T20 POLICY BRIEF

G20 BRASIL 2024

T20 Brasil 2024 Let's rethink the world

Task Force 01
FIGHTING INEQUALITIES, POVERTY, AND HUNGER

A New Deal for Governing the Planetary Boundaries in Equity – A Task for the G20

Céline Charveriat, CEO, Pro(to)topia (France)

Susanne de Jong, Junior Policy Officer, Pro(to)topia (France)

TF01

Abstract

The policy brief explores the urgent need for a new global deal to govern planetary boundaries, framing it as a crucial task for the G20. The triple planetary crisis of climate change, biodiversity loss, and pollution poses existential threats to humanity and exacerbates inequalities. The G20, with its historical responsibility, ownership of global commons, and substantial resources, must step up its role. The brief advocates for prioritizing environmental governance within the G20 agenda, emphasizing the interconnectedness of environmental issues with inequality, poverty, and hunger. Recommendations include phasing out fossil fuels, transforming food systems, tackling overconsumption, and mobilizing financial resources through innovative taxation and financing mechanisms.

Keywords: Planetary boundaries, global environmental governance, financing mechanisms, inequality

Diagnosis

Humans are losing control over the triple planetary crisis of climate change, biodiversity loss, and pollution, threatening life on this planet as we know it, promising increased poverty and food insecurity, and exacerbating underlying inequalities which helped create the crisis. According to the 6th IPCC Assessment Report, the world heads into a future of 3.2°C of warming by 2100.[1] More than half of the global GDP of US$ 42 trillion depends on high-functioning biodiversity.[2] Almost the entire global population breathes air, acceding safe air quality standards.[3] The triple planetary crisis disproportionately affects the world's poorest countries and the most vulnerable populations within countries. Regions like the tropics will experience extreme temperatures and humidity levels that surpass human adaptability.[4] Around 70% of the global poor population depends directly on wild species and businesses enabled by them, like fishing, gathering, logging, and harvesting.[5] Low- and middle-income countries also suffer from the highest exposures to pollutants.

Despite scientific consensus and international agreements, the international environmental governance system remains incomplete, fragmented, and decentralized, undermining efforts to address environmental degradation. Over 250 multilateral

---

1 IPCC, 'Summary for Policymakers'.

2 Carrington, 'Fifth of Countries at Risk of Ecosystem Collapse'.

3 WHO, 'WHO Global Air Quality Guidelines.'

4 Mace, 'What Climate Change Will Mean for the Tropics'.

5 'Environment and Climate Sustainability Working Group Issue Note'.

environmental agreements (MEAs) exist,[6] but only 10% of their targets have been met.[7] Additionally, rising challenges, like geoengineering, green mining and the scarcity of resources require effective governance systems, yet none have been established.

Considering the governance of planetary boundaries, the G20 will encounter at least six challenges it can help address:

1) The **path dependence of current systems** and the **perceived lack of viable alternatives to extractive growth and mass consumption**. Most decision makers consider it impossible to combine global prosperity while drastically reducing material and carbon intensity.

2) The **major financing gap combined with a rising debt crisis**. To reach net zero and climate resilience by 2030, between US$ 4.5 to 5 trillion annually is needed.[8] The debt crisis has tripled over the last decade, where climate vulnerability and debt distress increasingly coincides amongst low-income countries.[9]

3) The **loss of trust between the Global North and the Global South**, due to unmet international obligations and commitments to protect nature and redress fundamental inequities.

4) Increasing **geopolitical rivalry**. International competition exacerbates the race for critical raw materials and elicits increased militarization, promising to create more environmental degradation and injustice while shrinking investments in SDGs.

---

6 InforMEA, 'An Introduction to InforMEA'.

7 CEEW and SEI, 'Stockholm+50'.

8 CPI, 'Global Landscape of Climate Finance 2021'.

9 Alayza, Laxton, and Neunuebel, 'Developing Countries Won't Beat'.

5) The pervasive influence **of fossil fuel interests** is driven by fossil-fuel producing countries and companies.

6) The **global inequality in the environmental crisis**, spanning countries, people, and generations. The top 1% emit as much greenhouse gases as two-thirds of the rest of humanity, highlighting the significant role of inequality in the triple planetary crisis.

Against this backdrop, an international reset for transformative action to govern planetary boundaries effectively is urgent. As UN Secretary-General António Guterres stated, a New Global Deal is needed "among countries to ensure that power, benefits and opportunities are shared more broadly and fairly".[10] Although a global governance framework is necessary, the G20 holds both accountability and capabilities to address the triple crisis. The G20 should develop a new plan for managing planetary boundaries, given three key realizations:

1) G20 countries have the greatest historical responsibility for the deterioration of the global commons. The G20 accounted for 79.6% of global GDP in 2023 and 79.2% of global GDP growth over the past ten years, it hosts over 4.9 billion people with an average life expectancy of 78 years ,[11] includes six of the biggest oil producing countries,.[12] and collectively consume about 85% of global fossil fuels.[13] Given this economic wealth,

---

[10] UN, 'UN Secretary-General António Guterres Calls for a Global Reset'.

[11] World Economics, 'G20 Economic Data'.

[12] Venditti, 'The World's Biggest Oil Producers in 2023'.

[13] Gupta, Raha, and Mallya, 'The G20 Imperative for Global IP Reform'.

development, and demographic weight, the G20 is responsible for the largest portion of GHG emissions, wasteful consumption, and pollution.

2) G20 countries have the greatest ownership and access to the global commons. They govern about two thirds of the terrestrial areas[14] (accounting for a third of the earth surface globally) and for a significant portion of territorial waters (representing 27% of the earth surface globally).[15] All G20 countries are coastal states and profit from ocean-related businesses, such as maritime transportation, offshore energy generation, fishing, and tourism.[16] Despite several commitments to protect coastal and maritime areas, including the Aichi Target 11 of reaching 10% of coastal and maritime areas conserved by 2020, G20 countries severally underperform: 14 only strongly protect 1% of their ocean area in no-take reserves,.[17] Simultaneously, they own or govern several of the tipping elements, like the Amazon Forest, Arctic sea ice, the Boreal forest, Coral reefs, and several others.

3) G20 countries have the greatest financial and other capacities to address the deterioration of global commons. Given their economic wealth, they are the first to address the financial gap in tackling the triple planetary crisis. For instance, an annual US$ 285 billion would need to be invested by G20 countries into nature-based solutions to achieve all agreed climate targets by 2050, representing a 140% increase to their actual

---

[14] Barbier, 'Here's How to Deliver a Green Recovery'.

[15] Routley, 'Visualizing Countries by Share of Earth's Surface'.

[16] 'Blue Economy'.

[17] Shugart-Schmidt et al., 'SeaStates G20 2014'.

investments in 2020, including from the private sector. In context, more than US$ 14.6 trillion was spent by 50 leading economies in 2020 given the COVID-19 crisis, of which only 2% was considered "green" by a 2021 UNEP report.[18] At the same time, G20 countries dominate the required technologies and know-how to transition into a decarbonized economy.[19]

[18] World Economic Forum, 'G20 Countries Can Help Close Climate Finance Gap'.

[19] Barbier, 'Here's How to Deliver a Green Recovery '.

Recommendations

Given these three levels of responsibility and actorness of G20 countries, the following recommendations are put forward for this year's Brazilian G20 presidency.

1. Promote greener macroeconomic policies and global economic governance

Greater macroeconomic coordination: The G20 should aim at ensuring greater coordination among G20 member countries to facilitate vital decarbonization, nature restoration, and SDG investments. This coordination should especially serve to prevent steep rises in interest rates while avoiding hyperinflation through instruments like synchronized interest rate cuts and fiscal stimulus packages as agreed by the G20 already during the 2008 crisis. Additionally, criteria on debt sustainability should consider economy-wide climate risks, allowing for a more nuanced and fair perspective towards national debt levels.

SDG stimulus: The G20, under the leadership of Brazil, should spearhead an SDG stimulus package, as was already proposed by the UN Secretary General. This initiative should follow an effective action plan that prioritizes SDGs, allocates resources to accelerate decarbonization, nature restoration, and SDG investments, and prioritizes the issues that the more vulnerable and poorer people and countries face.

Contribute to the reform of economic and financial governance institutions: The G20 should support the reform of economic and financial institutions like the WTO, International Financing institutions (IFIs), and IMF to ensure accountability to the environmental governance system. These institutions' mandates and instruments must align with environmental targets and accelerate global decarbonization, as recommended by the High-Level Advisory Board on Effective Multilateralism.

2. Mobilize adequate means of implementation

Global action plan for funding loss and damage (L&D)*:* This year's G20 should announce a comprehensive global action plan to mobilize adequate L&D funding. It should provide highly indebted countries with the fiscal space to finance their transition and aim to complement the vision put forward by the Bridgetown initiative. This L&D fund could be provided through debt restructuring and/or partial debt cancellation.

Polluter pays principle as a mechanism to finance L&D: The G20 should use the polluter pays principle to finance L&D. Major polluters should be targeted through tailored taxes and levies to fund environmental restoration. For example, fossil fuel extraction and international shipping levies would directly target emissions and pollution and generate stable revenue flows for financing adaptation in vulnerable countries. As the top 1% in terms of income and assets generates a disproportionate amount of pollution and GHGs, taxing wealth would allow to make polluter's pay. A 2% billionaires tax, backed by Brazil, France and the IMF, could raise US$ 250 billion annually for the L&D fund Additionally, the G20 should explore frameworks like the failed Yasuni initiative[20] to remunerate land stewards and farmers for environmental protection efforts.

Global tax treaty: The G20 should promote a global tax treaty or innovative finance negotiation track addressing taxation. These negotiations need to include a financial mobilization target that is aligned with global environmental needs. While carbon taxes

[20] 'Ecuador Yasuni ITT Trust Fund: Terms of Reference'.

and cap-and-trade systems now exist in many countries, the resulting carbon prices are still too low and the cap to high.[21]To move towards fairer and greener tax systems in line with SDGs and planetary boundaries, environmental taxes should be raised and their coverage broadened. To ensure equitable outcomes, they should be introduced as part of a redistributive package of reforms. To avoid unfair competition and a proliferation of border adjustment mechanisms, the 3,000+ existing green taxes and exemptions, the 2,000+ sustainability incentives and the 70+ carbon regimes[22] should also be harmonized, starting with the G20 countries.[23] Other tax reforms (the US' buyback tax system, further corporate tax harmonization, digital taxation, financial transaction taxes, and ending fiscal evasion and competition) should be designed to maximize positive environmental outcomes and explored as innovative financing mechanisms.

Mobilize private finance: While national green taxonomies are on the rise, they employ very different criteria, making them hard for international investors to comply with. Hence, the G20 should agree on a global green taxonomy that guides investors to environmentally, socially, and institutionally just investments. Additionally, the G20 should agree on mandatory green bond standards. For both issues, the EU's recent policies should be consulted.[24] Specifically, brown assets and entities should be penalized through

[21] Lindsey and Santos, 'Addressing Transportation and Environmental Externalities'.

[22] 'EY Green tax tracker, 2024'

[23] Lo, 'Global Billionaire Tax for Fighting Inequality'.

[24] Council of the European Union, 'European Green Bonds'.

differential taxation and by penalizing their access to public procurement, as for instance exercised in the Dutch proposal of the CO_2 performance ladder.[25]

Facilitate access to green technologies: G20 countries should implement more effective mechanisms to facilitate access to green technologies and clean energy, and support green industrialization in the world's poorest countries. Environmental taxes are also more effective when combined with available environmental technologies.[26]

3. Address fundamental drivers of existential risk

Fossil fuels phase-out: Fossil fuel combustion remains the greatest threat to reaching climate tipping points and pollution. The G20 should prioritize discussions on modalities for an equitable phase-out of fossil fuels. In a similar rationale of preventing "mutually assured destruction," the G20 could explore a non-proliferation treaty for fossil fuels, aiming to phase out exploration, extraction, and consumption in line with the 1.5°C target. Signatories to the treaty could benefit from incentives such as preferential treatment in trade agreements, access to funding for renewable energy projects, and knowledge and technology transfer.

Transform broken food and land systems: The global food system significantly contributes to the triple planetary crisis. The G20, being major food producers, exporters, and importers, should prioritize sustainability, resilience, and equity in these systems by supporting small-scale farmers, promoting agroecological practices, and reducing food waste. Additionally, promoting healthy, plant-based diets can improve public health and

[25] Casier and Bechauf, 'Advancing Green Public Procurement'.

[26] He et al., 'Will Environmental Taxes Help?'

mitigate environmental impacts. The G20 should prioritize addressing food insecurity, calling for it to be addressed by emergency platforms proposed by the UN Secretary-General.

Overconsumption and resource waste: The G20 should explore mechanisms to ensure fair shares of the world's remaining resources, where poorer countries are given priority access to achieve their SDGs, promote a gradual convergence of resource use per capita, and define economy-wide resource caps with targets for 2030 and 2050. Sectoral negotiations should address the economic or physical scarcity of critical raw materials and encourage sustainable alternatives.

Scenarios

In a context of a fractured world, the G20 can be a testing ground to create a new global deal at the UN that can effectively address the global governance of planetary boundaries by tackling the root cause of the triple planetary crisis, which is the economic and financial system. The G20 needs to help design a world economy that would be less extractive, more inclusive, and sustainable.

Adopting greener macroeconomic policies, reforming global economic governance, mobilizing adequate resources, and addressing the drivers of existential risks will significantly improve the trajectory of justly decarbonizing the world economy. In the short term, greener macroeconomic policies and mobilizing private finance for climate mitigation and adaptation can yield immediate benefits. By making pollution and GHG emissions less favorable for companies, a lasting paradigm shift amongst businesses becomes more likely. This shift leads to an immediate reduction in atmospheric pollution, alleviating global health risks and saving millions of lives annually. Additionally, alleviating debt in developing countries helps combat energy poverty and local labor market challenges.

In the mid-term, investments in nature-based solutions, ecosystem protection, and closing financial and know-how gaps can help mitigate the impacts of climate change and biodiversity loss and enable developing countries, especially, to decarbonize quicker and more justly. Transforming food systems towards more sustainable practices enhances food security and nutrition, reduces reliance on environmentally harmful agricultural practices, and adapts to climatic conditions. Providing L&D funding can reduce discontent in the Global South, potentially fostering a more stable and harmonious international environment.

In the long term, implementing these recommendations promises transformative change towards a more sustainable and equitable future, provided measures are upheld. Given the substantial stock of atmospheric CO_2, temperatures will only stabilize by the century's end. Importantly, the longevity of these impacts makes the recommendations designed to address challenges that will persist for generations to come. Yet, with many consequences only visible in the long term, these recommendations are processes that will have to continuously overcome political obstacles, including the rising geopolitical tensions and corporate interests, first and foremost of fossil fuel companies.

References

Alayza, Natalia, Valerie Laxton, and Carolyn Neunuebel. ‘Developing Countries Won’t Beat the Climate Crisis Without Tackling Rising Debt’. *World Resources Institute*, 22 September 2023. https://www.wri.org/insights/debt-climate-action-developing-countries.

Barbier, Edward B. ‘Here’s How to Deliver a Green Recovery for the G20 Economies’. World Economic Forum, 14 July 2020. https://www.weforum.org/agenda/2020/07/rebuilding-green-g20-economies-after-covid-19/.

Carrington, Damian. ‘Fifth of Countries at Risk of Ecosystem Collapse, Analysis Finds’. *The Guardian*, 12 October 2020. https://www.theguardian.com/environment/2020/oct/12/fifth-of-nations-at-risk-of-ecosystem-collapse-analysis-finds.

Casier, Liesbeth, and Ronja Bechauf. ‘Advancing Green Public Procurement and Low-Carbon Procurement in Europe: Insights’. IISD, 2 March 2022. https://www.iisd.org/articles/deep-dive/advancing-green-public-procurement-and-low-carbon-procurement-europe-insights.

CEEW, SEI. ‘Stockholm+50: Unlocking a Better Future’. Accessed 31 March 2024. https://www.stockholm50.report/.

Climate Policy Institute (CPI). ‘Global Landscape of Climate Finance 2021’. December 2021. https://www.climatepolicyinitiative.org/wp-content/uploads/2021/10/Full-report-Global-Landscape-of-Climate-Finance-2021.pdf.

Council of the European Union. ‘European Green Bonds: Council Adopts New Regulation to Promote Sustainable Finance’, 24 October 2023.

https://www.consilium.europa.eu/en/press/press-releases/2023/10/24/european-green-bonds-council-adopts-new-regulation-to-promote-sustainable-finance/.

'Ecuador Yasuni ITT Trust Fund: Terms of Reference', 28 July 2010. https://mptf.undp.org/sites/default/files/documents/10000/yasuni_fund_tor._english_3_august_2010.pdf.

'Environment and Climate Sustainability Working Group Issue Note', 2024. https://www.g20.org/pt-br/noticias/documentos/issue-note-environment-and-climate-sustainability.pdf/@@download/file.

G20 Brazil 2024. 'Blue Economy: Oceans on the G20 Agenda'. Accessed 31 March 2024. https://www.g20.org/en/news/blue-economy-oceans-on-the-g20-agenda.

Gupta, Tulika, Shuva Raha, and Hemant Mallya. 'The G20 Imperative for Global IP Reform to Facilitate Clean Energy Transitions'. *ThinkTwenty (T20) India 2023 - Official Engagement Group of G20* (blog). Accessed 31 March 2024. https://t20ind.org/research/the-g20-imperative-for-global-ip-reform-to-facilitate-clean-energy-transitions/.

He, Pinglin, Shuhao Zhang, Lei Wang, and Jing Ning. 'Will Environmental Taxes Help to Mitigate Climate Change? A Comparative Study Based on OECD Countries. *Economic Analysis and Policy* 78 (1 June 2023): 1440–64. https://doi.org/10.1016/j.eap.2023.04.032.

InforMEA. 'An Introduction to InforMEA'. InforMEA, 2019. https://www.informea.org/en/article/introduction-informea.

IPCC. 'Summary for Policymakers'. In *Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J.*

Romero (Eds.)], 1–34. Geneva, Switzerland: Intergovernmental Panel on Climate Change (IPCC), 2023. doi: 10.59327/IPCC/AR6-9789291691647.001.

Lindsey, Robin, and Georgina Santos. 'Addressing Transportation and Environmental Externalities with Economics: Are Policy Makers Listening?' *Research in Transportation Economics*, Special Issue in honour of Finn Jørgensen, 82 (1 October 2020): 100872. https://doi.org/10.1016/j.retrec.2020.100872.

Lo, Joe. 'Global Billionaire Tax for Fighting Inequality Rises up Political Agenda'. Climate Home News, 19 April 2024. https://www.climatechangenews.com/2024/04/19/global-billionaires-tax-to-fight-climate-change-and-hunger-rises-up-political-agenda/.

Mace, Mikayla. 'What Climate Change Will Mean for the Tropics'. World Economic Forum, 10 June 2021. https://www.weforum.org/agenda/2021/06/tropics-record-breaking-temperatures-climate-change-environment/.

Routley, Nick. 'Visualizing Countries by Share of Earth's Surface'. Visual Capitalist, 23 January 2021. https://www.visualcapitalist.com/countries-by-share-of-earths-surface/.

Shugart-Schmidt, Katelin, Elizabeth Pike, Russell Moffitt, Vienna Saccomanno, Shelly Magier, and Lance Morgan. 'SeaStates G20 2014: How Much of the Seas Are G20 Nations Really Protecting?' *Ocean & Coastal Management* 115 (1 October 2015): 25–30. https://doi.org/10.1016/j.ocecoaman.2015.05.020.

United Nations. 'UN Secretary-General António Guterres Calls for a Global Reset in 2021'. United Nations Western Europe, 28 January 2021. https://unric.org/en/un-secretary-general-antonio-guterres-calls-for-a-global-reset-in-2021/.

Venditti, Bruno. ‘The World’s Biggest Oil Producers in 2023’. Visual Capitalist, 26 March 2024. https://www.visualcapitalist.com/the-worlds-biggest-oil-producers-in-2023/.

World Economic Forum. ‘G20 Countries Can Help Close Climate Finance Gap by Investing in Nature-Based Solutions’. World Economic Forum. Accessed 31 March 2024. https://www.weforum.org/press/2022/01/g20-countries-can-help-close-climate-finance-gap-by-investing-in-nature-based-solutions/.

World Economics. ‘G20 Economic Data’. World Economics. Accessed 31 March 2024. https://www.worldeconomics.com/Regions/G20/default.aspx.

World Health Organization. 'WHO Global Air Quality Guidelines. Particulate Matter (PM2.5 and PM10), Ozone, Nitrogen Dioxide, Sulfur Dioxide and Carbon Monoxide.' Geneva, 2021. https://iris.who.int/bitstream/handle/10665/345329/9789240034228-eng.pdf?sequence=1.

G20 BRASIL 2024
BUILDING A JUST WORLD
AND A SUSTAINABLE PLANET

T20 Brasil 2024
Let's rethink the world

Let's
rethink
the world

CEBRI
Rethink Tank

FUNDAÇÃO
ALEXANDRE
DE GUSMÃO

ipea
Instituto de Pesquisa
Econômica Aplicada