

Business, Environmental Protection and Poverty Reduction Come Together

UN Chronicle Online Edition, 13 March 2007 - Wind farms in Tunisia, organic roses in China and mangrove preservation in Indonesia are among the results when the desires to earn a living and preserve the environment are combined. At a panel organized by the Equator Initiative of the United Nations Development Programme (UNDP), held at Fordham University in New York City on 7 March 2007, speakers discussed ways to harness market forces to protect the ecosystems and reduce poverty.



"Ecosystems are critical to people's livelihoods and they are also profitable, and they should be invested in as development infrastructure, just as you would invest in bricks, pipes and dams", said John Waugh of the World Conservation Union (IUCN). He explained that mangrove swamps in coastal areas, teeming with vegetation and marine life, provide local communities with economic opportunities for fishing and tourism, and much-needed buffers for floods, storms and tsunamis. The IUCN "Mangroves for the Future" initiative works with 140 communities, which were affected by the 2004 Indian Ocean tsunami, to preserve mangroves and ensure their sustainable use by local populations. "Many people's reaction to the tsunami was to say, 'we'll build a sea wall so this will never happen again'", said Mr. Waugh. "These areas should be preserved so that they can protect coastal settlements from extreme weather and support people's livelihoods."

"Demand for organic foods is expanding between 5 and 20 per cent annually in the United States and Europe, the green building sector is worth \$ 38 billion and growing, and sustainable tourism is growing twice as fast as normal tourism", said Virginia Barreiro of the World Resources Institute. Her programme partners with small and medium-sized enterprises, which comprise 60 to 80 per cent of employment and 60 per cent of gross domestic product worldwide in developing countries, to create business plans, partner with investors and gain access to markets in both developed and developing countries. These innovative "green" businesses, including those that produce hybrid electric busses in Brazil, organic roses in China or natural pesticides in Mexico, provide employment and protect the environment by following sustainable practices. With a 98-per cent success rate, Ms. Barreiro said these firms were proving that taking care of the environment can make good business sense.

"Our job is to channel funds into clean energy development", said Yannick Glemarec of the UNDP Global Environmental Facility (GEF). "We should see a huge market for wind farms in Tunisia", he said, explaining that these farms could supply electricity within Tunisia and sell energy to Europe. This project can gain financing through the clean development mechanism (CDM), under which an industrialized country can invest in clean technology projects in developing countries, thereby reducing its obligations under the 166-member Kyoto Protocol, which aims to reduce global carbon dioxide emissions worldwide. UNDP is helping develop a wind map to identify where wind farms should be located, said Mr. Glemarec, and is helping the Tunisian Government create national authorities to manage such projects.

The prospect of expanded carbon markets is pushing the private sector to re-examine carbon-intensive businesses, said Mr. Glemarec. "Forward-looking investment firms like Goldman Sachs are seeing that investing in a dirty utility company will not be a good idea if you have to pay \$50 for a ton of carbon in a few years."

"Investment in green business is growing like never before", said economist Lucas Black, formerly with Deutsche Bank and currently working for UNDP. He noted that New Energy Finance, a London-based research firm, estimated that private sector investment in clean energy would be larger than ever in 2007 at \$63 billion. Meanwhile, decreasing costs for clean energy are making these sources more viable, he said, pointing out that the cost of wind-power generation has come down from 8-10 cents to 3.5-4.0 cents per kilowatt hour since 1990, because of better turbines and higher volumes of energy produced. Mr. Black said that Governments are helping create the regulatory framework for growth, with 49 Governments establishing targets for renewable energy production, according to a Goldman Sachs report. Environmentally-friendly business projects, he thinks, will be "coming up to speed in terms of viability and profitability" in the coming years. "It is my hope that this new frontier is opening up and will provide huge opportunities for green business."

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