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Knowledge Economy Network, Brussels
in cooperation with KEN Partners:



Research and Development Center
VLATACOM



Weekly Brief No. 4 – 7 February 2020
ISSN 2593-0257

World Economic Forum 2020

“Stakeholders for a Cohesive and Sustainable World”

The Davos annual global gathering of most influential political and business leaders (2,782 delegates from 117 countries - 91 governments represented, 53 heads of state or government) has become the most prestigious occasion to discuss key challenges in international business and geopolitics. While some criticize it for being an occasion for the powerful to debate how to prevent changes which could undermine their own (vested) interests, it seems to gradually evolve into the Forum which looks for solutions which should serve sustainability and support more socio-economic cohesion.

The Forum could not have chosen a more suitable theme at a point when the world is increasingly facing a major environmental crisis, with unforeseeable consequences for us, and even more for the next generations. It actually turned out to be an alternative climate change summit.

It is precisely because undeniable facts about environmental degradation and global warming cannot be hidden or rejected any more (Australia burning, biodiversity dangerously decimated, harmfully manipulated food offered to unaware consumers, not to speak of the problems of air pollution and dangerously low drinking water quality), that WEF has offered the platform to those who care primarily about their own power and wealth, but also to those who care about and work for our common future.

The 2020 Forum has identified the basis of the problem: since shareholders care primarily about their current profits and dividends, the stakeholders are now being addressed, as they are concerned about quality of life and the long-term opportunities for our children and their descendents – whose legitimate rights for prosperous and healthy future on our beautiful planet Earth nobody has the right to deny or endanger.

Another positive sign from Davos: big corporations with farsighted leadership have understood that operating sustainably is not only socially responsible and ethical, but can actually be rewarded at the market. But governments have to create conditions in

which this motivation mechanism will function effectively in line with clear public interest!

Davos has sent a clear message to this effect to governments and businesses around the globe, and it has made an important contribution!

A new step for WEF

For the first time ever, the top five risks reported in the World Economic Forum **Global Risks Report** related to the environment (check also Graph 2 in Annex). [PwC's Annual Global CEO Survey](#) revealed a record level of pessimism, largely caused by uncertainty (driven by various factors including climate change) – but also found that CEOs today are far more likely to see the benefits of going 'green' compared to 10 years ago. US president Donald Trump dismissed climate activists as “prophets of doom”, but the Bank of England governor Mark Carney and former US vice-president Al Gore disagreed. And meat and fish were off the menu in the main Congress Centre for the first time, Thomson Reuters reported.

Most people, with even the loosest familiarity with the science of climate change, know that it poses a long-term risk that could lead to drowned coastlines and charred cities. Yet, for years it remained a secondary issue for corporations concerned with short-term earnings and government officials who didn't view it as a kitchen table issue.

As the effects of climate change are increasing around the world, so is talk about solutions — from businesses, governments, non-profits, individuals (especially young ones), scientists and others. While there are many advocates for change, most experts would say progress needs to be much faster to avert global disaster. At last, climate change was at the top of the agenda in Davos. Talks took place in open panel discussions, hallways and private meeting rooms. Businesses and global leaders like Jane Goodall and Prince Charles made some commitments. What's changed is the **growing immediacy**: climate change has become a clear and present crisis. Australia is on fire. Heatwaves struck much of the world last year, including Western Europe. And, in the last five years, the **cost of climate-related disasters in the U.S. topped \$525 billion**, close to a third of the cost of natural disasters since 1980. Meanwhile, climate activists have forced corporate leaders to at least say they're listening.

While the International Monetary Fund announced that climate change “already endangers health and economic outcomes”, and companies made new commitments to protect nature and biodiversity, acknowledging nature's centrality to their supply chains – including a group of investors – called the [Net-Zero-Asset Owner Alliance](#), committed to having a zero-emissions portfolio by 2050 grew to more than \$4 trillion in assets.

Similarly, the [Climate Disclosure Project](#) unveiled its '**A-list**' of **179 companies** leading on environmental transparency and performance. Among them: **Microsoft** (which recently announced it would become carbon-negative by 2030, and remove all carbon it has ever emitted by 2050) and **Nestle** (which has just promised to invest CHF 2bn in sustainable packaging).

Yet, not enough is being done fast enough, as global CO2 emissions have not been reduced. In fact, global temperatures have already warmed for 1° C since the industrial revolution and are on track to rise to 3°C even if governments follow through on their current commitments, blowing past the Paris Agreement's target of keeping temperature rise well below 2°C.

And, while investors and corporations wield enormous power, there is widespread agreement among experts that actually tackling climate change – to the extent that it can be tackled – will require governments to step up in a major way.

Better Capitalism

It's fitting, then, that the official theme of this year's Davos gathering was "better capitalism." Around the halls, political leaders and business honchos talked about the need to rethink our political and economic system, in large part to address climate change and its byproducts. They chatted about the challenge of growing inequality, and many shook their heads at President Trump's speech cheering economic growth and dismissing climate change. The question is, when push comes to shove, will all the talk about changing the system amount to anything more than words?

Rather fittingly, a [Greenpeace International report](#), released during Davos, showed that **24 banks** that attended Davos this year **financed the fossil fuel industry to the tune of \$1.4 trillion** between the adoption of the Paris Agreement and 2018. It sounds like a conspiracy!

Governments have their own challenges too. Some, like the US, aren't responding at all. Others, like the EU, have done a lot already, picking the low-hanging fruit, making further reductions more challenging. Meanwhile, developing countries still need to figure out how to continue to grow their economies while limiting the increase of their emissions.

Focus on stakeholders and less on shareholders

With a new World Economic Forum manifesto putting forward '**stakeholder capitalism**', the scene was set for a slightly different tone this year: it also popped up in the title or description of 13 sessions in the forum's main programme. **Colin Mayer**, the academic lead on the Future of the **Corporation project**, was invited to speak alongside fellow Oxford professor **Paul Collier** – and Mayer's book [Prosperity: Better Business Makes the Greater Good](#) was namechecked by Microsoft boss **Satya Nadella**, who praised it for "a very good definition of the social purpose of a firm".

Calling out elitist billionaires and sexist economies

In a recent interview feature with [The New York Times](#), WEF founder Klaus Schwab defended the apparent paradox of inviting the world's rich and powerful to discuss changing the world: "Elites have always existed. We bring together people of influence, and we hope that they use their influence in a positive way." But Davos wouldn't be Davos without a stark reminder that many of those flying in for the week are far removed from the realities of global poverty.

Oxfam released a report showing that the **world's 2,153 billionaires** have more wealth than **or 4.6 billion people** (60% of the entire population). The report also highlighted how our "sexist economies are fuelling the inequality crisis by enabling a wealthy elite to accumulate vast fortunes at the expense of ordinary people and particularly poor women and girls". Meanwhile, the UN's [UNDESA World Social Report](#), exploring the impact of four 'megatrends' on inequality, pointed out that countries where inequality has grown are home to more than two-thirds of the world's population.

Corporate inclusion of disability made strides

Last year's WEF gathering saw six global firms – Unilever, Microsoft, Barclays, Fujitsu, Cinopolis, and Accenture – sign up to **The Valuable 500**, an initiative aiming to get 500 global businesses to commit to putting disability on their board agendas in 2019. This year, attendees heard that more than 240 companies in 24 countries with a combined workforce of more than 9.8m had signed up. Organisers hope to announce the final 500 leaders at the United Nations General Assembly this year.

Greta Thunberg takes the stage

Ms. Thunberg once again took to stage to admonish **world leaders for doing "basically nothing"** to reduce carbon emissions despite evidence of a looming climate catastrophe. She also explained she has spent a year trying to publicize the findings of a 2018 Intergovernmental Panel on Climate Change report that shows countries can only release another 420 gigatons of carbon dioxide in order to have the best chance at keeping the rise in global temperatures to under 1.5 degrees. At current levels, that amount will be emitted within roughly eight and a half years. She repeated her call for all companies, banks, institutions and governments to abandon the fossil fuel economy. "Immediately end all fossil fuel subsidies and immediately and completely divest from fossil fuels. We don't want these things done by 2050, or 2030 or even 2021 — we want this done now," she insisted.

Meanwhile, US President Trump announced that his country would be joining an initiative to restoring a trillion trees by 2050, but said that "to embrace the possibilities of tomorrow, we must reject the perennial prophets of doom and their predictions of the apocalypse."

Speaking again shortly after Trump, Thunberg said "planting trees is good" but nowhere near enough. "Let's be clear: we don't need a low carbon economy; we don't need to lower emissions. Our emissions have to stop if we are to have a chance to stay below the 1.5 degree target". (...) "Our house is still on fire. Your inaction is fueling the flames by the hour," Thunberg added. "We are still telling you to panic, and to act as if you loved your children above all else."

Greta wasn't the only youngster invited to the Swiss resort. For the first time this year, a group of **'teenage change-makers'** – Greta plus nine others from around the world – were invited to take part in sessions of the official programme. The youngest delegate of them all was 13-year-old Naomi Wadler, an activist on gun violence and discrimination against African American girls, who organised a school walkout at the age of 11 following the shooting in Parkland.

Financing the impact economy

Lots of organisations used the occasion to announce or launch headline-grabbing initiatives or funding. Among them, **Mastercard Center for Inclusive Growth** and **The Rockefeller Foundation** announced data.org, a partnership platform that aims to build the field of data science for social impact (part of the overall \$50m commitment the organisations made this time last year). This year's announcement includes a new \$10m impact challenge to crowdsource data science solutions for non-profit, civic and government organisations.

[Johnson & Johnson](https://www.jnj.com) committed \$250m to supporting frontline health workers, reaching 100 million people by 2030. The company's new **Center for Health Worker Innovation** will boost efforts to respond to human resource crises in global health.

[IDH the Sustainable Trade Initiative](#), with **Unilever**, Jacobs DE, Mondelez and **Rabobank**, has created the world's biggest ever impact fund for smallholder farmers. Starting at €100m, the IDH Farmfit Fund is expected to catalyse up to €1bn of commercial investments into smallholder farmers in developing countries.

Closing remarks

Particularly over the last few years the WEF has evolved into a major global force reflecting the awakening consciousness of humanity without which the future of our planet is very bleak. It is encouraging that the recent Davos gathering has made climate change the central topic and opened so many aspects of sustainable development as the only way of saving our planet, and improving our civilization. One could not agree more with the Forum's decision to focus at the several fundamental and systemic issues like socio-economic cohesion and addressing stakeholders instead of primarily power and asset holders. Their power and accompanying responsibility is of course enormous, but such are also very often their vested interests and desire to keep their advantages and privileges.

A survey among WEF 2020 participants has shown that "Climate Action Failure" is considered as the greatest longterm risk.

The crucial message of the Forum seems to be that we are all **responsible not just for what we do, but equally for what we are failing to do** (with whichever excuse – be it lack of influence, confidence, knowledge or determination). Nobody is so unimportant not to undertake something to contribute to needed changes, both by one's practical, socially responsible conduct, as well as by supporting requests for changes of the presently imperfect society and economy.

The Forum has not only declared **an open and cohesive approach**, but confirmed its sincerity by invited the young environment activists, including the unique Greta Thurnberg, as well as making sure that a **solid gender balance** was achieved.

And finally, it is very commendable that various big companies are encouraged to announce their sustainable and environment-friendly commitments – which is in itself a very encouraging sign. Let us hope that government leaders have also been motivated to do more and quickly!

In **KEN** we are very happy to see these developments, and we are further encouraged to continue preparing our initiative for the **Global Survival Network of Networks (GSNN)**.

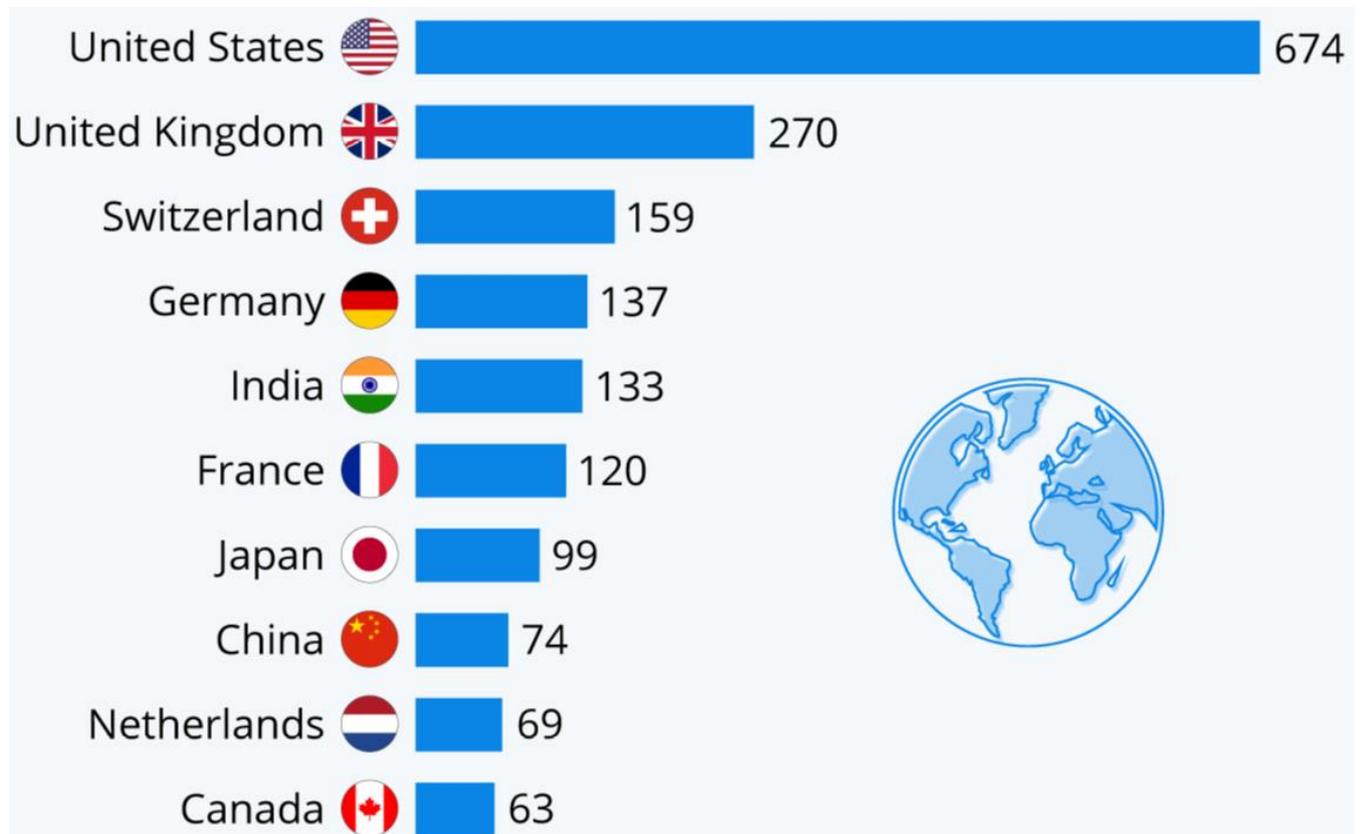
Prepared by the KEN Secretariat: Prof. Dr. Boris Cizelj and Bostjan Sinkovec

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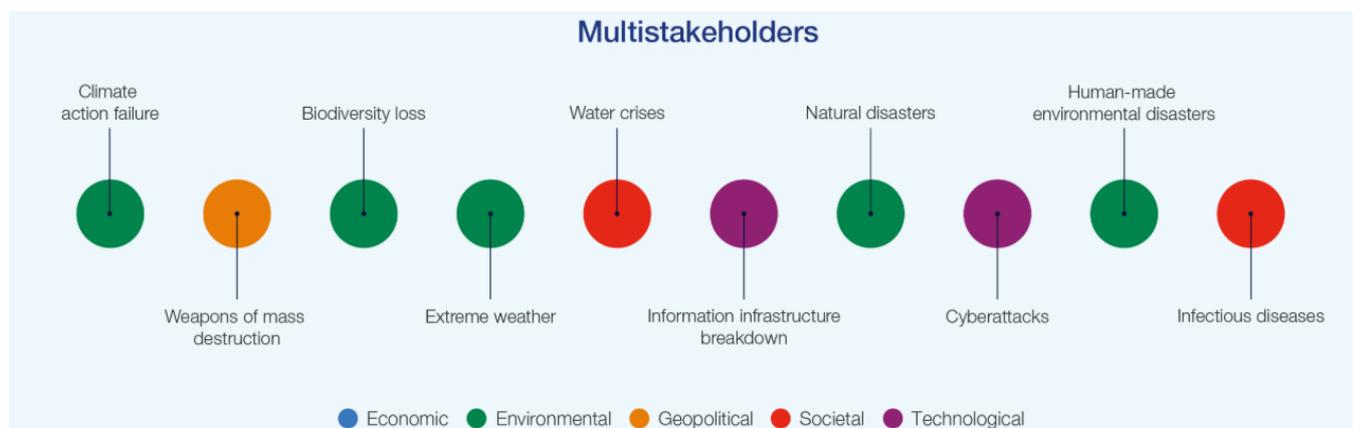
ANNEX

Graph No. 1: Countries with the most attendees at the World Economic Forum 2020



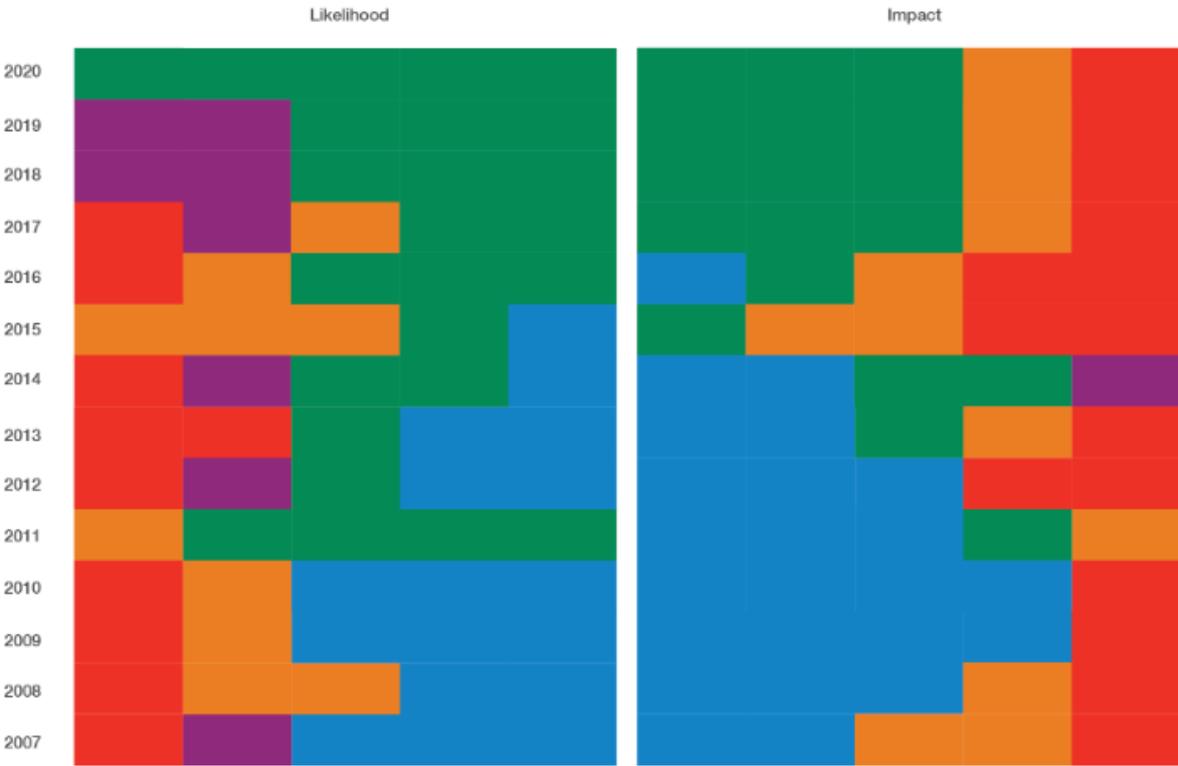
Source: [Statista](#)

Graph No. 2: WEF Attendees Survey: Top 10 Long-Term Risk Outlook



Source: [World Economic Forum](#)

Graph No. 3: From economic to environmental; climate now tops the risk agenda, while the economy disappears from the top five



Economic

- Asset bubble
- Critical infrastructure failure
- Deflation
- Energy price shock
- Financial failure
- Fiscal crises
- Illicit trade
- Unemployment
- Unmanageable inflation

Environmental

- Biodiversity loss
- Climate action failure
- Extreme weather
- Human-made environmental disaster
- Natural disasters

Geopolitical

- Global governance failure
- Interstate conflict
- National governance failure
- State collapse
- Terrorist attacks
- Weapons of mass destruction

Societal

- Failure of urban planning
- Food crises
- Infectious diseases
- Involuntary migration
- Social instability
- Water crises

Technological

- Adverse technological advances
- Cyberattacks
- Data fraud or theft
- Information infrastructure breakdown

Source: [World Economic Forum](http://www.weforum.org)