

**Name of the Partnership/Initiative**  
**SIGN 3 Asia – Sustainable Investment - Global Network for Asia**

Expected date of initiation: Launching at the end of 2002.

Expected date of completion of phase 1: 31 April 2007

**Partners Involved:**

Governments: Asian Governments on the Board of Asian Productivity Organisation:  
With the support of the European Commission, France (Ministry of the Environment)  
and Denmark (DANIDA)

Intergovernmental organizations: UNEP, APDC, Export credit Agencies network at  
OECD and EU levels,

Major groups: Regional Institute for Environmental Technologies (RIET) Singapore.  
European Partners for the Environment. Europe TotalFinaElf, Rabobank

To be involved: Asian and European Chapters of the International Chamber of  
Commerce Trade Unions, Poverty, Environment and Gender Groups.

Others to be involved: Sustainability Rating Agencies, Pension Funds, Transnational  
Corporations

**Leading Partners:**

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**Main objectives of the Partnership/Initiative**

SIGN3- Asia is a Partnership initiative contributing to the implementation of Agenda  
21, the Millennium Declaration Targets and the World Summit on Sustainable  
Development Action Plan in particular by addressing the basic needs of the poor and  
fostering decoupling /resource productivity/cleaner production.

SIGN3-Asias central aim is to promote sustainable investments and to assist in:  
developing synergies between private capital, institutional investments and Official  
Development Assistance (ODA). Bringing the broad financial resource streams  
together is the principal of synergies, which is primarily designed to boost sustainable  
investments in Asia addressing sustainable development and resource productivity  
along the global value chain. Shouldering responsibilities between Governments,  
International Institutions, Transnational Corporation, Local Entrepreneurs will help to  
leapfrog development and reduce investments risks while addressing the specific needs

of each sector developing synergies with existing initiatives in Asia, supported by Asian Governments and interested parties, the UN the EU, USA, International Organisations, i.e., Development Banks, the OECD, Export Credit Agencies, AsRIA and a coalition of progressive business. SIGN3-Asia means Sustainable Investment Global Network for Asia. The N3 in the term echoes the need to consider the triple bottom line of sustainable development economic prosperity, social equity and environmental protection in all investment decisions. SIGN3-Asia is a not-for-profit regional network.

**SIGN3- Asia's Catalytic Role.** There are a number of initiatives aimed at promoting FDI in Asia or affecting the form it takes. No initiative has so far been identified which addresses - sustainable foreign direct investment for a whole region and which attempts to bring the main stakeholders together. SIGN3 needs to build on these initiatives and encourage synergies instead of duplicating efforts. A priority for the initial stages of SIGN 3 is to make contact with the secretariats of all these initiatives and discuss how the synergies between the various initiatives can be exploited.

SIGN3-Asia, as a Regional Network that promotes Sustainable Development, brings together existing initiatives and organisations both catalysts and doers and is building synergies between Champions of sustainable development Asian Governments, Institutional Donors, Financial and Banking community, International organisations as UN agencies and initiatives (UNEP-FI, UNEP-CP), OECD, Export Credit Agencies, NGOs, SRI Agencies, ICC Asian chapters, Experts. A new and creative Coalition of Progressive Business, including progressive Asian, European and US entrepreneurs and business associations which will help to promote new pro-poor and pro-environment policies. Local Asian Entrepreneurs, SMEs and Social Enterprises having a Sustainability/Cleaner production strategy in place. SIGN3-Asia bring the regional dimension to the implementation of UN Initiatives as SANet (UNEP-GEF), Global Compact. SIGN3-Asia, acts as a knowledge hub, for a co-development, improved access to new skills, helping to shape tripartite partnerships (public-private-civil society) and better networking.

**Please also provide a brief description of the relationship of the Partnership/Initiative with the objectives of Agenda 21 as well as relevant goals and objectives of the United Nation Millennium Declaration:**

SIGN3-Asia is in line with the Monterrey Consensus:

“We will support new public/private sector financing mechanisms, both debt and equity, for developing countries and countries with economies in transition, to benefit in particular small entrepreneurs and small and medium-size enterprises and infrastructure. These public/private initiatives could include the development of consultation mechanisms between international and regional financial organisations and national governments with the private sector in both source and recipient countries as a means to create business-enabling environments”. *The Monterrey Consensus*

**Expected results: Please provide a brief description:**

SIGN3-Asias central aim is to help bring about a paradigm change in capital flows and investments into Asian developing economies through. Its coverage is inclusive of all mechanisms by which capital transfers do take place, its core focus is on foreign direct investment (FDI) as the catalyst for change towards sustainable investment. Convergence between international trade, foreign direct investment and development aid would unlock and redirect private capital to address concerns over escalating poverty and a deteriorating environment. Since the incremental donor aid pathway appears to be eroding under the weight of global circumstances, there is a degree of urgency to harmonise activities around a trade-poverty-environment nexus to help low and middle-income countries overcome their present economic circumstances.

**Specific targets of the Partnership/Initiative and timeframe for their achievement:**

There are a number of initiatives aimed at promoting FDI in Asia or affecting the form it takes. No initiative has so far been identified which addresses the totality of sustainable foreign direct investment for a whole region and attempts to bring all the main stakeholders together. SIGN3 needs to build on these initiatives and encourage synergies instead of duplicating efforts. A priority for the initial stages of SIGN 3 is to make contact with the secretariats of all these initiatives and discuss how the synergies between the various initiatives can be exploited.

SIGN3-Asia Plan of Action A full draft 3-5 Years Work Programme is available.

Here are a few proposed actions:

**Proposed Action 1.** Work with Governments, to support initiatives to leverage FDI by ODA, create an enabling environment, market access and capacity building.

**Proposed Action 2.** Work with the Financial Sector to deploy capital at an affordable rate, targeted on small enterprise, to contribute to the implementation of Agenda 21, the Millennium targets and WSSD Action plan. In order to do the Global Forum will design an action plan which is SMART Specific, Measurable, Achievable, Realistic, Time-targeted. The Global Forum Policy Group task will fix the targets. The working groups will carry with such an overall aim and focus for their work.

**Proposed Action 3.** Work with and for SMEs to change the local financing market towards small-scale projects and private industry financing that create a more "practical" market with simpler tender procedures- and faster processing times this will also hopefully increase transparency.

**Proposed Action 4.** Work with an interested Multinational Corporations to launch a dialogue between the company and its stakeholders to develop a company sustainable development programme linked with long term investments. The programme would address issues directly related to the core business as well as indirectly such as infrastructure, social issues, education, health and care.

**Proposed Action 5.** Work with Government and Rating Agencies to support initiatives to the implementation of OECD and Export Credit Agencies (ECA's) recommendations, information sharing in support to projects in line with instruments related to environment issues developed (definition, classification, parameters, benchmarking, disclosure guidelines), technical assistance for countries lacking infrastructure.

**Coordination and Implementation mechanism Please provide a brief description of expected coordination/implementation mechanism of the Partnership/Initiative**

SIGN3-Asia Partners in order to fulfil its proposed mandate, SIGN3-Asia will mobilise the support and participation of five key categories of Partners at the highest level of the decision making process. Partners represented in SIGN3-Asia will include the stakeholders needed to strengthening financing for development:

1. Public authorities, public utilities and state-owned enterprises, governmental development agencies, investment and productivity boards, local governments, development assistance agencies, and other institutions in the public domain.
2. Financing institutions and investors, development and commercial banks, investment funds and fund managers, export credit agencies, and similar financing sources/intermediaries.
3. Private business and industry corporations, their associations/federations, chambers of commerce, and small and medium enterprises/associations in various economic sectors.
4. Important civil society representatives, such as non-governmental organisations (NGOs) engaged in grassroots development, trade unions, legislators and parliamentarians, charity trusts/foundations, and similar development-oriented interest groups.
5. Research and development organisations, training centres, academia, scientists and technology developers, rating agencies, policy think tanks, and others.

SIGN3-Asia is designed to be a two ways interactive platform between its partners and those SIGN3-Asia wants to serve: the local entrepreneurs. Champions will be those developing with the support of SIGN3-Asia entrepreneurial innovations, new forms of joint venture and eco-fair trade recognising the value added of new forms of cross fertilisation Local entrepreneurs, leading SMEs as well as organisations in the social and environmental sectors at grass root level. Will be recognised as partners and have a voting right, SMEs and other enterprises having a sustainable development/cleaner production strategy with a Business Plan registered by the Cleaner Production Centres or other accredited bodies. SIGN3-Asia will act as a platform for synergies between Organisations and existing programmes. It will facilitate dialogue between key decision-makers in the region and further afield among donor countries, bilateral and multilateral donor agencies.

In practice, the network will have:

- a) A Global Forum, acting as a policy group, for direct contact with, and high visibility in front of, Asian and European governments, civil society and development institutions;
- b) 3 Working groups for business and industry with financing institutions and the community of interested Asian and European organisations seeking to increase the value of sustainable and responsible investment in Asia;
- c) Champions: Asian Countries, Grass Roots Entrepreneurs, Transnational

Corporations, International Organisations will participate in pilot initiatives acting as proof concept.

**The Global Forum Policy Group** - established as a highly visible policy dialogue group between Asian and other interested governments, civil society and financial institutions and build an open dialogue aiming at a strategic understanding of the markets evolution, contributing to transparency, building trust, offering new opportunities as well as reducing risks both in terms of investments and reputation.

**Working Groups.** The 3 Working Groups will work on the basis of tools, toolkits and programmes already available, such as those developed by the UNEP, GEF and Development Banks.

Working Group 1. Sustainable Investment Strategy New entrepreneurial and business models are needed for bringing innovative financial solutions to address poverty and the environment; for introducing new technologies; for implementing new work and employment systems; for new commercial approaches; for effective partnership structures, for delivering sustainable development. One crucial "success-factor" for an SME is to find a foreign partner and mobilise financing including FDI. SIGN3-Asia should be designed to facilitate it.

Working Group 2. Capacity Building/ Technical Assistance The Working Group will act as a resource centre for research, information and capacity-building for the benefit of key stakeholders, with emphasis on such organisations as small and medium-scale borrowers, financing intermediaries and beneficiary communities. Promote the integration of sustainability in government rules, criteria and processes in the mobilisation of FDI, building synergies with ODA, supporting sustainable products, technologies and know-how». It will give inside information to business leaders on how to implement sustainability criteria into their investments (Asian or otherwise).

Working Group 3. Standards and Risks Evaluation Implementation is key. The Working Group will be a meeting place for exchanges between Companies, Export Credit agencies, Sustainability rating agencies, Pension Funds and Ethical Funds on Company performances. It will review the implementation of international conventions, guidelines and codes of conduct.

The proposals above have been designed on the basis of several consultation processes, which are summarised in the Vision and Concept papers as well as in the detailed reports. They were: Interviews by APDC in Bangladesh, Indonesia, Korea, Malaysia, Pakistan, Philippines, Sri Lanka and Vietnam. Interviews by UNEP-FI Indonesia, Malaysia and Thailand.

**Arrangements for funding Please describe available and/or expected sources of funding for the implementation of the Partnership/Initiative (e.g. donor government(s); international organization(s)/financial institution(s);**

**foundation(s); private sector; other major groups, etc.)**

The feasibility phase, which ended on 31 March 2002 has been supported by the European Commission (Asia EcoBest programme), the French and Danish Governments and TotalFinaElf.

The second phase: April 2002: September 2003 -will be submitted for funding to Donors including the UN Foundation, the German Ministry of the Environment.. For its third phase starting in October 2003, an application will be end 2002 to Asia ProEco and Asia-Invest, EU Programmes.

Arrangements for capacity building and technology transfer Please include information if the Partnership/Initiative provides for training, informational support, institutional strengthening and/or other capacity building measures:

According to a series of interviews facilitated by APDC in 9 Asian countries, improved access to new skills is one of the first priorities SIGN3 should focus on. Through its activities, the network would help strengthen national capabilities and capacities for:

- a) Economic leapfrogging through more efficient sustainable investment, originating domestically as well as in the form of FDI;
- b) Tackling poverty and social equity issues through a powerful mechanism combining public and private investment resources;
- c) Ensuring socio-economic development in harmony with international commitments to environmental sustainability through enlightened resource management practices and modern technological options; and providing an alternative road map showing how to redress past imbalances between the economic, equity and environmental components of development.
- d) Helping to shape public/private partnerships towards sustainable development

**Links of Partnership/Initiative with on-going sustainable development activities at the international and/or regional level (if any) Please provide a brief description:**

1. SIGN3 Asia will link with a series of UN Initiatives: Global compact UNEP Cleaner production UNEP Finance initiative SANet

2. SIGN3 Asia will also link with Programmes as Asia Pro-Eco and Asia-Invest of the European Union.

3. SIGN 3 in support to Export Credit Agencies (ECAs) move towards sustainable development SIGN3- Asia will facilitate support initiatives to the implementation of OECD recommendations, information sharing in support to projects in line with instruments related to environment issues developed (definition, classification, parameters, benchmarking, disclosure guidelines), technical assistance for countries lacking infrastructure. The draft recommendation on Common Approaches will on an informal basis be implemented and after 2 years, in the light of experience gained, improvements will be made. For the above work it would be very valuable if SIGN3-Asia could identify local environmental standards in Asia against which projects (with

official export support) could be scrutinised. SIGN3-Asia will give and direct information to the EU Council Working Group and the OECD Export Credits Group on environmental requirements that will be applied for Asian countries.

4. SIGN3 in support to the implementation of OECD and its members states conventions and guidelines SIGN3-Asia will facilitate support initiatives to the implementation of OECD guidelines and projects in line with OECD objectives: leverage FDI by ODA, share responsibilities (i) host countries to create an enabling environment, market access, capacity building (ii) embedded in corporate governance, more corporate responsibilities.

5. Strengthening Financing for development: Proposals from the private sector compiled by the UN-sanctioned Business Interlocutors.

**Monitoring Arrangements Please describe expected arrangements for monitoring of progress in the implementation of Partnerships/Initiative after it will be launched at the WSSD: (e.g. frequency/modalities of preparation of progress reports; electronic updates, news-letters, etc)**

A Governing Body will be established shared by a Minister of an APDC Member Country. It will comprise an equal number of representatives of the 5 categories of the Global Forum policy Group and Donors. The Global Forum Policy will meet once a year and discuss a Report on FDI for Sustainability in Asia which will be addressed to the UN Secretary general and the Heads of Governments of the APDC and EU Member states. The Three Working Group will have a Project Preparation Committee. Chapters might be established in Asian sub region our in APDC Member states.

**Other relevant information:**

Web-site (if available): <http://www.epe.be> <http://www.riet.org> <http://www.apo-tokyo.org>

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