



CERTIFIED
EXECUTIVE
TRAINING
ON GREEN ECONOMY

WGEO EXECUTIVE TRAINING COURSE
ON SCALING UP TRANSITION TO
A GREEN ECONOMY ON A PATH TOWARDS
IMPLEMENTING THE UNITED NATIONS
2030 SUSTAINABLE DEVELOPMENT AGENDA

MODULE DELIVERED BY



WORLD GREEN ECONOMY
ORGANIZATION

FOUNDATIONS FOR POLICY AND REGULATORY FRAMEWORKS FOR GREEN ECONOMY

MODULE “LE”

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INTERNATIONAL
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ALLIANCE

By the end of this module you will:



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Understand

- Which international resources are available for GE development
- Which documents constitute the basis for GE development on the international level
- What are the international institutions able to assist in GE development



Know

- The variety of instruments to be used as tools for GE implementation on the national level
- Examples of successful GE implementation by the states
- The algorithm for development of the policy & regulatory framework for GE



Be able to

- Plan GE implementation and development
- Develop unique set of tools to be applied for GE development

Module Structure





Synopsis

01 Framework

The international framework for GE development.

02 Toolbox

Available policy & regulatory toolbox for use on national level.

03 Success stories

Examples of successful implementation of the GE instruments (Singapore and China).

04 Actions

The algorithm for development of the policy & regulatory framework for GE.

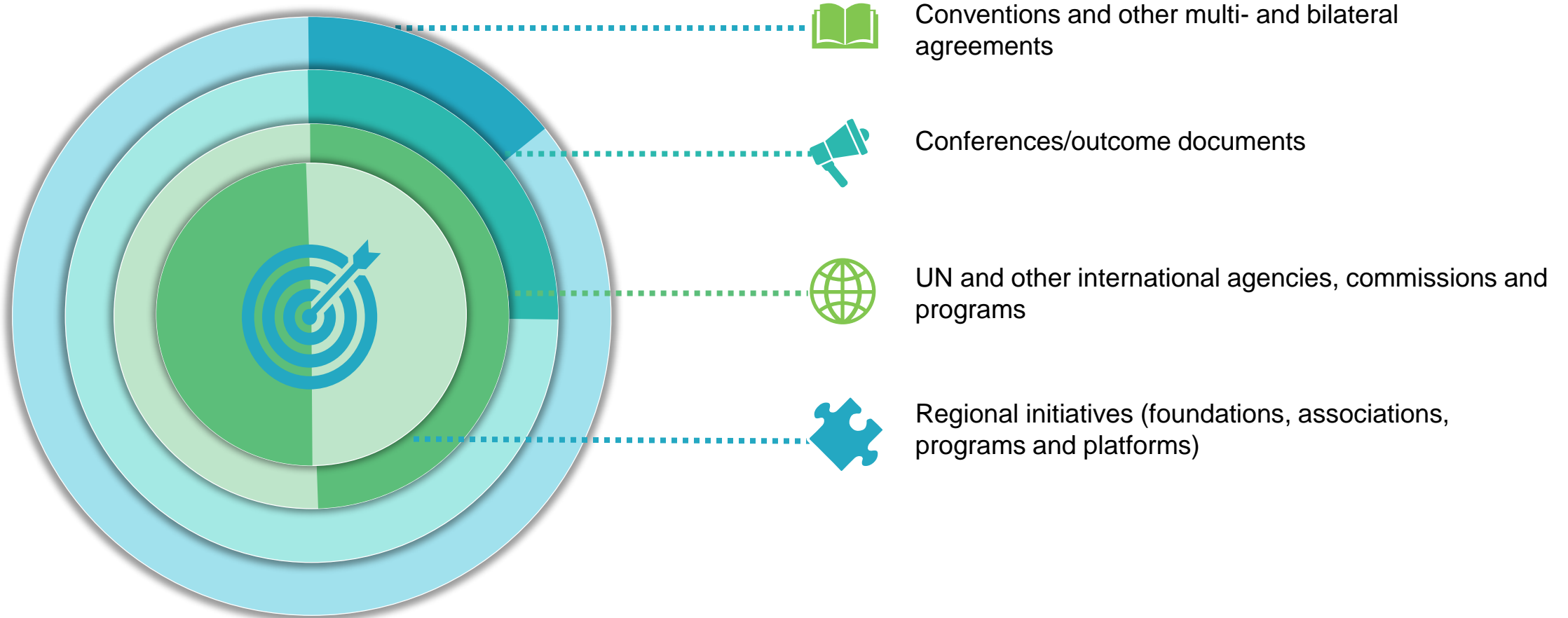


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01. Framework

The international framework for GE development.

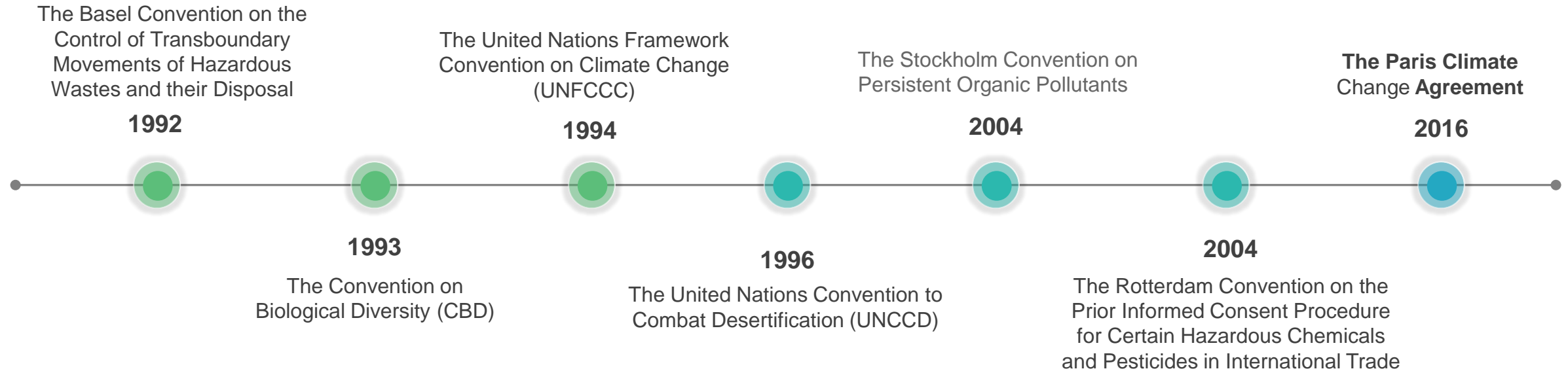
The International Framework



The International Framework

Conventions and other multilateral agreements

These UN documents set main rules and principles to be applied on international level and imply implementation of many instruments on national levels. Among others:





Conferences/initiatives: outcome documents (declarations, agendas, resolutions, and plans) (1)

Since 1990, the international community has convened 12 major conferences which have committed Governments to address urgently some of the most pressing problems facing the world today. The outcome documents fixed the shared values and principles, intentions and commitments.

- a. **The United Nations Conference on Sustainable Development 2012 (RIO+20)**
- b. **Transforming our world: the 2030 Agenda for Sustainable Development (2015)**
- c. **Agenda 21, a 300 page plan for achieving sustainable development in the 21st century**
- d. **The Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024**
- e. **Our ocean, our future: call for action (2017), declaration**
- f. **The Istanbul Declaration and Programme of Action**
- g. **The Forest Principles (1992)**
- h. **The Barbados Declaration and the BPOA (plan of actions)**
- i. **The Mauritius Strategy of Implementation (MSI)**
- j. **The Johannesburg Plan of Implementation (2002)**
- k. **The Rio Declaration on Environment and Development(+the 27 Rio Principles)**
- l. **The Millennium Development Goals (MDG)**
- m. **The Monterrey Consensus on Financing for Development (2003)**
- n. **Small Island Developing States Accelerated Modalities of Action (Samoa Pathway)**
- o. **Sendai Framework for Disaster Risk Reduction 2015–2030**
- p. **Addis Ababa Action Agenda of the Third International Conference on Financing for Development**
- q. **The African Union’s Agenda 2063**
- r. **The programme of the New Partnership for Africa’s Development (NEPAD)**



The United Nations Conference on Sustainable Development 2012 (RIO+20):

Outcomes:

- ⚙️ **Future We Want** – the outcome document: contains clear and practical measures for implementing sustainable development.
- ⚙️ Adopted **guidelines** on green economy policies (Green economy in the context of sustainable development and poverty eradication: (i.58) **general requirements** to green economy policies + **specific suggestions** for different fields).
- ⚙️ Participants agreed to strengthen the United Nations Environment Programme (**UNEP**)
- ⚙️ Participants also adopted the **10-year framework of programs** on sustainable consumption and production patterns.

RIO +20



Transforming our world: the 2030 Agenda for Sustainable Development (2015)

The Agenda, including its **17 Sustainable Development Goals (SDGs)** and **169 targets**, was adopted on 25 September 2015 by Heads of State and Government at a special UN summit:

- ⚙️ The Agenda is a commitment to eradicate poverty and achieve sustainable development by **2030** world-wide, ensuring that no one is left behind.
- ⚙️ The adoption of the 2030 Agenda was a landmark achievement, providing for a **shared global vision** towards sustainable development for all.

THE 2030 AGENDA

Some of UN and other international agencies, commissions and programs relevant to GE



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UNEP

United Nations Environment Programme



The Commission on Sustainable Development



Global Green Growth Institute





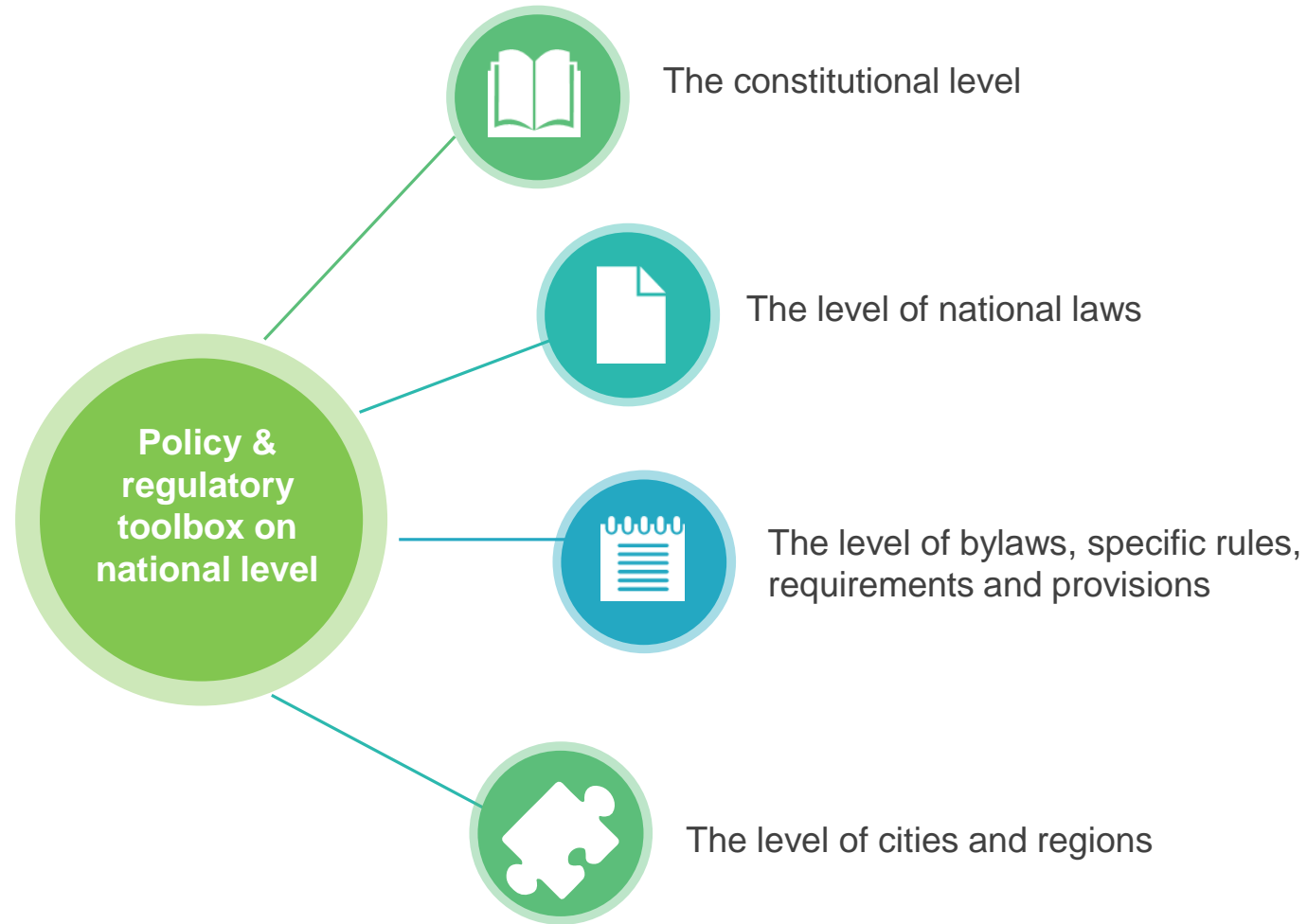
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02. Toolbox

Available policy & regulatory toolbox for use on national level



II. Available policy & regulatory toolbox for usage on national level:





Available policy & regulatory toolbox: the constitutional level (1)

In order to ensure sustainable development and shift to green economy, national constitutions include such provisions:

- ▶ Embracing **sustainable development** as one of the governance principles and including it as a **policy objective** (general trend throughout the world).
- ▶ **Recognition** of the tight relationship between social and economic development and environmental protection (Constitutions of Bhutan, East Timor, Cuba, Brazil, Colombia).
- ▶ **Obligation** to follow the objectives of lasting development in its social, economic and environmental aspects, taking into account the **solidarity between the generations** (Constitutions of Belgium and Angola).
- ▶ **Requirement** for the state, the municipalities and the inhabitants of the national territory to foster social, economic and technological development so as to **prevent environmental pollution** and **maintain ecological equilibrium** (Constitution of Guatemala).
- ▶ **Laying down certain rules** on the relationship between **the economy and the environment**, eschewing liberal criteria, according to which the autonomy of the market should prevail at any cost, in favour of the possibility of state regulation when warranted by environmental factors, **even to the detriment of those economic freedoms** (Constitution of Colombia).

PROVISIONS OF NATIONAL CONSTITUTIONS



Available policy & regulatory toolbox: the constitutional level (2)

- ⦿ Guarantees of the freedom of enterprise **so long as it operates within the limits of the public interest**, public order **and the environment** (Article 41 of the Constitution of Madagascar).
- ⦿ Including **sustainable development** as one of the national values (Constitution of Kenya).
- ⦿ Provision that the law may establish specific restrictions to the exercise of certain rights or liberties **in order to protect the environment** (Article 19 of the Constitution of Chile).
- ⦿ Securing sustainable development by instituting **concrete constitutional rights for citizens**:
 - ⚙ Right to a healthy and ecologically balanced environment free of pollution (Constitution of Chile and Costa Rica);
 - ⚙ Right to human dignity that requires the state to guarantee economic, social and cultural rights, including the right to the protection of a healthy environment (Constitution of Belgium) ;
 - ⚙ Right to access to information on the state of the natural environment and on the effects of any encroachment on nature that is planned or carried out (Constitution of Norway);
 - ⚙ Rights to food, clean air and water, freedom from excessive and unnecessary noise, and the natural, scenic, historic, and esthetic qualities of environment, an adequate standard of living, and a dignified life (Constitution of the US State of Massachusetts and Constitution of South Africa).

PROVISIONS OF NATIONAL CONSTITUTIONS



Available policy & regulatory toolbox: the constitutional level (3)

- ④ In order to fulfill the mentioned rights, **national constitutions provide duties and other measures:**
 - ⚙ **General duty** to conserve the environment (General trend);
 - ⚙ Obligation of state – with the active participation of society – to **guarantee** that the population develops in a contamination-free environment, where the air, water, soil, coasts, climate, ozone layer, and live species are especially protected (Constitution of the Bolivarian Republic of Venezuela);
 - ⚙ Obligation of state and society to **reconcile** the protection and enhancement of the environment **with economic development** and social progress (Article 6 of the Charter for the Environment (which is mentioned in the Preamble to the French Constitution and is of constitutional value));
 - ⚙ Entitlement for all citizens to judicially **enforce their right** to clean and healthy environment for claimed violations (Constitution of the US State of Hawaii);

PROVISIONS OF NATIONAL CONSTITUTIONS



Available policy & regulatory toolbox: the constitutional level (3)

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PROVISIONS OF NATIONAL CONSTITUTIONS



Available policy & regulatory toolbox: the constitutional level (6)

- ⚙️ Declaration of protection, conservation, rational use, restoration or substitution of the natural resources **as a social interest** (Constitution of the Republic of El Salvador) ;
- ⚙️ **Ability of the parliament to enact environmental legislation** to ensure sustainable use of natural resources and maintain intergenerational equity and reaffirm the sovereign rights of the state over its own biological resources (Constitution of Bhutan);
- ⚙️ **Obligation of the state** to regulate, supervise, and apply, at the proper time, the measures necessary to guarantee rational use of, and benefit from, land, river and sea life, as well as forests, lands and waters, to avoid their misuse, and to ensure their preservation, renewal, and permanence (Constitution of Panama);
- ⚙️ **Indicating the minimum percentage of forest cover that should be maintained by a country** (Constitution of Bhutan);
- ⚙️ Government's duty to ensure a **minimum percentage of forest** in its territory (Article 69 of the Constitution of Kenya).



Available policy & regulatory toolbox: the constitutional level (7)

- ⚙️ Special protection for **vegetation on the banks of rivers and lakes and within the vicinity of drinking water sources**;
- ⚙️ Duty of **owners of agricultural land** to appropriately use it according to its ecological classification to avoid underuse and reduction of the productive potential;
- ⚙️ Regulating by law the benefits gained from non-renewable natural resources, to avoid social, economic and environmental abuses;
- ⚙️ Obligation for people to refrain from any act that causes degradation, destruction or serious environmental pollution;
- ⚙️ **Creating oversight bodies and boards** that handle the potential use or conservation of natural resources throughout the state.



Available policy & regulatory toolbox: the constitutional level (7)

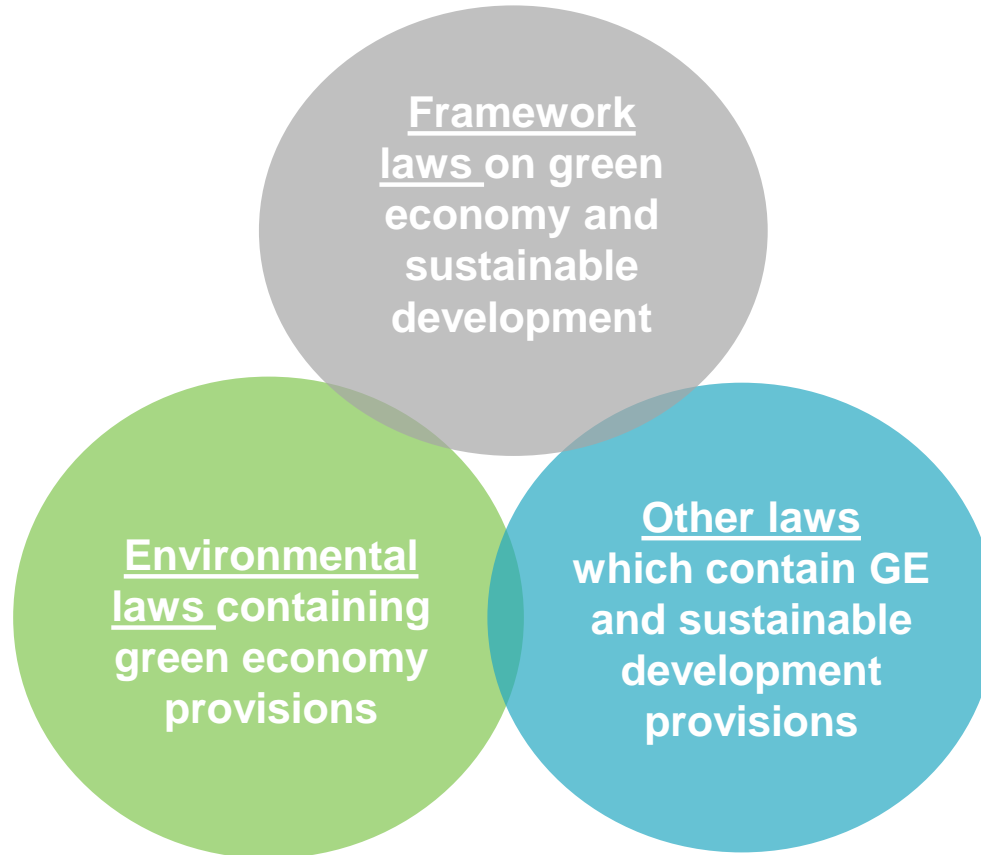
- ⚙️ Which priorities in environment protection and sustainable development do You have in Your country?
- ⚙️ Are those priorities reflected in Your Constitutions or other laws?

PROVISIONS OF
NATIONAL
CONSTITUTIONS



Available policy & regulatory toolbox: national laws level (1)

In order to put into effect constitutional provisions for green economy and sustainable development, national parliaments adopted different kinds of laws, in particular:



Provisions of these laws usually broaden and deepen prescriptions of constitutions.



Available policy & regulatory toolbox: national laws level (2)

Provisions of framework laws on green economy and sustainable development:

▶ Provisions in the field of policymaking and government activities:

- ⚙️ Provide a **general framework for policymaking** and guidance on the issue of green economy. *For example*, French framework laws set **guiding principles and commitments for 13 designated sectors** to ensure sustainable growth without compromising the needs of future generations;
- ⚙️ Stipulate the country's **targets and policy prescriptions** needed to achieve a paradigm shift towards greater environmentally sustainable economic growth. *For example*, in the Republic of Korea, the Framework Act on Low Carbon Green Growth established **the National Strategy for Low Carbon Green Growth** which should include:
 - ✅ Matters concerning the realization of the green economy system, green technology and green industries and green lifestyle;
 - ✅ Policies for coping with climate change, policies on energy, and sustainable development;
 - ✅ Other matters necessary for green growth such as obtaining financial resources, taxation, financing, training of human resources, education, and public relations activities (South Korea: Framework Act on Low Carbon Green Growth, 2010. Art. 9 National Strategy; Presidential Decree on the Establishment and Operation of the Presidential Committee on Green Growth).

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (3)

Provisions in the field of policymaking and government activities:

⚙️ Require authorities to take the following **sustainable development principles into account for all actions** (The Sustainable Development Act of the Canadian province of Quebec (2006)):

- ✔ health and quality of life;
- ✔ social equity and solidarity;
- ✔ environmental protection;
- ✔ economic efficiency;
- ✔ participation and commitment;
- ✔ access to knowledge;
- ✔ subsidiary;
- ✔ inter-governmental partnership and cooperation;
- ✔ prevention;
- ✔ precaution;
- ✔ protection of cultural heritage;
- ✔ biodiversity preservation;
- ✔ respect for ecosystem support capacity;
- ✔ responsible production and consumption;
- ✔ polluter pays; and
- ✔ internalization of costs.

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (4)

Provisions in the field of policymaking and government activities:

- ⚙️ Aim to mainstream sustainable development across the government's activity (for example, in Malta in order to achieve this goal, **every Ministry** is obliged to have a **Sustainable Development Coordinator** (Sustainable Development Act (2012) of Malta);
- ⚙️ Set out reporting provisions in order to ensure that the government is acting in accordance with the established requirements for sustainable development (The Sustainable Development Act of the Canadian province of Quebec (2006)).
- ⚙️ Require the central **sectoral administrative agencies and local governments** to establish and implement **central and local action plans** under their jurisdiction for green growth. These action plans are required to be **revised every certain period of time** (South Korea: Framework Act on Low Carbon Green Growth, 2010. Article 10 Central Action Plans and Article 11 Local Action Plans).

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (5)

2. Provisions in the field of energy efficiency:

- ⚙️ **Declare** that the Government is committed to fostering the growth of renewable energy projects, which use of cleaner sources of energy, and to removing barriers to and promoting opportunities for renewable energy projects and to promoting a green economy (e.g.: the Green Energy and Green Economy Act of the Canadian province of Ontario);
- ⚙️ Aim to ensure energy efficiency in both the public and private sectors (e.g.: the Green Energy and Green Economy Act of the Canadian province of Ontario contains **guiding principles** for government in the area of energy efficiency and at the same time contains provisions concerning **efficiency standards for appliances and products** which are sold by private actors);
- ⚙️ Contain **extensive licensing** and other requirements for those entities seeking to become involved with energy and water use, regardless whether they are public or private actors (e.g.:, such requirements are contained in the Energy and Green Economy Act of the Canadian province of Ontario). Setting such requirements allows the state to **restrict access to energy and water for those entities which are likely to overuse these resources or to cause damage to the environment.**

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (6)

🕒 Provisions in the field of prevention environmental pollution:

- ⚙️ Enact regulations for reporting and verifying that the **standards used for greenhouse gas emissions** are being met and also set targets for emissions reductions (such measures are provided in Climate Protection and Green Economy Act adopted in the US State of Massachusetts);
- ⚙️ Set the **polluter pays principle** which requires that those causing adverse effects be required to **pay the full social and environmental costs** of avoiding, mitigating and/or remedying those adverse effects (for example, this principle is provided in Swaziland in the Environment Management Act).

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (7)

▶ Provisions in other fields:

- ⚙️ Set the legal framework for the move toward a **sound material-cycle society** (sound material-cycle society is a society in which natural resources will be conserved and the environmental load will be reduced to the greatest extent possible, by preventing or reducing the generation of wastes from products, and by promoting proper cyclical use of products), which includes:
 - ✅ Requirements to the government to formulate a **fundamental plan to implement measures** for establishing a sound material cycle society in a comprehensive and systematic manner;
 - ✅ Creating a sustainable society in line with approaches toward a **low-carbon society and eco-friendly society**;
 - ✅ Setting out **enhanced numerical targets for material flow indicators** of material productivity, usage rate of recycled goods, and amount of final disposal that are designed to keep track of progress toward a sound material-cycle society;
 - ✅ **Setting numerical targets as well as monitoring indicators** (for example, 20% reduction in per capita/day waste from households);
 - ✅ Obligation of the national government to implement measures to promote **3Rs-related national campaigns** (3Rs means reduce, reuse, recycle), 3Rs-level's technology, 3R sound business and system (Japan's Basic Act on Establishing a Sound Material-Cycle Society, 2000).
- ⚙️ Create **the framework for business** and environmental practices (Environmental Goals and Sustainable Prosperity Act of the Canadian province of Nova Scotia).

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (11)

▶ Connected to forming low consuming and environmentally friendly society:

- ⚙️ State that **the environmental rights prevail over the social and economic rights**, limiting them in the terms provided by constitution and special laws (Organic Law of the Environment (Law No. 5833, 2006) of Venezuela. Paragraph 7 of Article 4);
- ⚙️ Require the state to promote a **gradual change** towards the establishment of **sustainable consumption habits** among people (The Framework Law on Mother Earth and Comprehensive Development for Living Well of Bolivia (No. 300, 2012);
- ⚙️ Guarantee persons' **participation**, based on shared responsibility, in the **preservation and restoration of ecological equilibrium** and environmental protection (Mexico's General Law on Ecological Equilibrium and Environmental Protection (1988);
- ⚙️ Create the conditions to allow **the distribution of the wealth** generated by the strategic sectors of the economy, based on the use and transformation of renewable and non-renewable natural resources, to have a direct impact on the **construction of a fairer, more equitable and more solidarity-based society** without material, social or spiritual poverty (The Framework Law on Mother Earth and Comprehensive Development for Living Well of Bolivia (No. 300, 2012);

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: national laws level (12)

- ⚙️ Through economic tools promote a **change in the behavior** of persons who carry out industrial, commercial and services activities, in order for their **interests to be consistent with collective interests** related to environmental protection and sustainable development (Mexico's General Law on Ecological Equilibrium and Environmental Protection (1988));
- ⚙️ Set that it is **the responsibility of society in general**, of the state and every natural and legal person, **to replace or compensate the natural resources** they use to ensure their existence, satisfy their basic needs of growth and development, as well as frame their actions to lessen or mitigate the impact on the environment. Consequently, the patterns of non-sustainable production and consumption will try to be eliminated (The Environmental Law (No. 223, 1998) of El Salvador);
- ⚙️ Set **the right for workers to refuse to do work that may be harmful to human or environmental health** (South Africa's National Environment Management Act (NEMA) (No. 107, 1998)).

PROVISIONS OF NATIONAL LAWS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (1)

Provisions of framework laws on green economy and sustainable development:

▶ I. Strategic planning

- ⚙️ Establishing **strategies** or **action plans** in which:
 - ✅ **Specify goals and quantitative targets** are set for the promotion of green economy;
 - ✅ Basic principles, policies, measures and **concrete guidelines** for materializing resources efficiency, green growth and sustainable consumption and production are specified.
- ⚙️ Most strategies and **action plans** are adopted on the level of bylaws.
- ⚙️ The strategies and action plans usually **have to be reviewed** every certain period of time after they were formulated (for example, every five years in Japan).
- ⚙️ Many national action plans focus on creating targets for each sector of the economy and emphasize on the importance of the **“3Rs”**: Reduce – Reuse - Recycle.

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (2)

II. Institutional Arrangements

- ⚙ Using of **administrative agencies** and entities to implement the terms of framework legislation.
- ⚙ These administrative entities may be:
 - ☑ **Pre-existing** entities that are given a new charge;
 - ☑ **Newly created** entities geared toward the particular purpose of the framework law.
- ⚙ There is an increasing focus on **adding members of the private sector** to the administrative entity to serve also with public actors.
- ⚙ These administrative entities have also increasingly been given the charge of **including and assisting small businesses** that are or may be impacted by the decisions of the administrative entity.

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (3)

▶ III. Strategic Environmental Assessment

- ⚙️ **Strategic environmental assessment** (SEA) is a systematic **process** for **evaluating** the environmental **consequences** of proposed policy, plan or program **initiatives** in order to ensure they are fully included and appropriately addressed **at the earliest appropriate stage** of decision making on par with economic and social considerations.
- ⚙️ SEA is different from the traditional instrument Environmental Impact Assessment (EIA), which is to evaluate the environmental impact at a project level.
- ⚙️ In this context, SEA may be understood as:
 - ✅ A structured, rigorous, participative, open and transparent environmental impact assessment (EIA) based process, applied particularly to plans and programs, prepared by public planning authorities and at times private bodies;
 - ✅ A participative, open and transparent, possibly non-EIA-based process, applied in a **more flexible manner to** policies, prepared by public planning authorities and at times private bodies; or
 - ✅ A flexible non-EIA based process, applied to **legislative proposals** and other policies, plans and programmes in political executive decision-making.

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (4)

▶ IV. Environmental-labeling

- ⚙️ **Environmental labeling** is a set of voluntary tools aimed at stimulating the demand for products and services with lower environmental burdens by providing relevant information on their life cycle to address purchasers' demands on environmental information. The development and marketing of environmentally preferable products (EPPs) is a **key tool to support** the shift towards sustainable consumption and production patterns.
- ⚙️ Example: the **African eco-labeling mechanism** and its Eco-mark Africa eco-label. It is a market-based instrument and consumer information tool to enhance access for African products to regional and international markets. The majority are international eco-labels which African products/services have been awarded and are used for gaining increased market access on the international market, specifically Europe and USA.
- ⚙️ Eco-labels are currently in use for African products and services in the following sectors:
 - ✅ fisheries ✅ textiles & leather
 - ✅ forestry ✅ organic agriculture and
 - ✅ tourism ✅ natural products

**BYLAWS,
SPECIFIC RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (5)

▶ V. Environmental Audit

- ⚙ In general terms, an environmental audit is a systematic, periodic **review** of management systems, policies, and practices of corporations, institutions and governments with respect to how they affect the environment and consumption of resources, **followed by adjustments and corrections** where appropriate. The environmental audit was first introduced in **Canada**.

- ⚙ Environmental audit (EA) can be:
 - ✔ Voluntary (for example, in Peru, Trinidad and Tobago, Costa Rica, Argentina, Panama, and the Dominican Republic);
 - ✔ Mandatory (Article 68 of East-Timor's Basic Law of Environment provides that all programs, plans and projects developed by public or private without the application of environmental protection measures, resulting in damage, harm or imminent threat of a very significant danger to the environment irreparably, are subject to EAs);
 - ✔ Audit which is to be started by an indication of the appropriate government agency (East-Timor).

- ⚙ The audit is usually conducted by an **independent entity** which identifies measures to rehabilitate the damage and develops a plan for long-term management.

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (6)

🕒 VI. Feed-in-Tariffs (1)

- ⚙️ A feed-in tariff is an **economic policy** created to promote active investment in and production of renewable energy sources. Feed-in tariffs (FITs) are fixed electricity prices that are paid to renewable energy producers for each unit of energy produced and injected into the electricity grid.
- ⚙️ Policy makers may choose different routes to developing FIT laws:
 - ✅ Legal pathways such as a **detailed FIT law**, or a combination of high level mandate law with a regulatory body in charge of policy details; or
 - ✅ Non-legal pathways such as developing FIT **under a general energy law**.
- ⚙️ Establishing a FIT through detailed legislation may provide greater investor certainty because the law may be viewed as more difficult to change than a policy enacted as a result of an executive branch or regulatory agency initiative (Malaysia runs an FIT scheme under the Renewable Energy Act of 2011 which included competitive feed-in tariff rates and fixed tenure for those rates in order to provide certainty to investors).

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (7)

▶ VI. Feed-in-Tariffs (2)

- ⚙ On the other hand, developing and passing FIT legislation may be a lengthier and more challenging process than if a government agency develops and promulgates FIT regulations.
- ⚙ FITs consist of at least three design options:
 - ✔ **A purchase obligation** (obligations for electricity grid operators, energy supply companies or electricity consumers to purchase the power generated from renewable energy sources);
 - ✔ **A predefined (fixed) tariff level**; and
 - ✔ **A long duration of tariff payment** (usually 15-20 years).
- ⚙ Tariff levels may be differentiated according to the variable costs of generating electricity from different renewable energy (RE) technologies. By assessing costs, expected generation performance and estimated lifetime of the plant, an appropriate level can be determined.

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (8)

▶ VII. Fiscal Incentives

⚙️ A wide variety of fiscal incentives are used to stimulate sustainable production and consumption and development of green business. Such fiscal incentives include:

- ✔️ **Rebates** which are used to refund the initial investment costs for renewable power equipment (the legislator pays a certain share of the total cost of each installed unit of electricity generation capacity);
- ✔️ **Tax incentives** (can be offered in the form of tax reductions or tax credits);
- ✔️ **Soft loans** (loans offering reduced interest rates);
- ✔️ **Reduction of environmentally harmful subsidies** by abolishing subsidies which favour pollution for example fossil fuel subsidies;
- ✔️ Creating **special funds** to support green technology;
- ✔️ **The polluter pays principle** (requires that those causing adverse effects be required to pay the full social and environmental costs of avoiding, mitigating and/or remedying those adverse effects).

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (9)

▶ VIII. Public-Private Partnership (1)

⚙️ Public-private partnership (PPP) is partnership between an agency of the government and the private sector in the delivery of goods or services to the public. In its most basic sense, a partnership is any business or institutional association within which joint activity takes place. A PPP exists from the moment one or more public organizations agree to act in concert with one or more private organizations.

⚙️ The components of PPPs generally are:

- ✅ **long-term** contracts/agreements
- ✅ a **private funding** component;
- ✅ provision of **services or infrastructure** through the private sector;
- ✅ significant **transfer of risk** to the private sector, such as investment, design, construction, or operational risks;
- ✅ **complex contractual responsibilities** and deliverables that vary over the contract period as the project moves through its phases, such as from finance to construction and operation;
- ✅ the return of infrastructure/services to **the control of the State** at the end or;
- ✅ the provision of services by the private sector on behalf of the State following the fulfilment of design and build responsibilities.

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**

World Green Economy Organization (WGEO)



CERTIFIED
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ON GREEN ECONOMY

OBJECTIVES

- ◆ Real Results
- ◆ International Cooperation
- ◆ Capacity Building

SECTORS

- ◆ Energy
- ◆ Water
- ◆ Infrastructure

TOOLS

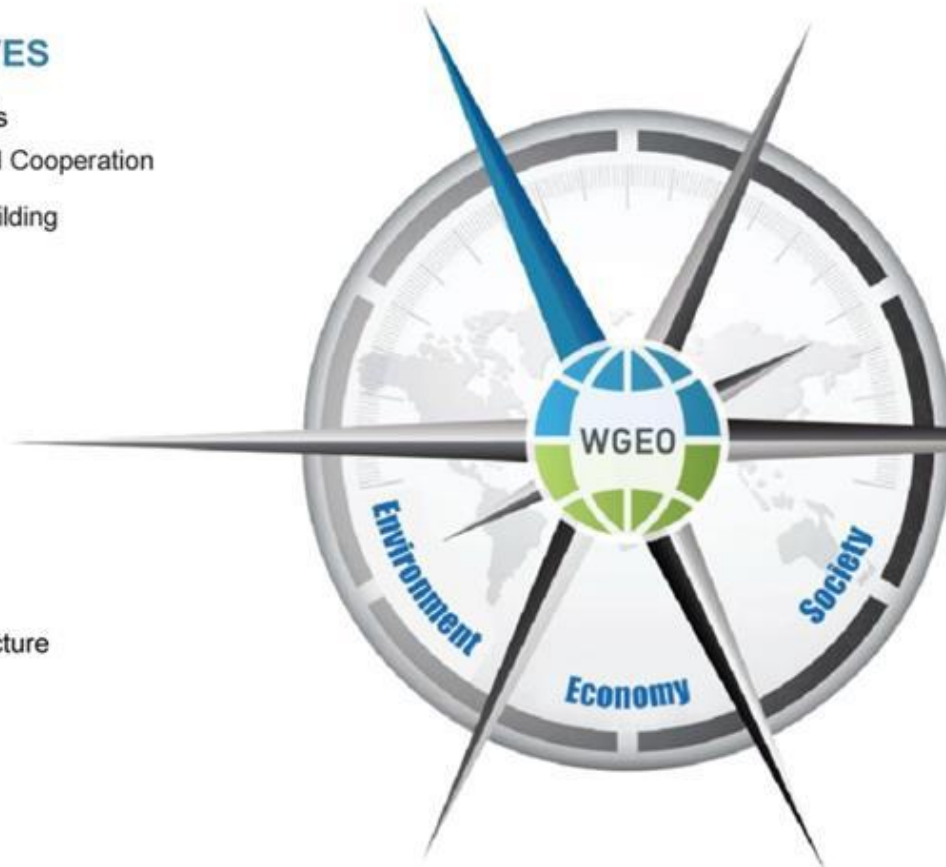
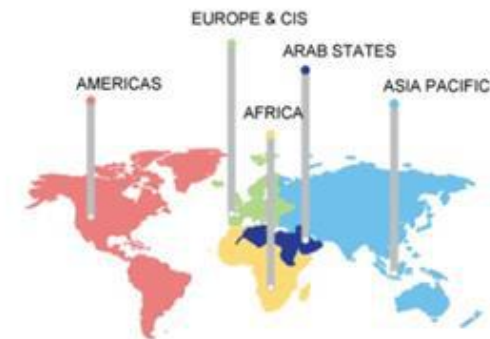
- ◆ World Green Economy Summit
- ◆ World Green Economy Report
- ◆ Green Explorer



STAKE HOLDERS



REGIONS



INNOVATIVE
MULTITool



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (10)

▶ VIII. Public-Private Partnership (2)

☑ Potential Benefits:

- ⚙️ **Increased efficiency**, expertise, and innovation from the private sector contribute to better infrastructure and greater cost and time savings across the construction and operation phases, increasing the value for money equation of a project;
- ⚙️ **Projects risks** (e.g. finance, timeframe, planning permits, community consultations) are **distributed** between the public and private sectors according to the party best equipped to deal with it, both in terms of expertise and costs;
- ⚙️ Access to **private sector financing** allows **increased investment** in public infrastructure, as governments are able to implement projects without the need to raise or budget additional funds, as is the case in standard procurement;
- ⚙️ PPPs provide the private sector with access to reduced risk, secure, **long-term investment opportunities** that are underwritten by government contracts. Such agreements ensure private capital flows, provide investment opportunities, and stimulate local industry and job markets.

BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (11)

☑ VIII. Public-Private Partnership (3)

🕒 Potential Disadvantages:

- ⚙️ PPP projects can prove to be **more expensive in the long-term** than standard procurement, due mainly to the higher costs of private sector borrowing when compared to government rates. Additionally, it is possible for prescribed government payments to the private sector over the length of the project term to exceed the costs of a comparative public sector provision;
- ⚙️ **Accountability and transparency issues** are distorted under PPP models of financing and agreements, as private sector funding components fail to appear on public spending records. Similarly, evaluation is made more difficult as private sector data on profits, costs, or lessons learnt can be considered issues of commercial confidentiality;
- ⚙️ PPPs typically involve **high tendering and transaction costs**, while associated contracts are also complex and long-term. Together, these factors reduce the pool of private sector companies that have the capacity to undertake PPPs, raising issues of competitiveness;
- ⚙️ The inclusion of exclusivity agreements within PPP contracts can have the effect of awarding monopoly markets to private partners, further extending **anticompetition issues**;
- ⚙️ It is necessary for both the public and private sectors to possess **PPP-specific capacity for an agreement** to be signed and administered successfully. Such capacity is absent from many jurisdictions, both at a national and regional level, and it takes both time and experience to establish it, making it difficult to scale up PPP procurement.

BYLAWS, RULES, REQUIREMENTS AND PROVISIONS



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (12)

Instruments in key sectors relevant to sustainable development and green economy

1. Agriculture

- ☑ Many of laws in the area of agriculture make the direct connection between the green economy and agricultural practices and [encourage the switch to organic farming and production and use of organic techniques](#). In particular:
 - ▶ States allow organic farming entities to benefit from financial incentives such as:
 - ⚙ **Banking support** to the activity;
 - ⚙ Resources for financing **small and medium term enterprises**;

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (13)

⚙️ Tax exemptions:

- 📄 **Tax reductions** for all **investment income** and benefits during the certain period of time;
- 📄 Tax reductions on income and benefits reinvested as part of **the initial capital investment** in an organic agriculture company or as an increase in such investment, including invested benefits to the company;
- 📄 Exemption from **custom duties** and **suspension of value added tax (VAT)** for imported equipment that does not have a locally manufactured equivalent;
- 📄 Suspension of **VAT for locally produced** equipment;

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (14)

⚙️ Support during transitional stages:

- 📄 **Reimbursement** of contract fees incurred as a result of investing in agricultural land;
- 📄 **Investment subsidies** which cover certain percentage of the value of equipment and tools specific to organic projects;
- 📄 **Annual subsidies** for certain period of time to cover fees connected to organic projects;

⚙️ **Annual prizes** for the best organic farm;

⚙️ **Grants to farmers** who engage in practices such as experimentation with key crops or modernizations of their facilities in order to ensure clean, green production at these facilities;

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (15)

- ⚙️ Create **specialized agricultural research, development and training programs** at local universities to assist in the goals of developing sustainable agriculture (general trend in North America);
- ⚙️ Establish **guidelines** for regulating the production, processing and marketing of organic agricultural products;
- ⚙️ Define the **rules for the different stages** of the production process and certification of organic agricultural products. For example, the Regulation of Organic Agriculture #29782-MAG passed by Costa Rica states that that **genetically modified organisms** and those obtained through genetic engineering and products from such organisms are not compatible with the principles of organic production and **their use is not permitted in organic agriculture** that is governed by this regulation;
- ⚙️ Provide that both the fertility and biological activity of the soil should be maintained or improved through a **program for soil management and conservation**;

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



Available policy & regulatory toolbox: bylaws, specific rules, requirements and provisions (16)

- ⚙️ State the necessity of **clear identification** of ecological, biological and organic products by consumers;
- ⚙️ Emphasize on the importance of revitalization of **family farming**;
- ⚙️ Promote **women's and elderly farmers'** participation;
- ⚙️ Declare that rural areas play an important role as the base for sustainable agricultural development;
- ⚙️ Declare the necessity of developing agricultural activities around urban areas, which can meet the demand of urban residents, making use of advantages of proximity to the consumers;

**BYLAWS,
RULES,
REQUIREMENTS
AND
PROVISIONS**



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03. Success stories

Examples of successful implementation of the GE instruments (Singapore and China)

Singapore

Legislation:

- Environmental Protection and Management Act
- Energy Conservation Act



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Environmental Protection and Management Act (Singapore)

Objective:

This is an Act to consolidate the laws relating to environmental pollution control, to provide for the protection and management of the environment and resource conservation, and for purposes connected therewith.

Type of Instrument:

Framework Law

Scope:

National

Entry into force:

31 December 2002





Environmental Protection and Management Act

Main provisions:

- ⚙ Prohibition of **dark smoke from chimney** (an offence).
- ⚙ Provisions on pollution of land (**specialized agency** to control the pollution of land).
- ⚙ General prohibition for importation, manufacture and sale of **hazardous substances**.
- ⚙ Provisions on energy conservation (regulation of the **labelling** of registrable goods).
- ⚙ **Restriction on supply** of goods in Singapore unless they are registered, labeled and meet minimum energy efficiency standards.

Relevant innovative instruments:

- ⚙ The Act regulates registrable goods as a method for energy conservation.

Energy Conservation Act (Singapore)

Objective:
This is an Act to mandate energy efficiency requirements and energy management practices to promote energy conservation, improve energy efficiency and reduce environmental impact, and to make consequential and related amendments to certain other written laws.

Scope:
National



Type of Instrument:
Sectoral Act

Entry into force:
11 November 2012

Energy Conservation Act



Main provisions:

- ⚙️ **Energy labelling and minimum performance standards** for registrable goods (fines in case of offence).
- ⚙️ **Energy management practices for corporations.** Any corporation which qualifies as a registrable corporation (by the reason of a particular industry in which it practices, a type of business activity or type of premises over which a corporation has operational control or by the reason of an energy use threshold attained by a business activity, or by premises, over which a corporation has operational control) shall be registered. Otherwise – a fine of \$5,000.
- ⚙️ **Energy efficiency improvement plans.** A registered corporation must submit to the Director-General an energy efficiency improvement plan for each prescribed period in respect of each prescribed business activity or premises, or any part of each prescribed business activity or premises, under the operational control of the registered corporation.



Energy Conservation Act

- ⚙️ **Fuel economy labeling**, etc., of motor vehicles: The Transport Minister may, after consultation with the Land Transport Authority, by order published in the Gazette, declare any class, description or type of motor vehicle to be subject to the fuel economy requirements in this Division from the date specified in the order.
- ⚙️ **Energy and environment impact surveys**: The Director-General may, from time to time, undertake investigations or surveys of the levels of energy consumption, energy production or greenhouse gas emissions for the purposes of:
 - ✅ Assessing the impact on the environment of certain industries or activities; or
 - ✅ Advising the Minister or other public bodies concerning energy or environmental policies.

Relevant innovative instruments:

- ⚙️ Energy labeling and minimum performance standards for registrable goods; energy efficiency improvement plans and energy and environment impact surveys.



2. Other measures:

- ⚙ Singapore has established **plans in different areas**. These plans set out sustainable development goals and are reviewed every certain period.
- ⚙ In order to achieve these goals, **authorities of Singapore develop policies, regulations and different kinds of incentives** in such areas as:
 - ✔ **Air quality** – regulatory measures for stationary and mobile sources of pollutants;
 - ✔ **Transport** – electronic road pricing (a form of congestion charging in central city areas), cycling networks and pathways, vehicle quota system (i.e. the auctioning of certificates of entitlement for vehicle ownership);
 - ✔ **Climate change** – demonstration **projects on renewable energy** (e.g. testing of various solar technologies in public housing precincts), research and development investments and establishment of research institutes dedicated to energy research, climate studies and research;
 - ✔ **Energy efficiency** – promotion of energy efficiency, setting minimum standards, 80 percent of buildings in Singapore to achieve Green Mark certification by 2030;

SINGAPORE



2. Other measures:

- ☑ **Water** – sourcing water from local catchments; recycling and desalination of water; improvement of water efficiency through water efficient homes program; mandatory submission of water efficiency management plans for large water users; application of international water standards; provision of education for those living in water catchment areas; and long run marginal pricing to encourage water conservation, reflecting the scarcity value of water.
- ☑ **Waste** – incineration; encouragement of participation in recycling; promotion of innovative technologies to recycle and reduce waste; infrastructure support for recycling; and voluntary Singapore Packaging Agreement;
- ☑ Nature conservation **reforestation** and outreach program **for students**; nature **recreational master plan**; and 10 percent of land area committed as green space, of which half is gazetted **nature reserves**;
- ☑ **Green and blue spaces** – enhancement of Singapore’s physical environment through the provision of greenery and green spaces as well as cleaning and opening up water bodies for recreational activities;
- ☑ **Public health** – improvement of the cleanliness and hygiene of public places; control of vector-borne diseases; prohibition of smoking in public places; public education; monitoring and improving indoor air quality; and researching healthy indoor environment.

SINGAPORE

Outcomes:

The result of establishment and implementation of mentioned plans policies and incentives are:

- ⚙ The 2005 review of the 1992 Green Plan found that **targets** on air and water quality, waste, recycling, and conservation **had been met**;
- ⚙ Mass **public transit system** was developed, which encourages commuters to take public transport instead of turning to private cars. This reduces congestion on roads, improves air quality, and maximizes land use by minimizing the need for roads;
- ⚙ Energy efficiency, carbon intensity, and waste management are also improving, substantially improving the quality of life in Singapore.





Success factors:

- ⚙️ One feature that has enabled Singapore's success is the **use of a comprehensive mix of regulations, financial incentives, demonstration programs, capacity building, and consumer education and awareness.**
- ⚙️ Singapore has been **effective in applying** a rigorous approach to developing tailored solutions **for each environmental goal.**
- ⚙️ Singapore's **clean and green image** has been a critical **marketing tool** in attracting international investment.

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04. Actions

The algorithm for development of the policy & regulatory framework for GE



Possible algorithm for development of policy & regulatory framework for GE on the national level (1):

1. Vision formulation

- Ambitious and challenging
- Realistic and feasible

2. Goals setting and challenges (problems) identification.

- Focus on 3 - 5 top priorities (industries, issues, regions...)
- Synchronize SDGs achievement
- Concrete and quantifiable goals

3. Audit of the policy & regulatory framework status quo:

- Recognition on a high level (declarations)
- Principles and policies
- Laws and bylaws
- Institutions and programs

ACTIONS



Possible algorithm for development of policy & regulatory framework for GE on the national level (1):

4. National program elaboration, adoption and implementation:

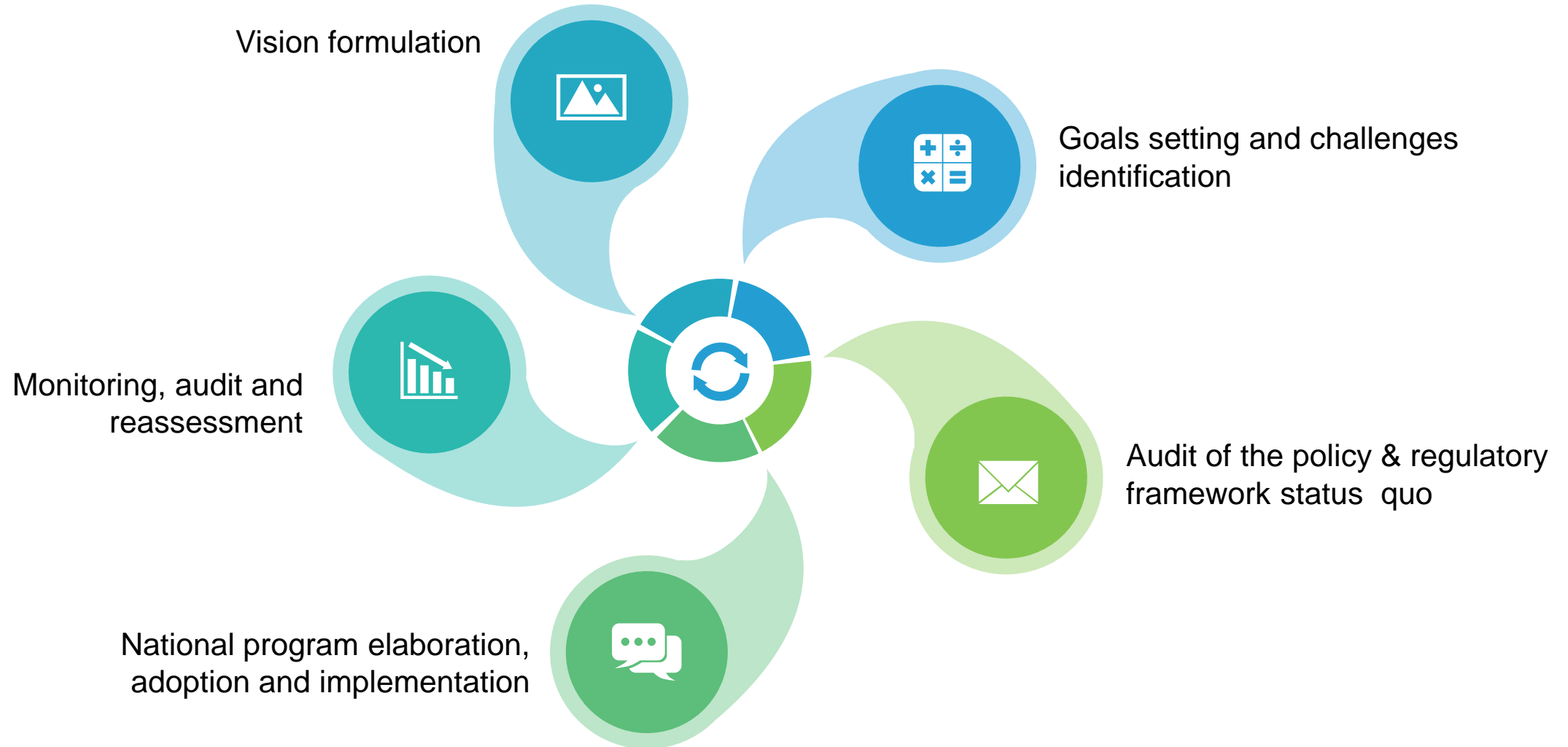
- ☑ Different levels (structure)
- ☑ Various legal & regulatory tools
- ☑ Political context
- ☑ Resources (financial, human, organizational, and knowledge)
- ☑ Communication with society and investors
- ☑ International cooperation

5. Monitoring, audit and reassessment.

- ☑ Independent agencies
- ☑ NGOs
- ☑ Business engagement

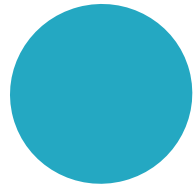
ACTIONS

Algorithm

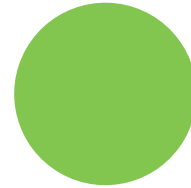




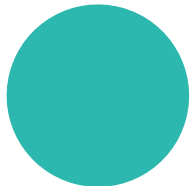
Findings of the previous trainings in Bangkok



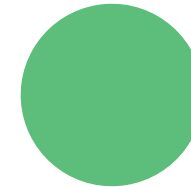
Green Cities



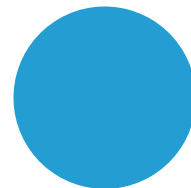
Bottom-up approach
+
Top-bottom



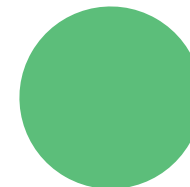
Regional initiatives



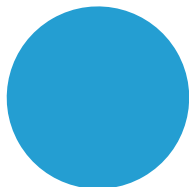
Trade agreements &
organizations



District development
plans (Samoa)



New means of
communication: "tweet
rules"



Cultural values / mindset /
paradigm & comfort zone – need
of change

Experience sharing

1. Which of the mentioned tools are already implemented (or are planned for implementation) on different levels in Your country? Laws/bylaws, agencies, incentives, requirements etc... Please specify the most efficient.
2. What are the specific instruments of GE which are being successfully used in Your country, however were not mentioned so far during the training? Please share your experience.
3. Which instruments /ideas/practical actions would, in your opinion, be worth to consider for implementation in your country? Please specify.

Please specify your Name and your Country!

Thank you!

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Thank You

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