

2<sup>nd</sup> International Congress and Innovation Fair

Sustainable Management in Action

**19 September 2005, University of Geneva**

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Distinguished Invitees and Participants, Ladies and Gentlemen,

We all know that the world is facing burgeoning problems of poverty, hunger, disease, and environmental degradation. We also know that the mandates for action such as the Plan of Implementation from the World Summit for Sustainable Development and the Millennium Development Goals are well established. The joint challenge, we in governments, business and civil society have, is to make concrete and rapid progress on these plans and goals.

These two days, you will be discussing and demonstrating ways in which industry can integrate sustainability principles into management practices. This is an important pillar of sustainable development, as it is here we have to combine income generation with environmental protection.

I have been asked to speak about sustainable consumption and production from the point of view of the international community, and the UNEP in particular.

If we want to safeguard the planet for our children, we have to do something about the way we produce and consume. That notion has now been recognized worldwide and is even reflected in the outcome of the Summit in New York last week. Ofcourse we can and should continue to make our production and consumption patterns more sustainable by developing and applying environmentally sound technologies. There is a lot of room for increasing eco-efficiency, both on the producers and the consumer

side. However, in a growing number of areas, the eco-efficiency gains we generated with new technologies are being outstripped by fast growing consumption. The sheer increase in the number of private cars, for instance, has overtaken all technology improvements made, so that today emissions from cars have become a serious risk for both our health and our environment. It would be good therefore to condition our belief in the so called technology fix with the notion that increased consumption does not necessarily lead to a lasting improvement in the quality of our life.

It is also clear that we have to address the growing disparity in levels of consumption between rich and poor countries, as well as within countries. Achieving environmental sustainability is not enough. The tools and models we propose must address the needs of the poor -- those who do not have access to basic services, such as clean water, food, and energy, and who are exposed to health risks due to improper waste management. The poor must consume

more to meet their needs – but must also consume more efficiently to conserve their often narrow resource base.

If we want to create sufficient space for a better quality of life for all, we must consume more efficiently, and reduce our overall demand on the environment and natural resources of the world. Public – private partnerships, focusing on pollution prevention and promoting the so called life cycle approach are critical for achieving this objective. More interaction between the regulators and the regulated is needed to come to environmentally effective policies which are also economically efficient. On the side of the “regulated”, special attention should be given to the needs and potential of the small and medium sized enterprises (SMEs).

SMEs account for the majority of industrial activity in developed and developing countries. They provide employment for millions of individuals; their work is strongly customer-orientated; they are a source of innovation and entrepreneurial spirit; they create

competition and are the seed for businesses of the future. In the EU for example, about 90% of all enterprises are SMEs and they account for 70% of all economic activities. In developing countries, the economic importance of SMEs is similarly high and they are critical for creating new jobs.

We have seen remarkable achievements to improve the eco-efficiency in some SMEs. However, most of the SMEs lack the time, information and money to evaluate their performance, set targets and make their products and production processes environmentally sound. Existing international environmental management schemes are often too complex for them to handle while more pragmatic assistance is difficult to find.. Many still believe that protecting the environment is a source of additional costs, and do not see the economic benefits that a preventative approach can bring to them.

UNEP has been active in supporting change in SMEs for many years now. For example, with the Wuppertal Institute in Germany we developed *The Efficient Entrepreneur* - a calendar for small and medium-sized enterprises. The Calendar guides businesses through a program that helps companies find out how much energy, water and raw materials they consume, how much pollution they produce, and where costs can be reduced and customer satisfaction improved. The calendar charts a “month-by-month” programme that concludes with a simple efficiency report, the company’s first informal environmental report. *The Efficient Entrepreneur* calendar is relevant to any firm that considers itself to be an SME-type firm or, indeed, to any firm that requires an introduction to environmental performance measurement and communication. This information can assist a company in taking the first steps towards the ISO 14001 or EMAS certification processes.

In addition, UNEP, UNIDO and ILO, plan to develop a toolkit for corporate environmental and social responsibility. UNEP also

supports the Global Reporting Initiative (GRI) and developed 'High 5!', a beginner's guide to sustainability reporting for SMEs. The guide shows that SMEs can easily and effectively create sustainability reports which help them improve their businesses and communications practices.

These activities are intended to add to the limited number of tools available for introducing corporate environmental responsibility into the policies and operations of the SMEs. However, like in the case of corporate social responsibility, much more needs to be done to secure a place for environmental concerns in the core business values and make corporate environmental management a case for action in the world of industry and of the SMEs.

It is heartening to note that in recent years there has been a tremendous growth in Europe and North America of special tools to help SMEs take the first steps towards improved environmental and/or social performance. Examples of useful partnerships include

‘The SME Key of CSR Europe’ which developed a self assessment instrument for small companies in Belgium. Other tools include the UK’s ‘the Small Business Journey of the Small Business Consortium’ and the ‘Developpement Durable Agenda 21 Guide for SMEs’ issued by the Canton of Geneva.

Local or regional level initiatives like Valais Excellence clearly have an important role to play in networking and information sharing, and in helping companies access the visions, skills and technologies for sustainable management available in the global market place.

UNEP is interested in collaborating with this and other similar Initiatives, building on its Cleaner Production network, which focuses on developing countries and economies in transition. UNEP’s network of 26 National Cleaner Production Centres (NCPCs) already assists in building national and private sector capacities for corporate environmental management, and is

financially supported by the Swiss Ministry of the Economy (SECO) has been financially supporting UNEP's NCPCs, and this local capacity building approach has proved successful in a variety of local circumstances and cultures.

There are other areas where UNEP's work may generate ideas and new opportunities for partnership. Our Life Cycle Initiative works with companies and governments to find practical applications of life cycle thinking to improve company performance and environmental benefits. We are also active in the related area of sustainable procurement to promote more sustainable purchasing by public institutions, thus creating or increasing market demand for more sustainable products and services. Sustainable procurement policies have important implications for SMEs, which need to be defined more clearly, and which require appropriate responses such as training, capacity building, design of complementary financial and regulatory incentives. Public-private sector exchanges can help to achieve that goal..

UNEP's global efforts include working with partners on ten-year frameworks of action for sustainable consumption and production (SCP). The European regional meeting that took place in Ostend, Belgium, last November, as part of this global process, identified SMEs as the main drivers for SCP. Participants underscored the need for more information exchange and collaboration to build a critical mass of organisations working together to introduce sustainable management skills and technology throughout the SME sector. A very broad public-private-research sector partnership will be required to do this – one which also encompasses more environmentally aware consumers as well as businesses.

I want to thank our hosts for organizing this event which I am sure will contribute to building such a partnership.

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