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# Round table

Prosperity for the billions in Asia and the Pacific: green growth and poverty reduction



# United Nations Industrial Development Organization Fourteenth General Conference

Asia and Pacific Regional Round Table Prosperity for the billions in Asia and the Pacific: green growth and poverty reduction Report

## 29 November 2011, Vienna International Centre Regional Programme for Asia and the Pacific

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### Summary

The 2011 Asia and Pacific Round Table, *Prosperity for the billions in Asia and the Pacific: green growth and poverty reduction* discussed green growth, also called environmentally sustainable economic growth, and its influences on poverty reduction. The Round Table emphasized that poverty reduction should continue to be the overriding concern of green growth. The Asia Pacific has often been an exemplary region in green growth, but there remains much to do, both in the region and in the world.

Panellists agreed that in the Asia Pacific "factory of the world", adaptation to energy efficiency and cleaner production are necessary to keep improving productivity and competitiveness and in turn reduce poverty.

Table 1: List of Participants

List of Participants (in speaking order)	Role and Organisation	Role at Round Table
Amita Misra	Director, Regional Programmes, UNIDO	Opening Remarks
Kandeh Yumkella	Director General, UNIDO	Opening Remarks
Tsutomu Osawa	Deputy Permanent Representative of Japan to UNIDO	Tokyo Green Industry Conference briefing
Heinz Leuenberger	Director of Environmental Management Branch, UNIDO	Tokyo Green Industry Conference briefing
Peggy Liu	Chairperson, Joint US-China Collaboration on Clean Energy (JUCCE)	Moderator
Hyun-Hoon Lee	Professor, Kwangwon National University Republic of Korea (ROK)	Keynote speaker
Ajay Shankar	Distinguished Fellow, The Energy and Resources Institute (TERI), India	Panellist
Nam Viyaketh	Minister of Industry and Commerce, Lao People's Democratic Republic	Panellist
K. M. Reyaul Hasanat	CEO Viyellatex Group, Bangladesh	Panellist
Michael Weinhold	Chief Technology Officer, Siemens Energy, Germany	Panellist
Werner Somweber	Regional Director for the East and Oceania, Chamber of Commerce, Austria	Comments
Thien Aung	Deputy Minister for Industry, Myanmar	Comments
Mohammad Yaar	Director General of Economic Affairs, Minister of Foreign Affairs, Afghanistan	Comments
Edward Clarence- Smith	UNIDO representative in China	Closing Statements

#### List of abbreviations

CTCN Climate Technology Centre and Network

FDI Foreign Direct Investment GDP Gross Domestic Product

JUCCE Joint US-China collaboration on Clean Energy

MBIs Market-Based Instruments
NGO Non-Government Organizations
Lao PDR Lao People's Democratic Republic

PPP Purchasing Power Parity
ODA Overseas Development Aid

ROK Republic of Korea

TEC Technology Executive Committee
TERI the Energy and Resources Institute

UK United Kingdom

UNEP United Nations Environment Programme

UNESCAP United Nations Economic and Social Commission for Asia and the Pacific

UNFCCC United Nations Framework Convention on Climate Change UNIDO United Nations Industrial Development Organization

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#### **Executive Summary**

#### Introduction

The Round Table brought panellists from private, public and NGO sectors together and asked them how to achieve green growth while continuing to reduce poverty. The Round Table agreed that poverty reduction should be the overriding concern of green growth.

#### Asia and the Pacific context and green growth

Industry-led economic growth has lifted millions out of poverty in Asia and the Pacific within a short twenty years, as the issue paper illustrated. Industrial growth should continue to reduce the still high levels of poverty in the region. Panellists agreed that in the Asia and the Pacific 'factory of the world', adaptation to energy efficiency and cleaner production are necessary to keep improving productivity and competitiveness. It is also necessary to reduce the ecological deficit the region has been running, as demonstrated in the issue paper. Greener growth requires a new paradigm that harmonises green policies, economic growth and poverty reduction. Some at the Round Table called this tripartite notion *green inclusive growth*.

The Asia and the Pacific region's ability to carry out reforms signalled at the Durban Conference (28 November 2011 to 11 December 2011) will depend on a number of factors including the scaling-up of existing green technologies in manufacturing and the right domestic policy climate to promote green growth. Significant internalizations of environmental costs in the future were emphasised at Durban. In the medium to long-term, said panellist, the prices of resources will climb because of worldwide demand, so companies that become efficient now will win out in the end.

#### **Industrial Efficiency**

Industrial efficiency is one moderate way the Round Table contributed to the discussion leading to Rio+20. The keynote speaker said actors of influence needed to encourage the separation of the idea that helping the environment increased costs. The wise use of resources, to increase businesses' rates of return, will help integrate the environment with the economy. One could intervene in a country's eco-efficiency and therefore in an economy's sustainability through better technologies and industrial efficiency, as illustrated in Figure 1.

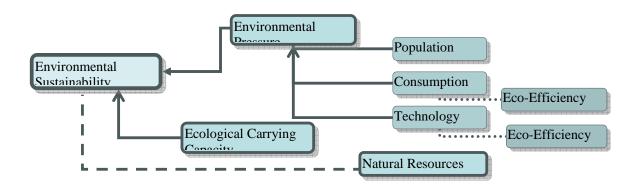


Figure 1: Determinates of environmental sustainability

#### **Technology Transfer**

The Round Table acknowledged the importance of technology transfer and summed it: "Innovation is now worldwide. There is no place for splendid isolation". Technology education for the public and national governments is in tune with plans made at the Durban Climate Change Conference to ensure

the Technology Mechanism, a decision of COP 16 in Cancun, is operational in 2012. Within the region, technology transfer will establish ISOs and best practices and ensure Small and Medium-sized Enterprises (SMEs) are informed about greener and cheaper technologies.

#### 2012 The year of sustainable energy for all

One way of ensuring the very poor, those living on less than US\$2 per day, are included in the benefits of economic growth is ensuring equality of access to things like education, water, social services and energy. In one panellist's opinion, the combination of solar energy plus locally available biomass, whether crop waste or fuel wood, creates, "a perfect fit at the local village level", between being green and alleviating poverty.

Distributed energy, said one panellist, was often a great deal cheaper than fossil fuel-run centralized energy, but government regulations about who can produce power and how they can produce power can be too stringent, adding costs and disincentives.

A technical expert for energy acknowledged the necessity of having a reliable, relatively large-scale power source in addition to distributed, small-scale power sources. However, scaling-up of projects is becoming especially practical now that prices for renewable energy technologies have dropped. Greening existing fossil-fuel power sources will also contribute to lowering carbon emissions.

#### Policy

The Round Table agreed that the region must continue to support favourable business environments that encourage technological improvement, competitiveness and efficiency. Market Based Instruments would be least damaging to industry, so long as international agreements ensure implementation coincides.

One audience member questioned the role of government in promoting green growth and the keynote speaker replied giving away green incentives or subsidising people directly was "not a good way to actually promote social equity because ...then the people have less incentive to work. [...instead some are promoting the provision of] equal opportunities instead of equalized outcomes" Another panellist added that, "intelligent State intervention can create the right externalities to drive inclusive growth as well as green growth", supporting all three pillars of sustainable development.

One panellist suggested government could provide the right incentives for job creation by promoting agriculture and industrial processing or by building mills, and organizing space into economic zones. In doing so, Least Developed Countries can create more jobs for farmers and in time, encourage people to move and work in factories or industrial zones, lifting their incomes.

One of the reasons, a keynote speaker said, is that people regard the environment as a free good, and pricing mechanisms do not reflect real or environmental costs. A foreseeable result of environmental cost internalization would be the reduction of environmental damage.

It would be in the interests of both sectors to improve water and energy efficiency. As with any consumption-based price increase though, blanket price-internalization could have a disproportionate impact on the poor.

The issue paper suggested that governments needed to bridge the gap between long-term social benefit and short-term commercial benefit in order to promote the active participation of the private sector in the area of environmental R&D.

Additionally, some on the panel argued governments could reduce or eliminate some environmentally harmful subsidies. In this case, removing such subsidies and/or the implementation of environmental taxes can yield both economic and environmental benefits. "Prices are quite low because of subsidies, the result being people over-use the resources so we have to make the price right—finally removing those double failures"

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