



The global transition to green and fair economies

10 YEARS IN

As the Green Economy Coalition turns ten, we ask:
Is structural economic reform happening fast enough
to avoid social and environmental breakdown?

Featuring: ACODE, CANARI, Development Alternatives, Economic Policy and Competitiveness Research Centre, Equality Trust, Finance Watch, Global Sustainability Institute, Libelula, Oxfam, Stockholm Environment Institute, Trade and Industrial Strategies

 #greenandfair

Executive Summary

About us

The Green Economy Coalition (GEC) is the world's largest movement for green and fair economies.

An alliance of civil society organisations, trade unions, businesses and campaigners, the GEC is building a movement for change from the ground up. Our aim is a green economy that benefits people first, especially the poorest, and respects nature's limits.

Our diverse and growing membership network of more than 50 organisations is tackling some of the biggest challenges of today: extreme poverty, climate change, biodiversity loss, rising inequality, and weak governance. But members are united in recognition that these issues cannot be tackled alone. They are symptoms of an economic system that is ill-equipped to respond to today's global challenges. Our members are all committed to systemic economic reform.

The coalition is a new type of institution that wires together multiple organisations into shared positions and collective action. **Together, we:**

- **Tell new narratives of change**, which resonate with different audiences and challenge current norms.
- **Build critical mass** in order to confront powerful economic interests and empower local social movements.
- **Influence policy** by developing the tools and knowledge to hold decision-makers to account wherever they are in the world.
- **Forge coalitions** between business, civil society and government, united by a shared vision.

Join us at the frontline of the green economic transformation.
www.greeneconomycoalition.org

The coalition



Executive Summary

The 2020 Global Green Economy Barometer takes a broad look at the status of the global shift to green, fair economies. Drawing on insights from our members and their networks, it asks: is a global economic transformation underway?

The transition to greener economies has reached a turning point. Outrage over what we are doing to our planet, amid urgent warnings from scientists, is now hitting home. Schoolchildren in more than 120 countries have walked out of their classrooms to demand that governments take tougher action on climate change. Citizen-led protest movements have not only brought cities to a standstill but are starting to reach the ballot box. In the European elections the Greens challenged mainstream political parties in record numbers. Poll after poll shows that people, particularly young people, want change – they are prepared to vote for it, spend more for it and change their lives for it (see Global Insights).

The science is united. Nature is disappearing at an unprecedented rate while the globe is warming faster. In two major reports, senior global scientists warned of a limited window of 10 years to prevent irreversible damage from climate change, as well as the threat of mass extinctions and severe biodiversity loss. At the same time, the gap between the richest and the poorest is getting bigger and hunger is on the rise for the first time in a decade. As people are feeling left behind, they are increasingly voting for more extreme political parties: the world's largest democracies, accounting for 28% of the global population, are run by populist leaders.

Our economies are no longer fit for purpose.

That message is neither radical nor fringe – it is coming from the heartland of our financial systems – central bankers, insurers and credit rating agencies are ringing the alarm bell in recognition of the systemic risk posed by climate change and biodiversity loss. In the words of Frank Elderson, Executive Director of the Bank of the Netherlands, "A transition to a green and low-carbon economy is not a niche nor is it a 'nice to have' for the happy few. It is crucial for our own survival. There is no alternative".



So, are there glimpses of a deeper economic reform agenda? Are countries ready for transition?

There are some signs of deeper reform:

- **The energy transition is accelerating:** The UK has set a new standard by agreeing to net-zero carbon emissions by 2050. China has already surpassed its 2020 solar panel target and is set to exceed its wind target, putting the country on track to account for over 40% of the total global clean energy mix by 2022. India is expected to more than double renewable capacity by 2020, at a growth rate which is expected to be higher than the European Union. And the EU's Green Deal, designed to mobilise 1 trillion euros over the next decade, marks the most ambitious net-zero emissions strategy the world has ever seen.
- **Countries are starting to move beyond GDP:** New Zealand, Iceland and Scotland are all leading on wellbeing budgets and alternative measures of progress.
- **There has been a surge in science-based and net-biodiversity gain targets by the business community:** The markets for organic food, meat alternatives and plastic free packaging have taken off.
- **The divestment movement continues to grow at pace:** Institutional investors committed to cutting fossil fuel stocks from their portfolios have risen from 180 in 2014 to more than 1,100. Green and social bonds continue to outstrip all market projections.
- **A set of global institutions equipped to drive a transition to green economies at an intergovernmental level is emerging.**

But the brown economy still reigns:

- **It is still cheaper and easier to buy or invest in harmful products than greener ones.** Investment in oil and fossil fuels is set to increase for the next 6 years at least. Governments spend nearly as much subsidising fossil fuels (US\$ 5.2 trillion) as the annual investment needed to deliver the global SDGs (US\$ 5-7 trillion).
- **Despite the increase of "natural capital" approaches, mainstream economic analysis which shapes public policy and private investment still fails to account for nature.** This means that our economies are blind to their dependency on nature and the many services it provides.
- **There is no regulatory system guiding the financial markets towards preserving nature and investing in communities.** Financial short-termism is increasing, despite all the evidence that longer term investments return higher value.
- **Rules governing our markets and taxation systems are weighted towards large companies and powerful countries.** 40% of multinationals' profits are artificially shifted to tax havens.





Efficiency is not enough: Circularity, eco-efficiency and net-zero targets are being adopted, but these efforts alone will not be enough to protect nature. Even with ratcheted up government commitments, countries are not on track to reach the Paris Agreement or the Sustainable Development Goals. To hit mid-century global decarbonisation targets, global energy intensity would need to decline by between 4 and 10% a year. Currently, it is declining at around 0.4% a year.

The next phase of the transition is going to be harder. Vested interests remain powerful. Lobbying groups for the fossil fuel industry, transportation companies, and utilities outspend civil society groups 10 to 1. **But the appetite for deep rooted change has never been stronger** (see Global Insights).

Global insights: People are calling for green and fair economic transformation

- Only one in five people feel that the current economic system is working for them – and all share an urgent desire for change, revealed a global survey of 33,000 people across 27 countries. (Source: Edelman Trust Barometer 2019)
- In the 2019 European elections, people turned out in force to vote for green parties. Taken together, the green vote accounts for 10% of votes for the European parliament.
- Young people are losing faith in business and urgently want leaders to commit more aggressively to making a positive impact on society and the environment, says a global survey of 10,455 millennials questioned across 36 emerging and developing economies. (Source: Deloitte)
- 66% of people said they would pay more for sustainable goods and services, reveals a global survey of 30,000 consumers in 60 countries around the world. (Source: Nielson)
- In China, 71% of middle class consumers have increased spending on green products in the last year. (Source: Hong Kong Trade Development Council)



Key takeaways



For government:

- No corner of our economies will be left untouched by environmental failure. Every national priority – jobs, welfare, poverty, industry, investment – will be hit as nature recedes.
- Market corrections, technology, and efficiency gains alone are not enough. Some governments are starting to undertake deep-rooted industrial and economic policy reform. Failure to take action now will leave countries left behind with stranded assets and redundant industries.
- The green agenda is a social agenda. A new, green and fair economic deal offers an opportunity to re-engage citizens in much-needed public dialogue and start to rebuild trust in government.



For civil society:

- The economic rules of the game are still heavily weighted towards the brown economy.
- The next phase of transition will involve more resistance from the institutions and businesses that profit from the status quo. It is essential that civil society organisations work across sectors, geographies and issues to focus on economic reform.
- It is critical that the voices of the poorest, the most marginalised, of women, young people and small or informal enterprises, as well as that of nature, are heard at the policy table.



For business:

- The tide has turned. Voters, consumers and citizens are demanding change.
- Doing less harm is not enough. The business models that will flourish will be those that can prove a positive net impact on communities, ecosystems and the global environment.
- Radical transformation and ambition is required, and businesses can be a powerful advocate of a new, green and fair economic order.



"We need a whole new way of thinking. The political system that you [adults] have created is all about competition. You cheat when you can because all that matters is to win. That must come to an end."

– Greta Thunberg, 17-year-old climate change activist, Sweden

Recommendations

People are feeling more divided than ever before. The world over, gaps are emerging between rich and poor, between young and old, between governments and their citizens. At the end of 2019, 28% of the world's population was living in countries run by populist leaders.

From this sense of fragmentation and discord, a new economic order must emerge – one that prioritises peoples wellbeing, roots decisions in local contexts, supports small enterprises to grow and flourish.

From extraction

to restoration

From concentrated economic power and wealth

to distributed economic power and wealth

From linear economic models

to circular economic models

From short term horizons

to long term horizons

From measuring profit and productivity alone

to measuring wellbeing and the state of nature

For government:

1. Declare an emergency. The impact of environmental failure will dwarf all financial crises we have seen to date. Ministries of finance and economic decision-makers must step into the green economic reform space and lead partner with social and environmental departments as a top government priority.

2. Engage in social dialogue: The communities feeling left behind by our current economic model can lead the vision for a better economic system. Processes for "Green New Deals" or France's "Great National Debate" are proving highly effective for re-engaging electorates. Learning from South Africa's Green Economy Accord, the outcomes need to be clearly linked into national policy making processes.

3. Prioritise a just transition. Ensure meaningful participation of stakeholders in policymaking. Governments can learn from the many examples of a just transition including conditional social transfers and payment for ecosystem services, provision of universal basic income and services or a living wage, community utility ownership and social enterprise models, supporting reskilling and retraining.

4. Target industrial policy and green jobs. As a matter of urgency, governments need to prioritise investment in green infrastructure, energy efficient buildings and waste reduction. Enabling conditions for small enterprises must be prioritised.

5. Identify and penalise "brown" investment and business behaviours. Public policy makers should be working with their central banks to blacklist high-carbon bonds and investments. They should also be using central banks' own capital for de-risking green and social investments.

6. Account for natural and social capital. National progress should move beyond GDP to account for wellbeing and the state of our natural world. Models in New Zealand, Scotland and Iceland can all provide inspiration. Similarly, economic modelling and assessments, ranging from cost-benefit tools and investment analysis, must account for natural and social capital.

For business:

- 1. Declare an emergency.** No business, big or small, will be left untouched by environmental decline and as such, this is a material risk and opportunity for businesses that needs to be tackled at the level of the Board.
- 2. Proactively engage with national green economic policy development.** From carbon pricing and certification schemes, to tax regimes and capitals accounting, these are all issues for which businesses can push for a progressive policy regime that can start to rewire our economies. Companies can become vocal advocates and agents for ecological restoration and societal wellbeing.
- 3. Pioneer integrated reporting.** As a matter of urgency, companies should replace quarterly financial reports with annual integrated reports. These will account for progress on social and natural capital as well as financial capital, and provide the key statement of a company's progress for shareholders and stakeholders alike.
- 4. Develop net-positive targets.** Companies must set ambitious "net-positive" targets that improve biodiversity and wellbeing, and reduce their carbon emissions in absolute terms, within their operational and supply-chain emissions.
- 5. Pay their fair share.** Public opinion has shifted against those companies that are avoiding their fair share of taxation. Businesses should be supporting the reform of our global tax regimes.
- 6. Embark on social dialogue with employees and stakeholders.** Ensure that employees are represented on the Board and support progressive living wage policies and end gender pay discrimination.

For civil society:

- 1. Join the call for global economic transformation.** Our economies are not set in stone – they can be structured, designed and governed differently. CSOs play a critical role in not only raising the ambition of governments and businesses but persuading the public that a transition to a different economy is possible as well as necessary and desirable.
- 2. Inclusion is the driver of the green transition:** An inclusive and just transition is not a nice to have – it is the driver of a transition that can go to scale. All campaigns and advocacy must root the transformation in the needs of people and their communities.
- 3. Move the debate beyond energy and carbon:** While the world's attention is on carbon emissions, the rest of nature is dying. CSOs must work to raise the profile of biodiversity and our ecosystems in the eyes of decision makers as well as the public.
- 4. Demand social dialogue at all levels of policy:** All efforts must be concentrated on ensuring the voices of the poorest people and marginalised communities are represented in economic policy decisions, frameworks and approaches.
- 5. Join the dots in public narrative.** Help mainstream commentators and influencers understand the connections between different agenda items – poverty reduction, gender equality, workers rights, environmental protection (etc.) – all of which are symptoms of how we organise and structure our economies.
- 6. Collaborate.** The next phase of the transition to greener fairer economic systems will meet more resistance. CSOs must work with each other – not solely on individual campaigns or projects – but as institutional and strategic levels.



The Green Economy Coalition exists to accelerate the global transition to greener, fairer economies. Together we:

Connect: We make bridges between business, civil society and government. We stimulate debate, dissent and dialogue. We build collective positions.

Communicate: We tell the stories of change. We track the transition. We bust economic myths.

Influence: We champion the voice of the excluded. We challenge the status quo. We hold decision makers to account.



The race for green and fair economies is on.
Let's hold our governments to account:
www.greeneconomytracker.org

Find out more at
www.greeneconomycoalition.org

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