

**Event : International Conference for SMEs 2017**  
**Location : New Delhi, India**  
**Date : 1<sup>st</sup> December 2017**

**PARALLEL SESSION ON ADOPTION OF GREEN INDUSTRIAL POLICIES,  
TECHNOLOGIES AND INDUSTRIAL PROCESSES AMONG SMES**

**SPEECH OF MINISTER OF BUSINESS, ENTERPRISE & COOPERATIVES,  
HON. SOOMILDUTH BHOLAH**

**Respected delegates and participants  
Ladies and Gentlemen**

Good morning.

At the very outset, allow me to commend the laudable initiative of the World Association for Small and Medium Enterprises for having brought together under one roof: policy makers, decision makers, business leaders, entrepreneurs, international governmental and non-governmental agencies, financial institutions and other important stakeholders to discuss about specific matters pertaining to the development of the SME sector.

I must say that I am particularly enthusiastic about the relevance of our session's focus on green industrial policies, technologies and industrial processes as I think that we are hitting the nail right on the head. This theme is indeed of utmost importance as we are in the context of perhaps our greatest global challenge, which is meeting growing consumer demands while managing increasingly overburdened natural resources.

Environmental degradation is one of the most prominent global issues of the 21st century. A few figures are enough for us to take full account of the

severity of the situation: 40% of agricultural lands worldwide have been severely degraded through erosion, salinization, nutrient depletion, biological degradation and pollution; humans currently use more than 50% of all accessible fresh water and by 2025, demand will reach 70%. The fact that the COP 21 conference took center-stage in December 2015 is, after all, no accident.

A few years ago, 'going green' were still fashionable buzzwords but in today's context of environmental degradation, the concept of sustainability is receiving increasing attention worldwide and the development of the potential of eco-entrepreneurship as a provider of innovative, sustainable solutions is viewed as essential for policy guidance. In 2011, the former Director General of the United Nations Industrial Development Organization, Mr Kandeh Yumkellah stated – I quote – *"No country should be denied their potential to participate in the next industrial revolution. And the next industrial revolution will most certainly be green"* – Unquote.

SMEs, startups and green entrepreneurs worldwide are playing a vital role in the transition to a low-carbon economy by developing new green business models and processes for different industrial sectors. In fact, it has been observed that it is in fact young and small firms that are emerging as main drivers of radical eco-innovation in the industrial and services sectors. SMEs are especially well positioned to seize opportunities of greener supply chains in local clean tech markets, which may be unattractive or impenetrable for large global firms, including in emerging economies and low-income countries. For instance, in the United Kingdom and Finland, SMEs represent respectively over 90% and 70% of clean technology businesses.

A G20 policy brief which has been revised last month posits that failing to bring SMEs on board or designing strategies that do not take into account the challenges and barriers they face, would significantly reduce the chances of successfully attaining **United Nations Sustainable Development Goals** and the commitments made at the Paris Agreement. It is thus crucial for policy-makers to empower SMEs so that they can explore the resulting business opportunities like re-manufacturing using environment-friendly raw materials, recycling, eco-design, production of green energy, eco-tourism, bio farming, amongst others. These emerging sectors have a great potential to become drivers of economic growth and job creation, while at the same time, making a significant contribution to addressing environmental challenges.

**Ladies and gentlemen,**

The **Green Industry strategy** must be at the core of the development process of the SME sector so as to promote environmental compliance and green business practices. This can be realized by demonstrating how using resources more efficiently can lead to cost reductions and thereby enhance their competitiveness. Furthermore, this will enable SMEs, especially in developing and transition countries, to actively participate in developing solutions needed for the greening of the economy.

Adopting such a strategy is two-fold: first, we need to **green existing SMEs** by ensuring that all of them, regardless of the sector, continuously reduce the environmental impacts of their processes and products, through using resources more efficiently, phasing out toxic substances, substituting fossil fuels with renewable energy sources, enhancing corporate responsibility and reducing risks to the environment, climate and people. And secondly, we should come up with policies and schemes to foster the **creation of green SMEs** that provide all types of environmental goods and services,

contribute to reducing negative environmental impacts or address the consequences of various forms of pollution.

The toolkit to be developed to enable the adoption of a Green Industry policy by SMEs is varied. It can consist of:

- developing simplified regulatory requirements for SMEs which encourage them to be compliant.
- dissemination of information on eco initiatives to be adopted
- introduction of eco-label certifications as well as other environmental recognition awards for SME products or services
- allocating grants for the greening of SMEs
- Fiscal incentives like low-interest loans and tax exemption for SMEs willing to invest in greener technologies

### **Ladies and Gentlemen,**

The objective of the Government of Mauritius is to transform the country into a **forward looking, economically vibrant and innovative country.**

We have clearly positioned the SME sector as the future engine of our economic growth. With a contribution of about 40% to the country's GDP and representing 54% of total employment, SMEs are definitely bound to become a pillar of our economy. Since the very beginning of this Government's mandate, my Ministry has been working diligently to take up a considerable challenge: **revamp the SME sector and ignite the spirit of entrepreneurship among our fellow countrymen.** Our youth is especially encouraged to boldly move in this sector of great future.

A **Green Economy (GE) Assessment report** undertaken by the University of Mauritius in partnership with UNEP (United Nations Environment Programme) in 2015 demonstrates that a green economy transition offers Mauritius further opportunities for sustained economic growth, energy and

water savings, increased agricultural productivity and green jobs – with an expected **GDP 6 percent higher in the GE case relative to Business As Usual case by 2035.**

It is hence obvious that investing in green entrepreneurship is a sound and wise move as green entrepreneurs provide a promising response to sustainable development challenges. It is after all the will of the Government to move towards a green economy:

- **Green and Renewable Energy** is one of the priority sectors deemed eligible to qualify for the Government's major **SME Development scheme**, which provides funding for eligible projects at a highly preferential rate as well as tax exemption on specific items.
- Government is aiming to raise the share of **local renewable energy** in the electricity generation mix to 35% or even higher by 2025 and I am convinced that Green SMEs will play a pivotal role in this transition. Specific schemes have in fact been devised for SMEs and cooperatives in this perspective.
- In Mauritius, the ban on plastic bags since January 2016 has led to several SMEs adapting to this new configuration by entering into the **production of eco-bags**. To date, demand at this level still exceeds supply, thus positioning this new niche as one that still needs to be serviced.
- With the advent of Smart Cities, the construction sector will be under the spotlight and green entrepreneurs can service the sector through the concept of **green buildings**, which involves the creation of structures and the use of processes that are environmentally responsible and resource efficient. Such buildings **consume 26% less energy, have 13% lower maintenance costs, 27% higher occupant satisfaction and 33% less greenhouse gas emission**, relegating traditionally built facilities to obsolescence in the near future..

- Mauritius is also lucky to be part of the 6 countries supported by the **SWITCH Africa GREEN** programme – this is a major asset when it comes to our desire to achieve the transition towards an inclusive green economy, based on sustainable consumption and production patterns.

One of the 6 Strategic Thrusts of the SME Master Plan for the SME sector of Mauritius launched by my Ministry in March this year is '**Encouraging Innovation, Technology Transfer and Green SMEs**'. The **Greening of SMEs** has also identified as a **Quick Win**, i.e. as an impactful action to be implemented within the short term and that will yield sustainable results in the near future. Activities suggested in this perspective related to supporting start-ups and SMEs promoting innovative clean technology solutions, and encouraging SMEs to enter eco-business sectors like bio-farming, bio-tech and waste management. Another activity suggested by the SME Master Plan is the **Introduction of an eco-labelling framework for green value-added products by SMEs**. Eco-labelling will provide a market-based instrument to enhance access to international markets for Mauritian businesses and in turn, it will be an **additional incentive for businesses to adopt Green Economy strategies**.

As policy-makers, we must however be conscious that the willingness and capability of SMEs to adopt sustainable practices and seize green business opportunities often face **size-related resource constraints, skill deficits and knowledge limitations**. Environmentally sustainable improvements in SMEs are often held back by perceived technical complexities, burdens and costs, as well as lack of awareness about financially attractive opportunities. Furthermore, a lack of appropriate skills and expertise often prevents SMEs from acting upon win-win opportunities, and resource

constraints often lead to SMEs being more risk-averse and less willing to invest in new technologies than larger firms.

Resource efficiency improvements require specialised knowledge usually not available in SMEs, which thus need advice to spot the potential long-term benefits of innovating their processes and organisation to improve resource efficiency. Therefore, it is important firstly to encourage SMEs to seek appropriate resource efficiency advice, through SME oriented business campaigns and, secondly, to provide them with such advice. I sincerely hope that this conference, and our session particularly, will help us to **establish a roadmap** in this perspective, particularly when it comes to the encouragement of collaboration among our countries with regards to the sharing of information, advice and expertise. This is even more important as very often, many small and medium entrepreneurs wrongly think that the best environment practices are costly and technically complex to implement and that due to their limited resources, they would not be able to respond to relevant green regulatory requirements and policy incentives.

To conclude ladies and gentlemen, I am confident that this parallel session and other informative plenaries held during this International Conference on SMEs will lead to fruitful deliberations and that it will be a transformational experience for all of us, in the sense that will emerge from these few days with the knowledge and tools required to foster green processes, technologies and policies. There is a need to move beyond the 'Go green' rhetoric and take action and international cooperation and effort like this conference is an effective means to respond to the scale and scope of urgent global challenges.

Thank you for your attention.