



**UNITED  
NATIONS**

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**UNITED NATIONS CONFERENCE  
ON HUMAN SETTLEMENTS  
(HABITAT II)**

Istanbul (Turkey)  
3-14 June 1996

Distr.  
LIMITED

A/CONF.165/L.5/Add.2  
12 June 1996

Original: ENGLISH

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Agenda item 10

ROLE AND CONTRIBUTION OF LOCAL AUTHORITIES, THE PRIVATE SECTOR,  
PARLIAMENTARIANS, NON-GOVERNMENTAL ORGANIZATIONS, AND OTHER  
PARTNERS IN THE IMPLEMENTATION OF THE HABITAT AGENDA

Report of Committee II

Addendum

Hearings involving representatives of the World Business Forum

1. At its 4th meeting, on 5 June 1996, Committee II held hearings involving representatives of the World Business Forum.
2. Presentations were made by the following: Mr. Marcello Palazzi, Chairman, World Business Forum for Habitat II; Mr. George Starcher, Secretary-General, The European Baha'i Business Forum; Mr. Olivier Giscard d'Estaing, Chairman, Business Association for the World Social Summit of the United Nations (BUSCO); Mr. Walter Link, Co-Chair, Social Venture Network Europe; Mr. Mark Albion, Director of the Board, Students for Responsible Business; and Mr. Troy Davis, Executive Director, International Network for Environmental Management (INEM).
3. After the presentations, a dialogue/discussion took place between the partners and the representatives of Mexico, Rwanda, Romania, South Africa, Italy, Slovakia, Indonesia, Chile, France, Burundi, Morocco, Chad, Belgium, the Philippines, Uganda, Cameroon, the United Republic of Tanzania, Equatorial Guinea, the Sudan and Burkina Faso.

4. The observers for the following non-governmental organizations also took part in the dialogue: Global Compliance Research Project and the African American Future Society.

5. The Chairman's summary of the hearings is set out below:

Contributions of the World Business Forum

The meeting was enriched by a thought-provoking presentation of the World Business Forum (Istanbul) Declaration, supplemented by additional points and clarifications. The presentations began with a preambular statement of principles, followed by proposals on the role of business, and concluded with recommendations to Governments and public-interest groups. The presentations were well received and provided the basis for a constructive exchange of views.

The World Business Forum advanced the discussion on the responsibility of business for the sustainable and just development of societies. One of the main conclusions was that civilizing society to create a sustainable habitat is no longer the responsibility and function of the State alone, but a challenge for all societal actors, including enterprises and elected authorities.

Forum participants stated that they were now calling for a new partnership approach whereby international agencies, national and local Governments, businesses, non-governmental organizations and citizens groups would act concertedly in a democratic society to develop new strategies to address the problems facing cities everywhere.

It is often thought that there is a major conflict between the social and environmental goals of society and the profit-making goals of the business world. The presenters, however, argued that this was not necessarily the case. Problematic social situations - whether poverty, unemployment or the consequences of armed conflict - mean that business cannot operate, since there is no purchasing power. Similarly, if transport systems are congested, goods cannot be delivered. A functioning water and sanitation system is essential for enterprises as well as for their employees.

The fundamental importance of human capital for the functioning and development of businesses was stressed in the presentations. This requires good educational systems, another common interest of societies and the business world. Technology transfer has often been stressed as a

means of cooperation. However, it was pointed out that the concept was perhaps too restrictive and that it should be replaced by the concept of "management and technology transfer".

The waste of human resources was described as the biggest form of waste in society, meaning that the mental capacities and creativity of people remain largely unused. It was also pointed out that the business world dealt mainly with the middle and upper classes and not with the reality and problems of the poorest. This is true, for instance, with banking services. A big challenge for the private sector is how to take care of the poor. The Grameen Bank in India was mentioned as a good example of banking for the poor. Its experience shows that poor people are actually better customers than richer ones, as they pay their loans back more dutifully, which means good business opportunities for banks.

Such examples show that it is in the interest of business to see that cities work. As there are no fundamental conflicts between the interests of society and the business world, their partnership should be natural and beneficial for both. The participants were thus unanimous in advocating greater social responsibility for corporations in the provision of adequate housing and sustainable urban development. The private sector, especially transnational corporations, are urged to adopt a proactive stance in the social programmes of countries where they operate; this was seen as a moral and legal obligation. Participants viewed capitalism as evolving from the old norm of simply making money to an enlightened situation where the profit motive is tempered with social responsibility. In this context, the trend towards hybrid enterprises, with broad-based representation of stake/share-holders, was seen as a welcome development. Corporations are urged to invest in social infrastructure, especially in education, training and health care, as this can only benefit business through a more productive labour force. Corporations actively involved in social programmes could benefit from commensurate tax breaks and other incentives. Businesses should adopt and use regulating mechanisms or standards to ensure that their operations (in their home base and abroad) are corruption free and transparent and utilize codes of conduct and performance criteria that make them not only efficient, but also caring, creative, sustainable and adaptable to changing conditions.

Participants stressed the need to encourage wider acceptance of a partnership approach where all partners - Governments, local authorities, non-governmental organizations, the private sector and the rest of civil society - develop and implement new strategies to tackle the issues facing cities and rural areas throughout the world. There is an urgent need for proven best practices and successful partnerships to be documented and disseminated at the local, national, regional and international levels. Some participants, however, cautioned against the wholesale transfer of such best practice models to other countries without due consideration of cultural and regional differences. It was therefore strongly suggested that best practice models should be adapted before being adopted.

A recurrent theme among participants was the urgent need to eliminate poverty, especially in deprived urban areas. The elimination of unemployment was seen as a top priority, since the absence of job opportunities is usually regarded as the first step to poverty. Stakeholders are therefore urged to concert their efforts at all levels to combat poverty and its concomitant social evils, such as urban strife, violence, insecurity, and oppression. There is an urgent need for the development of social housing in deprived urban areas, especially in developing countries where social housing is still embryonic and largely a function of the public sector. The role of Governments, local authorities and international cooperation is duly recognized in this sector, although structural adjustment programmes now relegate social housing to a lower priority. The use of the small-scale informal sector and local technology in improving and increasing the housing stock in developing countries should be encouraged. For this, initiatives such as increased accessibility to funds and zero interest rates on loans for social housing should be established to encourage poor people to acquire their own housing.

On technology and its impact on development, several participants advocated greater access to technology and information; in particular, they stressed the need to ease some of the strict protection surrounding intellectual property rights. This protectionist attitude could become a serious impediment to the acquisition of ideas and technological

expertise in developing countries. The easing of copyright regulations and reduction of royalties were advocated so as to increase the availability of books in developing countries.

The meeting endorsed the need for progressive environmental practices. Corporations are urged to engage in activities and projects that preserve and regenerate the urban and physical environment. Environmental protection was seen as a responsibility of the business community; there is, consequently, a need for greater use of environmental management technology so as to reduce polluting industrial wastes. Governments and the private sector are urged to take urgent steps to prevent the dumping of hazardous wastes in developing countries and to place emphasis on the development of pollution-free industries. The United Nations system is urged to take the lead in advocating for mandatory compliance with legislation and plans of action adopted by Member States during the last 50 years. Government should be encouraged to enforce this mandatory compliance so as to halt the increasing trend towards environmental degradation.

The meeting added the following contributions to the recommendations of the World Business Forum:

(a) Representatives of the Forum should assume primary responsibility for disseminating the World Business Forum Declaration to Governments and chambers of commerce;

(b) Representatives of the Forum should assume a leadership role in implementing the World Business Forum Declaration;

(c) A key outcome of the World Business Forum was the endorsement of the concept of an Industrial Agenda 21. Because of the competitive and diverse nature of the private sector, no entity can speak for or make commitments on its behalf as a whole. To be effective and credible, commitments must therefore be made at the natural level of accountability - that is, at the level of each individual business. Inspired by the tool invented by local authorities, the Local Agenda 21, business has created a practical tool that will serve as an enabling framework for business to make concrete and publicly available commitments. The Industrial Agenda 21 fills an important gap in the process of implementing Agenda 21 by providing a mechanism for business

and industry to further harness the power of competition to raise environmental performance. The Industrial Agenda 21 is designed to be used by companies of all sizes, in all sectors, everywhere;

(d) The business community, together with the international community, should create a solidarity fund for developing countries so as to reduce the increasing disparity in development between North and South;

(e) The United Nations Centre for Human Settlements (Habitat) should set up a task force to provide information to corporations and members of the business community that wish to pursue partnerships;

(f) The partnership principle and its beneficial effects should be disseminated to the public and private sectors and other members of civil society.

In conclusion, the meeting welcomed the idea of creating an international task force to allow Habitat to monitor the follow-up and implementation of the Habitat Agenda and report on such activities to the Commission on Human Settlements.

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