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## AT THE POST-2015 SUSTAINABILITY CROSSROADS: TOO VITAL TO FAIL, AVOIDING TOO COMPLICATED TO SUCCEED: BUSINESS PERSPECTIVES AND PRIORITIES

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### Summary

*Because businesses operate in globalized markets and look for common practices and approaches wherever possible, the private sector sees a strong case for the pursuit of sustainability through coordinated and prioritized international efforts in the UN. The UN can also provide a space for partnerships and multi-stakeholder discussions, as UNEP has already demonstrated in its Clean Air and Climate Coalition (CCAC) initiative for climate change, in its Green Economy Initiative and Partnership for Action for Green Economy (GEI PAGE) and elsewhere.*

*Business considers itself a common denominator uniting many aspects of sustainability so important to society today, whether addressing climate change, furthering economic growth and empowerment, creating jobs and livelihoods and developing and deploying cleaner products and technologies around the world. The private sector has a long working relationship with UNEP, and looks to UNEP as a leadership institution setting agendas for policymakers, crafting strong environmental standards and norms, and catalyzing implementation and partnerships.*

A UNEP publication series that presents views from Major Groups and Stakeholders of Civil Society or about issues that are relevant for them. PERSPECTIVES is coordinated by UNEP's Major Groups and Stakeholders Branch. The presented views are entirely those of the authors and do not necessarily reflect the views of UNEP.

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*Recognizing that the scale of sustainability and climate challenges will require action and resources not just from governments but also the private sector, what themes will benefit most from business involvement, and where can the private sector engage to inform these interlocking debates? What does business see as UNEP's role in advancing sustainability and promoting sustainable consumption and production, including in partnership with the private sector.*

*This paper will provide business perspectives on the convergence of the UN Post- 2015 Development Agenda, the UN climate change negotiations and UNEP's strengthened role as the central UN environmental agency.*

## Introduction

Since 2012's World Summit for Sustainable Development, the United Nations has combined a number of related international deliberations into an ambitious initiative to frame a new UN Post-2015 Development Agenda. This organization-wide effort will establish an internationally endorsed framework for inclusive economic, social and environmental progress, with new global Sustainable Development Goals (SDGs) as its centerpiece, to be completed in 2015.

While this is no easy task by itself, the international community has set itself not one but two challenging deadlines in 2015. In addition and concurrently, the UN Framework Convention on Climate Change is slated to complete a new global climate agreement in Paris at the 21st Conference of the Parties in Paris at the end of next year.

There are strong champions for these important sustainability discussions among governments, business and non-governmental organizations; many hope that after decades of deliberation and effort, the international community will finally succeed in a broadly agreed and practical blueprint for sustainability in all countries. Yet these related efforts have faced questions about coordination and redundancy, not to mention political hurdles. Even strong supporters, including those from the business community, raise questions about the efficiency of these multiple and seemingly similar parallel efforts.

The world is watching. Sustainability challenges are daunting – addressing poverty, meeting the needs and aspirations of growing populations and planning for climate and other environmental challenges. Clearly, the UN system and the global community are approaching a crossroads for multilateralism and sustainability, and institutional credibility is on the line. Like others, the business community is concerned that these efforts are too vital to fail, yet are on the dangerous cusp of becoming too complicated to succeed. What can business do, and where does UNEP figure in this global effort?

Business values the multilateral system and to a substantial degree depends on it to succeed in sustainable development. My organization, the United States Council for International Business (USCIB)<sup>2</sup>, views sustainable development as comprising inclusive economic growth and rules-based multilateral trade, economic empowerment, environmental stewardship and the conditions for job creation, innovation and investment – the UN plays a vital role in these areas.

At the heart of the linked development and climate change deliberations, business sees an opportunity to reframe and inform the discussions to reflect and respond to both the wide spectrum of economic circumstances of developing countries and the important contribution of private sector investment and commercial activity to poverty eradication and sustainable

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<sup>2</sup> [Http://www.uscib.org](http://www.uscib.org)



livelihoods. The consideration of new partnerships and enabling frameworks to leverage private-sector knowhow, financial resources and technologies will figure prominently in the Post-2015 Development Agenda discussions and other related deliberations.

UN institutional boundaries between climate, sustainable development, etc. that preoccupy multilateral bodies are not “visible” to business – the United Nations is one system which business and the private sector expect to work in a coordinated and consistent way in the global marketplace where we work and do business. Business looks to UNEP to be part of the coordinated and consistent integrated UN system that is building this new framework of development and climate change policy.

Business is a very diverse grouping, made up of enterprises of all sectors, sizes and nationalities. This diversity is a resource of solutions as broad as the SDGs themselves. Businesses from developed and developing economies alike are having profound, positive impact on sustainability through employment creation, training and education, supply chain linkages and the provision of life-enhancing goods and services – all of which are strongly correlated to improved standards of living and broad-based development.

Much of the attention in the UN Post-2015 Development Agenda has been on promoting accountability of the business community and partnerships in which business is active. While business already pursues transparency in many forms, whether in response to regulatory requirements, or as part of their interaction with investors, employees, customers and other stakeholders, business believes the challenge of engendering and increasing good practices must be fostered at every step of business activity, not only at the final stage of reporting out. Enlisting the strong capabilities of its Division for Trade, Industry and Economics in Paris, UNEP could add even more to the discussion of what incentivizes and supports business achievement and communications as it perceives opportunities and new markets in greening growth and trade. The opportunities for competitiveness, lowering costs and reaching more customers are real and should be harnessed to drive private sector involvement in sustainable consumption and production and other key areas.

Private sector-led growth is essential to building the strong, sustainable and inclusive growth that is needed in developing countries. Beyond the important functions of private philanthropy and corporate social responsibility, business has to be regarded and involved as a key partner in development in myriad ways: investment for greener economic growth and development through establishing new enterprises and thereby creating greener jobs, advancing management systems and skills for environmental protection and efficiency, providing greener goods and services, generating income and profits, and contributing to public revenues.

For business, this major double sustainable development and climate policy outcome is an opportunity to engage the practical problem-solving mindset of business and to seek incentives that motivate business positively. To head off potential problems at the pass, more could and should be done to consult and facilitate across related sustainability processes so that they are more than the sum of their parts, to catalyze business resources and knowhow. Business sees itself as an important part of the “connective tissue” that can and should bring the climate and SDG efforts together successfully.



## SETTING PRIORITIES FOR THE UN POST 2015 DEVELOPMENT AGENDA: EYES ON THE PRIZE

The United Nations followed an inclusive consultative approach to the Rio+20 and follow-up discussions, reaching out to and inviting comments from a wide range of interest groups and stakeholders. As the number of proposed SDGs went from dozens to just 17, the OWG SDGs received, assimilated and distilled thousands of pages of comments from the general public and held regular dialogues with representatives of many societal partners.

This is praiseworthy, and a marked contrast from the relatively non-transparent approach to the previous Millennium Development Goals. But there is a danger of overwhelming the political capabilities and resources of even the wealthiest governments. Certainly for business, too many targets could be as difficult as no targets at all. The main message from business could be summarized as follows: let's keep our eyes on the prize by prioritizing actions and resources.

It is for this reason that USCIB members have distilled the many issues and cross-cutting considerations down to 4 key areas where business both expects government to target their actions, and where the private sector has more work to do.

### 1. Economic Growth and Empowerment; Keys to Inclusive Sustainable Development

Each country needs to commit to promoting economic growth, opportunity and empowerment. 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 marketplace. Therefore the SDGs should be meaningful at national and international levels with a strong emphasis on economic growth and job creation.

Sustainable enterprises and entrepreneurial zeal are the foundations of future growth and development. Improving their productivity, capacity to innovate, consolidate, grow, expand and employ will be at the heart of resilience to future economic downturns and achieving sustainable development. International organisations, national and regional governments and businesses themselves must deliver a better and more reliable environment for doing business worldwide, which will build on:

- a stable macroeconomic and regulatory environment, supported by sound fiscal and economic policies
- reviewing regulation affecting business to ensure it creates an enabling environment for doing business and has a pro-employment impact whilst also meeting its regulatory purpose
- reforming regulations to redress legal and administrative barriers to formalisation
- better facilitating and supporting the registration and early stage growth of new businesses, including providing access to credit and financial support, often at the micro level
- providing sound, open and transparent government, free from corruption and inefficiency, which strives to make investment and partnership opportunities accessible to all but particularly to new, smaller businesses
- protecting property rights and the rule of law and ensuring efficient law enforcement systems
- embracing an inclusive and open society, with equal opportunities for all
- addressing informality in its economic and civic aspects



Small and medium size enterprises (SMEs) serve as important 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.

Building a sustainable economy will require huge investments in cleaner, more efficient, lower-carbon technologies such as advanced power plants of all types, smart grids, energy efficient manufacturing, equipment, appliances, buildings and transport. Having the right investment framework in place should be recognized as an overarching priority for green and inclusive growth.

Greening investment and other aspects of “greener” economic policy has to work within globalized markets and trade, and we must avoid the temptation to pursue unilateral measures that all too often become trade barriers or distort markets. There are many examples of sub-optimal outcomes when governments pursue industrial policy through politically appealing efforts to pick technology winners and losers, create jobs and protect domestic industries.

Open international trade and investment are important fundamentals and key drivers for achieving global economic growth that is environmentally and socially sustainable, increasing economic welfare in the long run. Instead of unilateral approaches, business encourages governments to work within established international and multilateral cooperative mechanisms.

One example is the current discussions under the WTO of an Environmental Goods Agreement, for which we have great expectations to promote broader deployment of technologies and knowhow so important to transboundary environmental and sustainability challenges. Another is in the UNFCCC, where a Climate Technology Center and Network (CTCN) and a Green Climate Fund (GCF) are taking the first steps to support and catalyze more private sector investment for greener technologies and infrastructure.

## 2. Good Governance and Rule of Law

Countries that have accountable institutions and enabling conditions in place, including the close involvement of the private sector in meaningful ways, will see the most gains in achieving the SDGs’ targets. Business needs clarity in the development of rules based on reason and science, in the enforcement of rules based on fairness, and in resolution of disputes based on justice.

A functional legal system is not only key in building economic foundations and democratic values, it is the starting point for environmental stewardship and regulations. 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, environmental rules cannot be enforced and sustainability is thereby hampered.

Public and private sectors alike must battle corruption as the commitment to accountability and transparency inherent in good governance. One major policy gap related to greener inclusive economic activity is in addressing informality. USCIB has identified the need to provide individuals with civic and economic identity (birth certificates, right and title to property, etc.) as a critical factor to empowering them to start and grow businesses and leverage their resources as a pathway out of poverty.



### 3. Innovation: Evolving and Deploying Sustainability Solutions

Innovation is a “must” for addressing long-term, global challenges and advancing on a path to greener growth as envisioned in the Post-2015 Development Agenda. Without the right enabling framework for innovation and its deployment, society will not be able to tackle climate or other sustainability challenges that depend on new technologies and knowhow.

While business plays a key role in this area, governments need to provide frameworks to support research and development and the successful commercialization of promising technologies. One key element of such a policy framework should be a high-quality system for intellectual property rights (IPR) including effective implementation, which is essential for the development and diffusion of both new and existing technologies. IPR provides the bedrock foundation that underpins business commitment to risky, long-term, costly, fundamental and applied research essential to ongoing improvements in existing technologies and to the creation of advanced technologies.

Enterprises and entrepreneurs need support in improving productivity, innovation and competitiveness from governments, international organizations and the private sector to:

- increase access to technology and foster a culture of innovation
- stimulate productivity which can be enhanced by higher value-added products and diversifying economies
- promote a culture of productivity and quality, as well as a shared vision among employers, workers and governments of the benefits such a culture brings to society
- promote opportunities for shared experiences and mutual learning between businesses
- planting the seeds of entrepreneurship at an early age, particularly at school

Business thrives and is best able to innovate when it understands current rules and standards and has a sense of what changes may occur in the future in order to innovate, grow and create jobs to solve the challenges posed by its customers’ needs and preferences and the economic priorities of local, regional and national governments.

### 4. Infrastructure for Sustainability: Smart, Resilient, Inclusive

Infrastructure is a fundamental consideration for businesses of all sizes and sectors seeking to promote and contribute to sustainable development, and is specifically referenced in the proposed SDGs. Infrastructure is not just about physical assets (e.g., roads and bridges), but also about sustainable solutions for the delivery of reliable energy, clean water, communications, logistics and mobility and human infrastructure needs, such as access to education and healthcare. Addressing infrastructure needs is critical to the poverty reduction and sustainability outcomes envisioned in the UN Post-2015 Development Agenda, and businesses across all sectors are essential partners in this global effort and need essential infrastructure to expedite development.

The UN Post-2015 Development Agenda should regard infrastructure across a wide horizon: sustainable solutions for the delivery of reliable energy, clean water, communications, logistics and mobility. Mature economies face the challenge of maintaining and modernizing critical infrastructures whereas developing and emerging economies continue to grapple with planning infrastructure to deliver basic human needs. Underlying these issues is the challenge of smarter decisions, better design and construction, innovative financing, and involving the private sector as part of the solution.





While infrastructure has traditionally been viewed as primarily a public sector activity, the business and global development case for infrastructure has evolved and converged overtime around enhancing access to limited resources and opportunities. Infrastructure development requires enhanced cooperation and partnerships at the local, national and global levels around stakeholder governance, flexible financing, appropriate policies, access to knowledge and innovations, and capacity building.

## Conclusions: UNEP Working with Business To Bridge and Mobilize

Where does UNEP enter this picture? UNEP is a unique UN body, situated at the confluence of business and other stakeholders, involved in agenda setting, policy design and implementation. The UNEP UN Environment Assembly (UNEA) has begun to break a new path and political will for a stronger environmental component in all sustainability activities; the international community will surely look to UNEP to elaborate sustainable consumption and production, biodiversity, air, water and environmental health considerations in the UN Post-2015 Development Agenda. In many of these areas, UNEP has reached out to involve business representatives in actionable initiatives. Moreover, as UNEP seeks to upgrade its Policy for Stakeholder Engagement, it should include business as among the important stakeholders that must work with governments going forward, and consider the unique ways that business can contribute and inform the processes going forward.

During the development of the UN Millennium Development Goals (MDGs) in 2000, there was scant consultation with business, and the role of the private sector was seen as one of philanthropy and corporate social responsibility. Today, the understanding of private sector resources has advanced significantly, yet we still look for more opportunities to be part of the conversation and implementation of the UN Post-2015 Development Agenda.

Looking ahead, USCIB will continue to take a practical approach, seeking to inform international climate and sustainability discussions by:

- highlighting areas where business experience and capability can make positive contributions, such as research, finance, innovation, diffusion of technology and development of improved business models and management systems.
- indicating issues of concern to business and matters where dialogue could promote improved understanding of business approaches, for example, in treatment of intellectual property, corporate reporting, employment and the role of business in society.
- suggesting substantive opportunities to share its practical knowhow and experience as part of the new UN Post 2015 Development Agenda and Paris climate agreement.

Ultimately, a substantive role for business as a partner and solutions provider should be reflected in each SDG. We hope this will also be the case in the UNFCCC Post-2015 Paris agreement and a fundamental element in UNEP's and UNEA's work toward 2015 and beyond. Business is a willing partner and unquestionably part of the "connective tissue" that can and must link, prioritize and resource these related efforts in practical and concrete ways, if they are to succeed.



## About USCIB:

The United States Council for International Business advances the global interests of American business both at home and abroad. It is the American affiliate of the International Chamber of Commerce (ICC), the Business and Industry Advisory Committee (BIAC) to the OECD, and the International Organisation of Employers (IOE). As such, it officially represents U.S. business positions both in the main intergovernmental bodies and vis-à-vis foreign business communities and their governments.

USCIB addresses a broad range of policy issues with the objective of promoting an open system of world trade, finance and investment in which business can flourish and contribute to economic growth, human welfare and protection of the environment. It promotes open markets, competitiveness and innovation, sustainable development and corporate responsibility, supported by international engagement and regulatory coherence.

USCIB has participated in the Rio sustainability deliberations and meetings since 1992, the UNFCCC, the UN DESA and OWG SDG discussions and in UNEP's meetings in Nairobi and Paris.

### The Global Business Alliance for Post 2015

The Global Business Alliance for Post-2015 is a diverse group of major multisectoral and sectoral business groups that offers a broad range of approaches, expertise and perspectives to strengthen and inform the U.N. Post 2015 Development Agenda deliberations at every step of the way.

Facilitated by the International Chamber of Commerce (ICC), the Alliance includes the U.N. Global Compact, the International Organisation of Employers (IOE), the Business and Industry Advisory Committee to the OECD (BIAC) and several others.

While representing diverse perspectives, GBA is united in its willingness to help inform, support and carry out the UN's critical Post-2015 Development Agenda.

GBA Member organizations include:

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| · American Sustainable Business Council                       | · International Council on Mining and Metals (ICMM)                               |
| · Aquafed   | · International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) |
| · Business Action for Africa                                  | · International Fertilizer Industry Association (IFA)                             |
| · Business and Industry Advisory Committee to the OECD (BIAC) | · International Organization of Employers   |
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