The Inclusiveness of Green and Low-Carbon Development

How Green is Green?

What is behind the concept of a Green Economy, advanced at the Rio-2012 conference? The case of protection and use of forests in India exemplifies the most important challenges: Green cannot be green without equity and justice.

By Sunita Narain

At the Earth Summit in Rio de Janeiro in 1992 the buzzword was sustainable development. At the Earth Summit in Rio in 2012 (Rio+20) the buzzword was green economy. In Rio 1992 the term sustainable development was viewed as 'something' different from the development as the world knew it then and now. The term was contested by developing countries, which did not participate in the building of this new vocabulary and so were worried about its implications. By the time the world reached Rio 2012 developing countries were beginning to grasp the difficult challenge of achieving a growth which is sustainable and green. They had begun to embrace the idea that they could find ways of beating the problem by investing in new technologies and doing what is now known as the leapfrog dance – jumping over the incremental trajectory of economic growth by investing in best and front-runner technologies first. For instance, China is investing heavily in renewables; India has jumped the queue on fossil fuels by moving to compressed natural gas (CNG); Brazil is building a bio-economy of land and forests.

But this is the past. By the time these countries arrived at Rio 2012, a new term was awaiting them – green economy. In the negotiations leading up to Rio+20, green economy became the source of a familiar contest: the old economies preached green economy, and the new economies cried that this was another form of protectionism – a dreaded word in a globalized world beginning to show pangs of withdrawal. This was the battle of waterloo at Rio+20 – it divided countries and led to outcomes that nobody was finally happy with.

But what is green economy? How does the world define green economy as different from the current brown economy? And how do we make sure that this version of what is green does indeed reflect the needs and priorities of different countries in different stages of development? This is particularly because the world would like to bring down the concept of green economy to a set of indicators – a global list, which makes measurement easy and allows for cross-country comparisons. The question is, whether the world can design goals for a green economy without clarity of what this green economy constitutes and how this green economy can be designed to reach the needs of the present and the future.

Protecting forests: green or brown?

One indicator of a green economy is how a country protects its forests. Another indicator is the increase of forest cover and wilderness areas in the country. Clearly, the wealth of forests is critical to safeguard a country's environmental security and important for global carbon sequestration. But the question is how the indicator should be designed. What is more important: forest protection or removing economic disparity using the wealth of natural resources sustainably?

In India, we know we need forest for our survival. But as yet, we are still learning how we can protect, regenerate and grow forests for the benefit of local communities. Each passing day the forestlands in India are under a big threat – not necessarily from the poor people who live in the forests but from developers who want the land, minerals, water and other resources. Over time, the infrastructure imperative will take away forests, which have become the only free and available resource in the time of scarcity.

It is in this context that countries must discuss the potential of forests, both the intangible benefits of ecological security and tangible economic returns. This discussion is taboo in the forest-conservation circles in countries which have moved from extraction to protection, without clarity about how the land will be utilized for production.

This is why we need to design our green-economy ideas carefully. Way back in the 1980s, India decided rightly that forest protection was paramount. It enacted a strict legislation that mandated that no forests could be diverted for non-forestry purposes unless there was permission from government. Under the 1980 Forest Conservation Act every file for forest diversion travelled to the capital city of Delhi for clearance. There is no doubt this sternly worded legislation has been critical in safeguarding forests. Deforestation rates have come down. Cutting forests has become tough, as its diversion requires clearance on file, payment of its net value and funds for compensatory afforestation.

The flip side is that people have no use for forestland. They do not benefit from the protection of forests. Poverty is →

rampant where there is natural wealth. This strategy of forest protection without providing benefits to local people is not working and will never work in countries where forests are habitats and not wilderness areas.

In this situation, green-economy indicators for protection of green wealth fail completely. The imperative is to design an economy which would allow for the re-positioning of forests in development strategy. Once countries have done this, the goals to measure progress will be designed in a right way.

Conventionally, the only way regions can develop is by cutting the forests and building infrastructure. Countries have cut forests, then cultivated land and built factories and cities. Now the question is how does a forested region grow with its forests, and become rich?

The challenge is not only to protect forests but to use this natural wealth for the wellbeing of people. The way ahead involves three steps. One, countries need to urgently value the economic potential of forests and to incorporate this into national accounts. But this valuation must go beyond carbon storage and other obvious benefits. It must take into account the million ways in which forests provide livelihood support to people.

Two, countries need steps to pay for standing forests. But most important this financing must go to communities bearing the burden of conservation. The economic value of keeping forests as forests for watersheds and biodiversity has to be paid to the custodians. It will build local economies and local support for forest protection.

Three, most importantly, countries have to increase the productivity of the remaining forestland. But we know that the business of cutting and planting trees that survive cannot be successful without people who live in the forest. The question of rights over forest resources thus becomes critical. Countries cannot work on green-economy indicators without determining who controls the right to take decisions over the green economy. This is what is the missing link in our discussions of green growth – green cannot be green without equity and justice.

What is at stake: renewables or access?

A similar question comes up when we discuss the matter of goals for sustainable energy – a critical indicator, which measures so much of what our future holds and fears. We know today that the energy system of the world – dependent on fossil fuels for driving the engines of growth – is the reason why the world is looking at a climate uncertain future and catastrophic impacts. This is why the global goal to move towards renewable energy is important. But is this an adequate goal? Does it reflect the current realities of the world, where on the one hand there is profligate use of energy and on the other hand there are millions without access to even a light bulb?

The poorest of the world and potential customers of renewable energy are currently unconnected to the electricity grid and have no electricity to light their houses or cook their food. Their energy poverty is disabling and needs to be eradicated. It is also clear that the introduction of decentralized and improved technologies paves the way to catapult the poorest of the households into the most modern systems. It is also an advantage that these technologies – from wind and solar to biomass – provide cleaner low-carbon energy options to combat climate change. Therefore, how do we design a green economy model, which will be energy inclusive and thus energy sustainable?

The already rich have built their energy infrastructure; they are energy reckless. They need to move to clean energy because of their massive carbon footprint. According to the International Energy Agency (IEA), the growth of primary energy supply in OECD countries is expected to be 0.3 per cent annually. In India,

on the other hand, it will be the highest at three per cent annually between 2009 and 2035. The infrastructure is being built now, it is most appropriate not to „lock out" renewable and clean energy. The fastest penetration of new energy sources is most likely to happen in regions which are still growing in providing basic essentials. Here lies the nub of the problem. The poorest need access to what are currently the most expensive systems. This is possible only with massive public-financed programmes that drive down the cost.

The renewable business is built on the antiquated model of its predecessor – the fossil fuel industry. It uses the same market principles of scaling up investment in large projects and to meet the needs of the market. It has no models on offer to reach the poor, who can pay little to access energy.

The world has to find energy options that are both affordable and sustainable. The transition to low carbon energy futures can be paid through a global feed-in tariff mechanism, which would pay for the differential cost of generating more expensive energy using renewable technologies. Many countries have adopted domestic feed-in tariff regulations. Germany, where consumers of energy are relatively wealthy, requires power utilities to pay the differential. In India, where energy insecurity and energy costs are already high and consumers are poor, the approach is to bundle cheaper energy with more expensive energy to bring down prices. The world needs to create a mechanism, where high-energy users in the industrialized countries are charged for funding this transition in the emerging world. But this will require more than just glib green goals. It will require investment in making the green goals a real possibility.

Green economy: Delink growth from consumption?

The starting point of the nature of the green economy must be to note the interconnections between the current growth model, which is built on consumption for wealth creation and the challenge it poses to sustainability. Today we know that an underlying cause of the financial strain is the dependence on cheap loans or cheap production to induce consumption, which in turn is needed to fuel economic growth. The world has not been able to design an affordable or equitable growth model, which would meet the aspiration and purchasing abilities or even the needs of people across the world. There are limits to this growth model, as a fast growing planet is learning. It is not possible to emulate the lifestyle of the already industrialized, without compromising the future survival of the planet. But these limits will require the world to share its ecological space so that growth can be afforded and sustainable for all.

But it is here that the world must realize the limits of the existing economic growth models in terms of future sustainability.

- One, the current economic growth model, based on capital and resource intensity, is intrinsically polluting. Its use of materials and energy leads to waste and pollution. Over the past years, the world has struggled to keep pace with the toxic fallout of its wealth creation and always remains many steps behind the problems that current economic growth paradigms continue to bring up.
- Two, it is clear that as yet, the world has not been able to settle the question of what a low-carbon growth trajectory can and must be for the future. This is critical to resolve. In the current economic model, technology pathways are constrained. The emission-efficiency technology threshold of the current growth model gives each country only limited opportunities to cut emissions. This is when the world needs an energy transformation containing an efficiency revolution and a sufficiency revolution.
- Three, the challenge is to build resilient economies, which will eradicate poverty and also ensure that the poor, already living on the margins of survival, are not made even more vulnerable because of climate change. This requires a global growth model which is inclusive and sustainable.

The imperative of the future is clear. The world has to seriously rethink and rework its development paradigm for the future to make itself less economically vulnerable and more climate-secure. It is now increasingly evident that the only way to break this vicious cycle of growth-consumption-wealth-waste is to change our fundamental understanding of what constitutes growth; what leads to happiness and what results in employment and well-being for all. It would mean changes in how we measure economic growth – discarding or going beyond the gross domestic product (GDP) indicator to one that is much more comprehensive in assessment of these needs. It would also mean changing the business of business so that the pathways to growth are reinvented.

The new green economies must be substantially different from the brown economy of today. Only then will our future be different. Only then will our future be secure. This is the most inconvenient of all truths.

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