

**A Report of the Issue Management Group on Green Economy
United Nations Environment Management Group
(Introduction, Draft 5 September 2011 – for discussion only)**

Section 0: Introduction

In September 2009, the Senior Officials of the United Nations (UN) Environment Management Group (EMG) ¹ agreed to carry out an inter-agency assessment report on how the UN system and Bretton Woods institutions (BWIs) could more coherently support and assist countries in transitioning to a green economy model. They also expected this assessment report to capture a common understanding of the green economy and to frame a coherent approach to appropriate measures needed to support green economic transitions at international and country level.

The decision by Senior Officials was made in the context of an evolving global financial and economic crisis, accompanied by ongoing challenges related to food, energy, climate, health, natural resource scarcity, among others. It was also based on an earlier inter-agency initiative on the green economy as part of the Joint Crisis Initiatives launched by the UN Chief Executives Board. In June 2009, 22 agencies signed up to a joint statement on the green economy, outlining common positions on the investments and policies needed for countries to respond to multiple crises. Entitled “Green Economy: A Transformation to Address Multiple Crises”, the statement spoke of a “new economic foundation” with new growth poles. The EMG also created an Issue Management Group (IMG) on the Green Economy, which was tasked to oversee the production of an interagency report on the green economy.

In addition to the above, the prospect of an international conference in follow up to the Rio 1992 UN Conference on Environment and Development as well as the 2002 World Summit on Sustainable Development gave the preparation of this interagency report special importance. In December 2009, the UN General Assembly adopted Resolution A/RES/64/236, deciding to return to Rio, Brazil, in 2012 and hold the United Nations Conference on Sustainable Development (UNCSD), also known as "Rio+20". One of the two overall themes for UNCSD is “Green Economy in the Context of Sustainable Development and Poverty Eradication”. At a time of financial and economic crisis, this signaled special interest in the green economy approach as a pathway towards sustainable development and poverty eradication.

This assessment report therefore also aims to contribute to Rio and is highly timely, providing an overview of relevant activities by EMG members and a framework for common understanding and mutual support in their work programmes. In parallel to ongoing deliberations among governments and other stakeholders, and in support of the Rio preparatory process, the agencies, funds and programmes of the UN system,

¹ The EMG is a United Nations (UN) System-wide coordination body on environmental issues, established in 2001 pursuant to General Assembly resolution 53/242 in July 1999. Its membership includes the specialized agencies, programmes, and organs of the UN system, including the secretariats of multilateral environmental agreements (MEAs), as well as the Bretton Woods institutions and the World Trade Organization.

including the BWIs, have endeavoured to make a joint contribution on how to make the transition to a green economy as one of several inter-agency contributions to the UNCSO. This report captures the various perspectives of the UN system and associated institutions involved, helping to define a shared understanding, coherence in approach as well as potential areas for improved coordination and interagency collaboration.

The report is organized into four main Parts, covering concepts and institutions (I), investing in infrastructure and target sectors (II), investing in people and social infrastructure (III), and enabling policies and measures for the transition (IV). The first of these provides greater clarity on the green economy and related concepts involved. It also provides an introduction to levels and types of related interventions by the UN system. The subsequent parts cover a range of relevant policy goals and instruments pursued by EMG members, reflecting the core mandates of different agencies. These include social goals such as inclusiveness, poverty eradication and improved physical, mental and social well-being. Reflection on the way forward considers finance and tools to consider for immediate action, including the importance of relevant data and indicators to measure progress more accurately. The Conclusion (Chapter 15) highlights these and possible areas for improvement by UN agencies and all EMG members.

Part I addresses the framework of action through two chapters to illustrate the current conceptual and institutional landscape. Chapter 1 covers conceptual issues related to a green economy. It includes an overview of concepts such as green growth, green industry, green jobs, and sustainable consumption and production. It also shows the linkage with related concepts associated with core agency mandates, concepts such as human development, health, education and a rights-based approach. Chapter 2 introduces different levels of intervention by UN agencies in pursuing the relevant concepts and goals involved, including ways of improving interagency collaboration and integration across economic, social and environmental dimensions.

Part II on investment in infrastructure comprises three chapters. Chapter 3 focuses on the green stimulus packages that have been introduced by many Governments in response to the financial crisis, in particular their components earmarked for greening economic projects such as the development of appropriate infrastructure. Chapter 4 considers dynamic growth strategies that Governments can introduce in order to place their economies on new and more sustainable growth paths. Chapter 5 provides a perspective from the development bank community on the infrastructure investment gap the need for longer-term investment to effectively deal with services such as the supply of cleaner energy and water.

Part III focuses on the importance of investing in social sectors, including human and social capital. Chapter 6 explores a new multidimensional approach to poverty and ways of enabling inclusive and pro-poor growth. This includes recognition of the role the Millennium Development Goals (MDGs) have played in shifting the focus of development to investments in “social sector” outcomes, whilst considering ongoing shortcomings in the prevalent economic development model. Chapter 7 addresses human capital and social sectors for investment, considering the role of health, education, culture

and the media. This includes the role of social dialogue and training in making a just transition, as well as the implications of pursuing a human rights-based approach.

The seven chapters of Part IV reflect an emerging understanding of policies and measures that are essential for enabling a transition in the economy. Chapter 8 addresses expectations for private finance, including the role of the investment, banking and insurance community. It considers the scale of financing estimated to address challenges such as climate mitigation, as well as the catalytical role the public finance can play in higher risk and public interest areas. Chapter 9 introduces views from the BWIs, including efforts by global and regional multilateral finance institutions to apply new criteria in their investment and lending decision-making. Chapter 10 introduces the role of economic and fiscal instruments, with special focus on full cost pricing. This includes consideration of how the removal of harmful, trade distorting subsidies can constitute a triple win for trade, environment and development. Chapter 11 examines the role of trade in opening up new markets and boosting the transition at the scale of the global economy.

Chapter 12 addresses the use of new regulatory approaches, including self-regulatory ones in the form of standards. Full cost pricing and regulation need to create more effective incentives for stimulating innovation as well as the development and diffusion of new technologies, which is the subject of Chapter 13. Enabling regulatory measures also need to address integrated accounting and reporting, the focus of Chapter 14 on indicators for the measurement and communication of progress. This includes improved methods for measuring the condition of national economies and tracking progress in improving human well-being and equity. It also covers systems for analysing and communicating relevant information, including emerging standards set by frameworks such as the UN System of Environmental-Economic Accounting (SEEA).

Detailed descriptions of relevant activities by the UN agencies and BWIs are provided in the Appendix. This includes highlights from some of the 35 institutions that contributed to the preparation of this report. The EMG has provided a platform for bringing together these institutions with diverse mandates and focus, to present a broad picture, taking into account multiple dimensions and different sectoral perspectives.

The content of the report does not represent a consensus position, and should not be attributed to the governing bodies of any institution. The report aims to garner the collective expertise and experience across the UN system, providing a framework to share relevant information and analysis, promoting common understanding and synergy in approach, as well as new partnerships in exploring the green economy as pathway to sustainable development. The compilation of the report with full support of Senior Officials from EMG members is testimony to the readiness of the UN family to make a coherent response to the challenges that will be addressed at the UNCSD in June 2012 and beyond.