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Remarks by Achim Steiner to an Extraordinary Session of the Brazilian Senate and Congress Environmental Commissions

Brazil and the Green Economy

Brasilia, 26 April 2011--Senador Rodrigo Rollemberg, chair of the Environmental Commission of the Senate

Deputado Giovani Cherini, chair of the Environmental Commission of the Congress,

Members of the Senate and the Congress,

Izabella Teixeira, Environment Minister; Herman Benjamin, Minister of the Superior Court of Justice; colleagues; ladies and gentlemen,

I am delighted to have been afforded the privilege and the opportunity to address this extraordinary session of your two environmental commissions.

Three issues on our agenda—the UN Conference on Sustainable Development 2012 or Rio+20; the FIFA World Cup 2014 and the Summer Olympics of 2016.

Three world class events, three extraordinary moments in the affairs of Brazil and countries across the globe.

In respect to the FIFA World Cup, I am perhaps fortunate: Being born in Brazil of German parents, I am sure that I will see both my teams in the final!

UNEP has worked with both Germany and South Africa in assisting to ensure that their hosting of the FIFA World Cup was not only a footballing spectacle but an environmentally-friendly one under the theme of the Green Goal.

I have been delighted to learn of the extraordinary progress already made through the ‘Sustainability Chamber’ in respect to provisions of for example solar power at Brazilian stadia and organic agriculture.

UNEP is delighted to have been invited to be involved in the Chamber’s work and strategizing and I look forward to answering any questions you have on our activities in the field of football during our interactive sessions at the end of my talk.

Equally UNEP has, for several years now supported the International Olympic Committee and host countries on the environmental pillar of the both the winter and summer games.

Currently we are assisting the Russian Federation on the greening of the Sochi winter Olympics and we have been active partners with, for example Beijing and Torino in recent years.

Mass spectator events like these can be real show cases for innovation and for testing sustainable development in ways that can leave a lasting legacy.

Not only in the host cities and host nation but among the companies involve in providing goods and services as well as among a global public attending stadia or watching their heroes via TV or listening on the radio.

UNEP stands ready to assist Brazil and the relevant authorities in providing our experience, expertise and knowledge if that is your wish.

However perhaps the best way of ensuring everyone is on the winning side over the long haul comes even sooner.

The UN Conference on Sustainable Development 2012

Nearly 20 years after the Earth Summit of 1992, the world is traveling along the Road to Rio, but on a planet markedly changed from that of the late 20th century.

Brazil is a country and economy that is a microcosm of many of those changes, a great deal of which have been for the good.

Brazil's economy in the early 1990s was one of overall GDP decline and double digit inflation.

Yet growth of around 7.5 per cent in 2010 has now put Brazil as the world's seventh largest economy.

By some estimates growth this year may take the country past economies such as the United Kingdom in 2011.

This achievement has also lifted millions out of poverty.

There are similar stories across the developing world in other BRIC countries such as China and India and beyond.

So on at least one indicator—GDP—things appear to be heading in the right direction.

But science and experience is indicating another story, is shining a light on other yardsticks of success or failure.

Growth under existing economic models is also coming at a price—a price that perhaps was not too high in a world of a few billion people.

But one that, unless addressed, may derail the very economic growth that is so evidently needed to lift everyone in this country and everyone in the world out of poverty on a planet of almost seventh billion people, rising to nine billion by 2050.

As head of an environmental organization, you may imagine that I might perceive growth as the antithesis of ecological stability: Far from it.

Growth is needed to generate jobs for the 1.3 billion people under employed or unemployed and the half a billion young people seeking work in less than 10 years.

But recognizing, addressing and managing the costs is long overdue.

Costs that centre on the nature-based resources and natural capital whose importance to the global economy has been all but invisible in national accounts of profit and loss.

Capital and resources that underpin all economies and a great deal of other values which are perhaps intangible but nevertheless contribute to human existence and human fulfillment.

Costs also in terms of human well being including work, health and having sufficient food to eat.

Costs that are also reflected in the persistent gap between the have and the have nots that are getting wider and more stark in many places and which, as evidenced in recent events in the Middle East and elsewhere, can be among the triggers that boil over into civil unrest.

Costs that are not just the preoccupation of an environment programme of the UN; but of an increasing number of politicians, members of civil society and the private sector.

Indeed environmental sustainability and Rio+20 is a key topic at the World Economic Forum meeting taking place in Rio this week.

Honourable senators and congressmen,

Greening Sectors or Greening the Economy

The Earth Summit of 1992, which established such global treaties at the climate and biodiversity ones, glimpsed a possible future and acted prudently to put in place the response.

A response that so far has only partly been fulfilled.

That future glimpsed almost 20 years ago has, or is fast, arriving.

If one mentioned that last year—and indeed year in and year out—over \$4 trillion is now being wiped off the global economy, one might be excused for imagining another banking crisis, a second financial and economic crisis.

But these are among the range of estimates made by a global initiative and partnership which UNEP hosts—The Economics of Ecosystems and Biodiversity or TEEB.

It refers to the loss of ‘ecological infrastructure’ damaged or degraded, from forests and freshwaters to coral reefs and soils—it is in all likelihood a conservative estimate.

And there other headline figures that need to be considered.

- Greenhouse gas emissions stand at somewhere around 400 parts per million.

The current commitments and intentions of nations on climate change still leave an emissions gap estimated at around 10 Giggatonnes in 2020.

In other words our chances of keeping a global temperature rise under 2 degrees C this century remain aspiration, rather than possibility.

Lord Stern, the British economist, suggested in his 2006 report to the UK government that left unaddressed climate change might cost the global economy 20 per cent of its wealth.

In 2009, he revised his estimate upwards arguing that the risk was more like a third of global GDP—so the costs and externalities are rising rather than diminishing.

- Biodiversity, the building blocks of such priceless ecosystems as the Amazon or the Congo Basin and the likely source of 21st century innovation in terms of genetics, is undergoing a sixth wave of extinctions.
- Fish stocks—by some estimates 90 per cent of all large fish have gone and 25 per cent of fisheries are either depleted or over-fished with more than 40 per cent of others heading that way.

This is the source of protein for one billion people and jobs for 150 million people.

One could cite numerous other figures from levels of land degradation and desertification to rising level of freshwater shortages.

We are simply faced with the sobering fact that while the global economy has grown by some measures, it has declined by others.

In a few weeks time, UNEP's International Resource Panel will unveil research at the Commission on Sustainable Development meeting at UN headquarters in New York.

It suggests that on current trends resource consumption will triple by 2050 without action.

The countries of the North remain the largest consumers, but rapidly developing economies of the South are catching up and many are estimated to be on average consuming above what is deemed sustainable.

How can countries cooperate to deliver economic growth but with positive and wider social outcomes including decent employment and in a way that keeps humanity's footprint within planetary boundaries?

The UN Conference on Sustainable Development 2012, or RIO+20 scheduled for here in Brazil next year may have an answer: indeed needs to have an answer and one with a sense of urgency.

Two themes have been chosen.

A Green Economy in the context of sustainable development and poverty eradication. (given Senator Rollemberg's recent, excellent paper on the subject we might have to go back to the UN General Assembly for a colour change to talk perhaps about an economy which is verde and amerela!)

The second theme is an international framework for sustainable development.

Green Economy

UNEP's work on the Green Economy began in somewhat of an unscheduled way.

What had been in discussion and in planning, was catapulted into action and in earnest as a result of the crisis events of 2008.

The concept of the Global Green New Deal, building on ideas already fermenting in some parts of the NGO community and the private sector, was formally launched.

The idea was to articulate a view that rather than invest in what we termed the 'brown economy', the multi-trillion dollar stimulus packages being lined up could be invested in accelerating a transition towards a low carbon, resource efficient one.

In other words, could these packages do more than just stabilize economies, but instead direct them towards the high tech, clean tech industries able to generate decent employment while tackling a range of challenges from climate change to waste management and improved sustainable use of natural resources?

Some economies took that chance and seized the opportunity—China invested around a third of its stimulus on broadly environmental areas, with the Republic of Korea going as far as well over 80 per cent of its package.

Indeed in many ways the Republic of Korea is going further and faster than most including with the establishment last year by President Lee Myung-bak of a Global Green Growth Institute.

That country also has an inclusive vision of green growth that captures areas such as renewables and recycling but also forests and freshwaters—in other words both hard and soft green infrastructure.

Simultaneously, UNEP has been working on the bigger project of the Green Economy proper.

This has also been inclusive—a collaboration with a wide range of partners drawn from the UN system including the International Labour Organisation and UN-HABITAT; bodies such as the Organization for Economic Cooperation and Development (OECD); economic think-tanks and NGOs including the city partnership ICLEI.

What Might it Cost to Green the Global Economy

In February, during the UNEP Governing Council/Global Ministerial Environment Forum, we launched *A Transition to a Green Economy: Pathways to Sustainable Development and Poverty Eradication*.

It is a key part of UNEP's contribution to the debate and to the focus of RIO+20 as governments prepare regionally for next year's meeting.

The report argues that investing two per cent of global GDP in ten key sectors can, if supported by the right kind of forward-looking and creative public policies, grow the global economy but with positive social and environmental outcomes.

And without the risks and shocks increasingly inherent in the existing models.

In other words, deliver sustainable development and break with a past where environmental and social dimensions have all too often been at loggerheads, been juxtaposed or have been left straggling behind in respect to the economic side of sustainability.

Two per cent of global GDP equates to around \$1.3 trillion a year. It may sound a lot, but the world already spends close to a trillion dollars a year on subsidizes.

Subsidizes in areas such as fossil fuels to fisheries which are contributing to the degradation and destruction of natural capital; increasing the risks to which Lord Stern

and others have referred; fostering inefficiencies in for example energy generation and skewing the market place in favour old, polluting tech versus clean tech.

Subsidizes that on strong evidence do little or nothing for addressing poverty, indeed perhaps the contrary.

Research by UNEP and others indicate that fossil fuel subsidizes invariably benefit the well off and the fossil fuel producers, often because the poor never have access to the subsidized fossil fuels in the first place.

On the positive side the report says:-

In addition to higher growth, an overall transition to a Green Economy would realize per capita incomes higher than under current economic models, while reducing the ecological footprint by nearly 50 per cent in 2050, as compared to business as usual.

The Green Economy report acknowledges that in the short-term, job losses in some sectors - fisheries for example - are inevitable if they are to transition towards sustainability.

Investment, in some cases funded from cuts in harmful subsidies, will be required to re-skill and re-train some sections of the global workforce to ensure a fair and socially acceptable transition.

The report makes the case that over time the number of "new and decent jobs created" in sectors - ranging from renewable energies to more sustainable agriculture - will however offset those lost from the former "brown economy".

For example, investing about one and a quarter per cent of global GDP each year in energy efficiency and renewable energies could cut global primary energy demand by nine per cent in 2020 and close to 40 per cent by 2050, it says.

Employment levels in the energy sector would be one-fifth higher than under a business as usual scenario as renewable energies take close to 30 per cent of the share of primary global energy demand by mid century

Savings on capital and fuel costs in power generation would under a Green Economy scenario, be on average \$760 billion a year between 2010 and 2050

The report also highlights enormous opportunities for decoupling waste generation from GDP growth, including in recovery and recycling.

- The Republic of Korea has, through a policy of Extended Producer Responsibility, enforced regulations on products such as batteries and tyres to packaging like glass and paper, triggering a 14 per cent increase in recycling rates and an economic benefit of \$1.6 billion

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- Brazil's recycling already generates returns of \$2 billion a year, while avoiding 10 million tones of greenhouse gas emissions; a fully recycling economy in Brazil would be worth 0.3 per cent of GDP.

The full report, which is available on line for comment, carries out analysis for other sectors ranging from transport to forestry.

The Greening of the Global Economy is Already Underway

One of the key themes emerging is that not only is a transition towards a Green Economy possible, but that it is already happening.

Take solar power for example. In 2002, one private equity fund estimated that annual installations of solar photovoltaic (PV) arrays might reach 1.5 Gigawatts by 2010.

In fact, 17.5GW was installed in 2010, up 130 per cent from 2009 in countries from Tunisia to Bangladesh and Germany.

And PV installations are forecast to rise further this year, by perhaps 20.5GW, taking global capacity to about 50GW - the equivalent of about 15 nuclear reactors.

I could equally have mentioned Brazil and its remarkable ethanol economy; Mexico, China or Spain and wind power or Costa Rica and its creative public policies in respect to managing its forests and freshwaters.

Or Indonesia with its determination to phase down fossil fuel subsidizes while investing in measures to reduce deforestation and greenhouse gas emissions under the climate convention.

India: here over 80 per cent of the \$8 billion National Rural Employment Guarantee Act, which underwrites at least 100 days of paid work for rural households, invests in water conservation, irrigation and land development.

The implementation of the Act has generated three billion working days-worth of employment benefiting close to 60 million households

- Quito in Ecuador, where payments for ecosystem services to the two upstream reserves of Cayambe-Coca and Antisana, are assisting to improve water supplies to its 1.5 million inhabitants and surrounding areas
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- Kenya, where feed-in tariffs are catalyzing a dramatic expansion of geothermal in its Great Rift Valley and wind power in the northern Turkana region.

Thus the challenge for Rio+20 is in part not what is needed or why, but rather how to accelerate and to scale-up what is already underway.

Other analysis is coming forward.

Next month for example at its ministerial meeting, the OECD will deliver its Green Growth Strategy Synthesis Report including a range of indicators that could be used to allow countries to assess implementation.

A recent report by the Economic Commission for Latin America and the Caribbean and the International Labour Organisation has carried out an analysis of the growth of 'green jobs' in this region.

Looking towards Rio+20, the Green Economy was a key theme of the Joint Annual Ministerial Meetings of the African Union (AU) Conference of Ministers of Economy and Finance and the UN Economic Commission for Africa (UNECA) Conference of African Ministers of Finance, Planning and Economic Development held last month in Addis Ababa, Ethiopia.

Honourable senators and congressmen,

Green Economy and Risk—Reality or Perception

This is in a sense a short history of the raison d'être for a Green Economy and some of the on going work to articulate and to analyze what it might mean and how it might be achieved.

There is of course another, related debate being conducted.

For some, the Green Economy is seen as a distraction or a narrowing of the sustainable development agenda to the environmental and economic dimensions at the expense of the social one.

There are those who view it as disruptive and perhaps a way for some nations to try and achieve competitive advantage over others.

These are legitimate concerns and ones that will be addressed in an upcoming report by UNEP, the UN's Department of Economic and Social Affairs and the UN Conference on Trade and Development.

But let me first emphasize that the notion that the Green Economy is about strengthening two, not three pillars is to my mind a false one.

From the outset, this work has involved not only the ILO but the international trade unions.

Secondly, there are indeed risks: any new direction or new idea is by definition disruptive because it can challenge the comfort of the status-quo.

In respect to the Green Economy, some have expressed concern that accelerating such

a transition might, for example, lead to new kinds of green trade barriers and tariffs — or new aid conditionalities.

This is a risk, but a risk that can and must be managed.

Importantly, it is not a ‘new risk’ but one inherent in current economic models and one we recognize as evident in all major international negotiations of economic policy.

The biggest risk of all is to leave the ambition and the promise of sustainable development unfulfilled — whether it is the ambition and the promise of Rio 1992 or the UN Conference on Human Development 20 years before.

This is a risk that is increasingly being borne by the poor whose options have always been limited and whose future opportunities are narrowing rapidly unless we collectively seize the opportunity to act.

The fact is that we live in a world of parallel universes in terms of sustainable development.

There are those who believe that money makes the world go round — and talk only in terms of economics and others who believe fairness and equity should be the guiding principles.

Still others who argue that life on Earth — in other words the environmental dimension — is the fundamental to which all other views should be subsumed.

This mismatch or imbalance between what some protagonists want and what is actually needed on a planet of nearly seven billion, rising to over nine billion by 2050, is the story of the world since Rio 1992.

How to bring these three parallel but separate tracks of economics, equity and social values and environmental sustainability from a position of antagonism to an integrated, functioning, forward looking cooperative whole is the challenge for Rio+20.

There are certainly searching debates on the way forward.

- Bhutan’s Gross National Happiness to Bolivia which advocates the concept of Mother Earth or China’s approach to Ecological Civilization.

These are ideas that express a desire to capture within varying concepts the three pillars of sustainable development alongside wider notions of wealth beyond today’s GDP.

I believe the Green Economy addresses many of these ideas and brings some measure of commonality — indeed glue — to this discourse and search for an evolutionary change.

Indeed it is my conviction that the fundamental premises of a Green Economy echo to all these standpoints, in part because it is neither an ideology nor a “one size fits all” economy. But rather it is about getting back to first principles.

Thus the Green Economy points to not only the unacceptably high price too many are paying for following the current development paradigm.

But also seeks to address fundamental principles of equity and fairness — for both current and future generations—while delivering an economy that reflects the differing development points found among more than 190 nations

One that is appropriate and rational for a country that is more state-led versus one that opts for a market orientated model.

Thus enabling conditions in the new Green Economy report are not a prescription or a straight jacket.

They are a suite of tried and tested options that can be deployed in part or in full to facilitate and guide public and private investments into generating real and persistent wealth in order to meet real, persistent and emerging challenges and risks.

They are not prescriptive, rather they are illustrative.

The Green Economy is not about conformity but about a diversity of ideas and policy-shifts that can deliver sustainability in ways that are relevant to all countries.

Not about rigidity but about flexibility that recognizes we live in a far more complex world where notions of North and South, of developed and developing, or rural versus urban are too narrow as starting points in 2011.

An International Framework—IEG

The second theme of Rio+20 is an international framework for sustainable development.

It is about governance, about how to better focus, orientate, operate and reform the institutions and the structures we have today in order to maximize the delivery of sustainability to achieve the aims and aspirations of 1992.

This is a long standing debate, born in part out of frustration and a realization that much of this landscape is fragmented: more pulling apart, than pulling together.

Many ideas have and are being floated.

- A World Environment Organization or a UN Environment Organization.
- Merging various UN agencies to establish, say a UN Sustainable Development Organization.

- Clustering and bringing closer together the various treaties covering biodiversity to chemicals in order to reduce administrative costs, marry strengths, boost efficiency and free much need finance for action on the ground.

The litmus test must be whether what is being proposed actually achieves a new level of engagement and implementation.

This is as much as political project as a practical one.

Like the debate surrounding the Green Economy, there are legitimate concerns and caveats—one that is however not in doubt is that the status quo is not an option.

Environment ministers attending UNEP's Governing Council in February broadly agreed on two tracks which will guide the debate over the coming months.

Incremental reform—in essence maintaining but improving the efficiency and effectiveness of the existing structure: in other words a GT version of UNEP.

Or fundamental reform, which speaks to a far more ambitious agenda.

Honourable Senators and Congressmen,

The flame being passed on from 1992 to 2012 may set the course of sustainable development for the foreseeable future.

It can be an exciting moment: there are more options, opportunities, scientific understanding, practical experience of what works and what does not work and new and creative mechanisms, policies and ideas than ever before.

Brazil has been at the forefront of that learning curve: thus your experience and the role Brazil can play in shaping the Rio+20 agenda cannot be over estimated.

The Brazil of today is not only a force in world economic affairs, but one of enormous political influence with its maturing ties and treaties and partnerships north and south—between Europe and North America, Africa and Asia.

It goes without saying that the leadership role Brazil takes on both the twin themes during the preparations for Rio+20 and at the meeting itself is likely define the level of ambition of others.

The history of Brazil, the complexion of its diverse and dynamic economy with its natural and nature-based resources allied to its industries and its current and future role in international relations, offer a lens and a unique perspective through which a broad-based, transformational outcome is possible.

Brazil's strong and active engagement in the multilateral system including the environmental treaties and development agendas puts her among the nations able to see the flaws and the "spanners in the works" but also the successes and promise of what could be realized.

Brazil's strong commitment to social and equity issues nationally and regionally and its responsibilities towards developing and least developed economies alongside Brazil's energy in fora such as the G20, can also guide and shape the debates.

The contemporary direction of sustainable development was born in Brazil—in many ways its future health, maturity and ability to respond to the challenges and opportunities of a markedly different world will be forged in your country in 14 months time.

Thank you