

a green deal for all

"It always seems impossible until it is done."

Nelson Mandela

by Hans JH Verolme

a brief history of the green economy

The world today faces multiple crises: a finance crisis, a climate crisis, a resources crisis, and as a result a social crisis. This is, however, in many ways a crisis foretold. That there are natural limits to economic development was first recognized by the global policy community in 1972, when the Club of Rome published its "Limits to Growth" manifesto. "Limits to Growth" was intensely debated by governments at what was the first UN conference on environment and development, held in Stockholm. The potent images of recurrent famine in Africa, including Biafra, defined the views of this generation of policy makers and gave the debate an unfortunate Malthusian flavor. Doomsayers claimed resource shortages would lead to conflict and it was implied that the development aspirations of the world's poor were to blame. The focus of debate was on the environmental costs of a rapidly increasing population in the global South.

Twenty years later, the landmark report "Our Common Future" tried to overcome the limitations of that debate by introducing the concept of 'sustainable development' defined as "... development that meets the needs of the present without compromising the ability of future generations to meet their own needs." In the report, the former Norwegian prime minister, Ms. Gro Harlem Brundtland, and her co-authors put environmental, social and economic development on the same plane. But following on the heels of the collapse of the USSR, the authors carefully avoided a fundamental critique of free trade and market economy. Instead, they argued for the need for equity in development and strong global governance. In doing so, they laid the groundwork for many multilateral environmental treaties, including the Convention on Biological Diversity and the Framework Convention on Climate Change. The Brundtland report did not, however, foreshadow the coming wave of globalization and the economic and geo-political rise of Asia.

In 2012, we saw the 20th anniversary of the 1992 Earth Summit in Rio de Janeiro and with it a new approach was put forward to overcoming the ever deepening ecological and ongoing development crisis. UNEP defines this so called "green economy" as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy is low carbon, resource efficient and socially inclusive including by creating new jobs. Three economic sectors are key to this effort: agriculture, energy and infrastructure. Most economists agree that over the past decade we have seen a misallocation of financial and human capital and an ongoing depletion of natural wealth. Their inside-the-box prescriptions to cure our ailing planet range from 'market incentives' to 'removal of perverse subsidies' to 'green investment', but what is lacking is a social and normative framework. When one reads the policy prescriptions for Rio+20 everything goes, a grab bag of ideas, old policies, some regulation, good governance, promises... but there is surprisingly little on values. The outcome document of Rio+20 "The Future We Want" was widely criticised for lacking in detail and

ambition. Governments granted themselves at least one more year before setting so called sustainable development goals (SDGs). These will replace the 2015 Millennium Development Goals, which they are anticipated to fail to meet. Instead of clear binding multilateral rules, the documents are full of voluntary guidelines, with business interests trumping democratic governance. Ironically, one year after the Arab Spring, fundamental rights like the freedom of speech and association were removed from the document.

This international debate is pertinent to realising the vision Nigeria holds of raising its people out of poverty and joining the ranks of the G20 by the year 2020. The Green Deal Nigeria report posits that Nigeria needs a vision for 2020 that goes well beyond growing the economy: a Green Deal that unites and inspires its people. It describes the current state of the nation in realistic terms and makes where possible concrete recommendations to overcome existing challenges. The international debate is relevant to this Nigerian search for “the good life”.

Since 1972, the world has changed almost beyond recognition. Compared to 20 years ago, we are on the whole richer, but the gap between rich and poor has widened. Today there is a new scramble for Africa underway as part of the global scramble for resources: land, food, biomass, minerals, energy, water... Today, there is wealth everywhere, also in Nigeria, but that wealth is not without social consequence. As wealth in the face of abject poverty can be offensive.

a critique of sustainable development and green economy

While by 1990 most people were ready to accept the fact that resource depletion, inefficiency and pollution can result from market failures, what can be done to correct them was less clear. At the root of the problem lie traditional measures of wealth and economic progress in particular the Gross Domestic Product (GDP) and the system of National Accounts. The belief that a growing GDP will solve all problems has proven a real impediment to change. Around the world, the growth in GDP is seen as the cure for all. The media tell us GDP growth equals improvement in well-being. It seems most businesses have a vested interest in maintaining that status quo. In fact, as GDP increases, overall quality of life often increases but only up to a certain point. Beyond this point, further increases in wealth have negative side effects like increased community tension and people losing their sense of purpose and connection with nature. GDP also fails to measure the growing disparity between haves and have-nots. Inequality reduces productivity and investment and increases crime and social conflict. When only the rich benefit from GDP growth there is no trickle down effect. Conspicuous consumption by the rich is not the same as increased spending by working class people.

In the 1980s economists like Daly, Cobb and Hueting proved traditional GDP measurements 'rewarded' the destruction and waste of resources as both the creation of pollution and the clean up of it were considered 'productive' economic activity. The national accounts also did not show the value and depletion of natural (or indeed human) capital and the goods and services society, often the poorest people, derive from them. Based on this flawed analysis, decision makers often made poor policy choices. Daly and Hueting successfully argued for a green(er) GDP, setting in motion a process of greening national accounts that continues to this day. An alternative to this difficult and fundamental overhaul of GDP and national accounts systems has been the development of indicators, like the Human Development Index by UNDP.

Building on this early work, by the late 1990s the importance of protecting and investing in social and natural capital received broad recognition. Economists argued that without recognizing the value of this

'capital' and with weak or perverse long-term regulatory signals the very basis of our economies would be undermined. While investing in natural capital is much needed, by opening up to the vagaries of the market the scarce capital held in trust by communities, one risks a further enclosure of the commons, like communal lands and water resources. These commons are essential to the survival of the poor and their privatization can only marginalize them further. There is a risk of misappropriating from the poor and communities 'their' natural capital. At the same time, there are examples where private ownership, in particular securing land tenure, has protected smallholders and the environment from misappropriation by elites. From an ethical point of view, one has to accept that nature cannot simply be defined as ecosystems' goods and services, to be traded and sold to the highest bidder. What is the value of a blue butterfly in the early morning light, pollinating a crop? The debate over the consequences of putting a price on pollution, carbon, biodiversity, and forests really continues.

Since 2008, people around the world have become more skeptical of markets. If the free-markets and growth paradigm got the world into so much trouble, why would market instruments for natural goods and services not bring more problems? Policy makers try to make sense of the collapse of markets, including the one for carbon. The current crisis has seen a privatisation of public goods and a socialisation of private costs. Governments have had to bail out banks and other businesses deemed critical to national economies. The people are having to endure the consequences in the form of austerity measures, job losses, and budget cuts and fail to see why. The lack of trust in government and business runs deep. As inequality grows, after a period of social and economic convergence, the voice of the 99%, sounds everywhere: the Arab Spring, the Occupy movement, even in Nigeria. But being cognisant of market intransparency and poor governance, one can still see the importance of markets. Nobody is arguing for a (return to) a managed economy with targets imposed from above. The fear of a benign eco-dictatorship that manages growth in a planned economy has been expressed including by people with direct personal experience of the communist system that collapsed in the early 1990s. Some even argue humans are hard-wired to aspire "growth." But the crisis cannot be ignored any longer. Regulatory capture by vested interest of government and corruption is a serious problem and needs to be addressed.

Is the green economy concept fiddling around the margins or real change? Clearly a transformation is not about investing 2% into green initiatives as proposed by UNEP but rather about reshaping the entire economy by steering 100% of investment onto a different pathway. This is where the Rio+20 summit fell short. Furthermore, while there are rare examples of so called win-win-win opportunities, the experience is that real economic change can hurt. Whether it is the abolition of fossil fuel subsidies or prioritising spending for renewable energy over other projects, vested interests are affected. As a general rule, if it doesn't hurt it's not a transformation. This is where the importance of social transition measures must be emphasized. If, however, the impacts of the required policy changes disproportionately disadvantage large sections of the population, leaving them without the means to support themselves, the transition will not be politically viable. The much talked about low-carbon economy can, therefore, only be achieved through a just transition. The labor movement has an important role to play here.

a new growth debate

In the meantime old debates on growth have taken on new forms. Some pray that innovation will save their economies; in Germany for example innovation is faith. Others believe efficiency is the way to go. But they ignore the fact that efficiency gains often get absorbed by higher consumption (something called the rebound effect). In the West, forty years after "Limits to Growth" in recognition of the finite nature of our planet and from a position of wealth, intellectuals now study policies for de-growth or, to

be more precise, steering growth into certain green sectors while shrink other, brown, sectors. In Asia a debate has been unleashed about the need to constrain consumption. We cannot go much further down the path we are on. Research by the Stockholm Environment Institute and WWF shows we would need 3 planets Earth if all people were to attain British lifestyles today. Viewed from that perspective we are driving at an increasing speed towards a brick wall. There are real physical limits to natural resource use and society has to learn to live within its means. Put differently, just as families have to balance their household budget, societies cannot afford to go into ecological debt. It would destroy the world as we know it to the detriment of our children and grandchildren. Some of the consequences, like climate change, are here and now already.

Following the 2008/9 finance debacle and the bail-outs the question of the balance between government and the private sector is being debated again. The importance of good corporate governance was emphasized. The short-term profit focus (often measured in days, weeks or months) is widely viewed as problematic. What can we learn from, for example, community micro-banking here? After 30 years of “less government”, deregulation, globalization and “free trade” the pendulum might swing back to “more government.” Unsurprisingly fearing a loss of power, the private sector in Europe and America engaged in a strong push to return to business-as-usual.

Let's look at the basics. Nothing grows forever, so why would real-world economies? We have shown that GDP is a convenient but not an adequate measure of well-being as it fails to assess social exclusion, pollution and waste of resources. A false dilemma is being presented that says: despite the flawed nature of the GDP measure, a lack of growth results in a downward spiral towards poverty. But how to deal with the fact that unbridled growth results in a downward spiral towards depleted resources and social strife? What to do with greed – how many planets would we need? It is time for all to look at our own aspirations. What is a reasonable standard of living?

Clearly it is time for a more inclusive and inspiring vision. With this report we hope to support you in actively debating this vision. Nigerians’ aspiration for the good life is central to that. In debating this vision we must recognise that Nigerians lack trust in their government. People first see then they believe, hence the vision presented here is as concrete as was possible. Government needs to go beyond talking, government is a major investor and can steer procurement, set standards, lead by example.

In our view, business-as-usual is not an option, a Green Deal Nigeria is not a luxury but rather a necessity! Those who benefit from the current system might say let's look at the problem in 10 years when Nigeria is richer, but will it be? The aspiration of the government to lift Nigeria up economically and be a member of the G20 in 2020 might be ambitious, but will be unmanageable without a transformation of social and environmental problems in 2020. Finally, it is clear values matter, so what are Nigeria's values?

Let's talk about the good life!



Hans Verolme, lead author, has 20 years of global experience in the field of international environment and development. He has extensive experience navigating climate change politics, having worked as senior adviser at the British Embassy in Washington, DC, and as US and global director at WWF. He has thorough knowledge and extensive experience of development challenges and green economy. A Dutch national currently based in Berlin, Hans has lived and worked across the globe including in India, Kenya and the USA. A geographer by training, Mr Verolme has advised the British and Netherlands government, as well as the World Bank and many non-governmental organisations. In 2008, he created an international network of senior international climate change policy experts that collaborate on challenging strategic projects. From 2004 to 2008, Mr. Verolme acted as US and Global Director of WWF's Climate Change and Energy Programme. Prior to joining WWF, he served for over four years as the Senior Energy and Environment Adviser to the British Ambassador in Washington, DC, where he worked to communicate the UK approach to climate change to the US policy-making community. Prior to that, Hans directed the Biodiversity Action Network engaging in international negotiations on forests and biodiversity. He currently serves on the Board of the US Climate Action Network and is a standing member of CAN International's Political Coordination Group. Mr Verolme is a regular visitor to Nigeria, where he has trained negotiators for international climate negotiations and has engaged various audiences and authors during the preparations of this study.

The author can be contacted at climate@hansverolme.net