

A circular aerial view of Earth, split vertically. The left half shows a dense urban cityscape with numerous skyscrapers and buildings, partially obscured by white clouds. The right half shows a lush, green forest. The entire scene is set against a black background with small white stars, suggesting a view from space.

Reflection paper

How to Seize the Last Chance to Achieve Sustainable Development

December 2023

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Mark Halle is the retired Executive Director of the International Institute for Sustainable Development – Europe. He serves as a Senior Advisor for NatureFinance, a Swiss-based non-profit organization, and for the UNDP-administered international network of Financial Centres for Sustainability (FC4S).

The contents of this reflection paper are the responsibility of the author.

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Summary

This discussion paper is not intended to leave the reader with a sense of pessimism and, indeed, in its second half, it will point to actions that are emerging as precursors for a transformative change in how we manage our relationship with our planet. To reach that point, however, it will be necessary to paint a bleak but, in my view, realistic picture of the present and of the consequences of failing to change direction. The reader is asked to accept that painting this backdrop is obligatory if the proposals that follow are to be assessed on their merits.

In a nutshell, 36 years after the Brundtland Commission defined sustainable development as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*” we have seriously compromised the ability of future generations to meet their needs and are rapidly exhausting the ability of the planet even to meet the needs of the present. In short, we have in this period and before it pursued development approaches that fail the sustainability test.

This bleak reality is less worrisome if one believes that sustainable development is just one of a range of development theories – one that has scored high in public discourse while failing to change the reality for vast parts of the earth and its inhabitants. Other development indicators have, in this time, offered benefits to large parts of the globe – health and education have advanced considerably; large parts of the global population have been lifted out of poverty, and the wealth generated by economic growth, trade and investment would be more than sufficient, if better distributed and targeted, to eliminate poverty and to cover the cost of addressing the global challenges of climate change, biodiversity loss, pollution and equity.

And yet, in the medium and long term, the alternative to sustainable development is **unsustainable** development – development that, despite its achievements, carries the seeds of its own ultimate destruction. We are seeing – everywhere – the results of ignoring the imperative of sustainability. With every kilo of carbon released into the atmosphere, every species lost or ecosystem damaged, every toxic substance released into the environment, every community allowed to lapse back into poverty, the cost and burden of the transition to sustainable development becomes more onerous.

If we had acted resolutely on climate change or biodiversity loss when their threatening nature moved into the realm of scientific certainty, we could have resolved these threats at a fraction of the cost that these two trends impose on our societies today.

Why didn't we? It is important to understand what we did wrong if we are to move forward on a different and more impactful path. I posit that we suffered from a series of mistaken assumptions combined with a strong tendency towards denial when faced with the realities that were every day more self-evident.

False Assumptions

When the Brundtland report was published and the concept of sustainable development began actively to be promoted as the guiding principle for the future, many felt that sustainability would prevail – that it would become the new development paradigm – by virtue of its self-evident attractiveness. Placing development within a frame that progressively excluded action that harmed present or future generations appeared both just and sensible, especially if the needs of the present were being satisfied. Many of us thought that sustainability would shine and prevail on its intellectual merits alone.

It didn't. While it drew a large following, peaking at the 1992 Earth Summit in Rio, in the end it had little real impact beyond the strengthening of action addressing the environment, never more than a small sub-set of the sustainable development challenge. By and large, countries continued with practices that undermined prospects for sustainability, especially in respect of the needs of future generations. Indeed, with the growing domination of market-centred economics, environment lapsed into something of an afterthought.

Enter the first false assumption – that progress towards sustainable development was hampered by the lack of scientific understanding of how exactly sustainability could be achieved. A massive effort was invested in understanding the science of climate change, ecosystem function, pollution pathways and impacts, and much more. While this effort has the merit of placing us in a position today where the factual basis for planetary change is now very robust (witness the extraordinary work over more than three decades of the Intergovernmental Panel on Climate Change – one of the greatest collaborative scientific enterprises in the history of humanity) it proved to be far from enough to drive action at scale.

The result is a strong scientific understanding of global change, a clear assessment of limits and tipping points, and a much better understanding of future trends and scenarios ... accompanied by entirely inadequate action of the sort that accepting the science would imply. So, the first assumption – that better understanding would lead automatically to action at the level required - has come apart.

The second false assumption was that action was stymied by the lack of clarity in respect to what action should be taken, at what scale and in what general sequence. The global sustainability community threw itself into the development of goals, targets, strategies, roadmaps and action plans spelling out the action needed to bring about the transition to sustainable development. However, knowing what needed to be done proved no guarantee that appropriate action would ensue. Instead, the development of these plans often served simply to put off action as the situation deteriorated.

Nowhere is this clearer than in respect of global, multilateral decision-making on sustainable development. The multilateral process has absorbed a massive proportion of global bandwidth, funding, time and energy and has, by and large, failed to slow, much less reverse, the negative trends. Playing on our desire to hope and be optimistic, global goal setting is presented as representing firm **commitments** to action. We read that countries have “committed” to a series of actions under the

Paris Climate Agreement, or the Aichi Biodiversity Targets, or any number of similar multilaterally agreed sets of actions.

In reality – and this is the third false assumption – these are not in most cases commitments in the normal connotation of that word. Instead, they are promises and there is no political price, it seems, for failing to fulfil them. So, the “triumph” of the Paris Agreement has led not to a strong reduction in greenhouse gas emissions; in fact, it has failed to stem their increase. Of the 20 Aichi Targets – aimed to slow and eventually reverse biodiversity loss – not even one was fully implemented, and biodiversity loss accelerated over the period of implementation. It is too early to say if the outcome of the Kunming-Montreal Global Biodiversity Framework will be different, but it would be foolish to bet on it.

First Tentative Conclusion

The action taken under the effects of these three false assumptions have been necessary, valuable and vital to constructing a better future. Uniquely in respect of the major, planet-threatening challenges such as climate change, biodiversity loss and pollution and to a lesser extent in respect of equity and social justice, we now have an accurate (if still imperfect) understanding of the science underlying these challenges. By and large, we know the action that needs to be taken to address the threats, based on the science. In fact, we understand what needs to be done, who needs to do what, and what timelines would need to apply. Further, the technology needed to address our challenges is largely available; reining in planetary destruction no longer means waiting for technological breakthroughs, though these will undoubtedly continue to come. And the cost of implementing these solutions is – in proportion to the global economy – entirely affordable. Indeed, in many cases it is less than the costs that result from not acting in the recent past, for example the cost of climate-related natural disasters.

What Have We Missed?

In the thrall of our mistaken assumptions, we have paid inadequate attention to one awkward fact – that in an interconnected world, all parts need to be pulling in the same direction, and that if any significant part is pulling in an incompatible direction, sustainable solutions will not prevail. One example will suffice to illustrate both the problem and its dimensions: it is a near-global consensus that stabilizing the global climate will require a rapid transition away from carbon-based fuels to renewable energy, improved energy storage and better energy efficiency. While there is an argument for a limited use of carbon-based fuels in a transition period, and in certain poor countries, the single greatest priority in the climate space is to end the use of carbon-based fuels as quickly as is feasible.

In 2022, some \$ 1.3 trillion was expended globally on countering climate change, roughly doubling the annual average of just a few years earlier. Serious public and private funding is finally being directed to climate action and that is clearly a positive trend. At the same time, a roughly similar amount is being expended on subsidizing fossil fuels. Fossil fuel subsidies serve as a strong financial and economic incentive to give preference to these energy sources over the desirable alternatives, essentially invalidating – cancelling out – the now consequential funds spent to prevent a climate disaster.

Worse still, the subsidies derive from public budgets. They represent funds that, if not used as subsidies, could be used for other public purposes, including the energy transition or the fight against climate disaster. Not only are we spending vast sums of money where many preferable uses of those funds are readily available, we are doing so in a way that directly and massively undermines the public policy “commitments” these same governments have made to the sustainability transition.

This example (and there are millions more that could be used) suggests that we cannot prevail in addressing the problems of the green transition if it means swimming against a strong current of unsustainable action in the same economies. For too long we have lobbied for action on climate or biodiversity while ignoring the damage done to these elsewhere in the same countries and economies. With such an approach, we are bound for failure.

Thus, the final false assumption is that we could successfully act on environmental priorities by acting within the environmental sector, using tools and mandates available to the environmental sector and ignoring the environmental effects of policy, regulation, business culture and action in other parts of the same economies and societies.

A Word on Multilateral Cooperation

It is a sad statement that the benefits of multilateral cooperation need to be justified. With the bulk of planet-threatening problems extending beyond national boundaries and embracing the global commons, it is inconceivable that we can advance at all without strong international cooperation. While multilateral approaches have proved very successful in addressing specific issues for which there are existing and viable technical solutions – the ozone layer, mercury pollution, trade in toxic waste or persistent organic pesticides – they have proved far less successful in securing genuine action on issues that are political in nature and around which large blocks of divergent interests lie. Climate change is about land use, how we grow food, access to technology, the energy transition and much more. Biodiversity loss is intimately tied to equitable access to resources, to respect for the rights of indigenous communities, the management of global commons, to enforcement of existing laws and norms. Both challenges are insoluble without strong advances in global equity, and this is the greatest political challenge of them all.

And yet – internationally – we seek to address these largely through one of two configurations – the first, and most common, is the consensus-based decision-making by the 193 members of the United Nations, or the parties to major conventions. Alternatively, it is based on a “one dollar, one vote” approach common to the multilateral banks but which ensures the dominance of the countries already in a position of advantage and who are reluctant to abandon any element of that privilege without receiving something significant in return.

As a result, we lock ourselves into the endless cycle of negotiations yielding disappointing results, deepening the rift between the richer and poorer countries, and settling on promises that are not attached to any genuine system of accountability. As noted above, so-called commitments turn out to be promises, and most of these promises are not met. Even the significant apparent breakthroughs such as the Paris Agreement, while securing consensus on important and heretofore elusive elements of solving the climate challenge have led, to country after country (very prominently including the major producers of greenhouse gases) failing to implement the action that they themselves identified as their proposed contribution to stemming global warming.

I offer two conclusions from this. The first is that global cooperation is irreplaceable, indispensable, and we must mobilize every part of the world community in support of high ambition targets in multilateral processes. Second, however, multilateral cooperation has proved beyond the shadow of a doubt that, on its own, it is incapable of addressing the fundamental economic and political obstacles that are tripping up both robust agreement and implementation. The effective lack of accountability built into both national and international systems offers no burning incentive to fulfil promises and act at the scale and at the pace that the challenges demand, especially if to do so involves asking voting populations for a sacrifice.

Simply put, the pace of international agreement and the weak connection between these agreements and effective change on the ground will, on present trends, take us beyond the tipping points for catastrophe. What, then, must be added to the mix to change this reality and turn the proverbial tanker around?

Part 2: Elements of a New Cooperative Paradigm

I promised, at the beginning of this paper, that it would begin sober but end in hope. Indeed, at the dawn of global cooperation on the Environment – the 1972 United Nations Conference on the Human Environment (the Stockholm Conference) – Barbara Ward published *Only One Earth* to accompany and celebrate the occasion. This seminal book formulated the “duty to hope”. Against a background of bad news, of negative trends, of previous progress reversed, there are always grounds for believing that the situation can be dramatically ameliorated, that we can lock ourselves into a positive spiral where good deeds generate and reinforce other good deeds, where positive trends find reinforcement, and where the glow on the horizon builds into a new dawn.

Respecting the duty to hope is not a sign of innocence, of superficiality in analysis or of chasing unattainable dreams. It is, instead, a life choice, and once that choice is made, it is a consolation to find so many reasons to corroborate that hope.

At the same time, it is clearly insufficient to espy the distant destination and trust that, somehow, it will be reached. It is necessary not simply to map the pathways to that destination, but to understand with exceptional lucidity what conditions must be assembled for the journey down those pathways to be the clear and overwhelmingly preferred choice.

The pathways themselves are no mystery. To take just one current example, the recent Club of Rome report “Earth4All” spells out five fundamental transformations that must take place to move planetary society within the safe and just space for development described in Kate Raworth’s *Donut Economics* – within the planetary boundaries and above the social floor. Strikingly, the five transformations make economic sense, are achievable with existing technology, and are eminently affordable. In short, they could be implemented without undue difficulty were the political will available.

The question, then, is how to muster that political will which, over the decades since the Earth Summit in Rio, has been conspicuously absent? I operate from the axiom that our political representatives, in a democracy or anything that resembles one, by and large take decisions based on what will get them elected or re-elected. Other factors certainly intervene, but it is a safe assumption that destructive action that leads to election will routinely be chosen over positive behaviour that might endanger electoral chances. Doing the right thing is relegated to political speeches and public posturing, whereas action to improve electoral prospects guides political outcomes.

Based on this axiom, what is needed to ensure that action that ends and reverses climate change, that stabilises and restores nature and ecosystems, and that builds social justice and inclusiveness aligns with the behaviour that favours election or re-election? In other words, how can we generate a movement in which pleasing those who wish to save the planet is the key factor in electability over and above appealing to special interests and lobbies?

Entry Conditions

I offer here five “entry conditions” that, taken together and implemented at scale, could lead to a choice to follow the well-mapped pathways to sustainability and reverse the planet-threatening trends that generate so much public anxiety today, even among those presently profiting from this very behaviour. If these five conditions are met, it might be possible for those committed to respecting the “duty to hope” to align that hope with a realistic vision of the human future.

A Regulation, framework conditions, enforcement

The planet has suffered for decades from a general reluctance to legislate, impose conditions on economic actors and diligently to enforce existing regulation. In line with the economic paradigm that has prevailed in both countries and international financial institutions over the past three decades economic actors have benefitted from minimal restrictions on business activity, a strong preference for voluntary over mandatory regulations, and a widespread elimination of constraints on the pursuit, by capital holders, of opportunities for profit. This has led to an active effort by corporations and financial actors to show that they can on their own act responsibly, at pace and at scale, such that no regulation is necessary.

A wide panoply of initiatives has sprung up, from the Global Compact, Business for Biodiversity, adherents to the Principles for Sustainable Insurance or the Principles for Responsible Banking, and many thousands of others. The result, from the point of view of global impact, has been much like that of global multilateral negotiations – many grand statements, boatloads of promises, and action at a scale that has failed even to dent the pace at which the key issues are souring. We have discovered that, like governments, businesses and financial actors prefer promises over commitments, are willing to progress only at a pace that doesn’t threaten the business model and are perfectly content to throw the promises overboard where there is money to be made from unsustainable activity. We know, for example, that dependence on fossil fuels must be reduced drastically, and phased out completely as soon as possible. Science is categorical on that point. And yet 2022 was a peak year for investment in fossil fuels, including coal, often considered the most damaging of them all.

We need to wake up. A good deal of positive action has been taken by the private sector, and by financial institutions, just as it has by governments. We know, however, that it is nowhere near enough, and that we will grow old and decrepit before voluntary action on saving the planet reaches anything close to the needed scale and heft.

It follows that we cannot wait. We need all economic activity to relocate within the safe and just space for humanity. A good start would be to make “net zero”, “nature positive” and, eventually, “net equity” requirements of doing business. While net zero is relatively easy to implement, work needs rapidly to be done to develop and agree standards for nature positive and net equity standards.

Once ready, governments will need to legislate to ensure that the application of these standards is mandatory. They might begin, for example, by making compliance with these standards a condition for participation in any government procurement or investment scheme and then extend it so that it becomes a condition for access to credit from financial institutions, eventually making any business or financial transaction that fails to meet these obligations both illegal and subject to punitive sanctions.

Should that happen, history would repeat itself as it has in the case of banning slavery or child labour, or the requirement to contribute to the social insurance of workers. If the standard applies to everybody equally, it will rapidly become cheaper to comply than to pay the costs, direct or to reputation, of not complying. When respecting the standard is the economically and socially preferable form of action, compliance will become generalized. It may be cheaper in terms of straight salary

costs for corporations to employ children in their production lines, but it is today distinctly less favourable when all costs are considered.

Variants on the above blanket legislating for sustainability are in place or being considered at present, such as legislation requiring companies to ensure that there is no deforestation anywhere in their value chain, or requiring companies to ensure that they are not trafficking in goods derived from illegal activity. Sanctions on companies caught fishing illegally or exceeding their quotas is another practice that, while applied sporadically, could enter general application.

Clearly such measures will require careful consideration in terms of their acceptability in the rules-based multilateral trading system and it will be critical to win the support of developing countries by ensuring that they do not unduly suffer from higher standards applied by the richer countries. But the need to legislate and regulate is inescapable if we are to move global economic and financial activity back within the limits imposed by planetary health.

B Alignment

Related to the above is the need to develop tools that test the alignment of economic or financial activity with the public policy requirements of moving to a sustainable planet. At present, it would be possible for this to be done with the Paris Agreement or the Kunming-Montreal Global Biodiversity Framework. Doing it for equity and social justice is still some time off.

What is needed is a requirement for both public and private finance to test their budgets and portfolios for alignment to these two global public policy frameworks. This could be done at the level of a bank's investment portfolios or the budget of a city, province or nation. The result would indicate the extent to which these are misaligned at present, where alignment or misalignment are greatest, and therefore set in motion a process leading to full alignment over an agreed period. Combined with the adoption of binding net zero or nature positive standards, the refinement and implementation of alignment tools could speed the transition to more sustainable corporate and financial activity, with the same positive effects noted in the section above.

C Eliminating Perverse Incentives

As noted in the case of fossil fuel subsidies in the first section of this paper, we will not advance towards sustainable forms of economic and financial activity if powerful incentives continue generously to reward unsustainable behaviour. To a considerable extent, public policy like subsidies should fall under same net zero/nature positive standard and alignment requirements mentioned above. A process that requires a transparent impact assessment of public policy measures to ensure their compliance with the overall elimination of unsustainable activity would target perverse subsidies and other incentives as well.

More elusive are cultural business practices that are deeply ingrained but rarely subjected to scrutiny in terms of their impact on sustainability factors. An example of this is the widespread focus of businesses on quarterly earnings and a whole culture of rewards linked directly to these – whether bonuses or accelerated promotion prospects. If short-term business behaviour is what determines career advancement even if it leads to environmental destruction and undermines efforts to bring economic activity within sustainable boundaries, we are again swimming against the current, and a strong current at that.

What is required is a widespread examination of the factors that are at present acting as an obstacle to a general move towards compliance with the new, desirable standards and a programme to reduce and eventually eliminate the most egregious of these.

It will not be easy. Subsidies are often termed the “currency of politics”, a means by which politicians can gain access to the public budget in ways that reward their

constituents or the lobbies that have supported their election. Only by making the destruction of the climate and of nature pariah behaviour will we begin the shift the electoral calculus that leads politicians to keep perverse incentives in place.

D Shifting the Narrative and Mobilizing a Movement

If politicians continue to be elected based on their subservience to special interests and lobbies, it will be very difficult to induce them to support legislation, regulation, and standards that these interests and lobbies oppose. The only way will be to bring about a situation where election and re-election is based more on a politician's track record in acting for the sustainability transition than on slavish service to interests. We are far from such a situation in our democracies, such that climate action, renewable energy, biodiversity conservation or pollution control come a distant second to faithful service to the lobbies. Biodiversity is vanishing at an accelerating rate, in large part (in Europe) due to overuse of agrichemicals and subsidised land clearance. And yet the power of agro-industrial and farm lobbies stymies action to restore insect and bird populations, rewild degraded land and restore functioning ecosystems. The recent decision by the EU to extend the authorization for glyphosate for ten years is a case in point.

How, then, can we create political pressure for sustainable development that matches and eventually exceeds the political power of special interests and lobbies? The first way is to change the narrative around sustainable development from a fear-inducing one to one that projects hope, mobilizes action and offers everyone a chance to contribute. At present, the climate narrative is focused on the terrible things that will happen as we ram through the 1.5-degree ceiling and set a course for considerably higher global warming. The biodiversity narrative is focused on the Sixth Great Extinction, the disappearance of rainforests, fisheries and symbolic large animals, and the threat of ecological collapse. Both are predicated on a false assumption that fear will trigger action, though in large parts of the public it is instead clear that it more often triggers denial, existential anxiety and a sense of hopelessness.

Yet around climate, there is plenty of good news about the speed of the transition to clean and renewable sources of energy, to the adoption of electric transport and the improvements in home battery storage, not to mention other rapid technological innovation. Renewable energy generates far more employment – and more distributed employment – than classical energy. There is the basis here for a narrative that creates a demand for speeding up these positive trends and moving across the energy transition at a greatly enhanced pace.

The news is even better around biodiversity. While biodiversity loss and species extinctions continue to accelerate, the capacity for nature to regenerate is phenomenal. When pressure is taken off nature and natural resources, they tend to bounce back robustly in a relatively short period of time. There are, right across the planet, millions of square kilometres of degraded land that could be restored not only to productivity but also to biodiversity, providing livelihoods for poor people worldwide. To do so, through regenerative agriculture, ecosystem restoration and rewilding would also go a long way to solve both the mitigation and adaptation challenges in the climate space.

One of the characteristics of a successful narrative is that it generates a sense of inevitability of movement in the new direction. Slave labour ended in large parts of the world not because slavery became uneconomic but because the narrative of the anti-slavery movement built an expectation that slavery would soon be illegal and that the sensible course was to embrace this as inevitable. We need a narrative that convinces our populations and our politicians that movement towards sustainable use of our planet and its resource is an inevitable outcome, and that we should all join the movement as quickly as possible.

E Accountability

Finally, emerging from three decades of largely unmet goals and broken promises, it is now abundantly clear that the accountability mechanisms on which we have counted have been wholly inadequate. Commitments need to be matched with strong incentives for their fulfilment, or the temptation to water them down or quietly drop them can be overwhelming. Commitments without accountability are little more than promises. Genuine accountability means that there is a price to be paid for failing to comply. In parts of the multilateral system, strong accountability measures do exist. The multilateral trade rules administered by the World Trade Organization are not only binding, but countries found in non-compliance can be subjected to economic sanctions. The price of non-compliance offers a strong motivation to respect the rules and abide by their provisions.

It is a sad observation that strong accountability is applied more routinely in the case of high priority policy – that governing trade, investment, or economic cooperation. Lower priority policy – very much including environmental policy – is not deemed to require the strong incentives to comply, with the result that there are few ways of inducing action short of using “name and shame” approaches, though countries have showed a capacity to be immune to these.

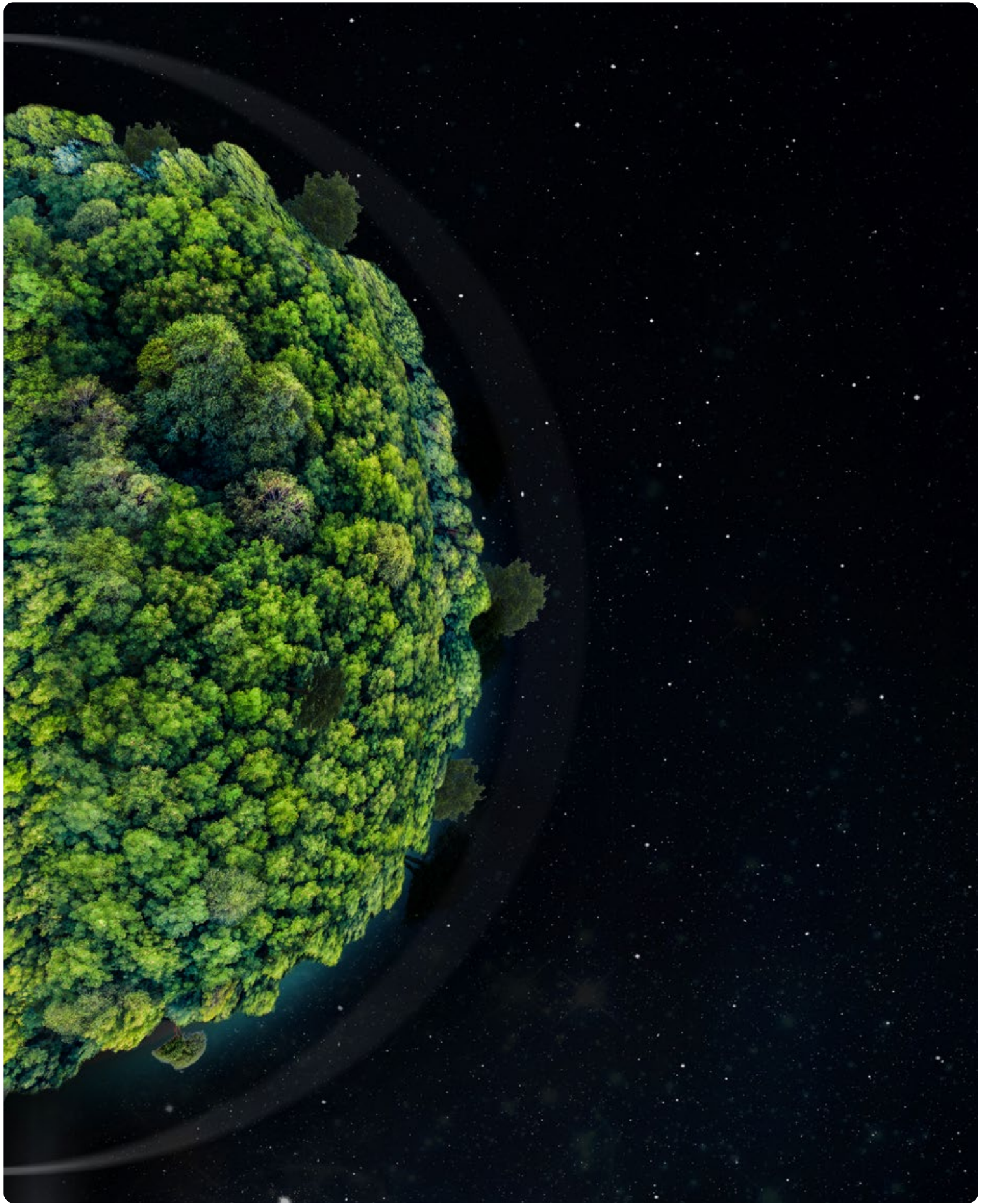
The final entry condition, therefore, will be to design and implement stronger accountability systems linked to international agreements. These can be punitive (if countries would ever agree) but are more likely to be economic – e.g. conditioning access to markets to performance against indicators relating to the commitments. There is scope for “positive accountability” – namely rewarding countries for the action they take rather than punishing them for the action promised but not completed.

Conclusion

We have, for far too long, counted on our governments to act in favour of the public good in both the short and long terms. We have counted on the goodwill of our corporations to act voluntarily in favour of the planet, of social equity and fairness. And we have turned the other way to avoid facing the evidence that our politicians serve special interests before they serve the public good.

We need now to wake up and accept that changing this reality will require generating a demand for sustainable outcomes that can be ignored only at the peril of political failure. The science behind sustainable development is robust. We know what action needs to be taken, and it is all attainable with existing technology and for a cost that is affordable. Further, we know the pathways from here to sustainability becoming the necessary condition of all economic and financial activity.

To get there, however, we need certain conditions to be in place. These, too, are within the realms of the feasible and I have spelled out how this transition may be placed in motion. Now we need to ensure it happens.



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