



StimulusCheck

A framework for the Assessment of
Economic Stimulus Packages and their
Potential to Deliver Sustainable Development

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iisd International Institute for Sustainable Development
Institut international du développement durable



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie

Canada

The Issue

- Several national governments are implementing *stimulus packages* to address the global economic crisis
- Designed as emergency measures,
- But due to their size and reach, they will affect long-term development trajectories, not only for the country introducing the stimulus package, but for other countries across the globalized economy.



It is both important and possible that economic stimulus packages are designed and implemented to achieve not only the immediate economic objectives necessary to prevent the collapse of the market economy, but also help advance social and environmental wellbeing and set a course towards a longer term sustainable economy.



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Why an Assessment Now?

- Many countries are finding that the economic crisis requires the introduction of subsequent packages.
- A number of countries that have been less affected so far are finding that they also need to intervene.
- Will take time to translate into actual spending and policy measures, and this will provide the opportunity for fine-tuning.

It is imperative that societies take advantage of this once-in-a-lifetime opportunity and prevent the stimulus packages from simply throwing a lifeline to unsustainable policies and practices.



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The StimulusCheck Initiative

- Phase 1: Create Assessment Framework
- Phase 2: Country Assessment Reports
- Phase 3: Synthesis Report and Outreach



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Partners for Framework Drafting

- Canada's National Round Table on the Environment and Economy- NRTEE
- World Resources Institute - WRI (United States)
- International Institute for Environment and Development - IIED (United Kingdom)
- UK Sustainable Development Commission
- Ecologic (Germany)
- German National Council on SD
- Institute for Sustainable Development and International Relations – IDDRI (France)
- Institute for Global Environmental Strategies - IGES (Japan)



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Category	Key Question
#1: Transition to a low-carbon economy	<i>Do the measures in the stimulus package contribute to or detract from the transition to a low carbon economy?</i>
#2: National sustainable development priorities	<i>Do the measures in the stimulus package contribute to or detract from the country's national sustainable development priorities?</i>
#3: Long-term transition to a sustainable economy	<i>Do the measures in the stimulus package contribute to or detract from the long-term transition to a sustainable economy?</i>
#4: Stimulus Governance	<i>What new governance mechanisms have been put in place to develop and manage the stimulus package?</i>

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Category	Aspect
#1: Transition to a low-carbon economy	1A: Renewable energy 1B: Sustainable transport systems 1C: Energy efficiency 1D: Research & Development for green infrastructure and energy

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Recent Green Economy Literature

UN-ESCAP (2006). Green Growth Initiative.

UNEP (2008). Towards a Green Economy / Green Economy Initiative. / (2009). Global Green New Deal Brief.

UN-DESA (2009). A Global Green New Deal for Sustainable Development. United Nations Department of Economic and Social Affairs.

Edenhofer, O. and Stern, N. (2009). Towards a Global Green Recover: Recommendations for Immediate G20 Action.

HSBC (2009). A Climate for Recovery: The Colour of Stimulus Goes Green. HSBC Global Research.



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Green Economy Literature – an example

Edenhofer, O. and Stern, N. (2009)

- **Improve energy efficiency**
- **Upgrade physical infrastructure** – investments in electricity grid upgrades and extensions, public transport, integrated freight transport systems and CO₂ pipelines for CCS
- **Support clean-technology markets** - providing and expanding feed-in tariffs, renewable portfolio standards, production tax credits, guarantees and loans.
- **Initiate flagship projects** - large-scale demonstration projects for CCS, concentrated solar power, ligno-cellulosic biomass, power storage and integrated hydrogen systems
- **Enhance international R&D** - energy efficiency, renewables, and CCS.
- **Incentivise investment** - technologies and processes that lock in low-carbon production.
- **Co-ordinate G20 efforts**



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Category	Aspect
#2: National sustainable development priorities	2A...2n: According to national sustainable development strategy or equivalent policy statement

- Many countries have prepared national sustainable development strategies (NSDS) or have made formal policy statements with regard to economic, social and environmental sustainability.
- In these strategies or statements a range of priorities are put forth.

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For example, the NSDS of the United Kingdom, 'Securing the Future' has four priority areas for action:

- ***Sustainable Consumption and Production*** – This includes reducing the inefficient use of resources which are a drag on the economy, helping boost business competitiveness and to break the link between economic growth and environmental degradation.
- ***Climate Change and Energy*** – We will seek to secure a profound change in the way we generate and use energy, and in other activities that release greenhouse gases.
- ***Natural Resource Protection and Environmental Enhancement*** – We need a better understanding of environmental limits, environmental enhancement and recovery, and a more integrated policy framework.
- ***Sustainable Communities*** – Our aim is to create sustainable communities that embody the principles of sustainable development at the local level.



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Category	Aspect
#3: Long-term transition to a sustainable economy	3A...3n: To reflect desired structure of a long-term sustainable economy

“markets have to deliver a different quality of economic growth that is more sustainable” and that “a return to past production patterns is economically neither wise nor desirable.”

Edenhofer and Stern (2009)

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Long-term Sustainable Economy Literature examples

Bhutan. Gross National Happiness

Anielski, M. (2007). The Economics of Happiness.

Victor, P. A. (2008). Managing Without Growth: Slower By Design, Not Disaster.

UK SDC (2009). Prosperity Without Growth: The Transition to a Sustainable Economy. Prepared by Tim Jackson, Economics Commissioner, UK Sustainable Development Commission.

Herman Daly (2009). From a Failed Growth Economy to a Steady-State Economy

Gus Speth (2008). Bridge at the end of the World



Gross National Happiness
The Centre for Bhutan Studies



Ecology Culture
Good Governance Education
Health Community Vitality Time Use
Psychological Wellbeing Living Standards



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Long-term Sustainable Economy,

For example...

Building a Sustainable Macro-Economy

1. Developing macro-economic capability
2. Investing in public assets and infrastructures
3. Increasing financial and fiscal prudence
4. Reforming macro-economic accounting

Protecting Capabilities for Quality of Life

5. Sharing the available work and improving the work-life balance
6. Tackling systemic inequality
7. Measuring capabilities
8. Strengthening human and social capital
9. Reversing the culture of consumerism

Respecting Ecological Limits

10. Imposing clearly defined resource/emissions caps
11. Implementing fiscal reform for sustainability
12. Promoting technology transfer and international ecosystem protection.



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Category	Aspect
#4: Stimulus Governance	4A: Accountability
	4B: Transparency
	4C: Global coordination

This category is not meant to be an assessment of the national governments existing planning, budgeting and review processes, but rather, to examine those mechanisms that have been created specifically to help navigate the stimulus efforts.

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The following aspects will be considered in this governance category:

•**4A: Accountability** - Are outcomes defined for the stimulus package and have key performance indicators been identified with time-bound targets set to gauge progress? To what extent were stakeholders involved in the design of the stimulus package and what was their role?

•**4B: Adaptability** - Is a regular and formal review process in place to assess what stimulus measures are working and which are not, and have potential future pitfalls been examined and adjustments anticipated?

•**4C: Global Coordination** – To what extent have the objectives and efforts of the stimulus package been aligned with global consensus means for how to address the current economic crisis and the climate change issue?

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For more information contact:
Darren Swanson
dswanson@iisd.ca

<http://www.iisd.org>

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