Green Economy promotes economic and social development

Adopting the Green Economy approach will reap greater environmental, social and economic benefits, compared with a society that focuses on economic growth as the measure for future development, according to a recent UN report. Using two per cent of global GDP to ‘green’ key sectors could be enough to trigger the transition towards a green economy.

Greening the economy will increase natural capital, such as forests, fisheries and water resources that have been depleted or degraded under the current ‘brown’ economic model which emphasises economic growth over social and natural resources development. Contrary to the idea that moving towards a green economy would be at the expense of economic development, the report suggests that a green development would create economic growth and jobs and have the potential to raise the standard of living for poor people.

Although short-term economic growth is likely to be less than that projected under a business-as-usual scenario, in the longer term, by 2020, higher economic growth would be experienced. At same time, greening the economy would provide substantial environmental and social benefits. This is particularly important for alleviating poverty as the livelihoods of poor people often depend directly on the use of natural resources.

Despite difficulties associated with the transition period, such as a loss of jobs in some sectors associated with the brown economy, new jobs generated by a green economy could eventually outweigh these losses and provide greater employment in the longer term.

Ten sectors that could be the growth engines of a future green economy were identified: agriculture, buildings, renewable energies, fisheries, forestry, industry, tourism, transport, waste and water. Investments of about US$1.3 trillion, or two per cent of global GDP, on appropriate green actions within these sectors would provide more jobs over the short, medium and longer term than under traditional economic growth.

The report discusses a number of recommendations that would provide the necessary conditions for a successful transition to a green economy. These include:

- Establish a regulatory framework that limits unsustainable use and management practices; sets clear guidelines for promoting green models and initiatives in businesses, industries and markets; and removes obstacles to green development by setting standards, regulations and targets.
- Focus government spending, investment and subsidies on measures that promote the greening of the economy.
- Phase out government subsidies that support the unsustainable depletion of natural resources or the degradation of ecosystems.
- Encourage green investment and sustainable consumption patterns through tax incentives and market-based instruments (e.g. carbon trading schemes).
- Build capacity and skills in all countries by training and educating the workforce. In poorer nations, technical and financial help would be needed to strengthen government institutions and to train workers by providing them with essential knowledge, the technical skills needed for the Green Economy, and its management.
- Enhance global governance structures, through, for example, multilateral environmental agreements, or using international trade to promote the trade of green goods and services.

A transition to a green economy would have to be supported by the necessary policy measures and enabling conditions and financed primarily by private investments, although public finance would be needed to initiate the transition.

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