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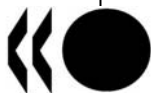
Council

A PROPOSAL FOR DEVELOPING A GREEN GROWTH STRATEGY

(Note by the Secretary-General)

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Background

1. Policy-makers place increasing emphasis on a new and fresh framework that would enable economic growth and development, prevent environmental degradation and enhance quality of life. Reflecting this, Ministers of 34 countries at the OECD Ministerial Council Meeting of June 2009 endorsed a mandate for the OECD to develop a Green Growth Strategy. In the Green Growth Declaration, Ministers declared *inter alia* that they will: “Strengthen their effort to pursue green growth strategies as part of their responses to the current crisis and beyond, acknowledging that green and growth can go hand-in-hand.”

2. More recently, in Pittsburgh, G20 Leaders acknowledged that enhancing energy efficiency can play an important, positive role in promoting energy security and fighting climate change. They stressed that inefficient fossil fuel subsidies encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change. In the Leaders’ Statement, they asked the OECD and IEA to continue their work on fossil fuel subsidies and to report back to the next G20 Summit in June 2010. Phasing-out or reforming other environmentally-harmful subsidies, for example in the agriculture or fisheries sectors, can also contribute to economic efficiency, environmental benefits, and reduce the financial burden of the subsidies on taxpayers or consumers.

3. Hence, it is politically relevant for the OECD to give increased attention to green growth as a new paradigm for economic and socially sustainable development in the coming years.

4. Green growth means promoting economic growth and development while reducing pollution and greenhouse gas emissions, minimising waste and inefficient use of natural resources, and maintaining biodiversity. It means making investment in the environment a driver for economic growth and development. Green growth also means improving health and jobs prospects for populations and strengthening energy security through less dependence on fossil fuels. Green growth will require a shift in both public and private investments, with the limited public funds available carefully targeted and accompanied by the right policy frameworks to help leverage private financing.

5. Green growth policies require an integrated strategy that effectively combines economic and environmental policy objectives covering demand and supply aspects, both economy-wide and at sector levels. Green growth strategies are articulated through national policies, but the international dimension should be fully considered in developing any related policy approaches. International co-operation based on common objectives will often be critical for ensuring overall effectiveness.

6. There is a wide spectrum of on-going OECD work which will be useful to develop the Green Growth Strategy¹. Many aspects of the linkages between economic, social, environmental and innovation issues are certainly not new to the work of the OECD. In particular, the Economic Surveys, the Environmental Policy Reviews, the Innovation Strategy, the Re-assessed Jobs Strategy, the OECD Environmental Outlook, the work on the economics of climate change include highly relevant material. Reports from the IEA, such as ‘Implementing Energy Efficiency Policies’, the World Energy Outlook and the Energy Technology Perspectives and work with the DAC on adaptation to climate change and development financing would also be relevant. These components would contribute to the building blocks of a unified OECD view on green growth, setting the main directions of the Strategy.

7. This note outlines a Green Growth Strategy that the OECD could carry-out over the period 2009-2011, building on the relevant studies referred to above and taking into account work from various

1. A summary of potential contributions by Committees is annexed to this document.

countries, the EC, the IEA and other international organisations which will also be examining issues relevant to green growth in the coming years.

2. Proposed framework for the Green Growth Strategy

8. The objective of the Green Growth Strategy would be to help OECD and non-OECD governments to identify policies that can achieve clean, resource-efficient, low-carbon economic growth and development. The Strategy would also explore avenues to support green growth in developing countries, including through increased coherence in OECD country policies that affect development and by strengthening development co-operation. To this end, it would examine options available to support developing countries to shift towards lower carbon growth paths, including better understanding the implications for poverty reduction.

9. A major value added compared to the work already mentioned above would be to provide an integrated discussion from four main angles, focussing on the economic efficiency, environmental effectiveness, innovative capacity as well as the employment and distribution aspects of the policy instruments countries apply to foster green growth.

10. The Green Growth Strategy would deliver a structured set of policy recommendations and analysis which could be used to develop national action plans, self-assessment and peer reviews at the OECD and in the G20 context. This policy framework would be supported by analytical reports on the implications of green growth, including impact on jobs and business opportunities, and the associated social implications, especially for vulnerable groups. A set of indicators would also be developed to compare progress over time and across countries. The policy framework would be flexible enough to adapt to different country-specific circumstances.

11. As part of the Strategy, an International Green Growth Dialogue (IGGD) could be hosted and administered by the OECD with participation of the ILO, IMF, World Bank and UN. . We count also on the participation of the IEA. This collaborative arrangement would encourage and facilitate discussion of green growth matters among government officials, International Organisations, and a range of other key stakeholders. In addition to global conferences, one of the IGGD's central resources for facilitating dialogue would be a website including a virtual library of documents shared by countries and international organisations as well as news, a calendar of events, an extensive range of links and a directory of technical assistance and policy dialogue activities. All countries would be invited to make use of this resource and to share their own information.

12. The Green Growth Strategy would be a living instrument and would be revisited in due course as experience is gained with implementation.

3. Proposed main elements of the Green Growth Strategy

13. In order to obtain a state-of-the-art understanding of the inter-linkages between economic growth, environment, innovation and other policies, the proposed project should address the issues from a number of different angles:

- ***Green priorities.*** It would be desirable to cover in the analysis the priority environmental challenges of climate change, loss of biodiversity and ecosystem services, materials management and the sustainable use of natural resources as reflected in access to safe water and food security.
- ***Building green markets and applying green policy instruments to address market failures.*** It would be useful to develop a broad-based policy framework for encouraging resource allocation

towards products and services that are low-carbon, have low material-intensity and sustainably use natural resources. This will include analysis of:

- **Market-based instruments**, including cap-and-trade schemes and green taxes. This would also entail properly pricing pollution, such as greenhouse gas emissions and environmental public goods. Analysis would further cover the phasing out of subsidies that lead to environmental damage, such as fossil fuel subsidies (joint work with IEA), and environmentally harmful subsidies to agriculture and fisheries, as well as the pricing of water usage taking into account social aspect.
- **Non-market instruments**. In areas where market-based approaches will not work, complementary green policy instruments in the form of regulations and standards as well as public procurement and support for innovation would be analysed, including from an international trade perspective (with a view to avoid protectionism). In addition, enabling conditions for green growth would be identified in terms of investment and tax policies as well incentives to promote changes in consumer behaviour, covering, for example, green public purchasing and eco-labelling.
- **Addressing the opportunities and challenges of the transition to a greener economy**. It will be important to better understand how the transition to green growth will impact upon jobs and workers as well as existing industries in different national contexts. Assessing the jobs and growth potential from new green industry opportunities will be needed, as well as addressing key labour market and education/training policy challenges to promote the reallocation of labour towards these activities and the upgrading of worker's skills. Assessing other distributive effects of moving to a green growth paradigm, including in terms of effects on poverty and inequality, would also be important.
- **Fostering green technologies and innovation**. It would be important to identify support mechanisms to accelerate research, development and deployment of new technologies and innovation including the reinforcement of green ICT activities. Analysis will benefit from the Innovation Strategy's findings, policy recommendations and principles, including in relation to knowledge transfer and clean technology development and diffusion.
- **Supporting the introduction of green infrastructures**. It would also be useful to identify framework conditions and other policies that can help develop energy, transport, buildings and other infrastructures that use resources and energy more efficiently. This would include the identification of the necessary tools and policies, including mechanisms for multi-level governance, which can promote investments in renewable energy and energy efficiency - both for urban as well as rural areas and both in developed and developing countries.
- **Constructing a set of indicators**. Building on relevant work, it would be useful to develop a set of green growth indicators to measure the transition to a greener economy, such as progress in resource efficiency of the flows of production and consumption, progress in reducing environmentally harmful subsidies or in moving to green taxes. Indicators of stock would also be useful to assess countries' progress in implementing green growth.

4. Engaging non-Members

14. Developing the Green Growth Strategy will require the active involvement of major non-Members from the start of the project, both in the regular Committee processes as well as in terms of the overall Green Growth Strategy development, in addition to their participation in the International Green

Growth Dialogue (IGGD). As a first step, Paris-based Embassies of the Enhanced Engagement countries were invited to an informal discussion with the Secretariat on the development of the Green Growth Strategy. Accession and Enhanced Engagement countries could be invited to participate in meetings of Members of the Council for reviews of progress in the project.

15. Given that the Green Growth Strategy would give a special responsibility to Economic Ministries for ensuring that policies to recover from the crisis make a contribution to fighting global environmental challenges such as climate change, particular effort should be devoted to engage Accession and Enhanced Engagement countries in the green growth work of the Working Party 1 of the Economic Policy Committee. Other Committees would be encouraged to extend invitations to Accession and Enhanced Engagement countries to attend sessions of their meetings in relation to green growth.

5. Involving stakeholders

16. Meetings with BIAC, TUAC, and other NGOs would be organised during the process to inform stakeholders on progress and obtain their views and possible inputs, as a complement to regular consultations or their participation in the work of the Committees developing the inputs to the Green Growth Strategy.

6. Organisational aspects

17. The development of the Green Growth Strategy would involve almost all Directorates. However, a core group of three Directorates (ECO, ENV and DSTI) would be responsible for developing an outline of the project. At the same time, other Directorates with relevant work/inputs would contribute. Material from IEA, ITF and NEA would also be drawn on. All would be involved in reviewing drafts of (or parts of) the reports to be prepared. Each Directorate has nominated a focal point who is the reference base for the core group. The focal points will meet as needed. DSGs Amano and Padoan are both overseeing the Strategy.

18. Nathalie Girouard, Advisor to the Secretary-General, has been appointed as the Green Growth Strategy Co-ordinator and will be located in ENV, reporting to the Director. She will work with all the relevant Directorates to facilitate inputs and review processes, and to pull together the Interim and Synthesis Reports.

19. All relevant Committees should be responsible for reviewing the specific technical or analytical reports under their respective area. For the Synthesis Report, a few lead Committees might be identified to review the outline and the full draft including EPOC, EPC and relevant STI Committees. The AMSDE will play a useful role in reviewing drafts of various products under the Green Growth Strategy.

7. Outputs of the Green Growth Strategy and Communication

20. The proposal is that the Green Growth Strategy would start immediately and run through June 2011. It should be based on a number of different types of products, such as:

- An *Interim Report* to be delivered to the 2010 MCM
- A main analytical *Synthesis Report* (100-150 pages) to be delivered to the 2011 MCM
- A *Policy Maker's Summary* of the main messages (10-15 pages)
- A set of *Indicators* to take stock of country progress in implementing green growth
- A series of *Committee reports on issues linked to Green Growth*
- *Policy Briefs*, Observer articles, press kit for journalists, media partnerships
- A *Web 2.0 Portal*, on-line dedicated site

- An *International Green Growth Dialogue*, for global conferences and a website to facilitate dialogue between different stakeholders

Council may also wish to consider at a future date the possibility of an *OECD Council Recommendation on Green Growth*, for adoption at the 2011 MCM.

21. In addition to deliverables listed above, the project could envisage outputs in the form of workshops (which of course also could serve as inputs to the project) and through one or more high-profile conferences for the dissemination of major findings of the work.

22. Strong engagement of PAC in developing and ensuring the effective delivery of clear messages on the Green Growth Strategy would be needed, working closely with the core group.

23. A Web 2.0 portal and communications resource would be useful for country delegates including non-Members and stakeholders to allow them to collaborate and be informed about work in progress. The Web portal would help Enhanced Engagement countries to feel included in the Strategy and connected to the OECD, which would likely foster participation. It would also be of use internally, reducing the transaction costs frequently associated with horizontal work. The Organisation would need to develop a well-thought out communications campaign from the beginning of the project, using the Web portal as foundation. It would make the work accessible, credible and compelling to a wide variety of audiences using an array of communications tools, including video.

8. Implementation and resources requirements

24. The implementation of such a broad-based project would have to rely on significant voluntary contributions. The Secretary-General has committed initial funding that will suffice to synthesise the available or already planned findings. But additional resources will be needed to finance: the assessment of the jobs and growth potential from new green industry opportunities, the transition for workers and businesses from shrinking industries; the development of a set of green growth indicators; further work on economic aspects of biodiversity and the development of a collaborative arrangement such as the IGGD as well as a comprehensive communication strategy.

9. Timeline

25. Assuming that sufficient resources become available, the following time-line could be envisaged:

- A first draft outline of the Green Growth Strategy could be discussed in ECSS and Council in November 2009.
- A progress report could be presented to Council in February 2010
- A first draft of the Interim Report should be discussed in Council in April 2010
- Revised version of the Interim Report should be reviewed by Council in May 2010
- The Interim Report on the Green Growth Strategy would be issued for the MCM June 2010
- The development of a possible Council Recommendation on Green Growth could be prepared between late 2010 to mid-2011.
- A high-level conference should be held prior to the publication of the Synthesis Report in order to allow input from the conference to feed into the publication.
- Draft of the Synthesis Report should be reviewed by Council in April 2011
- Revised version of the Synthesis Report should be reviewed by Council in May 2011
- The Synthesis Report on the Green Growth Strategy to the 2011 MCM
- Possible adoption of a Council Recommendation on Green Growth at the 2011 MCM

ANNEX
GREEN GROWTH STRATEGY:
POTENTIAL CONTRIBUTIONS BY COMMITTEES

1. Background

1. While Green (environment) and Growth (economy) are the elements determining in first instance a Green Growth Strategy, there are a number of interrelated policy areas which are crucial to achieving this, including investment, taxes, innovation, technology, trade, employment, social dimensions and education. The below overview of potential contributions also indicates that a wide range of ongoing OECD work related to sectoral policies: energy, agriculture, fisheries, transport, tourism, industry and chemicals. In addition, there are a number of cross-cutting and wider policy issues that need to be addressed as part of the Strategy: public administration and multi-level governance, enterprises, consumers, cities/local development as well as implications and options for developing countries.

2. In a truly horizontal endeavour, the Green Growth project cuts across the activities of almost all OECD Directorates; bringing together those areas of work required for developing the Strategy. This reflects the breadth and scope of green growth, which, as a new paradigm for economic development, aims to holistically address the economic, environmental as well as the social and distributional aspects involved in the transition towards a greener world economy.

3. The purpose of this document is to provide an overview of the proposed elements that Committees could contribute for the development of the Green Growth Strategy. Based on OECD's common understanding of Green Growth, these elements could help draft the outline of the Strategy and define the building blocks of the *Interim* and *Synthesis Reports*.

4. The document is based on the inputs provided by Directorates and serves as an initial first draft that could provide a useful starting point for determining the elements of the project.

5. The proposed components of the Strategy are organised by: (i) theme and (ii) contributing Committee – presenting first the proposals of the 'core group' comprising of the Economics Department (ECO), the Environment Directorate (ENV) and the Directorate for Science, Technology and Industry (DSTI). The additional proposals are presented in alphabetical order of the corresponding theme.

6. Table 1 at the end of this document develops an outline of the contributions, indicating the Directorate responsible for *leading* the work in each area as well as joint work between Directorates.

7. How far the work can be taken forward depends crucially on voluntary contributions becoming available, especially for the development of a set of green growth indicators, including green FDI indicators; the assessment of the jobs and growth potential from new green industry opportunities, the transition for workers and businesses from shrinking industries; further work on economic aspects of

biodiversity and the development of a collaborative arrangement such as the IGGD as well as a comprehensive communication strategy.

2. Overview of Proposals by Committees

Economic policy

8. Regarding first the economic dimension of the Strategy, the **Economics Policy Committee** (EPC) has mandated the Secretariat (ECO) to produce an analytical framework paper addressing both long-term and short-term aspects of green growth. As part of focusing on long-term issues, the paper would develop a framework for the identification of policies that jointly promote economic growth and environmental well-being as well as policies that can boost income growth at the least cost in terms of quality of the environment (and vice-versa). The primary purpose is thus to provide a set of principles or criteria for the identification, classification and assessment of policies according to their impact on income growth and the environment. In this regard, the framework would help to weigh environmental concerns against defining and implementing different policy priorities, and would also contribute to identifying needs in terms of innovation policies and their rationale.

9. Short term issues that would be covered in the analytical framework relate more specifically to the *transition* towards green growth, including policies to ease adjustment pressures arising from the reallocation of jobs across sectors and to address concerns about international competitiveness. Some aspects would seem particularly relevant in a context of crisis exit. One is that the increase in the risk premium resulting from the crisis may lead to a reduction in the availability of private funding for innovative activities, exacerbating market failures in this area. Given also the risks of a prolonged stagnation of employment in the coming years, the relevance of more pro-active policy initiatives generating positive externalities, such as moving forward investment in clean technologies, could therefore be assessed. Another aspect is that the need for public finance consolidation in many countries may provide additional justification for the implementation of green policy instruments, such as a carbon tax. One of the concrete outcomes of the paper would be to establish a list of questions/issues to be addressed in country reviews so as to help identify areas of weakness in policy settings.

10. Complementary to the above work on economic policy, the **Economic and Development Review Committee** (EDRC) would embark on a more systematic and in-depth review of green growth policies in country surveys, which would increasingly include sections analysing policies associated with green growth objectives.

Environment

11. Another pillar of the Green Growth Strategy would draw upon the work undertaken by the **Environmental Policy Committee** (EPOC) on a number of different environmental areas. These would include climate change, continuing and building upon ongoing work led by the Environment Directorate, in some cases together with other Directorates, on the economics of mitigation policy and low-carbon development; financing adaptation, mitigation and low-carbon development; subsidy reform and competitiveness aspects of mitigation policy; cities, climate change and multi-level governance; and investment and climate change. Joint work with the International Energy Agency (IEA) to support the Annex I Expert Group on climate change would continue to look more concretely at key issues relevant to the climate change negotiations.

12. Additional environmental areas covered would include issues in biodiversity economics and policy. Another area would be water resources management, water supply and sanitation -- as part of the

Horizontal Water Programme --, including (i) financing integrated water resources management, (ii) policy coherence across energy, agriculture and water, (iii) multi-level governance of water, and (iv) information needs for water management. Looking at resource productivity and efficiency would involve work on incentives for sustainable materials management and on monitoring/indicators for material flows and resource productivity in OECD countries and beyond. Moreover, ongoing work by ENV on environmental policies and instruments could inform the choice of policy mechanisms to support Green Growth, also considering the political economy aspects of environmental measures and their distributional effects. Follow-up work to the recent analysis of the reform of fossil fuel subsidies, as requested by G-20 Leaders, would contribute to the broader discussions of policy instruments.

13. Eco-innovation would, most certainly, represent another key area of work aimed, among other things, at assessing the impact of policy instruments on the quantity of environment-friendly innovation and at better understanding the drivers of the quality of eco-innovation. This would entail analysis on innovation and technological transfer as well as on barriers to the uptake of environmental technologies. OECD work on sustainable chemistry, nanotechnologies, and the harmonisation of regulatory oversight in biotechnology would also result in relevant elements for the Green Growth Strategy.

14. Furthermore, development and environment linkages would be explored, as part of joint work by ENV and DCD on integrating adaptation into development co-operation, and on capacity development for environment in development co-operation.

15. Further ongoing work by EPOC that could make a substantial contribution to the Strategy includes the *OECD Environmental Economic Outlook*, with its 3rd edition (2012) focusing on four key issues: biodiversity, climate change, water, and health and environment. Finally, the 3rd cycle of Country Environmental Performance Reviews (EPRs) will incorporate green growth as an integral part of the chapters on economy-environment integration, including an analysis of green growth as part of fiscal stimulus packages to tackle the economic crisis, green growth in the context of long-term development strategies, eco-innovation, eco-industries, eco-services and related employment.

Science, technology and industry

16. Technology and innovation are major contributors to economic growth and to improving environmental performance. There is a range of projects under the Committees on science, technology and industry – including **the Committee for Information, Computer and Communications Policy (ICCP), the Committee for Scientific and Technological Policy (CSTP), the Committee on Industry, Innovation and Entrepreneurship (CIIE), and the Committee on Consumer Policy (CCP)** -- that will be critical for the development of the Strategy. To provide overarching policy messages to the Strategy, these projects can be grouped under three key focus areas: (i) new technologies and new applications of established technologies, (ii) eco-innovation and industrial renewal, and (ii) mobilising consumers and the demand side. Led by the Directorate on Science, Technology and Industry (DTSI), this work would also feed into the development of practical decision-making tools for planning and implementing green growth. At the same time, relevant work of the Innovation Strategy would also be expanded in the framework of the Green Growth Strategy in the coming years.

Development

17. In line with the Strategy's objective to integrate green growth in development co-operation, work by the **Development Assistance Committee (DAC)** would address the important issue of financing for adaptation in developing countries and would also examine options available to those countries to shift towards lower carbon growth paths, including implications for poverty reduction. In addition, given the heavy dependency of most developing countries on natural resources and agriculture for economic growth,

DAC's contribution to the Green Growth Strategy would also focus on issues related to natural resources management, associated capacity development needs and governance challenges.

18. Activities and research areas of the **Development Centre (DEV)** that could provide further inputs include the *African Economic Outlook 2009* and the forthcoming *INNOVAlantino* report.

Education

19. Education holds an important role in enabling the transition to a 'green' model of development, as success will hinge upon profound changes in individuals' behaviour, encouraged by both 'coercive' (e.g. regulatory or fiscal measures) as well as compliance approaches (e.g. better information and understanding, awareness raising). Work by the **Education Policy Committee (EDPC)** in this area, such as the Programme for International Student Assessment (PISA) and the recent thematic report *Green at Fifteen*, would therefore be a valuable contribution to the Strategy. Additional work led by the Directorate for Education (EDU) on sustainable education facilities and on the role of higher education institutions in contributing to sustainable development would be equally important for the Organisation's initiative on green growth.

Employment, labour and social affairs

20. The Strategy aims to also address the employment and social dimensions of a green growth paradigm shift, based on the work of the Employment, Labour and Social Affairs Committee (ELSAC). In particular, the Reassessed Jobs Strategy and the ongoing work around it (e.g. the Employment Outlook) offers a comprehensive framework for assessing the way labour markets and social policies can facilitate structural changes, including those associated with a shift towards a low-carbon economy. Moreover, new work mandated by the Employment and Labour Ministerial Meeting on 28-29 September 2009 encompasses various key activities that relate to the development of the Green Growth Strategy. These include assessing the jobs potential of a shift towards a low-carbon economy, examining changing skill needs and the implications for policies, and furthering the analysis of how policy can help to strike a better balance between the required adaptability of the labour market and job quality issues, including key concerns associated with workers' well-being, such as rising earnings inequality and segmentation of the workforce between jobs with different working conditions and career prospects.

Entrepreneurship, SMEs and local development

21. Another area covered by the Strategy would include work by the Centre for Entrepreneurship, SMEs and Local Development (CFE) under the Co-operative Action Programme on Local Economic and Employment Development (LEED). In particular, CFE analytical work would aim to identify the impacts of climate change (including through its effect on policy and regulations) on local labour markets, with a focus on the creation of green jobs, the transformation of existing jobs and the development of a skilled workforce to meet the needs of the greener economy. CFE projects would also see to identify ways and local approaches to overcome the barriers to workforce development in SMEs, chiefly in the recovery from the financial and economic crisis and in the context of adaptation to the green growth economy. In addition, the Working Party in SMEs and Entrepreneurship (WPSMEE) would look at aspects of 'Greening SMEs' and promoting sustainable manufacturing and eco-innovation in small firms.

22. As part of the Programme of Work of the **Tourism Committee**, CFE would continue to examine the integration of sustainability in national tourism policies in OECD and associated countries, focusing on climate change issues.

Financial and enterprise affairs

23. A first possible contribution by the **Investment Committee** for consideration would involve joint work between the Directorate for Financial and Enterprise Affairs (DAF) and ECO for the development of indicators of “green foreign direct investment” and associated possible investment policy restrictions. This could include a mapping of international direct investment flows contributing to green growth by country and sector of destination, and the identification of corresponding discriminatory barriers using the exceptions reported by countries under the National Treatment instrument or as measures reported for transparency and the OECD regulatory indicators developed by ECO.

24. In addition, the Investment Committee will be working on good government policies and responsible business practices to enhance the contribution of private and international investment to reducing carbon emissions. Two main deliverables led by DAF in this area relate to: (i) corporate practices to address climate change and (ii) good investment and environment policy practices (in cooperation with EPOC).

Public governance and territorial development

25. As suggested by the work of the **Territorial Development Policy Committee** (TDPC), green growth can generate regional economic development opportunities for both urban and rural areas. Addressing climate change and urban sustainability can contribute to growth and job creation in metropolitan regions through green infrastructure investment, renewable energy development, greening consumer preferences, and fostering green innovation. Densification of cities through compact urban structure to reduce transportation flows makes it possible to reduce trade-offs between growth and environment. Regarding rural areas, they have the basic inputs (space, biomass) to develop renewable energies and can attract specialised firms in technologies such as hydropower, wind energy, large-scale solar power systems and bio-energy. This can create valuable jobs in emerging industries and improve regional human cum social capital. Relevant work by the Directorate for Public Governance and Territorial Development (GOV) on the ‘regional dimensions of green growth’ for release in 2009-2011 is focused on: (i) local initiatives to tackle climate change; (ii) coordination among levels of governments for tackling climate change and for water management; (iii) fostering green innovation and supporting the creation of “green jobs” in cities; (iv) developing effective policy instruments for densification of cities; and (v) favouring the development of the renewable energy industry in rural areas.

26. Effective public governance and policy coherence, both within administrations and among levels of governments, is crucial for promoting green activities and implementing environmentally-friendly policies. Both the **Public Governance Committee** (PGC) and the TDPC, would thus jointly consider both multilevel governance and policy coherence for promoting green growth, including innovation in public service delivery, particularly from the water sector, regulations in the public sector, as well as intergovernmental coordination among layers of governments.

Statistics

27. Providing significant added-value to the Strategy, the Committee on Statistics, in cooperation with EPOC, would engage in a joint effort to address the need of developing a set of green growth indicators to measure the transition to a greener economy. For example, as proposed by the Statistics Directorate (STD), these indicators would measure progress in resource efficiency of the flows of production and consumption, progress in reducing environmentally harmful subsidies or in moving to green taxes as well as indicators of stock to assess country’s progress in implementing green growth. Past and ongoing projects by ENV on environmental data would contribute to this collaborative endeavour through work on decoupling indicators, sectoral indicators that monitor integration of environmental

concerns into sectoral policies, and on environmental expenditure and revenues. In addition, ENV would start analysis on ‘green measures’ in stimulus packages and their expenditure, employment and trade impacts (e.g. “green” investments, subsidies/transfers, “green” R&D, renewable energy, environmental goods and services).

Tax policy and administration

28. Under the Strategy’s broader aim to develop effective policy instruments to achieve low-carbon growth, the **Committee on Fiscal Affairs** (CFA) would consider the tax treatment of tradable permits and how to ensure that it supports the incentives to reduce emissions generated by a cap-and-trade regime. This project has already been initiated by CFA, based on joint work between the Centre for Tax Policy and Administration (CTP) and ENV, anchored in the Joint Meetings of Tax and Environment Experts. Additional tax-related issues that would be addressed by CTP in the context of the Green Growth Strategy would consider taxes, innovation and the environment (with ENV), tax reform for restoring longer-term, green growth and fiscal consolidation, as well as environmentally-related taxes in the context of cap and trade.

Trade and agriculture

29. As regards trade and agriculture in the context of green growth, there is a range of different projects undertaken by relevant OECD Committees. More specifically, ongoing and planned work by the **Trade Committee** that could be incorporated in the Strategy would add the requisite international trade perspective, considering issues such as globalisation and comparative advantage, liberalising trade in environmental goods and services, carbon accounting and labelling, and trade, transport and climate change. Moreover, work on export credits would focus on environmental guidelines for official export credits, and on export credit support for renewable energies and water projects.

30. Concerning the links between agriculture and green growth, the **Committee for Agriculture** (COAG) would explore issues relating to innovation and competitiveness in agriculture, agriculture and climate change, the sustainable management of water resources in agriculture, the environmental performance of agriculture, guidelines for the design and implementation of cost-effective agri-environmental policy measures, as well as to the development of sets of indicators tracking the environmental performance of agriculture and measuring and classifying support to agriculture in OECD and non-OECD countries.

31. With a view to address issues related to the economic, environmental and social challenges associated with aquaculture, the **Fisheries Committee** (COFI) would pursue further analysis on aquaculture development, findings of which would be relevant to Green Growth. Additional COFI work that could feed into the Green Growth Strategy covers the rebuilding of fish stocks, the economics of adapting fisheries to climate change, and fisheries and aquaculture certification.

Transport

32. The last set of issues that could be explored as part of the Strategy concern transport. In specific, the **Joint OECD/ITF Transport Committee** would contribute with research on stimulating low carbon vehicle technologies, policies to promote innovation in the transport sector, electric vehicles, and the cost and effectiveness of policies to reduce vehicle emissions; as well as through its work on the Transport Outlook, the Global fuel economy initiative and on strategies and costs for reducing GHG emissions from transport.

Annual Meeting of Sustainable Development Experts

33. In addition to the Committees' contributions, the Annual Meeting of Sustainable Development Experts (AMSDE) would co-operate in developing the Strategy by focusing on the content and providing inputs for ensuring consistency between green growth and sustainable development.

Table 1: Overview of Committees' contributions for the Green Growth Strategy (GGS)

Committee	Issue Area	Lead Directorate	Cooperation
<i>Economic Policy</i>			
EPC	Analytical framework paper for the GGS	ECO	
EDRC	Green growth issues in country reviews		
<i>Environment</i>			
EPOC	<i>Climate Change</i>		
	Economics of mitigation policy and low-carbon development	ENV	IEA, ECO
	Financing adaptation, mitigation and low-carbon development	ENV	DAF, DCD
	Subsidy reform and competitiveness aspects of mitigation policy	ENV	ECO, IEA
	Cities, climate change and multi-level governance: advancing climate protection at urban scale	ENV	GOV
	Economics of adaptation – policy options, costs and benefits	ENV	
	<i>Biodiversity</i>		
	Issues in biodiversity economics and policy	ENV	
	<i>Development & Environment Linkages</i>		
	Integrating adaptation into development cooperation: policy guidance	ENV	DCD
	Capacity development for environment in development cooperation		
	<i>Water resources management, Water supply and sanitation</i>		
	Financing integrated water resources management	ENV	
	Policy coherence across energy, agriculture and water	ENV	TAD, GOV
	Multi-level governance of water	ENV	GOV
	Information needs for water management	ENV	TAD
	<i>Resource productivity/efficiency</i>		
	GFE on sustainable materials management	ENV	
	Greenhouse gas mitigation from an integrated material and waste management approach		
	<i>Environmental instruments and policies</i>		
	Environmental policy instruments database	ENV	
	Household behaviour and environmental policy		
	Globalisation, transport and the environment		
	Distributional effects from the costs of policy inaction		
	<i>Eco-innovation</i>		
	Innovation and technological transfer	ENV	

	Barriers to uptake of environmental technologies		
Science, Technology and Industry			
CIIIE, CSTP, ICCP, CCP	Innovation Strategy	DSTI	
	New technologies and new applications of established technologies		
	Eco-innovation and industry renewal		
	Mobilising consumers and the demand side		
	Tools for decision making		
Statistics			
CSTAT	Indicators for green growth	STD	ENV, ECO, DSTI
Development			
DAC	Financing climate change adaptation	DCD	ENV
	Green growth/ low carbon paths in developing countries		
	Natural resource management		
Development Centre	The African Economic Outlook	DEV	
	<i>INNOVAlatino Report</i>		
Education			
EDPC	Sustainable education facilities	EDU	
	Environmental education and awareness		
IMHE	Higher education in regional and city development		
Employment, Labour and Social Affairs			
ELSAC	Reassessed Jobs Strategy	DELSA	
	Assessing the jobs potential and the social implications of a shift towards a low-carbon economy		
	Examining changing skills needs and the implications for policies		
	Striking a better balance between required labour market adaptability and job quality issues		
Entrepreneurship, SMEs and Local Development			
LEED	Climate change, employment and local development	CFE	
	Leveraging training and skills development in SMEs		
WPSMEE	Greening SMEs: Promoting sustainable manufacturing and eco-innovation in small firms		
Tourism Committee	Sustainable tourism development and climate change issues and policies		
Financial and Enterprise Affairs			

Investment Committee	Corporate practices to address climate change	DAF	ENV
	Good investment and environment policy practices		ENV
	Green Foreign Direct Investment (FDI) Indicators		ECO
Public Governance and Territorial Development			
TDPC	The regional dimensions of green growth	GOV	
PGC, TDPC	Public governance supporting green growth		
Tax Policy and Administration			
CFA	Tax treatment of tradable permits	CTP	ENV
	Taxes, innovation and the environment		
	Tax reform aimed at restoring longer term green growth and fiscal consolidation	CTP	ENV
	Environmentally-related taxes in the context of cap and trade	CTP	
Trade and Agriculture			
Trade Committee	Globalisation and comparative advantage	TAD	
	Liberalizing trade in environmental goods and services		
	Carbon accounting and labelling		
	Trade, transport and climate change		
	Environmental guidelines for official export credits		
	Export credit support for renewable energies and water projects		
COAG	Innovation and competitiveness in agriculture	TAD	
	Agriculture and climate change		
	Sustainable management of water resources and water quality in agriculture		
	Environmental performance of agriculture		
	Guidelines for the design and implementation of cost-effective agri-environmental policy measures		
	Support to agriculture		
COFI	Aquaculture policy challenges	TAD	
	Rebuilding fish stocks		
	Climate change and fisheries		
	Fisheries and aquaculture certification		
Transport			
Joint OECD/ITF	Stimulating low carbon vehicle technologies	ITF	
	Policies to promote innovation in the transport sector		

Transport Research Committee	Electric vehicles		
	Transport Outlook		
	Cost and effectiveness of policies to reduce vehicle emissions		
	Global fuel economy initiative		IEA
	Strategies and costs for reducing GHG emissions from transport		