

Ninth Session of the General Assembly Open Working Group on Sustainable Development Goals

**Meeting with Major Groups and other Stakeholders
UN Headquarters, CR-1 CB
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Remarks by Dr. Louise Kantrow, Permanent Representative of the International Chamber of Commerce to the UN on behalf of the Global Business Alliance (GBA) for Post-2015 for the Business and Industry Major Group

Mr. Co-Chair,

At the outset, on behalf of Business and Industry and the members of the Global Business Alliance (GBA) for Post-2015, I would like to congratulate the Co-Chairs on the conclusion of the first phase of the OWG's work. I would also like to reiterate our appreciation for the continued engagement of non-member states in the discussions. We commend your leadership and guidance and you can rely on our constituency's active and respectful engagement throughout the rest of the process.

Mr. Co-Chair,

The Focus Areas document is indeed a very good start to the second phase of the process, which in our view, reflects the environmental, social and economic dimensions in a balanced manner. As our initial impression, we believe that the document sufficiently captured the essence of the 26 thematic clusters. However, we can envision a more cohesive approach especially in addressing the interlinkages to avoid significant overlaps. As we enter the next phase of the OWG and continue the elaboration on what a possible SDGs framework might look like, business is poised to provide assistance with respect to the consolidation and rationalization of these focus areas, while at the same time identifying what is missing in terms of emphasis and direction.

Today, I will share Business and Industry's preliminary general reactions which will also be posted online with an annex that provides specific points to a number of Focus Areas. A few printed copies are also available for the delegates in the room.

PRIVATE SECTOR

Mr. Co-Chair,

We have listened very carefully to the sentiments expressed by the member states as well as our colleagues from the major groups and other stakeholders. Business and Industry recognizes that many of the key challenges that are being discussed in this room relate to the effects of economic activity, a primary function of business in society. In 2000 when the Millennium Declaration was signed by 189 Member states, it was not well understood how the private sector would contribute to the achievement of the Millennium Development Goals. Now almost fifteen years later, member states recognize the major role business has played in achieving the MDGs and the critical role it will play in implementing the Post-2015 Development Agenda. The question of what the "private sector" is has also been raised repeatedly throughout the deliberations. The "private" sector is a broad term that encompasses a

range of diverse actors. It covers both formal and informal enterprise, social, micro, small, medium, and large enterprises, local and global enterprise, private financial institutions, as well as business associations, including women's business associations.¹

As such, the current references to business in the Focus Areas document are frequently simplistic, sometimes prescriptive and oriented mainly to industrial activity. Business is a very diverse grouping, made up of enterprises of all sectors, sizes and nationalities. They include many types of industrial activity, but also financial, agricultural, tourism, service providers and numerous other important economic sectors. This is important to note because there are other business models and structures that need to be brought into this conversation. They all will be critical contributors to moving the Post-2015 development agenda forward. Ultimately, a substantive role for business as a partner and solutions provider should be reflected in each SDG.

GENERAL COMMENTS

Overall, the Focus Areas document is well written and covers many important aspects, however, it could be further improved by consolidation and further elaboration of specific areas. A streamlined and prioritized set of SDGs would facilitate a cost-effective deployment of public and private sector resources to the most pressing challenges. The following are areas that we feel should be incorporated more broadly across the different proposed goals:

Governance and Enabling Environment

The word "governance" appears only once in the entire text (under Focus Area 6 "Water and sanitation"), while the attributes of good governance are mentioned under Focus Area 19 "Peaceful and non-violent societies, capable institutions." Given the importance of good governance to all SDGs, we feel that this narrow emphasis is insufficient.

At all levels – domestic markets, foreign investment and international trade – business requires enabling frameworks and good governance which are a critical pre-conditions to unlock the full potential of private enterprise and open markets in a way that can promote economic growth, environmental protection and social development.

Business would like to emphasize the importance of developing national policies and institutions that will lead to good governance, economic growth, environmental protection and social progress while recognizing that each nation will need to assess where it is now, where it wants to be in the future and how it will get there.

Rule of Law

"Rule of Law" is another pre-requisite for sustainable development. However, the document only mentions it twice under Focus Areas 17 (Ecosystems and Biodiversity) and 19 (Peaceful and non-violent societies, capable institutions).

¹ A joint Statement for endorsement by representatives from the public and the private sectors at the Fourth High-Level Forum on Aid Effectiveness

A functional legal system is not only key in building economic foundations, it is also crucial in safeguarding democratic values. Without an integrated system of institutions that create order and facilitate daily transactions of all types – from traffic flow to business contracts – true rule of law and true democratic governance are lacking. The basic responsibilities of business are set out in the legal frameworks of the states within which they have activities, and include compliance with laws relating to labor rights and environmental protection at a minimum.

Informal Sector

Another issue that could use additional emphasis is the informal sector, which in many developing countries constitutes large segments of the economy and the majority of the population. Currently the need to encourage transition from informal to formal sector is only mentioned under Focus Area 11 “Employment and decent work for all.” However, informal sector is not just a labor problem. There are many entrepreneurs in the informal sector who cannot enter the formal economy because the barriers to entry are too high. That is a structural problem that could be elaborated under Focus Area 8 “Economic Growth.”

MEANS OF IMPLEMENTATION

Business believes that the means of implementation (MOI) will be integral to the success of the every SDG and the private sector will play an important role in effectively carrying out the agreed upon goals at the global and especially local levels. During the first phase of the OWG, the Co-Chairs explicitly indicated that MOI should be incorporated in the discussion of every thematic area. Business is of the view that MOI should be not be treated as a goal but as a cross-cutting issue that should be in place for every goal and target.

On the issue of financing, in the context of MOI, we should not neglect the area of domestic resource mobilization which will be the primary source of financing. Furthermore, future guarantees provided by official donors’ guarantees within the ODA definition will be important in bridging the gap between the investment needs of developing countries and the scarce development finance resources available. This recognition would allow limited ODA resources to leverage private financing, and ODA donors would be able to maintain or even increase their current ODA performance without substantial budget implications.

CONSOLIDATION OF FOCUS AREAS

In closely reviewing the 19 Focus Areas, the following have common permutations and business could envision the following possible groupings to provide cohesion and avoid overlaps:

- Focus areas 1 (Poverty eradication), 8 (Economic growth); 11 (Employment and decent work for all; and 18 (Means of Implementation)
- Focus areas 5 (Gender equality and women’s empowerment) and 12 (Promoting equality)
- Focus areas 16 (Marine resources, oceans and seas) and 17 (Ecosystems and biodiversity)

Mr. Co-Chair,

Businesses are enthusiastic about playing a role in expanding productive capacity and being part of structural transformation worldwide, for creating and disseminating sustainable technologies, and for the precepts of poverty eradication and spread of prosperity. These are among the many areas where the interests of businesses, whether multinationals or SMEs, overlap with those of Governments and with the principles of the United Nations. Businesses can supplement efforts of Governments in difficult areas without usurping their authority or recognized purview, and help to bring social concerns into balance with economic and environmental.

Business will continue to engage respectfully and openly with communities, governments and other stakeholders around the world in pursuit of the of sustainable development objectives. On behalf Business and Industry Major Group, the Global Business Alliance for Post-2015 looks forward to bringing the vast real world experience of its business members to this effort.

Thank you Mr. Co-Chair.

Annex 1

Business and Industry Reflections on the 19 Focus Areas Prepared by the Global Business Alliance (GBA) for Post-2015

Ninth Session of the Open Working Group on SDGs New York, March 2014

Focus area 2. Food security and nutrition

- The language on "conserving plant and animal genetic resources" should be changed to reflect current obligations under the International Treaty on Plant Genetic Resources for Food and Agriculture: "conserving and preserving access to plant and animal genetic resources."

Focus area 8. Economic Growth

- There need to be opportunities for private enterprise to engage with all sectors for the evaluation of existing and the creation of new regulatory frameworks to unlock the full potential of private enterprise and open markets in a way that can promote economic growth, environmental protection and social development. There should be further emphasis for bold structural reforms of product and labor markets where appropriate, in close consultation with the private sector and other stakeholders.

Focus area 10. Infrastructure

- For the transport industry, achieving sustainable development translates into the challenge of satisfying market demands at the lowest economic, social and environmental cost possible, notably by achieving better rather than more transport, in developing and industrialized countries.
- One critical issue which should be advanced to achieve more sustainable economic development is to promote regional integration of the national economies.
- Two basic freedoms of the UN Charter – movement of goods and people in a global economy – cannot be achieved without sophisticated transportation network based on latest innovations and technologies. Existing regulatory hurdles – from outdated visa requirements to unharmonized border-crossing procedures – still represent major impediment and slow down development of exchanges in economic, social and humanitarian area.

Focus area 11. Employment and decent work for all

- Business stresses the importance of increasing people's employability (linked closely to education), and enabling labor market conditions with emphasis on flexibility to encourage greater job creation.
- It is important to carefully consider what is meant by "decent work" and "decent wages."
- Tackling informality should be a priority on this focus area.

Focus area 12. Promoting equality

- Business recognizes that the text stressed equality of opportunities, rather than equality of outcomes. This distinction is very important and we encourage that the language be maintained throughout the process, and should link closely to the need for structural reforms.

Focus area 14. Sustainable Consumption and Production

- Business believes that efforts need to be made to transition to safer chemical use as guided by the best science. The language on agricultural chemicals, "eliminating use of toxic chemicals", should be changed to be consistent with the language in Focus area 14: "sound management of chemicals and hazardous materials in accordance with agreed frameworks".
- The current focus areas, especially on SCPs, make little or no mention of the technological and practical innovations that will be needed to meet growing populations' demands and aspirations while reducing environmental impacts. Business believes that there should be more emphasis on the need for management and technological change and what can enable this dynamic, supported by R&D and public private collaboration to support cleaner and more affordable options to make a difference in developing AND developed countries.

Focus area 18. Means of implementation

- Business believes that developing the appropriate market and non-market forces in a way that will promote the real implementation of SDGs should be an utmost priority. Integrating it in the global economy and other global regimes to ensure that the SDGs are not marginalized 'stand alone' entities.

Annex 2

Major Group Observations on Focus Area 8: Economic Growth

Prepared consultatively by: Business and Industry, Scientific and Technological Community, Local Authorities

Economic growth and economic empowerment encompass a wide range of issues that are important in achieving the SDGs, including enterprise creation, job growth and the role of Small-Medium Enterprises (SMEs), gender equality and women's empowerment, youth and education. Building on a strong domestic foundation of enabling frameworks and good governance, countries should pursue economic growth and economic empowerment and leverage opportunities in the international market place.

While it is true that growth does not guarantee development, there can be no economic development without sustained and inclusive economic growth as the core of sustainable development, providing equality of opportunity for all. The necessary pre-condition to economic growth is economic empowerment: citizens must have legal identity, the right to own land, democracy, the rule of law, the protection of property rights, effective anti-corruption policies, independent courts, free speech, individual liberty, freedom from discrimination, and freedom from arbitrary government action. In order to create this environment, local governance and local accountable institutions will be key. Furthermore it is critical to take the informal sector to the formal, and in so doing, make additional resources available to governments, entrepreneurs and to society as a whole.

Promoting responsible entrepreneurship and developing inclusive business models that incorporate low-income populations into the supply, production, distribution, and/or marketing networks, developing countries can increase access to goods, services, and create new sources of income for low-income communities. Responsible, long-term oriented entrepreneurship is the driving force for sustainable economic development and for providing the managerial, technical and financial resources needed to meet social and environmental challenges.

Small and medium size enterprises (SMEs) serve as channels for integrating impoverished segments of the population into the marketplace. Given their local involvement and ties, SMEs are essential in implementing concrete solutions to local social innovations. Dialogue and collaborations should include SMEs and consider how they can leverage growing market share by introducing their innovations in the value chain.

Women's entrepreneurship constitutes an important untapped source of economic growth. While there is considerable evidence of success in the integration of women in society, the issue of the economic empowerment of women remains critical and much more needs to be done. Gender equality is not only a human rights, or a legal and regulatory issue, it is also an economic issue.

As the majority of poor people now reside in middle income countries, the Post-2015 Development Agenda will have to address not only national but also local issues, including the consequence of a rapidly growing urbanization such as slum development. We would also like to emphasize that the 21st century is the century of urbanization. Urban areas - and regions as a whole - have to become more resource efficient. Beyond that, cities have plenty of potential to become more productive systems. Energy, water, food and materials increasingly are and can still be further produced and reused within urban areas. Today, approximately 50% of the world's population is under 27 years old and living in

urban areas. The youth is an invaluable resource for development and is critical to the transformation of the global social, economic and political landscape. Policy, regulatory and legal structures that promote investment, foster entrepreneurship and stimulate innovation are critical to ensure the success of young entrepreneurs.

With an expected rise in global population from 6.5 to 8 billion, a 50% increase in energy demand and a doubling of economic output in the next 25 years, it is critically important to marshal the necessary technological resources to address sustainability challenges and increase the pace of technological innovation, cooperation and dissemination required for the transition to a more sustainable and inclusive economy.

The technology challenge is not limited to “hardware,” but should be understood to include the related management systems and the know-how and expertise to operate industrial activities in the most energy efficient way. The provision of services, skills and associated technologies to operate and maintain new technologies is essential to ensure their long term sustainability.

The availability of economically feasible options to address global challenges – including health, the environment, and food security – will depend on the development, commercialization and widespread dissemination of effective existing technologies and new, currently non-commercial technologies. The private sector has been, and will continue to be, responsible for the vast majority of innovation, investments and the development and diffusion of new and improved technologies that will be essential to meet these challenges. However, business does not do this in isolation and forms partnerships with governments, academic and other science/research organizations to leverage resources and benefits.

As new technology projects move from research and development towards commercialization, investments to bear the scaled-up risks are often lacking. The challenge is to recognize when such technologies have the potential to become commercial after overcoming startup barriers, and when they are in fact not viable. National circumstances where the investment is to take place are a critical factor, as are infrastructure, regulatory frameworks and permitting requirements and investment incentives. Much of this R&D is long-term in nature and therefore requires a collaborative approach. A basket of policy options which address the various stages of technology maturities as well as national circumstances will have to be developed. Business supports global initiatives where public and private sector participants jointly fund and guide the research.

Collaboration between business, local authorities, science and technological community, government and other stakeholders, especially through public-private partnerships, has succeeded in furthering the objectives of poverty reduction and sustainable development. Ultimately, success will depend on the willingness and capacity of governments to create and implement the appropriate policy frameworks, and to pursue partnerships with business and other stakeholder groups.