Sustainable Development Goal 12: Building resilient value chains post Covid-19

Invest in resource-efficient, inclusive, safe, and resilient value chains

The emergence of zoonotic diseases such as Covid-19 are closely related to the health of ecosystems, which underpin human health and well-being[1]. Shifting to sustainable consumption and production (Sustainable Development Goal 12) addresses the key drivers of ecosystem disruption, biodiversity loss, resource depletion, and climate change[2]. The need for this shift is also reflected in other targets in the 2030 Agenda, relating to key economic sectors delivering goods and services vital for human welfare. In designing their stimulus packages associated with the pandemic, governments and investors should avoid providing a stimulus based on business as usual. These packages should be designed to sustain the natural resource base and ecosystems which underpin our global economy while ensuring the protection of vulnerable populations; safe, nutritious food at affordable prices; the creation of green jobs; and a just transition for all.

While the negative impacts of Covid-19 on jobs, poverty, food security and nutrition and gender equality[3] must be alleviated, these impacts will be exacerbated in the long term if we do not address climate change, biodiversity loss and other challenges set out in the 2030 Agenda. This requires implementing policies, business practices, and re-directing investment flows to shift to sustainable consumption and production patterns. However, solutions also need to support small and medium-sized enterprises (SMEs), especially in developing countries where SMEs are the backbone of the economy. Covid-19 is having a disproportionate effect on SMEs and many have had to make urgent changes to their practices. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs[4]. It is challenging for SMEs to manage the supply chain shocks, rapid change, and market uncertainty. Furthermore, micro-enterprises and the informal economy are the most affected[5]. Many small companies in developing countries are informal with staff unable to access public health schemes[6]. At the same time, the livelihoods of many of the poorest are closely linked to natural resources, especially in the informal sector.

Businesses need to cooperate with the communities and governments where they operate, to combat the repercussions and build more sustainable and resilient operations[7].This can be done quickly by combining circular economy actions with the financial and physical changes that will be introduced as a result of the crisis, including a strong social dimension. Incentives could include tax shifts and other price mechanisms. Recovery packages should be conditional on sustainability criteria, in support of industries working to address major sustainability challenges and encourage digitalization. As a large amount of public funds will be spent, sustainable public procurement (SPP) is essential for this.

Investing in Sustainable Development Goal 12 (SDG 12), which supports the shift to sustainable, resource-efficient, inclusive, and resilient value chains, is the key to achieving a long-term and just recovery. The One Planet network is the designated implementation mechanism for SDG 12, through its 650+ partners offering technical expertise in six programmes (food systems, buildings and construction, tourism, public procurement, lifestyles and consumer information). It also counts 140 national focal points anchoring sustainable consumption and production (SCP) in policy frameworks.

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[1] UNEP FRONTIERS 2016 Emerging Issues of Environmental Concern

[2] UNEP 2019: Global Environment Outlook (GEO-6)

[3] The pandemic-induced crisis also has gender-differentiated economic impacts, reducing women's economic opportunities. Crises have a disproportionately negative economic impact on women, who make up the majority of part-time and informal workers, generally with lower pay. UNDP April 2020. The Social and Economic Impact of COVID 19 in the Asia Pacific.

[4] World Bank: Small and Medium Enterprises (SMEs) Finance www.worldbank.org*/en/topic/smefinance*

[5] UNDP April 2020. The Social and Economic Impact of COVID-19 in the Asia Pacific Region.

[6] FAO 2020 Policy Brief Impact of COVID-19 on informal workers http://www.fao.org/documents/card/en/c/ca8560en

[7] FAO 2020 Policy brief on adjusting business models during COVID-19

Conversely, stimulus packages that invest in polluting, resource, and carbon-intensive enterprises may save jobs in the short-term but will not contribute to the longer-term survival of many increasingly stranded assets. These industries are increasingly exposed to economic pressure related to their resource use, climate change, and wider environmental impacts which imply that they either need to radically change or end their operations.

Resource efficiency measures and policies for SCP increase the resilience of value chains while generating socio-economic benefits. More circular, innovative, and resource-efficient value chains will enhance economic resilience and reduce the depletion of natural resources, and pollution, including GHG emissions[8]. Moreover, resource efficiency and circular economy can create jobs and deliver better socio-economic and environmental outcomes compared to business as usual over the long term[9]. Applying resource efficiency and circularity to the design, sourcing, production and use of products helps prevent the type of impacts that led to Covid-19 and build resilience against future systemic shocks.[10] These objectives are achieved by:

- Enhancing collaboration between key stakeholders along value chains, sharing knowledge and closing production loops for more job creation and resilience in times of crisis;
- Reducing operational costs along the value chain through materials and resources saved while also guarding against resource scarcity and external price shocks;
- Shortening supply chains and creating more local jobs in them;
- Reducing the risk of financial liabilities associated with pollution and resource depletion;
- Better health of workers and local communities with reduced pollution from production;
- Promoting innovation for efficiency and sustainability in domestic markets.

Even quick-win measures can generate substantial pay-back with materials or components retaining value after the end of use, or products whose durability and lifetime can be enhanced. The benefits of such measures can encourage organizations to scale up their efforts in embedding circularity throughout their processes[11]. This is possible even in the short term by "enhanced house-keeping measures" which address habitually overlooked material and input wastage and associated pollution. The return on investment can be substantial, quick, and can also have an economic multiplier effect.

Investment in resource efficiency in key sectors can create more decent jobs per dollar invested in stimulus packages to rebuild the economy. For example:

- **Food:** Shifting to Sustainable Food Systems of which resource efficiency is a core element will help restore forests, freshwater resources, and vital ecosystems. It would create a new economic value of more than US$2 trillion by 2030 and millions of jobs, mainly in developing countries[12], while also enhancing the resilience of food value chains for vulnerable people. Covid-19 has demonstrated the need to increase the sustainability and resilience of food systems. Small enterprises in the agri-food sector and food services sector face declines in market outlets and are struggling to maintain short-term cash flow and liquidity to remain in business. The consequences of disruptions to international food value chains have created problems for large domestic companies, with implications for smaller value chain actors downstream. Customizing investment and policy responses to drive sustainability will be an important enabler for shaping the future of food systems[13]. The One Planet Sustainable Food

[8] Concentrating on five key areas (cement, plastics, steel, aluminium, and food), adopting circular economy strategies such as designing out waste, keeping materials in use, and regenerating farmland can reduce GHG emissions by 9.3 billion tonnes globally. Completing the picture how the Circular Economy Tackles Climate Change, Ellen Macarthur Foundation 2019
[9] International Resource Panel 2017: Assessing Global Resource Use. *For example, employment in the EU was estimated to increase by around 1 per cent per year (around 2 million net extra jobs) by 2030 (BioIS et al .,2014)*
[10] Global European Union response to COVID-19. European Commission Communication, April 2020
[11] UNEP 2018 Building Circularity into our Economies through Sustainable Procurement
[12] Business and Sustainable Development Commission 2017
[13] FAO 2020 Responding to the impact of COVID-19 on logistics in Food Value Chains (link here)

Systems Programme is supporting the transition to resilient and sustainable food systems through tools and solutions that can make a meaningful contribution to the recovery. With regards to protecting livelihoods and jobs, this includes to guidance to support intermediaries innovating in local food value chains.

- **Buildings:** With some international supply chains severely disrupted, the impacts of Covid-19 provide an opportunity for investing in sustainable, resource efficient buildings and reinforcing local supply chains. Resource efficiency savings can be made both for new and existing buildings employing commercially available technologies. This can reduce operational costs of homes while reducing fuel and water poverty. Improved insulation and more efficient water management can also improve hygiene conditions. Furthermore, the use of local and sustainably sourced materials facilitates maintenance and replacement. Finally, investing in sustainable buildings has the co-benefit of creating jobs, especially at the local level. It has been estimated that, for every US$1 million invested in building energy efficiency retrofits, 10–14 direct jobs and 3–4 indirect jobs would be created[14.] The One Planet Sustainable Buildings and Construction Programme is helping to build resilient value chains in this sector through tools and solutions for responsible sourcing of materials and on circular, affordable and resilient built infrastructure.

- **Tourism:** This sector employs 10% of total global employment and is one which relies on the quality of the environment in which it operates[15]. This is one of the sectors most affected by the pandemic. Current scenarios point to declines of up to 78% in international travel arrivals for 2020 with 100-120 million direct jobs impacted. This is compounded by the threat of discontinued conservation of biodiversity efforts sustained by the tourism industry revenues. Adopting resource efficiency measures in businesses and organisations operating in tourist destinations enhances their resilience and competitiveness while also safeguarding biodiversity and the environment. The One Planet Sustainable Tourism Programme is working with governments and other organizations to support them in building the resilience of tourism activities in the future. For example, through integration of sustainable food value chains in recovery plans of tourism destinations and businesses and promotion of a circular economy approach to enhance the sustainability and profitability of responsible tourism.

- **Energy:** Analysis shows that for fossil fuel investments, 5.3 jobs are generated per $1 million, while three times this, 16.7 jobs per $1 million are generated for clean energy investments (energy efficiency and renewable energy). Clean energy jobs are generally of higher quality and better paid relative to fossil fuel employment[16]**.** There is a need for governments to move funds away from subsidising energy and carbon intensive production and consumption, and towards incentivizing clean, circular and nature-regenerative forms of economic activity.[17]

There are increasing market opportunities for sustainable goods and services. The market for innovative, sustainable products, including for food, is growing, with increased demand from private consumers[18]. Digitalisation and technology help market access for such products as well as access to sustainability information. Furthermore, government procurers and multinational companies are sourcing for cost savings, risk reduction, brand protection, and more collaborative partnerships that enable market opportunities. Public procurement accounts for up to 30% of GDP in many developing countries, and an increasing number of them are adopting policies for sustainable public procurement.

[14] UNEP, 2011c; 2012a.
[15] UNWTO 2019 Baseline Report on the Integration of Sustainable Consumption and Production into Tourism Policies
[16] AltEnergyStocks
[17] UNDP April 2020. COVID 19 Nature Offer.
[18] International Trade Centre 2019 The European Union market for sustainable products

These policies are building new markets and shaping private sector development, including for SMEs. The One Planet Sustainable Public Procurement Programme is working with a sector-based approach with tools to support governments in the implementation of Sustainable Public Procurement. Furthermore, the Consumer Information and Sustainable Lifestyles programmes are providing tools that support consumer decision-making for more sustainable purchasing choices.

Sustainable Development Goal (SDG) 12 along with other SDG targets, provides a roadmap for establishing sustainable and resilient value chains. Policies for SCP create the enabling conditions for sustainable and resilient value chains. Since 2017, over 80 countries have reported the establishment of action plans and policies for SCP, including the European Union. Many governments have requested strengthened cooperation, experience sharing, and technical assistance for the implementation of these policies. Some, such as the Government of Indonesia, are using the momentum of Covid-19 to launch a broad national guideline to advance practical actions for sustainable consumption and production by government, business, and citizens. The One Planet network adds value by providing innovative tools solutions that can be replicated to achieve scale. The Multi-Partner Trust Fund for Sustainable Development Goal 12, established by FAO, UNDP, UNEP, UN-Habitat, UNOPS and UNWTO, offers a pooled fund for cohesive action for the shift to sustainable consumption and production.

Sustainable Development Goals and Targets supported by the One Planet network

Target	Activities from the One Network supporting implementation
12.1	Supporting governments in the development and implementation of policies and National Action Plans for Sustainable Consumption and Production Applying the SCP Hotspot Analysis Tool for prioritization of SCP and climate policies.
12.2 **8.4**	Tools and solutions for "decoupling", prioritizing the resource intensive sectors of agri-food, buildings and construction (70% of world's material footprint) Strengthening science-based policies for resource efficiency and SCP
12.3	Addressing food loss and waste to build resilience across the food systems value chain
12.5 **11.6**	Tools for waste prevention and management, including air quality and municipal waste. With a network-wide initiative on reducing plastic packaging.
12.6	Supporting businesses to adopt sustainable practices
12.7 **13.2**	Supporting procuring entities and practitioners at various levels to implement procurement policies, processes and practices embedding environmental, economic and social considerations
12.8 **4.7**	Supporting the uptake of behavioural change and sustainable lifestyles through the promotion of participative approaches, innovative policies, economic instruments and technologies, awareness-raising, as well as through all forms of education
12.a **8.3**	Supporting developing countries to move towards more sustainable patterns of consumption and production, and the growth of SMEs and decent job creation
12.b **8.9**	Supporting the design and implementation of sustainable tourism policies creating jobs and promoting local culture and products.
2.4	Supporting countries with a dedicated Programme and collaborative framework to implement sustainable food systems.
7.3	Energy efficiency is a key element of sustainable consumption and production, and one of the core impact indicators that is measured through the network.
9.4 **8.3**	Supporting infrastructure upgrades and industry retrofits for more sustainable, resource efficient production based on environmentally sound technologies.
11.c	Tools for affordable and resilient built environment using sustainably sourced materials
14.1	Initiatives to reduce marine pollution, including marine plastics
15.1	Tools to address the drivers of biodiversity loss in food, tourism and other key sectors.

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