

An aerial photograph of a dense forest, showing the intricate patterns of tree canopies. The image is overlaid with two semi-transparent colored boxes containing text. The top box is teal and contains the main title in white, bold, sans-serif font. The bottom box is orange and contains a subtitle in white, sans-serif font.

Principles, priorities and pathways for inclusive green economies:

Economic transformation to deliver the SDGs

These principles were produced by the Partners for Inclusive Green Economy



Poverty-Environment Action
for Sustainable Development Goals



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Why shared principles, pathways and priorities matter



“ We can’t have a common future if we leave behind the vulnerable segments of our population, who often stand to be hardest hit by climate change... Our policies have to be made with our children’s future in mind. Leaders need to think big and act bigger. This radical transformation demands a profound systemic change, and we are all part of this system.

Angel Gurría, Secretary-General, OECD



“ The green wave is rising and it will wash away the old economic rules. All governments, economic institutions, business and finance should read this report as it forms the basis of a new social contract.

Oliver Greenfield, Convenor, GEC



We need to work across governments, organizations, boundaries and sectors to improve our environment and daily lives... The tasks are too great for one country or organization. So, we need to work together.

Ban Ki-Moon, President & Chair, GGGI



Time is running short. We are past pledging and politicking. We are past commitments with little accountability. What's at stake is life, and society, as the majority of us know it and enjoy it today.... It's clear that we need to transform the way our economies work, and the way we value the things that we consume. The goal is to break the link between growth and increased resource use and end our throwaway culture.

Joyce Msuya, Deputy Executive Director,
UN-Environment



GIZ is dedicated to shaping a future worth living around the world. Fostering economic development that provides decent jobs and income for all, while simultaneously tackling rapid environmental degradation, is a huge challenge. That is why GIZ has been an active advocate of the Partners for Inclusive Green Economy - and why we think this partnership really makes a difference.

Detlef Schreiber, Head of Environmental Policy, GIZ



The GGKP believes that partnership plays a critical role in transformative change. The Partners for Inclusive Green Economy offer a wide range of expertise, able to respond to specific contexts in order to catalyse inclusive green economies at the local, national, and global level. The Principles of Green Economy can help guide us in the transition, ensuring that the green economy is equitable, efficient, and enables the natural world to thrive.

Ben Simmons, Head, GGKP



“ A just and inclusive transition to a green economy will not happen by default.... Everything depends on what we do. It requires effective policies, institutions and action. We will need to support businesses so they can take advantage of the opportunities; strengthen social protection so that people do not fall through the gaps; and prepare people for new jobs with the right policies and training. Reskilling and up-skilling are important not only because they underpin a just transition. They will also help to ensure a human-centred approach to the future of work.

Guy Ryder, Director-General, ILO

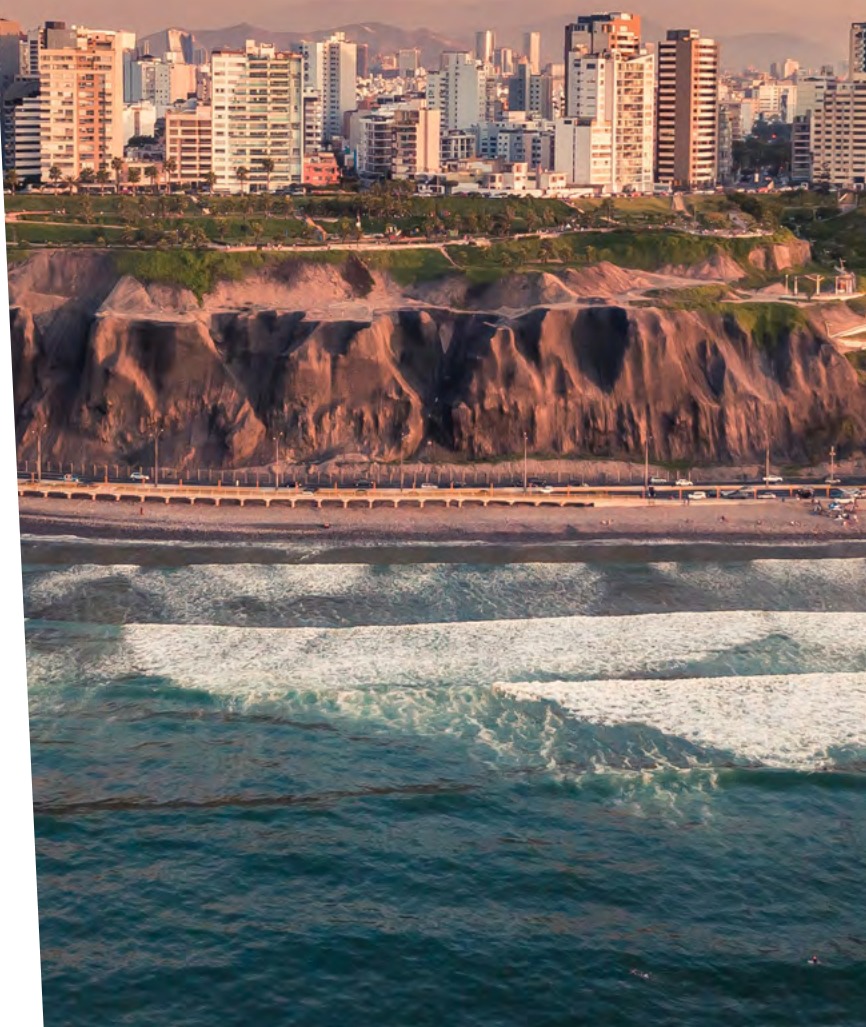



A critical time to act

Since the industrial revolution, our economies have delivered huge advances in material prosperity. But this progress is increasingly imperilled by the very economic models which made it possible. Our economies are still measured and managed in ways that incentivise overconsumption, damage nature and social bonds, and drive climate change. In 2015 the global community committed to tackling these linked problems through the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. This can only be described as historic. Yet significant economic, societal and institutional changes are now needed if the 2030 commitments and climate goals are to be achieved. When national governments and businesses alike are preparing active responses to the 2030 Agenda, they critically need to get the economics right for sustainable development.

A broad consensus on what to do

Since the financial crisis in 2008, several initiatives to reform economic governance have been put forward in response to demands from governments – notably but not only ‘green growth’, ‘decarbonisation’, and ‘green’, ‘blue’ or ‘circular’ economy. This diversity of initiatives has driven valuable innovation and engaged civil society and business as well as government – but to continue a fragmented approach could confuse stakeholders and stymie the systemic progress that is now needed.





Several major institutions working in the field have therefore met several times to share learning and combine efforts.¹ They have now reached a consensus that nothing short of a fast and fair transformation of our economies is needed. The collaborating institutions have co-constructed a three-part framework to offer a coherent way to get to grips with the complexity of transformation towards greener, more equitable and resilient economies. This is not a blueprint, but instead it enables stakeholders to reflect on progress, challenges and current plans, and to co-create a vision and approach that will work well in their context. It comprises:

- **Principles:** A set of ‘living’ principles to guide collective action towards inclusive green economies
- **Priorities:** A set of initial catalytic activities that help to embark on and accelerate the transition
- **Pathways:** A sketch of the kind of medium- to long-term process needed to make the transition

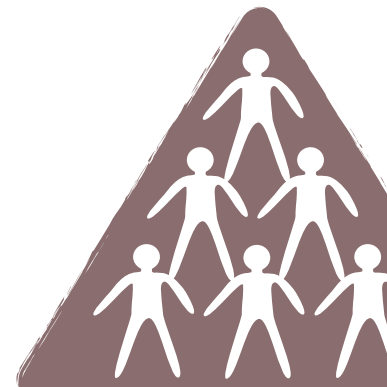
1 This paper reflects learning, debate and consensus among the ‘Partners for Inclusive Green Economy’, which includes the UN Partnership for Action on Green Economy (UN-PAGE), UN Poverty Environment Action (PEA, successor to the former Poverty Environment Initiative), the Global Green Growth Institute (GGGI), the Green Growth Knowledge Partnership (GGKP), the Organisation for Economic Cooperation and Development (OECD), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), International Institute for Environment and Development (IIED), Development Alternatives India, P4G (former 3GF), and the Green Economy Coalition (GEC). The paper reflects inputs and subsequent discussions of the institutional collaboration group members. While the group has asked GEC to publish this paper in the public interest, the paper does not necessarily reflect the specific and entire policies, commitments or programmes of any one institution or its funding partners.

A special thanks to Steve Bass, Senior Fellow at the International Institute for Environment and Development for developing this paper over the last two years. It is intended as a ‘living document’ and is open for review, ideas and debate. Please contact steve.bass@iied.org to contribute.



A. Five Principles for economic transformation

An Inclusive Green Economy (IGE) is a thriving economy that delivers the linked economic, social and environmental outcomes sought by the SDGs and the Paris Agreement. It follows five key principles, each of which draws on important precedents in international policy, and which together can guide economic reform in diverse contexts.





1. The Wellbeing Principle



The economy enables all people to create and enjoy prosperity

The green economy is **people-centred**. Its purpose is to create genuine, shared prosperity.

It focuses on **growing wealth that will support wellbeing**. This wealth is not merely financial, but includes the full range of human, social, physical and natural capitals.

It prioritizes investment and access to the

sustainable natural systems, infra-structure, knowledge and education needed for all people to prosper.

It offers **opportunities for green and decent livelihoods, enterprises and jobs**.

It is built on **collective action** for public goods, yet is based on individual choices.

2. The Justice Principle



The economy promotes equity within and between generations

The green economy is **inclusive and non-discriminatory**. It shares decision-making, benefits and costs fairly; avoids elite capture; and especially supports **women's empowerment**.

It promotes the **equitable distribution of opportunity and outcome**, reducing disparities between people, while also giving sufficient space for wildlife and wilderness.

It takes a **long-term perspective** on the economy, creating wealth and resilience

that serve the interests of **future citizens**, while also acting urgently to tackle today's multi-dimensional poverty and injustice.

It is based on solidarity and **social justice**, strengthening trust and social ties, and supporting human rights, the rights of workers, indigenous peoples and minorities, and the right to sustainable development.

It promotes **empowerment** of Micro-Small-Medium-Enterprises (MSMEs), social enterprises, and sustainable livelihoods.

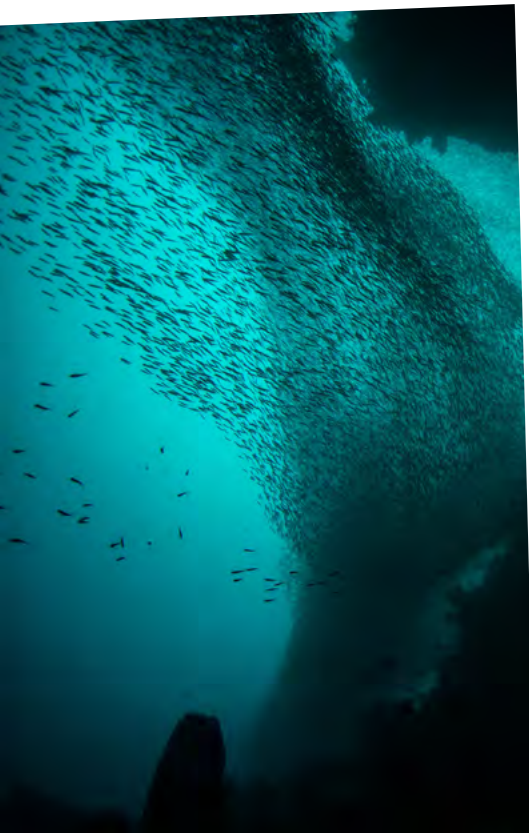
It seeks a **fast and fair transition** and covers its costs – leaving no-one behind, enabling vulnerable groups to be agents of **transition**, and innovating in social protection and reskilling.



3. The Planetary Boundaries Principle



The economy safeguards, restores and invests in nature



An inclusive green economy **recognizes and nurtures** nature's diverse values – **functional values** of providing goods and services that underpin the economy, nature's **cultural values** that underpin societies, and nature's **ecological values** that underpin all of life itself.

It acknowledges the **limited substitutability** of natural capital with other capitals, employing the **precautionary principle** to avoid loss of critical natural

capital and breaching ecological limits, including climate stability.

It **invests** in protecting, growing and restoring biodiversity, soil, water, air, climate and other natural systems.

It is **innovative** in managing natural systems, informed by their properties such as circularity, and aligning with local community livelihoods based on biodiversity and natural systems.

4. The Efficiency and Sufficiency Principle



The economy is geared to support sustainable consumption as well as sustainable production

An inclusive green economy is low-carbon, resource-conserving, diverse and circular. It embraces new models of economic development that enable **economic growth without raising resource consumption** and that reduce negative social and environmental impacts.

It recognises there must be **a significant global shift to**

limit consumption of natural resources to physically sustainable levels if we are to decarbonise economies and remain within planetary boundaries.

It recognizes a **'social floor'** of basic goods and services consumption that is essential to meet people's wellbeing and dignity, as well as unacceptable 'peaks' of consumption.

It aligns prices, subsidies and incentives with **true costs to society**, through mechanisms where the 'polluter pays' and/or where benefits accrue to those who deliver inclusive green outcomes.





5. The Good Governance Principle

The economy is guided by integrated, accountable and resilient institutions

An inclusive green economy is **evidence-based** – its norms and institutions are interdisciplinary, deploying both sound science and economics along with local knowledge for adaptive strategy.

It is supported by institutions that are **integrated, collaborative and coherent**—horizontally across sectors and vertically across governance levels – and with adequate capacity to meet their respective

roles in effective, efficient and accountable ways

It requires **public participation**, prior informed consent, social dialogue, transparency, democratic accountability, and freedom from vested interests in all institutions – public, private and civil society– so that enlightened leadership is complemented by societal demand.

It promotes **devolved decision-making** for

local economies and management of natural systems while maintaining strong common, centralized standards, procedures, and compliance systems.

It builds a **financial system** with the purpose of delivering wellbeing and sustainability, set up in ways that **safely serve the interests of society**.

B. Priorities

Activities to accelerate economic transformation

A truly inclusive green economy will not be achieved without a process of structural transformation, during which the economy will increasingly embody the five principles above. This will take time, and many barriers stand in the way. To get started, ten catalytic activities are suggested. They will help stakeholders in a country to achieve clarity of direction, engage and mobilise key actors, define priority objectives, and so embark on the transformation path with greater confidence and commitment.

These activities mean that the subsequent work of proposing and adopting policies, identifying and financing specific investment projects, etc, can proceed with greater confidence. National SDG and Nationally Determined Contributions (NDC) planning, implementation and review processes can offer good opportunities to undertake these catalytic activities, as can other holistic dialogue and policy initiatives. The ten activities could also inform a programmatic framework to improve collaboration among international support agencies.²

² The Partners for Inclusive Green Economy members are dedicated to supporting country stakeholders in identifying and carrying out such activities. The 10 catalytic activities here are drawn from priorities that were collectively identified as building the foundations of a green economy with transformational investments, institutional reforms and behavioral changes across sectors and actors.

Activities to understand green economy needs and potentials

1 **Diagnosis:** **Scope** a country's green economy assets – its natural, social, human, physical and financial capital – and their values for people, economy and planet; the ways that economic development, inclusion and sustainability have been pursued to date nationally and in key sectors; particular policies, institutions and initiatives that already work for inclusive and integrated outcomes; the barriers (e.g. political, attitudinal, capacity and technical); and the challenges (e.g. balancing winners and losers, handling systemic risks and stranded assets).

2 **Awareness-raising:** **Invest** in communications, education, political and social interactions, so that stakeholders are aware of the diagnosis in terms that are meaningful to them – notably the problems of brown economy and potentials of green economy for lifestyles and investment.*



Activities to drive progress by engaging and mobilizing stakeholders



3 Dialogue: Convene stakeholders to contribute to the diagnosis as above, to co-create vision and objectives for a (national) green economy, to scope feasible transition pathways, and to generate shared commitment and effective partnerships.

4 Empowerment and capacity development: Enable often-marginalised stakeholders as well as diverse green economy leaders, champions, institutions and alliances to have a strong voice in dialogue, to mobilise and develop their capacity through suitable means including South-South learning.

Activities to innovate and scope solutions

- 5 New metrics:** **Begin** aligning economic policies and performance metrics with the inclusive and green economic outcomes revealed as important by dialogue and diagnosis, and reflected in e.g. SDGs, NDCs and national plans, including sector plans.
- 6 Best practices 'catalogue':** **Promote** current and 'within-reach' best practices for inclusive green economic activities in e.g. natural resource management, industrial policy, small enterprises, livelihoods, and within government and business- to create interest and upscale them.
- 7 Finance 'catalogue':** **Scope** the finance sources and mechanisms available in-country that are aligned with inclusive green economy principles – and those that perpetuate the brown economy – and align these with identified finance needs.



8 Social protection: Prepare the parameters of a fast and fair transition in consultation with affected stakeholders – fairly meeting the reskilling and safety-net needs of those who bear costs or risks, and avoiding elite capture.

9 Policy, legal and fiscal change: Prepare a roadmap of stepwise reforms that will best raise public support; e.g. triggering a shift away from penalising ‘goods’ like jobs and incomes, towards ‘bads’ like subsidies that create environmental and social externalities.

10 Investment prospectus: Scope, from all the above, the resource requirements; and make business cases for investment by public, private and community bodies in identified priorities (notably natural capital protection, management and restoration and sustainable infrastructure).







C. Pathways

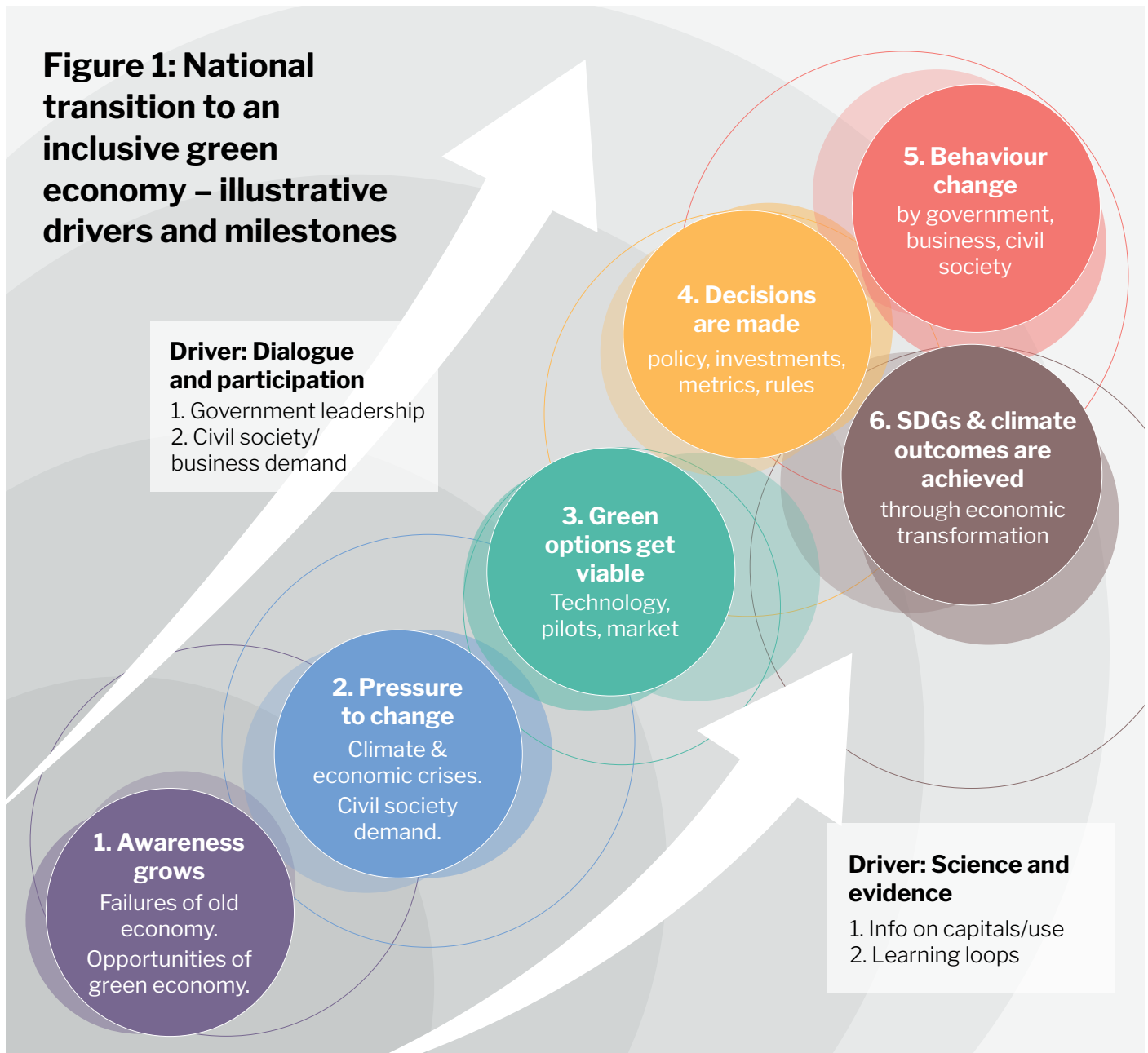
Transformation
processes towards
inclusive green
economies

As yet, no country has completed the transition to an inclusive green economy. But many countries do have several 'pieces of the puzzle' in place, and it is becoming clear that the transition might take about 10-20-years. Like all major transformations in history, it will involve considerable interplay between political and business leadership and societal demand. Each needs to be able to play a constructive role. For example, government can introduce the necessary governance changes and enable progressive approaches to go to scale; international organisations can share knowledge and support capacity development; business can innovate and drive new markets; and civil society can demand economic change and hold decision-makers to account across short political cycles. How this plays out depends on political and societal context, but it is clear that stakeholders will need time for **dialogue, experimentation, learning, argumentation, changing views, and adapting policy.**

While the five principles above (A) can offer a coherent approach, and the ten priority activities (B) inform an initial plan, the transition is not a predictive one and it will necessarily be an adaptive process. Figure 1 therefore only illustrates the kind of process that might typically be expected.



Figure 1: National transition to an inclusive green economy – illustrative drivers and milestones



This Figure implies six milestones in a neat linear sequence. In practice there will be many feedback loops to be embraced with an adaptive approach. Hence the importance of providing for continued dialogue, participation and evidence generation. As experience of actual country transitions emerges, feedback is greatly welcomed to enrich and revise this pathways map.

**Work with us
to make these
principles a
reality.**

**These principles are a living
document – and are open for
discussion, ideas and debate.**

**Find out more – and join
the movement to build
fair green economies**

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