

Overview of outcome and negotiations of “green economy”

Rio de Janeiro, 20 June (Alex Rafalowicz) - The United Nations General Assembly resolution (A/RES/64/236) establishing the United Nations Conference on Sustainable Development (“Rio+20”) set as one of its themes: “a green economy in the context of sustainable development.”

Since that decision, a section of the draft outcome document has always borne that title, starting with the “zero draft” released by the Co-Chairs of the Bureau in January 2012.

The final draft outcome document, adopted in plenary on 19 June in Rio de Janeiro includes a Section III “Green economy in the context of sustainable development and poverty eradication” (paras 56-74) which is significantly different from the “zero draft” but not substantially amended from the outcome of the final meeting of the preparatory committee (prepcom).

Key divisions in the negotiation text included over the subject of the section, underlying principles, the financialisation of nature, the role of the private sector, the impact on trade, and the means of implementation.

What is included in the draft outcome:

Of initial significance is the title of the section, which has lost the indefinite article “a” to reflect that member states did not agree on a singular definition of “green economy” but instead said that it was “one of the important tools available for achieving sustainable development and that it could provide options for policy making but should not be a rigid set of rules” (para 56). Similarly, member states agreed that “the implementation of green economy policies” was a part of “the transition towards sustainable development” for “countries that seek to apply them” and that “each country can choose an appropriate approach in accordance

with national sustainable development plans, strategies and priorities.” (para 59). Finally, member states “acknowledge that a mix of measures, including regulatory, voluntary and others applied at the national level and consistent with obligations under international agreements, could promote green economy[.]” (para 63).

It was concluded that “policies for green economy... should be guided by and in accordance with all the Rio principles, Agenda 21 and the Johannesburg Plan of Implementation[.]” (para 57) clearly founding the notion in the existing framework for sustainable development.

Constraints and parameters for “green economy policies” are also set out in para 58 and include that they must “respect national sovereignty over natural resources” (a); “be support by an enabling environment... with a leading role for governments” (c); “take into account the needs of developing countries”(e); “strengthen international cooperation, including the provision of financial resources, capacity building and technology transfer to developing countries” (f); “not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade” (h); “contribute to closing technology gaps” (i); “enhance the welfare of indigenous peoples” (j); “ensure equal contribution of both women and men” (l); address the concern about inequalities (n); promote sustainable consumption and production patterns (o).

Paragraph 61 “recognizes that urgent action on unsustainable patterns of production and consumption where they occur remains fundamental” but does not restrict this action to “green economy” (as the term is not mentioned in the para).

In paragraph 62 member states “encourage all stakeholders, including business and industry to

contribute, as appropriate” to the implementation of “green economy policies that “drive sustained, inclusive and equitable economic growth and job creation[.]” It also “invites governments to improve knowledge and statistical capacity on job trends...with the support of relevant UN agencies within their mandates.”

Paragraph 63 provides broad language on the “importance of the evaluation of the range of social, environmental and economic factors” to decision making and “encourages where national circumstances and conditions allow, their integration[.]” giving flexibility to states’ on the implementation of such an approach.

The role of the private sector was addressed in many paragraphs. For example, the “involvement of all stakeholders and their partnerships, networking and experience sharing at all levels could help countries to learn” (para 64) though this is not limited to the “voluntary exchange of experiences as well as capacity building in the different areas” to “green economy” but instead to “sustainable development” generally. Business and industry were also “invite[d] to contribute to sustainable development and to develop sustainability strategies that integrate, *inter alia*, green economy policies.” (para 69) And “cooperative and microenterprises” are also recognized, but not connected to “green economy” specifically.

Furthermore, “new partnerships, including public-private partnerships” are encouraged by paragraph 71 “to mobilize public financing complemented by the private sector” and “governments should support...promoting the contribution of the private sector to support green economy policies.”

To address “capacity building and national needs for sustainable development policies, including green economy” in para 66 “states invite the UN System, in cooperation with relevant donors and international organizations to coordinate and provide information upon request” on “toolboxes and/or best practices”; “models or good examples”; and “methodologies for evaluation of policies of green economy.” This replaces the “capacity development scheme” originally proposed by the European Union and allows for it to provide support for sustainable development generally. Similarly, “relevant stakeholders, including” UN and “other intergovernmental and regional organizations” are invited to “support developing countries upon request” to “achieve

sustainable development, including through, *inter alia* green economy policies.” (para 68).

In addition to the “capacity building” the “means of implementation” are addressed in paragraphs 72-74 where “the critical role of technology” is recognized and governments are invited “to create enabling frameworks that foster environmentally sound technology, research and development, and innovation, including in support of green economy” (para 72). “The provisions on technology transfer, finance, access to information, and intellectual property rights as agreed in the Johannesburg Plan of Implementation” are recalled by paragraph 73 and paragraph 105 of the JPOI is reproduced in full, however a ‘rider’ is attached at then end, at the as insistence of the United States. The paragraph now reads:

“We emphasize the importance of technology transfer to developing countries and recall the provisions on technology transfer, finance, access to information, and intellectual property rights as agreed in the Johannesburg Plan of Implementation, in particular its call to promote, facilitate and finance, as appropriate, access to and the development, transfer and diffusion of environmentally sound technologies and corresponding know-how, in particular to developing countries, on favourable terms, including on concessional and preferential terms, as mutually agreed. We also take note of the further evolution of discussions and agreements on these issues since the JPOI.”

The final paragraph, para 74, recognizes that “developing countries that choose to implement green economy policies...should be supported through technical and technological assistance.” Therefore providing no indication of any new and additional financial resources nor explicitly requiring developed countries to provide the required support.

Key points of difference in the negotiations

From the outset negotiators differed over what the *subject of the section* was with the European Union and the Republic of Korea advocating for “a green economy” and inserting language for “a transition to a green economy” setting it up as a discrete concept. As the language is finally presented, the subject of the section is either “green economy” or policies of/for green economy, giving the notion less singularity. This led to Venezuela telling the final plenary that it felt the notion of “green economy” had been

“reappropriated by developing countries.”

Similarly developing countries had expressed concern over the prescriptiveness of the section and so proposed more open text to reflect that countries could choose to participate, and that “green economy” was not the only option or tool available – this language is reflected in the final adopted text.

Linked to the issue of the definition of “green economy” was also the *underlining principles* that would guide the notion. The G77 and China had insisted on green economy policies being “guided by and in accordance with” the Rio Principles, particularly “common but differentiated responsibilities.” In the final outcome CBDR was dropped but the rest of the language remained despite US objections. Similarly in the elaboration of paragraph 58, the G77 advocated reference to several Rio principles such as principles 2, 3, 7 12 but was only successful in getting the content of principles 2 (sovereignty over resources) and 12 (against trade measures) included. The discussion on trade measures (para 58 (h)) was only resolved in the final negotiation session facilitated by the Brazilian Government as the host country (18 June) after extensive opposition from the European Union. (Observers note that this could be due to how it could affect the EU's inclusion of international aviation in its domestic emissions trading scheme.)

Of deep concern to many in civil society has been that “green economy” could provide a hook for “*financialisation of nature*” and increased “corporate capture” by the private sector or a shifting of government responsibilities to the private sector. The key issue for the “financialisation of nature” was the inclusion of the words “ecosystem services” which suggests the commodification of ecosystems, but was removed from the final text despite fierce support from the United States in the final sessions. Similarly language focussed on the collection of ‘data’, which is an essential prerequisite to be able to design or implement complex financialisation schemes such as “biodiversity offsets”, was contested and eventually watered down.

The “preponderance” (according to the G77 negotiator, 18 June) of references to the *private sector* was also divisive in negotiations, with developing countries fearing that such references would represent a dilution of responsibility on behalf of developed country governments.

Ultimately this fear was justified, given the only reference to mobilizing public finance came in connection with “public-private partnerships” (para 71) and that governments “should” (rarely used in the section) support initiatives including “promoting the contribution of the private sector.” In contrast no language regulating, controlling or limiting the actions of corporations was included in the text, despite that their practices are often at the centre of unsustainable development. Reference was made to the fundamental importance of taking action on “unsustainable patterns of production and consumption where they occur” but no further elaboration was provided. This language differs from the JPOI's where developed countries are “to take the lead” in shifting from unsustainable consumption an production.

Language relating to the incorporation of ‘standards’ for products and the corresponding issue of their *impact on trade* required extensive negotiation. In the final outcome, after opposition from the G77, no language relating to product standards, or anything else that could be interpreted as a justification for a barrier to trade was included. Similarly, language stating that ‘green economy policies’ should “not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade” was concluded in the final negotiation session which also required the insertion of the terms “consistent with international law.”

As throughout other sections, negotiations on the “green economy” *means of implementation* were particularly heated with G77 consistently suggesting that developed countries were not “serious” about the idea as they had not committed any resources to its implementation. Negotiations focused on including the recognition of the needs of developing countries, which the United States in particular opposed, and on terms relating to technology transfer. Ultimately, the needs of developing countries were recognized and the JPOI language on technology transfer was reproduced, albeit with a rider inserted by the US attempting to supercede it. There is no commitment to new or adequate financial resources, as proposed by the G77, and the final paragraph that states developing countries “should be supported” in implementing “green economy policies” only mentions technology and not finance.

The final sessions of negotiations (particularly 17 June) involved the “capacity development scheme” which had been proposed by the EU. In its final

agreed form, after opposition from the US and Switzerland, the “scheme” is now an invitation to the UN system and donors to coordinate and provide information. The G77 was also successful in maintaining that this coordination should not be directed at green economy policies alone, but at all sustainable development policies.

Conclusions: what next for “green economy”

The G77 was successful in preventing the notion of “green economy” becoming a prescriptive concept that involves particular burdens or justifications for restrictive trade measures. The Group maintained that “green economy” needed to be based in existing principles of sustainable development and was just one of many approaches, not a new concept in and of itself.

However, the precepts underlying “a green economy” as advocated particularly by the European Union, will continue to be advanced and the agreed language in Section III provides for the promotion of the role of the private sector, potential limits on the obligation to provide technology transfer and no advance on mobilizing public financial resources for sustainable development. According to observers, paragraph 66, despite its limited terms, may also provide an opening for the creation of some body dedicated to facilitating private sector involvement in developing countries for the purposes of creating markets in natural products and ecosystem and so developments in this area will need to continue to be monitored.