Scoping a green economy

A brief guide to dialogues and diagnostics for developing countries

Drawing on results and lessons from 11 country processes to date.

iied

green economy coalition
Acknowledgements

IIED is grateful to many people who helped in planning and facilitating national dialogues on green economy. Their ideas have enriched this brief guide considerably:

• Caribbean – Nicole Leotaud (CANARI) and Tighe Geoghegan (Green Park Consultants)
• Brazil – Aron Belinky (then of Vitae Civilis) and Virgilio Viana (Fundação Amazonas Sustentável)
• Botswana – Ruud Jansen (UNDP)
• Ethiopia – Daniel Fikreyesus (Echnoserve) and Tadele Ferede (Addis Ababa University)
• Zambia – David Kaluba (Ministry of Finance), Fishani Gondwe (Ministry of Lands, Natural Resources and Environmental Protection) and Tasila Banda (independent consultant)
• Cambodia – Gary Kawaguchi (Paññasastra University)
• India – George Varughese and Rizwan Uz Zaman (Development Alternatives)
• Kazakhstan – Saule Osapanova (independent consultant)

Dialogues in Cambodia, Ethiopia and Zambia were held in association with the OECD, and IIED is very grateful for the advice and support of Shannon Wang, Jan Corfee-Morlot and Brenda Killen. The Zambia dialogue also benefited from valuable inputs from the African Development Bank (Lewis Bangwe, Freddie Kwesiga and Frank Sperling among others).

The idea and approach to dialogues was shaped through discussions with the Green Economy Coalition, of which IIED is a member, and we would like to thank secretariat staff Emily Benson and Oliver Greenfield.

Finally, several IIED staff provided ideas, peer review and support to individual dialogues, notably Laura Jenks, Essam Yassin Mohammed, Barry Dalal-Clayton and Maryanne Grieg-gran.

This document was written by Steve Bass of IIED, who welcomes feedback, lessons from other approaches and ideas for improvement (steve.bass@iied.org).
Part 1: Purpose of this guide

This guide aims to encourage early dialogue and diagnosis in and by developing countries on what a green economy would mean for their country.

Green economy and green growth are hot topics. Definitions, evidence, debates and increasingly, policies, have tended to be dominated by powerful countries and international groups. Several intergovernmental organisations are making it a priority and are announcing policies and programmes, but they each have different approaches.

This proliferating work on the international scene provides rich material which can be highly influential in developing countries. However, there are risks of considerable bias if the concepts are not first explored by stakeholders in-country. As the 2012 Rio+20 United Nations Conference on Sustainable Development concluded, green economies should take very different forms according to a country’s diverse capital endowments and needs. As such, green economic policy and investments need to be tailored at both national and local levels.

Space is needed within developing countries to bring together credible information and opinion from stakeholders, explore progress, barriers and prospects, and decide on green economy approaches that will work at national and local levels. This preparation will enable developing countries to proceed confidently to designing specific technical and investment options, and to attract the right kinds of international partnerships.
This guide is based on the experience of 11 dialogues facilitated independently by IIED.1 Each of these dialogues has resulted in a wider scope of potentials and requirements of green economies – often much broader than initial international discussions had implied. Consequently, this guide also encourages a broad scope for dialogue and inquiry, at least initially.

The guide emphasises the following:

- **Evidence of what works:** Where green economy remains too often a general and contested concept, evidence of particular levers for – and activities producing – high developmental, commercial and environmental performance can reveal what to encourage locally and can back up or challenge different claims for green economy policy.

- **A realistic assessment of enabling conditions and barriers:** Both the levers and the blocks to a green economy are concerned with technology, capital, markets, capacity, regulatory support and political feasibility. An orderly approach to scoping these can help.

- **A focus on inclusion and equity:** Where too much green economy planning has been dominated by elites and the formal sector, ensuring all stakeholders have their say and contribute evidence – particularly on the distribution of costs, benefits and risks – can result in green economy plans that work for poor and/or marginalised groups.

- **A focus on ‘doubly green’ or ‘climate +’:** Greenhouse gas abatement has dominated many green plans to date, yet developing countries are a minor source of these gases. It therefore makes sense to complement this by ensuring that plans address not only resilience to climate change but also the eight other ‘planetary boundaries’ or environmental limits (see Box 1), as well as improving the realisation of natural resource potentials for growth and wellbeing.

- **Basis for country-tailored green economy strategy:** With different agencies promoting proprietorial (if not biased) approaches to green economy, a country-driven, country-tailored approach is needed to ensure stakeholders get what they need, rather than what they are given.

---

1 The guide draws on experience from dialogues in the Caribbean region, Brazil at federal level as well as Amapa state, the Himalayan region, India, Kazakhstan, Cambodia, Mali, Botswana, Ethiopia, and Zambia. Partners in these dialogues have included the Organisation for Economic Cooperation and Development, the UNDP-UNEP Poverty-Environment Initiative, African Development Bank, and the Green Economy Coalition.
Part 2, the core of this guide, comprises a checklist of green economy requirements, with a set of questions to elicit opinion and information on these, and illustrative highlights that have emerged from the dialogues to date.

Part 3 offers brief suggestions on the purpose, agenda, approach and participation required for a successful national dialogue.

Together, this guidance should help countries to assemble the basic information, opinion and stakeholders they need to embark on a country green economy strategy and make initial decisions about its broad scope, emphases and the enabling conditions required. It does not, however, offer the more detailed...
guidance needed at later strategy stages to design and select technical and investment options. An increasing body of such material is now available from:

- The United Nations Environment Programme (UNEP)
- The Organisation for Economic Cooperation and Development, World Bank and other development banks
- The Global Green Growth Institute
- Certain international consultancies
- The Green Economy Coalition
- The Green Growth Knowledge Platform (see Box 2 for links).
Part 2: Green economy diagnostics

In this section we lay out the different requirements of a green economy:

- its objectives and outcomes
- stakeholders and politics
- governance and institutions
- financial and investment requirements
- knowledge and technologies.

Although they are all linked, we separate the requirements in this way to enable those debating or researching green economy to pick up on issues that current initiatives might ignore.

The resulting diagnostic checklist is meant primarily to inform initial dialogues and assessment, but it could also help to frame detailed green economy research, planning, monitoring and evaluation. The diagnostic checklist on its own may be enough to inform the design of a particular dialogue or assessment, but we have supplemented it with suggested questions.

To enrich readers' understanding further, we include a brief discussion of the highlights that arose from dialogues to date.
A. Assessing green economy objectives and outcomes

It is important to be clear on the current, intended or potential objectives of a green economy. We summarise the range below, based on a review of literature and initial country dialogues. Points a-c are the principal objectives of a green economy; points d-f are means to achieve them.

a. Human wellbeing: decent jobs, health, livelihoods, freedoms, culture and income.

b. Climate and other ecological limits not exceeded: reducing carbon levels and operating within the eight other planetary boundaries (see Box 1 on p5).

c. Equity: inclusion of stakeholders in process, economic activity, and benefit-sharing – especially those most dependent on natural resources and most vulnerable to environmental risks.

d. Economic growth: in sectors and localities with the highest potential to support wellbeing.

e. Sustainable natural resource management: improving natural resource productivity per person, plus sustainable utilisation of underexploited resources, to achieve the above.

f. Resilience: adaptation to climate change, diversification, risk management, responsive institutions, creating competitive advantage from this, and attracting investment.

A diagnosis will want to assess how far existing comprehensive development frameworks – such as national development plans – already integrate all these points at objective level, what businesses and projects might already be achieving all these points at reasonable scale in terms of actual successful outcomes, and where debate is focused. At present, many international green economy initiatives give comparatively little attention to equity, non-carbon ecological limits, and/or natural resource management; yet existing in-country activity often exists in these areas, and could therefore be built upon (see Highlights on pages 9-11).
Questions to guide dialogues:

- **Current objectives:** To what extent are the dimensions of a green economy (points a-f on page 8) already part of in-country policy frameworks, initiatives and debates on a green economy? Where are the emphases and gaps? Are further dimensions being pursued?

- **Definitions:** What terms are being used – for example, ‘green economy’; ‘green growth’; ‘low-carbon economy’; ‘new economy’? What qualifiers are being used – for example, ‘inclusive’; ‘pro-poor’?

- **Economic outlook:** Which government economic objectives are (potentially) encouraging of green economy – for example, priorities for diversification; natural resource productivity; low-cost job creation; infrastructure investment; and resource efficiency? Are the associated trends in prices and markets supportive?

- **Evidence of green economy activity:** What examples exist of businesses, local government, projects, etc. achieving multiple outcomes in points a-f? In which sectors and localities; at what scale? What policies and initiatives influence them?

Highlights from dialogues to date:

There are diverse objectives in green economy initiatives and debate

Since the 2008 financial crisis, there has been much discussion of the promise of ‘green growth’ or ‘green economies’ to secure improved economic performance and livelihoods in ways that limit climate and environmental damage. But there have been different emphases in that discussion, as IIED-facilitated dialogues in low- and middle-income countries have revealed:

- Many international initiatives are working with developing countries on investment in **climate-friendly energy and infrastructure** as key new sources of economic growth and jobs. Greenhouse gas abatement and low-carbon technology dominate policy initiative, driven by the promise of energy cost-savings and attracting international climate finance. Such ‘green growth’ initiatives can attract significant policy and investment support in developing countries and the backing of some major corporations.
Both the UN and stakeholders in all of the dialogues to date also pointed to enterprises that make sustainable use of natural resources as potential sources of growth and jobs – in other words, a ‘doubly green’ approach beyond a focus on climate. These hold promise for poorer countries and people in particular, offering routes out of poverty for those who depend disproportionately on natural capital. However, this approach has not yet become a significant part of international green economy initiatives.

Although developing countries have had rather less input into green economy debates, in national dialogues the debate was very much one of equity – of an inclusive approach to complement the new green public-private partnerships. Poor people who have been marginalised by current ‘brown’ economic systems should be central to a green economic future.

Finally, while most stakeholders in the dialogues focused on growing energy efficiency and natural resource goods and services, a sizeable minority raised the need to rethink the purpose of the economy as a whole to focus it on human and ecosystem wellbeing and limit any economic growth in areas where environmental damage is rising.

Many existing activities are beginning to achieve green economy outcomes, if not yet at scale

In most countries, there are leading businesses exposed to new international green markets, producing goods for buyers who discriminate in favour of high environmental and social standards – in food, forestry and tourism products especially, where certified green standards are becoming a norm. It is worth identifying these, getting them to explore their stories of change and sharing these across the sector.

Poor groups themselves have found ways of producing green, inclusive and productive outcomes, often within the informal economy – such as waste-picker groups and communities who build and run toilet services – who are able to compete for municipal waste management contracts.

Technology companies and social enterprises may have developed and positioned certain technologies so that they would be ready for wide scale-up if supported by policy and financial instruments – examples include waste-to-power schemes, solar off-grid electricity and water heating.
• Government and civil society organisations’ natural resource management programmes frequently lead the way in terms of inclusive, green outcomes that can be achieved from land use. But the different approaches and models – for example, in sustainable agriculture – have not yet been brought together, and financial signals and mechanisms are not yet tipped in their favour. For example, (e.g. subsidies still supporting external inputs to agriculture such as fossil fuels and chemicals).
B. Assessing green economy stakeholders and politics

The options in the green economy debate are not merely technical and financial: the debate also has to consider the existing political economy of environment and resource use. The transition to a green economy is an intensely political process, since it determines who bears the burden and who enjoys the benefits of such an economy, and could ultimately involve redefining what society does and does not want from the economy. It is therefore important to explore questions surrounding political economy, stakeholder interests, drivers of change, and antagonists. Many stakeholders have key decisions to make in shaping an inclusive green economy, and should therefore contribute to dialogue and diagnosis:

- **central authorities and politicians** – for holistic decisions and key trade-offs
- **economic, financial and development authorities** – for financial and distributional decisions
- **environmental and natural resource authorities** – for decisions on the best use of natural capital
- **infrastructure authorities and local government** – for long-term structural decisions
- **the private sector (large and small, domestic and foreign, mainstream and green)** – for investment and job creation decisions
- **poor and marginalised groups** – for decisions on engagement and validation
- **civil society organisations, social enterprises, academics and researchers** – for knowledge and capacity support, and
- **development cooperation agencies** – for political, financial, knowledge and capacity support.
Questions to guide dialogues:

- **Awareness**: What is the level of stakeholder understanding of green economy issues, especially by mainstream stakeholders? What are the public’s main relevant concerns in points a-f on page 8?

- **Involvement**: Who has been involved in the debate and planning processes for a green economy? Who else has access to it? Who is excluded?

- **Drivers**: Who is driving the green economy idea in-country? Who is resisting, and what are their motivations? How far do external initiatives support in-country approaches?

- **Alliances**: What partnerships have formed on green economy – both in-country and international?

- **Influence**: How influential are the above, and what is the source of their influence (political, financial, informational, etc.)?

- **Distributional issues**: Who are or will be the winners and losers in green economy initiatives?

- **Entry points for accelerating a green economy**: What are the main levers available to stakeholders for change? What opportunities are there for bringing the right stakeholders together?

Highlights from dialogues to date:

- **Ministries of finance** rightly took the lead in most of the IIED-facilitated green economy dialogues, where such a lead might previously have been confined to environmental authorities. This is appropriate since fundamental decisions need to be made to favour sustainable use of natural capital in government budget and fiscal decisions. Although many have had discussions with international green growth and climate finance initiatives, these do not focus on inclusive and ‘doubly green’ outcomes, or on the wider enabling environment. This potentially leaves difficult aspects of the economic status quo unchanged.

- **Many stakeholders** initially reacted against the idea of ‘green economy’, asserting the continued validity of sustainable development as the paradigm to work towards. In part, this is because the green economy has
not been the currency of discussion in-country; it is associated instead with international precepts which are not always perceived to be in the best interests of developing countries. This was especially the case in the Caribbean. However, in each case dialogue and exploration of local precedents resulted in a reinvention of ‘green economy’ to suit local contexts – for example, a ‘new economy’ in the Caribbean. Sustainable development remains the paradigm: ‘green economy’ is about getting economic governance right in order to achieve it.

- **All stakeholders** have something to offer in terms of how green economy can be achieved. In most of the dialogues, leaders of existing green initiatives – including businesses, social enterprises and poor groups – have proven to be influential as pioneers in giving shape to the concept locally. The same applies to those who have been working towards better enabling conditions, such as members of national sustainable development councils.
C. Assessing green economy governance and institutions

If a country has addressed green economy to date, it tends to be either in terms of putting together particular green investments, and/or preparing a special national green economy plan. In practice, however, investments and plans will not produce extensive and enduring green and inclusive results unless the enabling conditions are right.

Changes to both mainstream and environmental governance are therefore also needed, to incentivise green economy outcomes a-f and disable damaging brown economy outcomes. There is a need for new regulations, market governance and accountability mechanisms, as well as secure environmental rights regimes. The following aspects of the enabling environment – by no means a complete list – could usefully be assessed.

Constitutional basis and regulations

- Constitution, national vision statement, etc., all reflect green economy outcomes a-f on page 8.
- A body of sustainable development law is in operation – for example, precautionary principle, polluter pays, user pays, free prior informed consent.

Rights regimes and public engagement

- People have secure rights to public land as well as environmental assets, services, information and decision-making processes.
- Means are in place for stakeholder groups to be informed of – and to inform, debate and review – policy.

Development planning and control systems

- Sustainable development principles (if not yet green economy outcomes as such) are mainstreamed in national development, economic, spatial and sector plans.
- Mechanisms are in place to identify social and environmental externalities and to resolve trade-offs between economic, social and environmental goals.
- The country prioritises contributions to global collective action on climate, environment, poverty reduction and other public goods.
Governance of business

- Businesses adopt standards, certification, labelling and other market mechanisms for ensuring sustainability and social responsibility.
- Company reports include triple-bottom-line disclosure.

Research and innovation systems

- Incentives are put in place to encourage active work towards solving environmental and social problems.
- Continuous improvement mechanisms are in place in both government and business.

Monitoring, accounting and accountability systems

- Capital assets – specifically natural and social capital – are actively tracked.
- Developmental and environmental monitoring are linked at national and local levels.

Government capacity to run the above systems

- Incentives and support are in place for officials and others to shape and run green economy systems.
- Officials have access to knowledge and technology (see Point E for more details).

In assessing these, it is likely that particular mechanisms will stand out as playing central roles in the transition to a green economy. Some were highlighted in the IIED-facilitated dialogues and are summarised below.
Questions to guide dialogues:

- **Overall development strategy:** What are the national overarching visions, policies or strategies that most influence development – for example, for sustainable development, economic development or poverty reduction? What makes them successful?

- **Policy coherence:** How consistent and mutually supportive are these visions, policies or strategies in relation to dimensions of a green economy (points a-f on page 8)? Where are the gaps?

- **Inclusion:** What special provisions have been made for ensuring poor and/or marginalised groups are involved in a green economy?

- **Entry points for accelerating green economy:** What are the main levers, ‘points to probe’ or opportunities in the above – both near-term and longer-term? In which sectors?

- **Barriers to a green economy:** Which parts of the governance/institutional environment serve mainly to support the brown environment, or make green options unviable?

Highlights from dialogues to date:

Country dialogues identified several mechanisms as being particularly helpful to date in pioneering sustainable development, and as promising for the transition to a green economy strategy. The following points came up in several dialogues.

- **A multi-stakeholder sustainable development or green economy forum, accord, or learning group:** so that business, civil society and government can plan, review progress and improve approaches together. This recognises the exploratory nature of green economic transitions, for which a master plan approach is less suitable. Examples include South Africa’s Green Economy Accord and the Caribbean Action Learning Group for a Green Economy.

- **The process of preparing or revising the national development plan** or equivalent comprehensive umbrella document may be the best way to ensure green economy objectives are mainstreamed. In the absence
of this, there is a risk that green economy is an isolated niche activity. For example, Zambia has decided to prepare its Inclusive Green Growth Strategy as an integral activity of revising its national development plan.

- **Natural capital accounts, national wealth accounts, and/or other ‘beyond GDP’ measures** can be useful ways to track the evolution of a green economy, in ways that can be linked to prevailing measures, or gross domestic product. Although few of the dialogue countries were routinely doing this, some have expressed the intention to do so at least for critical capital. For example, several countries have signed the Gaborone Declaration on natural capital accounting; so have some individual companies. It is anticipated that, when leading businesses in a country begin environmental and social accounting, this will influence sectors as a whole to look positively at inclusive green options.

- **Strategic environmental assessment** can be an excellent way to improve the integration of environmental, social and economic objectives in setting policies and major programmes, and to optimise trade-offs where synergies are necessarily limited. Most countries have had limited (but promising) experience in policy-level strategic environmental assessments; they have more experience in project-level environmental impact assessment (EIA) on which to build.

- **A variety of mechanisms that actively engage poor people** were seen as being vital in ensuring that a green economy is shaped from the bottom up. Examples include social enterprises such as Development Alternatives in India – which is focused on resource efficiency and productivity, green job creation and local cyclical economic models – and government mechanisms that link environmental and social protection together – such as Brazil’s *Bolsa Floresta* where farmers are rewarded for forest protection or South Africa’s ‘Working for Water, Biodiversity, etc’ series of job creation programmes.

- **Principal barriers to a green economy exist** in: the fiscal regime; subsidies; financial rules; other incentives; and the education system. In many countries, too much of the governance or institutional environment enables the status quo to be maintained. It has taken many years to build up such an environment, and it will take some time to dismantle. Critical leverage points are in the government budget process (see Point 4 for more details).
D. Assessing green economy finance and investment mechanisms

At present, many green economy initiatives – for example, those in clean energy and infrastructure – are focused on large-scale investment, and often aim to attract climate finance. But the economy will not become green and inclusive if it relies only upon investment at the margin, leaving the majority of public and private financial flows to continue focused on the brown economy.

Mainstream finance mechanisms and flows will also have to change to enable the transition to the full range of green economy outcomes. The government budget and expenditure process, and the fiscal regime, are at least as significant in the transition to a green economy as are specific green investment vehicles and finance mechanisms. The following aspects of finance and investment should therefore be examined for their contribution to a green economy.

**Government budget and expenditure:**

- how green issues are reflected in budget rules and coding
- what proportion of planned and actual expenditure is channelled into protecting and building natural capital
- environmental rates of return, sensitivities and risks across all government spending, and
- public procurement that favours environmentally or socially responsible goods and services.

**Fiscal systems and incentive mechanisms:**

- resource pricing, taxation and subsidies that reflect real costs to society, including environmental and social costs
- environmental subsidies and tax reform for the transition from brown to green economy
- environment caps and quantity-based mechanisms, such as carbon budgets/tradable permits, and
- payments for environmental services.

**Investment mechanisms:**

- the existence of tradable green asset classes relevant to the green goods and
services that the country can produce, along with dedicated green economy financial products

- international mechanisms such as climate funds, REDD+, and dedicated aid instruments
- guarantees enabling the leverage of private investment towards green economic activity
- green standards used in screening investment and banking decisions, and
- public-private partnerships for green economy, especially with mechanisms for local involvement – in other words, public-private-people partnerships, or 4P.

Such a diagnosis enables a judgement of how fit the country’s financial and investment mechanisms are for supporting the transition away from brown investments and towards green. Clearly, detailed specific assessments are also needed for individual green economic investment options. These will need to examine trends in resource prices, the gains that might be made from resource efficiency and portfolio shifts towards renewability over time, as well as the costs associated with technology and labour transitions, among other variables. Detailed advice is increasingly available (Box 2 on p5).
Questions to guide dialogues:

- **Government leadership:** What is the government doing to assess and control its own expenditure so as to incentivise green economic activities and diminish brown activities? Are green economy plans followed up with adequate investment?

- **Investment quantity:** What are the quantitative trends in investment regarding green goods and services sectors, bottom-of-the-pyramid operations, etc – both domestic and foreign?

- **Investment quality:** How far do the standards and procedures used by investors and the authorities encourage green and inclusive outcomes a-f? What green asset classes and portfolios are emerging?

- **Entry points for accelerating a green economy:** What are the main opportunities in the above – near-term and longer-term? In which sectors?

Highlights from dialogues to date:

- **Public environmental expenditure review:** Most dialogues revealed the intention to interrogate public budgets more routinely. However, few countries had done so to date, usually being able to give only a top-line figure for the percentage of budget spent on environment (mainly through environmental authorities). Botswana and Malawi, for example, had recently conducted environmental expenditure reviews, and were impressed with the emerging economic case.

- **Sustainable public procurement:** Most country dialogues identified the high potential for government to lead the way through its own procurement, which in many countries is a significant part of national expenditure. Despite also highlighting corruption and other governance problems standing in the way, they expressed intentions to adopt sustainable procurement in high-profile areas such as government vehicle fleets and meal provision in schools and government institutions.

- **Payments for environmental services** – such as paying farmers to practice watershed-conserving agriculture, or foresters to conserve carbon stocks – were frequently cited as having real potential. However,
most countries did not have enough experience to establish proof of concept and clarity on the economics; there is clearly a need for international lesson-learning.

- **Green asset classes**: The Zambia dialogue concluded that top priorities for ‘bankable’ physical projects at scale included: waste to energy; a diversity of clean energy supplies and suppliers; green infrastructure and services; and mainstreaming sustainable agriculture. To achieve this requires: the creation of green asset classes (biodiversity, clean water) that go beyond the current – and still insecure – carbon asset classes; educating finance bodies so that domestic market support is geared for the long term; and supportive international links.

- **National, municipal and locally controlled green funds and green stimulus packages**: While several countries had recently made provision for such funds – for example, Trinidad and Tobago’s oil revenue taxation, which had rapidly built up a large fund – they mostly lacked clear rules for the most catalytic way of spending them. Some had also noticed that green investment suffers from needing multiple permissions, since much environmental planning is predicated on stopping investment rather than encouraging sustainable approaches. Many therefore recommended the streamlining of the multiple permissions needed.

- **Iconic nationwide green projects** were often seen to be a good way to unite all stakeholders, including critical finance sources, in shifting towards green initiatives. For example, South Africa’s One Million Solar Water Heaters campaign has excited the interests of households, plumbers and fitters, the energy companies and the development bank. Greening national sports and cultural events was another way forward, of special interest to financial backers.
E. Assessing green economy knowledge and technology

A green economy requires different ways of thinking and operating. While some green economy knowledge is available, it is widely scattered and not available to all. There is clearly a huge requirement for advanced green technology to help make the shift in industrial and infrastructure systems from brown to green.

Richer countries and corporations have made particular progress in technologies for energy efficiency and solar power, much of which is now available to developing countries and can be very effective in greenhouse gas abatement. But proprietary hi-tech solutions should not be seen as the only solution. ‘Soft’ technology and knowledge are also needed, including traditional natural resource management that can achieve multiple outcomes and institutional innovations to balance public and private goods. Developing countries have much to offer here. The following elements of knowledge and technology need to be assessed for their contribution to a green economy:

**Technology-transfer and -sharing deals that will:**

- support massive gains in resource efficiency
- decouple economic progress from environmental damage, and
- reward the provision of global public goods that result from their implementation.

**Traditional and ‘soft’ technology that will:**

- uncover, share and adopt social means to integrate objectives, make trade-offs and maintain common property, and
- adapt traditional cultural norms and resource management.

**Innovation and knowledge organisation systems that will:**

- build accessible, credible and influential bodies of knowledge supporting the range of green economy outcomes.
Questions to guide dialogues:

- **Knowledge of environmental assets and hazards:** What systems bring together knowledge of a country’s environmental stocks, flows and changing conditions? How is this information used?

- **Technology portfolio:** What is the type and source of technologies being mooted for a green economy? Do they address the range of outcomes a-f required?

- **Management standards:** How far do the standards used in natural resource sectors, urban, industry and other fields reflect the need to embrace green economy outcomes a-f on page 8?

- **Research:** Which science and technology bodies are most active in current green economy initiatives in-country? What roles do they play? How do they source their evidence?

- **Entry points for accelerating the green economy:** What are the main opportunities in the above – near-term and longer-term?

Highlights from dialogues to date:

- **An orderly cataloguing of existing in-country green economy activities** (with proof of concept where possible) was identified in many country dialogues as having real potential to encourage scale-up, attract investment and lead to further innovation.

- **‘Frugal’ innovation mechanisms.** of the type labelled ‘Jugaad’ in India, are low-cost ways of generating innovation by bringing existing technologies to new purposes. They can be considered an appropriate complement to the ‘centres of excellence’ approach.

- **Technology screening** to establish the least-cost green solutions has been dominated by proprietary international methodologies. These focus on greenhouse gas abatement using standard cost curves, with social and other concerns being secondary. This has not always been robust to the full range of green economy outcomes sought by stakeholders. For example, some recommendations to the Ethiopian government to settle pastoralists, given high greenhouse gas emissions from beef farming, may be neither socially practicable or desirable.
Knowledge networking around green economic activities tends to be in its infancy, and interested stakeholders are not accessing the best information. Several stakeholders from the dialogues had already engaged with two international platforms – the Green Economy Coalition and the Green Growth Knowledge Platform – and found them useful means of exchange.
Part 3: Green economy dialogues

Part 2 presented a checklist of green economy requirements, suggested questions to support assessment of how far a green economy exists or could be accelerated, and some highlights arising from the dialogues in which IIED has been active. While that checklist can certainly inform assessment, perhaps the most important requirement for exploring green economy at present is stakeholder dialogue. We have already emphasised the need to open up debate in circumstances where richer countries and businesses have dominated green economy discussions to date.

The following brief guidance is based on IIED’s experience with 11 national or regional dialogues on green economy.
Step 1. Preparing the dialogue

The most important step is to clarify the purpose and context for a dialogue. Dialogues to date have been of four main types:

- **awareness-raising and opinion-sharing** – exploring the implications of green economy as an apparently new concept, and sharing opinions
- **mapping green foundations** – identifying the existing glimpses of a green economy and the policy and institutional foundations for a possible green economy strategy
- **assessing particular green economy initiatives** – discussing what a country might get out of a potential (international) initiative, what it has got out of any recent green initiatives completed, such as a technology screening and/or where the gaps lie, and
- **strategy scoping** – exploring the economically viable options for accelerating green approaches, and the entry points for pursuing them.

Clarifying the purpose will probably involve a *scoping meeting with the stakeholders* listed in Part 2, Point 2, and certainly with:

- central authorities and politicians
- economic, financial and development authorities
- environmental and natural resource authorities
- NGOs and businesses engaged with the above, and
- development cooperation agencies, where relevant.

Once the purpose is clear, a useful next step can be commissioning a *brief background paper*. This should be factual, as far as possible independently produced, and address the main requirements laid out in Part 2. It should be made available to participants in advance of the dialogue, and be designed to aid discussion, not foreclose it.

Step 2. Holding the dialogue

The main points here are setting the agenda as well as deciding who should host discussions, who should participate and of course, the timing.
**Agenda:** The dialogue aims to achieve broad consensus on ways forward, or at least clarity among different views. Presentations and group exercises should offer the opportunity to work through:

- **drivers** – policy, market and other imperatives for a green economy, and blocks to it
- **vision** – desirable green economy outcomes in the country
- **precedents** – the range of existing glimpses of a green economy on which to build (producing green economy outcomes) and enabling conditions already in place
- **models** – the robustness of recent or current green economy plans to achieve those outcomes, and what else needs to be done
- **players** – how to maximise winners and minimise losers from likely green economy activity, and
- **follow-up** – further work that needs to follow the dialogue – for example, taking the dialogue into other key spaces, filling knowledge gaps, redressing biases in current initiatives, detailed analysis, developing options, assessing options, and making resources available.

**Hosting:** If possible, an overarching authority should call the dialogue together. Alternatively, joint hosting by finance and environmental authorities can be very effective, and has been the most common in dialogues to date. Independent facilitators are desirable – IIED has played this role alongside national independents such as consultants. This ensures that the dialogue is an effective platform for engaging stakeholders on a basis of equality.

**Participants:** Participation should be drawn from the stakeholder categories listed in Part 2, Point 2. From experience, it is difficult to have the necessary spread of stakeholders if there are fewer than 25 participants, and difficult to create adequate opportunities for exchange and engagement if there are more than 50. In order to gain an atmosphere of free debate, and to encourage shifting from entrenched positions, the Chatham House Rule has proven effective – that the record of discussions does not attribute comments to particular individuals or organisations, and that no participant can cite particular individuals or organisations once they leave the dialogue.

**Timing:** Effective initial dialogues at national level have taken two to four days. These may be supplemented by local-level dialogues (as in India and Brazil) or sectoral dialogues (as in Brazil and the Caribbean). Timeliness matters – for example, the Zambia dialogue was held as part of the national development plan review.
Step 3. Writing up the dialogue

This should be done by an independent and/or a representative group of participants. The structure and content should reflect the agreed purpose (as discussed in Step 1). As with the background paper, the report of an initial dialogue should not foreclose further exploration, but it could clarify the state of consensus or difference, and postulate priority issues and options for consideration. Where necessary, it might best be written in a format that supports follow-up – for example, to enable its use in a Cabinet submission, development plan draft, etc.

Step 4. Keeping the dialogue alive – moving into diagnosis and action and empowering stakeholders

Some IIED-facilitated dialogues to date have been one-offs, aimed variously at gaining developing country inputs into global green economy debates and notably Rio+20, and reality-checking recent ‘green economy’ plans. Once finished, they fed into other processes, and few were resourced to enable their own follow-up. Yet almost all have identified the need for follow-up – notably for a platform for continued exchange, learning, experimentation, debate and assessment and to build momentum behind new policy ‘asks’.

One approach that has emerged from IIED-facilitated dialogue is the Caribbean region’s new Action Learning Group for a Green Economy, made up of diverse stakeholders who take the dialogue to other fora, conduct research on green economy priorities identified in the dialogue, arrange tests in the field, and review progress. They will therefore be able to exercise influence in scaling up when the proof of concept is secured. South Africa’s Green Economy Accord is another means to ensure stakeholders work together, returning at key points to the green economy vision and reviewing how better to achieve it.
This guide aims to encourage debate and analysis in developing countries on what a green economy would mean. Its purpose is to help stakeholders explore progress, barriers and prospects, and decide on what will work at national and local level in their country. It also presents highlights from 11 dialogues to date.

IIED promotes sustainable development, linking local priorities to global challenges. We support some of the world's most vulnerable people to strengthen their voice in decision making.