

Green Growth WG

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The Donor Committee for Enterprise Development

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Green-related work across the DCED

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OVERVIEW OF CURRENT GG WG WORK ITEMS

Current work items 2021/22

- PSD and the Circular Economy
 - How can the ideas of the circular economy be integrated into standard PSD approaches? This comprehensive report lays out existing knowledge and linkages to PSD concepts.
- The Green PSD Navigator
 - A comprehensive guide to Green PSD, including approaches, good practices, tools, instruments and case studies, intended for use by field staff of member agencies.
- Nature-based Solutions for Climate Adaptation – *continuing to 2022/23*
 - Work on a toolkit for women providers of nature-based solutions (NBS), covering two questions: what are the most promising nature-based good and services that could be integrated into PSD approaches? How could women NBS providers (e.g., women-owned MSEs, women entrepreneurs) be best supported to promote and support NBS?

GREEN ITEMS OF OTHER WORKING GROUPS

- MSD WG – Greening MSD
 - Forthcoming guidance on social inclusion and environmental sustainability in the design and management of MSD programmes.
 - 2022/23 work will focus on promoting wider awareness and use of systems approaches in ‘green’ programming through webinars, case studies, and the creation of other spaces for wider dialogue
- BE WG – BER and Sustainability
 - Published a report in April 2022 – [Leveraging Private Sector Practices to Guide Green Business Environment Reform](#) - that draws on cases of large-scale private corporations introducing new sustainable practices, and how BER can support these.
- WEE WG – WEE and Climate Change
 - A new work item for 2022/23, considering the intersection of gender, enterprise development and climate change.
 - Initial mapping of DCED member agencies’ work in this intersection and, building on this and gaps identified, an action-oriented piece of research to inform programming.

The Green PSD Navigator – An Interactive Tool for Greening PSD Programmes

**Yan Chen, Advisor, Sector Project Sustainable
Economic Development (GIZ)**



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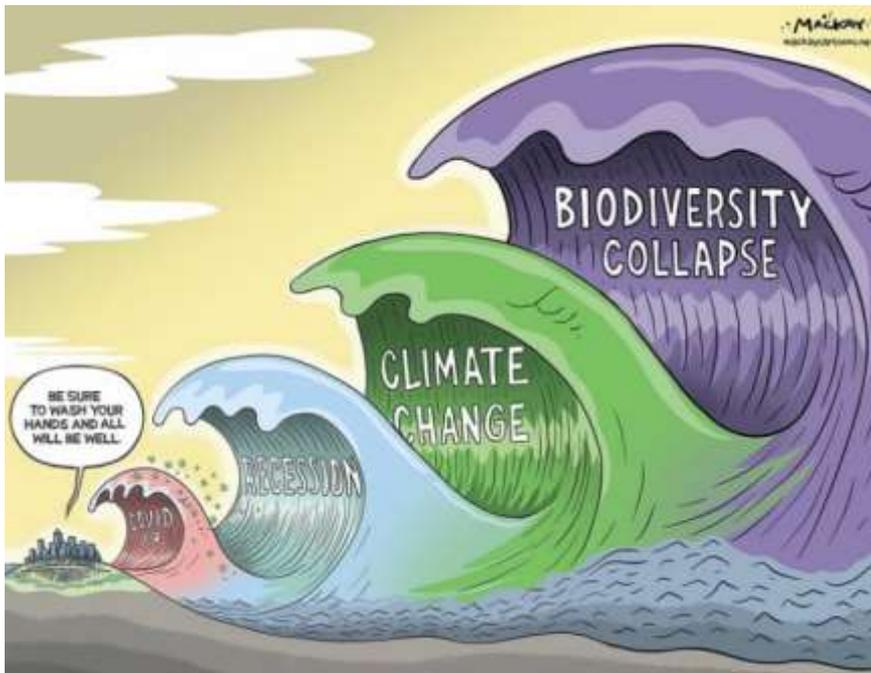
STRUCTURE

- Activity Background & Purpose
- A Quick Tour through the Navigator
- Key Findings & Challenges
- Next Steps & Open Questions



ACTIVITY BACKGROUND & PURPOSE

Economic development needs to happen within planetary boundaries to maintain stable, healthy ecosystems, which provide the basis of life and sustain economies.



- **Human Survival:** transgression of 4 out of 9 planetary boundaries
- **Business Impact:** climate risks / vulnerabilities and new economic opportunities
- **Political Priorities:** more ambitious donor requirements, addressing poverty reduction is not enough

ACTIVITY BACKGROUND & PURPOSE

Climate Change
Adaptation?

Green Business
Models?

Green Industrial
Policy?

Green Fiscal
Reforms?

Green
Hydrogen?

Green Business
Development?

Green
Skills?

Resource
Efficiency

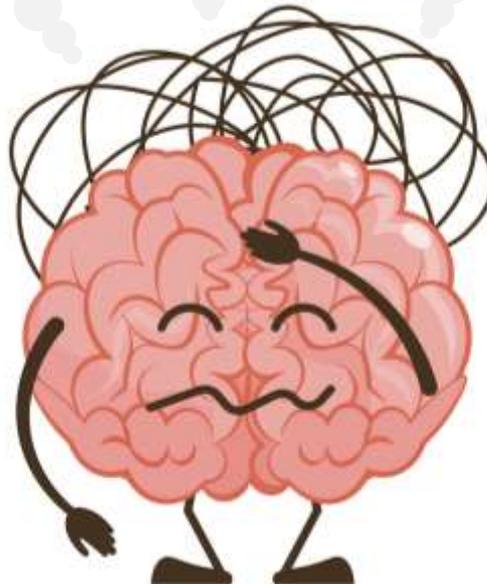
Circular
Economy?

Green
Jobs?

Green
Finance?

Climate
Entrepreneurship?

Natural
Capital?



The Green PSD Navigator provides an overview of key concepts and most common approaches, tools, best practices.

- Sharing resources and avoiding duplication of efforts
- Understanding interlinkages between levels of intervention and approaches
- Identifying gaps and limitations

GREEN PSD NAVIGATOR



Overview of Green Growth Approaches for Private Sector Development

A QUICK TOUR THROUGH THE NAVIGATOR

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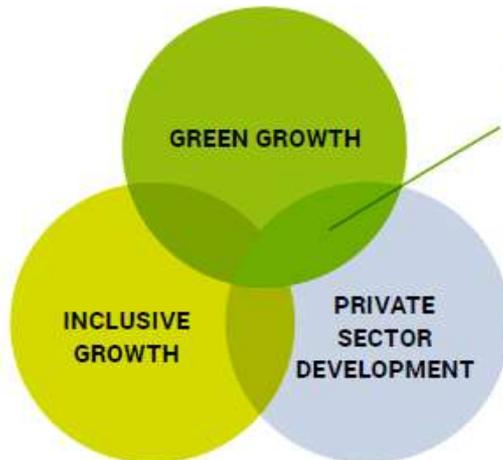
DEFINITION OF MAIN CONCEPTS:

What is Green Private Sector Development?

Green Growth programmes and approaches are aimed at achieving economic growth that is environmentally sustainable.

Key green growth outcomes are:

- mitigation of and adaptation to climate change,
- protection of natural resources,
- decreased resource and carbon intensity,
- pollution reduction.



GREEN GROWTH APPROACHES FOR PRIVATE SECTOR DEVELOPMENT PROGRAMMES

Private Sector Development is the range of strategies aiming to establish markets that function vibrantly and fairly, providing economic opportunities of quality to poor people at scale. Typical approaches include reform of the business enabling environment, market and value chain development, or partnering with individual companies to meet the sustainable development goals (private sector engagement).

Green Growth Approaches for Private Sector Development promote access to higher incomes, employment, products or services for the poor through private actors, while:

- maintaining healthy and productive ecosystems,
- using natural resources efficiently,
- promoting low-carbon and climate resilient development,
- preventing or remediating pollution,
- providing green jobs,
- enhancing social inclusion.

A QUICK TOUR THROUGH THE NAVIGATOR



HOW TO USE THE GREEN PSD NAVIGATOR

Addressing Different Levels of Intervention

To successfully promote green private sector development (PSD), **all levels of intervention should be considered**. For easier navigation, the Green PSD Navigator considers **approaches on the levels of policy and regulation, supporting functions and individual companies**.



POLICY & REGULATION

Approaches and tools in this category refer to interventions that primarily address governments and public sector organisations at the national or sub-national levels, including policy makers, legislators and agencies, to provide an overall framework of plans, rules and norms that give guidance and direction to the relevant stakeholders of green private sector development.



SUPPORTING FUNCTIONS

Approaches and tools in this category refer to interventions that are directed at intermediary organisations and business development service providers, including associations, chambers and other advocacy groups of the private sector, and that lead to or promote/facilitate green market or value chain development.



COMPANY

Approaches and tools in this category refer to interventions that directly target businesses, and that lead to or promote/facilitate the greening of their products and services, strategies, operations, processes and activities. Target businesses range from micro to large scale but oftentimes, there is an explicit focus on micro-, small and medium-sized enterprises (MSME).

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HOW TO USE THE GREEN PSD NAVIGATOR

Addressing Different Levels of Intervention

In this navigator, each intervention level encompasses a number of **approaches** that are further supported by **tools** and **case studies** to provide basic knowledge and practical guidance on how to design and implement green private sector development programmes.

APPROACHES

Categories that reflect different intervention angles for Green PSD, providing a theory of change as well as guidelines and good practices for implementation.

TOOLS

Practical instruments developed to equip development practitioners with an overview of concepts, methodologies and other resources, and to support them in achieving the objectives of Green PSD approaches at different stages of the project cycle, often with a specific target group and geographic/sector focus.

CASE STUDIES

Examples of successfully implemented projects in specific focus regions, presenting the results achieved by the tool/approach and its impacts.

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HOW TO USE THE GREEN PSD NAVIGATOR

Linking Different Approaches

Advancing the transition to a Green Inclusive Economy through Green Private Sector Development requires changes on the policy, the supporting functions and the company level.

Approaches are generally not stand-alone but should be part of a broader intervention logic leading to the necessary changes on all levels.



→ WORKS WELL WITH:   

OVERVIEW OF POTENTIAL INTERLINKAGES WITH OTHER APPROACHES.

The Green PSD Navigator reflects the relevance of these interlinkages through the “Works well with:” category in each of the approaches.

It allows development practitioners and implementers to get a more systematic idea of which approaches are more strongly connected and mutually reinforcing, potentially requiring attention in parallel.

A QUICK TOUR THROUGH THE NAVIGATOR



HOW TO USE THE GREEN PSD NAVIGATOR

Cross Cutting Aspects: Gender and Inclusiveness

The Green PSD Navigator reflects the relevance of systematically including gender and inclusiveness by integrating information on the two topics in each approach and tool.

- Climate change and environmental degradation undermine livelihoods, impacting the poorest and most vulnerable, disproportionately women and children, and drive 26 million people into poverty each year. Inclusive Growth as well as Gender Equality and Women's Economic Empowerment (WEE) thus have to form an intrinsic part of the concept of Green PSD and related programming efforts by donor organisations and implementation agencies.
- Transformation processes and Green PSD approaches impact on, and are impacted by, gender norms in society. Green Growth is not automatically inclusive and may contribute to increasing gender inequality and poverty. Gender roles and biological differences mean women and men face different vulnerabilities, risks, and impacts of environmental changes resulting from current economic patterns.
- Inclusive Green Growth is not possible without considering the diverse economic needs, lifecycle risks, and behaviours within different population segments of women and men.
- Interventions and policies must be developed to ensure maximised benefits and minimised costs to the poor and most vulnerable while policies and actions with negative irreversible impacts must be avoided following a Do-No-Harm approach.

RECOMMENDED FURTHER READING

DCED has developed a [series of guidance sheets](#) that provide an introduction to the nexus between Green Growth and Gender.

GENDER/INCLUSIVENESS

APPROACHES

Linkages and/or integration of gender equality/women empowerment and inclusivity of vulnerable groups.

TOOLS

Relevance of gender equality and women empowerment, as well as inclusivity of vulnerable groups.



2 GREEN PSD APPROACHES, TOOLS AND CASE STUDIES

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GREEN PSD APPROACHES



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GREEN PSD TOOLS



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A Toolkit of Policy Options to Support Inclusive Green Growth (AfDB, OECD, UN & WB)	p. 24
Greening with Jobs–GAIN Training Guidebook (ILO)	p. 26
The Integrated Green Economy Modelling Framework (UN PAGE)	p. 32
Green Budget Tagging (OECD)	p. 37
Procura+ Manual (ICLEI)	p. 42
Sustainable Public Procurement Implementation Guidelines (UNEP)	p. 44
The Business Guide for Sustainability in Foreign Investments (ITC & FCDO)	p. 50
Green Investment Strategy Diagnostic (GIZ)	p. 52



SUPPORTING FUNCTIONS

Sustainable Industrial Area Toolbox (GIZ)	p. 59
International Framework for Eco-Industrial Parks (UNIDO, WB & GIZ)	p. 61
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Investment and Technology Promotion Offices (UNIDO)	p. 69
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GREEN BUSINESS DEVELOPMENT

What is Green Business Development?

Development interventions focusing on MSME development typically support the development and strengthening of markets for business development services (BDS).

This is primarily done through capacity building of private and public service deliverers and other intermediaries, including representatives of selected government departments, research institutions, consulting businesses or individual consultants, and private sector representative institutions such as chambers of commerce and industry, sector-specific associations and cooperatives.

Green BDS can be understood as all activities that help companies, especially MSME, in becoming more environmentally sustainable, more resource efficient or more resilient and better adapted to the risks and opportunities of climate change. Green BDS providers typically facilitate the greening of existing businesses, supporting them in making their products and services, strategies, operations and other relevant activities more sustainable.

Thematic focus areas of Green BDS programmes may include but are not limited to energy and resource efficiency, eco-innovation, sustainable finance, labelling and standards as well as access to sustainable markets.

DEFINING GREEN BUSINESS

Broadly speaking, a green business can be defined as any profit-oriented activity that supports sustainable growth “while sustainably harnessing opportunities that nature holds, and without harming the environment.”¹

There are two main categories of green business:

- 1) Companies that produce environmental or environmentally friendly goods and services, that reduce environmental risk and minimise pollution as well as resource degradation.
Example: A company involved in the manufacturing, installation and servicing of solar panels to generate electricity instead of generating it from non-renewable sources.
- 2) Companies that change their products and/or processes to take the environmental sustainability agenda into account, thereby reducing negative environmental impacts.
Example: A clothes manufacturing company that uses organic cotton and dyes as raw material, that filters its waste-water in a way that it can be partly re-used for irrigation, and that has installed LED-lights.

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Resource Efficiency and Circular Production

DESCRIPTION

Green business development focusing on resource efficiency and circular economy intends to decrease the negative environmental impacts of companies through managerial and operational improvements, investments in new technologies and more sustainable processes.

While the concepts of resource efficiency and circular economy differ, the objective of both is to decouple economic growth from environmental degradation and to improve the wellbeing of humankind by maintaining the resource base it depends on. At the same time, measures aim to improve the competitiveness, cost structures and productivity of the companies implementing them. A reduced and more efficient use of natural resources, especially in the area of energy efficiency, will also lead to an increased mitigation of climate change impacts.⁵

The focus is on materials, water, energy and other resource savings as well as a better management of chemicals and overall reduction of pollution.

- **Resource Efficiency** is defined as the efficiency with which energy and materials are used throughout the economy, i.e. the value added per unit of resource input.
- **Circular Production** entails keeping materials and products in circulation for as long as possible. To achieve this, practices such as re-use, repairing, re- and upcycling, re-manufacturing and sharing of underused assets are applied.

GENDER/INCLUSIVENESS

- Social and inclusive development are part of many existing green business development tools and make implementation more holistic.
- Acceptance of measures is generally higher if all staff members are involved and aspects such as health and safety are included.

AREA OF APPLICATION AND RELEVANCE

- Relevant to all types of sectors, from entrepreneurs and MSME to large scale companies. However, the focus of development projects is often on supporting MSME.
- Resource efficiency is a widely applied concept and critical measure in the pursuit of the Sustainable Development Goals and the global climate goals as defined in the Paris Agreement.
- There is a wide selection of established tools that address aspects from strategy to action, providing overall management guidance as well as specific tools for analysis and process improvement.

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Resource Efficiency and Circular Production

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LIMITATIONS AND CHALLENGES

- Lack of awareness, technical knowledge and skills regarding resource efficiency and its economic benefits.
- Lack of awareness of available support schemes in the specific country context.
- Lack of access to finance as an important constraint to implement more ambitious measures that might require external financing.
- Cheap and subsidised water and/or energy reduce the incentives for implementing RE measures at the company level.
- General management capacities of MSME as a prerequisite for the implementation of environmental management measures are often limited.

DO'S AND DON'TS

The following hints and recommendations should be taken into account for the setup of resource efficiency and circular production interventions:⁶

- **Preparation phase:**
No one-size-fits-all approach is possible as the existing industry structure, needs of the target group, relevant laws and regulations need to be integrated. A baseline and indicators need to be defined to collect comparable outcome data for SMEs. Local stakeholders have to be actively involved.
- **Implementation phase:**
Be aware of the realities of the SMEs, they might need support in data collection and struggle to implement measures in their day to day operations due to outdated technologies and other priorities. Communicate success stories about increased profitability which can increase buy in from company management and other peers. Facilitate quick wins that are easy to implement.

WORKS WELL WITH:



POLICY & REGULATION:

- Green Economic and Employment Strategies and Policies
- Green Public Procurement
- Green Investment Climate
- Green Fiscal Policies



SUPPORTING FUNCTIONS:

- Green and Climate Resilient Value Chains
- Green Finance for SMEs
- Eco-Industrial Parks
- Business Support Organisations as Promoters of Green Growth



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- Green Business Models and Eco-Innovation
- Eco-Labeling, Sustainability Reporting and Voluntary Standards

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Resource Efficiency and Circular Production

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TOOLS DETAILED IN THIS NAVIGATOR

- [RECP Navigator: Instruments for Supporting Resource Efficiency and Cleaner Production in SMEs \(GIZ\)](#)
- [SCORE Training \(ILO\)](#)

OTHER TOOLS AND RESOURCES

- There are a number of different tools directly focused on improving resource efficiency and circular production in companies. Some of them are listed here: [ITC RECP Programme](#), [ECOPROFIT](#), [UNIDO RECP](#), [PRE SME Toolkit](#), [VDI ZRE](#), [EREK RECP](#), [PREMA](#), [Energy Management Self Assessment Tools](#), [EPA Tool for Resource Efficiency](#), [Energy Management Assessment Tool](#), [SME-SDG Toolkit](#) and [Global Compact Assessment Tool](#).
- [The Circular Toolbox](#): Step by step guide to launch a circular business model.
- [National Cleaner Production Centres](#): Set up by a joint programme of UNIDO and UNEP, 47 NCPs have been established to help businesses improve their environmental performance. Services include awareness raising on the benefits and advantages of RECP, in-plant assessments, demonstration projects, access to finance for resource efficiency measures, policy advice to national and local governments, and dissemination of technical information.

RECOMMENDED FURTHER READING

- [Improving Resource Efficiency and the Circularity of Economies for a Greener World](#): Although with a slight policy focus, this publication gives an overview of past and future trends of material consumption, its impacts and actions to be taken to move forward.

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SCORE Training (ILO)

DESCRIPTION

The Sustaining Competitive and Responsible Enterprises (SCORE) Programme improves productivity and working conditions in small and medium-sized enterprises (SMEs) through a combination of practical classroom training and in-factory consulting offered by industry experts. It was launched in 2009 by the ILO, with support from the Swiss State Secretariat for Economic Affairs (SECO) and the Norwegian Agency for Development Cooperation (NORAD).

SCORE Training promotes cooperative relations, management practices and lean manufacturing techniques in SMEs. The training comprises a dedicated module on Resource Efficiency and Clean Production, which emphasizes strategies to improve productivity and environmental sustainability through effective resource, energy, and waste management. A module on Hospitality Coaching teaches environmentally sustainable management practices for the hospitality sector, jointly with strategies to achieve improved hygiene and better occupational safety and health.

ADVANTAGES

- The selection of modules is tailored to specific training priorities, to be decided during the initial baseline assessment.
- Individual consulting is conducted by local experts previously trained.

LIMITATIONS

- M&E limitations, as the programme only collects KPIs during training implementation. Data is often not available, since many SMEs don't monitor related KPIs.
- Indicators may be affected by seasonality, depending on the month in which the baseline assessment is conducted.

TARGET GROUP

- Managers and workers in SMEs. Training of Trainers targets government agencies, industry associations and trade unions.

GENDER/INCLUSIVENESS

- Gender equality is mainstreamed in all modules. One module is dedicated specifically to promoting gender equality.
- Inclusiveness is partly considered in the training.

FOCUS (GEOGRAPHIC/SECTOR)

- SCORE is a global programme. The training has been implemented in 20+ countries across Africa, South America, and Asia.
- Covers a wide range of subsectors within the manufacturing and hospitality sectors.

EXTERNAL LINKS TO THE TOOL

- [The SCORE Programme](#)
- [SCORE Training Implementation Guide](#)

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SCORE Training (ILO)

LESSONS LEARNT

- A solid diagnostic approach and selection process is important. In order to attract SMEs who will genuinely benefit from SCORE Training, it is relevant to focus on the main needs of each company and assess ways to foster engagement and commitment of owners and managers.
- The training programme needs to be closely linked to public policy objectives and government programmes to create synergies and ensure scalability and sustainability.
- Results tracking is challenging but key. SMEs rarely track changes in productivity and working conditions. SCORE trainers play an important role in helping SMEs implement appropriate indicators so that change can be measured. This involves supporting SMEs in instituting data collection and reporting processes.

IMPACTS

- Since its launch, SCORE Training has been delivered to over 3,900 enterprises globally, with participation of over 45,000 managers and 639,000 workers. 40% of participants are women.
- The programme comprises a network of 1,500 trainers across 20+ countries.
- Roughly 50% of trained SMEs report improvements to productivity and 46% report reduced labour turnover and absenteeism. 93% report cost savings, 55% report waste reduction and 48% report energy savings.

SCORE TRAINING TO AVON SEALS

Avon Seals Private Limited is an Indian manufacturing company focused on distributing mechanical seals for domestic, agricultural and automotive water pumps. Prior to receiving SCORE training, the company was looking to address several challenges: inefficient waste management, lack of workplace cooperation, and occupational safety and health issues.

After the full module package was implemented, employees indicated positive changes in their daily work such as better communication and cooperation, and improvements in production processes which increased productivity. Better health and safety measures were also put in place with the goal of ensuring zero accidents. Furthermore, [SCORE helped Avon Seals](#) to reduce its energy consumption, material usage and waste. For example, rubber waste, a pollutant material, was not only significantly reduced, but also started being sold to rubber manufacturers, thus avoiding being dumped in a landfill. Overall, the impact of all these aspects contributed to the growth and productivity of the company over the following years.

KEY FINDINGS & CHALLENGES

1. While there is an abundance of tools for most approaches, there are some **knowledge and instrument gaps** that still need to be closed (e.g. access to green finance).
2. There's an acknowledgement of the relevance of **gender and inclusion** for the green transformation (just transition), but specific practical guidance on how to integrate it into programming is missing.
3. We need to make a business case for Green PSD, but there is **limited availability of impact data**, especially on the level of approaches.

NEXT STEPS & OPEN QUESTIONS

- **External communication:** launch / dissemination events vs. interactive, targeted and demand-oriented formats
- **Living document:** approaches listed are not exhaustive, the field of Green PSD is constantly changing (incremental vs. transformative approaches)
- **Promoting action:** Green transformation is a high political priority, but how does that translate into practice (mainstreaming strategies, flow of funding, pilot projects, etc.)?