

Best Business Practices

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Greening Your Business: Designing a Business Project in Environmentally Sustainable Manner

Number of US business leaders - some of whom are global business leaders as well - recently urged the Bush Administration, which has been defying the global call for cooperation against the climate change, to take positive action for reducing emissions from the US industry. This is in stark contrast to the common belief on businessmen's attitude towards the state efforts on saving the environment, which is usually perceived as hostile in developed and developing economies alike.

There is a valid reason behind this 'paradigm shift' that makes sense in terms of rupees and cents.

The recent Stern Review on the Climate Change estimates that the world may have to incur as high as 20% of annual global GDP to overcome the effects of the climate change unless we take effective action to counter the global warming soon enough.

Being a tropical island nation, Sri Lanka seems to be highly vulnerable for this global catastrophe. On the balance, the review suggests that we may avoid this staggering cost if we allocate 1% of the GDP for corrective and preventive action in right time.

Why we should care the environment?

The environment is our own surroundings, which helps us in various ways while taking the burden of all our activities too. It provides life support systems that sustain all living beings, supply material and energy needs of the economy, absorb the waste generated by our activities and offer various amenities that make the life comfortable. However, there are limits that even the mother nature can bear and when we surpass them, the society as a whole has to face the conse-

quence. The business world, as a major beneficiary of what the environment offers, therefore, has to make use of them in a responsible manner.

Benefits for the business by going green

It is gainful to see why businessmen should think green. Business have to think green at the minimum for fulfilling the various rules, procedures, standards and laws imposed by the governments to save the environment.

But this is the most backward stance and in a global market of highly environmentally conscious buyers, a business can hardly expect to make a long-term survival just by abiding the legal requirements alone. Many successful businesses today concentrate on improving their image as 'nature friendly' ventures.

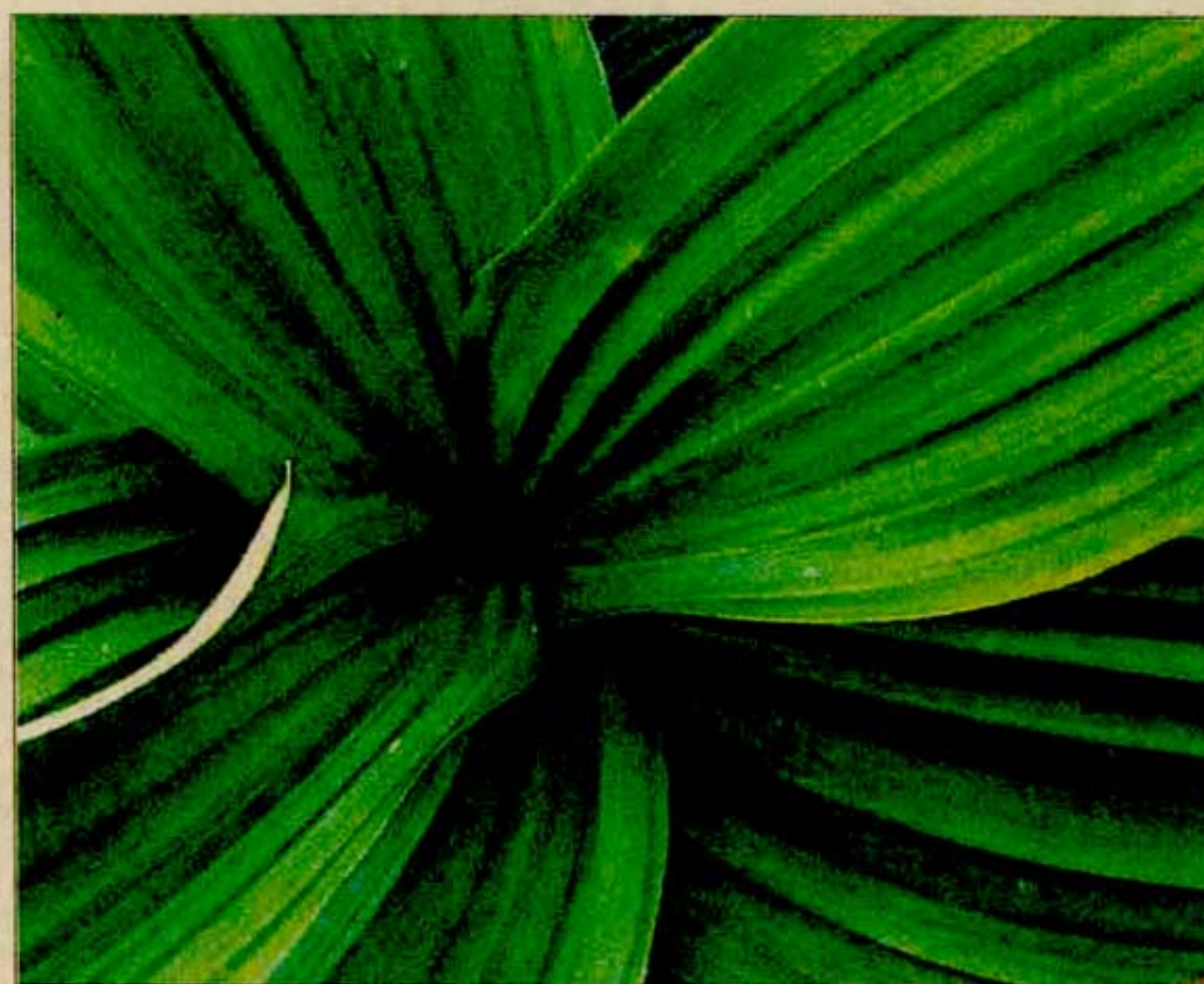
However, there are more gains to be earned from the environment than being just nature friendly. Taking few steps ahead, some businessmen have discovered that the world concern for the environment can actually be harnessed very profitably for making money.

The booming market for so called environmental goods provides the best example for this.

The most advanced members of this community of green businessmen seem to be thinking now that the business can actually take the leadership in saving the world from environmental 'bads' while amassing wealth out of it too. The 'Clean Development Mechanism (CDM)' proposed against the global warming provides that kind of opportunity.

How to design a green business?

In this short essay we attempt to discuss few useful points regarding how you can make your business an environment-friendly venture. First we take the matter of Environmental Impact Analysis



(EIA) process, which has become a compulsory requirement for getting business projects approved under the present environmental laws in the country.

The National Environment Act (NEA) No.47 of 1980 and two subsequent amendments in 1988 and 2000 laid the foundation for EIA process in Sri Lanka.

The main implementation body of this act is Central Environmental Authority (CEA). The power of the NEA is in effect in all areas of the country except in the North Western Province where the provincial law of the environment prevails.

In addition, any project proposed in coastal zone coming under the purview of the Coastal Conservation Department or within one mile from the boundary of a National Reserve declared under the Fauna and Flora (Amendment) Act 49 of 1993 has to undergo a permission process.

EIA is a formal study process aimed at predicting environmental consequences of a project. The major objective of EIA is minimizing negative impacts while enhancing the positive environmental effects of a given project.

It applies only for Prescribed Projects (PP) gazetted by the CEA and several organizations have been designated as Project Approving Agencies (PAA) for granting approval for different types of PPs.

The party undertakes to propose the project is called as the Project Proponent.

EIA concentrates on potential problems, conflicts or environmental constraints that may emanate as

a result of implementing a given project and seeks to find alternative ways to avoid or minimize potentially harmful effects.

Therefore, EIA can be taken as a useful aid for project planning and designing that can help to avoid costly mistakes during the implementation of a project.

EIA is an iterative process which involves sequence of steps (see the annexed diagram). If a project is identified as a Prescribed Project and the scoping process has determined that an EIA is necessary to approve the project, it is the responsibility of the Project Proponent to prepare the EIA to fulfill the requirements of a specified Terms of Reference.

Usually, the preparation of EIA needs expert support. Additional details of the EIA process can be obtained from the EIA Unit, Central Environmental Authority (www.cea.lk).

While one may see EIA as cumbersome and restraining, investors with foresight welcome the idea and usually take it as a planning tool for avoiding pitfalls.

Even after leaving out the ethical and social considerations, in an era of high public concern over the environment, it is quite likely that unsustainable business practices would come in to the public attention at some stage.

EIA helps businessmen to avoid such unnecessary embarrassments and costs which could be quite harmful and irreversible.

- Insights courtesy of Institute of Policy Studies (IPS), Sri Lanka



Major national legislation dealing with the environment

There are number of laws in Sri Lanka that affect the environment directly and indirectly of which following can be considered as the most important. In addition certain regulations have been introduced time to time under the provisions of these legislative acts. Of them, regulations under the National Environment Act are listed below.

- Customs Ordinance No.17 1869
- Poisons, Opium and Dangerous Drugs Ordinance No. 17 1929
- Town and Country Planning Ordinance 1946

- Fertilizer Act No. 21 1961
- Water Resource Board Act No. 29 1964
- Industrial Development Act No. 36 1969
- National Water supply and Drainage Board Law No.2 1974
- Maritime Zone Law No.22 1976
- National Environmental (Protection) Act No. 47 1980
- Control of Pesticides Act No. 33 1980
- Cosmetics, Devices and Drugs Act No. 27 1980
- The Coast Conservation Act., No.57 1981
- The Marine Pollution Prevention Act No. 59 1981

- Energy Conservation Fund Act No. 2 1985
- Melathion Control Act No. 22 1985
- National Environmental Act (Amendment) No. 56 1988
- Coast Conservation (Amendment) Act No.64 1988
- Forest Ordinance (Amendment) No.84 1998
- Flora & Fauna - Protection Ordinance (Amendment) Act No. 49 1993
- Fisheries and Aquatic Resources Act No.2 1996
- National Environmental (Amendment) Act, No. 53 of 2000