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ПРОГРАММА ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ ПО ОКРУЖАЮЩЕЙ СРЕДЕ

21st Consultative Meeting with Industry Associations

Conseil régional d'Ile de France Headquarters, Paris, 7 – 8 October 2004

Meeting Report

UNEP's 21st Consultative Meeting with Industry Associations was attended by seventy participants including representatives of 42 international and national industry associations from all regions and representatives of international organisation secretariats such as UNEP, the European Commission and OECD. The meeting was opened by Monique Barbut, Director of the UNEP Division of Technology, Industry and Economics (DTIE). She gave an overview of restructuring in UNEP DTIE and priority work areas for the coming year, including key forthcoming events in Monterrey, Oostende, Kobe and Nairobi. She challenged participants to agree on tangible follow-up activities, highlighting the need for agreement on new areas, initiatives or projects in which UNEP, associations, companies, labour unions and related stakeholders can work together to address the issues of capacity building, technology support and financing. Opening the meeting with her was Marc Abadie, senior representative of the regional authority of Ile de France.

The first panel session of the meeting focussed on “Life Cycle Approaches”. Speaking as plastics industry representative in the UNEP / SETAC Life Cycle Initiative, Ivo Mersiowsky of the *Solvay Group* reminded participants that the main environmental impact in the production-consumption cycle lies with products and their use, not the production process. He described the use of specialised life cycle software in compiling eco-profiles of product materials. It is important to integrate tools such as SAP and LCA software and provide managers adequate training in their application. At the same time, life cycle innovation is not only a technical exercise. He underlined the value of dialogue with downstream consumers in finding acceptable alternatives. Elizabeth Girardi Schoen of *Pfizer* and the *Global Environmental Management Initiative (GEMI)* spoke of the move from a compliance mode to the notion of stewardship. Supply chain management is no longer approached simply with liability and cost considerations in mind, but mindful that you can improve your performance by working with suppliers. This involves moving from a traditional view of environment, health and safety (EHS) measures as aimed at cost avoidance to a new view of EHS as playing a value creation role. Its impact can be seen, among others, in greater supply chain productivity and innovation. In its current work GEMI is highlighting the resultant value to the investor. Ralph Thurm of the *Global Reporting Initiative (GRI)* Secretariat argued the need for combining transparency and life cycle approaches to help improve risk management. He described the value of reporting in moving from efficiency (am I doing things right?) to effectiveness (am I doing the right things?). He highlighted the new GRI Boundaries Protocol, calling it a valuable risk management tool for companies. LCA can benefit from its systematic way of setting out steps to consider significant risk or impact and significant influence or control. Life cycle approaches and sustainability reporting face similar challenges in terms of boundary questions (eg data accuracy), common standards (eg comparable information) and process management (eg continuous improvement through stakeholder involvement).

The first session of discussion in groups representing industry sector clusters focussed on “Capacity Building”. Whose capacity needs to be built, those in government or those in the private sector? Can these target audiences be reached through public-private partnerships? Where is the focus and role of the UN in this? How does the respective roles of UNEP and UNDP differ and complement here? These were some of the questions raised in group discussion on capacity building and technology transfer. Working groups started their discussion with the UNEP draft Framework for a Strategic Plan on Technology Support and Capacity Building. Many participants felt that the draft framework strategy seems to present a long list of intergovernmental mandates and does hardly reflect the perspectives of business. From feedback in plenary, four priority areas crystallised:

- i) Governance: Participants addressed elements of both good governance and weak governance. With respect to the former, the importance of transparency and accountability was highlighted, mindful of the ability of corruption to undermine all efforts in support of capacity building and technology support. Representatives of the extractive industries underlined there is a clear business case for good administration. In environments of weak governance, the importance of self-regulation and leadership role of industry champions was highlighted.
- ii) People: Participants stressed the importance of education and training of students, youth and employees. This also has a valuable role in building trust and confidence amongst employees and managers who often come from diverse backgrounds. Many industry associations have good material available for education and training. Representatives of the manufacturing industries felt that greater success is accomplished through hands-on learning, on the job training, an area in which is was felt the UNEP/UNIDO network of National Cleaner Production Centres could make a valuable contribution. It was noted that UNEP often develops training materials with partner organisations, materials that other UN agencies and organisations at the national level can help roll out, adapting it to local circumstances and delivering it in local languages.
- iii) Business models: It was evident that business as usual is not sufficient in making greater progress in capacity building. It can not be assumed that investment by a company in a particular community will automatically result in appropriate capacity building and that companies simply do adequate capacity building as part of their usual business. New business models is required to bring about more systemic change and optimise the impact of investment for sustainable development. Participants also felt that the “carrots” need to be made more explicit through improved communications and highlighting case studies showing new best practices.
- iv) Partnership: Participants shared the expectation that partnerships - in particular public private, with UN agencies involved - can make a real contribution in advancing capacity building and technology transfer. The partnership approach is critical in building trust, communicating better and truly addressing local needs.

In discussion on “Economic Instruments” in the next panel session, Stephen Smith of *University College London* highlighted cost savings that can be made through abatement flexibility when combating air pollution. The SO₂ emissions trading experience in the USA gave an early example of how more flexibility can be left to companies. The lower than expected allowance prices reflected low cost abatement innovations that companies have found. He noted the ability of extended producer responsibility (EPR) schemes in waste management to encourage upstream “design for the environment”. Looking at challenges in developing countries, he mentioned the possibility for economic instruments to act as incentive to raise money for environmental policy. Examples of this can be seen in deposit-refund systems for solid waste recycling and pollution levies in for example China. On the initial allocation in a GHG emissions trading scheme, Smith argued that auctioning - as opposed to grandfathering (quotas handed out) - is likely to lead to more economic benefits. Speaking for the electricity industry, John Scowcroft of *Eurelectric* noted his preference for emissions trading, where the market sets the price as opposed to taxes where the regulator guesses the price. Often environment taxes seem to be introduced simply to raise revenue, he argued. Smith underlined the goal of desirability and the need to invest tax revenues in related improvements (for example in infrastructure). Scowcroft called for predictability and the need to do sound economic analysis before new legislation is introduced. He complained of EU Directives that seem to have contradictory effects, for example a large combustion plant directive that reduces SO₂ emissions but causes a rise in CO₂ emissions. Renaud Abord de Chatillon of the French Finance Ministry (*Conseil Général des Mines*) described related policy reforms in France and how the concept of sustainable development is being introduced into the French economy. He stressed the need for companies to be consistent in meeting international standards in support of sustainable development. We cannot have “national” concepts of sustainable development. He argued that the consumer is the boss today and that sustainability reporting, as required mandatory by the new French NRE law, challenges companies to communicate openly to consumers and other stakeholders.

Working group discussions during Day II on “Technology Support” again highlighted the issues of governance and education, as well as other factors such as cultural barriers, financing, ownership and knowledge management. It was felt that technology would follow if a good national and local governance framework is in place. The appropriateness of technology is typically determined by the local context. Appropriate education, customised to local needs, is an important complement to introducing new technologies. Cultural differences can become a barrier when politicised since a particular technology is associated too closely with a particular country. Participants felt sharing information through workshops can play an important role in raising awareness of best practice. There is also a need for cross fertilisation between industry sectors and greater effort to help developing communities to leapfrog in technology advancement. UNEP was asked to clarify what its contribution is in this field so that new areas for co-operation with associations can be identified. Participants noted that UNEP tends to focus on pilot testing new innovations - for example a local level renewable energy project in a developing country - following which other agencies such as UNDP can replicate the experimental model once its success and level of risk has been demonstrated.

Charles Chaumin, Senior Vice President of *Suez*, was the first speaker in the **final panel session entitled “Public Private Partnerships”**. He gave an overview of lessons in the provision of water services in developing countries through public-private partnerships (PPPs). He noted that less than 5% of urban water supply in developing countries is privately owned. One challenge for

PPPs is to better address the excessive risk profile that capital suppliers and investors often face. Principles for PPPs include thorough risk allocation, sustainable cost recovery at manageable horizons, clear objectives and multistakeholder engagement. As example he described the experience of a *Suez* subsidiary in installing water and sewerage connections in a poor peri urban settlement in Bolivia. Hariette Amissah-Arthur of the *Kumasi Institute for Technology and Environment* in Ghana spoke on partnerships in the provision of energy services, arguing that good lessons learned in Africa are not being documented and diffused sufficiently. She explained how the REED programme of UNEP and partners is helping small entrepreneurs in bridging the gap between micro-level unsustainable practices in the informal economy and large scale national power supply operations. It is doing this by helping provide enterprise development services and start-up financing. She gave examples of success stories in rural Africa, where entrepreneurs are having commercial success and staying abreast with payment of their special interest rate loans. Michael Holz of *Deutsche Bank* described the commitment of banks and insurance companies in the UNEP Finance Initiative to incorporate environmental risk as part of their normal risk assessment and management practices. His bank has also established a microcredit development fund to offer low interest loans to micro finance institutions world-wide. Focussing on implementation of the goals of major environmental conventions, Tom Hamlin of the *Global Environment Facility (GEF)* asked for greater private sector involvement through, among others, voluntary partnerships, project execution and procurement. Hamlin mentioned that the GEF can support conducting technology needs assessments on a sector by sector basis. He also described the UNEP/GEF *SANet* web portal with its database of case studies and experts of alternative technologies, noting its potential as a local desk interface with industry and help desk to support the scaling up of sustainable business models.

The consultative meeting was closed by Monique Barbut, who thanked participants for their open and frank exchange of views. She undertook to sent participants in inventory of activities by UNEP DTIE in the field of capacity building and technology support. She also challenged industry association and NGO representatives to respond with proposals on areas for co-operation with UNEP in this field. From the debate, it was also agreed to address the issue of supply chain management in a multisectoral perspective during the consultative meeting in October 2005.