



AFED Conference on Green Economy

Green Change Can Save Arab Economies

Sleiman: Taxes Based on Pollution

A 25% reduction in energy subsidies would free up over \$100 billion over a three-year period, an amount that can be shifted to finance the conversion to green energy sources. A projected target of 50% greening of the transport sector, resulting from higher energy efficiency and increased use of public transport and hybrid vehicles, should generate savings of \$23 billion annually. These are key findings of a report released today by the Arab Forum for Environment and Development (AFED) at the opening of its annual conference in Habtoor Grand Hotel in Beirut.

The report entitled *Green Economy in a Changing Arab World* also concluded that Arab states need to promote efficient irrigation and water use and prevent water pollution. Reused treated wastewater should increase from 20% currently to 100%. Spending \$100 billion in greening 20% of the existing building stock in Arab countries over the next 10 years is expected to create four million jobs. Such measures can also curb the annual cost of environmental degradation in Arab countries, estimated to be \$95 billion, equivalent to 5% of their combined GDP in 2010. The report includes more than 60 case studies about success stories and initiatives for transitioning to a green economy in the Arab world.

AFED's conference is held under the patronage of the President of Lebanon General Michel Sleiman, represented by Minister of Environment Nazem Khouri. More than 20 Arab parliamentarians attended, along with about 500 delegates from around the world, 25% from government agencies and public sector, 25% from private sector, 20% from civil society, 20% from universities and research centers, 10% from international and regional organizations, in addition to 86 regional and international media.

Also present were former president of Costa Rica and chairman of the Carbon War Room José Maria Figueres, former prime minister of Jordan Adnan Badran, director general of the Kuwait Fund for Arab Economic Development Abdulwahab Al-Bader, World Bank special envoy on climate change Andrew Steer, and director of the Arab Water Academy Asma El-Kasmi. High-level delegations from environment ministries and agencies attended, including a delegation from the Arab Council of Ministers Responsible for the Environment (CAMRE). Also present were representatives of Arab development funds, along with ambassadors, diplomats, businessmen, CEOs and heads AFED member organizations.

Sleiman: Taxes based on pollution

Speaking on behalf of President Michel Sleiman, Minister Nazem Khouri praised AFED report saying: The world is witnessing a fast growth in the trade of environmental goods and services, in comparison to other trade sectors, while the Arab world stays on the margin of this sector with only 1% of the total trade. The share of the environment does not exceed 6% of the total budget of Arab development funds and banks.

He said that amidst chronic environmental, economic and social problems, the subject of the AFED conference, Green economy, could be the solution through environmental fiscal reform.

He urged to follow the example of European countries, collecting taxes based on the volume of pollution not production. “This type of new green economy can open new doors for the Arab private sector, aiming at creating job opportunities for the Arab youth who played the main role in the change that we witness in the region”.

Badran: Where there is a will there is a change

After welcoming the participants, chairman of AFED’s board of trustees Adnan Badran said: “It might sound strange talking about green economy while the Arab region is in such a political, social and economic turmoil. However, looking deeper at AFED’s proposals shows that transitioning to a green economy can shift the Arab region to a new course of development that ensures sustainability and stability, in economy as well as environment.”

Regarding how needed investments could be raised, Badran said: “Where there is a will there can be change. Remember that, after the financial crisis in 2008, military budgets increased by 7% in 2009, more than \$100 billion. Providing this sum is sufficient to face climate change challenges and move to a green economy.”

Saab: AFED’s activities in 2011

“Political reforms can stop corruption as well as abuse of natural resources,” said AFED’s secretary general Najib Saab. “Governments that represent their people better should act with a stronger political will to manage natural resources and protect the environment.”

Saab presented AFED’s activities in 2011, including workshops on water efficiency and green economy, and discussing AFED’s report on Arab water with high-level officials leading to reforms in water policies. AFED participated in climate change negotiations and worked with Arab delegations to reach advanced positions, leading to approving the carbon capture and sequestration technology in Cancun as part of the clean development mechanism.

AFED also produced an energy efficiency handbook for the Arab region and a guide for environmental education to be used in school curricula. 12 leading newspapers in Arab countries publish weekly or monthly environmental pages in collaboration with AFED.

Steer: The Arab world can lead the way

World Bank's special envoy on climate change Andrew Steer made a keynote speech about the connection between green economy and climate change. He said there is no chance to limit the rise in average global temperature to 2 degrees centigrade, and the world is moving to a 3-5 degrees rise. This is disastrous for the Arab region which will endure the worst effects.

Mentioning the World Bank report about climate change and need for adaptation in the Arab region, he said there are good signs. Yemen, for example, has just submitted a one billion dollar plan for adaptation, integrated in all its development processes and sectors. Hoping that a climate green fund will be launched in Durban, he said: "We advocate for green economy and green growth. A bad environment hurts economy, and it costs the Arab region some 5% of its GDP." Higher investments in greening economy sectors means more innovations and more jobs, he added. "Ministers often tell us: if you can bring us jobs this way we will adopt green economy. This is possible with renewable energy, recycling and other green technologies."

Steer said that the Arab world can be a leader in renewable energy, just as it is in traditional energies. He added that the World Bank is giving 750 million dollars to help five Arab countries in this regard.

Praising AFED report which, for the first time, tackles what can be done in agriculture, industry, tourism, transportation, buildings and other sectors, Steer hoped for a fruitful cooperation between the World Bank and AFED.

Figueres: Emissions can be reduced voluntarily

Another keynote speech was presented by José Maria Figueres, former president of Costa Rica and chairman of the Carbon War Room. He said: "There are two wars we need to fight and win: the war against poverty and inequality and the war against climate change. This requires reinvention of almost everything, and will create new jobs and activities."

He said there are two misconceptions: one, that climate is not changing, in spite of evidence everywhere, such as higher temperatures, ice meltdown, and 350,000 deaths annually due to climate change. The second misconception is that reducing emissions can only be done by governments and regulations. He emphasized that 50% of the reduction can be done by businesses going low carbon, without government regulations. However, if world leaders do not adopt low carbon policies, their actions will be like just rearranging chairs on the Titanic.

Mentioning that one trillion dollars are spent annually on arms, and 700 billion dollars on oil subsidies, Figueres noted that a fraction of this is sufficient to transition into a green economy, curbing emissions that cause global warming."

Greening economy sectors

The first session was about green economy in eight priority sectors, which requires reviewing and redesigning government policies to enhance transitions in production, consumption and investment trends.

The second session dealt with greening agriculture and water sectors. Arab governments were urged to prioritize agricultural rural development as a strategic policy objective to alleviate rural poverty and reverse years of neglect. Efficient irrigation methods and water use were discussed.

This was followed by a special session of the World Bank's flagship climate change adaptation report for the MENA region, and two thematic roundtables about green jobs and investing in green sports.

The third and fourth sessions discussed greening the energy and industry sectors, and the means to realize a green economy in a changing Arab world.

Energy efficiency handbook and recommendations

The second day sessions will deal with greening cities, buildings, transportation, tourism, waste management, and green economy as an engine for growth. AFED will release its *Energy Efficiency Handbook*, the first to be developed for the Arab region. A special high-level session will be held to discuss ideas and policies leading to a transition to a green economy.

The conference conclusions and recommendations will be released in a closing plenary.

Notes to the editor

Key findings of AFED's report on green economy

AFED's 2011 report *Green Economy in a Changing Arab World* includes 8 chapters in 320 pages. Here are the key findings of the report:

- The average annual cost of environmental degradation in Arab countries has been estimated to be \$95 billion, equivalent to 5% of their combined GDP in 2010.

- **Agriculture:** A shift to a 40% share in the labor force by agricultural workers in the Arab region would generate more than 10 million jobs in the sector. In addition, shifting to sustainable agricultural practices is expected to result in savings to Arab countries of between 5-6% of GDP, amounting to about \$100 billion annually, as a result of increased water productivity, improved public health, and better-protected environmental resources.

- **Water:** Arab states need to concentrate on policies that control and regulate water access, promote irrigation and water use efficiency, prevent water pollution, and establish protected areas vital to water resources. Reused treated wastewater should increase from 20% currently to 100%.

- **Energy:** A reduction in the average annual per capita consumption of electricity in Arab countries to the world average through energy efficiency measures would generate electricity consumption savings that are estimated in monetary terms to reach \$73 billion annually. A 25% reduction in energy subsidies would free up over \$100 billion over a three-year period, an amount that can be shifted to finance the conversion to green energy sources.

- **Industry:** Arab countries should develop low-carbon industrial development strategies motivated by the opportunity to become energy-efficient economies. One of the most important measures to reduce emissions is deploying the most efficient production technologies in new plants and retrofitting energy efficiency equipment in existing plants where it is economically viable. A 30% reduction in energy requirements due to more efficient industrial processes is estimated to result in annual savings of 150,000 billion kWh or \$12.3 billion.

- **Transportation:** A projected target of 50% greening of the transport sector, resulting from higher energy efficiency and increased use of public transport and hybrid vehicles, should generate savings of \$23 billion annually.

- **Buildings:** Integrating energy efficient considerations in the design of buildings is expected to result in a reduction of about 29% of projected CO₂ emissions by 2020, which would cut consumption by 217 billion kWh and generate savings of \$17.5 billion annually. In addition, spending \$100 billion in greening 20% of the existing building stock in Arab countries over the next 10 years, by investing an average of \$10,000 per building for retrofitting, is expected to create four million jobs.

- **Waste management:** It is estimated that greening the waste management sector would save Arab countries \$5.7 billion annually. Moreover, it offers unique investment opportunities in recycling, composting, and energy production.

- **Tourism:** The Arab tourism sector attracted about 60 million tourists in 2010. The combination of adopting energy efficiency measures and utilizing renewable energy sources is estimated to reduce energy consumption by 45% and CO₂ emissions by 52%. Water efficiency measures will reduce water consumption by 18%.

- The report argues forcefully that the region does not have to choose between economic development, social equality or healthy ecosystems. By design, the green economy seeks to achieve economic, social, and environmental policy goals. The transformative changes called for in this report will require shifts in economic policies and systems.