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Major Outcome from Rio+20 and Follow-up

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General Overview of Rio+20 Outcomes

- More than 120 political leaders attended the Rio+20 Summit;
 - More than 50,000 participants – government officials, civil society, private sector;
 - The Future We Want – adopted outcome document;
 - 26 sectoral issues in the document;
 - 719 voluntary commitments pledged;
 - Decision to develop SDGs as a post-2015 development agenda
 - SG forms an Expert Group including 3 Presidents to follow up on the Rio+20 commitments
 - Recognition of the role of UN RCs in promotion of SD, new mandates for UN RCs to follow up on SD and green economy implementation, as well as for SDGs development (paras 68, 100, 185, 251)
 - SG's Initiative on "Sustainable Energy for all" was joined by 100 organizations, more than 50 countries, 50 billion USD;
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Key Substantive Outcomes

- Recognition of the **green economy** as **one of the important tools for achieving SD**
- Agreement to launch an **inter-governmental process** for the development of **SDGs**;
- Emphasis on **integration** of 3 pillars of SD
- Recognition of the role of **UN Regional Commissions** in promoting a **balanced integration of the three dimensions of SD**

* Welcomed the cross-regional initiative – Green Bridge Partnership



Key Institutional Outcomes

- **SD: High-Level Political Forum** – to replace the CSD;
 - **SDG: Open Working Group** (30 representatives nominated by MS from five regional groups) - prepare report on SDGs to 68 session of GA,
 - * SG's Expert Group: Indonesia, UK, Liberia
 - * SG' s Inter-agency UN Technical Support Team
 - **Intergovernmental Committee on Finance** (30 experts nominated by regional groups) to report by 2014;
 - **Facilitation Mechanism** to promote the **development, transfer, and dissemination of clean and environmentally sound technologies**;
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Means of Implementation

Finance:

- Need to mobilize resources; to establish intergovernmental process under the UN GA with technical support from UN system (para 254-255);
- **Establish an intergovernmental committee** – 30 experts nominated by regional groupings, equitable geographic representation, to conclude work by 2014 (para 256)
- Role of IFIs, Breton Woods Institutions and private sector

Technology:

- **technology transfer** to developing countries, provisions on technology transfer, finance, access to information and intellectual property rights as defined by JPOI(para 269);
 - **UN SG** to identify options for a **facilitation mechanism** that promotes the **development, transfer, and dissemination of clean and ESTs and make recommendations to the 67th session of the GA** (para 273);
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Means of Implementation

Capacity Building:

- Role of UN System – enhance knowledge; develop capacity, sharing sustainable practices, North-South and South-South and triangular cooperation, promoting public-private partnerships (para 277-280)

Trade:

- Trade – an engine for development and sustained economic growth, focus on removing trade distorting subsidies and promotion of trade of environmental goods and services, role of WTO (para 281-282);

Commitments - 719 commitments registered so far





The Future We Want – the role of Regional Commissions

- Recognizes the central role of the UN for advancing the SD agenda
- Recognizes the significant role of UN RCs - in promoting an integrated and balanced approach to sustainable development (para 100)
- Invites the UN system to provide support for the implementation of green economy (para 66) and for coordinated regional actions (para 185)
- Invites UN RCs among others to support developing countries to achieve SD incl through green economy policies (para 68) and in the process of SDGs development (para 251)



Misperceptions on GE to be cleared for Follow-UP

- Commercializing the Nature? No,
Greening the Economy to protect the Nature.
- Replacing SD? No, operationalizing SD.
- How about Poverty? Poverty/GE can be Win-Win
- Only for DCs? No, for all countries.
- Is it only a matter of Money and Technology? No,
enabling policy framework/political leadership critical




Misperceptions to be cleared

- GE, burden on DCs? No, opportunity for Greener Growth/ CBDR
- Green Protectionism? No, new paradigm.
- How about social inclusion? GE is about integration of economic and environmental pillar, **needs to be supplemented by Initiative on Social Inclusion(closing income gap)**
- DC, capacity for GE? Domestic action needs to be supported by global partnership

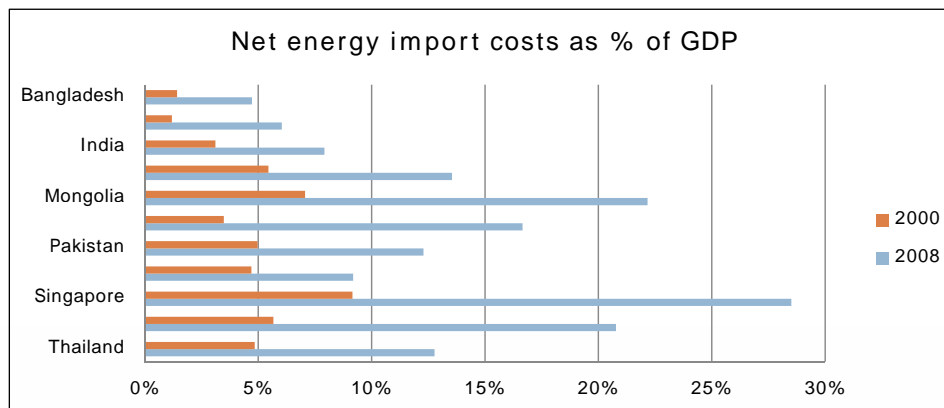


Then Why?

- BAU cannot be sustained due to energy/climate crisis; DCs are most vulnerable
 - Current energy/resource/carbon intensive development pattern cannot continue.
 - Urgent need to shift to energy/resource/carbon efficient growth pattern to sustain Growth necessary to reduce poverty
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Low carbon: Critical for Energy Security and Sustaining Growth necessary to Reduce Poverty

- Share of GDP spent on fossil fuel imports more than doubled in many countries in Asia-Pacific during 2000-2008, now hitting all time high in many countries recently in 2012.
- A low carbon development path is crucial for enhancing energy security and sustaining growth in the region



AP: already suffering most from high oil/energy price on Growth

- Most vulnerable to **Food & Fuel crisis**
 - 42 million people in 2011 alone pushed back to poverty in AP region
 - 19 million already trapped by poverty in 2010
 - Up to 1% GDP loss in some developing countries in the region due to high oil prices in 2011: Philippines, India and Thailand etc. (ESCAP survey)
- In 2011, **0.47 % growth reduction, 1.09% additional inflation** resulted in AP region due to energy and food price increase. (ESCAP Survey 2011)
- **\$150/barrel global oil price scenario** for 2012 (ESCAP Survey 2012)
 - 0.8-2.4% lower GDP growth, 0.7-1.3% higher inflation
 - 22% fuel subsidy increase amounting to 1.3-2.5% of GDP
 - Up to US\$ 14.8 billion increase in diesel & gasoline price subsidies in AP economies

Suffer most from climate Impacts and disasters as well

* **Most vulnerable to climate-related disasters**

- In 2011, US\$366 billion of economic losses globally due to natural disasters: Mostly in AP region

- US\$266.8 billion of economic losses due to 2011 flood crisis in SE Asia
: Thailand most affected with US\$ 40 billion loss (11.8 % of GDP)
(ESCAP survey, 2012)

Country	Damages and losses \$ million	Percentage of GDP	Types of natural disasters
Thailand	40 000	11.8	Flood
New Zealand	10 000	7.1	Earthquake
Japan	210 000	3.8	Earthquake
Cambodia	95	0.8	Flood
Philippines	465	0.2	Flood and storm
China	6 138	0.1	Extreme temperature, flood and storm
Kazakhstan	135	0.1	Flood
Viet Nam	44	0.0	Flood
Pakistan	27	0.0	Flood
Myanmar	5	0.0	Earthquake and flood
Total	266 885	2.1	

Source: International Disaster Database, Centre for Research on the Epidemiology of Disasters (CRED), Université Catholique de Louvain (Brussels, Belgium). Available from www.emdat.be.

Energy and Climate crisis

- **DCs are most vulnerable and suffer most**
- Business-as-usual is no longer an option
- AP countries are using 3 times more resources per GDP
- **Japanese growth is a model of low carbon growth:** Ecological footprint of Japan is the lowest among the developed countries.
- transport system, energy efficiency, city planning model of Japan should be replicated. *But many DCs are replicating western models of highway, private car, urban sprawl,*




Urgent Need for New Growth Paradigm

- Need to **shift urgently from energy, resource and carbon intensive** towards **efficient growth pattern**: i.e. low carbon growth pattern
- **Low Carbon Green Economy** means investing in solar/wind renewable energies, enhancing energy, resource, carbon efficiency of production and consumption can drive growth → generating **double dividend** → **decoupling** growth from CO₂ emission
- **Can this be applied to DCs ?????? Without money and technology ?????? ESCAP LCGG Roadmap is a recipe for DCs**



Then HOW?


- Are there any policy options suitable for DCs?
 - YES, but requires **Fundamental Economic System Change**
 - Incremental change is not enough
 - Political leadership/Commitment critical
 - Government to jump start the shift
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Economic System Change for LCGG


- Restructuring both the:
 - **Visible structure** (physical infrastructure) : Japanese Public Transportation is a model of best practice
 - **Invisible structures** (market prices, fiscal policies, institutions, governance and lifestyles)
- **Only Governments can jump start System Change**
 - Market cannot deliver system change
 - Political leadership critical: Korea, Role Model
 - **Low Carbon Growth Dialogue can mobilize political leadership of the Region**

Basic Concept of System Change : Eco-efficiency & Double dividend

- In **brown economy**, Solar power ecologically efficient but not economically, lose money,
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 - In **Green Economy** the **Gap** between **economic** and **ecological** efficiency has to be closed so that investing in solar power can generate profit
 - then **Eco-Efficiency = Economic & Ecological Efficiency**
 - Then **Double Dividend** <even higher growth with lower consumption of resources> is possible → LCGG
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5 tracks for Economic System change

1. Quality of Growth/Maximizing Net growth
 2. Changing the invisible structure of the economy:
 3. Changing the visible structure of the economy:
 4. Turning green into a business opportunity
 5. Formulating and implementing low-carbon development strategies
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ETR can be a tool for GE/LCGG

- Technologies/innovations : necessary but not sufficient, **Market Price Reform** critical,
 - **Market Price Reform** through **Environment Tax Reform**(ETR: shifting tax base from Income to Resource Consumption, maintaining revenue neutrality) can be a crucial tool for LCGG
 - **ETR can be introduced without damaging the Economy, Competitiveness and Poverty even in developing countries**; modeling done by Japanese experts
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Environmental tax/fiscal reform : shifting tax base from income/labor to resource consumption/pollution → Double Dividend



REVENUE
NEUTRALITY

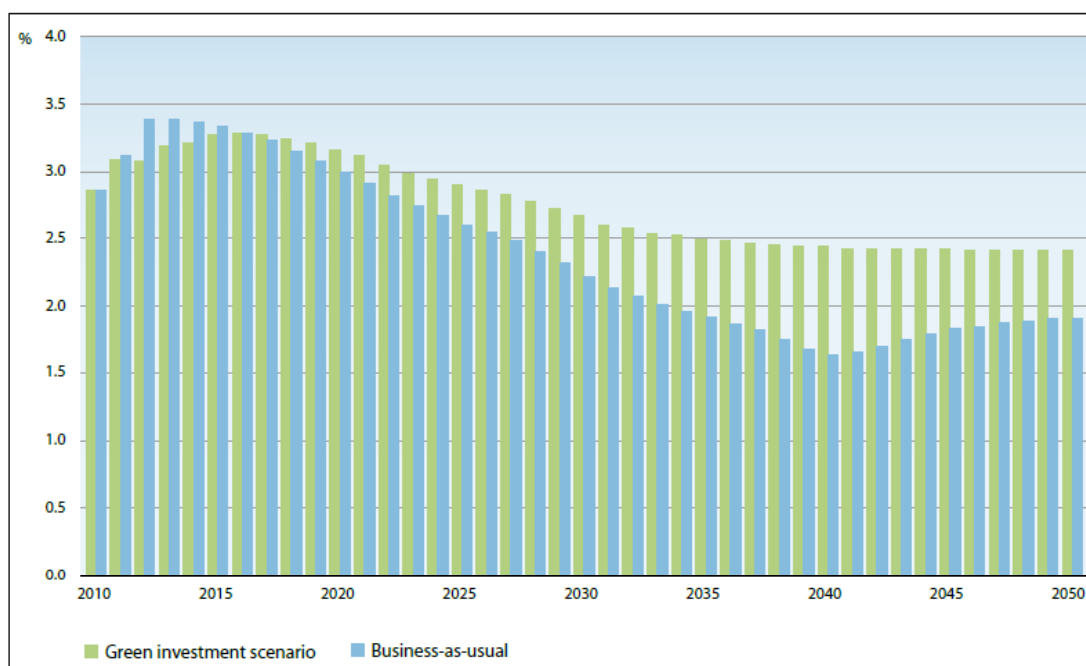
Total tax burden
remains same

Tax "Bads" not
"Goods"

Is there any proof?

- **Double Dividend(DD)** sounds nice but any proof?
- Unfortunately, some limited cases but not enough proof on economy wide scale yet available
- Since it has never been tried in full scale
- Thus, it is a matter of "**How to make it happen**" with political will rather than asking for a proof, since under current market price structure, it cannot happen.
- **DD** will depend on scope & depth of
System Change

Double Dividend of Green Economy: higher growth in the medium and long run



Source: UNEP Green Economy Report (2011)

Environmental tax/fiscal reform

- **Tool for DOUBLE DIVIDEND:** more employment & Growth with less energy consumption & emission
- **Mainly implemented in Europe:** Germany, Sweden,
- **Will it work for Developing countries in AP?**
- **Recent Indonesia Fuel Subsidy Phase-out;** best practice
- **ESCAP Roadmap Research Paper: First Modeling for DC,** found out **Great potential** Asia-Pacific: **10 USD per ton of CO₂ ; Almost 8% reduction in global CO₂ emissions and potential increase in GDP up to 2.8% (Vietnam) 1.9% GDP increase (China) by 2020 (AP regional carbon tax scenario)**

Impact of a unilateral ETR in selected countries in the AP region

- **Positive GDP gains of up to 1.90 percent (in unilateral scenario)**

Country	CO ₂ Reduction (%)	GDP Impacts (%)	Employment (%)	Suggested tax to be cut		
				GDP	Employment	Utility
Japan	-3.01, -2.78	+0.03, +0.21	-0.03, +0.04	CPR	LAB	LAB or CON
S. Korea	-8.64, -7.30	-0.22, +0.73	-0.13, +0.08	CPR	LAB or CON	CON
China	-21.11, -15.59	-1.85, +1.90	-0.44, +0.67	CPR	CON	CPR
India	-15.04, -17.77	-0.94, +0.62	-0.32, +0.32	CPR	CON	CON
Thailand	-6.79, -3.81	-0.81, +1.57	-0.37, +0.54	CPR	LAB	LAB
Malaysia	-9.36, -7.24	-0.82, +1.45	-0.52, +0.42	CPR	CON	LAB
Cambodia	-10.86, -8.60	-0.39, +1.01	-0.27, +0.26	CPR	LAB	LAB or CON


(Source: UNESCAP Policy Paper: *Environmental Tax Reform: Major Findings and Policy Implications from a Multi-Regional Economic Simulation Analysis* Park Seung-joon et al. (2011))

Why Global partnership?

- **GE/LCGG: new attempt,**
- **Individual action is not enough**
- **Collective action is necessary for system change**
- **That is why we need global partnership**
- **Rio+20 laid a foundation for a new beginning.**



Environmental Governance

- **Should be pursued in a manner consistent with the effective integration of 3 pillars of SD**
 - **Should focus on mainstreaming ENV into ECONOMIC and SOCIAL pillars.**
 - **Idea of Asian Environmental Organization has to go hand-in-hand with strengthening of Governance for SD in AP**
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ESCAP Follow Up

- **Lead a Regional Intergovernmental Consultation for development of SDGs**
 - **Provide expert and technical support for the development of SDGs;**
 - **Support MS based on LCGG Roadmap**
 - **Function as a regional platform for a balanced integration of the 3 pillars of SD.**
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**ESCAP expects the Roadmap can be
a useful tool for Low Carbon
Growth Partnership and Knowledge
Platform**

For full report

www.unescap.org/esd/environment/lcgg/

