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# In-depth: Gathering Storm - the humanitarian impact of climate change

## A new climate economy



Photo: [Jaspreet Kindra/IRIN](#)

Global temperatures are up

JOHANNESBURG, 24 September 2013 (IRIN) - For some years the idea of a "green economy" that would be less dependent on fossil fuels and low on harmful greenhouse gas emissions has been doing the rounds at the UN climate change talks, but reception to the idea has ranged from lukewarm to hostile.

On 24 September another idea for a cleaner economy, the "New Climate Economy Project", was announced in New York. This time, some of the world's leading economists have signed up, including Lord Nicholas Stern, the Vice-Chair of the Global Commission on the Economy and Climate. He is the author of the Stern Review on the Economics of Climate Change, produced for the British government in 2006, the [first study](#) to put a price tag on the cost of inaction on climate change.

The Project is a year-long research effort into the economies of a few countries that could include China, India, the US and the European Union, to "examine how strategic action on climate change affects their core economic and political priorities," said Måns Nilsson, deputy director of the Stockholm

Environment Institute, who is among the experts involved in the project.

The research has been commissioned by a group of seven countries - Colombia, Ethiopia, Indonesia, Korea, Norway, Sweden and the United Kingdom. Recommendations and lessons will be drawn from the research that other countries could use or apply.

At the Rio+20 meeting in Brazil in 2012, some developed countries placed the idea of a "[green economy](#)" on the agenda as a roadmap to global sustainable development. This new economic model included phasing out fossil fuel subsidies, the use and production of renewable energies, and creating "green" jobs.

But developing countries at Rio+20 were concerned that the developed world, using their own interpretation of the term "green economy", could abuse it and impose trade restrictions or set new conditions for providing loans, so the idea did not get much traction.

On the other hand, ominous signs of warming in the global climate have been growing. "Over the past five years, Arctic sea ice has melted more rapidly than had been projected by models and, at one point in 2012, 97 percent of the Greenland ice sheet surface was melting," the UN Environment Programme (UNEP) notes in its [2013 Year Book](#).

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Nilsson told IRIN they were well aware of those fears and were going to steer clear of the "green economy" concept. He said their entry point would be each country's economic priorities, and then work with those. The effort would focus more on the economy and involving the finance ministers and their priorities.

They would try to bridge the lack of communication between the environment ministers, who attend the UN climate change talks in a bid to lower greenhouse gas emissions, and the finance ministers, who are trying to keep afloat economies that are hugely reliant on fossil fuels in the economic slowdown, Nilsson said.

“Many see climate action as too costly and against their national or business interests, and this has eroded the political will to reduce greenhouse gas emissions,” he added. “However, economic studies tend to oversimplify and fail to take into account factors such as the dynamics of innovation, energy security, quality of life, and other potential benefits of low-carbon transitions. This research project aims to fill those critical knowledge gaps.”

"We are going with an analytical and open mind," Stern told a telephonic press conference IRIN attended.

"At a time when governments throughout the world are struggling to boost growth, increase access to energy, and improve food security, it is essential that the full costs and benefits of climate policies are more clearly understood," Stern noted in a press release. "It cannot be a case of either achieving growth or tackling global warming. It must be both."

Countries like China, whose economies have slowed down, are considering new business models and are now more open-minded to suggestions, said Nilsson.

Felipe Calderon, former president of Mexico and chair of the Global Commission, said with low interest rates as a result of the economic slowdown, there might be opportunities for investing in renewable resources and forms of energy to revive economies.

The New Climate Economy project will publish its comprehensive analysis in September 2014, a year before the culmination of negotiations for a new international climate agreement in Paris in 2015.

Calderon told IRIN the idea of the New Climate Economy Project was to influence and feed into that process, which will be setting new targets for lowering harmful emissions. The Global Commission will then take its findings and recommendations directly to heads of government, and finance and economic ministers, business leaders and investors throughout the world.

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