

Business Action for Water (BAW)

Working for sustainable solutions

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Statement by Business and Industry
Human Settlements: Job Creation and Enterprise Creation
13 April 2005

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The formulation of human settlements policies has to be coordinated with policies in the fields of business, industrialization and employment, since well balanced human communities must provide housing, employment opportunities and services for the population.

As regards job creation and enterprise creation in the context of human settlements, we feel that there are some important gaps in the Chair's IPM Summary in the areas of governance, enabling environments and technology innovation and cooperation.

1. GOVERNANCE

Improving security of tenure is crucial, but only part of the story. Addressing the holistic picture of improving governance will have benefits for job creation, strengthening local enterprises and human settlements.

In many cases, housing doubles as a venue for business, and is the most important collateral for poor populations. Without strong effective local authorities, institutions, legal and enforced regulatory systems that are prepared to recognize these assets, they are "dead capital." Bringing this "dead capital" to life is essential to support and leverage domestic entrepreneurship and enterprise.

Stable enforced regulatory systems and institutions are also crucial to attract such investment, create employment and support domestic enterprise. Eliminating bribery and corruption, in favor of rule of law and democratic processes, is of fundamental importance to urban residents, businesses and financing institutions. Bringing the "informal sector" into these regulatory and legal frameworks is critical.

One particular governance-related area in which improved governance and clearer rules would have human settlement benefits concerns the matter of siting businesses and industrial facilities. Without clear rules on liability, remediation and cleanup responsibility, investors and developers will tend to exploit new properties, and will avoid so-called brownfields, or existing industrial sites. In our view, using established industrial sites is preferable from the perspective of encouraging greener businesses, avoiding sprawl, encouraging better zoning and preserving green space.

2. ENABLING FRAMEWORKS FOR BUSINESS AND JOB CREATION

Providing sustainable livelihoods, critical to poverty eradication, must go hand in hand with human settlements.

Private enterprise – including farmers, the self-employed, and companies of all sizes – provides more than 90 percent of new jobs, with the bulk being generated by small and medium sized companies. Private domestic capital remains the largest source of new investment in developing countries and is, on average, as much as five times the level of foreign investment in these countries.

Since all countries should make enterprise creation and productive employment a central objective of macro-economic policy, we were surprised to see little or no mention of the importance of attracting foreign direct investment, and of opening markets to goods from developing countries, in this section of the IPM Summary. We believe that a policy option should be added to the final text on human settlements, job creation and

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enterprise creation, addressing “market access and foreign direct investment.” This would include supporting opening markets, rules-based trade regimes, investment protections and avoidance of trade barriers.

This policy option would recommend the creation and strengthening of enabling environments that facilitate the sustainable flow of private capital, FDI as well as development assistance into least developed economies, with the following objectives:

- Greater coordination between FDI and ODA policies and practice
- Priority action on combating corruption and promoting good governance
- Stimulation and support of local enterprise
- Job Creation

3. CAPACITY BUILDING, TECHNOLOGY INNOVATION AND COOPERATION

Companies have at their disposal technologies, management systems and business models that offer routes to bridge infrastructure gaps and help meet human settlement needs more sustainably (greener building and construction, energy efficiency, etc.). We would recommend a policy options that recommends using business-to-business networks and partnerships with public, local and civil society organizations that leverage business resources to:

- transfer knowledge, skills and good practice;
- share technologies and co-operate to find ways to accelerate dissemination;
- help build local capacity to improve housing/urban facilities;
- support sustainable growth of SMEs

All of these points contribute positively to job creation, and to building more competitive businesses.

4. PARTNERSHIPS

The value of local partnerships in the context of job creation and enterprise promotion should be recognized – and as pointed out in the IPM Matrix elements, local experience is the fundamental basis for partnership approaches. All business operations are ultimately “local” – with local markets and customers, employees, communities and neighbors and have much to offer. We have to encourage and learn from such grass roots voluntary efforts.

Companies in all sectors and of all sizes are involved in partnerships through which they contribute to building infrastructure that empowers communities worldwide to improve their own lives. To appreciate the full range of voluntary action underway it is important to look to partnerships that are global in scope, such as those partnerships that have registered with UN CSD, as well as the thousands of partnerships that are working at the local level to promote sustainable development goals.

The ICC/UNEP 2002 World Summit Business Awards for Sustainable Development Partnerships recognised the significant contribution made by 32 leading partnership initiatives. In June 2004, ICC, UNDP and the International Business Leaders Forum (IBLF) presented the World Business Awards (WBAs) in support of the Millennium Development Goals (MDGs), recognizing the contribution of business enterprises, in partnership with other stakeholders, in pursuit of the MDGs: www.iccwbo.org/awards

Partnerships are also the focus of another global award initiative, “The Seed Awards”, launched by the UNEP, UNDP and the World Conservation Union (IUCN) in association with other groups. The initiative (“Seed = Supporting Entrepreneurs in Environment and Development”) is also supported by the United Nations Global Compact.

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