CUTS' Daily Bulletin

World Investment Forum 2014

BULLETIN N°2 | TUESDAY, OCTOBER 14, 2014

WORLD LEADERS INVESTMENT SUMMIT I

Investing in Sustainable Development: Vision and Roadmap

This meeting brought together political leaders; academics and representatives from the private sector to debate on what role foreign and private investment can play to achieve the sustainable Development Goals (SDGs) that will be adopted next year. The meeting started with the UNCTAD Secretary General highlighting the importance of this years' WIF as a stepping-stone towards meeting the sustainable developments goals (SDGs). Dr Kituyi emphasized on low-carbon emission based growth, which would require massive investment of 2.5 trillion dollars in the developing world to realise SDGs. This massive financing requirement cannot be done by the public sector and thus there is a big role for the private sector. The objective of the WIF is to bring together public and private actors to work together to bringing in more investment towards realizing SDGs.

The representatives of the private sector responded positively to this call and said that it would like to collaborate with governments to meet the goal of SDGs. There was an acceptance that the challenge for the private sector to meet the investment targets is daunting. Peter Brabeck-Letmathe of Nestle said that there is a need to incentivize the private sector to be a partner in the process towards building an inclusive society. Emphasis was laid on infrastructure growth in developing countries to enable private sector to invest. Also, for the private sector to work efficiently there is need to have transparency in working of governments and consistency and transparency and consistency in rules.

Jeffery Sachs in a powerful message said that this discussion is not just about development – but it primarily is about how to change the profile of investment to create a more inclusive society and an environmentally sustainable world. He urged for a course-correction so that investments could be harnessed better to make the global economy sustainable. He also highlighted the need for optimal regulation. Sachs emphasized on investment in low-carbon energy sources, not fossil fuels. However, it was noted, that the financial markets do not give the right signals to such investment. Also, we need development-assistance because financial markets cannot provide support to the poorest people of the world. Setting the climate-change agreement in 2015 by having a multi-stakeholder negotiations could be a useful tool towards harnessing existing investment better. Prince Charles of Great Britain, in his inspiring video message, said that now is the need to move beyond well-intentioned aspirational declarations towards concrete action to realise the goals of sustainability.

SUSTAINABLE STOCK EXCHANGES GLOBAL DIALOGUE

4th Global Dialogue

The 2014 Global Dialogue of the Sustainable Stock Exchanges Initiative convenes securities regulators, stock exchange executives, institutional investors, CEOs and ministers to identify ways to harness capital markets for sustainable development. A joint UN initiative co-organized by UNCTAD, the UN Global Compact, the UN-supported Principles for Responsible Investment and the United Nations Environmental Programme Finance Initiative (UNEP FI).

The first part of the conference was dedicated to the analysis of how the regulatory environment can encourage companies to think in more sustainable terms. A few country

The Bulletin

CUTS is partnering with UNCTAD to update you every day on this year's World Investment Forum in Geneva. This high-level multi-stakeholder gathering is designed to facilitate dialogue and action on the world's key emerging investment-related challenges.

cuts-international.org
unctad-worldinvestmentforum.org

In Today's Issue

- World leaders investment summit
- Sustainable Stock Exchanges Global Dialogue
- Investing in Sustainable and Universal Access to Medicines
- Corporate Investment in Sustainable Development

Follow us

TWITTER

#WIF14
@CUTS_WIF14
@unctadwif

FACEBOOK
CUTS at Unctad World Investment Forum

representatives (Brazil, India, Peru, USA, South Korea, Vietnam, EU parliament) shared experiences from their countries and suggested some further steps to take. As a general concern, sustainable investments are one of the basis of sustainable development's promotion. It was highlighted that financial education is critical to make responsible decisions that will conduct to a sustainable market. Moreover, some basic minimum standards on sustainable exchanges need to be developed across the world, such as transparency of information, ESG principles, corporate governance framework, and disclosure rules that make easier to the investors to make an investment's decision. Finally, it was pointed out that making mandatory social reporting of businesses is critical to involve environment, social concerns, human rights, governance … into corporate strategies and hence raising awareness of market participants on sustainable development challenges and opportunities.

The second part of the conference highlighted the state of play and needs of investors on the subject. Different private sector representatives (Aviva, Beltone, Ethos, Triodos, and Principles for Responsible Investments) clearly stated that the information they get are too short-term oriented. They faced many challenges to promoting sustainable initiatives: challenged promotion on how it will be rewarding for investors; investors usually look for short term performance; they are not educating on the importance of sustainability …Self-regulation is not working, hence there is a need for some mandatory requirements (impact measurement, disclosure and transparency measures) in this field. "CSR reporting is not a marketing tool" (V. Kaufmann, deputy CEO of Ethos). Regional dialogue between the different market actors, promoting a multi-stakeholders group to sensitize businesses, supporting guidelines to report on extra-financial information that is perceived as useful to the investors … can be ways to create a consistent stock exchanges environment.

Stock exchanges' representatives have had the opportunity to respond as well as to present the challenges they faced and potential solutions to implement. They highlighted the need to have a framework that engages SMEs and allow them to fulfil the sustainable standards also. Stock exchanges have definitely a role to play on corporate enforcement, as the only platform to exchange. The aspect of sustainability (sustainability index, ESG principles) needs to be taken into account by investors when measuring the risks. In parallel, it is critical for investors to be aware and responsible of their contribution to the society.

INVESTING IN SUSTAINABLE AND UNIVERSAL ACCESS TO MEDICINES

Policy Debate on Public Health

Domestic pharmaceutical production capability is increasingly seen as a priority for many developing countries. Governments have adopted various strategies to establish domestic manufacturing expertise. This session introduced three investment models for the pharmaceutical industry: state-owned, public-private, and privately-owned enterprises. It examined the respective strengths and weaknesses of these investment options for meeting public health objectives, such as access to medicines. The session will be of interest to policy makers in countries actively seeking to scale up their local pharmaceutical industry, as well as to investment promotion agencies that have identified pharmaceutical production as a priority sector. The session was organized in partnership with the Joint United Nations Programme on HIV and AIDS (UNAIDS).

Elements for the debate: What are the dynamics of providing access to medicines in developing countries? Is there scope for public endeavour to facilitate access to medicines, particularly to marginalized sections of the population? How can publicly-owned pharmaceutical firms be turned into full-fledged competitors to private sector firms? What means, other than private equity, exist to encourage private pharmaceutical firms to take on board public health concerns?

Mr M. Sidibe of UNAIDS emphasised that the current debates should focus on how to reach billions of people through access to medicines, addressing imbalances, and giving opportunities to those who do not have those services equitably. Commodity security will be a major problem in the future if enough investments are not done especially for poor people. He mentioned that it is not just about local production but securing access for millions of people and affordability for the poor. To avert this, there should be shared responsibilities, improved capacity through technology transfer, policy harmonisation and long term sustainable solutions by political leaders as well international organisations in ensuring there is adequate allocation in the health budgets.

Dr. Lindiwe Makubalo, South African Mission to the WTO emphasised there is demand for affordable medicines, antiretroviral programmes in South Africa, high demand for medicines and to meet this demand, quality supply is important since South Africa imports 65% (finished products) and others sourced from local manufacturers. Bringing down the prices of medicines can increase access by negotiating down prices for affordability. Local production is another consideration and adaptation of pharmaceutical products to ensure quality. Skilled regulatory authorities, research and development needs to be enhanced. She mentioned that African Union has developed a manufacturing plan to assist African countries in defining a roadmap to address the local production, increase South-South cooperation through regional economic communities and creating partnerships with World Health Organisation and other international organisations. Political will remains critical in realising this as well as negotiating with patent holders to allow competition.

J. Bermundez from Brazil placed a strong emphasis on political commitment by the Brazilian government to provide health facilities through a policy on universal access for all medicines, strong medical facilities to produce locally, health industrial policies providing public private partnerships for innovation, technological support for local production and increase capacity in technologies. **Dr. Krainstu,** Thailand mentioned that HIV/AIDS patients in Thailand could have access to medicines after the costs reduced substantially. There is a ARVs programme for 460000 patients; there are new facilities to treat the patients to achieve universal coverage thanks to civil society organisations supporting this. So, it is important to create partnerships with stakeholders such as CSOs, the industry and the state. He mentioned that during the EU-Africa summit in Brussels, key factors discussed in the pharmaceutical sessions included ensuring affordability, quality guarantee, regulatory capacity and financing to avoid market failure.

In conclusion, the session noted that the regulatory framework is not very strong in Africa in terms of approval of pharmaceutical products and the operations of the manufacturing companies. What is needed is Increasing the scientific capacity in developing countries from the developed countries. Government must invest; promote research and development, innovation, and the entire value chain in the pharmaceuticals, human resource development needs. There is strong desire in Africa but there are no investments. The existing and future demands cannot be met by existing sources of supply but through public private partnerships (PPPs).

CORPORATE INVESTMENT IN SUSTAINABLE DEVELOPMENT
Multi-stakeholder Dialogue (Side Event)

This side event organised as part of the 131st IPU Assembly provided perspectives on making parliaments deliver on development through engagement with the private sector, smart regulation and forward-looking legislation. Assembled in a Davos-type setting, lead discussants provided their perspectives on key issues of corporate investment in sustainable development.

After Bangladeshi parliamentarian **Saber Hossain Chowdhuri** stressed the importance for the private sector to develop risk resilience in order to achieve sustainable investment, **Robert Milliner** (Sherpa for B20) discussed the twenty recommendations produced by B20 to achieve the G20 goal of boosting economic growth, and how they would contribute to sustainable development. These recommendations relate to structural flexibility through appropriate government reforms; Free movement across borders of goods, services, labour and capital; Consistent and effective regulation to ensure that markets work as efficiently as possible; as well as tackling corruption including through self-reporting and harmonising anti-corruption laws. **David Carter** (Speaker of New Zealand House of Representatives) then provided reflection on how to improve the interaction between parliaments, policymakers, the private sector and communities so as to better deliver on development. In this regard, debates with the floor revealed parliamentarians have capacity limitations (e.g. access to reliable data) that better collaboration with the private sector could help address.

In his remarks, **Nana Tweneboa-Boateng** of Ghana (CEO of Empretec Ghana) reflected on how more financing could be channelled to SMEs since they are key engines of development. He noted that in his country, Ghana, 35% of employment is in SMEs but these face many sustainability challenges. These range from access to funding to management skills etc. Access to funding remains a critical problem and a vicious circle, since it makes SMEs risky for investors and they therefore attract higher loan rates. A key issue that was discussed at length was that banks usually don't take young entrepreneurs seriously, despite their higher level of education and skills. Besides their lack of experience, one of the reasons may be that few have the required entrepreneurial skills to create a strong business plan. Nevertheless, recent trends were identified as opportunities, e.g. the uptake of CSR, micro-finance and crowdfunding.

Finally, **Leonie Schreve** (Head of Sustainable Lending at Dutch bank ING), provided insights on how a commercial bank can support and stimulate finance opportunities in sustainable development projects by sharing her own experience. In her current role she is mandated to pro-actively finance sustainable development projects and shift the entire mainstream portfolio towards sustainable finance.

Consumer Unity & Trust Society (CUTS)
D–217, Bhaskar Marg, Bani Park, Jaipur 302016, Rajasthan, India
Ph: +91 141 2282821 | Fax: +91 141 2282485
Email: cuts@cuts.org | Skype: cuts-ho