







The Role of Natural Resource Management in our Transition to a Sustainable Economy and Society

JANEZ POTOČNIK Co-chair UNEP International Resource Panel (IRP)

Kassel, 14th September 2022

## International Resource Panel

Natural Resource Management Optic

## Who are we?

International Resource Panel - IRP was launched in 2007 with the idea of creating a science-policy interface on the sustainable use of natural resources and in particular their environmental impacts over the full life cycle

Climate Change



**Biodiversity Loss** 



Resource Management







## IRP Structure



#### **Panel Co-Chairs:**

Janez Potočnik and Izabella Teixeira

#### SCIENTIFIC PANEL /

Internationally recognized experts on sustainable resource management;

Scientific assessments and advice, networks

# Science-Policy interface

**Head of Secretariat:** Merlyn van Voore

#### **UNE SECRETARIAT**

Direction, procedures, support in development and implementation of assessments, outreach

#### **Steering Committee Co-Chairs:**

Astrid Schomaker and Mark Radka

#### STEERING COMMITTEE

Governments from developing and industrialized countries;

Strategic guidance, political support, regional synergies











World Business Council for

Sustainable Development





























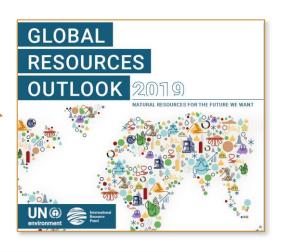


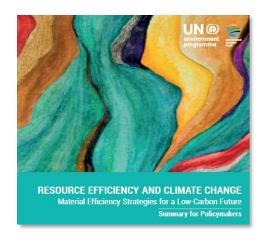


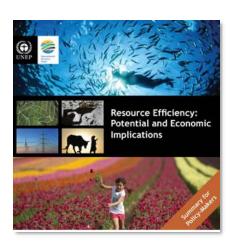
### More than 30 published reports between 2011-2022

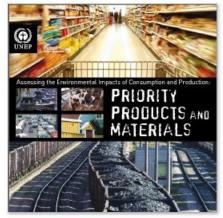


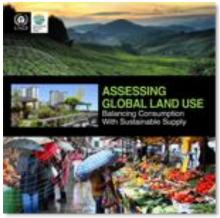
IRP flagship report



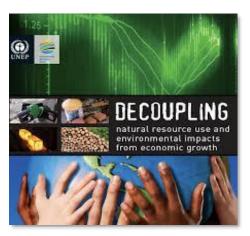








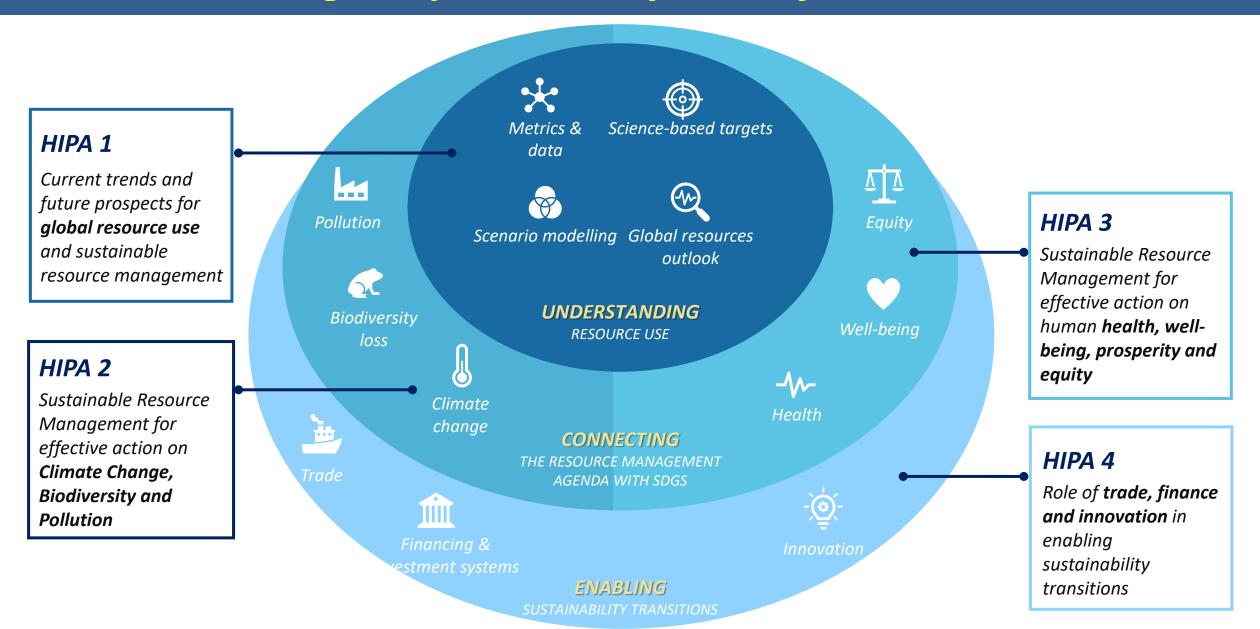




And many more at:

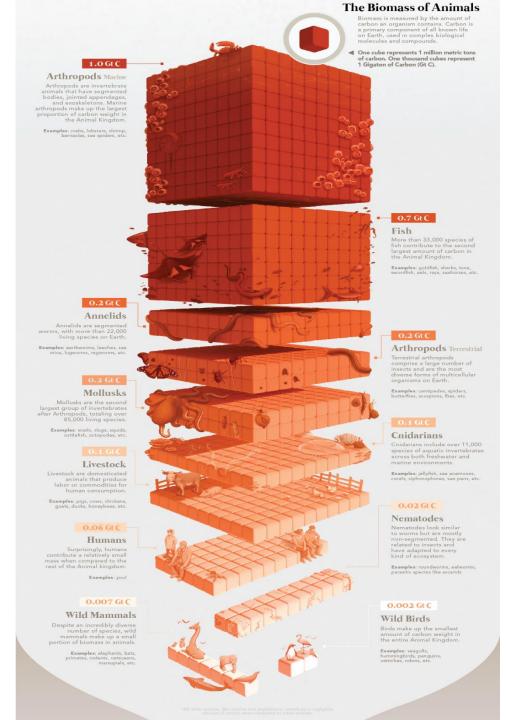
http://www.resourcepanel.org/reports

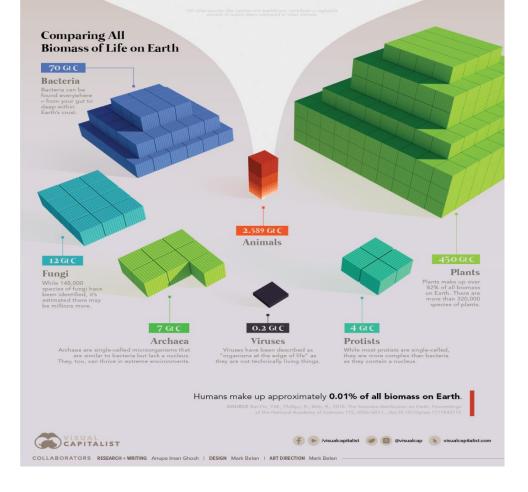
### IRP's High Impact Priority Areas for 2022-2025



## Main Challenges

The diagnosis of the problem



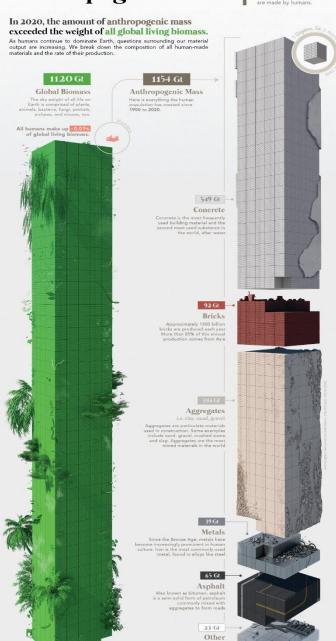


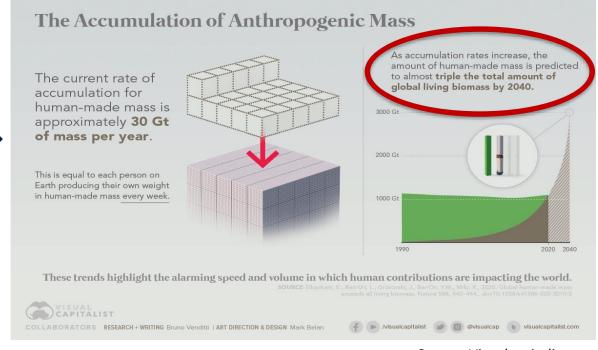
# Biomass of Life Humans in Perspective

Source: Visualcapitalist.com

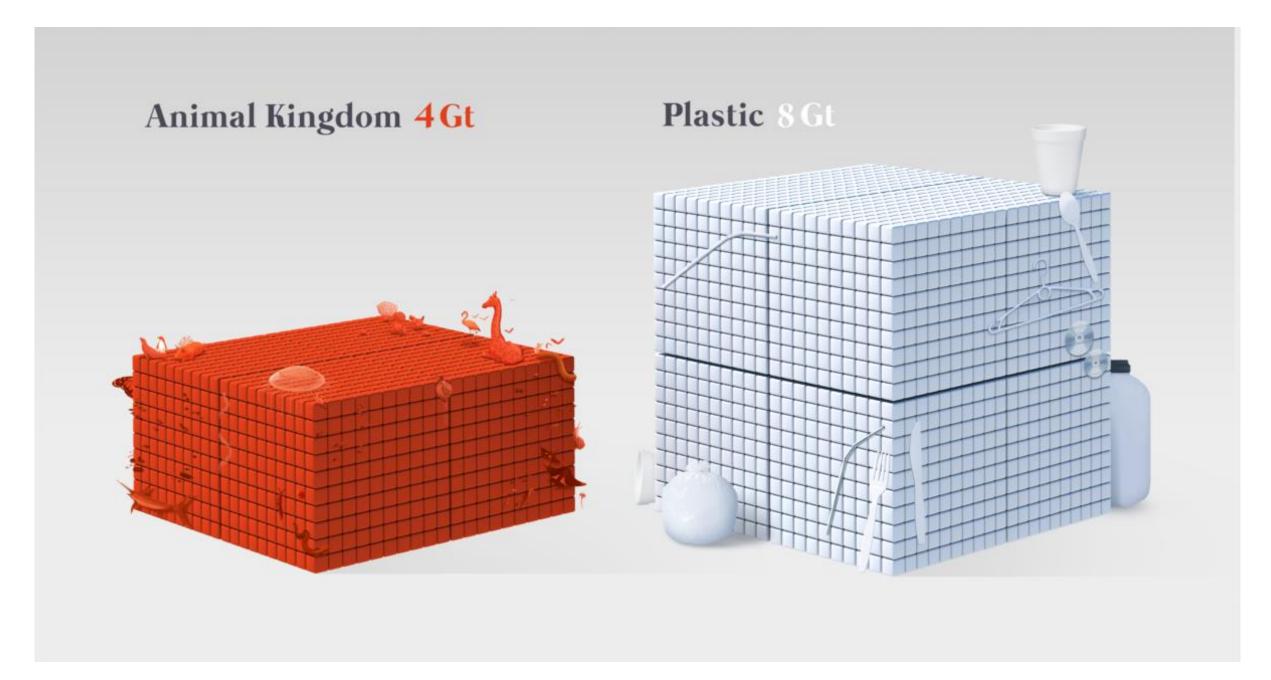
### Anthropogenic Mass

Anthropogenic mass, or human-made mass, refers to the materials embedded within inanimate solid objects that are made by humans.

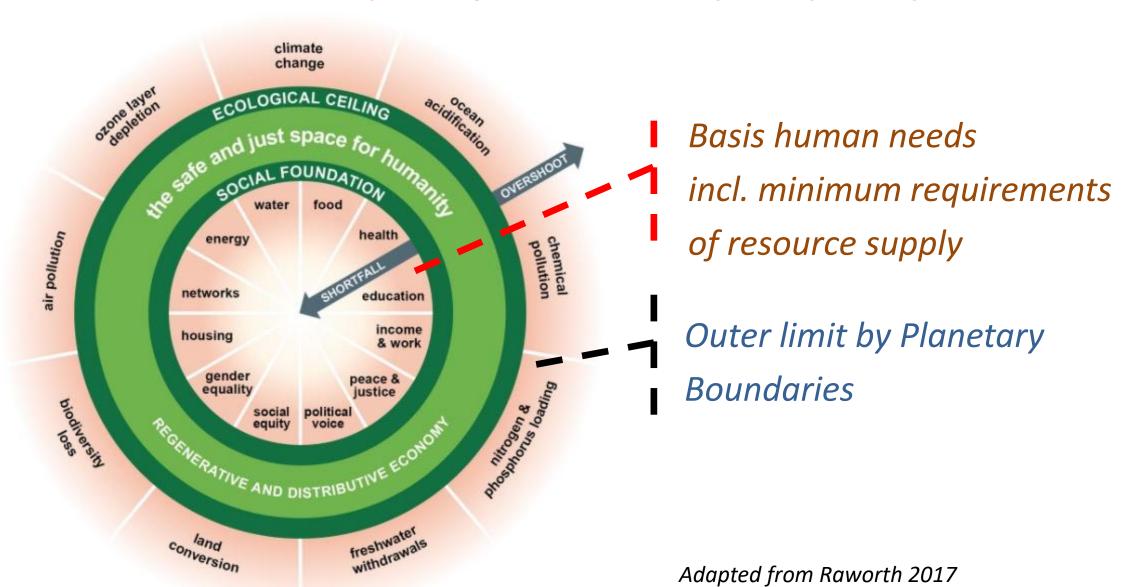




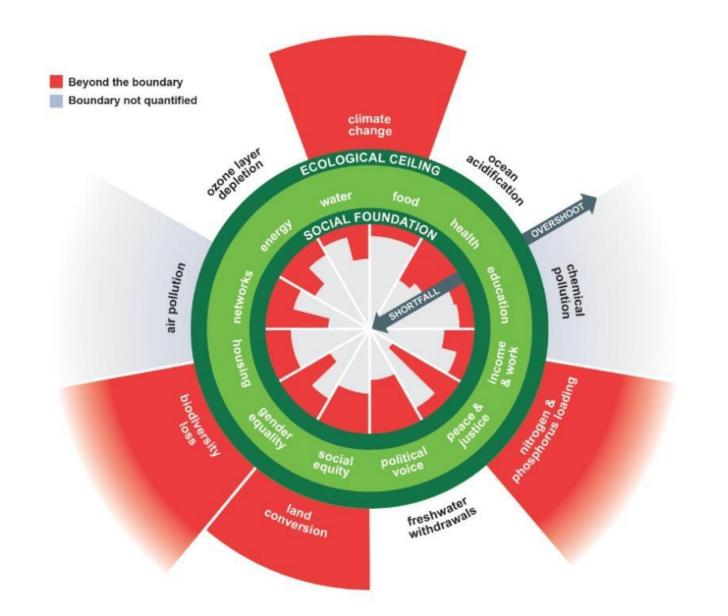
Source: Visualcapitalist.com

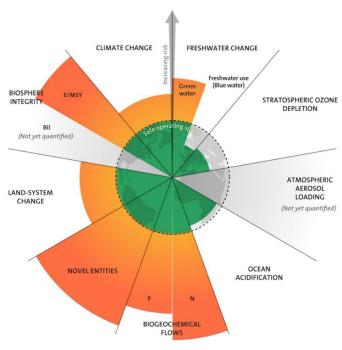


## A compass for human prosperity



## Humanity is living far out of balance



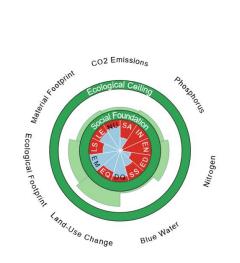


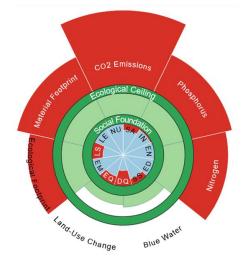


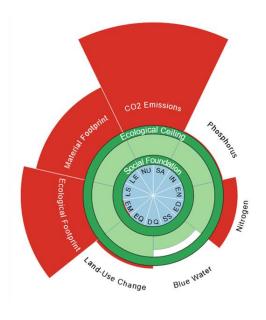
Source: Potsdam Institute for Climate Impact Research, 2022 reassessment

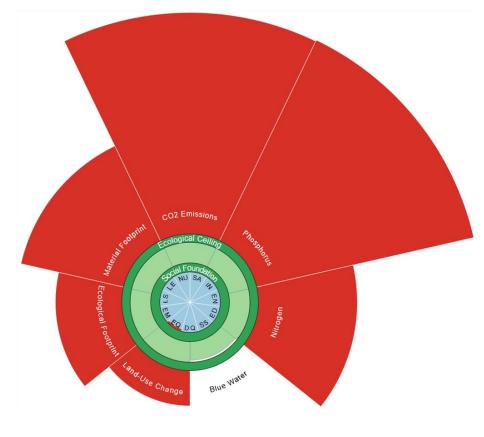
## Divergent national contexts

goodlife.leeds.ac.uk









**Malawi** \$1,000 pc

**China** \$17,200 pc

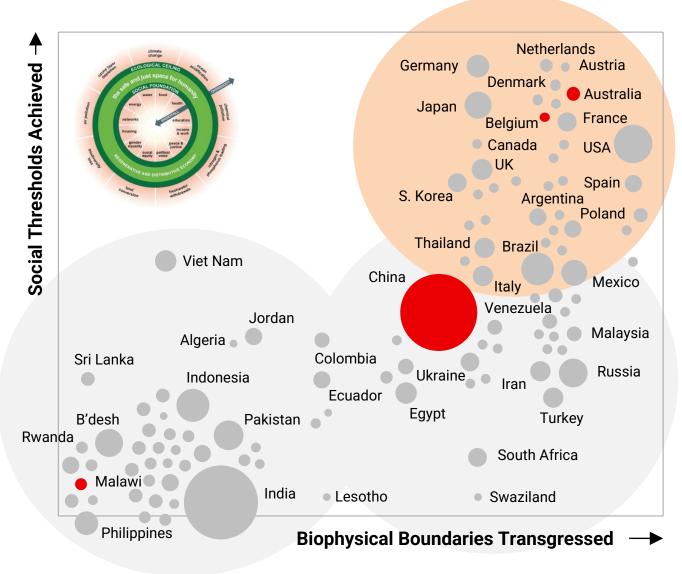
**Belgium** \$54,000 pc

**Australia** \$54,900 pc





## Humanity's sweetspot



colonialism
military power
trade & finance rules
resource extraction
climate-change impacts





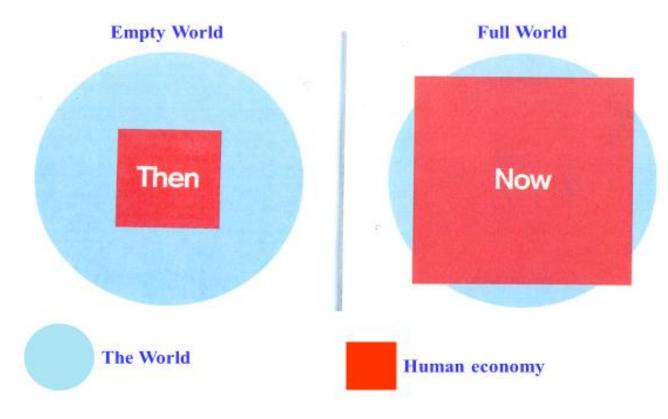


For the first time in a human history we face the emergence of a single, tightly coupled human social-ecological system of planetary scope.

We are more interconnected and interdependent than ever.

Our individual and collective responsibility has enormously increased.

## From "Empty" World to "Full" World



Source: Club of Rome: Simplified after Herman Daly

Labour and Infrastructure limiting factors of human wellbeing



Natural resources and Environmental sinks limiting factors of human wellbeing

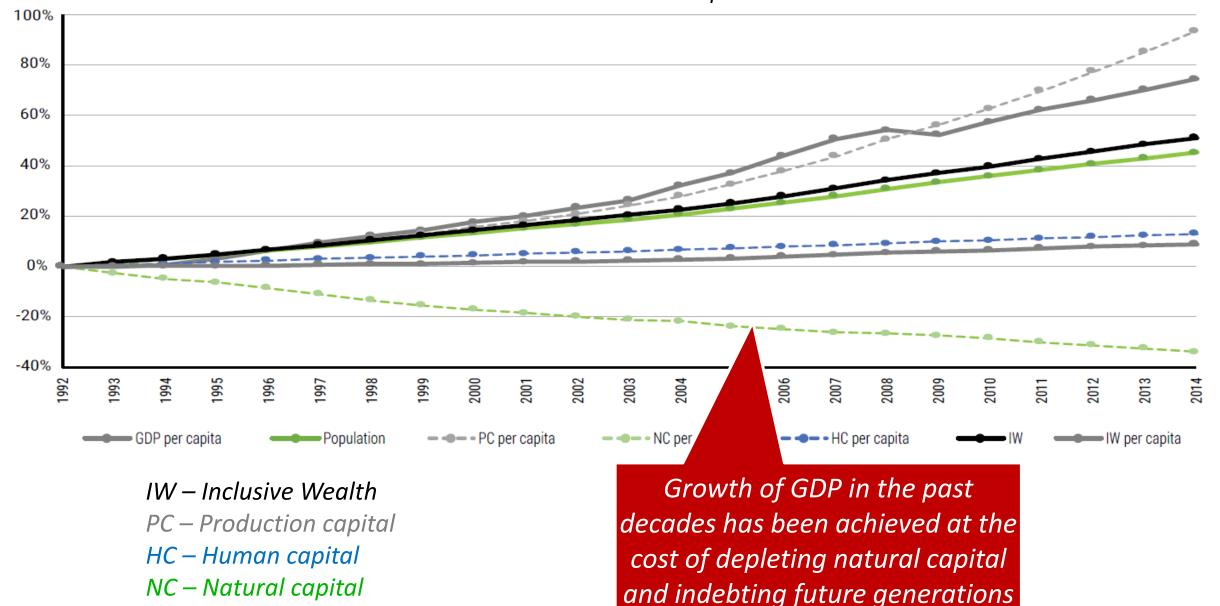


The Dasgupta Review

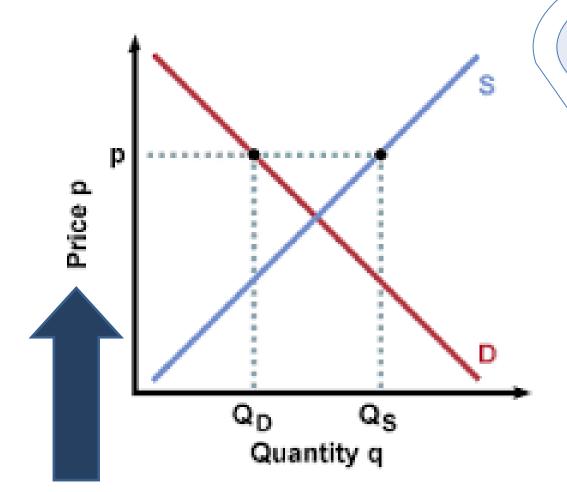
Main reasons for the current situation - it highlights institutional failure and the failure of contemporary economics to acknowledge that we are embedded in, and not external to nature, and to act accordingly.

### Inclusive Wealth (IW) Index (and its components) evolution - 1992 to 2014

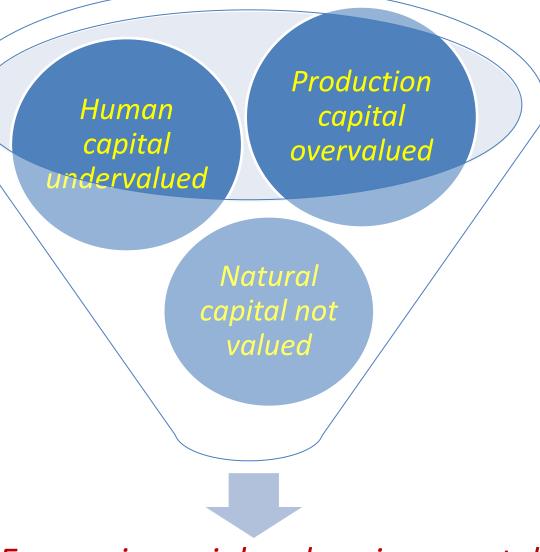
Source: Inclusive Wealth Report 2018



Producers/Consumers
Rational Behaviour



Market Economy

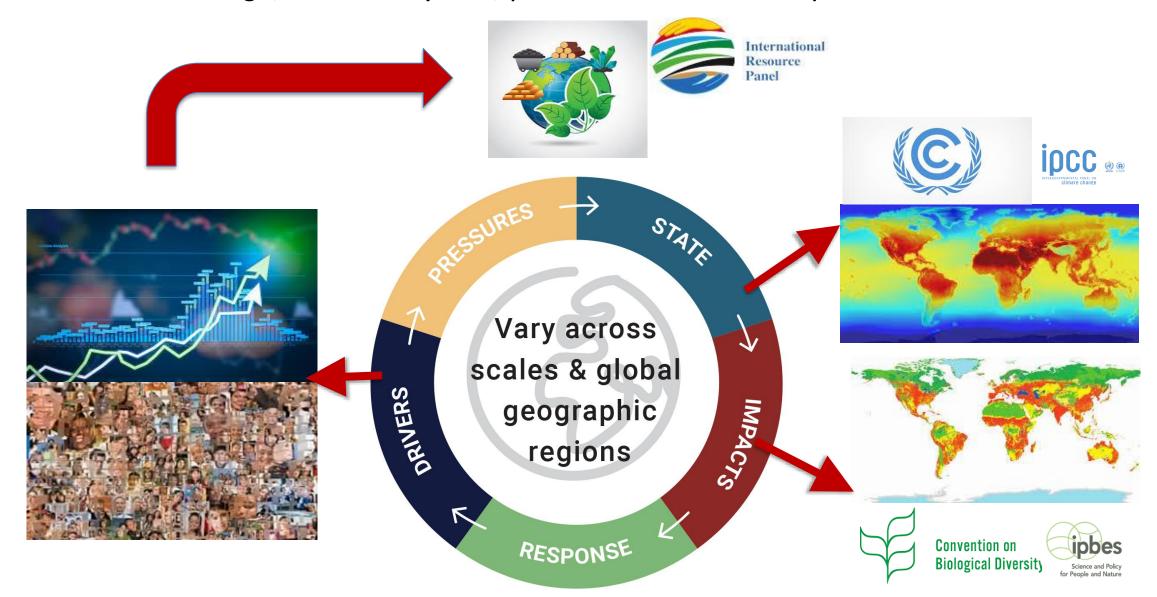


Economic, social and environmental (in)balance

## Resource Perspective

The Common Roots of the Triple
Planetary Crises

Natural resources are the bridge between economy and competitiveness on one hand and climate change, biodiversity loss, pollution and health implications on the other





- Natural resources have been in the human history always closely related to stability, conflicts, wars (land, water, oil, precious minerals ...)
- According to the UN IRP, in the mid-term, except in specific cases, resource shortage will not be the core limiting factor of our (economic) development ...
- But the environmental (climate change, biodiversity loss, pollution ... ) and health consequences caused by excessive and irresponsible use of resources will be!

### Natural Resources:

Provide the foundation for the goods, services and infrastructure that make up our current socio-economic systems





Biomass (wood, crops, including food, fuel, feedstock and plant-based materials)



Fossil fuels (coal, gas and oil)



Metals

Metals (such as iron, aluminum and cooper...)



Non-metallic minerals Non-metallic minerals (including sand, gravel and limestone)





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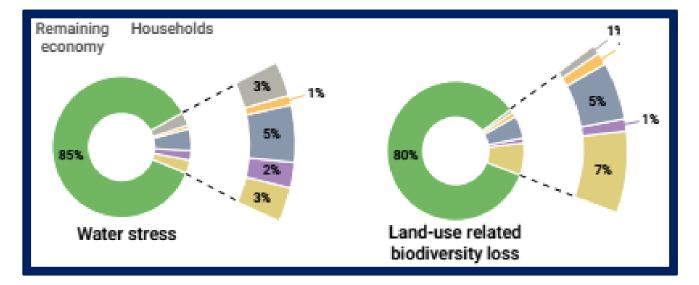
## Extraction and Processing of Natural Resources Drives all Aspects of the Triple Planetary Crisis

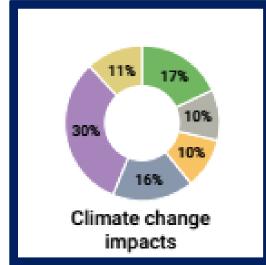
Environmental impacts of materials in the value chain in extraction and processing phase

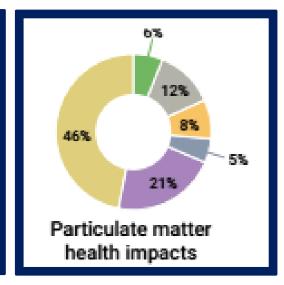
90% of global land related biodiversity loss and water stress 50% of global climate change impacts 1/3 of air pollution health impacts







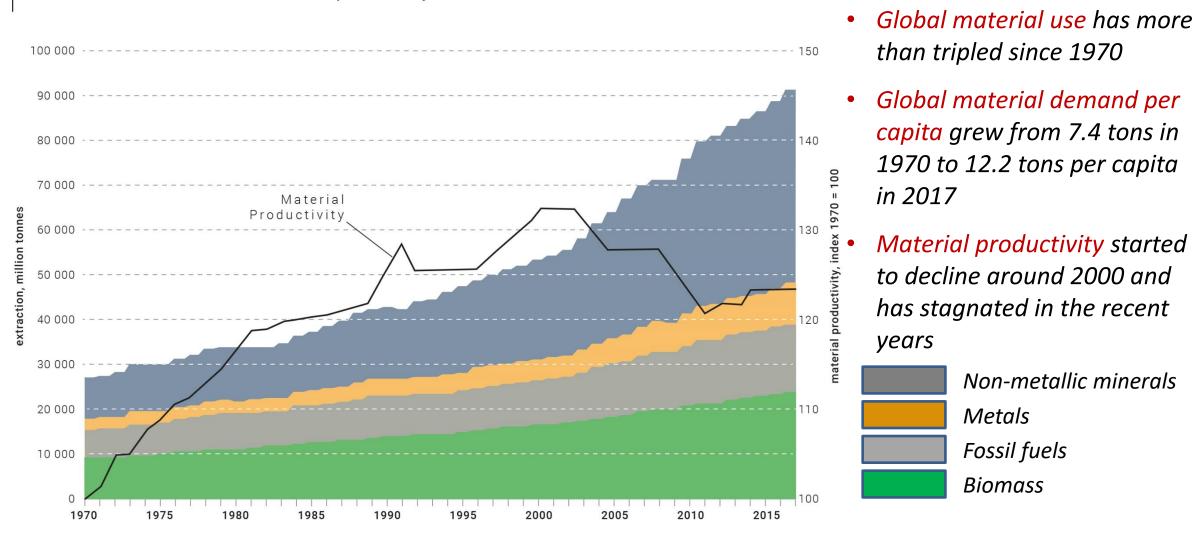




### Global material use Material demand per capita and Material productivity



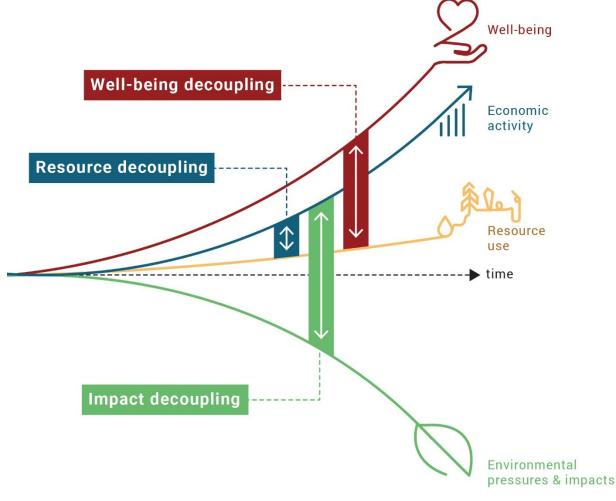
Global material extraction and material productivity, 1970 - 2017



# If current trends would continue, global material consumption is predicted to double by 2060



Decoupling







### An Implementable Paradigm for Sustainability Transitions

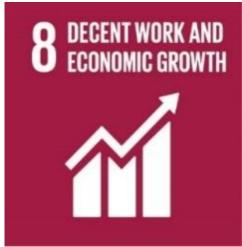


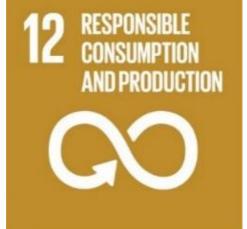


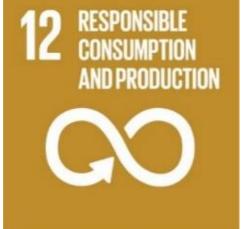




#### Essential development needs and provisioning systems











FOR INCLUSIVE AND SUSTAINABLE GROWTH LINKING **DEVELOPMENT AND SUSTAINABILITY:** 

- I. increasing wellbeing per unit of resource us;
- II. decreasing environmental pressures per unit of resource use







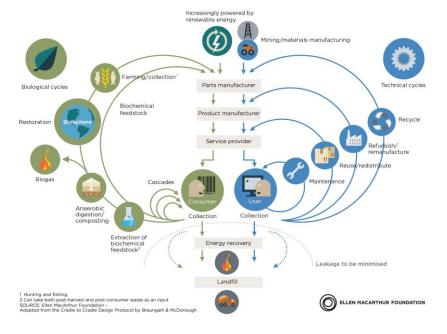
Natural and social capital

required to underpin sustainable development





#### CIRCULAR ECONOMY - an industrial system that is restorative by design



Circular economy should be seen as an instrument for deliver decoupling of economic growth from resource use and environmental impacts and as a part of the bigger picture of economic, societal and cultural transformation needed to deliver the SDGs.

### The first dimension is often overlooked...

### **Dimensions BETTER:** Minimise product need Refuse and Rethink strategies through better system design Reduce strategies in manufacture and 2 ) LEANER: Optimise product design use 3 \ LONGER: Maximise lifespan of products Reuse, Repair, Refurbish, Remanufacture, and its parts Repurpose and Recycle strategies **CLEANER: Minimise waste and** Recovery strategies pollution

Often

crucial for

effectiveness

overlooked, but

Source: Emerging thinking by IRP Co-Chairs, based on GRO19 and emerging GRO23 work

## From Product Maximisation to Providing Human Needs It is not not about owning it is about using

We do not need cars

We do not need light bulbs

We do not need chairs

We do not need refrigerators

We do not need CDs

We do not need pesticides

.. We need mobility

... We need light

... We need to sit

... We need chilled and healthy food

... We want to listen to the music

. We want healthy plants



## From selling light bulbs to selling light Dematerialisation and Decoupling







videohive.net

letstalkscience.ca

Light bulbs sold to the consumer are the basis for producers' profit

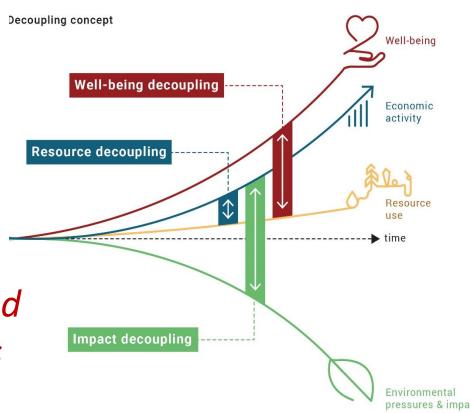
Light bulbs used to provide the light to the consumer are producers' cost

## Ownership and product (under)utilisation - Consumer

It is not not about owing it is about using

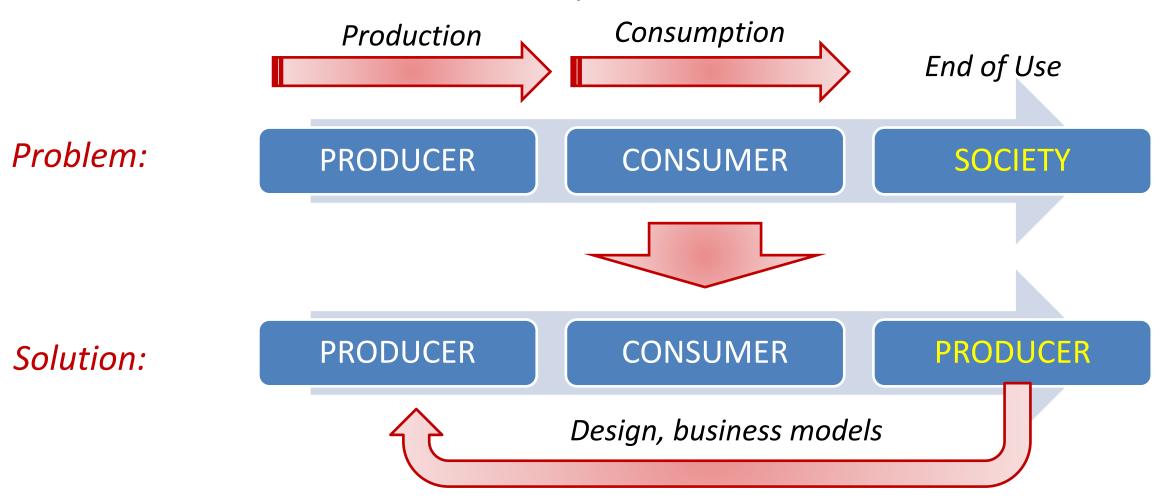
 Problem: Preferences from consumers to own products like houses, cars, refrigerators, cloth ... are driving consumption in a massive lock-in in underutilization

 Solution: Explore the opportunity that the young generation has less ownership biased constraints and provide alternative options



## Ownership and resource (under)utilisation - Producer

It is about how to incentivise producer to use less resources



Better Connecting Producer with his Product through for example: EPR, Product Value Retention, Retaining Ownership of the Product

# Towards Sustainable and Equitable World

From EGD to System Change Compass

## The System Change Compass contributes to the implementation of the ambitions of the European green Deal







The System Change Compass guides action on all levels of the system

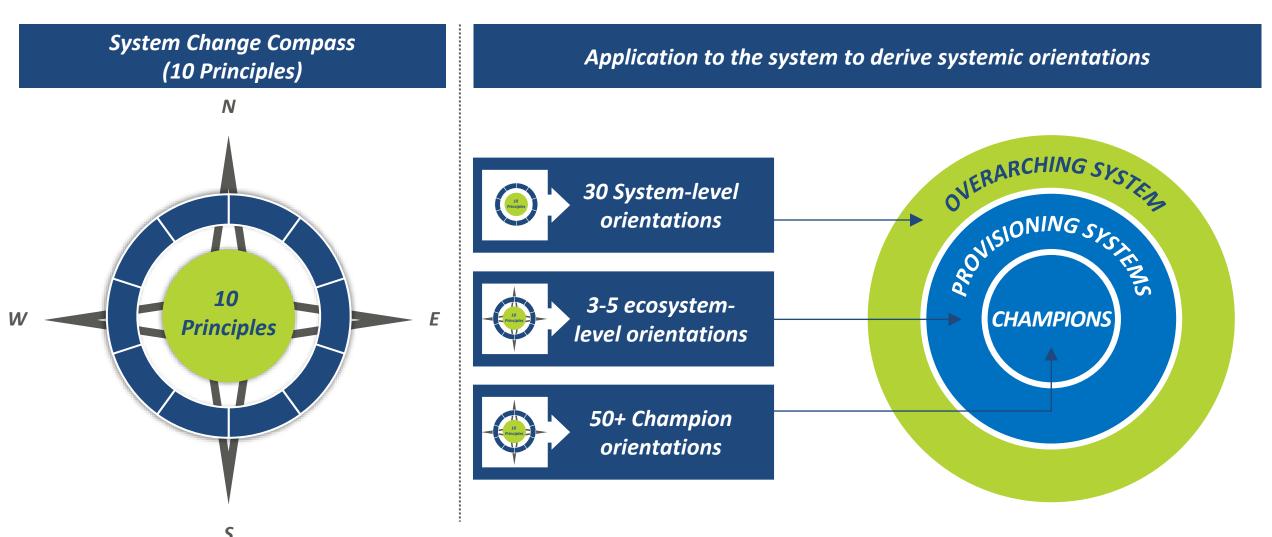
- Sets zero net emissions of GHG by 2050 and decoupling of growth and resource use
- Acknowledges need for fair and just transition
- Aims at strongly interlinked and mutually reinforcing policy recommendations

- Does not sufficiently address drivers and pressures that cause environmental damage
- Does not offer systemic perspective to guide decision-making
- Implementation is put at extra risk due to COVID-19 recovery and war in Ukraine

- Maps and envisions the system in service of people and planet
- Derives system level orientations towards desired state
- Charts pathway towards prosperity and wellbeing within planetary boundaries



## From the IRP science to the System Change Compass



#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### From

Prosperity defined by aggregate economic growth

#### To

Prosperity defined by fair and social economic development and wellbeing for all

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### From

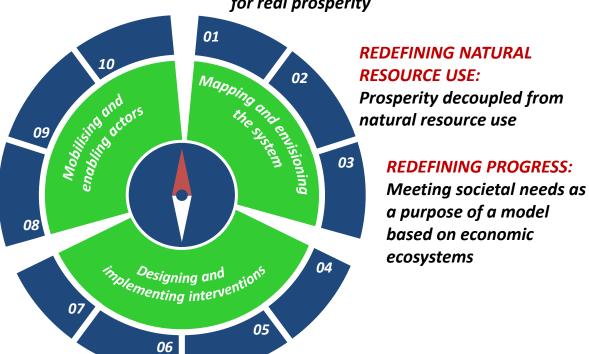
Prosperity based on natural resource consumption

#### To

Prosperity decoupled from resource consumption through efficiency, sufficiency and a shift to responsible use of natural resources

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### From

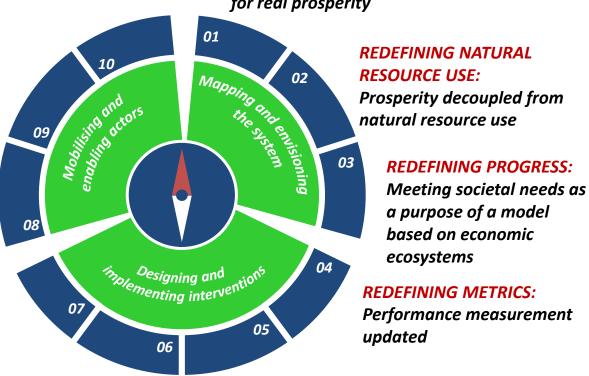
Growing economic activities and sectors

#### To

Focusing on societal needs that need to be fulfilled without transgressing planetary boundaries

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### From

Decisions driven by optimising for GDP growth

#### To

Decisions driven by holistic wellbeing metrics including natural capital and social indicators

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### **REDEFINING COMPETITIVENESS:**

Resource optimization through digitization at the heart of European competitiveness

#### From

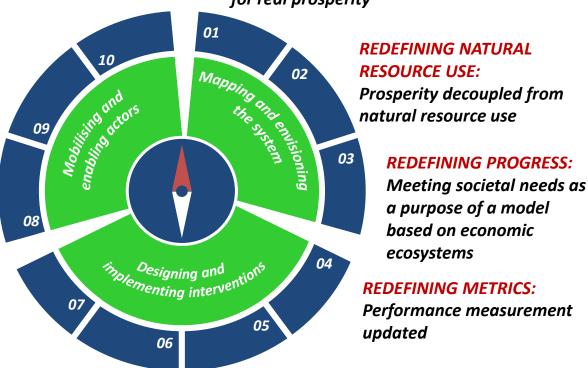
Massive dependency of Europe on imports of natural resources

#### To

A resilient Europe based on low carbon products, services, and digital optimisation

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### **REDEFINING INCENTIVES:**

Show the real value of social and natural capital

#### **REDEFINING COMPETITIVENESS:**

Resource optimization through digitization at the heart of European competitiveness

#### From

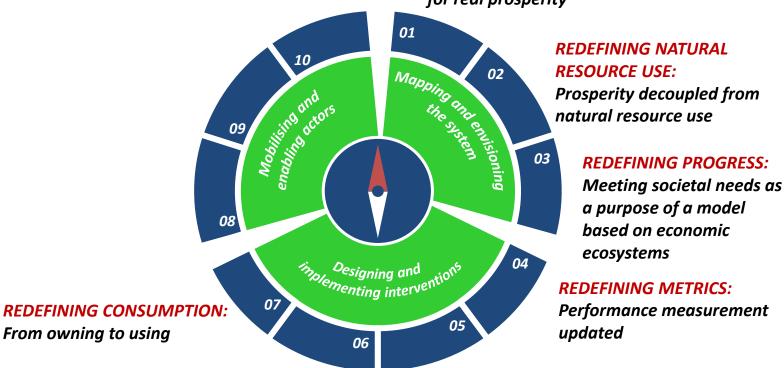
Incentives supporting the status quo

#### To

Incentives aligned with Green
Deal ambitions leading to
economic, social and
environmental balance and
sustainability

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### **REDEFINING INCENTIVES:**

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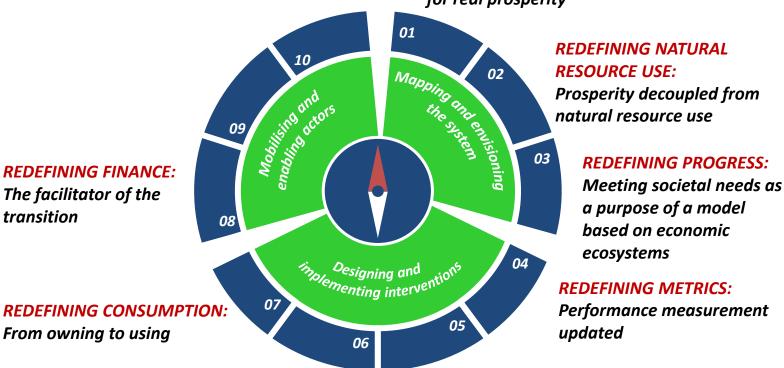
Owning products as part of individual identity

#### To

Experiencing and using products and services as part of individual, shared, and collective identity



Embracing social fairness for real prosperity



#### **REDEFINING INCENTIVES:**

Show the real value of social and natural capital

#### **REDEFINING COMPETITIVENESS:**

Resource optimization through digitization at the heart of European competitiveness

#### **From**

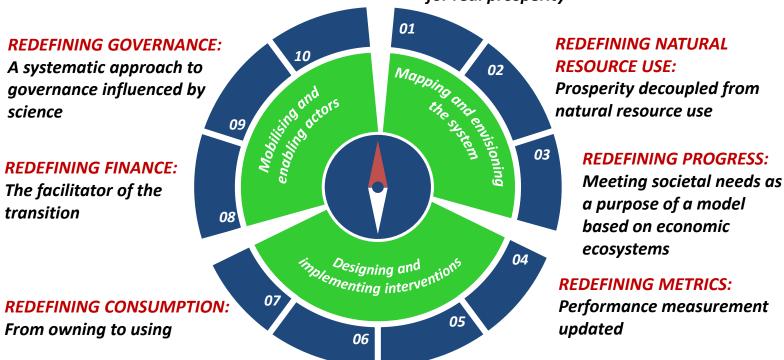
Subsidising and investing in "old" industries

#### To

Supporting and facilitating transitional needs and sustainable economy of the future

#### **REDEFINING PROSPERITY:**

Embracing social fairness for real prosperity



#### **REDEFINING INCENTIVES:**

Show the real value of social and natural capital

#### **REDEFINING COMPETITIVENESS:**

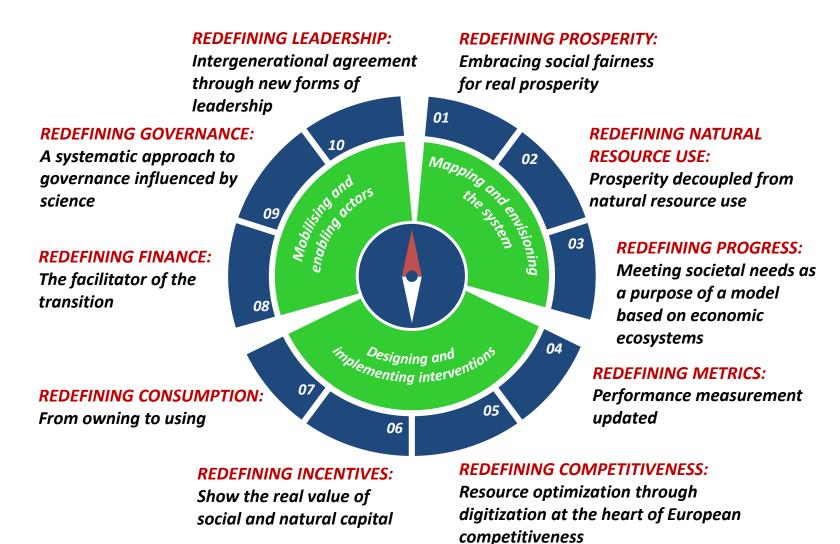
Resource optimization through digitization at the heart of European competitiveness

#### **From**

Top down, static, slow normative policy processes

#### To

Transparent, flexible, inclusive, participatory models of governance influenced by science



#### From

Traditional leadership roles and expectations

#### To

System leadership based on an intergenerational agreement

### 3 System Level Policy Orientations for each Compass Principle

#### COMPASS PRINCIPLES

## REDEFINING PROSPERITY:

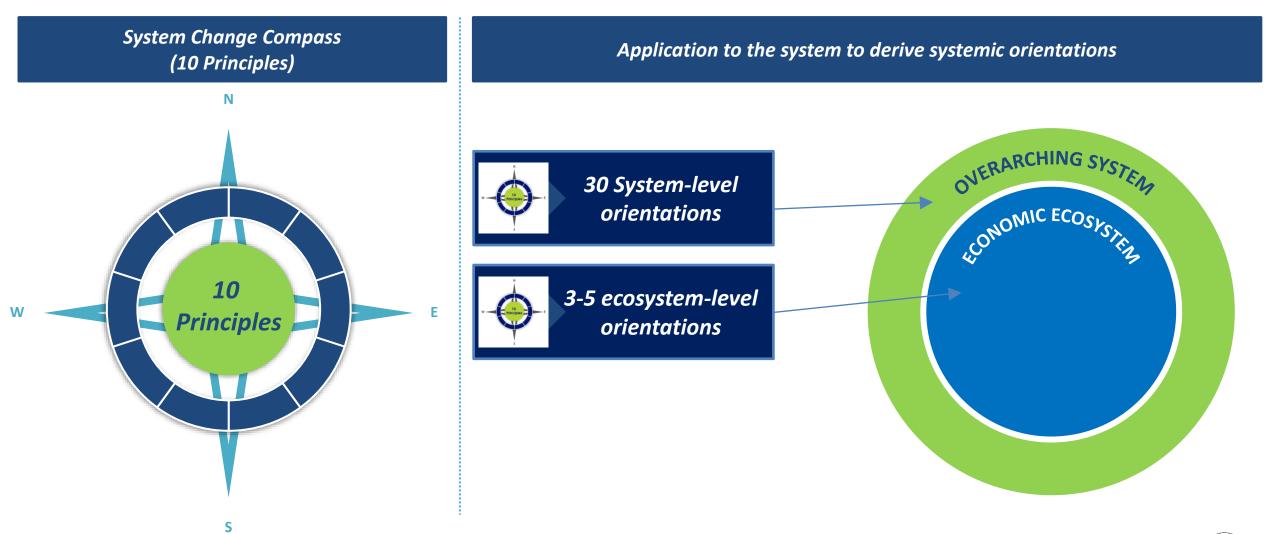
Embracing social fairness for real prosperity

#### SYSTEM LEVEL INTERVENTION

- 1. Balance policy attention from income and wealth creation to income and wealth distribution, and ensure that economic transition contributes to equality and social fairness by guaranteeing universal basic services and minimum levels of income
- 2. Create conditions for social acceptance of the necessary transition through enhancing reskilling and educational programmes; introducing funding mechanism to support transition and supporting lower- and middle-income groups to help them absorb full-costs introduced through all economic ecosystems
- 3. Replace part of the income-based taxes with resource-based taxes to address resource as well as social policy targets

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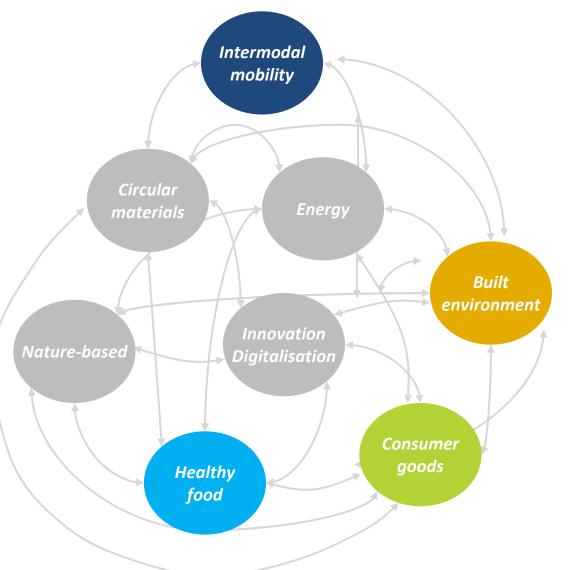
### Translating the system change compass to systemic orientations





## **Provisioning Systems**





## Related to resource intensive human needs

- Nutrition Mobility
- Housing Daily functional needs
- Resource relevant systems enabling and supporting the provisioning systems delivering societal needs



## 50+ nascent industrial investment opportunities that should be supported to built ecosystems based on compass orientations

#### Healthy food



- Organic food and beverages
- Regenerative agriculture
- Sustainable aquaculture and fishing
- Reduce and valorise food waste
- Urban agriculture
- Product reformulation for nutritious food
- Alternative proteins

#### **Built Environment**



- Smart urban planning
- Rethink built environment ownership
- Repurpose underutilized buildings
- Retrofit existing buildings
- Fluid and sufficiency-oriented space management
- Circular and net-zero housing

#### **Intermodal Mobility**



- Fast charging infrastructure
- High-speed railway infrastructure
- Modern and adapted transit infrastructure
- Car- and ride-sharing models
- End-of-life management for cars
- Electric and autonomous vehicles
- Infrastructure to improve traffic flow and AV adoption
- Green aviation
- Green shipping
- Walking/cycling infrastructure

#### **Consumer goods**



- Product-as-a-Service models
- Maintenance and value retention in products
- Peer-to-peer product sharing platforms

#### Nature-based



- Restoration of degraded land and coasts
- Smart forest management
- Urban greening
- Systems for paid ecosystem services
- Seaweed
- Marine and land-based environmental protection areas
- Ecotourism

#### Energy



- Renewable power generation
- Energy storage
- Hydrogen economy
- Smart metering and (point-of-use) energy management
- Grid integration and technologies
- Production of low-carbon gaseous and *liauid fuels (transition technology only)*
- Carbon capture infrastructure (transition technology only)

#### Circular Materials



- Localised and distributed value chain systems
- Asset recovery systems and reverse logistics
- Markets for secondary materials
- High-value material recycling
- Materials-as-a-Service models
- New materials and high-performing substitutes
- Additive manufacturing

#### Information and processing

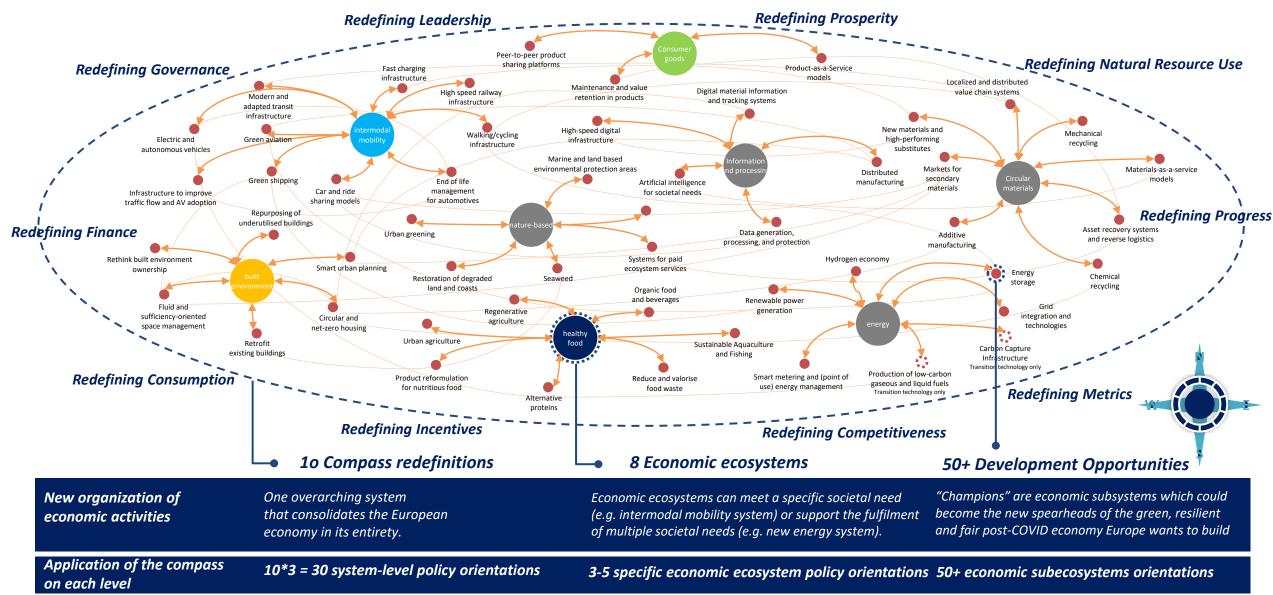


- Distributed manufacturing
- High-speed digital infrastructure
- Digital material information and tracking svstems
- Data generation, processing, and protection
- Artificial Intelligence for societal challenges





## System Change Compass

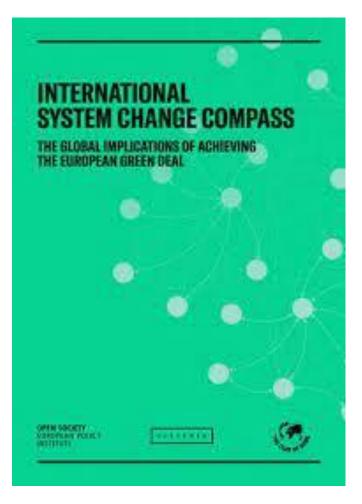




### From Internal to External Focus







# We need a systemic approach aligned with SDGs and countries most responsible for the current situation should take the lead



- The map of resource use still shows the shadows of an imperialist world, where wealthy nations pursue their ambitions at the expense of others. Making our economies and societies more resilient and fair is our best defence against any future crises.
- In the longer term any security and stability related issues are not about opening a new economic front. They are, first of all, about reassessing our values, rethinking our economies and reducing overconsumption and resource use.
- Standards and behaviour patterns linked to the current economic model were set by high-income countries. They are ethically bound to show the world, that they are willing and able to change a reality we created, and to lead the essential transition at home and globally. While the responsibility for the past is clear, responsibility for future is joined and common.

### In short: What would change mean in policy terms?

- Redefining consumption from owning to using;
- Redefining production from mass sales to providing efficient functionalities;
- Redefining core economic incentives such as taxation, subsidies, public procurement ... and stop tolerating tax heavens,;
- Integrating wellbeing as an objective across all policies;
- Providing consistency among internal and external (supply and demand side) policies;
- Applying measures leading to fairer and more equal society and world;
- Measuring sustainability with a lifecycle perspective, harmonised across policy areas;
- Activating all existing financial potential to enable transition;
- Looking at innovation in categories of meeting human needs and providing functionalities, rather than in categories of production sectors;
- etc.

### Next Flagship Report: Global Resources Outlook 2024

#### GRO24 will...

- ✓ Centralize System Change logic, building directly on GRO19 and System Change Compass
- ✓ Assess past, present, and future resource use through the lens of human needs
- ✓ Compare the gap between current plans and the transition we need
- ✓ Give time-bound policy recommendations, aligning short and long-term interests



## Main Blind-Spots

Which are Limiting Effective Management of the Transition

#### Lack of Holistic System Approach

Public leaders lack capacity or knowledge of how to translate system change visions into their concrete policies/investment structures which ends in conflicting policy logics that hinder real transformation

#### Lack of Resource Perspective

Resource management is not given enough importance within policy making which is linked to the lack in actionable system thinking insights for concrete decisions

#### **Lack of Demand Side Focus**

Policy attention is mainly given to the supply side of the economy, to the cleaning of the existing economic system - lacking the attention to the demand side which is leaving out an important solutions potential and questions of responsibility and equity.

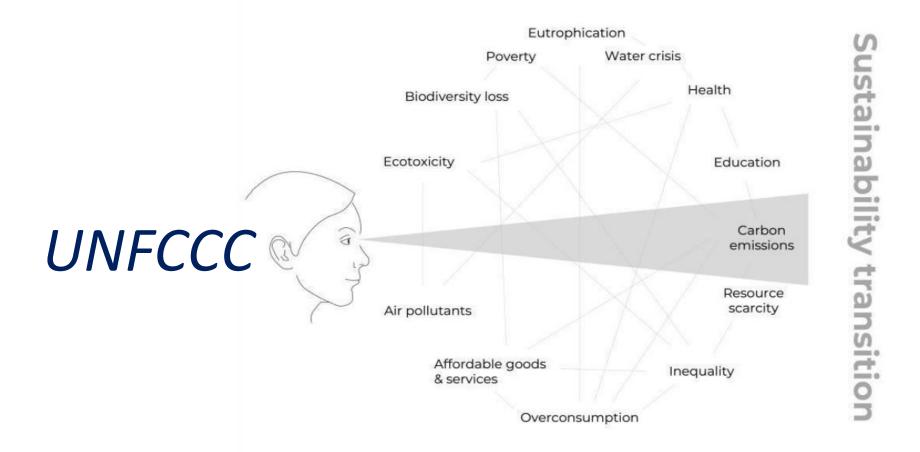
## Climate Change Example

1

### Lack of Holistic System approach

Public leaders lack capacity or knowledge of how to translate system change visions into their concrete policies/investment structures which ends in conflicting policy logics that hinder real transformation

## We need to extend the optic and potential policy options beyond the currently prevailing energy supply



This leads to trade-offs and future lock-ins rather then to synergies and potential multiple-benefits  $\triangleright$  and resilient economy and society

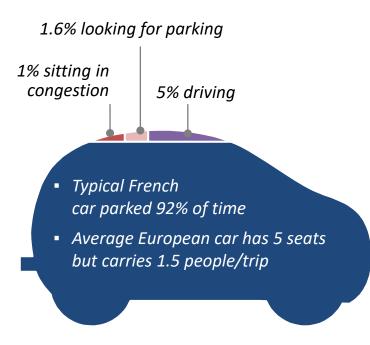
A 'Glasgow Breakthrough' was announced on road transport aiming for zero emission vehicles to be the new normal, accessible, affordable, and sustainable in all regions by 2030.



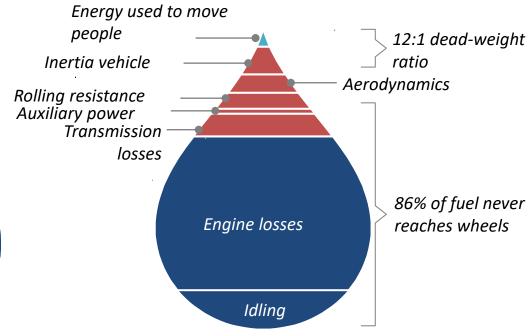


### Our mobility system and structural inefficiencies

#### Car utilisation

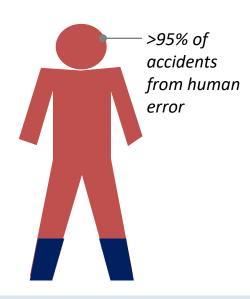


#### Tank-to-wheel energy flow - gasoline



#### Deaths & injuries/year on road

30,000 deaths in accidents and 4x as many disabling injuries



#### LAND UTILISATION:

- Road reaches peak throughput only 5% of time and only 10% covered with cars then
- 50% of most city land dedicated to streets and roads, parking, service stations, driveways, signals, and traffic signs

## System change in road transport means less and more efficient traffic, for more value



#### Five Levers for Sustainable Car-Based Transport

Reduce demand for car-based transport



- Reduce overall mobility need (e.g., through remote work)
- Modal shift from cars to foot, bike, & public transport
- Higher utilization of vehicles through sharing

Ensuring remaining vehicles are as sustainable as possible



- Electrification based on renewable energy
- Circularity, maximizing value of used materials



2

### Lack of Resource Perspective

Resource management is not given enough importance within policy making which is linked to the lack in actionable system thinking insights for concrete decisions

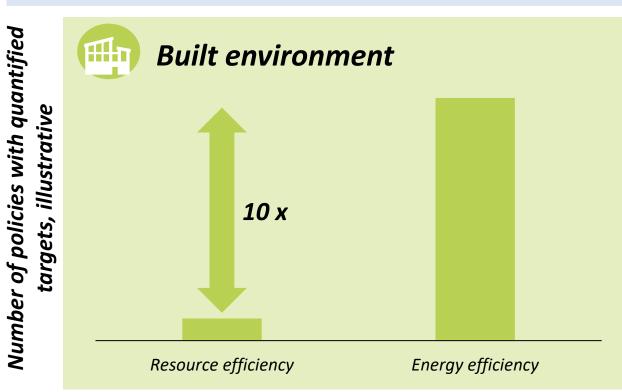
## Impact of Electricity Generation Technologies

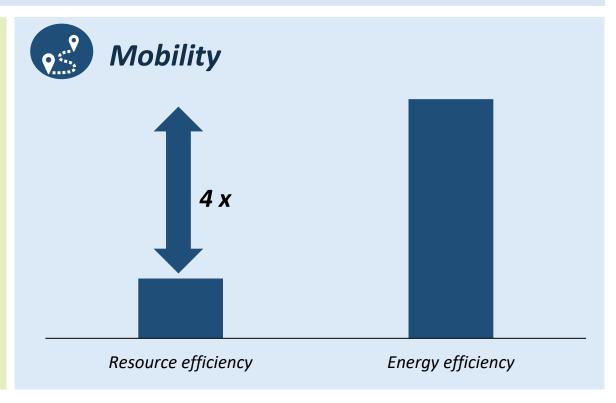


## Most climate policies still neglect systemic resource efficiency solutions, and thus miss major opportunities for climate and society

Examples - non exhaustive

**G20 Nationally Determined Contributions** and **Long-term Climate Plans** focus on energy efficiency and miss out on more systemic resource efficiency opportunities.





Source: SYSTEMIQ analysis of G20 NDCs

#### **SUPPLY SIDE SOLUTIONS**

## CARBON MANAGEMENT

LAND

WATER

**ENERGY** 

MATERIALS

## DECOUPLING - CIRCULAR ECONOMY

**DEMAND SIDE SOLUTIONS** 

ECO-SYSTEM SERVICES, ENVIRONMENTAL SINKS

NATURE BASED SOLUTIONS

3

### **Lack of Demand Side Focus**

Policy attention is mainly given to the supply side of the economy, to the cleaning of the existing economic system - lacking the attention to the demand side which is leaving out an important solutions potential and questions of responsibility and equity.

## Focusing only on cleaning a supply side will not be enough, nor will lead to a fairer and more equal world

- Our international efforts, also to fight the climate crisis, remain focused on, and driven by, the supply side. This will not be enough to deliver the targets set. IRP is frequently repeating that message, but also recent IPPC report is clear about that.
- We must stop ignoring the inherent wastefulness of our production and consumption.
   For example, it would be in vain to decarbonize the production of steel, if it is used to produce under-used cars and houses, which contribute to traffic and property market bubbles, but not to real social prosperity.
- More fundamentally, demand-side measures/consumption side get us closer to the essential questions of responsibility and equity.
- NDCs and other national climate commitments should consider including also footprint based indicators and targets

## To Conclude

Science is Clear and Change is Unavoidable ... and so are some quotes ©



# We want changes ... but we do not want to change

# The problem primarily lies in our economic model



- Economic theory is based on the rational behaviour of consumers and producers: the more we produce at the lowest possible price, the higher the capital returns and GDP growth.
- Current market signals on our markets, are leading to systemic social and environmental imbalances - Food shopping centre example. Our short-term rational behaviour is leading to a long-term irrational "Charming mass suicide" (Arto Paasilinna novel title).
- Ambitious policies face an uphill battle to implement incentives and regulations to change our production and consumption patterns. Sending policy signals one way, and market signals the other, is creating confusion (not to mention intense lobbying by companies that fear the loss of profitable markets). It's time to stop signalling to producers that destroying natural capital is free of charge. Time to stop contradictory messages to consumers, who still routinely pay more for food with a low environmental impact, instead of the reverse.

#### Soren Kierkegaard



## There are two ways to be fooled ...

One is to believe what isn't true.

The other is to refuse to believe what is true.

Importance of your role: creating the critical mass of science, which can hardly be disregarded by politicians and policy makers

#### Johann Wolfgang Goethe

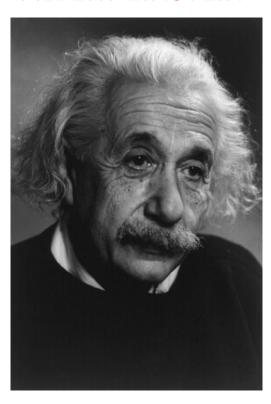


Knowing is not enough; we must apply. Willing is not enough; we must do.

imdb.com

## Will it be easy?

#### ALBERT EINSTEIN



When asked why it is that mankind has stretched so far as to discover the structure of the atom, but we have not been able to devise the political means to keep the atom from destroying us he replied:

"That is simple, my friend. It is because politics is more difficult than physics"

## There has never been a better moment ...

... to move from the history of "resource-driven imperialism" to an era of responsible use of natural resources, mitigating resource fragility and strengthening preparedness and resilience. The lesson learned from terrible war in Ukraine and extreme summer and weather events should be convincing enough.

## For **The Future We Want** we must enter the untapped territories of the needed deep system transformation

If we want to avoid extinction of elephants in nature, we must extinct elephants in the rooms



Source: Hop distance - The elephant in the room ...blogs.bmj.com

### Circularity is not a new concept ...



It is the oldest concept on the planet Earth.

Nature is a "bio-economy" based on the principles of the circularity. Nothing is lost and everything has its purpose.

So, for the beginning we would need to answer only one question:

Do we agree that we humans are part of the nature too?

## To answer this question, we probably do not need the help of the most famous Belgium detective, but his advice is always useful

#### HERCULE POIROT



When asked why he is speaking about himself always in a third person he replied something like that:

If one is such a genius like me, it is very important to establish a healthy distance to himself.



## THANK YOU

for helping us delivering the future we want!