SEED Initiative

for entrepreneurship in sustainable development

SEED SYMPOSIUM:

The Green Economy Accelerating the Transition:

Pretoria, South Africa – 15th April 2011

Reported by Heather Creech, International Institute for Sustainable Development (IISD)

Introduction

On 15th April 2011, nearly 200 people gathered in Pretoria to explore the role of social and environmental enterprises in shaping the Green Economy. The SEED Symposium on The Green Economy: Accelerating the Transition, brought together start-up entrepreneurs, government leaders, international organisations, research institutions and the private sector in one of the first international meetings on this challenge. Through keynote presentations, guest speakers, panel sessions and discussion, Symposium participants explored two central questions:

- whether and how these enterprises – often with only one or two owners or employees – could accelerate the transition to green economies in their countries and regions
- what they might need in the way of support and enabling conditions from their governments.

The Symposium was a benchmark event in a larger, multi-year programme of work by the United Nations Environment Programme (UNEP) Green Economy Initiative and the SEED Initiative, largely supported by the European Union (EU), to foster the Green Economy and to encourage the growth of socio-environmental entrepreneurship in Africa. Embedded in this programme of work is the SEED award itself. In her opening remarks, Dr. Helen Marquard, Executive Director of the SEED Initiative, noted that from its beginnings at the World Summit on Sustainable Development (WSSD) in 2002, SEED has emerged as one of the world's most innovative recognition and reward programmes. SEED works at the grassroots level of the Green Economy, identifying innovative, promising start up social and environmental enterprises in developing countries and emerging economies, providing them with support for business planning, skills development, profile raising and access to potential partners, supporters and investors. From 2005 to 2009, over 1600 applications were considered, with 35 winners recognised. In the most recent cycle, 2010, over 400 applications were received, with 30 winners selected. Of those, 27 enterprises representing seven countries participated in the Symposium. Throughout the Symposium, the SEED winners showcased their products and services in an open marketplace and contributed to the discussion. Following the Symposium, the winners met for a full day in their own workshop to explore common success factors and challenges.

Celebrating progress: The SEED International Awards Ceremony

On the evening of April 15, the Symposium participants reconvened at the SEED awards ceremony to recognise the 2010 SEED Award winners for their innovation in sustainable entrepreneurship. Jerry Liu, VP Communications, Hisense, and Achim Steiner, UN Under Secretary General and Executive Director, UNEP, presented certificates to 26 of the 30 SEED winners for 2010. Both Mr. Liu and Mr. Steiner underscored the significance of the contribution of the winners to securing important social, economic and environmental benefits in the communities in which they work, and the need for many more such efforts to move the world towards a Green Economy.

The following report synthesizes the key components of the Symposium:

- The Green Economy: Accelerating the Transition. Background paper for the Symposium
- The SEED 2010 research report: "An investigation into the triple bottom line performance of micro and small social and environmental enterprises in developing countries"(www.seedinit.org/en/best-practices-and-policy/seed-reports.html).
- The Symposium presentations and panel sessions
- The Winners workshop discussions

Dr. Helen Marquard, Executive Director of the SEED Initiative, welcomed the presenters, panellists, SEED winners and participants. Mr. Satinder Bindra, Director, Communications, UNEP DCPI, served as Moderator for the Symposium. He set the stage by describing how national economies are driven by the contributions of SMMEs, and challenged the participants to consider how these social and environmental enterprises could be supported to accelerate the Green Economy. Entrepreneurs like the SEED winners are visionaries, implementing the Green Economy one step at a time.

Acknowledgements

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Key Messages

1. The Green Economy is not an alternative economy but a whole new global approach to diversifying opportunities for economic development and poverty alleviation while protecting and restoring the earth's natural capital. Green Economy thinking and planning need to be fully integrated into how the world approaches all economic development. Work is needed to strengthen public perceptions on the Green Economy: it is not an either/or approach ("green jobs are good; all other jobs are bad"), but rather a strategy to facilitate entry into the economy of innovative, environmentally friendly services, goods and technologies. Further, the Green Economy is not just about new sectors of economic opportunity; it is also about the need (and opportunity) to build social and environmental dimensions into existing sectors and jobs.

   This point was reinforced during the Winners workshop, in which participants presented a wide range of start-up enterprises. Initiatives ranged from renewable energy applications, to transportation, to improving household products. These initiatives often looked at new approaches that recognised both the strengths and limitations of modern science and technological interventions; for example, one enterprise focused on using organic waste to rebuild soil, so that chemical fertilizers would be effective, while another recognised the high cost of chemical preservatives for grain storage and implemented a non-chemical approach for controlling moisture.

2. Partnerships across institutions, sectors and states are essential to achieve the necessary policy coherence and implementation on the ground. Public policy is a key lever for the Green Economy, and there are now examples of countries starting to implement policies to support the emergence of a Green Economy. However, in most countries, there is a need to strengthen capacity for policy development at the environment

and economy nexus: this can be achieved through interdepartmental coordination, institutional relationships and partnerships between states. The UN can bolster its role as a mobilising mechanism and platform for stakeholders to interact.

At the local level, workshop participants highlighted the need for policy coherence at the national level as an important enabling factor for the success of their enterprises. On the one hand, one government department might support small enterprise; but if the small enterprise grows and creates a larger market, another government department might step in, and in the process of passing regulations or other controls, undermine the enterprise.

Partnerships are also key at the local level, but very much for implementation rather than policy influence. The winners described a wide range of relationships necessary for their enterprises, from international marketing partners, international NGOs with skills and technology, local partners who could assist with social components of an enterprise (youth training, etc.) and community level partnerships for running cooperative enterprises.

3. The Green Economy must be people centered and have poverty alleviation as a prime goal: a Green Economy must be a "pro poor" approach. In developing Green Economy policies, governments will need to consider the impact of those policies on the poor. Green Economy financial mechanisms may be warranted that will ensure economic benefits are realized by the poor and negative economic impacts are mitigated. These pro poor considerations should be supported with research and aid coordination. Efforts in particular are needed to define indicators for the Green Economy that are sensitive to measuring pro poor outcomes.

   The social and environmental enterprises recognised by SEED are committed to providing economic benefits to the poor at the community level, directly or indirectly. Several winners are focused on creating decent jobs from recycling and composting activities; others look to improving productivity within communities in various ways – helping women with more efficient and environmentally friendly cookers and washing tools; providing better lanterns for household lighting, and so forth. Measuring the value of these economic benefits, however, continues to be a challenge. How can entrepreneurs contribute to setting and reporting on indicators for the Green Economy that demonstrate the pro-poor outcomes of their work?

4. At the heart of Green Economy thinking, policy development and planning is a particular emphasis on clean and renewable energy. The Green Economy is a low carbon economy, grounded in responding to the needs for mitigation and adaptation to climate change. Government policy on clean energy is a critical building block for the Green Economy.

   In developing clean energy policy, governments should consider the needs of local level, SMEs working with energy technologies. Implementing clean energy on the ground requires sophisticated knowledge of base load energy supply and pricing, as part of determining local markets for alternative energy solutions. And there are related supply chain issues for technology that impact SMEs. SEED winners discussed at length issues of access to solar products (lanterns, stoves, etc.) including challenges of importing products from other countries; finding biofuels from sources not linked to deforestation or other negative environmental impacts; finding skilled technicians for installations and maintenance, and other challenges involved in adopting clean energy as part of building a Green Economy from the ground up.

5. The Green Economy requires a wide variety of skills – public sector management skills, business skills, technology skills. Governments note that although countries may have unemployment rates as high as 25%, there are even higher rates of job vacancies in the public sector –as much as 40%. "Green jobs" should be "good jobs", but the skills base for a Green Economy may be lacking.

   SEED's research report 'An investigation into the triple bottom line performance of micro and small social and environmental enterprises in developing countries' , launched at the Symposium, highlighted that a leading barrier for SME success is the lack of skilled people at the local level. Most SEED winners at the workshop touched on the amount of training that they must do – training villagers in new grain storage techniques; training youth to assemble and maintain bicycles; and so forth. And even the winners acknowledged that they had gaps in their own skill sets, such as in business management, marketing, communications, and process facilitation. Innovative approaches and incentives are needed to build capacities that meet the immediate needs of Green Economy entrepreneurs.

6. Innovation and investment are essential components for moving to the Green Economy. Research into new processes, the development of intellectual property (IP) and the use of IP as assets to attract investment need enabling policy environments.

   The importance of research to start-up social and environmental enterprises cannot be underestimated. SEED winners discussed at length how important having a strong research partner is to their enterprises.
   - Research institutes identify active components in traditional plants that can be processed for new green products
   - Research institutes can test and validate products, providing evidence of the viability of a product for potential investors
   - Universities are often looking for partners on the ground to test new technologies and processes, creating intellectual property that could have market value. They may not have the capacity to take a new product to market and need entrepreneurs to work with them.

   Four of the SEED winners have secure patents for their products; these patents are assets and increase the value of the enterprise. This value chain of research, intellectual property development, entrepreneurship and investment is part of the DNA of the Green Economy.

7. The role of learning cannot be underestimated. A Green Economy is an adaptive economy, based on cycles of learning, action, reflection and response. Knowledge is a building block of the Green Economy "value chains".

   Both the Symposium and the follow-up Winners' workshop provided a platform for the exchange of knowledge and expertise. Symposium participants discussed policy, enabling factors and national approaches to the Green Economy. Winners grounded this in their local level experience, discussing marketing strategies, price points, supply chains, distribution arrangements and other day-to-day challenges that are all part of building a diversified, resilient, Green Economy.

8. The final key message emerging from both the Symposium and the Winners workshop is that the Green Economy can and should have its roots at the local level, in small, micro and medium sized socio-environmental enterprise. Governments have an important role in setting clean energy policy, in creating programmes for skills development and training, in supporting the research sector, and in addressing policy

coherence and building institutional relationships with other governments and international agencies. But they should add to this a careful consideration of policies, regulations and programmes for support to the SME sector, as well as consideration of perverse subsidies and taxes, so that social and environmental enterprises will have the space to grow and thrive, building the Green Economy from the ground up.

Summaries of presentations and panel sessions

The International Context for the Symposium

Mr. Achim Steiner*, Executive Director, UNEP*

The Symposium was launched with the viewing of a short UNEP video presenting views of world leaders on the Green Economy as a way to scale up Agenda 21 and the Rio Principles, based on low carbon and new technologies, with significant new job opportunities.

Mr. Steiner presented the opening address, with the central observation that the economy is being reinvented from the ground up. But even though economies usually develop and grow from day-to-day commercial activities at the local level, they can be hindered or supported by government decision-makers. Incentives can help; restrictions and inequities can lead to failures, not only for the economy but for the environment as well.

The transition to a Green Economy is starting in some countries, but not others. Across the world, some continue to invest in yesterday's economy while others are adopting a more strategic perspective on the future. And it is not just governments that are responding; businesses are looking at impacts on their supply chains, the shortages of resources, premiums on production, the challenges of competition in a tightening global marketplace. The Green Economy may follow two trajectories:

- The efficiency trajectory – focusing on less pollution and more efficient resource use
- The environmental infrastructure trajectory – building a national system of accounts that includes the natural capital of an economy: water, fish, forests, and so forth, in which depletions of natural capital are shown to impact GDP directly and negatively.

The Green Economy must also combine the environmental issues with social imperatives to create jobs. The efficiency trajectory does not necessarily lead to job creation: reduction of jobs can make some businesses more profitable. But inequities will escalate if more attention is not given to job creation (a point reiterated by Mr. Agostinho Zacarias, UNDP Resident Representative*)*. Green Economy researchers need to look beyond the efficiency trajectory to find evidence that a Green Economy can in fact create more and decent jobs. This is a fundamental condition of success.

Mr. Steiner pointed to the experience of South Africa, Kenya and China in rethinking the linkage between energy and economic development. South Africa, with its power infrastructure built on coal, is considering that dirty power is untenable if the country wants to be part of the international economy. The amount of wind energy that China has added to its national grid is already the equivalent of the total of South African power production. Over the last eight years. China has become the leader in wind energy technology; and it is among the top three in photovoltiacs. Simple regulations mandating use of solar thermal water heaters have led to the creation of 600,000 jobs in China. Kenya has passed laws to support geothermal and wind power developments. Kenya's new green energy paradigm will double or even triple energy production, and at the same time bring significant economic benefits to some of the poorest regions in the country where these energy projects will be located.

Mr. Steiner acknowledged the SEED winners, observing that they are living proof of what it takes to create jobs and contribute to economic development by taking the environment and clean energy into account. But barriers such as perverse subsidies, taxes and other obstacles prevent entrepreneurs from success. The litmus test for the Green Economy is whether it will be easier for social and environmental entrepreneurs to succeed.

The South African Commitment

Mr. Enoch Godongwana, Deputy Minister for Economic Development, Republic of South Africa

In introducing Mr. Godongwana, the moderator noted that SEED has a deep connection to South Africa, emerging from the World Summit on Sustainable Development in Johannesburg in 2002. This year, in 2011, South Africa has established SEED South Africa – SEED's first country level recognition programme for social and environmental entrepreneurs. South Africa has a proactive Green Economy agenda, with ambitions to create five million jobs through Green economic development.

Mr. Godongwana opened his presentation with a review of employment in his country, noting that employment growth has slowed in recent years, with over 50% of South African youth currently unemployed. Contributing factors include decreasing mining activities (and the corresponding loss of unskilled jobs) and the infrastructure deficit: in the energy sector alone, electricity supply needs to double over the next 20 years. Later in the Symposium, others referred to changes in the agriculture sector as well: in Kenya alone, it was stated that 80% of farmers are now over the age of 55.

Key components for building a Green Economy in South Africa include investing in renewable energy; providing financing for establishing localized green industries; and investing in skills development, with particular attention to revitalizing apprenticeship programmes. But the government alone cannot drive this change; the level of investment is such that the private sector must also make commitments. The government does need to provide clarity in regulatory frameworks to help the private sector. Green city planning, buildings and infrastructure – clean energy, energy efficiency, transportation – there are key interventions possible in every aspect of the economy across South Africa. Every opportunity will be explored, including regional cooperation for hydro, research and innovation into alternative energy sources, and looking to initiatives like SEED to access international experience.

Mr. Agostinho Zacarias,UN Resident Coordinator, Resident Representative, UNDP

Mr. Zacarias reinforced the point that the critical obstacle facing South Africa's development is the skills gap. He observed too that there is a need for coordination across government departments in order to achieve two major outcomes for the Green Economy: vibrant, sustainable rural communities contributing to food security; and the protection and enhancement of environmental assets. This transition can lead to job creation and sustainable growth. The support that UNDP provides to the government of South Africa includes the Green Economy, but it also focuses explicitly on poverty eradication and the reduction of vulnerability of the poor to climate change. A Green Economy will need to be "pro-poor"; and it will need to address country priorities.

European Progress

Mr. Roeland van de Geer, European Union Ambassador to South Africa

Mr. van de Geer presented the European Union's perspective on the Green Economy. The EU aims to reconcile economic growth and environmental management through investment and innovation. For the EU, the Green Economy is low carbon and resource efficient, with an emphasis on poverty elimination that does not harm the environment in the process. But the Green Economy needs investors who are willing to accept risk. Highlights of the EU approach include:

- the EU 2020 strategy, with a focus on market-based instruments, including phasing out environmentally unfriendly subsidies; shifting tax burdens from labour to energy, and promoting innovation and skills development.
- the 20:20:20 strategy, with a target for 20% reduction in emissions and a 20% increase in renewables by 2020
- creating a highly competitive low carbon economy, requiring investment in green technologies, carbon capture, emissions trading and consumer awareness
- becoming the largest contributor of financing for carbon reduction to developing countries

In reflecting on concerns that Green Economy actions in the north might constrain development in the south, the Ambassador noted that there are clear examples of the Green Economy delivering growth, creating jobs and eradicating poverty while not harming the environment. He pointed to the SEED winners as examples of what is possible, demonstrating how local initiatives contribute to their national Green Economies.

The EU commended the commitments of South Africa, noting that the strategies and targets are important not only for South Africa but also for the region and the continent as a whole. The EU intends to blend grant funds with loan funds to South Africa, with the intention of attracting European and South African financial institutions and private sector investment to leverage EU funds.

In Depth: The Role of Innovation in the Green Economy

Mr. Imraan Patel, Chief Director, Department of Science and Technology, South Africa

Mr. Patel guided Symposium participants through the critical role of innovation in the Green Economy. A systems of innovation approach requires a country to develop a range of capabilities in infrastructure, research, economics, technology and measuring progress. Awareness of trends – access to research and innovation elsewhere-- is particularly important in fostering local capacity for developing and adopting new ideas.

Mr. Patel focused on opportunities for small scale enterprises to innovate, by looking not only for completely new products and services, but at green opportunities that might emerge from local level initiatives, such as creating products from waste streams from agricultural processing. Society needs to move away from a "throw away" culture, noting as an example the potential for second-hand and third-hand markets for cell phones and other electronic products.

Innovation also requires new approaches to designing products from cradle to grave, reducing transportation costs, and shifting from mass production to local production. Government can be a driver for green enterprise, using its power for public procurement as well as creating legal and regulatory environments supportive of entrepreneurship. In discussion with the participants, Mr. Patel noted that the incentives for green SMMEs are underexplored, other than the traditional thinking on taxes and subsidies.

Panel discussion: 'Moving economies towards becoming green'

Participants:

- Dora Nteo*, Chief Director, Department for Environmental Affairs, South Africa*
- *Moustapha Kamal Gueye, acting head, UNEP Green Economy Advisory Services Unit, UNEP Green Economy Initiative*
- *Andreas Klemmer, Senior Enterprise Development Specialist, International Labour Organisation*
- *Richard Worthington, Climate Change Programme Manager, WWF South Africa*

The first panel session of the day focused on policy levers necessary to accelerate the transition to green economies.

The first panellist, Ms. Nteo, reinforced the messages from key note speakers that the first step towards a Green Economy starts with high level policy commitment, based on the recognition that functioning ecosystems underpin all economic and social activity, and that clean technology development offers significant business opportunities and gains. Her own definition of a Green Economy is that it is putting sustainable development into implementation: putting programmes in place and scaling them up. Enablers for a Green Economy include:

- Regulatory framework
- Market-based instruments
- Innovation in science and technology
- Investment and related financial instruments including leveraging of funds
- Greater localization of manufacturing
- Availability of skills
- Partnerships between government, civil society and business

In responding to questions from the participants, Ms. Nteo noted that a critical part of South Africa's strategy will be to inject funds into existing projects that show promise, to get two to three times the impact. Due diligence will be required to ensure fair and timely process for access to government support.

Moustapha Kamal Gueye from UNEP spoke next, exploring why the Green Economy matters for Africa. He noted that in a recent meeting of the Economic Commission for Africa on the role of the state in the economic transition, ECA members observed that growth alone has not led to poverty eradication and that unemployment is high across the continent. The linkages between poverty and the protection of natural capital must be better understood; and economic growth strategies must be inclusive and address unemployment. Most important, governments must move away from two predominant myths: first, that they must choose between economic growth or environmental protection; and second, that green growth is a luxury for developing countries. Mr. Gueye acknowledged previous speakers' focus on energy, but suggested that agriculture and food security can also drive the Green Economy. Production can be increased in more sustainable ways, while at the same time reducing CO_2 emissions. As with other speakers throughout the day, Mr. Gueye also noted the critical need for skills development.

Andreas Klemmer from the ILO was more cautious in his comments about the potential for the Green Economy to create jobs and reduce unemployment, noting that the ILO has advised that "green jobs" must also be "decent jobs". "Decent jobs" include access to basic social protections such as health care, the elimination of child labour, worker safety and protection of workers' rights. There are many examples of jobs that could be considered part of the Green Economy but are not in fact decent: he pointed to day labourers in biofuels agriculture as well as

workers involved in handling hazardous waste in recycling ICTs. This nexus of "green" and "decent" must be investigated at the SME level, and a focus on SME development (both in shifting mindsets about decent work and providing support) will help to promote the creation of green and decent jobs.

Mr. Richard Worthington from WWF welcomed the emerging views that the Green Economy must embrace the whole economy, based on the identification of leverage points where investments will lead to the best environmental outcomes and the most employment. A central focus on people-centred development must be maintained. He noted that it is well known that sustainable forest management creates more jobs and that often the most sustainable way for managing resources, energy, agriculture and so forth is also the most labour intensive. Decision makers need to change public perceptions from "not in my back yard" to "jobs in my back yard". Policy levers also need to be applied: for example, renewables have not advanced in Africa because there is more profit to be made from selling fossil fuels. This could be addressed through a carbon tax. He also cautioned that some elements of an industry might appear to be "green" but on balance can undermine a Green Economy: for example, the production of palm oil biofuels contributes to significant greenhouse gas emissions and provides less than decent jobs for workers.

Participants challenged the panellists with several key questions:

- Where are the jobs being created in the Green Economy – are manufacturing and production jobs in various clean technologies moving to other countries such as China? Panellists noted that governments need to explore how to create jobs locally. Entrepreneurs only create jobs when they cannot handle all the work on their own; and so support for scaling up entrepreneurship is important. Regulatory obstacles need to be identified sector by sector. At the same time, it is important to open up international markets and create level playing fields for efficient producers.
- What constitutes a decent wage: if someone is employed in a "green job" below minimum wage does that really constitute a "green job"? Panellists noted the need for definition and enforcement of minimum wage standards in sectors and regions.
- How can "non-green" sectors contribute to the Green Economy? Panellists agreed that every business in every sector must be involved, by considering how to make all elements of their work and their jobs more sustainable. This will increase the percentages of green jobs in the economy as part of a transformative approach. Mr. Klemmer from ILO noted that even in sectors like mining, it is possible to find ways of facilitating a just transition: giving a worker a mining job may take them out of even more unsustainable activities.
- Will traditional "supply and demand" thinking influence the Green Economy? Panellists noted that there is an important role for civil society organisations to shift consumers to demand greener products at fair prices. In the broader context of energy economics, supply and demand will weigh in: the more use is made of fossil fuels, the lower the supply and the more expensive over time they will become; while with renewables, the more they are used, the cheaper they become, because of the increase in market share. This year more investment was made globally in renewables than in fossil fuels.
- Who will bear the costs? The transition cannot happen without hundreds of thousands of people working at local level; but they require skills training. If governments want to include people at the base of pyramid, then they must invest in education and training. Mr. Gueye from UNEP suggested that it will be essential to target entrepreneurs, innovators working in the field, to support them in building capacities at the local level.
- How can the Green Economy take into consideration significant social dislocation, including domestic violence, illegal immigration, severe malnutrition, lack of family planning, war? Panelists agreed that integrated approaches to resource management are needed. Drivers for violence, conflict and war often

have their roots in lack of access to resources. But equity is not just about helping the people here now but also protecting the resource base for future generations. Industrial fishing became the exemplar for the debate. On the one hand, industrial fleets are much more efficient than artisanal fisheries; but their impacts in terms of bycatch are significant. Reducing the size of the industrial fleet may allow more local fishers into the resource. However, a small fisher will struggle to get sufficient capital for a boat. This is a key challenge: can the Green Economy deliver in a way that everyone benefits?

In Depth: Social and Environmental Entrepreneurs – What can they contribute to a Green Economy
Dr. Susan Steinman, Director, Centre for Social Entrepreneurship and Social Economy, University of Johannesburg

Dr. Steinman described social and environmental entrepreneurs as ordinary people doing extraordinary things, who are tackling major challenges in a sustainable manner. An outstanding characteristic of these entrepreneurs is their pattern of system breaking and setting new paradigms. Innovation is spurred by the social and environmental entrepreneur. Entrepreneurs want to scale up their success, but to take an innovation to scale requires investment. Access to capital is a burning issue in helping entrepreneurs to contribute to a Green Economy, but there is no culture of financing for social and environmental innovation. A hybrid financing model may be required, in which development assistance grants provide seed funding to get good ideas off the ground, combined with tax exemptions, and new legal frameworks in which non-profits can acquire share equity. As Mr. Patel observed, more research is needed on how incentivize and reward social and environmental entrepreneurship, and on how to assess more accurately their contributions to local job creation, economic growth and environmental management and protection.

Panel discussion: 'The Green Economy on the ground: successes and constraints for social and environmental entrepreneurs; how can Small, Medium and Micro-Enterprises incorporate social and environmental goals?'
Participants:

- Heather Creech, *Director, Global Connectivity, International Institute for Sustainable Development*
- Kabir Bavikatte, *Natural Justice; 2009 SEED Winner*
- Nosipho Khonkwane*, Senior Manager: Technology Transfer, Small Enterprise Development Agency, South Africa*
- Tamzin Ractliffe, *NeXii Global, South Africa*
- Joanne Yawitch*, National Business Initiative, South Africa*

The second panel session moved to the heart of the Symposium, stimulating discussion on the role of small, micro and medium enterprises in the transition to the Green Economy.

The first panellist, Heather Creech, presented an overview of findings from the SEED research report: "An investigation into the triple bottom line performance of micro and small social and environmental enterprises in developing countries". In 2010, at the request of SEED, IISD conducted a survey of close to 1600 SMMEs who had applied for a SEED award. The purpose of the study was to learn whether socio-environmental SMMEs are achieving "triple bottom line" benefits in the social, environmental, and business dimensions of their work; to identify internal and external barriers and enabling factors for success; and to establish a baseline of performance against which SMME progress can be measured over time. Ms. Creech highlighted several points related to SMME contributions to local "greener" economies:

- Over 90% of the respondents indicated that they were provided training or skills development to people from the local communities;
- The top two national and local barriers that must be overcome were:

- Lack of adequate tech skills in the community;
- Lack of access to funds for training
- Two thirds of the respondents were involved in developing a new technology or production practice, such as new ways of producing tilapia, introducing reforestation, micro-propagation of bamboo through tissue-culture technology, and converting biomass-to-electricity. Over a third indicated that availability of new technology was a success factor for their enterprise.
- In spite of their best efforts, however, less than 20% of respondents were able to make a full time living from their enterprise. Other sources of income included part time jobs outside the enterprise and grants from development agencies and other sources.

Kabir Bavikatte presented his experience with setting up and running an SMME: Natural Justice, winner of a SEED award in 2009. Mr. Bavikatte and his team of lawyers work with local communities to help them negotiate rights and benefits from the ecosystems surrounding them. Natural Justice works with these communities using their tested Biological Community Protocols, serving a bridging role between external companies seeking access to a resource and the community stewards of the resource. As a social/environmental enterprise, they found they lacked basic business skills: SEED's support helped them to build their organisation, identifying needs for accounting and reporting systems, business strategies, and so forth.

Nosipho Khonkwane spoke on behalf of South Africa's Small Enterprise Development Agency, describing the various activities of the Agency that help SMMEs to become more competitive and efficient. The Agency helps enterprises with preparing viable business cases for new technologies; provides training in business management, and provides or sources technical advice. Working with SMMEs on a wide variety of green standards and certification schemes is particularly important for those looking at entry to the EU markets.

Tamzin Ratcliffe from the company NeXii Global discussed the nexus between public policy, private business and the need for capital investment. She reiterated comments from the key note presentations that innovation and investment go hand in hand. She notes that there is a need for intermediation – getting information to brokers, to pensioners making investment choices and changing investing behaviours to support social enterprise. This is the exchange point for NeXii Global, in order to leverage capital for impact. Ms. Ratcliffe laid out for the audience four key needs:

- New channels for connecting investors with social and environmental enterprises
- New secure forms of organizing business relationships
- New money to catalyze orders of magnitude of enterprise growth
- New rules for transparency and accountability.

The last of the panellists, Joanne Yawitch, discussed how the National Business Initiative in South Africa works to integrate small scale producers into the supply chains of the larger companies. The barriers to integration are significant, especially for the very small and rural enterprises. NBI works with the larger companies to change their procurement policies and supplier databases. Information, knowledge and access are critical to SMMEs. Mechanisms that will help to quantify social and environmental returns (such as GIRS- a global impact reporting system) are also necessary to help SMMEs gain entry to mainstream supply chains.

Participants endorsed a number of key issues raised by the panellists:

- The importance of community rights to intellectual property derived from their surrounding ecosystems, noting the importance of international mechanisms such as the Access and Benefits Sharing under the Convention for Biological Diversity.
- The need for impact assessments of new technologies (such a biofuel production) and life cycle assessment (such as use of waste byproducts)
- The need for mechanisms besides profit to provide incentives and recognise value created by the social/environmental entrepreneur

Concluding remarks

Dr. Helen Marquard, Executive Director of the SEED Initiative, summarized several key insights of the day. In particular, she observed that there are no fixed sets of measures (no "one size fits all") to help socio environmental small and micro enterprises to ground the Green Economy at the local level. However, getting government signals right through appropriate regulations and support programmes is essential, coupled with the development of effective interfaces between local organisations accessible to small and micro enterprises and national institutions. The private sector must also play a role, finding new ways, new flexibilities in financing SMME innovation. And finally, there must be a commitment on all sides to an investment in skills development, so that these socio-environmental enterprises can do "good" and do "well" at the same time.

Appendices

1. **Symposium Agenda**
2. **Backgrounder for the SEED Symposium**

Appendix 1: Symposium Agenda

Time	Activity
8.00 – 9.15	**Registration**
9.15 - 9.25	**Opening of Symposium** Helen Marquard, Executive Director, SEED Initiative
9.25 – 09.45	**Opening Address** Enoch Godongwana Minister for Economic Development, Republic of South Africa
09.45 – 10.05	**Keynote Address:** **The Green Economy:** **How can the transition be accelerated and widened?** Achim Steiner, Executive Director, UNEP
10.05 – 10.25	**Address:** Agostinho Zacarias, UN Resident Coordinator, UNDP UNDP Resident Representative
10.25 - 10.45	**Address:** Roeland van de Geer, European Union Ambassador to South Africa
10.45 - 11.15	**Media Brief**
10.45 - 11.10	**Coffee**
11.10 -12.30	**Panel discussion: ' Moving economies towards becoming green '** **Participants:** Dorah Nteo, Chief Director, Dept for Environmental Affairs; Moustapha Kamal Gueye, Acting Head, Green Economy Advisory Services Unit, UNEP Green Economy Initiative; Andreas Klemmer, Senior Enterprise Development Specialist ILO; Richard Worthington, Climate Change Programme Manager, WWF South Africa; Nepad Planning & Coordinating Agency (invited) **Moderator:** Satinder Bindra, UNEP

SEED Partners

12.30-14.00	**Lunch and Marketplace with 2010 SEED Winners**
14.00 – 14.20	**The role of innovation in the Green Economy** Imraan Patel Chief Director, Department of Science and Technology
14.20 -14.40	**Presentation: 'Social and Environmental Entrepreneurs – What can they contribute to a Green Economy?'** Susan Steinman, Director, Centre for Social Entrepreneurship and Social Economy, University of Johannesburg
14.40 – 15.50	**Panel discussion: 'The Green Economy on the ground: successes and constraints for social and environmental entrepreneurs; how can Small, Medium and Micro-Enterprises incorporate social and environmental goals?'** **Participants:** Heather Creech, Director, Global Connectivity, IISD; Kabir Bavikatte, 2009 SEED Winner Natural Justice; Tamsin Ractliffe, Founder and Chief Executive Officer, NeXii Global; Nosipho Khonkwane, Senior Manager: Technology Transfer, Small Enterprise Development Agency; Joanne Yawitch, CEO, National Business Initiative **Moderator:** Helen Marquard, SEED
15.50 – 16.00	**Closing session**
16.00 - 17.00	**Coffee and post-symposium networking session**
18.30 – 22.30	**SEED International Award Ceremony & Gala Dinner (by invitation)**

Appendix 2: Backgrounder

The GREEN ECONOMY: ACCELERATING THE TRANSITION
Backgrounder for the SEED Symposium
Prepared by
Heather Creech, Director, Global Connectivity
International Institute for Sustainable Development (IISD)
April 2011

The SEED Symposium is one of the first international meetings to explore the role of local entrepreneurship and micro enterprises in shaping the Green Economy. The central questions for the symposium are whether and how these enterprises – often with only one or two owners or employees – can accelerate the transition, and what they might need in the way of support and enabling conditions from their governments. The symposium is part of the United Nations Environment Programme (UNEP) and the SEED Initiative's efforts, largely supported by the European Union (EU), to foster the Green Economy and to encourage the growth of socio-environmental entrepreneurship in Africa.

The following paper has been compiled as guidance to participants, outlining central concepts, challenges and key questions to stimulate discussion during the Symposium.

1. Entrepreneurs, micro enterprises and sustainable development

The SEED Initiative: Supporting Entrepreneurship for Sustainable Development (SEED) is hosted by the United Nations Environment Programme (UNEP). SEED is a global partnership for action on sustainable development and the green economy. Established in 2002 at the World Summit on Sustainable Development in Johannesburg by UNEP, the United Nations Development Programme (UNDP), and the International Union for the Conservation of Nature (IUCN), SEED supports innovative, small-scale and locally driven entrepreneurs around the globe which integrate social and environmental benefits into their business model (see www.seedinit.org).

SEED focuses on small, micro and medium enterprises (SMEs) because of their pivotal role at the grass roots in local job creation, livelihoods diversification and economic development and resilience. Research by the Global Entrepreneurship Monitor (GEM), the Commonwealth Secretariat and the EU confirms that SMEs constitute far and away the majority of enterprises around the world, including developing countries, and make significant contributions to economic growth[1].

Certainly in Europe alone, SMEs stand for 99% of all enterprises; 92% of them being micro-organizations (consisting of up to 10 persons)[2].

[1] Fisher, E., and Reuber, R. Industrial Clusters and SME Promotion in Developing Countries. (London: Commonwealth Secretariat, 2000)

[2] NORMAPME: European Office of Crafts, Trades and Small and Medium-sized Enterprises for Standardisation. NORMAPME Newsletter, Issue 47, April 2010 http://www.normapme.com/newslet/2010/English/nl_may_10_en.pdf , downloaded April 11, 2011

GEM's survey of 39 developing and emerging economies and 20 developed economies indicated that in 2010 alone, 250 million people were engaged in starting up and running enterprises less than four years old: "Out of these individuals, an estimated 63 million people expected to hire at least five employees over the next five years, and 27 million of these individuals anticipated hiring twenty or more employees in five years. This illustrates the contribution of entrepreneurship to job growth across the globe"[3].

A question before us today is, how much of that incredible potential for job growth and livelihoods on the ground can contribute to greening national economies, and the global Green Economy?

2. What constitutes the "Green" economy?

The Green Economy can be described as "a system of economic activities related to the production, distribution and consumption of goods and services that result in improved human well-being over the long term… It is characterized by substantially increased investment in green sectors, supported by enabling policy reforms."[4] UNEP has further explained that "a key feature of a green economy is that it seeks to provide diverse opportunities for economic development and poverty alleviation without liquidating or depleting a country's natural assets."[5]

In brief, the "green economy" could be considered to be any aspect of the economy that improves the environment[6]. With these improvements taken together, a green economy becomes "a resilient economy that provides a better quality of life for all within the ecological limits of one planet"[7]. Much of the international and national work on the green economy has focused on alternative energy production, energy efficiency, and carbon reduction, and on decoupling resource depletion from traditional constructs of economic growth.

Work on the green economy from developed countries tends to focus on "new" or traditionally "green" sectors, including:

- Clean and alternative energy production
- Energy management and efficiency
- Carbon finance and investment
- Green building and other green infrastructure
- Environmental management and protection

But researchers agree that the green economy should also cover investment, capital generation, production and consumption of goods and services, and labour, education and training. Some simple metrics for measuring the green economy include: [8]

- decreased fossil fuel consumption (goal is low carbon towards carbon neutral)

[3] Kelley, D.J., Bosma, N., Amorós, J.E. Global Entrepreneurship Monitor 2010 Global Report. (np: Global Entrepreneurship Research Association (GERA), 2011), p7. Available at http://www.gemconsortium.org/, downloaded April 11, 2011
[4] UNEP Green Economy Initiative, at http://www.unep.org/greeneconomy/.
[5] GREENeconomy: Pathways to Sustainable Development and Poverty Eradication. A Synthesis for Policy Makers (Nairobi, UNEP 2011) p10. http://www.unep.org/greeneconomy/Portals/88/documents/ger/GER_synthesis_en.pdf Downloaded April 11, 2011
[6] Unpublished presentation by S.Barg, IISD "Preparing young people to help build a green economy in Manitoba. Winnipeg, February 21, 2011.
[7] Unpublished presentation by P. Wooders, IISD internal meeting, Geneva, February 1, 2011.
[8] Correspondence, J.Shiable, Conservation Manitoba February 2011

- decreased GHG emissions
- decreased pollutant releases
- decreased volume of wastes (i.e. recyclables, landfill, liquid, hazardous)
- decreased water consumption
- increased production and use of renewable energy
- increased investment in green activities
- increased profits from green activities
- increased number of green jobs (as a % of total employees)
- increased percentage of time a job dedicates to green activities

3. Top down and bottom up

There has been significant interest internationally in exploring the potential for a green economy not only within UNEP but in the UNDP, the International Labour Organisation (ILO) the multilateral development banks, the Organisation for Economic Cooperation and Development, the EU and elsewhere. In part, interest emerged as an opportunity arising out of the economic crisis of 2008, where governments began to consider how to foster economic reconstruction and development towards more positive outcomes. Considerable analysis has been carried out and enabling conditions determined, including

1. Efforts to change the international investment environment that support the conservation of natural capital; and
2. Institutional and political changes necessary to change investment conditions[9].

Much of this work has been conducted at a macro level, focused on major actors. Research into implementation often centres around new clean technologies and major infrastructure investments.

But decentralized approaches – going local with the green economy -- may also contribute to, and accelerate the transition. In supporting a transition to a green economy, the public policy tools available to national governments are straightforward: taxes, subsidies and subsidy reform, and direct programmes[10]. Such instruments would most likely target sectors where it would be desirable to encourage specific actions. The role of governments is to enable the conditions for a green economy to develop, recognizing that those conditions will vary from one jurisdiction to the next.[11] But a common thread will be the need for policy interventions to allow a green economy to emerge through profitable private entrepreneurial activity[12] -- and that entrepreneurial activity will take place at the local level. When building a green economy, it will be critical to play not only to national but to local strengths.

[9] Wooders
[10] Barg
[11] Presentation, "Enabling a Green Economy in Manitoba". P.Gass, IISD. October 28, 2010
[12] Gass

4. What matters at the local level: jobs and livelihoods diversification

And so another question emerges: Will the "Green economy" lead to "green jobs", and the diversification of livelihoods necessary for poverty reduction and economic resilience? How do we link the traditional efforts by the SME sector to create jobs to the fostering of a greener economy?

Again at a macro level, a "green job" has been defined as an outcome of economic development focused on long term environmental improvement: "A green job can just as easily be created in a traditional "brown" sector as a "green" sector, provided the job itself is the product of an investment in development of long-term environmental improvement" [13]. In other words, a "brown" job can become a "green job".

In looking at green jobs through a lens of local economies and local entrepreneurship, a green job can be defined as[14]:

- **Having direct or indirect impact on the well-being of people and the planet** - by contributing to the health and well-being of people through a cleaner environment; by helping households and individuals reduce their impact on the environment; by helping business and industry to be more efficient in the use of natural resources and energy and less dependent on fossil fuels; by helping governments at all levels to protect and restore ecosystems, conserving biological diversity and managing land, water, waste and energy systems and infrastructure in more sustainable ways[15].

- **Include a variety of occupations from many sectors and can be both technically and non-technically oriented, as well as in the professions, trades and services sectors.** These jobs can be found beyond the science lab and recycling plant …. "Green jobs" include opportunities to work in strategy, politics, economics, policy, public engagement, media, marketing, health, law and finance[16]. These jobs are found in many sectors of the economy from energy supply to recycling and from agriculture and construction to transportation and the hospitality industry, and are increasingly interdisciplinary, integrated, and cross-sectoral.

- **Are good jobs and involve decent work** - i.e. good jobs that offer adequate wages, safe working conditions, reasonable longer term prospects for employment or career development, and respect worker rights[17]

A caveat must be raised at this point, however. Much of the labour market analysis to date on the green economy focuses on clean technologies and smart systems to achieve greater efficiencies in energy use and environmental management. But we know that "technological progress is actually reducing the demand for highly educated workers."[18] Peter Drucker noted as early as 2001 in *The Economist* that productive efficiency has evolved so that fewer people are needed to grow or manufacture the same unit of output: in other words, efficiency and output

[13] Gass
[14] Swayze, N, IISD. Green jobs and sustainable development careers. In press:Winnipeg, IISD and Manitoba Education, 2011
[15] Pinderhughes, R. Green Collar Jobs: Work Force Opportunities in the Growing Green Economy, Journal of Race, Poverty and the Environment, Vol 13, No 1, Summer 2006
[16] McLaren, D. Green jobs take root and proliferate - The Globe and Mail, Feb. 14 2008., 2011http://www.theglobeandmail.com/globecampus/article667295.ece. Downloaded April 11
[17] UNEP/ILO/IOE/ (2008). Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World www.unep.org/labour_environment/features/greenjobs.asp

[18] Krugman, P. Degrees and Dollars. New York Times, March 6, 2011 http://www.nytimes.com/2011/03/07/opinion/07krugman.html

have been increasing with less labour required[19]. What therefore are the implications for "green jobs"? If the green economy is dependent in no small part on smart technologies, will we see two types of "green jobs" – a few very high end, and very many low end, with a significant loss of the middle class? And will this in itself work against achieving economic prosperity? Mark Halle, IISD, comments: "I think these are precisely the implications for green jobs. The high-end is relatively easy to figure out, but the low end is worrisome."[20]

5. A solution in SMEs

It is for this reason that attention now needs to be directed at the SME sector and its role in "green jobs" and the contribution of those jobs to national and global green economies. And there are already positive signals in recent research. In the energy sector alone, the Political Economy Research Institute based in the United States has estimated that $100 billion spent on clean energy over a 10 year period could create two million new jobs, compared to just 500,000 jobs if the money were invested in oil and gas related industries. The Center for American Progress affirms that "renewable energy and efficiency improvements create twice as many jobs per unit of energy and per dollar invested than traditional fossil fuel-based generating technologies"[21]. And these jobs tend to be in SMEs: in British Columbia, Canada, researchers found that close to half of employers in "green" sectors "identified themselves as small organizations with five or fewer full-time employees**.** Only one percent of respondents identified their organization as having over 500 full-time employees. [22].

But the analysis at the local level in developing countries remains to be done. If indeed SMEs are the engines of local and national economies, what then is needed both to:

- foster socio-environmental enterprises whose starting point is long term social and environmental improvement; and
- introduce "green" considerations into "brown" SMEs – ones which have not, to date, considered environmental impacts or improvements as part of their operations?

6. Observations from SEED's research:

In 2009, SEED, with the support of IISD, conducted a survey of 1600 socio-environmental SMEs in developing and emerging economies across Latin America, Asia and Africa. The full study will be released at the conclusion of the Symposium. There is little doubt from this survey that the majority of enterprises within this community of social and environmental entrepreneurs are changing the model of how to deliver sustainable development on the ground, through setting and working towards a combination of social, environmental and business targets and identifying a diverse range of benefits that they are delivering to their communities. SEED learned from the study that it is more than possible for SMEs to do triple bottom line planning – to identify, set targets and monitor progress towards social and environmental improvements as well as towards business sustainability and profitability. But there is a critical need for policy makers both to recognize and support the contributions that SMEs are making. In particular, SEED learned that:

[19] Internal correspondence, M. Roy, IISD March 31, 2011, referencing Drucker, Peter in The next society : a survey of the near future. *Economist* 361 (8246, 2001), p54+
[20] Internal correspondence, M.Halle, IISD March 9, 2011
[21] Pernick, R., Wilder, C. and Winnie, T., Clean Tech Job Trends 2010 (Clean Edge Inc, 2010)
[22] Globe Foundation. Careers for a Sustainable Future: A reference Guide to Green Jobs in British Columbia (Vancouver: Globe Foundation, 2010) http://bcgreeneconomy.globeadvisors.ca/media/4858/globe_green_jobs_guide_final.pdf Downloaded April 11, 2011.

1. Social and environmental micro and small enterprises are focused on strengthening the social structure and resilience of communities, with their social targets emphasising the creation of revenue streams for those they are working with at the local level. In progressing towards those targets, they are contributing to the alleviation of poverty in their regions.

2. However, there is a gap in capacity for small social and environmental enterprises to adopt more business oriented approaches for managing and financing their work. Respondents were least able to express clear and specific business targets, calling into question limitations in their ability to sustain their enterprises in spite of the social and environmental benefits being delivered. Only 13% of the respondents reported that their financing was in place; less than a fifth indicated that they were able to make a living from their enterprise and nearly half noted a dependency on grants and other types of development assistance as a source of revenue. In light of growing interest internationally in shifting to a "green economy", policy makers should review how social and environmental enterprises are contributing to that economy, and provide training and other means for these enterprises to build more sustainable businesses.

3. Social and environmental enterprises are investing a significant portion of their efforts in skills development and training at the local level, although the majority are not primarily training or education institutions. Over 90% of respondents indicated that they were providing some form of training or skills development to the local communities – and over half indicated that 50 or more people in their communities were receiving training. This suggests that there is an opportunity here for more attention to be paid to supporting micro and small enterprises in the development of skills at the local level.

4. Access to technology is an important requirement for social and environmental micro and small enterprises. These micro and small enterprises are making a significant investment in the introduction or development of new, more environmentally friendly technologies and production processes. There is scope here to explore with policy makers a more in depth review of the types of technologies and processes in demand by micro and small enterprises (and this would correlate to the skills gap research needed at the local level), in order to determine
    a) Whether good channels for information and communications about technology and processes to the micro and small enterprise sector exist at national levels
    b) Whether there are barriers to the importing or transfer of technology to micro and small enterprises for use at the local level.

7. Questions for reflection

SEED's research to date has focused on socio-environmental micro enterprises: those initiatives whose primary driver is the delivery of a social and/or environmental benefit. But there is also a need to consider more "mainstream" SMEs – those small businesses that may not be aware of or have the capacity to address their socio-environmental performance. More work is needed to understand how best to raise awareness on how SMEs can "green" their operations. The Global Reporting Initiative guidelines for SMEs, and the International Standards Organization standard for corporate social responsibility are good starting points, but these efforts tend to emphasize the medium sized enterprises. Many of the requirements with respect to environmental impact testing and monitoring, supplier chain analysis and so forth are too onerous for those micro enterprises with less than 10 employees.

But there is an even greater analytical challenge ahead: How will economists and planners recognize and aggregate the value of the contributions made by SMEs, both those that start from a "green" mission, and those that begin to "green" their operations? At the conclusion of this paper, and the start of the Symposium, we leave you with several questions for reflection and debate:

- What does a local, or "micro", green economy look like?
- How does one determine both the economic value and the environmental and social value contributed by an enterprise at the local level?
- How does one aggregate that value into a national, and from there to a global, Green Economy?
- Based on the demonstration of the value, what are the enabling conditions necessary to foster the growth of local green economies in African countries and beyond?

Disclaimer

This paper was compiled by Heather Creech, IISD from a cross section of work on the green economy conducted by IISD staff in various program areas, including Trade and Investment, Natural Resources Management and Global Connectivity. The views expressed in the paper are those of the author and not of the SEED Initiative.