Social Dimensions of Green Economy

Economic, technological and institutional changes that currently form the basis of green economy strategies run the risk of reinforcing human insecurity and inequalities. A growing body of evidence points to diverse social consequences, and suggests key elements of alternative approaches that can promote the combined social, economic and environmental goals of sustainable development.

The Issue

In the wake of the triple crises of recent years (food, energy and finance) and in lead up to the 2012 United Nations Conference on Sustainable Development (Rio+20), the concept of green economy has taken centre stage in international development circles. Coined to draw attention to the lack of integration of environmental concerns in economic policy since the Earth Summit in 1992, both the concept itself, and strategies to promote a green economy, are highly contested. There is considerable consensus on the need to shift from high- to low-carbon systems and transform patterns of investment, production and consumption in ways that are conducive to sustainable development. But varying paths to green economy exist. Each implies different costs and benefits for different social groups, countries and regions, as well as different roles and responsibilities for state, market and community actors and institutions.

By explicitly coupling green economy with the goals of sustainable development and poverty eradication, the Rio+20 process has called attention to the importance of social dimensions of development. But the social dimensions of green economy exist. Each implies different costs and benefits for different social groups, countries and regions, as well as different roles and responsibilities for state, market and community actors and institutions.

Research Findings

Avoiding “triple injustice”

The groups and populations likely to be most harmed by climate change are the least responsible for causing it and have limited resources to cope with the consequences. This “double injustice” becomes a triple injustice when the costs of green economy transition negatively impact low-income and other vulnerable groups. The research revealed various cases and contexts where this has occurred:

- how green economy initiatives and strategies impact different social groups and patterns of inequality;
- how green economy transitions can contribute to achieving the social objectives inherent in the concept of sustainable development;
- whose values, knowledge, priorities and interests are shaping the concept and policies of green economy;
- the role of social policy, regulation, participation and collective action in promoting both green and fair economy; and
- how to realize the potential of myriad local-level livelihood and production systems that address economic, social and environmental objectives of sustainable development.

Box 1: UNRISD Research on the Social Dimensions of Green Economy and Sustainable Development

In early 2011, the United Nations Research Institute for Social Development (UNRISD) initiated an inquiry, involving some 50 researchers, aimed at clarifying issues and positioning the social dimensions of green economy and sustainable development more centrally in analysis and policy debates. UNRISD activities began with a call for papers that attracted over 300 submissions, and the conference, Green Economy and Sustainable Development: Bringing Back the Social Dimension, held in Geneva on 10–11 October 2011. Attended by some 250 participants, the conference brought together academic researchers, United Nations policy makers, government officials, civil society representatives and activists from around the world.

The inquiry has so far given rise to a number of outputs, including a series of short think pieces in which researchers share their ideas and perspectives, “Greening the Economy” (a special issue of the journal Development in partnership with the Society for International Development), a series of 10 Occasional Papers, and six short videos on key social dimensions of green economy. UNRISD has also participated in several United Nations processes and knowledge networks examining the relationship between green economy, sustainable development and poverty reduction in the lead-up to Rio+20 (www.unrisd.org/greeneconomy).
the displacement of people or food crop production (in Brazil, India and Indonesia) to make way for biofuels, which are being promoted as an alternative low-carbon energy source;

- energy policies that increase tariffs for domestic users (in the United Kingdom and other advanced industrialized countries), which are regressive given that energy comprises a far higher share of spending in low-income households;

- strict conservation of carbon sinks and other areas (in Australia), which not only constrains the livelihood opportunities of indigenous peoples but also ignores cultural systems that, historically, have respected nature; and

- male bias in job markets and governance institutions, which excludes women from participation in emerging green economy sectors.

**Market-centred approaches can have contradictory social outcomes**

“Selling nature to save it”—for example, through carbon trading, PES and REDD—can be highly problematic from a social perspective. For example:

- PES schemes that allocate private property rights over hitherto common property or state-owned resources often favour or target the better-off;

- conservation approaches that prioritize efficiency rather than equity undermine REDD+ efforts to achieve co-benefits associated with environmental protection and human well-being;

- monetary pricing and market-based allocation of environmental assets tend to redistribute those assets upward, favouring people and places with the greatest purchasing power;

- PES, REDD+ and incentives to produce biofuels often involve trade-offs with smallholder agriculture, biodiversity, livelihoods and food security; and

- market-based approaches often put corporate interests in the driving seat of change, which in turn may constrain the scope for policy and regulatory reform conducive to social and sustainable development.

Commodifying nature also assumes universal commensurability of nature’s values—ignoring how values differ from place to place, and in relation to the meaning, identity and use of environmental goods and services. Moreover, market prices do not reflect the full social costs of production and reproduction, giving rise to situations where the natural resource management practices of rural or indigenous peoples may, in fact, be subsidizing more affluent social groups.

The limits and contradictions of the market-liberal approach to green economy suggest the need to promote other institutional or social economy approaches for both green and fair economy. These emphasize, respectively, macroeconomic, governance and regulatory reforms, and more integrative models of natural resource management and local development.

**The issue of inequality should not be ignored**

While the international development community has linked green economy with poverty reduction, far less attention has been paid to inequality. Yet inequalities associated with income/wealth, power, ethnicity and gender are crucial for determining how people are affected by both climate change and green economy, their capacity to respond, and the scope for pro-poor political solutions based on consensus and compromise.

Inequality matters because:

- structural inequalities of power, and access to or control over resources, determine exposure to risk, levels of vulnerability and resilience;

- people’s capacity to take advantage of employment and other opportunities associated with green economy, and to change their consumption patterns, is correlated with inequality; and

- large income inequalities erode the social solidarity required for an active public policy and social pacts to deal with major challenges such as climate change and poverty reduction.

Factoring in the importance of inequality points to the limits of promoting green economy through technological fixes, minimalist institutional reforms and narrow approaches to social protection, and draws attention to the issues of comprehensive social policy, regulation and effective participation discussed below.

**Social policies are key tools for a fair green economy**

Social policies can perform multiple functions in any economy including those of protection, redistribution, human capital formation and social reproduction. Current attention to social policy in green economy debates centres principally on protection or compensation of the vulnerable, and (re)training associated with industrial restructuring and green jobs. Other roles of social policy, including the following, deserve greater attention.

- Labour market regulation for “decent work”. Research on the rise of the photovoltaic industry in Bangladesh suggests the need to pay attention to not only the number of jobs created but also the quality of jobs and working conditions.

- REDistributive policies. Research on the OECD countries shows that substantial shifts in fiscal policy will be required to both minimize the socially regressive impacts of adequate carbon pricing (reflected in higher energy bills) and encourage green consumption. A large increase in “eco-social investment” will also be required to retrofit housing infrastructure and develop public transport. In many developing countries,
land redistribution and secure land rights for disadvantaged groups may be an essential prerequisite for participating in green economy initiatives (box 2).

- Social reproduction and care: the ability of women to engage in green economy jobs or projects is constrained by multiple tasks associated with family care and other household responsibilities. Social policy (beyond social protection) can play an important role in alleviating the burdens of social reproduction, at the same time as contributing to empowerment, equity and social cohesion.

Identifying the winners and losers of environmental regulation

Who actually bears the costs of environmental regulations and standards? Strict conservation of forests sinks and other natural habitats has long been recognized to involve unnecessary and unjust trade-offs with the well-being of indigenous or other peoples in developing countries who are either dependent on forest resources or are part of cultures that have developed livelihood systems that respect nature. As shown in research in Australia’s Cape York Peninsula, such problems may be just as pertinent in developed countries. In this case they pose a major constraint on the development of PES schemes and the participation of indigenous peoples.

Increasingly, environmental, social, and governance (ESG) standards are being set by private or multistakeholder entities. Such initiatives can fill regulatory gaps that have emerged under globalization and in contexts where state regulatory capacity has been rolled back or is constrained by global trade rules. But they also confront major limitations:

- capture by business interests;
- restricted forms of stakeholder participation in governance structures;
- weak procedures for ensuring compliance with standards;
- the tendency to crowd out small enterprises and producers in global supply chains; and
- limited monitoring and evaluation of actual impacts.

Standards schemes may also be very selective in defining which standards matter. Concerns have arisen with certain “sustainable” palm oil initiatives, for example, that ignore the issue of land clearance and displacement of people. Research on the implementation of a hydro project in Honduras shows that actual implementation and beneficiaries of standards-based schemes on the ground may be determined less by technical capacity than the capacity of different local interests to contest and bargain.

Policy coherence involves more than policy coordination

Awareness of the environmental and social contradictions of high-carbon growth, or “business as usual”, is directing increasing attention to the need for policy coherence, where different policies (macroeconomic, industrial, environmental and social) are better coordinated and work in synergy towards sustainable development. Research from Brazil and Ecuador notes some progress in reconfiguring growth paths in ways that support conservation, poverty reduction and economic development. Examples include schemes in Brazil that integrate smallholders in biofuel production or that link direct cash transfers to the provision of environmental services. On the other hand, research from India (in particular the state of Sikkim) illustrates ongoing contradictions in contexts where policies and projects associated with rapid economic growth and infrastructural development contradict the emerging discourse on sustainable development and create severe environmental and socio-cultural problems.

Coherence is often interpreted narrowly in terms of improved coordination of certain sectoral policies and institutions. But policy coherence also needs to involve two other dimensions: coordinated and synergistic governance at multiple scales (international, regional, national, subnational and local) and between multiple actors and institutions (state, market, civil society and community). Research from the United Kingdom on Transition Towns reveals instances where governments have promoted active citizenship—via a decentralized framework for community participation and multi-actor coalitions combined with incentives for green consumption. This has led to success in both gaining consensus and generating financial resources for locally relevant climate change policies. A similar mix of policies have the potential to link sectoral objectives in South Africa, Mozambique and Angola.

Governance is both collaborative and contested

Multi-actor collaboration, involving state, private sector, civil society and community actors and institutions, is essential for generating political will and operationalizing green economy in practice. Coalitions are crucial for mobilizing the political support needed to reconfigure forces that currently favour business as usual, such as interests in fossil fuels, carbon-intensive agriculture or conventional biofuel monocultures. At the level of green economy projects and programmes, multi-actor collaborations facilitate resource mobilization, pooling competencies, and ensuring complementarities and synergies that otherwise would not exist.

But “partnerships” that work for green and fair economy may not conform to the harmonious relations typically assumed to exist in the global discourse on public-private partnerships. Indeed, anthropological analysis of forest protection and agroecology projects in Brazil suggests that ongoing contestation and bargaining between the different actors engaged in a project are not only features of the relationship but a key for success. Such tensions or “conflicts of interest” can ensure that assets and competencies, or different types of capital—natural, economic, social and human—come together in complementary ways.

Participation is about collective organization and bargaining as much as consultation

While green economy discourse recognizes the need for participation, project design and implementation are still often top-down. Research from Brazil, Malaysia and South Africa shows that dialogue with local populations affected by green economy projects is a critical element for ensuring that external interventions have local uptake and ownership. Research on how social issues such as poverty reduction, equity and social justice are integrated into the REDD+ structure shows the importance of both national regulations and an institutional infrastructure that recognizes and engages local communities.
Participation in practice often amounts to consultation with selected stakeholders whose actual influence on the policy process may be negligible. Participation needs to be understood far more comprehensively in terms of the organized efforts of socially disadvantaged groups to gain control over resources and regulatory institutions (both state and market) that affect their lives. Participation in this sense goes well beyond consultation and involves empowerment and gaining influence and benefits through collective organization, contestation, bargaining, learning and capacity building. Such aspects were found to be key, for example, in the Deccan Development Society in India, the Yasuní-ITT initiative in Ecuador (a government-supported alternative to REDD), Bolsa Floresta in Brazil, La Via Campesina in Latin America and Africa, and some global Fairtrade schemes promoting agroecological practices.

**Community-based approaches need to inform and be supported by policy**

Myriad examples of community-based livelihood and natural resource management systems point to the potential of local experiences that simultaneously address multiple development objectives associated with social protection, economic and political empowerment, cultural identity and environmental integrity (box 3). The traditional knowledges and practices of small farmers, fisherfolk, indigenous peoples and forest dwellers are essential for crafting transition paths conducive to sustainable development. Such experiences need far wider recognition and to be given more serious support by policy makers.

But external support for local community-based initiatives or movements—whether from state, business and NGO actors—needs to be assessed critically to guard against co-optation, aid dependence and bureaucratization. Local initiatives often remain isolated and small in scale because they lack an enabling legal, policy and market environment. Indeed, small-holder agricultural production has often been systematically marginalized by policy biases associated with structural adjustment, export orientation, cheap food imports, and subsidies and support services favouring large commercial agriculture.

Whether or not community-based initiatives contribute to social well-being and economic development depends crucially on whether producers can add value to commodities. Currently, various “co-benefit” schemes (for example, bio-fuel projects targeting small farmers, or Fairtrade) often lock small producers into the role of suppliers of low value-added commodities and into value chains where other market actors appropriate the bulk of the benefits. Local producers may have greater scope for adding value when producing for the local or domestic market.

**Activism needs to be grounded locally and connected globally**

Local, national and global activism has a crucial role to play in framing public opinion and influencing policy. Collective mobilization is also necessary to challenge existing institutional forces, norms and values that reproduce many unsustainable practices. Movements for land rights or food sovereignty such as the Landless Rural Workers’ Movement (MST) in Brazil, Ekta Parishad in India and La Via Campesina internationally, as well as for ethical trade, forest protection, water management and climate justice more generally, are not only active individually, but are also coalescing in networks that facilitate learning, contestation and bargaining.

Research shows, however, the pitfalls of romanticizing such movements. In addition to internal weaknesses, their influence pales in comparison to that of more powerful interests. Finding allies in government structures at multiple levels is often key. While efforts to forge a climate justice movement at the global level have proved difficult, research indicates considerable potential in doing so from the bottom up, via movements that are rooted in the struggles of local communities, and that connect their struggles both analytically and organizationally with broader issues and constituencies. There is a strong capacity for rooted social movements and coalitions from the global South to engage in political action at multiple levels, but the main challenge is to broaden their struggle beyond their current base.

**Policy Lessons**

**Shifting the policy focus towards a social green economy**

Viewing green economy through a social lens not only suggests a range of issue areas that researchers, activists and policy makers need to address; it also calls attention to major imbalances in the orientation of policy. Policies that address social dimensions often focus, first, on issues of protection and compensation of those negatively affected by certain processes of change, and second, on attaining co-benefits (for example, green jobs or agroecology) associated with the different economic, social and environmental spheres of sustainable development. A third area of policy intervention related to rights, regulation and participation, which is key for structural transformation compatible with sustainable development, receives less attention (figure 1). This imbalance needs to be corrected if green economy is to be conducive to sustainable and equitable development.

The evidence reviewed in this brief suggests that policies for transformative change require attention to five sets of issues:

- the bodies of knowledge that are informing policy;
- the social impacts of green economy;
- the need for diverse and deep institutional and governance reforms;

**Box 3: Integrated local development in Brazil**

Araçuai Sustentável, a popular education and agroecology project in a municipality in Minas Gerais, Brazil, aims to reverse environmental degradation and address poverty by boosting the role of conservation and agriculture in the local economy. Project success relates to valorizing what is already present in a community, not what is lacking—a very different approach from that of conventional aid or state agencies—as well as integrating economic, environmental and social policy at the local level. This involves combining resources and competencies of multiple actors and institutions (federal and municipal state agencies, civil society and community).

Source: Rival 2012.
the role of social policy; and

- the creation of an enabling environment for active citizenship.

**Drawing on diverse bodies of knowledge**

Dominant approaches to green economy are shaped by particular values and bodies of knowledge, to the exclusion of other perspectives which may hold important insights and lessons. Policy choices need to be informed by more diverse forms of knowledge if they are to promote effective and equitable institutional arrangements and resource management systems. So-called local knowledge and practice are important in this regard. These need wider recognition and institutional support from policy makers.

From a disciplinary perspective, greater support for a wider range of social science research is essential to complement the natural science emphasis (that dominates climate change debates) and mainstream economics (that dominates the green economy policy response).

**Monitoring and addressing social and distributional impacts**

It is crucial to understand and assess the impacts of technological, economic and ecological change on different social groups (by income, ethnicity and gender), as well as on countries at very different levels of development. To do this effectively, social and eco-social metrics and indicators are needed. These should include distributional effects of energy prices and green taxes on different income groups; the social costs and benefits of industrial restructuring, green jobs and related training programmes; standards of decent work; and impacts on the livelihoods and rights of rural populations and communities of market-based conservation (PES, REDD), green growth policies (export-led agriculture, large-scale water infrastructure development) green technologies (biofuels, renewable energy), and other green economy schemes.

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**Strengthening institutions for behavioural, structural and equitable change**

Promoting a green and fair economy requires recognition of the multiplicity of social institutions (norms, regulation, rights, trust and cooperation) and social relations (class, gender, ethnicity) that underpin people’s vulnerability; the capacity of individuals, groups and organizations to respond; and likely winners and losers from processes of policy and institutional change.

Policy makers have key responsibilities in this regard: through public education and awareness-raising campaigns such as environmentally friendly production and consumption; promoting participatory forms of governance in relevant decision-making processes; decentralization and fostering cross-sectoral collaboration; and through the social policy choices they make. Governance arrangements can be designed to facilitate the collaboration of multiple actors (state, market, civil society, community) at multiple scales (international, regional, national, sub-national and local). A focus on inequalities and power imbalances associated with the market economy and corporate control points to the need for effective business regulation and corporate accountability, as well as procedures for redress.

**Towards eco-social policies**

Social policy has a key role to play in promoting a green and fair economy. Policies can move beyond the current focus on compensating losers, protecting the vulnerable, or facilitating the uptake of green economy jobs through training, to tackle the structural causes of vulnerability as well as using policy tools to achieve “green” goals.

In different contexts, relevant policies might include eco-social investment (such as retrofitting housing and expanding public transport); education to facilitate access to green economy technologies and jobs; and redistributive policies (taxation, subsidies and land rights) to address inequalities that underpin vulnerability to climate change and address unequal distributional consequences of green economy initiatives. Women’s participation in green economy opportunities requires that greater attention be paid to issues of social reproduction and care. Labour market policies and regulation need to ensure that green jobs are also decent jobs, and that the growing body of voluntary standard-setting initiatives complement rather than substitute for government regulation of markets and corporations.

**Enabling active citizenship**

Green and fair economy depends crucially on the capacity of disadvantaged groups to organize collectively; engage in contestation, advocacy and bargaining; and be part of broader coalitions for change. To facilitate active citizenship, policy makers need to go beyond narrow interpretations of participation as consultation with selected stakeholders. Governance arrangements—from local to global scales—need to be sensitive to issues of diversity, representation and space for negotiation, and to ensure that policy processes are not dominated by narrow or elite interests. Policy makers can also cultivate an enabling environment for participation and empowerment through education and training, and the institutionalization of accountability mechanisms and basic rights and freedoms of association, expression, information and redress.
UNRISD Sources and Further Reading

Special Issue of Development

Development: Greening the Economy (Vol. 55, No. 1, 2012) a special issue in partnership with UNRISD, includes the following contributions:

Bullard, Nicola and Tadzio Müller. 2012. “Beyond the ‘green economy’: System change, not climate change?”


UNRISD Occasional Paper Series


Bumpus, Adam. Realizing Local Development in the Carbon Commodity Chain: Political Economy, Value and Connecting Carbon Commodity at Multiple Scales. No. 3.


Banerjee, Payal and Atul Sood. The Political Economy of Green Growth in India. No. 5.

Murphy, Helen and Michael Winer. PES Markets on Aboriginal Land in Cape York Peninsula: Potential and Constraints. No. 6.


Other related reading


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For more information on the Institute, contact UNRISD, Palais des Nations, 1211 Geneva 10, Switzerland; phone 41 (0)22 9173020, fax 41 (0)22 9170650, info@unrisd.org, www.unrisd.org.