

What should be an « *Ambitious EU Agenda* » end of 2015 ? ¹

**Transformative Cooperation 2016
&
the Resource Efficient, Circular, Carbon Neutral & Just Economy**

Tipping points.

2015 offered several good news as far as the sustainability agenda is concerned. Hopefully 2015 will be remembered as the year during which a wave of tipping points started, the beginning of a decade of changes to accelerate the transition towards +1,5° and sustainability : industrial sectors changes (zero carbon and circular economy), financiers changes (disinvest from fossils), business management changes in a digital era (integrated reporting, more transparency), civil society changes (Laudato si, collaborative economy,). The Paris Agreement consequences - a miracle (a global agreement) and a disaster (+3°), as it has been rightly summarized² *'will be felt in banks, stock exchanges, board rooms and research centres as the world absorbs the fact that we are embarking on an unprecedented project to de-carbonise the global economy'*³. The same is true for the SDG's which are the 'overarching' framework to which all other public initiatives, including COP21, are actually subordinated.

Non-State Actors (Regions and Cities, Business and Financiers, Trade Unions, Religious Organisations, NGO's, Universities, etc.) role as the agents of a virtuous circle encouraging Governments to be 'more ambitious and/or courageous' and multi-stakeholders unthinkable coalitions a few years ago are developing ambitious new agenda's to adapt our management of three ' wholes ' : Earth , Humanity and Capitalism. After having faced decades of pioneering hard work, with green champions victims of the 'valley of death', today the 'New World' is materializing as it has been exemplified by the COP21 Agenda of Solutions as well as in a more discrete and pervasive way through societies.

EU not fit for purpose.

The SDGs adoption in September 2015 has cimented the understanding that everything is joined up – economy, environment, society, culture and collective myths - and COP 21 in December 2015 has been a tipping point when it comes to 'cooperative transformation' . *But the macro-understanding needs to be operationalised. Business and,*

¹ By Raymond Van Ermen, former *European Partners for the Environment* Executive Director. www.raymondvanermen.org.

² George Monbiot from The Guardian said: 'By comparison to what it could have been, it's a miracle. By comparison to what it should have been, it's a disaster.'

³ Paul Polman, CEO of Unilever, WEC Gold Medal for International Corporate Achievement in Sustainable Development 2013

*in particular, Governments' traditional silos and leadership skills, are not currently fit for purpose for dealing with this new dynamic. We need new structures and skills urgently to deal with the incredible interdependencies that now shape our lives*⁴. A EU silos & top down approach is not fit for purpose to meet this challenge. The EU needs a new governance agenda to allow further progress and growth of a new kind and manage our external relations in a new manner, to succeed in 2030 on ' *Transforming Our World*'⁵ .

This EPE's contribution is based on the Commission communications on the circular economy⁶ and new European *Neighbourhood Policy* (ENP) ⁷. It intends to provide members of the European Parliament with answers to two questions :

- What did we learn or happen during 2015 which changes the vision of an « ambitious EU mandate » and which are not addressed so far by the Commission communications on the circular economy and new neighborhood strategy published end 2015?
- What are the governance mechanisms of an integrated strategy ' for the transition towards *a sustainable, low carbon, resource efficient and competitive economy* missing in the Commission proposals, that the European Parliament should fix so that we would really have an action plan with a concrete and ambitious EU mandate enabling to accelerate the transition and a successful implementation of the Agenda 2030 targets ?

1. A European Convention on Growth and Eco- Debts.

The European Parliament should call upon the European Council to launch the 'European Convention on Growth and Eco⁸-Debts' which would bring together representatives of States, Parliaments, Businesses, Trade Unions, Civil Society and the European institutions to develop common proposals that could be included in one or more European Framework Regulation '*New World - New Growth*' which would then be jointly approved by the European Council and the European Parliament. The European Convention would build on the work carried out particularly by the OECD, the World Bank, UNEP and WBCSD on 'green growth', IMF on debt as 'on subsidies and energy', France on environment, notably biodiversity or fiscal tools, Cities i.a. on circular economy, climate and town resilience. The conclusions should take the form of chapters covering areas that are closely interrelated and require an integrated agreement to accelerate the transition towards a circular economy, care for ecosystems and the decarbonisation: the debts of States, taxes, subsidies, investment indicators to "adapt" our policies, our infrastructure, our behavior and produce "prosperity" in a new way.

⁴ Mike Barry, Chairman of WEC Board of Directors, Director of Sustainable Business Marks & Spencer plc .
5 Sustainable Business Predictions for 2016.

⁵ Transforming our World. UN. Septembre 2015

⁶ Closing the loop - An EU action plan for the Circular Economy COM(2015)641/2

⁷ Review of the European Neighbourhood Policy {SWD(2015) 500 final}

⁸ economic and ecological debts

As put out in several reports, the champions of the 'new economy' and the 'new world' are already there and the potential of a circular economy is enormous⁹. Moreover, it is now well known that necessary solutions won't be conceived and implemented as previously by large technological actors only, but will be built by numerous actors of society in diverse and complementary collaborative and innovative ways. It will be thus necessary that the Convention is organized to give their place to the diversity of 'champions' of the 'new world' as well as the initiatives of the 'new economy' and partnerships with the territories, amongst which representatives of commitments in the framework of the European Innovation Partnerships and Covenant of Mayors.

2. A Bottom Up and Participatory Scheme

'The 4th pillar of the COP21 Paris Agreement, the Agenda of Solutions, demonstrates the importance of 'commitments' made by non-state actors. It created a virtuous circle and a framework for designing a Participatory Multi-lateralism (which will be developed at UN level during 2016) key to implement the proposals.

The European Union has developed some 'bottom up and participatory schemes'. The *Covenant of Mayors on Climate Change* is one of the recognised platforms of NAZCA. *European Innovation Partnerships* are a very similar European process. It is highly surprising - and regrettable - that the Commission communication on circular economy makes no reference to them and how they should contribute to a circular economy strategy. The same is true in the framework of the Neighbourhood Policy. The European Union should elevate the role of 'bottom up and participatory scheme' in its own strategies.

Furthermore, Business, Regions and Cities do recognise the key role of multi-stakeholders coalition as each actor, before beginning to move, needs to be sure that his partners - clients, providers, insurers, bankers, consumers, citizens, regulators...- will also change in the same way.

Finally, in the framework of the energy and circular economy transformation, facilitated by ITCs, *the time for **energy democracy** has come: we believe not just in changes to our energy sources, but that wherever possible **communities should collectively control these new energy systems***¹⁰.

The European Parliament should request :

- A process of support to 'commitments' and 'contributive democracy' related to Climate change (NAZCA) SDG's and circular economy targets be developed and managed by a task force to the Vice-President of the Commission, composed of

⁹ Growth within: a circular economy vision for a competitive Europe, by the Ellen MacArthur Foundation, the McKinsey Center for Business and Environment, and Germany's Stiftungsfonds für Umweltökonomie und Nachhaltigkeit (SUN). The report is available at <http://www.ellenmacarthurfoundation.org/books-and-reports>

¹⁰ Leap Manifesto – Canada 2015.

delegates of the existing European Innovation Partnership non-state actors and the Covenant of Mayors.

- Access to EU funding should be linked with :
 - (i) the setting up by Member States of multi-stakeholders platforms at national, regional and local levels for the implementation of EU objectives related to the SDG's, a Circular, Carbon Neutral & Just Economy to foster a virtuous circle, facilitating the implementation of an ambitious agenda
 - (ii) a '*multi-stakeholders Covenant*' launched in the framework of the European Innovation Partnerships addressing the implementation by all actors of the value chain of commitments in support to the shift towards a Resource Efficient, Circular, Carbon Neutral & Just Economy and addressing the nexus climate- water- energy-circular economy-just transition.

3. Capital Stewardship Platform

The European Parliament should fix the principles of a *Capital Stewardship platform*¹¹. It should address innovative financing mechanisms related to housing, transport, energy, agro-food, inclusiveness and resilience, linked with the UN sustainable production and consumption agenda and the EU bottom processes EIP's (ageing population and health, smart cities, raw materials, water, agriculture) and Covenant of Mayors .

The Communication on circular economy states that *the Commission "is also assessing the possibility of launching a platform together with the EIB and national banks to support the financing of the circular economy"*. A *Capital Stewardship High Level Group* should NOT be limited to the Commission, the EIB and Banks but should be composed of Commissioners, MEP's, Ministers of Finance and Industry, Retail Banks, Private Institutional Investors, Public Banks, President of Regions and Mayors, non-financial enterprises, NGO's (in order to act across the whole research and innovation chain, bringing together all relevant actors at EU, national and regional levels).

The Capital Stewardship action plan implementation would lead to :

- *Multi-stakeholders finance task forces at local level* (Region, Province, City),
- *Covenants* for Institutional Investors on one hand, Retail Banks on the other hand,
- *Coalitions* composed of NGO's, investors and non-financial companies to present a multi-dimensional case of policy support in various industries areas of innovation and investment.

4. Participatory Multilateralism.

Both the SDG's Summit and COP 21 have engineered and celebrated participatory multilateralism where the whole society is invited to commit to implement and achieve the objectives set by the public authorities.

If the Commission communication on circular economy refers rightly to the international dimension '*The circular economy will also need to develop globally. Increased policy coherence in internal and external EU action in this field will be mutually*

¹¹ EPE restates its proposals already submitted to the Parliament and the Commission by 2014.

*reinforcing and essential for the implementation of global commitments taken by the Union and by EU Member States, notably the U.N. 2030 Agenda for Sustainable Development and the G7 Alliance on Resource Efficiency. This action plan will be instrumental in reaching the Sustainable Development Goals (SDGs) by 2030, in particular Goal 12 of ensuring sustainable consumption and production patterns, reading the Commission communication on circular economy or the ENP, the way this macro-understanding will be operationalised remains vague and business as usual. Here too it is highly surprising - and regrettable - that the Commission communication on the Neighbourhood Policy makes no reference to initiatives as, for example, *Horizon 2020 for the depollution of the Mediterranean* . Here too the European Union should elevate the role of 'bottom up and participatory schemes' in its own ENP strategy and furthermore should propose a UN 2022 Summit of Multi-stakeholders Partnerships (Rio+30).*

The European Parliament should request

- targets and indicators be defined in the circular economy strategy.
- the integration of the circular economy ambitions into the European Semester process ; vital if we are serious in changing the economic model and willing to reach Prime Ministers and Economic Ministers.
- all EU funded projects, contracts in the framework of the ENP should contribute to a successful implementation of at least one Sustainable Development Goal. Funding criteria, indicators and reporting mechanisms should be aligned with this requirement.
- the first Vice-President and the High Representative (or the EP) should set up a High Level Group, on '*participatory multilateralism*' and a Resource Efficient, Circular, Carbon Neutral, Bio Compatible & Just Economy .This group should be composed of
 - 10 EU Regions and Cities
 - 10 EU Financial Institutions
 - 10 EU Manufacturing and Services Companies
 - 10 EU Networks of Civil Society and Trade Unions
 - 10 EU Youth Organisations
 - EU Institutions and relevant Agencies.

A dedicated secretariat would be useful. A transparent and traceable process to name these representatives is necessary, to guarantee that European citizens and actors consider this group as legitimate. In this period, it will greatly help the European Union to be better perceived as a democratic institution. The High Level group should be launched prior the UN Climate Action Summit in Washington DC on June 5th-6th, 2016.

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