

BACKGROUND PAPER 5

Addressing Sustainable Consumption and Production in the Post-2015 Development Agenda

Leo Horn-Phathanothai
with Adam Fishman

February 2014

Draft for Comment

Please submit comments to LHorn-Phathanothai@wri.org by May 1st.

IRF2015 is a collaboration of leading sustainable development institutes from across the globe that responds to the need for independent, rigorous and timely analysis to inform the evolution of the post-2015 development agenda and the concurrent intergovernmental process on Sustainable Development Goals (SDGs) agreed to at Rio+20. IRF2015 partners envision a post-2015 development agenda that is universal in scope, takes an integrated approach to the economic, social and environmental dimensions of global development challenges, and can lead to more sustainable and equitable development outcomes for all.

The views expressed in this paper are those of the author(s) and do not necessarily reflect the views of IRF2015 partner organizations.

1. Introduction

Sustainable consumption and production (SCP) has been a defining element of the international sustainable development agenda since the Rio Earth Summit in 1992. The Earth Summit called for action “to promote patterns of consumption and production that reduce environmental stress and will meet the basic needs of humanity.”¹ It has since become an established and internationally-agreed principle referenced in the Millennium Declaration² and reaffirmed in the 2002 World Summit on Sustainable Development, which designated SCP as one of the “*overarching objectives, and essential requirements for, sustainable development*” and called for a 10-Year Framework of Programmes (10YFP) to accelerate the shift towards SCP. The Marrakesh process, a multi-stakeholder initiative launched in 2003 to support the implementation of SCP policies, paved the way for adoption of the 10YFP at the Rio+20 Conference, providing an important mechanism through which SCP commitments can be implemented and tracked during the post-2015 period.

Definitions of SCP variously emphasize one or more of three core dimensions: (i) decoupling of economic activity from resource use and environmental impacts (economy-focused);³ (ii) green consumerism (social/behavioral focus);⁴ and (iii) industrial ecology, eco-efficiency, cleaner production and environmental product design (industrial/product focus).⁵ All definitions concur on the same aims of SCP: to deliver continuous social and economic progress while keeping “the energy, material and pollution intensity of all production and consumption functions within the carrying capacities of natural ecosystems.”⁶

The essential challenge of SCP is the transformation of societies and economies to achieve a fair sharing of the planet’s resources for the benefit of all. SCP is essential to achieving equity and creating space and opportunities for poor countries to grow, a pre-condition for eradicating poverty. Operationalizing SCP therefore requires developed countries to “take the lead” in changing consumption and production patterns, while developing countries would “seek to achieve sustainable consumption patterns in their development process” and avoid replicating the resource- and pollution-intensive modes of development pursued by industrialized countries.⁷

While SCP has gained traction over the past two decades, progress on the ground has been slow and uneven. This is due in part to the inertia of prevailing economic systems which systematically externalize environmental costs. The objectives of the post-2015 development agenda cannot be attained without accelerated action in both developed and emerging economies.

Stakeholder consultations and deliberations to date within the OWG indicate broad agreement that SCP needs to be reflected in the formulation and implementation of future development goals, although a consensus has yet to be found on how best to address SCP in the post-2015 development agenda.⁸ Meanwhile, critical SCP elements are already evident in all major proposals put forward to date, including by the High Level Panel, SDSN, CIGI and other stakeholders.

2. Why this matters: SCP in the context of development progress

Unsustainable patterns of production and consumption undermine development goals in two main ways. First, inefficiency and overconsumption are major drivers of resource depletion and ecosystem degradation, which undercut development goals by undermining the very basis of poor peoples’ livelihoods, health and economies. There is a solid and growing body of evidence pointing to the adverse impacts of pollution, waste and ecosystem degradation on:

- **food security**, e.g. through declining agricultural productivity⁹ and crashing fish stocks;¹⁰

- **human health**, e.g. environmental factors such as air and water pollution are leading causes of sickness and death, contributing a quarter of the global disease burden;¹¹
- **poor peoples' incomes and livelihoods**, e.g. natural capital often represents more than half of poor households' total income, and much more in some cases.¹²

Second, poor peoples' access to vital resources is threatened as demands grow on the planet's finite resources. Rising—and increasingly volatile—prices for food, energy and minerals over the past decade have reversed the previous century's trend toward cheaper resources.¹³ Rising prices for food, fuel, land and water will have severely regressive impacts as demonstrated by the 2007/08 food crisis which pulled 44 million people into poverty.¹⁴ Further, intensified competition for resources may lead to greater capture and control of these resources by the powerful to the detriment of the poor and result in disenfranchisement of marginalized groups, because many countries do not have legal or procedural mechanisms in place to protect local interests.¹⁵ Even where legal frameworks are in place to ensure a certain level of resource access, poor people may find their rights abrogated as scarcity increases—for example, through forced displacement from land.

These are urgent concerns. Over the course of the past half-century the global consumption of food and freshwater has more than tripled, while fossil fuel use has risen fourfold. Two thirds of the ecosystems humans depend on are degraded.¹⁶ Despite improvements in efficiency, total consumption of resources has risen steadily. In 2012, an estimated 2.7 billion people were affected by water shortages, and by 2025 up to two thirds of the population are likely to live in water-stressed regions. The world consumed more food than it produced in 7 of the 8 years between 2000 and 2008 and food demand is projected to rise by 50% by 2030 (and by 85% for meat by the same year).¹⁷ During the twentieth century, total material extraction grew by a factor of about eight, while GDP rose 23-fold and world population almost quadrupled.¹⁸ The global economy is set to continue on its current growth trajectory, implying a doubling in size every two decades. And growing populations and increasing wealth will increase the demand for all major natural resources (energy, water, fibre, food) by 30-80 percent by 2030.¹⁹

Shifting towards sustainable consumption and production, however, offers opportunities for countries across the development spectrum to shape more efficient and fairer economies that deliver benefits for all. SCP is fundamentally about growing better, in order to uphold the rights of all to a decent life in the context of binding planetary limits. Economic benefits can arise directly from policies promoting SCP as these can help increase the amount of natural, physical and human capital available, increase efficiency, and stimulate innovation.

Radical increases in resource productivity are within reach. Even in the relatively efficient British economy, manufacturing industry alone wastes £2-3 billion a year through resource inefficiency, roughly 7% of its total profit.²⁰ Assessing opportunities globally across all four key resources—energy, land, materials, and water—McKinsey found that available productivity measures could address up to 30% of the total demand for these resources in 2030.²¹ The total value to society associated with these opportunities is up to US\$3.7 trillion, with 70 per cent of these opportunities having returns above 10 percent, even based on today's prices and without considering any policy support.²² Big companies such as Unilever, SAB Miller, General Electric and Siemens are aware of these opportunities and investing heavily in energy and water efficiency across their supply chains.

SCP measures can also deliver sizeable opportunities and potential benefits by restoring degraded ecosystems. The world's ecosystems generate services to humanity worth over \$70 trillion per year, which is more than the entire world GDP in 2013²³. Far from acting as a brake on growth and development, restoring lost and damaged ecosystems can trigger sizeable economic returns, generate jobs and play a

vital role in reducing poverty around the world.²⁴ The potential development benefits can be sized by considering that 1.35 billion people use forests to supplement their incomes and as a safety net.

3. Addressing SCP in the Post-2015 Development Agenda

Although SCP was referenced in the Millennium Declaration, it was not reflected in the MDG framework. This was a major missed opportunity, as stated in the report of the High-Level Panel: “Most seriously, the MDGs fell short ...by not addressing the need to promote sustainable patterns of consumption and production”²⁵. With its universal scope, the post-2015 development framework provides an opportunity to correct this missed opportunity and to address global and collective-action challenges that will affect the success of development and poverty eradication efforts in the years ahead (e.g. climate change, migration, international trade and finance, disease control). Thus it offers the prospect of a transformative agenda that addresses root causes, rather than symptoms, of poverty and inequity.

How systems of production and consumption can be made sustainable will differ, at times dramatically, by location and sector. Private companies and citizens have important roles to play, but national governments are ‘vital enablers’ through taxes, subsidies, standards, incentives and public procurement. Fairness demands that high-income countries take the lead in reducing their footprint and in curbing over-consumption, while poorer countries must be able to efficiently increase their consumption to meet human development needs—now and for future generations.

However, the challenges (and benefits) of attaining a sustainable level of resource use are shared globally. To make SCP integral to the post-2015 development framework will entail reflecting the urgency of shifting to sustainable patterns of consumption and production in the top-line vision or narrative, and embedding SCP across the goals, targets and indicators framework. Targets are needed that address both the production and consumption sides of the SCP equation. On the production side, targets could aim at increased resource use efficiency, waste reduction and pollution control. This can be achieved through pricing/ taxation reform, standards, reporting, supply chain management, innovation, and technology cooperation. On the consumption side, consumer choices and behavioral change have been identified as critical, likely relying on green public procurement, pricing/ taxation, labelling, and awareness/ education measures.

To illustrate, key goal areas are shown here with actual SCP targets drawn from existing proposals for the post-2015 development agenda:

Sustainable, clean energy for all

- Universal phase out fossil fuel subsidies that encourage wasteful consumption by 2020
- Universal access to electricity and clean cooking fuels by 2030

Food and nutritional security for all

- Halve the rate of food loss and waste by 2030. Zero landfilling of food waste by 2030
- End overfishing, rebuild over-fished stocks by 2030
- Reduce the proportion of meat and dairy in diets to below globally sustainable levels

Universal access to water and sanitation

- By 2030 recycle or treat all municipal and industrial wastewater prior to discharge
- Reduce, year on year, the water footprint per unit of output in sectors which consume most freshwater taking account of global supply chains – heavy industry, power generation, paper and pulp, irrigation-based agriculture for food and fibre

- Improve water efficiency in agriculture so as to end over-abstraction of freshwater supplies by 2030, consistent with maintenance of biodiversity in all surface waters and long term sustainability of groundwater supplies

Protect biodiversity and ecosystems and ensure sustainable natural resource management

- Double resource productivity by 2030 from a 2000 baseline
- Social and environmental accounting to be adopted by all governments, and major corporations with market capitalization over \$3bn, by 2020, with natural capital accounts, regularly updated sustainability indicators and regulation and policy based on charging for environmental damage
- Reduce global deforestation to zero by 2030, increase reforestation and afforestation rates by xx % per annum, and ensure timber extraction takes place only in managed forests and plantations with replacement planting
- Governments and major public services in all developed nations/all nations with per capita annual GDP above \$xx to have sustainable procurement policies in place by 2020

4. Conclusion

Developing countries today lay claim to a greater share of the planet's natural resources to drive their own development. But this is likely to be sustainable only if there are major adjustments in the consumption patterns of wealthier nations and populations (including middle classes), as well as radical improvements in resource use efficiency, pollution control and waste management on the part of all.

SCP answers this challenge. It is about economic transformation to achieve a fair sharing of the planet's resources for the benefit of all. It is essential to upholding equity and universal rights to development through equal access to ecological resources to meet well-being needs of today and next generations, and fairness in the distribution of burdens and damages resulting from unsustainable consumption and production. Shifting to more sustainable patterns of consumption and production will require fundamentally altering the behavior of individuals and organizations, and systematically internalizing social and environmental costs in the production and exchange of goods and services. Key to its implementation is recognizing differences in responsibilities and capacities of developed and developing countries to address the problems of unsustainable consumption and production.

SCP is intergovernmentally agreed, and not an optional add-on. It is a vital means of achieving development aspirations in a fair manner within the finite resource envelope that the planet provides. In a finite world, checking overconsumption by those at the top of the global income pyramid will be key to securing a fair share of the planet's limited resources for the needs and well-being of those at the bottom. And it is an urgent task, as the demands on Earth's resources gathers pace and the scale of our global footprint brings humanity to the brink of planetary boundaries.

Endnotes

¹ Agenda 21, Article 4.7

² Article 6 laid out principles including “Respect for Nature,” which notes that “the current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.”

³ The definitions adopted by UNEP and the SDSN fall in this category.

⁴ See Akenji, Lewis. 2014. “Consumer Scapegoatism and Limits to Green Consumerism.” *Journal of Cleaner Production* 63 (January): 13–23. doi:10.1016/j.jclepro.2013.05.022.
<http://linkinghub.elsevier.com/retrieve/pii/S0959652613003405>

⁵ The definition proposed by the 1994 Oslo Symposium on Sustainable Consumption is an example of a product-centric approach; it defines SCP as “the use of services and related products which respond to basic needs and bring a better quality of life while minimizing the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product so as not to jeopardize the needs of future generations.”

⁶ UNEP, 2012, *Sustainable Consumption and Production for Poverty Eradication*. UNEP, Paris.

⁷ Agenda 21.

⁸ OWG 2013. “*Progress report on the work of the General Assembly Open Working Group on SDGs at its first four sessions*”. Open Working Group on Sustainable Development Goals.
<http://sustainabledevelopment.un.org/content/documents/1927interimreport.pdf>

⁹ Cline, W. 2008, *Global Warming and Agriculture*, Finance and Development, March 2008. IMF.

¹⁰ California Environmental Associates (CSE). 2012. *Charting a Course to Sustainable Fisheries: Summary*. San Francisco: CSE, p.1.

¹¹ WHO, 2011. “*Preventing Disease Through Healthy Environments*”
http://www.who.int/quantifying_ehimpacts/publications/preventingdisease.pdf

¹² World Resources Institute (WRI), in collaboration with United Nations Development Programme, United Nations Environment Programme and World Bank. 2005. *World Resources 2005: The Wealth of the Poor—Managing Ecosystems to Fight Poverty*. Washington, DC: WRI, p.36-39.

¹³ World Bank data

¹⁴ World Bank, 2011. Food Price Watch. February, 2011.
http://www.worldbank.org/foodcrisis/food_price_watch_report_feb2011.html

¹⁵ Cotula, L., Vermeulen, S., Leonard, R. And Keeley, J., 2009, “*Land grab or development opportunity? Agricultural investment and international land deals in Africa*”, IIED/FAO/IFAD, London/Rome.

¹⁶ Millennium Ecosystem Assessment (2005) *Ecosystems and Human Well-being*. Washington DC: World Resources Institute.

¹⁷ World Bank 2008, *World Development Report 2008*.

¹⁸ UNEP (2011) *Decoupling natural resource use and environmental impacts from economic growth*, A Report of the Working Group on Decoupling to the International Resource Panel.

¹⁹ McKinsey Global Institute (2011) ‘Resource revolution: Meeting the world’s energy, materials, food, and water needs’, McKinsey Global Institute and McKinsey Sustainability & Resource Productivity practice, November 2011

²⁰ The Energy Challenge: Energy Review, UK Department of Trade and Industry, 11 July 2006.

²¹ McKinsey Global Institute (2011) ‘Resource revolution: Meeting the world’s energy, materials, food, and water needs’, McKinsey Global Institute and McKinsey Sustainability & Resource Productivity practice, November 2011.

²² Ibid.

²³ TEEB, 2010. *The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature*.

²⁴ Nellemann, C., E. Corcoran (eds) (2010). *Dead Planet, Living Planet – Biodiversity and Ecosystem Restoration for Sustainable Development. A Rapid Response Assessment*. United Nations Environment Programme, GRID-Arendal. www.grida.no

²⁵ Report of the High-Level Panel on the Post-2015 Development Agenda.