

DIE PEGNet Workshop Green and Social Session 1

Comments and Questions

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Searching for the Social Engine of the Green Growth Locomotive (Layla Saad and Leisa Perch)

Key message of the paper: The green growth concept is focussing nearly exclusively on the economic and ecological pillars of the sustainable development paradigm. If it is not complemented by a thoroughly designed social equity approach, it risks reinforcing the disastrous social consequences of the traditional economic models.

- Paper presents excellent arguments to support this key message.
- Conclusion: Making green growth inclusive requires a specific conceptual and political effort.
- Paper does not enter into operational proposals how to steer such a shift.
- Following comments concentrate on possible counter-arguments and open questions.



Argument:

Social equity considerations are falling down the line in the green growth concept. Thus, it reflects only the economy-ecology nexus of sustainable development leaving aside the social pillar.

Question:

The green economy concept of UNEP largely covers the field of social inclusiveness. A recent World Bank flagship has the title “Inclusive Green Growth”. Is (inclusive) green growth not just a new term for the paradigm of sustainable development, in the limelight for more than 20 years, and reflecting the fundamental challenges of this paradigm?



Argument:

The current approach to green growth is heavily focused on traditional economic growth models. It is now clear that these models have generated unprecedented levels of income and wealth inequality.

Question:

There is a lot of empirical evidence that high rates of economic growth over a longer period of time have led to significant improvements in the overall living conditions and to substantial reductions in absolute poverty in the respective countries even during phases of growing inequality (like in China in the last three decades). Are the traditional economic growth models really that bad with respect to their social outcomes?



Argument:

The paper gives the impression that the major challenge of the green growth concept is to reconcile the economy-ecology nexus with the social pillar. With respect of the economy-ecology nexus, the authors consider that the green growth concept is a welcome advance.

Question:

As the last three decades have shown, all gains in energy and resource efficiency are by far outweighed by the quantitative effects of (exponential) economic growth on energy and resource consumption. Does the green economy concept really offer convincing and satisfying answers, how to reconcile (exponential) economic growth with the ecological limitations of our planet? Or to put it the other way round: What, if the major challenge of the green growth concept is to reconcile the economic growth-social equity nexus (which might be established if the political will is there) with the ecological pillar.



Argument:

The green economy concept is focussing too much on private sector, property rights, prices and other market incentives and ultimately favours the rich (in buying their way into “greenness”).

Question:

Why should there be a fundamental problem between efficiency in resource allocation (getting prices right etc.) and social equity? Why not serving economic and ecological purposes through market-based mechanisms and using rights-based and redistribution approaches to improve social equity?



Argument:

With respect to the employment effects of green growth, the paper supports the hypothesis that additional jobs are created. However, the authors consider that it is not just a numbers game but time to think about quality of jobs and the potential negative impact of green job transitions (creation of a green elite that replicates the same labour management flaws of current markets).

Question:

Up until now, there is little empirical evidence about the net employment effects of the transition to a green economy. The impressive figures of newly created jobs in green sectors do not answer the question whether they outweigh job losses in traditional sectors. In order to strengthen the social fabric of the green growth concept, might it not be helpful to concentrate much more both on the quantitative and qualitative employment effects of such a transition?



Argument:

The bio-fuel sub-sector demonstrates that green growth might lead to a mixed balance: environmentally positive (substitution of renewable for fossil energy) and socially negative (because of its adverse effects on food security and land distribution).

Question:

It is well known that bio-fuels might be a dead end and not a promising option. Even their environmental merits are questionable. But what is about other possible sectors and sub-sectors of a green economy, e.g. other renewable energies, energy efficiency, resource recycling, public transport, bio-food, conservation agriculture, agro-forestry etc.? Is the bio-fuel sub-sector really a good example to question the green growth concept?



Making Conditional Cash Transfers Green – Philippines (Michael P. Cañares)

Key findings of the paper: The paper looks into a conditional cash transfer program in the Philippines that provides cash to beneficiary households in exchange for compliance with health and education activities and results. The paper argues that there are opportunities for incorporating environmental purposes into the program. Environmental activities or results and their measurement may become part of the programme where they are responsive to the pressing environmental issues faced by the poor.

- The paper is an important contribution to the discussion about cash transfer programs and their rationale (social security and/or other purposes).
- The following comments are based on the key findings of the paper and focus on issues that need further consideration when designing “green” cash transfer programs.



Rationale of cash transfer programs:

- Cash transfer programs are a means to address income poverty (unconditional cash transfers) and other aspects of poverty, e.g. health and education (conditional cash transfers).
- They might be used to address other purposes, e.g. employment problems (employment guarantee schemes) or environmental concerns (“green” conditional cash transfers).
- What degree of complexity is still acceptable? When do we start overstressing the basic idea and deviating cash transfer programs from their main purpose (social security)?



Spatial design of “green” cash transfer programs:

- Do the areas of extreme poverty coincide with the areas of environmental degradation?
- Are there common environmental problems that can be addressed in all areas of extreme poverty, e.g. planting trees to combat deforestation?
- Is a differentiated approach required, e.g. soil conservation in rural zones and waste disposal in urban areas, and how can such a differentiated approach be managed?



Polluter pays' principle and “green” cash transfer programs:

- Are the poor victims or culprits of environmental degradation in their respective areas?
- If they are culprits, what is the right type of incentive to prevent them from undermining the natural resource base, on which they depend?
- If they are victims, who should be incentivized: the poor or the polluters (internalization of social costs by the polluters)?



Operationalization of “green” cash transfer programs:

- Which environmental activities or results are relevant for the poor?
- What type of activities or results can be circumscribed and measured easily?
- How to scale and differentiate the financial incentive that is given? Should the financial incentive be increased in order to cover “green” issues? Which percentage is required for social purposes (health, education) that constitute the core of the program and which percentage should be directed towards environmental purposes?



Transaction costs of “green” cash transfer programs:

- Multi-purpose cash transfer programs necessarily lead to higher design, management, administration and monitoring costs.
- How can these cost be kept in reasonable limits?
- At which point do the increased transaction costs outweigh the additional benefits of a multi-purpose approach?



Alternatives to “green” cash transfer programs:

- The paper mentions that in the case of the Philippines it might be preferable to integrate environmental purposes in the poverty-oriented community development program instead of “greening” the conditional cash transfer program.
- What types of programmes are best suited to combine poverty reduction and environmental protection goals, e.g. poverty-oriented natural resource management, infrastructure, community development or cash transfer programs?
- What are the comparative advantages and the opportunity costs of “green” cash transfer programs when compared with these alternatives?



**Thank you for
your attention!**