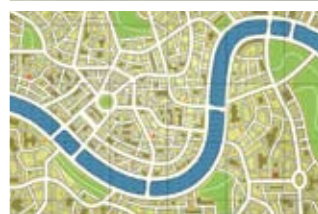




Thursday 25 March

1.30 to 4 pm

Room W 3 -11



Business Roundtable

*Business and Innovation
Bridging the Urban Divide*



PROGRAMME

What will the roundtable address ?

1. The Urban Paradigm

The first decade of the twenty-first century has been marked by overwhelming challenges including a food crisis, an energy crisis, a financial crisis, and a growing realization of the consequences of climate change. Thousands of organizations are developing tools and offering policy options to meet these challenges. But these activities are disparate and tend to ignore an equally unprecedented megatrend: that the world is undergoing an irreversible process of rapid urbanization. Failure to accommodate this megatrend has resulted in unsustainable forms of production and consumption, poverty and social exclusion, and pollution.

While cities are part of the problem, they are also primary victims and they must be part of any solutions. Such solutions will require placing cities at the centre of strategies for change. They will require strong political will and commitment through decisive national policies that promote sustainable urbanization. They will also require new ways of thinking, new levels of understanding between stakeholders and new partnerships.

The private sector may be the first stakeholder to promote the positive role of cities, convinced that investing in creative, resilient and sustainable cities is essential to our future. National wealth and sustainability cannot be achieved without focusing on cities because urban activities are drivers of economic growth and prosperity.

Key driving urban issues have been identified at the last World Urban Forum (Nanjing, Nov. 2007) in a Special Session. It was then decided to initiate two working groups to examine these issues, described below. It was also decided to define the core business principles that should guide the private sector towards a sustainable urbanization. **The working groups will report to the roundtable and the issues be open to all for debate. The draft core business principles will be discussed and possibly agreed upon during the roundtable.**

2. WORKING GROUP A: *Business at the bottom of the pyramid*

Given the challenge of urban poverty, with 1 billion slum dwellers projected to rise to more than 1.4 billion by 2020, UN-HABITAT is well aware that the private sector is not merely a part of the solution, but instead is a vital partner that must be engaged if the world's cities are to achieve sustainability. The challenge is first and foremost to address the shelter and basic services needs of low-income segments in urban areas, which represent a global market of about 2.5 to 3 billion people.

Can the Bottom of the Pyramid (BOP) approaches address the growing urban challenges associated to

poverty? The BOP approaches are economic solutions; they postulate the creation of structured and efficient markets at the bottom of the economic pyramid. They present the opportunity of partnering with non-conventional economic sectors with the aim of tapping into the creative and innovative technologies and ideas that are mushrooming among BOP entrepreneurs.

3. WORKING GROUP B: *Good urban governance: towards an effective private sector engagement*

The future of cities relies on its economic viability and sustainability. Good urban governance, one that allows an effective engagement of the private sector is a key to sustainability. It requires a constructive and purposeful interaction and engagement of the private sector with the other ones, i.e. public and civil society sectors. Such engagements must be based on effective participation of all stakeholders, the rule of law, transparency, responsiveness, consensus orientation, equity, efficiency and effectiveness, accountability and a common strategic vision.

The unique role of the private sector in urban governance is based on its key competences in trade and commerce. The private sector possesses the critical resources and competencies that can be leveraged to create working models of engagement and participation towards the realization of good urban governance. This can be done through market-based approaches, social responsibility, public-private partnerships, advocacy and promotion of stakeholder dialogue that is private sector-driven.

4. Core Business Principles for Sustainable Urbanization

In the spirit of the Global Compact and its ten principles related to human rights, labour, environment, and corruption, core business principles for sustainable urbanization shall concretise the urban dimension of private sector's actions. They are considered essential to guide the private sector's engagement towards better cities, in the spirit of the new World Urban Campaign launched at the World Urban Forum. A set of draft core business principles will be debated during the roundtable.

5. Private Sector Advisory Board to UN-HABITAT

As other Habitat Agenda Partners groups, the Private Sector may consider establishing an organised platform to speak as one voice. That could be in the form of an advisory board to exchange on key urban issues and advise UN-HABITAT, member states and other partners in order to influence policies.

The Roundtable Panel



Rapporteur, Working Group A

Julian Lighton

Vice President of Strategy and Business Development for Emerging Markets, CISCO

Julian was appointed Vice President of the Strategy and Business Development organization for Cisco Systems, Inc's Emerging Markets at the beginning of 2006.

Julian joined Cisco in 2002 as General Manager and Vice President of Cisco's Business Technology Architecture organization and as leader of Cisco's Knowledge Management Strategy. Prior to joining Cisco, Julian was Corporate Vice President of Strategy, Corporate Development and Investments for Hitachi Americas Ltd. Julian was previously a partner at McKinsey and Company. He also held senior positions with Cambridge Technology Partners, Andersen Consulting and Godel, Escher, Bach in the US and Europe.



Rapporteur, Working Group A

Darin Gunasekaran

Director
Wiros Loh Institute

Darin originated a concept for sustainable Slum and Shanty dweller re-housing using the Stock Exchange in 1998. The implementation under REEL, a State

company for this purpose, completed its first cycle of re-housing and land liberation in 2000. In the process he refined his concept into the Social Real Estate Investment Trust (S-REIT). He has expanded this to include the livelihoods of the marginalized. He graduated from Yale (USA), UVIC (Canada) in Economics. He has projects under development in Kenya and Philippines as well as work completed and ongoing in Sri Lanka and India.



Christian Kornevall

Coordinator, Urban Infrastructure Initiative, World Business Council for Sustainable Development

Christian Kornevall joined the WBCSD in October 2005 to head the Energy Efficiency in Buildings Project. Previously, he was Senior Vice President, Group Function Sustainability Affairs at ABB. He also worked

at WWF, the International Committee of the Red Cross, the International Labour Union (ILO) and the Swedish International Development Authority (SIDA). Originally from Sweden, he studied Economics, Business Administration and Statistics at Stockholm University before exploring the world on various assignments in South America, Asia and Europe.



Silvio Vaz

President of Vale Foundation
Brazil

Vale is a global mining company head quartered in Brazil. Silvio Vaz was Mayor of Jaborandi, São Paulo, from 1993 to 1996. Today, he places this practical knowledge into the Vale Foundation, that

invests in infrastructure projects for the country with a strong social corporate responsibility component. Silvio Vaz is trained in business administration from Fundação Getúlio Vargas and in economy from Fundação Armando Álvares Penteado.

Rapporteur, Working Group B

Dominique Héron

Vice-President for Partnerships
Veolia Environnement



Veolia Environnement is a French company managing environmental services (water-waste-energy-transportation) with operations in 67 countries. Before joining Veolia

in the early 90s, he was Vice President for Human Resources at AP-Hôpitaux de Paris and previously, working for the Ministry of Interior. Dominique Heron graduated from the Institute of Political Studies (Paris) and the National School of Administration. He is also a lecturer at French Ministries and academic institutions.



Niranjan Hiranandani

Chairman, FICCI Real Estate Committee & Managing Director,
Hiranandani Group of Companies

Mr. Niranjan's first spark of recognition in the construction line came with their work in Versova, Andheri in the mid-eighties. Since

then, the Hiranandani Group has come a long way to be recognized countrywide for their modern and state-of-the-art mix-user township projects in Powai and Thane. Mr. Niranjan is actively associated with and holds key positions in various Government bodies, private and social institutions, schools, and colleges. He is Chairman of the Real Estate Committee of the Federation of Indian Chambers of Commerce and Industries.

Stéphane Quéré

Co-Chair, Urban Infrastructure Initiative, World Business Council for Sustainable Development

Stéphane Quéré is also Senior Vice President, Sustainable Urbanization, GDF-SUEZ. He started his career as Auditor with Pricewaterhouse. He then joined Lyonnaise des Eaux as a Financial Controller at the

Financial Department. In 1992, he was hired as Head of Financial Controls at Lyonnaise Communication. He joined Paris Première in 1999 as Financial Director then Deputy General Manager. He became SUEZ Senior Vice President Sustainable Development in 2005, and Deputy Senior Vice President Sustainable Development of GDF-SUEZ in 2008.



Moderator

Gordon Feller

Chief Executive Officer
Urban Age Institute

Gordon and his team work with clients to build and develop innovative approaches that address complex challenges. His work is focused on the intersection where problems and solutions meet. Gordon's

team provide his services to senior-level managers at a wide variety of institutions: national governments, provinces and states, research agencies, universities, international agencies, Banks and corporations.



Outcome of the Private Sector

Working Groups

Companies and institutions involved:

Adopt a Light (Kenya), AECOM International Development, ARUP, BASF, CEMEX, China Merchants Property Development, CISCO, Federation of Indian Chambers of Commerce and Industries, GDF SUEZ, IDFC (India), Kenya Gatsby Trust, Long Group (China), Oxford Institute for Sustainable Development, RMIT University (Australia), Safaricom (Kenya), United Nations Global Compact, Urban Age Institute, VEOLIA, Wiros Lokh Institute

Working Group A

Business at the bottom of the pyramid

The bottom of the pyramid (BOP) approaches to urban sustainability lead to a key goal: the reduction of urban poverty through economic and social empowerment, and access to goods and services for all.

The global BOP market consists of a population of 4.5 billion. This population is increasingly becoming urbanized and may represent about 2.5 to 3 billion people. As such, there is a need to develop strategies that will ensure that this growing population of urbanized poor has access to essential goods and services for a decent and humane existence.

The Bottom of the Pyramid Approach presents us with a unique framework with which we can use market economics to address the challenge of urban poverty without having to question the core principles of market economics. The BOP approaches are not social solutions to the problem of urban poverty; to the contrary they are economic solutions. The approaches postulate the creation of structured and efficient markets at the bottom of the economic pyramid. They also present the opportunity of partnering with non conventional economic sectors with the aim of tapping into the creative and innovative technologies and ideas that are mushrooming among BOP entrepreneurs.

On the basis of the above and the examination of initiatives at the BOP in urban areas, the Working Group can state and recommend the following:

1. While there is a strong demand among the urban poor for better services and quality goods, as well as a demonstrated ability to pay for them, the failure of the private sector to provide adequate services and goods is in fact a contributor to poverty.

2. The urban poor live in very high-cost economies that are at times 5 to 100 times as much as other urban groups. Poor households usually pay high price for water, food, communication, and face exorbitant interest rates when borrowing small amounts of money. To have a greater impact, the BOP approach for urban slums, particularly in the provision of shelter and basic services solutions, may require the involvement of large private sector firms, local financial institutions, medium-sized enterprises as well as small entrepreneurs, mostly from the informal sector who are essentially the drivers of most developing urban economies. The private sector has often deliberately excluded the urban poor from mainstream urban market systems; as a result, they live in very high cost economies.

3. BOP approaches in urban slum areas may be seen as a contribution to a climate change issues. By providing the poor with better housing and services, BOP initiatives can help them cope with the effects of climate change in cities and related disasters. The private sector, by better serving the poor with basic services (water and sanitation), infrastructure and housing in slums through BOP approaches, will help cities to cope with the impact of climate changes and potential disasters.

4. The BOP approaches perceive the poor not as individuals waiting for humanitarian assistance of charity, but value-conscious consumers and resilient entrepreneurs.

5. The BOP approaches require no separate contribution or fund but operate within the business premise of investing for returns. The economics of BOP strategies presents a sustainable paradigm for addressing urban challenges. Though these strategies do not offer total solutions, they provide viable contributions in addressing these challenges.

6. The role of the private sector should address ways of availing goods and services to the BOP within the market mechanism a system that optimally leverages economies of scale to make product availability profitable.

7. While the BOP approaches are purely market-based system of addressing urban challenges, they also offer channels for commercial revitalization and ethical commitment, which are key pillars for urban sustainability.

8. BOP entrepreneurs undertake responsible business that goes beyond corporate social responsibility and philanthropy. Responsible business practices involve innovativeness with

the ability to recycle wasted resources and using production methods that contribute to a smaller ecological footprint compared to the conventional methods of production. Responsible business demands that private sector firms invest more funds in research and development to improve the quality of their goods and services, and also to realize production at the optimal point of efficiency and effectiveness.

9. Some of the new ethical commitment should be based on:

- Minimization of harm to society and environment;
- Maximization of benefits for all stakeholders;
- Responsible use of scarce resources;
- Partnerships and collaborations to optimize the benefits of the best practices available;
- Accountability and transparency;
- Good corporate governance and management.

10. Innovations initiated at the BOP by the private sector must be supported by consumer education that will positively influence the choices of the BOP population. The underlying idea of serving the BOP creatively involves developing solutions that are low cost and directly impact development. Such innovations to be successful must address both the aspiration of the private sector and the BOP markets:

- They must achieve price reduction for optimal market penetration and profitability;
- They must be scalable and usable in multiple settings;
- They must be affordable for the BOPs;
- They must result in products and services of acceptable standards and quality.

11. To be sustainable, BOP enterprises for goods and services should be backed up by in depth knowledge of BOP needs and behaviours. A 'Slum Dweller is my customer' approach requires BOP market researches coupled with a long term developmental vision. Products not only should be affordable but durable and adapted to their living environments, over time.

12. Corporate strategies and business models that have worked, whereby BOP entrepreneurs have adopted acceptable standards which have not negatively impacted the availability of essential goods and services. Some have based those on

partnerships with the BOP that ensure goods and products are always available on demand. For that, the value chain has been adjusted to achieve availability and affordability of good and services that at the same time, provide jobs at the BOP.

13. Another approach is to strengthen the capital supply at the BOP through news modalities in the capital market and/or stock exchange. This is proven effective in certain contexts, with positive impact on the urban fabric.

14. Governments, national and local, should be supportive of BOP approaches, especially given the dramatic improvement of urban living that such initiatives have on the urban poor and ultimately on the urban eco-system as a whole. Specific incentives should be provided to BOP entrepreneurs and their partners.

Working Group B

Good Urban Governance: Towards an Effective Private Sector Engagement

In a vision that secures a sustainable urban environment, cities need to be governed by principles that lead to the realization of opportunities and good living conditions for all.

Today, more than ever before, urbanization has become a critical part of the national affairs. With massive movements of peoples to urban centers, coupled with unprecedented growth and mushrooming of existing and new urban realities, new challenges are going to rise exponentially.

The traditional paradigm that left urban management exclusively in the hands of the State has been rendered obsolete and cannot address the emerging needs and realities of a more complex and sophisticated urban reality. This calls for an urgent examination of new models that are representative of the true cosmopolitan nature of our cities.

The challenges cannot be underestimated, but the capacity of the private sector to participate is underutilized. The principles of good urban governance that generate a more effective private sector engagement need to be promoted. Good practices need to be examined, lessons learned extracted and principles advocated to national and local governments and other key players in the urban development arena.

By putting good urban governance into practice, we should be able to realize the full potential of the public, the civil society and the private sector. The economic veins of the city are predominantly

reliant on private sector resources and their modes of service delivery, which are based on the market principles, operated at near-optimal levels.

On the basis of the above and the examination of good governance initiatives that successfully involve the private sector, the Working Group can state and recommend the following:

1. The spirit of good urban governance requires a constructive and purposeful interaction and engagement of the private sector with the other sectors, i.e. public and civil society sectors. Such engagements must be based on effective participation of all stakeholders, the rule of law, transparency, responsiveness, consensus building, equity, efficiency and effectiveness, accountability and a common strategic vision.

2. The unique role of the private sector in urban governance is based on its core skills in trade and commerce. The private sector possesses the critical resources and competencies that can be leveraged to create working models of engagement and participation towards the realization of good urban governance. This can be done through market-based approaches, social responsibility, public-private partnerships, advocacy and promotion of stakeholder dialogue that is private sector-driven, amongst other models.

3. The future of the modern city relies on its economic viability and sustainability. To achieve this, there is a need to achieve an entrepreneurial city, a city that maximizes the benefits of its resources through attracting the right labor and capital, and investing in research and technological advancements that cater for economic growth, social advancement of citizen and minimizes environmental externalities.

4. The role of the government and the civil sector in this process is to create a favorable framework that is "open for business" by formulating policies that are business friendly and that will create the impetus that will remove bottlenecks and channel more resources to critical sectors in the city through the private sector.

5. The private sector's role in turn is to articulate the principles of urban governance in its practices, venture into critical service areas that require immediate attention to sustain the urban economy and society.

6. The private sector can realize the actualization of an entrepreneurial city through urban governance by undertaking stand-alone initiatives, PPP initiatives, private sector syndicates through

private sector associations, or private-civil sector partnerships. These are attractive because of the network capabilities they offer and the impact they create in terms of bringing different key stakeholders together to work on common projects.

7. Apart from availing resources and expertise in urban trade and commerce, the private sector has the role of lobbying the other stakeholders to adopt policies that will ensure economic sustainability. This requires a commitment from the private sector to focus on the long term objectives of enterprises.

8. Partnership models of regeneration seem to address the challenge by focusing on short term objectives at the expense of the long term ones. They allow the alignment of resources and capabilities thus spreading the risks involved and mitigating the huge resource outlay that might be required by creating a pool in which all participants bring their best practices and other competencies. This has the impact of improving each organization's learning curve at the benefit of the entire urban society.

9. Governments, national and local, should be supportive of good urban governance approaches that involve the private sector, especially given the dramatic improvement of urban living that such initiatives can generate.

Core Business Principles for Sustainable Urbanization

The present draft below is submitted to the roundtable for debate.

We, members of the private sector are committed to sustainable urbanization and development.

To demonstrate our commitment in meeting the needs and expectations of all stakeholders in the creation of sustainable and harmonious urban areas, we affirm that our activities and behaviors wherever we do business will be guided by these principles:

1. Responsible Business

We shall create and sustain responsible business practices that foster economical, environmental and social wellbeing in our urban centers. We endeavor to engage in practices that respect human rights, uphold the freedom of association and the right to collective bargaining, are non-discriminatory, and are anchored on sustainability of urban environments and urban social networks. We directly take responsibility for all our business actions and mitigate their impacts on the ecology and society.

2. Eco-Friendliness

We commit to pursue business objectives through strategies that are eco-efficient. We shall engage in business processes for the production of economically valuable goods and services while increasingly reducing the negative ecological impacts of production on the urban environment.

3. Collaboration and Partnership

In the spirit of sharing and multilateralism, we agree to engage in multi-sectoral collaborations on cross-cutting issues that will provoke action on how we can create opportunities for the poor. We shall also foster partnerships with other stakeholders with the aim of sharing information and technologies that will improve the overall performance of the private sector worldwide, without eliminating fair competition. We also aim to engage the urban poor through the informal sector to create systems that are mutually beneficial to the poor communities and business concerns.

4. Innovation and Creativity

We affirm to invest in the growth of innovation and creativity. We shall support efforts made by academia, professional bodies, governments and civil society organizations to develop solutions that address the urban challenges of today and the future. We shall invest in new technologies that cut down negative ecological impact, reduce wastage and increases production output.

5. Urban Social and Ecological Capitalization

We commit to invest in the aggregation of social and ecological resources through business-driven systems that will create and strengthen the social and ecological wealth of urban centers.

6. Option for the Poor

We shall make deliberate efforts to recreate and grow inclusive and sustainable market initiatives. We shall increase our contribution to the war against urban poverty through sustainable corporate social responsibility activities and market-based strategies that aim to make our goods and services affordable, accessible and available to the urban poor.

7. Optimal Value

We resolve to undertake business growth and prosperity that generates ecological, social and economic value. We commit to operate at business levels that optimize the wealth of the urban environment and minimize harmful externalities.

The city of tomorrow is a city that is not only efficient and clean but also socially inclusive and economically vibrant. It must be a city where the private sector finds the right conditions for doing business and grow to address the needs of all.

UN-HABITAT is well aware that the private sector is not only part of the solution, but a vital part that must be engaged if the world's cities are to achieve sustainability. The private sector and the UN share common objectives of more efficient, productive and inclusive cities.

UN-HABITAT seeks alliances with the business community that can help us fulfill its mission to promote socially and environmentally sustainable towns and cities.

You may want to join the World Urban Campaign

The World Urban Campaign is a global partnership designed to promote the positive role of cities and place the urban agenda at the highest level in development policies. Its mission is to promote sustainable cities by mobilizing partners from public, private and social sectors worldwide and convince them that investing in creative, resilient and sustainable cities and communities is essential to our future.

For more information, contact:

Christine Auclair
Chief, Private Sector Unit
UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME
Email: christine.auclair@unhabitat.org
Tel: +254 20 7623694



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