Working Party on Integrating Environmental and Economic Policies

REPORT FROM THE SECRETARIAT ON RECENT ACTIVITIES OF RELEVANCE TO THE WPIEEP

3rd Meeting of the WPIEEP

4-5 June 2012

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WORKING PARTY ON INTEGRATING ENVIRONMENTAL AND ECONOMIC POLICIES

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November 2011 to May 2012

1. Publications from the WPIEEP

- The report *Mortality Risk Valuation in Environment, Health and Transport Policies* was issued in February 2012. It presents and updates the meta-analysis of Value of Statistical Life estimates, and highlights the policy implications of that analysis, which was elaborated during the PIMAVE project.

- The country profile of South Africa on policies to support eco-innovation was endorsed by South-African authorities and posted on the OECD website, on the country page. This completes the series of country profiles developed by the Secretariat for several non European OECD members (Australia, Canada, Israel, Japan, Korea, Mexico, New Zealand, Turkey, US) and BRIICS (China, South Africa). Countries are encouraged to update these documents; the Secretariat is available to help.

2. Other OECD publications of relevance to the WPIEEP

- *The OECD Environmental Outlook to 2050* was formally released in March 2012, although the climate change and water chapters has previously been released at the UNFCCC Conference of Parties in Durban in December 2011 and the World Water Forum in Marseille in March 2012, respectively. The publication and supporting material can be found at http://www.oecd.org/document/11/0,3746,en_2649_37465_49036555_1_1_1_37465,00.html.

- The report *Inventory of Estimated Budgetary Support and Tax Expenditures for Fossil Fuels* has been issued, presenting information for 24 of the 34 OECD member countries.


- Illegal Trade in Environmentally Sensitive Goods (declassified by JWPT and forthcoming in Q3 2012).

3. Relevant non-WPIEEP activities in the OECD - completed or underway

a) Environment


- EPOC met on 3-4 May 2012. Key items on the agenda included a review of the state of play with respect to Russia’s accession process, the outcomes of the In-Depth Evaluation of EPOC, the 2013-14 Programme of Work and Budget (PWB), and the working methods of EPOC and its Working Parties and joint bodies. The Summary Record of the meeting is available on the Clearspace site as [ENV/EPOC/M(2012)1]. The Summary Record contains following specific guidance to the WPIEEP in relation to the 2013-14 PWB:

Excerpt from ENV/EPOC/M(2012)1

At its meeting on 2-4 May 2012 in Paris, EPOC:

- Asked the WPIEEP to explore ways to draw out lessons of policy reform successes (and failures) from work underway in all the EPOC Working Parties and joint bodies as part of its project on the lessons from environmental policy reform, in order to make them available to a wider audience.

- Suggested including a focus on the social aspects (e.g. employment and distributional effects) of some of the planned work where possible.

- Asked that the work on economic instruments, which currently has a strong emphasis on taxes, also give greater attention to other policy instruments.

- An OECD Expert workshop on Environmental Indicators was held on 17-18 April 2012 to advise on how the OECD Core Set of Environmental Indicators, developed 20 years ago, could best be revised and improved. The outcomes of the workshop, with a focus on indicators relevant to water and biodiversity, will be presented and discussed under item 6 in the agenda.

b) Other Directorates

- OECD presented its Strategy on Development to the OECD Ministerial Council Meeting on 24 May 2012. The Strategy builds on OECD’s multidisciplinary expertise, as well as on its longstanding experience on development work, in order to ensure a more comprehensive approach to development that goes beyond aid. This entails fine-tuning OECD policy advice in a way that recognises the institutional conditions in developing countries. It also aims to widen partnerships with developing countries, opening up opportunities for mutual learning, greater
sharing of policy successes and failures and collective standard setting. An online consultation on the implementation of the Strategy will take place from 1 June – 31 July 2012. Issues for discussion will be made available on the following website: http://www.oecd.org/document/41/0,3746,en_2649_37413_48731369_1_1_1_37413,00.html.

- The OECD is committed to supporting countries in reaching positive outcomes at Rio+20, and thereafter to helping countries to implement whatever is agreed. For any targets, goals or other commitments agreed at Rio+20, countries will need: cost-effective and politically implementable policy measures to achieve them; robust indicators and data to help track their progress; mechanisms to review progress and provide guidance on any necessary policy adjustments; and dedicated platforms and innovative ways to facilitate co-operation at the international level. The OECD’s analysis, indicators, country reports and policy recommendations provide a sound basis to support these efforts. OECD’s contribution to Rio+20 will include the OECD Environmental Outlook to 2050 and a range of analysis and policy guidance linked to the Green Growth Strategy.

- The OECD side-event at Rio+20, entitled “Tailoring green growth strategies to country circumstances: practical steps towards achieving sustainable development”, will feature a dialogue between the OECD Secretary-General, Angel Gurría, government Leaders and Ministers from Colombia, Korea, Mexico, and the United Kingdom, as well as senior officials from ECLAC and Bloomberg New Energy Finance on how green growth reforms can contribute to sustainable development. The need for differentiated green growth strategies to fit countries' specific conditions will be discussed, and how OECD's green growth toolkit and indicators can be adapted to different socio-economic contexts to help countries advance and measure their own progress. It will take place at the RioCentro Conference Centre on 21 June, 17h00 – 18h30. In addition, the OECD will hold a consultation on its Green Growth and Developing Countries Report, providing an opportunity for OECD to engage developing countries on green growth. This will take place during a side-event on “Is Green Growth Different for Developing Countries? Sharing Ideas and Experiences”, which will take place on 17 June, 11:00-16:00, at Pontificia Universidade Catolica do Rio de Janeiro. Further information on OECD participation in the Rio+20 Conference can be found at http://www.oecd.org/document/62/0,3746,en_2649_37425_49900990_1_1_1_37425,00.html.

- A Task Team was established within the Development Assistance Committee (DAC) to examine how to ensure that green growth in developing countries delivers on poverty reduction. One area of work that will be undertaken by the Task Team is the production of a Good Practice Guidance Note on how donor agencies could support developing countries to generate higher value and welfare from natural capital. The Note will cover examples including: PES mechanisms, instruments of environmental and natural resource accounting, policy reforms to capture higher resource rents of extractive resources / new ways of pricing traditional goods (e.g. soil, fish, timber, etc), and defining and clarifying property rights of these resources.

- The OECD will be represented at Rio+20 by a delegation headed by the Secretary-General and including a number of representatives from the Environment Directorate. The key OECD contributions to the conference will be Policy Statements to Rio+20 from EPOC and from the Development Assistance Committee. The OECD will also be holding a side-event at the Rio+20 Conference on 21 June, 17:00-18:30. The side-event “Tailoring green growth strategies to country circumstances: practical steps towards achieving sustainable development” will feature a dialogue between the OECD Secretary-General, representatives from the Governments of Colombia, Korea, Mexico and the United Kingdom, as well as from the Economic Commission for Latin America and the Caribbean and Bloomberg New Energy Finance, on how green growth
reforms can contribute to sustainable development. The need for differentiated green growth strategies to fit countries’ specific conditions will be discussed, and how OECD’s green growth toolkit and indicators can be adapted to different socio-economic contexts to help countries advance and measure their own progress. Details of OECD participation in Rio+20 can be found at: http://www.oecd.org/document/62/0,3746,en_2649_37425_49900990_1_1_1_37425,00.html.

4. Activities of the Secretariat (recent & upcoming missions and presentations)


- Nils Axel Braathen made a presentation at a seminar on The Social Discount Rate and on valuation of statistical lives, hosted by a Government-appointed committee to review the framework for cost-benefit analysis in Bergen, Norway, 23-25 May 2012.

- In the context of work on ‘behavioural economics and environmental policy’, members of the team (Ivan Hascic, Nick Johnstone and Zack Brown) made presentations at a special Gallup Europe seminar, as well as at a meeting organised jointly by EC DG Environment and DG Health and Consumer Policy.

- In the context of the project on ‘environmental quality and well-being’ Nick Johnstone presented on-going work at the “Asia-Pacific Conference on Measuring the Progress of Societies”. The final outcomes of the collaborative work with Gallup were presented by Jérome Silva (with colleagues from the OECD Statistics Directorate) at the Gallup Europe Workshop on “Putting Constituencies’ Well-Being at the Heart of Policy-Making”. Zack Brown and Jérome Silva will presenting related work at a forthcoming conference on “Public Economics” in Marseille.

- As part of the Directorate’s work on Green Growth, Nick Johnstone presented work on “Green Growth and Innovation” at the inaugural conference of the Green Growth Knowledge Platform (GGKP). This work was also presented at a number of OECD Meetings, including a workshop organised by DSTI on “Beyond Getting the Prices Right”.

- Ysé Serret chaired the meeting of the EPIC Advisory Committee in April to discuss preliminary results from the 2011 Household Survey (to be discussed at meeting).

- Ivan Hascic and Jerome Silva were invited by the European Patent Office to prepare a report on evidence of environmental innovation in Africa. This was used as a means to develop new indicators of climate mitigation and adaptation innovation. Related work for the United Nations Framework Climate Change Convention is allowing for improved representation of non-OECD countries in indicators of environmental innovation.

5. Staff movements

- David Benatia (previously an intern) has been engaged on a short-term contract related to the integration of intermittent renewable energy in OECD electricity grids.
Laura Vong (University of Nantes) has started work as an intern on the project on behavioural economics and environmental policy design. Amongst other responsibilities, she is helping to prepare a “catalogue” of existing policy experiences in which the outcomes can be better understood through the lens of behavioural economics.

Ivan Hascic worked part-time during the period February-April 2012 with the ENV team, lead by Helen Mountford, Deputy Director, to help prepare inputs in responding to the requests from the Office of the Secretary-General.