

**ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC**  
In collaboration with the Ministry of Environment of the Republic of Korea and the  
Korea Institute of Public Finance

The Second Policy Consultation Forum of the Seoul Initiative Network on Green Growth  
“Application of Economic Instruments for Green Growth”

3-5 September 2007,  
UNCC, Bangkok, Thailand

## **Summary of the Forum**

### **A. Attendance and Organization of Work**

The Second Policy Consultation Forum of the Seoul Initiative Network on Green Growth: Application of Economic Instruments for Green Growth was organized by UNESCAP in collaboration with the Ministry of Environment of the Republic of Korea and the Korea Institute of Public Finance and took place from 3 to 5 September 2007 at the United Nations Conference Centre in Bangkok, Thailand.

Among the forum participants were high and senior officials from the ministries of Economic Development, Environment, Finance, Forestry, Natural Resources, Planning, and their specialized agencies of the countries in the region, as well as experts and representatives from academia, international and regional organizations, and other UN agencies.

### **B. Account of Proceedings**

The Second Policy Consultation Forum of the Seoul Initiative Network on Green Growth was held over three days. During the first day the Forum was divided into two sessions. The first session focused on concepts of economic instruments and the current status in Asia and the Pacific. The second session focused on the experiences of implementing economic incentives which included financial incentives, environmental charges and deposit-refund systems. The second day was also divided into two sessions. The first was devoted to opportunities and perspectives for green tax and budget reforms in Asia and the Pacific and the second was devoted to providing incentives for climate action. On the final day of the forum presentations and discussions focused on the successful application of economic instruments for Green Growth in Asia and the Pacific. The summary of conclusions is drawn from the discussions throughout the forum, from the wrap up session as well as from verbal and written inputs provided by the participants during and after the meeting. A synopsis of the summary of conclusions is presented in the sections below.

### **C. General**

Some of the key objectives of the Second Policy Consultation Forum of the Seoul Initiative Network on Green Growth were:

- To review the current types of economic instruments used for environmental protection.

- To exchange views and experiences regarding the implementation of economic instruments.
- To provide practical guidance to policy makers.
- To identify capacity-building needs.
- To identify the national level activities of SINGG that could translate the Green Growth approach into action.

## **D. Summary of Conclusions**

After discussing various experiences and policy options regarding the use of economic instruments for Green Growth the Second Policy Consultation Forum of the Seoul Initiative Network on Green Growth reached the following conclusions:

### **D.1. Need for Economic Instruments**

During this session the participants concluded that:

- At present and in the past there has been a gap between the ecological price of energy, natural resources, production, etc. and the market price. Prices have not fully taken into account the costs to the environment. This needs to be addressed in the future.
- There is a need to focus on the quality of economic growth not just the quantity.
- There is a need for more effective design of economic instruments through a combination of legal instruments, policy measures, economic instruments and voluntary agreements.
- Country specific approaches would be most beneficial to the policy planners.
- Economic instruments can be used for both financial purposes and for environmental protection.
- New economic instruments can be implemented to correct past market failures.

### **D.2. Experiences of Implementing Economic Instruments**

During this session the participants concluded that:

- In the past there has been a gap between the policy makers, relevant stakeholders and the politicians. The results and recommendations from studies and research need to be communicated better to decision makers.
- New policies should synergize measures for environmental protection, poverty alleviation and community empowerment.
- There is a need for more widespread participation and partnerships for the implementation of economic instruments.
- In the past there have been institutional and policy failures.

### **D.3. Opportunities and Perspectives of Green Tax Budget Reform (GTBR)**

During this session the participants concluded that:

- Shifting the tax basis away from labor to energy generation, pollution creation and fossil fuel use would support GTBR.

- When setting tax rates the social costs which result from environmental damage should be considered.
- The concept of a “double dividend” is a reality and is possible.
- There is an opportunity for policy planners to learn from other countries’ experiences of environmental tax reforms (ETR), e.g. Germany.
- Careful design of GTBR is needed.
- The introduction of GTBR had previously raised some competitive issues with industry and the private sector. This has often led to strong opposition.
- Policy makers need more evidence and research on the effectiveness of ETR on countries in the region.

#### **D.4. Incentivising Climate Actions**

During this session the participants concluded that:

- Payment for Ecosystem Services (PES) can provide direct positive incentives and can be a cost effective policy option.
- Economic instruments can be effective tools to mitigate climate change.
- Climate change can be tackled by providing incentives for renewable energy and by improving energy efficiency.
- Explore the possibility of an alternative global fund for climate action.
- Need intensive involvement from the transportation and household sectors.

#### **D.5 Towards the Successful Application of Economic Instruments for Green Growth in Asia and the Pacific**

During this session the participants concluded that:

- Need for a holistic approach to policy design and in the application of economic instruments.
- Further emphasis on the process of implementation of ETR.
- There is a need to enhance the transparency and enforcement of revenue collection and use.
- Policy makers would benefit from a sound understanding of political economy and should encourage further stakeholder participation.
- Policy makers should identify the winners and losers from the reforms and build coalitions to fight opposition.

#### **E. The Way Forward**

The secretariat of the Seoul Initiative Network on Green Growth (SINGG) in conjunction with UNESCAP and other international agencies will continue working in the area of economic instruments for Green Growth through the network of experts created during the forum. To follow up on the overall progress of the implementation of economic instruments for Green Growth and to address the needs of senior officials, the SINGG secretariat and UNESCAP will consider the following recommendations:

- Increased sharing of information and appropriate strategies regarding economic instruments both at regional and national levels.
- The development of country specific economic instruments to promote Green Growth.

- Enhancing transparency and partnerships in establishing good governance and effective implementation of economic instruments.
- There is a need for further capacity-building for policy makers, institutions and relevant stakeholders.
- There is a need for further education and research to raise public awareness of Green Growth in the Asia and Pacific region.
- There is a need to strengthen the regional SINGG network by linking to national networks.
- Build further networks (local, NGOs) through the SINGG website [www.singg.org](http://www.singg.org)