



Business, the MDGs and Beyond

Summary Report

25 September, 2012, New York

As we approach 2015, the target date for the internationally-agreed Millennium Development Goals (MDGs), there is growing awareness of the private sector's role in accelerating development progress. A dynamic private sector can make a huge contribution to development by creating income opportunities, and supporting increased access to goods, services, improved maternal and child health, and education, thus helping to deliver many of the MDGs.

As the world starts to explore what framework might replace the MDGs, the question remains how to best harness business as an engine for economic development and what type of partnerships will enable delivery of scalable development impact.

A high-profile event brought together over 100 senior representatives from business, civil society and the donor community to explore these issues on 25 September in New York, to coincide with the 2012 UN General Assembly. The morning focused on the role of business in accelerating progress towards the MDGs, while the afternoon explored the role of business in helping to shape and deliver the post-2015 international development agenda.

Sessions included:

Business and the MDGs:

- Innovative Business Models for Sustainable Development
- Creating an Enabling Environment for Inclusive Business

Beyond the MDGs:

- Engaging Business in the Post-MDG Framework
- Business and the New Development Agenda
- Charting a Way Forward: Options for Business Involvement in a Post-MDG Framework
- Accelerating Transformational UN-Business Partnerships for Development

The day was organised by a coalition of leading international business and development organisations including: the Business Call to Action, Business Fights Poverty, the Overseas Development Institute, the United Nations Development Programme and the UN Global Compact. Event partners included Business Action for Africa, the Business Council of the United Nations, Harvard Kennedy School's CSR Initiative, the Initiative for Global Development, the International Business Leaders Forum, ONE, (RED) and the World Business Council for Sustainable Development. The event was sponsored by Pearson and the media partner was FT This is Africa.

Event video and audio is available at www.mdgs.businessfightspoverty.org



Business and the MDGs

The event started by showcasing examples of successful inclusive business initiatives from several Business Call to Action member companies including Barefoot Power, Novozymes, Nokia, ITOCHU Corporation. Each of these companies described how their business models achieve alignment between business profitability and social development towards the MDGs. For more information on these and other initiatives, visit: www.businesscalltoaction.org

Panelists also shared insights on many issues including:

- Consumer demand for products and services that improve daily life is high in low-income communities and there is a willingness to pay for them. However, affordability is certainly an issue and tools such as consumer finance will be useful for scale.
- Product and service design must be centred around the end-user experience, including consideration of the local context and culture.
- Skills gaps are an obstacle and early investment in training and capacity-building is often required.
- Partnerships, including co-investing and co-creating, are essential for inclusive businesses in order to build capacity, increase knowledge, and eliminate skills gaps across value chains.

The event then moved on to focus on innovations, trends and future strategies for strengthening the enabling environment for inclusive businesses. Panelists shared insights on how critical stakeholders can act as catalysts, champions and contributors to the success of inclusive business.

Based on their experiences, the panelists provided commentary on important topics:

- Stable regulatory and fiscal environments continue to be a key driver for inclusive business growth.
- Educating the public and governments about social value driven by business is key in facilitating the elimination of policy-related barriers.
- Financing is needed, and while the investor and development community may look for “inclusive businesses”, companies in the developing world may not categorize themselves this way as they are firstly focused on commercial returns.
- Governments and business often do not communicate effectively and therefore miss out both on opportunities for inclusive growth and development.

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Beyond the MDGs

The event moved on to explore what the post-MDG framework could look like, and how development goals can be shaped, both to ensure more relevance to business and to incentivise greater business participation in their delivery. In setting the context for the discussion, it was noted that since 2000 there has been a significant shift, not only in the geo-political, economic and social landscape, but also in the way we think about development. When thinking about a new development framework, the key question is now not about whether business has a role, but how best to harness business in the development and delivery of new goals. As the High Level Panel begins to deliberate on what will replace the MDGs and a wider consultation process moves into gear, a greater role for business in shaping and delivering the new framework is needed.

A start point for the discussion was to identify the weaknesses of the MDGs in providing a framework through which business can contribute to development and what we can learn from that in relation to the new development goals.

- First, although recognising a particular strength of the MDGs was that they, for the first time, established a set of quantifiable time-bound goals and indicators, the MDGs did not include the business sector in the formal process of developing the goals. In engaging business in the shaping of the new goals, it was acknowledged that having two private sector representatives on the High Level Panel was a start, but ensuring the active participation of business networks, including sector-focused organisations and national business networks would also be important.
- Second, the MDGs do not define an explicit role for business in delivering the MDGs so a new development framework needs to address this and encourage companies to think more broadly about their contribution to development beyond narrow business and sector interests.
- Third, the current MDGs do not focus enough on country level action, especially around creating national structures comprising all stakeholders to collectively determine local priorities, roles and action. A new development framework needs to address this gap. Although redefining development goals is critical, it was noted that it is vital that this conversation does not deflect from the important work that still needs to be done in delivering the current goals up to 2015.

The MDGs have, however, provided a vital framework for businesses to design programmes and align their development support with local development priorities established by national governments. The MDGs have been critical in providing a focus for action, but there is not enough awareness and involvement amongst the broader public, and companies can play a critical role in enabling that, especially by harnessing their networks and stakeholders through social media. (PRODUCT) RED is an example of an innovative way to incentivise private sector contributions to the Global Fund to tackle HIV / Aids, and to date has raised \$196 Million. The (PRODUCT) RED model illustrates how to engage business in the delivery of a development goal by harnessing social media to raise mass awareness, by tapping in to the desire of young people to contribute and the understanding of companies that they need to respond and play a role.



Despite progress to date, concerns persist about business moving in to the development space:

- First, there is a risk that companies could use engagement in development as more of a marketing exercise to enhance their image rather than fundamentally change their business to support development. In response to this point, it was argued that it was important to differentiate between companies using their marketing expertise to engage and mobilise their constituencies in support of development versus companies who are seeking to use more superficial engagement to deflect attention from negative impacts.
- Second, the importance of ensuring that the state does not use the growing involvement of the private sector as an excuse to wind back its contribution was identified. Further discussion explored the scope for the private sector to deliver services on behalf of the state, where there was a clear case for doing so, for example in the education sector. Although potentially a way forward, there are concerns that weak governments do not have the capabilities to effectively regulate and hold companies to account.
- Third, there is concern that the power and resources of business could be used to dominate the development agenda, putting the interests of business before the world's poor.

A focus on companies harnessing their core business in the delivery of new goals was emphasised, although the challenges for many businesses to engage with people surviving on \$1.25 a day was identified. Beyond providing resources, the role business can play in addressing the fundamental drivers of poverty was also emphasised, by using political influence with governments to tackle questions of power, access and discrimination. Businesses, with a long-term interest in ensuring stable societies should be encouraged to see the poor not just as customers but also citizens, and do more to improve the broader enabling environment beyond managing short-term business specific risks and interests.

Discussion also focused around how best to engage business in the delivery of new development goals. It was argued that new goals need to be more focused on achieving time-specific outcomes that business and governments can be held accountable for. However, prescribing and mandating specific goals for business to deliver is not realistic. Rather the emphasis needs to be on ensuring greater company level transparency and reporting to ensure companies can be held to account for their performance. Companies need to be encouraged to do more to identify and report the material risks and opportunities for their business in a development context, and ensure they have in place the appropriate mechanisms to address them. The growing number of indices like the Access to Medicines Index, the forthcoming Nutrition Index, FTSE4Good and Dow Jones Sustainability Index will also help to encourage greater competition between companies to raise the bar. The Extractive Industry's Transparency Initiative (EITI) model, which has been useful in establishing dual responsibility for transparency amongst both the private sector and governments, could potentially be applied in other sectors.

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Charting a Way Forward

The event concluded with a look at how business can be involved in a practical way in the design and delivery of the post-2015 framework. Speakers reviewed the reasons why it is important for businesses to engage in development debates.

- First, businesses generate jobs and contribute to economic growth.
- Second, businesses often hold relevant information and data that can be tapped into to formulate better policy. For example, banks have a wealth of information on local entrepreneurs, their characteristics and some of the barriers they face to access credit.
- Third, many firms are involved in service delivery that is directly linked to achieving the MDGs, such as health and education provision. In fact, in Africa many of these services are provided by the private sector. Therefore, there is an important debate to be had on how a new framework post-2015 could help ensure service delivery in these sectors is as effective as possible, and find creative ways of bringing different public and private actors together.

Speakers agreed that business engagement in a new framework should not be about corporate social responsibility but about core business performance – ‘poverty affects business.’ There was also mention of the need to ensure that the goals are kept simple and measurable and that actors are regularly held accountable for the delivery of agreed goals. One of the speakers also stated that the framework needs to be clear on actors’ accountability: ‘accountable to what and by whom?’ During Q&A, a member of the audience suggested using an MDG scorecard showing how businesses contribute to the MDGs as a possible accountability framework. Others highlighted the fact that ultimately it is national governments that remain accountable.

The UN level processes put in place to agree on a new development framework post-2015 were described. In early 2013, a High-Level Panel (of which Unilever is a member and together with the Kenyan Association of Manufacturers represent businesses’ perspectives) will produce a report providing advice on such a framework. At the same time, there is another relevant parallel process – an ‘Open Working Group’ of about 30 nations looking to set out a series of Sustainable Development Goals (originally a proposal from the government of Colombia). There was an emphasis on the need to bring these two processes together. It was also highlighted that the High-Level Panel report is the start of a conversation; it provides a real opportunity to develop new big ideas and provide a vision for the future.

There are a number of different approaches to a new framework being proposed including:

- MDGs+, that is, adding some new targets to the existing framework;
- an emphasis on equity and human rights;
- a focus on economic growth and domestic processes;
- a focus on fragile states.



Another speaker also reminded the audience of the importance of political processes; ultimately the outcome will be negotiated in New York by New York diplomats.

The need to include those businesses that are often not involved in development debates was emphasised. One of the speakers stated that efforts should concentrate on bringing into the conversation those companies where more basic issues (e.g. paying taxes, following transparent procurement/financial processes, reporting on carbon output) are yet not common practice. Another speaker highlighted the need to think about local SMEs as well and warned of some of the costs that higher standards may impose on smaller enterprises.

During Q&A, a member of the audience asked how a new framework could help to encourage economic growth and jobs. Speakers highlighted how ultimately these issues sit within domestic policy processes and it is often barriers like poor infrastructure and services, limited access to finance, weak regulatory frameworks, which stand in the way of increasing foreign and local investment. It is also a macro-economic issue, one that depends on fiscal space (e.g. low levels of debt to have room for manoeuvre to invest in the economy) and a focus on productive sectors. That said, one of the speakers suggested a bold employment target could be set.

It was also pointed out that different actors – within the public and private sectors and civil society – are starting to think differently about engagement; with some of the barriers to forge partnerships now breaking down. It was also suggested that there should be a space within domestic processes to forge these partnerships (e.g. by supporting in-country partnerships within the context of MDG8).

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Organising Partners

Business Call to Action: The Business Call to Action challenges companies to develop innovative business models that achieve commercial success and development outcomes. www.businesscalltoaction.org

Business Fights Poverty: Business Fights Poverty is the leading online community for business and development, connecting over 10,000 professionals. www.businessfightspoverty.org

Overseas Development Institute: ODI is Britain's leading independent think tank on international development and humanitarian issues. Our mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. www.odi.org.uk

United Nations Development Programme: UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations. www.undp.org

United Nations Global Compact: The UN Global Compact is a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyze actions in support of broader UN goals. www.unglobalcompact.org