CSO statement on the private sector and corporate accountability

UN negotiations on Finance for Development, April 14, 2015

By Kristina Fröberg, Norwegian Forum for Development and Environment, on behalf of Civil Society

Thank you Mr. Co-facilitator. My name is Kristina Fröberg, and I am speaking on behalf of the Norwegian Forum for Development and Environment, and as part of a broad global coalition of CSOs working on FfD. I will propose urgent additions in para 40 and 53.

You have asked us to address gaps in the SDGs that could hamper their success. One of the biggest loopholes in the SDGs is that they do not address how one of the stakeholders with most influence on development – business – should be held to account, to ensure that they act in a sustainable way and respect human rights.

Because of this it is essential that FfD takes on the role of ensuring a regulatory framework that sets all companies on a path to sustainable development and respect for human rights, and does not let the work of some undermine the work of others.

Since Doha, the business and human rights agenda has significantly advanced with the unanimous adoption of the UN Guiding Principles on Business and Human Rights (UNGPs) by the Human Rights Council. They outline three crucial elements for corporate accountability:

1. **The state duty to protect** against human rights abuses by business, through appropriate policies and regulation
2. **The corporate responsibility to respect** human rights, and how to act with due diligence to avoid harming the rights of others
3. **Access by victims to effective remedies**

The Elements Paper proposed implementation of the UNGPs, but the zero draft fails to refer to this single most important and widely-recognized framework in the field of business and human rights. **In para 40** we therefore propose the following wording to be inserted: we *commit to effective implementation of the UN guiding principles on business and human rights, and to set up effective mechanisms for resolving disputes between corporations and communities or individuals, and compensate parties that have been negatively affected by corporate activities.*

Since mandatory Environmental, Social and Governance reporting also is crucial for corporate accountability, we would like to commend that **para 40** already includes an agreement to*; create strong regulatory frameworks on ESG practices, including mandatory integrated reporting for large companies, to be adopted by 20xx*, *as well as protecting labour rights and environmental and health standards in accordance with internationally agreed norms, including the labour standards of the ILO and key Multilateral Environmental Agreements*. We urge states to support this.

We would like to add though, that to ensure that the information which is most relevant for sustainable development is covered, and to create a level playing field for companies, the reporting must be *standardized* through UN processes. It is also important that integrated reporting, which includes financial reporting, is done on a *country-by-country* basis. This relates back to the state duty to protect against human rights abuses by business, through appropriate policies and regulation. Therefore, the words standardized and country by country should be included in the sentence. The time limit for adoption should be set to 2018.

The proposed additions in para 40 will provide business with the potential to contribute to all three dimensions of sustainable development, and hold them accountable for their actions.

When public funds go to the private sector we have to ask for more than this, and not only ensure that business don't undermine sustainable development, but also that they have a clear positive development effect. Therefore, we welcome that **para 53**; *agree to develop and adopt principles, guidelines and standardized documentation for the use of PPPs*. It is of great importance that the text also defines these through adding to the sentence that; *these should take the sustainable development impact, additionallity, national and local ownership, risks, transparency, cost benefit analysis, and strong monitoring and evaluation into account.* This is crucial to ensure that PPPs do not direct public resources away from other ODA investments that could contribute more effectively to sustainable development and poverty eradication.

Thank you Mr. Co-facilitator