



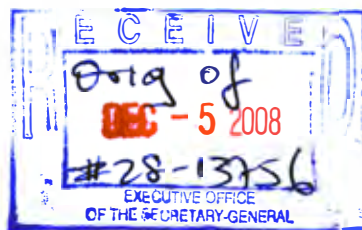
UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement Programa de las Naciones Unidas para el Medio Ambiente

Программа Организации Объединенных Наций по окружающей среде

برنامج الأمم المتحدة للبيئة

联合国环境规划署



Reference:

Date: 21 November 2008

Dear Mr. Secretary-General

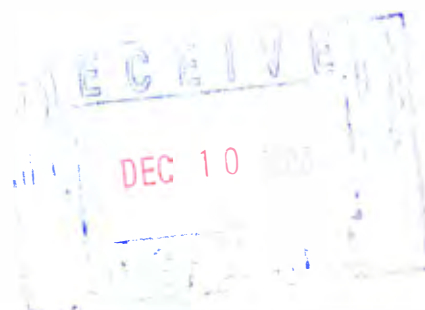
Thank you for including the green economy/green growth concept in your recent statements on the financial crises.

I wanted to briefly summarize UNEP's newly launched Green Economy Initiative (GEI) which I hope will also provide you with a substantive resource on the financial/economic policy issues in the months ahead.

- GEI is a time bound two year project managed by our DTIE/Economics and Trade Branch in Geneva. The team leader is an Indian economist, Pavan Sukhdev who has joined us from Deutsche Bank.
- GEI has three components which we have developed with a number of partners:
 - **The Economics of Ecosystems and Biodiversity Report (TEEB)** which will develop state of the art methods and assessments for valuing ecosystem services (eg. clean air, water, biodiversity, carbon sequestration). Our core partners are European Union, Germany and UK;
 - **Green Jobs Report** – this research will focus on how jobs in the Green Economy are being created worldwide and how the transition from old to new sectors can be managed in terms of ILO's decent labour agenda. Our core partners are ILO, International Trade Unions and International Employers Federation;
 - **Green Economy Report** – it will focus on the question of how Governments and public policy can help markets to accelerate and scale up the transition towards a green economy. We are developing a consortium of partners and funders which already include UNIDO, the UN Foundation, Switzerland and Norway.

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Mr. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA



Executive Office



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These three teams – led by Pavan Sukhdev – will be working with a network of collaborating think tanks and economists across the world producing a body of analytical and policy relevant briefs and reports during the coming two years. The response to the GEI which we launched in London in October has been overwhelmingly positive. From UNEP's perspective it provides us with a unique opportunity to reposition the environmental agenda of the 21st century as a key driver for economic development, jobs, innovation as well as new markets and products.

Our call for a Global Green New Deal draws on this concept while trying to ensure that the global response to the financial crises does not miss a vital opportunity for governments to ensure that the USD 5000 billion achieve multiple objectives – ie. food and energy security, climate change, job creation and reversing environmental degradation.

It is my hope that you and the teams and taskforces working on these issues under your guidance will find the UNEP/GEI a useful resource in the months ahead. May I also add my hope that the concepts of green economy and Global Green New Deal could be reflected in your intervention at the forthcoming Doha Financing for Development Review.

With best wishes

Achim Steiner
Executive Director

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Towards a Green Economy—Elements of a Global Green New Deal

By Achim Steiner, UN Under-Secretary General and Executive Director, UN Environment Programme (UNEP)

The environment programme of the United Nations (—UNEP) has launched a Green Economy Initiative to define the key elements of a Global Green New Deal, some of which are outlined here.

Why? Because a blue print needs to be evolved, and to be evolved quickly, to turn a deep and fundamental series of crisis into a pivotal opportunity for transformation of economies into ones that meet the needs and aspirations of all its citizens.

The events and the international responses of 2008 provide that opportunity to shift the global economy to one where markets and corporations who invest and re-invest in a low polluting, resource efficiency, low carbon and more intelligently-managed world are rewarded.

In some economies this may be already happening (see annex re the Government of China's announcements at the China Council 12-14 November)

Accelerating a global transition provides the seeds of sustainability rather than decline; improved levels of employment for more rather than less people; the chance to avert calamities like climate change and a fresh financial paradigm that values real productive capital rather than illusory, speculative assets.

At this moment in time, world leaders need not only to spend financial but also significant political capital on these ideas.

The options outlined here, alongside many others may represent the best strategy for countering the current malaises and for a genuinely prosperous path for the 21st century.

Financial and Climate Crises—the Background

2008 will go down in history as a year of multiple crises. There were the food and fuel crises followed by the financial one.

After a decade or so of rapid economic growth fuelled in part by low interest rates, high liquidity, easy credit markets and a mushrooming of more speculative financial products, multiple bubbles have burst and trillions of dollars of public money are being pumped into stabilizing the global banking system.

Meanwhile the financial crisis has spilled over into the economy of nations across the globe.

US manufacturing activity, for example, hit a 26-year low in October 2008 accompanied by the loss of 240,000 jobs in the same month. In China's leading export province of Guangdong, thousands of migrant workers are packing up and returning to their rural homes.

The International Labour Organization (ILO) estimates that the number of the unemployed could rise from 190 million in 2007 to 210 million in late 2009. The number of poor people living on less than US\$1 a day could rise by some 40 million and those getting US\$2 a day by more than 100 million. Globally the hardest hit sectors are likely to be construction, automotive, tourism, finance, services and real estate sectors.

The current crises come against the backdrop of other looming or near-term crises.

Climate change, if unchecked might cost five per cent or more of global GDP annually. Meanwhile the loss of biodiversity and ecosystems—the Earth's nature-based assets worth trillions of dollars in terms of the goods and services they provide—continue to decline.

As with climate change, this threatens the lives and livelihoods of the more than six billion people alive today and the more than nine billion by 2050. But it will be the poor who are likely to be hit hardest.

An estimated incremental Euro 50 billion of biodiversity and ecosystem services are being lost annually and the cumulative loss could exceed Euro 14 trillion per annum by 2050.

Bold measures are needed to stabilize the financial markets but even bolder ones are needed to deal with the multiple existing challenges and the ones looming or on the horizon.

A Global Green New Deal

The challenges but also the opportunities of the early 21st century require a Global Green New Deal and strong and creative leadership at the national but also international level.

The hundreds of billions of dollars lined up for stimulus packages and trillions of dollars being spent on stabilizing the financial sector can go into the old economy or be re-focused and-redirected to catalyze and unleash markets towards a more resource efficient, low carbon, less polluting one.

- One that generates new and green jobs in developing and developed economies alike and encourages investments into clean and renewable energies and a recycling economy.
- Investments too in the planet's natural capital and nature-based assets such as forest ecosystems with multiple benefits including carbon storage and improvements in water supplies, biodiversity and soils--ecosystem services that, for a fraction of the cost of machines, benefit rural and urban dwellers alike at the level of communities, countries, regions and the globe.

Here we outline some elements of how a Global Green New Deal Might be Realized ***Energy Efficient Buildings***

Governments should catalyze job creation on a large scale by investing to improve the energy efficiency of public and private building stocks.

Globally the construction sector has a turnover of \$3 trillion annually. Close to 120 million people are directly employed by the sector worldwide.

Even in times of recession, the core business is to create value in physical assets such as buildings, which are constantly in demand due to population growth, urbanization, and increasing standards of living.

At the same time, buildings are responsible for about 1/3 of greenhouse gas emissions globally, 40% of resource use, 30 % of solid waste generation, and 20% of water consumption.

Technologies and materials to improve the efficiency of buildings are commercially available at competitive prices. To achieve a wider use of these technologies and materials in new construction and renovation, however, there is a need for massive investments in skill development and local capacity building to increase the supply of, and access to such technologies and materials, particularly in developing countries. In addition, there is a need for appropriate policies and institutions to support the implementation of these investments.

Investments in green buildings are already included in a number of economic stimulus packages. In Australia, efforts are being made to allocate A\$ 4.7 billion out of the A\$ 10.4 billion stimulus package for investment in green homes over 4 years.

It is estimated that greenhouse emissions from such improvement will be reduced by 3.8 million tons a year and that over 160,000 people will be employed in auditing and installation services. In the US, it is estimated that US\$100 billion to be spent over two years on improving the energy efficiency of buildings and cities will generate 2 million new jobs.

The financial mechanisms proposed in the US green stimulus package include: a) US\$50 billion tax credits to finance commercial and residential building retrofits and renewable energy systems; b) US\$46 billion direct government spending to support public building retrofits, the expansion of mass transit, freight rail, smart electrical grid systems, and new investments in renewable energy; and c) US\$4 billion federal loan guarantees to underwrite private credit extended to finance building retrofits and investments in renewable energy.

Renewable Energy

Governments should scale up fiscal support for investment in renewable energy technologies (RET).

According to ILO, renewable energy generates more jobs than employment in fossil fuels. Globally, projected investments of US\$ 630 billion by 2030 would translate into at least 20 million additional jobs in the renewable energy sector: 2.1 million in wind energy, 6.3 million in solar photovoltaic, and 12 million in biofuels related agriculture and industry. In comparison, total employment of the oil and gas, and oil refining industries in 1999 was just over 2 million jobs.

Renewables also offer perhaps the fastest way of getting energy to the two billion, mainly developing country people, without access to it and within short time-scales unlikely if access depends on the installation of large-scale, grid dependant infrastructure.

As the current liquidity situation still remains tight and the drop in oil price makes renewable energy once more less competitive, governments and international financial institutions should ensure that renewable energy businesses and the wider environmental sectors such as waste management will have secured access to credit.

This week the Government of China approved a stimulus package estimated at four trillion yuan (about US\$570 billion) a significant portion of which will be spent on increasing support for energy conservation; pollution-control projects and raising the share of renewable energy in primary energy from 8.3 per cent in 2007 to 15 per cent in 2020.

In addition, in designing stimulus packages, governments should provide time-bound fiscal incentives for the renewable energy sector, including direct spending on research and development (R&D), in order to prevent the reversal of this sector's rapid growth in recent years.

To correct the long standing bias against the development of renewable energy, governments should reform the massive subsidies provided for the production and consumption of fossil fuels, which amounts to close to US\$300 billions per year.

Environmental Fiscal Reform

Governments should implement environmental fiscal reform (EFR) in order to re-focus; re-shape and catalyze markets and venture capital investments into job creation, encouraging

environmental innovations, and discouraging inefficient and wasteful use of scarce natural resources such as energy.

Environmental fiscal reform encompasses a wide range of taxation and pricing instruments, such as taxes on the exploitation of natural resources, charges on air pollution, and the reform of perverse subsidies, accompanied by regulatory measures. While creating incentives for sustainable use of natural resources, pollution reduction, and investment in clean technologies and practices, EFR also helps countries to free up financial resources and generate new sources of revenues, which can be channeled to fund environmental and social projects.

The basic idea of EFR is a shift of tax burden from economic “goods” such as employment, income, and investment, to economic “bads” like pollution and natural resource depletion thereby bring benefits for both the environment and economy.

A recent World Resources Institute (WRI) study indicates that a US\$15 tax per metric ton of CO₂ in the US could reduce emissions by 720 million tons, while allowing for a rebate in payroll taxes by up to 73%. In Germany, as a result of the green tax reform, 250,000 jobs have been created, fuel consumption has been reduced by 7%, CO₂ emissions by 2-2.5%, and pension costs by 5.6 billion Euro.

The potential benefits of EFR have not been sufficiently explored and utilized so far, partly due to a concern about the loss of competitiveness. Experience, however, indicates that losses of competitiveness have been relatively small and that, in fact, competitiveness can be improved through cost internalization and the consequent innovation increases in efficiency and reduction of waste and pollution.

Climate Finance

World leaders should factor climate finance in their responses to financial crisis.

For the successful conclusion of the new climate agreement at UNFCCC COP15 in Copenhagen 2009, the international community must provide at least US \$100 billion annually to cover the costs for developing countries to take mitigation and adaptation actions, including the adoption of clean technologies and the establishment of institutions, among other measures. This spending pales in comparison to the trillion dollar bank bailout that has been put forward within a short span of time.

Funding to support the new climate agreement may go to global mechanisms like the Adaptation Fund, Global Environment Facility or new climate funds and initiatives such as the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme) – a collaborative enterprise of FAO, UNDP and UNEP.

This multi-donor trust fund was established in July 2008 to allow donors to pool resources in support of developing countries’ forest conservation efforts. Individual countries’ contributions may be decided multilaterally on the basis of historical responsibility for GHG concentration, current emission levels, and per capita GDP, among other agreed criteria. This funding can function under the guidance of, and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities, and eligibility criteria.

Currently, billions of dollars are being lined up for technological methods of carbon capture and storage.

Forests but also wetlands, peatlands, grasslands and other natural features offer another avenue—one that has been tried and tested for millions of years, that might costs a fraction of

the cost of the technological solutions while generating multiple environmental, social and economic benefits.

Sustainable Transport

Governments should scale up fiscal incentives for a societal shift towards sustainable transport or green mobility.

The conventional automobile industry is experiencing a significant loss of outputs and jobs due to the escalating oil prices in recent years, the ongoing recession, and the growing consumer awareness of climate change.

The revival of this macro-economically significant industry hinges upon a fundamental shift from fossil fuels to clear sources of energy. Governments can facilitate this shift by scaling up time-bound fiscal incentives such as tax credits for consumers to switch to fuel-efficient and non-polluting or less polluting cars.

They can also apply regulatory measures to encourage the industry to speed up the shift. Whilst automobile manufacturing in the US provides 350,000 jobs, over 13 million jobs are found in supporting auto-related sectors. Timely shifts towards the next generation of zero-emission automobiles is crucial for protecting this many jobs in this industry. Malaysia for example has recently announced import tax breaks for hybrids.

Apart from investing in green vehicle, there are large scale job-creating opportunities in improving public transport in large cities both North and South. Governments should foster alliances amongst vehicle manufacturers, urban commuters, electricity providers, and oil companies to assess current public transportation systems, determine the cost of system changes or improvements, and identify management options. In addition, governments should improve policies and planning for the transport sector with a focus on reducing the time spent in traffic and on the need for safe, reliable, and affordable means of transport to the public.

This week the Government of China announced, as part of its stimulus package, an expansion of the country's transport network with a focus on switching passengers and commodities from road to railways and boosting rail links between cities and airports in the western part of China.

Annex

President Roosevelt's New Deal

Seventy-five years ago, during the depths of the Great Depression, US President Franklin D. Roosevelt launched a series of wide-ranging programmes to provide employment and social security, reform tax policies and business practices, and stimulate the economy.

These programmes are known as the New Deal. Public institutions were set up to reform the financial sector and to kick start jobs via measures including infrastructure development via, for example the Rural Electrification Administration, the Public Works Administration (PWA), and the Civilian Conservation Corps.

The PWA supported private companies in launching nearly 35,000 projects. These and other public works programmes built homes, hospitals, schools, and other public buildings, roads, dams, and electrical grids. The New Deal put millions of people back to work and modernised the US infrastructure at the same time.

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Green Economy

Mobilizing and re-focusing the global economy towards investments in clean technologies and 'natural' infrastructure such as forests and soils is the best bet for real growth, combating climate change and triggering an employment boom in the 21st century.

On 22 October 2008, UNEP and leading economists launched the Green Economy Initiative aimed at seizing an historic opportunity to bring about tomorrow's economy today.

» [Launch Meeting of the Green Economy Initiative](#)

Press Releases



"Global Green New Deal" - Environmentally-Focused Investment Historic Opportunity for 21st Century Prosperity and Job Generation
(Arabic | [English](#) | French | Russian)



Landmark New Report Says Emerging Green Economy Could Create Tens of Millions of New "Green Jobs"
([English](#))



Mexico to Host World Environment Day Under the Theme 'Your Planet Needs You'
(English | French)



Cutting Fossil Fuel Subsidies Can Cut Greenhouse Gas Emissions Says UN Environment Report
(English | French)

Publications



Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World



Towards a Green Economy (flyer)



The Economics of Ecosystems & Biodiversity (TEEB)
([English](#) | French)

World Bank Report:

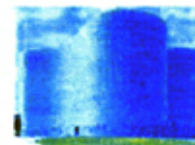
Multimedia



[Greening Jobs](#)



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[Green Buildings](#)

[Inspiration](#)



Smarter Technology Use Could Reduce Global Emissions by 15 Per Cent
(English)



Entrepreneurs of the Natural World Showcase Their Groundbreaking Solutions to the Environmental Challenges of the 21st Century
(English | French)



New and Forward Looking Strategy for UNEP Authorized
(English)



UNEP Unveils the Climate Neutral Network to Catalyze a Transition to a Low Carbon World
(English | French)



Breaking Down the Barriers to a Green Economy
(English | French)



Financing the Transition from a Brown to a Green Global Economy Tops Environment Ministers Meeting
(English | French)



Environment Ministers Meet to Accelerate Transition to a Low Carbon Society
(English | French)



Silver Lining to Climate Change - Green Jobs
(English | French)



Promoting Global Environmental Priorities in the Urban Transport Sector
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Deutsche Bank Report: Investing in Climate Change 2009
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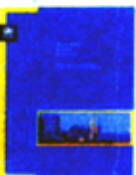
SMART 2020: Enabling the low carbon economy in the information age
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Organic Agriculture and Food Security in Africa



UNEP Sustainable Building and Construction Initiative Report



Reforming Energy Subsidies Opportunities to Contribute to the Climate Change Agenda

Energy Subsidies: Lessons Learned in Assessing their Impact and Designing Policy



Further Resources

- **Green Jobs Initiative**
- **UNEP Civil Society Website**
- **UNEP Sustainable Energy Finance Initiative**
- **UNEP Finance Initiative**

Media Contacts

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**Green Transport Plan for 2010 Jo'burg
FIFA World Cup**
(English)



**Renewable Energy Accelerates Meteoric
Rise**
(English)

Assessments

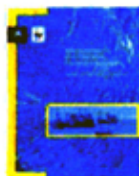
- Millennium Ecosystem Assessment
- UNEP Global Environment Outlook-4
- International Assessment of Agricultural Knowledge,
Science and Technology for Development



Reforms



**Best Practices for Organic
Policy - What Developing
Country Governments can
do to promote the Organic
Agriculture Sector?**



**Sustainability Criteria for
Fisheries Subsidies -
Options for the WTO and
Beyond**

**Overview of the Current
State of Organic Agriculture
in Kenya, Uganda and the
United Republic of Tanzania
and the Opportunities for
Regional Harmonization
(2006)**