



IN COLLABORATION WITH



EXPERT FORUM

GREEN URBAN ECONOMY – NEW DRIVERS FOR A SUSTAINABLE URBAN DEVELOPMENT

11 – 12 MAY 2012 | BONN

KEY MESSAGES ON GREEN URBAN ECONOMY FROM BONN TO RIO

BASED ON THE EXPERT FORUM'S DISCUSSIONS AND KEY FINDINGS

BACKGROUND

The process of urbanization is advancing rapidly. Towns and cities are now responsible for almost four fifths of global GDP; their share in global resource consumption and CO₂ emissions is of a similar order. Cities play a leading role in the transformation from consumptive to eco-efficient societies – in short, to a “green economy”. All actors, private and public need to ensure that economic activities contribute to sustainable development. A sustainable economy is not only economically sensible, but also ecologically indispensable. All responsible institutions have to ensure the creation of enabling frameworks for actors in such a way that the “common goods” are protected and that the long-term conditions for living and economic activity are secured.

A panel of international experts representing diverse disciplines met on 11 and 12 May 2012 in Bonn to elaborate the defining elements of a green urban economy, a concept that, as yet, has remained indeterminate. As part of the initiative BONN PERSPECTIVES the Expert Forum was convened by the Federal Ministry for Economic Cooperation and Development (BMZ) and the City of Bonn in collaboration with ICLEI – Local Governments for Sustainability. It was situated within the context of the international discussion around the Green Economy in the run-up to Rio+20 Conference. The experts produced proposals and recommendations on how to shape the “Green Economy Transformation” at local (urban) level. The purpose was to test, challenge and sharpen theses towards Rio+20 on the thematic focus “Green Economy in the context of poverty eradication and sustainable development”, which resulted in 11 Key Messages on Green Urban Economy.

Three focal areas need to be addressed for a transition to a Green Urban Economy, which promotes environmental well-being and improved quality of living for all income groups (i.e. Green Jobs and Poverty Eradication; Financing and Green Investments; Effective Governance and Institutions). The messages and their conditions offer potential ways to address environmental and social concerns in an economically viable way at the local level.

There was consensus that the further discussion on sustainable urban development should be revitalized and the dialogue after Rio+20 should be shaped.

A list of conference participants is included in this document.

KEY MESSAGES

IN SUPPORT OF A GREEN URBAN ECONOMY REQUIRES

GREEN JOBS AND POVERTY ERADICATION

1. A TRANSITION TO GREEN JOBS

2. THE INCLUSION OF POVERTY ERADICATION

FINANCING AND GREEN INVESTMENTS

3. AN ENABLING FINANCING FRAMEWORK

4. LOCAL SKILL IN FINANCIAL MANAGEMENT

5. LOCAL KNOWLEDGE OF AND SKILL IN THE EVALUATION OF GREEN BUSINESSES AND GREEN PROJECTS

6. NEW AND INNOVATIVE SUSTAINABLE BUSINESSES AND PROJECT START-UPS

EFFECTIVE GOVERNANCE AND INSTITUTIONS

7. GREATER TRANSPARENCY ON THE REAL BUSINESS CASE

8. OPERATION AT THE LEVEL OF GOVERNANCE CLOSEST AND WITH DIRECT CONTACT TO THE LOCAL LEVEL

9. AN ENABLING MULTI-LEVEL GOVERNANCE FRAMEWORK WITH HIGHER TIERS OF GOVERNMENT FOR EFFECTIVE POLICY AND INSTITUTIONAL DESIGN AND IMPLEMENTATION AT THE LOCAL LEVEL

10. COOPERATION WITHIN AND BETWEEN CITY ACTORS (PRIVATE AND PUBLIC) AND CITY GOVERNMENTS TO SHARE PIONEERING EXPERIENCES NATIONALLY AND INTERNATIONALLY

11. LOCAL INFORMATION AND CONTRIBUTIONS TO GLOBAL AGREEMENTS AND TARGETS

MESSAGE 1

A TRANSITION TO GREEN JOBS BY

- Creating a positive growth of green job opportunities;
- Including especially the unemployed and low income groups;
- Accounting for varying incomes and working conditions of especially the poor and their different scale of environmental impact (local versus global);
- Strengthening technical and analytical skills to address environmental changes, such as climate change;
- Fostering decent work and pro-poor sustainable development as a single integrated development strategy.

MESSAGE 2

THE INCLUSION OF POVERTY ERADICATION BY

- Addressing the structure and multi-dimensionality of poverty;
- Promoting equitable access to and efficient use of natural resources and services for enhancement of livelihoods;
- Ensuring no short-term harm from a long-term transition process.

MESSAGE 3

AN ENABLING FINANCING FRAMEWORK BY

- Involving and including all actors at all levels;
- Promoting and re-directing financing for green business and green investments (e.g. PPP schemes, regulations, pricing of externalities) along certain green parameters;
- Utilizing public resources;
- Overcoming hindrances for green investments.

MESSAGE 4

LOCAL SKILL IN FINANCIAL MANAGEMENT BY

- Strengthening the ability of local governments and other city actors to analyze, prioritize and plan financial portfolio towards green investment projects;
- Basing decisions upon strategic planning with fact-based approach to assess options integrated across agencies (e.g. transportation, land planning...) and is transparent to benchmarking;
- Planning and implementing projects in line with an integrated sustainability vision of the city;
- Accounting and evaluating the natural environment in a consistent manner (e.g. improvements in resource efficiency and ecosystem health, and reductions in pollution, find reliable quantitative information on the environmental performance of city-level green initiatives (e.g. impact of cycle lanes on fuel consumption, impact of water recycling on fresh water demand etc);
- Ensuring the credible interaction with the private sector.

MESSAGE 5

LOCAL KNOWLEDGE OF AND SKILL IN THE EVALUATION OF GREEN BUSINESSES AND GREEN PROJECTS BY

- Enhancing the ability to plan and assess new projects and the performance of existing and past initiatives (eg pre-feasibility studies, efficiency improvements, pollution reductions, improvements in ecosystem health, business cases and pilot projects explored);
- Enhancing the financial and economic understanding of the context, especially in developing countries (e.g. ability to prepare and assess development proposals, properly assess initiatives on a risk and cost/benefit standpoint);
- Accounting for economic externalities and purge perverse incentives.

MESSAGE 6

NEW AND INNOVATIVE SUSTAINABLE BUSINESSES AND PROJECT START-UPS BY

- Encouraging strong local leadership and ownership;
- Providing supportive mechanisms for local cross sectorial planning and innovative partnerships (e.g. dedicated agencies and staff, PPPs with communities);
- Balancing risk and rewards between public and private actors.

MESSAGE 7

GREATER TRANSPARENCY ON THE REAL BUSINESS CASE BY

- Ensuring the private sector accounts the internal rate of return and occurring externalities;
- Ensuring the public sector embeds also non-financial benefits.

MESSAGE 8

OPERATION AT THE LEVEL OF GOVERNANCE CLOSEST AND WITH DIRECT CONTACT TO THE LOCAL LEVEL BY

- Strengthening the capacity of local governments to integrate citizens and other city actors, including the private sector, in the shaping of frameworks and policies that enable local action;
- Developing through local governance a Green Urban Economy strategy.

MESSAGE 9

AN ENABLING MULTI-LEVEL GOVERNANCE FRAMEWORK WITH HIGHER TIERS OF GOVERNMENT FOR EFFECTIVE POLICY AND INSTITUTIONAL DESIGN AND IMPLEMENTATION AT THE LOCAL LEVEL BY

- Including the principal of subsidiarity (local mandate and self-government);
- Developing through consultation a national Green Urban Economy strategy;
- Ensuring that sufficient capacities and resources at the local level are available to implement a Green Urban Economy strategy;
- Assigning and strengthening clear coordination and competencies of national, regional and local government;
- Making best use of conditions provided by higher tiers of government, without being dependent upon these;
- Avoiding conflicting mandates and parameters imposed from above.

MESSAGE 10

COOPERATION WITHIN AND BETWEEN CITY ACTORS (PRIVATE AND PUBLIC) AND CITY GOVERNMENTS TO SHARE PIONEERING EXPERIENCES NATIONALLY AND INTERNATIONALLY, BY

- Recognizing and strengthening the role of city-to-city partnerships and cooperation and city networks for systematic exchange of experience and knowledge towards sustainable cities.

MESSAGE 11

LOCAL INFORMATION AND CONTRIBUTIONS TO GLOBAL AGREEMENTS AND TARGETS BY

- Recognizing municipalities and local governments as key players in shaping and implementing the Green Urban Economy transition at the local level;
- Recognizing contributions already made to meeting international and national agreements and targets.

EXAMPLES OF LOCAL ACTION FOR GREENING THE URBAN ECONOMY

GAUTENG PROVINCE, SOUTH AFRICA

In 2009, the Gauteng Province, South Africa's smallest, yet most densely populated region, made the first of series of policy and strategic commitments towards a greener economy, adopting the Developmental Green Economy Strategy for Gauteng (DGESG). For an economy whose economic foundations have been built on commodity extraction and resource-intensive manufacturing and exports, the DGESG provided a transformative economic approach based on initiatives in a range of non-traditional sectors and clusters. Importantly, the strategy argued that a green economy is not an additional set of industry clusters deserving targeted support, whilst leaving dirty options still being pursued elsewhere. Instead, as a 'green jobs' strategy prioritizing sustainable development, it argued for over-arching investments in non-traditional sectors of food, energy and water security, zero waste and sustainable mobility, all in-turn underpinned by programs for 'sustainable human settlements' and 'resource efficiency'. Over the last two years the strategy has formed the basis for increasingly more sophisticated debates around the green economy, the development of ever clearer policy statements, and the early implementation of promising greening work.

INDONESIA

Government Investment Unit or PIP under the Ministry of Finance is a public service agency that operates Indonesia government investment. The Unit is established through Minister of Finance Regulation Number 52/PMK.01/2007 on Organization and Work Order of PIP. PIP provides direct loans to local government on infrastructure (e.g. transportation, electrification), and also intends to facilitate investment for environmental friendly technology (e.g. renewable energy, public transportation, sanitation, bio-ethanol, and forest conservation related projects). These are mostly bankable investments but with social benefit. This scheme looks into the feasibility of the activity, with IRR of 12%, economic rate of return (with social appropriateness). To date, there is no mitigation action that has been financed through PIP. However, PIP in principle favors specific sectors where the following mitigation actions are covered: renewable energy, solid and liquid waste management, and development of environmentally-friendly transportation system.

CAPE TOWN, SOUTH AFRICA

In 2009, the City of Cape Town formed an Energy and Climate Change Sub-Committee to champion the sustainable energy agenda in the city. Energy security had only recently come to be considered part of a municipality's mandate to its constituents, and the lack of action by local government was more to do with an unsuitable organizational structure than weak political will. The sub-committee was tasked with coordinating institutional change across 93 departments and 23,000 employees to make energy and climate change "everybody's business". One of their first projects was the formulation of a 161 project Energy and Climate Change Action Plan to translate various energy strategies into a task list with measureable objectives. This was approved by the Executive Management Team in March 2010.

TOKYO, JAPAN

In Tokyo, approximately 1,340 facilities are covered by the Cap and Trade Program – a 6 to 8 percent reduction requirement applies during the first compliance period (2010 – 2014) and a prospective 17 percent reduction requirement during the second compliance period (2015 – 2019). According to the Bureau of Environment (BOE), approximately 59 percent of the targeted facilities can be expected to comply with their reduction obligations. If a facility exceeds its reduction requirement the excess reduction is issued as a credit that can be sold on the created market. Through this a new governance model has been established that is based upon market mechanisms. It is complemented by the older (2002) Green Building Program, which sets requirements to developers of newly-built buildings with a total floor area of over 5,000 m². Owners of such buildings are required to incorporate environmentally friendly designs based on the TMG's green building design guidelines.

REYKJAVIK, ICELAND

The City of Reykjavik has used sustainable procurement in public cleaning tenders that lead to green market development. The Procurement Office's implementation team stated a clear commitment that all cleaning service providers need be certified under ISO 14001, or are Nordic Swan eco-labeled, or fulfill comparable criteria. In March 2009, the cleaning contract for the new city office building came up for tender, and in September 2009 the cleaning contracts of 63 kindergartens also came up for tender, for which a Nordic Swan eco-labeled cleaning service provider won the contract. This proved to be a major breakthrough in terms of environmental protection, green cleaning and market development for green products and services. Reykjavik increased the proportion of green cleaning services purchased by the city government from almost zero in 2009 to 74 percent in 2011, with 95 percent of chemicals used being eco-labeled. A 65 percent decrease in chemical consumption for the new office building and 33 percent from the kindergartens has been estimated. The financial gains have been equally impressive; cleaning costs have been reduced by 50 percent through the two tenders mentioned, totaling an annual saving of US\$ 770,000.

PORTLAND, UNITED STATES OF AMERICA

Portland's 'Economic Development Strategy' includes a focus on sustainable growth in terms of green jobs, clean tech clusters and sustainable urban planning and management. It illustrates an urban governance and management structure approach which ensures a shift away from carbon intensive economic activities towards clean tech clusters, and green knowledge services. An 'Economic Cabinet' was established consisting of leaders from all facets of the local economy, including the city's target clusters: clean tech, software, research and commercialization, athletic and outdoor industries, and advanced manufacturing. This body acted in an advisory capacity to the Mayor's office, while the Portland Development Commission was tasked with implementing the strategy. Portland's efforts have resulted in an estimated US\$ 355 to US\$ 960 million in annual wages from the green building cluster in 2008. Additionally, bicycle related industries account for an estimated US\$ 90 million in value and 850 – 1,150 jobs. 15 new companies were attracted, 1,100 existing jobs were retained and more than 1,900 new jobs created through financial assistance to 132 local businesses.

Disclaimer: Any views expressed do not necessary represent the views of the individual participants and their respective organizations and not in any way expresses the views of the organizers of this event.

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