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ENHANCING SOCIAL
EQUITY IN THE
GREEN ECONOMY
LINKING THE **E** AND THE **S** IN
ESG

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INTRODUCTION

In recent years the concept of the green economy and green growth have taken centre stage in international development spheres as the engine for a new and inclusive growth based on economic, technological and institutional changes.

Drawing attention to the lack of integration of environmental concerns in economic policies, green growth provides a new vision of the economy, turning inside-out the economic growth model typical of the industrial age, reducing risks of negative shocks and enhancing productivity.

It catalyses innovation and investment to underpin sustained and meaningful growth and development, while ensuring that resources and natural assets continue to provide the environmental services on which human well-being relies. Success is no longer measured in terms of mere economic gains, but instead in terms of progress towards social and environmental value and sustainable use of natural resources.

There is widespread consensus on the fact that there must be a global reduction of carbon emissions and a transformation of the patterns of production, consumption and investment, however, there are various ways to achieve a green economy and they bring about different costs and benefits for different social groups, countries, governments and institutions, markets and communities.

When coming to green growth, there is no "one-size-fits-it-all" solution. Policies, measurement tools and strategies need to be established based on the specific circumstances and may vary from

country to country according to the level of development, institutional settings, resource endowments, social structures and particular environmental pressure points. Without a comprehensive understanding of the social aspects of economic growth, there is the risk of reinforcing inequalities and social insecurities. For this reason, to transform the economic growth model of the past, green growth must equally focus on people, furthering an integrated approach that takes into consideration the Environmental, Social and Governance (ESG) discourse in its entirety.

The social dimensions of the green economy have been often overshadowed by the pressuring environmental urgency, nonetheless, the two aspects, the social (S) and the environmental (E), cannot be seen as separate issues as they are profoundly integrated and interconnected. Environmental changes and the climate crisis are already impacting communities and groups, deepening the fractures of social inequalities worldwide. Green economy initiatives and strategies can contribute to achieving the social objectives of sustainable development by setting priorities and interests that equally consider the E, S and G, by promoting both green and fair economy, recognizing the role of social policy, regulation, participation and collective action in improving livelihood and production systems that address economic, social and environmental issues.

IMPORTANCE OF ENHANCING SOCIAL EQUITY IN THE GREEN ECONOMY

In recent years, the concept of green growth has become more mainstream, and the economic stimuli associated with green projects and sectors indeed played a role. This allowed the idea of **“internalisation” of external costs** to be better understood and integrated into business and governmental strategies. From a green economy perspective, success comes with **economic gains and overall progress in social and environmental development and value.**

The integration of the social aspect (or human well-being) in the green economy is fundamental, given the importance of food, water, energy, materials, and ecosystem services for socio-economic development. Regarding equity and natural resources, a green economy depends on disadvantaged groups being part of the change towards this economy. **An unjust society is unlikely to be sustainable in environmental or economic terms:** social tensions are likely to undermine the recognition by citizens of both their environmental rights and duties relating to environmental degradation.

In the green economy, there are three main types of social equity. First, **intergenerational equity**, where the future generation's living standards should not be disadvantaged by the activities of the current generation's standard of living. Second, **intragenerational equity**, which is equity amongst current generations. Third, **interspecies equity**, in that preserving ecosystems and maintaining biodiversity is critical for human survival.

For the green economy to achieve its ultimate goals and change the way people perceive and practice the economic growth model, there should be more focus on the people and social aspects of sustainability. This focus must complement the environmental efforts and not at the expense of one another.

Amidst the global ESG conversations, environmental factors have usually dominated the discussion. Considering how the “E” impacts entire economic sectors and that the planet is in a clear emergency due to the climate crisis, this is hardly surprising. However, **ESG has typically focused on the “E” at the expense of the “S”, despite both “E” and “S” both playing an equal role in developing the green economy and fostering green growth.** Although green economy mechanisms are starting to include social concerns, redistributive or rights-based focuses remain relatively marginal. Therefore, it is essential to address the politics of governance itself to connect more synergistically policies that comprise all social, environmental, and economic policies perspectives.

By including the “S” at the centre of the green economy, climate resilience—the ability to anticipate, prepare for, and respond to potentially hazardous events related to climate—also requires evaluating how climatic extremes will create risks to society and possibly alter it. Therefore, it needs to assess, measure, and prevent or mitigate disruptive changes.

Thus, **there is the need for an integrated approach that simultaneously tackles both environmental sustainability and social concerns** such as poverty, exclusion, and inequalities to allow green growth projects to achieve real change and societal transformation.

DEFINING THE "S" THROUGH A NORMATIVE APPROACH

Environmental factors can be quite easily identified through causes and consequences. Today, the entire world understands what the image of a billion-tonne iceberg breaking off Antarctica means and how paramount it is to prevent and reverse global heating and the climate crisis.



Measuring such environmental impact nowadays is also relatively easy. It is more immediate to associate specific events and phenomena to climate change, such as natural hazards, including flooding, drought, or severe typhoons. **The "S", however, is less intuitive to understand as it is considered more abstract and harder to measure.** It might seem rather complicated to calculate how climate change impacts education rates in specific communities than the measurement and quantifications possible with greenhouse gas emissions.

When trying to identify the "S", many images could come to mind, and most likely, they relate to some acts of disrespect of human rights (like children performing hazardous jobs) or catastrophic consequences of natural disasters on given communities (such as hurricanes). So, how to measure social impact in practice and link climate resilience with communities and peoples' everyday life? Indicators used for such operations tend to be very fragmented, and there is no single approach that fits all circumstances. Therefore, **it is pivotal to understand first what the "S" is.**

The ESG discourse needs to be evaluated from a perspective where all its pillars (natural, social, and human capital) are interconnected, and so are their impacts.

A comprehensive framework that recognises the interdependency of all the various elements (society, economy, and the environment) is the starting point for analysing the social issues that must be addressed to achieve a green economy. Only after having defined such issues, critical questions can be addressed through analysis and solution.

Human rights and norms, the so-called rights-based approach, could serve as a reference point to translate into something more concrete what the S means, and they can be used as potential indicators to measure social impact. For instance, the rights to water and sanitation are essential for the full enjoyment of life and all human rights, and this can be more easily translated into something concrete and measurable. Do people in a particular community have access to potable water? Do all of them have access to it in the same way? Is there enough water for cooking and hygiene? All of this will then affect inclusion, health-related issues and consequently the capacity of people to go to work or study. **These specific rights are strictly correlated with the environment and climate.**

The global water crisis comprising water pollution, water scarcity, and water-related disasters impacts human rights because it harms human sources and does not allow people to meet the right to a safe, clean, healthy, and sustainable environment. In this case, limited resources may preclude the immediate realisation of the rights to health, food, water, and other economic, social, and cultural rights.



In this regard, the **Sustainable Development Goals (SDGs)** are a powerful tool that provides a comprehensive framework to guide progress towards a greener and more inclusive economy. The SDGs recognise the need to address societal issues such as prosperity, peace, and inequalities, while tackling climate change and environmental protection, covering the three dimensions of sustainable development: economic growth, social inclusion and environmental protection.

Thanks to the popularity and global reach of the Agenda 2030 which comprises the SDGs, **an increasing number of businesses and governments are using the SDGs as guidelines for their policies and goals.**

Similarly, the Paris Agreement on climate change helped highlight the link between human rights and climate change, as the parties explicitly acknowledged that they "should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity."



However, the existing frameworks on social issues tend lack homogeneous strategies for measurement, assessment and indicators which causes many societal actors (such as non-state enterprises) to overlook them and be easily scared away, underlying once more **the necessity to elevate the focus on the S for a stronger and more comprehensive global framework on sustainable development.**

So, in the absence of a universal guide on how to target social issues and promote a fairer society, it is pivotal to refer to existing international standards and frameworks such as the SDGs, to make the S as tangible as possible. As a result, it will be easier to define the necessary next steps to progress forwards and who is responsible for doing so.

HOW ESG FACTORS IMPACT EACH OTHER

The link between the E and the S often becomes evident only with acute events. Still, they are deeply interconnected, so much that the mismanagement in one is unavoidably causing chronic malaise in the other.

Glaciers melting are going to have repercussions on sea levels and increase coastal erosion, furthermore, this phenomenon causes more frequent and intense coastal storms like hurricanes and typhoons. Increased levels of flooding in coastal lands will cause saltwater to collide with the surface waters and groundwater, which poses an obvious threat to drinking water, irrigation, and farming.

All these phenomena will have harmful impacts on coastal regions and cities and, consequently, affect the lives of the communities living there. According to UNFCCC estimates, more than 600 million people (around 10% of the world's population) live in coastal areas that are less than 10 meters above sea level and approximately 60 % of the world's cities with more than 5 million inhabitants are located within 100 kilometers of a coastline.



Climatic extremes will damage property and infrastructure and threaten life and socio-economic development through fluctuations in local employment rates, increased stress on healthcare systems, declining economic performance, and reduced social cohesion. Fish, for instance, has been reported by the UNCTAD as one of the most important sources of animal protein, and about 97 % of the world's fishermen from developing countries have fishing as their major source of food and income.

Changes in oceans temperature and sea levels will impact fishing stock (e.g. tropical diseases due to rising water temperature) from several points of view, on human health conditions due to the spread of tropical diseases, on decent work and livelihood for



all those who rely on marine-related activities and for the ocean economy in general (which is estimated at between US\$3-6 trillion/year and counts 260 million jobs in the global economy)*.

Considering this, trying to reduce carbon emissions, thus preventing ice from melting, is, in fact, an attempt to also preserve the living conditions of the communities that would be most affected by global warming. These are not collateral benefits but a direct consequence of acting on the E to affect the S and vice versa, considering they are part of an **integrated natural system**. Many countries and communities are already trying to put in place mitigation and adaptation strategies to contrast such threats that will inevitably impact our society. It could be through aiming to steadily stabilize the levels of greenhouse gases or by altering human actions and circumstances in response to expected changes.

*(<https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/05/Ocean-fact-sheet-package.pdf>)

Adaptation requires major efforts from governments which will, for example, create conditions to allow people to move away from the coast or try to combat erosion by implementing extensive and expensive plans. Not all countries can afford adaptation projects, which is why **changing social and business behaviour and considering a different approach to the classic business model is timely and essential.**

Green growth aims to promote a clean, healthy, and sustainable environment, which is essential to guarantee the full enjoyment of a wide range of human rights (such as the rights to life, health, food, water and sanitation). At the same time, countries with higher living standards and more stable legislative and governmental institutions tend to be more involved in promoting environmentally friendly policies, norms, and social behaviour.

When people do not have to worry about their next meal (or if they will have one) or are not afraid to be victims of violence or abuses from corrupted authorities, they can focus more on related environmental issues. They could, for instance, recycle, as they have been informed on how to do it and have access to functioning facilities, or choose more sustainable alternatives to the products they want to buy because they enjoy a prosperous market where there are alternatives available, and people are free to choose. In general, people will make more conscious choices and even potentially influence political decisions on whether unsustainable industries can operate in their society and how. Especially younger generations are more and more inclined to decide to work for companies that have higher standards for value and ethics. Still, they can do that only if they have the luxury not to have to work for survival in whatever conditions.

It is important to note that it becomes easier to understand and mediate how **different groups will undertake different transition pathways towards a greener and fairer economy** by analysing the social factors.

The state, the markets, the social relations etc., will influence the way actors (state or non-state related) will respond to such transition, and **policies and legislation can play a significant role** in shaping such response.

To stress this point, **green economy policies and projects must consider social context, inclusion, and participation** as they will inevitably influence social behaviour in the long run, and they must be strategised in a way that does not perpetuate inequalities and exclusion. Inclusive governance, policies that address people's livelihood and rights (especially the vulnerable and marginalised groups) and appropriate tools and commitment to track advancements in this sense will surely help put green growth into practice.

As mentioned before, it is necessary to identify the salient social issues related to any green economy's project that aims to drive structural changes and must be designed to achieve a win-win scenario. Because of the interconnection between the S and the E, many of these results will come automatically. For instance,



incentives to green business, technologies and consumption will create new market spaces that will be translated into green jobs. It can then be taken a step further with policies that facilitate the uptake of such green jobs from, for example, disadvantaged groups.

Thus, to foster green growth through a double environmental and social lens, there should be governance arrangements and collaboration of multiple actors across regions, always allowing meaningful participation of stakeholders (such as civil society, vulnerable groups etc.) and challenging the existing power imbalances.

Good Agricultural Practices: Implementing Good Agricultural Practices (GAP) during on-farm as well as post-production processes, is extremely important to produce safe agricultural goods and ensure a safe food supply (1). This will protect consumers from the hazards of foodborne illnesses that can result from e.g. microbial contaminants, residues above permitted levels and heavy metals. Hence, the simple choice of a farmer to use a specific kind of pest control method has strong implications on the health of adjacent communities and consumers. In fact, the use of agrochemicals is discouraged in light of their proven acute and chronic health effects, beyond the obvious environmental considerations. Economically, GAP are also important for competitiveness in export markets considering that in recent years consumers are making more conscious choices over the quality, origins and ways of production when buying products.

In conclusion, efforts in fostering GAP, protection of soil and water and reduction of energy consumption can produce positive effects not only in environmental and economic terms but also impact the health of the adjacent communities and consumers in general that will translate in improved physical and mental abilities to work or attend school and in the medium-long run it will impact the overall economy promoting a more prosperous society.

Anti-littering policy: Fostering the proper disposal of small scale waste, such as e.g. cigarette butts, face masks or food packages, is not only environmentally conscious and economically efficient, but it is also related to the promotion of the right to health derived from the reduction of toxic chemicals contained in the waste materials which will consequently not end up polluting the streets, drains and water sources of the communities. These kinds of policies then not only reinvigorate people's feeling of positivity about the environment but also help cement the sense of collective responsibility and pride for common public areas, producing positive impact on E and S at the same time.

(1) GAP, as defined by FAO, are a "collection of principles to apply for on-farm production and postproduction processes, resulting in safe and healthy food and non-food agricultural products, while taking into account economic, social and environmental sustainability." (FAO, A Scheme and Training Manual On Good Agricultural Practices for Fruits and Vegetables <http://www.fao.org/3/i6677e/i6677e.pdf>).

CONCLUSION

The ability to achieve a green economy and foster green growth that is socially equitable is strictly correlated with the ESG. Therefore, the equality of “E” with “S” needs to be promoted in every aspect of society, from the individual to the corporate and non-state actors to the governments. This is crucial because the interconnection between the E and the S is tangible and produces effects on people's daily life and their ability to benefit all human rights to which they are entitled. However, it is essential to understand what the S is in practice and how to measure it, and one way to do so is to refer to the international legal framework and think in terms of norms and standards.

In conclusion, to promote actual inclusive green growth, there is an increasing need to further commitment and development of more integrated policies that take equally into consideration the E, the S, and the G so that everybody will benefit from a transformation that is both green and fair.

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BST Impact Sàrl is a boutique advisory firm with years of experience in multilateral settings, advocacy, policy making, governance and implementation and actualization of SDGs and social sustainability issues. Using a norms-based approach, it engages with any company and investment firm who wants to be at the forefront of increased awareness of the effects generated by their sustainability strategies, operations, services or products.



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Our Future Water has been created to ensure water security for today's and future generations. This is achieved by bridging communities – water specialists, points of view, and generations; generating and disseminating knowledge through fact-based analysis; and advocating for water education at all levels to build a community of water leaders who can see and solve water challenges from various vantage points.



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An aerial photograph of a lush tropical landscape featuring extensive terraced rice fields carved into a hillside. The terraces are filled with water, reflecting the sky, and are surrounded by dense green vegetation, including numerous palm trees. A few small buildings and a dirt path are visible among the fields.

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