

SUSTAINABLE LIVING

October 2005 marked the 30th anniversary of UNEP's Division of Technology, Industry and Economics (DTIE). DTIE works with governments and the private sector to achieve responsible behaviour, positive investment and a cleaner environment. It has an important role to play in developing a global framework for sustainable consumption and production patterns, and promoting effective public-private partnerships, both key outcomes of the 2002 World Summit on Sustainable Development (WSSD).

The anniversary was celebrated in Paris at the UNEP Annual Consultative Meeting on Business and Industry, attended by more than 150 representatives from business, industry associations, labour unions, and international and non-governmental organizations (NGOs). The participants worked on 25 industry sector Report Cards in preparation for discussions under the 14th session of the UN Commission on Sustainable Development (CSD) on industrial development that begins in May 2006. The Report Cards, which look at unfinished business, future challenges and possible partnerships for action, are a follow-up to the 22 sector reports prepared by industry associations for WSSD.

INVESTING IN THE FUTURE

UNEP's partnership with business and industry is growing in importance, as evidenced by the media exposure given to periodic announcements by members of the UNEP Finance Initiative of the costs of environmental change. In May 2005, 400 investors, financiers and experts from government and civil society met at UN headquarters in New York for a summit, co-hosted by UNEP, the UN Foundation, the UN Fund for International Partnerships and the CERES coalition, to explore risks to the investment world from global warming. Faced with growing evidence of the costs of climate change, this powerful alliance of institutional investors, who together manage funds worth \$3.22 trillion, called for capital market regulators to demand more rigorous corporate disclosure of climate risks.

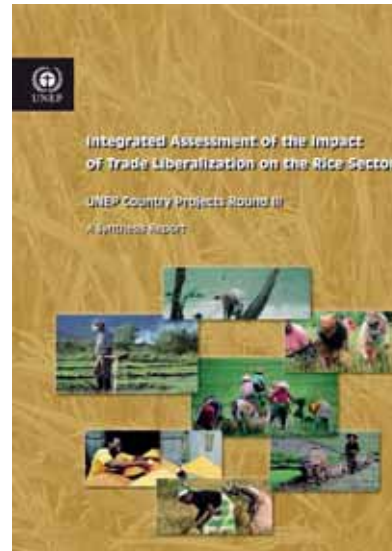
UNEP and the other co-hosts of the meeting are backing three initiatives to support the call for action. A New Climate Risk Disclosure Initiative will enhance corporations' climate risk disclosure, with a focus on corporate emissions, climate actions and plans to address climate risks and opportunities. UNEP and the UN Global Compact, working with leaders in the institutional investment community, will develop Principles for Responsible Investment, and a new Forum for International Investor Cooperation in Addressing Climate Risk will promote collaboration and information sharing among investors around the world on actions that address the financial risks and investment opportunities posed by climate change.

RISKS AND OPPORTUNITIES

In October, UNEP's annual Finance Initiative 2005 Global Roundtable attracted more than 450 participants from the financial sector, government agencies, civil society, academia and the broader corporate world. Among the highlights of the meeting was the launch of a report compiled by leading international law firm Freshfields Bruckhaus Deringer. The report, *A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment*, considers the likely evolution of the interpretation of the law with respect to investors and environmental, social and governance issues. It concludes that investors have a far greater opportunity, and in some cases a legal obligation, to incorporate these issues into investment decision making than is traditionally believed.

A villager stands under a wind turbine along the waterfront of the East China Sea on the outskirts of Shanghai, China, 4 April 2005. China's demand for energy and other resources continues to climb as its economy expands. In 2004, two thirds of the country's provinces reported energy shortages as economic growth reached an eight-year high of 9.5 per cent. © Liu Jin/AFP/Getty Images





Without the right environmental policies in place, trade liberalization could have negative consequences for developing countries and not achieve its long-term objectives. Six UNEP case studies on the rice sector underline that free trade without environmental considerations can lead to negative impacts on developing countries. The reports, published in advance of the crucial World Trade Organization meeting, which took place in Hong Kong in December, argue that economically costly soil degradation, water pollution, loss of biodiversity and destruction of forests can be the consequences of environmentally-insensitive trade liberalization.

The theme of the Finance Initiative 2005 Global Roundtable was 'A World of Risk; A World of Opportunities'. The opportunities presented by efforts to tackle climate change, especially in light of the entry into force of the Kyoto Protocol and its Clean Development Mechanism and other tools, are the subject of the *Working Capital Report*, the culmination of a series of studies undertaken in 2004 and 2005 that explores the role of financial services companies and capital markets, and the legal context in which they operate, as they capitalize on new opportunities related to sustainable development and the risks associated with environmental change.

According to the UNEP Executive Director, "2005 will be seen as a watershed when the mainstream banking and insurance worlds realised the scale of the commercial opportunities unfolding in the new carbon, clean-tech and sustainable natural resource markets, as well as the legal risks of not being a leader in this area." For example, financial institutions working with UNEP have predicted that greenhouse gas emission trading markets could reach \$2 trillion a year by 2012, and that the market providing finance for clean energy technologies could reach \$1.9 trillion by 2020.

RESPONSIBLE BUSINESS

UNEP's activities in the field of corporate environmental and social responsibility in 2005 included taking part in international conferences and stakeholder dialogues. UNEP also invited the organizations Stakeholder Research Associates and AccountAbility to help to develop a *Stakeholder Engagement Manual*. The manual,

which was published in October 2005 and is being translated into Spanish and Russian, includes a summary of stakeholder perspectives from businesses, associations, labour unions and NGOs, and a practical guide for companies on how to improve stakeholder engagement.

As part of its contribution to the UN Global Compact, UNEP finalised the development of a *Training Package on the Global Compact Environmental Principles*, which was launched in English and Chinese at the Global Compact China Summit in Shanghai, on 30 November 2005. At the Summit, UNEP also facilitated four panel discussions on environmental responsibility and co-launched a publication entitled *Talk the Walk* on responsible marketing and communications. UNEP also represented the UN Global Compact in a new International Organisation for Standardisation (ISO) process to develop an international standard on social responsibility.

Expert meetings were held in Salvador, Brazil, in March, and in Bangkok, Thailand, in September 2005. UNEP used these meetings to promote its corporate environmental and social responsibility capacity building materials. UNEP also helped other agencies to develop responsible engagement practices with business. This included presenting UNEP's *Guidelines for Cooperation with Business* at a UN Agencies Private Sector Focal Points meeting, in Geneva in May.

UNEP continued its close involvement in the Global Reporting Initiative (GRI) during 2005, notably expert group meetings to develop the third revised version of the GRI Guidelines for 2006.

This included hosting a meeting with international experts and representatives of Indian companies in Mumbai in September to discuss revision of the reporting principles of the GRI Guidelines. UNEP also hosted a public officials workshop in Paris in May to examine sustainability reporting policy and legislation trends. The Paris workshop was attended by representatives from the secretariat of the Organisation for Economic Cooperation and Development (OECD), the European Union Commission, governments of OECD countries and the emerging market economies of Brazil, India and South Africa.

UNEP also released the first of several new tools developed by the Global e-Sustainability Initiative (GeSI) to help companies to clearly introduce their social and environmental expectations and engage with factory-level management of their supply chains. Developed with the Electronics Industry Code of Conduct Implementation Group, the multiple-choice questionnaire helps to identify health and safety, labour, ethical and environmental issues that may require more in-depth assessments, such as a supplier audit. The *ICT Supplier Self-Assessment Questionnaire* is available in English, Spanish and Chinese.

ENVIRONMENT AND TRADE

UNEP's economics and trade activities seek to conserve the environment, reduce poverty and promote sustainable development by enhancing the capacity of governments, businesses and civil society to integrate environmental considerations into economic, trade and financial policies and practices. One of the focus areas for 2005 was ongoing World Trade Organisation (WTO) negotiations on fisheries subsidies. It is estimated that more than three-quarters of the world's fisheries are fished to their biological limits or beyond. The causes of overfishing are complex, but harmful subsidies are a part of the problem. Fishing subsidies total more than \$15 billion per year, roughly 20 per cent of fishing industry revenue worldwide. Many of these subsidies contribute to excess fishing capacity, overfishing and illegal fishing activities. The elimination of harmful subsidies was identified at WSSD as a top global priority for establishing sustainable fisheries.

Throughout 2005, UNEP participated in sessions of the WTO Committee on Trade

and Environment. In June, UNEP convened an informal roundtable to discuss sustainable development issues in artisanal fisheries and options for special and differential treatment for developing countries, linking trade rules to sustainable development and poverty reduction. In cooperation with the Worldwide Fund for Nature (WWF), UNEP also convened a high-level Ministerial Dialogue and a technical workshop on fisheries subsidies at the WTO ministerial meeting in Hong Kong in December.

Another highlight of the year was the launch of the findings of six country projects and a synthesis report resulting from the integrated assessment of the impacts of trade and trade-related policies in the rice sector. The objective of the projects was to enhance countries' capacity to identify positive and negative impacts of trade liberalization, and to propose policies that build on the positives and address potential negative impacts. An international workshop was convened in September to launch the findings and discuss follow-up activities.

UNEP also launched a four-year initiative on integrated assessment of trade-related policies and biodiversity in the agriculture sector, to support the Convention on Biological Diversity. At the core of the initiative, six African, Caribbean and Pacific countries will assess the relationships between biodiversity and trade-related and other policies impacting the agriculture sector to develop and implement policy recommendations that safeguard biodiversity while maximizing sustainable development gains from trade liberalization.

UNEP also convened a high-level policy dialogue on Trade Liberalization, Environmental Protection and Sustainable Development: Opportunities and Challenges for Small Island Developing States at the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS) in January.

CONSUMPTION AND PRODUCTION

UNEP's activities in 2005 focused on promoting the 'human development through the market' approach through its leading role in the development of the 10-year Framework of Programmes on Sustainable Consumption and Production (Marrakech Process), establishing

Protecting natural capital

stronger links with development agencies and finance institutions and implementing concrete demonstration projects on the ground.

The Second International Review Meeting of the Marrakech Process, held in Costa Rica, in September 2005, decided to move from regional consultation into implementation, and UNEP's initiative to invite country-led task forces to work on cross cutting issues came on stream, with currently confirmed task forces on lifestyles, products, procurement and co-operation with Africa. Joint work with governments in Ghana and Senegal was started to integrate sustainable consumption and production objectives into their poverty reduction strategies, and a cooperation dialogue was convened to involve development agencies in the implementation of the Marrakech Process.

Working with youth via education on sustainable consumption is also part of the Marrakech Process. The flagship project in this field is the *youthXchange* training kit, produced by UNEP and the UN Educational Scientific and Cultural Organization (UNESCO), which includes a guide and an interactive website providing reliable, clear and entertaining information on the meaning and challenges of sustainable consumption for youth.

In 2005 UNEP translated the kit into Arabic, Chinese, Flemish, French, Hungarian, Italian and Norwegian, and, and distributed 400,000 copies via partnerships with educational institutions, local and regional authorities, consumer organizations, businesses and non-governmental organizations.

Cleaner production remains a priority, and activities were carried out in all regions. Global efforts included projects on industrial estates and on reinforcing links with multilateral environmental agreements (MEAs). The Cleaner Production programme conducted training in the Czech Republic, Germany, Thailand, and Vietnam on cleaner production and environmental management systems in industrial estates.

Other projects looked at cleaner production, climate change and technology transfer in Asia, and cleaner production and water in Africa. Training for the mining sector was carried out globally. Regional roundtables in Africa, Asia and Europe received support from UNEP, as did the National Cleaner Production Centres Network. Efforts to start new centres in Albania, Cambodia, Jordan, the Philippines, and Serbia and Montenegro were initiated.

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empowering young consumers for a better world!

UNEP UNESCO training kit on responsible consumption

youthXchange
towards sustainable lifestyles

▶ UNEP/UNESCO official website [EN] [FR]

▶ other countries in the YXC network

Argentina | Bangladesh | Brazil | Canada | Check Republic | China | Colombia | France | Germany | Greece | India | Italy | Japan | Kazakhstan | Korea | Mexico | Namibia | Nepal | Norway | Peru | Poland | Russian Federation | South Africa | Spain | Tanzania | Thailand | United Arab Emirates | USA

UNEP and the UN World Tourism Organization have produced a set of guidelines to help governments to promote sustainable tourism that spreads prosperity while avoiding harm to the environment and local communities. *Making Tourism More Sustainable: a Guide for Policy Makers* is a basic reference book that provides tourism decision makers with a framework for developing policies for more sustainable tourism, a toolbox of instruments that they can use to implement these policies, and some selected case studies. The Guide sets out a list of 12 aims for more sustainable tourism, presents the structures through which governments can work with others, deals with developing a strategy that embraces sustainability and lays out a set of instruments to be applied by governments. UNEP also produced the book *Forging Links Between Protected Areas and the Tourism Sector*.



UNEP's Life Cycle Initiative saw greater involvement from developing countries in 2005, with capacity building and training programmes in Africa and in Latin America and the Caribbean. UNEP is working with China on the concept of the Circular Economy, which promotes economic development patterns with high ecological efficiency and the use of control measures, such as the 3Rs (reduce, re-use, recycle).

Consultation also started with the European Commission on establishing an international panel on the use of resources, which will strengthen the scientific base of UNEP's consumption and production programmes. UNEP also completed a survey for the UN Environmental Management Group on promoting sustainable procurement for the UN system.

Also, at an award ceremony held in New York on 20 April 2005, five award winning partnerships from Nigeria, Madagascar, Cambodia, Sri Lanka, Nepal and Bolivia were given the 2005 SEED Awards. The SEED Initiative—Supporting Entrepreneurs in Environment and Development—recognizes and supports people and organizations that are working to forge new strategies for the sustainable use of natural resources. The winners were selected from over 260 submissions involving more than 1,000 organizations participating in projects in 71 countries worldwide.

SUSTAINABLE TOURISM

With massive growth in tourism predicted in the coming years, UNEP and the UN World Tourism Organization teamed up to produce a set of guidelines to help governments around the world to promote a sustainable tourism that spreads prosperity while avoiding harm to the environment and local communities. *Making Tourism More Sustainable: a Guide for Policy Makers* gives tourism decision makers a framework for developing policies for more sustainable tourism, a toolbox of instruments that they can use to implement these policies, and some selected case studies.

UNEP also continued supporting Tour Operators Initiative activities in destinations to help local tour operators to make a commitment to sustainable development. A number of publications to help to make tourism more sustainable were developed, such as *Forging Links Between Protected Areas and the Tourism Sector*, guides on marketing sustainable tourism products and guides for tour operators and tourism coordinators on integrating sustainability. In Latin America, the International Coral Reef Action Network (ICRAN) Mesoamerican Reef Alliance Project worked to develop a regional code of conduct for the marine recreation sector in the Caribbean, while in South Asia UNEP started a partnership with the Nepal Tourism Board and the Dutch development organization, SNV, on a project to develop and market more sustainable tourism products in Nepal.