

## **Session Topic: Investing in Energy and Industrial Development – challenges and opportunities**

Comments from Australia, May 4, 10:00-1:00

Investment is key to economic growth and is vital to environmental and social progress. Governments need economic, environmental and social policies that provide a framework for attracting private sector investment.

An important element of effective sustainable development policies is a government's capacity to influence the behaviour of the private sector towards responsible performance. The good governance practices which attract business investment are generally the same as those which encourage good environmental and social behaviour. Industry places a premium on stable frameworks and long-term certainty for their investments. Governments must provide consistent policies and institutions and establish functioning markets.

In Vietnam, Australia worked with the United Nations Development Programme and a range of other donors to provide support for the implementation of a new Enterprise Law which simplified establishment procedures for businesses, abolished a range of sub-licences and decreased the involvement of the state in business management. Since the law took effect, 80,000 new private enterprises have been created and approximately one million new jobs generated.

### *Datong Cleaner Environment Project*

AusAID worked with Chinese agencies in Datong to build the capacity of the local Environment Protection Bureau and Water Resources Management Office to manage environmental impacts of coal gasification operations and demonstrate the economic and environmental benefits of cleaner production at the Datong Coal Gasification Corporation Plant.

The project successfully:

- Reduced organic pollution and developed processes for resource recovery (the conversion of organic pollutants to methane for use as a fuel for domestic cooking)
- Water savings of 30% per day (up to 80% reduction is expected when new measures are implemented)
- Improved wastewater quality (that meets Chinese National Grade 1 water quality standard)
- Reduced air pollution from coal and coke dust (up to 80% when all relevant production techniques are implemented)

An incentive created by this project was the ability of the Chinese counterpart agency, the Datong Coal Gasification Corporation to patent the water treatment technology developed during the project, making it available to other coal gasification operations in China. This and other lessons learned during the project provide a model for replication throughout China of the practical application of cleaner production techniques and water saving initiatives.