
Social Development, Human Rights and the Role of Business

Global Business Alliance
for Post-2015 Position
Paper

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DISCLAIMER

The Global Business Alliance represents business from every region of the world, with global, regional, national and sectoral business organizations and associations, involving companies from multinational corporations (MNCs) to small and medium enterprises (SMEs). Our objective is to make effective, concrete and long-term contributions to the formation of the United Nations Post-2015 Development Agenda.

This diversity of perspectives, experience and views is a resource for the wide horizon of inter-disciplinary topics that the SDGs and Post 2015 Development Agenda will address, and should be seen as a resource for those involved in the deliberations.

While this paper may not necessarily express views shared by all GBA partners and does not bind them, it does offer an informed private sector perspective reflecting a particular constituency and expertise which we believe enriches the discussion.

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1 - Executive Summary

States bear the primary duty for social development, poverty alleviation and ensuring the protection and realization of human rights. They also have responsibility for the effective management of the natural resources on which all development ultimately depends. These aspects are closely interlinked and require a vibrant and well-functioning private sector, working together with government and stakeholders, to enable significant progress against the Millennium Development Goals, and the realization of economic, social and cultural rights. At the same time, states also have a duty to ensure that the enjoyment of these rights is supported by progress against civil and political rights.

2- Introduction

The primary responsibility for social development, poverty alleviation and the protection and realization of human rights lies with individual states. It is states that have ratified a range of international conventions and have adopted UN resolutions relating to human rights, poverty alleviation, development and environmental protection. States are also responsible for developing national legal frameworks in support of social and economic development and the effective management of natural resources, as well as protecting the individual and the collective rights of their citizens. However, business has a responsibility to respect human rights and an important role to play in contributing to social development and poverty alleviation.

In 2000, the then 189 member states of the United Nations established the Millennium Development Goals (MDGs): eight time-bound objectives to reduce poverty and improve people's lives by 2015. The MDGs vision of sustainable environmental, social and economic progress – in areas such as poverty alleviation, food security, water and sanitation, health, education and environmental protection – address many of the rights set out in the Universal Declaration of Human Rights in 1948, and elaborated on in the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights of 1966. They also explicitly recognize that sustainable social and economic progress is critically reliant on protecting the natural resources on which development depends. This includes clean water, productive lands, biodiversity and the many services it provides that benefit mankind. This vision needs to be maintained and reinforced in the Post-2015 development agenda through universal SDGs or similar.

3-Analysis

In 2000, the then 189 member states of the United Nations established the Millennium Development Goals (MDGs): eight time-bound objectives to reduce poverty and improve people's lives by 2015. The MDGs vision of sustainable environmental, social and economic progress – in areas such as poverty alleviation, food security, water and sanitation, health, education and environmental protection – address many of the

rights set out in the Universal Declaration of Human Rights in 1948, and elaborated on in the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights of 1966. They also explicitly recognize that sustainable social and economic progress is critically reliant on protecting the natural resources on which development depends. This includes clean water, productive lands, biodiversity and the many services it provides that benefit mankind.

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. At the international level, a number of voluntary guidelines or codes have also been developed (notably the OECD Guidelines for Multinational Enterprises and the UN Global Compact) which set out expectations for responsible business behavior. In addition, many business organizations have formally established or embraced principles and codes of practice that set an expectation for business to behave in an economically, socially and environmentally responsible manner. At the international level, the consensus agreed at the Human Rights Council in 2008, and supported by major industry associations, is that business has a responsibility to respect human rights – to not infringe on the rights of others and to remediate any negative impacts with which they are involved. This responsibility is articulated in the UN's —Protect, Respect and Remedy Framework, and elaborated on in the UN's —Guiding Principles on Business and Human Rights.

Business also has an extraordinary potential to enable and contribute to social development, poverty alleviation and the realization of human rights. For example, business plays a significant role in producing the basic materials and developing and operating essential infrastructure that enables social and economic advances. In many post-conflict situations and fragile states, business has been essential in kick-starting economic and social progress, helping to sustain peace-building efforts as well as encouraging respect for the rule of law. Where governments embrace a market-economy and create the enabling environment for business to flourish, progress against the SDGs can be accelerated. In parallel, opportunities for the realization of many human rights are enhanced.

The reality is that without a thriving competitive private sector, significant social and economic progress against the future SDGs is unlikely to be achieved and impossible to sustain. A healthy business environment — where companies make investments, create jobs, deliver services and improve productivity—helps alleviate poverty by contributing to economic growth, increasing employment and enhancing people's incomes and opportunities. However, states effectiveness in enabling development depends on good governance and on the quality of its institutions – social, political and economic. States need to: create an enabling environment that incentivizes businesses to expand their productive capacity in a responsible manner; provide social protection for the most vulnerable and strengthen their capacity to sustain livelihoods; and encourage collaboration between the state, business and other stakeholders in support of enhanced developmental outcomes.

To create a healthy business environment, states must ensure that markets and entrepreneurial activity are not stifled by excessive regulation and taxation, unfair

competition, corruption, or an unstable policy environment. They must establish rules that: clarify property rights; reduce the cost of resolving disputes; increase the predictability of economic interactions; and provide contractual partners and investors with certainty and protection against abuse. This is the conclusion of the World Bank/International Finance Corporation's Doing Business series over the past eight years (<http://www.doingbusiness.org/>). At the same time, states also have an important role to play in ensuring that business behaves responsibly, in a manner that respects human rights, supports rather than undermines the natural resource base, and contributes to sustainable social and economic progress. Part of this is about incentivizing responsible practices and players – and part is about creating strong disincentives for irresponsible behaviors.

If those already living in poverty are to enjoy the benefits of an improved business environment, they must be able to participate actively in the potential opportunities that this brings. To do so, requires investments in social and economic infrastructure – notably water and sanitation, health, and education – but also access to training, energy and credit without discrimination. It also requires specific attention to empowering women through access to education and healthcare. In addition, it involves a sustained focus on governance reforms, particularly those that focus on promoting transparency and eliminating corruption. Corruption exacerbates poverty by impairing service delivery, constraining responsible investment, reducing incomes of the poor and undermining programs designed to address their basic needs, such as sanitation and healthcare.

4-Recommendations

Sustainable social and economic progress in the Post-2015 development agenda critically depends on states taking steps to:

1. Fulfill all of their human rights obligations in support of sustainable social and economic progress, with particular emphasis on those at risk of being vulnerable and marginalized, and in line with the UN Guiding Principles on Business and Human Rights, set out clearly the expectation that business respects human rights through the conduct of effective due diligence
2. Ensure the effective management of land, water, biodiversity and other natural resources on which development depends, through adequate planning, protection and enforcement
3. Create the conditions necessary to encourage responsible investment (domestic or foreign), job creation, and improved productivity in support of economic growth and poverty alleviation, to ensure that business expands rather than constrains social and economic development progress
4. Empower poor and potentially vulnerable or marginalized people to participate in economic opportunities, through investments in health, education, and gender equality, while addressing governance issues (particularly corruption) which can have a disproportionate impact on the poor
5. Effectively and efficiently use the revenues from natural resource endowments and other economic activities in support of enhancing social capital, the rule of

law, the protection of human rights, establishing social and economic infrastructure, and fostering participatory development and economic diversification

6. Engage with international institutions, business and other stakeholders on the effective and efficient delivery of services and products in support of social and economic progress, through partnership approaches or other forms of collaboration where appropriate
7. Encourage business to apply ethical principles, practices and effective systems of corporate governance, in support of state-led efforts to address corruption
8. Encourage business to integrate sustainable development considerations within corporate decision-making processes, and seek continuous improvement in sustainable development performance – social, environmental and economic – and report progress in a systematic and credible manner that engenders the trust of relevant stakeholders
9. Create incentives for business to expand economic opportunities along their value chains, either through involving the poor within the value chain (as employees, suppliers, customers, etc.) or through developing their human capital
10. Create incentives for business to contribute to the social, economic and institutional development of local communities, in addition to mitigating any adverse impacts that business might have.

5-Conclusion

The primary duty for social development, poverty alleviation and the protection and realization of human rights lies with states, and that states also have responsibility for the effective management of the natural resources on which development depends. The Millennium Development Goals (MDGs) and Post-2015 development agenda vision of sustainable environmental, social and economic progress provides a foundation for, or explicitly addresses, many of the human rights set out in the International Bill of Human Rights. Business also has a responsibility to respect human rights – meaning to not infringe on the enjoyment of rights by others and remediating negative impacts with which they are involved. In fact, many business organizations have formally established or embraced principles and codes of practice that set an expectation for business to behave in an economically, socially and environmentally responsible manner.

Business has an extraordinary potential to enable and to contribute to social development, poverty alleviation and the realization of rights in a variety of ways. A vibrant private sector is essential to achieving significant social and economic progress as part of the SDGs. No one development actor can deliver the Post-2015 development agenda in isolation, and that significant progress is dependent on engagement and various forms of collaboration (including partnerships) between states, business and other stakeholders.