A race to prevent disaster
Andrew Jack

As world leaders gather in New York this week to take stock of efforts to eliminate poverty, they have been joined by high-profile guests who a few years ago would have been unexpected, uninvited and unloved.

Chief executives from the world's top companies are in the city to consider ways to boost incomes, health and education and to tackle climate change.

Bill Gates, the co-founder of Microsoft and recent proponent of "creative capitalism" who is shifting from full-time business to philanthropy, will even address a special session of the United Nations.

The focus is the eight Millennium Development Goals (MDGs) drawn up in 2000 and at a halfway point towards targets, set for 2015, which are designed to reduce poverty; improve peoples' quality of life; ensure environmental sustainability; and develop partnerships.

The prognosis is gloomy, especially in the current economic climate. Yet just a few blocks away, many of Mr Gates' peers who are still working full-time in business will attend former US President Clinton's annual Global Initiative, to showcase similar goals that once seemed remote from their priorities.

The common concerns, and the spirit of public-private co-operation, seem a long way from the distrust of the past, such as the UN's work on "trans-national corporations" in the late 20th century, which was shrouded in suspicion of business. Yet they also appear ever more abstract and peripheral to many senior managers struggling to cope with the violent financial turbulence centred further downtown in Wall Street, and mirrored throughout the world.

"There is no doubt that the world economy is facing a serious moment of crisis," concedes Kemal Dervis, administrator of the UN Development Programme, which helps co-ordinate communication around the MDGs.

But he insists on the continued relevance and urgency of this week's discussions: "It shows how we are inter-dependent, with the Indonesian farmer depending on good regulation of the financial sector to improve his standard of living."

Much corporate activity in the countries most targeted by the MDGs has traditionally been philanthropic. Jonathan Berman, a partner with Dalberg, a development consultancy, argues that there remains a trans-Atlantic divide. "European companies see a responsibility to promote social welfare. In the US, the belief in enterprise as a moral good in itself is stronger," he says.

Yet several recent surveys have shown that companies are increasingly acting for reasons of self-interest, sensitive to their broader reputations and responsibilities, as a way to attract and retain customers and employees alike.

As Neville Isdell, chairman and chief executive of Coca-Cola, said recently: "In the past, there was an expectation that it was governments that were going to answer to these problems and these crises, and that it was governments that were wholly responsible for these solutions.

"Today, however, the paradigm is different. Consumers have much higher expectations of us, of business. They expect us to be part of the solution on everything from climate change to health and wellness. Increasingly, consumers are basing their purchasing decision on how they feel about a company, so the reputation of the company is part of the reputation of the brand." While Mr Dervis says traditional corporate charitable activities have a role in achieving global development, his own transformed agency focuses on encouraging profit-making activities in difficult, poor and insecure countries through its "Growing Inclusive Markets" work.

He says there is a willingness by business to engage and an ability to make money in the process, whether through microfinance projects in Kyrgyzstan, or banking via secure SMS on cellphones in the Democratic Republic of Congo.

For many western companies moving beyond their traditional markets in north America, western Europe and the Pacific basin, the commercial case is becoming far more relevant than any moral responsibility to be engaged.

For those businesses created within the emerging markets such as China, India, Russia and Brazil, and emerging on to the global stage, operating in developing countries is a more natural part of their work.

But what role can they play?

There is a legitimate debate around the timing and precise content of the MDGs themselves, which address poverty and hunger; primary education; gender equality and women's empowerment; child mortality; maternal health; HIV/ Aids, malaria and other diseases; environmental sustainability; and partnership.

There is little doubt that governments have the primary role, through the provision of basic health, education and infrastructure; and the promotion of democracy, rule of law and other institutions to stimulate development.

But there is also recognition that the MDGs offer a useful set or priorities; and that they will be impossible to achieve without the private sector generating growth, wealth and employment, as well as contributing technological innovations, processes and funding.

The results remain patchy. As Ban ki-Moon, the UN secretary general, wrote in a recent report: "While there has been progress on many fronts, the delivery on commitments has been deficient and has fallen behind schedule. A shared future for all will not be possible without globally concerted action and strong partnerships."

In April, an analysis by the World Bank concluded: "Though much of the world is set to cut extreme poverty in half by [2015], prospects are gravest for the goals of reducing child and maternal mortality. Serious shortfalls are also likely in primary school completion, nutrition and sanitation goals."

At the start of this year, business leaders at the World Economic Forum in Davos embraced the concern when they released a "development emergency" declaration as they pledged to redouble their own efforts in helping accelerate the slow progress towards achieving the MDGs. In a report published today offering examples of corporate involvement for each of the MDGs, the International Business Leaders' Forum (IBLF), a UK-based charity, argues that there are three over-arching ways in which companies can become involved.

One is through core business operations and value chains, "harnessing the innovative technologies, financing mechanisms, products, processes and skills of the private sector ... and implementing responsible business practices".

Another is with social investment and philanthropy, "contributing noncommercial financial support, employee volunteers and expertise, product donations and other in-kind contributions".

A final area of support is via public advocacy, "engaging in ... public policy dialogue, joint regulation and efforts to build or strengthen public institutions and administrative capacity in order to bridge governance gaps, improve the enabling environment and support more systemic change".

That leaves at least three challenges for business involvement in development, even beyond the availability of top level commitment and resources during difficult financial times.

First, mutual suspicion between public and private remains a reality and a hindrance.

Douglas Alexander, the British secretary of state for international development, says: "While companies have a major impact on growth an development in poor countries, they are often not included in the development process by donors and others."

Second, there is a lack of co-ordination. Anthony Dun-nett, chairman of the International Health Partnership, a UK-based charity, says many companies are conducting projects unilaterally which, while worthy in themselves, create duplication and may be unsustainable.

A final issue is meaningful evaluation to improve progress. Adam Leach, head of the IBLF, says: "It's very important that we work more on impact and adherence. We are all conscious of the need for more evidence. We need to work much harder at what can be done, and at connecting contributions to results."

Fonte: Financial Times, London, September 25 2008, Companies & Markerts, p. 24.