

## Case Study II (Government): Derek Eaton, UNEP

Mr. Derek Eaton is one of the key individuals responsible for UNEP's initiatives for finance and sustainable growth. Due to a conflict of schedule with the week of the global launch of UNEP's publication "Towards a Green Economy", Mr. Eaton was unfortunately unable to be present at today's case studies event. Fortunately for the audience, Skype conferencing allowed us the opportunity to interact with Mr. Eaton at an extremely sustainable way.

The key findings of the report were outlined in the case study. The 600 pages long report involved over 500 individuals who are experts in various institutions in over 2 years of research, along with 150 contributing authors. The synthesis of this report is particularly useful for policymakers, and is available on UNEP's website.

The presentation addressed the question of what are the possible pathways for green development. The UNEP report quantified development as increase in human wellbeing and equity, alongside a decrease in environmental risk and ecological scarcities. Although there does not exist a single approach to green development, Mr. Eaton highlighted the importance of investments in driving growth and income, for example through emission schemes. It was also emphasized that the green development is not intended to replace sustainable development.

One of the key findings in this report was that investing or reallocating 2% of global GDP, amounting to 1.3 trillion USD per annum, to ten key green sectors is sufficient to start a transition. This result was obtained by the research of the Millennium Institute. The macroeconomic modeling compared two scenarios of business as usual (BAU) versus green investments of 2% GDP. Key indicators include impacts on employment and emission levels. The projected model would indicate an increase in natural capital, resources and energy efficiency levels, as well as employment and poverty alleviation.

Hence one of the key messages in this case study was that a green economy can reduce poverty. This is especially crucial in regions where ecosystem services and natural resources create a situation of dependency for the poor (accounting for ca. 47-89% of livelihood). For example, the creation of access to water, which is one of the Millennium Development Goals (MDGs). Innovative, supporting and enabling policies that promote economic growth, for example the prioritization of capacity building, the removal of harmful subsidies, regulatory frameworks, and smart market/taxation mechanisms, should be implemented. The benefits of private sector investment need to be leveraged by smart public policies, and these private sector investments accounted for about USD 250 billion in 2010.

The audience was extremely engaged at the event. Among the many questions posed was the query if there are any success stories of small countries versus powerful corporations. Mr. Eaton answered with the example of the Grameen Shakti Corporation, which provided a micro-credit mechanism to improve energy in Bangladesh that was established in 1996. It created over 20.000 solar electricity systems and biogas fuel for the rural regions. Various UNEP initiatives also provide policy guidance and technical assistance in rural India and African regions, for example, feed-in tariffs on wind power in 2008, and geothermal and solar power sources.

To the question of the implication of new indicators that corresponds to this new paradigmatic shift to a green economy and limitations to the model, it was answered that the transaction costs of shifting labour from one sector to another could feature heavily in the transition to a green economy, for example, retraining in fisheries.

In conclusion, green economy was found to stimulate growth as well as exceed BAU over time, while reducing ecological scarcities and environmental risks. The trade-off between environmental investment and economic growth could be the key catalyst for the reduction of poverty especially in developing countries. This report can be found on <http://www.unep.org/greeneconomy/>