



14 June 2010

INFORMAL INTERACTIVE HEARINGS OF THE GENERAL ASSEMBLY WITH NON-GOVERNMENTAL ORGANIZATIONS, CIVIL SOCIETY ORGANIZATIONS AND THE PRIVATE SECTOR**UNITED NATIONS HEADQUARTERS,
NEW YORK 14-15 JUNE 2010****PRESENTATION BY MARIE GAD
VICE-CHAIR OF BUSINESSEUROPE'S DEVELOPMENT POLICY GROUP****INTRODUCTION**

BUSINESSEUROPE would like to express its gratitude for this opportunity to deliver a contribution at the Informal Interactive Hearings of the General Assembly. We believe there is great value in bringing together actors from civil society and the private sector in order to share experiences and ideas that will help to accelerate progress towards reaching all the Millennium Development Goals (MDGs) in all countries and regions before 2015.

The progress reports tell us that some progress has been made, but that we still have a long way to go. With only five years left until the 2015 deadline, we must join forces and engage all stakeholders on this journey.

The private sector generates jobs and income through the production of products and services for the local and global market place. In doing this, companies around the world – micro, small, medium sized and large enterprises – each make their own individual contributions to fighting poverty. BUSINESSEUROPE believes, however, that the potential for business in contributing to reaching the MDGs has not been developed fully. We therefore appreciate this opportunity to present our recommendations and would like to offer our continued collaboration on achieving these important goals.

THE PRIVATE SECTOR AS AN ENGINE FOR DEVELOPMENT

The important initiative Business Call to Action has highlighted some of the very concrete efforts made by different companies around the world to contribute to reaching the MDGs. The results of these actions highlight the real impact that the private sector may have on the lives of the poor. More and more companies are becoming active in the area of corporate social responsibility (CSR), ensuring a focus



on decent work throughout their supply chains, creating entrepreneurship opportunities and partnering with local communities and other stakeholders to deliver various services.

These efforts hold great value, and business should continue to strive for sustainability. However, if we are to reap the real benefits of business on development, we must move beyond CSR. It is said that the business of business is business. However, if we can make development the business of business, a whole new world of opportunity opens up.

This requires a vast change of mindset both in the business community, civil society and among donors. The business community have with some exceptions not realized the magnitude of business opportunities in the poorest countries, often because they mainly see and hear bad news about these countries in the media. Civil society and donors need to see companies not just as companies but as suppliers of development effects.

NEW TECHNOLOGIES, NEW SOLUTIONS, NEW MODELS

Traditionally, companies have supplied development effects by creating jobs and income, transferring knowledge and technology, and investing in infrastructure. However, a new area is emerging within corporate social innovation for the Base of the Pyramid. This means that companies are focusing research and development efforts on developing new solutions for the poor that often relate directly to one or more MDGs. Let me give you one example:

Grundfos Lifelink is the subsidiary of one of the world's leading pump manufacturers, and decided a couple of years ago to use its knowledge and technology to improve access to safe water in rural areas in developing countries. The result is an innovative technology combined with an innovative business model, which has the potential to improve access to safe water in rural communities enormously.

The pump is connected to a solar panel and a payment system in an integrated solution. The system is installed in a village, which now has access to safe water without walking long distances. The villagers pay for the water they consume over mobile banking. This payment goes towards paying back the system, and paying for a service and maintenance solution. Once the system has paid for itself, the remaining profits are the property of the community.

The experiences so far are good. The villagers are satisfied with the system, they find that they are less ill, and especially the women spend less time on getting water as the system is close. The potential for scaling up is vast as it is not financed by grant money, but by patient capital that will be paid back over time.

There are unfortunately a vast number of companies that never get this far, because companies run into a number of very real barriers, especially in terms of financing. Both commercial and political risk is perceived by banks as being very high on these types of projects, and the time frame for break-even is often long. Furthermore, companies



typically cannot access traditional development finance sources. Our experience is that some large companies will carry out their project using their own resources, while small and medium sized companies are often discouraged and give up the idea. Just imagine all the solutions, which could help achieve some of the MDGs that are just lying around in desk drawers.

Recommendations:

- Increase focus on business opportunities in developing countries to attract attention and investments
- Increase efforts to reduce political and commercial risk by fighting corruption, removing barriers to trade, improving access to skilled labour, and building infrastructure.
- Work with banks and other financial institutions to develop financial instruments for commercially viable projects with high social and environmental returns.

ECONOMIC EMPOWERMENT OF WOMEN

When we look at MDG3, social and reproductive rights for women as well as other health issues are of course very important. However, we must not forget the enormous potential for development – in relation to all the MDGs – that lies in giving women the opportunity to open their own business or otherwise take part in economic activities.

In 2006 “The Economist” pointed out that the increased employment of women in developed economies has contributed more to global growth than China over the past decade. Furthermore, there is a clear correlation between the female-to-male ratio in economic activities and the number of people living in poverty. Countries with higher levels of female participation in the labour market have thus not only achieved higher income levels, they have also managed to reduce the number of people living below the poverty line.

This resonates with the finding that under-investing in women limits productivity and savings and, thus, poverty reduction and economic growth. Growing the number of female entrepreneurs and managers has a powerful multiplier effect, which results in healthier, better educated families and, ultimately, greater economic growth and poverty reduction.

A number of things can be done to support female entrepreneurs and business leaders, especially in terms of providing access to the same resources as their male counterparts, especially in terms of access to credit. However, the business environment also provides more obstacles for women than for men. Evidence from the World Bank shows that more women are likely to be formally engaged in entrepreneurship where the ease of doing business is greater. The more difficult the business environment, the fewer female entrepreneurs.

This is especially true in the instances where women have to come in contact with the authorities. In Uganda, for example, women surveyed are more likely to report “interference” with their business by the public authorities, by asking for bribes, for



example. The implication of this is that the more we can reduce businesses contact with public authorities, the better it will be for the women. When a municipality piloted a streamlined approval process, time spent was reduced by 90% and compliance costs by 75%, while revenue collection improved by 40%. First-time business registrations shot up, and the increase was 33% higher for women than for men.

Recommendations:

- Remove judicial obstacles for female entrepreneurs and business leaders (e.g. access to land and credit)
- Improve the business environment with a special focus on the barriers that provide the main obstacles for female entrepreneurs and business leaders

I would like to end this presentation by encouraging all those present to consider how the resources and competencies of the private sector can be used to a larger extent to help achieve the MDGs. Thank you for your attention.
