A Tale of Three Trajectories

Economic Futures for Biodiversity and Equity

DAISY

LET'S TURN ON TRANSFORMATION

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Background

How we organise our economy shapes the future of biodiversity, climate and society. Yet economic growth remains the dominant policy objective, despite growing evidence that it is failing to halt biodiversity loss or reduce inequalities.

To better understand alternative futures, DAISY reviewed around **100 scientific publications** examining three economic trajectories – **Business as Usual, Green Growth and Transformation** – and assessed their implications for biodiversity, equity, decoupling* and the economic tools that support them.

** The process of separating economic growth from environmental degradation (breaking the positive correlation between GDP and energy use, greenhouse gas emissions, biodiversity loss, or material use).*

Three trajectories - three futures

Business as Usual

Business as Usual builds on today's dominant economic model, prioritising continuous GDP growth while failing to address the underlying drivers of biodiversity loss and social inequality.

Typical characteristics

- Economic growth remains the primary objective
- Nature is treated mainly as a resource, while equity is often disregarded
- Environmental and social impacts addressed reactively

Likely outcomes

✗ Continued biodiversity loss
✗ Increasing pressure on natural resources
✗ Persistent social inequalities

Green Growth

Green Growth seeks to reconcile economic growth with environmental protection through technological innovation, efficiency improvements and circular economy approaches.

Typical characteristics

- Technology and innovation
- Eco-efficiency and efforts toward decoupling
- Circular economy approaches

Likely outcomes

✓ Better biodiversity and equity outcomes than Business as Usual

✓ Reduced emissions and pollution

✗ However, evidence for large-scale and long-term decoupling of economic growth from environmental pressures remains limited

Transformation

Transformation seeks to redesign economic systems so that they operate within planetary boundaries while promoting social justice and human wellbeing. Rather than prioritising continuous economic growth and relying on incremental efficiency improvements, it addresses the underlying drivers of biodiversity loss and inequality.

Typical characteristics

- Wellbeing within planetary boundaries
- Nature and social equity as foundations of prosperity
- Systemic economic and societal change

Likely outcomes

- ✓ Strongest potential for biodiversity recovery and equity outcomes
- ✓ Reduced resource use, emissions and pollution
- ✓ Greater societal and natural resilience

Impacts on biodiversity and equity

The literature review identified a clear pattern:

- Business as Usual consistently performs worst for both biodiversity and equity.
- Green Growth represents an important improvement, but current evidence provides only limited support for achieving sufficient decoupling between economic growth and environmental pressures.
- Transformation offers the strongest potential to simultaneously protect biodiversity, reduce inequalities and improve human wellbeing by addressing the structural drivers of environmental degradation rather than simply making existing systems more efficient. However, evidence on how to operationalise and scale transformative approaches remains limited.

The review also found that all three trajectories use similar economic instruments – including taxes, subsidies and regulations – but transformative approaches place much greater emphasis on participatory governance, wellbeing indicators and innovative economic models.

Toolbox of economic instruments

DAISY identified a broad toolbox of economic instruments and mechanisms that can support biodiversity-positive and equitable transformation, including:

- **Taxes** that discourage environmentally harmful activities
- **Subsidies and fiscal transfers** that reward restoration and sustainable practices
- **Regulations** that protect ecosystems and limit resource use
- **Wellbeing and sustainability** indicators that move beyond GDP as the sole measure of progress
- **Participatory governance** that gives citizens and stakeholders a stronger role in economic decision-making
- **Environmental stewardship schemes** that incentivise long-term nature conservation
- **Technology and innovation** that improve resource efficiency and enable new solutions

The review shows that these tools are not exclusive to any one economic trajectory. Rather, **what distinguishes transformative approaches is how these tools are combined and what they are designed to achieve.** Instead of maximising economic growth, transformation uses economic instruments to prioritise biodiversity, social equity and long-term wellbeing.

By mapping economic trajectories and the tools that support them, DAISY provides an evidence base for designing innovation mixes capable of delivering genuinely transformative change for biodiversity and equity.

Read more about the research **here*** and **contact us** if you have further queries.

* https://mydaisy.eu/report-d1.1/