With the world in the midst of a set of multiple, inter-related crises driven by unsustainable production and consumption, there is urgent need for an alternative development pathway. The concept of »sustainable development«, first popularised by the 1992 Earth Summit in Rio, offers a multidimensional approach to development that is more equitable, inclusive and less carbon-intensive. However, achieving sustainable development requires a fundamental transformation of existing power relations – economic, environmental and social – both within and between countries.

In recent years, the »green economy« has emerged as an innovative, albeit highly contested concept and instrument to promote sustainable development. The transition to the green economy provides a range of opportunities for developing countries to stimulate higher levels of economic growth, create jobs, and industrialise in a more sustainable manner. Experiences from high-growth emerging economies point to a strong role for the state in driving this transition, using industrial policy instruments, development finance, public investment, and innovative planning and regulation. However, a sustainable development paradigm should integrate comprehensively all three pillars of sustainability: economic, ecological and social.

The state, not the market that is narrowly profit-driven, should play the lead role in promoting sustainable development. This requires considerable investment in the state’s capacities to formulate, coordinate, implement and oversee policies and to interact strategically with business, civil society and other stakeholders.
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FES Countdown Rio+20 – in Search of New Development Models

In June 2012, the Rio+20 summit will take place – twenty years after 1992’s Earth summit in Rio de Janeiro. The latter was long considered a milestone: for the first time, environmental and development questions were discussed jointly within a broader international framework and the term »sustainable development« was established, taking into account the three dimensions of the environment, the economy and social sustainability. Two decades later, disenchantment has spread: rapid economic growth based on finite and carbon intensive resources has led to rising energy prices, the depletion of resources and heavy damage to the environment and climate. Furthermore, the environmental crisis has converged with an international financial and economic crisis as well as a structural crisis with regard to justice and, in some regions, a running-down of the prevailing (export-oriented) growth model.

Consequently, in recent months, a debate on sustainable economic and social models appears to have got under way across a broad spectrum. The Friedrich-Ebert-Stiftung (FES) is supporting the search for new development models in the run-up to Rio+20 with a conference and publication series on sustainable models for development, backed by its Working Group on Global Issues. Founded in 2008, it involves all the FES country offices at sites which play a key role in the analysis of global issues. In addition to the liaison offices attached to EU and UN institutions in Brussels, Geneva and New York, the group also includes the FES offices in Brazil, China, Egypt, India, Indonesia, Mexico, Russia, South Africa, South Korea and the USA. The Working Group has based its approach on the assumption that global challenges can be solved only within the framework of an intensified dialogue between industrialised and newly emerging countries and provides a structure with which to work on global challenges under changing constellations over the medium and long terms. In 2011 and 2012, the Working Group will support the Rio+20 process with a series of international conferences and publications on growth and development models. The aim is to deepen the exchange between emerging and industrial countries on key aspects of development models and to identify common approaches for appropriate governance structures in the area of sustainable development.
1. Introduction

From 20 to 22 June 2012, Parties to the United Nations Conference on Sustainable Development (UNSCD) will meet in Brazil to take stock of achievements since the 1992 Earth Summit in Rio de Janeiro. Rio+20 will seek to secure renewed political commitment by Parties for sustainable development, assess the progress and implementation gaps in meeting previously-agreed commitments, and address new and emerging challenges.

The context for the Rio+20 Summit appears to be very different from twenty years ago. Today the world confronts a set of multiple, inter-related crises ranging from the recent global economic and financial crises, brought about by unsustainable levels of financial liberalisation, to climate change, peak oil and even peak soil. Earth-system change presents the most profound challenge to the future of humanity. Fast spreading unsustainable production and consumption patterns have led to global warming that produces rising sea levels, higher frequency of extreme weather conditions, desertification and deforestation and continue to result in the rapid depletion of natural resources, including clean water. Although many ecological limits have been exceeded, planetary boundaries are still being ignored.

While economic growth has lifted hundred millions out of poverty, the absolute number of absolutely poor people (the »bottom billion«) has not decreased. Moreover, gains from economic growth and globalisation have been shared unevenly. In most countries, the rich have become richer at the expense of the middle class and low-income groups. Persistent poverty, unemployment, social exclusion and unsustainable inequalities are threatening social cohesion and political stability.

These developments have happened over the last thirty years during a time that saw the strengthening of the power of investors and big corporations through deregulation, trade and financial liberalisation, tax cuts and exemptions, and a weakening of the state. The extent to which the situation described above is therefore a matter of »market failure«, or must also be attributed to »state failure«, is an important debate if we want to find ways out of these crises and onto a path of sustainable development. However, an enhanced role of the state also dramatically increases the demand on its capacities to formulate, coordinate, implement and oversee policies and to interact strategically with business, civil society and other stakeholders. This in turn requires a public service that privileges competence and merit underpinned by an ethos that has the public interest as its base.

In order to critically explore these conceptual and policy questions, the Friedrich-Ebert-Stiftung (FES) and the Mapungubwe Institute for Strategic Reflection (MISTRA) convened an international conference in Cape Town, South Africa, from 23 to 25 April 2012. The conference addressed the three classic dimensions of sustainable development, with specific focus on the potential role of the state in promoting economic, ecological and social sustainability. This paper provides a summary of the main presentations, discussions and outcomes.

2. Sustainable Development – The Economic Dimension

Rio+20 will seek to promote the »green economy« concept in order to stimulate more rapid global progress on sustainable development. The green economy involves changes in patterns of investment, technology, production and consumption associated with sustainability. This potentially transformative approach emphasises the need to shift from high to low carbon systems. There is broad agreement that this green economy transition provides opportunities for developing countries to stimulate higher levels of economic growth and to industrialise in a more sustainable manner. To achieve the latter, the state should play a stronger role in the economy, to build »green« industries, develop »green« technologies and stimulate »green« jobs. However, on the other hand, the concept of the green economy and the strategies to promote it are highly contested.

For example, there is a view that the green economy, as currently emerging, is dominated heavily by the technology-based offerings of large private, commercial interests and countries that are leaders in technological innovation. Their intention is to reproduce these infrastructure and service delivery schemes as »green« financial products across the world, without addressing the underlying factors that drive high levels of global consumption. Ahead of Rio+20, progressive elements of civil society have rejected this commodification of nature and public goods and services, in favour of a more state-led, people-centred development paradigm. From the latter
perspective, a Tobin Tax on all financial transactions, and consideration of a similar resource tax for all materials exported or imported, outweighs the current priority of «pricing» nature through, for instance, carbon trading.

Clearly, there are widely varying assessments of the opportunities, costs and benefits of the transition to the green economy and diverging opinions about the different approaches for achieving the social, environmental and economic objectives inherent in the concept of sustainable development. While the emerging economies, for instance, offer a wide range of policy lessons and experiences, it is ultimately up to individual countries to adopt more sustainable development models that are suited to local conditions and local institutions. The conference reflected on some of the comparative experiences of the transition to the green economy and the range of policy measures to support that shift.

Brazil has dramatically reduced its emissions, promoting a less carbon-intensive growth path. Brazil’s emissions in the 2005–2009 period dropped 25 percent in relation to 2001–2004, owing largely to the dramatic fall in the rate of deforestation in the Amazon. This is significant, since there has historically been a strong correlation between deforestation in Brazil and the international price of soybeans and beef. It is noteworthy that the state played a crucial role in reducing the deforested area. This included strengthening institutional capacity and coordination among state agencies to implement, monitor and enforce national laws; the creation of large protected areas (e.g. national parks and ecological stations and reserves); cutting credit lines by Brazil’s National Development Bank (BNDES) to companies linked to deforestation activities; and gradual cooperation of several state governments in the Amazon with the federal government on control of deforestation. An intense public awareness campaign, led by large non-governmental organisations and national organisations, also led to a moratorium on the purchase of Amazon soybeans and to a lesser extent, cattle from areas deforested by large meat processing companies. The Brazilian Government has also prioritised ethanol production and use, particularly flex-fuel engines, as a tool to achieve a low carbon economy, create jobs, and attract foreign direct investment in this sector.

South Korea, historically an exemplar of the «developmental state» model, has also adopted a low carbon green growth vision and strategy for the realisation of sustainable development. This strategy involves a number of interventions, namely efficient greenhouse gas reduction, enhancing energy independence, improving climate change adaptation capacity, developing green technology as a growth engine, and promoting and fostering green industries. However, Korea’s aggressive expansion of nuclear power generation, which aims to increase the share of nuclear power in the electricity grid from 35.5 percent in 2007 to 59 percent by 2030, demonstrates that low carbon green growth is not without its controversies. Following the Fukushima nuclear disaster, the City of Seoul is therefore aiming to reduce energy consumption in order to shut down one nuclear reactor by 2014, largely by expanding new and renewable energy production, promoting energy efficiency, establishing an efficient transportation system, creating energy industry-related jobs, restructuring urban spaces into energy-saving spaces, and creating an energy saving citizens’ culture.

As the most dynamic region of the world economy, with the potential to drive a «green» recovery from the global economic crisis, emerging policy experiences and lessons from the Asian region are of particular importance. Asian countries are increasingly integrating the economic, social and environmental pillars of sustainable development, with the region accounting for almost a quarter of the green investments since 2008. China, for instance, plans to invest 468 billion US-dollar in green technologies and processes by 2015. Korea is investing 2 percent of its GDP in a «Green New Deal». India’s National Rural Employment Guarantee Scheme (discussed later) has sought to reduce poverty, while developing sustainable infrastructure. Other countries like Japan and Indonesia have similarly embarked on national programmes to ensure their future growth is based on higher productivity and at a significantly lower environmental cost.

Based on these experiences, a case for a more active role for the state can be made, using industrial policy instruments, development finance, public investment, and innovative planning and regulation to drive a green economy transition, in partnership with stakeholders. An even stronger role of the state is advocated by those who argue that this green transition should be led by the state and not the private sector, which is narrowly profit-driven, and should be underpinned by key normative principles, such as a people-centred and just transition, participatory democracy, sustainability through equity, and technology and knowledge in service of the poor.
Overall, the realisation of long-term sustainable economic development will be dependent upon sufficient policy space and institutional capacity for developing countries to sequence and implement this transition, and to implement national policies needed to foster the growth of green industries. Means for the state to achieve this transition include:

- Policy instruments that promote economic, social and environmental complementarities and leverage change in the use of scarce or limited resources;
- Fiscal instruments that give a price to environmental goods (e.g. carbon tax or tax exemptions for conservation);
- Strengthened institutional arrangements, including at the state and local levels, that cut across sectoral silos and boundaries;
- A new generation of financial instruments that share risk between governments and investors, and make new technologies affordable;
- Preferential procurement of green products for government spending;
- Skills development to support the emerging green sectors in the economy;
- Information and monitoring that sets targets, defines trajectories, and gathers the right information to monitor progress (e.g. water or energy efficiencies); and
- Innovative planning, including continual innovation in materials, product design and manufacturing techniques.

However, this transition towards a more environmentally-friendly development path also involves risks of »green« protectionism, whereby national measures to mitigate climate change and promote the green economy effectively distorts international production and trade, especially goods and services from developing countries. Green protectionism could take the form of border carbon taxes, emissions trading schemes (such as the EU’s recent directive on aviation), subsidies, local content requirements or a range of non-tariff barriers, such as carbon footprints, eco-labeling schemes or standards.

South Africa is one example of a developing country that is vulnerable to potential green protectionism in its most important developed country trading partners, particularly border taxes on embodied carbon. South Africa has a high ratio of trade to GDP and its industry is highly carbon and energy-intensive, with 40 percent of South Africa’s emissions due to the export of carbon-intensive goods. This clearly shows the need for greater dialogue and understanding of green protectionism.

3. Sustainable Development – The Ecological Dimension

Notwithstanding the thematic and policy significance of the green economy concept, Rio+20 must address more effectively the ecological dimension of sustainable development. The notion of »planetary boundaries« (and the tipping points to these boundaries) is being debated hotly, given significant earth-system change in recent decades, for example:

- Biodiversity changes due to human activities is more rapid in the past 50 years than in human history;
- Changing fresh water consumption and the global hydrological cycle has led to global scale river flow change and shifts in vapour flows from land use;
- Ocean acidification, given that a quarter of CO₂ produced by humanity is dissolved in oceans, leading to changes to ocean ecology and impact on fish stocks;
- Climate change, reflected in a warming earth system, loss of polar ice, sea level rise and weakening of terrestrial carbon sinks (i.e. destruction of rain forests);
- Land system change, whereby forests, wetlands and other vegetation types are converted primarily to agricultural land;
- Chemicals dispersion, such as emission of metals and organic compounds, have additive and synergistic effects that are potentially irreversible and impact on human health and fertility; and
- Nitrogen and phosphorous inputs (e.g. fertilizers) into the biosphere, which seeps into oceans and water systems.
This highlights the need to adopt a broader perspective on the environment than simply »ecology«. This broader »environmental« dimension would focus attention on more efficient resource use, as well as promoting sustainable consumption and production (including reducing environmental impact).

Many elements within civil society share the concern that multilateral environmental institutions and many governments have adopted mainstream or orthodox economic approaches to addressing environmental problems, which are portrayed as »market failures« or »externalities« removed from the responsibilities of policymakers. For Rio+20 to deliver successfully on its ecological pillar, states should adopt an alternative understanding premised on »ecological economics«, which transcends the neoclassical framework and takes into account ecological constraints, acknowledges ethical values, stakeholder interests, the rights of indigenous peoples, and recognises that strong uncertainties related to the impact of climate change require precautionary approaches to policymaking. There is broad agreement among most activists and scholars that structural change towards resource and energy-efficient production, as well as the protection and promotion of the environment (including building climate resilience and adaptation), cannot be left to the market only. The state must lead the way, inter alia through cleverly designed ecological industrial policies, reformed tax systems, emission trading systems and payment systems for ecosystem services.

4. Sustainable Development – The Social Dimension

The social dimension to sustainability has in the past often been neglected. However, as the need to keep the global economy within safe planetary boundaries becomes more pressing, the issue of equity and social justice within and between societies will play a pivotal role in any lasting solution. Without addressing the challenges of persistent poverty, unemployment, social exclusion and the widening income gap, unsustainable inequalities are threatening social cohesion and political stability.

Since Rio+20 explicitly links the green economy with the goals of sustainable development and poverty eradication Rio+20 must address comprehensively the social dimensions of development, in order to promote greater social equity. The United Nations Commission on Human Rights (UNCHR) has emphasised the role of rights-based social protection as a means of mitigating poverty and ensuring sustainable development. In this regard, there are instructive lessons on social protection policies to be drawn from India, where inequality is rising, and Brazil, where inequality is on the decline.

In India, despite rapid growth and limited improvements in levels of living, interpersonal and inter-regional inequalities have increased sharply. However, the Indian Government has introduced a number of social protection policies and programmes, which are also entitlement-based. For example, the National Rural Employment Guarantee Scheme provides 100 days of unskilled employment per rural household, mainly in public works. There is also strong emphasis on food security and nutritional support, with the National Food Security Act (NFSA) that entitles »priority« households to fixed quantities of highly subsidised cereals, and cheap cereals to a larger group of households. The Right to Education Act provides for free and compulsory schooling of every child in the age group 6 to 14 years. A proposal for a national minimum social security package is now also under discussion.

Since the time of the (former) Lula Presidency, Brazil has made major strides in reducing inequality and providing social protection for the poorest citizens. The state has played an instrumental role in this regard through the »Fome Zero« hunger-eradication programme implemented in 2003. Part of the latter is the »Bolsa Familia«, a major anti-poverty programme that gives money directly to impoverished families so as to keep their children in school.

Currently the most important international policy initiative addressing the social dimension of development is the United Nations’ Social Protection Floor (SPF) Initiative, which aims to promote access to essential services and social transfers for the poor and vulnerable. The SPF includes a number of activities, including advocacy at global, regional and national levels; 25 country operations ranging from Cambodia and Burkina Faso to Mozambique and Vietnam; and a high-level Social Protection Floor Advisory Group, established under the chairpersonship of Michelle Bachelet. The Bachelet Report recommended a number of interventions, inter alia:
The implementation of nationally-defined social security extension policies based on a SPF everywhere as an indispensable contribution to social and economic development;

- A number of principles for the implementation of the SPF;

- National monitoring mechanisms that map progress on coverage and quality of social security;

- Coordination and cooperation of international agencies in implementing social protection and the SPF;

- Linking the SPF to the Millennium Development Goals; and

- Greater focus of international development aid on the SPF.

Notwithstanding these recommendations, in many countries, social protection policies still confront several challenges: the dominance of growth-centred paradigms (which focus on easing constraints on private investment and labour market flexibility); limited commitment to expanding social protection and to floor labour standards; and strong debate on the »fiscal space« for a social protection floor. This is why a sustainable development paradigm, especially its social pillar, requires a broader focus on the quality of growth (i.e. quality of life, well-being, unpaid community and women’s work, and ecological sustainability) and not a narrow perspective that aims only to maximise GDP. The state thus has a responsibility to institutionalise social protection policies (including a social protection floor) for the most marginalised and vulnerable, and build better capacity for delivery of social goals in education, healthcare and nutrition, as in the case of India and Brazil. This process should draw on an alternative understanding of the social dimensions of growth and development.

The state has an instrumental role to play in ensuring a socially just transition to the green economy. The state should build the vision of a just transition alongside workers and poor citizens, the transition should be planned, and the state should lead in ensuring the necessary skills migration, transition of labour to new green sectors, and the financing of the transition. There are strong views that this process should not be led by the private sector, because it increases costs of delivery and removes access for the poor. The private sector has a vested interest in maintaining current consumption levels for profit, and cannot be trusted to play a leading role in the transition.

5. Towards Rio+20 and a Compromise on Sustainable Development

Ahead of Rio+20, it is clear that the world requires an alternative developmental pathway, where the recognition of a global commons is widespread and is accommodated in policy, regulatory and legislative frameworks at global, national and local scales. Achieving this requires deeper commitment from governments and international bodies than currently exists. We urgently need to replace the »pessimism of intellect« with the »optimism of will«, to ensure a more sustainable future for humanity, especially the world’s 1.5 billion impoverished citizens, most of which live in Africa.

The challenge for Rio+20 is to build a compromise on sustainable development that attaches equal priority and comprehensively integrates all three pillars of sustainability, namely the economic, ecological and social. This does not mean simply attaching a green economy agenda to the Millennium Development Goals. Indeed, many observers are concerned that Rio+20 may prioritise the green economy as an overarching end by itself, rather than an instrument to achieve the multidimensional goal of sustainable development. It is important to guard against such an outcome.

Implementation of actions on all three pillars is hence the key issue for Rio+20. The Summit must identify effective means and approaches to accelerating the transition to an equitable, more inclusive and less-carbon intensive world, rather than simply focusing on technocratic and technology-fuelled green economy responses. This requires a fundamental transformation of existing power relations – economic, environmental and social – between and within countries.

As an »apex« agreement within the United Nations family, it is imperative to maintain the key developmental principles that underpin the United Nations Conference on Sustainable Development. This includes the principle of »common but differentiated responsibilities« and the need to operationalise effectively this principle in the Rio+20 outcomes.
A recurring theme in the conference was the need to prioritise a stronger role for the state, as opposed to the market only, in promoting sustainable development and integrating the three pillars of sustainability: economic, ecological and social. This also implies the need for greater policy coherence and policy coordination both horizontally between the three pillars/sectors, vertically between different levels of government (including the international level) as well between the state and other stakeholders, especially business, labour and civil society.
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