

The background image is a composite of two rural scenes. On the left, there is a red barn with a dark roof, situated in a green field. On the right, there is a golden field with several large hay bales. A bright, circular light flare is centered in the background, creating a soft glow. The text is overlaid on this image.

# Towards a Green Growth Strategy for Agriculture: Issues and Challenges for Policy

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# Outline of presentation

- **Context**
  - Concept
  - Need for green growth
- **Green growth and agriculture**
  - Linkages
  - Policy dimension
  - Measuring progress
- **Conclusions**

# Context

# OECD Green Growth Strategy

- ***Requested by OECD Ministers in 2009***
- ***Delivered at the 2011 OECD Ministerial :***
  - ***Synthesis Report: Towards Green Growth***
  - ***Toolkit: Tools for Delivering on green growth***
  - ***Indicators Report: Towards Green Growth: Measuring Progress – OECD Indicators***
- ***A Green Growth Strategy for Food and Agriculture – Preliminary Report***
- ***Multi-disciplinary inter-governmental process***

# What is green growth?

*Green growth is the pursuit of economic growth and development, while preventing environmental degradation, biodiversity loss and unsustainable natural resource use.*

# What is green growth?

## Key characteristics:

- **No necessary conflict between growth and environment in the long run**
- **Tool to achieve sustainable development**
- **Focus on fostering innovation, investment and competition that can give rise to new sources of economic growth**
- **Coherence of policies**

# Why Green Growth?

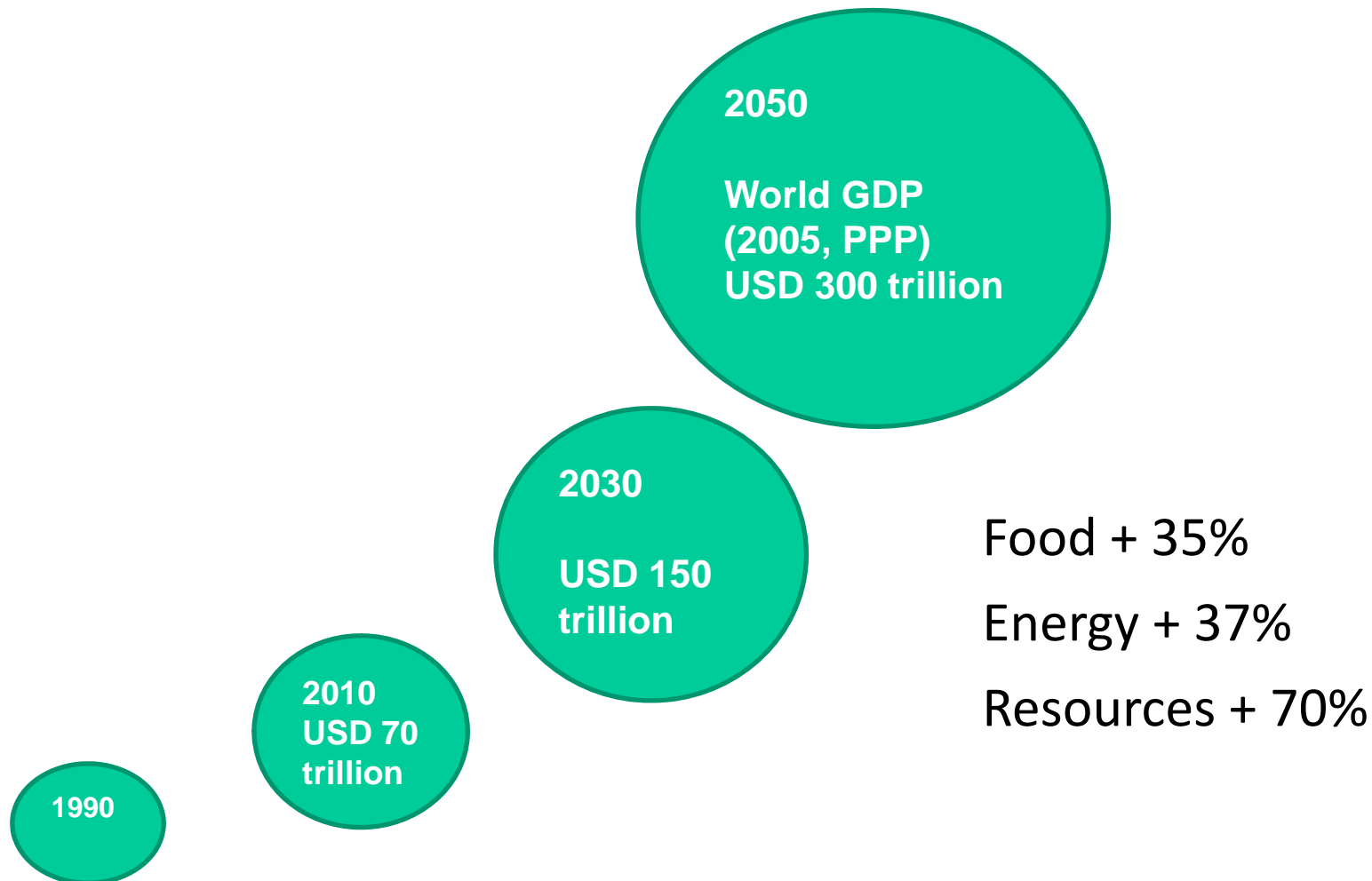
## 1. We need *Growth* ....

- current sources of economic growth are placing unsustainable pressures on the natural resource base ⇒ economic and social burdens ⇒ high costs of inaction

## 2. and it *needs to be Green*

- opportunity of the crisis to replace stranded capital with cleaner alternatives (*e.g.* green stimulus packages) ⇒ industry, jobs and skills restructuring
- ❖ **But a lot of green is not priced..**

# The need for green – future challenges

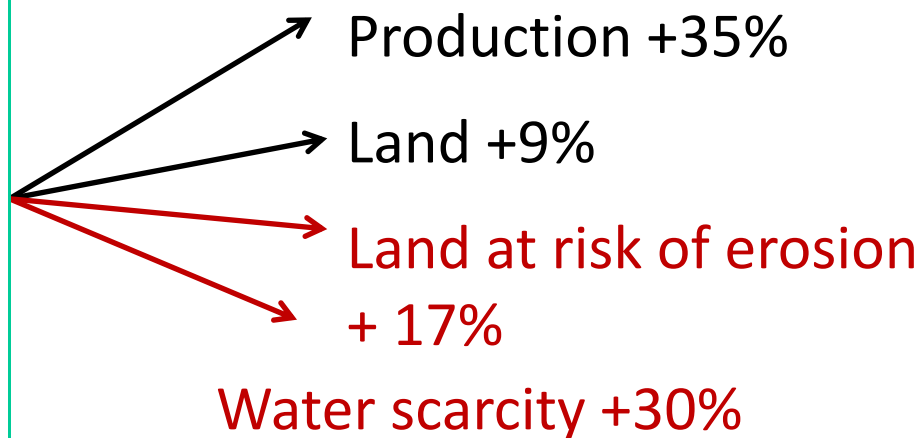


Source: OECD

# Risks in not going green: shocks to food supply

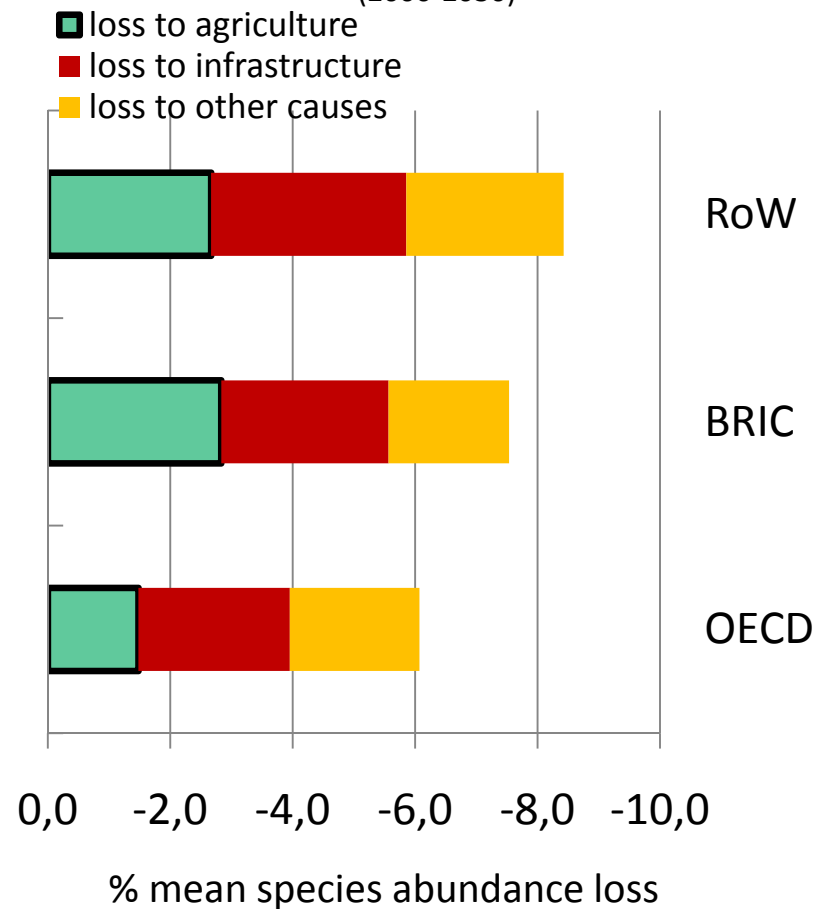
## Pressures on natural capital

By 2030, business as usual:



## Biodiversity loss

(2000-2030)



Source: OECD



# Green growth and agriculture

# Agriculture and green growth linkages: Illustrative example

- **Agriculture has a role to play in contributing to green growth**
- **But the relationship between agriculture and green growth is complex**
- **And the context is critical**

# Agriculture green growth policy toolkit

## Policies that mutually reinforce green and growth

- Policies to encourage R&D and innovation
- Measures targeted to economic adaptation of farmers and farm households (*e.g.* training)
- Openness to trade and investment

## Policies specifically aimed at greening growth

- Market-based instruments
  - Agri-environmental payments, environmental taxes, etc.
- Non-market instruments
  - Regulation, voluntary agreements, technical assistance

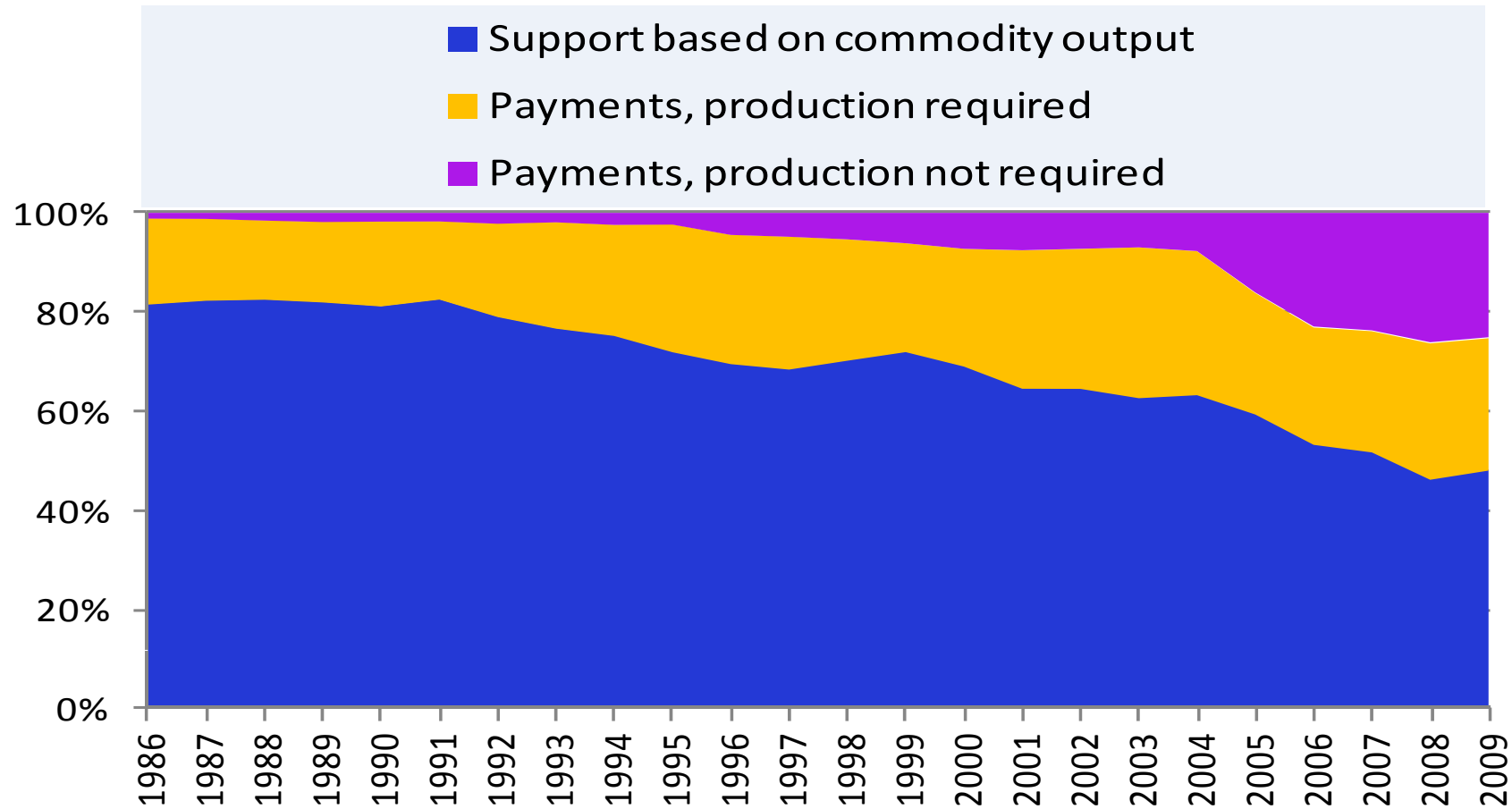
## **Evidence:** Agricultural R&D and productivity

- **Shifting patterns of public support for R&D and productivity in high-income countries:**
  - **Slowdown in spending growth**
  - **Diminishing share for on-farm productivity enhancement**
  - **Productivity slowdown**
- ❖ **Different patterns for Brazil and China**

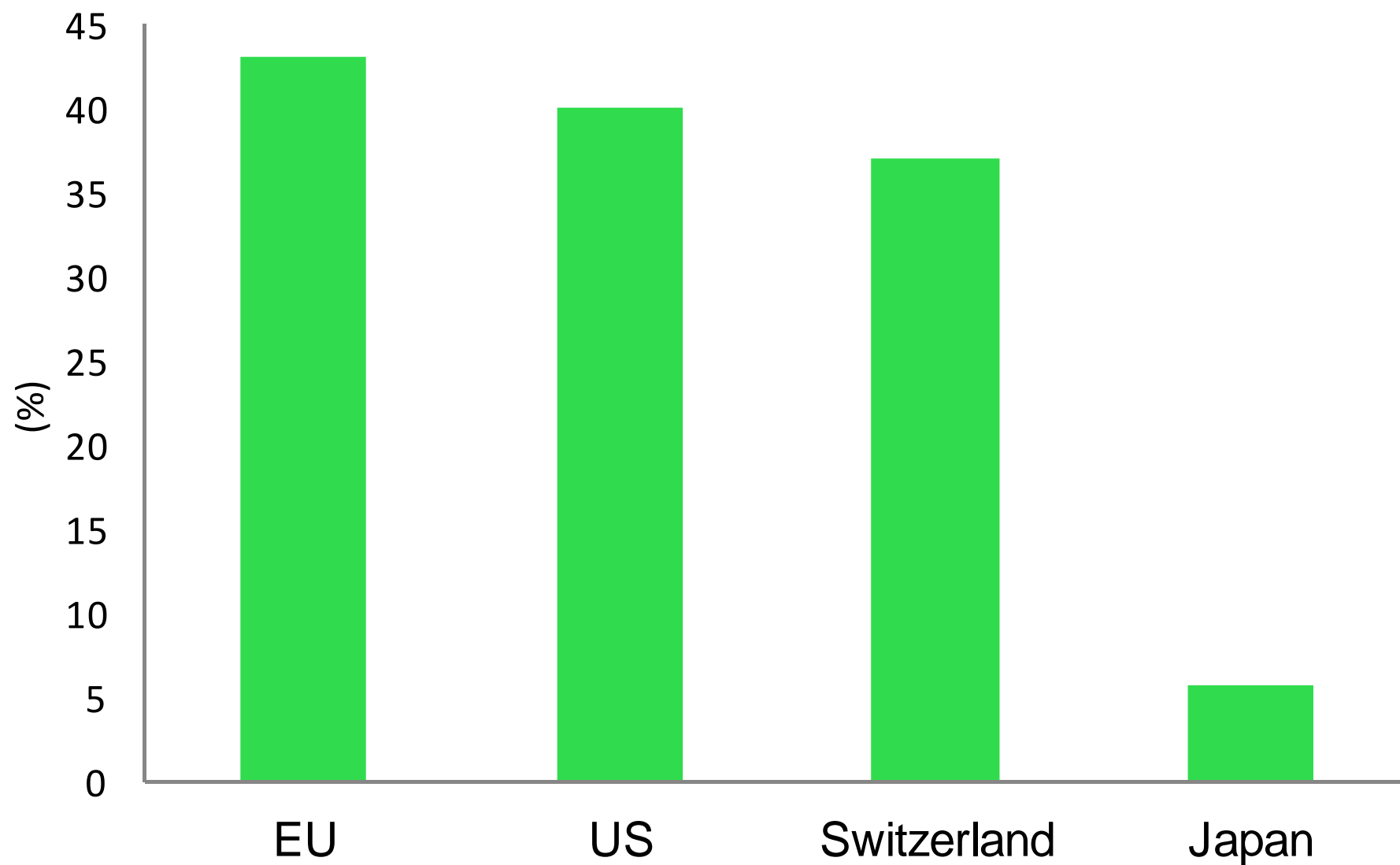
# **Evidence:** Agricultural policies

- **Agricultural policy in OECD countries has been changing – but still a protected sector.**
- **Some reduction in support and shift towards public goods (e.g. environment) and other objectives (e.g. rural development).**

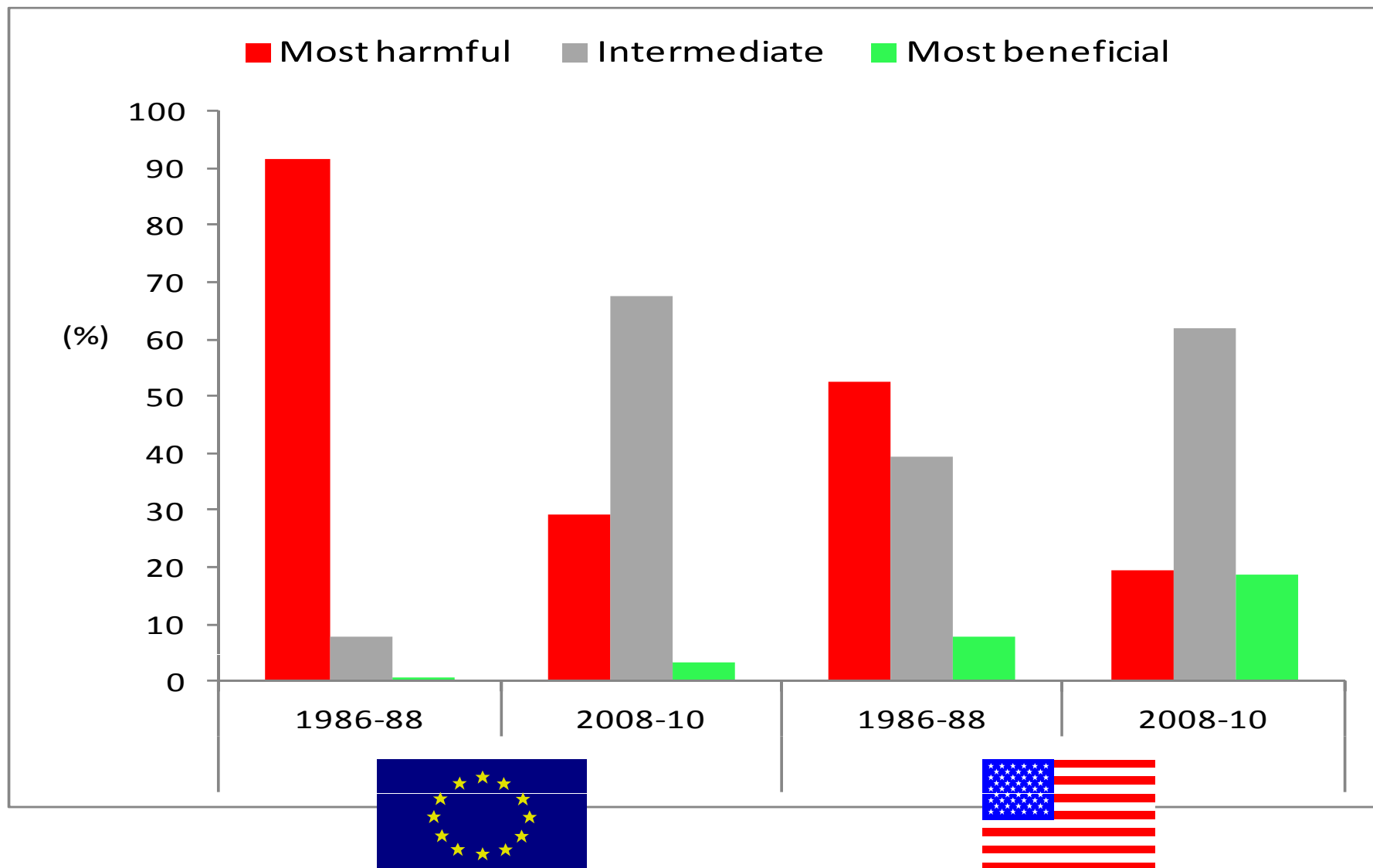
# Evidence: Composition of OECD farm support



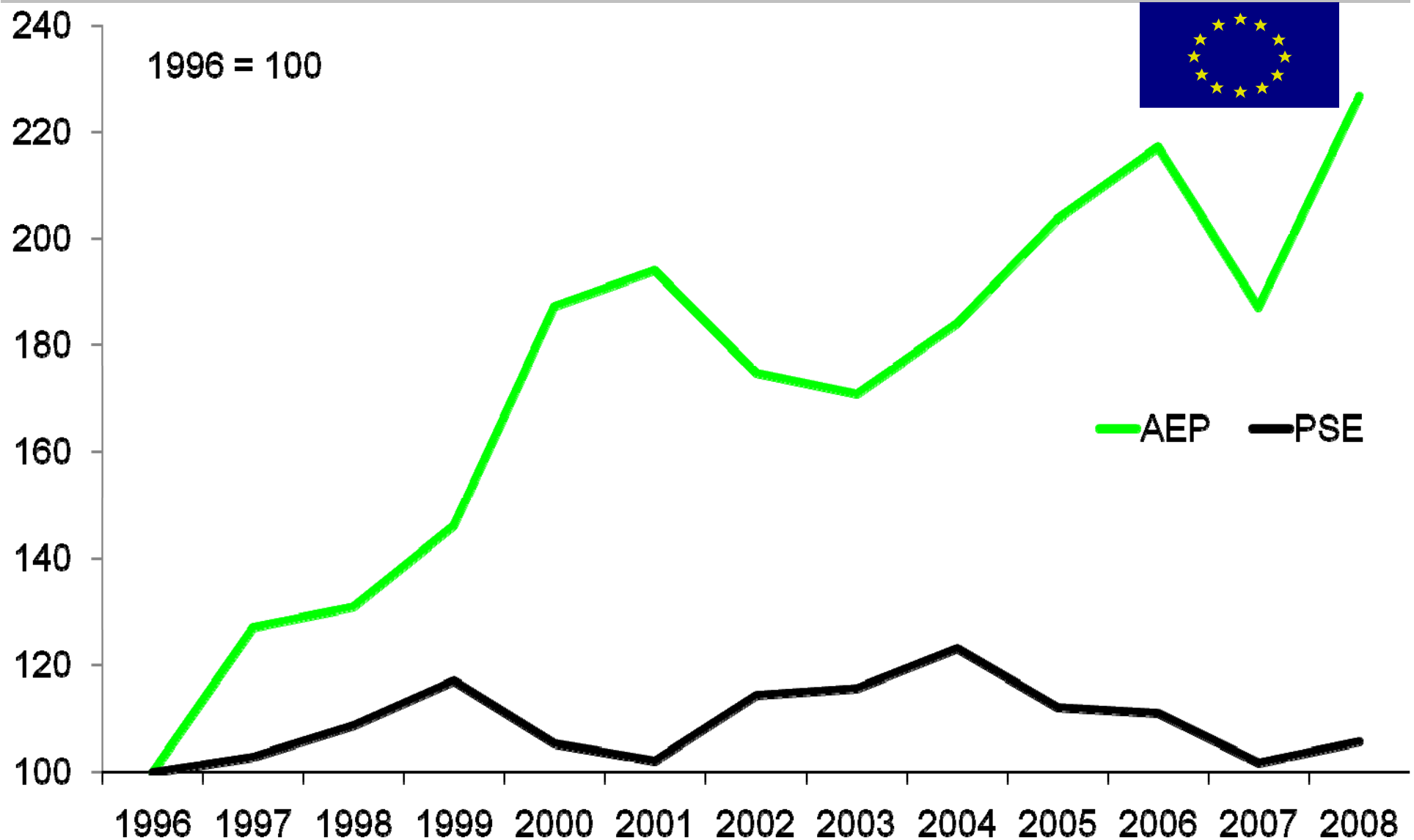
# Producer support subject to cross compliance, 2008-10



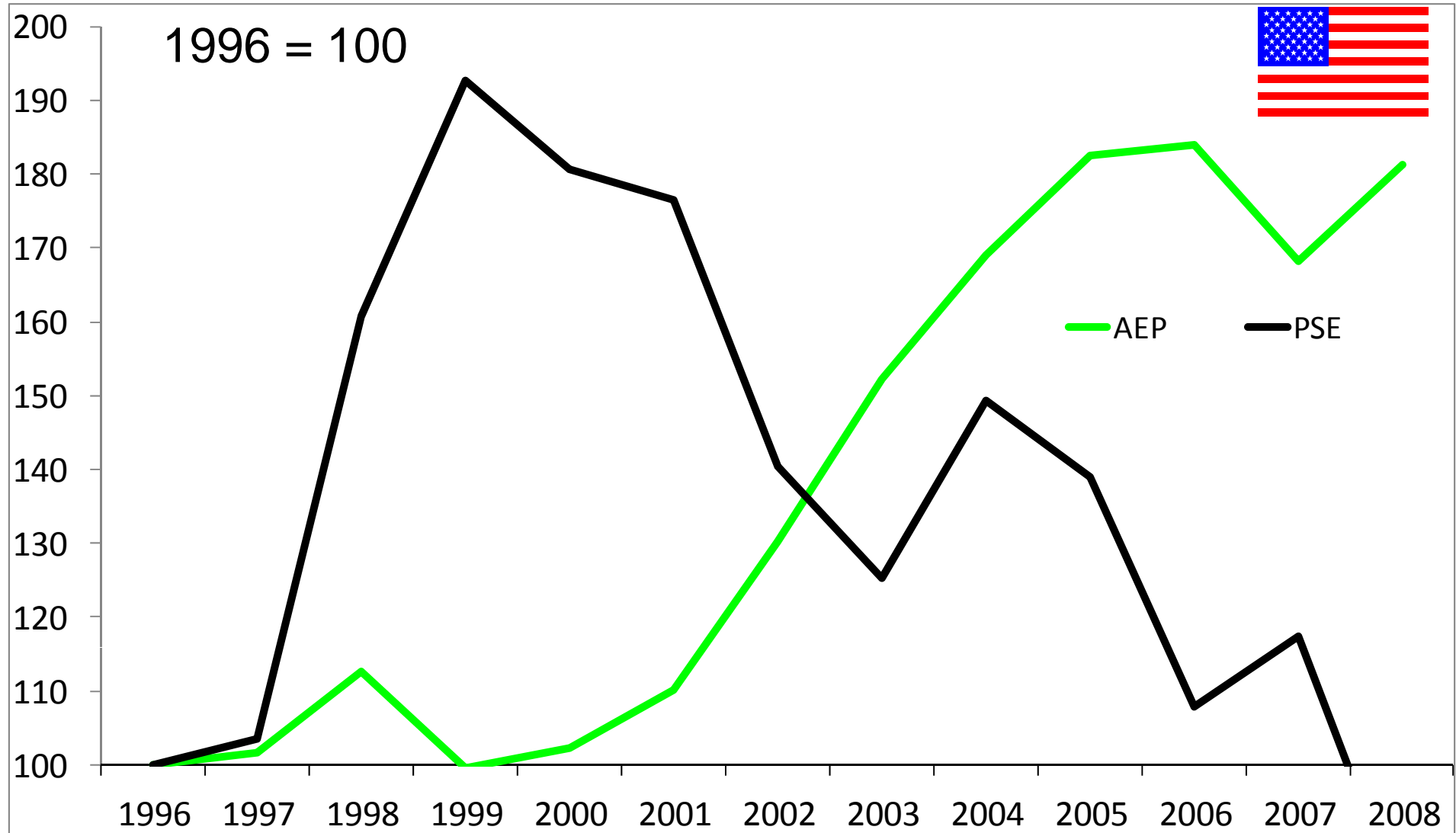
# Ranking agricultural support to farmers by potential environmental impact



# Evidence: Evolution of AEPs and PSEs - EU



# Evidence: Evolution of AEPs and PSEs - US

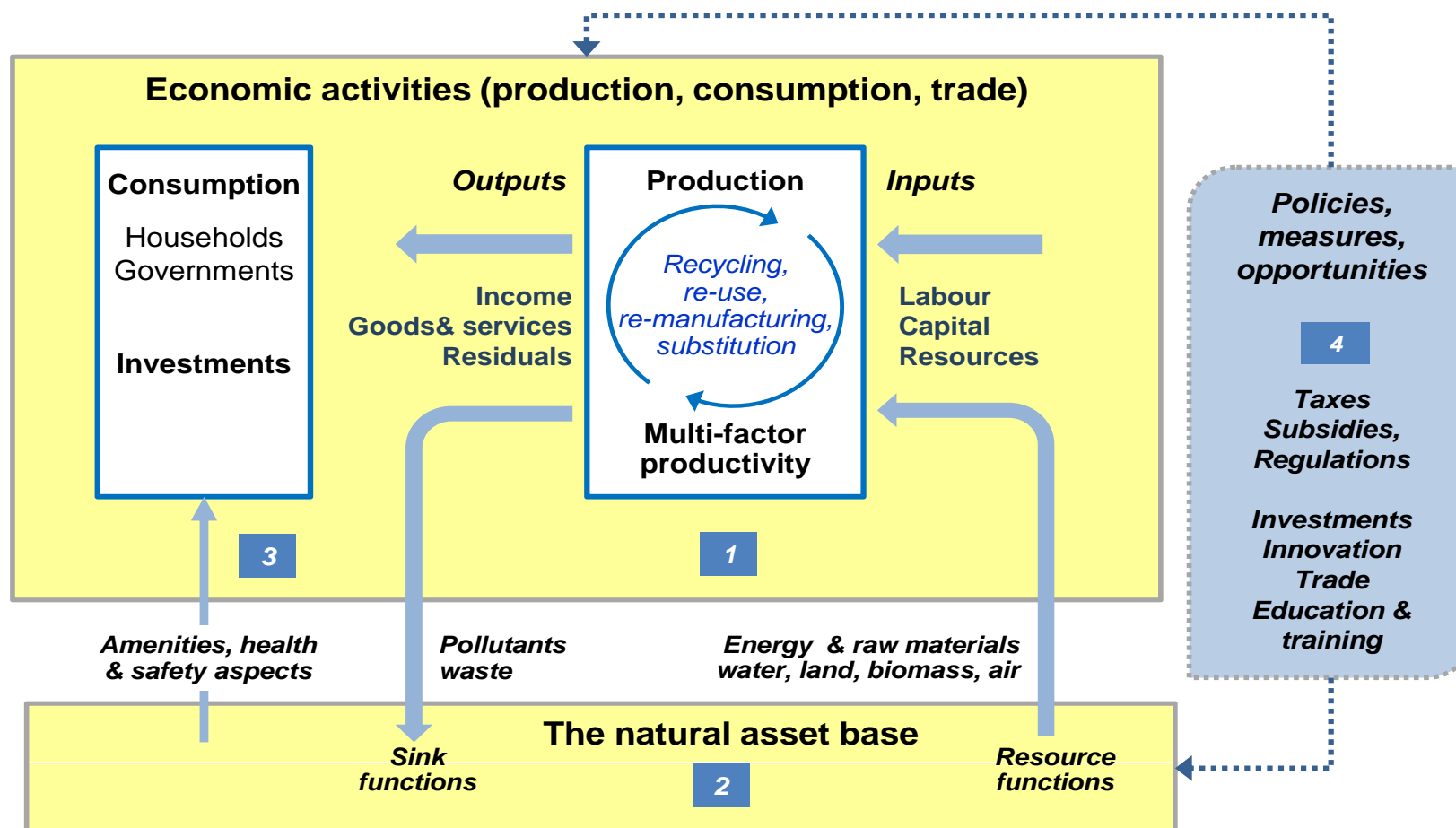


# Measuring progress

*You can't manage what you don't measure*



# Framework for green growth indicators



*The socio-economic context and characteristics of growth*

*1: Indicators monitoring environmental and resource productivity*

*2: Indicators monitoring the natural asset base*

*3: Indicators monitoring the environmental quality of life*

*4: indicators monitoring economic opportunities and policy responses*

# How can we measure progress?

- No unique *quantifiable* indicator to track **environmental or social impact** of agriculture
- Conventional **economic indicators** (value-added) are distorted by policies, underpriced natural resources and non-internalised externalities
- Need *qualitative indicators* too – to capture food system governance, institutions, changes in policy directions and management approaches – perhaps with case studies of “good practice”?
- More work is needed on **relating environmental footprints to sectoral growth**



# Conclusions

# Main messages

- **Business as usual is not an option!**
- **Moving towards a greener growth model for agriculture is challenging, will involve trade-offs as well as synergies and will vary across countries**
- **A green growth strategy for agriculture needs to:**
  - focus on increasing productivity in a sustainable manner.
  - ensure that well-functioning markets provide the right signals
  - establish and enforce well defined property rights

## ...BUT

- These priorities aren't new – but governments need to move first to "**price the environment**" and business then has an incentive to follow the signals
- It's often difficult to overcome obstacles to implementation and the challenge is to provide **concrete implementable policy advice, measure progress, and learn from experiences across countries and businesses**

## Next steps

- **Green growth is mainstreamed in OECD**
- **Monitoring and evaluating progress towards**
- **Review country experiences**
- **Improve measurement towards green growth**
- **Whole agro-food chain?**
- **Green growth in non-OECD countries  
(FAO, UNEP)**

**Thank you for listening!**



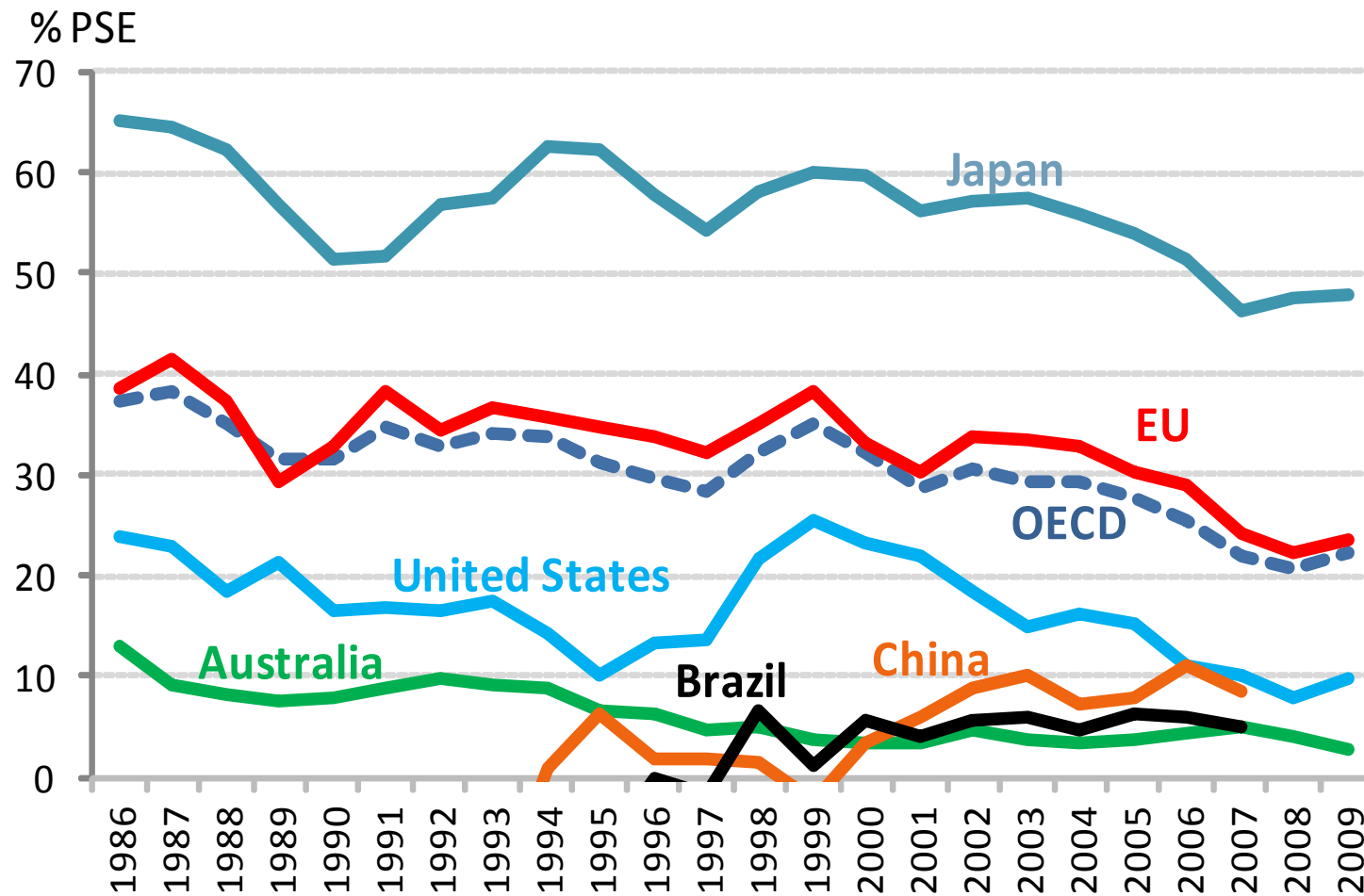
**Visit our website:**

**[www.oecd.org/agriculture/greengrowth](http://www.oecd.org/agriculture/greengrowth)**

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# Evidence: Support to farmers



# Green Growth framework

## Enabling conditions

- Balanced tax structures
- R&D and innovation policy
- Competition
- Infrastructure investment
- Openness to trade and FDI

## Key policy tools

- Pricing of pollution and resource use
- Subsidy reform
- Regulatory and policy predictability
- Support to basic research and emerging technologies
- Governance of natural assets

## Major environmental issues

- Water scarcity
- Climate change
- Health impacts of pollution
- Biodiversity loss

## Promoting transition

- Skills and labour market adjustment
- Distributional and competitiveness concerns
- Science and technology cooperation
- Development assistance
- Management of global public goods

## Measurement agenda

- Productivity of resource use
- Physical evolution of the natural asset base
- Environmental quality of life
- Opportunities arising from environmental considerations
- Evolution of policy and social responses
- Promoting efforts consistent with international standards

# Directions for future work

## Timeline

## Deliverables

2011 MCM

- ❖ Green Growth Strategy Synthesis Report
- ❖ Green Growth Indicators Report
  
- ❖ Green growth monitoring work: green growth indicators, further green growth chapters in Economic Surveys and Environmental Performance Reviews
- ❖ Green Growth Reports for Emerging Economies
- ❖ Report on Green Growth and Developing Countries
- ❖ *A Green Growth Strategy for Food and Agriculture* (preliminary report)
- ❖ Joint IEA/OECD Green Growth Study for Energy
- ❖ Monitoring green investment protectionism concerns

2011/2012

- ❖ Report on Green Innovation
- ❖ Green Growth and Biodiversity
- ❖ Green Cities Programme
- ❖ Project on Green Financing
- ❖ Green Growth and Water
- ❖ Project on green financing
- ❖ Environmental regulations and growth
- ❖ Green fiscal revenue
- ❖ Job potential of a shift towards a low-carbon economy