

NETGREEN

Network for Green Economy Indicators

Pathways towards a Green Economy and Indicator Selection

NETGREEN Seminar, London

Karen Jeffrey

Aim of this presentation

- Build on our findings on the alternative views of how to reach a green economy
 - Describe the role that indicators will play in terms of pathways to a green economy
 - Broadly identify the types of indicators required to measure progress according to each view
 - And possibly also the indicators that can be used to demonstrate whether one needs to reconsider their approach towards achieving a green economy

Methodology

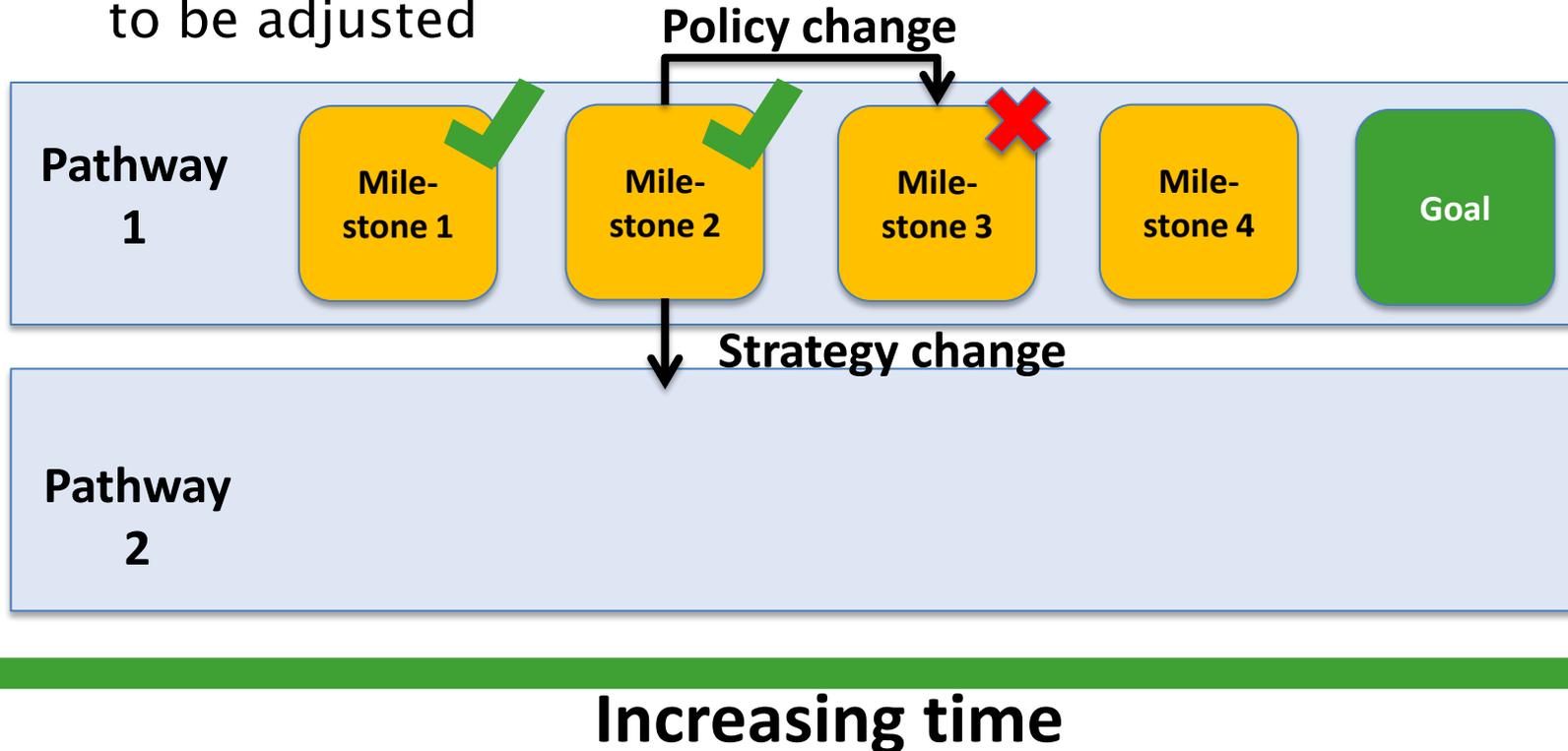
- Unlike the extensive work carried out to identify viewpoints, this represents a more illustrative discussion of how our findings are likely to shape the NETGREEN database
- And – **importantly** -an opportunity for us to hear your views on this

Pathways to a green economy

- A caveat: Discussion of **pace** is absent from this presentation
- Aim to identify **what we should measure**, but have not attempted to set targets over what should be achieved and by when

Implications of the different views

- Indicators will play an important political role, sending signals about whether a certain pathway is working or needs to be adjusted



Types and qualities of indicators required to measure progress according to each view

1. Environmental limits

2. Technological change versus socio-economic change

3. What is needed to prompt the necessary changes to technology and consumption?

4. Politics

**1. Environmental
limits**

**2. Technological
change versus
socio-economic
change**

**3. What is
needed to
prompt the
necessary
changes to
technology and
consumption?**

4. Politics

1. Views of environmental limits

- **Consensus: Environmental limits exist**
- A useful way to **communicate** that there is a need to transition to a green economy
- **Criticism:**
 - Ignores resource depletion
 - Global versus national and sub-national level
 - Uncertainty over where limits lie & how political, economic or moral trade-offs influence them
 - Normative assessment

1. Indicators of environmental limits

- Indicators which tell us something about how close we are towards each of Rockström's environmental limits
- Measured periodically - evaluate our direction and rate of travel towards or away from each limit
- A high degree of certainty appears to be less important than obtaining some view of our position with respect to each limit
- Natural resource depletion
- National (and possibly sub-national) level indicators are required

1. Environmental limits

2. Technological change versus socio-economic change

3. What is needed to prompt the necessary changes to technology and consumption?

4. Politics

2. Technological change versus socio-economic change

Three views:

- 2.1 Technological innovation will play the key role
- 2.2 Technological innovation will probably play the key role – but we also need a ‘Plan B’
- 2.3 New consumption patterns will be needed

2.1 Technological innovation will play the key role

Technological innovation is **uncertain**, but likely to be **successful enough** that the costs are only noticed a little by consumers. Increases in living standards are '**decoupled**' from increases in environmental damage.

Need indicators which demonstrate:

- Extent to which production is successfully being decoupled from environmental degradation
- The cost at which this is being achieved
- Investment in relevant sectors
- Extent to which changes to consumption patterns are occurring

2.2 Technological innovation will probably play the key role – but we also need a ‘Plan B’

Technological developments are **uncertain**. This implies that we need a ‘**Plan B**’.

Need indicators which demonstrate:

- The same as those described under View 1
- Supplement with clearly defined limits beyond which, ‘Plan B’ should be implemented
- Extent to which changes to consumption patterns are likely to be politically acceptable

2.3 New consumption patterns will be needed

Technological innovation is **uncertain**, and is likely to be either **expensive**, or **not achievable**. Therefore, changes to levels or types of **consumption** are required.

Need indicators which demonstrate:

- Extent to which production is being decoupled from environmental degradation
- Rates, types and overall level of consumption taking place, and the associated environmental degradation
- Societal levels of equality and wellbeing
- Measures of other changes that have been identified as important, such as working hours

**1. Environmental
limits**

**2. Technological
change versus
socio-economic
change**

**3. What is
needed to
prompt the
necessary
changes to
technology and
consumption?**

4. Politics

3. What is needed to prompt the necessary changes to technology and consumption?

- **Three views:**
 - 3.1 Incentives and regulation can work
 - 3.2 Interventions are needed to influence long-term investment plans
 - 3.3 Regulation and incentives cannot achieve the level of change needed

3.1 Incentives and regulation can work

A skilfully designed **array of incentives** and regulations **co-ordinated at an international level** will be able to drive behaviour change without creating impossible opposition.

Need indicators which demonstrate:

- The international scale of regulations
- Carbon leakage
- Because this view assumes little resistance from businesses and citizens, indicators of features that would seem to support or oppose this view (such as the impact of resource scarcity, or the costs to business associated with greening their operations)

3.2 Interventions are needed to influence long-term investment plans

Good incentives and regulation are part of the answer, but will only work if complemented by strategic regulation designed to influence long-term business and investment strategies and to create policy certainty.

Need indicators which demonstrate:

- Extent to which long-term investment in the green economy is being achieved
- Perceived credibility of policy/the legal strength of policies
- Extent to which there is cross-party agreement on core policies

3.3 Regulation and incentives cannot achieve the level of change needed

Regulation and incentives can make a **contribution**, but they **cannot achieve the level of change needed**. **Government** should lead the way providing investment, creating **structural change**, and pushing for a **new international settlement**.

Need indicators which demonstrate:

- Information on the extent of government investment
- Perceived credibility of policy/the legal strength of policies
- Extent to which financial investors are particularly unresponsive to signals and incentives about the long-term
- Extent of political opposition from consumers/voters, as well as from business
- Extent to which changes to consumption patterns are probable

**1. Environmental
limits**

**2. Technological
change versus
socio-economic
change**

**3. What is
needed to
prompt the
necessary
changes to
technology and
consumption?**

4. Politics

4. Politics

- **Three views:**
 - 4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them
 - 4.2 Transitioning to the green economy does imply trade-offs, which need to be managed
 - 4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not

4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them

Transitioning to the green economy will **produce benefits** that **outweigh costs**, so there is **no political difficulty** associated with transitioning – **or** - a **politically attractive pay-off has to be demonstrated** in order to gain support for meaningful action.

Need indicators which demonstrate:

- Benefits produced under a green economy, such as employment levels, levels of wellbeing and equality
- Extent to which citizens appear to be convinced of these benefits

4.2 Transitioning to the green economy does imply trade-offs, which need to be managed

The **benefits** associated with transitioning to a green economy are **too weak** to compensate for the associated costs, or **will not be distributed fairly**.

Need indicators which demonstrate:

- Costs associated with transitioning compared to the benefits
- Extent to which power (or wealth) is distributed within a society

4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not

Transitioning to a green economy **will not produce sufficient benefits** to outweigh the associated costs *under existing conditions*. A **more radical set of changes** are needed to soften the trade-offs, and reduce the political problem.

Need indicators which demonstrate:

- Progress in terms of social interests
- Equality within society

1. Environmental limits

2. Technological change versus socio-economic change

3. What is needed to prompt the necessary changes to technology and consumption?

4. Politics

1.1 Environmental limits exist

2.1 Technological innovation will play the key role

3.1 Incentives and regulation can work

4.1 Transitioning to the green economy does not imply trade-offs, or if trade-offs do exist, it is not helpful to acknowledge them

2.2 Technological innovation will probably play the key role – but we also need a ‘Plan B’

3.2 Interventions are needed to influence long term investment plans

4.2 Transitioning to the green economy does imply trade-offs, which need to be managed

2.3 New consumption patterns will be needed

3.3 Regulation and incentives cannot achieve the level of change needed

4.3 Transitioning to the green economy implies trade-offs under the current economic structure, but under different conditions, it may not