

# Green Business: Status and Trends

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# Outline

- What is “Green Business”?
- Why “Green Business?”
- Status and Trends
- ADB Support for Green Business
- Value of Ecosystem Services: Huge Market Potential
- Questions for the Forum



# What is “Green Business”?



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# What is a “green business?”

...a profitable business activity that supports environmentally sustainable growth ...



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# Environmental Goods and Services

## Global Environmental Industry: Revenues by Function, 2015

Market Segment	Size (\$ billions)	Market Share (%)
<b>Equipment</b>	<b>226.6</b>	<b>20.47</b>
Water Equipment and Chemicals	94.2	8.51
Air Pollution Control	70.3	6.35
Instruments and Information Systems	12.8	1.15
Waste Management Equipment	44.8	4.05
Process and Prevention Technology	4.6	0.42
<b>Services</b>	<b>451.8</b>	<b>40.82</b>
Solid Waste Management	159.6	14.42
Haz Waste Management	28.5	2.58
Consulting and Engineering	68.3	6.17
Remediation and Industrial Services	42.4	3.83
Analytical Services	7.1	0.64
Water Treatment Works	145.9	13.18
<b>Resources</b>	<b>428.4</b>	<b>38.71</b>
Water Utilities	174.5	15.76
Resource Recovery	45.4	4.10
Clean Energy Systems and Power	208.6	18.84
<b>Total</b>	<b>1107</b>	<b>100.00</b>

Source: Environmental Business International.



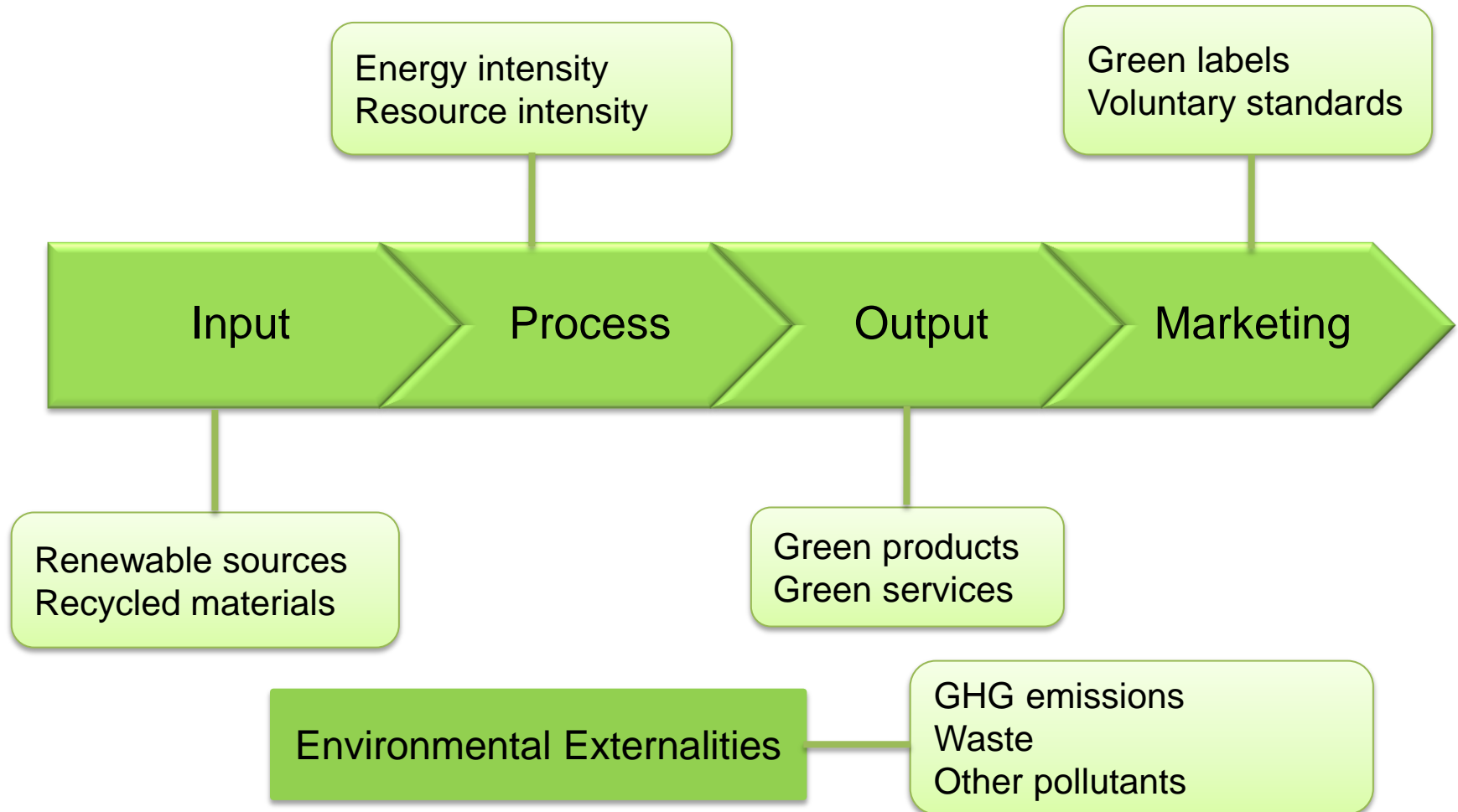
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# Greening Business

(...or the business of greening)



Adapted from: B. Titley. 2008. *Comparative Advantage and Green Business*. Ernst & Young: London.



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# Why “Green Business”?

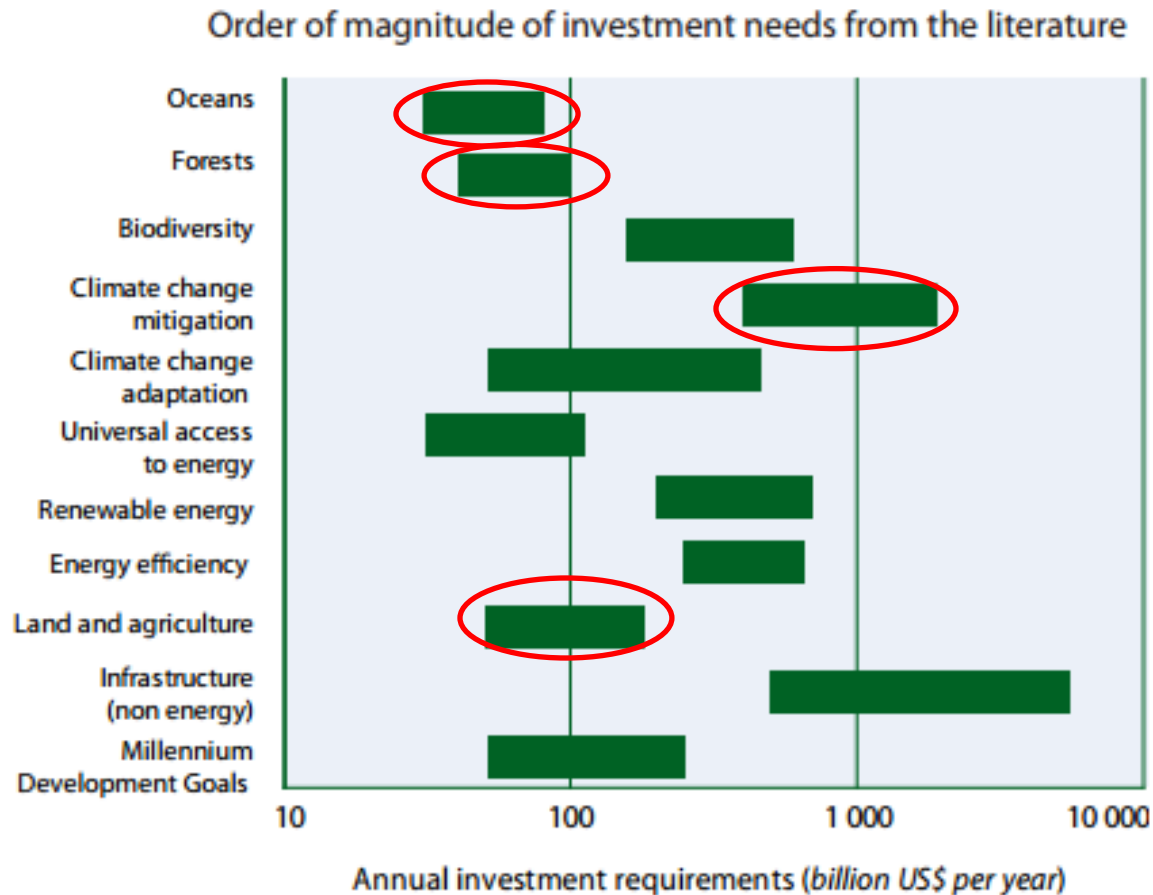


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# Huge investment requirements for sustainable development...



Source: United Nations Task Team Working Group on Sustainable Development Financing. 2013.  
*Financing for Sustainable Development.*



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# Going Green: Key Drivers

## Green Business Drivers

### MARKET

#### “Buyer-led motivations”

- Reputation risk
- Product differentiation (eco-labeling and certification)
- Consciousness-driven

### BUSINESS

#### “Business rationale”

- Input security (water, raw materials)
- Cost reduction/quality and productivity improvements
- Corporate Social and Environmental responsibility

### FINANCE

#### “Investor-driven”

- Responsible finance, social and environmental performance management
- Financing risks (stranded assets)
- Impact Investors, special credit lines, donor funds

### GOVERNMENT

#### “Government- and regulation-driven”

- Regulations, policies, subsidies, and tax regimes
- Green procurement
- Public-private partnerships

Source: Donor Committee for Enterprise Development (DCED). 2014. *Final Report—Green Growth And Private Sector Development: Stocktaking Of DCED Experiences*.



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# Status and Trends



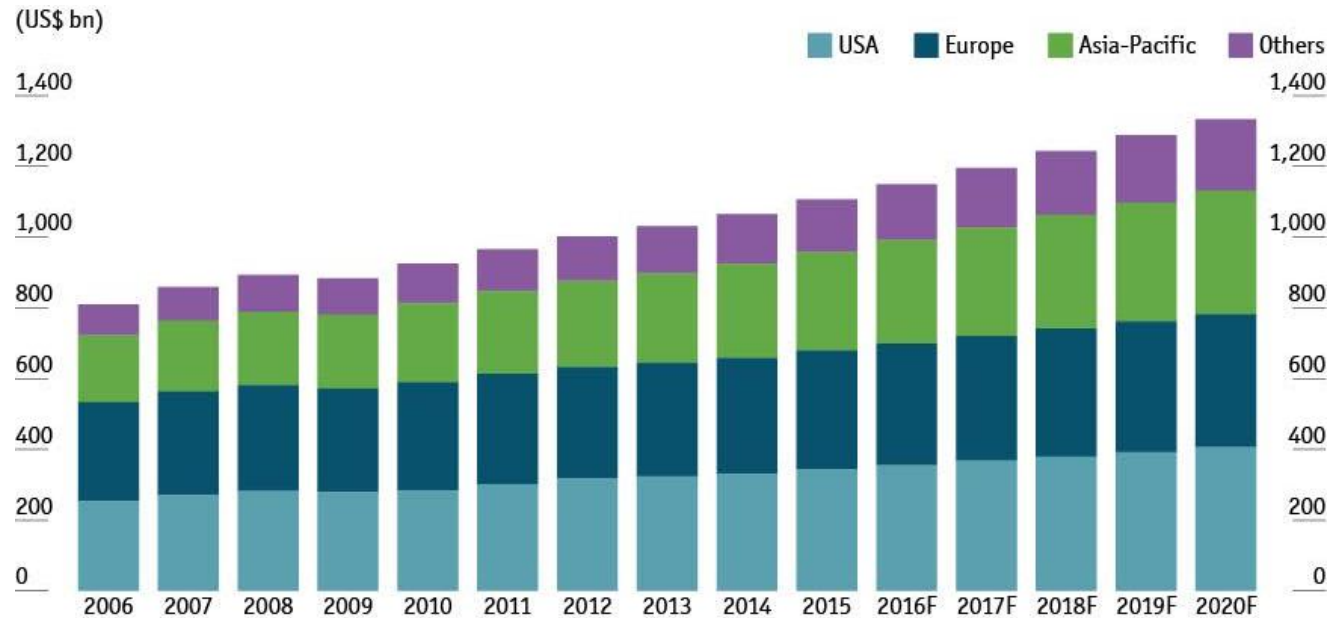
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# Environmental Goods and Services

## Global Environmental Markets (by region)



Source: Environmental Business International Inc. 2015.

### Regional environmental market growth rates

(%)

CAGRs	Global	USA	Europe	Asia-Pacific
2006-2010	2.72%	2.40%	1.71%	3.43%
2011-2015	2.78%	2.66%	1.44%	3.63%
2016-2020F	3.00%	2.71%	1.77%	3.66%

Source: ADB. 2016.



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# Environmental Goods and Services

## Environmental Markets in Asia and the Pacific



Source: Environmental Business International Inc. 2015.



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# The First ADB Green Business Forum

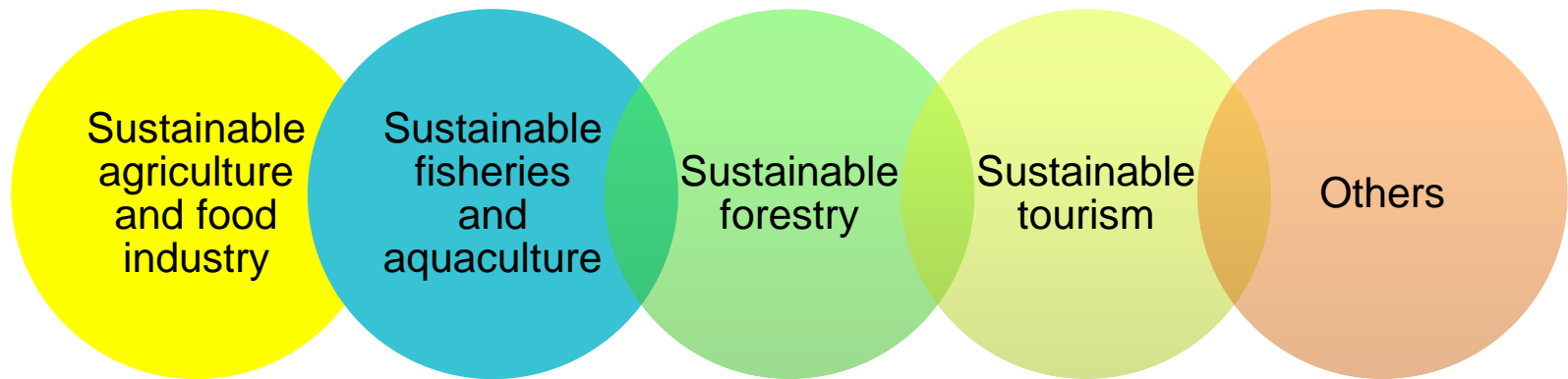


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# Expanding the Core: Emerging Green Businesses



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# ADB Support for Green Business



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# ADB Support for Green Business



**65** ADB investments totaling **\$7.1 billion** contributed to environmentally sustainable growth (2015)



Over **\$500 million** total ADB technical assistance for environmental management from 2001 to 2015



**100%** of ADB investments were screened for environmental impacts consistent with the *Safeguard Policy Statement*



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# ADB Support for Green Business

## Private Sector Operations: Examples of Green Investments (2015)



### Clean energy

- Green Energy Corridor and Grid Strengthening (India)
- Simpa Off-Grid Prepaid Solar Leasing (India)
- 150-megawatt Burgos Wind Farm (Philippines)
- Tiwi and MakBan Geothermal Climate Bonds (Philippines)
- 260-megawatt Northeastern Thailand Wind Power (Thailand)



### Sustainable infrastructure

- Western Counties Water and Wastewater Management (PRC)
- SME Industrial Wastewater and Sludge Treatment (PRC)



### Sustainable agribusiness

- Hazelnut Value Chain Development (Bhutan)



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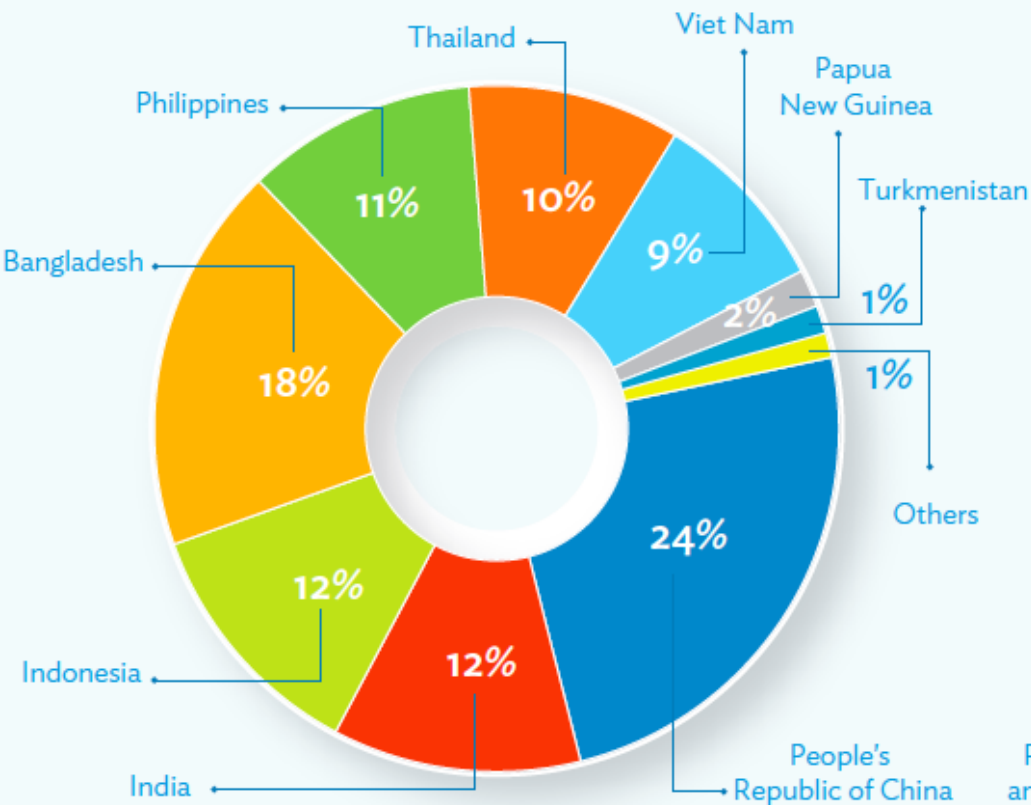
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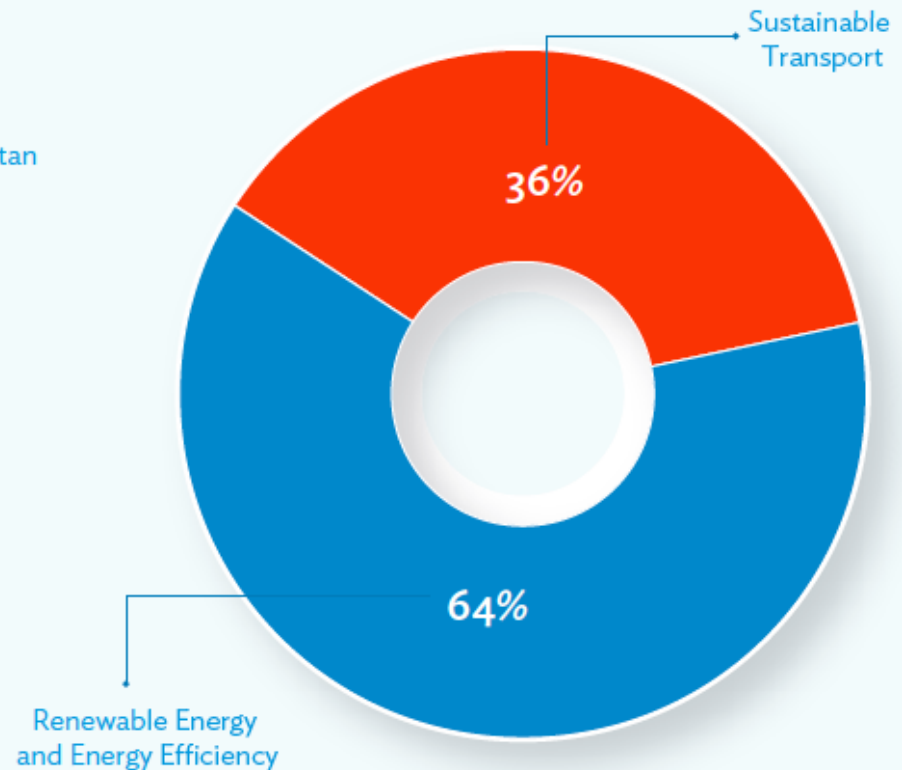
# ADB Support for Green Business

## ADB Green Bonds

Green Bond Commitments by Country



Green Bond Commitments by Sector



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# Value of Ecosystem Services: Huge Market Potential

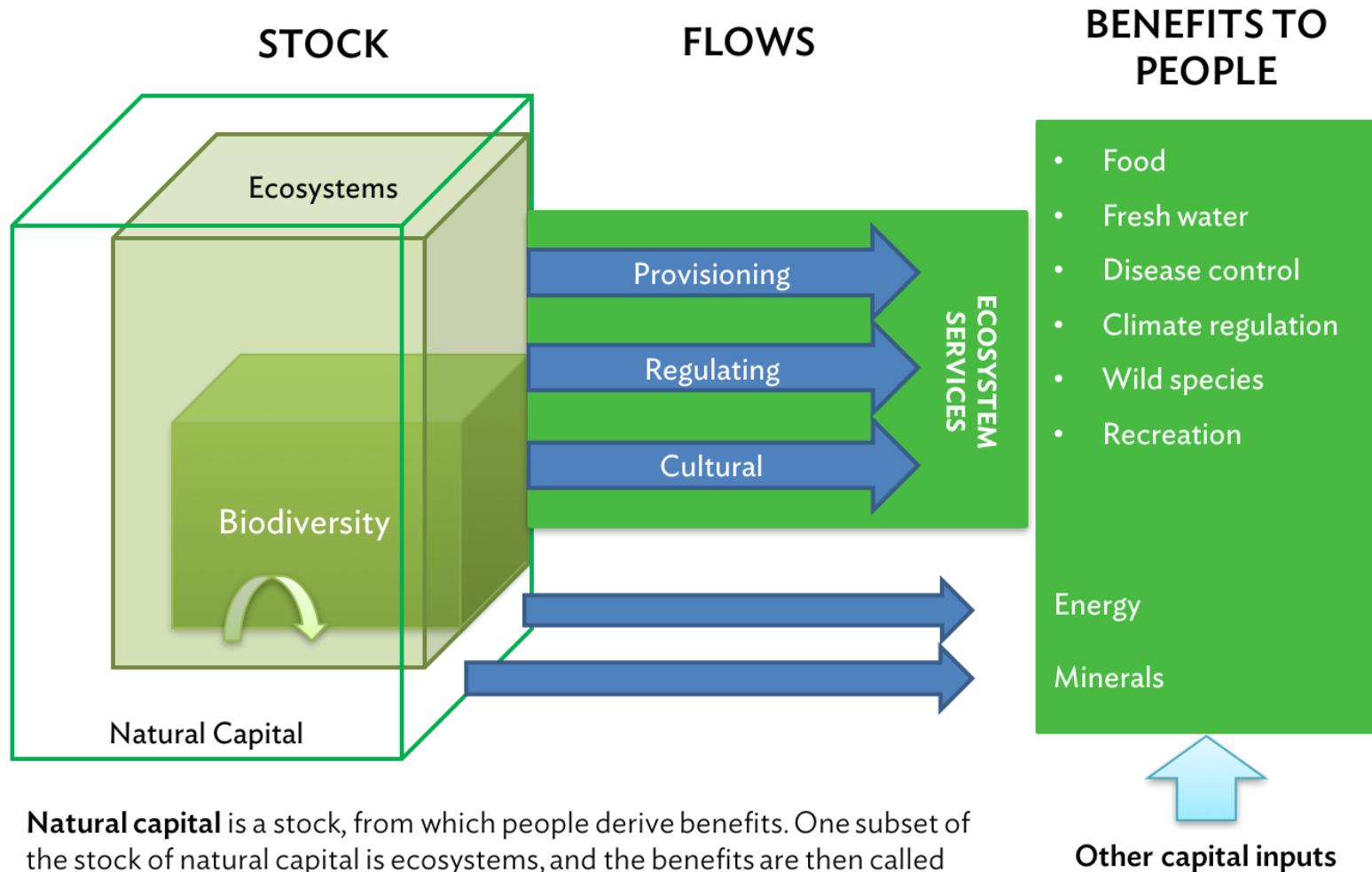


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# Benefits from Natural Capital



**Natural capital** is a stock, from which people derive benefits. One subset of the stock of natural capital is ecosystems, and the benefits are then called **ecosystem services**.



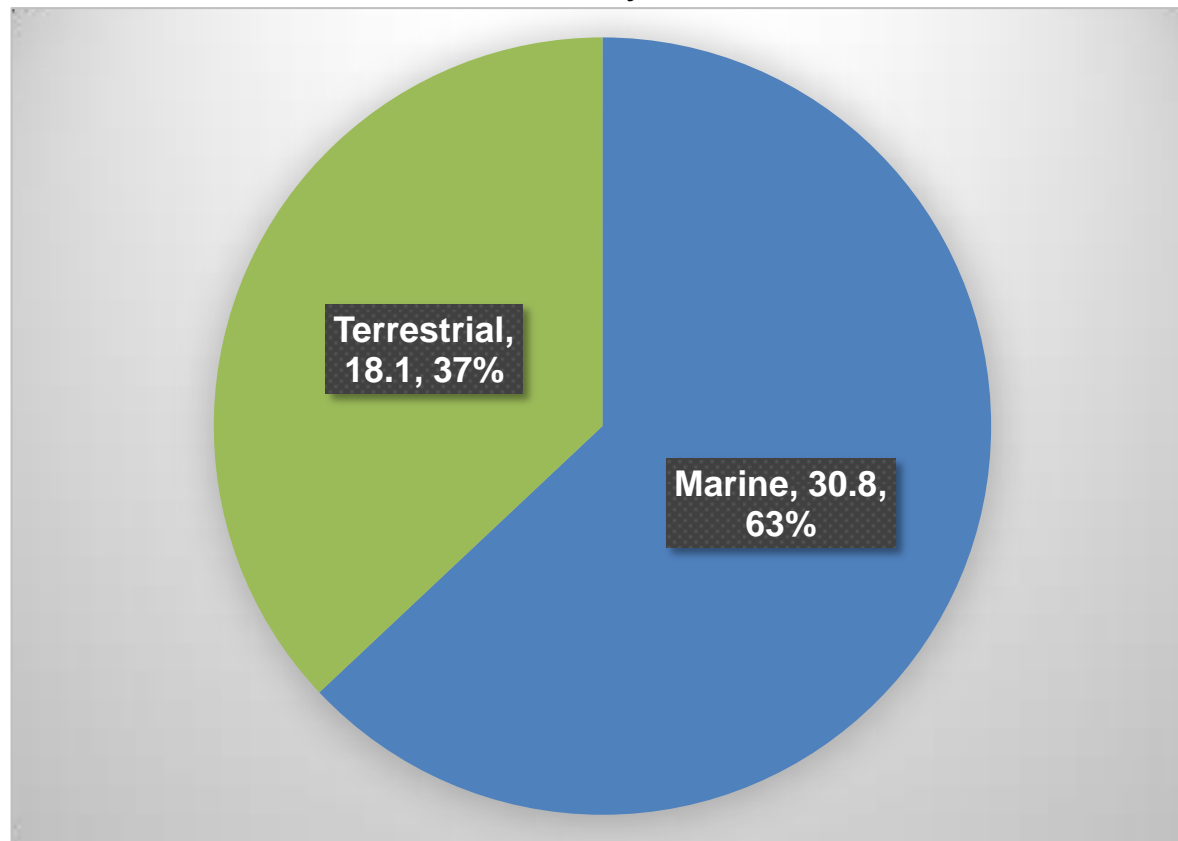
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# Value of Global Ecosystem Services

\$ trillion/year



Total (2010): \$48.9 trillion

Source: K. N. Ninan and M. Inoue. 2013. Valuing forest ecosystem services: What we know and what we don't. *Ecological Economics*. 93. pp. 137-149.



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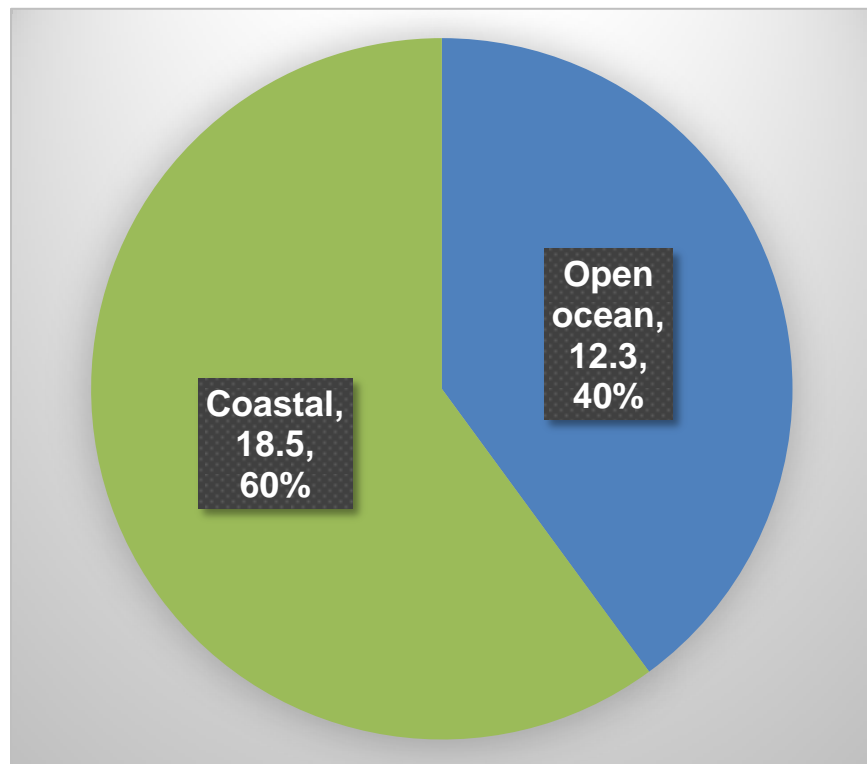
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# Value of Ecosystem Services

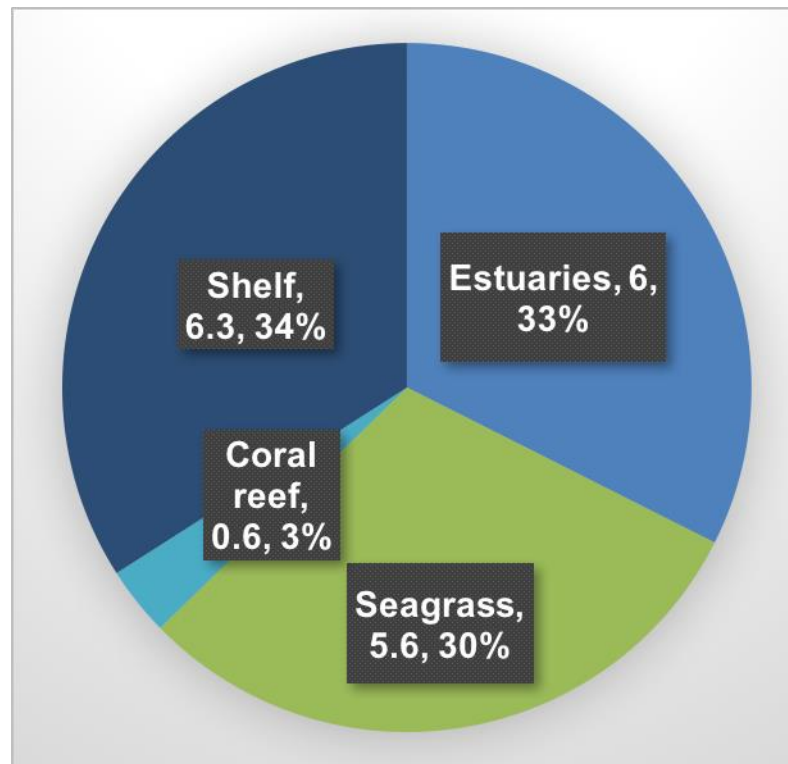
\$ trillion/year

## Marine Ecosystems



Total (2010): \$30.8 trillion

## Coastal Ecosystems



Total (2010): \$18.5 trillion

Source: K. N. Ninan and M. Inoue. 2013. Valuing forest ecosystem services: What we know and what we don't. *Ecological Economics*. 93. pp. 137-149.



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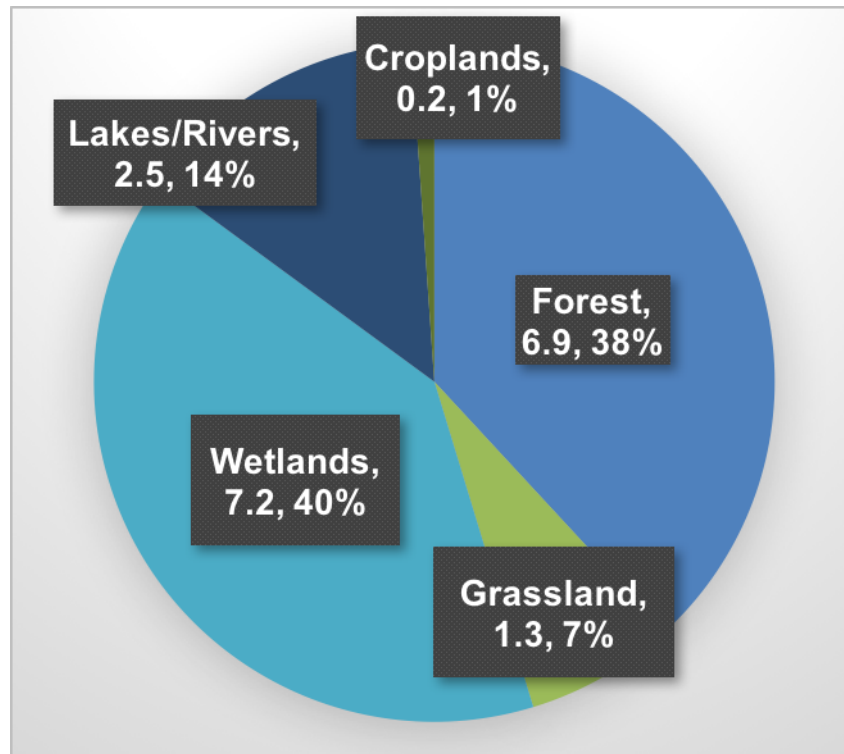
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# Value of Ecosystem Services

\$ trillion/year

## Terrestrial Ecosystems



Total (2010):  
\$18.1 trillion

Source: K. N. Ninan and M. Inoue. 2013. Valuing forest ecosystem services: What we know and what we don't. *Ecological Economics*. 93. pp. 137-149.



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# Questions for the Forum

- What do the latest global developments (SDGs, Paris) mean for green businesses in your country and in the region?
- What are the key gaps to fill, the best policies to support green business development in the region?
- How can we support the creation of markets for green products and services?
- What is the role of your organization or ministry in supporting green business?

