

# Building a Green Economy that works for low-income countries

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Camilla Toulmin  
16<sup>th</sup> June 2014

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# Visions of a green economy

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# So what is a green economy?

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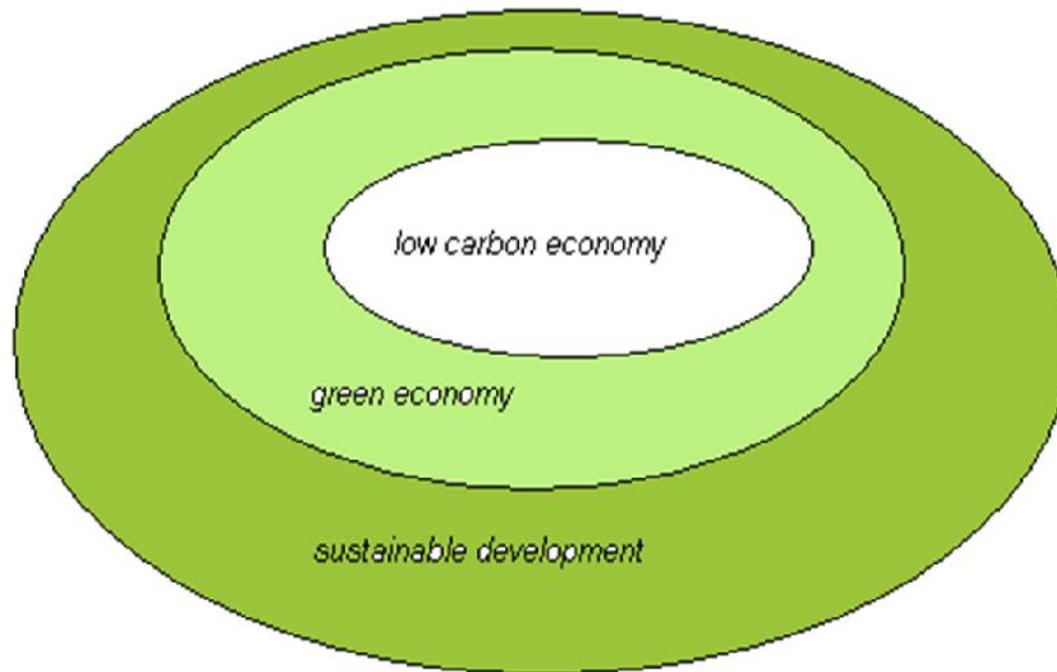
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UNEP says its is: *An economy which results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcity*

# Low carbon, green economy and sustainable development

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# Denmark's Global Green Growth Forum

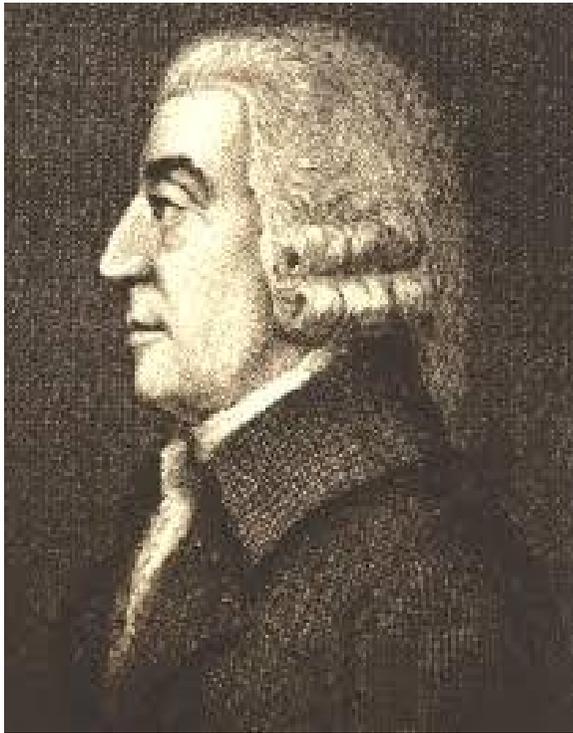
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3GGF  
Global Green Growth Forum



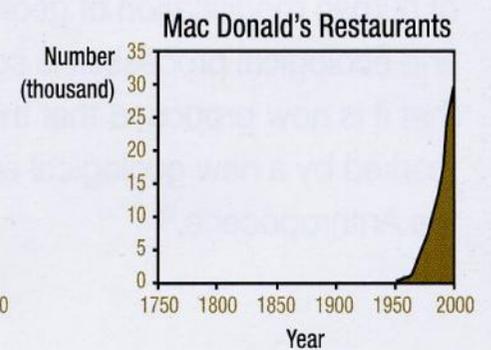
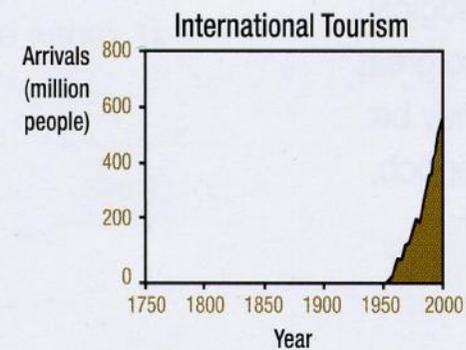
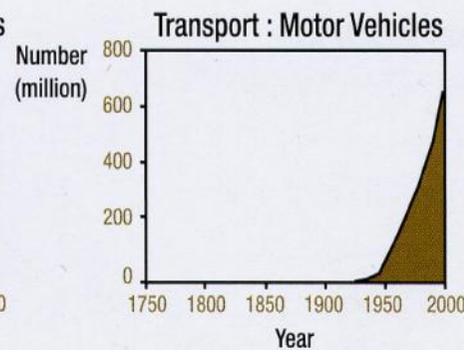
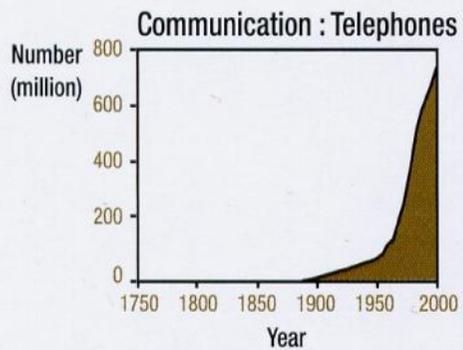
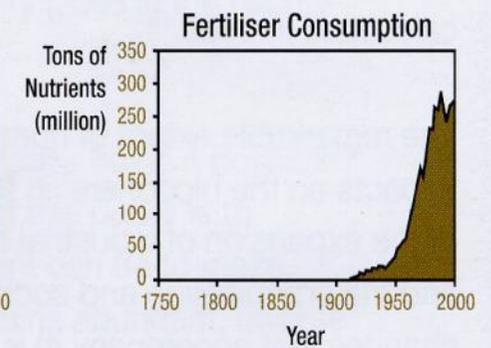
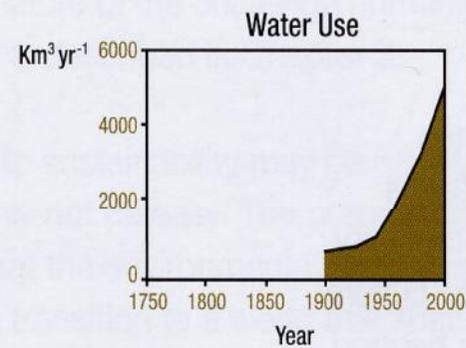
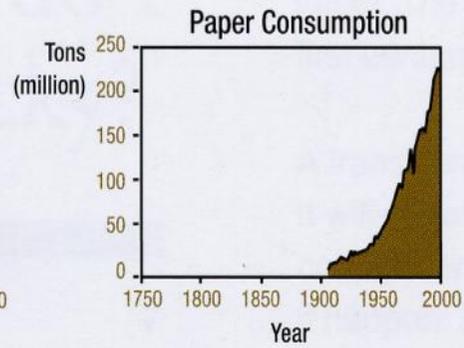
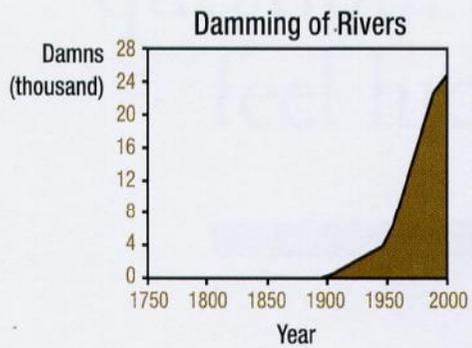
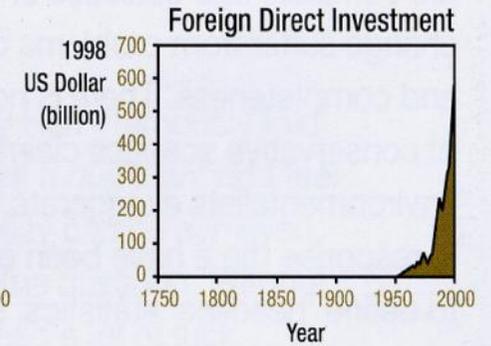
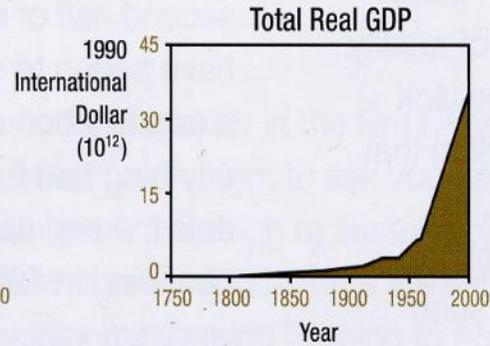
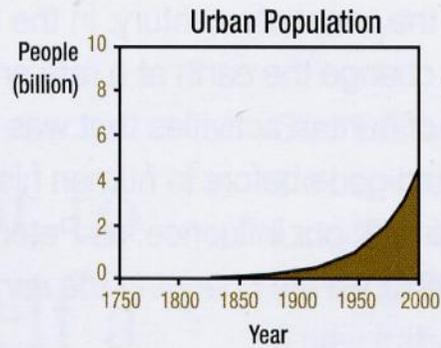
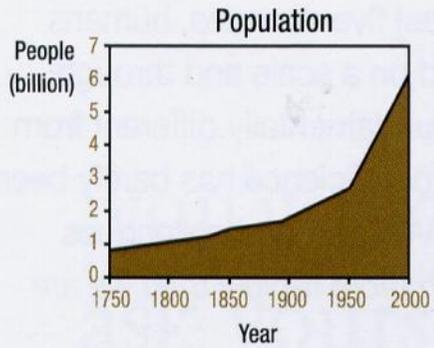
# From study of wealth and plenty to hunger and scarcity – Smith to Malthus



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Source: Steffen et al. (see note 20)

*Anyone who believes exponential growth  
can go on forever in a finite world is  
either a madman or an economist.*

Ken Boulding Economist

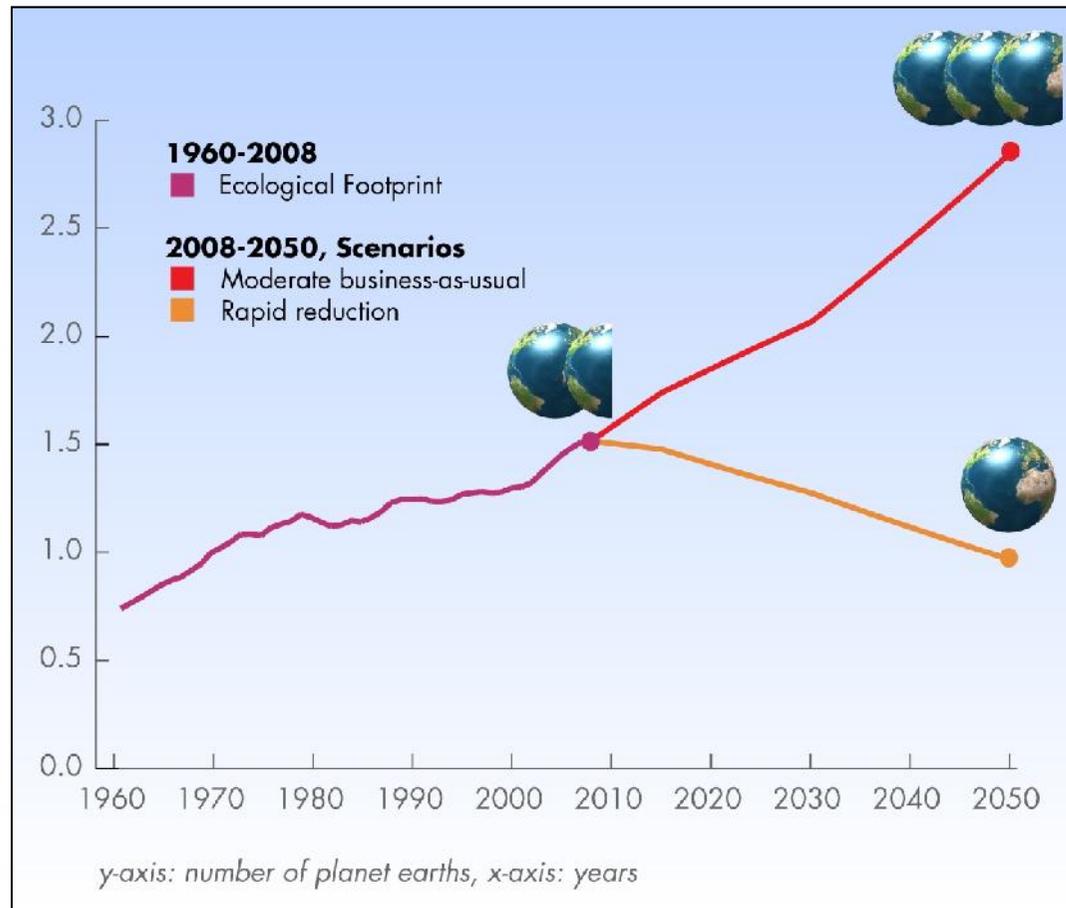
# Why do we need a green economy?

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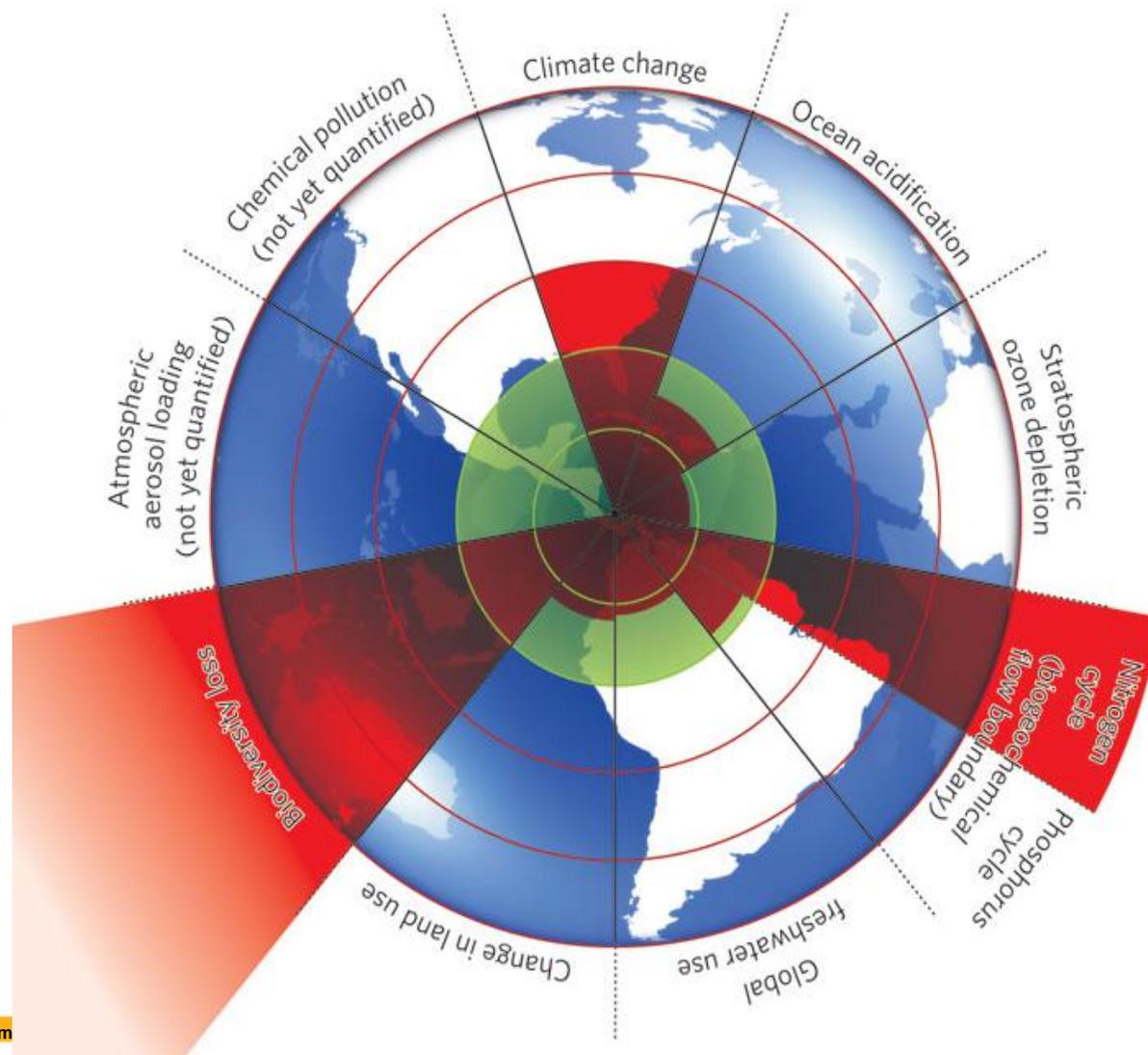
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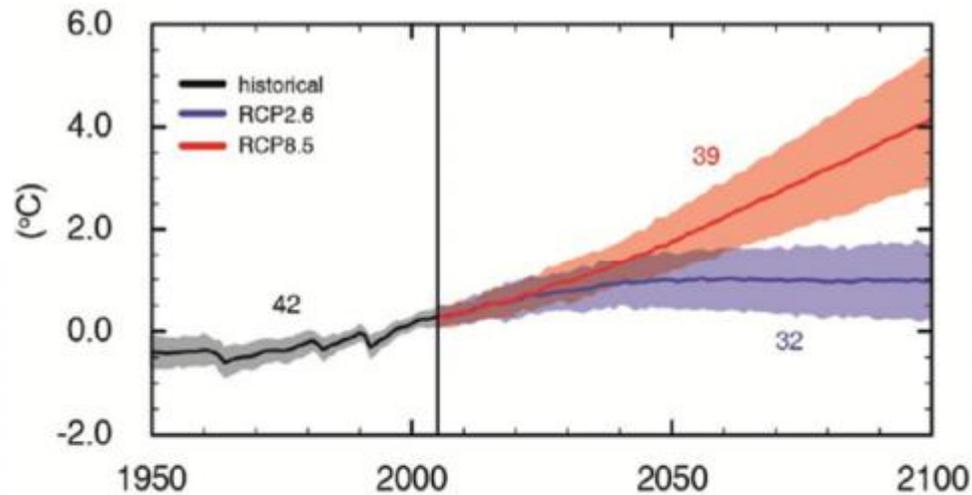
# Our Global footprint



# We are breaching ecological limits

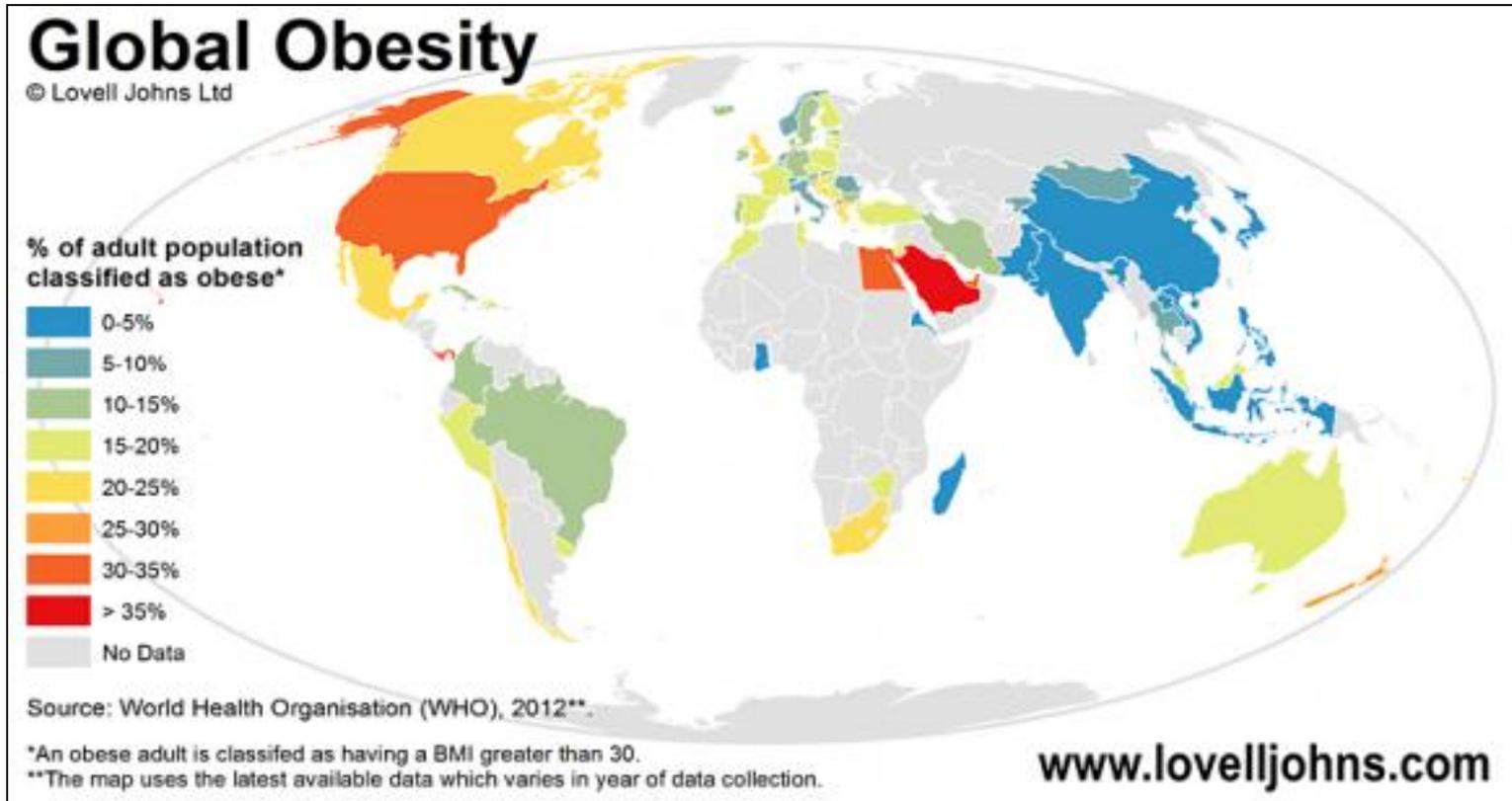


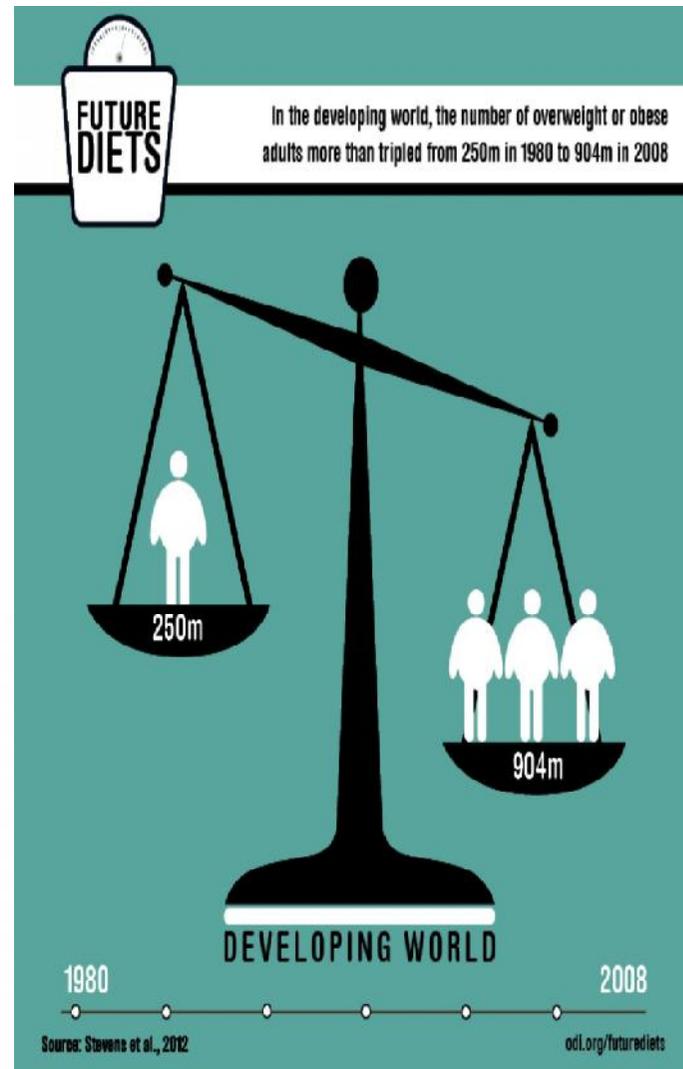
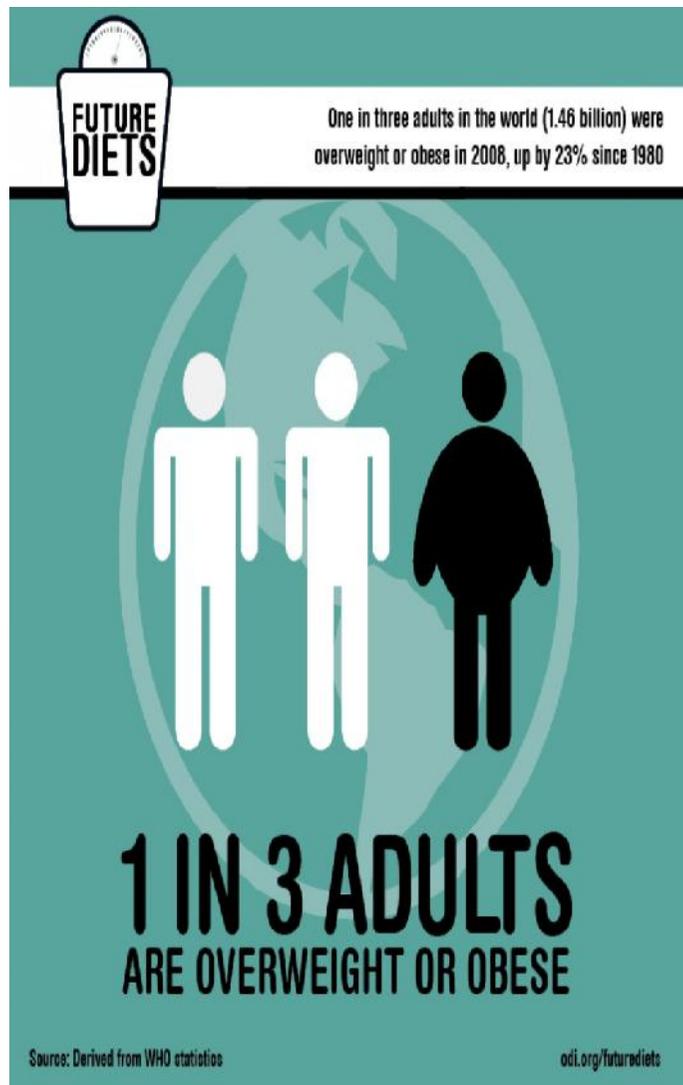
# IPCC Future temperature scenarios



The future temperature development in the highest emissions scenario (red) and in a scenario with successful climate mitigation (blue) – the “4-degree world” and the “2-degree world.”

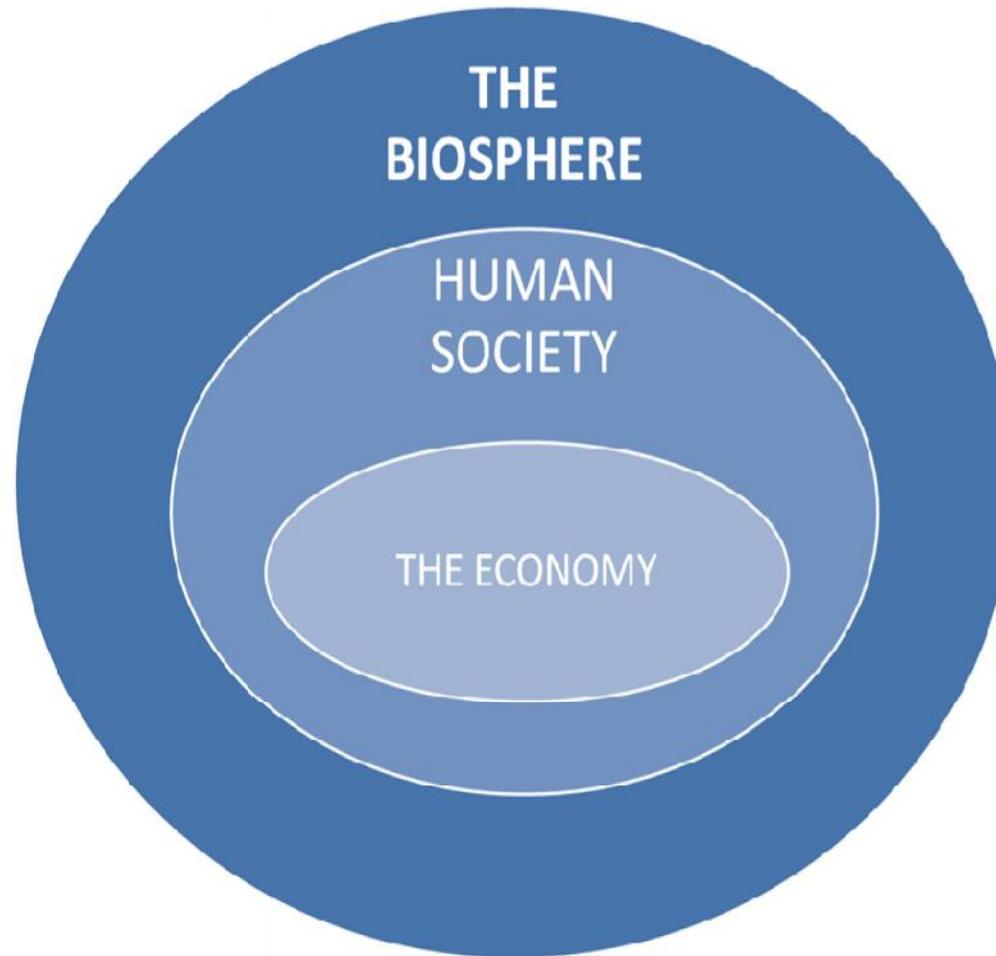
# Global Obesity Map





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- Economies should serve people, within ecological limits
- New economic governance needed: rights, incentives, controls...

# Christine Lagarde, Managing Director IMF



*Strong inequality is corrosive of growth; it is corrosive for society. I believe that economists and politicians ignored inequality for too long. London May 2014.*

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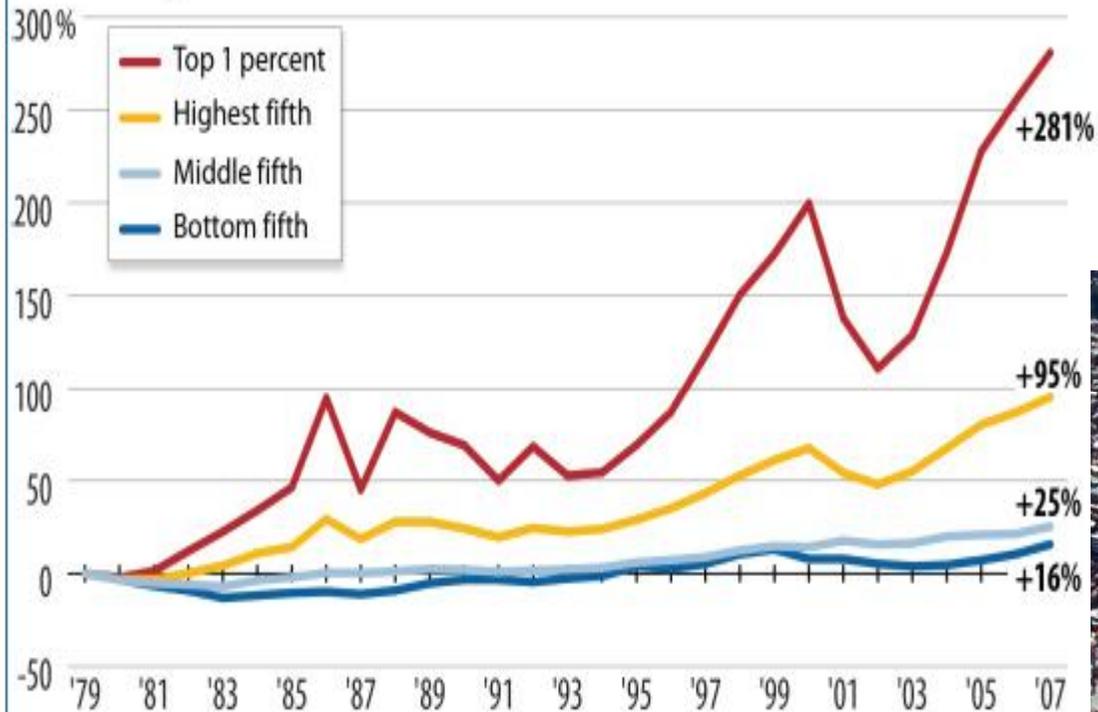


## Income Gains at the Top Dwarf Those of Low- and Middle-Income Households

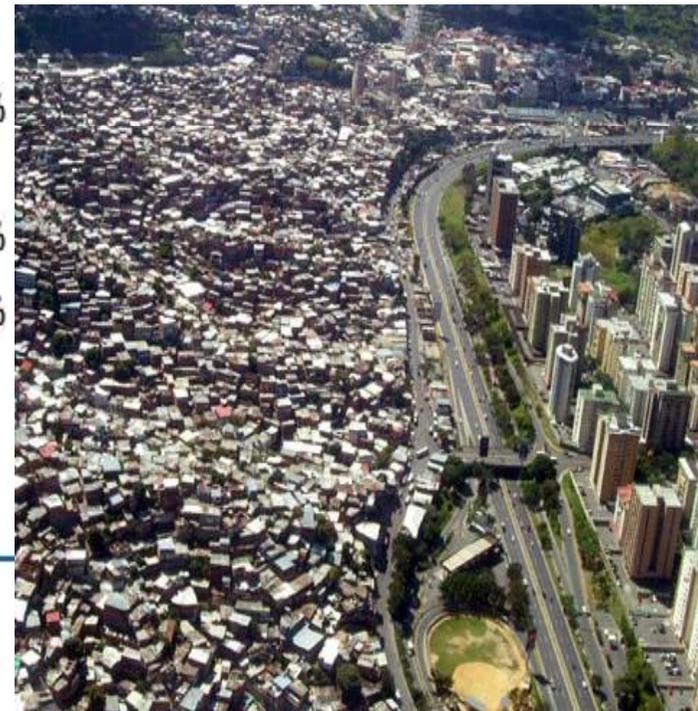
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Percent Change in After-Tax Income Since 1979



Source: CBPP calculations from Congressional Budget Office data





# Piketty's Capital

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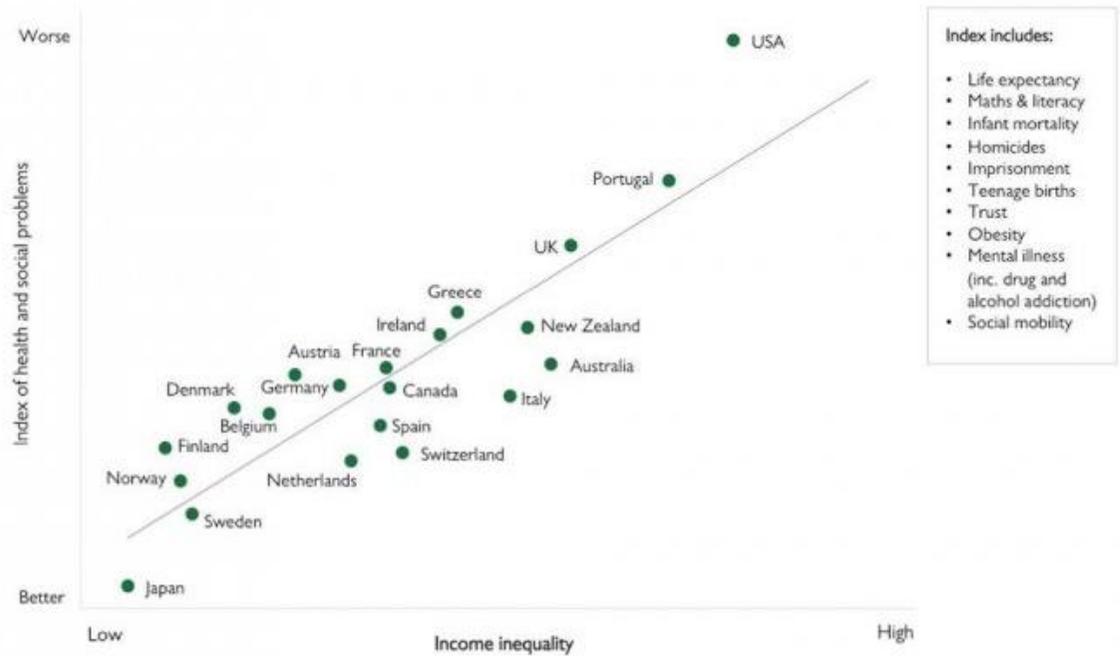
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# Inequality



Health and social problems are worse in more unequal countries



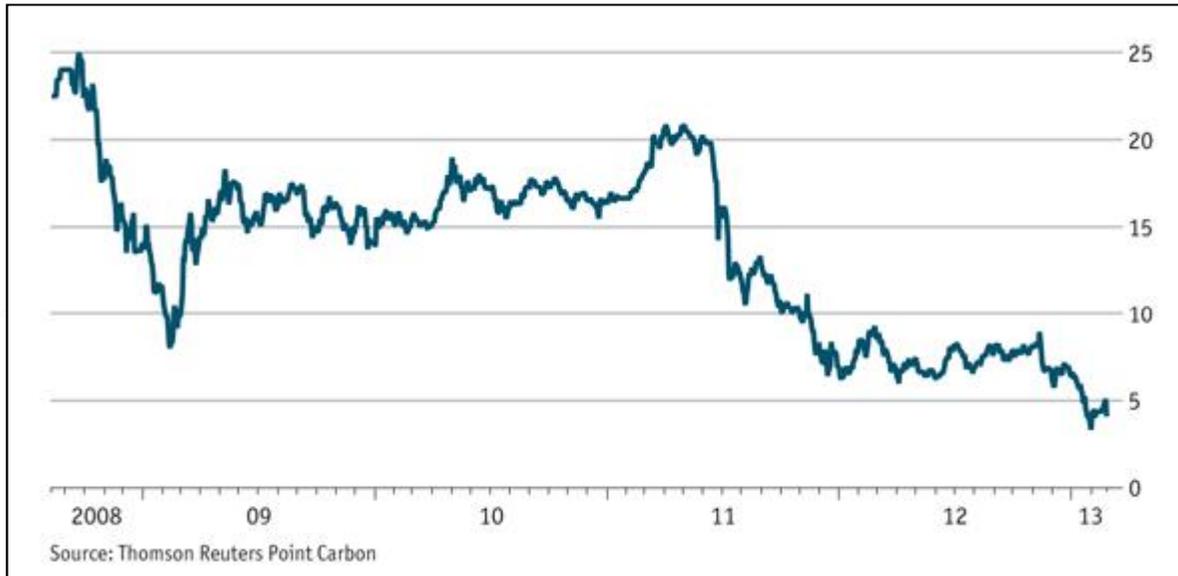
Source: Wilkinson & Pickett, *The Spirit Level* (2009)

THE EQUALITY TRUST

## Tools to build a greener economy

- Fiscal policy
- Market prices eg. Carbon
- Government expenditure
- Natural capital accounts
- Investment and banking rules
- R&D spend/innovation
- Regulate, set new standards
- Information/behaviour change
- Green investment bank

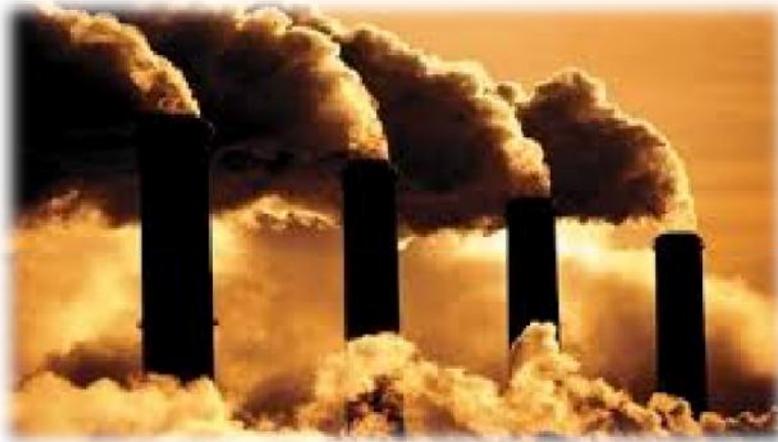
# ETS



EU ETS Spot price, € per tonne

# The structural disconnect

Too much of this



US\$7trn/year environmental externalities; 7mn premature air pollution deaths/year alone; escalating inequalities

Not enough of this



Current flows a fraction of the US\$ 6trn/year needed for low-carbon to 2030 - and does not include access to key resources

# Paul Polman, Unilever CEO



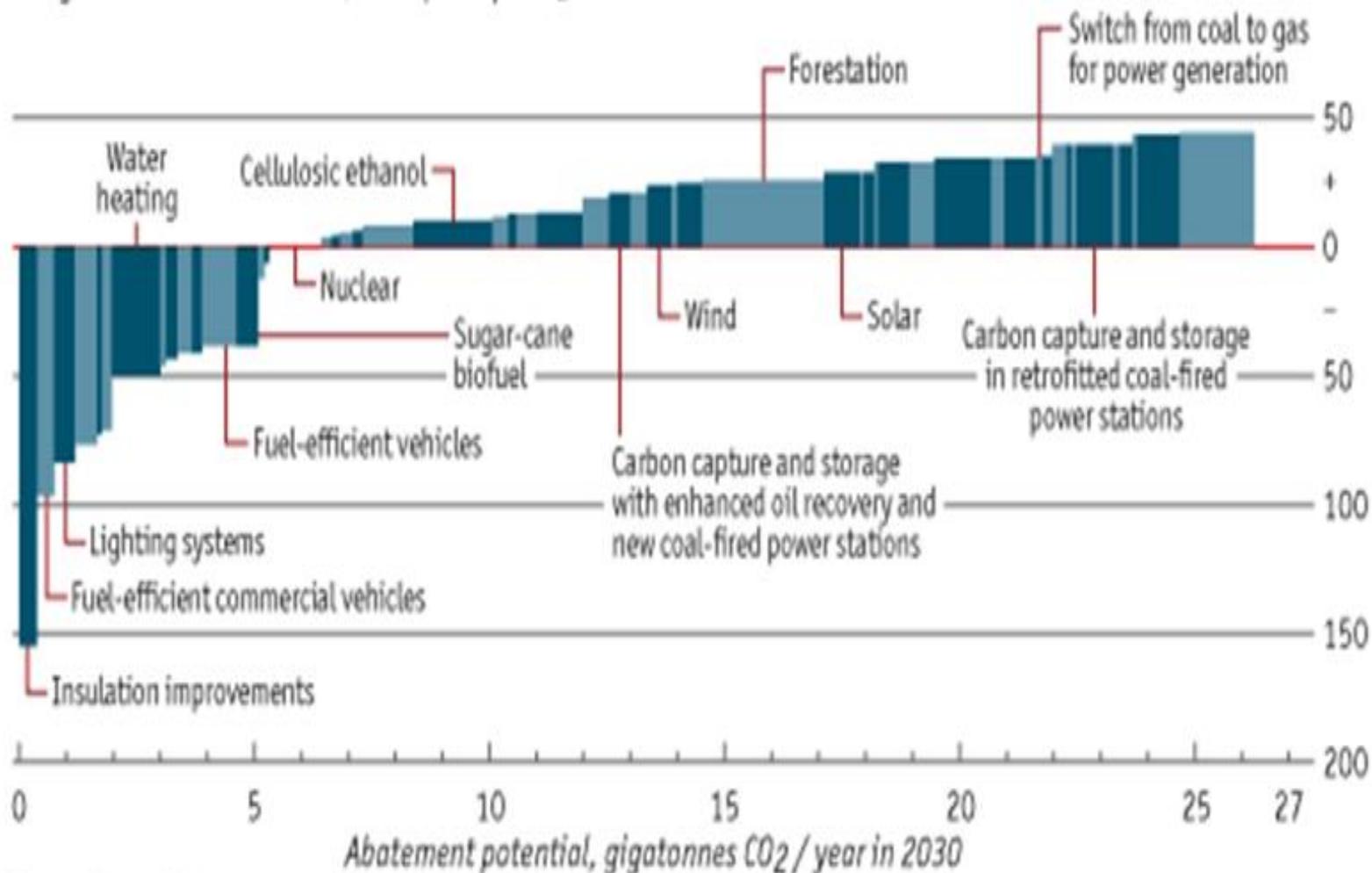
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# The cost of cutting carbon in different ways

Marginal cost of abatement, examples €/t CO<sub>2</sub>



Source: Vattenfall

# Top Ten global companies by revenue 2013



Rank	Company	Country	Industry	Revenue in USD
1	<a href="#">Royal Dutch Shell</a>	<a href="#">Netherlands</a> <a href="#">United Kingdom</a> <sup>†</sup>	Petroleum	\$481.7 billion
2	<a href="#">Walmart</a>	<a href="#">United States</a>	Retail	\$469.2 billion
3	<a href="#">ExxonMobil</a>	<a href="#">United States</a>	Petroleum	\$449.9 billion
4	<a href="#">Sinopec</a>	<a href="#">China</a>	Petroleum	\$428.2 billion
5	<a href="#">China National Petroleum Corporation</a>	<a href="#">China</a>	Petroleum	\$408.6 billion
6	<a href="#">BP</a>	<a href="#">United Kingdom</a>	Petroleum	\$388.3 billion
7	<a href="#">State Grid Corporation of China</a>	<a href="#">China</a>	Power	\$298.4 billion
8	<a href="#">Toyota</a>	<a href="#">Japan</a>	Automobiles	\$265.7 billion
9	<a href="#">Volkswagen</a>	<a href="#">Germany</a>	Automobiles	\$247.6 billion
10	<a href="#">Total</a>	<a href="#">France</a>	Petroleum	\$234.3 billion



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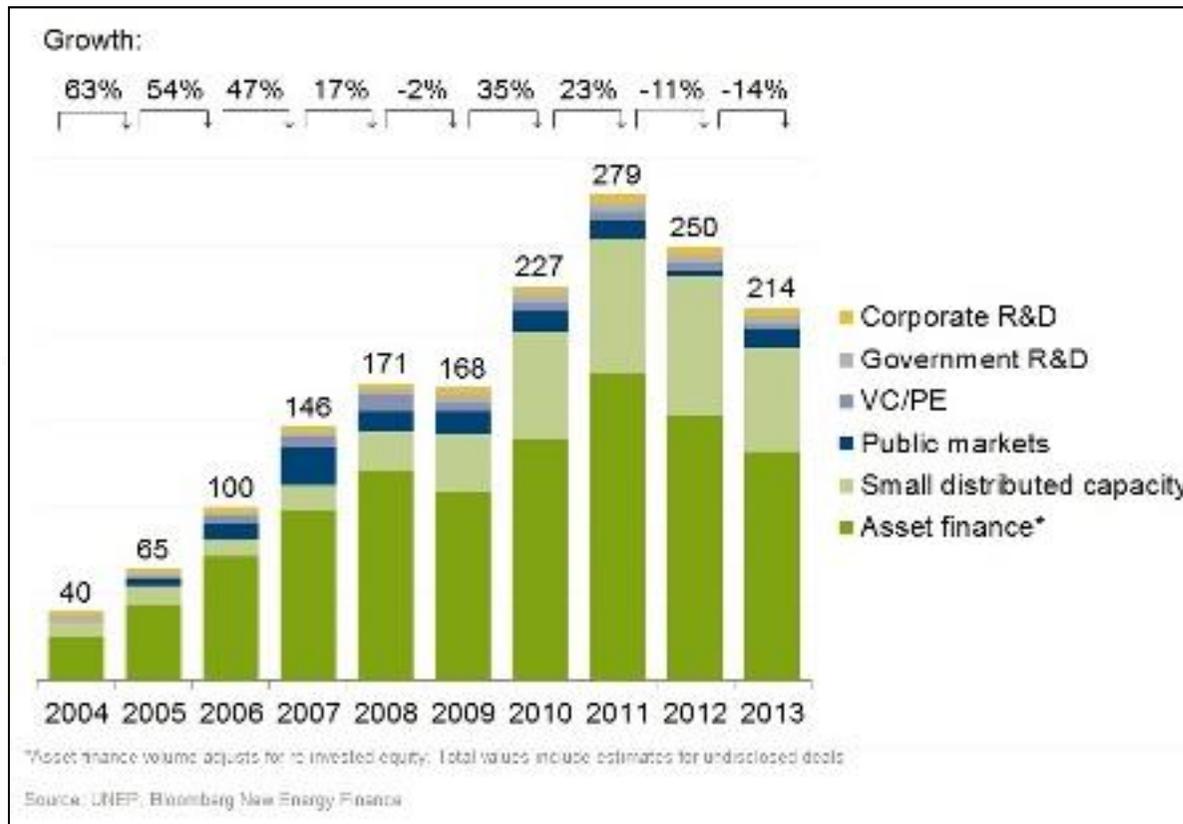
# Green Economy



Resisting/Silent	Debate/consultation	Statement of intent	Sector based plans	National development planning	Legislation change
USA Bolivia Venezuela Argentina India	<p><b>Zambia's</b> focused on GE mainstreaming OECD, AfDB, IIED<sup>21</sup></p> <p><b>Kenya working with UNEP</b> on Green Economy Assessment and Fiscal Policy<sup>22</sup></p> <p><b>South Africa 'Green Economy Accord'</b> and working with UNEP on Green Economy Modelling Report (SAGEM)<sup>23</sup> assessing the impact of different GE scenarios</p> <p><b>New Zealand</b> set up GG Advisory Group (business and science) supporting Ministry of Business, Innovation &amp; Employment<sup>24</sup></p>	<p><b>Cambodia's National Green Growth Roadmap (2010)</b><sup>25</sup></p> <p><b>EU Vision 2020: A European strategy for smart, green and inclusive</b></p> <p>National Assembly for <b>Wales</b> has hosted a series of debates (2013) on opportunities of green growth to 'drive Welsh wealth creation'<sup>26</sup>.</p>	<p><b>Peru</b> working with GGGI on National Forest and Wildlife Plan (NFWP).</p> <p><b>France 's (2010 – 2013)</b> national plan focused on eco-labels, green industrial policy and sustainable farming<sup>27</sup></p> <p><b>Ethiopia's Climate Resilient Green Economy Strategy</b> shows gains from GHG abatement across sectors</p>	<p><b>Vietnam 2012 National Green Growth Strategy</b> approved by the Ministry of Planning and Investment<sup>28</sup>.</p> <p><b>Mozambique partnered with AfDB</b> to approve national Green Growth Action Plan<sup>29</sup>.</p> <p><b>Barbados' National Strategic Plan 2006 – 2025</b> includes 'Building a Green Economy' as one of its six strategic goals.<sup>30</sup></p> <p><b>Botswana's Strategy for Diversification and Sustainable Growth (2008)</b> aims to plan for sustained growth beyond depletion of minerals, especially diamonds<sup>31</sup>.</p>	<p>Changes to <b>Swiss Environmental Protection Act</b> (based on GE Action Plan – 2013)<sup>32</sup></p> <p><b>Denmark's</b> national climate policy (2014) to have 40% reduction of GHGs by 2020<sup>33</sup>, and establishing Climate Council.</p> <p><b>Germany's 'Energiewende'</b> founded on their Renewable Energy Act<sup>34</sup></p>

GEC Barometer Feb 2014

# Global investment into renewable energy



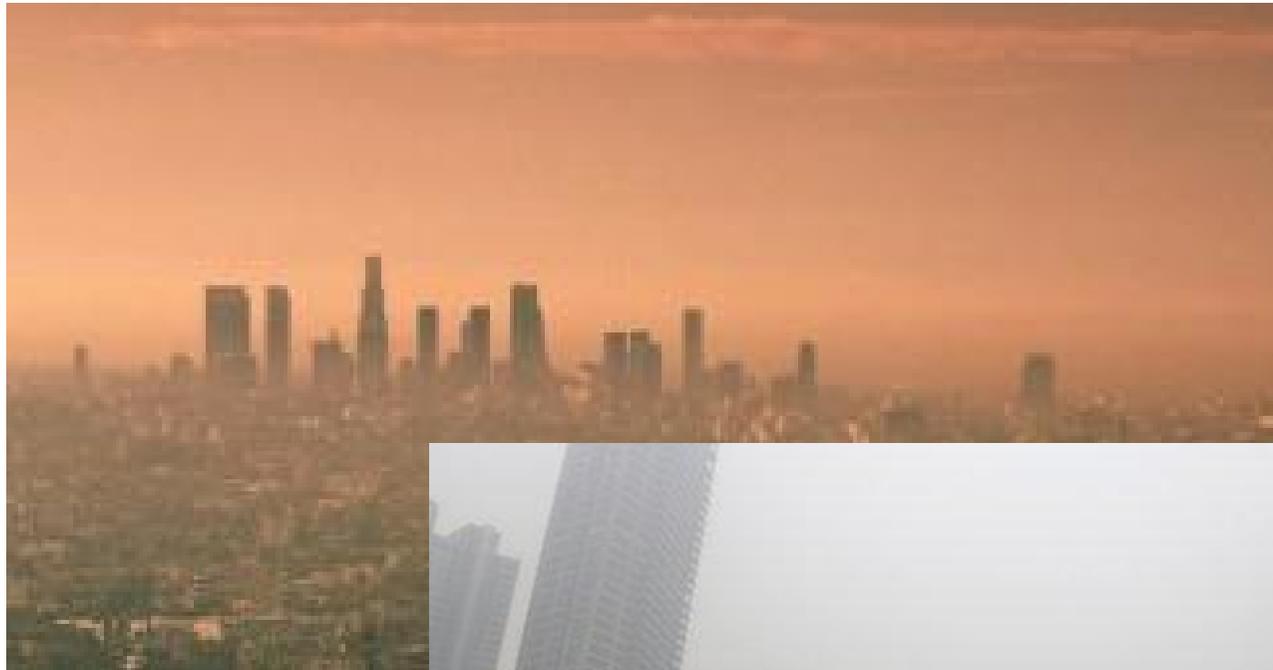
# Keep coal in the hole



# Smog and the City

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# Re-generating the Loess plateau in China

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# Low Income Countries and GE

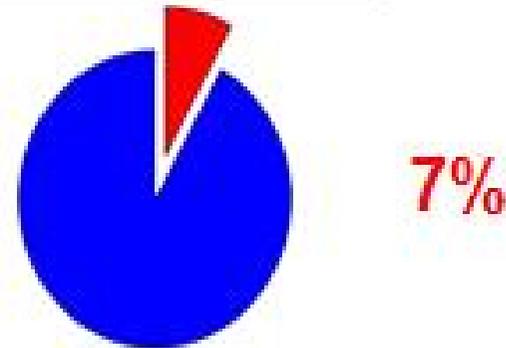


- Heavy reliance on natural resources
- Fast urban growth underway
- Huge growth in energy demand
- Destination for FDI, climate finance and ODA

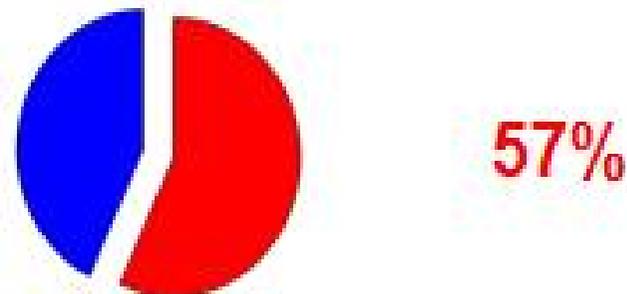


a. Recognise importance of **env assets**:  
e.g. 480M Indians depend on farms, forests, fisheries

**Ecosystem services as % GDP**



**Ecosystem services as  
% "GDP of the Poor"**



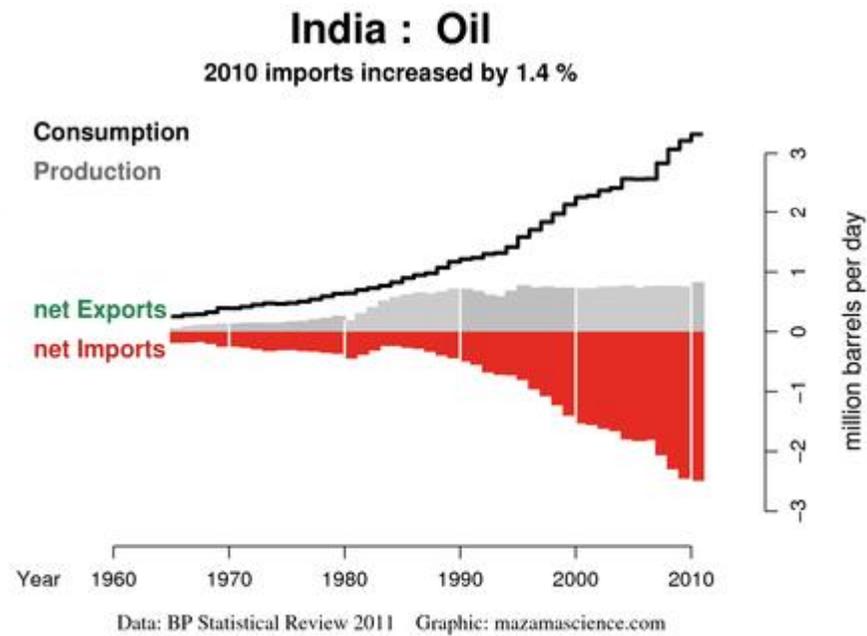
# What kind of urban growth?

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# India and Oil Imports



# Fiji and Oil Imports



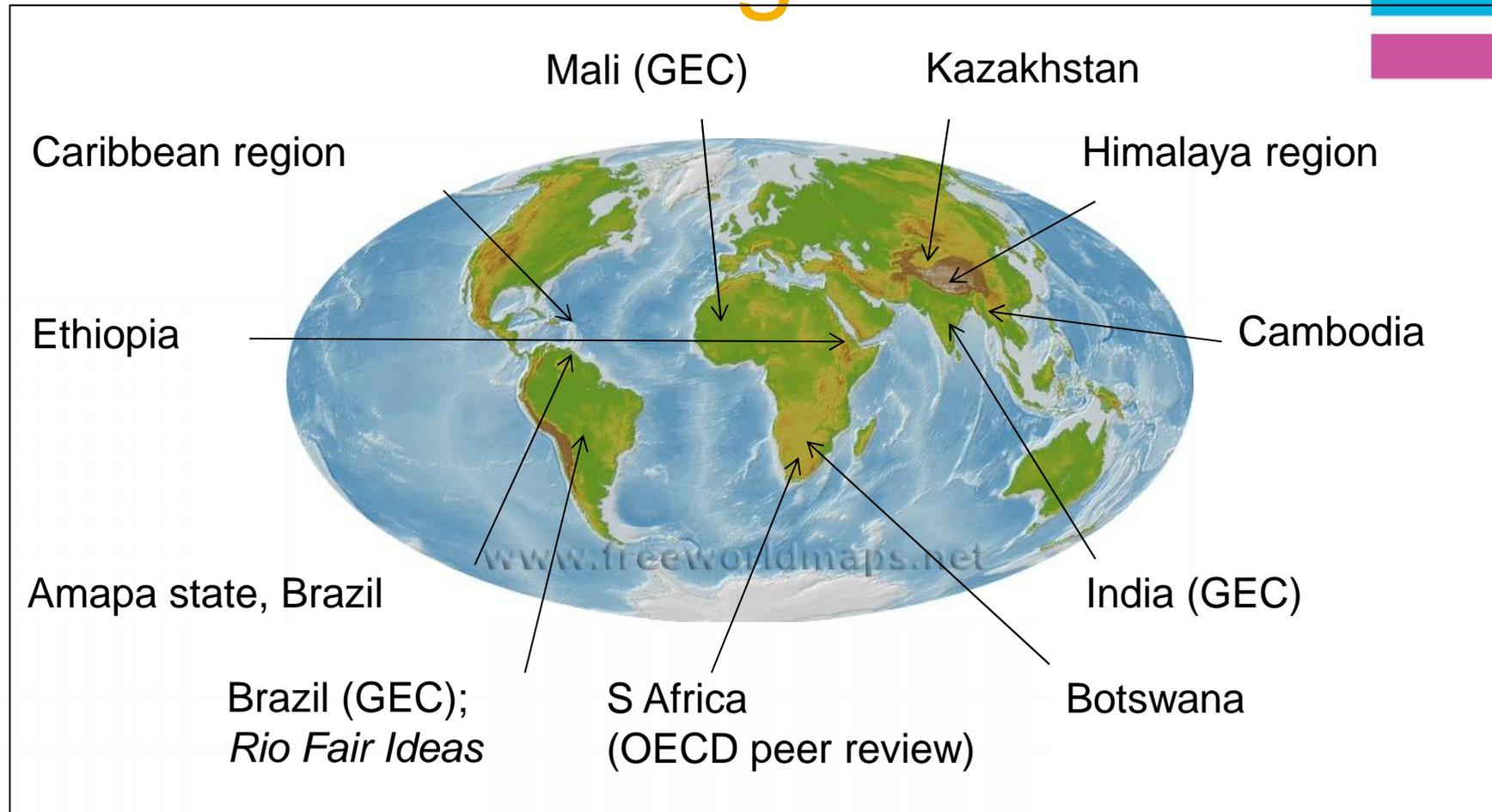
Average Global Oil Price,  
January 2002 – October 2011  
(weekly all-countries spot  
price FOB weighted by  
estimated export volume)\*

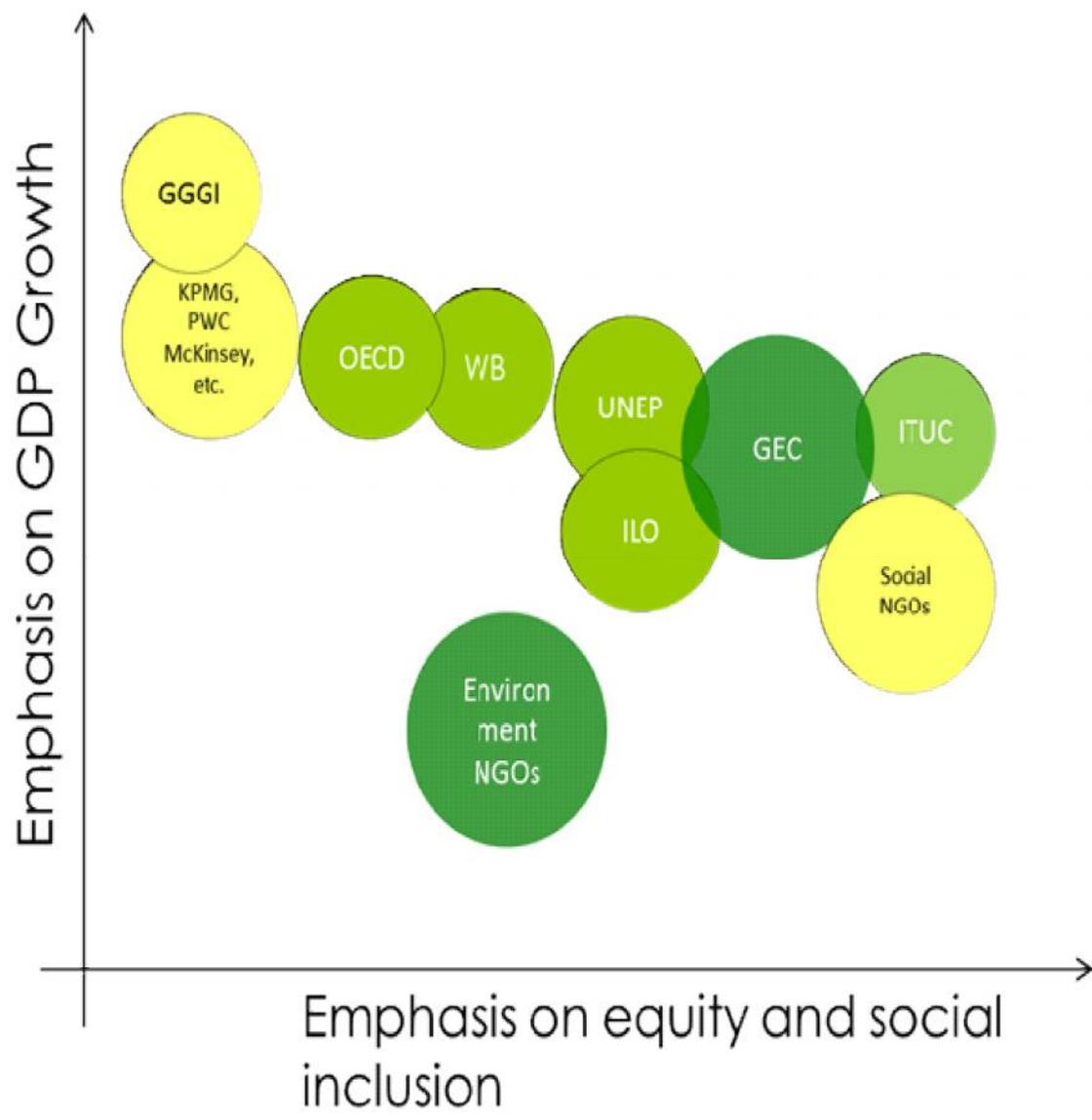
Oil prices in Fiji dollars  
calculated by the authors  
using daily exchange rates  
and oil prices (in US dollars)  
from the Energy Information  
Administration,  
<http://tonto.eia.doe.gov/>.

# IIED/(GEC) national dialogues

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Key:  
How 'green'?



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# More reading!

- [GEC measure what matters initiative](#)
- Jonathan Porritt new book – [The world we made](#)
- [Wilton Park GE meeting](#) report
- Kate Raworth – Donut economics
- Marianna Mazzucata The entrepreneurial state
- Ha-Joon Chang - 23 things they don't tell you about capitalism
- UN 2012 - The Future We Want
- And lots more at [www.iied.org](http://www.iied.org)