



**Summary of Discussion¹ from
“REALISING INCLUSIVE AND GREEN GROWTH:
Business & Industry Consultation with Government and Civil Society”
11-12 April 2012, The Hague, The Netherlands**

On 11-12 April 2012, the Government of The Netherlands, along with the United Nations Department for Economic and Social Affairs (UN DESA) and Business Action for Sustainable Development (BASD), organized a Rio+20 Business & Industry consultation with Government and Civil Society themed “Realizing Inclusive and Green Growth”. Over 300 leaders from government, business and industry, civil society, and other Major Groups were welcomed to The Hague by Minister Ben Knapen to discuss the role of business and industry in delivering solutions that could promote inclusive and green economies. The Consultation focused on six key topics in the context of Rio+20 and beyond: (1) transition to an inclusive and green economy; (2) transparency and alignment; (3) sustainable development governance; (4) water resource efficiency and management; (5) innovative financing models; and (6) the role of small and medium enterprises in global value chains.

Key messages to Rio+20

- Strong and renewed leadership is urgently required from policy makers. Rio+20 must highlight the essential role of the private sector in sustainable development, as investors, employers, customers, and producers.
- Business commits to continue developing sustainable, inclusive, and innovative business models, including metrics, accounting, and reporting measures, both independently and through public-private partnerships. Increasingly, global businesses are working to ensure sustainable production, resource efficiency, and the sustainable use of natural resources, while providing decent working conditions for all stakeholders in their supply chains.
- To multiply the contribution of the private sector to inclusive and green growth, business calls upon governments to eliminate or reduce tariff and non-tariff barriers to trade of products produced sustainably, encourage private investment in sustainable development, and establish enabling policy frameworks.
- A timely transition towards inclusive green growth strongly relies on closer collaboration among governments at all levels, business and industry, civil society, and all other major groups.
- Business cannot succeed in a society that fails, and society cannot achieve sustainability without business providing solutions and without governments providing consistent and persistent policy environments.

¹ This document is a summary of the discussions that took place in The Hague, 11-12 April 2012. It does not reflect official agreed positions of the organizers.

The private sector has a key role to play in helping to achieve the goals of sustainable development, including poverty eradication. A growing number of companies around the world have already placed sustainability at the forefront of their strategy, and as a key element of their business models. They recognize the urgency needed to overcome global environmental, social and economic challenges. Efforts by all actors should reconcile the need for short and medium term measures, accompanied by long-term systematic changes. Effective engagement of the private sector in the Rio+20 Conference will be critical to the success of the Conference, and to the implementation of its outcomes.

Over the course of two days in The Hague, the Consultation participants shared past experiences, best practices, current challenges, and proposals for action. The collective knowledge and experience of the group, as well as their vast networks, led to the following conclusions.

- Business leaders will continue to act quickly and decisively to drive progress toward sustainable development, and invite collaboration from governments and other stakeholders; too much is at stake to wait for global agreements to be negotiated and agreed upon.
- Much has been achieved in the last 20 years. The transition to a sustainable future now must be accelerated in order for 9 billion people to live well within the limits of the planet by 2050. Solutions must be identified, developed and scaled to address increasing challenges, and this can only be accomplished through collaborative efforts among stakeholder groups, specifically policymakers, producers, and consumers.
- Our greatest challenge is to build trust and awareness among all the stakeholders. There is an urgent need to drive collaborative action to advance economic growth while enhancing environmental protection and social progress. All stakeholders can contribute to developing and implementing solutions, and must find ways to work together. Past growth models will not deliver sustainability
- Rio + 20 offers an opportunity to instill confidence in the private sector in particular, enabling efforts to scale up investment and drive innovation to green all economies.
- The need for a Green Economy Roadmap and Capacity Development Scheme was outlined by the Dutch government and the European Union, as a means to identify what, where, when, and how various actors can contribute. These ideas have been supported by the Joint UN system chiefs:

“Rio +20 must provide the roadmap to the future we want – a future with peace, dynamic economic and social development, universal social well-being and a healthy and equitable environment for present and future generations, where women and men, boys and girls equally contribute and benefit from development.”

The World Business Council for Sustainable Development’s Vision 2050², UN Global Compact’s Blueprint for Corporate Sustainability Leadership³, International Chamber of Commerce’s ten high level conditions for a transition towards a green economy⁴ provide potential building blocks for the construction of such a roadmap for sustainable development, including essential capacity building programs.

- There is ample learning to be shared among stakeholders. Knowledge sharing across borders, regions, sectors and organizations must be fostered. Inclusive and sustainable business models, resource efficiency, and innovative technologies can accelerate inclusive green growth. We can start by harmonizing the different vocabularies of the stakeholder groups, and by establishing mechanisms to facilitate capacity building.

² <http://www.wbcsd.org/vision2050.aspx>

³ http://www.unglobalcompact.org/HowToParticipate/Business_Participation/blueprint_for_corporate_sustainability_leadership.html

⁴ <http://basd2012.org/wp-content/themes/basd/img/pdf/BASD-inputToRio+20-Nov1.pdf/>

http://iccwbo.org/uploadedFiles/7%2010%20Conditions%20Green%20Economy_FINAL.pdf

Three areas that require immediate attention are innovation, collaboration and governance.

- Innovation – ‘new combinations’ addressing the three dimensions of sustainable development will drive the transition to a green economy.
 - Governments should promote enabling policy frameworks for inclusive and green growth, with special attention to technology, innovation, investment, research and development, and elimination of barriers to trade. Clear policies, good governance, and public sector financial support for private sector investments (e.g. risk sharing in critical early phases, catalytic funding) will support development cooperation and economic growth in developing countries.
 - As an example in a developed country, the Dutch government has introduced a new, demand-driven approach based on cooperation and innovation. An integrated agenda has been developed for nine top sectors, such as agriculture, energy, water and logistics. Focus areas include knowledge development, technology and innovation (through collaborative input from business, research organizations, and government), and links to key policy areas (education, development cooperation, information and communication). Similar approaches could be adopted in other countries.
 - Business commits to continue innovating, bringing solutions to market that support inclusive and green growth.
 - Financing remains a major challenge. Governments have a role in the management of institutional funds, and in encouraging investors (e.g. banks, pension funds, financial institutions, as well as corporate investors) to make their investment and loan portfolios greener and more inclusive.
 - Resource efficiency will be the key to meet the future demand for food, feed, fiber, bio-energy/fuel and bio-products. Resource recovery (e.g. nutrients) and water reuse should be prioritized. This will require investment in research and development, significant infrastructure development to increase efficiency (e.g. reduce post-harvest losses, collection of used water, and improved water treatment), and coherent economic policies to ensure sustainable market functions. Integrated land use planning will be crucial to ensure higher productivity of resources.
 - A global platform for knowledge sharing, technology development, and skills transfer is needed to support innovation. Capacity building and systems solutions will be required to support the deployment of existing and emerging technologies, particularly in the least developed countries. The information communication and technology sector can play a significant role.
- Collaboration – The Consultation made it clear that multi-stakeholder partnerships are emerging in many different forms, large and small, and that these new models will drive the transition to an inclusive green economy
 - Collaborative action and commitment in “green deals” and public private partnerships is the fastest path to achieve a vision of 9 billion people living well within the limits of the planet by 2050. These solutions will require transparency, knowledge sharing, and risk sharing.
 - New collaborative models must bring government ministries, other public and multilateral bodies, businesses of all sizes, and other stakeholders together, aligning incentives to support a systems approach to sustainability. For example, there are significant synergies to be achieved in coordinated investments in agriculture, energy and water, considering the pressures of climate. Support to innovation and financing for new technologies and proven resource efficient business models in these sectors, now being explored by many business actors, can be driven to scale through these models.

- Inclusiveness is imperative. Both the World Business Council for Sustainable Development's Vision 2050 and UN Global Compact's Women Empowerment Principles point out the importance of women's economic empowerment. Leading companies and governments are promoting smart procurement, adding gender and green to purchasing criteria in order to provide incentives to suppliers. However, given the systematic bias against inclusiveness, new methods and measures should be considered to ensure women, youth, indigenous, underserved and other marginalized groups benefit equitably from and contribute to the transition to an inclusive green economy.
- Sustainable value chains that promote micro, small, and medium-sized enterprises can drive inclusive green growth to scale. SMEs are part of global value and supply chains as traditional partners, suppliers or distributors of larger enterprises, and are an important source of employment and innovation. Policy frameworks must support efforts to green all value chains, including enhanced support for SMEs.
- Consumers play an important role in driving an inclusive green economy. As the UN Secretary General's High Level Task Force for Sustainable Development suggests, governments and businesses need to empower and encourage people to make sustainable choices. Promoting sustainable consumption and production and influencing consumer preferences is vital for long-term sustainability.
- Governance models and institutional frameworks are needed to provide the context for stakeholders to deliver and report on their shared responsibilities in a green inclusive economy, and to ensure on-going coordination in policy implementation
 - Enabling frameworks must match the integrated nature of the challenges we face, and provide complementary, integrated policies to support complex system solutions. These frameworks should support market mechanisms, provide the incentives necessary to break with business-as-usual patterns, and generate new momentum toward inclusive and green growth.
 - Increased integration of sustainability concepts into mainstream economic activity is needed, including measurement and reporting of sustainability performance for both private and public organizations. For a Green Economy to become operational, indicators, metrics, accounting measures, and appropriate disclosure and reporting must be developed that make sense in economic terms and address social and environmental externalities. Business has already made significant contributions in this area and a policy framework should build upon a wide range of existing tools and applications to measure environmental, social, and governance impacts and help assess response measures, such as those of the United Nations Global Compact, Global Reporting Initiative (GRI), International Chamber of Commerce (ICC), International Integrated Reporting Council (IIRC), or sector approaches, e.g. the chemical industry's "Responsible Care", the WBCSD's Cement Sustainability Initiative (CSI). Similar approaches must be adopted by other key economic actors, including state owned enterprises, municipal entities, and public sector corporations. At the same time, it should align with important work under way to develop and harmonize sustainability information at the product level (such as The Sustainability Consortium TSC) and with efforts to measure progress on sustainable development at the national and international levels.

A coalition of investor and other stakeholder group represented at The Hague called for a global policy framework requiring all listed and large private companies to consider sustainability issues and to integrate sustainability information within the reporting cycle. They view this as an essential step towards integrating sustainability, financial, governance and management reporting, and demonstrating the link between an

organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates.

- Any future governance framework must address the “internalization of externalities” at all levels, demonstrating that “what is treasured, is measured.” A strong carbon price as well as market-based pricing mechanisms on resource scarcity and environmental impacts can provide incentives for investment in resource efficiency, remediation, and sustainable development in general. Natural resources no longer can be considered to be “free,” particularly those that are finite in supply.
- Enabling policy frameworks and governance functions must encourage, support, sustain, and protect public-private partnerships.
- Business would welcome being more actively involved in the formulation of the post-2015 development framework (MDG/SDG).

This Consultation was initiated to provide inputs for the twentieth anniversary of the United Nations Conference on Environment and Development (Rio+20) in June 2012, and these session conclusions should be considered in the Rio+20 process, and used to drive concrete action beyond Rio+20.

Private sector, public sector and other major groups have to work together to resolve the challenges the world faces. Despite the complexity of the challenges and the solutions, with collaboration sufficient progress can be achieved. Rio+20 presents an opportunity to promote innovative collaboration among the broad range of actors needed to advance sustainability on a planetary scale.

With the right enabling frameworks, safeguards, and incentives, the force of private sector investment can be directed toward a systemic change in favor of sustainability. This implies a need for the Rio+20 Conference to stimulate innovation, collaboration, and governance through enhanced policy frameworks (local, national and international) as a matter of urgency.

Business & Industry Major Group - BASD 2012

Business Action for Sustainable Development (BASD 2012) is a coalition of leading international business groups who are committed to sustainable development with the overall objective to enhance the Rio+20 Conference contribution to sustainable and inclusive markets. BASD 2012 is the official United Nations Major Group coordinator of Business and Industry for Rio+20. www.basd2012.org