MAINSTREAMING NATURAL CAPITAL IN DEVELOPMENT PLANNING

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UNITED NATIONS ESCAP
Economic and Social Commission for Asia and the Pacific

ESCAP♪

- One of the five regional commissions of the UN system – 53 members & 9 associate members♪
- Objective: inclusive & sustainable economic and social development in the Asia-Pacific region♪
- Primary regional platform for sustainable development processes at the UN ♪
- Links technical assistance and **pilot** field projects with analytical & normative work.
- Initiated Green Growth in 2005 as a AP Regional strategy of sustaining economic growth necessary to reduce poverty by investing in Natural Capital

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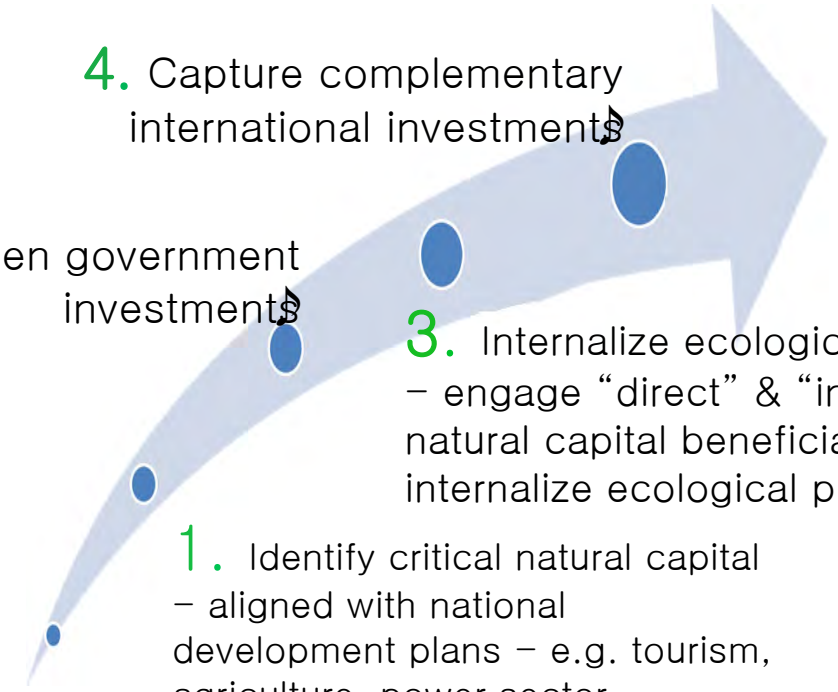
ESCAP work on investment in natural capital

Strategic approach to fostering investments outlined at MCED 2010*– covers

- Investor types
- Investment modalities
- Government policy support
- Innovative markets

* "Investment in the Sustainable Management of Natural Resources: emerging opportunities and policies (E/ESCAP/MCED(6)/8).



4. Capture complementary international investments

2. Strengthen government investments

3. Internalize ecological prices – engage "direct" & "indirect" natural capital beneficiaries, internalize ecological prices

1. Identify critical natural capital – aligned with national development plans – e.g. tourism, agriculture, power sector development

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ESCAP work on investment in natural capital

- 3PESA project – Pilots Projects for Payments for Ecosystem Services in Aceh:

  – 2 pilot sites – investors – water utility, steel producer
  – legislative change (spatial law)

- Technical assistance to Viet Nam
  - Ecosystem service pricing policy (Costa Rican expert recommendations on per cubic m and per kWH pricing policy)

- Guide to payments for ecosystem services for policymakers
  - Supports understanding of policymakers – not for detailed PES scheme design

http://www.unescap.org/resources/innovative-socio-economic-policy-improving-environmental-performance-payments-ecosystem

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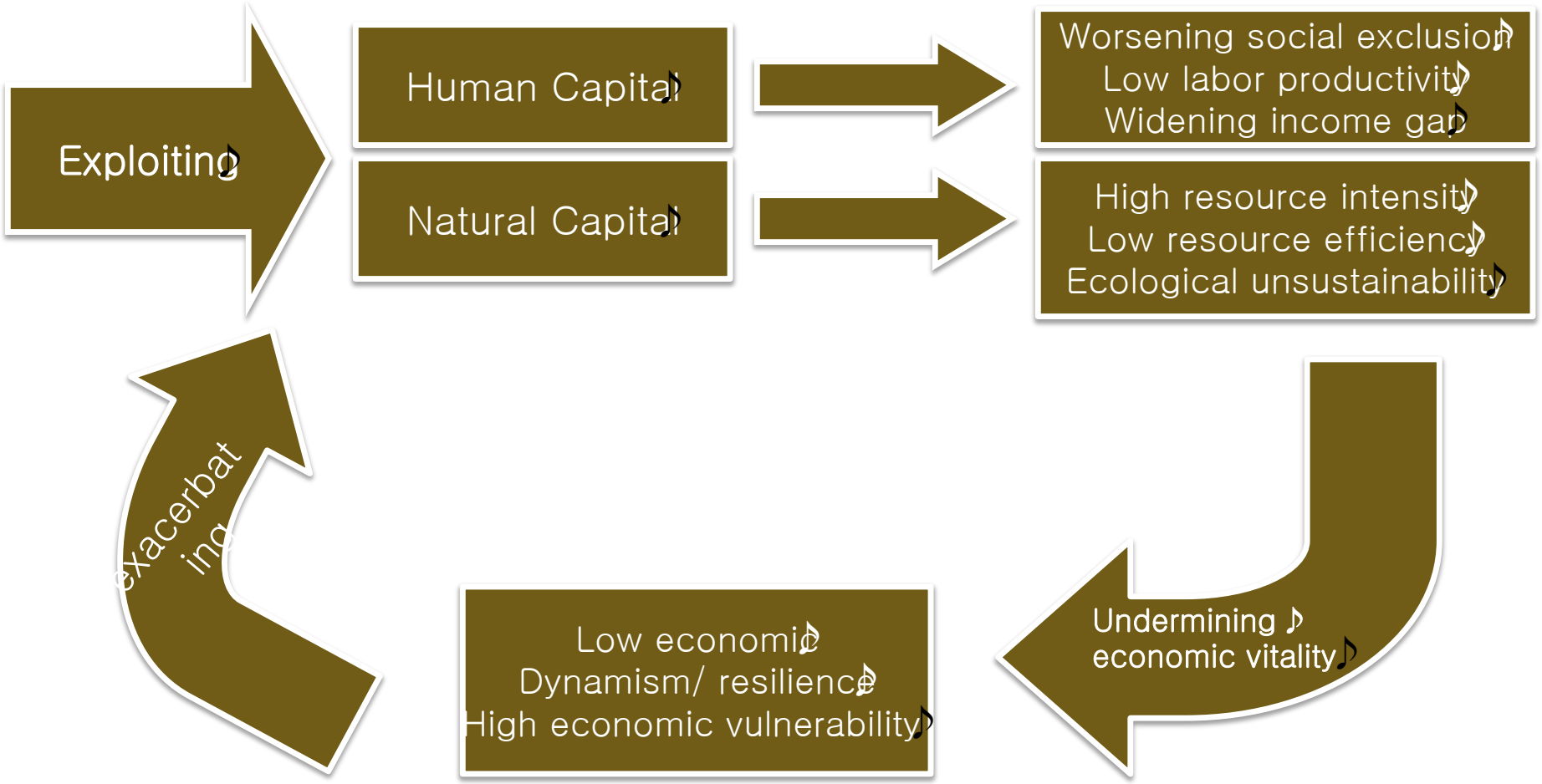
ESCAP: **Green Growth approach focusing on** System Change ♪

- Changing the way economy operates, by focusing on closing time and price gap ⇨ improving ecological and resource efficiency ⇨ greening of the economy & development **pattern/ pathway**
- **Different pattern of ecological footprint: Japan/4ha, Europe/6ha, US/9ha per capita ♪**
- Not only on increasing investment for natural capital but on reducing Debt on natural capital; such as carbon emission♪
- Turning a vicious cycle into a virtuous cycle – an economy driven by investments in human and natural capital: from quantity to quality of growth: strategy for SD of AP region♪
- Investment in natural capital & human capital must go

Vicious cycle/Quantity of Growth (GDP)



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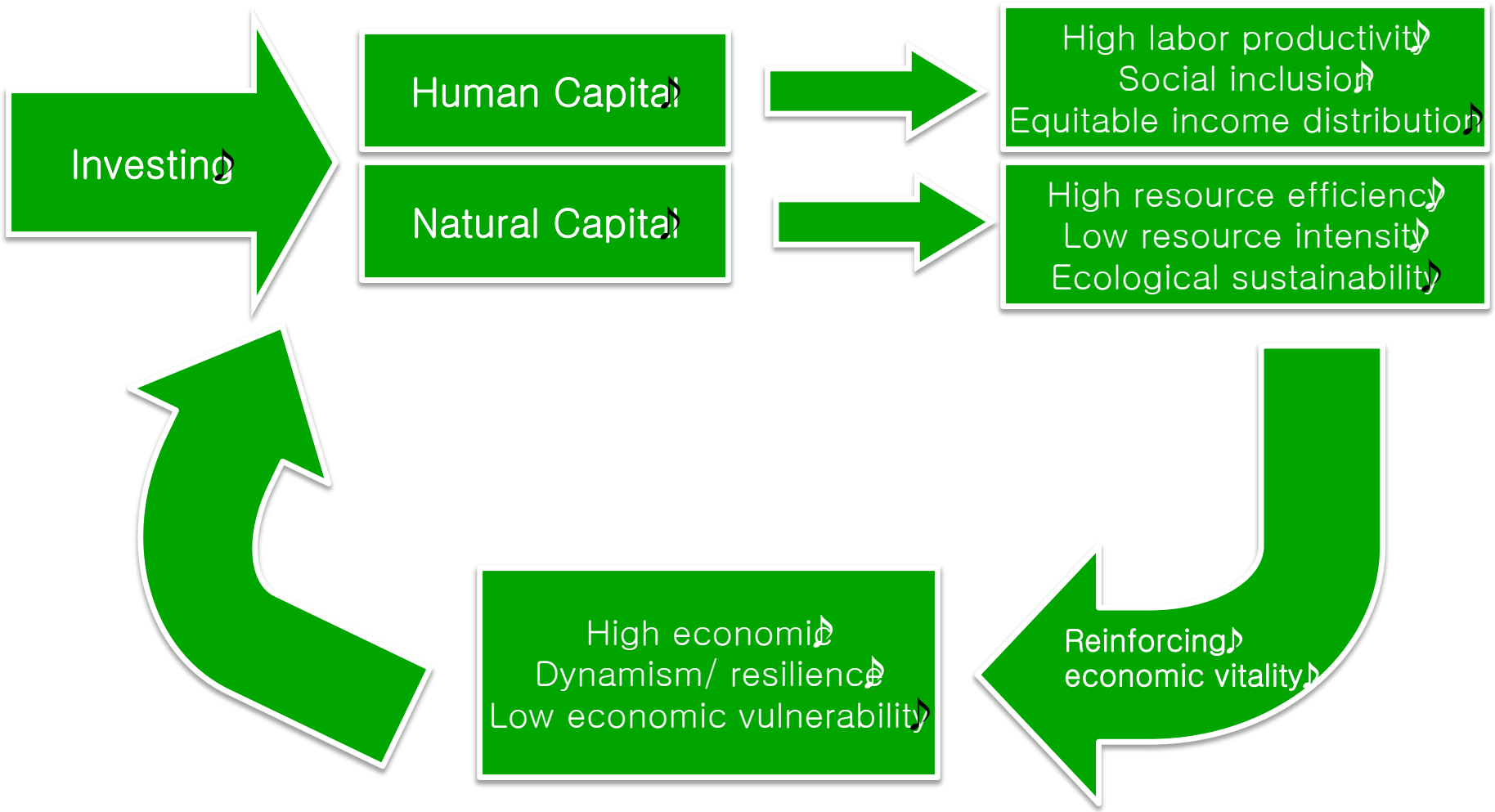
Virtuous cycle/Quality of Growth (GDP)



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Closing Time & Price gaps

- Fundamental reason for failure of investing in natural capital ♪
- Time gaps – gap between investments in returns from natural capital and other capitals: expand the time horizon of development planning to long term ♪
- Price gaps – gap between the ecological price & market price; introducing fiscal reform and ETR; double dividend ♪

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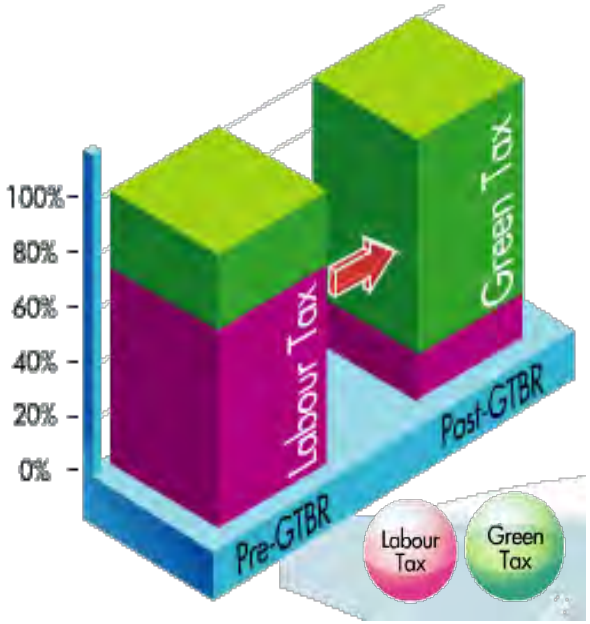
Ecological tax reform: Double Dividend ♪

- Powerful tool for GG/GE and sustainable development ♪
  - Double Dividend of improving ecological efficiency and increasing Employment and Growth simultaneously (GE) is possible. ♪
  - Provides opportunities for financing the "Goods" – revenue recycling into socially and environmentally desirable investments ♪



- Taxing the "Bads" not the "Goods"♪
- Shifting investments to natural & human capital♪
- Revenue neutrality supports political acceptability♪

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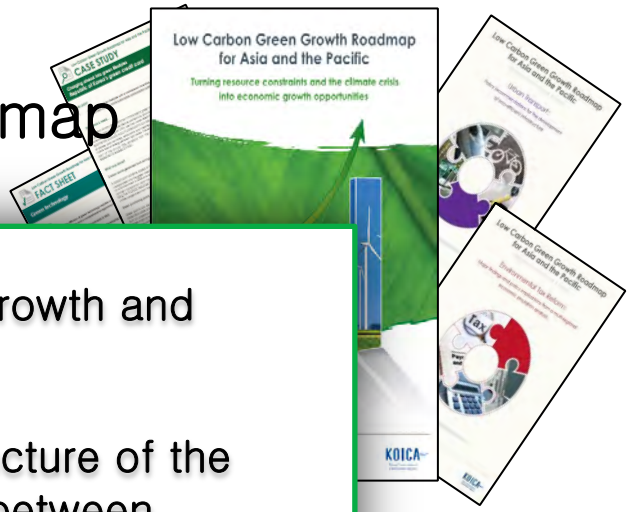
Low-carbon green growth roadmap & e-learning facility

ESCAP Low Carbon Green Growth Roadmap – 5 tracks



1. Improving the quality of growth and maximizing net growth

3.Changing the invisible structure of the economy: Closing the gap between economic and ecological efficiencies

5.Changing the visible structure of the economy: Planning and designing eco-efficient Infrastructure

7.Turning green into a business opportunit

9. Formulating and implementing low carb development strategies

63 fact sheets, 51 case studies & 8 policy papers

Economic and Social Commission for Asia and the Pacific

http://www.unescap.org/esd/environment/lcgg/

Online e-learning facility

Low Carbon Green Growth Roadmap; Fundamentals of Green Growth; Liveable Cities; Sustaining Growth

http://www.greengrowth-elearning.org/lms/