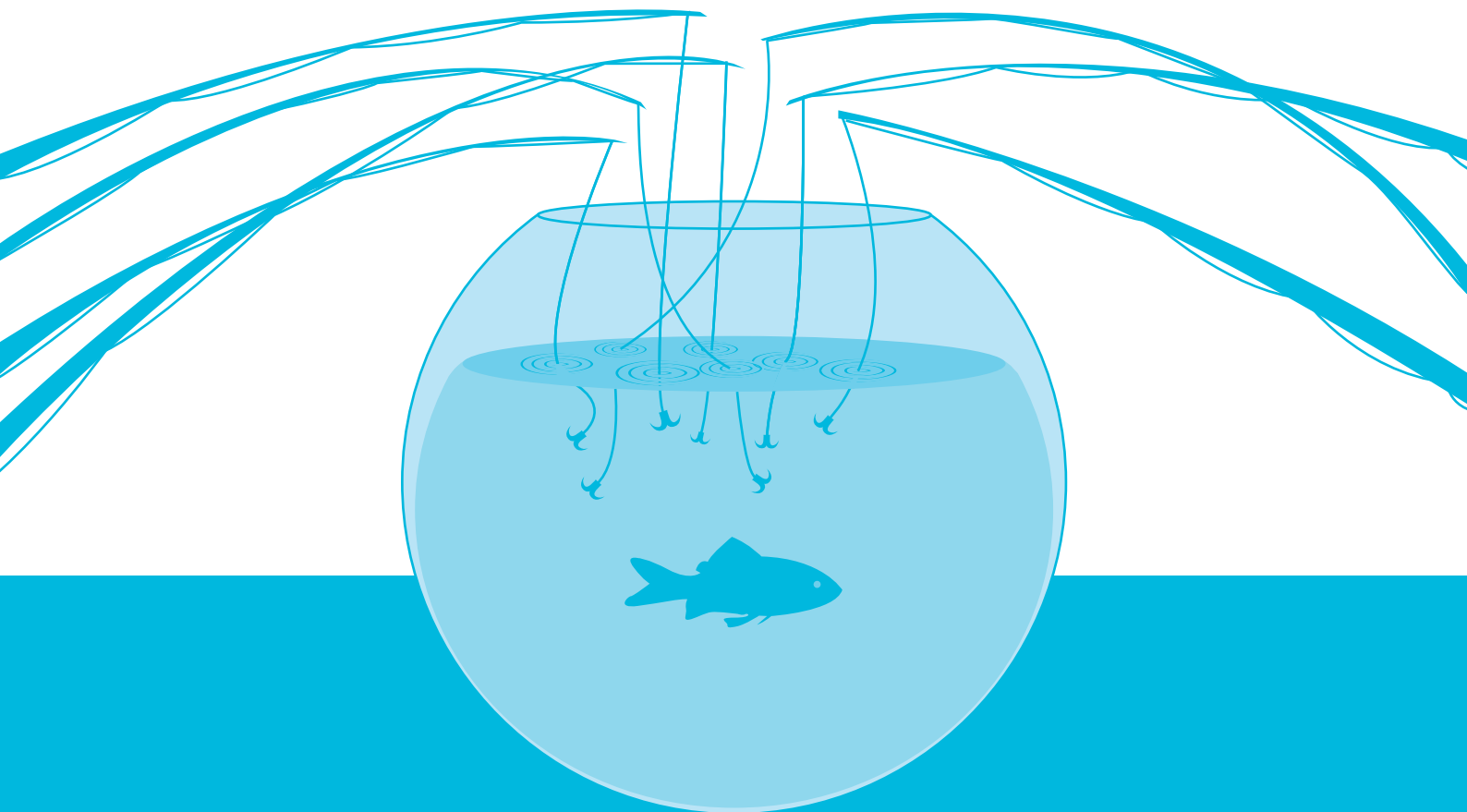


# SATISFYING BASIC NEEDS RESPECTING THE EARTH'S LIMITS



## PART 1

# THE CHALLENGE

UNDERSTANDING POVERTY CHALLENGES THROUGH  
SUSTAINABLE CONSUMPTION AND PRODUCTION THINKING

SWITCH-Asia Network Facility  
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# FOREWORD

**P**overty eradication is the ultimate goal of the European Union's (EU) development policy and is the first, most urgent target for the UN Millennium Development Goals (MDG). Environmental protection also features strongly being a major political commitment for the EC where it is prominent in its external actions, and being goal 7 of the MDGs.

During the preparation of the current EU-Asia regional co-operation strategy (EC, 2007) it emerged that demographic pressures, rapid economic growth, inadequate environmental investment and legislation, and poorly enforced environmental protection measures, had all been putting the environment under increasing pressure and leading to an unsustainable use of natural resources. The SWITCH-Asia programme was designed as a result, with a particular focus on small and medium-sized enterprises (SMEs) where there is great potential to contribute directly to poverty alleviation. If increasing number of SMEs can make a switch to more resource efficient ways of production and emit less waste and pollution in their immediate surroundings as well as downstream of their premises, the living conditions of poor households can be substantially improved. Besides a socially responsible economic development mind-set can provide innovative business solutions and better-designed products and services that are well suited to the needs of the poor.



**A switch is needed from unsustainable to sustainable patterns of development. The SWITCH-Asia programme was born out of this need. The programme focuses on sustainable consumption and production (SCP) and directly contributes to sustainable growth and the fight against poverty.**



[http://ec.europa.eu/europeaid/where/asia/regional-cooperation/environment/switch\\_en.htm](http://ec.europa.eu/europeaid/where/asia/regional-cooperation/environment/switch_en.htm)

SWITCH-Asia contributes to higher employment and incomes by stimulating the sort of production that meets international standards and by encouraging business to be more competitive. This means savings on resources and reducing pollution that support green and low-carbon growth. It also means having better access to the supply chains of multinational companies that seek to establish green and fair conducts within their value chains. Adopting SCP practices can help to improve working conditions for men and women, promote more reasonable salaries, and protect the rights of children. Hence, SWITCH-Asia supports sharing of knowledge and development of local capacities for scaling-up responsible business practices within global and local value chains.

The European Commission would like to encourage all applicants and project leaders in the SWITCH-Asia programme, to consider how they can link environmental, social and economic objectives in their project design and implementation. This booklet has been written to highlight some of the linkages that can be built into project design for sustainable consumption and production from the start.

The integration of environmental progress and poverty reduction is not only feasible, it is mutually beneficial. The realisation of this in the SWITCH-Asia funded projects is eagerly awaited.

Dirk MEGANCK  
Director for Asia, EuropeAid Cooperation Office  
European Commission

# ABOUT THIS BOOKLET

This booklet:

- introduces sustainable consumption and production (SCP);
- presents SCP solutions to the pressing issue of poverty;
- shows how SCP projects could support national, regional and global poverty reduction;

- could be a source of inspiration for policy-makers and project developers in Europe and Asia who are considering applying to the SWITCH-Asia programme for funding.

The booklet has two sides, one presenting challenges and the other presenting solutions. The unique design requires the reader to flip it over to continue reading from the middle – it needs to be ‘SWITCHED’.



This side of the booklet deals with the **challenges of poverty reduction**, and assists proposal developers in defining problems and searching for solutions in SCP.



The other side provides **SCP solutions to poverty**, and shows how SCP practices implemented under the SWITCH-Asia programme can contribute to reducing poverty.

## INTRODUCING THE ‘CHALLENGE’

**T**his side of the booklet deals with the **challenges of poverty reduction**, and assists proposal developers in defining problems and searching for solutions in Sustainable Consumption and Production (SCP).

- 1 Chapter 1 shows **sustainable consumption and production can be harnessed for poverty reduction** on the conceptual level.
- 2 Chapter 2 starts from **three selected challenges in the field of poverty**. It argues that SCP actions could be oriented on unsatisfied basic needs, lack of income and shortcomings in local capacities.
- 3 Chapter 3 then shows how SCP can build on **selected programmes and institutions dealing with poverty**. For this version of the

booklet, three areas were chosen: National development and Poverty Reduction Strategy Papers (PRSPs), technical cooperation and, as a sub-set of these, Public-Private-Partnerships (PPPs).

The booklet draws on previous experience with SCP projects and their contribution to poverty reduction – especially the emerging experience under the SWITCH-Asia Networking Facility (see [www.switch-asia.eu](http://www.switch-asia.eu)).

It is hoped that this booklet will inspire practitioners and researchers to pay close attention not only to how their projects can reduce their environmental impact – but also to how they affect the lives of the billions of poor people living in developing countries.

# TABLE OF CONTENTS *THE CHALLENGES*

<b>Foreword</b>	<b>3</b>
<b>About this booklet</b>	<b>4</b>
<b>Introducing the ‘challenge’</b>	<b>4</b>
<b>Abbreviations</b>	<b>5</b>
<b>1 Sustainable consumption and production can be harnessed for poverty reduction</b>	<b>6</b>
<b>2 Poverty challenges related to sustainable consumption and production</b>	<b>9</b>
2.1 How can we build sustainable livelihoods?	10
2.1.1 Base livelihoods on productive eco-systems	11
2.1.2 Derive livelihoods from trade and global value chains	11
2.2 How can we meet human needs in deprived areas?	12
2.2.1 Cover basic needs with natural resources	12
2.2.2 Satisfy basic needs with sustainable products and services	14
2.3 How can we build capacities in local enterprises?	15
2.3.1 Foster capacity for cleaner production	16
2.3.2 Build capacity for compliance with social and environmental standards	17
2.4 Summary: Recognise the challenges!	17
<b>3 SCP thinking can be aligned with development agendas</b>	<b>18</b>
3.1 Draw on national development or poverty reduction strategies	18
3.2 Team up with technical cooperation agencies	20
3.3 Unlock the potentials of public-private partnerships	22

## ABBREVIATIONS

<i>GTZ</i>	<i>Deutsche Gesellschaft für Technische Zusammenarbeit (German)</i>	<i>SCP</i>	<i>Sustainable consumption and production</i>
<i>IMF</i>	<i>International Monetary Fund</i>	<i>SMEs</i>	<i>Small and medium-sized enterprises</i>
<i>PEI</i>	<i>Poverty-Environment Initiative (of UNEP and UNDP)</i>	<i>UNDP</i>	<i>United Nations Development Programme</i>
<i>PRSP</i>	<i>Poverty reduction strategy paper</i>	<i>UNEP</i>	<i>United Nations Environment Programme</i>
<i>PPP</i>	<i>Public-private-partnership</i>	<i>WWF</i>	<i>World Wildlife Fund</i>

# 1 SUSTAINABLE CONSUMPTION AND PRODUCTION CAN BE HARNESSSED FOR POVERTY REDUCTION



## WHAT IS SUSTAINABLE CONSUMPTION AND PRODUCTION?



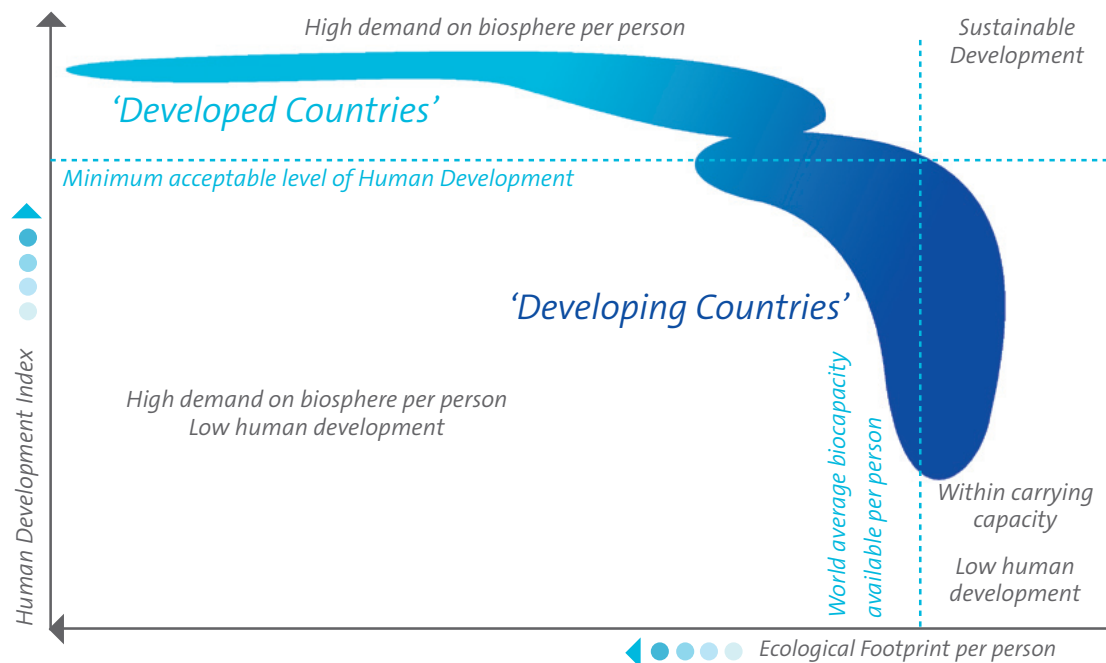
**Sustainable consumption and production means using natural resources and energy more efficiently and reducing greenhouse gas emissions and other environmental impacts. It is all about producing and using products and services in a way that is least harmful to the environment. The aim is to meet our basic needs for goods and services while bringing about a better quality of life and also ensuring that there are sufficient resources left for future generations (EC, 2009).**



**S**ustainable consumption and production (SCP) thinking gives a new perspective on environmental and social issues paying extra attention to the preservation of natural resources and suggesting environmentally friendly trade<sup>1</sup>. When implementing SCP in developing and transition economies, the question emerges how can policy-makers, non-governmental organisations and business contribute to one of the most pressing social challenges persisting in these regions – poverty.

Overcoming poverty and allowing people to live a decent life is an ancient human challenge. Numerous approaches have been tried to address development disparities and a wide range of programmes and evidence exists on today's development cooperation scene. As a new concept SCP has the potential to enrich them.

In this booklet, we suggest there is a **close link between poverty reduction and environmental challenges**. The poor depend on eco-systems for income generation and well-being and are highly affected by pollution and environmental degradation – more so than the rich. Satisfying their basic needs and enhancing their well-being requires the use of natural resources. This linkage becomes especially important in today's world of rising resource prices, where key strategic resources have become scarce. Additionally, as climate change intensifies, natural hazards such as floods, storms and droughts will affect poor people more often. Given these facts, advocating development through resource intensive, polluting technologies and business approaches is likely to undermine poverty reduction in the long-term.



**Figure 1: The double challenge – raising human development and without boosting ecological footprints**

(adapted from the WWF Living Planet Report 2006, p. 19)

These challenges are depicted in the figure above. On the vertical axis, it shows the level of human development countries have reached. The corresponding environmental footprint they create is shown on the horizontal axis. The developed countries are those in the light blue 'cloud'. They have reached an acceptable level of human development but the burden they inflict on the environment is above the global ecological carrying capacity. This holds true even for relatively resource efficient countries like Japan.

#### UN COLLABORATION ON POVERTY AND THE ENVIRONMENT

The EC is contributing to several global initiatives promoting poverty reduction including the "UNDP-UNEP Poverty-Environment Initiative (PEI)". These two UN programmes have teamed up to further collaboration at the interface of environment and poverty reduction. PEI is designed as a joint programme provid-

ing financial and technical support to countries for capacity building in the mainstreaming of poverty-environment linkages into national development planning processes. The website, at [www.unpei.org](http://www.unpei.org), contains information both on the conceptual linkages between poverty and the environment and on institutional linkages.



In developing countries, the challenge is different. The poorest countries are in the right side of the dark blue 'cloud'. Their footprint is still within the ecological carrying capacity of the planet. But their low level of human development calls for urgent and rapid social and environmental progress. Some relatively better-developed countries can be found in the left side of the dark blue 'cloud'. They have already expanded their ecological footprint above their carrying capacity – and have still not reached an acceptable level of human development. Satisfying local needs in most cases will thus lead to expanding consumption and production – but within the global limits set by scarce resources and fragile eco-systems. Therefore, both established and emerging patterns of consumption and production have to become “sustainable”.

The next chapter will explore in more depth how consumption and production patterns relate to three key poverty challenges.

***“Satisfying local needs in most cases will thus lead to expanding consumption and production – but within global limits set by scarce resources and fragile eco-systems”***

## REDUCING POVERTY – ONE GOAL AND A MILLION WAYS...

*Poverty is a complex issue deeply entrenched in many societies. It is not only an economic, but often and foremost a political, social, cultural, psychological and environmental issue. Clearly, such a complex problem will not be dealt with a simple, clear-cut solution. Successful initiatives that reduce poverty in a holistic way often have a decade-long history, are deeply embedded in their country and implement activities on several levels, such as the Bangladesh Rural Advancement Committee (Mair et al. 2007, Smillie 2009). Large debates and discussions revolve around the effectiveness of different approaches to combat poverty, and their environmental consequences. One example is the discussion between proponents of more aid like Jeffrey Sachs, author of “The End of Poverty”, and William Easterly, aid-critic and author of “The White Man’s Burden”.*

*Easterby’s book rather looks into how SCP thinking can contribute to poverty alleviation, rather than taking a position in these larger debates. It believes that orienting SCP actions on poverty is one small step among others. By working together with other initiatives, SCP might realise the promises of the international community regarding the eradication of poverty in practice.*

**Image 1: Meeting of BRAC, the Bangladesh Rural Advancement Committee**

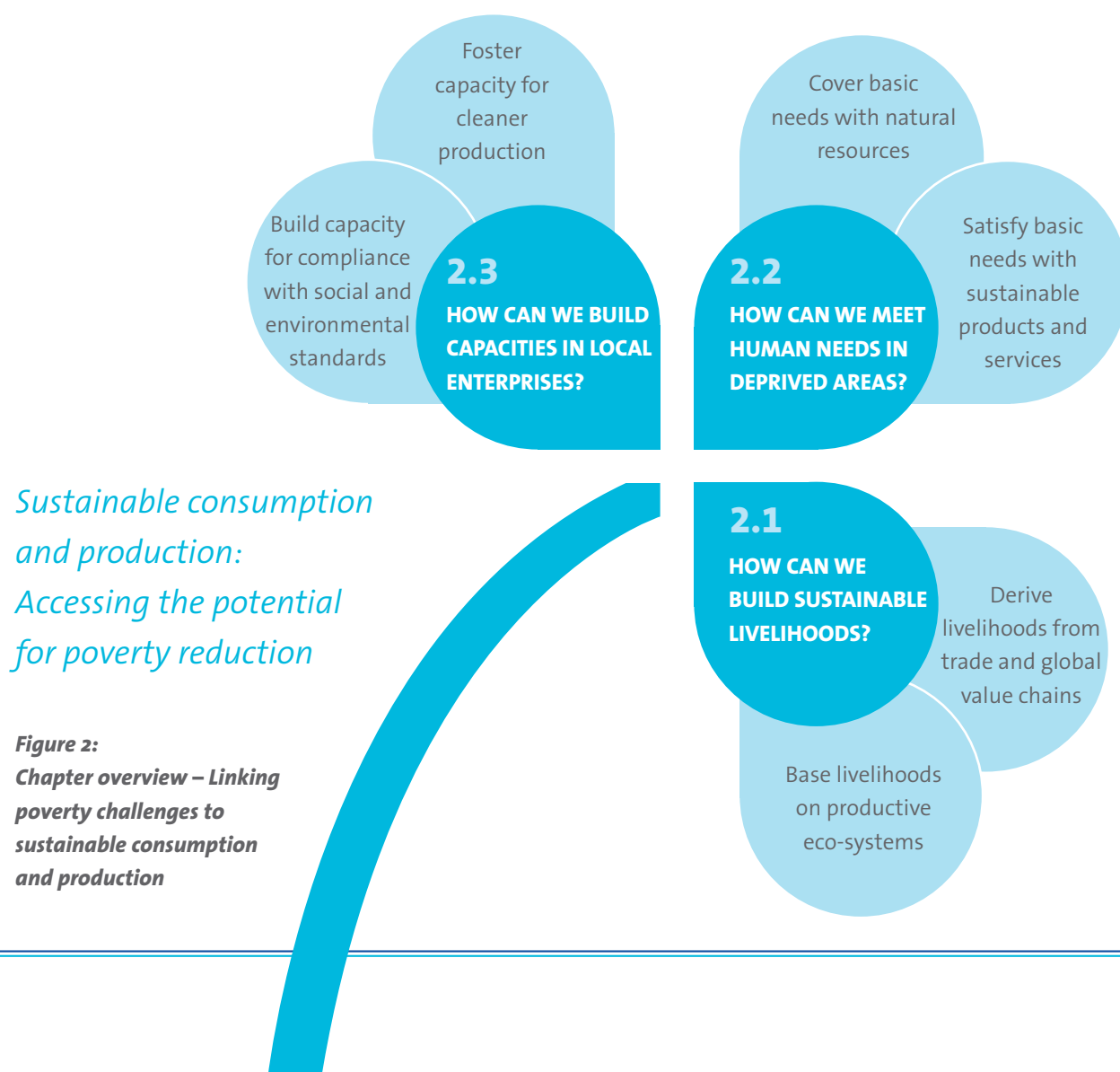
(Source: Alliance of Students Against Poverty)





## 2 POVERTY CHALLENGES RELATED TO SUSTAINABLE CONSUMPTION AND PRODUCTION

**T**he first step in creating synergies between SCP projects and poverty reduction goals is understanding the challenges involved in poverty reduction and how they relate to consumption and production patterns. This section takes three challenges in the area of poverty reduction – and sketches how they are linked to our patterns of consumption and production.



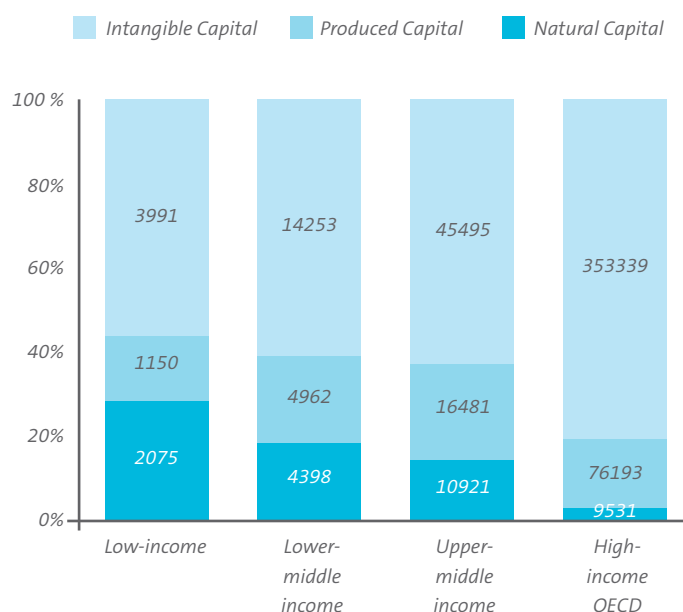
**Figure 2:**  
**Chapter overview – Linking poverty challenges to sustainable consumption and production**

## 2.1

## HOW CAN WE BUILD SUSTAINABLE LIVELIHOODS?

While many other factors in the environment determine the well-being of poor people, lack of a stable and sufficient income source (a livelihood) is the first and most prominent feature of poverty. Lack of income is thus prominently used as a definition and measurement tool for poverty. People are considered poor when living on less than 2 dollars/day, and extremely poor when living below 1 dollar/day<sup>2</sup>.

The poor traditionally rely on several sources of cash and non-cash income: household labour, local networks, remittances, and natural resources and ecosystems. **The state of the environment plays an important role in income-poverty.** Low-income countries tend to derive a much higher share of their income from natural capital (see Figure 3), and even within the same country, poor households rely more heavily on nature for an income than their richer neighbours.

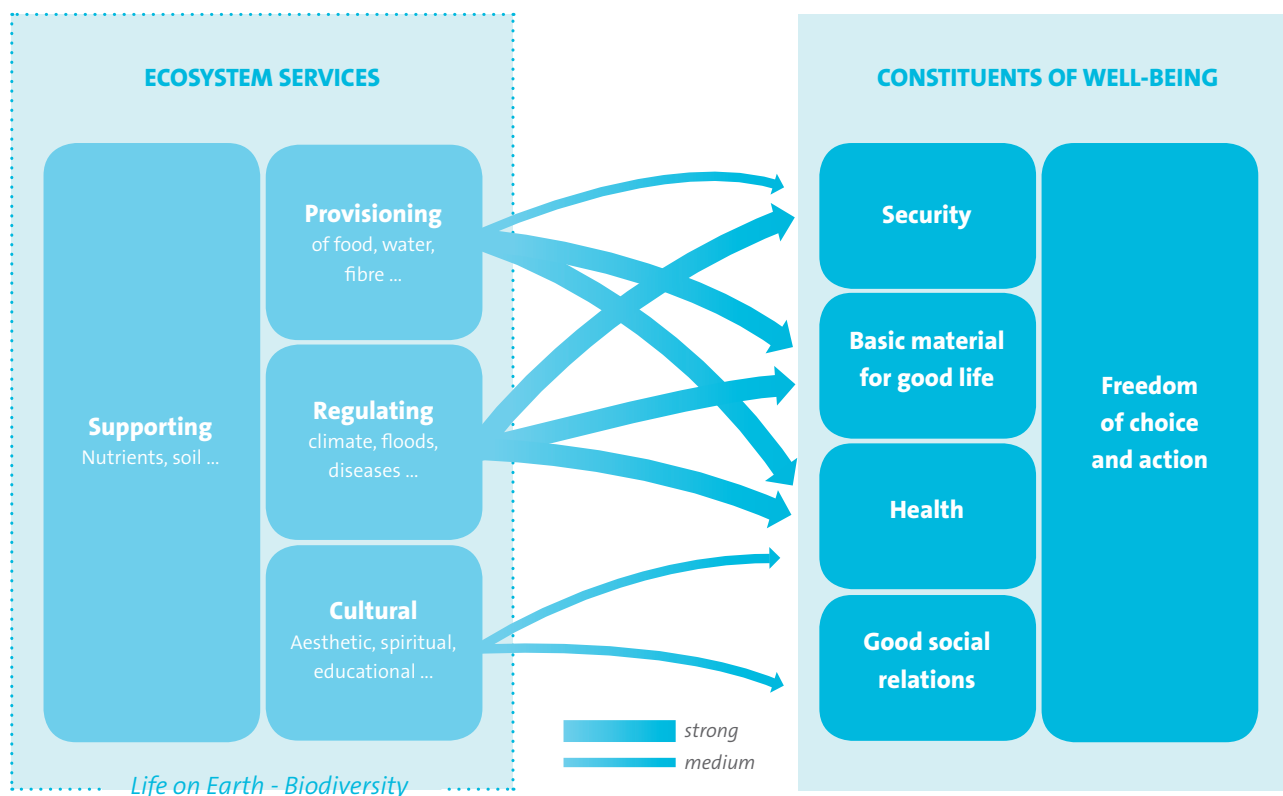


**Figure 3: The poor depend more on natural capital for their income than the rich – share of income derived from different capital stocks in country groupings**

(Source: World Bank 2006)

**Figure 4: Eco-systems services and constituents of well-being – the approach of the Millennium Ecosystems Assessment**

(MEA 2005)



Consumption and production patterns affect the ability of poor households to earn incomes in several ways. This section focuses on two main mechanisms:

**1** SCP patterns linked to eco-systems from which the poor derive their income.

#### **2.1.1 BASE LIVELIHOODS ON PRODUCTIVE ECO-SYSTEMS**

Functioning eco-systems provide a range of services – they provide food and clothing materials, clean water and air, and can be a source of joy and spirituality. These services are an important part of wealth in many nations and regions. Population growth and overuse, competing (industrial) uses or the failure of traditional governance mechanisms have put eco-systems under stress. The Millennium Ecosystem Assessment (MEA 2005) has acknowledged recent trends on the development of eco-systems and shown how changes are undermining their potential contribution to people's well-being.

The impact of production and consumption on eco-systems can be illustrated by the case of fisheries in the East China Sea (see Figure 5). The sea is heavily polluted by local industries and overfished for domestic consumption and export. As a consequence, the catch dropped from 1.3 million tonnes in 2001 to 980,000 tonnes in 2005, and employment fell from 250,000 to 210,000. This crisis can also be traced back to consumption patterns in developed countries. As traditional fishing grounds like the North Sea or Newfoundland are overfished, countries nearby rely ever-more on imported fish, including from countries like China with its deteriorating local eco-systems.

Making consumption and production patterns sustainable in this example could be linked to poverty reduction in two ways. First, reducing pollution from local industries could help to stop or revert the decline in fish stocks. Second, promoting an eco-label system for sustainably harvested fish could provide premium income to local fishermen and help to reduce overfishing and a collapse of fish-stocks that can hurt local communities<sup>3</sup>.

**2** International trade patterns linking global consumption to local income generation opportunities.

#### **2.1.2 DERIVE LIVELIHOODS FROM TRADE AND GLOBAL VALUE CHAINS**

Linking local producers with global value chains has led to significant new local income opportunities and employment in some countries. Agriculture, early food processing, textile production and manufacturing are among those activities that first tend to emerge in developing countries. They offer employment opportunities even to those with little education or work experience. But these gains come with strings attached. Exploitative working conditions, low levels of added value generated locally, exposure to world-market price fluctuations and side effects of environmental pollution create doubts about the benefits of export-oriented development.

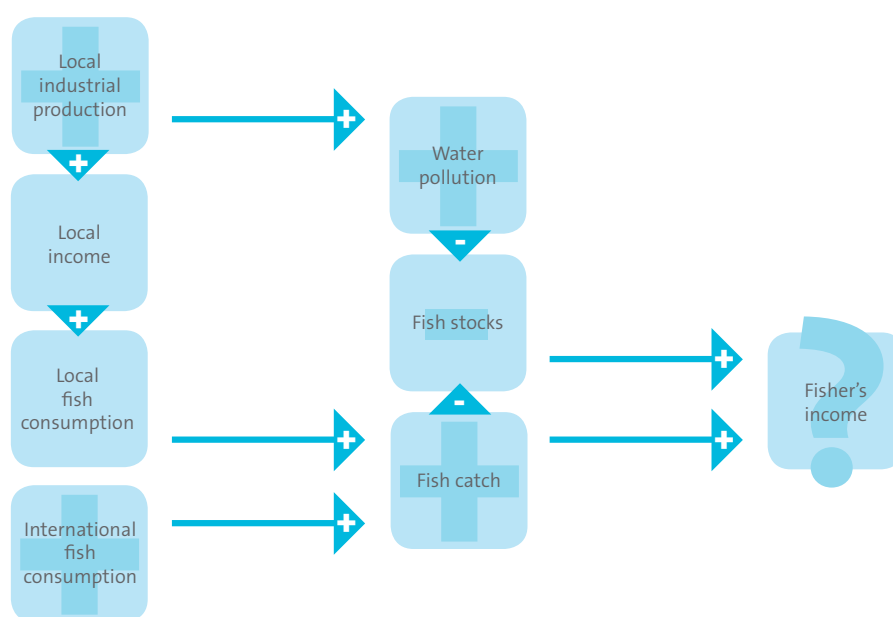
Textile production in Asia can illustrate these challenges. Spinning, weaving, dying and knitting of textiles for the global market provides millions of jobs and significant export earnings in developing countries, and especially in Asia. Countries like China, India and Pakistan are amongst the world's largest producers. But the promises of textile production have often not been realised. Textile factories have been blamed for high water usage and pollution in some regions. And reports on dangerous and exploitative working conditions continue, including accounts of children being abused. Taken together, these trends have been responsible for increasing and wide-spread poverty among cotton farmers in developing countries.

Both consumption and production patterns could be starting points for moving towards sustainability. Introducing environmental management and cleaner production measures in for cotton could reduce environmental impacts and assure that companies contribute to well-being in their communities<sup>4</sup>. And encouraging buyers to go for organic and fair-trade clothing could help to assure fair living-wages and working conditions in textile factories.

<sup>3</sup> As an example for a sustainable fisheries label, see the Marine Stewardship Council at [www.msc.org](http://www.msc.org)

<sup>4</sup> See for example the e-textile project at <http://www.e-textile.org>, sponsored by EuropeAid under its ASIA-ITC programme.

**Figure 5: Example for the impact of consumption and production on poor household incomes**



## 2.2

## HOW CAN WE MEET HUMAN NEEDS IN DEPRIVED AREAS?

**A**nother central manifestation of poverty is the persistence of unmet basic human needs on a global scale (see Figure 2). These include being well-fed, warm, sheltered, healthy, mobile, informed and connected. While most of the people living in developed countries enjoy a lifestyle where these basic needs are satisfied, the majority of people in developing countries do not. These shortcomings are widely documented – the UNDP’s annual Human Development Report shows the wide differences at a global level in the ability of people to lead a ‘healthy and happy life’.

While the root causes of unsatisfied basic needs are manifold, this section picks two:

Many poor people rely on natural resources for their basic needs but if these become scarce for any reason, these needs can suddenly go unfulfilled ▶ **2.2.1**

Products and services that cover basic needs are often lacking or not distributed widely enough ▶ **2.2.2**

### 2.2.1 COVER BASIC NEEDS WITH NATURAL RESOURCES

Access to natural resources is important to satisfy basic needs. People need water to live a healthy life. But inputs like energy and raw materials are crucial for construction, the production of food and clothing, mobility, water treatment etc.

The availability and price of resources determines the consumption options of the poor. The food crises in 2008, with its globally soaring prices, has been a striking illustration of this fact. Resources can become scarce for a variety of reasons. While some are available locally, others have to be imported. Both developed and emerging countries import more and more resources for the consumption of their growing middle classes. These trade patterns affect the global availability and price of key resources.

The impact of resource scarcity on the poor can be illustrated with the prominent example of energy and poverty (Modi et al. 2005). Resources like kerosene or petroleum are often imported, which puts stress on country’s trade balances and exposes them to international

price fluctuations. Local energy resources might be limited or only exploited with great effort. One example is the use of local wood for heating and cooking. Gathering and chopping it can be heavy work for poor families in general but for women in particular. It may also be associated with environmental and health risks due to, for

example, indoor air pollution, and it frequently leads to deforestation and the decay of ecosystems (see 2.1.1). Lacking access to reliable energy can also hamper the growth of local enterprises and the development of telecommunication and other infrastructures.

#### THE INTERNATIONAL PANEL FOR SUSTAINABLE RESOURCE MANAGEMENT



The “Resource Panel” was officially launched in November 2007 (with EC co-funding) and is expected to provide the scientific impetus for decoupling economic growth and resource use from environmental degradation. The overall objective of the Resource Panel is therefore to provide independent scientific assessment of the environmental impacts due to the use of resources over the full life cycle, and advise governments and organisations on ways to reduce these impacts.

The objectives of the Resource Panel are to:

- provide independent, coherent and authoritative scientific assessments of policy relevance on the sustainable use of natural resources and in particular their environmental impacts over the full life cycle;
- contribute to a better understanding of how to decouple economic growth from environmental degradation.

You can find more information on the panel, its members and main outputs at <http://www.unep.fr/scp/rpanel/>



**Image 2:**  
**The “Nova Mobile S200”,  
a solar-powered, independent  
light and cell-phone charging  
station<sup>7</sup>**



**Image 3:**  
**Distributing renewable  
energy in rural areas<sup>8</sup>**

Making consumption and production of natural resources more sustainable can help to alleviate poverty in various ways. Starting with consumption by the poor, the use of renewable resources, like biomass or solar energy, can make the poor more independent from non-renewable forms of energy. Projects distributing solar lighting technologies, like d.light<sup>5</sup>, have sprung up around the world (see image 2). Grameen Shakti<sup>6</sup> is seen as a pioneer organisation in distributing small-scale renewables like solar home systems or biofuel stoves via innovative channels, supported by microfinance.

At the same time, increasing energy efficiency is important. Making production, both in developed and developing regions, more efficient can free natural resources that can then be used to satisfy basic needs. Helping the poor to consume by avoiding energy wastage can help them to spend their limited income much more effectively.

5 [www.dlightdesign.com](http://www.dlightdesign.com)  
6 [www.gshakti.org](http://www.gshakti.org)

7 [http://dlightdesign.com/product\\_nova.html](http://dlightdesign.com/product_nova.html)  
8 [www.gshakti.org/gallery.html](http://www.gshakti.org/gallery.html)

### 2.2.2 SATISFY BASIC NEEDS WITH SUSTAINABLE PRODUCTS AND SERVICES

Whether basic needs can be satisfied also depends on the products and services available, and their appropriateness for the living conditions of the poor. Creating resource intensive products and establishing patterns of consumption inspired by the developed world is often no solution – products need to account for the scarcity of natural resources, especially energy and water, often found in developing countries. Another key factor is affordability as the poor often have very low purchasing power but tend to pay higher prices for basic products and services than the rich (see Figure 6). But it also depends on how much the design of a product or service has taken geographic, cultural, social and political conditions into account. Lastly, the difficulty of distributing and maintaining products in developing countries makes it difficult to deliver products and services to the poor.

Not having access to basic goods and services can also prevent the poor from earning adequate incomes. Having access to a balanced diet and thus being well-fed is necessary for doing more

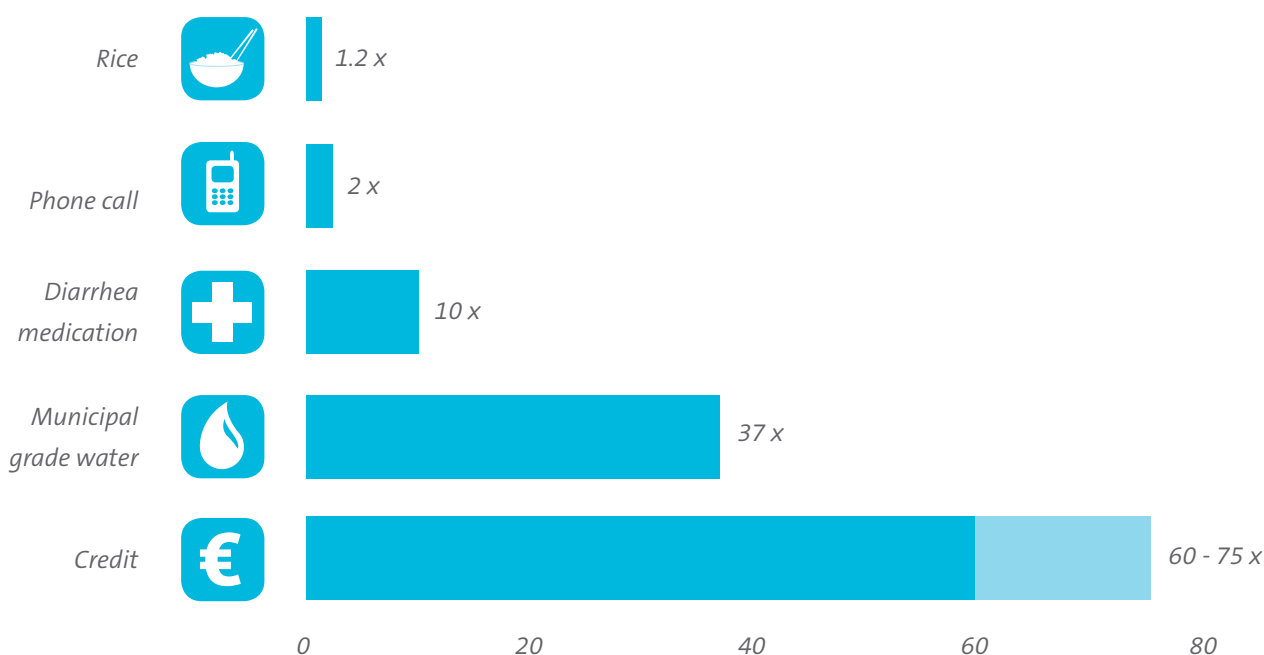
demanding physical or mental work. Having access to energy, postal services or telecommunication is crucial to starting a business and raising the productivity of an existing one. And lacking infrastructure, e.g. roads or public transport, can prevent potential entrepreneurs in poor regions from engaging in trade with other, more affluent regions.

These effects can be illustrated with the example of nutrition. Large parts of the world's population lack access to micronutrients, with grave health consequences. An ideal diet based on diverse food production, better access to natural resources and increased incomes to purchase healthy, diverse food would resolve this problem – but it is difficult to realise in the short-term. Adding vitamins and minerals (“food fortification”) is one potential solution, and widely practiced in developed countries. But it often does not reach the poor – markets are underdeveloped and technologies used are not appropriate for the realities of developing countries.

**“Not having access to basic goods and services can also prevent the poor from earning adequate incomes”**

**Figure 6: Price premium paid by poor customers compared to rich ones**

(Prahalad & Hammond 2002)





One initiative to address this challenge is GAIN, the Global Alliance for Improved Nutrition<sup>9</sup>. It is an umbrella NGO that has strong partnerships with a range of major businesses that work together to design innovative solutions for micro-nutrient deficiencies. This includes working on innovative distribution channels that are adapted to the realities of developing countries – to provide the poor a way to stay healthy.



**Image 4: Bakery selling bread made with fortified flour in Uzbekistan<sup>10</sup>**

## 2.3

## HOW CAN WE BUILD CAPACITIES IN LOCAL ENTERPRISES?

**S**mall and medium-sized enterprises (SMEs) play important roles in most developing countries. They provide income to many local citizens and play a vital role in local economies. In many regions, they might be the only source of employment besides self-employment in agriculture and simple processing activities.

Many development programmes have thus put efforts into helping to establish new enterprises and to upgrade existing ones. Still, entrepreneurs in developing countries face many difficulties. They:

- often operate in unsure legal environments;
- face high administrative burdens (and thus might opt for the informal economy);
- lack access to credit and other finance options;
- need to deal with a shortage of skillful and educated workers;
- are remote from potential target markets, locked by geographic and infrastructure barriers; and
- lack knowledge about the social and environmental consequences of their economic activity.

Internal factors, like low management capabilities and a lack of formal procedures tend to aggravate the problems in their business environment. While making up for some of these disadvantages by creativity and ingenuity, they clearly hamper their overall development.

There are challenges to the development of SMEs in both consumption and production areas:

1. On the production side, sustainability can relate to the efficiency with which enterprises use resources and reduce their emissions ▶ **2.3.1**
2. Consumers in developed countries increasingly consider environmental and social criteria when buying products – but to take advantage of these market opportunities, enterprises in developed countries need to comply with social and environmental standards ▶ **2.3.2**

<sup>9</sup> [www.gainhealth.org/](http://www.gainhealth.org/)

<sup>10</sup> [www.gainhealth.org/photos/bakery-selling-bread-made-fortified-flour-uzbekistan](http://www.gainhealth.org/photos/bakery-selling-bread-made-fortified-flour-uzbekistan)

### 2.3.1 FOSTER CAPACITY FOR CLEANER PRODUCTION

Small and medium-sized enterprises sometimes lack the capacity to implement cleaner production and other environmental management measures. Still, these activities could have multiple benefits: the enterprise could realise cost savings, improve its reputation, and develop new and innovative products and processes. The local community could also benefit from less pollution and lower prices for local resources.

What then prevents enterprises in cleaning up their production processes? Firstly, they might lack access to appropriate environmental technologies such as renewable energies, waste treatment, etc. Secondly, enterprises might not have the financial resources to implement changes even if they are profitable in the mid- to long-run. And on the 'softer' side, human resources are necessary to determine where improvements are possible, and education and training are often underdeveloped in developing countries. Access to information is also crucial – not only on technologies and behavioural changes but also on how to reap the full benefits through accessing new local or global markets for sustainable products. Programmes addressing these shortcomings have demonstrated that



**Image 5: Rattan production in Laos"**

(Source: WWF, Richard Vincent)

efficiency potential can indeed be unlocked in enterprises – especially if multiple challenges are tackled at once.

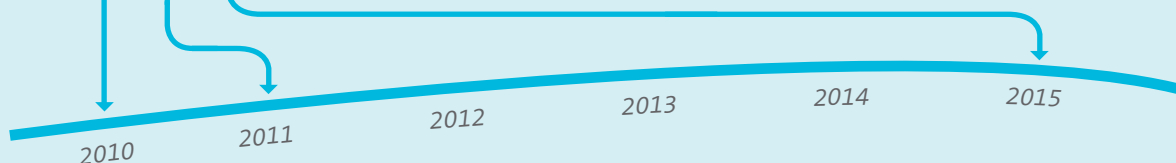
Cleaner production is an integral part of the WWF project "A Switch to Sustainable Rattan Production and Supply" (2009) funded by the SWITCH-Asia programme. It aims to engage smallholder producers of rattan in cleaner production and certification activities. By working with local partners it directly addresses enterprises, supporting them in several ways. And, as retailers like IKEA are actively involved in the project, it links the producers to global markets for sustainably produced rattan.

### SUCCESS INDICATORS OF THE WWF RATTAN PROJECT

*By 2010, 100 communities in Cambodia, Lao PDR and Vietnam will be engaged in sustainable rattan production.*

*By 2011, 50% of the rattan processing industry in Cambodia, Lao PDR and Vietnam will be environmentally cleaner and more competitive within regional and world-wide markets, generating better economic returns; 40% of all targeted small and medium-sized enterprises in the supply chain will be actively engaged in cleaner rattan production.*

*By 2015, 15% of processing industries will provide environmentally friendly products to European and worldwide markets.*



### 2.3.2 BUILD CAPACITY FOR COMPLIANCE WITH SOCIAL AND ENVIRONMENTAL STANDARDS

Today, more and more consumers want assurance that the products they buy are produced in an environmentally and socially responsible manner. They might even opt for products specifically labelled as organic or fair trade. As a response, companies and retailers actively integrate social and environmental criteria in their supply chain management.

These criteria are increasingly applied throughout global value chains and become relevant for producers in developing countries. Small and medium-sized enterprises especially might find it difficult to comply with them. Struggling to survive and grow in difficult environments, businesses may have resorted to management practices that create social and environmental problems or are outright exploitative.

Demonstrating compliance with these social and environmental standards can help producers to become included in global value chains for sustainably produced products. To achieve compliance, improving management practices is only the first step. Enterprises also need to understand different standards and the criteria these use, document that they comply with these, and manage the certification procedures.

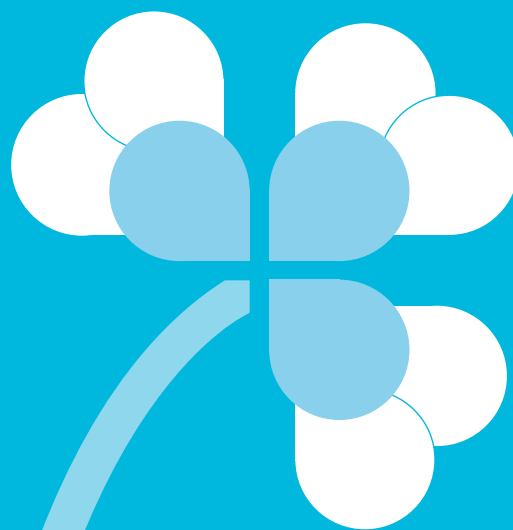
Programmes that support enterprises in complying with these requirements would thus have a double impact on poverty. Firstly, they directly improve their social and environmental situation of workers, suppliers and local communities. Secondly, by opening up new market opportunities, they can expand production and create local incomes.

*“As a response, companies and retailers actively integrate social and environmental criteria in their supply chain management”*

## 2.4 SUMMARY: RECOGNISE THE CHALLENGES!

**T**his section has sketched some prominent challenges encountered in poverty reduction – what they are, and why they matter. It has also shown how current patterns of consumption and production patterns contribute to these challenges, and how making these patterns more sustainable could contribute to reducing poverty.

Knowing about and being alert to these challenges can help to enhance the contribution of SCP projects to poverty alleviation. Beyond that, SCP activities can also directly be linked to existing programmes and activities aiming to reduce poverty. The next section will outline some of these programmes, and show how sustainable consumption and production can be linked to them.



# 3 SCP THINKING CAN BE ALIGNED WITH DEVELOPMENT AGENDAS



The agendas, tools, organisations and networks set up to reduce poverty are as varied as the challenges of poverty reduction themselves. But they still represent a rich source of knowledge, contacts, experience and legitimacy on how to improve living conditions in developing countries. Projects to promote sustainable consumption and production can be aligned with activities designed to reduce poverty – to increase the effectiveness and efficiency of SCP actions. The first step in establishing these links is to have an awareness and knowledge of

poverty reduction programmes. This section looks at three of these, and explains how the tools themselves and insights from these can be utilised to improve SCP projects. It starts with **National Development and Poverty Reduction Strategies** as overall frameworks that define poverty reduction priorities and act as coordination mechanisms. It then proceeds to general activities in the field of **Technical and Financial Cooperation**, and finally presents the rather new programmes in the area of **Public-Private-Partnerships**.

## 3.1 DRAW ON NATIONAL DEVELOPMENT OR POVERTY REDUCTION STRATEGIES

Most developing countries undertake some kind of development or poverty reduction planning exercise. They do so either alone or in co-operation with bi- or multi-lateral donor agencies. Most prominently, Poverty Reduction Strategy Papers (PRSPs) are developed by national governments with feed-

back and approval from the World Bank and the IMF. These national development strategies contain valuable information on national and local priorities for reducing poverty, influence domestic budget allocations and co-ordinate national policies of different governmental bodies and the activities of donor organisations.

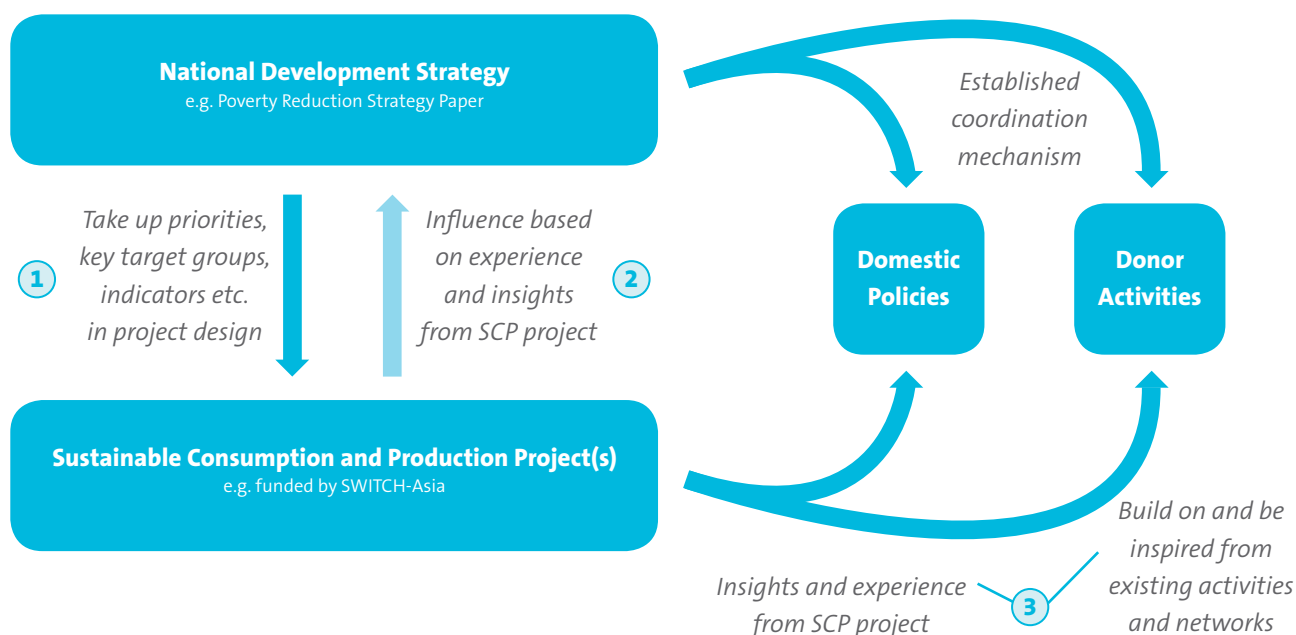
### CHARACTERISTICS OF POVERTY REDUCTION STRATEGY PAPERS

According to the World Bank and the IMF, poverty reduction strategy papers (PRSPs) are:

- country-driven, promoting national ownership of strategies through broad-based participation of civil society;
- results-oriented and focused on outcomes that will benefit the poor;
- comprehensive in recognizing the multidimensional nature of poverty;
- partnership-oriented, involving coordinated participation of development partners (government, domestic stakeholders, and external donors); and
- based on a long-term perspective for poverty reduction.

IMF 2008. Poverty Reduction Strategy Papers (PRSPs): A Factsheet. International Monetary Fund (IMF) <http://www.imf.org/external/np/exr/facts/prsp.htm>.

**Figure 7: Relationships between national development strategies and SCP projects**



SCP projects can link up with national development strategies in at least three ways (see Figure 7):

- 1 Projects to promote SCP can **take up the priorities set in the respective national development strategies**. This covers the selection of sectors, target groups and indicators to measure the impact the project. All these issues can be included in the project proposal. Indicators can be especially relevant for the logical frameworks<sup>12</sup> in which applicants define goals and indicators. This might be a good starting point to show how the SWITCH-Asia projects contribute to existing national or international development goals (UNDP 2008: 65).
- 2 The experience and insights gathered in SCP projects can also influence **national development strategies**. A series of recent UN publications

(UNEP 2008, UNEP & UNDP 2009) stresses that integrating SCP elements in these planning processes could help to support broad and long-term progress towards these goals.

- 3 National development strategies like PRSPs serve to **coordinate domestic policies and donor activities**. Aligning SCP goals with national development strategies early can thus help to secure follow-up financing or mainstreaming of the approach. It can also be important to realise the policy impacts of these projects: The insights and experience gathered can directly be fed into priorities and programme development by governments and donor agencies.

**Table 1: Which priorities? Selected environmental indicators in poverty reduction support papers**

(Source: UNDP 2005)

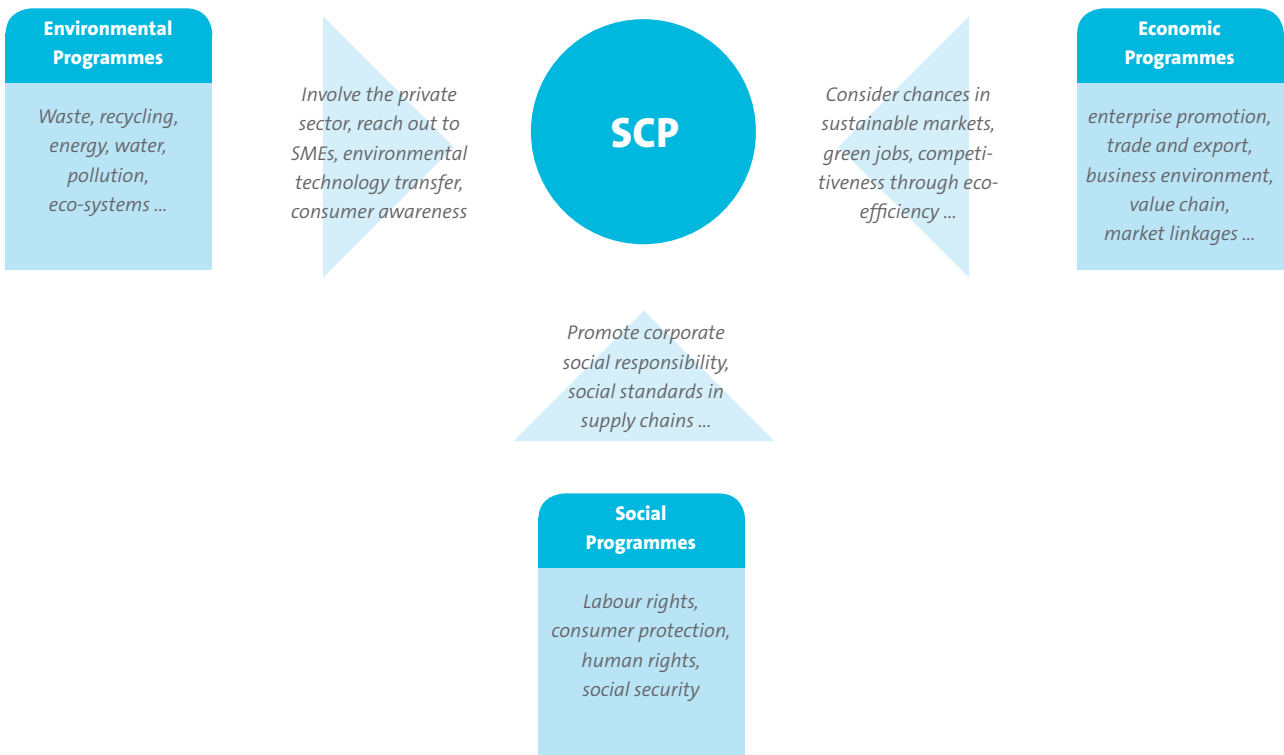
<b>Basic needs</b>	<ul style="list-style-type: none"> <li>• Increase access of rural population to safe water source from 24% in 1998 to 50% in 2015 (Cambodia)</li> <li>• Reduce by half the proportion of population living in irregular settlements and towns with extreme poverty (Argentina)</li> </ul>
<b>Cleaner production Eco-systems</b>	<ul style="list-style-type: none"> <li>• Decrease total discharge of major pollutants by 10% between 2000 and 2005 (China)</li> <li>• Increase land area protected to maintain biological diversity from 13.2% in 2000 to 30% in 2015 (Mongolia)</li> </ul>



### 3.2 TEAM UP WITH TECHNICAL COOPERATION AGENCIES

Technical cooperation agencies implement projects to reduce poverty, mostly funded by donors or domestic governments in developing countries. They normally have local staff, established networks, and have gained experiences and legitimacy with local actors.

**Figure 8: From environmental, social and economic programmes towards integrated SCP**



In their portfolio of projects, these agencies have typically worked on environmental, economic and social issues (Figure 8). All these experiences can provide the starting ground for SCP projects. In fact, technical cooperation agencies have already included elements that link these activities to SCP, even if not specifically using that terminology (UNEP 2006). They have been involved in a series of landmark best practice examples for example for developing or scaling-up fair trade or organic supply chains (see box above). These organisations also have a track record of knowledge transfer between developed and developing countries.



Such experiences from the technical cooperation agencies can be a great resource to develop and implement SCP projects that reach out to the poor. They can support SCP projects in various ways:

- their experience can influence the **design** of SCP projects. This could include promising approaches as well as potential barriers and strategies to overcome these;
- to **implement and run** SCP projects, their staff, offices and networks can be a great asset;
- to **evaluate and prove proof of the impacts** of SCP projects, technical cooperation agencies can draw on established sets of evaluation techniques and methods;
- to assure **continuation and mainstreaming** of SCP projects, they might integrate successful and proven SCP approaches in their general portfolio or directly influence donors to fund replication of projects between countries;
- to generate a **policy impact of SCP projects**, technical cooperation agencies can resort to established communication channels to governments in development countries.



#### BEST PRACTICE IN DEVELOPMENT COOPERATION AND SUSTAINABLE CONSUMPTION AND PRODUCTION

*A review of development cooperation agencies and sustainable consumption and production (UNEP 2006) contains a series of case studies that show how these agencies have pushed sustainable consumption and production:*

- *the establishment of certification bodies for organic agriculture in Uganda and Tanzania aimed to promote exports of organically produced products and services;*
- *a shea butter extraction project has radically improved early production process around the shea nut, benefiting especially women involved in the smallholder production;*
- *the Tunisian International Centre for Environmental Technologies (CITET) promotes cleaner production among SMEs;*
- *an energy efficiency standards and labelling programme (EES&L) to orient consumer behaviour towards the sustainable use of energy.*

### 3.3 UNLOCK THE POTENTIALS OF PUBLIC-PRIVATE PARTNERSHIPS

**T**he private sector affects the poor in many ways. Businesses provide incomes and access to products and services, but can also inflict environmental or social harm. Partnerships between the public and the private sector have explored ways to improve the benefits while reducing potential harm. Such public-private partnerships (PPPs) can be established to explore business opportunities, provide impulses for business activity in developing countries, and foster sustainable business models (Binder et al. 2007).

As business decisions directly affect consumption and production patterns, various options exist to include them into projects to promote SCP. Besides integrating sustainability in their own processes, businesses might take the following roles in SCP projects:

- **address social and environmental issues in their supply chains** to spread more sustainable production patterns among SMEs in developing countries;
- **build global value chains** that link producers in developing countries to global markets, e.g. for fair trade and organic products;
- **provide environmental technology** that allows SMEs to improve their sustainability performance;
- **develop and distribute sustainable products and services** with reduced environmental impacts and a potential to contribute to poverty reduction,
- **reach out to consumers** in developed and developing countries to encourage the consumption of more sustainable products and services;

The SWITCH-Asia programme encourages business partnerships in various areas. One particular target group are **retailers** as they can reach out both into supply chains and to consumers.

#### SUSTAINABLE CONSUMPTION AND PRODUCTION IN EXISTING PPP PROGRAMMES

*Development programmes to establish PPPs are set up by a number of countries, including Denmark, Germany and the UK. Most of these programmes provide some space for SCP projects, or actively encourage them:*

- *The Ministry of Foreign Affairs in Denmark searches for PPP project proposals that take a “precautionary approach to environmental challenges, and encourage the development and diffusion of affordable, environmentally friendly technology” (IPD 2009). It also runs a “Business-to-Business Environment Programme” that focuses on the transfer of environmental technology to China and to Indonesia ([www.b2bprogramme.com](http://www.b2bprogramme.com)).*
- *In Germany, the new PPP programme of the Federal Ministry for Economic Cooperation and Development (BMZ)<sup>13</sup> contains a new component that calls for project proposals in specific areas called “develoPPP.topic”. It invites proposals related to sustainable consumption and production, including energy efficiency, renewable energies and industrial environmental protection.*



**CLOSE**



**SWITCH**



**OPEN**

This side of the booklet has elaborated on the challenges of poverty through the lens of sustainable consumption and production.

Please 'switch' now to the other side to read about practical sustainable consumption and production solutions that can make a difference towards alleviating poverty. The SWITCH Asia programme puts particular emphasis on and aims to find these SCP practices.

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## UNDERSTANDING POVERTY CHALLENGES...

This side of the booklet has described some key poverty challenges – building sustainable livelihoods, meeting human needs, and building capacities in local enterprises – to which our patterns of sustainable consumption and production are linked. These links offer opportunities to reduce poverty and satisfy local needs in a way that recognises and respects global limits to resource use. Organisations that address consumption and production patterns can thus actively address poverty challenges. And to make these efforts most effective, they have different options: align their activities with national development strategies, work with technical cooperation agencies, or utilise public-private partnerships that proven to have helped reduce poverty.

## ...THOUGH SUSTAINABLE CONSUMPTION AND PRODUCTION PRACTICES...

Our consumption and production affects the natural environment and the well-being of the poor. Satisfying the needs of those in poverty will require expanding consumption and production. This will only be possible if we “de-couple” the growth in economic activity and well-being from impacts. To achieve such a de-coupling, developing countries can leapfrog to avoid the unsustainable patterns of development found in today’s industrialised countries. The SCP practices implemented to achieve this primarily consider environmental impacts and protect natural resources. Some of these practices already help to reduce poverty, and others can be adapted to contribute to poverty reduction around the world.

## ...BY CONSIDERING LOCAL CONDITIONS...

SCP practices should always be adapted to local situations. Which production and consumption patterns matter most in a specific country or region? How are they connected to symptoms and root causes of poverty? How do geographic, climatic, social, cultural circumstances affect these? Which development actors are active in a region, and how can one connect to these?

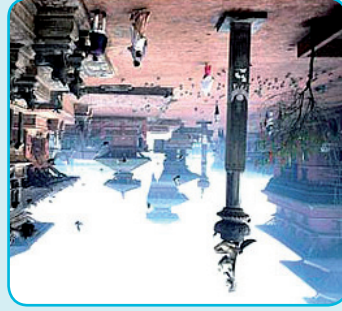
## ...AND LOOKING THOROUGHLY AT WHAT WORKS (AND WHAT DOESN'T)!

Sustainable consumption and poverty reduction are not fixed states to be reached. They both require all involved parties to learn, critically evaluate progress, and continuously improve their programmes. With this spirit, organisations working on consumption or poverty reduction could indeed learn from each other and work together for the benefit of all – especially the poor.



Both in classic development co-operation and in organisations working on sustainability, technological and other innovations have normally flowed from developed to developing countries. However, these days learning can have mutual benefits – solutions developed by and for the poor might contribute to the solution of sustainability problems in Europe as well (Hart and Christensen 2002, Zuckerman 2009). Many poor countries and people already experience resource constraints that might become a reality for developed countries in the future. A recent scenario for the effects of a global food crisis on Great Britain included food rationing and reducing meat consumption, both issues frequently experienced by the poor elsewhere<sup>7</sup>. Houses in developing countries are often painted white to reflect sun – something recently suggested by the US Energy Secretary Steven Chu to reduce electricity demand for air conditioning<sup>8</sup>. Without romanticising the scarcity and hardship existing in developing countries, both traditional and innovative solutions from developed countries might thus also provide inspiration to make consumption and production patterns in developed countries more sustainable.

## SCP PRACTICES IN ACTION



- **Sustainable supply chain:** To provide benefits to the community in which the tourism takes place, local suppliers were included in the project. One hotel refurbished its rooms with handicrafts, furniture, and linens produced by Nepali artisans at a fair price.
- **Consumer awareness-raising:** The project partners also developed marketing material to promote sustainable tourism in Nepal.

There is a proposal to take the project forward by institutionalising the approach with a 'Responsible Travel Nepal' label. This could be an industry certification credible for both consumers and tourism businesses.

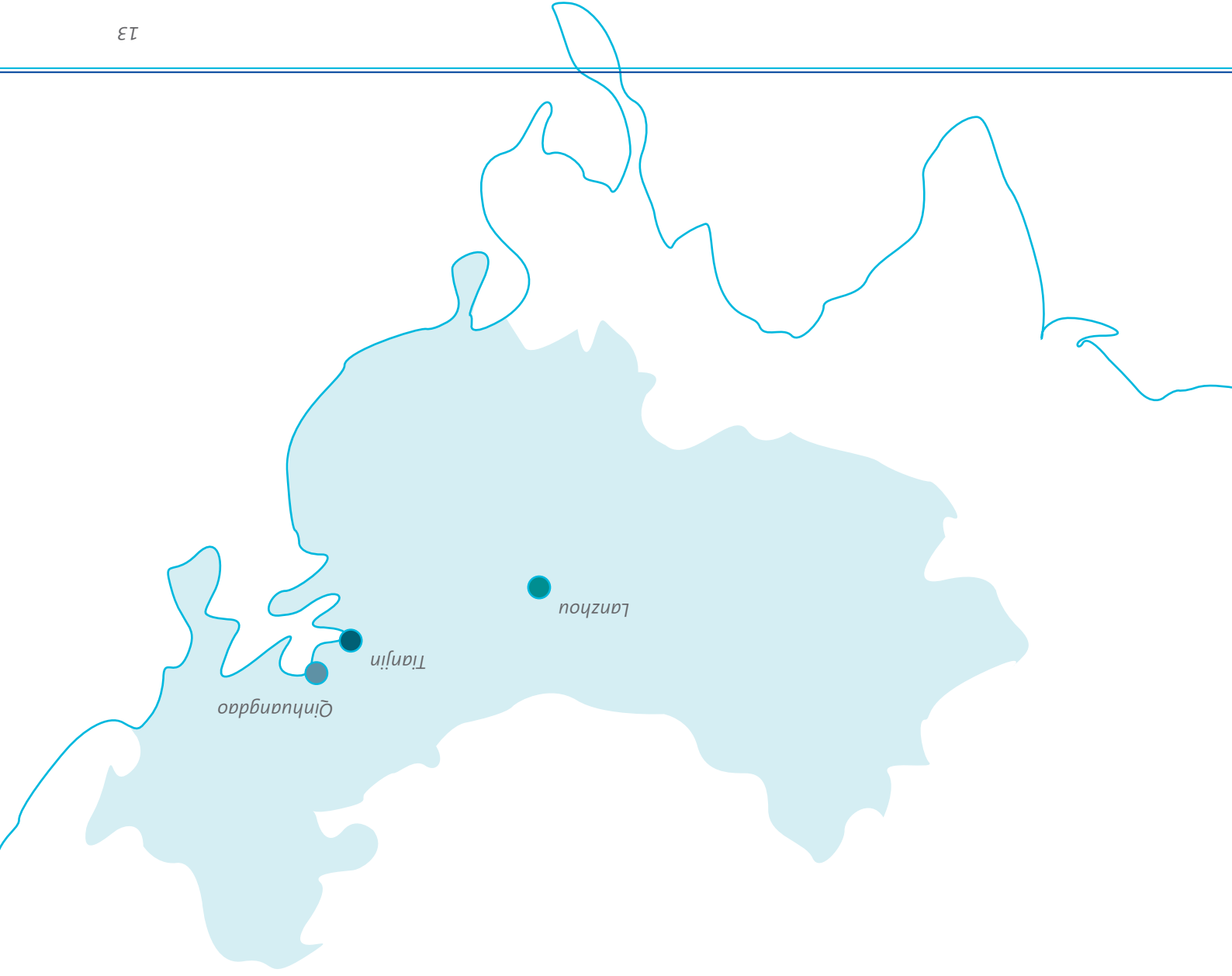
• **Cleaner production:** The tourism product aimed to reduce impacts on local eco-systems. Some hotels installed solar hot water heaters or built systems to collect and filter rainwater and snow.

practices were put in place:

In 2006, UNEP, the Nepal Tourism Board and the Dutch development organisation, teamed up to provide marketing assistance for sustainable tourism products in the MAST-NEPAL project. The European Commission funded the project with about €300,000 under its Asia-Invest programme. The partners conducted skill-building workshops, constant assistance and individual coaching. The project yielded environmental, social and economic benefits. The following SCP

Today, many governments are still working on their environmental criteria. The Chinese government, for example, issued a directive fostering Green Public Procurement in September 2006. A frequently updated “green purchasing list” of eco-friendly products and producers should now guide public procurement but in reality there is little sustainable procurement at the local level. The SWITCH-Asia project “Sustainable Public Procurement in Urban Administrations in China” (SUPP-Urb China) aims to change this. First, it will adapt and use sustainable public procurement standards in municipal Public Procurement Centres in **Tianjin**, **Qinhuangdao** and **Lanzhou**. Later, it will support the mainstreaming of the application in China, contributing thus to climate and environmental protection, and helping to achieve the environmental targets of China’s 11th five-year plan.

One challenge that might arise, especially in developing countries, is the greater complexity of sustainable public procurement compared with standard procedures. This could lengthen procurement procedures and open spaces for arbitrary decisions, two issues with potential negative impacts on the poor.



## 2.6 CONSUMER AWARENESS-RAISING



### WHAT IS CONSUMER AWARENESS-RAISING?

Consumer awareness-raising aims to build a vision of sustainable lifestyles and inspire sustainable choices among consumers and public procurers to achieve sustainable patterns of consumption.

### WHAT CAN CONSUMER AWARENESS-RAISING CONTRIBUTE TO POVERTY REDUCTION?

Consumer awareness-raising can be contribute to poverty reduction through two very different ways.

First, it can target **consumers in developed countries** or rich and middle-class consumers in developing countries. Raising their awareness about sustainable products and services could open up new markets where the poor could participate – in ways similar to those already

described in the section on sustainability labels (see Section 2.2) Secondly, awareness-raising could directly target **poor consumers in developed countries**. While they have little disposable income and opportunities for discretionary choice, there could still be win-win solutions. These include innovative renewable energy solutions that mean the poor could pay less on traditional fuels and improve their health situation, or for improved sanitation that helps to safeguard household and village health.

## 2.7 SUSTAINABLE PUBLIC PROCUREMENT



### WHAT IS SUSTAINABLE PUBLIC PROCUREMENT?

Sustainable public procurement means that public purchasers take account of environmental and social factors when buying products, services or works.

### WHAT CAN SUSTAINABLE PUBLIC PROCUREMENT CONTRIBUTE TO POVERTY REDUCTION?

Sustainable public procurement is similar to sustainable supply chain management in that it seeks to select suppliers that act in accordance with sustainability, and it works with existing ones to improve their sustainability performance. However, public procurement has special characteristics as government entities and public agencies often have a direct responsibility for reaching social and environmental goals. Can sustainable public procurement therefore be a tool to more effectively reach poverty reduction goals?

For **government agencies in developed countries**, integrating poverty-related issues into overall commitment to development cooperation. Innovations in public procurement could drive demand for products and services produced by the poor. Development agencies could provide technical and financial support to producers who are selling to governmental agencies and like to supply green products and/or products that support the poor. In **developing countries**, governments can use sustainable public procurement to contribute directly to their poverty reduction goals. This could

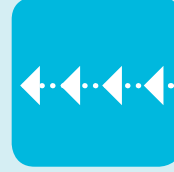
- Finally, using resources more efficiently can free them up for consumption by poor households – which is especially relevant for water in regions where it is scarce.

Programmes that address resource efficiency in enterprises have often discovered significant opportunities to save both resources and costs through rather simple investments and behavioural changes. As one example, the e-textile online toolbox documents specific activities and technological solutions that allow SMEs in various stages of textile processing to improve their resource productivity.

## WHAT CAN CLEANER PRODUCTION CONTRIBUTE TO POVERTY REDUCTION?

- Firstly, enterprises can strengthen their growth potential as they save money on energy and materials and invest the savings in more productive activities like research, marketing and distribution. That way, they can service more clients and provide much-needed jobs and income to a larger number of employees and suppliers. Secondly, a more efficient use of resources reduces pollution, waste and other negative side effects felt by local communities, increasing the ability of the poor to lead long and healthy lives.

## 2.5 SUSTAINABLE SUPPLY CHAIN MANAGEMENT



### WHAT IS SUSTAINABLE SUPPLY CHAIN MANAGEMENT?

Sustainable supply chain management is the management of raw materials and services from suppliers to manufacturer/service provider to customer and back with improvement of the social and environmental impacts explicitly considered.<sup>5</sup>

### WHAT CAN SUSTAINABLE SUPPLY CHAIN

### MANAGEMENT CONTRIBUTE TO POVERTY

### REDUCTION?

Supply chain management is basically about extending sustainability management to issues outside of the company's boundaries. Many of the poor do not work for large companies yet are connected by different trade linkages as small-holder farmers, artisan producers, sub-contractors for labour-intensive processing etc. Implementing sustainable supply chain management is likely to affect these groups in at least two ways:

- integrating social and environmental issues in supply chain criteria practices can help to reduce exploitative practices, like child-labour, may raise wages and improve working conditions, and prevent health damages due to pollution and unsafe environmental management practices of local companies.

- companies might try to shift their suppliers, taking care that more poor households are able to get access to international markets and realise economic opportunities. For example, sourcing local and traditional inputs, preferably on long-term contracts, that allow the poor to plan and make sound investments when joining the supply chain.

Sustainable supply change management links to other SCP practices mentioned in this booklet. For example, sustainability labels might be one important tool to reduce costs for multiple certifications and show that the supply chain is managed according to accepted sustainability standards. Similarly, sustainability reporting might help to keep track of sustainable supply chain initiatives and their impacts over the years.

Statistics demonstrating positive improvements in the lives of many people around the world are counter-balanced by alarming information about the state of the environment and the continuing burden of poverty and hunger on millions of people. This contrast creates one of the most pressing dilemmas for the 21st century. Page 2

The report should present the organization's performance in the wider context of sustainability. (...) However, it can also be relevant with respect to social and economic objectives such as national or international socio-economic and sustainable development goals. For example, an organization could report on employee wages and social benefit levels in relation to nation-wide minimum and median income levels and the capacity of social safety nets to absorb those in poverty or those living close to the poverty line. Page 11

- Based on the Global Reporting Initiative (GRI) guidelines, the most prominent international sustainability reporting standard, several approaches are suggested for companies to ascertain their contribution to poverty alleviation. GRI suggests reporting on three aspects (p.5):
- **Strategy and profile:** This would help to understand the context in which the company stands. Does it operate in low-income markets? Does it procure from poor regions? Is the company's strategy and business model relevant for the poor?
  - **Management approach:** This would help to understand how the company approaches the issue of poverty in its strategy. Are the poor specially targeted as a group? Does the company have strategic initiatives to reach out to the poor? Does it have guidelines for maximising benefits for the poor?
  - **Performance indicators:** These would help to capture how a business affects the poor. They can include indicators on wages paid (EC1)<sup>3</sup>, spending on locally-based suppliers

The GRI guidelines also stress stakeholder communication and transparency. Stakeholder voices already enter the reporting process when determining which impacts are material significant and which are not (GRI 2006, p.8). Engaging stakeholders in the reporting process of a company could enhance the credibility of the information provided and help the company to improve its performance. Projects that promote sustainability reporting in developing countries could motivate and support businesses to ensure they also cover poverty. A company often makes its performance visible as a first step in a programme of continuous improvement and engagement, so linking CSR and poverty could provide a long-term driver for business to orient its sustainability efforts towards assisting the poor.

## 2.4 CLEANER PRODUCTION



**WHAT IS CLEANER PRODUCTION?**  
Cleaner production is a preventive, company-specific environmental protection initiative. It is intended to minimize waste and emissions and maximise product output.





## 2 ALIGNING SCP PRACTICES WITH POVERTY REDUCTION

### 2.1 PRODUCT DESIGN FOR SUSTAINABILITY – D45

The SCP practices described below have been developed by a variety of organisations – companies, government, NGOs and intermediaries such as business associations, development agencies – from all over the world and all respond to one or more sustainability issues within the product chain.

Most of the practices have not been developed with poverty reduction in mind but as consumption and production patterns directly influence poverty, many of them do contribute to it as described in the flip-side of this brochure.



#### WHAT IS D45?

When practicing design for sustainability (D45)<sup>1</sup>, companies consider environmental and social concerns as key elements in their long-term product innovation strategy. By improving efficiencies in the products and services they design, produce and deliver, companies can improve quality, reduce production costs and ultimately add extra value to their products. This can be a win-win situation for their shareholders and customers. For policy-makers promoting D45 can be an important support to local competitiveness and development.

#### HOW CAN D45 CONTRIBUTE TO POVERTY REDUCTION?

When making a product or service sustainable, considering the needs of the poor can be one of the social concerns that influence the innovation process. The special needs of the poor become the key ingredients in innovations destined for the poor: Products should be affordable, socially acceptable, robust and appropriate for developing country realities and easy to maintain (Whitney and Kelkar 2004, Smith and Bloemink 2007). Design for sustainability can contribute to poverty reduction through multiple means. Sustainable products can contribute to need satisfaction within the environmental limits faced by the poor and giving them a wider choice.

They can also directly raise incomes by raising productivity, allowing poor farmers to switch to higher-yield crops and varieties or providing them with tools to participate in new markets. Last but not least, innovative products can be used to deliver education (as in the famous One Laptop Per Child project) or enable the poor to raise their voice and participate in local, regional and national governance (e.g. through access to modern telecommunication equipment).

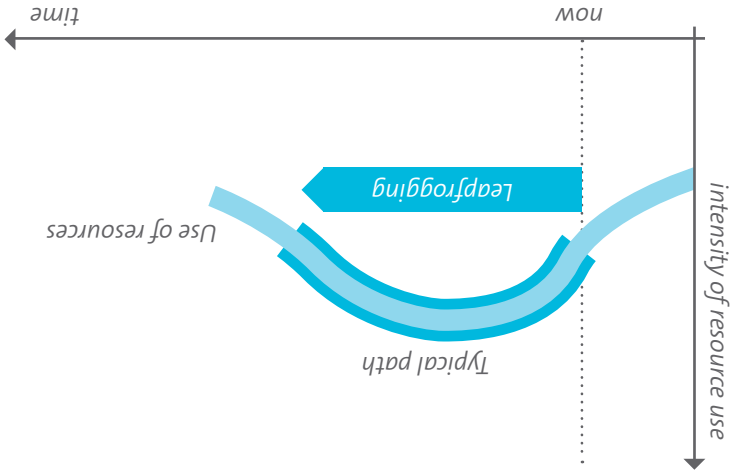


Figure 2: Comparing 'typical' and 'leapfrogging' development paths

- build up **resilient, decentralised and renewable energy systems**, rather than trying to convert centralised, non-renewable energy systems;

- start with **organic and localised agriculture** with healthy soil and water cycles, instead of trying to turn around a system based on industrial agriculture and chemical inputs;

- start with **flexible and cheap mobile phone networks**, and not invest in resource-intensive and expensive landline infrastructure that takes decades to fully establish.

When leapfrogging, developing countries can partly rely on the experience and technology already developed by rich countries and they do not have to start from scratch. This is especially true for mobile phone networks that were initially developed in rich countries and now boast more subscribers by far compared to landline users, in most developing countries. In other areas, leapfrogging might mean returning to established practices in developing countries such as using traditional technologies for pest control.

SCP practices can play an important role in leapfrogging. Embedding sustainability thinking into new patterns of production and consumption emerging in developing countries could prevent unsustainable developments. This could help to ensure that poverty alleviation activities are effective not only in the short-term but also in the long-term.



### 1.3 THE SEARCH FOR SOLUTIONS...

Ensuring adequate income and well-being for the billions of people that are trapped in poverty requires a significant expansion of consumption but within the limitations out-

lined above. How can this challenge be tackled? Before jumping into a more detailed list of 'SCP practices' that can be implemented immediately, there are two principles underlying the practices that should be explored: de-coupling and leapfrogging.

#### DE-COUPLING:

##### DOING MORE WITH LESS!

Can societies elicit more economic activity and well-being from fewer natural resources than they are using today? And can societies achieve more economic activity with less environmental impact? "De-coupling" refers to this challenge of doing more with less: More economic activity, well-being or life satisfaction, less consumption of resources or less pollution (see Figure 1). If societies manage to de-couple growth of economic activity from natural resource use,

#### LEAPFROGGING: DOING THE RIGHT THING, NOW!

Leapfrogging is related to de-coupling but is concerned with the time and order of investments. Developed countries have made large investments into inefficient and wasteful technologies

use with increasing economic activity. Many of the SCP practices described below can contribute to de-coupling by bringing about technological and behavioural change in businesses, households and at the individual level. They can help to overcome the central challenge of using resources in such a way that they contribute to the well-being of more sectors of the population, especially in poor countries.

different trends of resource consumption and pollution can result. Usually, resource consumption grows more slowly than economic activity or well-being. This pattern is especially true in countries with fast economic growth. Less commonly observed situation is decreasing resource use with increasing economic activity.

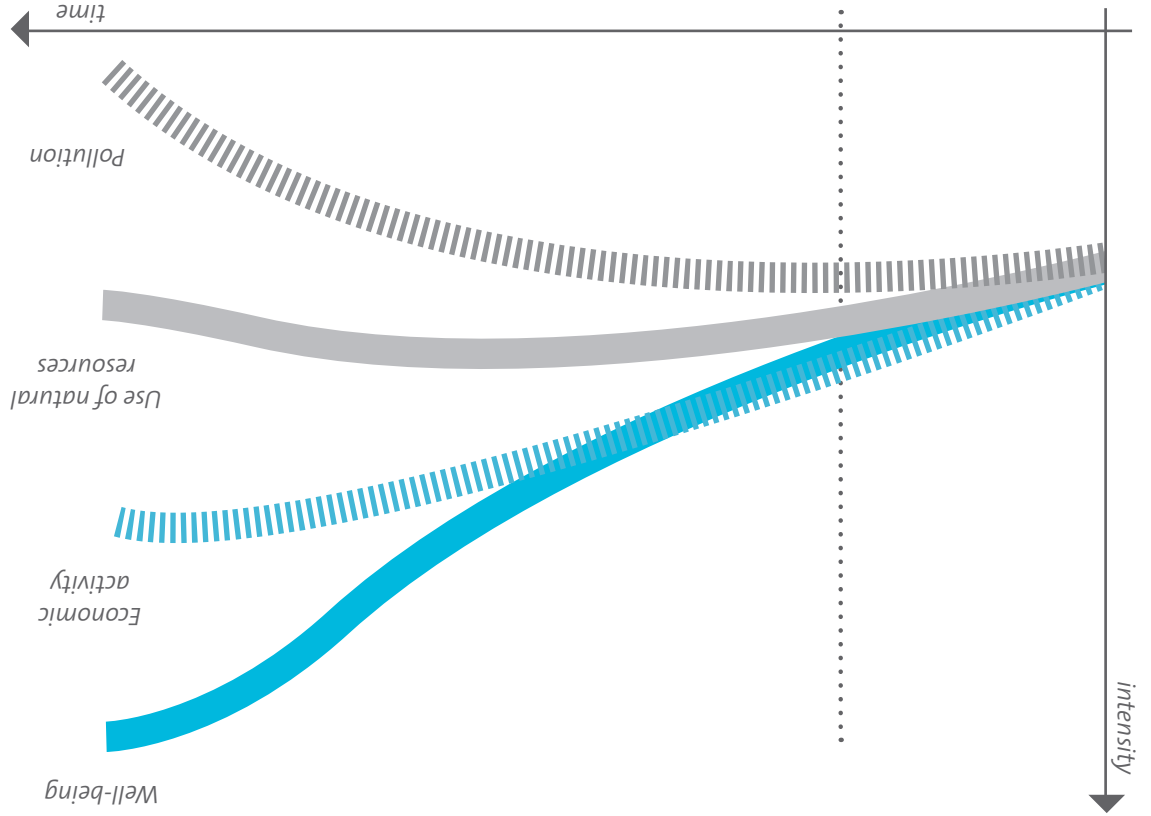


Figure 1: Decoupling quality of life and economic activity from resource use and pollution

# 1 SUSTAINABLE CONSUMPTION AND PRODUCTION IN THE LIGHT OF POVERTY REDUCTION



Image: www.fotolia.de

**T**oday, the way we consume and produce is continuing to put enormous pressure on the Earth's natural resources. The result is in fast depleting raw materials and in increasing levels of pollution. And as the poor often rely directly on such raw materials, it is their livelihoods that start to fail first.

## 1.1 HOW RESOURCE SCARCITY AFFECTS THE POOR

**N**atural resources like forests, minerals and water are used faster than ever. Dwindling reserves have led to discussions about 'peak oil' and how long other key resources are available. The ability of the poor to increase their consumption depends on the availability of natural resources. So when, as in 2008, prices rise for energy and food, the poor are particularly affected and political protests can result. A scarcity of natural resources may also

affect the poor through the changing production patterns of others. Resource-rich countries often experience a so-called "resource curse": Corruption fuelled by resource revenues can limit the country's potential for sound economic and social development. Rising revenues from resource exports can also affect exchange rates and stifle the prospect of manufacturing and service activities – limiting the opportunities for home-grown development.

## 1.2 HOW POLLUTION AFFECTS THE POOR

**T**he current patterns of consumption and production in developed countries leads to **pollution and environmental damage**. Pollution can severely affect local eco-systems and their capacity to regenerate, leading to long-term and sometimes irreversible damage. Its effects are also global and long-term – like climate change and the damage caused to the ozone

layer. Rising pollution levels, whether local or global, typically have a heavy impact on the poor as they lack the resources to re-locate or to protect themselves in other ways. Being more vulnerable than the rich, the loss of income they are likely to suffer when the environment is damaged can also have larger and long lasting effects on their livelihoods.

# TABLE OF CONTENTS THE SOLUTIONS

3	About this booklet
3	Introducing the 'solutions'
5	<b>1 Sustainable consumption and production in the light of poverty reduction</b>
5	1.1 How resource scarcity affects the poor
5	1.2 How pollution affects the poor
6	1.3 In search for solutions
6	• De-coupling: Doing more with less!
6	• Leapfrogging: Doing the right thing, now!
8	<b>2 Aligning SCP Practices with poverty reduction</b>
8	2.1 Product design for sustainability (D4S)
8	• What is D4S?
8	• How can D4S contribute to poverty reduction?
9	2.2 Sustainability Labels
9	• What are Sustainability Labels?
9	• How can Sustainability Labels contribute to poverty reduction?
9	2.3 Corporate Sustainability Reporting
9	• What is Corporate Sustainability Reporting?
9	• How can Corporate Sustainability Reporting contribute to poverty reduction?
10	2.4 Cleaner Production
10	• What is Cleaner Production?
10	• How can Cleaner Production contribute to poverty reduction?
11	2.5 Sustainable Supply Chain Management
11	• What is Sustainable Supply Chain Management?
11	• How can Sustainable Supply Chain Management contribute to poverty reduction?
12	2.6 Consumer Awareness Raising
12	• What is Consumer Awareness Raising?
12	• How can Consumer Awareness Raising contribute to poverty reduction?
12	2.7 Sustainable Public Procurement
12	• What is Sustainable Public Procurement?
12	• How can Sustainable Public Procurement contribute to poverty reduction?
15	<b>3 Summary and Outlook</b>
16	<b>References</b>

## ABOUT THIS BOOKLET

- This booklet:
- introduces sustainable consumption and production (SCP);
  - presents SCP solutions to the pressing issue of poverty;
  - shows how SCP projects could support national, regional and global poverty reduction;

- could be a source of inspiration for policy-makers and project developers in Europe and Asia who are considering applying to the SWITCH-Asia programme for funding.
- The booklet has two sides, one presenting challenges and the other presenting solutions. The unique design requires the reader to flip it over to continue reading from the middle – it needs to be SWITCHED;



The other side of the booklet deals with the **challenges of poverty reduction**, and assists proposal developers in defining problems and searching for solutions in SCP.



This side of the booklet presents some sustainable consumption and production (SCP) **solutions to poverty** and helps identify relevant practices for those developing projects within the framework of the SWITCH-Asia programme.

## INTRODUCING THE 'SOLUTIONS'

This side of the booklet provides **sustainable consumption and production (SCP) solutions** to poverty, and helps to identify SCP practices relevant for poverty reduction during project development for the SWITCH Asia Programme.

**1** Chapter 1 shows **sustainable consumption and production challenges as they relate to**

**poverty reduction.**

**2** Chapter 2 presents **selected SCP practices**

and illustrates how they can help to reduce poverty, e.g. by catering to unsatisfied basic needs, lack of income, and shortcomings in local capacities.

The booklet draws on the previous experience of SCP projects and their contribution to poverty reduction as well as the emerging experience of projects coordinated by the SWITCH-Asia Network Facility (see [www.switch-asia.eu](http://www.switch-asia.eu)). It is hoped that this booklet inspires those managing projects or developing policies to recognise the role that SCP can play in lessening negative environmental impacts and improving the lot of the billions of poor... and to incorporate its principles and practices wherever possible.





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# SATISFYING BASIC NEEDS RESPECTING THE EARTH'S LIMITS



## PART 2 THE SOLUTIONS PROVIDING SOLUTIONS TO POVERTY THROUGH SUSTAINABLE CONSUMPTION AND PRODUCTION PRACTICES

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