



# ▶ Enabling Environment for Green Business growth

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## Outline

- 1. Drivers of green business growth**
- 2. Different pathways for SMEs to go green**
- 3. A conducive ecosystem for green business growth**

## The central role of business

“We call upon all businesses to apply their creativity and innovation to solving sustainable development challenges”

Private business activity, investment and innovation **are major drivers of productivity, inclusive economic growth and job creation.** We acknowledge the diversity of the private sector, ranging from micro enterprises to cooperatives to multinationals.

The achievement of SDGs requires of companies to **minimize their negative impact, or potentially improve their positive effect**, on the global or local environment, communities, society and the economy at large.



## ▶ Integrating environmental and labour practices

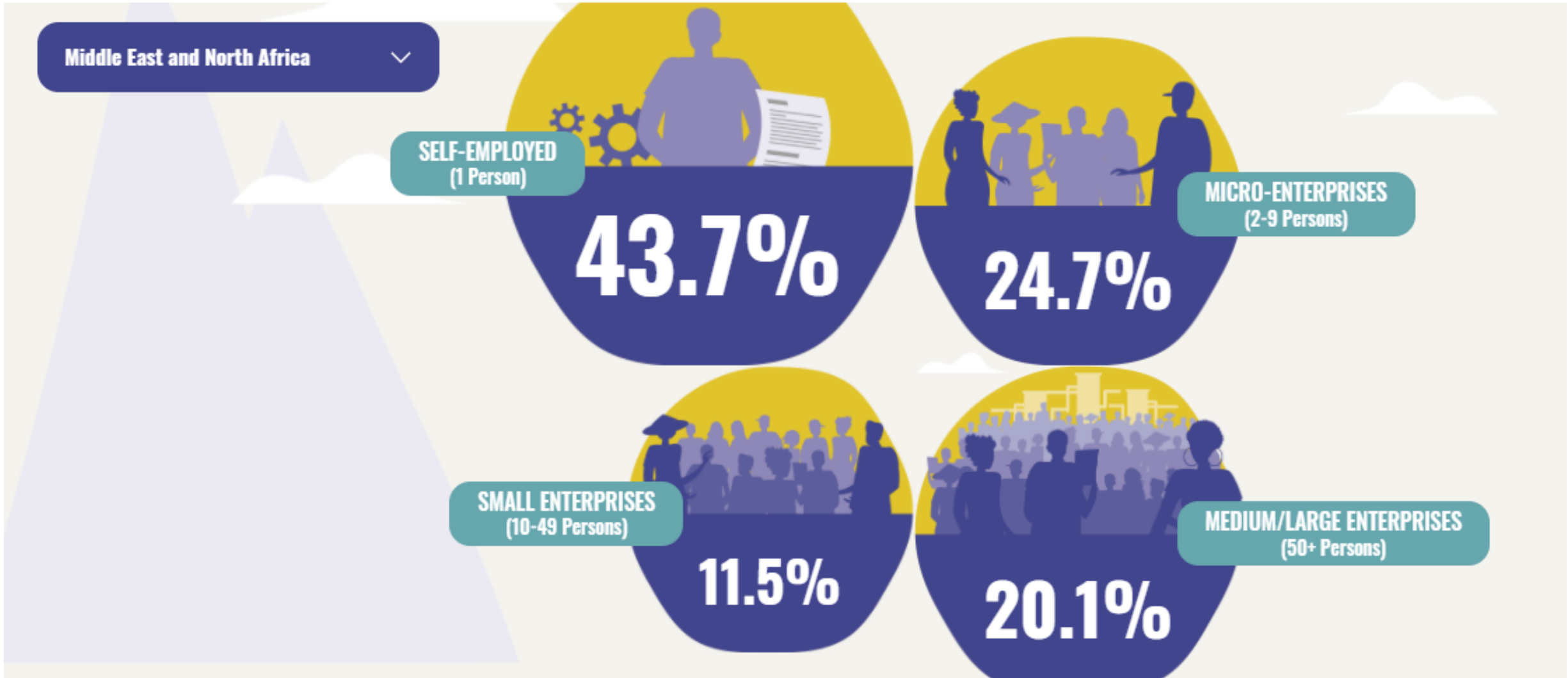
**Agenda 2030:** “We will foster a dynamic and well-functioning business sector, while **protecting labour rights** and **environmental and health standards** in accordance with relevant **International standards and agreements** and other ongoing initiatives in this regard, such as the Guiding Principles on Business and Human Rights and the labour standards of the International Labour Organization, the Convention on the Rights of the Child and key Multilateral environmental agreements, for parties to those agreements.”

**A number of measures to green business operations also contribute to advancing labour standards:**

**E.g. reducing chemical use, pollution, and noise at firm level will improve occupational safety and health (OSH) while enhancing resource and labour productivity.**



## Employment share by enterprise size and the self-employed around the world

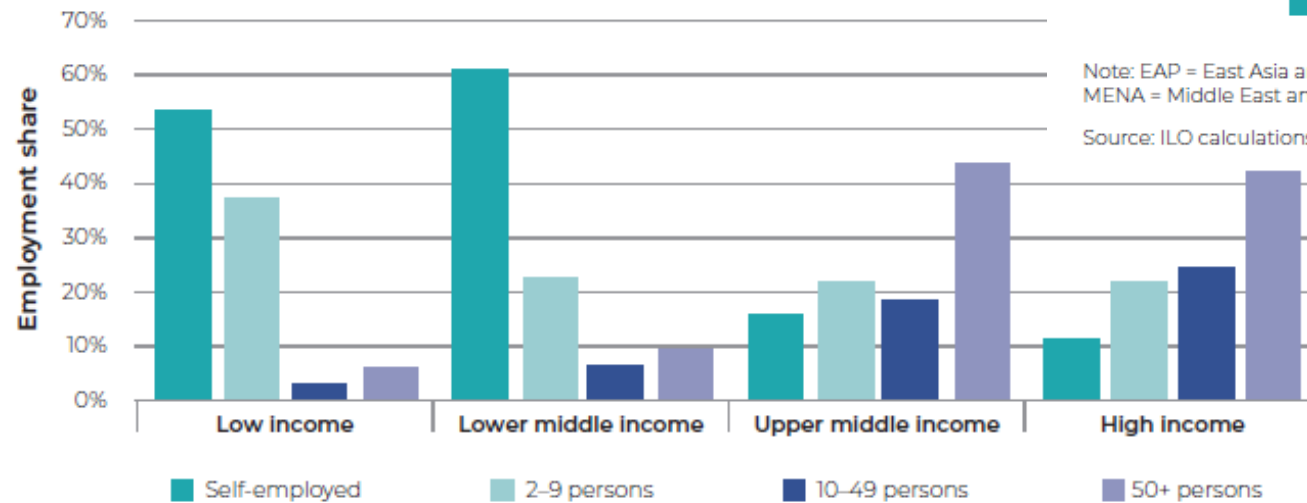


# SMEs are main drivers of economic activity, with non-negligible environmental impact

Small economic units account for 70% of total employment (ILO, 2019).

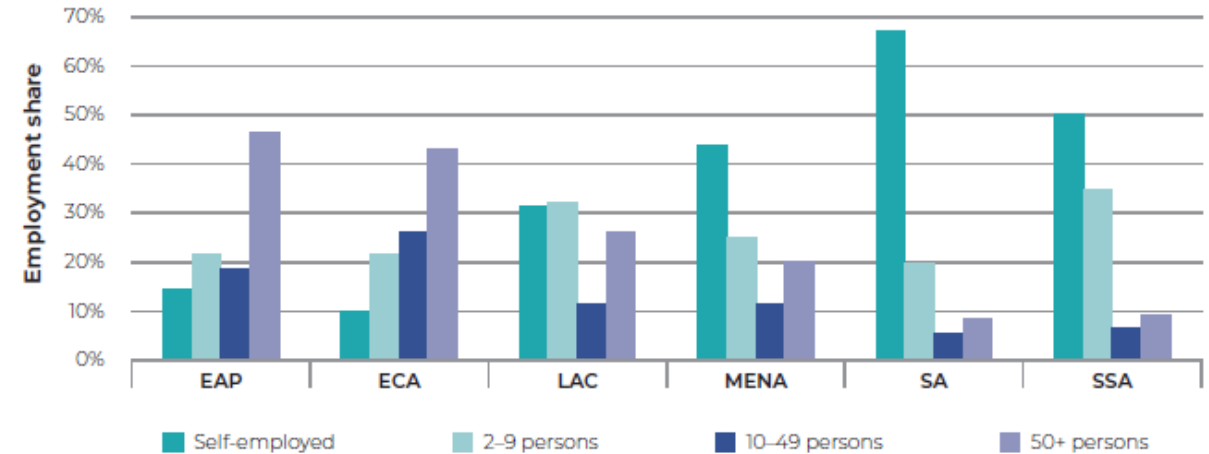
60% of total employment is to be found in the informal sector.

Employment share of the self-employed and different firm size classes, by country income group (%)<sup>3</sup>



Source: ILO calculations, August 2019.

Employment share of the self-employed and different firm size classes, by region (%)



Note: EAP = East Asia and the Pacific; ECA = Europe and Central Asia; LAC = Latin America and the Caribbean; MENA = Middle East and North Africa; SA = South Asia; SSA = sub-Saharan Africa.

Source: ILO calculations, August 2019.

# Green growth opportunities for SMEs

## ► Enterprises (SMEs) growth potential \$1.6 trillion market opportunity in clean technology

FIGURE E2. Market size through 2023 for 15 clean technologies in developing countries (\$ trillion)

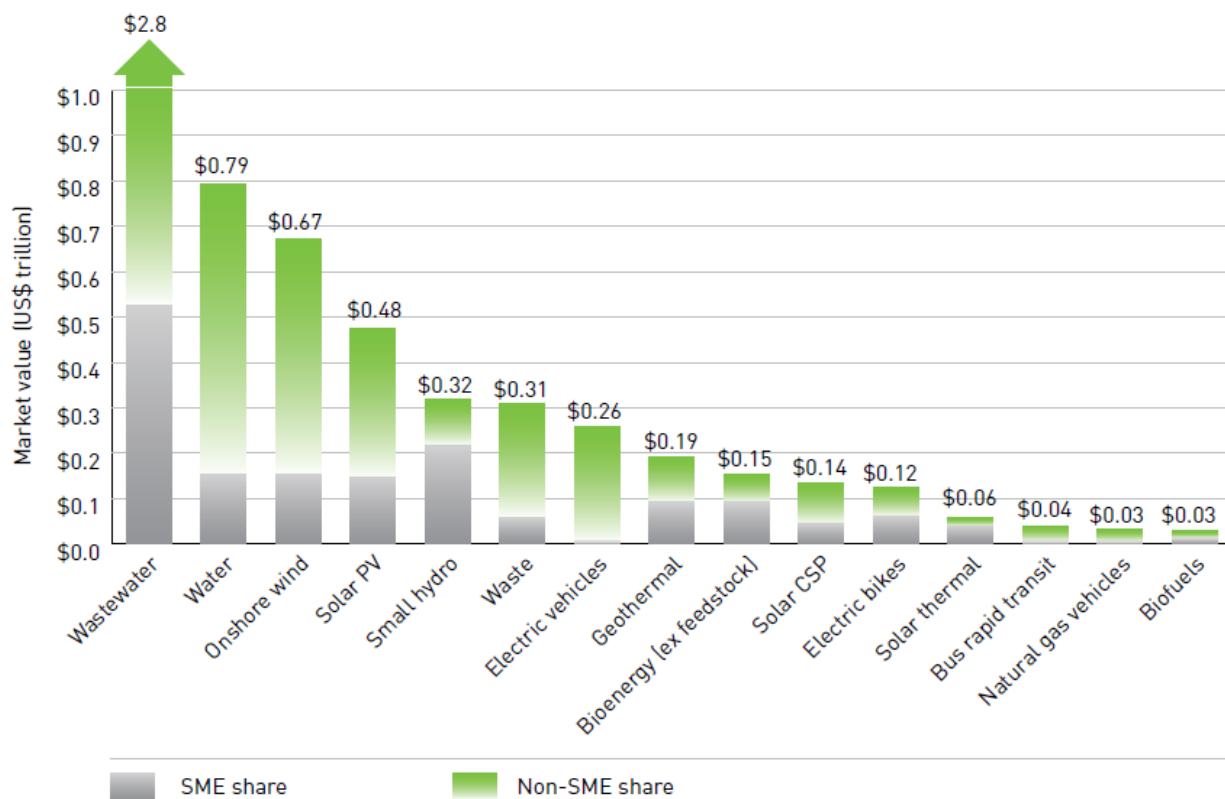
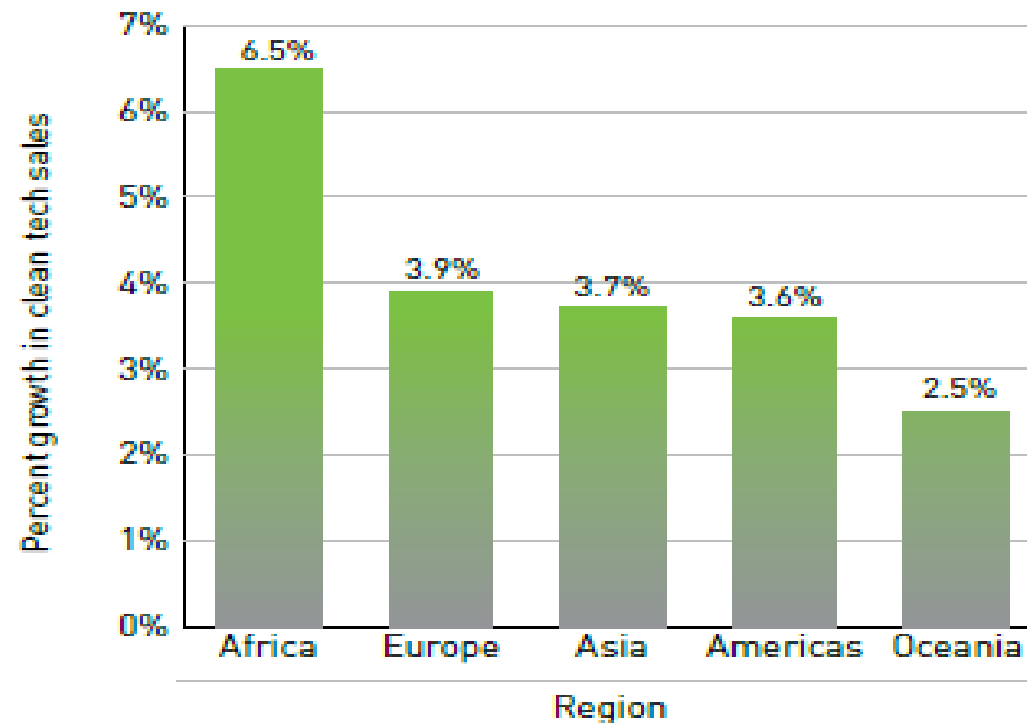


FIGURE E1. Growth in clean technology sales, by region (2012)

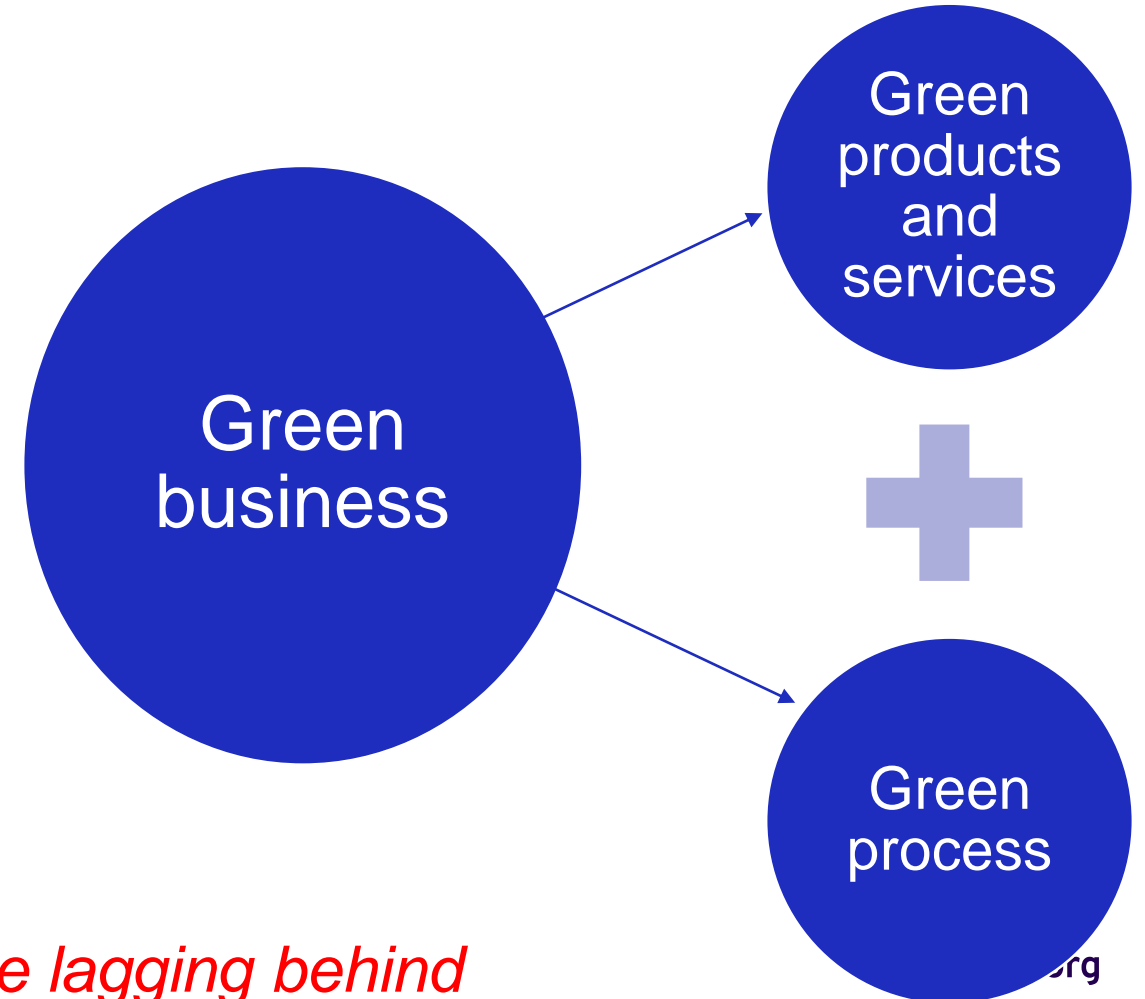


Source: infoDev 2014 <http://www.infodev.org/infodev-files/green-industries.pdf>

Source: U.K. Department for Business, Innovation and Skills (BIS).

## ▶ Drivers of green business growth in SMEs

Two main categories of green business:



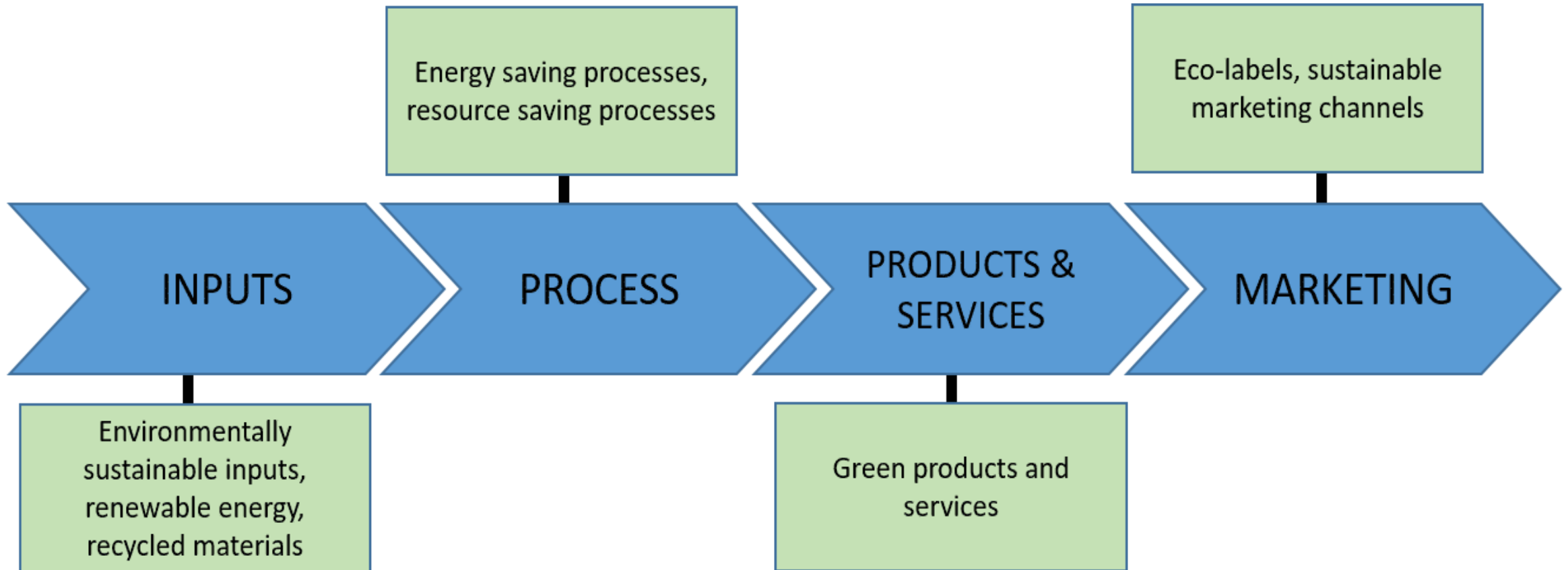
*However, SMEs are lagging behind*



## Drivers of green business growth in SMEs



# Different pathways for SMEs to go green

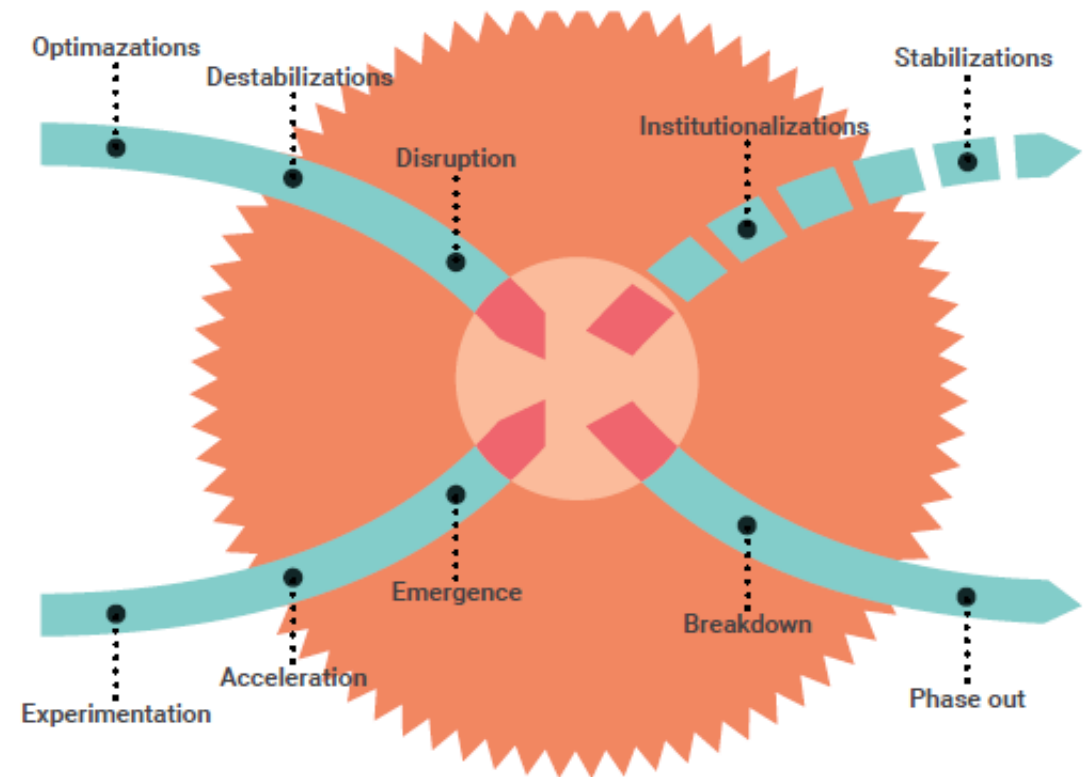


A few business approaches: Material flow analysis, ecodesign, industrial ecology, reverse logistics, functional economy

# ► The future of business in a changing world

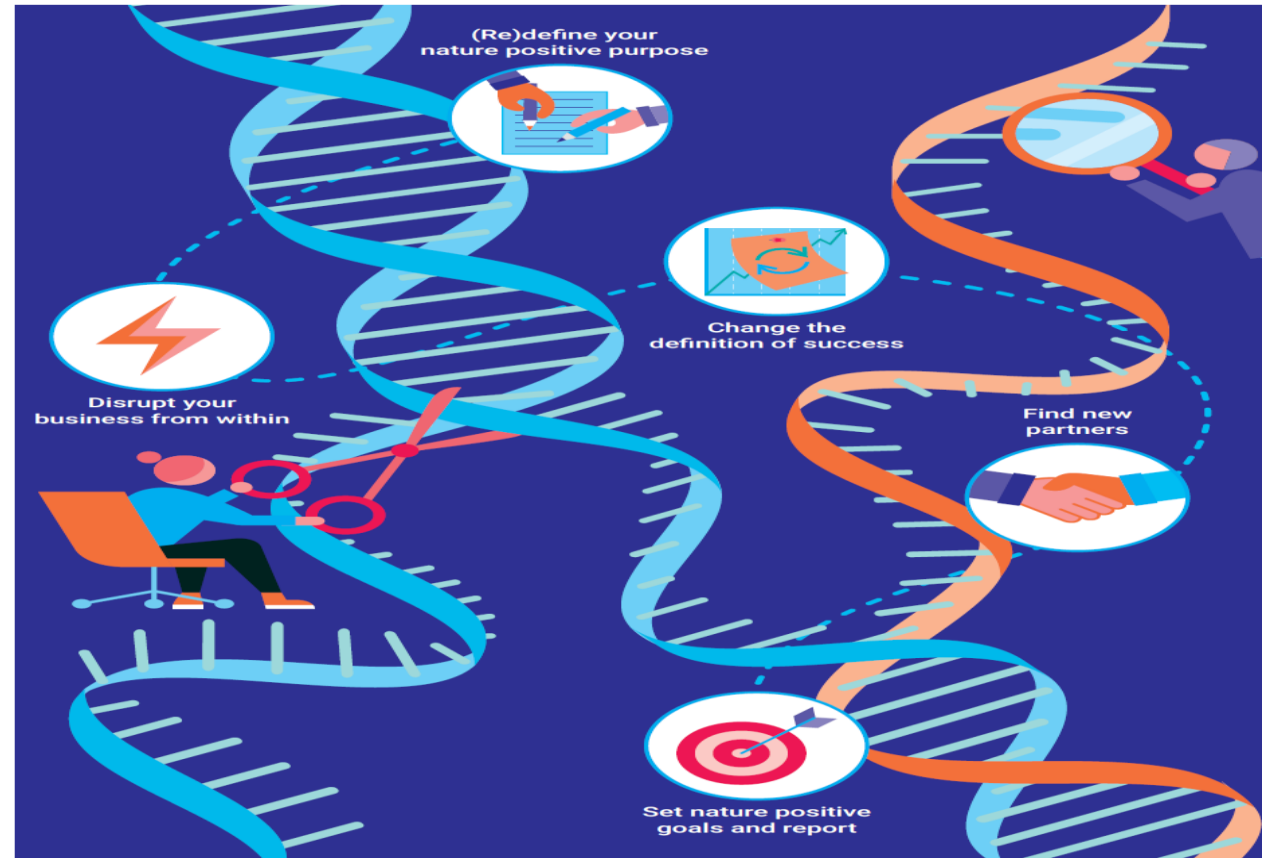
## Five key areas for transformative change:

- Adapt to deep decarbonization
- Transform global food systems
- Build environmentally sustainable and resilient infrastructure
- Build a circular economy
- Transform and align finance for sustainable development



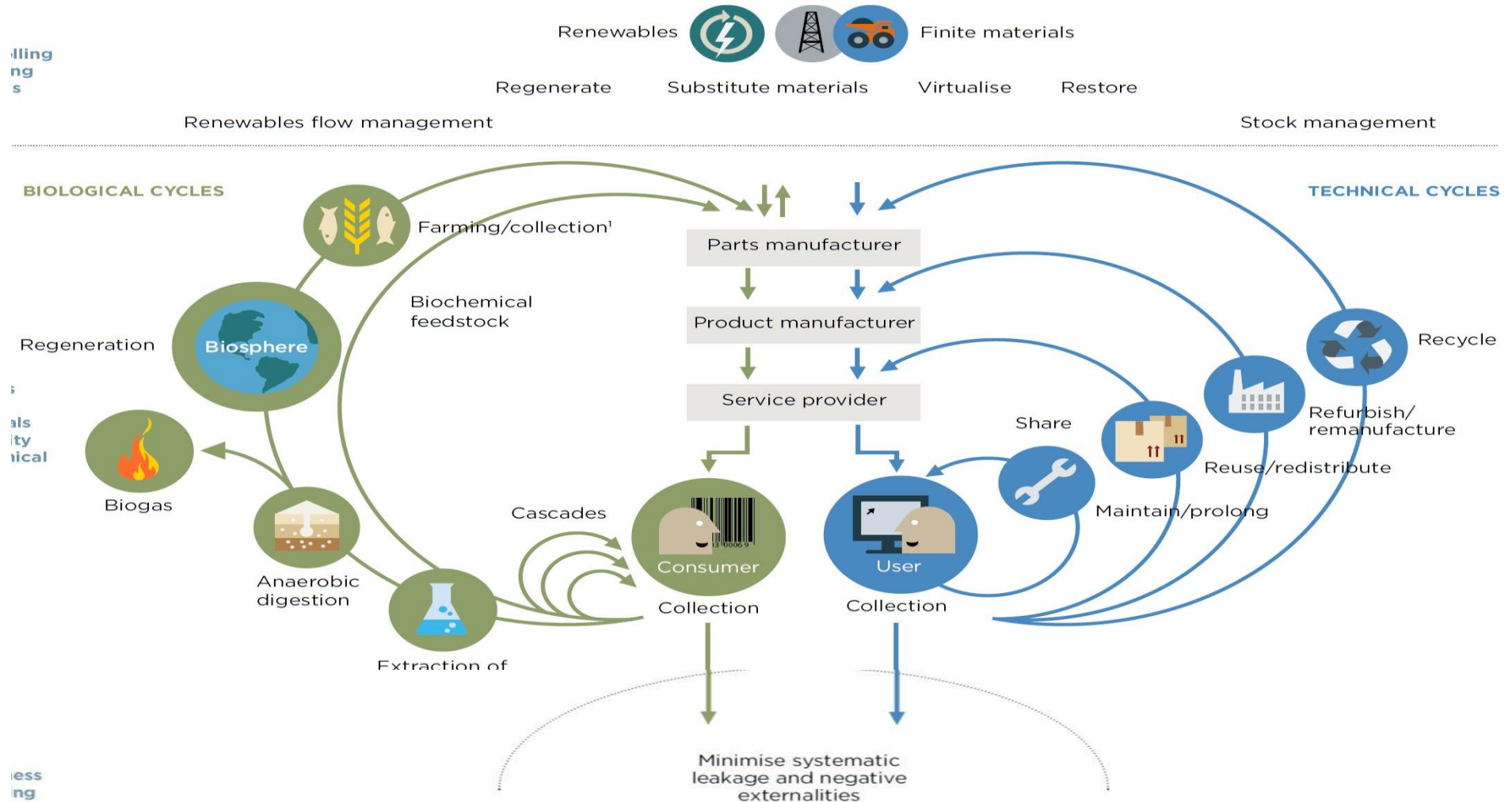
# Business transformation from within

- ▶ (re) define your nature positive purpose
- ▶ Disrupt your business from within
- ▶ Change the definition of success
- ▶ Find new partners
- ▶ Set nature positive goals and report



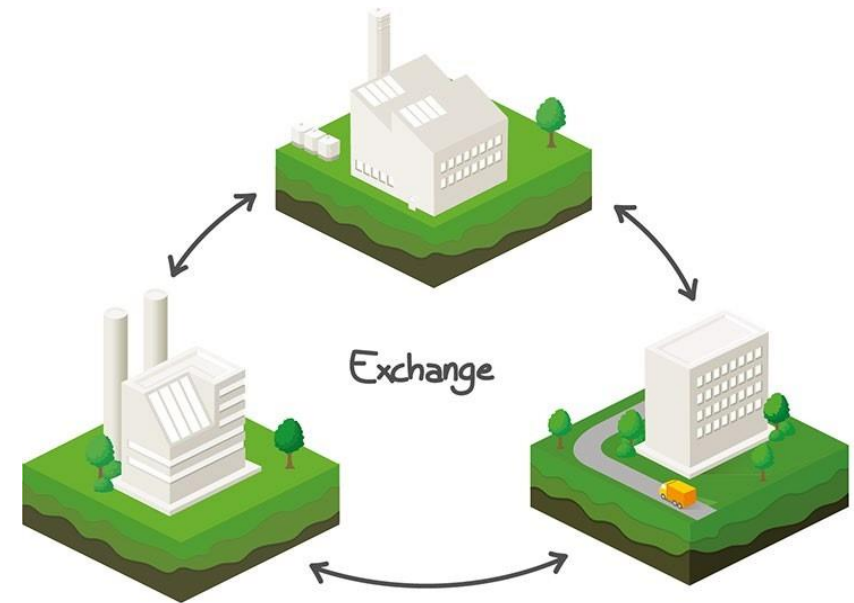
Source: UNEP, 2021. Adapt to Survive: Business transformation in a time of uncertainty.

# Circular Economy



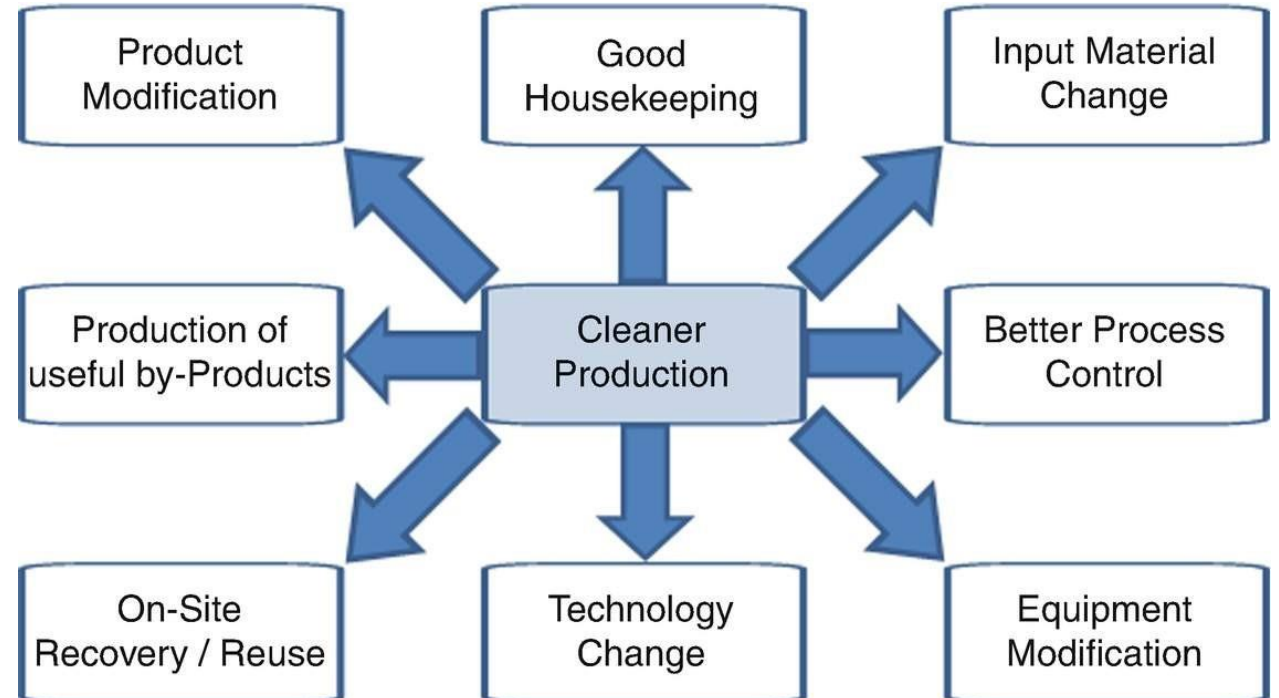
## Industrial symbiosis

- Industrial symbiosis is the process by which **wastes or by-products of an industry or industrial process become the raw materials for another.**
- This process serves to **reduce the environmental footprint** of the industries involved.
- This involves **raw materials, products, energy, water and also expertise and infrastructure.**



## Cleaner production

- Cleaner Production entails the continuous **application of preventive environmental strategies to processes, products and services** in order to increase efficiency and reduce risks to humans and the environment.



## Eco-innovation

- Eco-innovation is **innovation resulting in significant progress towards the goal of sustainable development**
  - by **reducing the impacts** of our production modes on the environment,
  - enhancing nature's **resilience** to environmental pressures, or
  - achieving a **more efficient and responsible use of natural resources**.
- Aimed at enhancing company's performance: **positive sustainability impacts and increased competitiveness**.
- **Adds value to business, society and environment**.



## ▶ Life-cycle thinking

**Decisions companies can make** on the basis of life cycle thinking:

- **Substitution** of a certain type of **raw material** by another type of raw material;
- Assembly of the product in a way that makes it **easier for the consumer to separate its recyclable or reusable parts**;
- Better information to consumers on the efficient use or the **correct disposal** of the product;
- **Shortening of the supply chain**, sourcing materials locally;
- **Elimination of packaging**;
- Replacement of factory equipment with more **energy efficient equipment**.

## Eco-labelling and eco-certification

- **Eco-certification:** independent agency (governmental, a non-governmental organization (NGO) or an industry consortium) tests or verifies that a certain more sustainable practice has been followed in the production of a given good or service.
- **Eco-labels** and **Green Stickers** are labeling systems for food and consumer products. Ecolabels are voluntary, but green stickers are mandated by law; for example, in North America major appliances and automobiles use Energy Star.
- Standards can be **public, private, voluntary or mandatory**



# A supportive ecosystem for green business

- Fostering green business requires a whole ecosystem, with a range of support tools and instruments.
- Balancing environmental regulations and green business support.



# Common Needs of Businesses

- Business management skills
- Information
- Accounting
- Marketing and promotion
- Market linkages
- Assistance with regulation and compliance
- Product development
- Market research
- Technology
- Access to finance

- Energy management
- Resource efficiency
- Life cycle assessments
- Assistance with environmental compliance
- Environmental certification
- Clean technology
- Eco-innovation
- Environmental management systems

## Green Business Development Services

What ?	Who?
<ul style="list-style-type: none"><li>• Training/ Skills development</li><li>• Advisory services</li><li>• Incubation</li><li>• Information services</li><li>• Certification and labelling</li><li>• Technology transfer</li><li>• Business to business / Referral</li><li>• Rewards</li></ul>	<ul style="list-style-type: none"><li>• Business development service providers</li><li>• Government agencies</li><li>• Chambers of commerce</li><li>• Business associations</li><li>• NGOs</li><li>• Suppliers and clients</li></ul>

**Who pays what and how do we ensure these services are offered on a sustainable basis?**

## Green skills

- Skills anticipation and skills development
- Training and vocational education centres
- Universities
- Private sector training providers
- Skills councils



# Changes in skills required, by skill level occupation (energy and circular economy scenarios)

SKILL LEVEL	NATURE OF CHANGE	TYPICAL SKILLS RESPONSE	EXAMPLE OCCUPATIONS
<b>Low-skilled occupations</b>	Occupations change in a generic way, e.g. requiring increased environmental awareness or simple adaptations to work procedures	On-the-job learning or short reskilling and upskilling programmes	Refuse/waste collectors, dumpers
<b>Medium-skilled occupations</b>	Some new green occupations Significant changes to some existing occupations in terms of technical skills and knowledge	Short to longer upskilling and reskilling programmes; TVET courses	<i>New occupations:</i> wind turbine operators; solar panel installers <i>Changing occupations:</i> roofers; technicians in heating, ventilation and air conditioning; plumbers
<b>High-skilled occupations</b>	Locus of most new green occupations Significant changes to some existing occupations in terms of technical skills and knowledge	University degree; longer upskilling programmes	<i>New occupations:</i> agricultural meteorologists, climate change scientists; energy auditors, energy consultants; carbon trading analysts <i>Changing occupations:</i> building facilities managers; architects; engineers

## Framework set by Government

### Appropriate Mix: Regulatory & Market-based Approaches

- Smart regulations
- Appropriate information on regulations
- Tiering regulation by risk
- Permits versus rule-based approaches
- Tax deductions
- Tax charges
- Direct subsidies
- ...

### Green Public Procurement

- Great incentive
- The public sector can lead by example
- Possibility to combine environmental and social criteria
- Simplification of bidding processes
- Transparency in public procurement processes
- Without appropriate support, SMEs will not benefit
- Payment deadlines

**Businesses need clear and predictable regulatory and market-based approaches**



## IOE Position on Just transition and Business

IOE has been consistently defending the following key drivers of governments' response to the employment and labour market risks posed by climate action:

- anticipatory of **skills needs assessment**, in collaboration with the private sector,
- A proper **enabling environment for businesses**, particularly SMEs, which facilitates, accelerates and incentivises the creation of more resilient and sustainable enterprises that can achieve decarbonization objectives
- Ensuring **targeted funding** to support transition planning and implementation to increase resilience and sustainability for viable but also for vulnerable enterprises;
- Developing well-functioning markets and effective regulatory conditions that are clear and stable and incentivise innovation and entrepreneurship





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# Thank you

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