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**United Nations  
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**United Nations Environment Assembly of the  
United Nations Environment Programme  
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Item 5 of the provisional agenda\*\*

**International environmental policy and  
governance issues**

**Progress in the implementation of resolution 4/4 on addressing  
environmental challenges through sustainable business  
practices**

**Report of the Executive Director**

**Introduction**

1. In its resolution 4/4 on addressing environmental challenges through sustainable business practices, the United Nations Environment Assembly of the United Nations Environment Programme (UNEP) requested the Executive Director of UNEP, in collaboration with other United Nations bodies and United Nations partners, to continue to support the development of skills, especially for micro, small and medium-sized enterprises, to promote sustainable production patterns, including cleaner production and industrial symbiosis, in order to enhance their profitability, resource efficiency and productivity. It also requested the Executive Director, in collaboration with relevant United Nations entities, partners, stakeholders and the private sector, to continue supporting countries, especially least developed countries, in the collection and dissemination of evidence and information about good practice to enable informed decision-making, awareness, networking and knowledge-sharing concerning green business development; and to promote cooperation, including partnerships, and support incubation programmes for conserving ecologically unique and biodiverse habitats while promoting sustainable livelihoods. Further, the Environment Assembly requested the Executive Director to develop and implement programmes that catalyse replication, upscale existing innovative solutions and technologies and promote the uptake of sustainable business approaches, including but not limited to green business practices, as appropriate, and to develop guidance, tools and mechanisms for promoting capacity-building and awareness-raising to support Member States in advancing sustainable business practices, including but not only through collaboration with the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns. Finally, it requested the Executive Director to report to the Environment Assembly at its fifth session on progress towards implementation of the resolution.

\* In accordance with the decisions taken at the meeting of the Bureau of the United Nations Environment Assembly held on 8 October 2020 and at the joint meeting of the Bureaux of the United Nations Environment Assembly and the Committee of Permanent Representatives held on 1 December 2020, the fifth session of the Assembly is expected to adjourn on 23 February 2021 and resume as an in-person meeting in February 2022.

\*\* UNEP/EA.5/1/Rev.1.

2. The present report reflects progress with regard to the role played by sustainable businesses in the implementation of the 2030 Agenda for Sustainable Development and underscores the need to develop enabling macroeconomic and sectoral policies, as well as to develop and strengthen programmes that support the uptake of innovative solutions and sustainable business approaches and the availability of suitable financial mechanisms. It recognizes the importance of developing the skills of enterprises, especially micro-, small and medium-sized enterprises, in promoting more sustainable production patterns and relevant work done under national, regional and global initiatives promoting sustainable businesses, including the Resource Efficient and Cleaner Production, SWITCH Africa Green, SwitchMed and SWITCH Asia programmes.

## **I. Progress in the implementation of resolution 4/4**

### **A. Guidance and tools**

3. UNEP has further enhanced its work on its eco-innovation approach, which supports businesses, in particular small and medium-sized enterprises (SMEs), in upscaling innovative solutions and new business models to promote sustainable production patterns, including cleaner production.<sup>1</sup> Through this approach, UNEP works with Member States in advancing policies for sustainable business practices, with a focus on value chain cooperation. Tools currently available to businesses (including SMEs), technical intermediaries and Member States include the UNEP eco-innovation manual and sector-specific guidance for the agrifood, chemicals and metals value chains, learning videos, success stories and publications on the business case for eco-innovation, the role of technology and the mainstreaming of eco-innovation in policies. UNEP has promoted those tools via its eco-innovation website,<sup>2</sup> which also functions as a learning tool for sustainable business, and has included them in the portfolio of the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns.

4. Building on the eco-innovation approach, UNEP is expanding the coverage of the sector-specific guidance to the electronics, building materials and textile value chains. In this work, UNEP is partnering with the World Resources Forum, Bioregional and the national cleaner production centres in Colombia and Sri Lanka.

5. Complementing the eco-innovation approach, UNEP has been developing capacity to understand and apply life-cycle thinking and approaches like eco-innovation through its Life Cycle Initiative. In addition to on-the-ground support for SMEs, UNEP has gathered a significant body of resources on the Life Cycle Initiative website,<sup>3</sup> including e-modules for self-paced learning about life-cycle thinking in business, as well as self-assessment modules that enable businesses to identify their level of maturity in life-cycle management and choose tailored approaches.

6. UNEP is supporting efforts to upscale the impact of its SME resource efficiency programmes and those of other organizations through the ongoing development of a new Integrated Greening Operations (I-GO) solution managed by the UNEP-hosted Green Growth Knowledge Partnership's Green Industry Platform.<sup>4</sup> The I-GO solution will focus on transforming knowledge into action and using key SME intermediaries (e.g., large businesses with SME supply chains, national cleaner production centres and business associations) as gateways to reach large numbers of SMEs. The core of the I-GO solution will be a rapid assessment tool that provides SMEs with tailored recommendations for greening their operations, as well as direct links to good practices and in-country support services. Starting in the first quarter of 2021, UNEP will support pilot testing of the I-GO solution in key regions and countries where UNEP is actively providing resource efficiency programmes to businesses, including Africa, Latin America and the Caribbean and Eastern Europe.

7. UNEP, in collaboration with the International Labour Organization, has revised the Africa Agriculture and Trade Investment Fund (AATIF)<sup>5</sup> Impact Measurement Framework for direct and

<sup>1</sup> Eco-innovation is the development and application of a business model, shaped by a new business strategy, that incorporates sustainability throughout all business operations, based on life-cycle thinking and in cooperation with partners across the value chain. It entails a coordinated set of modifications or novel solutions to products (goods/services), processes, market approach and organizational structure, which leads to a company's enhanced performance and competitiveness ([http://unep.ecoinnovation.org/wp-content/uploads/2017/07/UN\\_Environment\\_Eco%E2%80%9494i\\_Business-case.pdf](http://unep.ecoinnovation.org/wp-content/uploads/2017/07/UN_Environment_Eco%E2%80%9494i_Business-case.pdf)).

<sup>2</sup> <http://unep.ecoinnovation.org/>.

<sup>3</sup> <https://www.lifecycleinitiative.org/>.

<sup>4</sup> <https://www.greenindustryplatform.org/>.

<sup>5</sup> <https://www.aatif.lu/impact-measurement-framework.html>.

intermediary investment companies and updated the AATIF social and environmental capacity-building strategy, which supports businesses in accessing green financing for agriculture and trade in Africa.

## B. Skills development

8. Applying its existing tools and piloting those in development, UNEP has continued to support the development of skills of technical intermediaries and businesses (including SMEs, entrepreneurs and manufacturers) on sustainable business approaches. This includes skills development on approaches such as new and innovative business models, sustainable product design and product sustainability information and ecolabelling in Brazil, Chile, Costa Rica, Colombia, Ecuador, Georgia, Mexico, Peru and Paraguay. Over 100 businesses have been trained. UNEP is also collaborating with the African Development Bank, in the framework of its “Fashionomics Africa Masterclass” series, to raise awareness among fashion entrepreneurs in Rwanda and Kenya, with a focus on women entrepreneurs, and support the development of their skills in sustainable business approaches, circularity and resource efficiency. In collaboration with the United Nations Industrial Development Organization, UNEP has also trained policymakers, businesses and civil society organizations on eco-innovation and resource efficiency in Georgia.<sup>6</sup>

9. In response to the increased need to move activities online, UNEP has initiated the development of a comprehensive online training programme on eco-innovation and new business models to promote sustainable production patterns, including cleaner production. The programme consolidates existing tools to create an integrated package that facilitates the identification of the most suitable tools and solutions by businesses, including SMEs. UNEP will build the capacity of businesses in different regions through the online programme, in collaboration with the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns,<sup>7</sup> the Green Industry Platform and its I-GO solution, and other partners.

10. UNEP and United Nations System Staff College have partnered in the development of a five-week online course on “Circular Economy and the 2030 Agenda”,<sup>8</sup> focusing on harnessing circularity principles and systems-based approaches to explore ways in which systems, products and services can be redesigned to achieve sustainable living for all. The course targets policymakers and includes participants from civil society, international organizations and academia. Two sessions were held in 2020, with over 400 participants.

11. UNEP and the United Nations Institute for Training and Research have developed a self-paced online course on “Sustainable Consumption and Production in Africa”<sup>9</sup> presenting case studies on green business practices in Africa.

## C. Adoption of sustainable business approaches

12. UNEP has been providing technical assistance to SMEs to upscale innovative solutions. Assistance in the implementation of eco-innovation and new business models to promote sustainable production patterns, including cleaner production and product environmental footprinting, has been provided to businesses in Guatemala (palm oil), Nicaragua (coffee) and Peru (mining) and through the Latin American and Caribbean Coffee Environmental Footprint Network (in 12 countries), and will continue to be provided in Colombia (electronics), Georgia, Moldova and Sri Lanka (building materials) and three countries in Africa (textiles), until 2023. At the same time, UNEP is engaging with Governments in those countries to support the development or strengthening of enabling policies that increase the uptake of sustainable business practices.

13. UNEP has been providing technical assistance to businesses on eco-labelling and on how to communicate reliable information on products’ sustainability attributes to consumers and hence promote sustainable consumption and production patterns. Support has been provided to businesses in six countries in Latin America: Brazil, Colombia, Costa Rica, Ecuador, Mexico and Paraguay. Nine businesses received technical assistance, in addition to six SMEs. UNEP has been supporting the development of a regional eco-labelling scheme (*Sello Ambiental de América*) through the Environmental Alliance of America, championed by Colombia, Costa Rica, Ecuador, Mexico and Paraguay. Certifying their products under the scheme will allow businesses in the region to better promote their sustainability efforts and inform consumers. UNEP has also supported the

<sup>6</sup> <https://www.eu4environment.org/>.

<sup>7</sup> <https://www.oneplanetnetwork.org/>.

<sup>8</sup> <https://www.unep.org/events/webinar/circular-economy-and-2030-agenda-5-week-online-course>.

<sup>9</sup> <https://www.unclearn.org/courses/sustainable-consumption-and-production-in-africa/>.

Latin American and Caribbean Coffee Environmental Footprint Network in bringing together key public and private-sector stakeholders, including SMEs, from 12 coffee producing and exporting countries to establish a common approach and methodology for measuring coffee's environmental footprint. A common proposal for Product Environmental Footprint Category Rules and a footprint measurement guideline document for coffee producers also support SMEs in implementing sustainable production practices and reducing their environmental impact.

14. UNEP has been providing technical assistance to tourism value chain businesses to reduce greenhouse gas emissions and improve resource efficiency, as well as to improve the circularity of plastics. This has included skills development of 94 tourism businesses (49 hotels in the Dominican Republic and 45 hotels and conference organizers in the Philippines, including SMEs) and the engagement of the private sector in the development of country roadmaps, to define key indicators to support the achievement of climate and sustainable development targets. Under the Global Tourism Plastics Initiative, UNEP and its partners enable businesses, Governments and other tourism stakeholders to take concerted action, leading by example in the shift towards circularity in the use of plastics. As at October 2020, 29 businesses and organizations had become signatories of the initiative, including 13 global, 11 from Asia, 3 from Latin America and the Caribbean, 1 from Africa and 1 from Europe.

15. UNEP also partnered with countries in West Asia and particularly the Mediterranean region<sup>10</sup> to enable businesses to switch to sustainable and circular business approaches. For example, a municipality in Israel created a green label for businesses in the food sector that adopt a sustainable business approach and is also providing training resources and skills development opportunities. Support on turning waste into an asset and on the business case for resource efficiency has also been provided in Jordan.

16. UNEP supported the preparation of policy instruments focusing on scaling up and creating an enabling environment for green businesses in Burkina Faso, Ethiopia, Ghana, Kenya, Mauritius, South Africa and Uganda.<sup>11</sup>

17. Through the Global Opportunities for Sustainable Development Goals initiative (Go4SDGs),<sup>12</sup> UNEP is bringing to scale existing SME support tools and approaches developed by UNEP and its partners. Go4SDGs has just been initiated, together with organizations such as the United Nations Development Programme, Seed Initiative – Supporting Entrepreneurs for Environment and Development, the World Economic Forum, the International Labour Organization and the International Trade Union Confederation. It will engage 200 SMEs during 2021–2022 to advance circularity and increase access to finance.

18. UNEP partners with national implementing entities for all skills development and technical assistance work. This has proven to be an effective means of building ownership and ensuring that the knowledge and capacity built are retained in the country. Implementing partners include members of the Global Network for Resource Efficient and Cleaner Production (RECPnet)<sup>13</sup> and other technical intermediaries, universities and civil society organizations. Further, UNEP works closely with United Nations country teams and other partners relevant for the region and sector of intervention.

19. UNEP has created an Enabling Innovation Unit to catalyse partnerships with Governments, the private sector and civil society organizations to replicate and upscale existing innovative solutions and sustainable business approaches. Through this unit, UNEP will accelerate the development of innovative science-based environmental solutions by identifying promising solutions, supporting the development of bankable projects, and catalysing private-sector financing.

## **D. Good practices and awareness-raising**

20. UNEP has supported countries in the collection and dissemination of evidence and information about good practices in sustainable business development, including in sustainable business models, consumer information, product lifetime extension and the use of life-cycle tools by SMEs via the

<sup>10</sup> <https://switchmed.eu/>.

<sup>11</sup> <https://www.unep.org/switchafricagreen/>.

<sup>12</sup> <https://www.unenvironment.org/explore-topics/sustainable-development-goals/what-we-do/global-opportunities-sustainable>.

<sup>13</sup> <https://www.recpnet.org/>.

UNEP eco-innovation website,<sup>14</sup> the Product Sustainability Information Hub,<sup>15</sup> the Product Lifetime Extension Hub,<sup>16</sup> the Life Cycle Initiative website<sup>17</sup> and the Green Industry Platform.<sup>18</sup> With the support of partners, including in collaboration with the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, UNEP has been disseminating information and raising awareness, through webinars and other events, of tools based on life-cycle approaches.

21. Information about the contribution of UNEP tools to building SME resilience along value chains has been disseminated via the UNEP Green Jobs factsheet.<sup>19</sup> Building on this, UNEP has initiated an assessment of the long-term impact of eco-innovation on business profitability, resource efficiency and productivity, specifically focusing on how sustainable business approaches have helped SMEs to build more resilient value chains and to “build back better” after the coronavirus disease (COVID-19) pandemic. The outcomes of this research will be publicly available in early 2021.

22. In the context of the SWITCH Africa Green project,<sup>20</sup> UNEP held various regional forums in Africa to share good practices, consolidate data and validate sector reports on green business development in the region (covering sectors including sustainable tourism, integrated waste management, green manufacturing and sustainable agriculture). Recommendations emerging from the regional forums were reflected in the Kampala communiqué.<sup>21</sup>

## E. Resources for implementation

23. Environment Fund resources of \$546,000 have been allocated for the activities described. In addition, the European Union, the Governments of the France, Germany, the Netherlands, Norway and Switzerland, the Global Environment Facility, the Life Cycle Initiative funding partners and the Partnership for Action on Green Economy multi-partner trust fund have provided \$4,200,000 to support activities in response to the resolution, with the funds to be disbursed between March 2019 and the end of 2023.

## II. Lessons learned

24. Past experience<sup>22</sup> shows that practical application of sustainable business practices in SMEs should be combined with policy-level work to create enabling conditions in the country, accelerating uptake and reach. There is a need for stronger enabling policy frameworks for sustainable business practices, and for further capacity-building for the development and strengthening of such enabling policies. Cross-ministerial collaboration is essential for creating an enabling framework that effectively addresses the most significant barriers to the uptake of more sustainable business approaches and sends coherent signals to the private sector. The creation of an enabling framework also benefits from a systematic assessment of the impacts of new policy instruments on SMEs, in order to ensure that there are no unintended trade-offs. Examples for policy instruments that can be taken up to mainstream sustainable business approaches include extended producer responsibility programmes; sustainable public procurement laws that set minimum quotas for procurement from SMEs; tax exemptions for businesses that, for instance, recycle or reuse products; reduced value-added taxes on non-virgin materials; regulations on designing for sustainability; establishment of vocational training institutes specialized in sustainable production; and revised performance standards.

25. Overall, there is still a lack of capacity to identify and implement resource-efficient and circular practices, especially at the level of SMEs, necessitating the continuation and further upscaling of programmes on skills development and uptake of approaches. There is a particular gap in innovative upstream solutions, with many interventions focusing on “quick downstream fixes” such as recycling rather than on design changes from the outset to extend product life or facilitate repair.

<sup>14</sup> <http://unep.ecoinnovation.org/>.

<sup>15</sup> <https://www.oneplanetnetwork.org/consumer-information-scp/product-sustainability-information-hub>.

<sup>16</sup> <https://www.oneplanetnetwork.org/consumer-information-scp/product-lifetime-extension-hub>.

<sup>17</sup> <https://www.lifecycleinitiative.org/>.

<sup>18</sup> <https://www.greenindustryplatform.org/>.

<sup>19</sup> <https://wedocs.unep.org/bitstream/handle/20.500.11822/32281/GJ.pdf?sequence=1&isAllowed=y>.

<sup>20</sup> <https://www.unep.org/switchafricagreen/>.

<sup>21</sup> [https://www.nema.go.ug/sites/default/files/FINAL%20Kampala%20Communique\\_0.pdf](https://www.nema.go.ug/sites/default/files/FINAL%20Kampala%20Communique_0.pdf).

<sup>22</sup> Based on experience gained from the UNEP project “Resource Efficiency and Eco-Innovation in Developing and Transition Economies”, as documented in the project’s final evaluation.

26. More coordination is required among existing programmes on SME and business support, whether implemented by non-governmental organizations, international governmental organizations, governments, business associations or other relevant organizations. Increased coordination would help reduce duplication of effort and, most importantly, would help address the clear need for businesses and SMEs to have access to a comprehensive, up-to-date database of all the relevant guidance and support services. Supporting businesses and SMEs in adopting more sustainable approaches requires the provision of targeted, synthesized resource efficiency guidance and support services, as well as messaging on the business case.
27. An important driver of the uptake of sustainable business approaches is the communication of a strong business case. Measuring the concrete impacts and benefits that programmes generate for businesses and SMEs supports the effort to engage more businesses in the shift towards more sustainable and greener business practices.
28. Partnering with the RECPnet and engaging its members as national technical intermediaries to provide support to the SMEs has proven an effective means to building country ownership and sustaining results. Experience shows that these technical intermediaries continue to support businesses in the adoption of sustainable practices beyond project conclusion and work closely with national partners, including Governments, in the creation of the enabling environment.
29. Key obstacles to the uptake of sustainable business practices relate to SMEs' access to funding in general, and more specifically to funding instruments that respond to SMEs' needs, such as small-scale funding. This calls for both raising the awareness of the finance sector to recognize the benefit of such investments and learn about financing needs specific to SMEs and building the capacity of SMEs to present bankable proposals. An initial step to address this was taken by the UNEP Finance Initiative through the release of its report "Financing Circularity: Demystifying Finance for Circular Economies",<sup>23</sup> launched on 13 October 2020. The report explores the strategies and actions that financial institutions can take to accelerate financing of the transition towards circularity, and highlights ways in which financial institutions can manage related risks or barriers and scale up innovation and opportunities related to products, services and financial instruments/investments.

### III. Recommendations and suggested actions

30. The Environment Assembly may wish to invite Member States to (a) strengthen enabling policy frameworks for sustainable business practices and cross-ministerial collaboration, and (b) strengthen mechanisms for scaling up capacity-building for the development and strengthening of such enabling policies.
31. The Assembly may wish to invite Member States to (a) consider their efforts to strengthen their economies by using the COVID-19 pandemic as a crucial opportunity to mainstream resource efficiency, eco-innovation and circularity into policy instruments, and (b) note that structuring recovery packages to accelerate the green transition can provide important incentives and enablers for businesses, especially the most vulnerable actors in the value chains, including small and medium-sized enterprises, to continue transitioning to more sustainable business models and strengthening their resilience.
32. The Assembly may wish to (a) encourage the consideration of traditional and local know-how to support the identification of innovative upstream solutions, and (b) note the need for all decisions to be informed by a value-chain approach and life-cycle thinking in order to identify the most impactful intervention points and avoid burden-shifting.
33. The Assembly may wish to note the need for more coordination between business support programmes and to invite Member States to continue their support of the I-GO solution, which aims to strengthen coordination between organizations to maximize use of their existing resources, as a key factor in the facilitation of a central resource efficiency database for businesses and SMEs.
34. The Assembly may wish to invite Member States to strengthen RECPnet, which while originally established and nurtured by UNEP and United Nations Industrial Development Organization has now become an independent entity while remaining closely linked to the work of UNEP, including as a partner in the Green Industry Platform.

<sup>23</sup> <https://www.unepfi.org/publications/general-publications/financing-circularity/>.

35. Finally, the Assembly may wish to (a) call for intensified efforts to create a positive enabling environment for sustainable investments, and (b) encourage and support further research and policy action to increase access to funding for SMEs, including by facilitating access for SMEs to public-sector funding to leverage private-sector resources.

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