

# A supply chain framework for the future:

Reducing the carbon footprint of humanitarian aid

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## **EXECUTIVE SUMMARY**

Humanitarian supply chain has reached a level of maturity high enough to commit to calculate emissions and collaborate with partners to reduce the carbon footprint of the humanitarian sector: given the urgent imperative to limit the increase of global warming below 1.5°C, in 2023 humanitarians have decided to come together, committing to include carbon emissions in supply chain planning processes and to adopt low-carbon solutions to emergency response. This Call to Action is the result of a collaborative process and consultations held between April and November 2023.

Amplifying the impact of emission-reduction initiatives requires collaboration and commitment by the stakeholders involved in humanitarian aid: for this reason, humanitarians ask private partners, national stakeholders and the donor community to step up in support of the sector's efforts towards decarbonization.

The application of the commitments outlined in this document should lead to concrete benefits, including: emission reduction in the medium and long term, linking emergency response with development targets, distributing impact-reduction efforts across stakeholders and increasing the level of environmental responsibility of the humanitarian sector.

## **CONTEXT**

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It is widely accepted across the scientific community that human activity is causing a dramatic increase in the production of greenhouse gases (GHG) resulting in heat being trapped in the planet's atmosphere, increasing climate related disasters and events. These climate events impact local populations and require humanitarian intervention. Unless far-reaching and urgent measures to limit GHG emissions and deforestation are taken immediately, climate impacts will get costlier and deadlier.

Permanent reductions in global emissions will require entire sectors and industries to re-examine what they do and how they do it, including humanitarians. As much of the world stood still in the early days of the COVID-19 pandemic and curbed discretionary activities, GHG emissions fell by an estimated 5–17%<sup>1</sup>. As lockdowns lifted, the drop in emissions immediately

<sup>&</sup>lt;sup>1</sup> Source: Global CO2 Emissions Saw Record Drop During Pandemic Lockdown - Scientific American

began to reverse – proof that we can reduce our GHG impacts, but we are not choosing to. It is estimated that 80%<sup>2</sup> of consumer goods emissions are created from supply chains.

To limit global warming to the 1.5°C climate target agreed in the <u>UNFCCC Paris climate agreement</u>, humanitarian organizations and associated stakeholders (such as private sector, donors, and host governments) must take direct and immediate action to reduce the GHGs produced through humanitarian supply chains.

Investments in operational and environmental improvements are underway in humanitarian organizations, with many organizations adopting concrete GHG reduction targets, and others developing baseline emissions calculations and GHG reduction roadmaps.

The collaborative efforts of humanitarians have been institutionalized through a series of key initiatives including the <u>Climate and Environmental Charter for Humanitarian Organizations</u>, which currently has 374 signatories from humanitarian organizations and 12 donor/host government supporters. The commitments in the Climate and Environment Charter offer a set of standards to guide humanitarian action in response to the climate crisis, through measurable targets and action plans that outline how humanitarian organizations plan to meet their targets.

This call-to-action results from a collaborative process between humanitarian supply chain professionals and includes information on emission-reduction commitments adopted by various entities. It also outlines the needs across the humanitarian sector to upscale decarbonization efforts and reach targets consistent with global climate action efforts, to reduce the emissions from humanitarian supply chains by adopting a carbon calculation methodology, setting up a baseline and reporting on emission-reduction by 2024.

- We are aware of the problem, even if we don't know the exact size and value of our emissions (which we commit
  to measuring);
- We want to hold ourselves accountable, along with enablers and key stakeholders such as host governments, private sector, and donors;
- We must make a collective effort to reduce our negative impact on the environment to achieve collective good.

Humanitarian supply chain professionals therefore seek to:

- **1. Leverage** the international and national markets to decarbonize humanitarian operations by introducing procurement standards to purchasing relief items <sup>3</sup> and procured goods with low environmental impact (based on Life Cycle Assessments, Environmental Auditing, and Environmental Impact Assessments);
- **2. Optimize** transportation and sustainable warehousing, focusing on reduction of energy and resource use in logistics and facilities management;
- **3. Collaborate** with governments and private sector to develop policies and practices, leveraging existing and creating refined standards to achieve emission reduction targets;
  - **Build local capacity** to foster the adoption of energy efficiency measures and waste management systems leading to appropriate end-of-life treatment (avoiding incineration, when possible, and uncontrolled disposal).

<sup>&</sup>lt;sup>2</sup> https://www.mckinsey.com/capabilities/sustainability/our-insights/starting-at-the-source-sustainability-in-supply-chains

<sup>&</sup>lt;sup>3</sup> Defining 'relief item' as any good handed over to populations affected by natural or man-made disasters.

The humanitarian supply chain community commits to developing their staff skills and awareness towards environmental sustainability and implementing key actions to support the global climate response and minimization of the adverse environmental impacts of humanitarian supply chains by 2030.<sup>4</sup>

#### **COMMITMENTS**

- 1. Innovate core relief item design and work with manufacturers to find alternative products and/or alternative manufacturing processes that have a lower environmental impact throughout the product life cycle, aligning with circular economy. Incorporate climate forecasting into supply chain planning to prevent or reduce risks of climate impact from product procurement, storage, and movement activities.
- 2. Work with suppliers to incorporate reverse logistics into country, regional, and global contracts, to reduce the use of virgin materials to align with circular economy principles.
- 3. Coordinate amongst humanitarian organizations to share information, best practices, and innovative environmentally sustainable approaches to supply chains to avoid costly duplication of efforts, working towards common GHG emissions reduction targets.
- 4. Support host governments and national markets by engaging in capacity strengthening, policy discussions and best practices to support more rigorous environmentally sustainable policies, practices and innovative financing of the private sector.
- 5. Eliminate excessive packaging and single use plastic to reduce waste and align with circular economy. Ensure reusing or recycling of e-waste across the organization.
- 6. Complement humanitarian supply chain operations, avoiding duplication, harmonizing practices, and assigning clear responsibilities among partners to ensure best practice and complementarity.

Humanitarian logistics and supply chains play a crucial role in preparation for, and response to, both natural and man-made emergencies. Together, humanitarian supply chain network leaders have come together to commit to sharing methodologies, best practices, and case studies to support the improvement of organizational capacity to measure, identify hotspots, manage, and reduce the indirect emissions that occur in the upstream and downstream activities of an organization (Scope 3).

<sup>&</sup>lt;sup>4</sup> Note that not all reverse logistics initiatives lead to Greenhouse Gas emissions reduction. RL actions should be carefully evaluated and applied when turning goods back to suppliers proves to be the most climate-friendly solution.

## WHAT DO WE NEED?

Building a consistent emission-reduction approach for humanitarians means collaborating with state and non-state stakeholders to achieve emission-reduction targets and identify upstream and downstream supply chain bottlenecks to ensure both the continuity of operations and a leaner impact on the environment. For this reason, the supply chain departments of humanitarian organizations envisage the establishment of immediate emission reduction measures across private sector<sup>5</sup> partners and asks governments and donors to support humanitarians in the optimization of supply chain activities by implementing stronger regulations to curb emissions.

#### Call to Action: The private sector.

- 1. Environmental responsibility Provide proof of having adopted ESG or similar business models that emphasize environmental responsibility, unless the company faces in-country infrastructural or institutional challenges preventing the adoption of environmentally sound measures;
- 2. Investment Invest in green solutions development, taking business risks compatible with long term sustainability vision. With an increasing percentage of global GDP needed to be invested in sustainability related initiatives, companies who are moving towards greener projects will have a competitive advantage. Adopting circular economy levers and considering sustainability already in the design phase of goods and services represent additional focus areas; and include reasonable / preferential pricing for greener options of their products;
- **3. Product design** Manufacturers and suppliers should adopt an innovative mindset and embrace low-carbon alternatives for products and packaging. They should also adopt a proactive approach to offer products with a sustainable lifecycle, offering reverse logistics solutions to recover or dispose of items in a sustainable way at the end of their useful life. Propose alternative products that might have a lower environmental impact throughout the product life cycle (raw materials, production, packaging, disposal), aligning to circular economy. Invest in minimizing carbon emissions (including 2nd and 3rd tier suppliers);
- **4.** Dialogue Engage with the humanitarian organizations to discuss emission reduction targets and plans. Aim at reaching net zero in line with IPCC or IEA net zero greenhouse gas emissions modelled pathways that limit warming to 1.5°C with no or limited overshoot, and with global emissions declining by 50% by 2030, reaching net zero CO2 emissions by 2050 and net zero greenhouse gas emissions soon after;
- **5.** Accountability Acknowledgment of their responsibility for their actions, decisions and products and the impact that they have on the planet and people. Measuring and monitoring their resource use, waste generation, and greenhouse gas emissions, as well as the social and economic aspects of their business;
- 6. Transparency and traceability: Introduce or maintain a carbon accounting mechanism to ensure accountability and measure the GHG emissions associated with their operations; Provide comprehensive information about sourcing practices; provide 3rd party certified reports of decarbonization efforts/progress. Provide information about the Life Cycle Analysis of products (cradle-to-gate), as well as data on alternative commodities proposed that might have a lower environmental impact;
- **7. Circularity** Include a circular approach by reintroducing recyclable materials in their manufacturing process rather than creating waste;
- **8.** Capacity Building Contribute to the humanitarian organizations' efforts towards impact reduction by sharing tools, training, and best practices on Scope 3 emission reduction.

<sup>&</sup>lt;sup>5</sup> This call for action complements on existing emission reduction pledges and commitments, including the work conducted by the <u>High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities</u>, <u>Race to Zero</u> and the Science Based Targets initiative.

#### Call to Action: Governmental actors.

- Regulations Strengthen regulations to embed environmental considerations in production and transport.
   Introduce energy efficiency standards for transporters. Applied to vehicles, these policies set minimum requirements on the average fuel economy (kilometers per liter) of vehicles sold by different firms or for transporters to operate in a certain country. Standards can also be applied to improve the energy efficiency of warehouses;
- 2. Infrastructure Assess local transportation system to identify bottlenecks and promoting the development of low-carbon transportation infrastructures. Screen local waste management and recycling infrastructure to ensure that products reaching their end-of-life can be properly disposed in-country or abroad. If such capacity is not available in-country for some types of waste, facilitate cross-border operations to transport and dispose it in another neighboring country (facilitate the export admin process and grant exemption on export duties);
- **3.** Facilitation Raise the standards and strengthen capacities, facilitating inter-stakeholder dialogue: support humanitarian efforts in working with national private sectors to enhance the environmental performance of their products and services, and in parallel to promote national regulations to limit the environmental impact of their companies;
- 4. Energy efficiency Look at innovative financing solutions (carbon markets, debt swap, public-private partnership) to promote the availability and accessibility of in-country green solutions. Possibly enable innovations in off-grid renewable energy provision by private sector actors, whether local or international, to make electricity from renewables accessible to last mile populations and progressively set up an infrastructure of charging stations for electric vehicles;
- 5. Investment Invest in renewable energy options to power facilities and in waste management infrastructure to dispose in an environmentally sustainable manner products distributed to populations assisted by humanitarian programmes, and operational waste like office waste (including e-waste), consumables and spare parts. Provide incentives for companies to switch from traditional design to low-carbon, sustainable options;
- **6.** Engagement Promote public policy change through collective consultations, promoting the adoption of low-carbon products, circular economy, services and environmentally friendly behaviors, and development of nature-based solutions.

#### Call to Action: Donors.

- 1. Dedicated funding Provide specific funding for additional external expertise to support the definition and implementation of an institutional decarbonization roadmap. Also, dedicated funding is envisaged to improve data and optimize SCD processes;
- 2. Modification of funding mechanisms Include mitigation budgets as part of other climate-change related initiatives with reasonable budget lines for mitigation as part of a bigger adaptation proposal. Provide funding for some actions that require some initial investment, such as purchase and installation of renewable energy systems (e.g. solar panels to replace diesel generators in offices and warehouses), undertake Life-Cycle Assessments of alternative products and new suppliers, and testing reverse logistics. Mobilize centralized and regional resources for defining and implementing a decarbonization strategy;
- **3.** Non-traditional funding Help humanitarian organizations and host governments access non-traditional funding streams available in their countries (e.g., private or philanthropic funds, climate funds, debt swap etc.) by being a convenor and door opener for discussions. Donors may also want to explore how they can facilitate non-traditional funding and private investments, through de-risking mechanisms for example;
- **4. Institutional support** Initiate dialogue with host governments to invest in reverse logistics solutions and waste management infrastructure in key humanitarian contexts (e.g., recycling centers, collection systems), that can accommodate an environmentally sustainable disposal of the waste generated and the end of the product-life of humanitarian assistance, as well as operational waste generated in logistics, office and fleet management operations;
- **5. Information sharing** Encourage sharing of market assessment information with environmental considerations of available suppliers/products for direct procurement or cash-based interventions;
- **6. Flexibility** Ensure more flexibility at the programme design stage to allow sharing of resources (transport, warehouses etc.) with set donor criteria to reduce emissions as part of funding approval.

### THE BENEFITS

By collaborating with national actors, international bodies and private entities, the humanitarian community can achieve important milestones in the collective fight to limit global warming to 1.5°C and meet the targets set by the IPCC and the scientific community by 2030.



#### **Comprehensive carbon accounting**

Integrating carbon accounting inventories with indirect emissions means gaining important data on the environmental impact associated with the production of relief items, building stronger carbon accounting mechanisms and improving the target of emission reduction roadmaps for effective, long-lasting impact.



#### Reduce CO2 emissions in the short and long-term

The adoption of low-carbon alternative products for relief items, as well as the elimination of unnecessary packaging and the collaboration with local authorities to identify recycling options can lead to immediate benefits.



#### Link emergency response with long-term development targets

By ensuring cleaner supply chains in humanitarian response, it would be possible to generate long-term benefits for local communities – including access to cleaner energy, reduced local pollution and creation of green jobs.



#### Distribute impact-reduction efforts across stakeholders

The sustained collaboration between private logistics companies and humanitarian supply chain experts on Scope 3 emissions mitigation would allow identifying gaps, possible economies of scale and solutions which can contribute to reduce costs on both sides, reducing the burden for individual organizations and businesses.



#### Promote clean technology development and deployment

The introduction of energy standards in production, transportation and warehousing would create business opportunities for clean technology industries and manufacturers, which matters for long-term effectiveness.

# **ACKNOWLEDGEMENTS**

This Call to Action resulted from the collective efforts of humanitarian logistics networks. The entities listed below endorse the commitments and the Call to Action by the humanitarian supply chain community and commit to collective action<sup>6</sup>.



















<sup>&</sup>lt;sup>6</sup> The Call to Action is open for acknowledgment and endorsement by humanitarian organizations, host governments, donors, and private sector stakeholders to show their support and commitments stated within the Call to Action. For questions about the Call to Action and to show your support / endorsement, please contact: <a href="mailto:Global.WREC@wfp.org">Global.WREC@wfp.org</a>