

DEVELOPMENT THEME SERIES ENVIRONMENT

The Enterprise Challenge Fund (ECF) for Pacific and South East Asia is a A\$20.5 million AusAID-led Australian Government initiative. It gives businesses in ECF participating countries a competitive opportunity to obtain grants for help in commercialising business projects. To date A\$11.5 million in grants has gone to 22 business projects across eight countries: Cambodia, Laos, Philippines, East Timor, Vanuatu, Papua New Guinea, Fiji and Solomon Islands. The key rationale of the grants is to have a sustainable impact on poverty through employment, income generation and access to goods and services.

Technical review by Carina Staer,
Coffey Environments



Teak nursery in Ra Province, Fiji

Millennium Development Goal 7

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources



Why is environmental management important to poverty reduction?

Poor people in this region have a higher dependency on natural resources such as forests, fishing, and agriculture, and are disproportionately affected by living in a degraded environment. Improved management of the environment and natural resources contributes directly to reducing poverty, promoting security and preserving the ecosystems that poor people rely on for their livelihoods. Economic growth and private sector development programs can model environmental management and good working practices to international standards, and thus protect livelihoods and reduce the impact of environmental degradation on the poor.

Addressing environmental and climate change challenges is central to the poverty reduction efforts of the AusAID development assistance program, as well as being the seventh Millennium Development Goal.

Using challenge funds to create positive environmental impacts

Partnering with the private sector can promote innovative techniques and processes that encourage communities to be aware of using natural resources rationally. A number of ECF-funded projects highlight the potential for using the private sector in the Pacific and South East Asia for positive environmental models.

Contributing to improved use of natural resources and developing supply chains using products sourced from traditional farming practices

Future Forests received an ECF grant to expand teak and other hardwood plantations in Fiji and to practise organic pest management using Neem (*Azadirachta indica*) leaves. The company's very strong environmental policy is backed by environmentally responsible practices. Future Forests is working with Conservation International to provide trees for a planting project on denuded areas in a nearby region. The project has engaged Woodmark Auditors to acquire Forests Stewardship Council certification through Small and Low Intensity Managed Forests and has registered for carbon trading with the UN Framework Convention on Climate Change.

Pupuk Alam received an ECF grant to develop an organic fruit fly bait, and produce and market it to over 5,000 rural farmers in Cambodia. The new protein bait control technique uses a maximum of 10 litres per

hectare with 0.08% insecticide – about 1,000 times less insecticide than the current cover spray method.

Promoting sustainable tourism and environmental management and working with local communities to protect environmental resources.

Carnival Australia's ECF grant, for developing cruise ship infrastructure in three remote islands of Vanuatu, also helped with a full environmental impact assessment on all destination areas. The assessment noted a turtle colony on Champagne Bay and allowed Carnival to take steps to preserve the environment, change the infrastructure plan and work with local communities on environmental protection of the species.

Wilderness Lodge is expanding an eco-lodge in the environmentally protected area of Marovo Lagoon, Solomon Islands and now uses solar lighting and manages its waste. To date, more than 400 households earn increased income through Wilderness Lodge.



Pupuk Alam extension team working with farmers in Kampong Speu, Cambodia

The project includes community education in environmental practices and improves environmental awareness through school programs and materials.

Investing in innovative renewable and alternative energy sources

Emirau Marine Products has been funded to develop a coconut-based bio-fuel plant in Kavieng Province, Papua New Guinea. The factory is expected to begin operations in 2012 and need around 10,000 coconuts per day operating at full capacity. It will ultimately contribute to reduced fossil fuels use by increasing the use of locally produced fuel from an existing renewable resource.

Sunlabob Renewable Energy's funding helps supply five villages (over 350 households) in rural Laos with 24-hour access to electricity from localised mini hydro-power turbines. Kerosene use has declined and the standard of lighting now allows school children to read and learn at night. The turbines require regular flow of water throughout the year to operate – a fact used as an incentive to get villagers to protect vegetation in catchment areas of the streams, and avoid mudflows, flash floods and erosion.

Practicing environmentally friendly production methods

Nature's Way is installing a forced air heat treatment facility capable of treating fruit and vegetable to export standard in an environmentally friendly way. This upgrade is designed to allow for organic certification through Australian Certified Organic Ltd and open up remunerative organic export markets to Fiji.

Cagayan do Oro Handmade Papercrafts has developed a processing method for hand paper with hydroxide chemicals for bleaching instead of using an acid base. The wastewater treatment facility for proper management of factory effluents that they constructed is used as an example for other small companies by the Department of Environment in the Philippines.



Eggplants at the Nature's Way heat treatment facility in Nadi, Fiji

Lessons for future challenge funds

Future challenge funds could consider methods to positively benefit the environment.

- Future grant funding could be allocated to 'windows' for innovative projects that specifically address environmental sustainability such as climate change, renewable energy or adaption of climate technology. Other grant programs have specific funding options to promote environmentally sustainable projects:
- REACT – the Renewable Energy and Adaption to Climate Technologies window of the African Enterprise Challenge Fund
- Development Marketplace - funded by the World Bank Global Environmental Facility.
- Grant funding can be targeted at projects that exhibit environmentally friendly practices and work with local communities to preserve the environment and natural resources. The application and contracting process can be used to assess environmental impact and develop an environmental management plan. The environmental management plan should reflect the size and complexity of the project: small projects need only simple plans (see example in Box 7, AusAID Environmental Management Guide). The environmental plan can be reviewed during the regular monitoring program.



Vanilla farmer in Lae Province, Papua New Guinea



Coconut seedlings for rehabilitation of senile plantations in Kavieng, Papua New Guinea