Green Growth and Developing Countries

Report for OECD Green Growth Strategy

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What is the OECD?

Intergovernmental organisation

- 34 members – mostly industrialised countries
- Policy think tank – “better policies for better lives”
- Forum for collaboration and consensus
- Evidence and Peer Review

Not

- a representative body of its members
- a regulatory or standard setting body
- an arbitrator
Green Growth

Green Growth Strategy in OECD

• **Focussed on OECD and Emerging Economies**
  – Significant carbon footprint – mitigation a major objective
  – Resources for investment and sources of innovation – public and private
  – Policy capacity – formulation, funding and delivery

• **What kind of recommendations**
  – Influence prices through pricing environmental costs
  – Fiscal policy to drive private behaviour – consumers and producers
  – Tax bads and incentivise goods
  – Innovation as a driver of growth and green jobs

• **Recognition of limited relevance to most developing countries**
  – Mandate to produce a report on Green Growth and Developing Countries
  – Green growth can only be achieved globally
  – Context for green growth is different
Green Growth in Developing Countries

What is different?

• **Natural capital is greater**
  – 24% of pc wealth in LICs, 12% in MICs and 2% in OECD
  – Source of livelihoods and jobs
  – Different benefits, costs and trade-offs

• **Large informal economies**
  – 75% of jobs in SSA and more than 2/3 in south and south east Asia
  – Policy reach is limited
  – Economic structure, poverty and inequality require complex policies

• **Political feasibility**
  – Who benefits?
  – Long term benefits versus short term opportunity costs
  – Economic incentives are critical
  – Must deliver growth and poverty reduction
Green Growth in Developing Countries

What will green growth look like?

• **Need to bring benefits into the short to medium term**
  – Adaptation for resilient livelihoods
  – Efficient technologies reducing costs
  – Management and value addition of renewable resources
  – Capturing and investing rents from non-renewables

• **Environmental services need to be a major sector**
  – Comparative advantage and export sector
  – From pricing of environmental costs to payment of services
  – Ownership, jobs and livelihoods

• **Governance will be critical**
  – New economic opportunities = competition for assets
  – Political settlement and institutions are an issue
  – Policies need to focus on equity and distributional issues
Green Growth and Developing Countries Report

1. How can greening the development pathway accelerate economic growth and poverty reductions in developing countries?
2. What policy frameworks and instruments are needed and are practical in developing country contexts?
3. How can the international community support developing countries to develop and deliver their own green growth strategies?

What we would like to know from you:

• Are the polices we discuss relevant and practical? Are there other ones that we should include?
• Do you have suggestions for more evidence or case studies on what works?
• Would work on some of these be useful in your countries? Are there opportunities for collaboration?