

WHY SHOULD BUSINESS CARE ABOUT BUILDING BACK BETTER?

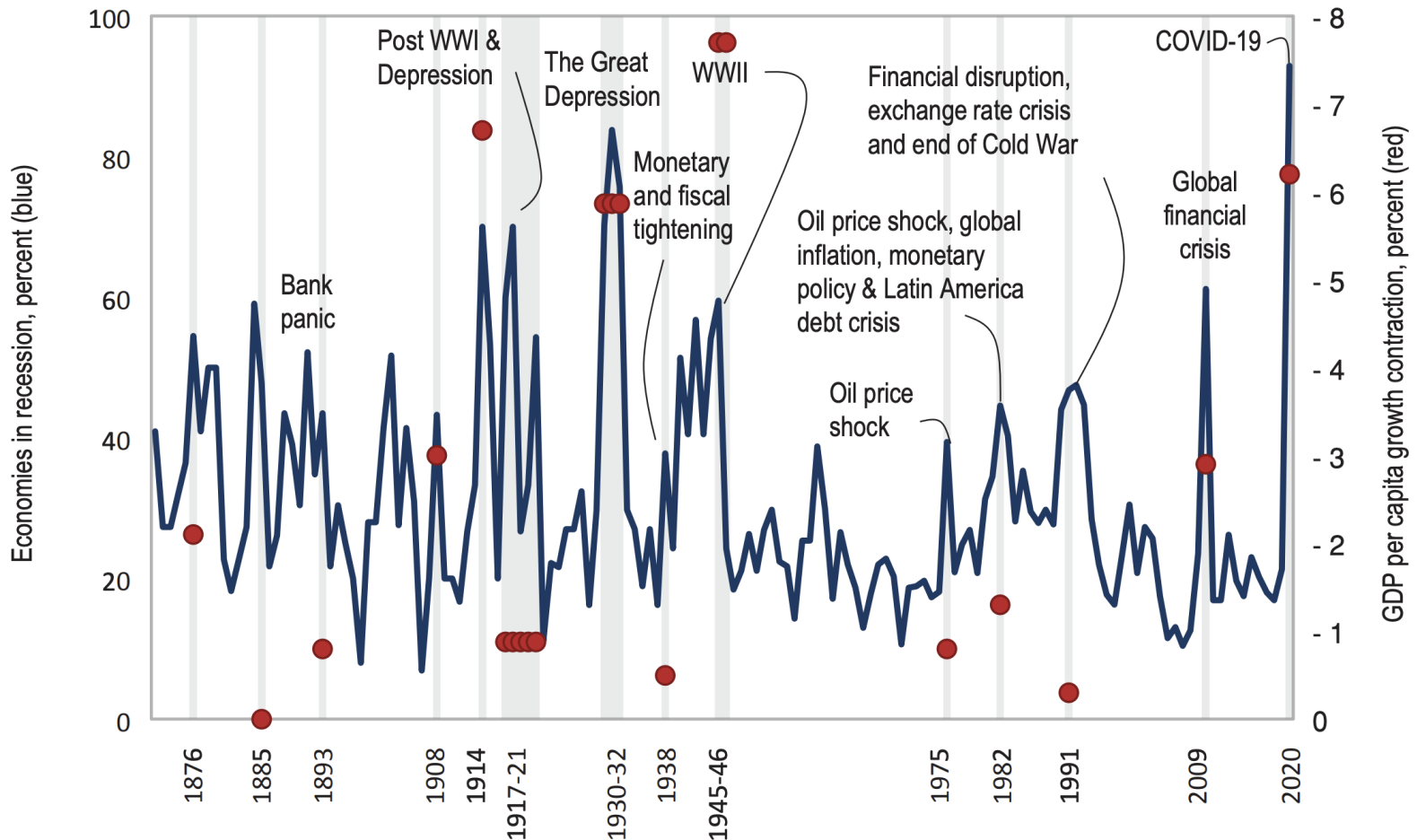
Proteus Annual Meeting 2020

Steven Stone, Chief, Resource and Markets Branch, UNEP/ 23 SEPTEMBER 2020

1. LAY OF THE LAND
2. HOW DID WE GET HERE?
3. WHERE DO WE GO FROM HERE?
4. THE “ASK” FROM BUSINESS

The lay of the land – a history of shocks

Crisis Severity and Growth Contractions, 1871–2020

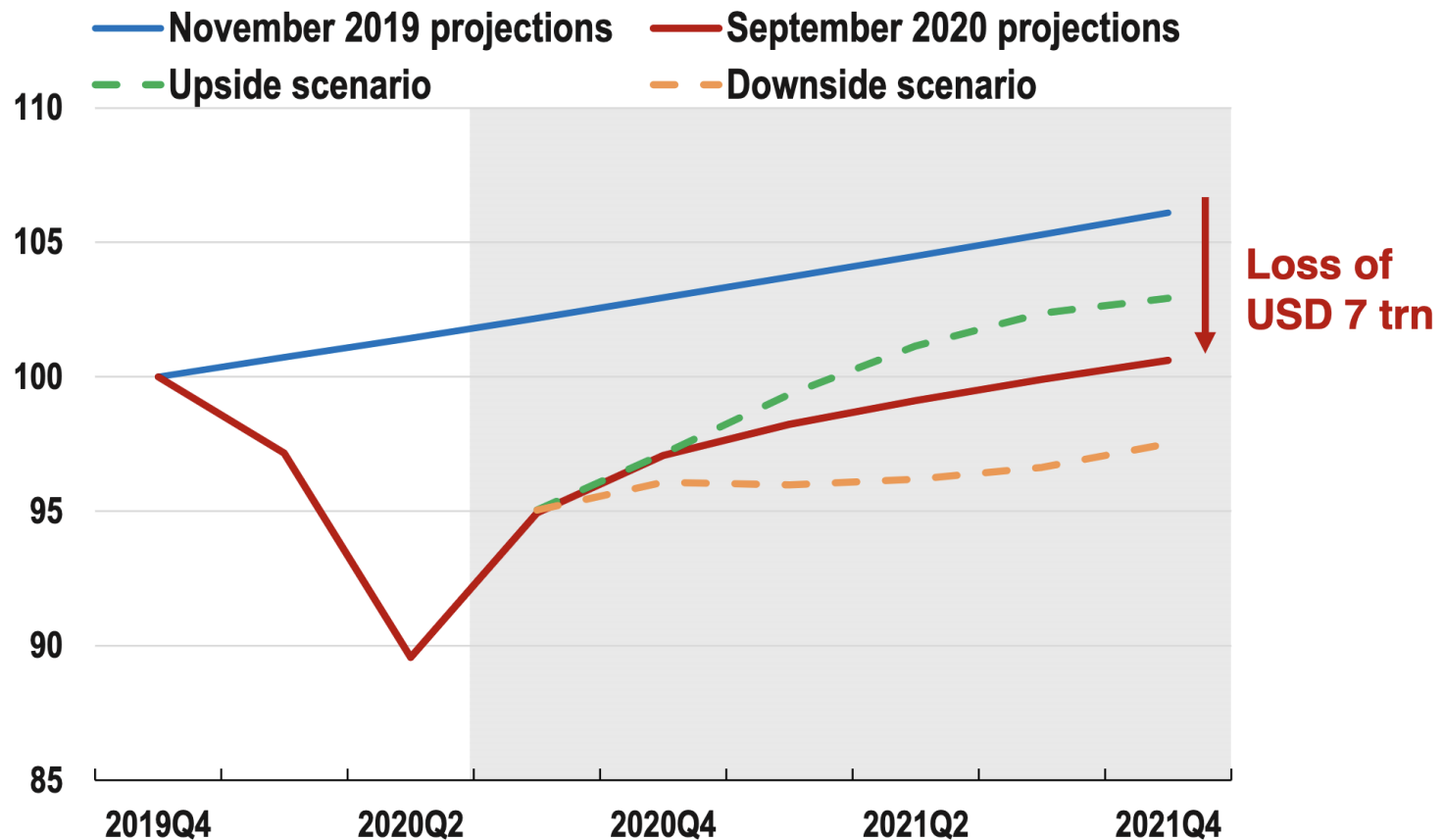


Source – [World Bank](#)

The lay of the land – impact on GDP

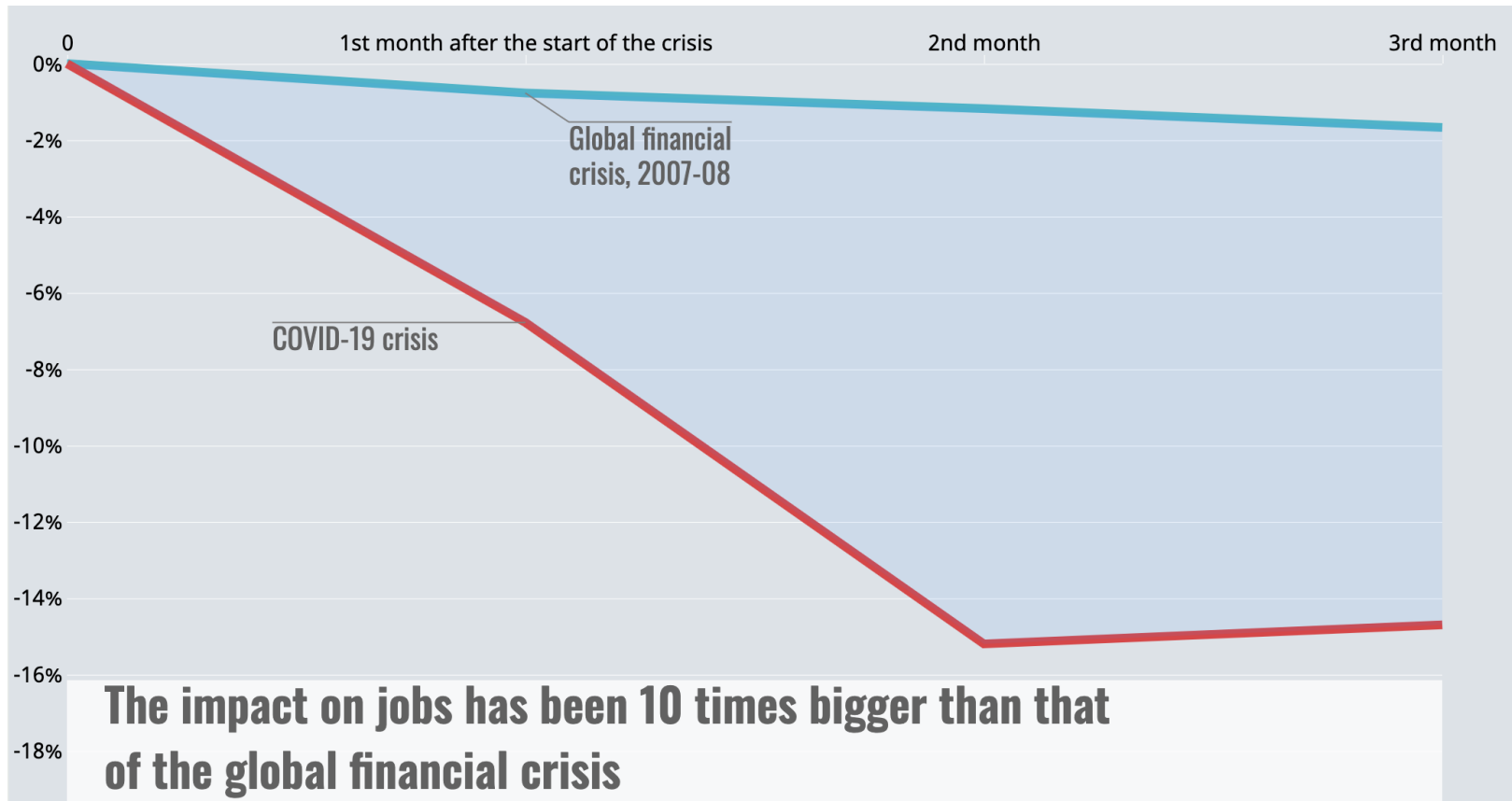
Global GDP projections

Constant prices, index 2019Q4 = 100



The lay of the land – employment impact

Collapse in the number of hours people work

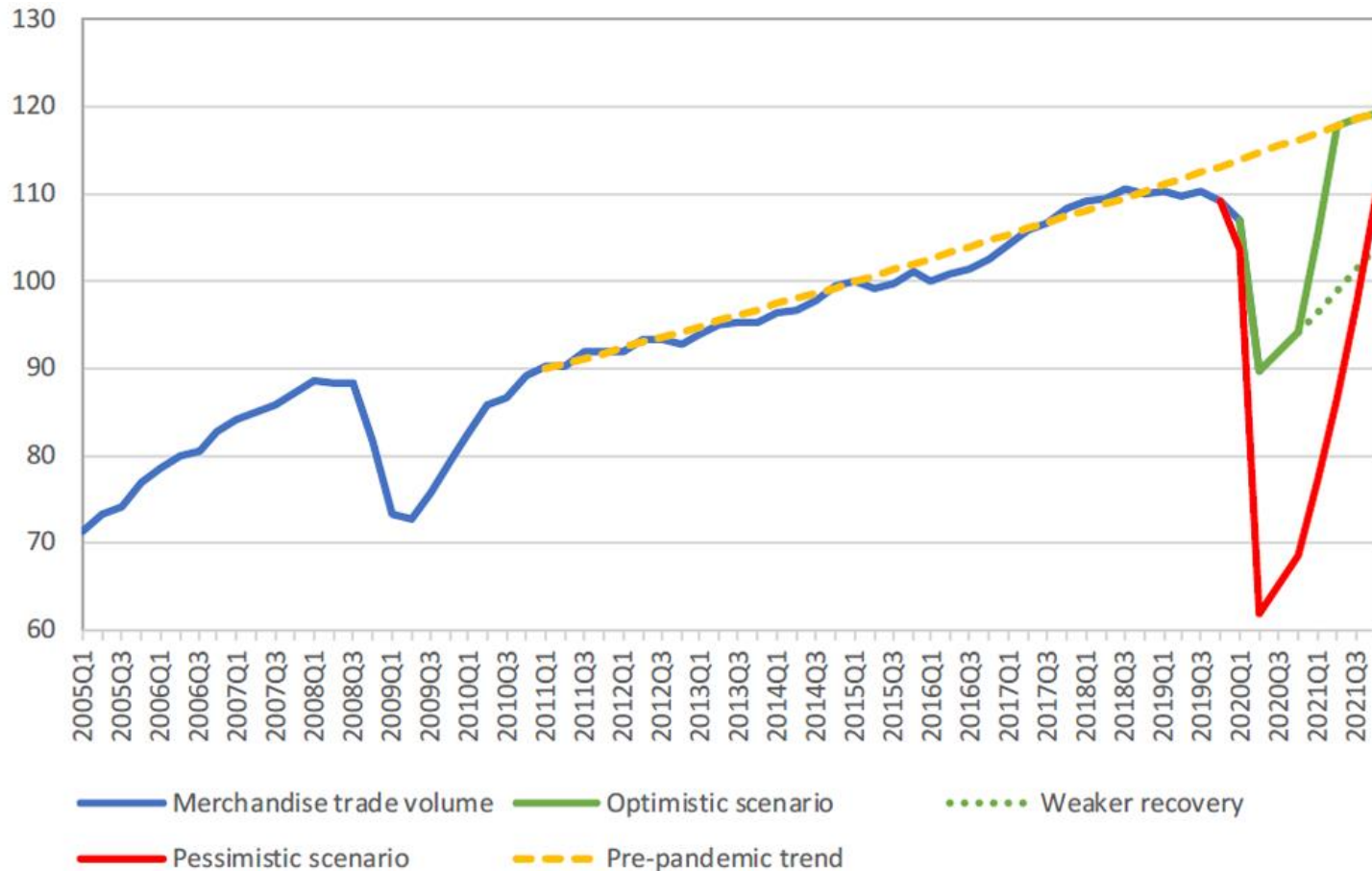


Source: OECD (2020), OECD Employment Outlook 2020: Worker Security and the COVID-19 Crisis, OECD Publishing, Paris.

Note: Average of selected countries: Australia, Canada, Japan, Korea, Sweden, US.

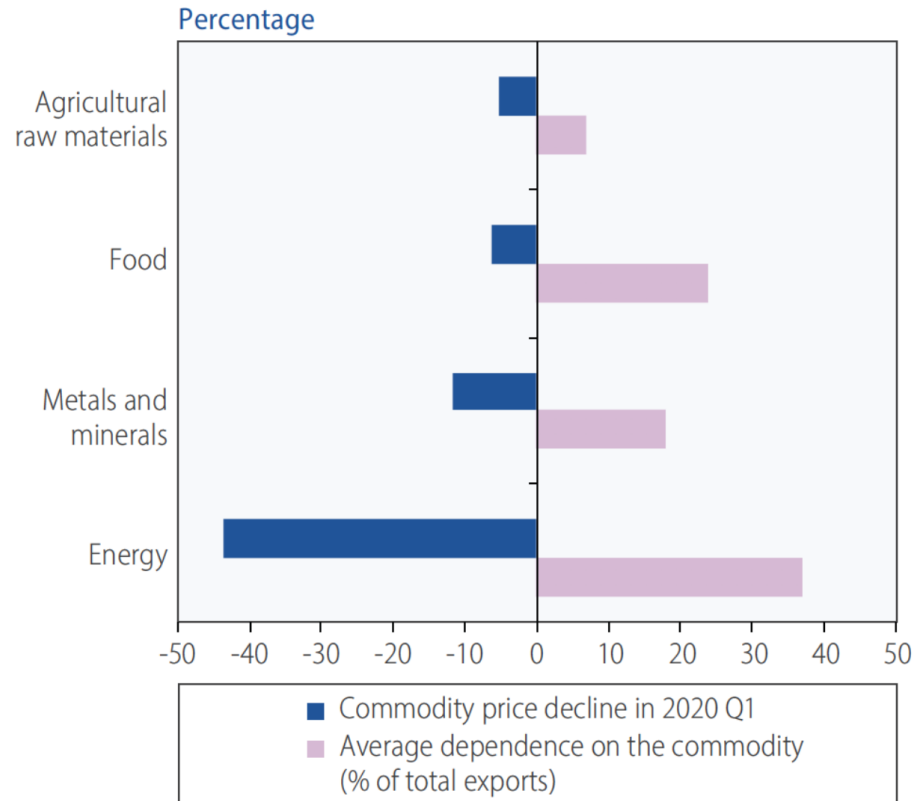
The lay of the land – trade impacts

World merchandise trade volume, 2005Q1-2021Q4 (Index, 2015=100)



The lay of the land – Commodity Prices

Across-the-board decline in commodity prices in the first quarter of 2020



Source: World Bank Commodities Price Data.

Note: Average dependence is calculated based on data of countries where commodity exports account for more than 60 per cent of total exports.

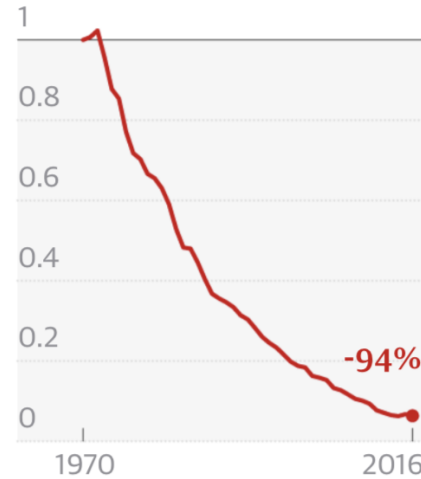
HOW DID WE GET HERE?

Wildlife populations are declining across the globe but falling especially steeply in tropical regions

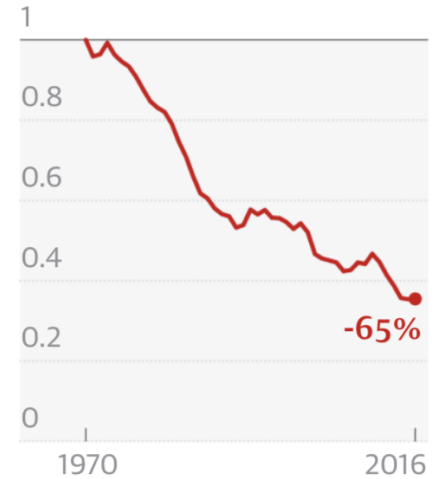
Index of biodiversity, 1970 = 1

Nature in distress – fire sale?

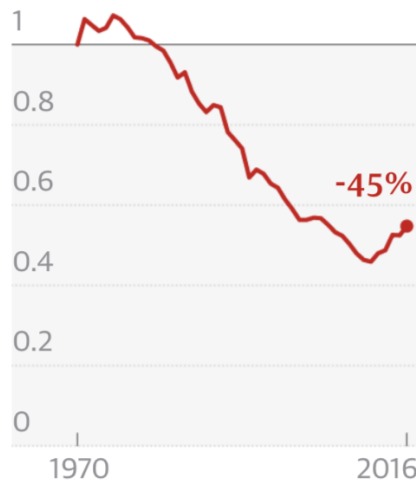
Latin America and the Caribbean



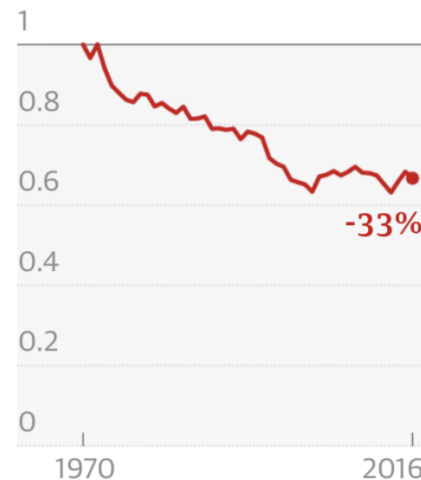
Africa



Asia-Pacific



North America



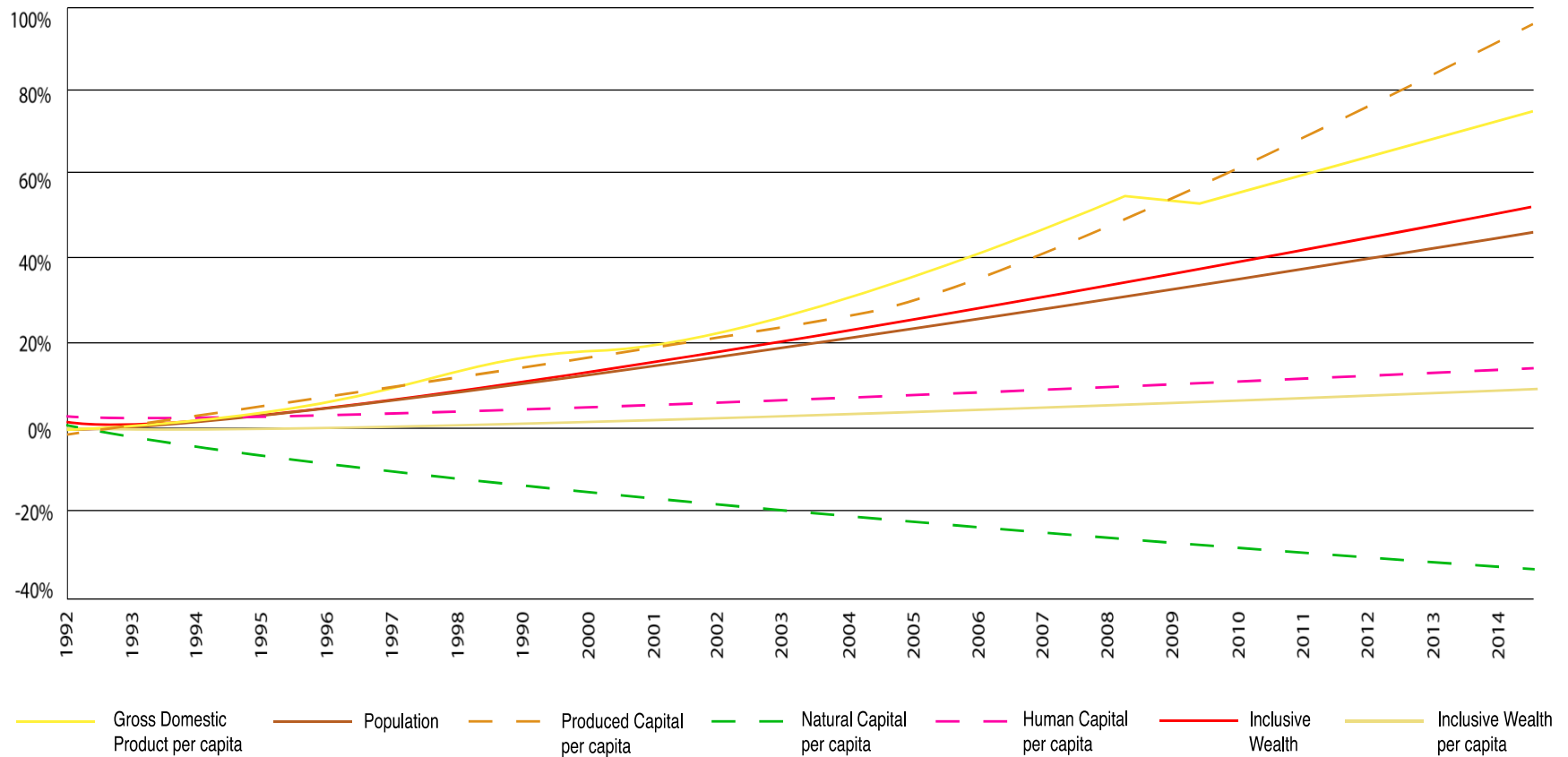
Europe and central Asia



Guardian graphic. Source: WWF

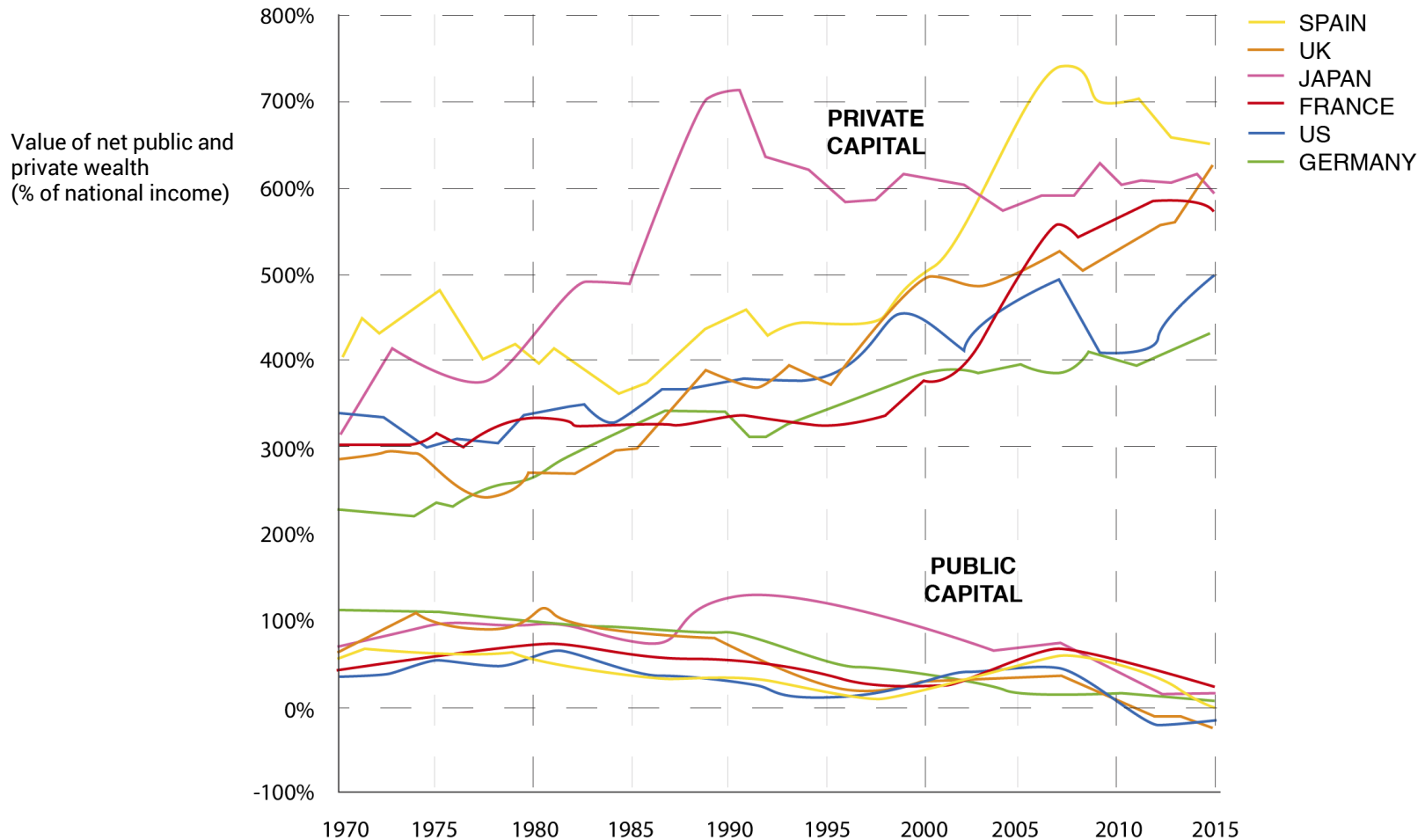
LIQUIDATING NATURAL WEALTH

Trend in per capita inclusive wealth (global) for 1992–2014



...AND DECLINING PUBLIC WEALTH

The rise of private capital and the fall of public capital in rich countries 1970 – 2016

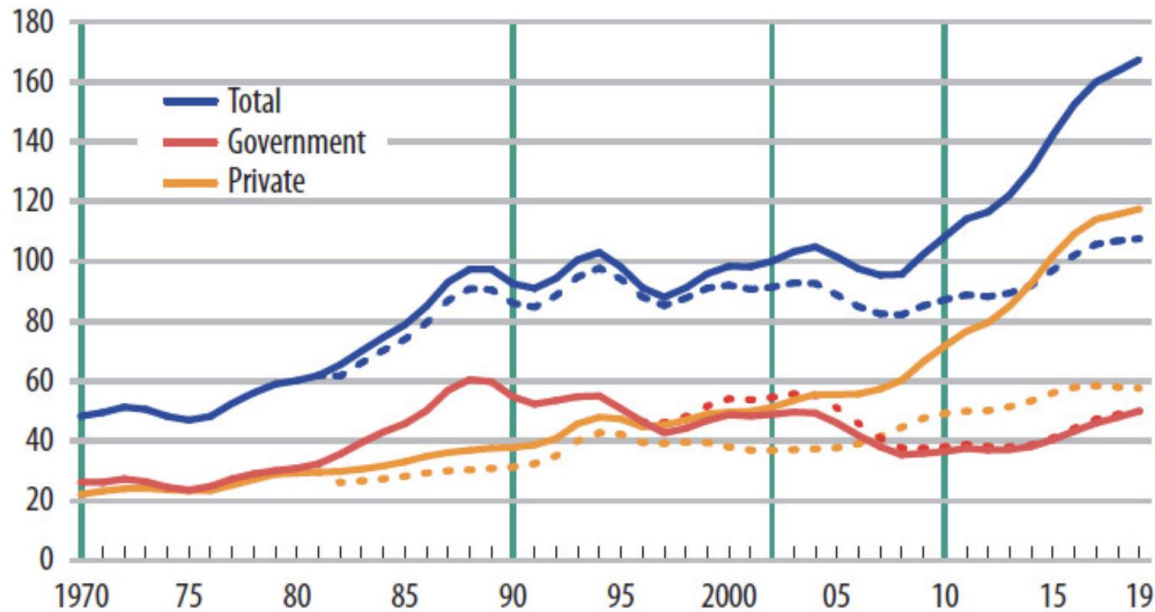


Ballooning debt, deflated fiscal space

Ballooning debt (1970–2019)

During the past decade, total debt in emerging market and developing economies rose to a historic peak.

(percent of GDP)

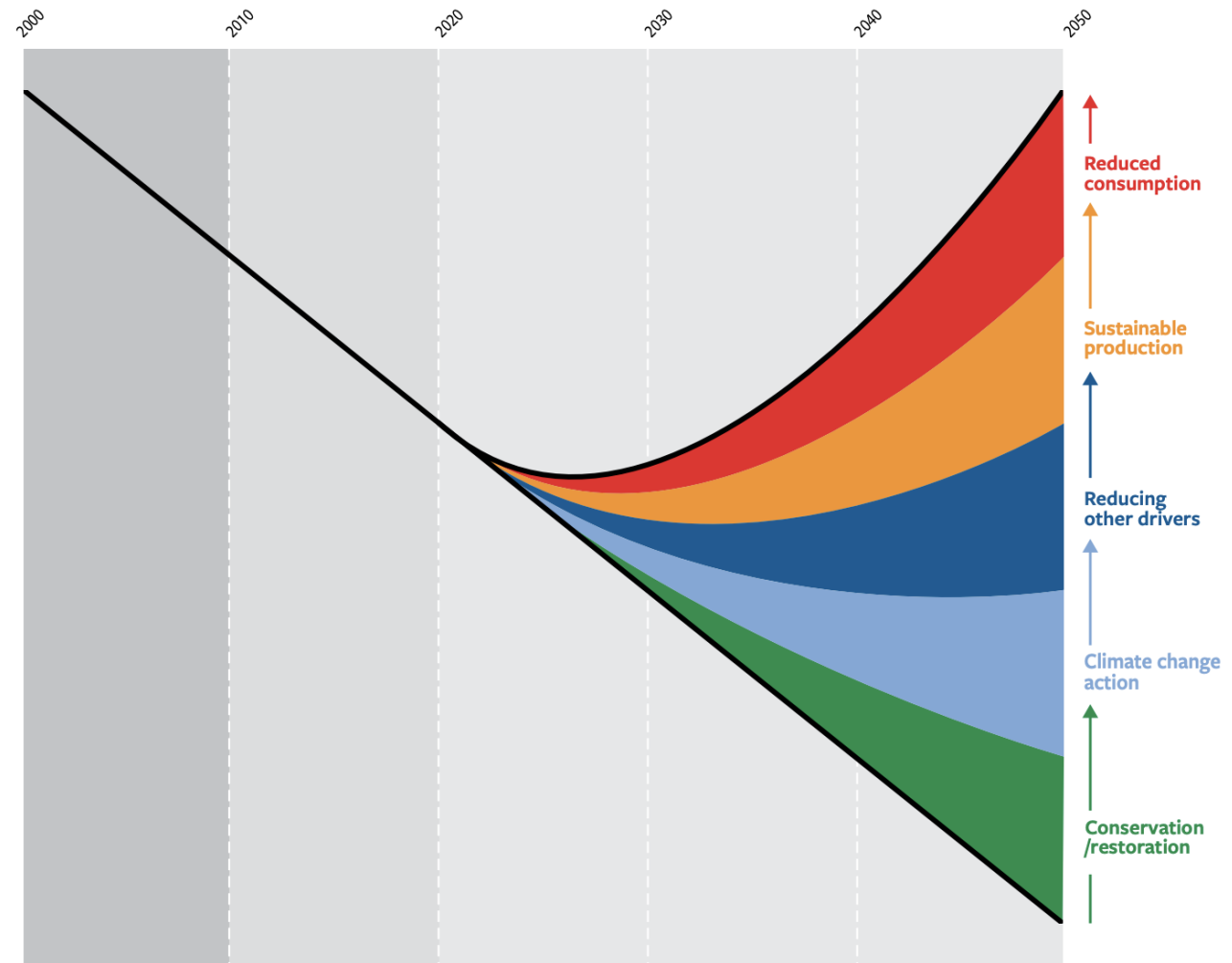


Sources: International Monetary Fund; Kose and others (2020); and World Bank.

Note: Aggregates are calculated using current US dollar GDP weight and are shown as a three-year moving average. Dashed lines show debt, excluding China. The vertical lines represent the beginning of debt waves in 1970, 1990, 2002, and 2010.

WHERE DO WE GO FROM HERE?

A portfolio of actions to reduce loss and restore biodiversity



Trends in biodiversity (various metrics, left axis) have been declining and are projected to continue to do so under business as usual scenarios (trend line). Various areas of action could reduce the rate of biodiversity decline, and the full portfolio of actions, in combination, could halt and reverse the decline (bend the curve), potentially leading to net biodiversity gains after 2030. These are, from bottom to top: (1) Enhanced conservation and restoration of ecosystems; (2) climate change mitigation; (3) action on pollution, invasive alien species and overexploitation; (4) more sustainable production of goods and services, especially food; and (5) reduced consumption and waste. However, none of the areas of action alone, nor in partial combinations, can bend the curve of biodiversity loss. Moreover, the effectiveness of each area of action is enhanced by the other areas (see Part III of the full report for discussion).

Source - CBD

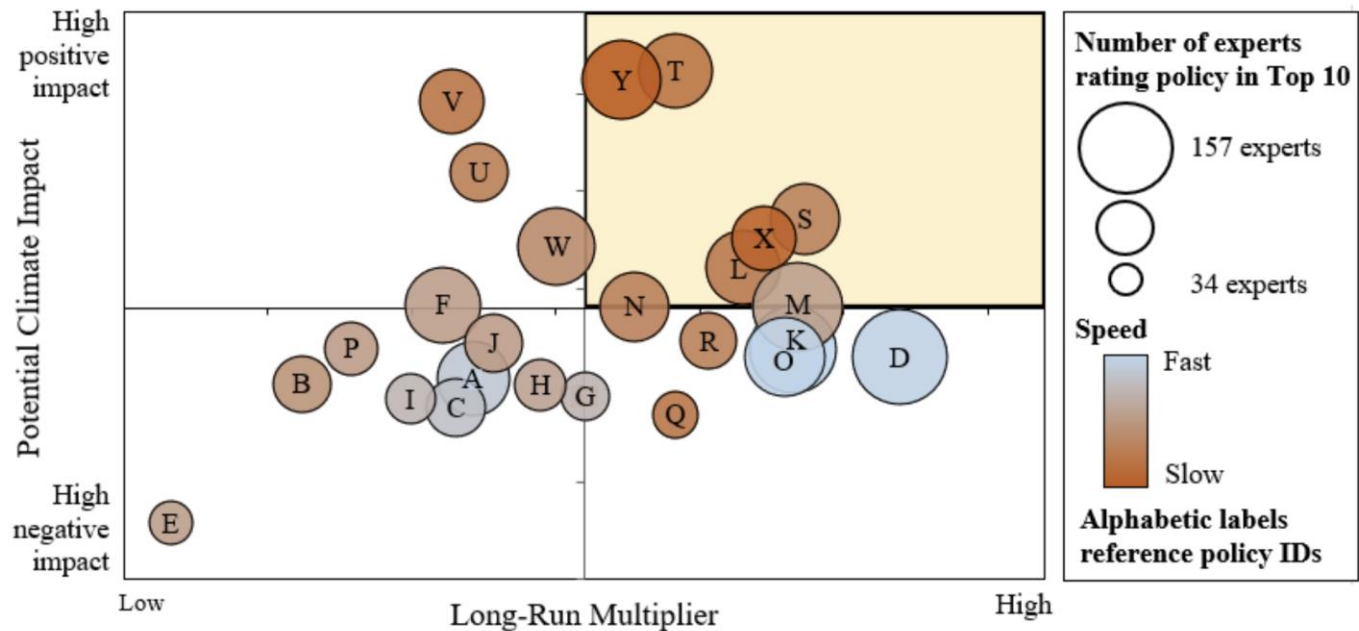
Reducing nature loss – options and pathways

The opportunity

- A transition to a green economy could create 395 million jobs globally and \$10.1 trillion in annual business value by 2030. (WEF)
- Focusing on climate action can deliver multiple benefits. USD1 million invested in the oil and gas sector in the United States would create just five jobs, compared to 17 jobs per USD1 million invested in energy-saving building retrofits, 22 jobs for mass transit, 13 for wind, and 14 for solar. (WB)
- Increased investment in renewable energy has significant implications for the extractive sector: globally the production of minerals like cobalt, graphite and lithium would need to be ramped up by 500% by the middle of this century if investment levels in renewables go as predicted (WB).

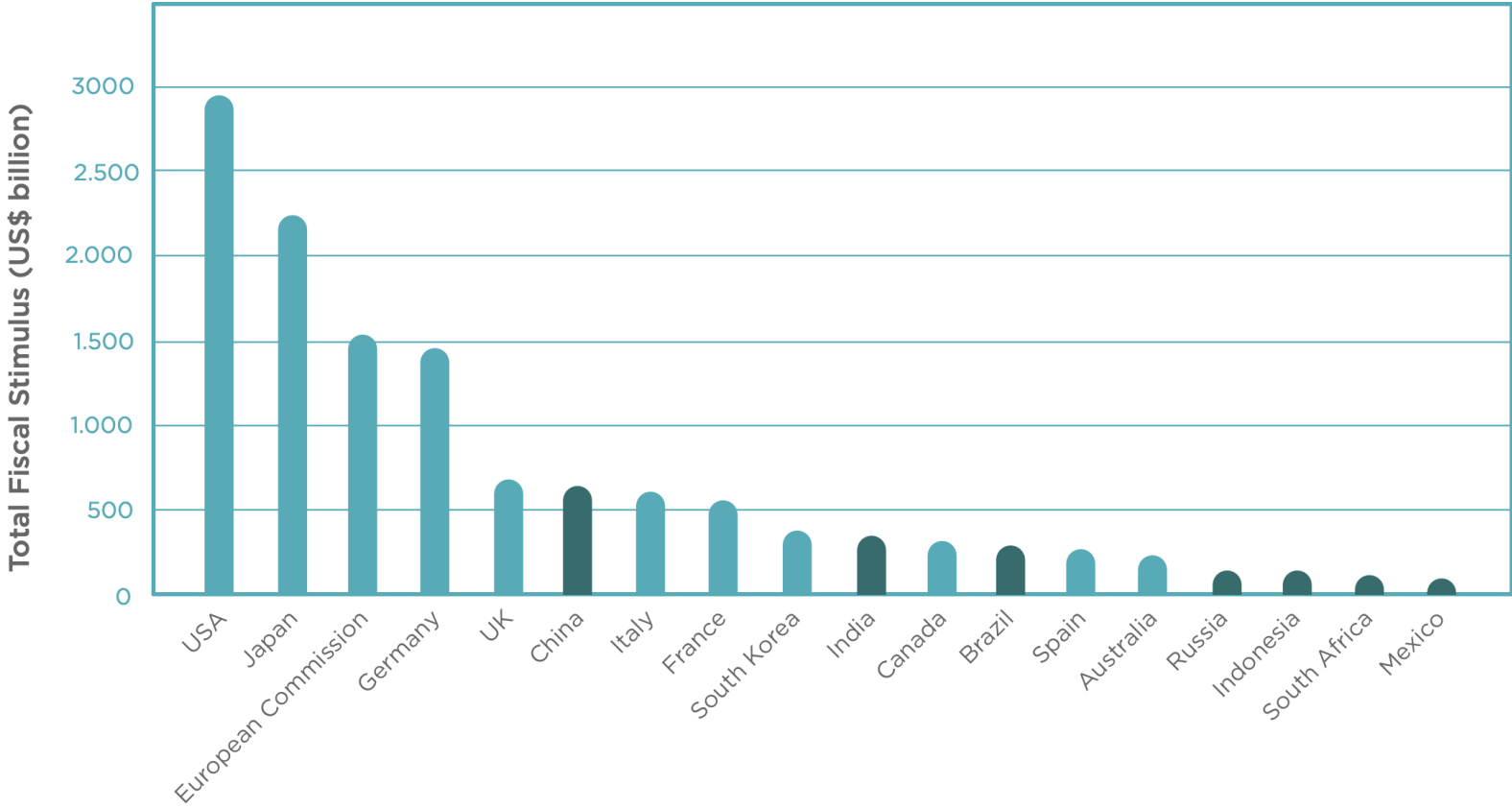
The opportunity

Target group mean survey results aggregated using relativity-adjusted scores



A	Temporary waiver of interest payments	N	Worker retraining
B	Assisted bankruptcy (super Chapter 11)	O	Targeted direct cash transfers or temporary wage increases
C	Liquidity support for large corporations	P	Rural support policies
D	Liquidity support for households, start-ups and SME's	Q	Traditional transport infrastructure investment
E	Airline bailouts	R	Project-based local infrastructure grants
F	Not for profits, education, research, health inst. bailouts	S	Connectivity infrastructure investment
G	Reduction in VAT and other goods and services taxes	T	Clean energy infrastructure investment
H	Income tax cuts	U	Buildings upgrades (energy efficiency)
I	Business tax deferrals	V	Green spaces and natural infrastructure investment
J	Business tax relief for strategic and structural adj.	W	Disaster preparedness, capacity building
K	Direct provision of basic needs	X	General R&D spending
L	Education investment	Y	Clean R&D spending
M	Healthcare investment		

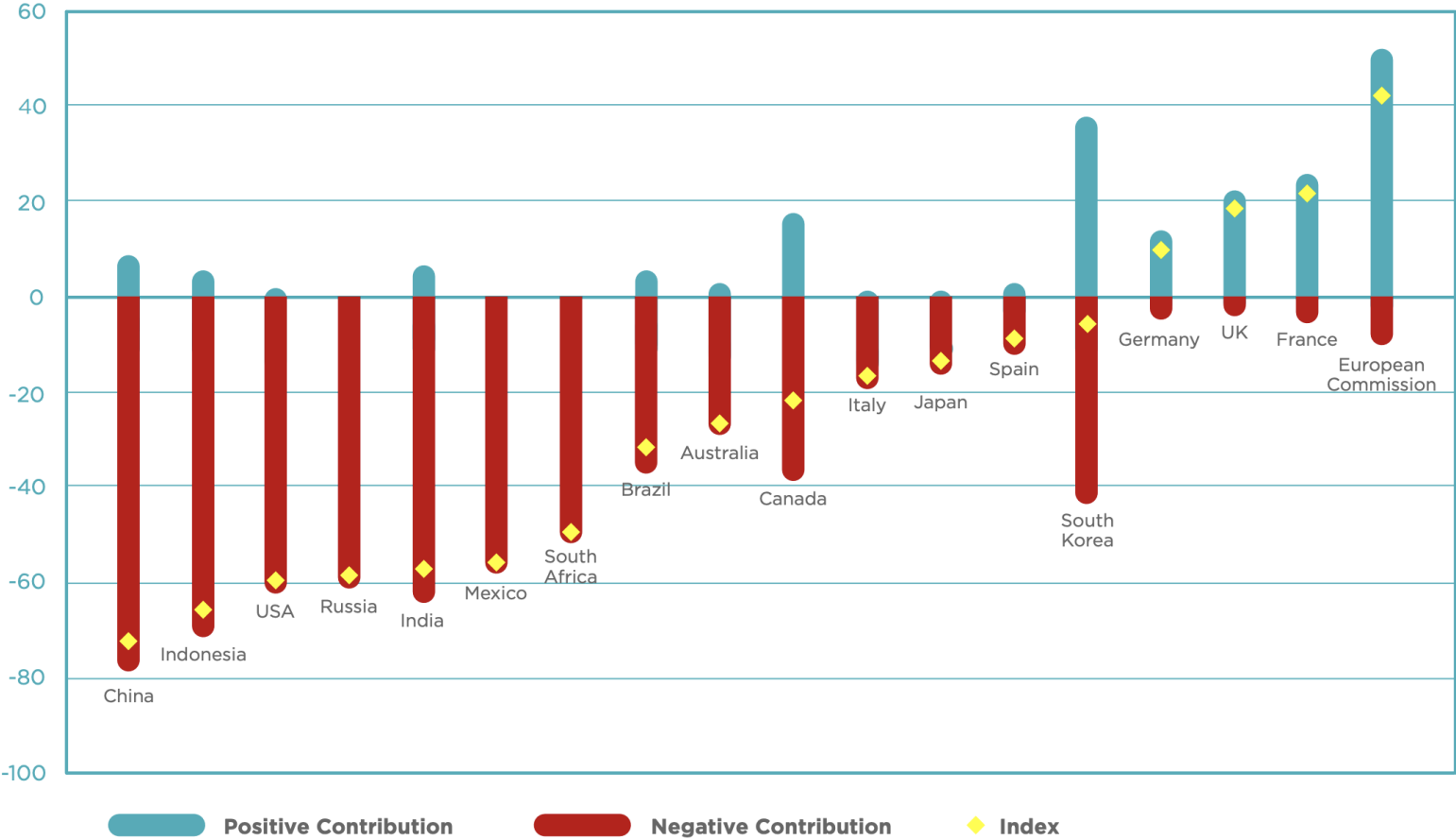
How are we doing? Total fiscal spending



Source: Vivid Economics using IMF COVID response tracker and other sources.

Note: Light blue represents developed and dark blue represents developing countries. Assumes the proposed 'Next Generation EU' recovery package is implemented in full. Updated on July 21, 2020.

How are we doing? Green stimulus index



Source: Vivid Economics using a variety of sources, consult Annex II for the entire list of sources
Note: The European Commission score is calculated assuming that the proposed 'Next Generation EU' recovery package and related environmental measures are implemented in full. Its score is provisional. Updated on July 21, 2020.

THE “ASK” FOR BUSINESS

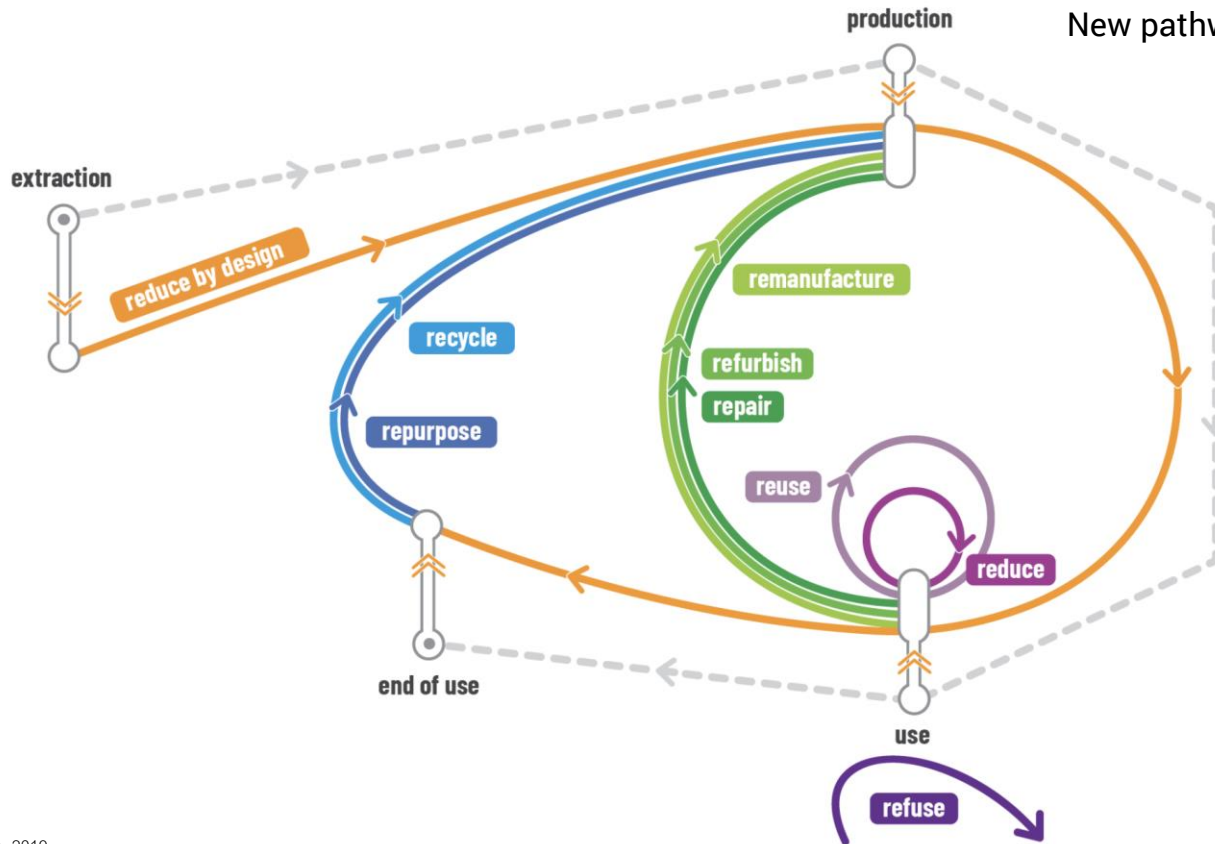
The Ask: Green COVID-19 recovery (I)

- **Respond to consumer and stakeholder demand for sustainability:** Consumers, shareholders, governments and communities are increasingly concerned about global challenges such as climate change, pollution, water management and social inequality. Companies around the world should be redoubling their commitment to environmental and social goals.
- **Rethink the value chain:** The pandemic has created significant disruptions in the value chains. Companies should rebuild it ensuring its resilience to future shocks, including through working together with suppliers to build long-term partnerships (responsibility along value chains).
- **Promote efficiency and productivity,** including through the adoption of circularity-based solutions which enable to return resources back into the economy, thereby lowering climate and biodiversity impacts.

20 20+

/ DESIRED OUTCOMES ²⁰ ²⁰⁺

New pathways to circularity



20
20+

Circularity
is a way to achieve
**sustainable
consumption
and production**
and other interlinked
SDG goals

/ DESIRED OUTCOMES

20
20+



THANK YOU

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