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Swiss Agency for Development and Cooperation SDC

E+E | Economy and Education

Inclusive Green Economy

Orientation paper *DRAFT for consultation*

24 August 2023

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1. Purpose of the paper

- This paper aims to provide SDC staff at HQ and SCO, as well as partner organisations, with a **common understanding** of what Inclusive Green Economy means, why it is important and why the E+E section is developing a paper on this topic.

- The paper identifies specific **strategic entry points** that help to clarify how existing or new Economy + Education programs and interventions can contribute the most towards inclusive green economic development.

- As strengthening institutional knowledge and expertise is identified as a challenge, this orientation paper is a direct response to the need to promote **capacity building and knowledge sharing on IGE**.

2. Key issues

Where does the IGE concept come from?

The IGE concept is based on the consideration of the universe boundaries of the planet and the danger of reaching the tipping points through the continuation of business and growth modelling as usual. The **nine planetary boundaries** are the following: stratospheric ozone depletion, loss of biosphere integrity, chemical pollution, climate change, ocean acidification, freshwater consumption, land system change, nitrogen and phosphorus flows, and atmospheric aerosol loading. This means that IGE is a response to climate change as well as other planetary tipping points.

The **poorest countries in the world have rarely contributed** to reaching these planetary boundaries. Since 1750 USA and the EU have contributed to nearly 50% of the world-wide pollution while other fast-growing countries like China and other emerging countries are catching up since the last 50 years. In difference, poorest countries on the African continent only contributed 2,73% to global emissions.

On the other hand, it can be clearly seen that the effects of climate change and the other tipping points **disproportionally affect the most vulnerable** countries and groups in their societies (see Energy for Growth Hub).

The IGE approach emphasizes that this economic development model of the industrialized and emerging countries will have to change to **overcome the intensive use of natural capital stocks and ecosystem degradation**. Also emerging and developing economies have replicated this trend in recent years but at a much faster rate and with less socially inclusive results.

Why is IGE important?

The IGE reacts to the need for **economic transformation** and at the same time emphasizes the need that industrialized countries have to become drivers for the economic transformation. Nonetheless, also emerging and poor countries have to be supported to promote a transformative approach to economic development. They should at the same time benefit from innovation loops and economic opportunities that derive from the green transformation.

The green transition contributes to an increasing demand for new qualifications and competencies. The transition to a low-carbon economy is increasingly creating new jobs, changing the profiles of existing jobs and causing a decline of jobs in some sectors.

To be able to support poorer countries in this transition, the importance of merging green economic development with **inclusiveness and fairness** principles is emphasized.

From an innovation perspective, the IGE approach emphasizes the need to create diverse loops of learning and to **overcome the same mistakes** of the industrialized countries to make use of innovational jumps.

How should international donor organisations such as the SDC contribute to IGE?

Donors have emphasized several entry points to promote developing countries in their development paths. Some donors put specific emphasis to strengthen a **systemic vs an isolated approach to IGE**. It is also emphasized that the IGE is finely a normative approach and donors should not force this approach to their partners but rather create a dialogue of where donors can support to promote IGE.

There are **two dilemmas** that must be considered in this respect: on the one hand, interventions on a project base will rarely have system impact if it is not integrated in green transformation strategy of the partner country. Secondly, most donor projects are still following the traditional way of economic development support. The experience with IGE intervention in real practice is low, even lower when it comes to the promotion of systemic intervention models.

Strengthening a **realistic** versus a very normative-driven and political condition-based green development approach to IGE will be highly relevant.

The SDC seeks to support a systemic and well-coordinated approach with the national governments. If successful, the SDC can set an exemplary role, because many donors focus on isolated programme activities.

Moreover, the SDC can build on its long-term experience applying systemic approaches, and its decentralized structure and proximity to the programmes which allows it to react to country-specific needs and adapt interventions promptly. Despite being a smaller donor and slow to develop an organisational strategy, the **SDC has advantages** over other donors that provide it with the opportunity to make a meaningful impact in the area of IGE.

Consultation questions on the chapter "key issues":

Q1: Looking at the questions discussed above, are there any key issues related to IGE that you feel are missing?

Q2: Are there any issues that you find unclear or confusing? Or do you disagree with some of the statements made (and why)?

3. Terminology: description of IGE and challenges defining key terms

How to define IGE, considering that it is such a broad and multifaceted concept?

A commonly agreed definition of Inclusive Green Economy does not (yet) exist. Many organisations use different ways to define it, but a frequently quoted description from the UNEP says: a **green economy** can be perceived as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

IGE is a pathway towards achieving the 2030 Agenda for Sustainable Development, eradicating poverty while safeguarding the ecological thresholds, which underpin human health, well-being, and development. Inclusive Green Economy emphasizes an **alternative to today's dominant economic model**, which does not take sufficiently well into account environmental and health risks that resulted from wasteful consumption and production practices (UNEP).

Green economy refers to sectors (e.g. energy), topics (e.g. pollution), principles (e.g. polluter pays) and policies (e.g. economic instruments). This shows that it is a very **broad and multi-layered** issue. Resource efficiency is a closely related concept, since the transition to a green economy depends on (1) maintaining the structure and functions of ecosystems (e.g. **adaptation** strategies) and (2) finding ways to cut resource use in production and consumption activities and their environmental impacts (e.g. **mitigation** strategies). In its simplest expression a green

economy can be thought of as one which is **ecosystem resilient, low carbon and resource efficient as well as socially inclusive (UNEP)**, as the Figure 1 below illustrates.

Figure 1 Inclusive Green Economy according to the European Environment Agency

Why a Green Economic Transition should also be a Just Transition (in terms of fairness and inclusiveness)?

As it is becoming more and more apparent, **Climate Change** is generating larger and more frequent disasters, disproportionally affecting the poor. By prioritizing IGE, development programs, including VSD and PSD programmes, commit to investing in measures that ensure that the poor are in a better position to reap the benefits of a just and green economic model rather than disproportionally bearing the costs.

In international cooperation, **the European Green Deal** is shaping donor strategies from EU countries tremendously and will affect priority setting in their interventions. At a global level, the national determined strategies of 193 countries are required to demonstrate progress within the **Paris agreement**.

It is important that Economic Programmes do not only contribute to a Green Transition but also to **a Just Transition**. A just transition ensures that climate action comprises measures that are as fair and inclusive as possible, **leaving no one behind**. It can be a net generator of decent green jobs that can contribute significantly to poverty eradication and social inclusion. On the other hand there is also a significant risk if not carefully managed through Just Transition policies and processes, economic changes could result in increased social inequality, worker disillusionment, strikes or civil unrest and reduced productivity, as well as less competitive businesses, sectors and markets.

Other topics closely related to IGE, e.g. on green jobs, are also not clearly defined yet. As a starting point, the descriptions listed below provide some guidance on what the following key terms mean and where additional information can be found.

Glossary of key terms IGE

Key Terms	Descriptions	For up-to-date and more comprehensive definitions the following sources should be consulted. [1]
Green Jobs and greening jobs:	'**Green jobs'** – namely decent jobs for the production of goods and services or the introduction of technologies and processes that protect, preserve and restore the environment – continue to grow, driven by regulation, technological change, or new business practices. But as all sectors are (sometimes timidly) gradually becoming less polluting and more resource-efficient, the bulk of the green transition impact is expected to be on the **greening of traditional jobs** and occupations (e.g. farmers, mechanics, bankers, etc.). New green jobs (renewable energy, energy auditing, etc.) are key but much less relevant statistically.	https://unevoc.unesco.org/home/TVETipedia+Glossary/lang=en/show=term/term=green+jobs
Skills for the green transition	'Skills for the green transition' include skills and competences but also knowledge, abilities, values and attitudes needed to live, work and act in resource-efficient and sustainable economies and societies. They are: technical: required to adapt or implement standards, processes, services, products and technologies to protect ecosystems and biodiversity, and to reduce energy, materials and water consumption. Technical skills can be occupation-specific or cross-sectoral; transversal: linked to sustainable thinking and acting, relevant to work (in all economic sectors and occupations) and life. Alternatively referred to as 'sustainability competences', 'life skills', 'soft skills' or 'core skills'.	Unified definition published by the Inter-Agency Working Group on Work-Based Learning (European Commission, ETF, Cedefop, OECD, ILO, and UNESCO) in autumn 2022
Green Financing	Green finance encompasses a range of financial activities and mechanisms aimed at supporting environmentally sustainable projects and initiatives. It involves the integration of environmental considerations into financial decision-making processes, with the goal of promoting a transition to a low-carbon and sustainable economy. Green finance aims at scaling up financial flows towards investments and projects that have positive environmental impacts and contribute to addressing climate change by developing sustainable investment products such as green funds or green bonds, which allow investors to allocate their capital towards environmentally responsible companies and projects.	https://www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/green-financing#:~:text=Green%20financing%20is%20to%20increase,sectors%20to%20sustainable%20development%20priorities.

[1] Many definitions are still unprecise and evolving, so it's important to consult these sources to understand the latest discussions (e.g. on how to measure results)

Circular Economy	The Federal Office for the Environment (FOEN) states that in a circular economy, raw materials are used efficiently and for as long as possible. When material and product loops are closed, raw materials can carry on being reused. Circular Economy represents an important part of Green Economy. The circular economy tackles climate change and other global challenges like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources. It is based on three principles, driven by design: • Eliminate waste and pollution • Circulate products and materials (at their highest value) • Regenerate nature	https://www.bafu.admin.ch/bafu/en/home/topics/economy-consumption/info-specialists/circular-economy.html#302932096 https://ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview

Finally, when working on IGE and its related topics it is important to always check for **country-specific definitions**. For instance, a taxonomy of what is meant by sustainable financing, and green financing in particular may already exist in your country: see for example the Sustainable Finance Policy for Banks and FI in Bangladesh.

Consultation questions on the chapter terminology:

Q3: Considering the breadth and complexity of the IGE concept, does the text provide a balanced overview and a sufficiently comprehensive introduction to the topic?

Q4: Do you agree to add more definitions, links and additional information in the document (e.g. annex)? Or do you have another solution how to best deal with the wealth of terminologies and constant evolution of those terms?

4. IGE and Strategic Frameworks

4.1 Where are the environmental objectives in our systemic approaches?

The SDC emphasizes the use of **systemic approaches** in the PSD, FSD, VSD and PSE projects. An approach like **Market System Development** (MSD) is highly applicable to Inclusive Green Economy, because:

It emphasizes the need for systemic thinking, which is important when trying to promote **circular economic processes** (e.g. recycling) versus linear economic models (take-make-dispose) or thinking along systems (e.g. youth employment).
It emphasizes the importance of facilitation, which is very relevant on a topic like IGE where

multiple stakeholders often have opposing interests, but also complementary capacities. It promotes the use of pilots (before reaching scale), which provides space and incentives for **innovative measures** that are greatly needed, if we want to move to an IGE.

At the same time, the current systemic approaches used in Economic Programmes have **not integrated environmental objectives** sufficiently well. They are not identified in key strategic frameworks, which means that users of the systemic approaches in PSD or VSD are not encouraged to explicitly ask themselves how the environment (e.g. Climate Change) may affect the programme and how the programme will affect the environment.

An MSD approach is a **demand-led approach** and as such we may ask are ourselves: where are new markets emerging that enable green economic innovations and solutions, require new green and innovative skills and finance? However, if we do not identify environmental objectives as an important goal of our interventions then it is often more attractive (faster or easier) to focus mainly on economic and social objectives. Not surprisingly, by adding another dimension the intersection where we could intervene becomes smaller (as you see below). Nevertheless, with a joined effort to invest in IGE this field should be expanding over time.

As a first step, these concerns should be integrated in the systemic approach by simply **adding the environmental objective into the strategic framework**. For example, when conducting the market system selection, the model may look as follows:

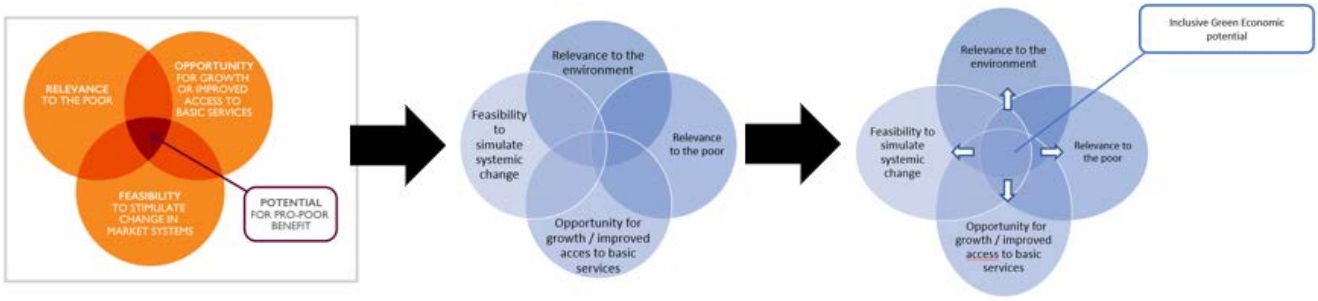

Figure 2 From current pro-poor systemic framework towards and IGE framework

Key questions to ask yourself when designing a programme that aims to contribute to IGE development are:

- Where is the greatest potential for benefitting the environment (locally, nationally and/or internationally)?

- Where is the greatest threat of negatively affecting the environment?

4.2 How to ensure Economic Programmes (PSD, FSD, PSE and VSD) are more climate / environment sensitive and responsive?

According to the OECD review on "Integrating Environmental and Climate Action into Development Co-operation" from 2021 numerous donors have claimed to increase their effort to promote climate change sensitive development programs. The reality shows that many development projects still lack the intention to contribute explicitly to a green economic transition (see next section).

Budget constraints, country-specific priorities and many other factors determine what should be the long-term objectives of a programme. Notwithstanding these limitations and provisions, however, all programmes should **at least be sensitive** about the possible negative effects of interventions on the environment and climate.

The ambitions of programmes can be mapped along **a scale**, whereby SDC programmes should at least ensure that they consider the theme (in this case regarding the environmental consequences) and that they try to integrate measures in the interventions (i.e. be responsive) to reduce a negative impact. See Figure 3 below

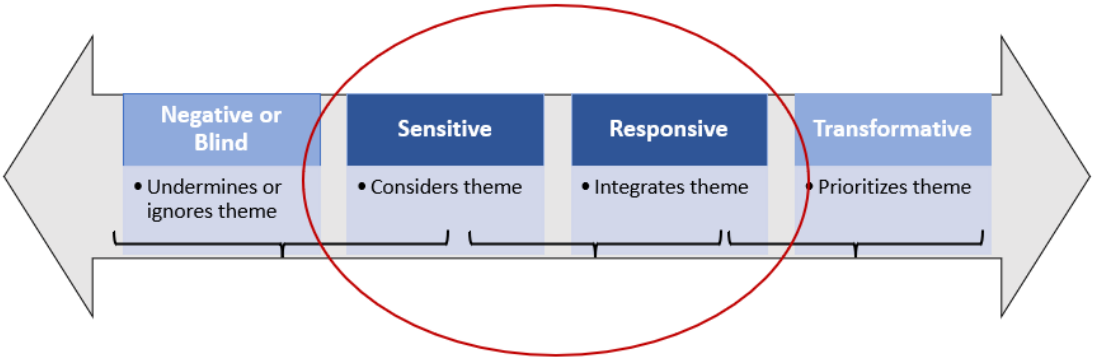

Figure 3 Climate / environment scale (sensitive and responsive)

Being climate / environment sensitive means that:

- You are aware of the need to identify negative effects and to take measures

- You are able to identify unintended negative effects
- You are selecting measures to treat identified risks
- You implement those measures

Being aware of the negative environmental effects of interventions is important, however, the primary concern of many poor and disadvantaged people relates to the tangible and unprecedented effects of climate change on their livelihoods and thus they demand more from the international development sector. As they often live in countries and work in sectors (e.g. agriculture) that are heavily affected by climate change, the most urgent interventions needed concern strategies that deal with climate risks, i.e. through adaptation measures. **Adaptation** measures are one of two **Climate Resilient Development**[2] options to support sustainable development; the second option concerns Greenhouse Gas **Mitigation** (see next section).[3]

> ***Making Markets Work for the Jamuna, Padma, and Teesta Chars (M4C)*** *in Bangladesh*
>
> *The SDC M4C project, implemented by Swisscontact, aims to uplift vulnerable char dwellers in Bangladesh's northern region. Chars are riverine lands susceptible to erosion and isolated from the mainland. The project aims to transform these areas into productive zones. M4C envisions reducing the climate and disaster vulnerability of farmers while strengthening their resilience through additional income generation, portfolio diversification, and risk transfer mechanisms. It aims to reduce climate and disaster risks by promoting climate-smart inputs and information, building capacities of farmers and stakeholders, and encouraging the adoption of risk reduction and climate change adaptation measures. For more information on: M4C*

The **CEDRIG**[4] is an important tool of the SDC to support SDC staff and their project partners in analysing whether existing and planned cooperation strategies, programmes and projects, are at risk from disasters emanating from climate variability, climate change, environmental degradation and/or tectonic activities. Depending upon the result of a rapid screening either a full or only a partial risk and impact assessment shall be chosen to analyse the risks and to identify appropriate response measures.

The SDC is helping people that are exposed and vulnerable to the effects of climate change to improve their livelihoods. The main goal of climate change adaptation programmes is to diminish the negative effects of a changing climate on people and to help those affected to adapt. For

[2] Chapter 18: Climate Resilient Development Pathways | Climate Change 2022: Impacts, Adaptation and Vulnerability (ipcc.ch)
[3] Climate change adaptation – responding proactively to the effects of climate change (admin.ch)
[4] The CEDRIG approach is not as comprehensive as a regular Environmental Impact Assessment (EIA) but it still helps to raise awareness and flag potential unintended negative impacts

more information, see: **SDC's strategy and programmes concerning climate change adaptation**.

Consultation questions on the chapter IGE and Strategic Frameworks:

Q5: In your opinion, does the text provide a clear rationale for why integrating environmental objectives into systemic approaches is crucial (if not, why)?

Q6: Do you find the scale presented in Figure 3 to be a useful tool to assess how well climate/environment objectives are integrated in development programmes (if not, why)?

5. Entry-points to ensure Economic Programmes contribute towards a Green and Just Transition: from micro, meso, macro level to meta level

Even though an increasing number of development programmes state that their interventions contribute to green economic development goals, in reality the implementation and impact of said programmes remains very limited (OECD, 2021). In this chapter and the following two chapters we will explore how Economic Programmes (PSD, FSD, VSD and PSE) could make a relevant contribution towards IGE (from sensitive and responsive to responsive and transformative in the graph below). We also explore how some of the key challenges that may hinder success should be managed, and how to measure results, share best practices and attain expertise.

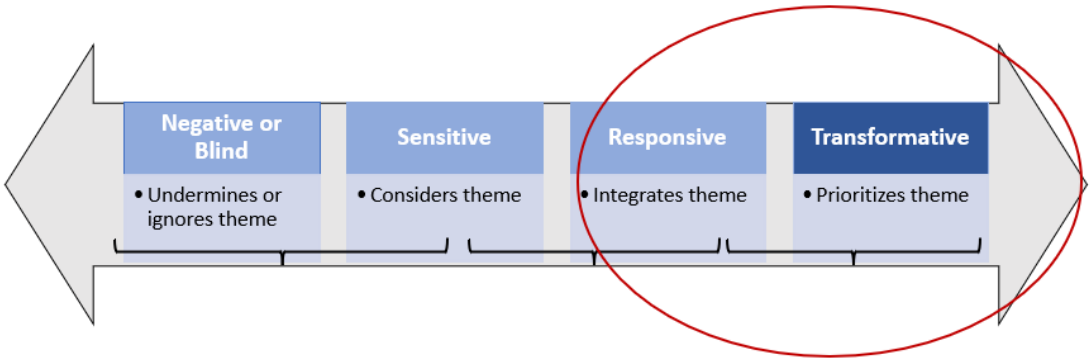

Figure 4 Climate / environment sensitivity scale (responsive and transformative)

To be able to support the transition from the current economic model towards an inclusive green economic model it will be necessary to also make use of systemic concepts that help to provide guidance and structure. The **systemic competitiveness framework** provides guidance on how to design programmes with

relevant entry points and a systemic development track. It provides a simple yet holistic structure for the design and identification of systemic interventions. It describes four different but interdependent levels of actors and roles that have to work together to assure a systemic approach of development:

Micro level	Meso level	Macro level	Meta level
Level of businesses, engaged citizens, business networks and active CSOs or business-level activities to promote IGE, including direct business support, new business models, value chain and cluster efforts	Level of targeted IGE policies for the promotion of businesses and the level of the support organisations and services. Here activities promote IGE, including the design of targeted industrial and innovation policies and IGE promotion policies as well as enabling meso-support organisations to provide respective IGE services	Level of targeted IGE policies for the promotion of businesses and the level of the support organisations and services. Here activities promote IGE, including the design of targeted industrial and innovation policies and IGE promotion policies as well as enabling meso-support organisations to provide respective IGE services	Level of socio-cultural aspects. Here social-cultural values are promoted in favour of IGE, including awareness creation and the promotion of change coalitions towards a more inclusive and green development agenda

The different levels provide **entry points** for Economic Programmes to contribute towards a Green Transition. The different levels influence and support each other. Programmes will have to try to target multiple levels and strengthen their interrelationship to assure a systemic impact. The different levels can also be applied geographically: from local to regional and national level.

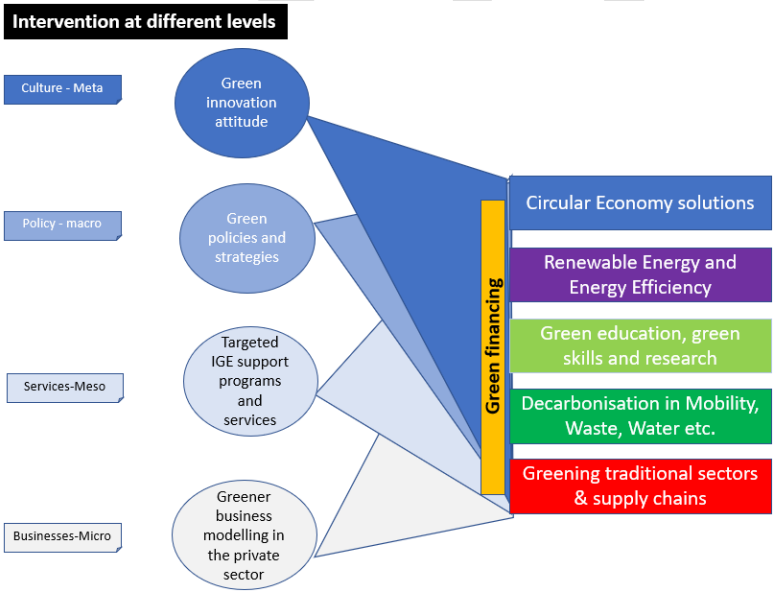

Figure 5 Systemic competitiveness model with 6 IGE intervention areas

5.1 Circular Economy

Although the transformation from linear to circular is a complex and challenging process, there are important reasons for the SDC to promote Circular Economic programmes:

- Circular Economy is built on a rights-based approach that seeks to ensure that the global poor and vulnerable populations have their **fair share and access to non-renewable raw materials.**
- By minimizing waste and maximizing resource use, Circular Economy closely aligns with the **general sustainability principles** which involve reducing environmental impacts, promoting social equity, and ensuring economic viability.
- Circular Economy has a significant **potential for the creation of skilled long-term jobs** including youth employment.
- Circular Economy can strengthen **innovation and learning** effects for the development of new products, organisational support services and policies also including the creation of new knowledge networks.

Swiss federal offices, such as FOEN and the SDC Global Programme on Food Security, have adopted Circular Economy principles and are promoting it in their programmes[5].

Figure 6 Visualization of Circular Economy by FOEN [6]

[5] The Global Programme on Food Security (framework 2021–24) follows a circular economy for food vision, from production to consumption and develops the GPFS' key themes according to this perspective.[5] The three thematic entry points are: agroecological production, inclusive agricultural and food market systems and improved diets for healthy nutrition. https://www.shareweb.ch/site/Agriculture-and-Food-Security/sdccontext/Documents/sdc_gpfs_framework_2021-2024.pdf

[7] https://greenskillsresources.com/# [19.06.2023]

From micro level to meta level the following entry points can be considered:

The **micro level** provides the chance to combine circular thinking at the consumer and business side, promoting circular business models as well as circular consciousness on the side of the growing middle class in developing countries. The circular economy model requires also the set-up of new supply chains, the redesign and innovation of products and their inputs as well as the reconversion of used resources into next cycles of production. Promoting the reuse of waste not only for recycling but also for new products, and promoting a circular approach in whole value chains, e.g. construction, electronics, textiles, plastics etc. are opportunities for concrete steps forward.

Interventions at the **meso level** need to overcome the knowledge gap on how to promote circular economy production processes. It includes circular economy training and advisory services for transforming production processes, audit schemes for environmental management and life cycle standards, the promotion of applied research and action for context-related waste solutions, and the design of innovation strategies and support programs for the promotion of circular solutions in businesses and business networks.

The circular economy approach does not only require a systemic approach at the business level but in the whole governance structure. At the **macro level** it involves the design of national strategies for the circular economy, waste management strategies at the local level, strategies to reduce single-use plastic products, policy advice on implementing financing systems such as EPR, promotion of financing models including grants, loans, technology finance, design of action plans for waste streams in cities, the design of sector strategies and sector regulations including auditing and certification procedures.

The circular economy model needs to be supported by most inhabitants, consumers and businesses to become effective. At the **meta level** it will be relevant to strengthen public-private dialogue on raising stakeholders' awareness and identifying coalitions for change. The promotion of clusters and smart specialisation networks including meso and micro level organisations to promote circular economy pilots at business and organisational level can be entry points in that respect.

> ***Towards a Circular Economy in BiH**, Entry Phase: Oct. 2023 – Dec. 2024*
> *The planned SDC project "Towards a Circular Economy" will contribute to the to the transition of the Bosnian economy to a low carbon, resource efficient and socially inclusive economy based on the principles of circular economy, as foreseen by the Green Agenda for the Western Balkan.*
> *Design process: When the team in Bosnia developed the project concept they had to start from scratch, as the staff did not have prior experience working on the topic of circular economy. Previous economic programmes in BiH would mostly apply a " do no harm to the environment" approach. Staff were unfamiliar with the terminology and concepts, and in general the expertise on Circular Economy is largely missing in the country and region. This is considered a key challenge when developing – and implementing – projects on this topic. Sometimes you would need very specific expertise (e.g. regarding alternative energy sources), but how can you access this expertise: often you don't even know where to look for support, as you do not*

have a network in this field?

***

Markets for Recycling *in Bolivia*
The SDC project, implemented by Swisscontact, aims to enhance recycling and waste management within the transportation sector, addressing environmental and health challenges posed by increased waste generation from vehicles. The primary objective is to strengthen the ecosystem of green businesses engaged in recycling, water, energy, and urban mobility sectors. The project focuses on raising awareness among vehicle owners, companies, and institutions on waste management practices while encouraging green businesses to adopt circular economy models for waste recycling. For more information on: Markets for Recycling

5.2 Renewable Energy and Energy Efficiency

Many countries and businesses consider a IGE as an optional addition, often influenced externally. Investments in renewable energy and energy efficiency are viewed by many companies as cost-saving opportunities and sources of innovation. High-energy consumption companies are already making efforts, and low-income countries are pressuring their governments for support due to buyer and regulatory demands. However, businesses need a supportive environment to invest in renewables and efficiency. Renewable energy can replace fossil fuels, especially in traditional sectors like metal and furniture production. Regulations often don't sufficiently promote renewable investments, and subsidized energy prices discourage efficiency investments. Small businesses need support and knowledge to integrate renewables and efficiency into production.

To promote renewable energies and energy efficiency especially for SMEs, it requires efforts and possible entry points at different levels.

At the **micro level** it includes households but especially also SMEs. The promotion of company investments in renewable energy solutions and energy saving technologies through e.g. offering eco-innovation funds or through the provision of low interest rates for technology investments. For SMEs involved in supply chains e.g. to the EU markets, support in the application of energy and environmental management systems or the promotion of knowledge network exchange between businesses to share good practices as well as efforts to overcome diesel generators through the promotion of off-grid renewable technologies or micro-hydro systems for rural areas and rural businesses are key entry points.

At the **meso level** it will be relevant to strengthen service providers in the provision of company audits, cost-benefit investment analysis as well as skills and service delivery for renewable energy and resource efficiency (e.g. in installation and management). The interaction between businesses and service providers should be encouraged through the initiation of dialogue platforms between the public and private sectors on skills and service demand, the involvement of applied research organisations and the promotion of an organisational structure that includes e.g. innovation centres/hubs or incubators with specific focal areas. Many existing service providers as well as business associations can be supported to adjust their services and their information approach including renewable energy investment knowledge, management system knowledge etc.

At the **macro level** it requires e.g. reforms of the electricity sector, feed-in policies, support programs for renewable energy investments in electricity-intensive sectors, promotion of solar energy programs, regulations and monitoring of energy efficiency targets. Setting energy efficiency goals and targets has become one of the core interventions in many industrialized countries to influence e.g. the construction sectors and its efforts to increase energy efficiency standards.

At the **meta level** awareness creation activities (e.g., through study tours, exchange with forerunners etc.) will be one of the core requirements. Additionally, in many countries there is a lack of trust in decentralized energy systems and renewable energy mechanisms often due to a lack of knowledge and access to information. Demonstrating cost savings and good practices is relevant here.

Case example: to be decided

(For example from SDC (Global Energy Efficiency and Construction Outreach Programme (GLECOP) which contributes to low-emission, energy-efficient and resilient development of the building sector at a global scale) or flagship projects from other donors, e,g, RECONOMY from SIDA which is an inclusive and green economic development programme and includes EE project in construction sector)

5.3. Green education, green skills and research

Ensuring that all citizens obtain the necessary knowledge, competences, skills and attitudes to cope with the transition to IGE is vital to a socially-just transformation: i.e. we must **change the way we think and act** as individuals and societies. And thus education itself must change to create a peaceful and sustainable world for the survival and prosperity of current and future generations.

While **Education for Sustainable Development** is not new, it is critical to achieve the objectives of inclusive green economy. Education for Sustainable Development (see page 29 of the SDC Education Strategy) empowers learners with knowledge, skills, values and attitudes to take informed decisions and make responsible actions for environmental integrity, economic viability and a just society empowering people of all genders, for present and future generations, while respecting cultural diversity.

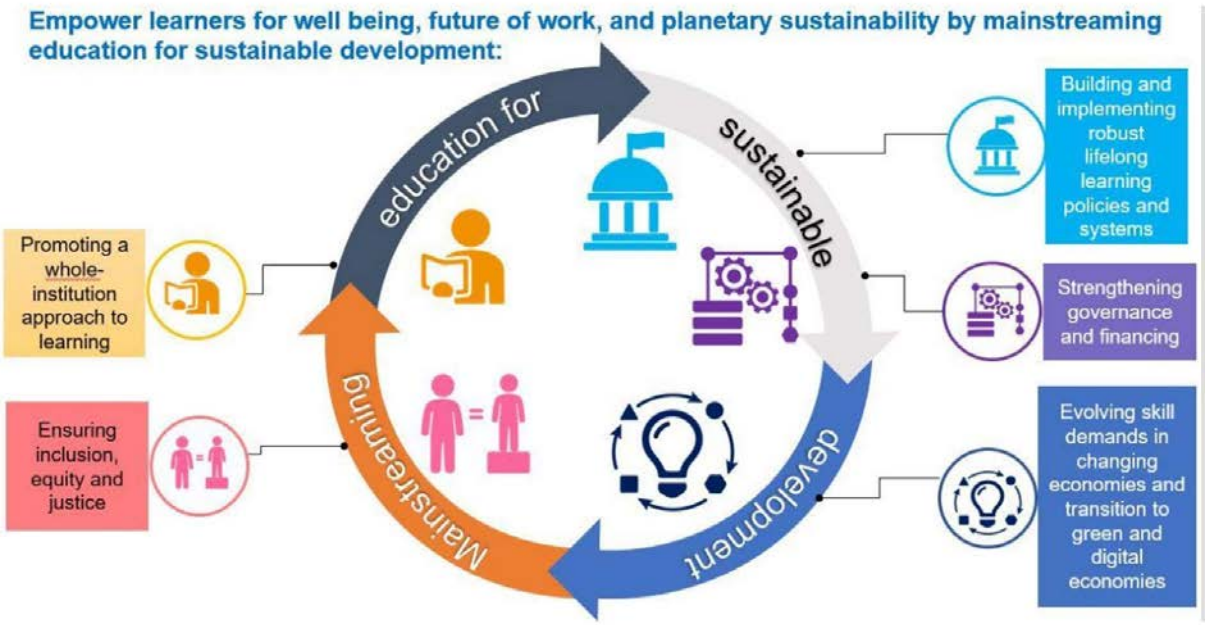

Figure 6 Transforming Education, Discussion Paper UN Summit 2022

Later on in life, VSD plays a key role to help young people and adults develop skills so they can thrive in their careers and lives. "Skills for the green transition" (also known as **green skills**) include skills and competencies but also knowledge, abilities, values and attitudes needed to live, work and act in resource-efficient and sustainable economies and societies. They can be divided into **technical and transversal skills**. Technical skills are specific to individual occupations that will be needed to design and deliver the new products and services related to the green transition. Transversal skills are required by each industry sector for every occupation regardless of the skill level of those performing the jobs, as they enhance the core values and skills needed to better current and future conditions on our planet. Within the different transversal skills, generic skills for the green transition related to the environmental context and generic technological processes form a foundation for other green skills development, as presented by ETF (2021) based on Pavlova (2017).[7]

[7] https://greenskillsresources.com/# [19.06.2023]

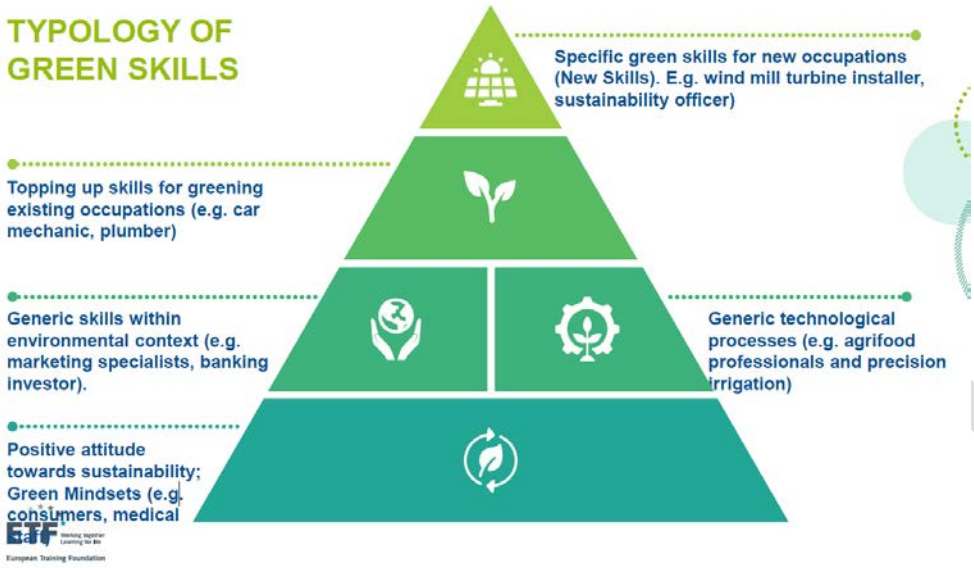

Figure 7 Typology of green skills, by ETF

Developing generic green skills is crucial to facilitate the transition to a green economy, where environmental concerns play a pivotal role in restructuring. Therefore, when devising strategies for enhancing green skills within the workforce, it is important to consider the "hierarchical" structure of these skills. Without foundational green mindsets and general green skills, the establishment of occupation-specific or job-specific green skills would lack a solid basis. This will significantly affect the creation of new training and curricula, prompting teachers and trainers to integrate generic green skills at the outset of their courses.

The entry point education, skills and research takes place at different levels:

The micro level is especially relevant for upskilling and reskilling of unemployed and employed persons. Strengthening green skills in companies involves focusing on product and process innovations, product design, and environmental production standards. By integrating green practices into their operations, businesses can contribute to sustainability goals and mitigate environmental impacts. This includes promoting research on environmental management, energy and resource efficiency, circular production processes, and the greening of production methods.

At the **meso level**, strengthening VSD is crucial for preparing individuals for new green occupations and greening established jobs. This involves identifying present and future employment demand, developing relevant curricula and training programs, and promoting innovation hubs and networks in specific areas related to the green economy. Creating connections between applied research institutions and the private sector via business-focused research programs is vital. This encourages collaboration, knowledge sharing, and the growth of green skills, ultimately driving sustainable practices. Furthermore, establishing support organizations is critical for advancing the shift to a green economy. These entities should provide general and industry-specific services, including enhancing training capabilities, advocating green innovation, implementing decarbonization policies, and reinforcing holistic system thinking.

At the macro level, developing Green TVET policies and regulatory frameworks further supports the integration of green skills into education and VSD systems. This includes fostering the identification and nurturing of green innovation and creativity from primary to secondary schools, instilling sustainability principles early in education.

Lastly at meta level: Strengthening the understanding of green skills as a knowledge and competence-building approach is crucial at the meta level. This includes emphasizing the role of green skills in promoting green innovation not only within individual companies but across the entire system. Encouraging a bottom-up and top-down approach, coupled with system thinking, allows for intelligent and comprehensive experiences that drive sustainable development. By focusing on all levels, from micro to macro, and fostering collaboration and capacity-building, education for sustainable development can effectively cultivate green skills and facilitate the transition to a greener and more sustainable future.

Skills Development Programme** (SDP) **in Cambodia

*The SDC SDP project, implemented by Swisscontact, supports the Ministry of Labour and Vocational Training in identifying new green skills and developing concepts to integrate them into the curricula. This involves **introducing modules on green processes**, such as efficient energy and material consumption practices, within sectors like plumbing and sanitation. Through these modifications of the training content, trainees will acquire the knowledge and abilities to engage in sustainable manufacturing processes and adopt environmentally conscious practices. These efforts are part of a **broader awareness-building campaign** that is conducted in various provinces of Cambodia to promote environmental consciousness among young individuals and emphasize the value of vocational education. For more info on: SDP*

***

Programme d'Appui à la Promotion de l'Entreprenariat Agricole (PAPEA) in Burkina Faso

*The SDC PAPEA project in Burkina Faso, implemented by the Helvetas/SNV consortium, in Burkina Faso aims to foster agricultural entrepreneurship in promising sectors (fruit, vegetables, livestock/meat, milk) and niche markets (organic farming and fair trade). Specifically regarding green skills, PAPEA promotes **agro-ecological techniques** that reduce the producers reliance on chemical fertilizers and ensure sustainable soil protection.*
*Processors receive **training on the management and recycling of processing waste** from agri-food products. This component includes training sessions on the use of solar energy and on the use of recyclable packaging, and awareness campaigns that focus on the detrimental effects of plastic use. Before making any investments, such as constructing pig markets, laboratories for pigs and chickens, chicken magazines, or tomato processing facilities,*

*PAPEA conducts **environmental impact studies**. For more info on: PAPEA*

5.4. Decarbonization in Mobility, Waste, Water, Agriculture and Energy

All countries that signed the Paris Agreement are asked to define their national determined contribution (NDC) report that include mitigation and adaptation requirements to pursue the global 1.5°C goal. Mobility-, waste-, water- and energy measures are very relevant to mitigate climate impact as well as to adapt to changing climate circumstances e.g. in sectors like agriculture. Cities and regions as well as energy and water-intensive business sectors play a core entry point in that respect. There are many entry points for action in this area:

At the micro level, new business models for waste use, mobility, water use, energy as well sustainable agriculture solutions can be identified. It also requires applied research with businesses to identify innovative solutions for waste, water, energy and green space treatment and management. Promoting progressive networks of businesses (farmers and processors, service providers) in the use of environmental technologies, in learning in networks and through the sharing of good practices contribute to innovative interventions emerging at micro level.

At the **meso level**, public and private utility service providers are becoming relevant partners to increase the efficiency in their clients' households or in their own companies e.g. through reducing water losses, promoting waste sorting and strengthening climate targets in traffic plans. Strengthening service providers towards providing solutions for businesses and public utility providers will become relevant. Connecting businesses with these service providers and identifying resource efficiency solutions provide chances for synergies. Also adaption policies and support programs for specific sectors affected by climate change are relevant.

At the **macro level**, decarbonisation policies, energy target policies, water use and reuse regulations, mobility and pollution regulations play an important role in this respect.

At the **meta level**, finding innovative business and consumer solutions and the creation of examples of successful transformation within companies, service providers and policies will also encourage good practice examples and new value systems in a critical mass of stakeholders.

Green Electric Mobility (GEM) in India Project (2021-2025)

The transport sector is a major contributor to CO2 emissions, which is why SDC is backing India's efforts to move towards **sustainable e-mobility and low carbon development c**ontributing to an initiative implemented by GIZ. The project supports 8 Indian cities. Swiss knowledge and experience is shared to promote innovative circular economy approaches for battery lifecycle management and disseminate best practices through national, regional and global platforms.

To achieve this commitment, the Indian government is promoting e-mobility emphatically. In response to new incentives and demand, private sector has actively increased its activities in India, including Swiss based ABB, Hess and Leclanché. Despite this favourable policy environment and strong commitments, Indian cities are insufficiently prepared for the introduction and roll out of e-mobility and associated environmental issues. For more info on: GEM

5.5. Greening traditional sectors and supply chains

Traditional export sectors and value chains are often the main pollution contributors in the countries. At the same time, they are increasingly asked to comply with environmental requirements. Especially in EU markets, EU Green Deal Directives as well as EU buyers are increasingly asking for the consideration of environmental management and production standards. The Carbon Border Adjustment Mechanism (CBAM) in the EU aims to price greenhouse gases from imports at the same level as products manufactured in the EU. Traditional sectors with high energy and pollution costs (e.g., construction, manufacturing) will come increasingly under pressure to increase greening efforts. Equally, service-driven sectors such as tourism will be increasingly expected to prioritize sustainable practices from the viewpoint of their customers, rather than focusing solely on extensive mass tourism development. Promoting these sectors in their structural and environmental change process in an inclusive way will be an important task to combine the sectors and value chains of future competitiveness with green innovation efforts. Many smart specialisation efforts from e.g. Balkan countries or Eastern Partnership countries mention areas such as smart factories, sustainable tourism and food production, efficient production technologies sustainable mobility concepts etc. as future innovation fields.

The efforts in these chains are tackling several aspects also mentioned in other areas, including:

At the **micro level**, several entry points are possible: the promotion of renewable-, energy and resource efficiency measurements, new technology applications in traditional sectors, new business model promotion as well as buyer-supplier events, networking and information sharing, support programs for green supply chain management, life cycle assessments and –improvements.

At the **meso level,** examples of opportunities for action are the following: designing targeted industrial and innovation policies that are oriented towards promoting green investments in export sectors,

important growth sectors in the country and in emerging industries and service sectors. Traditional sectors require targeted and more specialized service providers that can also fill the gap of knowledge on e.g. environmental management, auditing etc. This includes skills development requirements mentioned in chapter 4.3 on green skills. Promoting applied research and development solutions for specific fields (like e.g. waste management, product redesign, product recycling and remanufacturing), also belongs to it.

At the **macro level** opportunities for action are the design of sustainable export strategies and policies, bottom-up diversification strategies, local content policies, tax incentives that force businesses and sectors to invest in greener production, the set-up of energy target systems, energy pricing systems, innovation funding etc.

At the **meta level** it will be relevant to transfer a future vision of the traditional sectors and their potential for value addition, employment generation and innovation. It also involves the belief in structural change processes.

RISIAlbania in Albania

The SDC youth employment project, implemented by Helvetas and Partners Albania, is helping agribusinesses improve and become more competitive in local and global markets, creating jobs for young people. The project works with different parts of the supply chain, focusing on areas like medicinal plants, fruits, and vegetables. This helps improve product quality, market success, and collaboration among market players. The project has shown that certifications can greatly boost exports, business performance, and youth employment in rural areas. Many international buyers require certifications to ensure high-quality standards and reduce risks. For more info on: RISIAlbania

5.6 Green Financing

Integrating concepts of green finance is crucial for addressing the pressing challenges of climate change, environmental degradation, and sustainable development. By incorporating green finance principles, such as mobilizing funds for agroecology, climate resilience, renewable energy, or e-mobility, development cooperation projects can scale environmentally friendly and socially inclusive outcomes. This integration not only helps mitigate climate risks and protect natural resources but also catalyzes economic growth and fosters resilience. Moreover, aligning SDC cooperation with green finance principles contributes to global climate commitments, such as the Paris Agreement, and advances the transition towards a sustainable and low-carbon economy.
Several green finance mechanisms are in place to channel financial resources to address the challenges posed by climate change. Instruments such as green bonds, green loans, and climate funds, provide dedicated resources for environmentally friendly projects. By incorporating these mechanisms into development cooperation strategy, projects can access funding specifically earmarked for sustainable initiatives. However, sound green financing strategies continue to be hampered by several challenges, namely the

insufficient flow of resources needed to finance the gap for sustainable financing[8], lack of access to finance especially SMEs, the need for sound regulatory framework, lack of standardized definitions of what is green, data availability, etc. It is therefore of utmost importance that the international development community makes a joint effort to overcome these barriers to ensure easier and faster access to resources for financing the transition towards a sustainable economy.

Micro level: To establish a micro-level approach for green finance, several key elements should be considered. Boosting access to finance for small and medium-sized enterprises (SMEs) is a cornerstone of sustainable initiatives. This can be achieved by creating dedicated funds or financial products that cater specifically to their needs, offering favorable interest rates, longer repayment terms, and streamlined application processes.

- **Engage with relevant stakeholders**, including SMEs, start-ups, financial institutions, investors, and community organisations. Conduct consultations, workshops, and focus groups to understand their needs, challenges, and expectations regarding green financing needs. This collaborative approach ensures that the implemented measures are responsive to the specific requirements of the local context.

- Provide targeted **capacity building** programs and training to SMEs, start-ups, and financial institutions. Offer workshops, webinars, and mentoring sessions to enhance their knowledge of green finance principles, eligibility criteria, and investment opportunities. Capacity building efforts should focus on building financial literacy, promoting understanding of sustainability criteria, and facilitating access to relevant resources and networks.

- Work with insurance providers and agricultural experts to design and customize **micro insurance products** that address the specific risks faced by farmers. Tailor coverage to include crop failure, extreme weather events, pest outbreaks, or biodiversity-related losses. Ensure that the insurance products are affordable, easy to understand, and relevant to the local context. Under this context, several initiatives have been already rolled-out (see also SDC guidance sheet on agricultural insurance); it is key to deepen the work already done and target it towards the challenges posed by the physical and transitional climate risks faced not only by the agricultural sector, but also by the productive sector, industry and services.

Meso level: Boosting sustainable finance also entails spreading the understanding of green finance concepts, risk assessment methodologies, and sustainable investment opportunities. Hence, capacity building programs and training sessions within medium and small-sized financial institutions and public development banks can equip staff with the necessary skills and knowledge to effectively incorporate environmental, social, and governance (ESG) factors into their decision-making processes (see for example

[8] The SDG Finance Gap is the current gap between resources needed to finance the implementation of SDGs against the current available financing flows. This gap reached the USD 3.9 trillion in 2020. https://www.oecd-ilibrary.org/sites/fcbe6ce9-en/1/3/2/index.html?itemId=/content/publication/fcbe6ce9-en&_csp_=324f5278c3cd15483ec0c51666af7400&itemIGO=oecd&itemContentType=book

CERISE-SPTF). Improve the capacity of financial institutions to manage environmental, social and climate risks through direct technical support. In addition, cooperation with banking associations as key institutions for capacity development of smaller financial institutions should be strengthened.

- Develop and introduce **financial products specifically designed for SMEs** and start-ups engaged in sustainable projects. These products may include green loans, venture capital funds for sustainable start-ups, or crowdfunding platforms that connect impact investors with sustainable initiatives. These financial instruments should be tailored to address the unique needs and risk profiles of green projects. De-risking instruments such as credit guarantees are also good mechanisms to boost green investments to more vulnerable or risky sectors. They can be promoted through cooperation with Development Finance institutions (DFIs), other international cooperation agencies and local development banks. Collaboration with DFIs and International Funds can be achieved through joint initiatives, co-financing arrangements, or knowledge-sharing platforms. Leverage the expertise and resources of DFIs and international funds to enhance the capacity of financial institutions and support the scaling up of green financing.

- **Foster collaborations** between financial institutions, government agencies, NGOs, and industry associations to promote green finance at the micro level. Establish partnerships to share resources, expertise, and best practices. Collaborate with impact investors and philanthropic organisations to leverage additional funding and expertise in supporting sustainable projects.

Macro level: Establish incentives and support mechanisms to encourage financial institutions to increase their lending to green projects and SMEs. This can be achieved through regulatory measures, such as providing preferential interest rates or reduced reserve requirements for green loans. Government-backed guarantees or risk-sharing mechanisms can also help mitigate risks associated with green investments, making them more attractive to financial institutions.

Incentivizing impact investments through tax incentives or targeted funds (see also Impact Linked Finance) can attract investors seeking both financial returns and positive environmental or social impacts. To ensure financial inclusion, efforts should be made to expand access to financial services for vulnerable groups by empowering them to participate in sustainable projects. It is also key to establish sound eligibility criteria for financing sustainable projects, considering their environmental and social impacts, feasibility, and long-term viability. This approach ensures that financial resources are directed to projects aligned with clearly-defined and measurable sustainability goals and deliver tangible benefits to communities and the environment.

Regulatory authorities, such as central banks, oversee the financial sector to ensure its stability and protect the economy. By promoting green investments, they can help redirect capital towards sustainable projects. Supporting **financial regulators** is key to embed sustainability concepts in green lending, in defining clear rules and definitions on what is green, how to report it and how financial institutions shall be prepared to identify, manage and mitigate financial risks associated with climate change.

This include disclosure mechanisms of climate risks, regulatory frameworks to boost capital markets, but also creating regulatory frameworks that clearly define which economic activities can be labeled as green. This concept is named ***Green Taxonomy***. This clarity helps investors, financial institutions, and businesses understand and communicate the environmental benefits of their investments, creating a common language for sustainable finance and prevent undesired practices such as *greenwashing*[9][2].

Regulatory frameworks can also be established to boost capital markets and facilitate green investment opportunities. By creating clear guidelines and standards for green financial products, such as green bonds or sustainable investment funds, regulatory authorities enable investors to confidently invest in environmentally friendly projects

Meta level: Supporting synergies between main stakeholders, such as regulators, the financial system, private sector and academia helps to strengthen climate finance readiness. This includes tools to assess the exposure of bank portfolios to climate risks, especially transition risks. Encouraging research and development efforts to advance green finance and sustainability and supporting scientific studies, technological innovations, and data collection initiatives contributes to the development of sustainable finance solutions.

International Cooperation institutions should strengthen their partnerships to encourage countries to establish common standards, guidelines, and frameworks for green finance. This includes collaboration on sustainable finance initiatives, sharing best practices, and harmonizing policies to create a level playing field for global green investments. These harmonization of policies are supported by existing initiatives, such as science based target initiative (SBTi)[10], the Taskforces for climate-related and nature-related financial disclosures (TCFD and TNFD) [11].

[9] Greenwashing refers to the practice of making false or misleading claims about environmental benefits or sustainability of a product, service, company, or investment. It involves presenting a misleading picture often through marketing, advertising, reporting to the board of directors with the intention of appearing more environmentally friendly than what is actually true. Greenwashing can involve exaggerating the environmental attributes of a product, using vague terms, focusing on minor environmental efforts while neglecting larger sustainability issues, or using unscientifically proven evidence. This practice aims to mislead consumers, investors, or the public, undermining the credibility of genuine environmental initiatives.

[10] The Science Based Targets Initiative provides a framework and methodology for companies to set greenhouse gas (GHG) emissions reduction targets in line with climate science and the goals of the Paris Agreement.

[11] The TCFD is an initiative established by the Financial Stability Board (FSB) aiming at improving climate-related financial disclosures. It provides a framework for companies and organisations to disclose climate-related risks and opportunities in their financial reporting enabling investors and stakeholders to make more informed decisions regarding climate risks and the resilience of companies. On the other hand, TNFD aims to enhance the understanding and disclosure of nature-related risks and dependencies in financial reporting. By providing guidance and recommendations, the TNFD aims to encourage companies and financial institutions to assess and disclose their impacts and dependencies on nature recommendations, the TNFD aims to encourage companies and financial institutions to assess and disclose their impacts and dependencies on nature

AgriFin programme *in multiple countries*

The programme, implemented by Mercy Corps and co-financed by the SDC, leverages the capabilities of digital technology to empower smallholder farmers (SMFs) and enhance their income, productivity, and resilience. A specific initiative called AgriFin Digital Farmer 2 (ADF2) has been established with a budget of $11.5 million over four years. ADF2 aims to facilitate the expansion of impactful digitally-enabled services to a minimum of five million farmers in Kenya, Ethiopia, Nigeria, Tanzania, and Uganda, while also allowing for potential expansion to other countries.

ADF2 focuses on supporting digital innovation and fostering sustainable scalability of services for smallholder farmers. It collaborates with private and public sector partners to bundle products and services on digital platforms, thereby driving increased reach, effectiveness, and financial viability. For more info on: AgriFin

Consultation questions on the chapter "entry points".

General questions:

Q7: Do you find the systemic competitiveness model (Figure 5) a helpful framework to introduce the entry points on IGE?

Q8: Do you agree with the six IGE intervention areas (Circular Economy, Renewable Energy and Energy Efficiency, Green education, green skills and research, Decarbonization in Mobility, Waste, Water, Agriculture and Energy, Greening traditional sectors and supply chains, Green Financing)?

Q9: When you briefly look at the full version, you will notice that some of the sections in chapter 5 are longer than other sections. (a) Would you agree that for the orientation paper we should keep the sections on circular economy, skills and financing longer than the other sections? (b) The alternative would be to make all sections relatively short (e.g. 1 page) and that we develop more detailed guidance papers on some of the entry points? On which of the 6 topics would you like to receive a more detailed guidance paper (or are there other topics on which you would like to have more detailed guidance)?

Specific question regarding selected entry point

Qi:

Qii:

6. Key challenges

6.1 How to ensure that IGE interventions are inclusive?

It is well known that the most disadvantaged people generally do not benefit from the hypothetical "trickle down effects" of interventions that are not explicitly pro-poor. Instead, supplementary actions to enable disadvantaged groups to capitalize on new opportunities, are often necessary, at least initially. This certainly also applies to IGE interventions. Many of the measures discussed in the previous chapter are often not within reach of the ones who are furthest behind, which means additional incentives are often needed to lower the barriers for them. LNOB is the central pledge of the 2030 Agenda, as it recognizes the need to combat poverty and inequalities to be able to make a meaningful impact in terms of sustainable development. Reaching the most vulnerable also requires finding partners who share the goal of inclusiveness and identifying business cases for disadvantaged people.

- For more information on how to reach poor and disadvantaged women and men see: SDC Guidance on LNOB
- Also consult external sources and studies on how to ensure IGE interventions leave no one behind, for example: Green Economy Coalition, DCED and UN Global Compact, ILO.

6.2 How to ensure interventions are transformative?

In international development you often hear that for changes to be systemic, they have to be transformative. But what does this mean? As a first step the promoted change is supposed to reach a certain **scale** (going beyond a niche intervention) and at the same time it should last beyond the duration of the project, i.e. it has to be **sustainable**. A third component concerns the capacity to sustain development in the face of expected and surprising change, in other words actors in the system have to be **resilient**. This means that they are not merely able to cope with current problems but they have the capability to continuously learn and develop new solutions. The **MSD approach** offers an extensive toolbox to help project designers and implementers develop pathways to promote systemic change. By explicitly focusing on **environmental and inclusive objectives**, IGE programmes aim to contribute to transforming the existing economic model to a sustainable economic model.

- For more information about systemic change, consult the DCED guidelines and the resources from the Springfield center.
- The SDC internal guidance paper on managing MSD project you find on the Shareweb of the E+E section

To reach a certain scale it is important to also integrate **a critical mass of decision makers** at national and local level within countries that back the transformative approach. Thus, programmes having the objective to promote the transformation towards IGE will have to make sure that the relevant organisational

representatives at national and local level are continuously involved in the program design and implementation process.

6.3 How to ensure interventions are financially sustainable?

To ensure interventions are self-sustaining, it is important to encourage the private sector to invest in scaling up and replicating the interventions. In many cases, financial sustainability is a major element to make programmes and projects self-sustaining. There is a significant difference in the ease of demonstrating the self-sustainability (and therefore scaling up and replication potential) between mitigation and adaptation activities: **in general, self-sustaining mitigation programmes are revenue-generating (OECD)**.

In many countries, the private sector is more willing to invest in green solutions (in production or supply chain) if they can see a profitable business model. Often this means that **private actors in especially export-oriented supply chains** are the first to introduce sustainable innovations, because their buyers (higher-income consumers) are willing to pay for such solutions. Consequently, in many low-income countries, the private sector is playing a leading role in making supply chains greener.

- The OECD has a comprehensive library of case studies on Climate Change and the Economy, including sustainable financing and PSE to address Climate Change
- For more information on the private sector in circular economy, see also the World Bank and the DCED Green Growth Working Group

6.4 How to manage the interests of stakeholders from the private, public and civil sectors: opposing interests and shared opportunities?

The various stakeholders involved in IGE programmes may differ significantly, having opposing interests that may lead to uneven outcomes or even conflicts. Gaining a better understanding of the political economic context can help to prevent the project from failing and to reduce the risk of creating conflicts. **A political economy and power analysis** (PEPA or PEA) helps to investigate how political and economic processes interact in a given society. The crucial factor for successful implementation involves bringing together a diverse group of individuals and organizations involved in the system. Facilitating multi-stakeholder gatherings that represent various interests is thus essential. In the end, when steering multistakeholder processes, it is recommended to follow a demand and innovation-driven approach instead of normative approach that may not sufficiently look at social and economic opportunities.

At the same time it is important to be aware that some stakeholders may be more willing to invest or support IGE measures than others. This provides certain **opportunities** to pilot innovative solutions with early adopters. However, programme interventions should not contribute to unfair competition or monopolies, which means that from the start you have to explicitly plan and communicate what measures you take to increase scale so that competitors will also benefit in the future. At all times, IGE programmes should aim for holistic interventions that range from micro- to meta level and involve stakeholders from all sectors (public, private and civic). To achieve a meaningful, long-term impact at macro and meta-level it will be important for IGE programmes and supporting donors (especially smaller ones) to collaborate in

order to influence policy changes among others.

Consultation questions on key challenges:

Q10: Do you think the 4 questions raised are (the most) relevant and enriching?

Q11: What key challenges are missing (and why)?

7. M&E, Learning and Knowledge Sharing

Monitoring and Evaluation

To evaluate the effects of project interventions, it is essential to consider the following aspects of the Monitoring and Evaluation (M&E) system throughout the project's lifecycle:

Intervention results chains should be designed that explicitly incorporate expected outcomes related to IGE. Insights on IGE should be integrated into the interventions' programme by utilizing adaptive management processes.

Indicators should include unintended results of risks that have been identified during the analysis (e.g. risk that certain disadvantaged groups are not benefiting equally from green investment opportunities; risk that investments in renewables energies increases use of polluting and not ethically sourced rare metals).

It is important that stakeholders (public and private partners, targets groups as well as donors) are aware that systemic changes and environmental advances usually take a relatively long time to achieve. This should be reflected in the project design (e.g. duration) and communication strategies.

The Donor Committee for Enterprise Development (DCED) plays a crucial role in promoting a common approach to M&E among development agencies through the DCED Standards for Results Management. These standards provide a comprehensive framework, tools, and incentives that facilitate the systematic assessment of programs operating in complex market systems. The framework does not specifically target Inclusive Green Economy, but it already encompasses elements of social development and has been associated with Corporate Sustainability Reporting.

Learning and Knowledge Sharing

IGE is an inter-disciplinary field and requires practitioners to possess a broad range of expertise. A common concern raised by people who have worked on "traditional" Economic Development programmes is their lack of in-depth knowledge on IGE sub-topics that are new to them, e.g. energy efficient technologies, circular business models, etc.

To help practitioners overcome the knowledge gap, it is important that they are able to reach out to others, sometimes abroad and sometimes to people from other disciplines including experts beyond their own network. So what actions could be taken:

- If expertise is not available in your country, contact colleagues in your region. A neighbouring country may be a few steps ahead and the pool of experts in this country may be bigger. The Regional Thematic Advisors can play a supportive role in your search.
- Through peer-to-peer learning, especially when you are able to accompany colleagues during their day-to-day activities, you may be able to benefit from more experienced peers (e.g. during IGE project evaluations, IGE project designs, etc).
- By explicitly promoting cross-sectoral collaborations by the SDC, the participants of the various networks (Economy, Climate change (CC), Food Security), can learn more quickly on multi-faceted topics like IGE. Information, including through platforms like Shareweb, should be easily accessible across these networks to facilitate knowledge sharing and cross-pollination of ideas.
- E-learning opportunities have become widely available. These include online programmes on circular economy, IGE, Energy Efficiency from established academic institutions, as well as MOOCS, including free online courses.
- Consult the Shareweb and contact the advisors from the E+E section and experts from the Networks on Economy and Education for personal support

Consultation questions on the whole paper:

Q12: Looking at the project examples shared in the various text boxes, would you like to recommend a project for one of the topics discussed in this paper (please include key project details & links)?

Q13: To further strengthen capacities of SDC staff, what tools/methods would you like to use the most (please include details and possibly links)?

Q14: Any other feedback you would like to share with us?

8. Annex 1 Further Reading

Key sources to consult	***Short description***	**Websites (using key words from the organisation)**
DCED		➢ Green growth
Ellen Macarthur Foundation		➢ Circular economy
EU		➢ Green Transition ➢ Environment
Green Climate Fund		➢ Green finance
ILO		➢ Green jobs
OECD		➢ Green growth ➢ Library
UNEP		➢ Green economy
WB		➢ Environment

Bibliography [*will be added in the final version – available upon request*]

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Authors

Rob van Hout, Frank Waeltring, Katharina Walker

Supervised by

Peter Beez and Dominique Crivelli, Policy Advisors Economy and Education at the SDC

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