

Using indicators for green economy policymaking





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LIST OF ACRONYMS

CAPP	Chemical Accident Prevention and
	Preparedness
CBD	Convention on Biological Diversity
CLD	Causal Loop Diagram
CPUE	Catch per Unit of Fishing Effort
DPSIR	Driving force – Pressure – State –
	Impact – Response
EE	Energy Efficiency
EGSS	Environmental Goods and Services
CDI	Sector Gender-related Development Index
GDI GDP	Gross Domestic Product
GDF GE	Green Economy
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GGKP	Green Growth Knowledge Platform
GHG	Greenhouse Gas
GII	Gender Inequality Index
GPI	Genuine Progress Indicator
HDI	Human Development Index
IEA	International Energy Agency
IP	Integrated Policymaking
ISEW	Index of Sustainable Economic Welfare
INI	Inclusive Wealth Index
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MPI	Multidimensional Poverty Index
08M	
OECD	Operation and Management
UECD	Organisation for Economic Co-
PES	operation and Development
PME	Payments for Ecosystem Services Participatory Monitoring and Evaluation
R&D	Research and Development
RES	Renewable Energy Standards
RIA	Regulatory Impact Analysis
ROI	Return on Investments
SCP	Sustainable Consumption and
3CF	Production
SD	System Dynamics
SEEA	System of Environmental-Economic
JELA	Accounting
SIDS	Small Island Developing States
SMART	Specific, Measurable, Achievable,
JWANT	Relevant, Time-bound
SNBI	Sustainable Net Benefit Index
STAMP	SusTainability Assessment and
	Measurement Principles
UNEP	United Nations Environment
	Programme
WAVES	Wealth Accounting and the Valuation
	of Ecosystem Services
WCMC	World Conservation Monitoring Centre
14/14/15	

Worldwide Fund for Nature

WWF

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1 INTRODUCTION

At the Rio+20 Conference in June 2012, attending Heads of State and Government as well as highlevel representatives recognised that indicators were needed to assess progress towards the achievement of the millennium development goals (MDGs), while taking into account different national circumstances, capacities and levels of development. In this regard, UNEP's green economy approach was endorsed as a means of catalysing renewed national policy development and international cooperation and support for sustainable development.

The present document is a response to the call for the UN system to support countries interested in pursuing green economy policies by providing methodologies for their evaluation. It hopes to provide guidance to policy analysts and advisers, and other stakeholders, who are involved in developing green economy policies by using indicators as a tool for identifying priority issues, formulating and assessing green economy policy options, and evaluating the performance of policy implementation. Emphasis is placed on policy options with "multiple dividends" across the environmental, social and economic dimensions of sustainable development.

The goal of the paper is neither to propose new indicators, nor to identify a catch-all list of indicators to be used in the policymaking process. Instead, it acknowledges the unique geographical and socio-cultural contexts of individual countries, and provides a step-by-step guide on how to identify and use relevant indicators in designing and implementing green economy policies. It provides examples to illustrate what could potentially be considered as a challenge in a given context and how to address it, rather than single out and prioritise global issues. Given the cross-sectoral nature of the analysis and implementation steps proposed, the use of existing indicators across various data sources is encouraged, as well as the involvement of a broad set of stakeholders, to support the design and implementation of a coherent and inclusive green economy strategy.

This paper is applicable to non-environmental issues as entry points. In some cases, the issues may not appear to be environmental at first glance, such as the case of increased prevalence of water-borne diseases among rural farmers, which will initially be perceived as a social issue with implications primarily on health policies. Upon further analysis, a strong connection to environmental problems may be revealed.

1.1 THE GREEN ECONOMY APPROACH

The green economy approach is to a large extent socioeconomic: it seeks to redirect economic investments while taking into account the social implications of both the environmental issues and the possible policy responses. In this regard, the paper recognises that all three dimensions of sustainable development (economic, environmental and social) are relevant. For example, a government programme that aims to restore degraded forest ecosystems in key watersheds would address the following issues:

- environmental dimension: deforestation and forest degradation both to restore forest ecosystems and to address climate change;
- social dimension: provision of safe drinking water as a key service of forest ecosystems in watersheds, thus improving the health of the local population and directly contributing to poverty eradication and social equity; and
- economic dimension: leverage financial cost savings in other policy domains, ranging from lower health-related expenditures, to a lower investment need for water purification plants.

UNEP defines green economy as "an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities".

> In line with UNEP's primary mandate, the manual uses predominantly environmental issues outlined in UNEP's Medium-Term Strategy: climate change; ecosystem management; resource efficiency, and chemicals and waste. The paper proposes how these broad themes could be further itemized and allow the identification of more specific priorities to support the development of green economy policy responses. An example would be the issue of climate change, which could be broken down into three concerns: carbon sequestration, energy efficiency and adaptive measures. Likewise, ecosystem management could be itemized as patterns of land use and land use change. As broad environmental issues are reduced to a more specific and manageable level, baseline indicators would increasingly be needed to evaluate relevant thresholds or targets (IISD, 2005) and its socioeconomic impact.

At the policy formulation and assessment stage, what makes the green economy approach different from other approaches is its strong emphasis on the role of redirecting investment to address issues and concerns. The rationale for this approach is that misallocations of capital frequently lead to unsustainable development, where major financial resources are spent on, for example, the use of fossil fuels or unsustainable fishing, while too little is spent on improving public transport, renewable energy, ecosystem conservation and waste treatment (GGKP, 2013). Such misallocations prevail whenever externalities are present (UNEP, 2011a). In such cases, indicators would be useful to define the direction and extent of potential policy responses, and to assess and compare the environmental, social and economic implications of different policy options (UNEP, 2012a; OECD, 2011).

Once policymakers decide on a particular policy option, monitoring and enforcement against a pre-selected set of indicators are essential in the ensuing implementation stage. These indicators can be drawn from the ones used in the agenda setting and policy formulation stages, and applied to assess whether the interventions are effectively addressing the issue, by leveraging the needed investments,

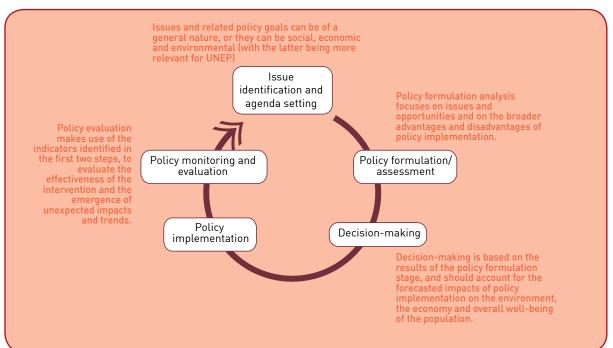


Figure 1. Overview of the integrated policymaking process

and whether green economy policies are generating synergies across sectors, improving the overall wellbeing of the population (Stiglitz et al., 2009).

1.2 STRUCTURE OF THE PAPER

The structure of the paper follows the integrated policymaking (IP) process composed of the following stages (see Figure 1)::

- 1. Issue identification and agenda setting;
- 2. Policy formulation and assessment;
- 3. Decision-making;
- 4. Implementation; and
- 5. Monitoring and evaluation (M&E).

The emphasis of the paper is on the use of indicators in stages 1 and 2, and to some extent on stage 5. The role of indicators in policy implementation, under stage 4, is mainly exercised through monitoring and evaluation (stage 5).

The annex provides examples of how the approach outlined in this guide can be applied to countries with different characteristics.



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