presented by a shift to a green economy for communities, for governments and for businesses. It describes glimpses and gives examples of a transition that is already underway but has yet to be taken to scale. It connects some of the dots between the many different actions going on at all levels – civil society, government, finance, business – to show how we can evolve our economies to work for people and planet.

This is our vision for a green economy – one founded on fairness and inclusion, and respecting planetary boundaries.

We believe it is possible.
We know it is necessary.
We invite you to be part of it.

Contents

Summary: From crisis to opportunity

The last few years have shown us that our economies and our societies are fragile.

Stagnation and budget deficits define some parts of the world, while volatile international capital flows, fluctuating commodity prices and unpredictable market forces undermine economic resilience in others. In the last year overall global debt grew by USD 5 trillion, with global debt to GDP increasing from 218% in 2000 to 266% in 2010[i]; within a two-year period following the liquidity crisis, 27 million people around the world lost their jobs, many more accepted reduced working hours, wages and/or benefits[ii].

1.2 billion people still live in poverty; 70 % of those people depend on natural resources for all or part of their livelihoods making them particularly vulnerable to continued environmental decline[iii]. Poverty also has other environmental dimensions: 2.6 billion lack access to good sanitation; 1.3 billion to electricity; and 0.9 billion to clean water[iv].

In recent years only 9 countries (4% of the world's population) have reduced the wealth gap between rich and poor, whilst 80% of the world's population have recorded an increase in wealth inequality[v]. Persistent poverty and the growing economic divide threaten social cohesion and undermine political stability.

Humanity's ecological footprint is now 52% greater than the capacity of the planet to replenish natural resources and absorb pollution and waste[vi]. 2010 saw the biggest increase in global greenhouse gas emissions ever recorded – 6% more than the previous year[vii]. The current trend outstrips the Intergovernmental Panel on Climate Change's (IPCC) worst-case scenario and risks dangerous climate change.

These economic, societal, and ecological crises are interrelated. So, the solutions can only be found by considering them together. These crises are also profound and will not be resolved by tinkering or piece-meal policy change, or by technological innovation alone. They demand deep-rooted transformation. They require the courage to forge a new economic vision.

The Green Economy Coalition believes that vision is a green economy – **one that generates a better quality of life for all within the ecological limits of the planet.**

We believe that green economies will take different shades and shapes. Green economies will need to be locally relevant to people so that they generate prosperity and security; they will need to be nationally empowering so that they can support industries and services relevant to different cultural and natural contexts; and they need to be globally strong enough to enable markets and investments to build the solutions at scale and inspire a new confidence in international collaboration.

This local, national and global economic resurgence will emerge more quickly if our global community can share the same purpose. These new, greener economies must:

- **improve levels of human wellbeing**
- **improve natural capital and systems**

This will mean seeking synergies between growth and environmental aspirations. To find these will require the combined efforts of all stakeholders.

We have piloted multi-stakeholder consultations in countries in different continents and at different stages of development. Through these dialogues we have identified common themes that can unlock the transformation. We describe this as **five action areas**, all of which interlink and reinforce each other.

"The laws of physics will not change, so the rules of economy must."

Oliver Greenfield
Convenor, Green Economy Coalition

"A green economy has the potential to create more and better jobs, to reduce poverty and generate social inclusion, especially for youth."

Peter Poschen
Director Job Creation and Enterprise Development Department, International Labour Organisation

"What we really need are responsible economies that, regardless of their colour, value the environment and work for people, providing for the fulfillment of human needs, while respecting planetary boundaries."

Aron Belinky
International Process Coordinator, Vitae Civilis

We argue here that redefining our understanding of 'progress' with the needs of human wellbeing and our natural systems as our objectives, will help to create the right long-term priorities for public policy and investment. These will in turn drive business sector innovation and create wealth, community resilience and jobs, and deliver improvements to the management of natural assets. This requires – Measuring What Matters.

We see that our financial markets, currently guided by short-term goals and an overreliance on financial derivatives, send the wrong signals to investors and the real economy. We argue that the reform of financial markets needs to go beyond financial stability alone to address how financial markets can play a part in building more prosperous societies and resilient growth. This forms the basis of our second action area – Influencing Financial Flows.

We emphasise that there has been some encouraging evidence emerging around the world of new, sustainable business models which provide decent work and opportunities. But, most of these innovations are still in their infancy and have yet to be taken to scale. To accelerate the transition in our high-impact and high-potential systems such as housing, food, cities, energy and transport, they need long-term investment, enabled by policy and guided by the needs of communities and the environment. Our third action area focuses on – Greening High Impact Sectors.

We see that economic development has generated remarkable benefits. But, the benefits of that growth have not been shared equally within or between countries. Growing inequities and unemployment rates, particularly among the young, wastes human capital and hinders innovation. We argue that the moral case for inclusive economic growth is strong but so are the environmental and economic cases. We must empower the full potential of all people to generate solutions and shared prosperity. This is the basis of our fourth action area – Investing in People.

We argue that our economies have become blind to the deepening 'ecological recession'. People and economies depend on nature – for a stable climate, food, clean air and water, energy and raw materials. Yet we have failed to reflect that dependency in our economic activities and projections. It is in our economic interest to ensure environmental stability, favourable climatic conditions and the on-going provisions of environmental goods and services. To do this requires stable investment, effective governance and resource-efficient and ecologically sensitive sectors that work with the natural world.
We call this – Managing our Natural Systems.

Taken together, these five action areas give hope, confidence and practical solutions for how we are going to accelerate the transition to greener, fairer and more inclusive economies. We recognise that the pathway will not be smooth or simple. But we have seen some solutions emerging and we are confident that, when taken to scale and linked together, they will lead to a better quality of life for all within the limits of the planet.

"Building green economies and societies means pathways that link science, technologies and ecologies with wellbeing and justice for people, in all their diversity."

Melissa Leach
Director,
STEPS Centre

"Running a country without knowing how many resources you use compared to how many you have is like flying a plane without a fuel gauge. As we enter an era of ecological overshoot and increasing resource constraints, that's risky. Therefore the green economy advocates measuring what matters."

Mathis Wackernagel
President, Global Footprint Network

[i] McKinsey Global Institute, **Mapping global capital markets**, 2011
[ii] World Economic Forum, **Global Risks 2012, Seventh Edition**
[iii] World Bank, 2011
[iv] Department for International Development, 2011
[v] UNDP **Human Development Report**, 2011
[vi] WWF, **Living Planet Report**, 2011
[vii] US Department of Energy figures published in November 2011

Chapter one: The case for Measuring What Matters

Redefining our understanding of progress with the needs of our societies and our natural systems as our objectives will help to create the right long-term priorities for investment, which in turn drives sector innovation for new industries to grow and create wealth, community resilience and jobs, and deliver improvements to the management of our natural assets.

In the last fifty years, our understanding of progress has been distorted by narrow economic metrics that were never intended to be viewed in isolation. Governments are graded by increases in GDP and companies by their quarterly profits. Our fixation on these economic measures alone has in turn informed the behaviour of our institutions and our choice of policies.

Example

In the USA, from the year 2000 to 2010 there was no net job creation and median family income declined. Rates of both environmental depletion and global warming continued to rise. Poverty levels in the country increased, health gains stalled and the cost of obesity in America rose to USD 300 billion annually. In this same time period GDP rose by nearly 18%[i].

Measures of growth are an important part of the picture, but not if they are at the expense of our societies and environment. We need to align indicators and governance arrangements with what stakeholders actually want and on what future prosperity depends. Our series of national dialogues, our global consultation on the principles of a green economy and our analysis of the UNCSD submissions have taught us that:

- People need decent jobs, stable careers and opportunities for their increased prosperity, while also being safe and feeling secure about the future.
- Businesses want reduced risk and greater clarity for the long-term, and confidence about the resources they depend on and the supply chains that provide them.
- The international community as a whole recognises economic prosperity is generally best achieved through mutual advancement and that is threatened by war, extreme poverty, dangerous inequalities and damage to natural systems.

Economic resilience

National governments manage economies with a limited set of indicators at the front of their minds: GDP growth above all, as well as inflation, fiscal stability and balance of payments.

Managing economies on the basis of a broader indicator set could avoid economic policy undermining the objectives of social and environmental policy. It would also ensure that they are more sensitive to environmental and social threats and opportunities.

Example

Brazil and India's GDP per capita rose an impressive 34% and 120% respectively between 1990 and 2008. However natural capital, the sum of a country's assets, from forests to fossil fuels and minerals, declined 46% in Brazil and 31% in India in the same time period. When measures of natural, human and manufactured capital are considered together to obtain a more comprehensive value, Brazil's GDP rose just 3% and India's rose 9% over that time[iii].

Countries around the world are now developing alternative GDP metrics including; China, India, Botswana, UK, Bhutan, Canada, Japan, Brazil, Ghana, USA, Grenada, Bolivia and the Russian Federation[ii].

In Canada GDP increased by 31% between 1994 – 2008 but citizen wellbeing rose a more modest 11%.

Prosperous societies

For each of us as individuals and members of families and communities, alternative and better metrics – and improved governance for them – would make it much more likely that we can achieve a form of prosperity that includes financial and material wellbeing but can also go beyond that, to include a good quality of life and the realistic hope of sustaining it into the future. This is about addressing not only material poverty but also the poverty associated with environmental deprivations – including bad health, poor living conditions, and degraded soils and water bodies.

These are not particularly new objectives, and they involve no change in most people's values and aspirations. However, alternative indicators can sharpen the attention of government policies, indicators, and corporate strategies in a way which serves those values and aspirations, and encourages them to engage with stakeholders.

Example

The Canadian Index of Wellbeing, an initiative led by civil society and published every year, has revealed that while GDP increased by 31% between 1994 – 2008, citizen 'wellbeing' rose a more modest 11%. The index shows, for example, that real wages grew more slowly than increases in corporate profit; the majority of growth in family incomes went to the richest 20% of families and the quality of jobs has decreased[iv].

"Green economies must go beyond mere green growth to ensure that the poorest communities benefit in a sustainable way. The core elements being promoted for a green economy — reducing carbon emissions, conserving resources, reducing waste, increasing efficiency — can only drive us towards sustainable development if social values and distributional concerns are uppermost."

Dr Camilla Toulmin
Director, International Institute for Environment and Development

Business opportunity

Companies – big and small – are now reliant on global supply chains. Alternative metrics to assess the environmental and societal impact of a company's operations allow businesses to tackle vital questions regarding their impacts, business risks, cost savings and longer-term resilience.

Similarly, evidence now shows that only a small percentage of the market value of the biggest companies is explained by physical and financial assets – down to only 19% in 2009 from 83% in 1975[v]. The remainder is represented by intangible factors, some of which are explained within financial statements, but many of which are not. Corporate reporting can become a new tool for both identifying risks and communicating intangible assets.

Case study

One of the world's leading sportswear company, PUMA, produced a set of environmental profit and loss accounts in 2011 focused on greenhouse gas emissions, water use, land conversion, air pollution and waste throughout the company's operations and supply chains. The accounts revealed environmental impacts costing a staggering EUR 145 million. The finding has prompted a new strategic direction for the company. PUMA is now undergoing a similar assessment of their societal impact.

"The unprecedented PUMA Environmental Profit and Loss Account has been indispensable for us to realise the immense value of nature's services that are currently being taken for granted but without which companies could not sustain themselves."

Jochen Zeitz
Executive Chairman of PUMA

Policy-makers in government around the world are already making alternative arrangements for measurement and governance. To accelerate this shift we encourage:

- Establishing a set of globally agreed SDGs, informed by a set of key indicators covering economic, social, and environmental trends.
- Informing these global goals by metrics of 'national wealth', including environmental assets, to create a fuller picture than can be provided by Gross Domestic Product (GDP).
- Ensuring that all large private and public enterprises report on their environmental and social impacts and contribution to wellbeing, or explain why they do not.
- Ensuring global economic bodies such as the International Monetary Fund and World Bank adopt and pioneer the new indicator sets to drive their policy formation.

86%

of the major global stock exchanges have indicated that they either already had or were planning to launch sustainability indices of their own[vi].

Key point:

Measuring what matters exposes the real impact of decisions. We need to redefine progress at the corporate, national and global levels and ensure coherence across all levels.

Critical question:

How can current processes considering Sustainable Development Goals, 'post-MDGs', corporate reporting, and 'beyond GDP' indicators be developed so that they mutually reinforce each other?

GEC Action

The Green Economy Coalition is working to ensure coherence of thinking across and between Sustainable Development Goals, the beyond-GDP discussions and, via our coalition partner the Global Reporting Initiative (GRI), the debates on corporate reporting. We have partnered with the Prince's Accounting for Sustainability and Stakeholder Forum to lobby governments and businesses to adopt alternative metrics that 'measure what matters'.

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[i] Demos, **New Measures for a New Economy**, 2012
[ii] Green Economy Coalition, **Green Economy: an analysis of the UNCSD submissions**, 2012
[iii] International Human Dimensions Programme on Global Environmental Change, **Inclusive Wealth Report 2012: Measuring Progress toward Sustainability**, 2012
[iv] Canadian Index of Wellbeing (available online www.ciw.ca/en/index.html)
[v] IIRC, **Towards Integrated Reporting**, 2011
[vi] Sustainable Stock Exchanges Initiative, **A Report on Progress**, 2012

Chapter two: The case For Influencing Financial Flows

We see that our financial markets, currently guided by short-term goals and an overreliance on financial derivatives, send the wrong signals to potential investors of a green economy. We argue that the reform of financial markets offers the opportunity to address financial stability but also to redirect capital flows towards building greener, more resilient economies.

The International Monetary Fund (IMF) estimates that the 2008 financial crisis cost USD 2.3 trillion[i] while its longer-term damage, which is still being felt across our economies and currency markets, cannot yet be quantified. Four years on, our global economy is still reeling. Governments continue to borrow unprecedented amounts to service their debts, banks are reluctant to provide credit and the private sector is disinclined to invest for fear of future losses. We are locked into a cycle of economic contraction, debt and withheld private investment[ii]. The crisis of confidence is having a particularly detrimental impact on green investment opportunities because these often require longer-term portfolios.

The confidence crisis within our financial system, which is in turn undermining green investment opportunities, can be tackled in two ways. First, governments can help to renew confidence in green investment by providing longer-term policy directions. Second, and even more importantly, the issue of financial short-termism can be addressed as part of the broader financial reform packages that are already underway.

First, to unleash the stocks of withheld private investment into the green economy, businesses and investors need clearer policy trajectories that signal how risks and rewards will be apportioned. Governments can reassure investors and businesses of their longer-term priorities by implementing sustainable public procurement and reforming perverse subsidies:

- Governments are the largest consumers in an economy. The public sector on average spends 45% to 65% of its budget on public procurement, which amounts to 13% to 17% of the GDP. If governments make a concerted effort to purchase environmentally and socially preferable products and services, their substantial buying power will stimulate markets for sustainable products and services.

- Unsustainable subsidies are pervasive in the industrial, agriculture, transport and energy sectors. They are expensive for governments and can have harmful environmental and social effects. They also represent a misallocation of funds needed for the growth of green solutions.

The policies to build confidence and influence financial flows are:

- Change tax and subsidies in order to reform incentive structures in accordance with Target 3 of the Biodiversity Aichi Targets.
- Ensure public procurement contracts include specifications for labour and environmental sustainability standards.

Second, as well as providing the right policy frameworks to reassure potential investors, the more systemic causes of financial volatility need also to be tackled. Today's capital markets have become increasingly dominated by a selection of large financial institutions, which the Financial Stability Board calls Globally Systemically Important Financial Institutions (GSIFIs), and who coordinate the movement of vast capital flows. The size and role of such institutions means that they have become 'too big to fail'.

However, new evidence shows that smaller, 'value-based' banks that prioritise sustainable finance models are not only better equipped to cope with volatility, but also provide better returns[v]. In the four year period ending in 2010, GSIFIs had a loan/assets average of just 37.8%. The remaining 62.2% was tied up in

The International Monetary Fund (IMF) estimates that the 2008 financial crisis cost USD 2.3 trillion[i].

The public sector on average spends 45% to 65% of its budget on public procurement, which amounts to 13% to 17% of the GDP.

speculative activities. By comparison, over that the same four year period, smaller value-based banks dedicated to sustainable finance had a loan/assets average of 69.5%. During the economic downturn from 2007 to 2010, the lending ratio of value-based banks increased by 80%, while lending from GSIFIs increased by only 20%. Value-based banks had an average equity to asset ratio of 9%, while mainstream banks had an average equity to asset ratio of only 5%[v].

Actions that contribute to financial sector reform include:

- Ensuring diversity and limiting concentration in financial services to enhance innovation and reduce systemic risk.
- Ensuring financial institutions focus on products and services that build the green economy while eliminating speculative activities with limited or no underlying economic justification.
- Including social and environmental risks in the assessment of bank assets relative to capital requirements.
- Addressing shortcomings in current reporting processes that focus on short-term financial accounting, inadequately capture environmental and social impacts, and do not include long-term costs, benefits and risks.
- Reforming investment limitations, especially for pension funds, that limit consideration of long-term sustainability and inclusiveness within investment processes as well as creating a focus on short-term financial market results.
- Ensuring that compensation and incentive systems are transparent, stakeholder driven and deliver long-term green, fair and inclusive investments.

37 governments spent USD 409 billion on artificially lowering the price of fossil fuels in 2010[iii].

Eliminating subsidies for coal, gas and oil could save as much as Germany's annual greenhouse gas emissions each year by 2015[iii].

Key message:
Policy-makers in government and elsewhere need to build confidence in order to leverage investment. This can be achieved by clarifying the direction of green economic policy. They also need to deepen the reforms of the finance sector so it is able to be resilient to systemic risk and capable of investing in green economy.

Economic resilience

Despite inconsistent policy signals in many countries, the green economy continues to demonstrate better than average returns and resilience to economic volatility. Those governments that have recognised the longer-term opportunity of green economic investment have not only seen strong returns but have created jobs, reduced carbon emissions and improved energy security.

Example

KfW is a German development bank that has committed a third of its investment to climate change and energy. It has half a trillion Euros of assets, making it roughly twice the size of the World Bank. It lent EUR 70 billion in 2011, raised from international markets at low interest rates thanks to its AAA credit rating. Since 2001, its loans have helped insulate and seal over 2 million homes, employing 200,000 people a year in the process. Since 2006, 156 million tonnes of carbon have been saved. The bank keeps interest rates low, currently at 1-2%. These are delivered via KfW's top credit rating, topped up by further government subsidy of the interest rate. In 2011, the state put in just under EUR 1 billion, which KfW turned into EUR 6.5 billion in loans, which created a total investment of EUR 18.5 billion – that's a 20-fold leverage on the state subsidy[viii].

Opportunity for businesses

The quarterly returns demanded by many investors make it difficult, if not impossible, to demonstrate the benefits of longer-term restructuring or innovation. In response, a small but growing number of public company CEOs have decided to stop publishing quarterly earnings guidance[ix].

This culture of short-termism in the finance markets is indicative of a lack of investor confidence. The benefits of more confidence in the general trends of economic development, as defined by government policy, resource taxes, subsidy reform, and public procurement commitments, will clarify the risks in investment, and make it easier for companies to find investment for their sustainability innovations.

Prosperous societies

Communities require resilient sources of food, water, energy, employment and the finances to invest in their businesses. The growth of small and medium enterprises (SMEs) is a root to grow reliance and prosperity from the ground up. These innovations need new sources of investment.

Example

BRAC Bank Ltd, a commercial bank based in Bangladesh, aims to serve poor people and small to medium-sized enterprises. In addition to offering traditional loans and deposit accounts, BRAC provides small loans through its micro-finance programme which serves more than 8 million people with a cumulative disbursement of nearly USD 6 billion. In 2010 BRAC Bank Ltd had total assets of USD 1.43 billion, a gross loan portfolio of USD 1.04 billion, USD 1.06 billion in deposits, return on assets of 1.55% and return on equity of 18.9% [x].

Critical Questions

Can the current financial reforms be expanded to ensure the finance sector is capable of supporting the green economy transition?

How can we stimulate the growth of smaller sustainability banks as the institutions better equipped to provide resilient growth?

Between 2005 and 2012 the annualised relative returns of the least carbon-intensive FTSE 350 quartile outperformed the most carbon intensive quartile by 6%: period 2005-2010[vii].

UNEP calculate that global investment in greening the economy will result in higher growth than an equal amount of brown investment within 5-10 years.

GEC Action

The Green Economy Coalition is exploring two alternative routes to ensure that our financial systems contribute, rather than undermine, the transition to a green economy:

1. Reform the existing mainstream finance institutions.
2. Enable the smaller, value-based banks to become more numerous so they can help stimulate the SMEs and community initiatives that will help grow the green economy from the ground up.

We have partnered with the Global Alliance for Banking on Values (GABV) to help demonstrate the right policy mix for governments. This is articulated through our shared work – Banking because the future matters.

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[i] IMF, 2010
[ii] Grantham Research Institute on Climate Change and the Environment, **A strategy for restoring confidence and economic growth through green investment and innovation**, 2012
[iii] IEA, 2012
[iv] Ibid
[v] Global Alliance for Banking on Values, **Strong Straightforward and Sustainable Banking**, 2012
[vi] Ibid
[vii] AXA Investment Managers
[viii] The Guardian, **How a green investment bank really works**, 24 May 2012
[ix] Generation Investment Management LLP, **Achieving Sustainable Capitalism by 2020**, 2012
[x] www.bracbank.com/


POVERTY
NATURE
GREED
HAPPINESS
NASDAQ

Chapter three: The case for Greening High Impact Sectors

There has been some encouraging evidence of new, sustainable business models that provide decent work and stable careers. If these examples can be taken to scale, the transition to a green economy offers huge opportunity to build business value, create jobs and support more resilient communities.

The sectors and systems that currently demand the most resources or create the most waste offer the greatest opportunity for innovation. These sectors are energy, food, housing and transport. At the same time urbanisation continues at pace, so the creation of smart cities offers a new crucible for innovation and improvement.

Economic resilience

Volatile commodity prices and unpredictable markets are increasingly undermining longer-term economic priorities at the national level. The opportunity to build decentralised and resource-efficient sectors offers the chance to build resilient economies – ones better equipped to cope with external shocks and respond to local conditions.

Example

In 1973 the international price of crude oil tripled. The Danish economy, heavily reliant on external energy sources, was badly shaken and it prompted a new strategy to develop more resilient and diverse renewable energy sources. Even after the government discovered oil and gas in the North Sea, it did not deter Danish determination. Today, 17% of its energy comes from renewable sources and this will rise to one-third of its national energy by 2020. The Danish Government has set a goal of running the entire country on renewables by 2050[iv].

Already, the global low-carbon market is worth more than GBP 3 trillion, and is set to reach GBP 4tn by 2015 as more governments and businesses invest in low-carbon technologies[i].

3.4 million

European eco-industries support 3.4 million jobs – more than both the European car manufacturing and chemicals industry; they had a turnover of EUR 319 billion in 2008 corresponding to 2.5% of GDP[ii].

Example

Tunisia's solar energy plan (2010-2016) aims to cut national energy consumption by 22% and to promote an increase in renewable energy to 1,000 MW by 2016. A framework of regulations and incentives is gradually being put in place to encourage the production of renewable energy. The most recent example is the self-generation of electricity using renewable energy sources, which allows private users to deliver electricity via the national grid and sell surplus energy to the national power utility[v].

Prosperous societies

People want energy they can afford, food they can trust, housing that can be kept warm or cool and that will not be flooded. They want careers in industries and sectors that provide them with decent work. They want to see an improvement in living standards, in their health and wellbeing, and the knowledge that they will be able to enjoy a long and healthy retirement. They also want to see an improvement in opportunities for all, not just for an increasingly remote minority.

Decentralised renewable energy systems give control and affordability over the longer term so people can be confident they will be able to power their home today and in the future. Sustainable food systems provide people with food they can trust from sources they know. Electric transport vehicles, which can be powered from domestic renewable sources, provide stable energy prices and predictable supply. These are important individually and when taken together they ensure that communities are better prepared to meet their own needs in an ever more volatile world.

Example

42,000 villages in India still lack access to reliable electricity. At the same time, the mobile phone industry in India is growing rapidly and providers are rolling out phone towers across the country, each of which uses 2 billion litres of diesel a year (second only to Indian Railways in terms of consumption). Development Alternatives, a social enterprise, is working with mobile phone operators and power suppliers to introduce renewable energy systems to power the mobile phone towers. The initiative, which is easily replicable, is creating a decentralised network of reliable, locally operated and affordable energy supplies for villages across the country[vi].

Business opportunity

Business is constantly looking for ways to become more efficient and generate new value. There are substantial competitive gains to be made in more efficient use of resources such as water, energy and materials, creating savings now as well as developing resilience to the upward trend in commodity and energy prices. Given the scale of transition required across all sectors and services, industries which fail to innovate and fund the efficiencies will not be able to compete.

Businesses want confidence about the future, finance to invest in change and growth, access to new markets, and rewards for innovation and risk taking. Ultimately, they need policy signals to be consistent.

Example

Marks and Spencer is one of the UK's leading retailers with 21 million customers visiting its stores every week, sourcing products from 2000 suppliers around the world. It's 'Plan A' sustainability strategy, founded on seven pillars including natural resources, waste, climate change, wellbeing and fair trading, has 180 commitments. The retailer now recycles 94% of all its waste generated, and has reduced waste by over one third. It has developed an Ethical Model Factory programme and has provided training to 37,000 workers in their supply chains. Net benefits from Plan A were estimated at GBP 70 million in 2011.

Photovoltaic (PV) industry production more than doubled in 2010. It is a more than 500-fold growth compared to 1990 when the global production amounted to 46 MWs. Such an increase makes photovoltaics one of the fastest-growing industries at present[iii].

To accelerate the transformation of our high impact sectors and services, governments should:

- Develop transition roadmaps for each major sector, through national and regional multi-stakeholder dialogues.
- Commit to the UN's objective for Sustainable Energy for All to provide universal access to modern energy services, doubling energy efficiency and doubling the share of renewable energy in the world's energy supply by 2030.
- Improve the quality and accessibility of public transport and seek to reduce dependence on the private car. Support electrification of private vehicles.
- Support, encourage and regulate to create sustainable agriculture. Governments should, in co-operation with farmers' and peasants' organisations, support small farmers' access to land, water, local seeds, local markets, credit, agro-ecological technologies and participatory education schemes.
- Establish integrated water resources management and water efficiency plans.
- Make the sustainable consumer choice the easy choice by phasing out the highest-impact products and services.
- Regulate misleading and exploitative advertising, and curb advertising to children.

Key point:
Sector transformation is about generating value for all stakeholders from the sustainable use of environmental assets. It is also about inclusivity of decision making, opportunity and ownership. A good transition needs the strong engagement of civil society.

Critical questions:
How can we ensure that economic sector transformation responds to new opportunities for countries at different stages development?

What about the sectors which are hardest to transform, such as aviation? Do we simply try to reduce their size in the global economy?

GEC Action

The Green Economy Coalition has been supporting our members to host national dialogues that diagnose the opportunities and challenges of a green economy in different country contexts and at different sectoral levels. To date, our coalition member, IIED, has worked with national partners in Brazil (Vitae Civilis), the Caribbean region (CANARI), India (Development Alternatives) and Mali (Mali Folk-centre) and is continuing a programme of dialogue and diagnosis of opportunity in other countries, in consultation with the Coalition. Our member EcoUnion has hosted a multi-stakeholder dialogue in Spain. More green economy national dialogues are planned in the coming months.

Building on the insights at the national level, the Coalition is creating a global online knowledge platform to share experiences and the lessons of different transition pathways, but also to track the rapid progress that different governments and communities are making towards greener economies.

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[i] **Enabling the Transition to a Green Economy: Government and business working together.** UK Government (also available www.uncsd2012.org/rio20/content/documents/Enabling_the_transition_to_a_Green_Economy__Main_D.pdf)
[ii] European Commission (available at www.ec.europa.eu/dgs/jrc/downloads/events/20120515-eco-industries/agenda.pdf)
[iii] http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=13810&dt_code* =NWS&lang=enhttp://www.gabv.org/news/report-shows-sustainable-banks-outperform-worlds-largest-banks
[iv] Danish Government, **Energy Strategy 2050**, 2011 available at: www.ens.dk/Documents/Netboghandel%20-%20publikationer/2011/Energy_Strategy_2050.pdf
[v] Tunisia UNCSD submission, 2011, (available at www.uncsd2012.org/rio20/index.php?page=view&type=6&nr=252&menu=32)
[vi] Development Alternatives www.devalt.org/

Chapter four: The case for Investing In People

Growing inequity and unemployment, particularly among the young, wastes human potential and stunts innovation. We argue that the moral case for inclusive economic growth is sufficient, but that the environmental and economic cases are also resounding. A green economy offers an opportunity for redistributing access to our natural and financial capital in order to create more resilient and diverse economies capable of providing stable job prospects.

Economic development has yielded remarkable benefits. Millions have been lifted out of poverty, and many people enjoy better opportunities and healthier and longer lives than ever before. Nevertheless, the benefits of economic development have still not reached over one billion people who remain without access to the basic resources they need to lead a decent life.

The World Economic Forum's Global Risks Report 2012 revealed that economic imbalances and social inequality risk reversing the gains of globalisation. Developed economies are experiencing rising unemployment and the loss of social entitlements; emerging economies are struggling to provide opportunities for their young populations; while the least developed economies are seeing declines in wealth and social gains[i]. The seeds of social unrest are manifesting themselves from the pavements of Wall Street to the streets of Tunis.

In this context of a looming social crisis, the prospect of a green economy offers potential for alternative ownership models that will share natural and financial capital more equitably. It offers opportunities for new jobs and employment prospects in emerging and transformed industries that are less dependent on volatile commodity prices for their core business.

Prosperous societies

If we invest in the natural world but fail to invest in people, the future green economy is going to remain almost as unequal and unjust as the current one. Experience has taught us that more equitable access to our natural resources can have multiple benefits including the creation of jobs and improved stewardship of our natural resources. This is the case in both developed and developing country contexts. From community forestry in Nepal to family forests in Sweden, the places where local people have secure forest tenure rights are marked by stable forested landscapes, in which local businesses supply a wide range of forest products and services that benefit not only local society, but also the global public good. From slums in Asia to housing estates in the UK, communities able to take a stake in local decision making are more likely to contribute their own funds, resources and time to improving neighbourhoods and local conditions.

Example

In 1978, amid failure to curb widespread deforestation of state-owned forests, the government of Nepal legitimised community forestry. Community-owned forest now makes up around a fifth of all forested land in the country, with 17,685 groups of local community members managing more than 1.6 million hectares[iv]. The rate of decline in forest cover has shifted from 1.9% during the 1990s, into an annual increase of 1.35% over the period 2000 to 2005[v].

90%

Goods and services that forests and freshwater systems, to coral reefs and soils provide can represent close to 90% of the GDP of the poor[ii].

2%

Investing 2% of GDP in green economy could create up to 9.6 million new jobs per year[iii].

In California last year, the state's overall economy lost 7% of jobs from January 2009 to January 2010 while its core green economy lost just 3%.


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Example

The Asian Coalition for Housing Rights (ACHR) has helped more than 700 local groups to co-finance, design and implement neighbourhood improvements in 18 Asian countries. More than USD 10 million has been invested to date, with local communities contributing on average a quarter of the funds needed for each project. As a result, more than 192,000 households have improved living conditions, including secure tenure, housing and essential services[vi].

Economic Resilience

The concentration of power into fewer and fewer hands, be they businesses or individuals or political elites, undermines the longer-term resilience of our economies. Work forces become inflexible, businesses become desensitised to key environmental and social risks, and communities become dependent on single (and often external) revenue sources. All too often businesses and initiatives are becoming 'too big to fail'. Conversely, economies that encourage diversity, local entrepreneurship and a variety of different business models have been shown to be more resilient to the ever changing demands of the global market.

Example

Union de Ejidos de La Selva is a union of 1,300 coffee-producing indigenous families in 42 communities in Chiapas, Mexico. It sells its finished product directly to the consumer. All profits are distributed among its members and used to address social needs identified within their own communities. Investments go to ensuring better soil management and environmental practices, including certified organic techniques that limit erosion and water pollution. Union de Ejidos de La Selva's innovative approaches have allowed it to survive the international collapse of the coffee market[vii].

$75 – $100 billion

Locally controlled forests involve one billion people and one quarter of the world's forests, providing USD 75 – USD 100 billion per year in goods and services.

Opportunity for business

The shift to the green economy will favour those companies that can actively make the transition themselves by transforming their business models. This will involve different objectives, namely to fulfil social and environmental goals as well as financial. It will also mean employees can apply their skills in new ways, providing training and retraining where that is required.

Example

RECYCLA is a social business model dedicated to e-waste recycling and creating green job opportunities for vulnerable people in Latin America. Since its inception it has implemented a triple bottom line business model, creating environmental, social and financial value. Environmental value is created by recycling electronic waste and establishing the first industrial Green Seal in Latin America. Social value is created by providing opportunities to those in the bottom tiers of the social pyramid and by entering into agreements with social organisations to bridge the digital gap[viii].

For policymakers in government and elsewhere, there is an urgent need to develop and implement policies to create the following:

- Access to financial assets for the rural and urban poor, and for small businesses, by means of user-friendly schemes for financial services.
- Investment in education, training, skills development and capacity building to ensure a just transition for all workers.
- Actively promote equitable ownership and workers' rights across the economy, including in emerging industries.
- Provide technical and financial support for public renewable energy systems and projects, including community-owned ones.
- Support for small farmers in developing countries through measures that maximise their contribution to food and water security, environmental protection, livestock health and welfare, and climate adaptation.
- Provision of safety nets such as the social protection floor and help with retraining and transition for people and communities in danger of losing out as a result of the decline of some economic sectors, such as fossil fuel production.
- Ensure the implementation of the UN Guidelines for Consumer Protection.
- Positive steps, including through education and laws on discrimination, to enable disadvantaged sections of the population to play as full a role (as they wish to) in economic life and employment.

58 companies now report to the Water Disclosure Project representing a market capitalisation value of USD 2.49 trillion, equivalent to the GDP of a G5 country, and abstraction in excess of 1598 billion litres of water per annum – equating to 0.6 litres per day for every person on the planet.

Key point

There is extreme and growing inequality in the world economy, creating social unrest. The evolving economy must tackle poverty and deliver wellbeing for all through inclusive and fair development.

Critical questions

What are the most effective sectoral strategies that can build green solutions to help eradicate poverty?

What does an economic framework focused on human and ecosystem wellbeing offer to economies at different stages of development? How might it offer a compelling vision for change even among those countries with already high living standards?

GEC Action

The transition to a green economy with equal opportunities for all should be guided by a set of shared principles. Over the last four months the Green Economy Coalition has been hosting a global stakeholder consultation on the core principles that are needed to guide our transition to a greener economy. Our next action is to explore how these principles can be taken forward into decision making and practice. We will be engaging with industry, governments, civil society leaders and others in the coming months to discuss the move from principles to implementation.

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[i] World Economic Forum, **Global Risks Report**, 2012
[ii] UNEP, **Why a Green Economy matters for the Least Developed Countries**, 2011
[iii] UNEP, **Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication**, 2012
[iv] IIED, **Investing in locally controlled forestry Pocketbook**, 2012
[v] UNEP, **Why a Green Economy matters for the Least Developed Countries**, 2011
[vi] IIED, A three-point action plan for a fair, sustainable world, 2012
[vii] Schwab Foundation, **Social Entrepreneurs Brochure**, 2012
[viii] Schwab Foundation, **Social Entrepreneurs Brochure**, 2012

Chapter five: The case for Managing Our Natural Systems

People and economies depend on nature – for a stable climate, food, clean air and water, energy and raw materials. Yet we have failed to reflect that dependency in our economic activities and projections. It is in our economic and societal interest to ensure environmental stability, favourable climatic conditions and the on-going provisions of environmental goods and services.

While our ecosystems have been shown to be both critical foundations for, and very sensitive to, economic activity, our economies are largely oblivious of the state of our natural systems. In short, environmental values, scarcities and risks have not been translated into economic thinking and practice.

Economic growth policies pursued without sufficient investment in the natural world are unsustainable for three main reasons:

- Resource-intensive growth pushes up commodity prices. Food, fuel, and metals become more expensive – leading to people and firms not being able to buy so much, bringing growth rates down and in some cases making them negative.
- Carbon-intensive growth impacts on the climate, with economic costs from increased numbers of extreme weather events, and reduced food production in some areas.
- Ecosystem-destroying growth undermines the foundations of future livelihoods and prosperity, particularly in the case of food growing and fisheries.

To continue this approach while many emerging countries are beginning to become major players in natural resource use is doubly dangerous if those countries invest in infrastructure that locks in such damaging patterns for many years to come.

Economic resilience

Ecological assets contribute to a country's wealth and prosperity. For example,10% of Kenya's foreign exchange is tied up in Lake Naivasha and nearly 2 million connected jobs -

making both the business of water efficiency and ecosystem management vital to its longer term value.

In 2007, it was estimated that annual payments for ecosystem services (PES) totalled around USD 77 billion worldwide, and these are expected to increase to approximately USD 300 billion by 2020[iii]. These large sums, correctly managed, should offer significant rural employment opportunities and secure livelihoods for poor people and in particular poor women.

The improved management of natural capital also strengthens a country's resilience to the increasing volatility to extreme weather conditions.

Example

Coastal features such as coral reefs, mudflats, coastal dunes and mangrove forests create effective buffers against natural disasters. A 28% reduction in mangrove cover between 1980 and 2002 in South East Asia to make way for commercial shrimp farming has contributed to a loss of natural protection against tsunamis and cyclones. This was tragically demonstrated during the 2004 South Asian Tsunami, when coastal areas still covered by mangroves were relatively less affected, with mangroves acting as a natural defence.

UNEP's green economy model estimates that ecosystems – from forests and freshwater to coral reefs and soils – deliver essential services to humankind estimated to be worth over USD 72 trillion a year – comparable to World Gross National Income. Yet in 2010, the Millennium Ecosystem Assessment reported that nearly two-thirds of the globe's ecosystems are considered degraded.

Prosperous communities

The situation is not so different for individuals, families, and communities. We are all dependent on the earth's resources, and all have our livelihoods, as well as our supplies of food and water, at risk when resources and ecosystems are allowed to decline.

Sharing prosperity more widely is going to depend crucially on investing in the natural world, so that we can avoid the current widening distribution of prosperity – particularly across many parts of Asia, Latin America, and Africa – creating ecological catastrophe at a global scale, and therefore coming to a halt.

Investment in the natural world, including forest and water systems – from both public and private sources – is essential in order to create and sustain prosperity for the world's people.

Example

In the 1980s vast areas of Guatemala's Northern-most region, El Peten, were cleared. In response, local authorities, central government and donor agencies founded community-run forestry enterprises. Today, the enterprises steward over 420,000 hectares. Communities receive legal rights to manage and harvest forests and security of tenure via 25-year management leases. Harvesting rights are conditional on sustainable forestry practices. More than 10,000 people directly benefit from forest concessions and 60,000 receive indirect benefits. Between 2006 and 2007 the concessions produced USD 4.75 million in certified timber sales[vi].

Example

Home to approximately 6% of the world's biodiversity, the Heart of Borneo is one of earth's richest biological treasure troves, that is rapidly degrading due to economic pressures. New research has compared 'business as usual' to a 'green economy' scenario. It has shown that growth will increase more rapidly under a green economy where natural capital is sustained. Measured according to GDP, green economy investments by 2030 would generate USD 1.7 for each USD invested. The three governments of Brunei, Indonesia and Malaysia are now working together to generate a green economy for the region[vii].

According to Munich Re, 2011 was the costliest year ever recorded in terms of natural catastrophe – USD 776 billion. At about USD 380 billion, insurance pay-outs for global economic losses were nearly two-thirds higher than in 2005[i].

19%

The Economics of Climate Adaptation Working Group show that climate risks could cost nations up to 19% of their GDP by 2030, with developing countries the most vulnerable[ii].

Business Opportunity

Advanced companies assess the impacts of the long-term trends affecting their business. A company which makes soft drinks, for example, needs to ask where the water is coming from, and whether it will continue to be available.

This is sensible strategic planning and minimises future risk. Current stock market valuations are out of line with the real financial prospects of many companies because environmental risk is widely undervalued.

Similarly, firms that track social, environmental, and political trends – and are therefore able to foresee future changes in regulations and taxation – have a built-in advantage and a set of opportunities. Although the signals from politicians are often inconsistent, it is clear that the basic trends in the world are going to reward resource and energy efficiency, waste reduction and brands that people can trust.

- Eco-tourism is the fastest growing area of the tourism industry with an estimated increase in global spending of 20% annually.

Example

The environmental costs across the world's largest 800 companies rose by 50% between 2002 and 2010, from USD 566 billion to USD 854 billion. External environmental costs account for a considerable proportion of earnings and thus represent significant business value potentially at stake: across the 800 companies, the average environmental costs per dollar of earnings would have been approximately 41 cents in 2010[viii].

Many people are concerned that current talk of natural capital could lead in the direction of privatising and enclosing land, and that through including those resources within systems of private corporate ownership and the unrestricted activity of market forces, we will be taking away most local people's access to the ecosystem services and resources to which they depend.

It is essential that governments and business avoid taking the argument in that direction. Instead, there is an urgent need to develop and implement policies to create the following:

- Incentive structures to promote the flow of investment into the natural world. We must restore and safeguard ecosystems that provide essential services related to water, and halt and reverse forest loss, the natural systems on which poor and indigenous communities depend for their livelihoods.
- Government national accounts to measure not only monetary flows but also developments in resource stocks and ecosystem health in accordance with Target 3 of the Biodiversity Aichi Targets.
- International governance structures that reflect both the global nature of the boundaries to what the planet can sustain, and the interconnectedness of environment, society, and economy.
- Commitment to community-owned natural resource management, providing decent jobs for all.

The true cost of prawn farming in Thailand would equal USD 11,172 per hectare if externalities such as public cost of flood restoration were included. This compares to USD 12,392 per hectare for mangroves, including storm protection and services as a fish nursery[iv].

Protected natural assets can deliver economic returns that are 100 times greater than the cost of their protection and maintenance[v].

Key point

A healthy natural world is a prerequisite for human prosperity. Improving the stewardship of our natural systems offers opportunities for new markets, expanding industries and jobs, particularly for the rural poor.

Critical Questions

In an envisioned USD 300 billion Payment for Ecosystem Service world market, who will be negotiating on behalf of the poor?

Can we find ways to protect and invest in natural systems that do not commoditise them?

GEC Action

There are many legitimate fears and questions concerning the move to put a value on nature and introduce new ways of paying for our ecosystem services.

The Green Economy Coalition does not have the answers. Instead, it is supporting dialogue and exchange on these complex issues via our website, live debates and interviews. We are approaching stakeholders from around the world including economists, politicians, civil society, business and academics to enlist their expertise. We are keen to hear from all different perspectives so that we can continue to build up a global exchange network of different experiences and perspectives.

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[i] Munich Re, **Review of natural catastrophes in 2011: Earthquakes result in record loss year**, 2012
[ii] The Economics of Climate Adaptation Working Group, **Shaping Climate-Resilient Development**, 2009
[iii] Asian Development **Bank, Buyer, Regulator, and Enabler: The Government's Role in Ecosystem Services Markets**, 2011
[iv] **The Economics of Ecosystems and Biodiversity**, 2010
[v] Ibid
[vi] World Resource Institute, **Routes to Resilience**, 2008
[vii] WWF, **Heart of Borneo – Investing in Nature for a green economy**, 2012
[viii] Trucost for KPMG, 2011

Conclusions

The transition to a green economy is a difficult but historically important process. Without it, we face an uncertain future in which environmental deterioration will increasingly undermine the economic and social progress made in all parts of the world. The transition to green economy is our best route towards opportunity, prosperity, and resilience.

For the new green, fair and inclusive economy to emerge, civil society must be actively engaged at all levels. Resilient green economies usually prosper from community actions and locally-owned solutions, supported by national leadership and international institutions.

To accelerate this transition, the Green Economy Coalition, the world's largest civil society movement working together on green economy, recommends:

1. National green economy multi-stakeholder processes should be established in all countries, with civil society actively engaged in the conception, implementation, governance and communication of those processes; and those processes should be focusing on synergies between environmental and economic growth aspirations.
2. Civil society needs to learn and share what works in each country and use this knowledge to influence collectively in international policy arenas such as the G20 and UN, and with processes such as the creation of new indicators and goals.

GEC actions

Through its partners the GEC will continue to work to support national and regional dialogues on green economy. It will run global learning events where lessons can be shared, and it will continue to build a knowledge sharing platform that supports and connects local to global understanding and efforts.

The GEC, with partners, shall coordinate global 'research-and-influence' themes where there is a real need to innovate and/or coordinate – building on our current work on 'measuring what matters' and 'banking as if the future matters'. We are evolving from a coalition of international institutions to a network involving many more, geographically dispersed actors. We aspire to be a global movement for exploration and change.

Over the last few months and years as we have worked together, we have encountered much civil society distrust in current economic governance. We believe this will only worsen if change is not delivered and civil society is not adequately engaged.

To start rebuilding trust between governments, business and civil society, we need to ensure that we share a common vision of progress. The Green Economy Coalition has undertaken a global consultation on the principles for a green economy. These principles have been drafted collectively by 250 organisations from around the globe. They represent a new contract between civil society and the powers that govern our political economy.

This is the change we want.
This is the change that is needed.

2% of global GDP

UNEP estimate to kick start this transition will cost to 2% of global GDP (USD 1,300 billion).

Nine principles for a green, fair and inclusive economy – the new social contract for the economy

This list of principles is the outcome of a global discussion, initiated by the Green Economy Coalition at the 2012 UNEP Governing Council and then through extensive on-line consultation:

Nine principles for a green, fair and inclusive economy

A green, fair and inclusive economy provides a better quality of life for all within the ecological limits of the planet:

1. The Sustainable Principle

A green, fair and inclusive economy is a means to deliver sustainability.

- It is one of the vehicles to deliver sustainable development – not a replacement for it
- It respects its dependency on a healthy environment and it strives to create wellbeing for all
- It addresses all three dimensions (environmental, social and economic) and develops policy mixes that integrate and seek the best results across all of them

2. The Justice Principle

A green, fair and inclusive economy supports equity.

- It supports equity between and within countries and between generations
- It respects human rights and cultural diversity
- It promotes gender equality and recognises knowledge, skills, experience and contribution of each individual
- It respects indigenous peoples rights to lands, territories and resources

3. The Dignity Principle

A green, fair and inclusive economy creates genuine prosperity and wellbeing for all.

- It alleviates poverty
- It delivers a high level of human development in all countries
- It provides food security and universal access to basic health, education, sanitation, water, energy and other essential services
- It transforms traditional jobs by building capacity and skills, respects the rights of workers and actively develops new, decent green jobs and careers
- It achieves a just transition
- It acknowledges the contribution of unpaid work
- It promotes the self-empowerment and education of women
- It support the right to development if delivered in a sustainable way

4. Healthy Planet Principle

A green, fair and inclusive economy restores lost biodiversity, invests in natural systems and rehabilitates those that are degraded.

- It recognises its dependency on the productivity of ecosystems and biodiversity
- It does not violate, disrupt, or overstep ecological boundaries and commits to co-operate within them, including reducing pollution, safeguarding ecosystems, biodiversity integrity, other natural resources including air, water, soil, and biogeochemical cycles
- It ensures that environmental integrity is maintained before allocating resources among competing uses

"The green economy approach is essential if we are to respond effectively to the threats currently facing the natural world. Otherwise we will be winning some of the battles but losing the war."

Victor Anderson
Senior Policy Officer, WWF

"To be successful, companies need to operate in a Green Economy: to make the transition to the future they need, companies must measure what matters. Governments and regulators can encourage this by asking companies to report their sustainability performance or explain why not."

Teresa Fogelberg
Deputy Chief Executive, Global Reporting Initiative

- It ensures an efficient and wise use of natural resources, including water, natural gas, oil and mineral resources, without compromising future generations prospects
- It supports the respect of all forms of life
- It applies the precautionary principle
- It assesses of the potential impact of new technologies and innovations before they are released
- It assesses the environmental impacts of economic policies and seeks to find the least disruptive, most positive benefit for the environment and people
- It promotes the restoration of balance between ecological and social relations

5. The Inclusion Principle

A green, fair and inclusive economy is inclusive and participatory in decision making.

- It is based on transparency, sound science and the visible engagement of all relevant stakeholders
- It supports good governance at all levels from local to global
- It empowers citizens and promotes full and effective voluntary participation at all levels
- It respects cultural values, is tolerant to religious views and lifestyle choices, and sensitive to ethical considerations
- It build societal awareness, developing education and skills
- It is transparent, inclusive and participatory, giving equal opportunities to, and advocating further for the rights of, young and old, women and men, poor and low skilled workers, indigenous peoples, ethnic minorities and local communities

6. The Good Governance and Accountability Principle

A green, fair and inclusive economy is accountable.

- It provides a framework to structure markets and production in consultation with all stakeholders
- It reports its sustainable progress on environmental, social and economic measures, in company, national and international accounts
- It achieves transparency
- It promotes international cooperation and defines international liability

- It promotes global policy coherence and fair international cooperation
- It promotes common but differentiated responsibilities
- It commits to international human rights standards and environmental agreements

7. The Resilience Principle

A green, fair and inclusive economy contributes to economic, social and environmental resilience.

- It supports the development of social and environmental protection systems, and preparedness against and adaptation for climate extreme events and disasters
- It creates a universal social protection floor
- It promotes a variety of green economy models relevant to different cultural, social and environmental contexts
- It considers indigenous local knowledge and promotes the sharing of diverse knowledge systems
- It builds on local skills and capacities and develops these further
- It supports sustainable, diverse economies and local livelihoods
- It promotes systems approaches, recognising the interdependence and integrated nature of these systems, underpinned by culture and ethical values

"The Green Economy, in the context of sustainable development and poverty eradication, is not an alternative Universe but pathways towards realising a sustainable century. Rio+20 represents an opportunity for world leaders to provide the oxygen and the catalysts to evolve, advance, scale-up and accelerate a transformation that is already underway in many parts of the globe."

Achim Steiner
UNEP Executive Director and Under-Secretary-General of the United Nations

"The pioneers are demonstrating that adopting the principles of the green economy can be part of the solution to the current economic crisis but political leadership is essential to stimulate new markets and increase prosperity."

Andrew Raingold
Executive Director, Aldersgate Group

8. The Efficiency and Sufficiency Principle

A green, fair and inclusive economy delivers sustainable consumption and production.

- It seeks to ensure prices reflect true costs incorporating social and environmental externalities
- It implements the polluter pays principle
- It supports life-cycle management, and strives for zero emission, zero waste, resource efficiency and optimal water use
- It prioritises renewable energy and renewable resources
- It seeks absolute decoupling of production and consumption from negative social and environmental impact
- It delivers sustainable lifestyles supporting a major cultural transformation
- It promotes social, economic and environmental innovation
- It gives fair rights to access intellectual property within a global legal framework

9. The Generations Principle

A green, fair and inclusive economy invests for the present and the future.

- It delivers inter-generational and intra-generational fairness
- It promotes conservation of resources and the quality of life over the long term
- It influences and regulates the finance sector so that it invests in the green, fair and inclusive economy and achieves a stable global monetary system
- It prioritises long-term, scientifically-sound decision making above the short term
- It promotes equitable education at all levels and sustainability education for children

Members of the Green Economy Coalition:

Aldersgate Group
Bio mimicry Institute
CANARI
Consumers International
Development Alternatives
ECODES
Eco-Logic
EcoUnion
Environmental Management for Livelihood Improvement
Ethical Markets
Forest Stewardship Council
Global Footprint Network
Global Reporting Initiative
Global Sustainability Institute
International Institute for Sustainable Development (IISD)
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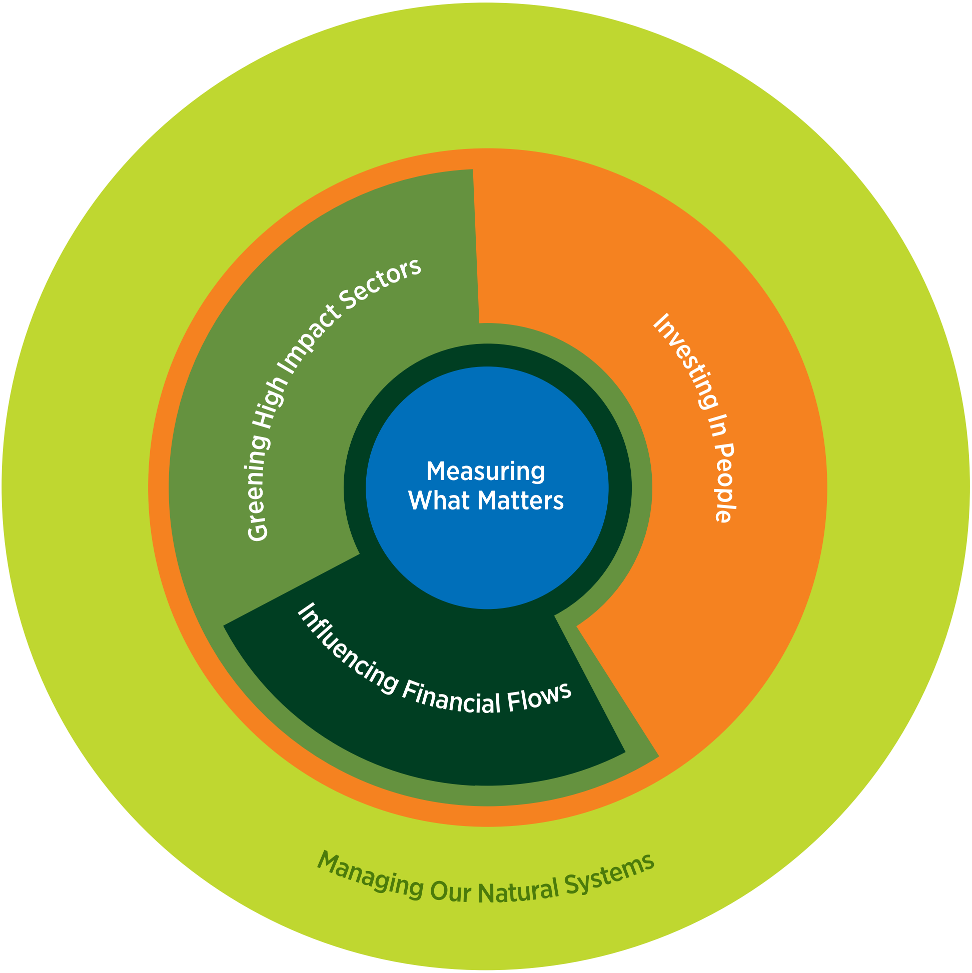

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