

GEC Steering Group, Thursday 25th May 2017– MINUTES



25th Attendees: Steve Bass, Mick Blowfield, Oliver Greenfield, George Varughese

30th May: Holger Schmid, Steven Stone

Apologies: Peter Poschen-Eiche, Thibaut Portevin, Aban Marker Kabraji, Mike Wilson

Note: an alternative date (2pm 30th May) was offered to those SG members that sent apologies to the allotted SG time. This is an exception due to the strategic importance of the issue under discussion. In general we do not cancel or rearrange the SG meeting, as new times, convenient to everyone, are inevitably too distant. These consolidated minutes capture the inputs from that additional session and the views of Holger Schmid and Steven Stone.

Agenda 25th May 2017:

1. March Minutes for approval.
2. Strategic content discussion - SDGs, GE and Capitals (research paper attached)
3. New Member applications (1 application attached)

1. March Minutes - approved

2. Strategic content discussion - Using Capitals to bridge between SDGs and GE

The SDGs are gaining traction and efforts are escalating. There is a (GE GG) concern that this will dominant and divert attention away from GE. In response we have used the basic line that in order to deliver many of the sustainable development goals, governments will need a sustainable development economy (otherwise known as a green and fair economy). However, the green economy and growth institutions need a more sophisticated response to link SDGs to GE. **The proposal for SG discussion is that we use the capitals model to link SDGs to GE.**

Rationale - The three main relevant trends:

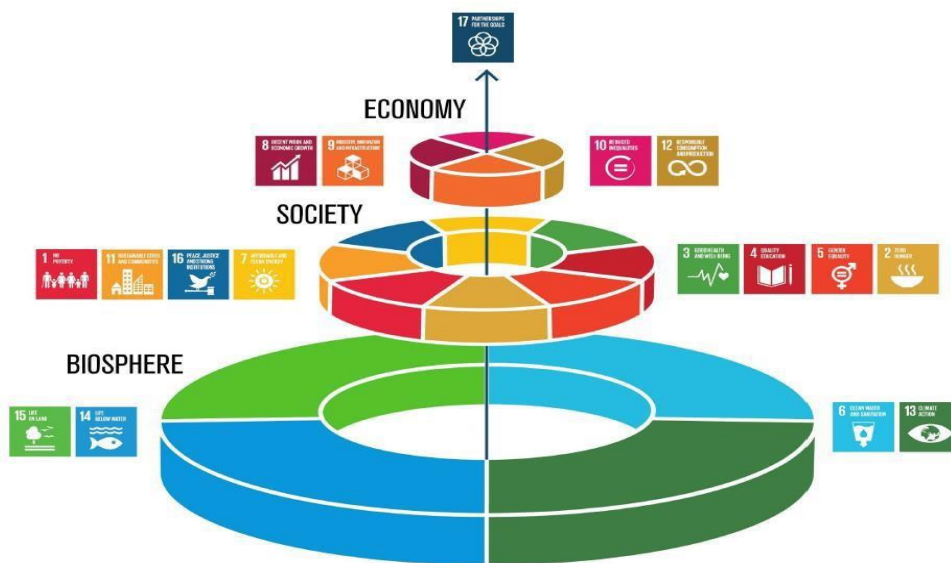
1. **SDGs** define the development agenda for the next 15 years but to really work they must be put at the heart of the world's economic strategy. We want SDGs to be a success – but we are concerned that there is no real way to understand trade-offs between them, and our observation is nations and companies quickly cherry pick their favourites and therefore lose sight of the choice implications. This puts SDGs at risk of underperforming. We must also find a way that they move beyond the development world to the economic mainstream.
2. **Capitals.** We observe the rapid adoption of capitals thinking in business (slightly less successfully at a Nation state level). We like capitals because it allows us to shift the debate from flows to stocks. It allows us to critique, via science, assumptions of substitutability and ultimately offers us the potential of a capital's dependency hierarchy and a practical economic use for limits. We also like the idea of a nation managing a portfolio of capitals and seeking to optimise all capitals (including natural).
3. **Green and Fair Economies.** 60 plus countries are in various states of Green Economy thinking and planning. However, they are also now trying to work out what to do about SDGs. We have an overall need to link SDGs to green and fair economies (sus dev economies) – and ensure that they forge links to economic concepts, and ultimately economic performance metrics – including Nat cap.

Possible framing solution for our programme

We think the solution to the above might lie in mapping SDGS to capitals, which in turn, would accelerate the use of capitals, deepen the understanding about limits/dependencies/**substitutability**/trade-offs and, finally, that potentially the targets for SDGs could define the parameters of success for Capitals. We can therefore, orientate natural capital as the foundation of a new emerging economic system, ensure the limits to substitutability articulate new desirable and safe boundaries to its use, and overall, start to redefine economic success – as optimising a country's portfolio of capitals.

Others are starting to come to the same conclusions:

Figure 1: Capitals and the SDGs (Rockstrom and Sukhdev, 2016)



In order to investigate this potential further – we are commissioning Professor Cameron Hepburn et al. at the Institute of New Economic Thinking at the Oxford Martin School, to consider 5 questions:

1. To what degree are different capitals (natural, human, physical etc) complements or substitutes in the economic production function?
2. What is commonly assumed in economic theory about substitutability and what empirical evidence (from both economic data and the physical sciences) is there, if any, to support the assumptions made in theory?
3. How might the potential to substitute one factor for another change with the relative scarcity of factors? So, as natural capital declines, where are limits to substitutability?
4. How does the above differ if we adopt a welfare- rather than a production-based lens?
5. How does the foregoing account for uncertainty and irreversibility, and to what degree should considerations of "efficiency" drive views on substitutability, vs considerations of "resilience"?

(This idea was one element of the Natural capital strategy)

SG - Is there value in mapping SDGs to Capitals and use this framework to connect better to green economy policy?

SG discussion

Concern – too theoretical a discussion - what different will it make at the local level? Will the mapping consider the institutional choices as local level? No. It is very much at the macro-economic framing level.

Recognise the local level is very important to GEC, however, this could just be phase 1 of this research. Further research is possible.

GEC needs also to become more economically literate and this could give us a credible macroeconomic framing.

Capitals work a growing area of interest within UN

Business groups, IIRC and GEC partners, NCC and ICAEW, interested in this work. Therefore this approach gives us a potential route to engage better with business.

Going forward a proper tool to integrate SDGs to Capitals is needed. We think this would be best achieved by it being developed by:

1. Those that have the most at stake for SDG success (probably UN Stat?).
2. Those that have most at stake to make capitals work – predominately at the nation state level (probably World Bank – Wealth accounting?)

Steering group discussed organisations to seek synergies with this work:

- UN – Inclusive wealth Index
- World Bank – Wealth of nations reporting
- SEI Mans Nilsson Important interactions among the Sustainable Development Goals under review at the High-Level Political Forum 2017
- WBCSD – working on social capital accounting, as is A4S

A project team is forming around this work – A4S, ICAEW, IIRC, GEC – with research from Oxford Martin School.

Overall, GEC Steering group is happy with this approach, however, want to remain closely involved, and keep focus on the relevance to our national dialogues and local action.

Finally, GEC with GIZ will be hosting the next Institutional collaboration meeting in Germany, July 18th and 19th – on SDGs and GE.

GEC Steering group encourage this to be discussed with Institutional collaboration partners and with World Bank

3. GEC New partners

One application:

[Scottish Wildlife Trust](#). “The Scottish Wildlife Trust is the founder and organiser of the World Forum on Natural Capital, the world’s leading event on natural capital. The World Forum attracts business leaders, policymakers, NGOs, academics and environmental experts from across the globe. We believe the World Forum can play an important role in helping to make the links between green economy and natural capital approaches, in a way which will help harmonise and strengthen both. The World Forum brings together extensive international networks through its associate partners: UNEP, IUCN, World Business Council for Sustainable Development and the Natural Capital Coalition. We are delighted to be able to add the Green Economy Coalition to this list for the 2017 event”.

OG point: The partnership with SWT is prompted by the project partnership around natural capital. Their event is perhaps the world’s best convening on natural capital and gives us access to their expertise for events and engaging with business.

SG decision to welcome SWT.

4. AOB – strategic actions outstanding

GEC global summit 2017. **November 1st-3rd in Trinidad, hosted by Canari**

- Institutional collaboration group, next meeting co-convened with GIZ – July 18th and 19th
- Partnership growth strategy – outstanding and needs to be accelerated. It needs to be clear on its approach to growth in developing countries, as we need to urgently address the north south balance of the GEC.

NEXT GEC Steering group MEETING: Thursday, 27th July, 12.30pm-2pm, UK.