

Economic Transitions to achieve Sustainable Development Goals

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About *trialogue 2047*

trialogue 2047 is a series of discussions organised by Development Alternatives, to explore how India can achieve its vision of becoming a green, inclusive and resilient nation by 2047, that is, after 100 years as an independent nation. *trialogue 2047* brings together distinguished speakers to address issues like poverty alleviation, participatory policymaking, resource efficiency. The discussion held on 20th September 2016 addressed the theme of Economic transitions to achieve Sustainable Development Goals.

Speakers at the *trialogue 2047*

- Kaavya Verma, GIST Advisory
- Purnamita Dasgupta, Associate Professor, Institute of Economic Growth
- Nitin Sethi, Senior Associate Editor, Business Standard

Brief Overview

India is amongst the 193 nations who adopted the post 2015 development agenda, which aims to achieve 17 Sustainable Development Goals by 2030. These goals address various socio-economic and environmental outcomes from food security, access to water, energy, education and food for all, good health of environment including the state of terrestrial and water ecosystems. It also comprises of goals on economic growth, urbanisation and industrialisation to ensure these processes are in alignment with the natural and human endowments available for the well-being of the people and the planet. At COP 21, India also committed to transition to a low carbon economy with specific targets on climate mitigation and adaptation. India aims to reduce its emission intensity by 33%-35% by 2030 compared to 2005 levels. It aims to produce 40% of its energy requirements through non-fossil based sources of energy. India also promises to create an additional carbon sink of 2.5 billion to 3 billion tonnes of carbon dioxide by 2030 through additional forest and tree cover and develop robust adaptation strategies for agriculture, water and health sectors. With this in mind *trialogue 2047*, aims to explore the primary obstacles India currently faces that prevent it from achieving economic prosperity, environmental sustainability and social equity and the possibilities of India's transition to a green, inclusive, fair, transparent economy. It aims to identify shifts in policies, planning systems and practice of government, businesses and civil society required. To suffice, it explores economic principles that promote planet and peoples' well-being.

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Introduction

With a GDP growth rate of 7.6% in 2015-16, India is said to be the world's fastest growing major economy. However, the paradox of India's growth story is that this economic prosperity has come at the cost of social inequalities and an unsustainable use of the environment. India ranks a low 135 among 187 countries on the Human Development Index, with 58% of the population lacking means to meet essential needs. According to the Global Footprint Network, India's ecological footprint exceeded its capacity by 160 % in 2012. In addition, India's development faces a very real risk of being impacted by climate change. India stands 18th in the world on the Climate Risk Index with a score of 38.50 (Kreft & Eckstein, 2013), indicating a high level of exposure and vulnerability to extreme events. In order to move towards sustainable development that provides better quality of life for all within the ecological limits of the planet, Development Alternatives believes there is a need to revamp the principles governing our economic systems, with the aim of transitioning to a new green, inclusive, fair, and transparent economy. We envision this new economy to be a more resilient, low-carbon, resource efficient, and socially inclusive; where public and private investments drive growth in income and meaningful employment and reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services.

The transition to this new economy has the chance to be based on current knowledge rather than the historical assumptions such as growth can be infinite or that it will always trickle down to those who need it most or that investing in the environment will undermine social progress. Moreover, economic systems have the opportunity to help the lives of the poor and most marginalised. It can bring new sources of wealth and investment; alternative jobs and sectors; and ultimately an economic system that is more resilient to withstand financial shocks and natural disasters. In order for this transition to effectively take place we believe the following systemic changes are crucial. These are:

- **Measure What Matters:** We need to shift corporate, national and global measures of success beyond profit and GDP alone to make people's wellbeing and the health of the planet a yardstick of progress.
- **Influencing Financial Flows:** We need to accelerate and widen the scope of financial sector reform so that markets are guided by long-term goals, which redirect capital flows towards building greener and more resilient economies.
- **Investing in People:** We need to reduce inequality and unemployment that wastes human potential, stunts innovation and redistribute our natural and financial capital in a manner that creates a more diverse economy capable of providing stable job prospects.
- **Managing Natural Systems:** We need to recognise our dependence on nature for food, clean air, water, energy and raw materials and reflect that dependency in economic activities.

While these changes need to be applied to the economy as a whole, there are some key sectoral themes where we believe these changes can yield the maximum results, especially in case of India. These are Agriculture, Housing, WASH, Skills and Livelihoods, Integrated

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Village Development and Resource Efficiency. Interventions in these areas will play a significant role in moving along India's transition towards sustainable development.

Given this background, this session of **trialogue 2047** explores the idea of a greener, inclusive, fair and transparent economy and attempts to answer questions on the role that different stakeholders play in enabling this transition.

Perspectives on Green economy

This triologue was represented by experts from diverse background, who came together to share different perspectives on the notion of green economy as well as a shared understanding on the solutions that are required for this transition. Ms. Kaavya Varma is a Senior Associate at Green India States Trust (GIST), Mumbai. She has vast experience in developing Reducing Emissions from Deforestation and Forest Degradation (REDD) methodologies and measurement indicators to monitor and evaluate the effectiveness of forest conservation and incorporate REDD at the local level in countries like India and Ghana. Dr. Purnamita Dasgupta is Associate Professor at the Institute of Economic Growth, University of Delhi. She is a Development economists with vast knowledge on issues related to climate change ranging from public health, energy etc. Nitin Sethi is Senior Associate Editor at the Business Standard and has held positions previously in The Hindu as well as The Times of India. He reports extensively on development, agriculture, environment, and climate change.

The triologue 2047 began with setting the context of what the green economy meant to the different stakeholders. Ms. Kaavya Varma, spoke of the Sustainable Development Goals as a tremendous opportunity to restructure our growth paradigm. She highlighted the importance of having to look at the ecology and ecosystem services that are the main factors that underpin the economy and society. It is the bottom based on top of which the top two tiers of society and economy lie. It has a huge impact on the wellbeing of our society. She further pointed that social equity can't be attained unless we address ecological scarcity. A study conducted by UNEP revealed that 47% of the Gross Domestic Product of India's rural poor comes from natural resources (UNEP, 2009). This can be termed as the 'GDP of the Poor' where biodiversity based livelihoods options form the basis of the rural economy. Thus for ensuring greater social equity there is a need to acknowledge ecosystem services and the role it plays in human wellbeing.

On the other hand Dr. Purnamita Dasgupta pointed out to the fact that conventionally, we juxtapose the rights based approach to equitable distributional (e.g. Right to Forests, Right to Water etc.) and ethical concerns (e.g. Biodiversity preservation) against economics, resulting in the failure to co-produce knowledge in our society. In other words producers and users of knowledge that can inform solutions and then be implemented have failed to converge and come to a consensus. Nevertheless, there is a level of optimism that one can hope for with the adoption of the Sustainable Development Goals. These goals are believed function as a single hat with several compartments, i.e., while the ultimate aim maybe of providing basic services, within this the planning for sanitation and that for housing cannot be the same and will require different solution based approaches to each issue.

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Nitin spoke of the role of media in this new development paradigm and whether or not we can address the gap between the science, media and citizens. It is the responsibility of the media to break-down the science to a level that informs citizens.

History has altered the contract between the citizens and the state. India is a country like no other, where an emerging economy has had to engage with the rapid changes between the State, the citizens and the executive. The changes are taking place so rapidly, primarily resulting from the technological renaissance that we haven't seen before. In relation to this, Nitin pointed out that journalism is a story teller, and has a contract with the citizen to feed them with the right kind of information. However, Journalism in the present age is unavailable to deal with the pace at which history is transforming. Electronic media while generating greater number of articles, has lost its credibility due to the quality and the biasness that is reflected. He stated that the legacy journalism is dying; at the same time the amount to cover has increased, thus compromising on the quality.

Opportunities for this transition

a) Re-directing financial flows

Through the course of the discussion the speakers attempted to address several issues ranging from financial flows to the measurements which are of relevance, given the plethora of attributes we require to track. Nitin began with stating that largely financial flows are accumulated in the private sector by way of investments with less of these flows taking place in the public sector functionaries. He further emphasised on the need for innovative mechanisms that result in financial reforms in the public sector. A case example is of taxing the bad and not essentially the good, for instance, in the UK a Sugar tax will be imposed 2017 onwards. This tax is estimated to generate close to 25000 pounds per year, which will be used for financing healthcare programmes for school-going children. In this case it is the role of the Government to strengthen the taxation and enforcement rules and the role of the media and civil society to implement and generate the right kind of awareness for ensuring the desired outcome of the initiative. Similarly for the purpose of achieving the Sustainable Development Goals, inadequate public finances seems to be a constraint and this innovative mechanisms are required to re-direct private finances in invest in more sustainable practices.

b) Measuring what matters

Kaavya questioned the appropriateness of some of the measurements that are adopted as indicators for growth and development. The choosing the right indicators is crucial to derive at the appropriate solution for a particular problem. For instance a recent UNEP report (2012) has estimated that 47% of the GDP of the rural poor of India comes from the use of natural resources such as harvesting of forest produce, fisheries etc. Thus 'GDP of the poor' can be identified as a new equity indicator which can measure the extent of dependence of rural communities on natural systems. In a similar GIST conducted a study with students and households in Indonesia, Central Kalimantan, revealed that a staggering average of 70% of the people were dependent on nature. These numbers were a powerful indicator for the planning ministries of Indonesia to formulate their development paradigm and identify the

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key areas of growth that were necessary for the well-being of its people, i.e. whether to discontinue investment in the palm oil industry and more in REDD+ mechanisms that contribute to emission reductions thus ensuring long-term economic development and environmental preservation.

c) Looking beyond GDP as an indicator for well-being

While it might be considered relatively easier to calculate the economic growth of a community, social indicators are often more complex and describing social inequality becomes a hard task. In relation to this Dr. Dasgupta spoke about the problem that the society faces in trying to mainstream culture. One needs to understand that the Society is heterogeneous, and hence cannot be uniform. In a similar sense neither can culture be uniform and thereby mainstreamed. She was of the opinion that our notion of equality is dictated by the society's cultural position. She elaborated this with the example of the Kerala development model. While Kerala has been at the fore-front of showcasing successful functioning of self-governance models (in this case Panchayati Raj Institutions), the sustainability of this models is being questioned due its lower performance in the economic growth aspect. Thus Dr. Dasgupta differed from the point that environmental and social well-being and progress can be determined on economic numbers. Getting an economic indicator is relatively easier but there is a need to go beyond juxtaposing economics versus contextualisation of solutions and benefits. Thus the choices made should not be between issues with either technological determinism versus social determinism, but rather both need to be accounted for, and need not be necessitated from economic factors.

She insisted on that fact that for conservation and management of natural systems the precautionary principle approach needed to be adopted and not based on the polluters pay principle. In other words we can determine the ecological services provided by nature and work in accordance with these, rather than determining a cost benefit analysis of indiscriminate use of natural resources.

Conclusion

Reflecting on the discussion, Dr. Khosla summed up the discussion and put across his remarks in the form of actionable suggestions that might enable an effective and sustainable shift in the country's development paradigm.

Reflecting on the role of journalists and the media at large, he was of the opinion that biases among the media houses was a sign that readers now demanded greater critical thinking and thus journalists had the responsibility of providing the masses with perspectives that looked beyond just numbers, and allowed for addressing of more fundamental issues that look at social progress and environment well-being.

He further stressed on what Dr. Dasgupta pointed to for co-production of knowledge. There is a need to study existing tools and tangible solutions that have been successful in various countries, and then to apply them to the relevant contexts to understand their practicality.

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For instance, the example of Indonesia, where it was the Planning ministry that deciding the development indicators that they wanted to track and not the environment ministry. Thus looking at countries, there are examples that we need to look to understand the feasibility of scaling and replicating such initiatives. Finally Nitin, added in India today, the fiscal relationship between the state and the Centre is changing. There us thus a need to map and create the matrix for understanding these fiscal flows and to develop a vision plan to bring both the State and Centre on the same path to a more sustainable and equitable economy.

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