

**FOURTH SESSION OF THE GENERAL ASSEMBLY
OPEN WORKING GROUP ON SUSTAINABLE DEVELOPMENT GOALS**

**Co-chairs' meeting with representatives of Major Groups and other stakeholders
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Private Sector Statement on Employment & Inclusive Economic Growth

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Thank you, Co-chairs. The Private Sector would like to use this opportunity to make three main points:

- 1) First, any SDG goal on employment must focus primarily on enterprises. There is universal agreement on the urgent need for jobs to be created, but far too little focus on who will actually create the jobs. So we must always finish that sentence: ...”*the urgent need for jobs to be created **by enterprises**.*”

Increased employment is the outcome of policies that promote entrepreneurship and support enterprise creation, particularly small and medium-sized enterprises, which are the main engines of job growth in every country – developed and developing.

For these reasons, the SDG goal on employment should have specific targets related to entrepreneurship and enterprise creation.

- 2) Second, the private sector views the transition from the MDG's to the SDG's as a unique opportunity to make two fundamental changes:
 - a) To broaden the focus of the SDG's to include critical issues that were not addressed in the MDG's, namely peace and security, good national governance and economic growth; and
 - b) To shift away from a focus on ODA to a new agenda focused on development **without** ODA, i.e. one focused on internal domestic growth.

The Monterrey Consensus articulates the only development model that has ever been proven to work, one based on clear priorities with internal domestic growth as the absolute highest priority, followed by international trade and investment, and ODA/debt issues as a distant –and falling – third.

In the years since the Monterrey Consensus was agreed, these priorities seem to have been reversed in many UN discussions, with nearly all the focus on ODA/debt issues, some attention to international trade and investment but practically no attention to internal domestic growth. Indeed, even the MDG's reflect this upside-down approach, even though not a single country has ever developed through an ODA-lead approach.

For these reasons, the SDG's should include dedicated goals to 1) peace and security, 2) good national governance and 3) economic growth that reflect the Monterrey Consensus priorities on financing for development.

- 3) And third, employment and inclusive growth cannot and will not happen in the absence of a **conducive environment** for economic growth at the **national level**. Global goals are useful, but we must recognize that all the key drivers for development take place within a national context and must be implemented through national institutions.

A conducive operating environment for employment and inclusive growth must include:

- a) Peace and security;
- b) Good national governance, including the rule of law, accountable government, independent courts, individual liberty, the absence of corruption; clear property rights and functioning national institutions;
- c) Sound macro-economic and fiscal policies;
- d) Adequate infrastructure, communication and education systems; and
- e) Efficient business regulations in the areas covered by the **World Bank Doing Business Reports**, namely:
 - Starting a business;
 - Dealing with construction permits;
 - Registering property;
 - Getting credit;
 - Protecting investors;
 - Employing workers;
 - Paying taxes;
 - Trading across borders;
 - Enforcing contracts; and
 - Closing a business.

Efficient business regulations support entrepreneurship and promote the creation of **formal** enterprises. Indeed, significant informality in a country is a clear indicator that national business regulations are not efficient and are driving the self-employed and smaller employers into informality. Moreover, the lack of clear **property rights** – for both enterprises and households – remains the single biggest impediment to formalization.

For these reasons, the SDG's should include goals related to the establishment of a conducive operating environment at the national level and specific targets for the areas listed above.

In closing, I would like to make the point that, while these recommendations are focused on employment and inclusive economic growth, all of them are also relevant and necessary to meet the expected SDG's on social development and environmental protection. In general, peace and security and good national governance are prerequisites for meeting any future goals on economic growth, social development and environmental protection.

Thank you for this opportunity and we look forward to working with the Open Working Group and the high-level political forum as the SDG process advances.