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DCD/DAC(2010)20



Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

English - Or. English

DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE

DCD/DAC(2010)20
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DAC SECRETARIAT INPUTS TO THE OECD HORIZONTAL WORK ON GREEN GROWTH

DAC Senior Level Meeting, 14 April (afternoon) and 15 April (morning) 2010

This note is presented for INFORMATION under Item 1 (lunch session) of the Draft Annotated Senior Level Meeting Agenda [DCD/DAC/A(2010)5/REV3].

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DAC SECRETARIAT INPUTS TO THE OECD HORIZONTAL WORK ON GREEN GROWTH

1. Green growth is relevant for both, developed and developing countries. Common challenges include the need to improve energy efficiency and to shift towards low-carbon development pathways. G20 economies will have a particular important role to play in this regard. At the same time, for the majority of developing countries, providing basic education, ensuring food security, and delivering essential services such as water supply and sanitation will remain overarching priorities. For these countries green growth and poverty reduction must go hand in hand and the international community can provide critical support to make it happen.

2. This note focuses on three critical pillars of *pro-poor green growth* in developing countries: (1) encouraging sound natural resources management and governance; (2) shaping climate resilient growth; and (3) promoting low-carbon growth.

1. Encouraging sound natural resources management and governance

3. As compared with OECD countries, many developing countries are heavily dependent on natural resources. Forests, fisheries, lands and wildlife are critical for the livelihoods of the poor. Therefore, natural resource degradation is a threat to both environmental sustainability and poverty reduction.

4. Sound governance is critical to ensure sustainable and equitable management of natural resources. In many countries perverse incentives encourage rapid depletion of the resources base. Institutional and regulatory reforms are therefore often needed to address such perverse incentives. These include securing property or use rights and strengthening the institutions that govern the resources.

5. Furthermore, in order to take full advantage of their natural resources, many countries need to move up the value chain, diversify their economies and take full advantage of the opportunities provided by international trade. This requires investment in infrastructure such as transport and energy and processing facilities. For example fisher folks with access to landing and refrigeration facilities as well as efficient transport networks can obtain much higher prices for their catch.

2. Shaping climate resilient growth

6. It is well understood that climate change poses a serious risk to lives and livelihoods, particularly for the world's most vulnerable people and countries. According to the most recent UN estimates, the livelihoods of one-third of the world's population could be affected by water scarcity by 2025 and by the end of the century, half the world's population could face severe food shortages due to rising temperatures. The impacts of climate change may reverse progress towards achieving the Millennium Development Goals. In this sense adapting to climate change is critical prerequisite for pro-poor green growth.

7. Climate change adaptation needs vary widely across countries. Therefore, climate change adaptation responses should be country-driven, led by national and local governments, as well as private businesses and civil society actors including at the community level. Recognising climate risk in development planning at all levels allows to minimise the risk of "maladaptation", which increases climate vulnerability.

3. Promoting low-carbon growth

8. Although today most developing countries contribute only minor shares to global green house gas (GHG) emissions, they will increase their emissions if they follow conventional economic growth patterns. Moreover, deforestation and forest degradation are in many developing countries already a major source of GHG emissions. Less developed countries, therefore, can play an important in mitigating climate change.

9. Fortunately there are many opportunities for development – climate change mitigation co-benefits. In particular, a shift away from traditional, highly polluting, energy sources (e.g. direct burning of biomass) towards modern energy sources provides a host of benefits ranging from enhanced health and safety to improved gender equality. Similarly, combating deforestation, if done right, can generate new income opportunities for forest dwelling communities.