

Lekgota : Business Day

1 September 2002, Johannesburg, South Africa - World Summit on Sustainable Development

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Jean-Chretien, Prime Minister of Canada

Anders Fogh Rasmussen, EU President/ Prime Minister of Denmark

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Reuel Khoza, BASD Vice Chairman, Eskom Chairman

Philip Watts, World Business Council for Sustainable Development

Sir Robert Wilson, Rio Tinto plc

Wladimir Puggina, International Fertilizer Industry Association (IFA)

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Business and society stand to benefit from working together

Kofi Annan, Secretary-General, United Nations

1 September 2002, JOHANNESBURG

I am extremely happy to be able to join you for this meeting, and to share a few remarks with you on the role business can and must play in development if development is to succeed in a sustainable way, particularly among the poorest countries.

Ten years ago, at the Rio Earth Summit, the role of business in sustainable development was poorly understood. It wasn't clear whether, and in which ways, the private sector could be part of the solution to the broad challenges facing the world as we struggle with the balance between development and the environment.

Much has changed since a decade ago. Today, there is growing recognition that lasting and effective answers can only be found if business joins in partnership and working together with other actors including government and civil society and of course trade unions and we all have to remain fully engaged.

We now understand that both business and society stand to benefit from working together. And more and more we are realizing that it is only by mobilizing the corporate sector that we can make significant progress.

The corporate sector has the finances, the technology and the management to make all this happen. The corporate sector need not wait for governments to take decisions for them to take initiatives.

Individual managers, individual corporations can set their own standards and make their staff and their workers feel proud of the values and the standards of their companies.

And I believe on the side of business as well, business has come to realize that if it wishes to thrive in a complex and sometimes hostile global economy, it must respond to the major social and environmental trends and challenges that are reshaping our world.

Businessmen and women understand together that profits can be sustained, in the long run, only if social and environmental issues are effectively addressed. Businesses have realized that they cannot be indifferent to the stresses and the difficulties in their own societies; that they have to be a part of society; and they have to learn to resolve issues that affect their societies for them to be able to thrive in the long run.

The environment provides a prime example of what I am saying. Controlling pollution and the emission of greenhouse gases have historically been viewed by many companies as social issues entailing burdensome costs. Yet, today, there is broad recognition of the fact that corporate pollution invites high costs and wastage for business itself.

It can very often be addressed with better technologies and improved methods of production -- and firms that do this become more competitive, not less.

My dear friends, some of the world's leading companies have expressed a strong commitment to sustainable development and corporate citizenship, and are here, with us at this summit.

This values-based management is essential. This approach lies at the heart of the Global Compact initiative that I launched in July 2000.

The Compact brings companies together with United Nations agencies, labour and civil society to foster action and partnerships in support of nine principles in the areas of human rights, labour and the environment. It has grown into a broad-based network that now encompasses many many companies from every continent, in addition to dozens of organizations representing international labour, civil society groups and others.

One of the strengths of the Compact is that it involves all the relevant social actors: governments, who defined the principles on which the initiative is based; companies, whose actions it seeks to influence; labour, whose hands are literally the producers of global wealth; civil society organizations, representing the wider community of stakeholders; and the United Nations, the world's only true universal political forum.

I think that we realize that governments cannot do it alone. I think governments are also realizing this, and that today we live in an era of partnerships; we need to come together to improve our efforts to make an impact on the great challenges facing us today; and that governments, business and civil society, foundations and universities have to come together. I think in the last five years we have seen this movement grow and grow in its impact.

At this Summit, the Global Compact is addressing one of the central problems of development — the financial and economic marginalization of the world's least developed countries, most of which are based in sub-Saharan Africa. Mobilizing business investment which is sustainable and produces positive results — both for the societies and the investing companies — is essential if the least developed countries are to escape their desperate poverty trap.

The Compact is seeking a commitment from companies to grow their businesses over the next five years in some of the least developed countries in line with the principles of the Global Compact and those of sustainable development generally. The economic development of the poorest countries is of fundamental long-term interest to the global community, including the private sector. The present situation is fundamentally unstable. We cannot afford to prolong it by allowing extreme social differences to persist.

Another important development is the growing support for the Global Reporting Initiative, which offers a coherent framework for reporting on environmental and social issues. It is a crucial complement to the Global Compact, and I am very pleased that the United Nations Environment Programme is a driving force behind both of them.

This Summit marks an historic opportunity to further the role of business in advancing sustainable development. The challenges are many, but the rewards are far greater — for business, and for society as a whole and I hope we can move forward in partnership and make this world a better place for all and ensure that we can bring that essential balance between development and the environment and that we can exploit the resources of our planet in a manner that is really sustainable for future generations.

It can be done. And I know you, Ladies and Gentlemen, in this room in the business sector make important decisions day in and day out and can make a difference if you make the right choices. And if we don't, we will come under pressure from society.

Of course pressure will also be on governments to take actions. I hope by working in partnership, we can lead the way and we can make a start but it's up to us.

Companies rising to meet challenge of sustainability

Jean-Chretien, Prime Minister of Canada

Partnerships for sustainable development: The Canadian experience

1 September 2002, JOHANNESBURG

Building creative and innovative partnerships to promote sustainable development is a defining theme of our global agenda here in Johannesburg. So I am pleased that my first formal event at the Summit is to address Business Action on Sustainable Development, an organization whose very essence is partnership. BASD, was itself, created as recognition of common cause between the International Chamber of Commerce and the World Business Council on Sustainable Development.

The creation of BASD, and the excellent work it has done in preparation for the Summit, speaks to the very fact that we must move beyond the stale cliché that business does not care about the environment. The reality is that companies, in Canada and around the world, are rising with vigor to meet the challenge of sustainability.

Ten years after Rio, no one would claim that the rest of the world has realized the vision laid out there. IN many respects, it has been a decade of experimentation and institution building. There have certainly been disappointments. But even as we acknowledge the work that must still be done we can also say that marked progress has been made in many areas. We have moved steadily from theory to practice.

Of special note, has been the growing reliance on partnerships as vehicles for concrete action. People understand the power of partnerships. Given the breadth of the challenge posed by sustainable development, it just makes sense to pool the resources, ideas and imagination of all sectors of society.

And the quest for new partnerships is very much driving the environmental agenda of the Government of Canada. A good example is our National Roundtable on the Environment and the Economy, which we created the outcome of the Earth Summit. It brings all stakeholders together, in a neutral forum, to forge shared solutions. Right now it is making headway in devising sustainable development indicators.

One key reasons for the progress that has been achieved through the Roundtable has been the commitment of the private sector. That commitment can be found around the world. Indeed it is why so many of you are here today.

Whether bringing innovative solutions to market, or establishing new processes in your own operations, your leadership has been essential. And your commitment to work with partners in your own industries, workers and the communities in which you operate has made concrete difference for the better.

Making that difference has not been easy or simple—for you or for government. Translating sustainable development from theory into practice has often meant that we have learned by doing: by squarely confronting society, and by challenging traditional thinking about the role of business in society and by embracing new technologies and economic opportunities.

We have now come to Johannesburg to reaffirm the achievements of all partners and to take on new challenges.

As a sign of the resolve of Canada to keep moving forward, I am pleased to announce that we are extending our Sustainable Cities Initiative.

Enhancing the quality of life in Canadian cities is central to the 21st century agenda for our government. We have made significant new investments in physical and economic infrastructure, in green spaces and in cultural infrastructure. We are determined to help ensure that our cites are vibrant and clean magnets for talent and investment.

This same focus drives the SCI, an initiative that has earned Canada a growing reputation as a pre-eminent source of sustainable technology, expertise and products, The SCI facilitates business partnerships among firms, NGOs and Governments. It creates City Teams focused on assisting cities, in developing and emerging economies, achieve their goals for harnessing new investment and new opportunity in sustainable ways. The SCI has a proven track record of success in Poland, Brazil, China, Costa Rica, Argentina, Africa and Chile. These promising results bide well for the future.

As a further sign of the commitment of Canada to building sustainable communities worldwide. I would also like to take this opportunity to reaffirm the desire of Canada to host the 2002 World Urban Forum in Vancouver, which was the host of the first UN Conference on Human Settlements in 1976.

The SCI is a concrete example of the power of partnership, of translating theory into practice. And it illustrates the linchpin role that can be played by the private sector.

As this gathering shows, visionary business leaders have used the 10 years since Rio to build a business case for sustainable development, one that is based on fundamental business principles- not on sentiment. Companies are cutting waste and increasing efficiency in how they use resources. You are listening to customers, clients, and home communities. Above all, you are demonstrating the spirit of innovation.

The need for private sector commitment has never been greater. And now just because of the challenges our world faces. The need has never been greater because of the fundamental challenges business faces these days.

Searching questions are being asked about business leaders: about accountability and transparency, about corporate social responsibility. What is needed in response to those questions in the kind of demonstrated commitment to sustainable results that is being demonstrated by Business Action for Sustainable Development.

Firms that show a commitment to enhance their traditional financial reporting to include the environmental and social impacts of their operations are sending a strong signal to citizens and to markets. Companies that recognize the importance of signing on to the UN's Global Compact and the Global Reporting Initiative are sending an equally strong signal.

We have seen that kind of commitment often in Canada in recent years. The Responsible Care Program developed by Canada's chemical sector has spread to 40 countries. Canada's eco-logo program, the partnership for Climate Change and the International Emissions Trading Association, and others, are all fine Canadian examples of corporate commitment, leadership and partnership.

But there must be more. The push for sustainability will not go away. The expectation that corporations must take social and environmental factors into account in their decision-making will not fade away.

While we see more and more examples of companies reporting on their environmental performance and their social impacts the next step has to be more integrated approaches to reporting.

By finding ways to link together financial, environmental and social reporting, the business case for sustainable development will become even stronger. If it is told effectively and clearly, financial markets will listen to the story of sustainable and profitable business. And a deeper interest by financial markets will listen to the story of sustainable and profitable business. And a deeper interest by financial markets in sustainability would, by itself, take us a long way towards the goals being discussed at this Summit.

Ladies and Gentlemen, in the next few days, world leaders will review and confirm the work that has taken place over the past week at the Summit. We will match that to our commitment at places like Doha and Monterrey. And then the real work begins.

Governments such as ours will leave with a clearer sense of where we go from here of how governance has to be improved to continue the momentum. Business has been a major partner in that work in recent years and will continue to play an essential role. You are here because you understand that. You are here because your firms appreciate your responsibilities. I salute you for that commitment and leadership.

As we move ahead, governments and business alike must continue to demonstrate that we are making a difference. We must continue to translate theory into practice. We must walk the talk. We must not only trumpet our success. We must also be frank about our mistakes.

My friends, our journey has really just begun. And the course we are charting together will not travel the path of least resistance. Achieving a sustainable future will not be quick or easy. But there is no acceptable alternative. The citizens of our small plant are depending on us. And we must deliver.

Business has an important role to play in sustainable development

Anders Fogh Rasmussen, EU President/ Prime Minister of Denmark

Expectations of the European Union on the outcomes of the WSSD

1 September 2002, JOHANNESBURG

Your Excellencies,

Ladies and gentlemen,

I am pleased to have the opportunity to speak at this important occasion.

Today's programme covers themes that are central for involvement of business in sustainable development.

Clearly, the business sector has a very important role to play in sustainable development.

To pursue this goal, we must all work together; governments, the business sector and civil society.

That is why we all gathered here in Johannesburg.

The Johannesburg Summit deals with a very comprehensive agenda and a lot of more or less ambitious objectives.

Previous international summits have expressed similar aspirations.

I support these targets and goals. But more important than good intentions is concrete action.

I think time has come to deliver on promises and intentions. And I think we should focus on what really matters, and on what can really be achieved.

Firstly, we should make real progress in free trade, open our markets and dismantle distorting subsidies. The rich countries should open their markets to the goods that many poor countries are best suited to produce, namely food and textiles.

Secondly, we should provide the poor countries with clean drinking water, better sanitation and sewerage. This would be the most efficient way to prevent death and diseases. And we should combat serious diseases like AIDS, malaria and tuberculosis.

Thirdly, we should take measures to ensure that economic growth in both the poor and rich countries can go hand in hand with protection of the environment.

Ladies and gentlemen,

It should be our top priority to eradicate poverty. We must fight poverty through sustainable economic growth and development in the poor countries.

At the same time the shortest route to a cleaner and sustainable environment is to raise standards of living in the developing countries. Through development and economic growth we can create the resources to step up protection of our environment.

In other words: economic growth is the key to both eradication of poverty and to a better environment.

Increased free trade and market access is the key to achieve this.

In order to help the developing countries we must give them access to our markets.

When trade advances, poverty retreats.

The European Union has three clear messages:

First, the EU's 'Everything But Arms'-initiative provides duty-free and quota-free access for exports from all least developed countries.

We encourage other industrialized countries to follow that example.

Second, the Doha Development Agenda is a key instrument in promoting free trade for the benefit of developing countries.

The EU is committed to conclude the Doha trade round in time. And we are ready to take further action in order to enhance the benefits of trade liberalization.

Finally, our long-term objective is clear: We will reform our agricultural policy. And we will bring down trade-distorting subsidies.

Ladies and gentlemen,

The rich countries should increase their development assistance and financing. For years the EU has been providing more than half of the development assistance to the developing countries in the world. Others can do more. But so can the EU. Governments from the rich countries should all live up to our long-standing commitment to reach the 0.7 target.

We must cooperate with the developing countries in order to improve education, health, public administration and services. We must fight HIV/AIDS and other major diseases. Disease itself impedes growth in developing countries.

We must foster an environment in which private initiative and business can thrive. We look forward to develop close partnerships on these goals.

I believe we have an obligation to do the right thing – to solve the single biggest problem in the world: To provide clean drinking water and sanitation for every village, town and city on the planet. Things which we in the developed nations take for granted.

By doing this we could save 2 million lives every year. Preventing half a billion people from suffering from serious diseases each and every year.

“And how much would this cost?” you may ask. It would be a one-off expense of \$200 billion, but it may very well be humanity's best investment to achieve development and sustainability. We have the technology and talent – and would also say: we have the money. It is achievable.

Here in Johannesburg we should set this very feasible goal as our primary objective.

That is why we are working on a time-bound target on sanitation. And that is why the EU in a few days will launch its “Water for Life” initiative in the Water Dome here in Johannesburg.

The initiative is an invitation to partnership – and private business can play a key role.

I look forward to further cooperation between the EU and private business on this important area.

Ladies and Gentlemen,

However, the peoples of the developing countries cannot benefit from trade and aid if they are miserably governed, suppressed and prevented from free exchange of information, news and ideas.

All countries should live up to good governance.

Democracy, rule of law, free access to information and public accountability. Respect for property rights. No corruption and no unnecessary red tape. Transparency in procurement, trade policy and competition policy. And sound and transparent financial sectors.

In other words: an enabling environment for investments and private sector development.

When aid and trade are linked to good policy, more people can be lifted out of poverty.

Ladies and Gentlemen,

Let us face it. There are things to be concerned about. Not least, our climate.

We have to take steps to decouple economic growth from environmental degradation. Rich countries should take the lead – because we are the ones who can.

But is not all doom and gloom.

Life is a challenge.

And we must all deal with our challenges. But, on the other hand, we should not forget the positive things. Let me mention:

Over the past 40 years life expectancy in developing countries has increased by 20 years. Over the past 30 years adult illiteracy has been cut in half. Over the past 20 years the number of people living on less than one Dollar a day has fallen by 200 million.

So there is surely something to celebrate. Though, our course, we should not then use a feeling of self-congratulation to allow us to rest on our laurels.

Instead, we should invest our energies in economic growth and development of new technologies. And we should use this growth and technology to the benefit of all people and the world environment.

Thank you.

We too are friends of planet earth

Tokyo Sexwale, Business Co-ordinating Forum of South Africa

Connecting to the WSSD – Business Viewpoint

1 September 2002, JOHANNESBURG

It is imperative and instructive to take a tiny leaf from the Rio Declaration, which underscores the principles of Agenda Twenty-One as a reminder regarding the enormous responsibilities that confront humankind:

“All states and all people shall co-operate in the essential task of eradicating poverty, as an indispensable requirement for sustainable development, in order to decrease disparities in standards of living and better meet the needs of the majority of the people of the world.”

Today as the World Summit on Sustainable Development reconvenes in Johannesburg, the financial capital of South Africa and the African continent, we cannot but pause to reflect upon two basic questions which underpin our effective participation in this summit.

Firstly, to what extent since Rio, has society progressed in respect of sustainable development and what has been the role of the business sector?

Secondly, beyond Johannesburg, how does business visualise its continued contribution to the goals of development within a constantly changing and globalizing environment?

The strong presence of corporate leaders here today, under the auspices of Business Action for Sustainable Development, is in itself a reflection of positive commitment by Business not only for the successful outcome of the Summit, but mostly towards the implementation of agreements in partnership with world governments and civil society.

For practical purposes, the Lekgotla agenda has been structured to enable us to focus on the following four priority areas for discussion:

- Sustainable use and management of natural resources.
- Making markets and globalization work for all.
- Sustainable investment and development.
- Accountability and transparency.

Eminent panellists have been selected to lead the discussions. Yet it is the contribution of all of us, acting as a resource, that shall enrich our deliberations.

Having said that, the ultimate judgement call on the successful outcome of the summit deliberations rests not in the discussion forums of Johannesburg, but with the real world outside.

Consequently, business should act to disabuse itself, through credible deeds, of the “evil-empire” image, seldom inappropriately attributed to it.

Quite often, this perception emanate from the uncaring actions of a few mercenary investors, whose anti-social and anti-environmental activities cast a negative picture of business. Similarly, it would be unhelpful were society to condemn business in general for the actions of these elements.

Nevertheless, we too as business ought to be seen to be actively opposing practices which negate the environment and undermine sustainable development. *In this regard we must put our own house in order.*

Similarly, undemocratic public practices, suppression of human rights, dictatorships, kleptocracies, corruption and nepotism should be declared: enemies of sustainable development.

In reflecting on how we have implemented the goals of Agenda Twenty-One, we recall the need for common but differentiated responsibilities as recognized in the Rio Declaration. This is not only relevant amongst governments but at business level as well.

In principle we are all committed to sustainable development. While strategies may be adopted globally, implementation is primarily local, where the aspirations of different communities and nations are given practical expression, as they pursue a better life.

It is often reported that over a billion *poor* people around the world *live* on less than one dollar per day. Put more succinctly – over one billion *destitute* people, particularly in the developing countries, *survive* on a few cents. Therein lies the challenge.

In this respect the objective for the developing world to expand its market access into the industrialized regions of the world, is as much a challenge for the developing countries to meet customer expectations in the North, as it is a challenge for the developed world to increase access into the markets of the South. Therefore trade barriers and high tariffs negate sustainable growth in developing countries.

Since 1992 the income levels disparity between rich and poor nations, and amongst the rich and poor within various countries, has increased. The promised benefits of globalization have not been adequately shared. Small wonder that increasing numbers of people view business as the only winner in the globalization game.

In this respect business needs to be more sensitive to these concerns. Our critics of today are potential investors and customers of tomorrow. Their views ought to be taken seriously if we are to address the negative impacts of globalization.

At the same time, it is crucial to unequivocally affirm that the business of business is business. That its entrepreneurial commitment is the integration of natural and human resources to produce commodities and services. That its role is to contribute to sustainable development, through economic growth, the creation of employment opportunities, as well as through the payment of taxes, which are not insignificant, into the Treasuries of various countries.

Our commitment to sound environmental practice implies not only adherence to more stringent standards, but to ensure that the communities in which we operate have access to basic services like water, health, education and food security; that our operations do not adversely affect the health of the people living in close proximity to our factories and mines; that on completion of operations in an area, rehabilitation should occur.

We require therefore to seek out the views of our stakeholders and collaborate with them to achieve these goals. We need to constantly consider the longterm well-being of our workforce and promote dialogue with trade unions as we strive to minimize the negative impacts our operations may have.

It is necessary to be proactive in undertaking these measures. The alternative is to suffer the consequences of externally imposed regulations from punitive legislative measures often to the detriment of our own enterprises.

Increasingly business is filling the gap in social services delivery that governments are unable to fill due to budgetary constraints. In the developing world the necessity for business to be a partner in addressing the critical health issues that confront us, is becoming acutely apparent. The challenge posed by communicable diseases such as AIDS & Tuberculosis is a case in point. However, we cannot be expected to take over the functions of government. The strategy is to consolidate public private partnerships.

Our commitment to good corporate governance and ethical financial practice is essential, because without financially viable businesses our social and environmental programs will falter. The recent corporate-accounting scandals have sent shockwaves and nervousness throughout the international investment community. Decisive and corrective action on the part of business shall go a long way towards re-establishing investor confidence.

In this context as a contribution to good governance and best practice, the newly released King II report on Corporate Governance is an example of South African business commitment to the objectives of high morality, standards and values – in management, accounting and reporting.

Our peaceful transition to and establishment of democracy underlines the bedrock of a sustainable future, premised upon the solid pillars of a democratic constitution.

As South Africans, we are proud to have successfully transformed the political landscape of our country and have now turned our attention to socio-economic-environmental transformation, for economic democracy. In this context the strategy of Black Economic Empowerment - with equity participation, skills transfer, management and job creation, is aimed at levelling the playing fields to achieve a non-racial economy.

It is useful to reflect on the successes that South African business have achieved in partnership with our government. One example is the Business Trust, which contributed almost one billion Rand for the development of skills and the tourism industry. This is a modest step. More still needs to be done.

At the core of sustainable development for South Africa is the overall need to roll back the ugly frontiers of poverty, not only in our country but also on the African Continent. The establishment of the African Union, and the adoption of NEPAD as its economic programme of action, is proof of the deep desire by Africans to implement over-arching continental strategies for sustainable development. African leaders ought to be commended for this vision.

NEPAD needs investor support. We understand fully that Africa's destiny lies in our own hands. For the private sector this means achieving sustainable growth and employment in a competitive business environment. We invite you to invest with us and partner with Africa.

CONCLUSION

Our challenge as business is to strike a balance: safeguarding profit margins without marginalizing people; watching bottom lines without dumping people at the bottom; striving for premiums without discounting society. In a word - to provide strong returns for shareholders without overlooking other stakeholders.

This is no easy task. It requires leadership and accumen. For no enterprise can forever remain an island surrounded by a sea of poverty. When the climate of change occurs and the water level rises, it is only a matter of time for such an island to cease to exist. Such is the law of the sea of discontent.

It has been said that the summit shall be considered a success when inter-governmental agreement is reached on the implementation programme, with clear benchmarks; when Heads of Governments endorse this through the political declaration, and when influential leaders of the world actively participate in the implementation programme.

But most importantly, it is when such a programme integrates three components – social development, economic growth and environmental protection. This is the essence of sustainable development.

Otherwise the paper churned out at this summit will only serve to further deforestation, the vehicles driven shall merely increase emissions and the hot air of discussion will worsen global warming. Therefore, our collective message as business to society and to the world should be ... *We too are friends of Planet Earth.*

Thank you and God Bless.

BASD Vice-Chair Brings Business Day to a Close

Reuel Khoza, BASD Vice Chairman, Eskom Chairman

Closing Keynote address to the Lekgotla: Business Day

1 September 2002, JOHANNESBURG

I would like to think that today has been a watershed in our understanding of what global business needs to do individually and collectively to attain the goal of sustainable development. In his opening remarks the Secretary general of the World Summit, Nitin Desai, indicated that we had two challenges to meet – poverty eradication and sustainable production and consumption. We have heard from Prime Minister Rasmussen how, in the greater scheme of things, global resources can be mobilised to address global inequities – for example in supplying water and sanitation access. He went on to indicate that business has to play a major role in addressing these challenges. I want to focus on this point address by highlighting some of the key messages we have heard in the context of the role of business in implementing the New Partnership for Africa's Development – NEPAD.

NEPAD is itself a partnership of nations and major implementation partners. NEPAD can only succeed if it is viewed as a global priority – and here I would in particular like to express appreciation for the enduring support shown by Prime Minister Chretien. His comments resonate with the aspirations of NEPAD – in particular his support for the opening up of world markets - and here business has an essential role to play. This is especially true when it comes to the issue of partnerships. It is clearly apparent that sustainable development challenges will only be achieved through comprehensive and effective partnerships between all stakeholders. In addressing the investment and financing needs of NEPAD a key partnership will be between business sourced equity and government sourced finance – both in terms of seed funds as well as ODA. Innovations such as the NEPAD Energy Fund give us a good example of how such partnerships can be structured to mutual benefit. However for such partnerships to really work we need to ensure their credibility by ensuring high standards of corporate governance and transparency. A particularly effective way to realise this in the NEPAD context, is for business to mirror the peer review process currently being implemented between African governments. I would like to think that this would herald a new era of good governance and transparency for business in Africa.

We have also heard today numerous examples of successful business practices which illustrate the business case for sustainable development. But to merely emulate these examples this is not enough – the challenges we face in the renaissance of Africa will require a quantum leap in business thinking on the continent. In this regard we need to position Africa as a global competitor whilst addressing the massive backlog in basic services on the continent. NEPAD gives us the framework for setting up the essential infrastructure which will drive the future competitiveness of the continent. Business has a key role to play in working with government in investing in and building this infrastructure, and then using this infrastructure to launch the social, economic and environmental rebirth of Africa. You may well ask how this may be achieved without merely recreating the unsustainable development patterns applied elsewhere in the world. In his opening address Tokyo Sexwale said we need to strike a balance in safeguarding profits without marginalizing people, providing strong returns for shareholders without overlooking other stakeholders. In achieving this balance I see a future of partnerships between African businesses, international investors, SMEs and all stakeholders, which turn the notion of corporate social responsibility into core business, creating a new paradigm of business activity, painting a new picture on the canvas of opportunity presented by Africa's current underdevelopment. For example we have an opportunity to energise the development of Africa through the creation of a continent wide Transmission infrastructure supplied with the hydro resources of Southern Africa and the wasted flared gas off the western coastline. I see a future of plentiful, low cost, high quality renewable energy being made available to attract energy intensive industries to the continent, whilst creating the foundation for related development goals such as continent wide electrification. In achieving this we need to fundamentally change the perceptions that business has of Africa. I would like you to realise the invigorating reality of Africa. Namely that we are a continent poised on the edge of a rebirth which will revolutionise development patterns. We have the resources, the people and the enabling framework to not only address the immense imbalances in our societies, but to also become a significant and sustainable player in world markets. The investment opportunities are here – if you want to be part of this new paradigm then start investing in sustainable initiatives in Africa. If you haven't got any ideas then there are plenty of African business people here today to explore opportunities!

In conclusion, I feel that business needs to actively work towards commitments in support of a sustainable legacy out of the WSSD – the most enduring of which will be the realisation of NEPAD as a true Sustainable

Development partnership. I would like to see the outcomes of the World Summit supporting a new era of global partnerships between those who have historically been adversaries – all striving to achieve a common objective of sustainable development in its most holistic sense. I anticipate that this will herald a new era of corporate social responsibility for the business sector, coupled with enhanced partnerships with governments, the United Nations, and non-governmental organisations. In his opening remarks Nitin Desai said the real work only starts once the Summit is over – well business has never been scared of real work, so lets get down to work in turning the outcomes of the Summit into a true legacy of sustainable development, leading the way as has been our habit to date. THANK YOU

Business is good for sustainable development

Philip Watts, World Business Council for Sustainable Development

Introducing United Nations Secretary General Kofi Annan

1 September 2002, JOHANNESBURG

We are honoured to have the Secretary General with us at Business Day ... which I think reflects his understanding that business has an essential role as a partner in making sustainable development a reality.

It is a great privilege for me to be asked to introduce him. But first let me say a few words on the challenge from a business perspective.

No better title

I can't think of a better title for this meeting than "Lekgotla". Above all sustainable development requires two things. One is dialogue ... to reach a common understanding about what needs to be done. The other is leadership ... to make it happen.

Ten years ago at the Rio Summit, 50 business leaders pledged a commitment to sustainable development. That was the start of the WBCSD. Since then, we have trebled in size and hugely amplified the voice of business in widespread dialogue.

Here in Johannesburg we will be saying, loudly and clearly, that business is good for sustainable development, and that sustainable development is good for business. That it should be at the heart of business thinking and government policy-making.

Tough choices, new thinking

What does that mean? Well, it means tough choices and new thinking. For instance, you choose to work by a set of declared principles and to stick to them whatever the circumstances.

You say "no bribery of any kind". You make sure it's clear to everyone that you mean it and if anyone goes against it you ask them to leave. If you can't win business without bribes you go without. If necessary you leave the country or you get out of joint ventures – even if there are short-term financial hits.

You set environmental standards and keep to them. If you have an important project that is likely to fail those standards, you tell your people "no go" unless they find ways to get the environmental element in line. You'll be amazed at the innovation a challenge like that can unleash. If they can't do it, you leave it.

You put people and communities in the frame. If you are working in a developing country and your staff take it for granted they will use the usual international contractors, tell them to think again. Make it the norm to find local firms, build local capacities.

I can hear you thinking "that's the best way to lose business, to lose out to competition I've heard in a long time." Not so, not in the long run. Once people know you won't bribe, once you make eco-efficiency standard practice, once you have developed local more cost-effective contractors your competitive edge will be enhanced.

Care an integral part

Care for the environment and social justice should be an integral part of the economic development that funds progress. Demonstrating this in action helps us meet societies' expectations, and that is an increasingly important part of our commercial challenge.

Being seen to share societies' concerns attracts and motivates people to join and stay with a company. Equally, it boosts that company's reputation with a range of interested parties who will often be opinion leaders.

In my view there is no doubt that economic, social and environmental improvement is best nurtured in open, competitive international markets where governments set stable and pragmatic frameworks for business investment. However, the benefits of markets must be extended further towards the world's poor.

Briefly, one of the keys to sustainable progress in developing countries is foreign direct investment. But only about 5% of FDI goes to the 40 least developed countries. If that investment is to increase, especially here in

Africa, there must be an emphasis on establishing good governance, stable regulatory systems, pragmatic economic policies and accountability mechanisms.

But investment alone is not the answer. Linked to it is the challenge of developing Africa's human and natural resources to the African peoples' advantage with minimum adverse impact. We need partnerships for progress between business, governments and civil society here, and we need them urgently.

Essentials must be taken on board

For me, it's just as urgent for business to take on board the essentials for pursuing sustainable development. Let me highlight a few of them.

We have to learn to change. We need to stimulate innovation that allows us to create wealth in ways that reflect changing concerns and deep seated values. We should be taking on eco-efficiency as a management strategy – seeing how we can create more value with less impact in terms of energy and material. And we should be informing consumers about the environmental and social effects of the choices we offer them.

We have to demonstrate action to remain credible. That's why the WBCSD is developing initiatives on sustainable mobility and sustainable livelihoods. And why we are partners in a project to make this summit "climate-neutral".

Not an easy option

Sustainable development isn't an easy option. We need to support each other, to share problems, experiences and ideas. That's the aim of two recent publications. The first sets out the WBCSD's blueprint for action. It's called Walking the Talk and it illustrates the argument with 64 case studies.

Ten years after Rio we know we are on a tough journey of continuous learning. WBCSD members see action to build a sustainable future as part of their commercial responsibilities. But we can pursue that most effectively in partnership with governments, political leaders, NGOs and international bodies.

The second comes from Shell and it's a collection of sustainable development case studies from around the world – from working for biodiversity in Gabon to pioneering cleaner fuel in Thailand, from community development in Nigeria to reducing gas flaring in operations there. It is called "There is no Alternative".

More initiatives needed

We need more initiatives like the partnership in China with the United Nations Development Programme on the West-East gas project. This project will be built by a joint venture with Chinese and international involvement.

The UNDP has carried out a survey to better understand the likely social impacts on people who live along the route of the pipeline. It will be part of the decision-making process. That kind of independent consultation gives invaluable input and helps avoid future, often costly, problems.

There is one person here today who has no doubts about the importance of dialogue, engagement and partnership between business and other leaders. That is our distinguished guest, the UN Secretary General Kofi Annan.

You may remember hearing me talk about engagement before, Mr Secretary General, because I have often used the word in connection with your Global Compact with Business.

An example of what is needed

That bold and challenging initiative is a shining example of what we need. It's a clarion call for business commitment to partnerships to build a better future. It's an acknowledgement that we share a common goal of development that is sustainable and sustained, development that provides benefits and encourages the sharing of those benefits as widely as possible.

The Secretary General comes to our LEKGOTLA as the best example I know of leadership with a quiet voice.

He proves that the voice of intelligence, reason and compassion can resonate powerfully on the world stage. That voice was heard in advance of this summit when he spoke out to define and put impetus behind the priority areas for attention here - areas where he sees concrete results are essential and achievable.

I know that the Secretary General will be working, quietly but forcefully, to encourage the partnerships that can bring those results. I am honoured to introduce him as the keynote guest speaker and I ask you to join with me to welcome Kofi Annan.

Mining industry representative addresses business community

Sir Robert Wilson, Rio Tinto plc

Objectives of the Global Mining Initiative

1 September 2002, JOHANNESBURG

Economic growth, the essential condition of sustainable development, depends on the products of the mining industry. It is our responsibility to meet that demand whilst simultaneously addressing the environmental and social implications of our actions. We need to minimise the physical footprint of our activities and mitigate adverse environmental effects.

The economic, environmental and social aspects of the sustainable development agenda are our constant challenges. Further, our investments and our thinking tend to be more long term than in many industries so the inter-generational framework, inherent in sustainable development, is our routine planning horizon.

But the mining industry has recognised that we have not always done a good enough job in handling these challenges. This led a group of leading mining companies to decide to work together to try to define how we, as an industry, should respond to the transition to a more sustainable future.

The starting point of the Global Mining Initiative (known as GMI) was to listen to and understand what others, including obviously our critics, thought about our industry and the issues it raised. Through WBCSD we commissioned an independent analysis of the industry – Mining, Minerals and Sustainable Development (MMSD). This was an ambitious move with wider terms of reference than had been attempted in other sectors. The MMSD project consulted extensively with those with an interest in this industry, over a period of two years, in an open and transparent process – a true multi-stakeholder dialogue.

A second element of the GMI was a major conference held in Toronto in May this year to reflect on the findings and framework for action of the MMSD report. The conference brought together industry, governments, intergovernmental agencies, indigenous communities, unions and NGO's. I believe the three-day conference made significant progress in breaking down barriers of mistrust.

But the dialogue and engagement did not end with Toronto. We made a commitment to continuing the process of interaction with others. So a third element of the GMI was to establish the International Council on Mining and Metals to maintain this process and to mobilise the industry's response to the sustainable development agenda.

The GMI is a serious attempt to demonstrate that a sometimes controversial industry can respond constructively to the challenges of sustainable development. Indeed, in a message to the GMI conference in May the UN Secretary General linked the project with the aims of the UN Global Compact and wondered whether it might form the basis of what he called the first sectoral Global Compact.

Several aspects of this exercise are relevant to the wider debate at this summit:

First, progressive companies clearly acknowledge that they should contribute positively to the issues raised by the sustainable development debate. To those shareholders who question whether business should be proactive, my response is that there is a strong business case in terms of stability, risk management and employee motivation. There has been a remarkable increase in the level of public reporting by a business like Rio Tinto. Doubters need only go to our website with its 1700 pages of reporting on our environmental and social activities last year. This is in addition to the local reports that each of our business units now provides to their own host communities – another innovation.

Secondly, we need to recognise that there are often complex trade-off decisions to be taken between the economic, the social and the environmental consequences of a project. It would be very nice if economic progress and the alleviation of poverty could be achieved without any adverse implications. But it is often unrealistic. Every new development in mining or any other sector is likely to involve is likely to involve an environmental price for the potential economic benefits and socially there may be some offsets to the obvious gains. In an ideal world those trade-off decisions would be taken by informed and democratically accountable governments. But where government lacks the expertise and experience to weigh up the advantages and

disadvantages it needs help to build up its capacity. The provision of this assistance is a role for intergovernmental agencies, which are well placed to provide experienced, disinterested guidance.

This leads to my third point – the need for partnerships. I have just referred to one area where governments and multilateral organisations need to work together. There are plenty of other areas where business, government, intergovernmental agencies and NGOs can engage in constructive partnerships. In Rio Tinto, we have many examples of such partnerships with organisations like WWF, Earthwatch, and Conservation International. They work by harnessing the different strengths of partners to achieve agreed goals. At an industry level ICMM announced yesterday a new partnership with IUCN on biodiversity. It will also be working with the World Bank and others on community development processes.

Of course, I, and other leaders in our industry, are well aware that much remains to be done, but the process of implementation has begun. For instance, as a company we are formalising the incorporation of sustainable development criteria into key business decisions. New projects are designed with this in mind and long established operations are starting to redesign their management processes to incorporate sustainability issues.

ICMM is expanding its current Sustainable Development Charter to include areas recommended in the MMSD report; assisting members to understand and apply sustainable development concepts; promoting the concept of integrated materials management within the sector; and promoting science based regulatory decisions on the choice of materials to be used by consumers.

All these activities are consistent with the Summit's draft plan of implementation relevant to mining and metals which calls on participants to support efforts to address environmental, economic, health and social impacts and benefits, using a range of partnerships, while promoting transparency and accountability.

The creation of a more sustainable mining industry is not always going to be easy, but in the long-term it will make us stronger and better understood.

Fertilizer industry representative talks sustainability

Wladimir Puggina, International Fertilizer Industry Association (IFA)

Enriching Soils, Enriching Lives

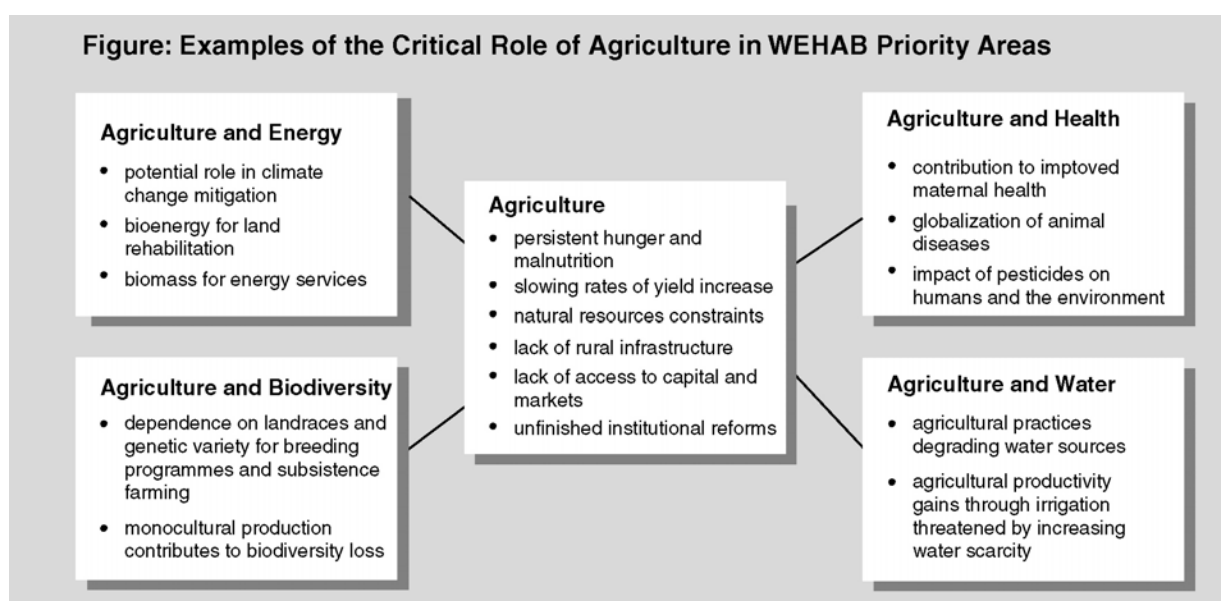
1 September 2002, JOHANNESBURG

Good morning, Ladies and Gentlemen. I would like to thank the Business Action for Sustainable Development for the invitation to address you on the occasion of the BASD Business Day.

Two-thirds of poor people in developing countries live in rural areas and depend directly or indirectly on agriculture for their livelihoods. Agriculture is one of the five key issues for the World Summit on Sustainable Development as outlined by UN Secretary General Kofi Annan. The others in the "WEHAB" group are water, energy, health and biodiversity. Agriculture is intimately linked to all of these, as rightly shown in "A Framework for Action on Agriculture" that the WEHAB Working Group produced for this Summit.

I) Introduction

Two-thirds of poor people in developing countries live in rural areas and depend directly or indirectly on agriculture for their livelihoods. Agriculture is one of the five key issues for the World Summit on Sustainable Development as outlined by UN Secretary General Kofi Annan. The others in the "WEHAB" group are water, energy, health and biodiversity. Agriculture is intimately linked to all of these, as rightly shown in "A Framework for Action on Agriculture" that the WEHAB Working Group produced for this Summit.



The Framework points out that agriculture is central to achieving the Millennium Development Goals as it "is important in stimulating sustainable economic growth and rural employment, and it is the cornerstone for food security and poverty reduction".

My brief intervention has two goals:

- To outline the fertilizer industry's role in agriculture and sustainable development and
- To report on Brazil's experience in improving agricultural production through fertilization and soil management that I believe could be successfully applied to other developing areas, especially Africa, to reduce hunger and improve lives.

II) The Fertilizer Industry's Role

Enriching Lives

Our industry is involved in the noble challenge of providing adequate global food supplies. Unfortunately, in too many places, this still means reducing hunger and malnutrition. The Food and Agriculture Organization of the United Nations estimates that some 800 million people still go hungry every day.

For over 150 years, the application of manufactured fertilizers has been instrumental in improving agricultural production throughout the world. Fertilizers account for at least one-third of all crop yields, sometimes up to half or more in soils depleted of plant nutrients. The need to meet the food requirements of a rapidly expanding population has driven fertilizer use.

Fertilizers increase crop yields, thus protecting millions of hectares of forests, native ranges, and wildlife reserves from the plough. As noted in the WEHAB report, arable land per person in developing countries has declined from 0.32 hectares in 1961/63 to 0.21 hectares in 1997/99 and is expected to drop to 0.16 hectares by 2030. Clearly, future increases in food and other agricultural production will have to come mainly from sustainably intensified and more efficient use of agricultural resources. Fertilizers can help achieve this goal.

Proper plant nutrition results in better crop quality in terms of mineral and protein content. It allows plants to absorb water more efficiently. The effective and responsible use of fertilizers brings significant positive contributions to the human environment.

Enriching Soils

The fertilizer industry supplies plant nutrients by taking natural resources from the Earth's crust or from the air – such as nitrogen, phosphate and potassium – and transforming them into forms that can be readily absorbed by crops. As well as increasing yields, fertilizers can help maintain and improve soil fertility.

Plant health, productivity and nutritional content are substantially influenced by the presence of a correct balance of available essential nutrients. The use of mineral fertilizers is intended to correct natural imbalances or deficiencies in plant nutrients. Plants cannot distinguish between essential nutrients provided by mineral fertilizers or "organic" sources. However, it is easier to ensure a balanced, adequate supply of nutrients by applying mineral fertilizers. Integrating them with organic manures and legumes within comprehensive plant nutrition systems tailored to local circumstances is the key to sustained soil fertility.

Fertilizers help to minimize soil degradation, in particular soil erosion and plant nutrient mining, while maintaining and enhancing soil fertility as a whole.

Sustainable Development

The fertilizer industry is concerned about the social and environmental issues involved in the manufacture and the use of its products. The International Fertilizer Industry Association therefore:

- Encourages its members to increase energy efficiency, provide healthy and safe workplaces and achieve other cleaner production goals;
- Carries out regular emissions benchmarking for members and has launched a similar effort on safety in production;
- Fosters the exchange of technical information on innovations to constantly improve the environmental performance of fertilizer production;
- Favours a system for international trade that creates greater opportunities for farmers around the world;
- Promotes the use of its products within the framework of sustainable agricultural practices, including balanced fertilization and integrated soil fertility management, among others.

Over the past 30 years, the energy used to produce each tonne of ammonia (the building block for nitrogenous fertilizers) has been reduced by 30% to 50%. Wherever feasible, integrated lines are constructed that capture excess energy from one stage of production and channel it back into the system.

According to recently developed Best Available Techniques (BATs), production facilities built after 1990 may also produce 25% to 30% fewer emissions than older, less innovative plants.

Sustainable Agricultural Development

The proper use of fertilizers is an important element, together with optimal use of other available sources of plant nutrients, the efficient use of water, the avoidance of harmful emissions to air and water and other best practices that are essential for world agriculture to be sustainable.

Mineral fertilizers improve farming efficiency and water conservation. Mineral fertilization provides for nutrient balance and optimum soil productivity to stimulate healthy, vigorous crop growth. Fertilizers allow for quick canopy cover and establishment of efficient root systems and more aboveground plant growth. Fertilizers play a positive role in carbon dioxide (CO₂) assimilation by improving the fixation of CO₂ by crops, hence contributing to carbon sequestration.

Partnerships

IFA is committed to working with other stakeholders involved in agricultural development in order to improve the overall efficiency of plant nutrient use through the promotion of best fertilization practices. As well as minimizing losses to the environment, these practices improve farmers' return on investment. Fertilizer producers and retailers have an important role in encouraging farmers to adopt best practices. Our industry has assisted in setting up certified crop adviser schemes in several countries.

The Association's action is global since its membership comprises some 450 companies in more than 80 countries around the world. Half of these members are based in developing countries. IFA has effective partnerships with the FAO, UNEP and the World Bank.

Through the Association, the mineral fertilizer industry provides financial support for projects that improve agricultural production in poor areas. For example, there is a project in seven countries of West Africa, led by IFDC, An International Center for Soil Fertility and Agricultural Development. In Asia, IFA, the International Rice Research Institute, potash and phosphate research institutes and the government of Switzerland work together to help farmers get better yields while reducing environmental impacts. In both cases, farmers are directly involved in determining which options best meet local needs.

III) The Brazilian Experience

Brazilian agriculture:

- Feeds 170 million people;
- Employs about one-third of Brazil's active population;
- Provides 10% of Brazil's GDP or 25% to 30% if agribusiness is included;
- Accounts for 40% of Brazilian export revenues.

Fertilizers have played an essential role in increasing Brazil's food production, which has had knock-on effects: as noted in the WEHAB report, "extra income from agricultural growth can create demand for [other] goods and services, creating a virtuous circle in which agricultural and rural off-farm income grow and sustain each other's growth".

Until the 1960s, the Brazilian "cerrado" was, as its name implies, an inaccessible wasteland. At that time, the new capital of Brasilia was constructed and the cerrado was opened up by a new infrastructure of roads and other means of transportation. In the late 1970s, new fertilization and soil management techniques transformed this marginal land that now accounts for 26% of national grain production.

Nobel Peace Prize recipient Norman Borlaug has stated that the cerrado experience is a useful model because it happened in a region with poor soils. Lessons from the cerrado could be applied in other regions where soils have proved incapable of supporting growing populations. For example, improved soil fertility could help reduce the poverty, hunger, disease and the break-up of communities that trouble many regions of Africa.

IV) Conclusion

According to the World Bank, the world's population could increase by 50% during the next 50 years to reach 9 billion inhabitants. With improved life-styles in today's less favoured countries, global food requirements could more than double. The number of urban inhabitants will, for the first time, exceed the rural population. The area of agricultural land that can be cultivated without degradation of the soil is limited and its productivity must be increased if intolerable social tensions are to be avoided. This can be achieved only by the proper use of fertilizers.

All of us need to work together. Governments are involved in infrastructure development and in setting policies that help poor farmers access plant nutrients, without encouraging over consumption. Agricultural development

organizations, research institutes, NGOs, donors, retailers and others, together with the fertilizer industry, all have a role to play.

The fertilizer industry is proud that its core activity contributes to sustainable development. It engages in stewardship for its products: The industry promotes the responsible use of fertilizers to replenish nutrients that crops consume, but without excessive use.

In the near term, we need to work towards an agriculture that can provide a sustainable life for the world's rural poor. In due course, the world's population will stabilize and, with it, global agricultural production. At that point, agricultural productivity must be indefinitely sustainable, as must the supply and use of the essential plant nutrients for which there is no substitute.

Together, we must work towards these solutions, drawing lessons from successful cases like the Brazilian cerrado.

V) References:

IFA's relevant position papers:

1. Cleaner Production
2. Fertilizer Use and the Environment
3. Fertilizers, Food and Water
4. International Trade of Mineral Fertilizers

These papers can be consulted on the IFA web site (www.fertilizer.org).

Publications:

1. *A Framework for Action on Agriculture* (2002), WEHAB Working Group.
2. 'Fertilizer' in the series *Industry as a Partner for Sustainable Development* (2002), IFA and UNEP.
3. *Environmental Aspects of Phosphate and Potash Mining* (2001), IFA and UNEP.
4. *Mineral Fertilizer Production and the Environment* (1998), IFA and UNEP, Parts 1 and 2.
5. *Mineral Fertilizer Distribution and the Environment* (2000), IFA and UNEP.
6. *Mineral Fertilizer Use and the Environment* (2000), IFA and UNEP.
7. *Fertilizer Retailing Guide* (2002), IFA and FAO.
8. 'Soils under cerrado: a success story in soil management' Lopes, A.S. (1996), IFA-PPI Regional Conference for Latin America and the Caribbean, Mexico City.
9. 'The Vast "Wasteland" on AgBrazil at www.agbrazil.com/the_vast_wasteland.htm.

Publications 2-6, covering the environmental aspects of fertilizers from mine to farm, were directly motivated by the objectives of the Earth Summit held in Rio de Janeiro ten years ago.

Plant Science industry committed to sustainable agriculture

Heinz Imhof, Chairman of the Board of Directors, Syngenta

Sustainable Agriculture: the contribution of the Plant Science Industry

1 September 2002 , JOHANNESBURG

I am delighted to have this opportunity to address what is clearly a critically important gathering on the future of sustainable development.

UN Secretary-General Kofi Annan identified agriculture as one of the 5 key target areas where, as he put it, "concrete results can and must be obtained" in Johannesburg. He went on to say that "the most creative agents of change" may well be partnerships among governments, private businesses, non-profit organizations, scholars and concerned citizens.

Speaking to you as the Chairman of Syngenta, a world leading agribusiness, and on behalf of our global industry association, CropLife International, I can assure you of our commitment to those objectives. We are determined to play our part towards global stewardship, together with parties sharing our aspirations.

I would like to convey five main messages:

1 The development of sustainable agricultural systems is fundamental to world food security and poverty alleviation

The first one is that the development of sustainable agricultural systems is fundamental to world food security and poverty alleviation. We face a tremendous challenge.

It is the challenge of doubling the food supply.

This is a direct consequence of a population of 6 billion increasing to 8 billion by 2025. Compounded by longer life expectancy and higher GDP per capita (statistics from FAO, World Bank), this is expected to bring a doubling of global calorie demand by 2025. At the same time, there will be no increase in the hectares available for cultivation, without significant use of existing natural habitats and deforestation.

More people needing more food on the same land – taking these demands together, we face a continuous decrease in the availability of arable land per capita.

This is the global challenge.

We also have to address the needs of the over 1.1 billion people living in poverty, with 75% in rural areas – who rely exclusively on agriculture for their livelihoods. And of 800 million people who do not have sufficient food to live healthy, productive lives – those confronted by social exclusion, poverty and hunger.

We have to meet the urgent need for rural development.

Productive and sustainable agriculture is therefore essential.

Sustainable agriculture is accordingly the driving force behind development in the poorest countries in the world.

This is recognised in paragraph 38 of the Draft Plan of Implementation Chairman's text of WSSD (Draft Plan for Implementation for the World Summit on Sustainable Development, 12 June 2002, which states:

"Agriculture plays a crucial role in addressing the needs of a growing global population, and is inextricably linked to poverty eradication, especially in developing countries."

2 The plant science industry will continue to contribute significantly to promoting sustainable agriculture and development

My second point is that the plant science industry will continue to contribute significantly to promoting sustainable agriculture and development. Although the plant science industry is only a part in the search for solutions, through our products, technologies and services industry's technological innovation, we are contributing significantly to the economic viability and productivity of farmers and to sustainable agriculture. Our products will continue to support farmers and to make an important difference in these key areas:

- Through yield protection – through control of weeds, diseases, pests;
- Or crop enhancement – through seeds and crops adapted to local conditions;
- Or quality improvement – through enhanced composition meeting a variety of needs.

We have also secured significant benefits in the environmental and health spheres – making less use of critical natural resources while raising productivity. And thereby helping to preserve wildlife habitats as well. .

Here in Johannesburg the global community strives to reconcile the needs of economic and social progress with the sustainable use of natural resources.

Our industry is determined to help advance sustainable development through the use and development of products:

- needing less water, or facilitating no tillage soil conservation;
- for saline land, or for arid regions;
- adding vitamins, and other beneficial health and dietary components.

And through technological innovation in biology, biotechnology and genomics, we can learn new insights and help produce crops that can cope better with hostile environments or produce healthier foods.

Indeed, technology is one of the keys to future progress, to finding solutions to these daunting economic and social challenges.

3 Product stewardship is a key component for continued progress

The third message is that product stewardship is a key component for continued progress. We are committed to the responsible and sustainable use of our industrial products in developing countries – as indeed in all regions. The global industry association - CropLife International – has been playing a major role in supporting and co-ordinating responsible product stewardship industry-wide and to enhancing safe use of our products. Under its new Director General, Christian Verschuere, the association will further develop and share industry best practices.

CropLife has promoted the 'life-cycle' approach:

- Carrying out extensive training in Integrated Pest Management and responsible use of crop protection products Safe Use - in accordance with the FAO Code of Conduct ;
- Implementing successful pilot projects for training and education in crop protection in Guatemala, Kenya, and Thailand;
- And expanding these programs to over 70 countries, in partnership with stakeholders and reaching over 2 million users.

In addition, we support government efforts to shape a sound biotechnology regulatory policy.

We are committed to work on the safety evaluation of genetically enhanced crops by:

- Supporting biosafety research in collaboration with governments worldwide;
- Putting in place monitoring systems, for example in insect resistance management;
- Contributing actively to the development of technical capacity for the evaluation of GM crops in all the countries where these new crops are expected to deliver substantial contributions to farmers' income and sustainable agriculture.

In short, the plant science industry is dedicated to promoting the safe, sustainable use of technology.

4 Knowledge and technology transfer using public private partnerships can make a real difference in the promotion of sustainable agriculture

My fourth point is that knowledge and technology transfer using public private partnerships can make a real difference in the promotion of sustainable agriculture. Farmers are able to improve their productivity and incomes themselves in a sustainable manner, if they have access to products, information and technology. This is reflected in the Draft Plan of Implementation for WSSD Chairman's Text for WSSD, para. 6(i):

"..measures required..to achieve..sustainable development goals..include..:

transfer basic sustainable agriculture techniques and knowledge...to small and medium-scale farmers..and the rural poor..including through multistakeholder approaches and public-private partnerships aimed at increasing agricultural production and food security."

To foster access to knowledge and information, CropLife International is supporting and has submitted a Partnership Initiative (known as Type 2 outcomes of the Summit). AgLe@rn is a web-based distance learning programme. It is an innovative tool bringing expertise and know-how on sustainable agricultural aspects – such as IPM – to agricultural experts and trainers in the developing world while trying to bridge the digital divide these countries are facing. APRTC (the Asia-Pacific Regional Technology), the NGO Worldview International Foundation and CropLife joined together to promote AgLe@rn worldwide and are now seeking new partnerships to broaden its scope and raise awareness of its benefits.

The industry is also helping to facilitate the transfer of technology, namely to subsistence farmers – in order to give them the opportunity to make appropriate choices to improve their livelihoods. As an example, Syngenta selectively provides relevant technology, royalty-free, to subsistence farmers through technology transfer and intellectual property agreements with research institutes – such as the ground-breaking work on the rice genome, insect resistant maize and rice, or a royalty free licensing agreement for insect protection in sweet potatoes.

Public /private collaboration is a very important vehicle for knowledge sharing, for the creation of synergies advancing sustainable development.

I am convinced that public/private and multistakeholder partnerships can make a real difference. With intelligent and well selected joint programs between industry and , government, – or even three-way partnerships among industry, government or multilateral institutions and NGOs – the representatives of “civil society” – we can achieve innovative results.

Above all these partnerships must be action-oriented, results oriented. No amount of discussion and policy will substitute for practical, concrete results.

This is why Syngenta has been working with the leading public research organizations in agriculture in developing countries - the CGIAR (the Consultative Group on International Agricultural Research) framework, with its world renowned Centers such as CYMMIT, IRRI and others. My company's Foundation, the Syngenta Foundation for Sustainable Agriculture, is an increasingly active partner in CGIAR's endeavours. Through its Foundation Syngenta is working with a number of NGOs and local collaborators:

- in Eritrea, on soil and water conservation projects;
- in Mali, in improved plant breeding of millet, sorghum and cowpea;
- in Kenya, on a broad based approach to insect resistance in maize.

The goal of these partnerships must be to:

- Improve subsistence farmers' livelihoods by sharing appropriate technologies;
- Enhance capacity building amongst farmers, growers, NGOs and governmental organisations;
- Produce concrete results.

5 Stakeholder dialogue based on open and transparent risk/benefit analysis is essential for success

My fifth and final point is that stakeholder dialogue based on open and transparent risk/benefit analysis is essential for success. It is imperative to have a constructive dialogue based on a degree of mutual comprehension. We must be able to agree on a shared basis for discussion, on a willingness to find shared areas for common action – even while we represent different actors in society.

We know that our industry is not an isolated element in agriculture, or the economy at large. We cannot achieve any of the objectives or results I have outlined without a constructive dialogue in food and agriculture: a realistic exchange among the research community, farmers, processors, retailers, consumers, governments, NGOs and other components of “civil society”.

- In this context, the Insect-Resistant Maize for Africa project initiated by the Syngenta Foundation in Kenya provided an excellent example of stakeholder dialogue, with extensive interviews and discussions with local farmers, communities and government representatives.

This stakeholder dialogue must be based on facts, on science, and on an open and transparent risk/benefit analysis.

In the regulatory arena, we must work to support effective, predictable standards. We need – just as all sectors

of a successful society need – to work with good governance and within a stable legal and judicial infrastructure.

And we must work together to develop local approaches to support safe, high-quality food production - in a spirit of mutual benefit, and mutual responsibility and respect.

6 Sustainable Agriculture

In conclusion, it should be evident to all of us that sustainable agriculture is an essential component of sustainable development.

The plant science industry is committed to working in partnership with other stakeholders to promote sustainable agriculture. We will pursue this course by addressing the five key points I have outlined:

- Food security and development
- Productivity, sustainability and innovation
- Product stewardship
- Access to knowledge and technology
- Stakeholder dialogue

Our industry is determined to play its part in helping to meet society's needs, and the requirements of the developing world in particular.

I pledge you our support in the cause of sustainable agriculture – a cause we can advance successfully if we work together, in dialogue and in partnership.

Thank you.

Governance matters

Mohamed Rafik Meghji, International Federation of Consulting Engineers

Official Development Assistance

1 September 2002 - JOHANNESBURG

Assistance to developing nations can take various forms. However, only two seem successful. The first is reconstruction aid — the rebuilding of damage created by wars or natural disasters. The second successful form of aid is charitable grants and loans to the developing world for education and health care services. But the third form of aid — for economic development — is another story. It has failed to accelerate income growth among the world's poor wherever it has dominated.

Some are of the opinion that ODA in form of government-to-government aid for economic development has served mainly as a welfare prop for dysfunctional third world governments. Coupled with the fact that, quite a few of the poorest countries do not have good governance, this assistance funds are habitually wasted or worst even diverted to personal usage.

Not surprisingly, income per capita in these countries has grown at a snail's pace. In fact, in Africa, it has hardly grown at all. Therefore, the continuation of the flow of such subsidies accomplishes only one goal: It maintains the pretense that "development" is actually being accomplished.

Executed in this way, though, development aid actually crowds out true development. In particular it has proven to be an inadequate substitute for social, legal and financial reforms. Such reforms are necessary if any poor country is to generate or attract investment. Private investment — foreign or domestic — is the only known and time-tested route to rapid development.

Research indicates that, no country that has refused to make the necessary free market reforms has prospered since World War II. Not a single one. To the contrary, these countries that have relied on concessionary aid for capital, have remained poor.

The few that reformed, meanwhile, have gotten relatively rich. Hong Kong, Singapore, South Korea and Taiwan. Now, as the 21st century unfolds, China, the countries of Eastern Europe, Chile and Mexico and, India, are marching down the route of free enterprise too.

Why are such successes ignored so relentlessly as the cry for increased official aid grows ever louder? Ideology is possibly the only answer.

Such as we can point to thousands of successful individual projects such as giant dams, irrigation projects, telephone networks, electric systems, roads and ports built by aid funds are scattered throughout the Third World. As a result of such tangible examples, to the casual eye, ODA does "work."

But lets take a closer look. Many of these projects could certainly have been built with private funds — if the proper civil order had been established. Yet, more vital still, is that all these "successful" individual aid projects have not produced substantial additional economic growth.

But Has ODA really failed that miserably or is this exaggerated in the interest of some?

A growing number of other critics around the world on the contrary, call for radical reform in Official Development Assistance (ODA). They have raised many serious issues that cannot be ignored.

First, they point to the huge gap between the internationally agreed quantitative ODA targets and the donors' payment record. Clearly, there is a wide gulf between rhetoric and reality of assistance. Developing countries lost about US\$ 116 billion in the year 2002.

A second issue concerns the definition and measurement of ODA. Governments now use the term ODA to cover far more than the original OECD definition, sowing doubt about how much of today's ODA is "real" assistance.

A third important issue is the quality of assistance, especially aid effectiveness. The insistence on a "good policy environment" as a precondition for effective development assistance. This has led to the controversial

proposal that assistance should be selective – scarce ODA resources should be focused on those countries with both high poverty and economic policies approved by the Donors.

However evidence suggests that ODA effectiveness does not mainly depend on the quality of policies in the recipient country. Rather, recent studies suggest the primacy of external conditions and the vulnerability of these countries to exogenous shocks. This suggests that ODA is most effective when reducing the negative effects in a difficult environment.

A fourth issue focuses on fundamental questions about the role and future of ODA. Many ask whether official capital flows still can have a perceptible impact on development, given economic globalization and growing private foreign investments. Some ask whether ODA loans simply worsen the debt crisis.

Such wide-ranging discussion on the crisis of ODA and the need for reform is not new.

A quarter of a century ago, Mwalimu Julius Nyerere insisted that the entire concept of aid was wrong. While it mitigated problems he said, it was not a successful means to overcome poverty throughout the world. And it had the fundamental flaw of reducing the poor to the status of beggar.

It is sad to note that statistics tend to confirm this view.

However is this all the fault of the developing world?

What role does the developed world has in this apparent failure?

There is a paradox here. The advantages of globalization are being increasingly recognized, while on the other, one fails to see recognition that the affluence of the industrialized countries cannot be secured without concrete solidarity with the poor parts of the world.

Stagnation in ODA has particularly grave consequences for the poorest countries, which rely especially on official financial flows.

This means that an ever- smaller share of the shrinking development funds flows to the countries that need them most. This trend obviously runs contrary to internationally proclaimed anti-poverty goals.

Western capitalism no longer faces a challenger from the East, transnational private investments have grown rapidly along with worldwide liberalization and deregulation, and global problems have intensified (destruction of the environment, armed conflict, civil wars, HIV-Aids, etc.). Against this background, the critics have increasingly called for new development paradigm – an entirely new framework for international development financing.

A number of governments and agencies have proposed “poverty eradication” as a new mode for co-operation between North and South.

If ODA is a total failure, what can replace it? Is Foreign Direct Investment (FDI), a panacea suggested by the developed world?

FOREIGN DIRECT INVESTMENT

There are prophets who swear by FDI and tell us that, Foreign Direct Investment (FDI), has proved to be resilient during financial crises, both during the Mexico crises and the recent East Asian crisis.

Further they point out that, FDI can in some instances:

- allows the transfer of technology—particularly in the form of new varieties of capital inputs—that cannot be achieved through financial investments or trade in goods and services. FDI can also promote competition in the domestic input market.
- Recipients of FDI often gain employee training in the course of operating the new businesses, which contributes to human capital development in the host country.

- Profits generated by FDI contribute to corporate tax revenues in the host country.

In principle, therefore, FDI should contribute to investment and growth in host countries through these various channels.

Despite the evidence presented, other experience indicates that developing countries should be cautious about taking too uncritical an attitude toward the benefits of FDI.

Is a high FDI share really a sign of strength or weakness?

In effect a high share of FDI in total capital inflows may be a sign of a host country's weakness rather than its strength.

One striking feature of FDI flows is that their share in total inflows is higher in riskier countries and in countries where the quality of institutions is lower. What can explain these seemingly paradoxical findings? One explanation is that FDI is more likely than other forms of capital flows to take place in countries with missing or inefficient markets. In such settings, foreign investors will prefer to operate directly instead of relying on local financial markets, suppliers, or legal arrangements.

The policy implications of this view are "that countries trying to expand their access to international capital markets should concentrate on developing credible enforcement mechanisms instead of trying to get more FDI."

FDI is not only a transfer of ownership from domestic to foreign residents but also a mechanism that makes it possible for foreign investors to exercise management and control over host country firms—that is, it is a corporate governance mechanism.

The transfer of control may not always benefit the host country because of the circumstances under which it occurs, problems of adverse selection, or excessive leverage.

FDI may not necessarily benefit the host country. Through FDI, foreign investors gain crucial inside information about the productivity of the firms under their control. This gives them an informational advantage over "uninformed" domestic savers, whose buying of shares in domestic firms does not entail control. Taking advantage of this superior information, foreign direct investors will tend to retain high-productivity firms under their ownership and control and sell low-productivity firms to the uninformed savers. As with other adverse-selection problems of this kind, this process may lead to over investment by foreign direct investors.

Financial transactions can sometimes accomplish a reversal of FDI.

There are some other cases in which FDI might not be beneficial to the recipient country—for instance, when such investment is geared toward serving domestic markets protected by high tariff or non-tariff barriers. Under these circumstances, FDI may strengthen lobbying efforts to perpetuate the existing misallocation of resources. There could also be a loss of domestic competition arising from foreign acquisitions leading to a consolidation of domestic producers, through either takeovers or corporate failures.

Although the overall thrust of the argument is unmistakable: a developing country is not going to get anywhere if, for some reason, FDI does not flow in, but who does it benefit eventually?

Increasingly, it is becoming evident that it is not so much the developing countries that desire FDI, but the representatives of the industrialized world - the transnational corporations (TNCs), the "experts" - that desire the DCs to desire FDI.

Some have even equated FDI to a holocaust.

So where does the matter stand on FDI, especially in relation to Africa?

The Economist defined FDI as a package, a "bundle". The point about FDI is that it is far more than mere "capital": it is a uniquely potent bundle of capital, contacts, and managerial and technological knowledge. It is the cutting edge of globalization. This definition of FDI does raise a question: if FDI is indeed a "bundle", can it be unbundled? Can it be unpackaged? Can a developing country say to the bearer of FDI: "We'll have your technology, but we'd rather depend on our own savings as capital, and we will provide the management ourselves"? Or is it in the very nature of FDI that it comes as a "bundle" - take it or leave it?

What developing countries may (or may not) need is capital, especially capital that is embodied in technology. They do not need FDI. Why? Because FDI is really a bundle of assets in the service of TNCs in their perpetual

quest for profits, markets and sources of raw materials. FDI is a means for foreign owners of capital to acquire assets in the host country.

All FDI is inherently problematic.

Empirically speaking, instead of capital flowing into Africa, there is a net, indeed massive, outflow of capital. Although these may take different forms.

Unless the savings are retained within Africa for domestic capital accumulation, Africa will forever be seeking capital from outside and thus remain a permanent hostage to the conditions imposed by international capital.

These conditions, under the Donor aid regime sometimes disguised as FDI, are increasingly becoming political as well as economic. And so, in addition to becoming an economic hostage to the dictates of international capital, Africa is in danger of also losing its political independence.

This is the real meaning of capital-led globalization.

What are therefore primary conditions for growth in a developing country?

Both ODA and FDI, cannot function in an environment of poor governance. Is there any evidence to support that?

GOVERNANCE MATTERS

There is a surge of interest in the consequences and relevance of governance and misgovernance for development. This has been accompanied by a proliferation of data measuring subjective perceptions of various aspects of governance.

One definition of governance is broadly the traditions and institutions by which authority in a country is exercised.

This includes:

- i) the process by which governments, are selected, monitored and replaced,
- ii) the capacity of the government to effectively formulate and implement sound policies,
- iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

The above can be broadly captured in six clusters:

Voice and Accountability represents the process by which those in authority are selected and replaced and including sub parameters as "civil liberties" and "political rights" as well as independence of media.

The second is political stability and violence and this basically is a major of a quality of governance in terms of its political stability and its ability to ensure its citizens peace.

The third is government effectiveness and this represents the ability of government's commitment to formulate and implement some policies. This can be measured by the quality of public service, bureaucracy, the competence and credibility of the government's commitment in its policies.

The fourth one is regulatory burden and this is a major of market policies such as price controls, excessive regulation especially in the areas of trade in business development and the quality of banking service.

The fifth is rule of law and that broadly summarizes the respect of citizens and institutions which the govern them. This can be measured by crime rate, the independence and predictability of the judiciary and the enforceability of law and contracts.

And the final cluster "Graft" measures perception of corruption, or real corruption.

How much does “Good Governance matter for the development of the country.

Development of countries can be measured in broad parameters namely:

- ❖ Per capita income
- ❖ Infant mortality and
- ❖ Adult literacy

Various studies have indicated a direct relationship between good governance as measured by the six indicators above and three development outcomes and the co-relationship are striking.

For instance, a one standard deviation improvement in governance leads to a four-fold improvement incase of political stability and violence.

In very simple terms “Good Governance is key to development and attraction of both Official Development Aid (ODA) and Foreign Direct Investment (FDI)”.

THE FUTURE

Both ODA and FDI even under good governance have failed to deliver effectively. What can be improved under new investment models?

There is a need of rethink by all!!! Donors, Recipient, Foreign Investors and Local Population as well.

There must be a role for all in a coordinated effort to avoid duplication, greed, neo-colonialism and sincere interest in development not only of themselves but of the population in general.

In order to overcome ODA recipients’ dependency relationship with donors, the international community should develop new forms of contractual relations between North and South. This must be based on a level of funding based on commonly defined development indicators, replacing entirely the current unilateral definition of performance drawn up by donors.

New and Additional Funds for Sustainability

Human survival depends on adequate financing on Sustaining our Earth, such as protection of rainforests, care of the oceans, restoration of the ozone layer, and protection of worldwide public health. These projects should not be financed out of the budget for Official Development Assistance, further reducing scarce resources for national development tasks. We must finance by new and additional means.

Untying Aid

When a donor ties aid, it places special conditions on recipients’ use of the funds, a tactic that serves only the commercial interests of firms in the donor country. Recipients could use ODA much more effectively if tied aid were eliminated, but accountability and responsibility of the recipient was enforced.

Grants not loans

To break the vicious circle of indebtedness, rich countries should provide Official Development Assistance in the form of grants and not loans for a period until the developing world can sustain itself. However these should be applied only to projects, which fail to private funding and must be capable when completed to attract private investment i.e. It must have value added attraction qualities.

Unbundling FDI

Recipient’s countries of FDI should have the liberty of not accepting a bundle of FDI but even components within this bundle. There has to be effective and meaningful participation of locals in terms of capital, technology, manpower and eventually ownership.

To attract and enhance inflows of productive capital, recipient countries need to continue their efforts to achieve a transparent, stable and predictable investment climate, with proper contract enforcement and respect for property rights, embedded in sound macroeconomic policies and institutions that allow businesses, both domestic and international, to operate efficiently and profitably and with maximum development impact. Special efforts are required in such priority areas as economic policy and regulatory frameworks for promoting and protecting investments, including the areas of human resource development, avoidance of double taxation,

corporate governance, accounting standards, and the promotion of a competitive environment. Other mechanisms, such as public/private partnerships and investment agreements, can be important. Emphasizes for the need for strengthened, adequately resourced technical assistance and productive capacity building programmes, as requested by recipients.”

Above all neither ODA or FDI, can work in isolation. Both have a role and must work in tandem to ensure that at the end of the day the whole concept of investment is not only profit for the investor but also the raising of standards of the general population. It has been proven that poverty is not good for anyone including even the Business comments and the investors.

Press Release : Business Pledge for Action

JOHANNESBURG, 1 September 2002 - Summing up Business Day, Lord Holme of Cheltenham, Vice-Chairman of Business Action for Sustainable Development, called upon the world business community to make its commitment to sustainable development clear. He set forth, in summary form:

The Johannesburg Business Pledge for Action

Sustainability is the **Opportunity**
which we embrace

Responsibility is the **Standard**
by which we should expect to be judged

Accountability is the **Obligation**
which we assume

Partnership is the **Pathway**
which we pursue

Business Day, a high-profile event hosted by Business Action for Sustainable Development, brought world business leaders together with NGOs, labor unions, and government officials to discuss initiatives and partnerships towards sustainable development.

Articles

World News - Annan urges business to press ahead on new ideas.

By JAMES LAMONT and JOHN MASON.

533 words

2 September 2002

Financial Times

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English

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Kofi Annan, United Nations secretary-general, vented his frustration with slow government decision-making at the UN World Summit on Sustainable Development in Johannesburg by urging business to press ahead with development initiatives.

Mr Annan told delegates at the World Summit's showcase business day not to wait for governments to make decisions and laws to promote development in the world's poorest countries and environmental protection.

"The corporate sector need not wait for governments to take decisions," he said.

"We realise that only by mobilising the corporate sector that we can make significant progress."

Mr Annan warned that the yawning inequalities between the developed and developing worlds were "fundamentally unstable". He appealed to company executives not to allow extreme social differences to persist by investing in some of the world's least developed countries.

Companies have attended the Johannesburg World Summit in much greater numbers than the Rio Earth Summit 10 years ago. About 700 companies, including oil and mining companies, are represented at the summit. Business organisations, such as Paris-based Business Action for Sustainable Development, are showcasing development partnerships while lobbying against the imposition of multilateral rules to enforce greater corporate accountability - including labour and environmental standards - in the developing world.

Mr Annan's comments came as ministers prepared to work through the night to reach agreement on the summit text before the arrival of heads of state to address the conference today. Although the European Union has maintained a strong stance throughout the talks, it appeared likely it would climb down on some in the face of US opposition.

Its strongest demand remains agreeing a target on access to sanitation. There were suggestions that to achieve this, it might drop support for a Brazilian proposal for a new target for 10 per cent of energy production to come from non-hydro renewable sources. The prospect of such a trade-off caused concern to business and environmentalists. European oil companies such as BP and Shell have urged Tony Blair, British prime minister, to back the targets.

James Cameron, environmental lawyer at Baker & MacKenzie, the international law firm, said: "The EU must call the US bluff on this. There is plenty of support within the US business community for new targets on renewables. This is the sort of target which could have a profound effect on investment decisions. To trade off renewables for sanitation would be a sad state of affairs."

The only substantial agreements remain those to protect fish stocks in international waters and minimise the use of toxic chemicals. However, an agreement on trade and finance over the extent to which World Trade Organisation rules support environmental objectives appeared close.

The heads of state who will address the summit today include Mr Blair, French President Jacques Chirac, and Chancellor Gerhard Schroder of Germany.

However, there is a chance they will be overshadowed by the appearance of Robert Mugabe, Zimbabwe's president, whose policies have been blamed for worsening the plight of 6m people who face starvation following the southern African drought. www.ft.com/earthsummit

London Edition 1.

Business Key in Cutting Poverty, Saving Environment - Annan

365 words

1 September 2002

SAPA (South African Press Association)

English

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JOHANNESBURG, 1 September 2002, SAPA, The economic development of the poorest countries is of fundamental interest to the global community, including the private sector, United Nations secretary-general Kofi Annan said on Sunday.

And, business had come to realise that their profits could only be sustained if social and environmental issues were effectively addressed, he said at a business conference on the fringes of the Johannesburg World Summit on Sustainable Development (WSSD).

"The present situation is fundamentally unstable. We cannot afford to prolong it by allowing extreme social differences to persist."

Mobilising sustainable business investment was essential if the least developed countries (LDCs) were to escape their desperate poverty trap.

The Global Compact initiative, launched in July 2000, was seeking a commitment from companies to grow businesses over the next five years in some of the LDCs in line with the principles of sustainable development, Annan said.

About 700 business leaders from more than 150 local and international corporations are meeting under the umbrella of the Business Action for Sustainable Development (BASD) in an event parallel to the summit.

The UN chief said ten years ago, at the Rio Earth Summit, the role of business in sustainable development was poorly understood.

But, today, there was a growing recognition that lasting and effective answers could only be found if business, working together with others including government and civil society, was fully engaged.

"We now understand that both business and society stand to benefit from working together.

"And more and more we realise that it is only by mobilising the corporate sector that we can make significant progress."

Annan said for its part, the business community had come to realise that if it wished to thrive in a complex and sometimes hostile global economy, it had to respond to the major social and environment trends and challenges reshaping the world.

"The environment provides a prime example. Controlling pollution and the emission of greenhouse gases have historically been viewed by many companies as social issues entailing burdensome costs.

"Yet, today, there is broad recognition of the fact that corporate pollution involves high costs and wastage for business itself," he said.

Document sapa000020020902dy91000be

It's in your interest to help the poor, Annan tells business at summit

593 words
1 September 2002
Agence France-Presse
English
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JOHANNESBURG, 1 September 2002 (AFP) - UN Secretary General Kofi Annan called at the Earth Summit on Sunday for corporate giants to invest in developing countries, saying it was in their interest to help the fight against abject poverty.

Annan told a business forum that since the first Earth Summit in Rio de Janeiro 10 years ago, big companies had come to realise that if they sought to survive in a "sometimes hostile global economy," they had to respond to social and environmental challenges.

"We now understand that both business and society stand to benefit from working together," he said.

"And more and more we realise that it is only by mobilising the corporate sector that we can make significant progress."

The forum gathered some 700 delegates, including the heads of multinational corporations, where the mood was one of bridge- building.

Big business has been fiercely attacked by activists, who say its drive for profit can be catastrophic for the environment and for vulnerable people in poor countries.

"Mobilising business investment which is sustainable and produces positive results -- both for the societies and the investing companies -- is essential if the least developed countries are to escape their desperate poverty trap," Annan said.

The one-day forum was told that only five percent of the total foreign direct investment in the world went to the 40 least developed countries.

Annan hailed the Johannesburg summit as "historic" saying: "I hope, working in partnership, we can make the planet what it ought to be."

In the past, he said, many companies viewed controlling pollution and greenhouse gases as burdensome costs.

Today, however, "there is broad recognition of the fact that corporate pollution involves high costs and wastage for business itself."

Danish Prime Minister Anders Fogh Rasmussen, meanwhile, called for free trade and open markets to alleviate poverty and help save the environment.

Rasmussen, whose country currently chairs the European Union, said the developed world should help the have-nots by "giving them access to our markets".

"When trade advances, poverty, retreats," he said. "Economic growth is the key to both eradication of poverty and to a better environment.

"Increased free trade and market access is the key to achieving this," Rasmussen told the representatives of 200 of the world's most powerful companies including petroleum giant Shell, car manufacturer Toyota, and mobile phone-maker Ericsson.

Canadian Prime Minister Jean Chretien stressed the importance of so-called partnerships between governments, companies and non- governmental organisations to achieve sustainable development.

Promoting these public-private tie-ups is one of the goals of the Earth Summit, but it is viewed warily by green campaigners.

But Chretien said the public should be reassured.

"People understand the power of partnerships," he said. "Given the breadth of the challenge posed by sustainable development, it just makes good sense to pool the resources, ideas and imagination of all sectors of society.

Mark Moody-Stuart, who chairs a lobby group, Business Action for Sustainable Development (BASD) and who also acts as an advisor to Annan, said global businesses should clearly state their commitment to sustainable development and the measures they would embrace to meet this goal.

"The first step is a real public statement of support to sustainable development" and a clear policy on how exactly each business would fulfil the objective, he said.

"We have to ... lower the deep suspicion and gradually build up trust."

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Partnerships stressed at development Summit

Barry James International Herald Tribune
Monday, September 2, 2002

Johannesburg, 2 September 2002 - One of the buzzwords at the UN World Summit on Sustainable Development is partnership, and for some of the companies packing the lush corporate headquarters near the meeting, this could almost be a second Johannesburg gold rush.

But they are coming to learn that the process may be a good deal more complicated than many of them thought when they arrived here a week ago.

The idea of pooling the resources and talents of governments, environmental or development groups and corporations was introduced at the Earth summit in Rio de Janeiro 10 years ago but is being stressed here as a remedy for the failure to achieve the goals set then to save the environment and rescue the world from backwardness and poverty.

The trouble is that the word partnership is almost as difficult to define as sustainability.

Asked to explain a new partnership on energy announced on Sunday by the European Union, the Danish state secretary, Carsten Staur, speaking for the EU, said it was "an attempt to get new partners actively involved."

"It is true we have had programs of assistance for many years," he said, but he added that partnerships were intended to "secure more financing, and additional resources for development through contributions from private companies and civil society."

"This," he said, "will not only mean more money, hopefully, but also a broadening of ownership."

Civil society, a word much used by bureaucrats here, includes trade unions, farmers associations, youth and women's groups, scientists, indigenous people and local governments as well as the nongovernmental organizations in development and environmental work.

That means that business corporations will have to take these groups into account when setting up projects, according to Eve Crowley, who looks after poverty alleviation at the UN Food and Agriculture Organization. She

defined partnership as a means of enabling "committed people to assist other committed people."

This went far beyond the old definition of rich countries helping poor, she said. It also means poor countries sharing their knowledge with other poor countries, she said in announcing a new program to link resources, expertise, knowledge and technologies.

"The hard thing will be to get all these diverse civil society groups to agree," she said.

The one constant, she said, was that these groups remained on the ground as governments came and went, and it was with them that corporations would have to deal in future.

One thing seems certain: Multinational corporations are going to find it much harder to open mines, drill for oil and engage in other projects without involving local groups from the outset.

Peter Woicke, executive vice president of the International Finance Corporation, the branch of the World Bank that lends to private companies, said, "There is a financial gain for those who handle these issues well, but there is a risk if they are handled badly."

Phil Watts, the chairman of Royal Dutch/Shell acknowledged that he was "on a learning curve," but said his company was firmly committed to partnerships "built on mutual trust."

"Before even thinking of going into an area, you have to look at the social aspects," he said.

Shell, which is still trying to shake off the record of some of its past activities in Africa and elsewhere, which he said were built "with the mind-set of 30, 40 or 50 years ago," now sees that "environmental and social responsibility are essential allies to business success."

He said business "should embrace sustainable development and corporate social responsibility not just as a force for good, but because it is to our clear competitive advantage."

"And this trend can only increase as society's expectations of business continue to change," he said.

Watts is chairman of the World Business Council for Sustainable Development, a coalition of 160 international companies, to which the International Herald Tribune belongs.

The partnership concept is bringing together some odd allies but none stranger than that between the business council and the militant environmental group Greenpeace.

An archenemy to some of council members, Greenpeace joined in an appeal to governments to come together around one global framework to deal with the risks of climate change.

Torsten Bartsch, speaking for a group of young managers in the business council, said partnerships were a way of allowing committed business men and women to participate more fully in the process of cleaning up the environment and alleviating poverty.

Saying that the environmental groups could not lay sole claim to the moral high ground, Bartsch said, "I want to change the world, but I want to change it from the inside."

Tom Burke started his career by challenging plans by Rio Tinto to open a copper mine in a British national park. Once the head of Friends of the Earth in Britain, he now acts as policy adviser to Rio Tinto after a spell in government.

Friends of the Earth, meanwhile, is leading what appears to be a doomed campaign to establish international rules for corporate accountability.

Burke said it was important "to find points of convergence rather than divergence" between multinational corporations and civic and environmental groups.

Burke entered the corporate world, he said, because "I'm interesting in shaping the outcome. And if you want to

change things, you have got to get everyone to work together."

Kristen Sukalac, a spokeswoman for the International Fertilizer Industry Association, said companies were looking for partnerships that would lead to results. "A lot of times," she said, "that will mean teaming up with a UN agency or a nongovernment organization. They have a reputation that can help others take the company seriously."