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DEVELOPMENT ASSISTANCE COMMITTEE

DAC Network on Environment and Development Co-operation

GREEN GROWTH AND DEVELOPMENT WORKSHOP

-- AGENDA --

28 June 2011
OECD Conference Centre

This workshop aims to provide an interactive platform for discussion among the environmental officials of the OECD Development Co-operation agencies, representatives from developing countries and invited guest speakers on the relevance of green growth to developing countries.

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GREEN GROWTH AND DEVELOPMENT WORKSHOP

28 JUNE 2011
OECD Conference Centre, Paris

OECD



**Organised by the DAC Network on Environment and
Development Co-operation**

The Green Growth and Development Workshop aims to provide an interactive platform for discussion among the officials of the OECD Development Co-operation agencies, representatives from developing countries and invited guest speakers on the relevance of green growth to developing countries.

Workshop Agenda

28 June 2011

09:15 – 09:30	Opening and Keynote addresses Brian Atwood , the Chair of OECD Development Assistance Committee Simon Upton , the Director of the OECD Environment Directorate
09:30 – 11:00	Session 1: How to apply a green growth lens to development on the way to Rio 2012? Presentations and panel discussion will focus on the following topics: <ul style="list-style-type: none">➤ reducing production and consumption impacts on natural resources➤ creating new development opportunities for green jobs through technology innovation➤ fostering opportunities for poverty reduction in many parts of the world
11:00 – 11:15	Coffee Break
11:15 – 12:45	Session 2: How to champion green growth? Actions, lessons learnt and knowledge sharing Presentations and panel discussion will focus on the following topics: <ul style="list-style-type: none">➤ leading the green wave - developing countries' green growth strategies➤ building a platform for knowledge and experience sharing
12:45 – 13:45	Lunch Break
13:45 – 15:15	Session 3: How can green growth short-run costs and technology requirements be met? Presentations and panel discussion will focus on the following topics: <ul style="list-style-type: none">➤ making a link to climate and development financing, as well as innovative financing➤ advancing the technology innovation, diffusion and transfer agenda➤ integrating the role of international co-operation➤ harnessing the private sector
15:15 – 15:30	Coffee Break
15:30 – 17:00	Session 4: What are the potential opportunities and risks of a global green growth transition on developing and least developed countries? Presentations and panel discussion will focus on the following topics: <ul style="list-style-type: none">➤ understanding the risks and challenges some developing countries will face➤ developing policy responses in both developed and developing countries
17:00 – 17:30	Session 5: Conclusions and final remarks
18:00	Reception

Session 1

How to apply a green growth lens to development on the way to Rio 2012?

The Rio 2012 Conference is seen by many as a landmark event with the potential to usher in a new era of green responsible development and growth. It will be an occasion to renew the political commitments made at the first Earth Summit in 1992. One of the two main themes of this major summit is the 'green economy in the context of sustainable development and poverty reduction'. Ideas around this concept branded as the 'green economy', 'green growth' or 'a green new deal' have received broad political, analytical and media attention and are seen by many as a new pathway towards sustainable development.

Developing countries face different and more difficult policy choices than developed countries in developing and implementing green growth strategies. For developing countries, green growth will make sense if and only if it address urgent needs and contributes to the objectives of poverty reduction and other Millennium Development Goals (MDGs) Indeed, providing basic education, ensuring food security, building key infrastructures, and delivering essential services such as water supply and sanitation and modern energy will remain overarching priorities in developing countries. Hence, green growth strategies will have to demonstrate their ability to create new opportunities with respect to economic growth, job creation, environmental improvement and the creation of more equitable societies.

Given the diversity of national circumstances amongst developing countries (with regard to e.g. natural resource endowments, political systems, economic structures and contribution of trade as to overall GDP); there is no "one size fits all" green growth formula. Hence it is essential to recognise these diversities and to develop policy instruments which can be adapted to national, regional and local conditions. Environmental fiscal reform, institutional capacity development and the strengthening of governance, and public financial management are some of the key areas to address when designing a transition from traditional development approach to "green growth".

Key questions to be discussed in this session:

- Can "greening" accelerate economic growth and poverty reduction in developing countries? What evidence is there? Is there a development / poverty threshold (or other specific circumstances) which signals that green growth should not be a priority?
- What are the political barriers to promoting green growth in developing countries?
- What types of green growth measures and strategies can achieve poverty reduction and economic growth, as well as provide adequate consideration of the social equity and distributional effects in the developing countries?

Chair	Volney Zanzi , <i>Director of Strategic Management, Ministry of Environment, Brazil</i> Alexandra Trzeciak-Duval , <i>Head of Policy Division, OECD Development Co-operation Directorate</i>
Presentations	Liana Bratasida , <i>Assistant Minister, Ministry of Environment, Indonesia</i> Rae Kwon Chung , <i>Director of Environment and Development Division, UNESCAP</i>
Panel discussion	Erwin Kuenzi , <i>Senior Advisor, Environment and Natural Resources, Austrian Development Agency</i> Kees van der Ree , <i>Coordinator, Green Jobs Global Programme, ILO</i> Carlos Murillo , <i>Senior Researcher, National University of Costa Rica</i>

Session 2:

How to champion green growth?

Actions, lessons learnt and knowledge sharing

Promoting green growth is a valuable investment in natural resource capital – an asset many developing countries' populations depend on for income and livelihood. It has the potential to be a source of growth and development opportunities while offering solutions to climate change, biodiversity loss, accelerated urbanisation, heightened energy insecurity, and raw material scarcity in the face of growing economic activities and world population. Recognising the complementarities with national self-interest, many developing countries are already taking a clear leadership role in various green initiatives and are using domestic policy mechanisms such as economic instruments or regulations to achieve concrete results.

The recently adopted 12th Five-Year Development Plan in China introduced a new carbon-intensity reduction target – to ensure that carbon emissions from units of energy consumed in the country are 17% lower, when measured against the 2010 level. This clearly defined target is in addition to the existing domestic goals on renewable energy development and energy efficiency. In South Africa, the formulation of a Green Economy Plan is underway by building on its National Strategic Plan, its National Framework for Sustainable Development, and other national strategies. Government of Kenya is determined to develop its renewable energy resource potential, facilitated by instruments such as feed-in tariffs for biogas, geothermal and solar PV. In addition, the Kenyan Ministry of Finance intends to introduce a climate exchange platform to support a carbon trading scheme. Through the UNEP's Green Economy National Advisory Services, more than 15 countries worldwide are already engaging themselves in green growth policy design and implementation stages. Many of them are in the Africa and Latin America regions and the variety of actions being recommended covers the entire spectrum of a national economy.

It is widely recognized that there is no single green growth formula which can be applied to all nations. Different policy instruments and targets will have different effects and feedbacks on different country economies and environment - much depends on specific national contexts. Individual countries will have different green growth pathways and routes to achieving sustainable development. Nevertheless, among developing countries, it is essential to build a platform to compare the effectiveness of domestic actions, collect progressive knowledge and share important lessons learnt in order to create championship.

Key questions to be discussed in this session:

- Is there evidence of an increasing interest in developing countries in adopting green growth strategies? How can the international community provide incentives and support to encourage developing countries to take voluntary but concrete actions to promote green growth?
- What is the basket of green growth policy instruments developing countries could choose from to assist them in meeting their development goal? And, given the very different contexts, how to measure and compare effort on sustainable development across countries?
- Will countries' own actions in pursuit of green growth accelerate global environment protection? Can such national voluntary initiatives be seen as an increasingly important complement to enforceable global agreements that seek to maintain the capacity to produce global environmental public goods?

Co-Chair	Nosipho Ngcaba , <i>Director General of Environmental Affairs, Ministry of Environment, South Africa</i> Paul Van Den Noord , <i>Counsellor to the Chief Economist, OECD Economics Department</i>
Presentations	Moustapha Kamal Gueye , <i>Acting Head, Green Economy Advisory Services, UNEP</i> Erastus Wahome , <i>Senior Economist, Ministry of Finance, Kenya</i> Dane McQueen , <i>Energy Advisor, Ministry of Foreign Affairs, United Arab Emirates</i>
Panel discussion	Yolando Velasco , <i>Manager, Financial and Technical Support Programme, UNFCCC</i> Peter Hazlewood , <i>Director, Ecosystems and Development, World Resources Institute</i> Richard Baron , <i>Head of Climate Change Unit, International Energy Agency</i>

Session 3:

How can short-run cost and technology requirements for green growth be met?

Green Growth in developing countries will require significant short to medium-term technology and infrastructure investment for mitigation and adaptation. Countries will need to adapt, develop or source a range of technologies across different sectors and for different purposes. The types of technologies will vary according to a country's circumstances, e.g. environmental capital, natural resource dependency, projected climate consequences, economic structure, predominant livelihood systems and export sectors.

Some typical examples of the types of technologies include:

- **Climate resilient production technologies for livelihoods** – in particular crop management technologies are one of the most demanded technologies by a majority of African and Southern Asian countries, with a clear emphasis on developing and using tolerant / resistant crop varieties to overcome the projected dropping of crop yields at 4.5-9% in the next three decades.
- **Rural renewable energy** – has an important role in providing modern energy access to the 1.5 billion people that continue to depend on more traditional sources of energy. Biogas from household-scale digester, village-scale mini-grids, micro to small -scale hydro systems are already being deployed or being considered by many developing countries.
- **Clean technologies for industries** – such as clean coal energy and clean extractive technologies.
- **Waste management and recycling technologies** – deploying waste management technologies, innovating recycling practices and turning waste to energy are all necessary steps to undertake in many major developing countries with possible trend of accelerating urbanisation rate.

Some of these technologies will be best developed in-country; some will be available as public goods; while others will be accessed through trade and commercial technology transfer. The levels, channels and modalities of financing will be different for different technologies. Governments need to take the leading role in setting investment priorities and ensuring an appropriate balance across the range of technology needs so that the resources and incentives provide benefits and opportunities on an equitable basis and adequately prioritise the needs of the most vulnerable. Governments will need to consider spending in areas that stimulate the greening of economic sectors, e.g. providing tax incentives and price supports. Emerging market instruments such as carbon finance and microfinance, as well as green stimulus funds will need to be accessed and wisely used for the green transition. Additional financing mechanisms, such as the UN-REDD initiative, by providing payments for ecosystem services, have already shown its comparative advantage of not only promoting climate regulations but also scaling up significant resources to communities who are protecting the natural capital. Finally, the role currently played by ODA is of particular importance in many of the poorest developing countries.

Key questions to be discussed in this session:

- How could developing countries better prioritize their technology needs to make the green growth transition an opportunity for poverty reduction and development? What types (public, private or mixed), channels and instruments for financing are most appropriate for the different technology needs?
- What are the key criteria for re-orienting public expenditure to more effectively support green technologies and to increase private sector investment in critical development sectors?

Co-Chairs	Rae Kwon Chung , <i>Director of Environment and Development Division, UNESCAP</i> Pierre Poret , <i>Counsellor, OECD Financial and Enterprise Affairs Directorate</i>
Presentations	Seema Arora , <i>Executive Director, CII-ITC Centre of Excellence for Sustainable Development, India</i> Mark Lewis , <i>Managing Director, Deutsche Bank</i> Martha Ntabadde , <i>Senior Engineering Specialist, Uganda Carbon Bureau</i>
Panel discussion	Giedre Kaminskaite-Salters , <i>Senior Private Sector Development Advisor, UK DFID</i> Dirk Pilat , <i>Head of Division, OECD Science, Technology and Industry Directorate</i>

Session 4:

What are the potential opportunities and risks of a global green growth transition on developing and least developed countries?

Efforts to achieve green growth by developing countries will involve significant policy changes such as taxation, subsidies and public sector procurement policies. Similarly, large private sector firms will need to adjust their behaviours to new market and regulatory frameworks in their global operations.

Poor developing countries will inevitably be impacted by these shifts in OECD countries and markets. The fundamental challenge is for developing countries to seize the opportunities of this shift and to avoid any negative consequences. The impacts on poor developing countries will be through price changes for their import and export products and inputs, as well as through shifts in patterns of foreign investment. These changes in the global economy will provide both opportunities and risks for low income countries and their citizens. The extent to which they result in opportunities for poverty reduction will be determined both by external factors and by the policy responses undertaken domestically.

For example, there may be increased demand for agricultural production to provide raw materials for a growing biofuel industry. Depending on the policy response, this could either create new opportunities for poor smallholder farmers or increase competition for land and water to their detriment. It could also lead to increased food insecurity as land is planted to grow biofuel crops instead of food crops. Increases in transport costs (and possible increased taxation on carbon-heavy food items) could significantly affect access for developing countries' agricultural products to developed country markets. On the other hand, the increases of transport cost could increase the competitiveness of domestically produced goods against foreign imports in developing countries,

In line with the new risks and opportunities they create, green growth measures in OECD and emerging economies should be designed and appraised to ensure that they support and maximise development and poverty reduction objectives in developing countries.

Key questions to be discussed in this session:

- What will be the most significant impacts of changes towards global green growth on poorer developing countries?
- How could the poorer developing countries be better prepared to overcome the negative impacts and avail themselves of new opportunities created by green growth? What are the key policy responses and instruments they could use?
- What are the key policy coherence for development messages that OECD and emerging economies green growth strategies should contain?

Chair	Maria Berlekomp , <i>Head of Environment and Climate Change, SIDA / Co-chair of the OECD-DAC Network on Environment and Development Co-operation</i>
Presentation	Ulrike Grote , <i>Institute Environmental Economics and World Trade, Leibniz University Hannover</i> Xiaoyue Shen , <i>Division Director, Ministry of Environmental Protection, China</i>
Panel discussion	Lucas Assunção , <i>Head, Trade, Environment and Sustainable Development, UNCTAD</i> Asad Naqvi , <i>Economics and Trade Branch, UNEP</i>

Session 5:

Conclusions and final remarks

Ian Curtis, *Head of Profession, Climate Change and Environment, UK DFID / Co-chair of the OECD-DAC Network on Environment and Development Co-operation*, will conclude the workshop.