The Green Economy Challenge After Rio+20

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EDWARD B. BARBIER, JUN 29 2012

The distinguishing theme of the Rio+20 talks in Brazil 20-22 June was the "green economy", or more precisely, how economies can achieve "green growth". The 2011 United Nations Environment Programme *Green Economy Report* (p. 16), which is cited as a key background document for Rio+20, outlines its definition and approach to the green economy as follows:

"UNEP defines a green economy as one that results in "improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities"… In its simplest expression, a green economy is low carbon, resource efficient, and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. These investments need to be catalysed and supported by targeted public expenditure, policy reforms and regulation changes. The development path should maintain, enhance and, where necessary, rebuild natural capital as a critical economic asset and as a source of public benefits. This is especially important for poor people whose livelihoods and security depend on nature."

Clearly, such an approach is a long-term policy agenda, which is beyond the scope of what a single conference, such as Rio+20, can achieve. Nevertheless, Rio+20 could have made a major contribution to "greening" the world economy if the three-day conference was able to make the case for addressing urgently three important policy challenges.

The first policy challenge facing Rio+20 was recognizing that holding a conference every 20 years to review and promote progress on global environment and development issues is both unhelpful and irrelevant. It is unhelpful, because the world cannot wait for another 20 years to determine whether or not the current push for "green growth" is successful or not. It is also irrelevant, because as long as the green economy agenda is relegated only to international environmental conferences, such as Rio+20, the necessary actions required for green growth can be conveniently ignored by economic policymakers.

Adopting the theme of green economy at Rio+20 was laudable. The tragedy is that this theme was barely acknowledged by the concurrent G20 conference held 18-19 June in Mexico. The G20 summit,which is an annual meeting of the leaders from the 20 largest and most populous economies of the world, is a forum for discussing and coordinating global economic policy. It is instructive, as well as discouraging, that key world leaders, such as from the US, UK and Germany, decided to shun Rio+20 but of course attended the G20 summit. Yet, green economy issues were clearly not a major focus of the agenda at the latter summit. The Mexico G20 Leader's Declaration did state that: "We commit to maintaining a focus on inclusive green growth as part of our G20 agenda and in the light of agreements reached at Rio+20 and the United Nations Framework Convention on Climate Change (UNFCCC)." But no concrete actions or policies for achieving "inclusive green growth" were offered by the G20. The implication is clear: The world economy matters to the G20 but the global environment does not.

Rio+20 could have shown that it was serious about greening the world economy if the conference's outcome document, *The Future We Want*, had insisted that the G20 take up this policy challenge at its future summits, and not continue this artificial separation of global economic and environmental issues. The time has come for green economy to be placed permanently on the G20 agenda for action,and not marginalized by being confined solely to environmental conferences. Rio+20 should have demanded this outcome, and challenged the G20 to live up to its pronouncements on “inclusive green growth” through concrete policy actions. Although the G20 is not a global policy-making body, its twenty economies comprise nearly 80% of the world’s population and 90% of global gross domestic product (GDP). By implementing green growth policies, the G20 would not only demonstrate to the rest of the world that global economic and environmental issues are inseparable but also could have a measurable impact on greening the world economy.

A second policy challenge for Rio+20 was to move the global policy debate from talk to action, especially on financing. As I argued in the build-up to Rio+20 (Barbier, 2012), negotiations at conferences that tackle issues from climate change to biodiversity loss and poverty frequently focus on setting targets for action or making promises of financial commitment, without negotiating the mechanisms by which those funds will be raised. Yet, a whole range of possible global funding sources for environment and development initiatives are feasible, including financial transaction taxes, international financing facilities, sovereign wealth funds, and taxes on global arms, tobacco and fuel trade. Too often, international talks on global environment and development issues have focused on priorities for action, leaving the difficult task of financing to be figured out later. If Rio+20 declared instead that it is time to get serious about the money, it would have signaled an important change in policy strategy.

Unfortunately, Rio+20 ducked completely this critical funding issue. The only financial recommendation tackled at Rio+20 was abolishing fossil fuel subsidies. But even in the draft outcome document, the support for this initiative was lukewarm at best. As noted by *The Economist*, Rio+20 merely invited governments to “consider rationalising inefficient fossil fuel subsidies…in a manner that protects the poor and the affected communities.”

Finally, global environment and development issues need a permanent international champion. In his criticism of the draft Rio+20 declaration, French President François Hollande argued that this champion should be the United Nations Environment Programme (UNEP). However, the status and policy making capabilities of UNEP within the United Nations system and international community needs a serious upgrade. This would involve making UNEP a full-fledged UN agency capable of generating binding negotiated agreements and principles among members at its annual general assembly and other official meetings. Such status is currently accorded other UN agencies, such as the International Labor Organization (ILO) and the World Health Organization (WHO). It is long overdue that UNEP achieves the same policy status on behalf of the global environment. Yet, once again, Rio+20 failed to endorse this proposal, which demonstrates that environmental considerations are not a major priority of the world community.

These three actions may not seem very dramatic. However, if they had been endorsed at Rio+20 in its outcome document, such a bold move would have at least signaled that the green economy is not just the most current “buzz concept” but represents a profound change in how global economic and environmental issues are viewed by the world community. Sadly, an important opportunity for such a paradigm shift in international policy was lost at Rio+20.

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Edward B. Barbier *is the John S. Bugas Professor of Economics, University of Wyoming. Two of his latest books are Scarcity and Frontiers: How Economies Have Developed Through Natural Resource Exploitation (Cambridge University Press), and (with Anil Markandya) A New Blueprint for a Green Economy (Taylor & Francis/Earthscan).*

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