

United Nations Global Compact Leaders Summit

Ministerial Statement

The Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement in Development

1. We, the Ministers and other high level Government officials participating in the United Nations Global Compact Leaders Summit, held a Ministerial Session on 23 June 2010 on the topic of the role of Governments in promoting corporate responsibility and private sector engagement in development.
2. The financial crisis, which has had a strong negative impact for most countries, has illustrated the consequences of unrestrained financial risk taking and short-term speculation. Restoring trust in markets requires a shift to long-term sustainable value creation.
3. We support a broad call for corporate responsibility through the alignment of business operations and strategies with the Global Compact's 10 principles on human rights, labour, environment and anti-corruption. In this context, we also welcome the "Protect, Respect and Remedy" framework for business and human rights elaborated by the Special Representative of the Secretary-General of the United Nations on the issue of human rights and transnational corporations and other business enterprises, and which has been unanimously welcomed by the UN Human Rights Council.
4. We encourage the private sector to contribute to development through market based approaches that deliver commercially sustainable and scalable development results and solutions. The private sector is the engine of economic development and growth and therefore of crucial importance to achieving economic, social and environmental goals, particularly the Millennium Development Goals. In this context, we welcome the "Women's Empowerment Principles – Equality Means Business" as guidance to business on how to empower women and promote gender equality in the workplace, marketplace and community.
5. We recognize that inclusive markets and business models are needed to create employment opportunities and better integrate and empower the poor. Innovative and inclusive business models, which deliver mutual benefits for businesses and low income communities, should be promoted as these models provide for an optimal congruence of private sector and development policy interests and objectives.
6. We commit to partnering with businesses to achieve positive development outcomes by mobilizing the private sector and addressing the challenges that prevent businesses from applying their core business skills and knowledge in a transformative and scalable manner that effectively contributes to the achievement of the Millennium Development Goals, through Government's support of Local Global Compact Networks.
7. Moreover, collaborative multi-stakeholder initiatives between public institutions, business, civil society and labour organizations, offer opportunities to promote innovation and advance scaleable sustainable development in ways that have the potential to go beyond what each stakeholder could deliver on their own.
8. As the adoption and enforcement of laws and regulations rests with Governments, we recognize the importance of creating and supporting enabling business environments without which business-led efforts cannot be sustained and brought to scale.
9. We recognize voluntary initiatives as powerful complements to regulation and essential drivers encouraging business to embrace corporate responsibility and business ethics. At the same time, we acknowledge that voluntary initiatives can never be a substitute for effective regulation.
10. We recognize the contributions of businesses based or operating in our countries in advancing sustainable growth and corporate responsibility, including through the UN Global Compact. We

promote their continued participation in these voluntary initiatives; and encourage them to report and communicate openly about how they contribute to achieving the Millennium Development Goals.

11. We recognize that support and respect of human rights, application of labor standards, environmental sustainability, honesty and transparency, as well as the agreed development goals, are values that business, Governments and the United Nations, shall promote jointly, with a view to advance the principles of the Global Compact.

Annex to the Ministerial Statement

The Role of Governments in Promoting Corporate Responsibility and Private Sector Engagement in Development

Governments can support corporate responsibility and encourage the private sector to contribute to achieving the Millennium Development Goals in several ways:

- **Creating an enabling environment:** Governments can put in place the necessary enabling environment for the private sector to flourish and work according to the principles of corporate responsibility as well as facilitate a stronger engagement of the private sector in development in order to enable business to do what it does best in driving growth, creating jobs and developing innovative products and services.
- **Partnerships:** Governments can use their convening power to enter into partnerships with businesses and other non-state actors, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, competencies and benefits.
- **Raising awareness:** Governments can enter into a dialogue with the private sector and stimulate public debate through gathering and disseminating information and drawing attention to the benefits of corporate responsibility and private sector engagement in development. Governments can advocate for greater emphases on the positive role that well functioning markets and businesses can play in driving Millennium Development Goals achievement.
- **Promotion:** Governments can highlight best practices as well as endorse or invite business and wider community support for inclusive business models, corporate responsibility programs, activities, or initiatives, such as the UN Global Compact.
- **Tools development:** Governments can assist the development of corporate responsibility programs and inclusive business models specifically designed to enable more inclusive markets and to encourage entrepreneurship and corporate responsibility within the small and medium sized enterprises sector.
- **Technical assistance:** Governments can support capacity development and provide technical assistance to private sector and other partners in order to enable corporate responsibility and the development of more inclusive markets.
- **Funding:** Where they have the resources to do so, Governments can help the private sector to maximize its development impact by providing catalytic and innovative financing instruments in order to leverage private sector engagement and investments that deliver tangible and sizeable development results.
- **Transfer of technology:** Governments can work with the private sector to enhance technology transfer activities, as well as encourage the private sector to provide know-how on technical, operational and managerial fronts, particularly to developing countries.