



The Economics of Well-Being and Green Economy

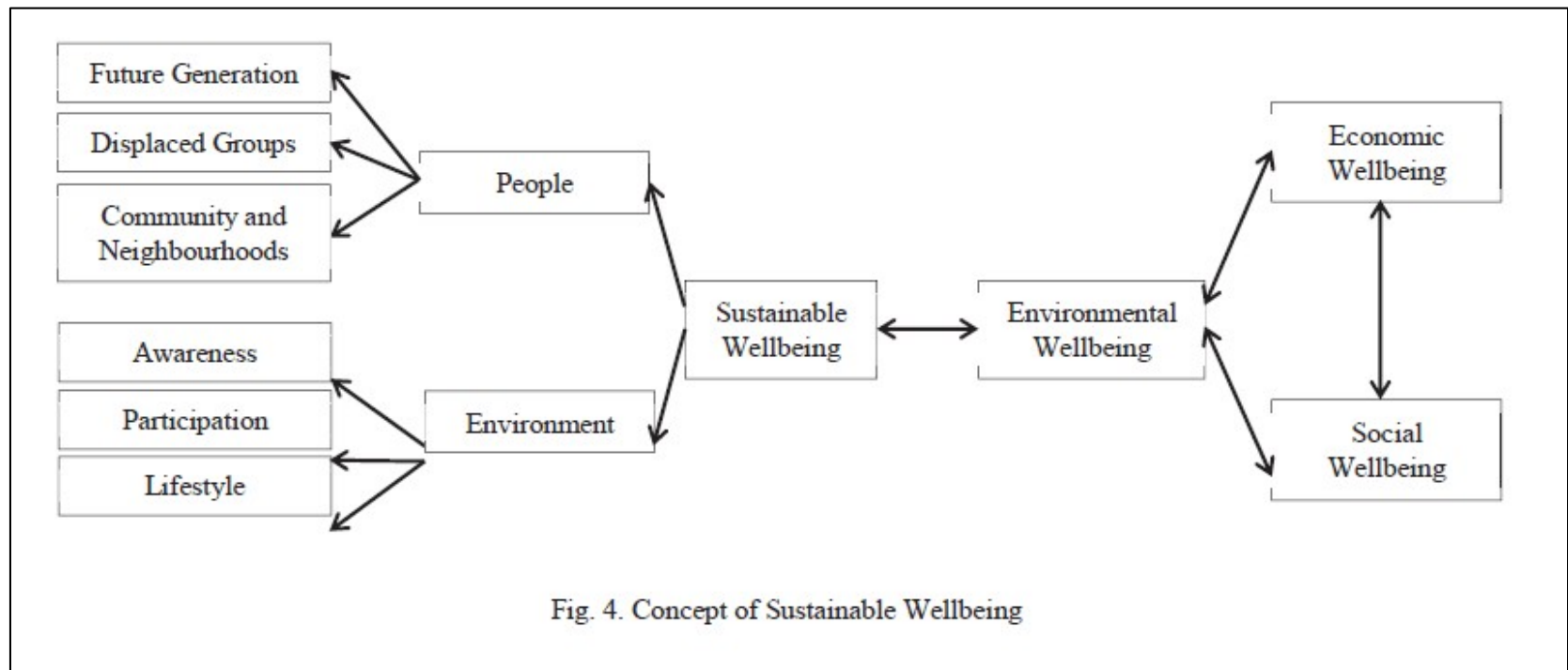
Key concepts of Wellbeing

- Wellbeing is a positive physical, social and mental state which stems from a host of collective goods and relations with people and places.
- It requires basic needs to be met and enhanced by conditions that include supportive personal relationships, community empowerment, financial security, rewarding employment, good health, and a healthy and attractive environment.

- Wellbeing takes different forms conflicted across different time, setting and societies demanding for all-inclusive environment for human settlement.
- It embraces personal, interpersonal and mutual needs that influence each other. Intertwining elements, such as physical, cultural, and natural settings, as well as technological environment, manipulate wellbeing and are manipulated to achieve wellbeing.

- Critical international and national perspectives and movements realize positive changes or interventions in achieving wellbeing.
- The changes and interventions recognize diversity, inequalities, common mindsets and intended and unintended consequences of approached actions.

Sustainable wellbeing



Source: J. Allister McGregor and Nicky Pouw. 2017. "Towards an economics of well-being". *Cambridge Journal of Economics*, 41: 295.

Sustainable wellbeing

- Highly depends on two essential components which are people and environment.
- “People” points to the association of a person or a community with other human beings.
- Thus, the wellbeing of a person or a community should not be on the expense of others’ wellbeing.
- In this sense, other’s wellbeing are the future generation’s wellbeing and the displaced group’s wellbeing.
- “Environment” indicates the awareness, participation and lifestyle.
- The three components account for knowledge, sensitivity and everyday activities that attentively recognize boundaries of use of the environment.

- In order to ensure that the economic and social wellbeing achieve sustainability, sustainable wellbeing unlocks the opportunities of greater numbers of indicators and measurement methods.
- Thus, some indicators need to be correlated with another indicator in the attempt to determine the sustainability of a certain component.

Foundations of human well-being

Human well-being is supported by three pillars:

- economic conditions and processes

employment, income & wealth (magnitude & distribution),
markets, trade...

- sociopolitical conditions and processes

law & order, national & homeland security, governance, liberty,
justice, equity, education, health care, science, culture & the
arts...

- environmental conditions and processes

air, water, soils, mineral resources, the biota, nutrient cycles,
climatic processes...

The three pillars: key interconnections

- The economy needs environmental inputs and sociopolitical stability.
- Many sociopolitical & environmental improvements must be paid for, hence depend on a degree of economic well-being.
- Sociopolitical stability and values can't survive either economic or environmental disaster.

“Development” and “sustainability”

- Development should mean improving human well-being in all 3 dimensions — economic, sociopolitical, and environmental.
- Sustainable development should mean doing so by means & to end points consistent with maintaining the improvements indefinitely.

Sustainable development

- “...sustainable development is a complex issue, encompassing economic, environmental and social dimensions. In other words, development is essential to satisfy human needs and improve the quality of human life. At the same time, development must be based on the efficient and responsible use of all of society's scarce resources - natural, human and economic

Appendix 2 to the UNECE Strategy on ESD

Green Economy

- What is an inclusive green economy?
- Why does it matter?

The concept of Green Economy

- The working definition of UNEP describes a “green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities (...) a green economy can be thought of as one whose growth in income and employment is driven by public and private investments that lead to enhanced resource efficiency, reduced carbon emission, waste and pollution, and prevention of biodiversity loss and ecosystems degradation”.

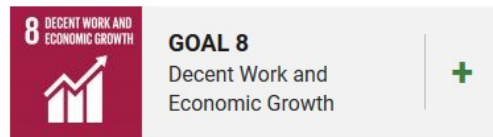
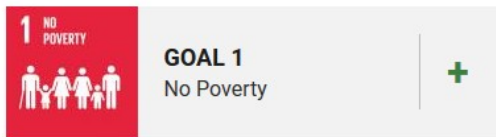
UNEP, *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication - A Synthesis for Policy Makers*, (2011), p. 9.

The concept of Green Economy

- A similar, but broader definition is provided by the United Nations Economic and Social Commission for Asia and the Pacific, which states that a “*green economy can be defined as an economy where **economic prosperity can go hand-in-hand with ecological sustainability.***”

ESCAP, Conceptual Framework of Green Economy and Green Growth, (2011), p.1

Related Sustainable Development Goals (SDGs)



Source: UNEP, <https://www.unenvironment.org/explore-topics/green-economy/about-green-economy>.

SDG1: No poverty

- A sustainably managed environment is a prerequisite for socio-economic development and poverty reduction.
- The natural environment supplies ecosystem goods and services that provide income, support job creation, poverty alleviation, contribute to safety nets and reduce inequity.

Targets linked to the environment

- **Target 1.5:** By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.



NO POVERTY



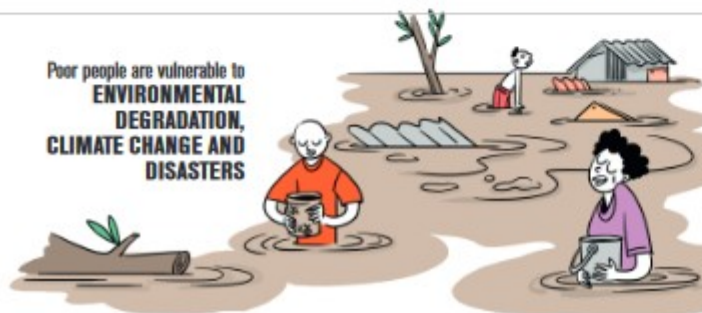
Challenges

836 MILLION
people still live in
EXTREME POVERTY



The poor strongly rely on
NATURAL RESOURCES
for their livelihoods

Poor people are vulnerable to
**ENVIRONMENTAL
DEGRADATION,
CLIMATE CHANGE AND
DISASTERS**



Solutions

**BUILD
RESILIENCE** of poor
people so that they can
live a dignified life



Promote
**LIVELIHOOD
DIVERSIFICATION**



ADAPT TO CLIMATE CHANGE
and **REDUCE RISKS** of disasters
and shocks



SDG8: Decent work and economic growth

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Targets linked to the environment:

- **Target 8.4:** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead
- **Target 8.9:** By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products

Challenges

UNEMPLOYMENT
is on the rise around
the world



Roughly **HALF OF THE
WORLD** population still
lives on **\$2 PER DAY**



Some economic
activities directly or indirectly
HARM THE ENVIRONMENT



Solutions



**PROVIDE
EMPLOYMENT
OPPORTUNITIES AND
DECENT WORK** for
women and men to
eradicate poverty



**CREATE GREEN
JOBS** to provide
work for the 470
million who will be
entering the labour
market by 2030



**PROMOTE GREEN
GROWTH AND
JOBS** contributing to
restoring and protecting
the environment and
natural resources

SDG9: Industry, innovation and infrastructure

- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation:
 - Constructing new greener infrastructures, retrofitting or reconfiguring existing infrastructure systems and exploiting the potential of smart technologies can greatly contribute to the reduction of environmental impacts and disaster risks as well as the construction of resilience and the increase of efficiency in the use of natural resources.

Challenges

Many countries
**LACK BASIC and
RESILIENT
INFRASTRUCTURE**



Solutions

**INVEST IN
INFRASTRUCTURE**
fostering sustainable
growth and development



Poor infrastructure is a major
**BARRIER FOR THRIVING
BUSINESSES**



INNOVATE to
make **GREEN
INFRASTRUCTURE**,
increase **ENERGY
EFFICIENCY** and
reduce their adverse
environmental impact



Infrastructure and
industrialization often cause
**ENVIRONMENTAL
DEGRADATION**



**BUILD RESILIENT
INFRASTRUCTURE**
protecting livelihoods
against environmental
and natural disasters



SDG11: Sustainable cities and communities

- Make cities and human settlements inclusive, safe, resilient and sustainable:
 - There is a strong link between the quality of life in cities and how cities draw on and manage the natural resources available to them.
 - To date, the trend towards urbanization has been accompanied by increased pressure on the environment and accelerated demand for basic services, infrastructure, jobs, land, and affordable housing.
 - Resource efficient cities combine greater productivity and innovation with lower costs and reduced environmental impacts, while providing increased opportunities for consumer choices and sustainable lifestyles.

Challenges

The **RAPID** and often **UNPLANNED URBANIZATION** witnessed worldwide has led to **INCREASED PRESSURE ON THE ENVIRONMENT**



Solutions

PROMOTE SOUND URBAN PLANNING, sustainable building, low-carbon transports, green spaces and sustainable lifestyles



Our cities account for up to **80% OF ENERGY CONSUMPTION** as well as **75% OF GLOBAL WASTE AND CARBON EMISSIONS**



INVEST IN RENEWABLE ENERGY, waste management, sustainable and green infrastructure



Due to the high concentration of people, infrastructure, housing and economic activities, **CITIES ARE PARTICULARLY VULNERABLE** to climate change and natural disasters



PROTECT CITIES - which are important social, cultural and economic centres - from environmental and climate threats



SDG12: Sustainable consumption and production

- Ensure sustainable consumption and production patterns:
 - To ensure sustainable consumption and production practices necessarily entails to respect the biophysical boundaries of the planet and to reduce current global consumption rates in order to fit with the biophysical capacity to produce ecosystem services and benefits.

Some data and statistics/facts and figures:

- Each year, an estimated one third of all food produced – equivalent to 1.3 billion tonnes worth around \$1 trillion – ends up rotting in the bins of consumers and retailers, or spoiling due to poor transportation and harvesting practices
- If people worldwide switched to energy efficient lightbulbs the world would save US\$120 billion annually
- Should the global population reach 9.6 billion by 2050, the equivalent of almost three planets could be required to provide the natural resources needed to sustain current lifestyles

Water

- Less than 3 per cent of the world's water is fresh (drinkable), of which 2.5 per cent is frozen in the Antarctica, Arctic and glaciers. Humanity must therefore rely on 0.5 per cent for all of man's ecosystem and fresh water needs.
- Man is polluting water faster than nature can recycle and purify water in rivers and lakes.
- Excessive use of water contributes to the global water stress.

Energy

- Despite technological advances that have promoted energy efficiency gains, energy use in OECD countries will continue to grow another 35 per cent by 2020. Commercial and residential energy use is the second most rapidly growing area of global energy use after transport.
- In 2002 the motor vehicle stock in OECD countries was 550 million vehicles (75 per cent of which were personal cars). A 32 per cent increase in vehicle ownership is expected by 2020. At the same time, motor vehicle kilometres are projected to increase by 40 per cent and global air travel is projected to triple in the same period.
- Households consume 29 per cent of global energy and consequently contribute to 21 per cent of resultant CO₂ emissions.
- One-fifth of the world's final energy consumption in 2013 was from renewables.

Food

- While substantial environmental impacts from food occur in the production phase (agriculture, food processing), households influence these impacts through their dietary choices and habits. This consequently affects the environment through food-related energy consumption and waste generation.
- 3 billion tonnes of food is wasted every year while almost 1 billion people go undernourished and another 1 billion hungry.
- Overconsumption of food is detrimental to our health and the environment.
- 2 billion people globally are overweight or obese.
- Land degradation, declining soil fertility, unsustainable water use, overfishing and marine environment degradation are all lessening the ability of the natural resource base to supply food.
- The food sector accounts for around 30 per cent of the world's total energy consumption and accounts for around 22 per cent of total Greenhouse Gas emissions.

Challenges

Every year about **ONE THIRD OF ALL FOOD PRODUCED** – equivalent to 1.3 billion tonnes – **IS WASTED** while 1 billion people remain undernourished and another 1 billion go to bed hungry



HOUSEHOLDS CONSUME 29% OF GLOBAL ENERGY contributing to 21% of CO₂ emissions



The world's **FRESH WATER SUPPLY** such as rivers and lakes **ARE POLLUTED** at much faster rate than nature can recycle and purify



Solutions

REDUCE THE FOOD WASTED by producers, retailers and consumers



SWITCH TO ENERGY EFFICIENT LIGHTING to save \$120 billion every year and prevent 16 billion tons of carbon emissions over the next 25 years



REDUCE THE RELEASE OF CHEMICALS AND WASTE into the air, water and soil



References

- Justin Fox. 2012. The Economics of Well-Being. *Harvard Business Review*.
<https://hbr.org/2012/01/the-economics-of-well-being>.
- J. Allister McGregor and Nicky Pouw. 2017. “Towards an economics of well-being”. *Cambridge Journal of Economics*, 41: 1123-1142.
- A guidebook to the Green Economy, UN Division for sustainable development, August 2012,
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