

■ International Forum on Business Awareness & Sustainable Development

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The International Forum on Business Awareness & Sustainable Development was held in Ulaanbaatar on September 9, 2004. It was organized by the Mongolian National Chamber of Commerce and Industry (MNCCI) and the Business Council for the Sustainable Development of Mongolia (BCSD-Mongolia – a partner of the World Business Council for Sustainable Development (WBCSD)). BCSD-Mongolia was established in 1999 by the MNCCI and this event was organized to mark its 5th anniversary.

The objective of this forum was to raise awareness of and exchange opinions among different stakeholders regarding the sustainability of economic development and business. Topics for discussion included the sustainability of business planning, industrial processing, and sustainable development policies and business practices. It was attended by delegates from 79 local, foreign and international

organizations representing 25 countries, including Japan, Spain, Australia, the USA, France, China, the Netherlands, Switzerland, Canada and Brazil. The delegation from Japan included representatives of the Aichi Shukutoku Institute, ERINA, the University of Asia, Toyo Engineering Corporation, BSM Co. Ltd. and Justech Soft Co. Ltd.

In his welcoming address, Mr. Sambuu Demberel, Chairman and CEO of the Mongolian National Chamber of Commerce and Industry and Chairman of BCSD-Mongolia, highlighted Mongolia's bumpy transitional period and how it has changed both economically and environmentally in the last five years since it decided to contribute to sustainable development. He emphasized the importance of business awareness and how the environment, ecology, efficiency and empowerment (4 Es) are all interrelated. He proposed that business groups address the many global problems instead of waiting for government policies to be formulated. He stressed that businesses should conduct environmentally friendly activities, setting aside a certain percentage of profits for environmental restoration and social welfare, and pursuing policies mutually beneficial to all.

Mr. N. Enkhbayar, Chairman of the Mongolian Parliament, welcomed all participants to the forum and suggested creating a favorable legal environment that would be conducive to businesses, as well as highlighting the need for cooperation among all stakeholders in order to create a favorable business environment.

Mr. Marcel Engel, Director of the Regional Network of the WBCSD gave a brief background introduction to WBCSD and put forth two sustainable development agendas - public policy and business. He detailed why it makes good business sense to address sustainable development and concluded by acknowledging the preparations made by business leaders in Mongolia in order to face the challenges necessary for sustainable growth.

Mr. O. Chuluunbat, President of Mongol Bank, noted the importance of the forum for the development of political, social, and economic stability in Mongolia's transition to a market economy. He noted that, even though the banking and finance sector has stabilized, the key to successful sustainable development is to ensure stability in all sectors.

Ms. Pratibha Mehta, representing UNDP Mongolia, praised Mongolia for remaining a stable and relatively trouble-free country that can serve as an example for other developing countries in making the transition to a market economy. She said that corporate social responsibility (CSR) is necessary in order to reduce poverty and increase environmental sustainability. To motivate businesses to develop a sense of CSR, a sustainable market where consumers and producers have knowledge and resource capabilities is required. She suggested that if business associations established their own standardized code of ethics, their members would follow.

Mr. Ts. Damiran, Head of the Standing Committee on Economic Policy of Mongolia thanked UNDP and the Mongolian government for implementing many successful sustainable development projects that have reached a variety of policy and planning levels, while involving many Mongolian communities; however, he noted that there are still many problems to be solved and stated that he and his

committee would raise these problems for discussion in Parliament.

Ms. Cristina Garcia-Orcoyen, Executive Director of Fundacion Entorno, explained that companies, policymakers, and consumers all play an active role in sustainable development: companies contribute to economic growth and job creation; governments create conditions that facilitate contributions to sustainable development; and consumers and the financial markets can reward sustainable behavior through consumerism.

Following these opening remarks, two thematic sessions were held: i) Industrial Processing & Sustainable Development: Best Practices; and ii) Business Planning & Sustainable Development. Ten presentations were given and a brief summary of the discussions during these sessions is given below.

BBAM, a joint Mongolian-American consulting company, suggested three sustainable business considerations for Mongolia: banking, information technology (IT) & communications, and manufacturing. Under banking, BBAM introduced the idea that “other people’s money” will increase “the Mongolian people’s prosperity” and cited Switzerland’s banking system as an example that could be followed. Under IT, the importance of developing “high-tech skilled workers” and high-tech infrastructure and products was emphasized; under manufacturing, BBAM suggested manufacturing products in Mongolia for Mongolian consumption. The creation of a hand-powered generator that was designed, built, and marketed in Mongolia was cited as an example of what BBAM has achieved, and it encouraged everyone else to try to do the same. Nevertheless, BBAM acknowledged that support from the government, banks, and efforts to educate and train Mongolian entrepreneurs were needed.

A representative of Mongolroostsvetmet, a Mongolian-Russian joint venture, emphasized the importance of the role of the mining industry in implementing Mongolia’s development agendas in the 21st century. He acknowledged that the major drawback of contemporary gold mining is the destruction of the soil, and proposed that every step of the mining, processing, and refining process be equipped with modern technology in order to minimize waste and contamination.

Former President of Mongolia and Professor at the Mongolian Technical University, Mr. P. Ochirbat, introduced the theory that good governance is the fourth pillar of sustainable development since good governance is necessary to ensure harmonized operations (decision-making, implementation, monitoring, and dispute settlement) among the other three pillars.

Asserting the interconnection between humans, the environment, and profit to be the key factors in achieving sustainable development in industrial processing, IVAM Ltd., a Dutch research and consultancy company focusing on environment and sustainability presented ten examples of monetary and material savings gained through the implementation of Cleaner Production (CP) options. Furthermore, IVAM pointed out three areas for attention in sustainable entrepreneurship: eco-efficiency elements, social responsibility, and economic aspects at the company level.

Tethys Mining LLC (Brazil) gave a presentation

about environmental issues in Brazil and noted that being environmentally friendly, such as complying with the ISO 14001, is the fundamental factor in being competitive; it gave as an example its “Carajas Iron Project”, which is a successful example of government and business collaboration in devising cautious steps and programs necessary to ensure full compliance in an environmentally friendly project.

A representative of the Mongolia office of Ivanhoe Mines (Canada) noted that the management of a mining company involves all levels of international, national and local considerations and explained his company’s goals of improving social conditions, providing economic opportunities, and production and consumption within the limits of the ecosystem. In addition, he gave commitments on engagement with local communities, balancing conflicting interests, managing expectations and encouraging participation.

Representing ERINA in the forum, I gave a presentation on promoting sustainable development via investment in clean, environmentally friendly industries and noted the “win-win” effects of cleaner production for businesses, the government and the people. The need to break through the tradeoffs between environmental conservation and economic development was emphasized and a brief introduction provided to the UNFCCC (UN Framework Convention on Climate Change) and the three Kyoto Protocol mechanisms: the Clean Development Mechanism (CDM), Joint Implementation (JI) and Emissions Trading (ET). Furthermore, I pointed out that, if effective capacity building is achieved and the Kyoto mechanisms are successfully implemented, the countries of Northeast Asia will have the ability to promote and expand eco-businesses, respond to global warming and implement collaboration, communication and consensus-building between different sectors.

A representative from UNIDO (UN Industrial Development Organization) made suggestions for sustainable industrial development in Mongolia using UNIDO’s model as a benchmark. The unique characteristics and challenges that Mongolia faces were remarked upon and some prospective sectors that should be developed were pointed out: the wood, tourism, textile, livestock and mining sectors. Furthermore, UNIDO stated that Mongolia has the potential to improve the level of utilization of its natural, human and physical resources, as well as to utilize more intensively industrial processes that will facilitate the country’s economic development. In addition, the need for infrastructure and construction development was emphasized.

Mongolia’s National Council for Sustainable Development (NCSO) emphasized the organization’s managerial and practical experience, which was used in achieving sustainability in Mongolia. The NCSO suggested disseminating the conference materials to businesses and establishing committees, in order to foster a holistic view of the subject.

Although this was the first international forum on this subject to be held in Mongolia, it attracted many local and overseas participants. It was an informative event that provided both local and international participants with

an opportunity to gain a more profound understanding of the prospects and challenges of sustainable economic development, as well as government policies, strategies and practical business undertakings. In particular, it has contributed to raising awareness among local stakeholders, who include businesses, policymakers, NGOs and individuals, and offered an ideal opportunity for them to learn from the various experiences presented at the forum. It is hoped that this could become a regular event in response to growing awareness of the need for sustainable development and business practices.