

Women's Major Group Contribution for the Sixth Session of the Open Working Group on the Sustainable Development Goals

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(Intervention to Mr. Polman, CEO of Unilever, during plenary on means of implementation and global partnership on Tuesday 10 December).

Mr. Polman,

Your emphasis on three key issues are important to recount:

First, your mention that holding businesses accountable and the importance of regulation for responsible business;

Second, the need for the private sector to create sustainable jobs and economic opportunities; and,

Third, that the world is flush with private money and the question is what to do with the money, not where to find the money;

However, the multinational companies have been proven to flagrantly violate international human, social and environmental standards both in developed and developing countries. Last week, American economist Joseph E. Stiglitz addressed the second UN Forum on Business and Human Rights in Geneva. In his speech he said that human rights principles applied on a voluntary basis to businesses has long been proven inadequate. He called on Governments to move beyond soft law towards a binding international agreement on business and human rights.

Private sector financing, especially in public-private partnerships, is fast becoming a central mechanism for infrastructure and other development-related projects, particularly vis-a-vis the G20, national development agencies, Multilateral Development Banks, and the International Financial Corporation of the World Bank.

The **regulation of private sector on tax evasion** through the use of tax havens and transfer misplacing is of critical importance. *Conservative estimates put the figure of aggregate losses in tax revenue to developing countries from tax evasion and illicit*

financial outflows at \$800 billion per annum, while losses from transfer mispricing alone is estimated at \$100 billion per annum.

There are 10 key recommendations on the role of the private sector in SDG means of implementation:

- (1) **Fiscal and public debt risks** of PPPs are properly accounted for and placed under public scrutiny through mechanisms for participation and accountability;
- (2) **Institutional and capacity pre-requirements** for the success and effective functioning of PPPs should be in place before they are undertaken. (Building competent and effective institutions for governance takes time and skills-training, which are often incompatible with the need to deliver quick public-private partnership deals);
- (3) **Equity** should be addressed in distribution, access and affordability of infrastructure and services. Providing access alone has proven to be insufficient; **equitable and affordable access** is essential to address poverty;
- (4) **Regulation and enforcement** in infrastructure projects is necessary, particularly of laws, policies and safeguards to ensure the economic and social rights of people, including women's rights, as well as environmental protection and sustainability;
- (5) Align private sector financing to developing countries investment and development priorities. (Developing country ownership should be upheld by aligning investments to national development strategies, including national industrial and agricultural policies and strategic priorities for scaling up the domestic private sector. A coherent framework that sets clear guidelines for alignment and ownership, and regular reporting on results have been recommended by many actors as a first step forward);
- (6) Make development outcomes the overriding critera for project selection and evaluation. (One possible requirement could be that development outcomes are disclosed at the project, not the aggregate, level, which could improve accountability of public-private projects to affected communities);
- (7) **Prioritise domestic MSMEs and companies over foreign companies**. (This is essential for private investments to actually support the development of competitive and locally-owned private industry);
- (8) **Regulate against tax evasion and tax loopholes**. (For example, all firms involved should be required to disclose annual information related to taxes paid, profits made, sales, and information regarding beneficial ownership, including trusts, foundations and bank accounts);
- (9) Compliance with international human, social and environmental standards. (Adherence to rights and standards must be ensured through regulatory

systems and governance institutions, through third-party and independent monitoring, among other mechanisms); and,

(10) Set higher standards for transparency of financial intermediary investments and review their use of investments. (Besides improved reporting by financial intermediaries to both governments and the public, criterion can be developed whereby public agencies only channel financing to intermediary institutions if the investment flows can be tracked and investigated).