

Overview of inclusive green economy tools and instruments - Nairobi workshop 2-4 July 2013

Usman Ali Iftikhar
Poverty Group
BDP, UNDP
New York

Roadmap of the presentation

- The context
- The why and what of the origins of the inclusive green economy tools and instruments?
- How've they evolved?
- How can they be categorized?
- How are the tools and instruments organized around the policy process?
- Selection of tools and instruments for this workshop

The Context

- The world has experienced remarkable development progress over last 2 decades – e.g. MDGs
- Still poverty remains a key challenge across the developing world, affecting more than a billion people
- Other dimensions of poverty such as nutrition, maternal and child health, women's empowerment and inequality are also matters of concern.
- At the same time, increasing challenges of climate change and ecosystems decline threaten to stall or reverse development gains made with largely negative consequences predicted for millions of poor and vulnerable people, thus making the task of improving well-being along these multiple dimensions even harder.
- Tools and instruments that together promote growth, multi-dimensional poverty reduction, resilience and sustainability will be key to success

Origins of Inclusive Green Economy Tools and Instruments:

Overtime approaches to environmental sustainability began to reveal that:

- A major underlying reason for degradation and depletion of environmental and natural resources lied in institutional failure
- both the market and the public sector failures– by undervaluation and deliberately under-pricing
- Conversely environmental values tend to be ignored in economic decision-making – seen to have few economic benefits, and few costs
- In turn also the funding required to sustain positive outcomes and address environmental challenges remained low

Origins of Inclusive Green Economy Tools and Instruments:

Increasing exploration on how to bring economic thinking to environmental sustainability so as to:

Demonstrate the economic value to influence economic decision-making - framework of Total Economic Value of the Environment (TEV) led to a number of (innovative) methods to quantify direct, indirect, option and existence values.

Capture the economic value - the application of economic instruments to correct market and policy failures through incentives e.g., environmental taxes and subsidies, property rights, as well as market creation (eg ecotourism)

And measure real progress - the application of Green Accounting or System of Environmental Economic Accounting instruments

Evolution of Inclusive Green Economy Tools and Instruments:

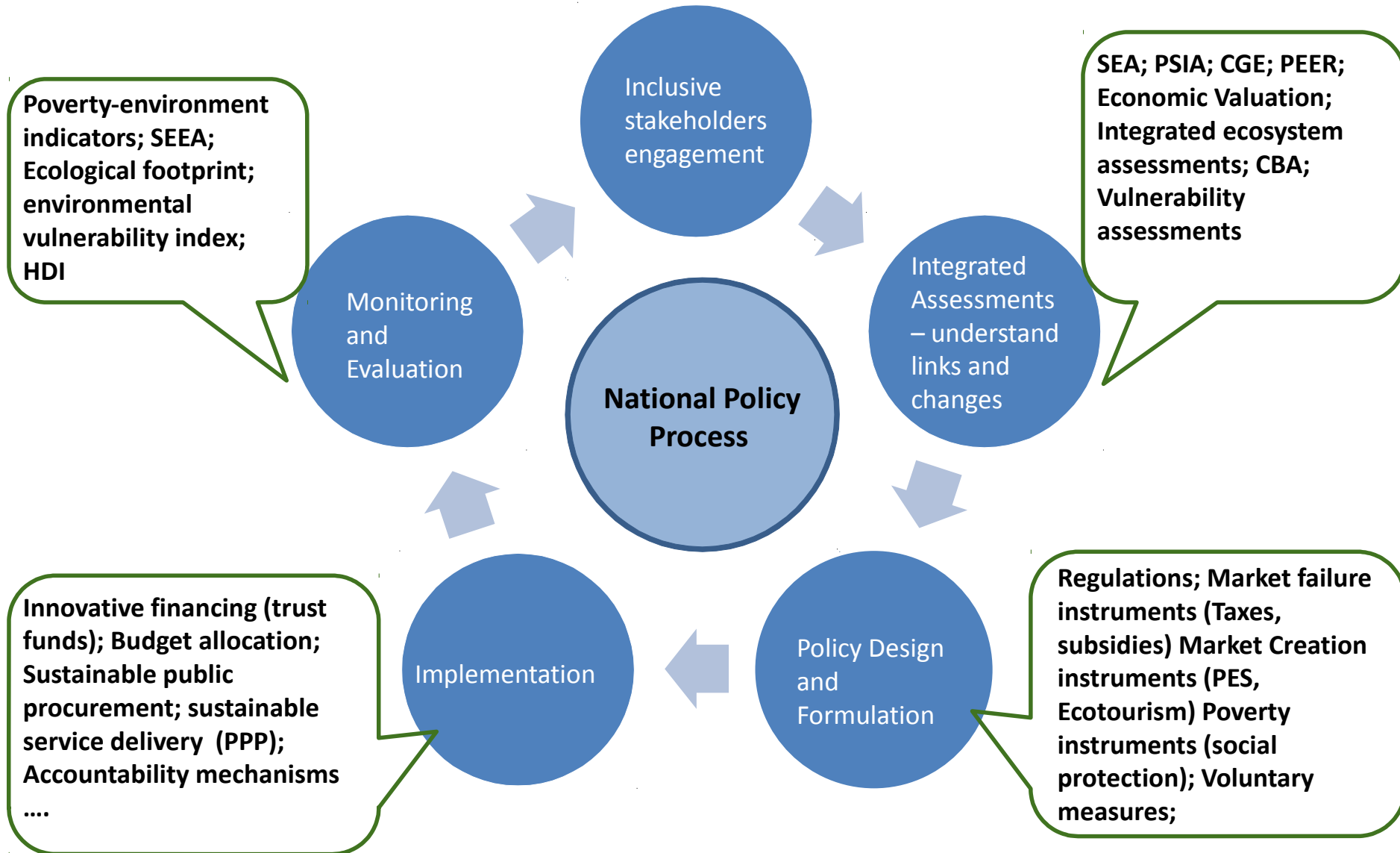
- While many of these existing integrated tools and instruments remain very relevant and form a good proportion of IGE tools
- There is a need to better assess and act on the relationship between poor people and the environment so as to:
 - Better address the impacts on the poor (from climate and ecosystems decline) or in a transition to a green economy; and/or
 - how to better target the poor so that green economy approaches are a ladder out of poverty
- There is also need for inclusive process tools that help to bring an broader stakeholder engagement especially the poor and marginalized; adopt integrated approach to assessment, policy, implementation and measurement of green economy as part of the mainstream National Development processes

Categories of IGE tools and instruments

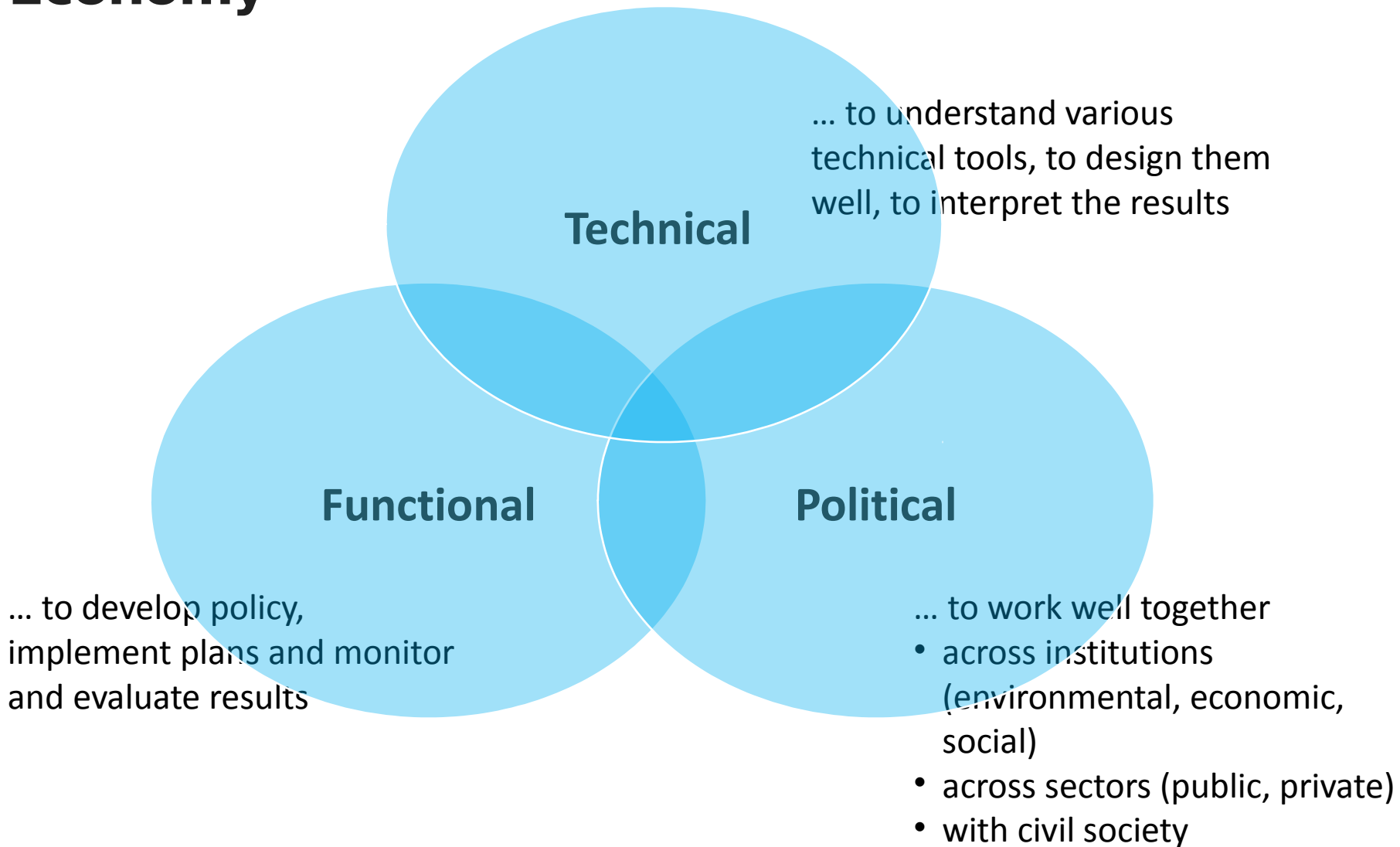
- **Integrated assessment tools aim** to help understand the linkages between the environmental, economic and social dimensions, and how possible changes positively or negatively impact on different dimensions.
- **Policy instruments aim** to correct market and policy failures, and incentivize green economy approaches that reduce poverty.
- **Implementation instruments aim** to meet the implementation challenges through innovative financing mechanisms, budget allocations, donor funds, sustainable service delivery such as PPP, and sustainable public procurement.
- **Measurement frameworks aim** to track the joint progress towards social economic and environmental outcomes of an inclusive, green economy.
- **Inclusive process tools aim** to promote national ownership and collaboration across-sectoral/broader stakeholder dialogue and engagement and coordination on assessments, policy, implementation and measurement.

Tools and measures around the policy process

Stakeholders dialogue; cross sectoral coordination mechanisms

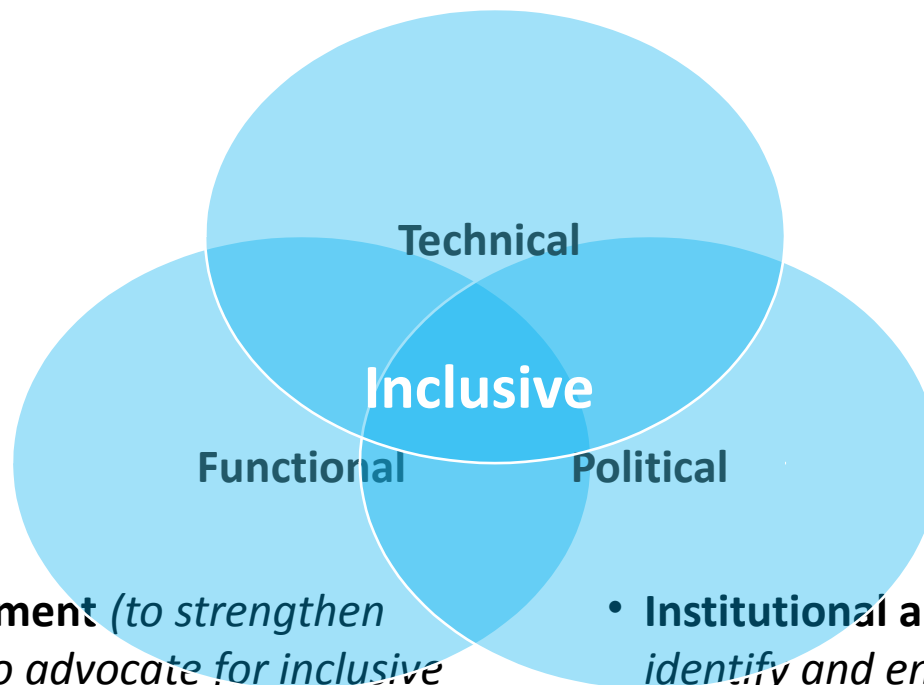


Institutional Capacities for Inclusive Green Economy



Capacity Development Approaches and Tools

Illustrative



- **Leadership development** *(to strengthen leadership's ability to advocate for inclusive green economy policies)*
- **Business process redesign** *(to accommodate cross-sector policies)*
- **Prototyping, feedback loops and agile programming** *(to test new ideas, quickly monitor progress from a variety of sources, and adapt/adjust as necessary)*
- **Institutional and Context Analysis** *(to identify and engage stakeholders expansively in policy making)*
- **Facilitated consensus** *(to reach consensus across tools, institutions, sectors, etc.)*
- **Coalition building** *(to gather support for policies and plans)*

Tools and measures focus of this workshop

- This workshop will focus on a sub-set of tools that have been widely used in the region with a focus on the more integrated types
- For each tool the expectation is that they will provide a sense of what data needs, how they are applied at what scale, their strengths, weaknesses/limitations, and what they produce as well as the links to IGE outcomes.
- There is no one tool or instrument proposed; rather through orientation and follow-up how they can be adapted to specific contexts
- The tools that will be covered are:
 - Long-term planning tools and models -
 - Integrated social, economic and environmental assessments
 - Environmental Fiscal Reform
 - System of Environmental-Economic Accounting and WAVES
 - Green Indicators and Indices