

EBCD

European Bureau for
Conservation & Development

**Opportunities and challenges for SMEs
in integrating biodiversity
considerations in their business
operations: an overview of the main
schemes adopted**

SMEs and Biodiversity

- Most SMEs ultimately depend on biodiversity and its loss represents a risk to their business.
 - Some SMEs base their business directly on biodiversity others have an indirect impact on biodiversity
- Corporate responsibility has been focused mainly on larger businesses but **99%** of all European companies are SMEs.
- The business community, and particularly SMEs, is a key partner for halting the loss of biodiversity and needs to be actively engaged.

SMES and Biodiversity

- ❖ Smaller companies often possess greater understanding of the dynamics of the ecosystem due to their direct interaction with the local environment and ecosystems and as a result can more easily contribute to conserving biodiversity.
- ❖ An increased number of SMEs in Europe is integrating biodiversity considerations into their businesses. Some SMEs are developing their own codes of conducts /guidelines/standards etc,
- ❖ SMEs' engagement with biodiversity issues has so far been limited to a select range of sectors and services where the financial case for biodiversity has been demonstrated, e.g. eco-tourism and organic agriculture.

SMEs and Biodiversity

Main barriers facing SMEs

- Lack of awareness and knowledge of environmental impacts and risks and of the potential benefits of environmental management and lifecycle thinking
- Limited financial and human resources/expertise for dealing with compliance and assessments
- Fear of bureaucracy, time and cost
- Lack of exposure of SMEs to wider pressure sources, such as consumers, advocacy NGOs, financial institutions
- Insufficient access to and local availability of adequate environmental information, tools and training
- Relatively short-term planning at company level

SMEs and Biodiversity

Main reasons for SMEs to address biodiversity

- Dependency on biodiversity (they have a vested interest in its
- Managing risk (Limiting the negative impacts of environmental accidents, e.g. spillages);
- Enhancing **reputation** and credibility and generating **good publicity** opportunities;
- Responding to consumers demands
- Improving resource efficiency .
- Indirectly and in the longer term increase in profitability
- Gaining and retaining responsible investment;
- Helping to build supportive partnerships with governments, NGOs and the private sector

Opportunities and challenges

EU Policy Context

EU policy context for SMEs comprises the intersection of two main policy areas

1) Enterprise strategy (Lisbon Strategy)

and

2) Sustainable development strategy (Gothenburg strategy) - biodiversity conservation is a key objective.

- Key elements **Bird Directive** and **Habitat Directive**

-Action Plan for biodiversity - EC communication (2006)
Halting the loss of Biodiversity by 2010 and beyond - included a commitment to engage the private sector in partnerships for biodiversity.

-EU initiative on business & biodiversity will promote the engagement of business beyond their legal requirements

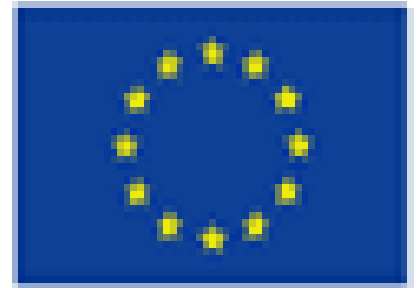


Opportunities and challenges

EC Programmes to help SMEs

EC Communication (October 2007)
“Small, clean and competitive : A programme to help SMEs comply with environmental Legislation”
proposes:

- Better Regulation
- Adapted environmental management schemes
- Financial assistance and a multi-annual financial programme

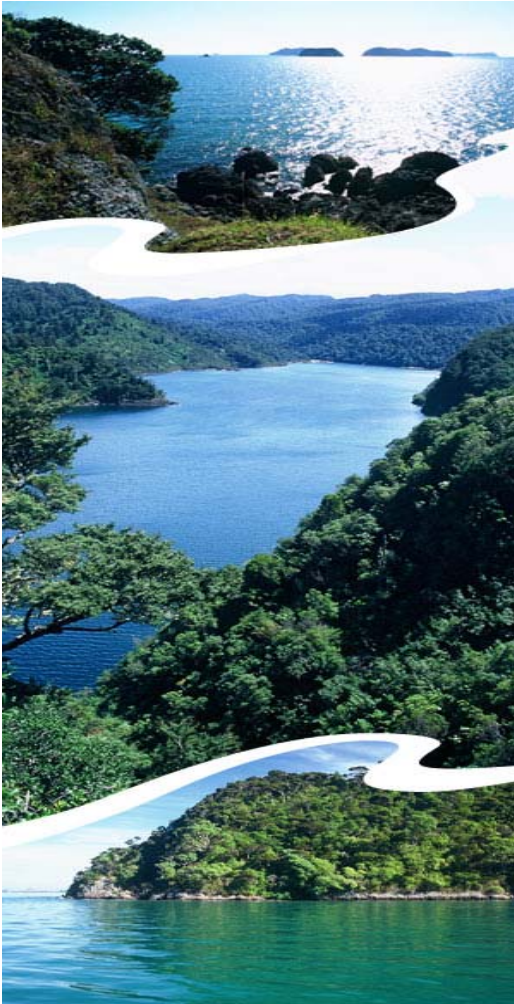


Opportunities and challenges

EU Funding for SMEs to promote biodiversity conservation

- Conservation aspects of EU sectoral policies for biodiversity such as CAP instruments; CFP (EFF) and EU Forest Action Plan
- Natura 2000 and LIFE+;
- Instruments of the Cohesion Policy 2007-13;
- JEREMIE (Joint European Resources for Micro to Medium Enterprises):
- Guidelines for State aid for environmental protection;
- Competitiveness and Innovation framework Programme 2007-2013 (CIP). Difficult for SMEs to participate
- 7th Research Framework programme (difficult for SMEs to participate)

Opportunities & challenges: The role of the state



The State has primary responsibility for biodiversity conservation in Europe

The State plays the role of

- customer or purchaser of goods and services (**greener public procurement** with increased criteria on biodiversity considerations).
- regulator,
- a source of finance (increased pro biodiversity **state aide** and **fiscal incentives**)
- an incubator of SMEs.

Opportunities & Challenges:

Other factors that contribute to SMEs commitment

- **The market:** increased demand for responsible products.
- However the relationship between the customers and what they are buying and the reasons for an enterprise to contribute to biodiversity conservation is often not straightforward.
- **Financial aspects- public and private**
- Responsible Financial Institutions can foster pro biodiversity activities when conceding **loans to SMEs** as part of conditions in issuing contracts.
- Nevertheless it remains difficult to assess the sustainability of the investments - Need for guidelines. Furthermore many of the existing biodiversity projects are too small to be considered by investment funds. (Role of the state)
- **Knowledge, expertise and research**
- **Training and retention of skilled staff**
- **Networking of all types** (NGOs, governments , consumers etc)

Opportunities & challenges:

Schemes that support a corporate
commitment to biodiversity

- A) ASSESSEMENT OF THE SMES CONTRIBUTION
 - Difficult to measure SMEs contribution
 - **Environmental Impact Assessments (EIAs)** - biodiversity information available is usually limited and descriptive
 - Given the difficulties in assessing the collective impact of SMEs in biodiversity conservation, attention should be given to adopting a sector-based and site-based approach.

Opportunities & challenges:

Schemes that support a corporate commitment to biodiversity

- B) ENVIRONMENTAL MANAGEMENT SYSTEMS
 - Certified **Environmental Management Systems (EMS)** require less controls or reports which reduce administrative burdens – incentive for SMEs to introduce them
 - **European Eco-Management and Audit Scheme (EMAS)** – EC should support **public-private partnerships to encourage use of EMAS in industrial clusters or districts of SMEs**
 - Visibility should be increased to make it a marketing instrument for registered SMEs
 - Member States should offer **incentives/awards to registered SMEs.**

Opportunities & challenges:

Schemes that support a corporate commitment to biodiversity

- C) CERTIFICATION AND REPORTING
 - Certification schemes increasingly used to communicate the implementation of corporate responsibility commitments.
 - The “EU flower” is a successful voluntary scheme to encourage businesses to market environment-friendly products and services - Easily identified by European consumers.
 - Administrative burden should be minimised to SMEs and reporting work simplified while maintaining credibility.
- CROSS-SECTORAL Vs SECTOR-SPECIFIC SCHEMES
 - Cross-sector certification schemes have enabled greater brand development and can facilitate consumers’ recognition.
 - However, differently from the cross-sectoral schemes, the sector-specific schemes tend to include the conservation of biodiversity

Concluding remarks

What should the EU / state do ?

- Deliver simpler and better rules taking into account the specific needs of SMEs. Compensation schemes?
- Reduce SMEs **bureaucratic burden** and **cut red tape** as much as possible
- Set up programs to improve SMEs access to **funding**.
- Develop incentives at EU and national level to SMEs for investment in conservation
- Invest more in **research and innovation** to foster biodiversity conservation projects adapted to SMEs. Share knowledge and good practices, provide training
- Develop tailored made responsibility schemes for SMEs (existing corporate responsibility schemes may be seen as inaccessible or inappropriate to smaller businesses).

Concluding remarks

What can the EU/ the state do? (cont.)

- Explore how **eco-labelling** and **eco-management schemes** could encourage SMEs to improve their biodiversity performance. and to gain public recognition is needed. Maybe tailored-made schemes more appropriate to SMEs.
- Give more attention to **capacity building schemes**
- **Innovative ways of contributing to biodiversity** should be taken more into account in the existing programs at EU and national level. Innovation to be rewarded?
- **Raise and SMEs awareness** and provide case studies and best practices demonstrating that there is a **business case for biodiversity for SMEs. To be accompanied by awareness for consumers**
- **Member states should reform national programs to take into account biodiversity conservation. Green public procurement to include SMEs**
- **Encourage the affiliation of SMEs into professional associations, clusters of SMEs at regional, national and European level.**
- **Partnerships are key for SMEs particularly with environmental NGOs**
- **Encourage networking with other stakeholders such as consumers and others)**
- **SMEs should be encouraged to develop voluntary codes of conduct, guidelines etc.**

Thank you very much for your attention