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Making the Green Transition Work for People and the Economy

In collaboration with
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INSIGHT REPORT
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The World Economic Forum (WEF), in collaboration with McKinsey & Company, has released the insight report “Making the Green Transition Work for People and the Economy” to coincide with COP30 in Belém, Brazil. This report builds on last year’s “Accelerating for an Equitable Transition”, and provides comprehensive data on the socioeconomic challenges and opportunities facing business leaders during the transition to a green economy.

The launch of this report in Egypt comes in collaboration with the Egyptian Center for Economic Studies (ECES), the sole research partner of the WEF in Egypt.

[LINK](#)

“Making the Green transition Work for People and the Economy” builds on responses from over 10,000 businesses across 127 countries to assess global capacity for decarbonization and the transition towards a green economy. It examines both the challenges countries face in this transition and the associated risks. The analysis is structured around seven key green transition dimensions:

1. Transitioning away from fossil fuels
2. Scaling up low-carbon energy sources
3. Greening transport and mobility
4. Greening agriculture and food production
5. Greening heavy industry
6. Greening infrastructure and built environment
7. Moving to a circular economy

Progress across these dimensions is accompanied by the following risks:

1. **Worker displacement** (Risk of job losses or disruption to employment due to the transition)
2. **Unaffordability of goods and services** (Risk that green transition makes essential goods/services too expensive for consumers)
3. **Limited accessibility to goods and services** (Risk that some groups cannot access key goods/services as a result of the transition)
4. **Lack of financing to companies for green transition** (Risk that businesses, especially smaller ones, cannot access the capital needed to invest in green solutions)
5. **Lack of know-how and green technologies to companies** (Risk that companies do not have the necessary knowledge or access to green technologies)
6. **Limited access to critical minerals** (Risk that companies or countries cannot obtain the raw materials needed for green technologies)

There are also various challenges that businesses face when transitioning to a green economy which include:

1. Higher cost of energy and key commodities
2. Regulatory uncertainty and compliance burden
3. Slow return on investment
4. Limited investment capacity and access to finance
5. Organizational culture and resistance to change
6. Lack of reliable supply chains for sustainable products
7. Affordability and demand for green products among consumers
8. Limited access to green technologies
9. Limited access to critical raw materials
10. Limited access to green skills

This section outlines the report's key findings on the global transition toward a green economy, followed by an analysis of Egypt's progress in this area.

I. Key Developments in the Green Transition at the Global and Regional Levels

- The respondents cited transitioning away from fossil fuels and finding low-carbon energy sources as the most significant barriers to implementing the seven green transition dimensions. Table (1) below highlights the challenges facing progress in each dimension.

Table 1. Main Barriers to the Green Transition

Dimension	Major challenges
Transitioning away from fossil fuels	• Higher cost of energy and key commodities • Slow return on investment • Limited investment capacity and access to finance

Scaling up low-carbon energy sources	• Regulatory uncertainty and compliance burden • Lack of reliable supply chains for sustainable products • Affordability and demand for green products among consumers
Greening transport and mobility	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden • Slow return on investment • Limited investment capacity and access to finance
Greening agriculture and food production	• Higher cost of energy and key commodities • Limited investment capacity and access to finance
Greening heavy industry	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden • Slow return on investment • Limited investment capacity and access to finance
Greening infrastructure and built environment	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden • Slow return on investment • Limited investment capacity and access to finance
Moving to a circular economy	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden • Slow return on investment

Source: WEF, *Making the Green Transition Work for People and the Economy*.

- Businesses cited higher cost of energy and key commodities, and regulatory uncertainty and compliance burden as the most significant challenges they face in transitioning to a green economy. The top four challenges most frequently cited by businesses are:
 - Higher cost of energy and key commodities (37% of respondents)
 - Regulatory uncertainty and compliance burden (36% of respondents)
 - Slow return on investment (32% of respondents)
 - Limited investment capacity and access to finance (32% of respondents)
- The green transition could contribute to a new technology and access to capital divides, as well as increased pressure on access to goods and services. The following four risks ranked as the most prominent risks associated with the green transition, according to the survey results:
 - Unequal access to capital (80% of respondents)
 - Unequal access to technology and know-how (71% of respondents)
 - Decreases in access to goods and services (66% of respondents)
 - Increased cost of living (51% of respondents)
- The green transition is expected to create 12 million jobs, but to displace 2.4 million jobs, resulting in a net creation of 9.6 million jobs.
- The report classifies countries into archetypes according to the green transition model they follow, taking into account each country's characteristics and the challenges it faces in shifting to a green economy (Table 2).

Table 2. Transition Country Archetypes, and the Challenges and Risks They Face

Archetype	Number of countries	Example countries	Description	Challenges faced	Risks face by transition
Emerging green adaptors	21	Turkey Greece Poland Ukraine	Upper-middle and high-income economies with legacy industrial sectors and strong talent bases	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden	• Lack of financing to companies for green transition • Limited accessibility to goods and services
Growth economies	33	Egypt South Africa India Morocco Brazil	Middle- and upper-middle-income countries with rapid industrialization and large youth workforce	• Regulatory uncertainty and compliance burden • Slow return on investment	• Lack of financing to companies for green transition • Lack of know-how and green technologies

					to companies
Fossil fuel exporters	12	Saudi Arabia Kuwait UAE Azerbaijan	Economies significantly reliant on fossil fuel production and export	• Slow return on investment • Higher cost of energy and key commodities	• Lack of financing to companies for green transition • Lack of know-how and green technologies to companies
Green developers	5	China United States Germany Japan South Korea	Industrialized economies with diversified production and deep industrial value chains. A small but exclusive number of countries	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden	• Lack of financing to companies for green transition • Lack of know-how and green technologies to companies
Frontier economies	33	Pakistan Bangladesh Nigeria	Low- and lower-middle-income countries, high reliance	• Higher cost of energy and key	• Lack of financing to companies for green transition

		Ethiopia	on agriculture, low emissions per capita	commodities • Limited investment and access to finance	• Lack of know-how and green technologies to companies
Inclusive Green adopters	23	United Kingdom France Spain Canada	Advanced, high-income economies with strong service sectors and declining emissions intensity	• Higher cost of energy and key commodities • Regulatory uncertainty and compliance burden	• Lack of financing to companies for green transition • Lack of know-how and green technologies to companies

Source: WEF, *Making the Green Transition Work for People and the Economy*.

Overall, and regardless of each country's archetype, it is clear that all countries face challenges related to energy costs, regulatory uncertainty, and Lack of know-how and green technologies.

II. Key Developments in the Green Transition in Egypt

- The report classified Egypt as a growth economy, in the same category as India, South Africa, Morocco and Brazil. These economies all have a growing industrial base and a large youth population, and are expanding their green and hydrocarbon energy sources to meet their growing economy.

- Like all growth economies, Egypt faces the barrier of a higher cost of financing green investments.
- Unique to Egypt is the challenge it faces of higher energy and key commodity costs, which makes implementing green projects more expensive.
- Like all economies in the world, Egypt faces the following risks in transitioning to a green economy.
 - Lack of capital financing for green investments
 - Lack of know-how for green investments
- Like all growth economies, Egypt faces the following risks in transitioning to a green economy
 - Goods and services will become unaffordable to most consumers
 - Most companies will not have access to critical raw materials for green investments
- Unique to Egypt and a few other countries is the risk of goods and services not being available in the market during this transition
- **The following are key policy recommendations for Egypt, based on the above challenges and risks:**
 - **Expand Social Protection:** Strengthen social safety nets to protect vulnerable groups and workers affected by the transition.
 - **Invest in Human Capital:** Prioritize education, training, and reskilling programs to build a workforce equipped for green jobs, especially in sectors like agriculture and energy.
 - **Facilitate Access to Finance:** Develop mechanisms to improve access to climate finance for businesses.
- Finally, the report shows that while Egypt faces many challenges and risks in transitioning to a green economy, these challenges are not unique to growth economies and, are faced by all economies. This makes learning from the experience of other countries more relevant.

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