The Economic and Social Commission for Western Asia (ESCWA)

Membership
ESCWA comprises 17 Arab countries in Western Asia: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, the Sudan, the Syrian Arab Republic, the United Arab Emirates, Tunisia and Yemen.

Focus Areas
1- Sustainable Development and Productivity
2- Social Development
3- Economic Development and Globalization
4- Information and Communication Technology
5- Statistics
6- ESCWA Centre for Women
7- Emerging and Conflict Related Issues
Role

SDPD is responsible for implementing ESCWA priority areas on “Equity, inclusion & employment” and “Sustainable natural resource management”

Objective

To achieve an inclusive, equitable and sustained development and accelerate the attainment of the Millennium Development Goals through appropriate macroeconomic and social policies and with adequate financing for development (Strategic Framework 2014-15)
Sustainable Development and Productivity Division

Energy
- Energy efficiency
- Access to modern energy services
- Renewable energies
- Cleaner fossil fuels
- Rural electrification
- Sustainable energy use in transport

Water
- Integrated water resource management (IWRM)
- Management of shared water resources
- Improved water supply and sanitation

Productive Sectors
- Competitiveness and productivity of SMEs
- Environmentally sound technologies
- Sustainable agriculture and rural development
- Trade and environment

Cross-cutting issues:
- Climate change adaptation and mitigation
- Sustainable consumption and production
- Green economy
Monitoring the Transition to the Green Economy in the Arab Region: the SME perspective

Cooperation between ESCWA and OECD

Building on a Regional Mapping Exercise on Green Economy in the Arab Region (DA Project on Strengthening National Capacities to Develop Green Productive Sectors)

Benefiting from OECD Publication on Green Growth Indicators

Part of a series of Publication discussing Green Economy in the Arab Region
Monitoring the Transition to the Green Economy in the Arab Region: the SME perspective

Objective of the study

• Reflecting on the progress attained by the Arab region in its transition to a green economy as well as on green policies established and implemented
• Identify the various challenges and highlight potential opportunities towards greening the economy
• Special focus is made on SMEs given their vital role as a substantial economic force
• In most of the Arab Countries SMEs, play a key role in their national economic system in terms of:
  • Employment
  • Contribution to the GDP
  • Percentage of the private sector companies
  • Other socio-economic aspects
Monitor the Transition to the Green Economy in the Arab Region: the SME perspective

**Methodology of the Study**

- Clarification of main concepts: Green Economy, Green Growth and SME
- Collection of Indicators
- Desk Review of Green Economy in the Arab Region
- Identification and definition of SMEs in the Arab Region
- Green SMEs role in the transition to a Green Economy
- Presentation of Policy options
Conceptual background

- Green Economy versus Green Growth
  - Is it a real distinction?

- Rio+20 Conference new perception of Green Economy
  - More adaptable to the Arab Region
  - Bottom up approach

- Why focusing on SMEs
  - Role as GDP contributors, employment generation
  - Potential to fit within the new green value chains and network of green industries

- Role of Indicators for Monitoring
  - Beyond the GDP
  - International comparable data
Monitoring the Transition to the Green Economy in the Arab Region: the SME perspective

Monitoring and Indicators

Assess if and how the Arab Region is performing in terms of Green Economy

Monitor how the Arab SMEs are operating towards a green transition in their dynamics, internal processes, products or markets

Indicators of Sustainable Development

• CAMRE Arab process

Indicators of Green Economy and Green Growth

• OECD Green Growth (+ local)
• UNEP

Indicators for Green SMEs

• UNIDO RECP
• OECD Sustainable Manufacturing Toolkit

National Environmental Accounts
OECD Green Growth Indicators
## Monitoring the Transition to the Green Economy in the Arab Region: the SME perspective

<table>
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<th>Green Economy concept to be adapted to the regional dimension</th>
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<td>- Green Public procurement (CFL in Egypt)</td>
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<td>- Regulatory framework in Tunisia</td>
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<td>Challenges</td>
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<td>- Water-Energy nexus</td>
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<td>- Green Finance</td>
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<td>- Technology transfer (ESCWA Technology Centre)</td>
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<td>Examples from the Region</td>
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<td>- Renewable Energy (MENA Geothermal Company in Palestine)</td>
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<td>- Transport (Egypt adopting CNG)</td>
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<td>- Waste management (Tunisia National Waste Management Programme)</td>
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<td>- Natural Resources Management (Shouf Biosphere Reserve in Lebanon)</td>
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<td>- 3 Pilot countries (Lebanon, Egypt, Oman)</td>
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<td>- Green Help Desks</td>
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</table>
SMEs play a key role in the sustainable development of the Arab Region:

- heavily contribute to good economic performance
- account for a large part of employment
- contribute to added value activities

SMEs are key actors in Sustainable Development as they contribute to its three constituting dimensions:

- Social Pillar: *they contribute to job creation, to fight poverty and inequalities, to a better integration of women in the economy*
- Economic pillar: *with their flexibility and their access to local markets and resources, dynamic nature, which allow them to easily adapt and react to external shocks, capacity to provide income, generate revenues and provide goods and services they have an impact on national GDP and in improving competitiveness.*
- Environmental pillar: *with their capacity to adapt and alleviate environmental challenges, including climate change.*

Need to identify or develop appropriate indicators that could allow policy makers and stakeholders to better identify those enterprises that are contributing to the advent of green economy.
SMEs in the Arab Region

Different SMEs definition in the Arab Region

- Up to 250 units
- Limited contribution to the overall production of its sector,
- Able to react and adapt to the market dynamics
- Simplified internal communication system that is usually informal
- Management style focuses on the key figure of the owner of the company, the company's external network is informal, limited hierarchy
- Enterprises with fewer than 50 workers account for over 99% in Algeria, Egypt, Jordan, Lebanon, Syria, the West Bank & Gaza and Yemen

ESCWA defines an Arab SME:

Arab SMEs engaged in Greening the Brown and Growing the Green activities

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SMES IN “GROWING THE GREEN”

Businesses that cover all types of services and technologies aimed at contributing to reducing negative environmental impacts or addressing the consequences of various forms of pollution

- Manufacturing and installation of renewable energy equipment
- Develop and produce clean technologies material
- Recovery, recycling, waste management and treatment
- Transport waste
- Wastewater treatment
- Air pollution control

ESCWA analyzed the EGS sectors to identify specific areas that Arab SMEs could approach for developing their business using three main criteria and assigning to each sector a score from 1 to 5 to identify the goods and services in whose production the Arab SMEs have the best potentiality of operation

- Organic agriculture in Tunisia
- Remanufacturing ink and toner in Egypt
- Water efficiency for Zatar production in Lebanon
- Bahrain Sewage treatment plan
SMEs in Greening the Brown

SMEs have the chance to become greener and green their “brown” activities by improving their environmental performance:

- improving production efficiency
- enhancing environmental performance
- minimizing health risks

This “green attitude” can create a virtuous circle as companies engaged in green approaches, are pushed to create new reusable and recyclable products.

Challenge for SME to improve energy efficiency and adopt more sustainable business practices while maintaining or strengthening competitiveness in local and global markets.
### SMEs in Greening the Brown

#### Suggested Indicators to be adopted:

<table>
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<th>Indicator</th>
<th>Specific Indicator</th>
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<tr>
<td>UNIDO RECP Indicators</td>
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<td>National Environmental Accounts</td>
<td>Water and Energy balances</td>
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SMES AND ENVIRONMENTAL CERTIFICATION

- 2012 study by Association of Lebanese Industrialists, ISO and LIBNOR, to confirm positive relationship between ISO 14001 certification and environmental performance improvement in the Lebanese industrial sector.

  ✓ What each industry’s major environmental issues (wastewater, energy consumption, solid waste, air emissions, raw material consumption and water consumption).
  ✓ How the ISO 14001 implementation and certification enhanced their organization’s environmental performance.

- After acquiring the ISO 14001 certification and implementing it into the organization’s system, each SME has noticed positive change in the organization’s environmental performance and adopted:
  ✓ onsite wastewater treatment plant and reusing the treated water in the process system.
  ✓ reduce the consumption of energy and increase efficiency.
  ✓ segregate their waste onsite and contract companies to collect each type of waste separately.
Supporting the Transition to the Green Economy

Supporting Green SMEs

Supporting the monitoring of the transition towards a Green Economy
A transition to a green economy will require specific enabling conditions/general policies:

- establishing sound regulatory frameworks;
- prioritizing government investment and spending in areas that stimulate the greening of economic sectors;
- limiting spending in areas that deplete natural capital;
- employing taxes and market-based instruments to shift consumer preference and promote green investment and innovation;
- investing in capacity building and training; and
- strengthening international governance

Sectoral Policies:

- Energy (investment in energy efficiency and renewable energy sources)
- Agriculture (Sustainable practices, irrigation efficiency)
- Transport (vehicle fuel efficiency standards)
- Buildings (Building efficiency codes and standards)
POLICY OPTIONS TO SUPPORT GREEN SMEs

- Raising Awareness
- Reduce uncertainty
- Enhancing access to finance
- Supporting skill transformation
- Supporting the adoption of new business models and modes of provision
- Enhancing the green focus of local production and innovation systems
- Improving access to markets
- Fostering entrepreneurship and new firms
- Regulatory frameworks
- Fiscal incentives mechanisms and green taxation
- Green Public Procurement
- Institutional framework
Policy Options to support Green SMEs:

“SMEs, resource efficiency and green markets, flash Euro Barometer 342”, a business to business survey co-ordinated by the Directorate-General for Communication ("Research and Speechwriting" Unit) of the European Union

- Providing tax breaks for equipment imported and manufactured for the purposes of biogas plant construction;
- Providing electricity purchase prices to producers that at least meet the national cost of electricity generation rather than the subsidized cost;
- Removing energy subsidies that, while having an adverse effect on the poorer population in the short term, will encourage the use of all renewable energies and benefit the community as a whole in the long term;
- Exempting all of the biogas plant operations from taxes for the start-up or duration of the project;
- Implementing stricter environmental laws prohibiting open disposal of solid and liquid wastes from industrial facilities of all types.
- Providing tax incentives or preferential treatment for plants installing organic waste digesters.
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Thank you

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