



# The Green Growth Strategy

## How can we get to a greener economy?

November 2010

### Why green growth?

The world faces two major challenges: meeting the demand for better lives and expanded economic opportunities for a global population set to rise to around 9 billion by 2050; and addressing environmental pressures that, if left unchecked, could undermine our ability to deliver those opportunities. Implementing green growth policies can promote economic growth and development on more environmentally and socially sustainable grounds. They can underwrite growth in a world trying to recover from a deep recession. They can also lay the foundation for ways of powering and feeding the world that make a much lighter claim on the planet's life support systems.

### What is green growth?

Green growth is the pursuit of economic growth and development, while preventing costly environmental degradation, climate change, biodiversity loss, and unsustainable natural resource use. Green growth aims to combine mutually supportive economic and environmental policies. By accounting for environmental risks that could hold back social and economic progress, and improving competitive conditions in the economy, green growth policies will spur transformational change and ensure that investing in the environment can contribute to new sources of economic growth.

### Responding to the Ministerial Mandate

At the Meeting of the OECD Council at Ministerial Level (MCM) of June 2009, Ministers of Finance, Economy and Trade from 34 countries endorsed a mandate for the Organisation to develop a Green Growth Strategy. As one of the OECD's horizontal priorities, the Strategy brings together economic, environmental, social, technological and development aspects into a comprehensive framework.

At the 2010 MCM, Ministers said: "We welcome the Interim Report on the Green Growth Strategy, and look forward to the delivery of the Synthesis Report at the 2011 MCM, [...]. We encourage the OECD to continue to play a key role in global efforts to promote green growth."

### The road to green growth

Achieving greener growth will involve seizing opportunities to develop new green industries, jobs, and technologies, as well as managing the transition for greening the more traditional sectors and the associated employment and distributional effects. It will require adopting new technologies, developing new products and supporting new patterns of demand from households, companies as well as governments.

The Green Growth Strategy will provide policy recommendations and practical tools to help OECD and partner countries identify how to move efficiently toward greener growth. The policy framework developed will be flexible, so that it can be tailored to different national and local circumstances as well as stages of development. The Strategy will include a compendium of green growth indicators to measure progress over time and across countries.

The key environmental challenges that will be considered are: climate change, loss of biodiversity and ecosystem services, sustainable use of resources and sustainable materials management.



**Green Growth and Energy session at the 2010 OECD Forum**

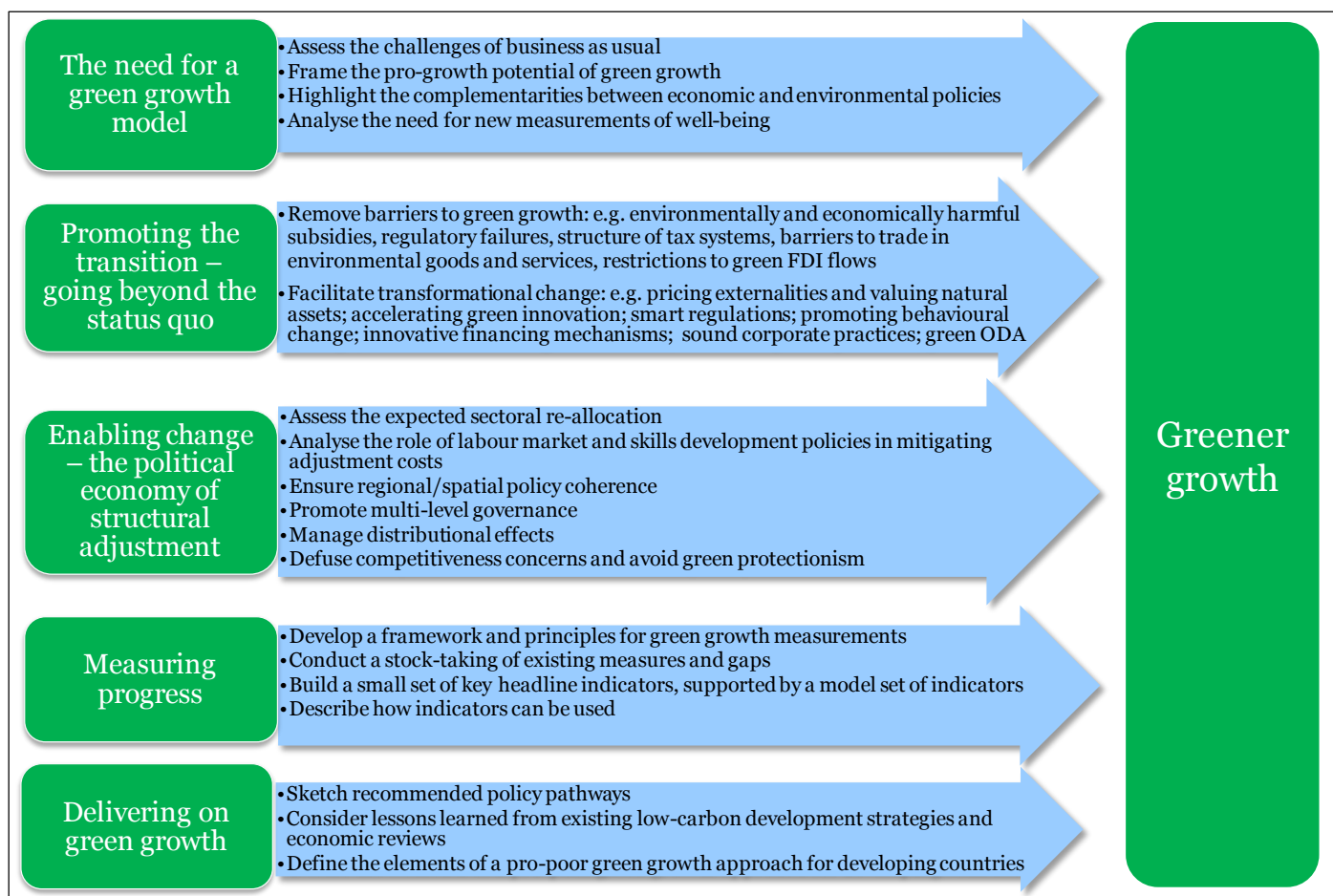
L-R: Peter Kemp, Editorial Director, Energy Intelligence, United Kingdom; Göran Lundgren, Vice-President Business Development, Vattenfall AB, Sweden; Cécile Maisonneuve, Vice-President, International Agenda & Prospective, AREVA, France; Anatoly Moskaleenko, Member of Management Committee, LUKOIL, Russian Federation; Jeong Shik Shin, Member, Presidential Committee on Green Growth, Korea.

## What will the Green Growth Strategy contain?

The Green Growth Strategy will be a practical account of why we need a green growth model and what its implementation will involve.

The Strategy will:

- Make the case for a green growth model: an assessment of the environmental and economic costs of business as usual provides the evidential basis for pursuing a greener model of growth, while the convergence between economic and environmental dimensions, along with the need for new measurements of well-being, provide the foundations for building a greener model of growth.
- Outline the policies that will be required to make the transition: the Strategy will elaborate the kinds of policy packages needed for removing barriers and correcting distortions to green growth.
- At the same time, policies for achieving transformational change will be identified to break current unsustainable trend lines. Transformational changes will be measured in terms of their ability to avoid costs, enhance energy security, material efficiency and innovation.
- Examine the political economy of reform: focusing on the economic, political, social, and institutional issues that arise in a green growth reform agenda, the Strategy will address the political economy of the expected structural adjustment.
- Provide a set of indicators to evaluate the efficiency of measures undertaken and assess progress toward greener growth, to allow green growth policies to be implemented more effectively.
- Outline green growth: sketching potential policy pathways incorporating all of the Strategy's elements.



## Policy areas

As one of the OECD's horizontal priorities, the Green Growth Strategy will incorporate contributions from more than 25 Committees. It will develop an integrated framework to guide government action across a range of policy areas: fiscal, innovation, trade, consumer, competition, labour and social policies, with a focus on key sectors such as energy, transport, agriculture and fisheries. International co-operation will also be addressed including financing mechanisms for global public goods, approaches for pro-poor green growth, addressing competitiveness issues and promoting technology transfer and R&D co-operation.

## Key dates

The Green Growth Strategy Synthesis Report will draw on work from across the OECD and will be delivered to the 2011 MCM. Key milestones include:

- September/October 2010: Consultations with stakeholders including civil society
- December 2010: Round Table on Green Growth
- February 2011: Consultations with stakeholders including civil society
- April/May 2011: Synthesis Report and Statistical Compendium released
- May/June 2011: Meeting of the OECD Council at Ministerial Level

Beyond 2011, green growth will be mainstreamed across OECD's work programme, including country reviews, to help monitor progress and provide further guidance on policy implementation. A series of green growth thematic reports will be released following the 2011 MCM.

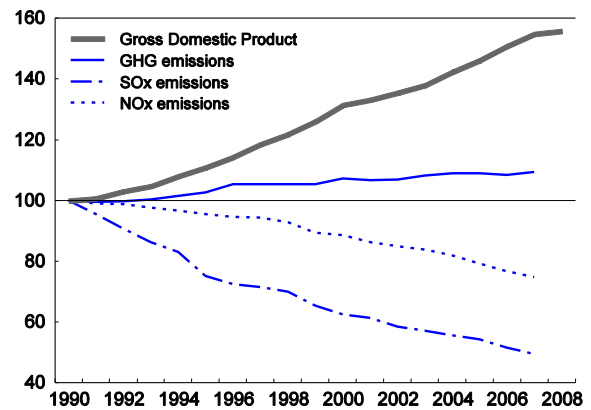


Financing Future Growth session at the 2010 OECD Forum

L-R: John Monks, General Secretary, European Trade Union Confederation; Alessandro Profumo, CEO, Unicredit Group, Italy; Gao Xiqing, President and Chief Investment Officer, China Investment Corporation; and Peter Waldorff, General Secretary, Public Services International.

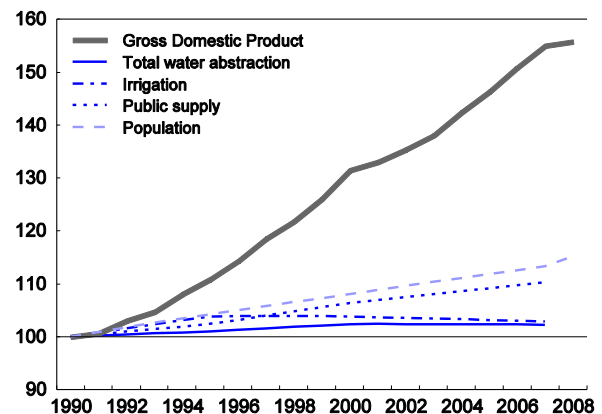
## Decoupling environmental pressure from economic growth in OECD countries

### Emission trends and GDP growth



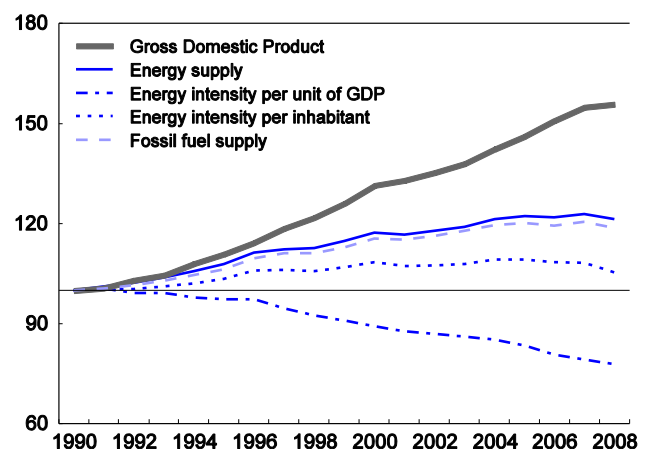
Emissions of acidifying substances show absolute decoupling from GDP. Many countries have also decoupled their GHG emissions from GDP growth, but have not succeeded in meeting their national commitments.

### Water abstractions and GDP growth



Though many countries have stabilised their abstractions through more efficient irrigation and cleaner production technologies, most of them face seasonal or local water quantity problems and several have extensive arid or semi-arid regions where water is a constraint to economic development.

### Energy use and GDP growth



During the 1990s, energy intensity per unit of GDP has generally decreased in the OECD, as a consequence of structural changes in the economy, energy conservation measures, and in some countries decreases in economic activity. The current rate of energy efficiency improvements is however not enough to overcome other factors driving up energy use.

Source: IEA, OECD Key Environmental Indicators. OECD (Index 1990=100)





## Key publications

- “A Framework for Assessing Green Growth Policies”, De Serres, A., F. Murtin and G. Nicoletti, OECD Economics Department Working Papers, No. 774 (2010)
- Cities and Climate Change (2010)
- Eco-Innovation in Industry: Enabling Green Growth (2010)
- Economic Policy Reforms 2010: Going for Growth (2010)
- The Economics of Climate Change Mitigation: Policies and Options for Global Action beyond 2012 (2009)
- Energy Technology Perspectives 2010: Scenarios and Strategies to 2050, International Energy Agency (2010)
- Environmental Outlook to 2030 (2008)
- Globalisation, Transport and the Environment (2010)
- Greener and Smarter: ICTs, the Environment and Climate Change (2010)
- “Greening Jobs and Skills: The Local Labour Market Implications of Addressing Climate Change”, Martinez-Fernandez, C., C. Hinojosa and G. Miranda, OECD Local Economic and Employment Development (LEED) Working Papers, 2010/2 (2010)
- Ministerial Report on the OECD Innovation Strategy: Fostering Innovations to Strengthen Growth and Address Global and Social Challenges – Key Findings (2010)
- Paying for Biodiversity: Enhancing the Cost-Effectiveness of Payments for Ecosystem Services (2010)
- Review of Fisheries in OECD Countries 2009: Policies and Summary Statistics (2009)
- “Subsidy Reform and Sustainable Development: Political Economy Aspects”, OECD Sustainable Development Studies (2007)
- Taxation, Innovation and the Environment (2010)
- Transition to a Low-Carbon Economy: Public Goals and Corporate Practices (2010)
- World Energy Outlook 2010, International Energy Agency (2010)



## International Green Growth Dialogue (IGGD)

To increase international co-ordination, OECD member countries have launched an International Green Growth Dialogue (IGGD), with the participation of emerging and developing countries, international organisations, the private sector and NGOs. This will encourage discussion around green growth issues and provide a platform to exchange lessons learned and best practices.

Stakeholders will be invited to comment on the Synthesis Report using the secure website: <https://community.oecd.org/community/greengrowth>.

To register, please email your contact details to: [greengrowth@oecd.org](mailto:greengrowth@oecd.org). Registered users will receive a regular newsletter on green growth topics.