

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

3RD GREEN GROWTH POLICY DIALOGUE: THE GREENING OF BUSINESS AND THE ENVIRONMENT AS A BUSINESS OPPORTUNITY

Exploring the Hidden Potential for Innovation and Business Change

5-7 June 2007

BITEC, Bangkok

Draft Summary of Conclusions

A. Attendance and Organization of Work

The 3rd Green Growth Policy Dialogue on “the Greening of Business and the Environment as a Business Opportunity” was organized by UNESCAP in collaboration with the Ministry of Natural Resources and Environment of Thailand, CMP United Business Media (Thailand) Co., Ltd., Suan Nguen Mee Ma Co., Ltd., (Thailand), and the Joint Graduate School of Energy and Environment (JGSEE), (Thailand) and took place from 5 to 7 June in Bangkok. The “Greening of Business” Policy Dialogue was held at the Bangkok International Trade and Exhibition Centre (BITEC), Thailand, in parallel with the Entech Pollutec/Renewable Energy Asia 2007, which is considered to be the most important environmental exhibition in the region attracting annually more than 300 private green businesses as exhibitors and another 10,000 as buyers and visitors.

More than 156 participants attended the Green Growth Policy Dialogue, among which there were over 43 high and senior officials from the ministries of commerce, trade and industrial development, finance and planning, energy, natural resources and environment, and their specialised agencies of the countries in the region. Participants also included over 20 representatives of the private sector, more than 90 representatives of consumer organizations, civil society, academia, international and regional organizations, and UN agencies.

B. Account of Proceedings

The 3rd Green Growth Policy Dialogue on “the Greening of Business and the Environment as a Business Opportunity” was held over three days.

During the first day, the Green Growth Policy Dialogue focused on how private and public sectors of society can make eco-efficiency marketable, and how consumers can contribute to the promotion of eco-efficiency. The second day was devoted to renewable energy, opportunities and policies for promoting sustainable businesses, including biogas and solar power systems, which was also held in the framework of the *Renewable Energy: Technology, Markets and Policies in Southeast Asia* conference. A separate report of the sessions held on that day is provided on the green growth web portal. On the final day of the Green Growth Policy Dialogue, the participants had the opportunity to take an in-depth look into the role of each actor and draw concrete conclusions and recommendations that could address key issues of the greening of businesses in Asia and the Pacific.

For the first time, UNESCAP’s 3rd Green Growth Policy Dialogue created an opportunity for private companies to provide useful feedback to the government officials attending the meeting on what stimulates and supports their progress in greening mainstream business operations. Representatives of mainstream companies were present; these included Marks & Spencer, Microsoft, Yuhan-Kimberly Ltd., Fuji Xerox, MAS Holdings, Wongpanit Recycling Co., Ltd., Green World, as well as representatives of the World Business Council and Thai Business Council for Sustainable Development, and the World Renewable Energy Council. Furthermore, representatives also included small and medium enterprises with focus on organic agriculture, consultancies and venture capital companies, all of which brought very important issues and opportunities to the attention of the governmental officials attending the 3rd Green Growth Policy Dialogue.

The debates were stimulated by representatives of organizations leading the process of innovative policy development and advocacy for greening the business and investment, such as Natural Capitalism Solutions, the Association of Development Financing Institutions in Asia and the Pacific, the Institute for Global

Environmental Strategies, CSR – Asia, ISO Consumer Policy Committee, Grameen Shakti, UNIDO, UNEP and the UNEP/Wuppertal Institute Collaborating Centre for Sustainable Consumption and Production, UNESCAP, as well as various Universities and research institutes.

The summary of conclusions is drawn from the discussions throughout the meeting, from the wrap up session, as well as from written inputs provided by the participants during and after the meeting. A synopsis of the summary of conclusions is presented in the sections below.

C. Summary of Conclusions

C.1. General

Some of the key questions addressed at the 3rd Green Growth Policy Dialogue were:

- How can Governments support green business growth?
- How can the Private Sector initiate the greening of business?
- How can consumers positively influence the greening of markets?
- Can green business enhance the competitive edge of export-driven economies of Asia and the Pacific?
- How can appropriate financing mechanisms be created that can promote less material-intensive production processes and products?
- How to stimulate socially levelling business development strategies that are addressing the needs of the underserved markets?

Implementing CSR has proven to be highly rewarding, profitable, and beneficial for society as a whole. This was demonstrated by the examples presented at the 3rd Green Growth Policy Dialogue with Plan A of Marks & Spencer, the ICT4D of Microsoft, the Socially Responsible Strategy of Yuhan-Kimberly Ltd., the Eco Fabric Park of MAS Holdings, the Zero Landfill Approach of Fuji Xerox Eco-Manufacturing, the social entrepreneurship supported by the Grameen Shakti, and community based agriculture by Suan Nguen Mee Ma Co., Ltd. (Thailand) and others;

The meeting deliberations concluded that there is a need for change in the approach of Governments and in the mindset of people to achieve the greening of business operations in Asia and the Pacific and to replicate the successful practices as listed above. This could be accomplished by building partnerships and bringing all concerned actors and stakeholders together, which would benefit the society and the environment as a whole (Millennium Development Goal 8 -Partnerships for achieving Millennium Development Goal 1- Poverty Reduction and Millennium Development Goal 7-Environmental Sustainability).

Concerning developing countries in the region, it was concluded that development and economics need to be balanced with sustainable policies for the greening of business. To promote the greening of business and the environment as a business opportunity there is a need for integrated, harmonious and synergetic efforts, as well as stakeholder involvement at all levels. This would require an initiation of a system of innovation and profound mindset changes to reverse malpractices in the society by integrating natural, social, and economic capital.

C.2. Role of Governments

Initiator/Regulator

- Create an enabling environment for greening the business in an integrated manner through the development of strategies, programmes, projects, and management tools;
- Removal of barriers to support business as an innovator;
- Create guidelines for channelling government budget and foreign ODA to green business initiatives;
- Develop and enforce guidelines, standards, methods, and tools for greening the business through legal and executive framework;

- Use a mixture of policies with economic instruments (e.g. taxes/incentives - rewarding good actions while taxing pollution);
- Develop policies to internalize externalities in the traditional production costs;
- Initiate pilot programmes to create momentum for the greening of business while promoting local products, and build-up networks of consumers and producers;
- Establish performance standards and regulations for green buildings and housing development codes;
- Remove perverse subsidies from polluting industries and allocate to eco-industries;
- Ensure better implementation of UN Guidelines for Consumer Protection;

Promoter/Educator

- Support local enterprises in achieving Millennium Development Goal 1 (poverty reduction) in synergy with MDG 7 (environmental sustainability)- using Grameen Whole System Approach or similar effective approaches;
- Promote “green-friendly” governmental flagship projects on local and national levels;
- Initiate various award programmes for the greening of business processes and products, such as tax rebates, schemes, facilitation and the issuance of national green awards, green certificates, and green labels;
- Educate consumers and the public through mass-media, educational curriculum aimed at special secondary school and University levels, and through the promotion of green products;
- Develop and promote special programmes on e-governance and paper free offices at the government level;
- Maintain and strengthen green procurement scheme of governmental bodies and institutions;
- Along with the private sector, the Government should educate consumers and workers about the challenges facing local sustainable producers (e.g. organic farmers); this rationalizes a prize increase in the mind of consumers;
- Organize regular national green innovation and green technology exhibitions, and fairs;
- Raise environmental performance of banks through a performance rating system;

Facilitator/Motivator

- Set examples for sustainable management and help business with sustainable procurement;
- Develop better sustainable infrastructure (e.g. public transport) and create business opportunities for sustainable public transport developers;
- Provide initial incentives, for instance registration for starting-up green businesses;
- Support and fund R&D activities for greening the production processes and developing green products and services;
- Support civil society including business networks and involve them in monitoring activities;
- Help small businesses meet international standards (e.g. organic product standards);

C.3. Role of Private Sector

- Develop and maintain a corporate image of sustainable business;
- Invest in innovative eco-efficient solutions for business restructuring and re-orientation;

- Examine solutions for improving the eco-efficiency of resource use in processes and operations;
- Develop value-chain management strategies to encourage longer-term thinking and higher sustainability performance;
- Choose suppliers that are in the vicinity and are implementing resource efficient processes, products, and services;
- Publicize policies and reports on energy efficiency and greenhouse gas emissions;
- Support each other in addressing the needs of various consumer levels (WBCSD Bottom of Pyramid);
- Establish Public Private Partnerships (PPP) for eco-industrial park development;
- Prioritize the following:
 - Product lifecycle should not contain any materials listed as toxic or hazardous in national regulations;
 - Products need to be highly competitive for energy efficiency;
 - Service of products should be done with the least Materials-Flow through the product's lifecycle. The concept of Materials-Flow should be applied to product servicing through its entire product lifecycle;
 - Such product would be highly competitive because of the use of recycled materials and recyclability;

C.4. Consumer Needs and Roles in the Greening of Markets

Consumers are not fully aware of the importance of their role in the greening of markets. Their action is essential. Proactive consumers should thus:

- Exercise their right of choice and proactively take responsibility of their consumption;
- Increase their awareness of the need for conservation of resources; the need to become “what we care” consumers, rather than “what we buy” consumers ;
- Demand descriptive labels on products that clearly state their origin and production method;
- Exercise their right to know and actively choose what they buy and what they consume;
- Insist upon more product information availability on the Internet and utilize resources, such as MSN Initiative;
- Initiate the creation of new connections between consumers and producers, as well as seek out already established connections and aid in their promotion;
- Purchase products that are in compliance with ISO 2600 standards on Corporate Social Responsibility (CSR);

C.5. Role of Financial Sector

- Use ESCOs¹ for expertise/capital for sustainable investments;
- Establish and maintain sustainable business financing policies;
- Create and maintain a network of representatives of governmental and private financing sources;

¹ Emerging trend in fuel conservation is to be energy aware. Servicing this need are ESCOs (Energy Service Companies) who play a pivotal role in efficient utilization of energy. ESCOs provide complete package of custom designed tailor-made services, client financing, and recovery of project cost through energy savings. < <http://www.indiasolar.com/escos.htm>>

- Governments should explore policy options for environmental liability of financial institutions - to promote sustainable business financing policies - in coordination with green banking programs, such as Association of Development Financing Institutions in Asia and the Pacific (ADFIAP);
- Financial analysts should include sustainability analysis in their liability assessment of corporations;
- Strengthen and nurture domestic financing;
- Encourage and promote Socially Responsible Investment (SRI) among stakeholders and investors;
- Financial and investment institutions should develop a system of ranking companies' level of eco-efficiency, specifically including natural resources; this could be provided to possible stakeholders for better future investment choices;
- Help investors understand that sustainable businesses are more profitable in stock valuations;

C.6. What can ESCAP do? Specific Recommendations

- Develop and provide capacity building and awareness raising seminars for policy - and decision makers in the developing countries of the region;
- Develop target pilot projects for selected countries for promotion and adoption of green growth policies in a stakeholder process between government, private sector, and consumer organizations;
- Develop green business opportunities with effective outputs in electricity, water, and health in various sectors;
- Establish an advisory committee (10-12 persons), which would meet regularly to review progress and needs for application of green growth policy tools; the committee should consist of representatives of government, financial, and private sector, as well as consumer organizations;
- Strengthen relations with international and regional chambers of commerce for follow up activities;
- Promote Stock Exchange CSR Awards;
- Follow up with seminars and workshops specifically tailored to address the needs of stakeholder awareness raising and capacity building for greening the business practices, products, and services;
- Foster regional cooperation between research institutions, such as the ASEAN Centre for Energy (Jakarta), Regional Institute for Environmental Technology (Singapore), Asian Institute of Technology (Thailand), and the European Commission;
- Explore opportunities for providing better support to consumer organizations in the region;
- Promote green business growth opportunities to aid the poor in escaping the poverty trap;
- Develop awareness raising programs for decision makers from government and financial sectors, banks, and funding institutions.