



What is Green Economy?

ESG & Sustainability Transformation

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As the world transforms with the evolution of technology, climate, politics, and economics, there are interconnected practices that positively balance environmental and social goals for the good of nature, citizens, and businesses. Leading the way is the green economy, an economic model that prioritises the success of human well-being and social equity while reducing environmental risks and ecological scarcity. But what is the meaning of a green economy? The definition of green economy is the practice of sustainable development through the support of public and private investment to create infrastructure that fosters social and environmental sustainability. The importance of a green economy is that it encourages economies to become more sustainable and low carbon and ensures that natural assets continue to provide the resources and environmental services for our continued well-being.

What are the five principles of green economy?

Based on a people-and nature-centric model, the principles of green economy can be summarised as follows:

Well-being: a people-centric model, the green economy seeks to allow everybody to increase their well-being, not just in economic terms, but also in terms of human, social, physical, and cultural capital. It prioritizes access to knowledge and education, more environment-friendly production technologies and processes, and sustainable infrastructure, allowing people to prosper while treating nature and our natural resources sustainably.

Justice and good governance: the green economy promotes good governance because it is founded upon accountable, transparent, and resilient institutions. It promotes devolved decision-making and open dialog, keeping vested interests out of the decision making process. By requiring broad public support, it encourages collaborative approaches to problem-solving.

Poverty eradication: by opening up entirely new economic sectors that require new skills and training, the transition to the green economy offers substantial investment and job creation opportunities. The green economy is inclusive and non-discriminatory, promoting equal income distribution and opportunities while reducing disparities between - and among - people.

Energy-efficiency: a green economy focuses on using resources efficiently, in a circular manner, so as to reduce waste to a bare minimum. It seeks to rebalance the consumer driven model towards one that is more sustainable in terms of natural resource usage.

Low-carbon development: the green economy is based on the use of renewable energy sources - like solar, wind, hydroelectric, and hydrogen - that generate little or no amounts of CO₂ emissions. A low-carbon economy is also one that encourages extensive electrification - with energy produced sustainably from renewable sources - in industry, mobility, and other aspects of life.

The green economy takes a long-term perspective, focusing on the ways in which resources are used to deliver value to society. It's not just about low-carbon fuel sources; it's also about how efficiency and sufficiency of resources can be fostered to create wealth, resilience, and well-being for the citizens of today and tomorrow - all while respecting our



planet's ecological limits. From investments in well-being to sustainable practices, the characteristics of a green economy are inclusive and non-discriminatory. It's a model that - while improving well-being - also guarantees a significant reduction in environmental risks and resource scarcity.

What are the business opportunities of the green economy transition?

The challenge for companies transitioning to a green economy is to deliver economic growth while fostering a symbiotic and positive relationship between nature and humans. Green economy business opportunities emphasize creating a healthy environment and promoting the well-being of all by promoting the use of low-carbon technologies and practices and using technologies that rely on clean and renewable energy. The transition to a green economy business model is necessary for companies to achieve sustainable development targets. This virtuous circle encourages resource and energy efficiency and promotes sustainable production, enabling the use of environmentally friendly technologies, processes, and products.

While achieving a green economy through such efforts as decarbonization is time-consuming and requires capital spending, it is increasingly being seen by businesses themselves as creating green economy business opportunities. Innovation, after all, is the main source of all economic growth and the green economy is no different. McKinsey estimates that green economy business opportunities could generate between \$9 trillion and \$12 trillion in new revenue by 2030 in sectors including transport, power, and hydrogen. According to the OECD, some sectors will grow more than others, but within each sector, companies using resources more efficiently will have a competitive advantage.

What are the examples of green economy?

Green economy examples, in terms of actions taken by people in their everyday lives, include:

- Choosing local, "zero-kilometre" agricultural produce made following organic methods (without the use of chemical pesticides and fertilizers, for example).
- Making use of sustainable mobility - like electric scooters and cars - instead of fossil-fuel-powered alternatives.
- Electrifying cooking, by replacing gas stoves with electric ranges.
- Avoid taking cars and scooters whenever possible and using public transport in their stead.
- Recycling lithium batteries, whose production requires environment-damaging extraction of cobalt and lithium.
- Making lifestyle choices that can help decrease energy use, like keeping air conditioners set at higher temperatures in summer.

The same can be said for businesses and industry. In this case, virtuous examples of green economy behaviour include:

- Developing and implementing productive systems that use energy as efficiently as possible.
- Investing in and using low-carbon, renewable energy sources to power factories and machinery.
- Recycle as much as possible and use recycled packaging for product distribution.
- Simplifying the end-of-life management of the product cycle.



What is the difference between a green and circular economy?

If green economy is defined as interconnected economic activities that promote global scale sustainable development, poverty eradication, environmental protection, and ecoefficiency and low-carbon development; the circular economy is a regenerative development strategy for economic growth that focuses on restoration, use of renewables, and elimination of toxic chemicals and waste through the superior design of materials, products, systems, and business models. They are bound by the common goal of reconciling environmental, economic, and social goals.

To learn more about Green Economy and sustainability-related models, don't hesitate to contact [YTT Consulting!](https://www.ytt-consulting.com)

