FIFTH ISLAMIC CONFERENCE OF ENVIRONMENT MINISTERS

Draft Document on Green Economy: its Role and Relevance in Islamic Countries

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Table of Contents

I. Background

Twenty years after the United Nations Conference on Environment and Development (UNCED) or Earth Summit, held in Rio de Janeiro, Brazil, and ten years after the World Summit on Sustainable Development (WSSD), held in Johannesburg, South Africa; the United Nations Conference on Sustainable Development (UNCSD), better known as Rio+20, is scheduled to take place in Brazil, 20-22 June 2012. Heads of State and government representatives will be in attendance to present their countries' strategic visions and commitments towards fostering sustainable development.

The Summit comes at a time of global uncertainty and turmoil. Indeed, the effects of the food fuel and financial crises are still felt in both the developing and the developed world; the Millennium Development Goals (MDG) Review Summit held in 2010 has shed light on the stagnation of development indicators and the regression of some, particularly Goal 1 to eradicate poverty and extreme hunger and Goal 7 on environmental sustainability. Accordingly, the RIO+20 summit is a platform for the international community to renew its commitment to sustainable development, to assess the progress to date and the remaining gaps in the implementation of the outcomes of the abovementioned summits, as well as to address new and emerging challenges.

In this context, Rio+20 presents an immiscible opportunity to address the core issues facing international development and environmental sustainability. Indeed, the world can ill afford to eschew the core social, economic and environmental issues any longer. As such, it is important to approach sustainable development not merely as a set of technical measures that should be enacted to marginally improve performance and reduce environmental damage. Instead, sustainable development should be approached as a systemic challenge related to the global governance that requires the reform of the global partnership framework. Rio+20 will also be centred on two main thematic areas: 1) Green economy in the context of sustainable development and poverty eradication, and 2) The institutional framework for sustainable development.

II. Introduction

The environment is the basis for any societal or economic development. Economic development that does not heed the carrying capacity and capabilities of the ecological system leads to environmental degradation, in which the environment cannot meet general needs. It is imperative to explore holistic mechanisms of development that would not deplete limited resources, and would preserve resources for future generations.

Sustainable development (See also ***Box 1***[1]) aims to reconcile protecting and maintaining environmental resources (including biological, renewable and non-renewable resources) with the development processes required to address

1) UNEP, CEDARE and LAS (2010). Environment for Development and Human Wellbeing. United Nations Environment Programme, League of Arab States and Centre for Environment and Development for the Arab Region and Europe, Cairo. http://eoar.cedare.int/

people's needs. Sustainable development, through the transition to a green economy, can forestall environmental degradation and protect society from the possible environmental impacts of economic development.

BOX 1: GLOBAL ACTION TOWARDS SUSTAINABILITY

1. **The Rio Declaration on Environment and Development (1992):** Adopted by Heads of State during the earth Summit, it consisted of 27 principles to promote sustainable development around the world - including the right to development, sustainable development, the right to life and a healthy environment, intergenerational equity and the precautionary principle. The Earth Summit further introduced policy changes including the attainment of sustainable levels of production and consumption, and the polluter pays principle.

2. **Agenda 21 (1992):** Agenda 21 is a programme for sustainable development adopted by the heads of state present at the Earth Summit. It is meant for implementation at the international, national and local levels.

3. **The Millennium Development Goals (MDGs) (2000):** One hundred ninety-two states agreed to reach eight Millennium Development Goals by the year 2015. One of these goals is to ensure environmental sustainability. In order to achieve this goal, countries agreed to: 1. Integrate the principles of sustainable development into country policies and programmes, and reverse loss of environmental resources; 2. Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss; 3. Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation; and 4. Achieve significant improvement in the lives of at least 100 million slum dwellers by 2020.

4. **The World Summit on Sustainable Development (WSSD) (2002):** At this summit, new agreements were reached on water and sanitation, poverty eradication, energy, sustainable production and consumption, chemicals, management of natural resources, and the restoration of the world's depleted fisheries.

Green Economy is the link between human economic activities and the natural ecosystem. It provides a response to the multiple crises that the world has been facing in recent years - the climate, food and economic crises - through an alternative paradigm that offers the promise of growth while protecting the earth's ecosystems and, in turn, contributing to poverty alleviation. In this sense, the transition to a green economy will entail moving away from the system that allowed, and at times generated, these crises to a system that proactively addresses and prevents them[2].

2) Ocampo, J.A., Cosbey, A., Khor, M. (2010). The Transition to a Green Economy: Benefits, Challenges and Risks from a Sustainable Development Perspective: Report by a Panel of Experts to Second Preparatory Committee Meeting for United Nations Conference on Sustainable Development. United Nations Department of Economic and Social Affairs. http://www.uncsd2012.org/rio20/index.php?page=view&type=400&nr=12&menu=45

III. Islam and Sustainability

The Islamic understanding of the natural environment has its roots in the Holy Quran. The Holy Quran teaches us that Nature exists for human beings to utilise and benefit from for their own ends. However, the main purpose of human beings is to serve God, to be grateful to Him, and to worship Him alone. This worship is not merely ritual practice, since rituals are simply the symbolic human manifestation of submission to God. The actual devotions are actions, which can be practiced by all creatures on earth, and humans are responsible for the welfare and sustenance of those other citizens of this global environment. Thus, humans are expected to protect the environment since no other creature is able to perform this task. Humans are the only being that God has "entrusted" with the responsibility of looking after the earth. This trusteeship is seen by Islam to be so onerous and burdensome that no other creature would `accept' it:

> [*We did indeed offer the trust to the heavens and the earth and the mountains; but they refused to undertake it, being afraid thereof. But man undertook it (the trust)*;...] (*Qur'an*, Ch.33, vr.72)

In a matter of trust and trusteeship, the giver of the trust is giving a responsibility to the trustee. In other words the guardian of the trust has a high degree of freedom and accompanying responsibility in the use (or misuse) of the given trust.

Reducing poverty and improving income-distribution are among the most important economic goals of Islam. The achievement of Islamic goals calls for dynamic interaction between socioeconomic processes and environmental priorities in order to support the Islamic concept of sustainable development. This concept includes producing an equitable economy, a better society and a world that is worth living for present and future generation. Islamic countries have the right conditions for green entrepreneurs and grassroots initiatives to provide innovative solutions contributing to the transition to green economies. But these conditions are facing some environmental and social challenges such as:

- Limited access to investment
- Lack of public support for entrepreneurs
- Weak environmental legislation
- Lack of market incentives
- Poor entrepreneurial culture
- Low interest from consumers
- Governmental bureaucracy

So environmental degradation continues unabated in the Islamic world even as Islam preaches moderation in consumption, exhorts to avoid wasteful use of natural resources, reminds people of delicate proportions in the universe and enjoins on mankind to maintain the natural balance. Islamic teachings warn that greed will tempt mankind to disturb the proportions and tilt the balance.

In view of the major challenges being faced by the Islamic world in the field of sustainable development, a General Framework of Islamic Agenda for Sustainable

Development was adopted by the First Islamic Conference of Environment Ministers held in Jeddah in 2002. This agenda was subsequently adopted by the World Summit for Sustainable Development (WSSD) in August 2002 as a background document that keeps in view the specific viewpoint of Islamic countries. Every subsequent session of the Islamic Ministerial Conference renewed its commitments to sustainable development under the Agenda which serves as a basis for action by Islamic countries. Adopting a comprehensive approach towards its commitment to sustainable development, it strives to foster efforts for peace and security; combat illiteracy, poverty and unemployment; improve human health; enhance education services; support the participation of women and youth in sustainable development processes; widen the scope of democracy; preserve and rationalize water resources; preserve biodiversity; combat desertification; and enhance and enforcing relevant legislation.

IV. Towards Defining an Islamic Green Economy

The most popular definition today is the one developed by the United Nations Environment Programme (UNEP), which sees a green economy "as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities." Green Economy is considered an important pathway and not an alternative to sustainable development. It is worth noting that a green economy requires complementary social policies, especially for poverty eradication, in order to reconcile social goals with the proposed environmental and economic goals.

Green growth entails fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. To do this, it must catalyse investment and innovation which will underpin sustained growth and give rise to new economic opportunities. In that sense, Green Economy requires the mobilization of public as well as private investment towards the achievement of the MDGs, in addition to reforming policies and changing regulations in a manner that would allow the preservation, enhancement and even restoration of natural capital, if need be, as a public good, particularly for the poor whose security and livelihood tends to be more directly reliant on natural resources.

One necessary course for such development is to step away from the traditional models of economics that are based on concepts of infinite growth and perpetual constant efficiency, and step towards a steady-state economics, in which environmental and ecosystem health and resilience are the basis and not a mere externality. Furthermore, the indicators for economic health would need to change - replacing GDP indicators with the more holistic Human Development Index (HDI) or the Index of Sustainable Economic Welfare (ISEW). Linking environmental sustainability and economic development would also require the replacement of the superficial assessment of jobs and employment with the more grounded concept of livelihoods.

Integrating Islamic teachings on moderation in consumption, natural stewardship, and social equity, into the standard definitions adopted by the international community, an Islamic Green Economy could thus be defined as *one that prioritizes improving human well-being and social equity over*

absolute economic growth, while significantly reducing the potentiality of ecological scarcities, environmental degradation and waste.

V. Favourable Conditions

Recent global economic, political and ecological developments have contributed to the proliferation of the green economy concept and continue to provide a favourable climate for its use and development in Islamic countries and around the world. Green growth is encouraged because risks to development are rising as growth continues to erode natural capital. If left unchecked, this would mean increased water scarcity, worsening resource bottlenecks, greater pollution, climate change, and unrecoverable biodiversity loss. These tensions may undermine future growth prospects for at least two reasons: Firstly, it is becoming increasingly costly to substitute physical capital for natural capital (for instance, if water becomes scarcer or more polluted, it requires more infrastructure facilities to transport and purify it). Secondly, change does not necessarily follow a smooth, foreseeable trajectory (e.g., some fish stocks suddenly collapsed after declining only slowly for years). Therefore, there is an increasing need for new paradigms of production and consumption, as well as an actual redefinition of the meaning of progress and how it is measured.

Multiple Crises and the Search for a Sustainable Solution

In 2008, the United Nations launched the Green Economy Initiative as one of a number of initiatives aimed at addressing multiple and interrelated global crises affecting the international community, namely:

The financial crisis, which hit the world at the end of 2007, is considered the worst financial crisis since the "Great Depression" as it resulted in the loss of many work opportunities and income across several economic sectors. The financial crisis had an adverse impact on economic and living conditions in many parts of the world as it generated increasing government debts and pressures on the Sovereign Wealth Funds (SWF), and reduced the available liquidity for investment.[3]

The food crisis, which reached its pinnacle in 2008 and 2009, is a result of rising prices of staple foods due, in part, to rising production costs, expansion of the

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3) **Some of the impacts of the financial crisis on Islamic countries:**
- Slowing Exports in several countries.
- Dramatic drop in both portfolio and direct foreign investment in several countries as investors shy away from markets that are perceived to be riskier.
- Dramatic fall in Exchange rate as a result of the sudden withdrawal of foreign capital from several countries.
- Increasing Interest rates and risk premiums for developing countries on global capital markets.
- Lower Remittances because less emigrants are able to send money to their homeland as jobs are lost.
- Declining Foreign aid from rich countries will decline as governments reassess their fiscal priorities during a downturn.
- Lower demand for goods and services, due to falling of international demand.
- Loss of credit availability Such as a fall in the supply of trade finance (export credit and insurance).
- Rising protectionism.

biofuel sector, and increasing unemployment rates. As a result, the number of people threatened by hunger and malnutrition rose to one billion.[4]

The climate crisis, which has emerged as a global priority that requires concerted efforts to respond to, adapt to, and mitigate the effects of extreme climate changes which have become more intense over the past few years.

Global Action

In response to the abovementioned global crises, as soon as the green economy concept emerged, it mainly focused on reviewing the planning and implementation of trade and infrastructure activities to ensure the best returns on capital investment in natural, human and economic resources while seeking to reduce greenhouse gas (GHG) emissions, the use of natural resources, and power generation waste, as well as helping to achieve social justice. United Nations Secretary-General Mr Ban-Ki Moon even called for a 'Global Green New Deal' which urged countries to adopt plans promoting low-carbon green growth and clean production as a way to respond to economic crises and climate change.

Recently, the green economy concept has evolved and expanded to cover the investments and actions necessary to respond to all environmental management challenges. In other words, green economy is no longer limited to climate change and reduction of carbon emissions: Moreover, the concept of green economy initiatives has evolved from achieving short-term green economic growth into strategically developing economic development paradigms in order to achieve long-term sustainable development.

During the recent global financial crisis, the United Nations General Assembly and several United Nations agencies emphasized that the crisis represented an opportunity to promote green economy initiatives as part of the stimulus packages being put in place to support the recovery. Furthermore, the United Nations General Assembly in December 2009 decided to hold The United Nations Conference on Sustainable Development, Rio+20, in June 2012 in Rio de Janeiro, aiming to achieve the following goals:

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4) **The main reasons for the high price of food commodities:**

1. A decrease in the levels of global production of all crops, agricultural commodities, were climatic changes and the intensification of environmental disasters affected crops by floods and temperature changes., Such as lower wheat production in India due to low levels of rain associated with Manson's, and decreased levels of agricultural and animal production in Eastern Asia and China due to hurricanes, storms, and flooding, as well as drought in Australia and Africa.
2. Some industrialized countries tend to turn to the production of biofuels as an alternative source of oil, because of the rise in oil prices. One quarter of America's maize production is used for the production of ethanol.
3. A number of countries imposing new policies prohibiting food exports.
4. There has been an increase in global demand for most food items, this is a result from an increasing population and economic development in East Asia, and the main factor is the ever increasing cost of production, which is due to a global decline in agriculture.
5. The low exchange rate of the US dollar against world currencies including the Euro, Sterling pound, Indian Rupee, Canadian and Australian dollar which has led to high product prices in these countries against the US dollar or Saudi Riyal and the high cost for sea freight and land transportation because of a global rise of oil prices.

1. Renewing political commitment for sustainable development.
2. Assessing the progress to date and identifying implementation gaps.
3. Addressing new and emerging challenges.

The Conference coincides with the 20th anniversary of the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992. It will focus on two fundamental themes that represent the main pillars of sustainable development in light of existing challenges, namely:

1. The institutional framework for sustainable development.
2. A green economy in the context of sustainable development and poverty eradication.

VI. Challenges and Opportunies

Benefits of a Green Economy

In the build-up to the upcoming Rio+20 Summit, many international and regional stakeholders have been carrying out studies on the challenges and opportunities presented by the prospect of transitioning towards a green economy. Needless to say, the particular perspectives and priorities of the different United Nations organizations (such as the International Labour Organization (ILO) Green Jobs programme and the World Bank Green Fund) on the matter vary depending on their respective benchmarks and work programmes. The findings of these studies and processes generally covered the environmental, economic and social benefits of a green economy along the following three main themes:

A. Addressing Environmental Challenges

The concept of a green economy originally stemmed from a desire to control the alarming environmental degradation caused by unsustainable production and consumption over the past decades. Therefore, reducing the ecological footprint is an integral part of the Green Economy Initiative. The most important environmental benefits of that initiative are the reduction of GHG emissions, and the efficient use of resources by "greening" the different economic sectors. Mechanisms of transition to a green economy are particularly focused on cutting carbon emissions resulting from energy production and consumption, such as more efficient energy use and wider utilization of renewable energy. Other environmental goals of green economy include reduction and safe management of waste, efficient water management, protection of biodiversity, and ending forest degradation and over-fishing.

B. Stimulating Economic Growth

The green economy concept promises to introduce a new paradigm for economic development based on large green investments in various sectors such as energy and renewable energy sources, green infrastructure, waste management and others. However, some doubt green economy's capacity to accelerate economic growth, and criticise its high implementation cost. According to UNEP,

under a 'green' scenario, short-term economic slowdown seems to prevail especially when measured with conventional methods that externalize environmental factors. However, a green economy is expected to grow faster in the long term (2020 and beyond) to reach higher growth rates than the current 'business as usual' rate. Pending corroborative evidence, the empirical paradigm used in the report expects that investing 2 per cent of global gross domestic product (GDP) in the green economy over the next fifty years (i.e. US$1.3 trillion per year) would generate long-term economic growth - at least equivalent to the expected growth of the 'brown' economy, and will generate other benefits by averting environmental degradation risks.

C. Poverty Alleviation and Job Creation

The global transition to a green economy could create huge opportunities of 'green jobs' in the different economic sectors, such as employment in the fields of renewable energy generation, energy efficiency, ecosystem rehabilitation and protection, ecotourism, waste management, etc. Such transition brings solutions to eradicate unemployment in Islamic countries. According to the latest studies of the ILO, many green sectors require a more sizeable workforce than the less environment-friendly alternatives (for instance, organic farming versus traditional farming). Thus, green economy could bring a solution to one of the major challenges in Islamic countries where a growing number of youth are looking for work opportunities. In this context, policies are needed to support small and medium enterprises - considered as a main source of employment opportunities - to help them adapt to green economy requirements. Furthermore, green economy helps to reduce poverty especially in rural areas through conservation and good investment of natural resources in income-generating activities - in agricultural and non-agricultural sectors - thereby reducing rural migration and improving livelihoods of local communities.

Investments, aimed at ensuring a more environment-friendly agricultural sector, are expected to yield multiple benefits especially for small farmers and subsistence farmers by procuring food to the poorest, therefore positively contributing to addressing food insecurity. The same applies to investments in ecotourism which are expected to support local economy. On the other hand, green economy is expected to mitigate water poverty, provide energy through strategies streamlining the consumption of natural resources, and stimulate investment in green infrastructure such as renewable energy services, drinking water and sanitation. Creating a green economy will not only have a positive impact on rural populations, but will also allow the populations of greener cities to benefit from a cleaner environment, better services (through sustainable means of transport), and reduced energy costs (through green buildings), therefore stimulating urban economy as a hub of innovation and investment in promising green sectors.

Some reports stress the need to examine the macroeconomic dimensions that must be taken into account when analysing green economy, such as the effect on the welfare of future generations as well as the effects that environment degradation has on aggregate supply, and the effects of environmental spending and protection policies on both aggregate supply and demand. Another

dimension that must be taken into account is that economic growth is always a process of structural change, a fact that is highlighted by the significant changes in the patterns of production and consumption that must be put in place in the transition to the green economy, which in this regard can be characterized as no less than a new technological or industrial revolution.

There are diverging estimates of the financial resources required for the transition to a green economy. These estimates vary from one source to another, but most of them exceed one trillion US dollars per year or the equivalent of around 2 per cent of the global GDP. The recent Green Economy report by UNEP proposes a US$1.3 trillion target for green (public plus private) investments. Close to three-fifths of this sum would be invested in energy efficiency - particularly in buildings, industry and transport - and in renewable energy resources; the remainder would be invested in tourism, water, agriculture, fisheries, waste management and a small amount in forestry. The resources allocated to energy, of slightly over 1 per cent of GDP, are broadly consistent with estimates by Stern for a scenario for emissions of 450 ppm CO2 by 2050. Over half of the estimated needs will come from developing countries, particularly in the area of energy, where the greatest expansion of demand is projected. Compared with these needs, United Nations Framework Convention on Climate change (UNFCCC) calculations of financial needs for adaptation are of a much smaller order of magnitude: 0.04-0.15 per cent of world GDP by 2030, though there are higher estimates.[5]

Risks and Challenges Associated with the Transition to a Green Economy

The concept of green economy carries the promise of a new economic growth paradigm that is friendly to the earth's ecosystems and can also contribute to poverty alleviation. Viewed in this framework, it is compatible with the older concept of sustainable development that has been mainstreamed into the United Nations' work for decades. But it also entails risks and challenges, particularly for developing countries, for whom economic development becomes more demanding and the fear arises that the new concept could be used to reinforce protectionist trends, enhance the conditionality associated with international financial cooperation, and unleash new forces that would reinforce international inequalities. There is also the risk of gaining market access through the guise of environment; of developing countries' facing production that is subsidized in the industrial world without being able to impose corrective measures; of limiting the policy space that developing countries have to promote their own green economy sectors; and of facing technical standards that their exporters cannot meet. Several risks are also associated with misuses of the concept of green economy, such as ignoring other aspects of development besides the environment, rather than integrating the environment into development efforts,

5) Ocampo, J.A., Cosbey, A., Khor, M. (2010). The Transition to a Green Economy: Benefits, Challenges and Risks from a Sustainable Development Perspective: Report by a Panel of Experts to Second Preparatory Committee Meeting for United Nations Conference on Sustainable Development. United Nations Department of Economic and Social Affairs. http://www.uncsd2012.org/rio20/index.php?page=view&type=400&nr=12&menu=45

or generalizing solutions across countries regardless of varying conditions and stages of development.[6]

There are a number of constraints that limit the transformation to a green economy or more generally the implementation of sustainable development in Islamic countries, including population pressure on the limited natural resources of the area, as well as the inability of current development mechanisms to support a sound pursuit of sustainable development. Achieving sustainable development would require striking a balance between population growth and the provision of necessary requirements of economic development requiring a wide base of environmental elements. Nevertheless, meeting the demands of a growing population without affecting ecological systems is a matter of paramount importance. This in turn would emphasize the need for a novel framework that would allow reaching a delicate balance, reshaping development mechanisms, with due focus on economic and social development that would minimize environmental impacts and promote sustainable development. In this respect, Islamic countries would need to change the conventional views they have towards their national economies that mistakenly tend to postulate a limitless growth of these economies. A vital step to sustainable development would start by coupling economic development with economic welfare rather than striving for economic development that relies on a limited resources base.

The transition to a green economy in Islamic countries should take into consideration the challenges and available opportunities, as well as the socio-economic and environmental reality in the region in order to develop a regional vision that is in line with and complementary to regional specificities and priorities, and reiterates renewed commitment to sustainable development principles in accordance with Agenda 21.

VII. Moving Towards Green Econoy in Islamic Countries

The economy of the 57 Islamic countries was hit hard by the global financial and economic crisis, and the impact of the crisis has been increasingly felt in Islamic countries. Various Islamic countries were hit hardest as real GDP growth dropped, others had already been affected by the high food and fuel prices and the global financial and economic recession has added to economic strains seriously affecting their socio-economic development.

Consequently, they have been affected by the slowdown of economic growth, deteriorating current account balances, shrinking remittances and development assistance, and rising unemployment and poverty. The human cost of the economic crisis has also imperilled social stability and future economic emancipation of people in Islamic countries; in particular, the pursuit of MDGs appears to have

6) Ocampo, J.A., Cosbey, A., Khor, M. (2010). The Transition to a Green Economy: Benefits, Challenges and Risks from a Sustainable Development Perspective: Report by a Panel of Experts to Second Preparatory Committee Meeting for United Nations Conference on Sustainable Development. United Nations Department of Economic and Social Affairs. http://www.uncsd2012.org/rio20/index.php?page=view&type=400&nr=12&menu=45

suffered a serious setback as the decade-long gains achieved by Islamic countries are under stress. Development efforts in the Islamic world are facing demanding challenges, as rapid population and economic growth strain institutional capacities and natural resources, such as water. Economies are expected to provide gainful employment to tens of millions over the next 10 years, alleviate poverty, address food and water security risks, drive economic growth, and adapt to climate change. These challenges demand strong action by all Islamic countries guided by a bold vision.

A fundamental tenet of a green economy is giving equal weight to economic development, social equity, and environmental sustainability. Meeting these three goals provides a sound foundation for addressing the shortcomings of Islamic economies, from curbing poverty and unemployment, to attaining food, water, and energy security, to achieving more equitable forms of income distribution. Moreover, a green economy places great emphasis on the efficient use and deployment of natural assets to diversify the economy, which in turn provides immunity against the volatilities and recessionary pressures of the global economy.

In line with the steady global economic recovery from the financial, food and energy crises of 2008-2009, the share of OIC in world trade and intra-OIC trade also witnessed a return to its upwards trend in 2010. The total value of OIC trade in 2010 reached US$3.2 trillion, representing 10.5 per cent of world trade, compared to 10.2 per cent in 2009. At the same time the share of Intra-OIC Trade of total OIC trade reached 17.03 per cent in 2010 as against 16.65 per cent in 2009, with the value of trade amounting to US$ 539.00 billion, compared to US$ 426.75 billion in 2009. There is no doubt that if this trend continues, the target of attaining 20 per cent of intra-OIC trade, which was set in the OIC Ten Year Programme of Action would be realized by the year 2015 (See ***Tables 1 and 2***).

In addition to increasing trade exchanges among OIC Member States, the twin objectives of achieving economic growth and poverty reduction could be realized through the implementation of ongoing OIC strategies on agriculture, rural development and food security. While dealing with immediate problems such as high unemployment, inflationary pressures or fiscal deficits, Islamic countries have to look to the future and devise new ways of ensuring that growth and progress are assured in the years to come. A Green Growth Strategy, which includes a range of partners from across government and civil society to provide a framework for how countries can achieve economic growth and development while at the same time combating climate change and preventing costly environmental degradation and the inefficient use of natural resources. Strategies to achieve greener growth would lead to better living standards in Islamic countries and must include equipping citizens of Islamic countries with the right skills to make the most of the employment opportunities resulting from these structural changes.

Modern economy is based on innovation and thrives on it, therefore, non-technological changes and innovation such as new business models, work patterns, city planning or transportation arrangements will also be instrumental in driving

Table 1: Intra-OIC Trade: 2004-2010[7]

World Trade							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Total World Merchandise Trade (trillion US$)	18.619280	21.106.600	24.310.800	28.204.000	32.541.500	25.260.500	30.512.300
World Merchandise Export (trillion US$)	9.133.340	10.363.700	11.985.600	13.901.800	16.031.400	12.373.300	14.994.300
World Merchandise Import (trillion US$)	9.485.940	10.742.900	12.325.200	14.302.200	16.510.100	12.887.200	15.518.000
Total Merchandise trade of OIC (trillion US$)	1.497.750	1.791.507	2.156.159	2.559.251	3.390.928	2.554.533	3.177.778
OIC Merchandise Export (billion US$)	802.882	986.142	1.217.512	1.395.513	1.879.306	1.291.286	1.678.761
OIC Merchandise Import (billion US$)	694.868	805.365	938.647	1.163.738	1.511.622	1.263.247	1.499.017
Share of OIC in World Trade (%)	8.0 %	8.5 %	8.9 %	9 %	10.42 %	10.2 %	10.5 %
Share of OIC in world Export (%)	8.8. %	9.5 %	10.0 %	10.0 %	11.7 %	10.43 %	9.65 %
Share of OIC in world Import (%)	7.3 %	7.5 %	7.6 %	8.1 %	9.2 %	9.8 %	11.20 %
Intra-OIC Trade							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Share of Intra-OIC Trade (% of total OIC trade)	14.44 %	15.50 %	15.86 %	16.64 %	16.60 %	16.65 %	17.03 %
Value of Net Intra-OIC Trade (billion US$)	102.54	135.73	166.68	210.3	275.47	213.38	318.2
Value of Total Intra-OIC Trade (intra-OIC exports + intra-OIC imports) (billion US$)	205.07	271.45	333.36	420.6	551.03	426.75	539.00

(7) Annual Report of Islamic Centre for Development of Trade (ICDT), 2010; and Annual Report Statistical, Economic and Social Research and Training Centre for The Islamic Countries (SESRIC), 2010

Table 2: World and OIC GDP Trends[8]

GDP							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
World GDP at Current Price (billion US$)		45.431.0	49.154.6	55.392.5	61.221.0	57.937.5	61.781.5
OIC GDP at Current Price (billion US$)	2.049.6	2.702.0	3.186.9	3.794.0	4.605.4	4.154.8	4.807.2
OIC Share of World GDP	5.4 %	5.9 %	6.4 %	6.8 %	7.5 %	7.2 %	7.8 %
Growth of Per Capita GDP							
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
World Average (US$)	6627	7077	7566	8424	9199	8604	9069
Developing Countries (US$)	1693	1978	2303	2783	3355	3125	3489
OIC Member States (US$)	1662	1915	2213	2582	3074	2743	3114

(8) *ibid*

green growth. No government has all the technological, scientific, financial and other resources needed to implement green growth alone. The challenges are global, and need encouraging international efforts to tackle environmental issues collectively.

Transition towards green economy should encourage joint projects and programmes between OIC members in the domain of agricultural capacity-building and productivity. It should also aim at deepening regional partnership for the implementation of Islamic countries' respective national priorities on agriculture and rural development. It would empower OIC Member States and its numerous institutions so that they can overcome the existing constraint of the lack of inclusiveness in Islamic countries' cooperation framework.

This Framework should also identify critical areas for public and private partnerships in the development of strategic commodities and promotion of agricultural value-addition from farm-to-market. Trade Facilitation is increasingly important for growth and development of OIC economies as well as the well-being of their peoples. In this regard, a number of Islamic countries have adopted necessary measures to reduce cost and simplify procedures associated with their exporting and importing.

VIII. Proposed Framework for a Green Economy in OIC Countries

Through a suite of tools that include technical assistance, education and training, capacities need to be developed and strengthened to design policy packages, to achieve win-win-win solutions to achieve environmental, social and economic development objectives. These policy packages and measures include the following[9]:

1. **Regulations:** There is a need to depart from the practice of introducing environmental regulations as distinct from other regulations. Regulations introduced to provide a code of conduct for the different sectors should be designed to cater for and take into account environmental, social, economic and developmental considerations. Islamic countries cannot continue to have environmental regulations designed to address environmental considerations in isolation. Building regulations, for example, have to consider the environmental, social, health, and general human aspects. Regulations dealing with industry, agriculture, tourism, etc. should be designed in the same manner. The full cost of regulations should be accounted for and their implications on the economy, environment and different segments of the population taken into consideration. Capacities to develop integrated regulatory measures need to be enhanced and tools to assess and measure their full cost and implications on the economy, environment, and social fabric of the society developed and strengthened.

9) CEDARE (2011). Arab Region Green Economy Initiative. Centre for Environment and Development for the Arab region and Europe. Unpublished.

2. **Market incentives:** These include tools such as taxes, subsidies, charges, and fees. Such tools need to be designed to complement regulations and address environmental, social and economic considerations. In many instances green taxes continue to be designed as distinct from traditional or grey taxes. Taxes need to be designed not just simply to generate income for the government, but also to alter behaviour towards more sustainable patterns of consumption and production. So instead of taxing income and employment, we need to tax damaging behaviour on the environment. Specific attention should be given to equity considerations and the distribution of the tax burden among different segments of society. Capacities for the selection and design of incentive measures to complement regulations need to be strengthened to support the transition to a green economy.

3. **Technology development:** National capacities to absorb and develop appropriate and environmentally sound technologies are key in the transition to a green economy and in achieving sustainable development. Budgetary allocations should be provided by different ministries for technological advancement, research and development. The introduction and use of environmentally sound technologies will enhance resource efficiency, reduce waste, and contribute towards creating new market opportunities and increasing competitiveness of products in local and international markets. National capacities need to be strengthened to develop and use the necessary technologies needed to make the transition to a green economy.

4. **Economic assessment and finance:** Techniques for assessing the economic viability of projects from the public and private sector need to be enhanced. From the public perspective, social and environmental externalities should be taken into consideration in assessing the viabilities of policies, programmes, plans, and projects. Governments can introduce policies and incentive measures that promote public sector finance and investment in green sectors such as renewable energy, waste management, green transport, green buildings, etc. Public and private sector capacities for undertaking such assessments need to be developed and strengthened.

5. **Trade policy:** Capacities need to be enhanced to develop trade policies that support sustainable development objectives. Trade policies can be designed to promote and encourage green investments through facilitating the importation of environmentally sound technologies. Trade policies can also be designed to maximize the net development gains and reduce the potential negative impacts of trade on the environment, human well-being and the economy.

6. **Public awareness, communication and outreach:** Campaigns specifically designed for different target groups are essential in demonstrating the benefits of investing in the environment for different stakeholders. This includes different government departments, the private sector, and the general public. In many instances, due attention is not given to the environment because the message given was not the right one. Information provided failed to communicate the right message and hence attract the attention of policy

and decision makers. It failed to demonstrate the clear link between investing in the environment and sustainable development. Capacities to develop communication strategies and conduct public participation campaigns need to be enhanced to ensure active involvement and participation of all relevant stakeholders in the design and implementation of proposed policies, programmes, and plans.

7. Education and training: Education curricula should be revamped to provide skilled and professional labour that can support the transition to a green economy. Environmental and social considerations need to be integrated into all subjects and disciplines, and not taught separately. Training courses or seminars should be designed as part of long-term training programme and not as a one-off exercise, and should be based on a needs assessment targeting different target groups, i.e. trainers, professional, decision and policy makers, etc. On-the-job training is also essential in providing the necessary skills needed to make the transition to a green economy. Capacities to undertake needs assessments and develop educational and training programmes and courses need to be developed and strengthened.

8. Institutions: Existing institutions needed to support this process should be strengthened and their capacities enhanced. Integrated assessment and policymaking for sustainable development should be one of the main tools used and promoted by national institutions. There are three levels of integration that we should not lose sight of in the planning and decision making process, these include: integration of the environmental and social dimension with the economic one; ensuring integration of policy recommendations in the decision making process; and the integration of the relevant stakeholders and actors, including affected and marginalized communities in the planning and decision making process. It is imperative that the capacities of ministries in the design and implementation of supportive and complimentary economic, social, and environmental policies are enhanced. Environmental and social policies have to be an integral part in the design and implementation of macroeconomic and sectoral policies.

9. Role of private sector: The active involvement of the private sector and promotion of public-private partnership through finance and expertise is critical for transitioning to the green economy. Providing the enabling environment in terms of policies, regulations, and incentive measures is necessary in engaging effectively the private sector in supporting government policies aiming at transitioning to a green economy. National capacities are needed to design policies and introduce measures that encourage the involvement of the private sector in support of the green transition.

10. Monitoring and evaluation: This should be part and parcel of the planning, decision- making and implementation processes. It is intended to ensure that the proposed policies have or are achieving their set objectives through the introduction of necessary corrective measures and actions, if needs be, to achieve the desired outcomes. Capacities to develop follow-up, monitoring, and evaluation tools and techniques are needed to ensure that policies, plan, and programmes are on target and are yielding the desired outcomes.

IX. Green Economy Success Stories from Islamic Countries[10]

Economic analysis favouring a green economy, builds its arguments in part on the encouraging signs and results of many initiatives around the world. A number of these come from Islamic countries, and illustrate a positive benefit stream from specific green investments and policies that if scaled-up and integrated into a comprehensive strategy, could offer an alternative development pathway, one that is pro-growth, pro-jobs and pro-poor. These success stories clearly illustrate growing interest among developing countries to seize opportunities to move to a green economy.

1. Solar Energy in Tunisian Republic

In line with efforts to reduce Tunisia's dependence on oil and gas, steps to promote the use of renewable energy have been implemented. In 2005, a law establishing an "energy conservation system" was applied, shortly afterwards, "The National Fund for Energy Management" was established. The replenishment of this Fund is based on a duty levied on the first registration of private, petrol-powered and diesel-powered cars, and on import duty or local production duty of air conditioning equipment with the exclusion of those produced for exports. Between 2005 and 2008, clean energy plans have enabled the government to save US$1.1 billion, comparable to US$200 million invested in the Clean Energy framework. Savings from energy efficiency with energy consumption from renewables reached 20 per cent of Tunisia's total energy consumption in 2011. The goal is to increase the share of renewable energy from 1 per cent to 4.3 per cent by 2014.

The first national solar energy plans were established in 2009. These plans include solar photovoltaic systems, solar water heating systems, and solar power units for electricity generators. Over 50,000 Tunisian families now get their hot water from Solar Water Heating Systems; (PROSOL) helped avoid 24,000 tonnes of cumulative CO2 emissions. 42 technology suppliers were registered creating jobs, and at least 1,000 companies installed the system.

The experience in Tunisia clearly displays the potential returns on investing in renewable energy, one of the pillars of any green economy.

2. Organic Agriculture in Uganda

About 85 per cent of the population was engaged in agriculture production, contributing to 42 per cent of national GDP and 80 per cent of exports earnings in 2005/06. In 1994, a few commercial companies began engaging in organic agriculture. At the same time, there was a general movement in the agricultural sector towards developing sustainable agriculture as a means of improving people's livelihoods. By 2007, 296,203 hectares of land were under organic

10) UNEP (2010). Green Economy: Developing Countries Success Stories. United Nations Environment Programme, Nairobi

agricultural production with 206,803 certified farmers. Through organic farming, Uganda not only gains economically, it also contributes to mitigating climate change, as GHG emissions are estimated to be on average 64 per cent lower than emissions from conventional farms. In 2004, the Uganda Organic Standard was adopted, while in 2007, as part of the East African Community, Uganda adopted the regional standard, the East African Organic Products Standards (EAOPS). In 2009, the government released a Draft Uganda Organic Agriculture Policy. The draft describes the vision, mission, objectives and strategies to support the development of organic agriculture.

Uganda has taken an apparent disadvantage - limited access to chemical inputs - and turned this into a comparative advantage by widening its organic agriculture base, and generating revenue and income for smallholder farmers.

3. Micro-Scale Infrastructure Provisioning Western Jakarta

In cities like Jakarta, Indonesia, a significant proportion of the population lives in informal settlements. While the government does not want to legitimize the occupation of land, it recognizes the need for the provision of access to safe water and sanitary conditions.

A private water utility, Palyja, is responsible for water supply in Western Jakarta and is expected to supply water to all people who live in this area, including those in informal settlements. As part of this process, Palyja is testing the provision of access to groups of informal houses by establishing community-based organizations. Each organization is given access to a single master water meter and is responsible for the management of the community's water supply infrastructure as well as paying for the volume of water taken. Mercy Corps has helped connect 38 households to a single meter, while USAID's Environmental Service Programme (ESP) has brought 58 households together. Once established, the community signs a supply contract with Palyja, with a special tariff arrangement to account for the fact that many households are using a single meter. Under this arrangement, both sides benefit: the community gets reliable access to an affordable water supply, while Palyja supplies a large number of houses with water at much lower overhead and administrative costs.

Conclusion: Moving Towards a Green Economy for Islamic Countries

God bestowed Islamic countries with many resources, but human activity without proper attention to the natural balance created some problems such as: increased water scarcity, worsening resource bottlenecks, greater pollution, climate change, and unrecoverable biodiversity loss. Moreover, the global financial and economic crisis, the high food and fuel prices and other environment problems has added to economic strains seriously affecting Islamic countries socio-economic development. Sustainable utilization of natural resources will be encouraged to derive long term economic benefits for their peoples without compromising the ability of future generations to meet their own needs and enjoy the same quality of living in a sound environment. The concept of Green Economy link any changes

of the natural course of environmental elements, and economic and social outcomes by addressing the correlation between human economic activity and the natural ecosystem.National policies , legislations, and practices in support of green economy would benefit all sectors of OIC economies. Improving resource efficiency across a range of key economic sectors, would improve sustainability. Careful moving towards adopting Green economy measures would always explore methods to improve resource efficiency, besides opening new opportunities for economic and social progress to improve Policy regimes that facilitate rapid adaption to Sustainable growth of all productive sectors such as agriculture, transportation, and manufacturing.

On the other hand OIC should pay more attention to the risks and challenges involved if the new concept could be used to reinforce protectionist trends, enhance the conditionality associated with international financial cooperation or trade, and unleash new forces that would reinforce international inequalities. Other risks are also associated with misuses of the concept of green economy, such as ignoring other aspects of development besides the environment, rather than integrating the environment into development efforts, or generalizing solutions across countries regardless of varying conditions and stages of development.