

## **MINISTERIAL POLICY DIALOGUE ON MEANS OF IMPLEMENTATION: BRIDGING THE GAP**

### **PRIVATE SECTOR PERSPECTIVE**

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#### **Means of implementation: Bridging the Gap**

To the private sector, means of implementation for attaining green economy implies much more than availability of financial resources, technology and an acceptable global institutional framework. Means of implementation is critically dependent on bridging critical gaps that exist between public and private sector.

For the private sector, including business and industry, being able to effectively contribute to a successful transformation to green economy and poverty alleviation, the right environment in countries we operate is critical. At the same time, we the private sector, while acknowledging that there are gaps within the public that need to be closed for us to make our contribution, we know that there are gaps within the private sector that need to be equally addressed.

In order to successfully address and bridge those gaps, we need to assess the milestones we have reached since 1992. When doing that, we do acknowledge that some aspects of the gaps that we identified back then, are much wider now than 1992. In some cases it may not even be fair to be talking of Rio +20 as the gaps involved look like we have moved back twenty years, a Rio – 20 scenario.

Recognizing these deficiencies, business is determined to do its part, and hence the initiatives like Business Action for Sustainable Development, BASD.

The focus of interventions discussion presented below will therefore be on gaps that the private sector needs to address, because they are within the private sector to address, and gaps that need to be addressed, which are outside the private sector's auspices or area of direct intervention. Of importance to emphasize is the fact that bridging these two types of gaps will be very facilitative for the private sector to contribute to green economy and poverty eradication.

1. Need for both public and private sector to see the necessity and importance of public-private partnership
  - a. Both private and public sector need to move away from stereo - type thinking: the private sector seeing the public sector as being interested in taxes only, and the public sector seeing the private sector as being concerned with making profit only. This gap can be bridged if there is a common denominator, which in this case would be;
    - i. Public and private sectors to realize that 20 years after Rio, there has been a failure to eradicate poverty, and things are generally much worse than they were be back in 1992.
    - ii. If both public and private sector need to see elimination of poverty as a common objective, and one for which they both have responsibility.

2. A mind-set shift from thinking that public sector should not invite the private sector in processes involving formulation policy and regulatory framework, whether national or international.
  - a. Usually governments are very reluctant to allow private sector representatives to be part of the national delegation. Private sector is usually seen as the opposition to be avoided, e.g Rio + 20 preparatory conferences, climate change negotiation conferences, etc. A typical example is the exclusion of private sector in Africa from the Kyoto Protocol process which led to the establishment of the Clean Development Mechanism (CDM). This is likely to be one reason why there was a low take up of CDM projects by the private sector in Africa.
3. Need for private sectors to mainstream and manage sustainability in a systematic manner
  - a. Where possible and practical, private sector should implement in their business activities management systems for environment, energy, water and waste using recognized standards; ISO or national standards.
4. Need for ethical governance and transparency
  - a. Unethical government leadership will always attract or create unethical business. Public sector needs to be transparent in its engagement with business, and stop signing contracts with unethical private sector behind closed doors. Critical areas here include mining, energy and infrastructure sectors. Bad contracts will usually have long term effects on national economic growth, in the long run, creating long term operational problems for both the public and private sector. Energy (electricity) contracts are a common example that has resulted in significant operational problems for the private sector, in certain cases leading to closure of businesses.
5. Need for private sector to enhance corporate social responsibility programs
  - a. We are in an era where it is important for the private sector to move away from traditional corporate social responsibility (CSR) programs which are based mainly on donating funds to stakeholders. In order to be effective in contributing to poverty eradication and green economy a more hands-on CSR approach is required; one that focuses on the needs identified by the targeted beneficiary communities.
6. Need for private sector to enhance communication with the general public
  - a. Private sector needs to realize that now, more than ever, the general public wants to know what corporate is doing in contributing to sustainable development. Private sector can no longer choose to ignore telling the general public how business is contributing to sustainable development. This communication can be in form of sustainability or integrated reporting.
7. Need for government to enhance facilitation of private sector to contribute to rural poverty eradication and economic growth
  - a. In addressing the challenge of migration to urban areas; Government could consider setting a "special investment zone" framework that can provide above normal tax benefits to business for investing in poor rural areas. If government is willing to give generous tax holidays for foreign companies to come and invest in the country, why not give local businesses similar incentives to invest in poor rural communities? Plants

invested in rural areas would contribute in providing jobs to young people and lead to improved living standards.

8. Need for public sector to enhance political tolerance
  - a. Public sector needs to enhance political tolerance, especially in multiparty political system. Political intolerance is a recipe for national economic growth degeneration, and could eventually lead to red rather than green economy.
  - b. Need to move away from the mind-set that the opposition can never come with constructive ideas for national development, including job creation.
9. Need for gradual harmonization
  - a. Public sector needs to think regional, if not continental or global. Move away from being overly localized in moving toward green economies.
  - b. Replicate green economy models that work in other parts of the world and that fit the circumstances of the country.
  - c. Harmonize standards in order to deliver the same level of benefits to all communities
    - i. Quality of goods and services need to be the same across the regions and even the continent.
    - ii. Avoid shock standardization across the region. Gradual standardization is necessary for businesses to have time to adapt to new operating environment or rules.
10. Need for governments to learn from the mistakes of other countries and avoid going down the same unsustainable route.

### **Way forward**

It is important for each country to be clear and transparent on how it understands green economy

- a. define green economy in the context of national circumstances and development priorities
- b. government should engage private sector in setting enabling policy, regulatory and incentive environment in order for business to translate such conditions into business investment opportunities
  - i. public sector needs to acknowledge that private sector can understand the idea of benefits of green economy, but will still need to see green economy as an initiative that makes business sense to implement, and not an undertaking that will run business to bankruptcy. To private sector a green economy must deliver commercially viable products and services.
  - ii. overall green economy framework needs to be stable and predictable with a capability to evolve and improve depending on changing circumstances
  - iii. important for government to recognize and support the many avenues for green innovations and dissemination