Towards green growth policy frameworks

OECD Green Growth in Developing Countries Report

Serge Tomasi, Jan Corfee-Morlot, William Hynes and Shannon Wang
Development Co-operation Directorate
Outline

1. Background

2. Green Growth and Developing Countries Report

3. A Policy Framework for Green Growth

4. What’s Next?
1. Background: Why Development Cooperation Matters (numbers)
Trends in ODA to the Environment, 2001-2010

Bilateral commitments, annual average, constant 2010 price

USD billion

<table>
<thead>
<tr>
<th>Year</th>
<th>General environmental protection</th>
<th>Other activities scored &quot;principal objective&quot;</th>
<th>Total environment-focussed aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2003-04</td>
<td>5</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>2005-06</td>
<td>8</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>2007-08</td>
<td>12</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>2009-10</td>
<td>15</td>
<td>8</td>
<td>23</td>
</tr>
</tbody>
</table>

Environmental-related ODA at Sectoral Level, 2009/10 (% share marked as environmental related)

Bilateral commitments, annual average, constant 2010 price

USD billion

- **Environmental-related aid as a share of total aid in the sector: 100%**
  - General env. protection: 76%
  - Water & sanitation: 60%
  - Energy: 38%
  - Transport & storage: 39%
  - Agr. & rural develop.: 20%
  - Industry, mineral res. & constr.: 0%

Source: OECD DAC-CRS
Estimates of North-South Climate Finance Flows:
(USD 70 – 120 billion per year, latest year estimates 2009-2010, billion USD)
USD billion, constant 2010 prices

Trends in aid to climate change mitigation, 2005-10
Bilateral commitments, annual averages, USD billion, constant 2010 prices

USD billion

2005-06 2007-08 2009-10
Climate change mitigation: principal objective
Climate change mitigation: upper bound estimate (principal+significant objective)

Source: OECD DAC-CRS
Top DAC donors support to environment in Africa

USD million commitments, average 2009-10, constant 2010 price

<table>
<thead>
<tr>
<th>Country</th>
<th>USD Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Institutions</td>
<td>1285</td>
</tr>
<tr>
<td>Japan</td>
<td>1151</td>
</tr>
<tr>
<td>Germany</td>
<td>962</td>
</tr>
<tr>
<td>France</td>
<td>838</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>788</td>
</tr>
<tr>
<td>Sweden</td>
<td>736</td>
</tr>
<tr>
<td>United States</td>
<td>417</td>
</tr>
<tr>
<td>Spain</td>
<td>321</td>
</tr>
<tr>
<td>Denmark</td>
<td>305</td>
</tr>
<tr>
<td>Norway</td>
<td>299</td>
</tr>
</tbody>
</table>
Beyond ODA... Energy sector in Africa
Grants, concessional and non-concessional loans

Annual average commitments, constant 2010 price, all donors (USD million)

While aid for energy rose, non-concessional energy finance rose even faster.

Source: OECD DAC-CRS
2. The OECD Green Growth and Developing Countries Report
The OECD drafts to date

Context:

• International GG initiatives have *not* fully engaged with developing country stakeholders
• So there is poor information on developing country GG concerns and ideas
• OECD is aiming to improve this
• Draft has some evidence from developing countries:
  • Practical experience – case studies where GG policies are being tested and outcomes achieved
  • Survey of views on GG – e.g. IIED/GE Coalition country dialogues, Rio+20 inputs
• Consultation at Global GG Summit and Rio +20
3. A Policy Framework for Green Growth
Draft national GG policy framework

**National GG Plans:** GG mainstreamed into existing plans, +/- GG umbrella plan
  - Existing econ, env, etc policies assessed and improved for GG
  - Umbrella National GG Strategy developed if needed
  - Above strengthen enabling conditions for Green Growth

**GG Policy Instruments:** Proven and promising incentives to deliver GG
  - Payments for Ecosystem Services
  - Sustainable Public Procurement
  - Subsidy Reform
  - Environmental Fiscal Reform
  - Green Energy Investment
  - Certification of Sustainable Production
  - Green Innovation
  - Inclusive Green Social Enterprise...

**GG Institutional Mechanisms:** stakeholders linked for continuous improvement
  - Councils for Sustainable Development
  - Green Accounting / alternative measures
  - Public Expenditure Review
  - Strategic Environmental Assessment...

**GG BENEFITS**
The international dimension

Green growth in an interconnected world:

- Planetary boundaries/ global public goods
- Environmental impact of one country on another
- Trade in environmental goods and services
- Technology cooperation
- Governance of the global economy within its environmental foundations

Developing countries may require assistance...
DEVELOPING COUNTRY
GG POLICY FRAMEWORK
- driven by national
stakeholders

ENHANCE CAPACITIES
• mainstreaming GG in plans, budget, sector operations

STRENGTHEN ODA
• leverage private investment
• mainstream GG and envt in aid

FACILITATE TRADE in Env G&S
• harmonise international SD standards
• build ES markets

POLICY COHERENCE
• whole-of-govt
• avoid offshoring unsustainability
• public/consumer awareness

PROMOTE GREEN TECH
• help developing country science
• ease tech transfer and IPR use

How the global community can help
Example: Green Energy Investment Frameworks

**Principle:**
- open up power generation sector, create investment climate and strengthen financial sector regulation

**Instruments in developing countries:**
- feed-in tariffs, renewable quota, mandates for installing solar hot water

**Impacts, e.g.**
- Financial innovation and private sector involvement help to scale up RE uptake

**Challenge:**
- how to reach out low income households, balance affordability and incentives

**Lessons learned:**
- need to (i) improve the predictability of green investment flows; (ii) broaden the sources of private green investment; (iii) make it more accessible to the poor.
4. What’s Next?
Engagement and Consultation

- OECD cross-directorate collaboration
- External collaboration with IIED and GGGI
- Consultation with developing country partners
  - 1\textsuperscript{st} consultation in Seoul in May 2012
  - 2\textsuperscript{nd} consultation in Rio in June 2012
  - High-level event in Rio in June with Ministers from Colombia, Cambodia, Ethiopia, Rwanda and Norway
  - Two Workshops Africa – early 2013
  - Case studies in Cambodia and Ethiopia with in-country consultations

Next steps: Go national, Go social and Get the political economy right
For more information

http://www.oecd.org/dac/greengrowth

OECD Contacts:
Jan Corfee-Morlot: jan.corfee-morlot[a]oecd.org
Shannon Wang: shannon.wang[a]oecd.org