

Editorial

by

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In 2015, when world leaders adopted the Sustainable Development Goals, we committed to the most inclusive, diverse and comprehensive and ambitious development agenda ever. By doing so, we acknowledged that development challenges are global challenges. The new global goals represent a universal agenda, applying equally to all countries in the world.

The year 2015 was the best in history for many people. We are taller, and better nourished and educated than ever. We live longer. There is less violence than at any other point in history. Over the past decades many countries, spearheaded by the Asian “miracles” – such as in Korea, the People’s Republic of China and Singapore – have had enormous development success. By believing in the market and the private sector, these nations have experienced strong economic growth and several hundred million people have been brought out of poverty. The debate within the development community on the importance of markets and the private sector is a thing of the past. The debate is won.

But based on astonishing success, we need to bring everyone on board. The 2030 aim is to eradicate extreme poverty, but to do it in an environmentally sustainable way. Luckily – for the first time in history – humanity has the capacity, knowledge and resources needed to achieve this. Never before was this the case. The leaders of the past have never set such goals, nor did they have at their disposal the policies and the resources to reach them. The Sustainable Development Goals cover the economic, social and environmental dimensions of life. And they emphasise that increased co-operation between the public and the private sector is vital to reach them.

Implementing the new Sustainable Development Goals will require all hands on deck, working in concert to build on each other’s strengths. In this report we look at the opportunities for businesses both to make money and do good for people and the environment. We must go beyond traditional thinking that business revenues depend on destroying the environment. Smart investment in sustainable development is not charity – it is good business and it opens up opportunities.

In developing countries, small and medium enterprises are considered the engine of growth. In Asia, they make up to 98% of all enterprises and employ 66% of the workforce. Especially for green growth, small and medium businesses can play an important role by acting as suppliers of and investors in affordable and local green technologies. For instance, in Africa several businesses offer “pay-as-you-go” solar energy to low-income households that do not have access to central resources.

Over the next 15 years, billions of dollars will be invested annually by the public and private sectors. We need to make sure that this money creates jobs, boosts productive capacity and enables local firms to access new international markets in a sustainable way. What’s more, these flows are often coupled with transfer of technology that has positive and long-term effects.

This report cites the results of interviews with executives from 40 companies that had performed above the industry average in terms of both financial and sustainability-performance metrics in various sectors – including oil and mining, gym shoes, soup, cosmetics and telecommunications. The research

demonstrates that sustainable action can contribute to increased efficiency and profits, gains above and beyond their social and environmental benefits. The returns on capital include reduced risk, market and portfolio diversification, increased revenue, reduced costs, and improved products.

We need to take these experiences further. The 17 Sustainable Development Goals represent a pipeline of sustainable investment opportunities for responsible business. But fulfilling that potential will mean ensuring that business does good – for people and the planet – while doing well economically.

Although some countries are making progress, no country has achieved environmental sustainability. The worse things get, the more difficult it will be to find solutions. We need to take action now. There is more bang for every buck when profits are combined with bringing people out of poverty, improving environmental sustainability and ensuring gender equality. For example:

- Ethiopia's growth has benefited the poor and the country aims to become a middle-income country without increasing its carbon emissions.
- Brazil has reduced poverty and equality while cutting deforestation by 80%.
- Costa Rica has revolutionised conservation by providing cash payments for people who maintain natural resources. Forests now cover more than 50% of the country's land, compared to 21% in the 1980s.
- The Indonesian rainforests, the largest in Asia, are doing much better than recently. Deforestation decreased for the first time in 2013 and the positive trend is continuing. The main palm oil companies have made a no new deforestation pledge.

Poverty reduction can be green and fair. But we need to remember that neither developing nor developed countries will sacrifice development for the environment. But development comes to a stop if natural resources are exhausted, water continues to be polluted and soils are degraded beyond manageable levels.

For those who do not benefit from all the success stories, it is necessary to identify and replicate good policies that actually improve lives. Official development assistance is important for the least developed nations and countries in conflict. Aid remains at a record high at USD 132 billion in 2015, but private investments are more than 100 times greater than aid and more important for poverty reduction and economic growth.

In order to make the most of private investments for sustainable development, it is fundamental to know more about how much is being mobilised from the private sector as a result of public sector interventions. In this report the OECD describes how it monitors and measures the amounts being invested. The European Union found in 2014 that by blending public and private investments, EU countries used EUR 2 billion in public finance grants to mobilise around EUR 40 billion for things like constructing electricity networks, financing major road projects, and building water and sanitation infrastructure in recipient countries. We should be inspired by this example to do more. Business prospers when society prospers.

Each and every decision we take today related to private investment will have historic implications. We must learn that more *and* better investment is possible. Balancing economic growth with environmental sustainability is not only feasible – it is fundamental.

In this report we look at the opportunities the new Sustainable Development Goals offer for doing *good* business, for profits, people and the planet. It offers guidelines and practical examples of how all sectors of society can work together to deliver the 2030 Agenda. Investing in sustainable development is not charity, it is smart. We just need to go ahead and do it.



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