

Post Corona Green Economy [SBL/JBL IT-2020]

The COVID-19 pandemic **is** compared to the climate crisis. Many scientists warned about the risks of a pandemic much before governments decided to act, scientists have been urging governments to act on climate action before it is too late. The phrase 'prevention is better than cure' becomes particularly pertinent with current events, indicating the salience of immediate top-down action.

A recently-published analysis by top economists from universities including Oxford and Colombia showcases potential COVID-19 economic recovery strategies. The paper finds that 'green recoveries' are in fact the most economically-viable recovery strategy for countries affected by COVID-19. Some measures include backing clean energy infrastructures as well as retrofitting office buildings to improve efficiency once occupied again, just two of a range of economic and environmentally synergistic measures.

Several European countries have put a "European Green Deal" at the heart of corona recovery efforts. The recovery fund of the European Commission amounts to about USD 848 billion so far. This will be invested in coronavirus recovery as well as green programs to create jobs. The European Union announced that 25 percent of its budget will be reserved for climate action.

Canada has just announced that for large corporates to access COVID-19 relief, they must disclose carbon emissions and commit to environmentally-sustainable strategies, a potential springboard for other governments to follow suit. Indeed, the financial decisions made now will be critical in dictating the next decade, giving governments a chance to chart a new course toward climate action.

Denmark has set its ambition to cut carbon emissions by 70 percent from 1990 levels. It also aims to export clean energy by 2030. Despite coronavirus, the government of Denmark announced its strategy in May 2020 to meet its climate targets including generation of wind power, carbon capture and storage, and improving energy efficiency. The country will also create new jobs by making green investments.

Germany has planned a stimulus package worth USD 146 billion till June 2020. This package has a number of green plans. About 38 percent of the stimulus has been allocated for future friendly Germany. It aims for energy transition for a sustainable path.

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The UK government has also taken initiative to explore green recovery by establishing five working groups who will evaluate recovery measures. Among the Asian countries, China and South Korea have taken major plans towards green economic recovery.

China has introduced the "new infrastructure" concept which will include low-carbon transport, 5G and ultra-high voltage electricity transmission. The country has made a six-year plan during 2020-25 for a low-carbon stimulus package amounting to USD 1.4 trillion. It may be recalled that China's stimulus package amounted to USD 586 billion during the Global Financial Crisis (GFC) in 2008-09. Of this, about USD 221 billion was for green investments.

South Korea has announced its ambitious "Green New Deal" climate plan to revive its economy from Covid-19. The country plans to invest USD 10.8 billion by 2022 through this deal to boost green energy sector and create thousands of jobs. Under this new plan the country will reduce its dependence on coal and increase renewable energy production to 20 percent by 2030.

Bangladesh also has to adopt a green economic path in order to reduce the burden of future environmental cost. It can make a gradual shift towards green growth through investment in the environment for economic recovery and sustainable growth, decent job creation and poverty reduction. There can be a number of areas for intervention to adopt a green growth policy in the context of Bangladesh.

Stimulus package of Bangladesh to deal with the impact of Covid-19, amounts to about 4% of its gross domestic product. The central bank has doubled the size of its refinancing scheme from Tk 200 crore to Tk 400 crore for entrepreneurs who intend to take up green projects.

Coronavirus pandemic has created opportunities for countries to replace the standard growth path with the green growth. There is a renewed effort in many developed and developing countries to adopt a green recovery path in the backdrop of economic recession due to Covid-19. The pattern of growth will rely on investment in the environment as a major driver of economic development. A shift to a green economy post- COVID-19 would also provide many much-needed jobs, including in green energy and infrastructure.