STATEMENT AT THE NATIONAL PETROCHEMICAL COMPANY SEMINAR ON THE IMPORTANCE OF THE ROLE OF THE CORPORATE SECTOR IN PROMOTING SOCIALY RESPONSIBLE INVESTMENTS

20 January 2015
Tehran, Iran

Gary Lewis
UN Resident Coordinator & UNDP Resident Representative
• Ms. Elham Aminzadeh, VP in legal affairs
• Mr. Abbas Sha’eri Moghadam, Dep. Min. of Petroleum
• Mr. Mansour Mo’azemi, Dep. Min. of Petroleum
• Mr. Adel Salimnejad, D. G. of the Khalij-e-Fars Petrochemical Company
• Mr. Ali-Mohammad Goodarzi, Secretary of the Conference
• Duistinguished participants
• Ladies and Gentlemen

• It is a pleasure to be here today to address this distinguished gathering of key decision makers as well as participants from the private sector, research institutions, and academia.

• The point of my statement today is very simple. The private sector should be welcomed as a partner and encouraged to increase its strategic contribution to human development. Both across the planet. And here in Iran.

• When I first arrived in the Islamic Republic of Iran, just under two years ago, one of the first things I had the pleasure of doing was to launch (in this very hall) the 2013 UNDP Human Development Report. This gave me the opportunity to congratulate the Government and People of this land on the attainment of its high level of human development.

• The numbers are clear. All of Iran’s three main human development indicators – as measured by the Human Development Report – are very good. Life expectancy. Income. Access to education.¹

• However, this is not to say that there are no challenges. There are in fact, still some areas which require attention. The 2014 Human Development Report points to two of these: overall inequality and gender inequality.

¹ The indicator for Life Expectancy shows 74 years of living are to be expected, on average, in Iran. This has risen significantly over the last 30 years – dramatically up from 51 years of living expected when we started the report in 1990, using 1980 data. Also, the GNI per capita (in PPP real terms) is also good, at about the equivalent of $13,450 per capita – indicating purchasing power and economic standard of living. The final of the human development indicators – as measured by the UNDP’s Human Development Report is education. The expected years of schooling exceeds 15 years – up from the figure of 8.7 in 1980.
• Nonetheless, on the whole, and – again from a human development standpoint – our Report sends a clear signal. For the period, 1980-2013, Iran’s policy interventions – and actions – have produced significant improvements in its human development.\textsuperscript{2}

• Moreover, Iran is likely to attain 5 of the 8 Millennium Development Goals by the end of this year 2015. These are:
  o MDG 1: on poverty and hunger
  o MDG 2: on education – especially female education
  o MDG 4: on child mortality
  o MDG 5: on maternal health
  o and MDG 6: on tackling the world’s major communicable diseases

• But, ladies and gentlemen, this is no longer enough. For we face many grave challenges. In his opening remarks, Mr. Goodarzi listed several. This morning, I shall focus on only two.

• The first powerful challenge comes from our environment. By this I mean both the way we manage our resources and how we mitigate and adapt to what nature has in store for us.

• Iran – like many countries rich in natural resources – has used a development model which has heavily taxed its non-renewable resources – and invested too lightly in its renewable ones. This is something Mr. Mo’azemi emphasized in his statement. And it is something which we must change together.

• The second powerful challenge to decent living – as a society – comes from our growing inequality. Again, this is something Mr. Salimnejad emphasize powerfully in his statement. For, despite the great gains in human development over the past three decades, Iran’s numbers also speak of growing inequality. According to official statistics, Iran currently features “high” income inequality. Sanctions are certainly not helping. But, despite the sincere efforts of the Government’s 5\textsuperscript{th} Five Year National

\textsuperscript{2} 2013’s year’s HDR actually highlighted the fact that in the period 1980-2012 only the Republic of Korea has done more to reduce its development “deficit”. Iran was, according to this reckoning, the second best performing country in the world amongst the nearly 100 countries that were studied.
Development Plan to promote “economic growth with justice” – the situation does not appear to be getting better.

• What, therefore, should a socially-responsible corporate community be doing? I believe there are two main things.

• The first is to promote what we call “Green Growth”. Let us not be forced into the false choice between “the economy” and “the environment”. Across the globe, countries, citizens and CEOs are all taking action on climate change because they recognize the benefits:
  o Like new market opportunities
  o Like cleaner air
  o Like improved public health for the same consumers who buy products. This is win-win.

• Specifically, in Iran, we need more investment:
  o Which increases skills,
  o Which empowers people,
  o And which enables people to conserve resources better.

• “Green Growth” means that when we deliver economic growth, we must – at the same time – ensure that it is socially protective and environmentally sustainable.

• The second answer is Corporate Social Responsibility – which is the subject of today’s meeting.

• In fact, the UN sees “promoting partnerships” as MDG number 8. Partnership can become a powerful force in promoting sustainable development.

• Speaking earlier this month, the UN Secretary-General, Mr. Bank Ki-Moon said that the challenges facing us are now so great that we cannot continue in a situation where – to quote him – “individual and group interests still take precedence over our shared priorities.”
• He continues: “We see enormous wealth, technological progress and unprecedented opportunity on the one hand. But this is coupled with great inequality and fragmentation, extreme violence, and environmental degradation on the other.” End quote.

• We must therefore change course if our interdependent world is to prosper rather than to perish. This brings me to the role of Corporate Social Responsibility – or CSR – here in Iran.

• Ladies and gentlemen, we are no longer in a position – if we ever were – to choose pure profit. Our growth must be inclusive. Our development must be sustainable. And our environment must be safeguarded.

• These ideas were what drove former Secretary-General Kofi Annan to create the UN’s Global Compact in the year 2000. The Global Compact brings together business, governments, civil society and UN agencies to advance universal principles in the areas of environment, labour, human rights and anti-corruption. At present, over 4,100 participating companies from more than 100 countries, it is the world's largest voluntary corporate citizenship initiative. CSR is at the very heart of our Global Compact.

• But CSR goes beyond mere legal compliance. It obliges companies to get engaged in actions that further some social good – beyond what might be called the “selfish” interests of the firm.

• This spirit of “partnership” with the corporate community will remain at the heart of the planet’s Post-2015 Sustainable Development Goals which we will agree in September this year in New York.

• CSR is now considered as a central concept which should be integrated in the way business is conducted in many companies.

• This is because the world is demanding that companies behave responsibly and ensure maximum benefits to society – and to the environment.
• CSR is no longer considered a “luxury” available to only large enterprises. Now, instead, it is recognized as a strategic management tool. It influences decisions. It influences operations. And it influences reputations.

• The past few decades have witnessed an increase in the number of the business corporations – here in Iran – and the size of the capital they manage. As these businesses grow, they should be expected to make profits. This is how prosperity increases.

• But they should also be expected to act responsibly. They will be expected to contribute to the social, environmental and economic betterment of their communities. This should not be seen as charity. Or goodwill. It should be seen as a sound business investment in their communities.

• With this in mind, I urge the business people in Iran to find out more about Corporate Social Responsibility and engage in partnering to make growth more inclusive and more environmentally-sustainable.

• Already a lot is going on. Including here in Iran. I am encouraged by the number of private sector organizations, public corporations and banks which wish to partner with the UN on environmental initiatives and inclusive growth. Our engagement with private sector, which is still in its early stages, shows very encouraging signs.

• But more can be done.

• So, in conclusion, I would like to congratulate the National Petrochemical Company – and in particular Mr. Goodarzi – for having the vision to become a national pioneer in this regard. Let us wish the NPC every success and in building lasting partnerships. Let us urge others to follow suit.

• The UN system in general – and UNDP in particular – stands ready to assist Iran in promoting CSR.

• {\textit{Kheily motasherakam}}.