



# SMALL BUSINESS

## A BIG DEAL FOR BIODIVERSITY



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In cooperation with CREM BV, The Netherlands.

Design by: Pero Gouwerok - Design and Animation

**Published by:**

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

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GIZ is a German government-owned not-for-profit enterprise supporting sustainable development.

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# THE INDIA BUSINESS & BIODIVERSITY INITIATIVE (IBBI)

On invitation by the Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, the CII-ITC Centre of Excellence for Sustainable Development is hosting the India Business & Biodiversity Initiative (IBBI) with the support of German Development Cooperation through GIZ.

Launched on the occasion of International Day for Biological Diversity on 22nd May 2014 in New Delhi, the IBBI serves as a national platform of business and its stakeholders for dialogue, sharing and learning, ultimately leading to mainstreaming sustainable management of biological diversity into business.

The vision of IBBI is to sensitise, guide and mentor Indian business organisations in biodiversity conservation and sustainable use related to their operations, across their value chain and beyond towards conservation of India's biodiversity.

In its endeavour to guide and mentor Indian industry on managing natural capital, the IBBI aims to:

- build awareness and capacity among business and its stakeholders on biodiversity management;
- document, showcase and promote good business practices in India and globally; and
- advocate public policies at national and international level.

For more information and contact details, visit IBBI's website at [www.businessbiodiversity.in](http://www.businessbiodiversity.in).



All companies depend on biodiversity in one way or another. And all companies impact biodiversity through the use of resources and production of waste. Managing these dependencies and impacts on biodiversity is key. From a risk management point of view, but also from the viewpoint of business strategy: to become a preferred supplier, to improve the company's access to capital or to create new markets with innovative products and services. This is not just true for large companies, but certainly also for SMEs.

The India Business & Biodiversity Initiative (IBBI), supported by the Ministry of Environment, Forest and Climate Change (MoEFCC) and hosted by CII-ITC Centre of Excellence for Sustainable Development, supports businesses, big or small, to integrate biodiversity in their business operations and strategy.

The publication 'Small business - A big deal for biodiversity' explains how a focus on biodiversity will enable SMEs to become 'future proof' and 'market smart'. With this publication, IBBI hopes to trigger and support SMEs to take the next step. I would like to thank the Ministry of Environment, Forest and Climate Change (MoEFCC) and the Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH for supporting IBBI and making this publication possible.

Seema Arora  
Executive Director  
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The dedicated efforts of CII-ITC Centre of Excellence for Sustainable Development, and Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH have supported the Indian businesses in becoming champions of biodiversity. The commitment of 25 signatory companies has granted a global recognition to the India Business and Biodiversity Initiative (IBBI). Set up in 2014, IBBI has enabled the Indian businesses to understand the impacts and dependencies of their operations and value chain on natural capital, as well as guided them to integrate biodiversity into their business decisions and strategies. This has resulted in paving a way for greater resilience, ensuring security of supply and ultimately attaining a sustainable business model.



IBBI's two regional chapters- Western Regional Chapter, and Southern Regional Chapter have contributed considerably in creating a better understanding in these two significant business regions of India. IBBI understands that the Small and Medium Enterprises (SMEs) also have impacts and dependencies on natural capital, and could play an important role in its conservation and sustainable use.

It gives me enormous pleasure to present this publication titled 'Small Business: A Big Deal for Biodiversity,' which focuses on the role that the Small and Medium Enterprises (SMEs) could play in creating a synergy between their operations, market strategies, as well as biodiversity conservation and ecosystem services. I hope this book will enable the SMEs to understand the concept of 'Biodiversity and Ecosystem Services,' what it could mean to them as a company and as part of an area or landscape where different stakeholders depend on the same natural assets. I would also like to express my gratitude for the Ministry of Environment, Forest and Climate Change (MoEFCC), and CII-ITC Centre of Excellence for Sustainable Development for hosting and supporting IBBI.

Edgar Endrukaitis  
Director  
Indo-German Biodiversity Programme

# INTRODUCTION

**Not sure what your business has to do with biodiversity?**

**Then this is the guide for you!**

Small and medium enterprises (SMEs) are already the heart of the local economies. SMEs prosper due to adaptability, innovation, persistence, and biodiversity. But what is 'biodiversity'? All animals, from flies to tigers. All plants, from grass to giant trees. Forests and oceans. But also a person's garden, green company sites, meadows and a city park. All the variety of earth together is called biodiversity. All companies interact with biodiversity, through dependence on natural resources, and their impact on biodiversity. To contribute to and conserve biodiversity, you do not need to travel to the rainforests or Antarctica. SMEs can be the perfect entry! In this guide we will show you how your small and medium business can benefit from investing in biodiversity and aim to inspire you to start your journey.

**Biodiversity** refers to the variety of life on Earth. This includes the number of species of plants, animals and microorganisms along with diversity of genes in these species. Also, it is the foundation of the different ecosystems on the planet, such as forests, deserts, coral reefs and wetlands.

**Natural capital** comprises earth's natural assets (soil, air, water, flora and fauna, geological resources). This stock underpins our economy and society by producing value for people, both directly and indirectly.

# THIS GUIDE IS DIVIDED IN 8 SECTIONS

1

HOW SMALL BUSINESS CAN  
HAVE A LARGE IMPACT



2

THE BENEFITS OF BIODIVERSITY  
FOR SOCIETY



3

YOUR BUSINESS MODEL - WHAT IT HAS  
TO DO WITH BIODIVERSITY



4

THE BUSINESS CASE  
FOR BIODIVERSITY



5

REDUCING YOUR FOOTPRINT



6

GROWING YOUR HANDPRINT



7

A STEP-BY-STEP APPROACH



8

PARTNERSHIPS AND SUPPORT



1.

## HOW SMALL BUSINESS CAN HAVE A LARGE IMPACT

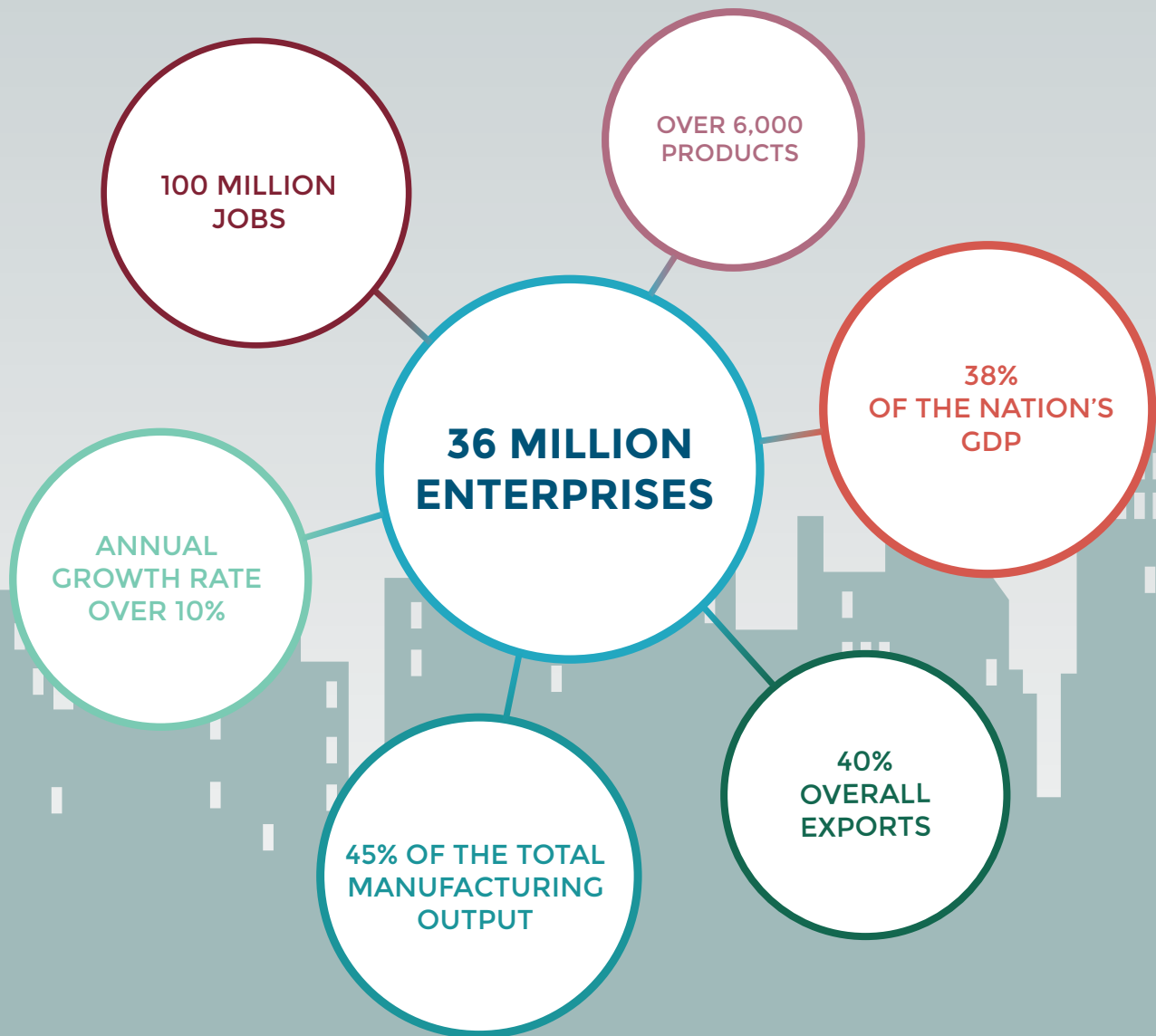


Figure 1: The economic impact of MSMEs on society



## ***“INDIA’S MAIN DEVELOPMENT OBJECTIVE IS TO HAVE SUSTAINABLE AND INCLUSIVE GROWTH THAT PROVIDES A HIGH LEVEL OF WELLBEING TO ALL ITS PEOPLE.”***

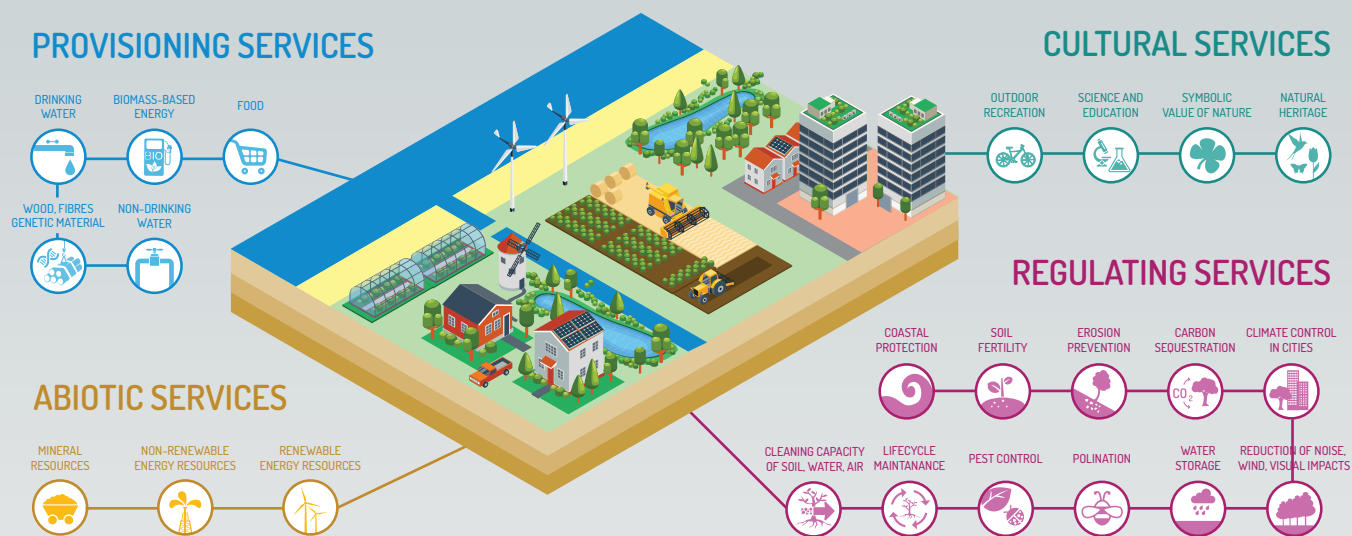
Micro, small and medium enterprises (MSMEs) have demonstrated a huge capacity for driving economic growth and innovation. In recent years, despite global economic decline, the MSME sector in India has proven to be resilient, innovative and adaptable, and has sustained an annual growth rate of over 10%. According to estimates of the Ministry of MSME of the Indian Government, the MSME sector generates around 100 million jobs through over 36 million enterprises situated throughout the country. Furthermore the sector manufactures over 6,000 products ranging from traditional to hi-tech items and contributes 38% to the nation’s Gross Domestic Product (GDP). So you can see that small business is large when it comes to economic development.

Another area in which small and medium businesses can make a big difference is in achieving sustainability and conserving biodiversity. Protecting biodiversity is a critical national priority for India. Biodiversity is linked to local livelihoods of millions of people and therefore contributes to sustainable development and poverty reduction<sup>1</sup>. Small businesses arguably have the most control over whether or not they are truly sustainable. In this guide we will show that adaptability and innovativeness, the very characteristics that define the SME sector, are also key in achieving sustainability and conserving biodiversity.

### **THE ECONOMIC IMPORTANCE OF MSMEs IS DUE TO THEIR:**

- large capacity for employment generation
- low capital and technology requirements
- promotion of industrial development in rural areas
- use of traditional or inherited skills
- use of local resources
- mobilization of resources
- exportability of products
- manufacturing of over 6,000 products ranging from traditional to hi-tech items

## 2. THE BENEFITS OF BIODIVERSITY FOR SOCIETY



**Figure 2:** The services that biodiversity can provide to different stakeholders in an area, including SMEs. (adapted from PBL Netherlands Environmental Assessment Agency, 2014)

***“AN ESTIMATED 70% OF INDIA’S POPULATION IS DEPENDENT LOCALLY ON NATURAL ECOSYSTEMS FOR LIVELIHOOD, INCLUDING FUEL, HOUSING, FOOD, WATER AND HEALTH”.***

TEEB India

India ranks among the top 10 species-rich nations in the world. With only 2.4% of global land area, India accounts for 7-8% of the recorded species of the world. Many companies tend to see biodiversity as a luxury: beautiful and a source of inspiration, but not directly relevant to everyday business. **Biodiversity however is much more than that. Biodiversity is essential to a healthy environment and to the delivery of natural resources. Like food, clean water, clean air, wood, fish and a variety of services that nature provides, like pollination and water purification (we call these ecosystem services).** Not just in the countryside, but also in cities.

Rapid industrial and economic growth in India, alongside with a high dependency of people on natural resources for livelihoods, has put tremendous stress on the natural ecosystems. Because of the continuing loss of biodiversity, costs of raw materials are increasing and services previously provided by nature (for free) need to be replaced by technical solutions (at a cost). This is already affecting economic sectors and society, and this is increasingly recognised by governments and businesses globally. Conserving and strengthening biodiversity and ecosystem services will contribute to future-proof cities and landscapes allowing companies to continue production and securing livelihoods.

# THE FUTURE-PROOF CITY

## Economic benefits

- Reduced energy costs
- Workplace productivity
- Property prices
- Tourist and recreational facilities
- Higher agricultural yields

## Social and health benefits

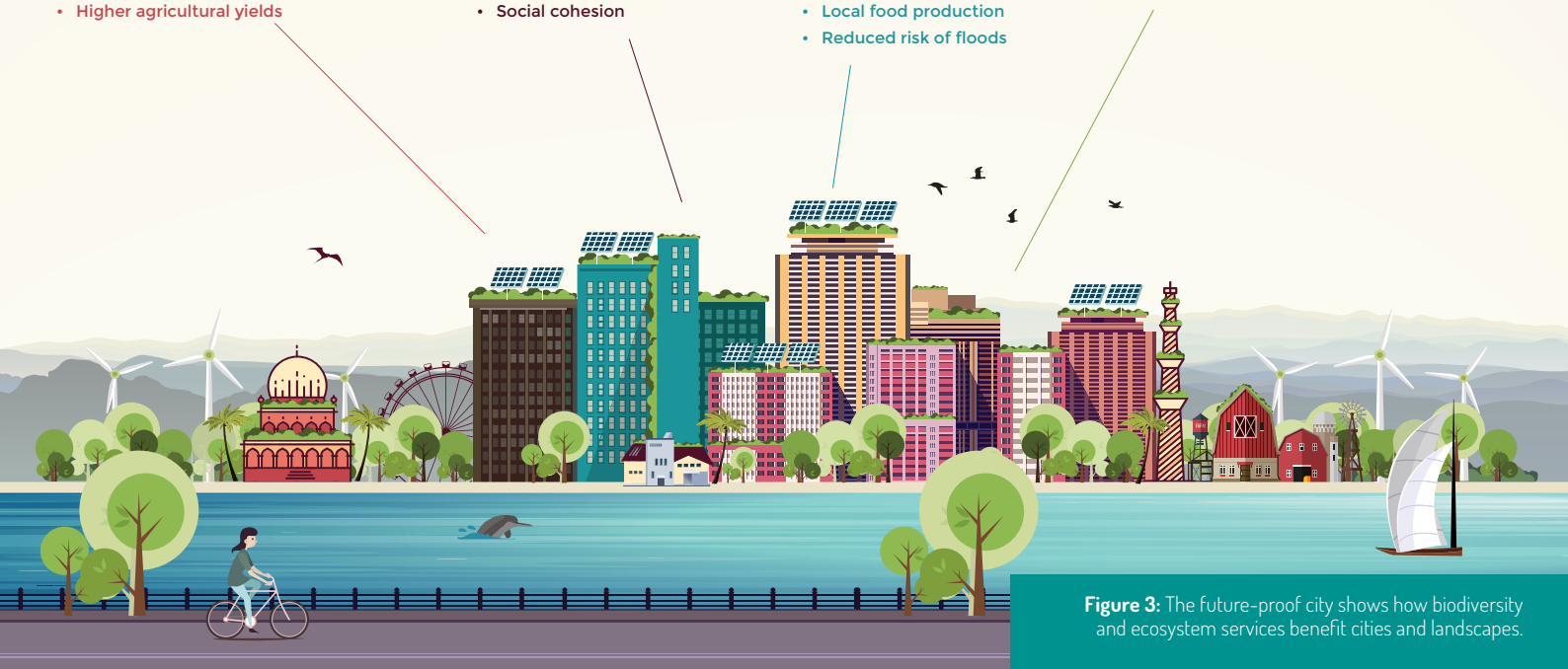
- Mental and physical health
- Childhood development
- Hospital recovery rate
- Social cohesion

## Benefits for the urban environment

- Air quality
- Climate control in cities
- Noise reduction
- Local food production
- Reduced risk of floods

## Benefits for nature (and humans)

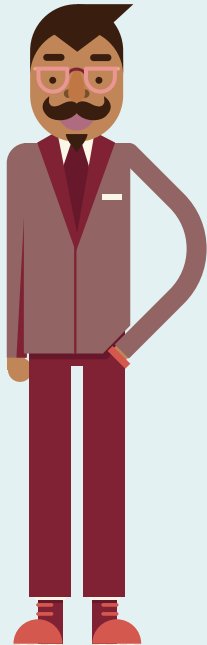
- Habitat for species
- Capacity to clean water, air and soil
- Soil fertility
- Pollination



**Figure 3:** The future-proof city shows how biodiversity and ecosystem services benefit cities and landscapes.

Sustainability has moved on from simply 'greening the business'. A growing number of businesses position themselves as having a positive societal and environmental impact. Many entrepreneurs have already started to reinvent their business model so that their business can be both competitive and at the same time respect the environment. Especially SMEs tend to play an important role in this type of innovative thinking. The value of focusing on biodiversity as part of an SME's responsible business operation will depend on the type of business you are, or want to be...

### SMEs & BIODIVERSITY - WHAT KIND OF ENTREPRENEUR ARE YOU?



#### THE 'FUTURE-PROOF ENTREPRENEUR'

- A smart and strategic entrepreneur who anticipates future market changes
- Knows that resource efficiency saves costs and is the only way forward
- Understands that taking biodiversity into account is necessary to stay in business
- Builds a resilient business model by securing services which are locally provided by nature
- Presents a sound track record on biodiversity related topics



#### THE 'GREEN ENTREPRENEUR'

- Depends directly on biodiversity and the health of the surrounding ecosystem to operate
- Creates value for existing biodiversity and facilitates its conservation
- Sells 'pro-biodiversity' products and services which contribute to the conservation of biodiversity
- Provides ecosystem restoration / rehabilitation



### THE 'KNOWLEDGE PARTNER'

- The service sector that provides the knowledge and tools companies and governments need for conservation and sustainable use of biodiversity and ecosystems
- Can help to assess impacts and positive contributions to biodiversity
- Supports in the development of biodiversity action plans and marketing of the results

### THE 'ECO-INNOVATION ENTREPRENEUR'

- An entrepreneur that thinks out of the box and sees the opportunities for innovation and new markets
- Knows that "Where there is a problem, there is money to be made with a solution"
- Builds on the challenges related to biodiversity by developing new technologies
- Develops new materials and new services that contribute to the conservation of biodiversity
- Builds a profitable business on 'shared value': both society & business benefit



**Figure 4:** Four main types of biodiversity friendly business models

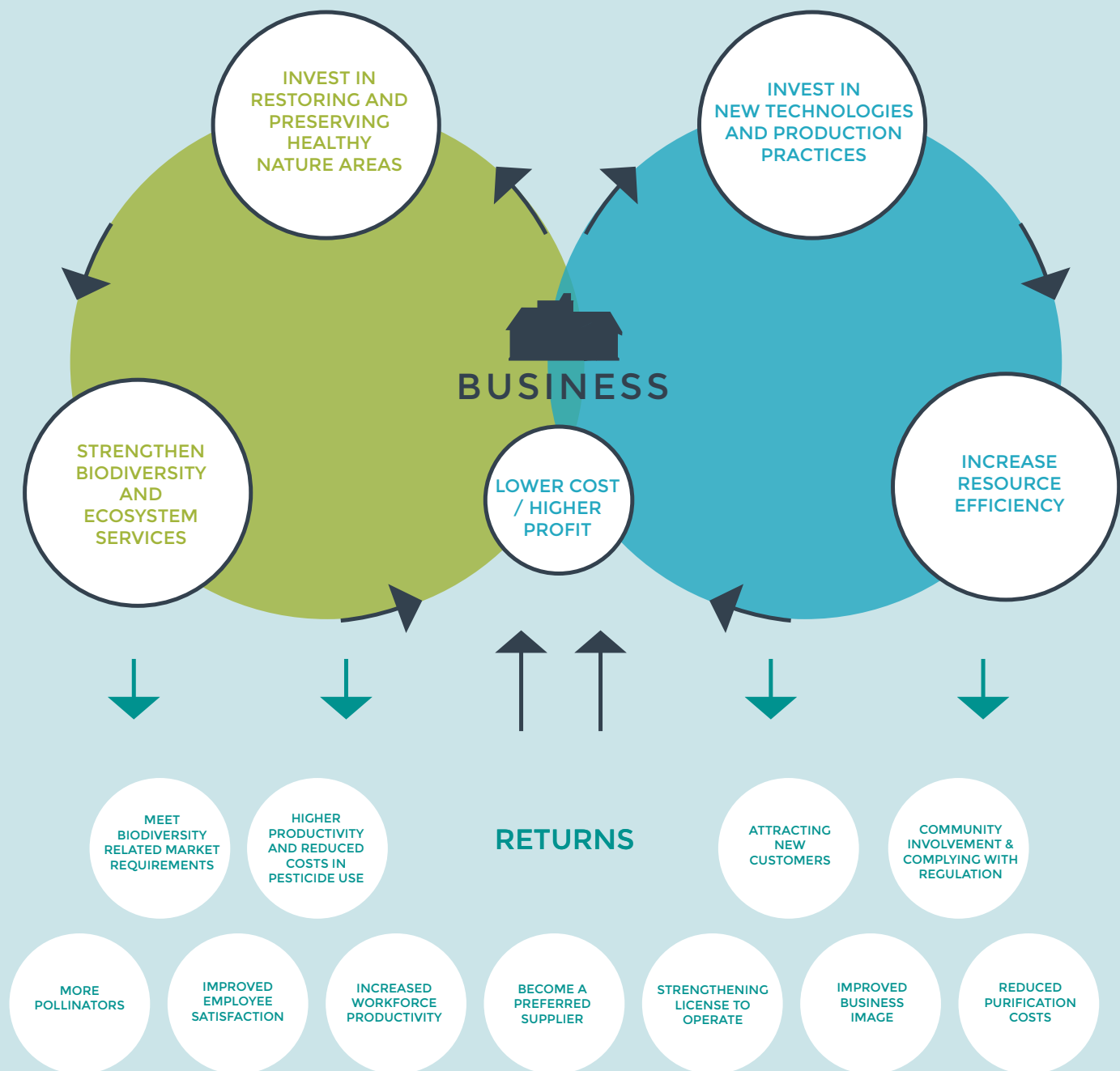
Not just 'green' businesses, but all companies depend on biodiversity in one way or another. They need assets like land, water and raw materials. And all companies can impact on biodiversity through the use of such assets, emissions of (hazardous) substances, and the production of waste. A loss of biodiversity and a loss of ecosystem services may affect operational costs, market access and a company's license to operate. Every delay in operation has an associated cost in lost revenue; particularly in a competitive situation. In contrast, a company that has a positive reputation has a competitive advantage. Brand reputation or 'goodwill' is arguably the most valuable asset a company has over the long term. Moreover, resource efficiency is becoming increasingly important to business competitiveness. With early adapters gaining competitive advantage. Managing dependencies and impacts on biodiversity is therefore key. From a risk management point of view, but also from the viewpoint of building a resilient business model.

Reasons to consider your interactions with biodiversity may also come from third parties. Multinationals that integrate a focus on biodiversity in their supplier requirements are looking for suppliers that can meet these conditions. Banks that include conservation of biodiversity in their investment policy will only invest in companies that can comply. And also: where there is a problem, there is money to be made in providing the solution! New markets are emerging for innovative companies that succeed in providing the solution. This is not just true for multinationals, but also for SMEs.

The business case for biodiversity explains the benefit and value that will be delivered by making attention for biodiversity an integral part of your business.

#### THE BUSINESS CASE FOR BIODIVERSITY:

- Resource efficiency
- Market opportunity/advantage
- License to operate
- Brand reputation
- Ability to seize the innovation high ground
- Access to investment capital



**Figure 5:** The business case for investing in biodiversity and resource efficiency and the potential returns on investment

### ***“DO LESS HARM: AVOID- MINIMIZE- RESTORE”***

Human and business activities influence the quality of ecosystems and the services they provide. No matter how big your company is, you have many ways to prevent or reduce impacts on biodiversity and ecosystem services. Actions may vary from good housekeeping measures and resource efficiency to **circular economy** thinking and greening of production location and surroundings.

#### **Is your business causing biodiversity loss?**

#### **THE FIVE MAIN CAUSES FOR LOSS/CHANGE OF BIODIVERSITY AND ECOSYSTEM SERVICES ARE:**

- Loss and degradation of natural areas
- Pollution of water, air and soil
- Climate change
- The introduction of invasive species; harmful species that are new in the environment
- Overexploitation of renewable and non-renewable resources

A change in ecosystems may impact businesses and other stakeholders that depend on these services. It is important to assess if your business is contributing to the causes of biodiversity loss mentioned above. By identifying where your biggest impact is on biodiversity, you can find out where the **red flags** are in your operations and supply chains. Are the products you source known for their potential impact on biodiversity? What are the risks for your company? Are your resources at risk? Where can you make the biggest difference with the lowest costs?

A circular economy aims to decouple economic growth from the use of natural resources and ecosystems by using those resources more effectively. Characteristics of a circular economy are:

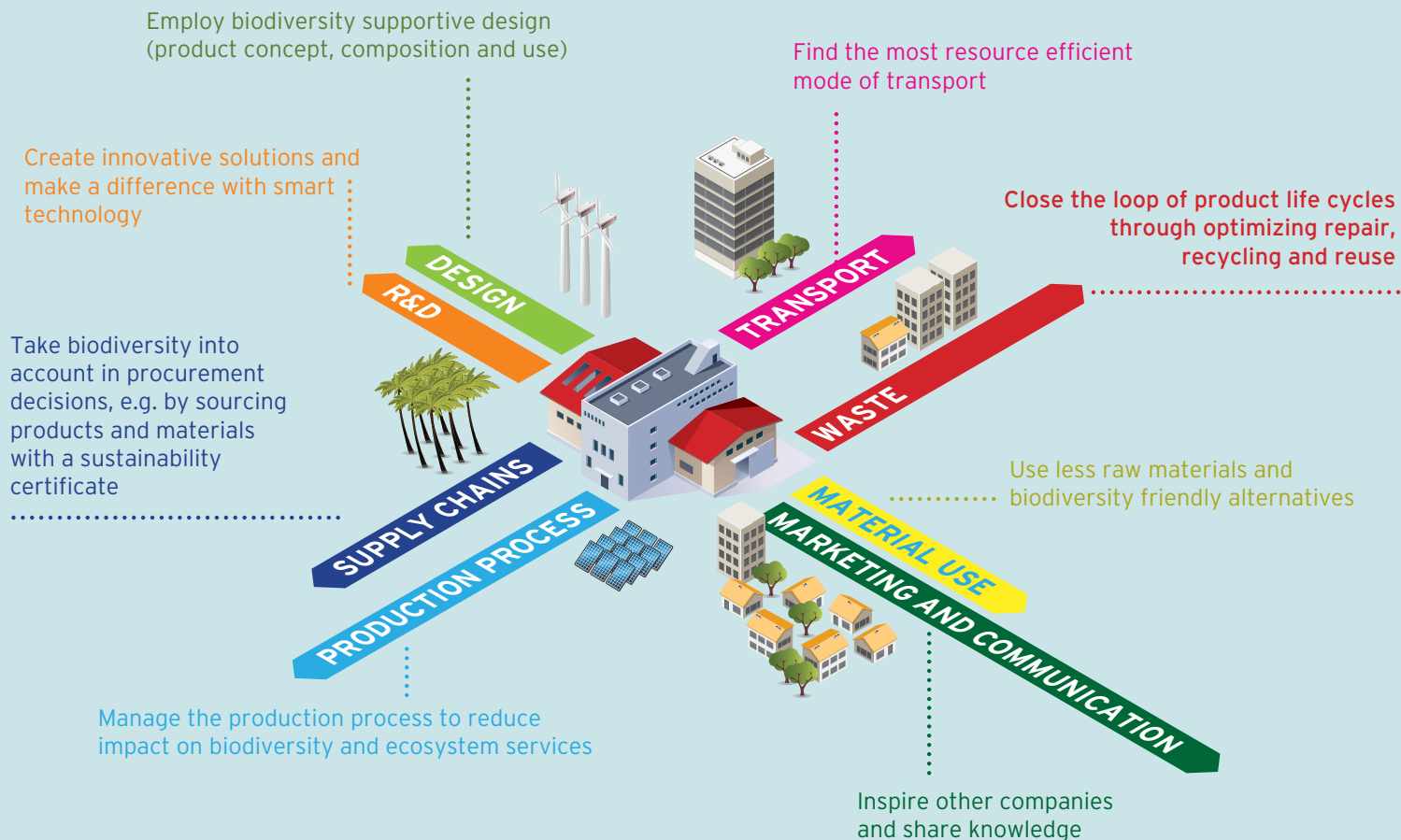
1. Design out of waste
2. Diversity is strength
3. Energy from renewable sources
4. Systems thinking
5. Prices reflect real costs



# HOW TO REDUCE YOUR FOOTPRINT



The following areas of operation can be important for reducing your impact on biodiversity:



**Figure 6:** How to reduce your footprint within different parts of your company's operations.

***“DO MORE GOOD: POSITIVE ACTION FOR BIODIVERSITY”***

After being launched in Hyderabad in 2012, the Hand Print concept is gaining popularity everywhere. The positive nature of the concept makes Hand Printing attractive and inspirational. Hand Print is the symbol of positive actions towards sustainability in a rapidly changing world. Any company that shrinks its footprint while growing its handprint can eventually have a *net positive contribution to biodiversity*.

Here is an impression of some of the actions a company can engage in when focusing on biodiversity as part of its ambition to be a responsible business or even a social enterprise that focuses on 'shared value' (value to society and value to the company).

# HOW TO GROW YOUR HANDPRINT



Taking a variety of positive actions will have your handprint grow over time. You can start out with actions that do not require high investments but help to inspire others to participate. As your handprint grows you can expect increasing returns on investment.

## Greening of company locations

Use company premises to strengthen biodiversity and natural resources. Create corridors for migrating animals. Or use 'green infrastructure' to create ecosystem services.

## Supporting (local) conservation projects and NGOs

Make a financial contribution or contribute your time and knowledge.

## Local sourcing of sustainable resources

Cooperate with and source from local producers to create a sustainable area.

## Joining (local) projects that benefit biodiversity

Join conservation projects and anti litter campaigns.

## Invest in green solutions for business

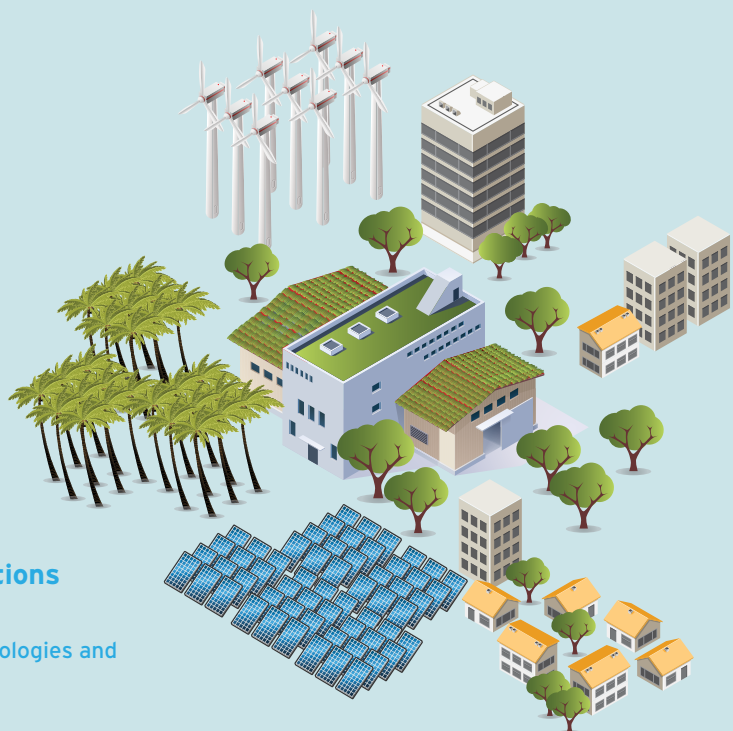
Invest in innovative technologies and services.

## Sharing knowledge and cooperating with other companies

Join forces in business parks on shared interests.

## Restoring and preserving healthy nature areas

Restore biodiversity and preserve soil and water quality in your operation.



**Figure 7.** How to grow your handprint through positive action for biodiversity

***“A STEP-BY-STEP APPROACH: START WITH INSPIRATION”***

Sustainability leaders are capable of inspiring people towards change. Biodiversity not only provides valuable resources and services for your business, it is also a source of enjoyment and inspiration! A green and beautiful surrounding is the best way to show the positive difference you can make as a company. That is why it is so important to start with positive action. Show and be proud of what you can achieve, get others on board, and the next step will be much easier. Once you are inspired it is time to talk business!

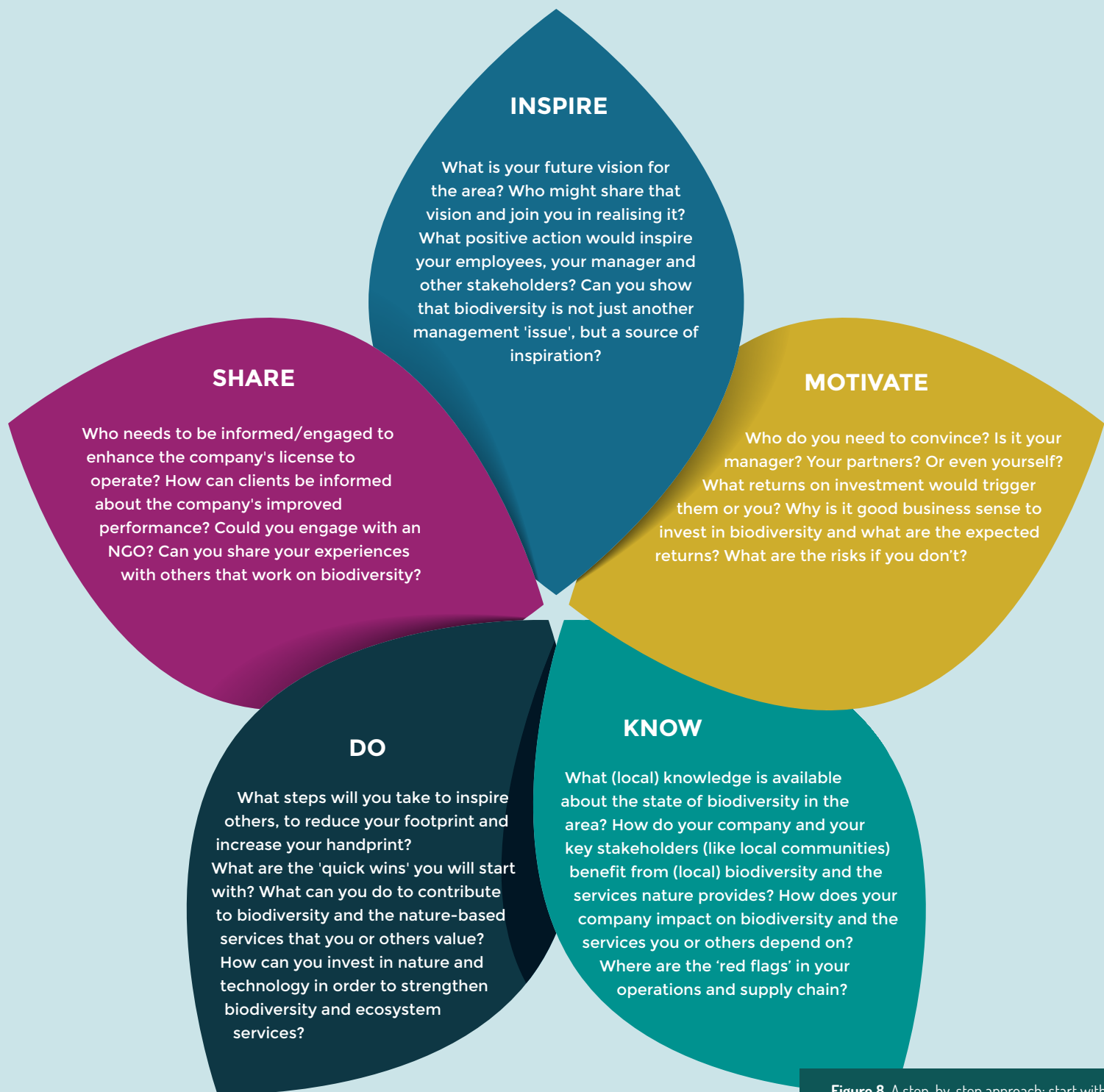
The growing focus on natural capital, a landscape approach (thinking in areas and systems rather than companies and sectors) and the circular economy, shows a shift from looking at individual companies and sectors to a focus on landscapes. The question whether an area is used or exploited in a sustainable or ‘future-proof’ way depends on the natural capital the area has to offer and the actions of all stakeholders interacting with this area. This includes SMEs, which in many urban and rural areas are key stakeholders. Not just from the viewpoint of resource use and the production of emissions and waste (‘footprint’), but also from the viewpoint of positive contributions (‘handprint’). This is due to the realisation that different stakeholders in one area depend on the same pool of natural assets. Therefore the involvement of SMEs is not a matter of ‘if’, but a matter of ‘when’ they will be involved.

By taking a step-by-step approach, SMEs will be able to assess what value biodiversity holds for them, what they can do to preserve and strengthen biodiversity and who they can partner with to take the steps needed.

Each step holds a number of straightforward questions the company could ask itself. The answers will determine the direction. Keep it simple and keep it practical.

**“Collaboration is the new competition”**

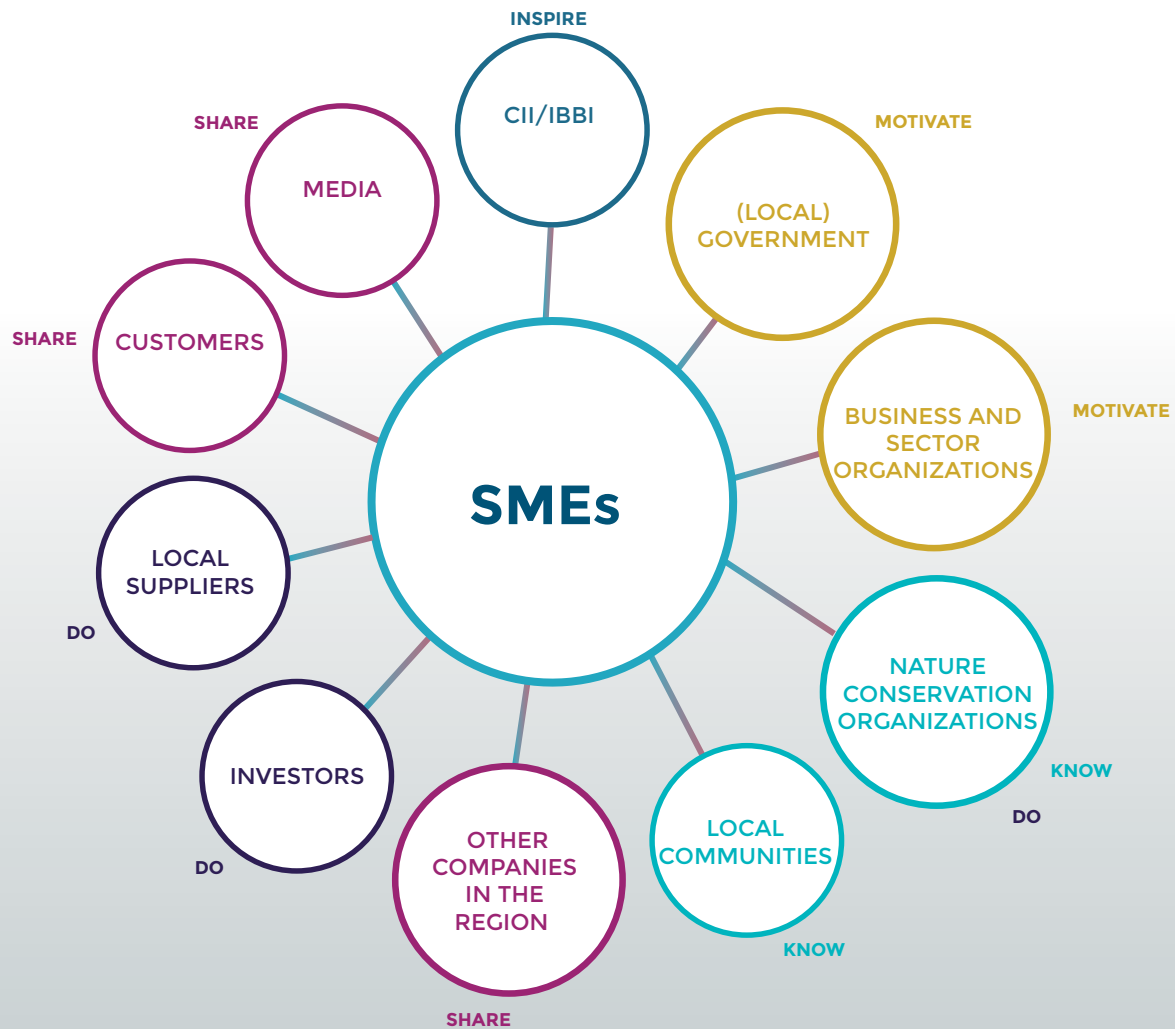
**“Be creative and innovative”**



**Figure 8.** A step-by-step approach: start with inspiration

**“COLLABORATE”**

Involving stakeholders and creating partnerships with other organizations can contribute to achieving your sustainability goals. The following organizations can be important when taking the different steps described in section 7.



**Figure 9:** An infographic of the company and stakeholders/ sources of information that can support companies.

# RESOURCES

## ***WHERE CAN YOU FIND MORE INFORMATION?***

Biodiversity in good Company: <http://www.business-and-biodiversity.de/en/about-us>

Building Biodiversity Business: <https://portals.iucn.org/library/efiles/documents/2008-002.pdf>

Global platform on Business and Biodiversity: <https://www.cbd.int/business>

Incorporating Biodiversity Considerations into the Management of Small to Medium Enterprises:  
<http://www.business-biodiversity.eu/default.asp?Menu=154&News=272>

India Business & Biodiversity Initiative: <http://businessbiodiversity.in>

SME for biodiversity: <http://www.smeforbiodiversity.eu>

TEEB India Initiative - MoEFCC & GIZ, 2014. The Economics of Ecosystems and Biodiversity: Interim Report

TEEB India Initiative - The Economics of Ecosystems and Biodiversity - India: Initial Assessment and Scoping Report.  
Working Document

TEEB -The Economics of Ecosystems and Biodiversity: <http://www.teebweb.org>

The corporate ecosystem services review: <http://www.wri.org/publication/corporate-ecosystem-services-review>



## Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, government, and civil society, through advisory and consultative processes. CII is a non-government, not-for-profit, industry-led and industry-managed organisation, playing a proactive role in India's development process.

[www.cii.in](http://www.cii.in)



**CII-ITC Centre of Excellence  
for Sustainable Development**

A pioneering effort by CII, the CII-ITC Centre of Excellence for Sustainable Development creates a conducive, enabling environment for Indian businesses to pursue sustainability goals. It creates awareness, promotes thought leadership, and builds capacity to achieve sustainability across a broad spectrum of issues.

[www.sustainabledevelopment.in](http://www.sustainabledevelopment.in)



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To address India's need for sustainable and inclusive growth, in partnership with stakeholders, GIZ's key focal areas are: Energy, Environment and Sustainable economic development.

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