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## ENVIRONMENTAL POLICY

### Environmental policy contributing to poverty eradication

Achim Steiner, Under-Secretary-General, United Nations, and Executive Director, United Nations Environment Programme

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When countries convene at this year's United Nations Conference on Sustainable Development, Rio+20, both the venue, Rio de Janeiro in Brazil, and the overall objective of the conference, sustainable development, will be the same as 20 years ago at the United Nations Conference on Environment and Development. However, the environmental and social challenges of the 21st century have markedly changed the background conditions. The impacts of climate change, desertification and the loss of biodiversity are a reality. Resource shortages resulting in water, food and energy insecurity are threatening human well-being. Moreover, these shortages disproportionately affect the poor who are highly dependent on nature's resources. Despite two centuries of unprecedented economic growth, more than 2 billion people live in poverty. A common feature at the heart of these crises is gross misallocation of capital that has led to increased environmental risks, the loss of natural capital and, consequently, loss of livelihoods.

As governments prepare for Rio+20, there is widespread recognition that a green economy can be a catalyst in assisting the implementation of sustainable development and poverty eradication. A United Nations Environment Programme (UNEP) report published in 2011, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, outlines the fact that investing 2% of global GDP in the transition to a green economy would grow the global economy at a higher rate in the medium to long term, while reducing the environmental risks and scarcities inherent in our existing brown economy. These findings demonstrate that economic development and investing in the environment do not have to be a trade off.

A green economy can be thought of as one that is low carbon, resource efficient and socially inclusive. It is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, prevent the loss of biodiversity and ecosystems services, and reduce environmental risks. In a green economy, natural capital is maintained, enhanced and, where necessary, rebuilt as an economic asset and a source of livelihoods and public benefits. For instance, in the Makete District of the United Republic of Tanzania, forest and grassland resources are essential for watershed protection and for agriculture and livestock production. Using smallholder woodland management practices as a strategy for climate change adaptation has created a new stream of income for local communities in the district, while enhancing resilience to climate change.

Indeed, a green economy offers multiple opportunities for developing countries, including least developed countries (LDCs), to increase livelihoods and preserve the natural environment. Our current economic growth model and the associated development approach have failed to reduce poverty and generate employment among poor communities. In some developing countries, up to 90% of GDP is linked to nature or natural capital, such as forests and freshwater.

For example, the results of a valuation exercise for the city of Kampala, Uganda, showed that the nearby Nakivubo Swamp provided an economic value of between US\$ 1 million and US\$ 1.75 million a year in waste water purification and nutrient retention services. Researchers concluded that services provided by the swamp created a much cheaper means of treating Kampala's waste water than the expansion and maintenance of new facilities. Yet, natural capital that many poor communities rely on, such as the Nakivubo Swamp, has so far been undervalued.

The transition to a green economy promotes investments in sectors linked to natural capital, such as renewable energy, organic agriculture, forestry, sustainable tourism and enhanced ecosystem services. These can enable developing countries and LDCs as well as the rural poor in middle-income countries to avoid the poverty trap. In turn, the economic opportunities generated by these investments can promote the integration of poor communities into the global economy.

Shifting production and consumption patterns in the transition to a green economy will open up new or strengthen existing markets for environmentally, socially and economically sustainable products and services. Although nature-rich developing countries have a comparative advantage in providing these goods and services, most of the

consumption takes place in developed countries. A green economy offers a real opportunity for developing countries to increase their trade in sustainable goods and services, and achieve economic growth through export revenues.

For instance, tourism is one of the top three foreign exchange earners in 23 out of the 48 LDCs, and island LDCs in particular often rely heavily on earnings from tourism. Ecotourism operations are frequently small scale and community-led, preserving ecosystems and generating employment for unskilled rural labourers in regions that do not have the capital or facilities for industrial activities. Ecotourism has seen significant growth in the past decade and it is estimated to capture 25% of global tourism revenues in 2012. Revenues from international tourists could be as high as US\$ 240 billion, and as the majority of ecotourism destinations are in developing countries, the economic and development potential is clear. In the Lao People's Democratic Republic, for example, ecotourism has become a thriving economic activity accounting for about half of total tourism revenue. Overall, the number of international arrivals in the country jumped from 1 million in 2005 to over 20 million in 2009.

Trade in biodiversity-based products, such as natural cosmetics, medicines, food and food ingredients, is another area presenting an important trade opportunity for developing countries. Demand for these products has grown significantly and shows considerable potential for further growth. Profits from these developments can be significant. For example, the value of anti-cancer agents from marine organisms was estimated at up to US\$ 1 billion in 2006.

Many developing countries also have significant potential to harness renewable energy for development. Lack of electricity is a persistent impediment to economic development in many developing countries, making it difficult or impossible to light homes and schools, run communication networks, refrigerate food and medicines, and operate businesses and industry. In LDCs, 77% of the population does not have reliable access to electricity and many rural poor rely on biomass burning for energy. In turn, this contributes to deforestation, desertification, indoor pollution and poor health. Bringing electricity to poor communities is an important contribution a green economy can make to poverty eradication. Renewable energy is particularly promising as it can supply energy in regions without adequate grid infrastructure.

Several LDCs, including Bhutan, Nepal, Senegal and the United Republic of Tanzania, have promoted rural electrification projects by including renewable energy as a central technology option in their domestic energy strategies, demonstrating green economy policies in action. United Nations Secretary-General Ban Ki-moon has designated 2012 as the International Year of Sustainable Energy for All to highlight the role of clean energy access in minimizing climate risks, reducing poverty and improving global health.

All of humanity depends on ecosystem services and even wealthy populations are vulnerable to the consequences of ecosystem degradation in a globalized world. Nevertheless, it is poor communities that are highly dependent on nature's resources and services that bear a disproportionate burden from the degradation of ecosystems and other environmental risks and scarcities. However, developing countries and LDCs have a multitude of economic and development opportunities available to them in the transition to a green economy. By putting in place required institutional and policy frameworks, the countries concerned can harvest these opportunities. At the same time, it is for the international community to provide technical and financial support to assist developing countries in the transition to a green economy. Rio+20 provides a unique opportunity to build on green economy momentum and commit to further green economy action, taking us closer to the common goal of sustainable development for 7 billion people, rising to some 9 billion by 2050.