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*Bankpedia Review Vol. 3 n.1 2013*

# GREEN GROWTH, OECD STRATEGY

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*Abstract*

*Initiative launched by OECD in 2009 to respond to the economic and financial crisis and to restore growth on a more sustainable path, by ensuring new development opportunities to limit the impact on environmental resources and on ecological services from which derives much of human well-being.*

Green Growth Strategy is an initiative launched by OECD in 2009 to respond to the economic and financial crisis, and to restore growth on a more sustainable path, both under the social and environmental point of view.

Drawn up on behalf of the Council of Ministers of the 40 member States, the Strategy was published in May 2011 under the title of "*Towards Green Growth*", with the aim of providing member Countries with some useful guidelines in order to develop their strategies and national policies in the green growth field. As it is clear enough from the headline, the OECD considers sustainable development and Green Economy primarily as engines of growth and sources of new development opportunities, able at the same time, to limit the impact on environmental resources and on ecological services from which derives much of human well-being.

The sustainable development, the efficient use of resources, the fight against climate change and environmental degradation are pursued by spreading an improved production model, new work opportunities and innovative technologies.

Creating favorable conditions for investment and competitiveness, promoting innovation, encouraging new markets for "*green*" products and services, introducing en-

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ISSN 2239-8023
DOI 10.14612/PANCINO_BLASI_1_2013

vironmental tax measures, removing subsidies prejudicial to the environment, establishing a climate of stability and trust: these are the keys on which it is necessary to leverage in order to overcome the current crisis in a perspective of sustainability. A green growth strategy requires in particular, a mix of tools derived from wide intervention packages. The first one includes the framework conditions that can strengthen the economic growth while ensuring the preservation of the natural capital. These involve basic tax and regulatory devices and traditional tools of economic policy and competition. The second package includes *ad hoc* tools, based on prices and on other strategic mechanisms, capable of promoting the efficient use of resources and the internalization of environmental pressures: taxes, tradable permits, voluntary approaches and  public-private partnerships. Explicit reference is made in this context, to taxations of $CO_2$ as alternative to taxes on corporate income, on work or cuts down public expenditure.

OECD believes that the key area on which to focus is innovation that, understood in its broadest sense (technological, organizational, behavioral), is the main motor of *green economy* and plays an essential role in promoting a structural change in the economy and in the society with a positive impact on employment too. Green technology is already facing an expansion phase, as evidenced by the increase in the number of patents in the field of renewable energy, electric and hybrid vehicles as well as the energy efficiency in the construction and lighting industry. Technological innovation must be supported by targeted trade policies, such as the reduction in trade and investments barriers and an adequate protection of intellectual property rights. Furthermore, innovation alone is not enough: it requires the development of appropriate infrastructures for next generation technologies, especially in areas like energy, water supply, telecommunications and transport networks.

OECD pays particular attention also to employment, not only because does green growth create new job opportunities, but also because in transition, some jobs, tied to the old unsustainable production model, are at risk: political efforts should therefore be addressed to ensure that companies and workers quickly adapt to changes


ISSN 2239-8023
DOI 10.14612/PANCINO_BLASI_1_2013

and seize new opportunities, easily moving from sectors in contraction towards those in expansion.

The Strategy also deals with some aspects of international cooperation, that should be strengthened in order to ensure an appropriate management of “global common goods”, such as climate and biodiversity and to address financial flows, global trade and investments. In this context, reference is also made to the need to prevent, through adequate control measures, the development prospects of poorer economies which could be compromised by blatantly protectionist measures established in many developed countries with the excuse of green growth.

All in all, the strategy stresses the importance of ensuring appropriate monitoring of the transition of the economy and society towards a green model. For several years, OECD has started reviewing the traditional methods by which we measure the growth and well-being, pointing out the inadequacy and the incompleteness of GDP as indicator or reference, while giving importance also to values non closely-linked to economic production, such as quality of life, environmental health and access to education. As regards to Green Growth, specifically, some peculiar indicators, which should be alongside the traditional macro-economic ones, have been identified and divided into four interlinked micro-areas with the aim of:

- Monitoring the productivity of natural capital and resources, and therefore verifying the difference between the rate of economic growth and the rate of growth of the environmental pressures caused by the adoption of production and consumption systems. Indicators in this case are, for example, $CO_2$ emissions, water consumption, generated waste, and natural resources used for production.
- Describing the basic environmental heritage. Such indicators are the renewable resources available and their extraction, the condition of endangered species and the number of the existing forests.
- Monitoring the environmental dimension of the quality of life. Indicators of this type are, for instance, the health problems pollution-related and the access to sewage and purification systems.


ISSN 2239-8023
DOI 10.14612/PANCINO_BLASI_1_2013

- Identifying political responses and economic opportunities. This category includes indicators such as the percentage of green investments, the rate of employment in the environmental sector and the patents of green technologies.

As indicated in the guidebook of the Strategy (Towards Green Growth: Monitoring progress – OECD Indicators), for each of these groups, a list of possible indicators is presented. This list is reviewed as soon as new data become available and these concepts are developed further. At the moment, 25 indicators have been identified, however, not all are currently quantifiable.

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ISSN 2239-8023
DOI 10.14612/PANCINO_BLASI_1_2013