



BUSINESS AND THE SUSTAINABLE DEVELOPMENT GOALS



BUILDING BLOCKS FOR SUCCESS AT SCALE

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FOREWORD

The Sustainable Development Goals (SDGs) map out a global vision for a better world. They set out ambitious goals and targets for people, prosperity, planet and peace. Getting there will require us to work together—no matter where we live or work, this is a universal call to action. Leaders in government, business and civil society—all of us must develop new ways of operating and co-operating, if we are to leverage the necessary financial, technical and managerial resources to achieve these goals.

And because the journey will be a complex one, we must become a community of learners as well as practitioners. That is why over the past 10 years, Business Fights Poverty and the CSR Initiative at the Harvard Kennedy School have sought to reflect, analyze and codify practical knowledge that will guide how our different sectors can work better together.

This report is part of series of joint publications that explore the role business can play as an equal partner in international development. There is now a broadly-accepted view that business has a central role to play in achieving development outcomes. And there is a wealth of experience about what works, and also about what doesn't. Despite progress, there is substantial untapped potential that is yet to be unleashed and this report focuses on how we can do that.

The milestone Addis Ababa Action Agenda calls for 'unlocking the transformative potential of the private sector.' So what does this really mean? What will it take? How can business achieve more systemic change and development impact at scale?

For us the answer can be found in a series of six building blocks—critical enabling conditions that must be in place to align business incentives and capabilities in favor of success at scale. This report identifies what these building blocks are, takes stock of the progress we are making in putting them in place, and explores what more needs to be done.

It is our firm view that these building blocks will unlock a future in which all companies can work to drive sustainable development, not only through flagship corporate social responsibility projects but more importantly through standard business operating procedures aligned with broader processes of systemic change and collective action that, together, generate impact at scale.

Given the ambition of the SDGs, and the essential role that business must play with others in achieving them we must take stock and reflect deeply on what it will take to get there, and we must do that together.

Jane Nelson

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LEADER PERSPECTIVES



A global action plan for people, for planet, for prosperity, for peace and for partnering together

Amina J. Mohammed

United Nations Secretary-General Ban Ki-moon's Special Adviser on Post-2015 Development Planning

Over the past 15 years, the United Nations Millennium Development Goals (MDGs) have provided a vital framework and focal point for driving progress against poverty and other development challenges faced by the world's most vulnerable. World leaders are now coming together again to formally adopt the 2030 Agenda, including a new set of Sustainable Development Goals (SDGs), which set out an even more ambitious and universal set of global development priorities for the next 15 years. Unlike the Millennium Development Goals, their successors are an integrated set of universal goals, applying to all countries, aiming at mobilising all stakeholders and, especially, the business community. They integrate sustainable and inclusive economic growth and the sustainable management of natural resources with the top priority of ending poverty in all its different forms, in every context, leaving no one behind.

The 2030 Agenda is set to deliver a rights-based agenda for People, to end poverty and hunger in all their forms and dimensions; an agenda for protecting the Planet, our common home, from degradation, sustainably managing its natural resources and taking urgent action on climate change; an agenda for Prosperity, to ensure that all human beings are included and can enjoy prosperous and fulfilling lives in harmony with nature; an agenda for Peace, to foster peaceful, just and inclusive societies which are free from fear and violence. And an agenda to work together, to mobilize the means required for implementation through a revitalised Global Partnership for Sustainable Development with the participation of all countries, all stakeholders and all people. The 17 Sustainable Development Goals and their targets that are at the core of the 2030 Agenda are also an action plan. Their implementation, which should be done in an integrated manner, will deliver on this transformative vision for people, for planet, for prosperity, for peace and for partnering together.

Alongside this practical set of integrated goals, targets and is the Addis Ababa Action Agenda (AAA), which provides a concrete plan of action to resource and implement the Goals. The AAA acknowledges that the role and responsibilities of the private sector will be essential to meeting the SDGs, through the creation of sustainable, productive employment and economic prosperity, investment in essential infrastructure and innovations that create opportunities for the poor as both producers and consumers. At the same time, businesses are being encouraged to commit to investments in areas critical to development, and to move towards more socially and

environmentally sustainable and responsible practices. More importantly, the SDGs will also provide a compass and an important yardstick against which businesses can align their own key performance indicators and measure the impact of their own policies and practices, and align their sustainability strategies with international priorities. In this way, business can be architects and builders of sustainable development and social inclusion, creating shared value and entering into a new era of corporate sustainability as the business-as-usual.

Both developed and developing countries will also have to do their part and commit to good governance, rule of law and the fight against corruption in order to provide an enabling environment conducive to genuine partnerships which will help realise the 2030 Agenda for Sustainable Development.

Turning words in to action is not going to be easy and collaboration is going to be key to success. Leaders across sectors now recognise that the challenges are too great and too systemic for any one of them to tackle alone and that mobilising more resources for the SDGs will require continuing and closer public – private collaboration, increasingly through multi-stakeholder partnerships. Perhaps one of the greatest determinants of our success will be our ability to redefine what we mean by partnership and move towards a form of collaboration that truly integrates visions, values, accountability, resources and knowledge sharing. A new vision of partnerships that are principled, people-centred and planet sensitive. If we can achieve this, I believe we can ensure that these latest set of development goals can become our last.

I welcome this report, which sets out practical examples of how the private sector can contribute to the achievement of the SDGs, and identifies the roles all sectors need to play to create the essential conditions for success at scale in every community and country the world over.

'Business can be architects and builders of sustainable development and social inclusion, creating shared value and entering into a new era of corporate sustainability as business-as-usual.'



Moving beyond aid to eradicate extreme poverty

David Kennedy

Director General, Economic Development, UK Department for International Development (DFID)

With the agreement of the Sustainable Development Goals (SDGs), the world has a unique opportunity to set future development policy for a generation. These goals will stimulate action over the next fifteen years in areas of critical importance for humanity and the planet, and ensure that no one is left behind.

This is no longer just a question of aid; the development world is changing. We need a revitalised global partnership that brings together governments, civil society and business to support the ambition and spirit of these new goals. There is a growing recognition that a variety of different forms of funding—domestic resource mobilisation, international public and private finance, external debt and climate finance—need to combine to achieve the necessary scale.

We should not underestimate the significance of the unique global agreement achieved at the UN Financing for Development Summit in Addis Ababa. It was a historic international deal to take us beyond aid, forging agreements such as the Addis Tax Initiative that might have been unthinkable just a few years ago. It recognised the important part developing countries' own domestic resources have to play in the development architecture. Most importantly the agreement in Addis Ababa was the first ever that allows us to liberate the private sector to provide trade and investment that will deliver tangible benefits for development.

Part of the solution is to invest in growth which benefits the lives of poor people, particularly girls and women who can be so transformational if allowed to fulfil their potential. Implementation needs to be farsighted and sustainable. These are two natural strengths of the private sector, and trade and investment can be a real solution for the kind of progress that the developing world needs.

This is why the Department for International Development (DFID) recently announced a new investment of capital into CDC, the UK's development finance institution, to help ensure promising businesses in emerging and frontier economies receive the finance they need to grow and create jobs.

If we want business to be a key player in the solution to the world's development problems it is only right that they help shape the architecture through which the SDGs are implemented. It is no surprise that companies prefer to operate in countries that are politically and commercially stable—where partnership, entrepreneurship and individual leadership are allowed to flourish. There is a role for donors here. For example, DFID is helping national governments in our partner countries to secure property rights, improve infrastructure, strengthen the investment climate and facilitate trade. We want an active dialogue with the private sector to understand better the constraints to greater levels of investment and trade.

We are looking to a future which harnesses the pioneers and the trailblazers delivering success at the cutting edge, from services delivered via mobile phones to ground-breaking financial products. We also need to challenge the mainstream, utilising the employment opportunities offered by textiles manufacturing or agricultural production to generate more and better jobs. When all companies capitalise on the significant growth opportunities in these markets, not through their corporate social responsibility activities but through their core business aligned with broader systemic change—this can put countries in the developing world on the fast track towards economic growth, the eradication of extreme poverty and the achievement of the SDGs.

'We need a revitalised global partnership that brings together governments, civil society and business to support the ambition and spirit of these new goals.'



Business is ready to play its part to achieve the SDGs

John Fallon

Chief Executive, Pearson

As world leaders come together at the United Nations for the SDG Summit, they will announce their commitment to the new Global Goals for Sustainable Development and set out their ambition for a more peaceful and prosperous world. This is a defining moment for the world community, as we transition from the Millennium Development Goals (MDGs) to a new and more ambitious set of global development priorities which will set the global development agenda for the next 15 years and beyond.

From a business perspective, this milestone also provides an opportunity to reflect on just how far attitudes and thinking about the role of the private sector in development have shifted. When the MDGs were defined and launched 15 years ago, the private sector was not at the table and was, in some cases justifiably, treated with some hostility and suspicion by the development community. Today, all sectors recognise that we cannot end poverty without more inclusive and sustainable economic growth and that business has a central role to play by generating decent jobs, contributing innovative products and services and by mobilising more investment and resources.

Another key shift is the acknowledgement that business can have its greatest impact through its core business and value chain, thereby ensuring that solutions can be both financially sustainable and scalable. Community and social investment by companies remains important but it is through their core businesses that truly transformative impact will happen.

This new consensus creates responsibilities and opportunities for businesses to harness their capabilities and resources in support of the Global Goals. For businesses like my own, the SDGs create a vital means by which we can fulfil our purpose—in Pearson's case—to empower people to progress in their lives through learning—alongside a framework through which we all can align our strategy and resources and measure our performance and progress.

Given the scale of the task that lies ahead, leaders across sectors recognise that success will require a renewed sense of partnership. No single organisation or even sector can do it alone and this is why collaboration is being placed at the heart of the Global Goals. From our experience of partnership we know that our contribution can be enhanced and amplified when we combine our expertise and resources with others.

Everyone, no matter where they were born or under what circumstances, deserves an equal shot at a healthy, safe and fulfilling life. With these ambitious new goals, the world is setting out to achieve just that—and to do so in our lifetime. I look forward to all of us at Pearson and in the wider business community being able to say that we played our part in making that happen. This report makes an important contribution to building understanding of how business can contribute to many of the Global Goals and how our partners across sectors can enable business to do much more.

'It is through core business that truly transformative impact will happen.'



ACHIEVING NEW AMBITIONS FOR SUSTAINABLE DEVELOPMENT

The Sustainable Development Goals (SDGs) adopted by United Nations member states in 2015 will set the global agenda for more inclusive and sustainable development and growth for decades to come.

The SDGs are notably different to their predecessors, the Millennium Development Goals. They are more comprehensive in scope, covering poverty eradication, economic growth and job creation, food security, health, access to education, energy, water and sanitation, gender parity, peace, climate change and numerous other aspects of environmental sustainability. They explicitly recognize the interlinkages among goals. They will be universal. And they focus more concretely on their means of achievement.

The Addis Ababa Action Agenda, agreed at the 2015 Financing for Development Summit, provides a common framework for how the SDGs will be funded. They place a renewed emphasis on complementarity and collaboration between domestic and international resource mobilization and between public and private financing to deliver the billions of dollars required to fund development priorities, from improvements in healthcare and education to job creation and infrastructure.

It is clear that achieving the SDGs will require far more than point solutions designed to address specific issues without taking other, related challenges into account. To deliver dramatically improved outcomes on a sustainable basis at scale, entire systems must change.

Three common imperatives resonate through almost every preparatory meeting and publication on the SDGs. First, country leadership will be needed to prioritize and take ownership of outcomes. Second, multi-stakeholder partnership will be needed to align agendas, mobilize resources, and ensure shared accountability. And third, private sector investment will be needed to develop and bring financially self-sustaining solutions to scale.

Appreciation of the role the private sector has to play in driving more inclusive and sustainable development has been growing for many years. More recently, though, a sense of frustration has also been emerging that much of the potential has yet to be realized. Mistrust of business motives and market-based solutions remains an obstacle in some cases. Lack of corporate transparency and accountability for results is a problem in others. Many promising business-led projects have yet to scale or achieve systemic change. Some evidence and examples of impact at scale exist—and to achieve the SDGs, we now need to move such examples from the cutting edge into the mainstream.

As the world's attention shifts from what the SDGs will be to how they can be delivered, this report:

- underscores what we as a field have learned about the role business can play in sustainable development, providing a range of examples;
- identifies six enabling conditions or building blocks for business action to succeed at scale;
- takes stock of the progress we have made in putting these building blocks in place; and
- recommends practical actions that leading companies, governments, donors, and civil society organizations can take to enable a step change in the way business contributes to sustainable development.

This report has been written to help stakeholders across sectors guide internal strategy and activities; collaborate more effectively; and advocate or engage with each other to drive mutual responsibility and accountability for unleashing the private sector role in sustainable development.

'Some evidence and examples of impact at scale exist—and to achieve the SDGs, we now need to move such examples from the cutting edge into the mainstream.'



THE ROLE OF BUSINESS

Several decades of experience and research by pioneering companies and organizations such as the World Business Council for Sustainable Development, the World Economic Forum, the International Finance Corporation, the United Nations (UN) Global Compact, the former International Business Leaders Forum, Business for Social Responsibility, the International Chamber of Commerce, the UN Development Programme and others have shed light on the nature of the fundamental role that business plays in sustainable development.

The core contribution of business to development

Business investment, operations, and value chains create jobs, generate incomes, build human capital, support technology transfer, build physical and institutional infrastructure, and offer products and services that meet customers' needs and aspirations, as evidenced by their willingness to pay—including food, water, sanitation, information and communications technology, healthcare, energy, education, and more.¹

Each of these contributions, in turn, has development multiplier effects. For instance, supporting technology transfer may improve the productivity and quality of firms on the receiving end, allowing them to win new customers, grow their businesses, and create new jobs. Improved sanitation may reduce the incidence of disease, saving people money they might otherwise have had to spend on drugs and doctors' fees, and reducing the time they need to take off work—enhancing their disposable incomes and financial security, opening the door to greater investment in nutritious food or quality education for their children, who may be able to obtain more highly skilled jobs or open businesses of their own in the future. The comparative advantage of business in development is that—when the core business investments, operations, and value chains that trigger them are profitable—these contributions and multiplier effects are financially sustainable, and potentially scalable.²

The case for enhancing business' contribution to development

Unfortunately, companies' development multipliers often fail to reach the scale or leverage they might be capable of, due to a combination of market failures, governance gaps, and other bottlenecks.³ And they can also be counteracted by negative impacts of private investment such as human rights abuses, environmental degradation, worker health and safety risks, tax avoidance or investment contracts that unfairly disadvantage host countries and communities.

There is a strong rationale for companies to act decisively to minimize their negative development impacts and maximize the positive ones. The benefits include value protection and value creation, managing costs and risks and capturing opportunities.⁴ According to the World Business Council for Sustainable Development, specific drivers include:

- Obtaining or maintaining license to operate,
- Improving the business enabling environment,
- Strengthening operations and value chains, and
- Fueling product and service innovation.⁵

'Great [business] ideas are at the heart of development; they allow economies to grow, and they improve people's lives.'

— THE WORLD BANK, DOING BUSINESS REPORT 2015

Mechanisms for enhancing business' contribution to development

Figure 1. Mechanisms for enhancing business' contribution to development across its spheres of influence



Companies in all industry sectors can respond to these drivers—thereby achieving both business benefits and development impact—in three different ways:⁶

1. Core business

First and foremost, business investment, operations, and value chains are the most powerful levers at a company's disposal to drive sustainable development because—when they are responsible and profitable—they are financially self-sustaining, with the potential to generate impact on an ongoing basis, at scale.

Companies' investments, operations, and value chains affect sustainable development whether they are intended to or not. The first step is to understand a company's impacts, both positive and negative. Then steps can be taken first and foremost to minimize the negative, and then to maximize the positive. This means that adherence to environmental, social, and human rights standards and principles of good corporate citizenship is a fundamental minimum.⁷

Beyond this commitment to responsible business practices, there is untapped potential for companies to create shared value and build more inclusive and sustainable value chains through innovation in technologies, products, services and business models.

2. Social investment

Social investment includes contributions of money, employee time, and products or services in-kind that are not expected to generate commercial opportunities or financial returns—at least not directly or in the short term.

Many people consider core business and social investment distinct and even mutually exclusive alternatives. But in practice, we often see these two levers used in combination. For example, social investment can be used to fund new business activities that are experimental or that have lower returns or longer payback periods than traditional commercial investment criteria typically require.⁸ Social investment can also be used to fund activities that strengthen the operating environment for a company's core business. For example, funding education or healthcare for farming families may make agricultural supply chains more stable, and funding small business support in the vicinity of a mine may reduce economic dependence and demands on the company. In addition, social investment can be used to fund data collection, research and analysis on the links between business and development, which in turn can provide evidence to support investment in new business models and enabling policy reforms.

3. Public advocacy and policy dialogue

Finally, companies can contribute to sustainable development through public advocacy and policy dialogue that influences awareness and attitudes on important issues, changes consumer behavior, bridges governance gaps, improves the policy and regulatory environment, and supports more systemic change at the local, national, or global levels. This lever, too, is often used in combination with—and to enhance the impact of—core business and social investment activities. Care must be taken that public advocacy and policy dialogue are consistent with, and not undermined by, a company's more traditional lobbying positions and activities.



Across these three mechanisms, three cross-cutting enablers are often essential for sustaining and scaling business engagement in sustainable development.

1. Intrapreneurship

Internally, **intrapreneurship** is a common key success factor. Very often, the product, service, process, and business model innovations necessary to drive sustainable development through a company's operations challenge prevailing mindsets and practices within the company. Behind almost every successful case of business leadership in development is an intrapreneur, or an entrepreneurial employee who has managed to put together the budget, staff, and/or high-level support that are required to overcome what has been called the 'corporate immune system'⁹ and create space for these innovations to succeed.

Intrapreneurs usually rely on a combination of resourcefulness, persistence, persuasiveness, and belief in themselves, but some leading companies attempt deliberately to identify and support them. They do so by building intrapreneurship into talent development programs, encouraging employees to pursue personal projects, creating competitive challenge funds or award programmes, and even allocating specified percentages of employee time to such activities.¹⁰

2. Partnership

Externally, **partnership** is a common key success factor. Partnership can allow companies, governments, donors, civil society organizations, and others to share information, pool scarce or complementary assets and resources, access new sources of innovation, create economies of scale, and enhance the legitimacy of their own individual activities. There are many different types of partnership. They range from project-based alliances of two or more organizations that come together in a formal agreement to accomplish a certain objective within a certain timeframe to multi-stakeholder platforms designed to facilitate the kind of coordination and collaboration needed to address complex, systemic challenges over the long term.¹¹

In addition to cross-sector partnerships among business, governments and civil society, an increasingly important type of development partnership is business-to-business. For example, an agribusiness company working with a bank or information technology company to improve financial inclusion for smallholder farmers in its value chain. Or healthcare and logistics companies that partner with each other to strengthen health systems. More systemically, there are growing examples of precompetitive collaboration among a large number of companies in the same industry sector, working together to tackle market failures and governance gaps.

3. Senior-level champions for change

Finally, **senior level champions for change** play an essential role across business, government, the donor community, and civil society. On the Board of Directors, in the C-Suite, and on executive teams, leadership is instrumental in articulating a vision of the company's role in sustainable development, setting incentives that send the right signals at all levels, creating space for intrapreneurship and partnership, and demanding meaningful results and accountability in appropriate timeframes. Likewise, Presidents, Prime Ministers and other government ministers play a vital role in ensuring good governance, driving policy reforms, setting development priorities and establishing the enabling conditions for market-based solutions to sustainable development that help to drive increased private sector investment and greater corporate accountability for development impact.

Figure 2 (overleaf) provides a range of examples, drawn from our member companies, of corporate action. They are described in more detail at the end of this report.

Figure 2. Examples of business contributing to sustainable development

THE GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

GOAL 1	End poverty in all its forms everywhere
GOAL 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
GOAL 3	Ensure healthy lives and promote well-being for all at all ages
GOAL 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
GOAL 5	Achieve gender equality and empower all women and girls
GOAL 6	Ensure availability and sustainable management of water and sanitation for all
GOAL 7	Ensure access to affordable, reliable, sustainable and modern energy for all
GOAL 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
GOAL 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
GOAL 10	Reduce inequality within and among countries
GOAL 11	Make cities and human settlements inclusive, safe, resilient and sustainable
GOAL 12	Ensure sustainable consumption and production patterns
GOAL 13	Take urgent action to combat climate change and its impacts
GOAL 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
GOAL 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
GOAL 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
GOAL 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

	SDG	EXAMPLE		CORE BUSINESS	SOCIAL INVESTMENT	PUBLIC ADVOCACY AND POLICY DIALOGUE
	GOAL 8	CEMEX	p26	•	•	•
	GOAL 11	Enabling low-income families to access affordable housing				
	GOAL 3	GSK	p28	•		•
		Investing in frontline community health workers to increase access to healthcare				
	GOAL 1	Pearson	p30	•		•
	GOAL 4	Closing the workplace skills gap in India				
	GOAL 8					
	GOAL 3	Standard Chartered	p32	•		
	Introducing an innovative financing instrument to support child immunisation					
GOAL 3	AbbVie	p34	•	•		
	Leveraging scientific expertise to tackle Neglected Tropical Diseases (NTDs)					
GOAL 3	Abbott	p36		•		
GOAL 5	Tackling malnutrition and supporting economic development in Haiti					
	GOAL 6	SABMiller	p38	•		•
		Promoting cross-sector collaboration to close the water gap in South Africa				
	GOAL 13	Citi	p40	•		
	GOAL 14	Mobilising \$100 billion to fight climate change and to protect the environment				
GOAL 15						
GOAL 6	The Coca-Cola Company	p42	•	•	•	
	Improving lives through access to safe water, sanitation and hygiene in Africa					
	GOAL 1	CDC	p44	•		•
	GOAL 8	Investing in businesses in the world's poorest places to create more and better jobs				
	GOAL 1	Diageo	p46	•		•
	GOAL 2	Supporting smallholder farmers in Ethiopia to achieve commercial goals and local development priorities				
	GOAL 8					
	GOAL 1	De Beers	p48	•		•
	GOAL 8	Investing in beneficiation to support economic development in Botswana				
	GOAL 1	Anglo American	p50	•	•	•
GOAL 8	Enabling more inclusive economic growth in Chile by helping entrepreneurs to succeed					
GOAL 8	Chevron	p52		•	•	
GOAL 16	Niger Delta Partnership Initiative: Integrating local peace-building and economic development					



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BUILDING BLOCKS FOR SUCCESS AT SCALE

Figure 2 lists a number of examples of corporate action that are helping to drive sustainable development and progress towards specific SDGs while also achieving direct and indirect business benefits. They offer practical examples of approaches variously termed as serving the 'base of the pyramid', inclusive business, corporate responsibility, impact investing and creating shared value, which have become commonplace in leading companies. The examples in this report offer a very small and purely illustrative sample of the kinds of activities that have emerged in the past 20 years, as companies have become more aware of the relationship between development needs and business opportunities. Thousands of other examples exist.

We have seen such examples proliferate, and grow increasingly sophisticated. Some have reached significant levels of scale and impact. Now, to achieve the SDGs, we will need to move these success cases from the cutting edge into the mainstream.

A number of enabling conditions must be in place to align business incentives and capabilities in favor of success at scale: a future in which all companies work to drive sustainable development, not only through flagship corporate social responsibility projects but more importantly through standard business operating procedures aligned with broader processes of systemic change that, together, generate impact at scale.¹²

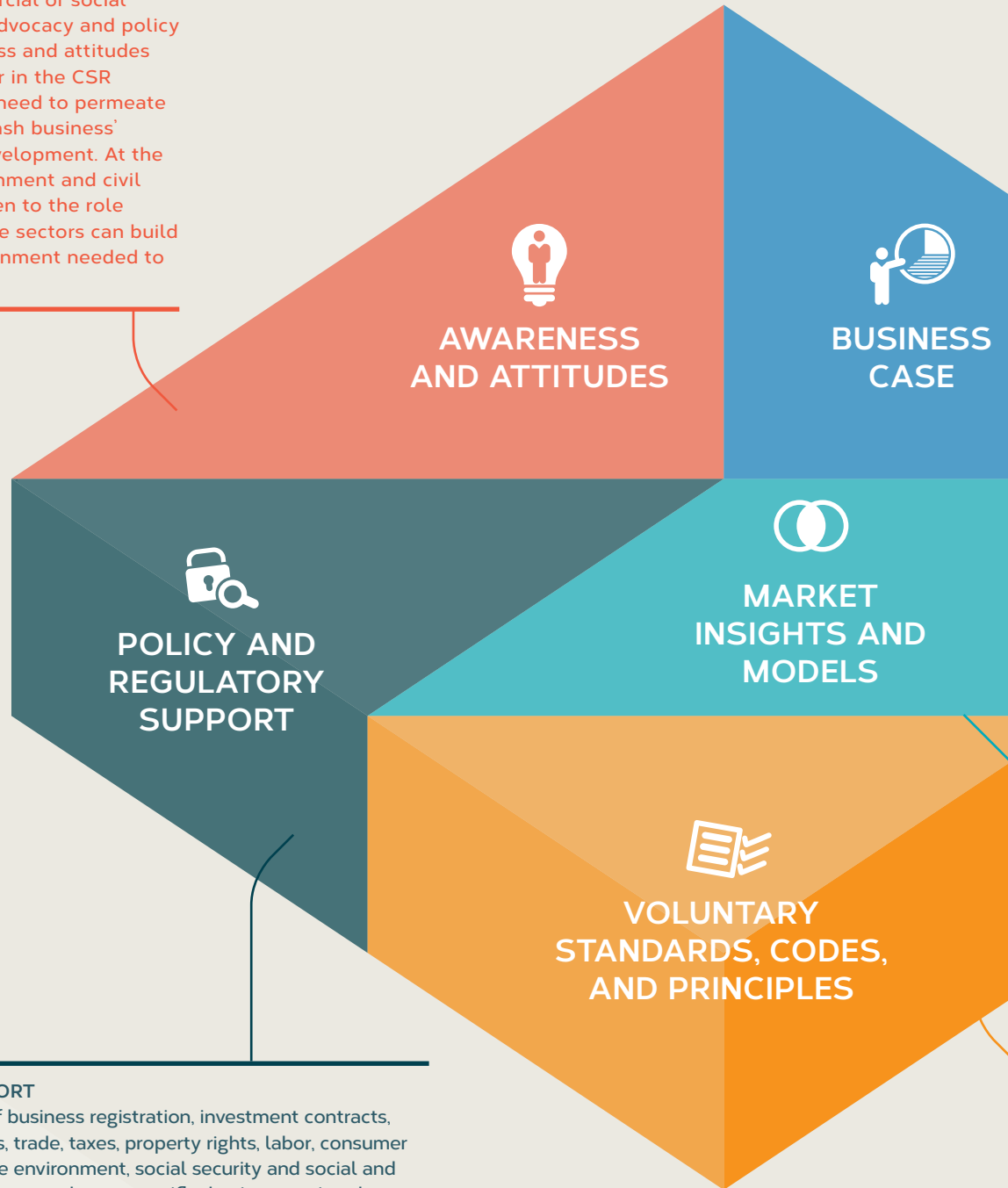
These enabling conditions, or building blocks, are depicted in Figure 3 (overleaf). In the following section, we explain what each building block means and why it is a critical piece of the puzzle. We then take stock of progress to date putting each building block in place, and identify needs that must be addressed going forward.



Figure 3. Business and the SDGs: building blocks for success at scale

AWARENESS AND ATTITUDES

Companies must perceive development challenges as sources of business risk and opportunity, and be open to new practices. If they do not, they cannot be expected to change the way they manage their businesses, allocate commercial or social investment, or engage in public advocacy and policy dialogue. The necessary awareness and attitudes may start in the executive suite or in the CSR department, but eventually they need to permeate throughout the company to unleash business' potential to drive sustainable development. At the same time, stakeholders in government and civil society must be aware of and open to the role business can play so that all three sectors can build the mutual respect, trust and alignment needed to work effectively together.



POLICY AND REGULATORY SUPPORT

Policy and regulation in the areas of business registration, investment contracts, project development and operations, trade, taxes, property rights, labor, consumer protection, natural resources and the environment, social security and social and economic development must support, or at least not stifle, business action that contributes to the SDGs. Policy and regulatory support can facilitate business' role in sustainable development by reducing risk (making expectations clear and sometimes offering services or incentives that defray costs) and simply by requiring businesses to act, even if they are not driven to do so by their values or cannot find a purely market-based business case. This levels the playing field and ensures that businesses that shoulder additional costs in order to drive sustainable development can still compete. Policy and regulatory support is a matter of having the right policies and regulations in place and having the political will and capacity to enforce them fairly and transparently—to be effective, of course, all businesses must comply. Basic rule of law and good governance on the part of host governments (at a regional and local as well as national level) are absolutely critical.

BUSINESS CASE

Assuming there is some investment involved, action to support the SDGs must be in businesses' financial best interests to happen at scale. Businesses are motivated by and in many cases legally accountable for generating, if not maximizing, returns for their owners. The business case can be based on regulatory compliance, market demand, increased productivity or efficiency, cost savings, mitigation of risk ranging from reputational risk to price risk, or a combination of these. It varies from company to company based on factors like geography, industry, size, and position within the value chain.

IMPLEMENTATION CAPACITY

Once companies are aware of the possibilities, have a reason to act, and know what to do—or at least what they want to try—they must have the capabilities, resources, relationships, and networks required to execute, measure results, and continuously improve. This requires first a sustained commitment to building and incentivizing the right skillsets among the company's employees and development partners. It requires managers to dedicate or attract necessary financial resources and invest the time needed to explore new ways of operating and to drive culture change. And it calls for a systematic process to identify and engage with stakeholders in other companies and sectors—and where needed, to invest in establishing partnerships, whether project-based or large-scale platforms.



IMPLEMENTATION CAPACITY

MARKET INSIGHTS AND MODELS

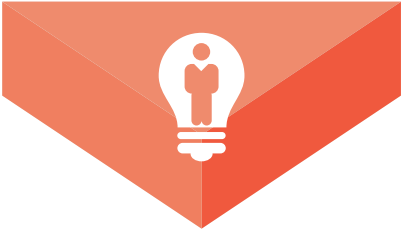
To drive sustainable development, companies must have market insight that explains why challenges exist, and suggests what might be done to overcome them. This includes insight into the environmental, institutional, and cultural contexts in which companies operate and insight into the options and incentives of the people whose decisions companies need to influence—whether these be consumers, suppliers, distributors, retailers, employees, or stakeholders in the wider business, government, civil society, or donor community. Companies must also understand the different business models that can be employed. This does not preclude further innovation, which is absolutely necessary; rather, it helps to shorten the trial-and-error period, reduce costs, and accelerate success.

VOLUNTARY STANDARDS, CODES, AND PRINCIPLES

Voluntary standards, codes, and principles of responsible and sustainable business conduct must be developed, adopted, and continuously improved. These typically require companies to go beyond compliance with the law to help fill governance gaps, especially in situations where the law is weak or weakly enforced. At the same time, they can help to develop 'soft law' and codify society's expectations as they evolve, enabling participant companies to stay ahead of reputational risks and regulatory requirements.



PROGRESS TO DATE



Awareness and attitudes

Companies must perceive development challenges as sources of business risk and opportunity, and be open to new practices. If they do not, they cannot be expected to change the way they manage their businesses, allocate commercial and social investment, or engage in public advocacy and policy dialogue. The necessary awareness and attitudes may start in the executive suite or in the CSR department, but eventually they need to permeate throughout the company to unleash business' potential to drive sustainable development. At the same time, stakeholders in government and civil society must be aware of and open to the role business can play so that all three sectors can build the mutual respect, trust and alignment needed to work effectively together.

Some businesspeople have the necessary awareness and attitudes almost *a priori*, based on their personal values—and an increasing number are gaining exposure through enlightened MBA programs, careers that span business, government, and civil society, and experience working in partnership. These people have become much more common in the world's leading 500 to 1,000 companies, and in development organizations with track records of working with business. They know that business plays a central role in development; that investment, operations, and value chains are the most powerful levers at business' disposal; and that companies must be held accountable for minimizing negative impacts as well as supported to maximize positive ones. Equally, intrapreneurship—whereby corporate employees use entrepreneurial tactics and mindsets to kick-start profitable business ideas with social or environmental impact—is a concept that deeply resonates with a large group of millennial employees.

Nevertheless, it is probably safe to say that most people outside organizational executive teams and CSR, sustainability, and partnership departments are still unaware of the role business can play in sustainable development, and a meaningful number are actually skeptical. Stakeholders as diverse as investors and humanitarian organisations are asking questions that range from whether corporate engagement in sustainable development is in shareholders' best interests at one end of the spectrum to whether business motives and interventions can be trusted at the other. They are also asking to see evidence of business' impact to date.

INSIGHTS AND EXAMPLES

Individual leadership support for a new initiative can be a crucial factor in ensuring early momentum. SABMiller's late CEO Graham Mackay played an instrumental role in ensuring that the Strategic Water Partners Network (SWPN) in South Africa was successfully established. SWPN is now a key strategic forum for the government and the private sector to tackle shared water risks.

Equally, operationalising a new responsible or inclusive business initiative is increasingly becoming a standard commercial activity for some businesses. For example, Diageo's local smallholder farmer sourcing programme in Ethiopia is an integral part of the procurement department's day-to-day work, with the support of a cross-functional team from across the business.

Even business' response to public health emergencies now goes far beyond philanthropy. Business' contribution to the recent ebola crisis focused on harnessing mobile payment systems to pay health workers, ensuring small businesses could continue to access credit, and educating employees, suppliers, and customers to protect themselves from infection.

At another level, intrapreneurial scientists at AbbVie have played crucial roles in the company's work to tackle neglected tropical diseases.

Awareness and attitudes of openness to the role business can play in development need to become mainstream within pioneering organizations and beyond—reaching the vast majority of companies, governments, and civil society organizations across geographies.

Many of us have been working hard to drive this, and our circle is expanding.

KEY QUESTIONS TO ADDRESS:

How can we accelerate this process?

How can we move beyond the low-hanging fruit, into mainstream business functions and past the big corporate pioneers?

What channels can we use?

What data and evidence do we need to make the case and to build trust across sectors?

PROGRESS TO DATE



Business case

Assuming there is some investment involved, action to support the SDGs must be in businesses' financial best interests to happen at scale. Businesses are motivated by and in many cases legally accountable for generating, if not maximizing, returns for their owners. The business case can be based on regulatory compliance, market demand, increased productivity or efficiency, cost savings, mitigation of risk ranging from reputational risk to price risk, or a combination of these, and varies from company to company based on factors like geography, industry, size, and position within the value chain.

Generically, the business case for sustainable development has been made. Companies acknowledge, as the WBCSD succinctly puts it, that 'business cannot succeed in societies that fail,' and managing these issues proactively can help both to protect and to create business value.

However, to unlock specific investment and action, the business case has to be made on a case-by-case basis. It has to be specific to the new product, service, business process, or business model proposed. And at this level, the business case varies tremendously in strength. Sometimes it is clear and relatively straightforward to value in financial terms (for example, for water use efficiency measures or workforce health investments). But many times, the business case is uncertain. It is often subject to variables outside the company's control, hard to quantify, and/or long term.

A clear, quantitative business case is the most powerful driver for aligning incentives and capabilities at all levels of a company in favor of action that drives sustainable development.

To unleash business' potential, we must push in this direction—working to quantify the costs and benefits of sustainable and inclusive business in financial terms wherever possible.

We can also think about ways of changing the calculus.

INSIGHTS AND EXAMPLES

For Pearson, the business case for delivering vocational training courses in India is to meet market demand profitably, whilst simultaneously achieving its social mission.

For Standard Chartered, too, creating the world's first socially responsible Islamic bond to fund child vaccination has helped the company meet client demand and supported its social objectives.

For Diageo, the business case for supporting smallholder farmers in Ethiopia is to meet its local procurement needs as measured by price and reliability of supply.

For SABMiller, the business case for supporting the Strategic Water Partners Network is to reduce business risks relating to local water availability for its brewing operations.

For Citi, the business case for mobilizing a \$100bn of environmental finance is to meet growing client demand for innovative environmental financing solutions and to advance its mission to *enable progress* and sustainability goals.

KEY QUESTIONS TO ADDRESS:

What are some of the variables that drive cost (like consumer education, physical infrastructure, regulatory or tax policy and the incentives these create)?

How can governments, donors, and civil society organizations act upon these to strengthen the business case?

Do we need new and different models of partnership—long term, not just catalytic—to accomplish this?

PROGRESS TO DATE



Implementation capacity

Once companies are aware of the possibilities, have a reason to act, and know what to do—or at least what they want to try—they must have the capabilities, resources, relationships, and networks required to execute, measure results, and continuously improve. This requires first a sustained commitment to building and incentivizing the right skillsets among the company's employees and development partners. It requires managers to dedicate or attract necessary financial resources and invest the time needed to explore new ways of operating and to drive culture change. And it calls for a systematic process to identify and engage with stakeholders in other companies and sectors—and where needed, to invest in establishing partnerships, whether project-based or large-scale platforms.

Over the years, we have seen companies develop implementation capacity commensurate with the strength of the business case for their sustainable development initiatives. If sustainable development issues are considered material to the business, as opportunities or as threats, companies will invest in the capacity and the organizational change necessary to address them. We have seen especially advanced capacity to manage issues like workforce health and safety and water use as well as other issues that are highly material in specific industries—such as community development in the mining and energy industries.

Capacity gaps persist where the business case is less clear or longer term. Examples include shared water resource management at the watershed level, strengthening health systems, and serving low-income consumers and micro, small and medium enterprises in many industries. In these cases, middle management may receive mixed signals from their senior executives, and struggle to obtain the budget or the right number of staff with the right skills to execute. In such situations, and the absence of talented and persistent intrapreneurs, innovation and progress can be slow.

In cases like these, governments, donors, and civil society organizations are starting to play critical roles helping companies to fill capacity gaps through catalytic funding, technical assistance and advice, and cross-sector partnership.

INSIGHTS AND EXAMPLES

Diageo's partnership with TechnoServe in Ethiopia has enabled the company to establish individual contracts with thousands of smallholder farmers, harnessing the latest innovations in biometric technology.

By tapping into TechnoServe's expertise in supporting small businesses, Anglo American in Chile has been able to design and deliver an enterprise development programme that can be tailored to the specific needs of individual entrepreneurs.

Pearson's Every Child Learning partnership with Save the Children is helping the company assess needs, identify gaps, and co-create solutions that leverage the core competencies of the private sector to improve the quality of education in emergency and post-conflict settings.

GSK and Save the Children's partnership features integrated teams working on specific activities including immunization, advocacy, health workers, R&D and nutrition.

Development experts in leading companies comment that these non-profit organizations have made significant progress in developing their capabilities to partner with large firms—as well as their interest in doing so. At the same time, these 'cross-boundary' capabilities are not yet mainstream in the development community the same way they are not yet mainstream in business. And in some parts of the development community, mistrust in and skepticism about the role of the private sector in development seems to be increasing.

As the business cases for new ways of driving sustainable development become clearer, companies will develop the capacity to implement them. In the meantime, and in areas where long-term public-private approaches are required, there is an enormous need for people with the ability to foster trust and facilitate communication and collaboration across business, government, the donor community, and civil society so that organizations can work together across sectors—filling the implementation capacity gaps one another may have.

KEY QUESTIONS TO ADDRESS:

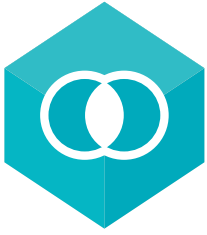
How can this ability to 'translate' across sectors be cultivated more broadly?

What other capabilities are required?

Are today's partnership models up to the task of filling capacity gaps long enough to prove a business case, and enable a company to justify developing the capacity in-house?

Which partnership models are best suited for long-term collaboration?

PROGRESS TO DATE



Market insights and models

To drive sustainable development, companies must have market insight that explains why challenges exist, and suggests what might be done to overcome them. This includes insight into the environmental, institutional, and cultural contexts in which companies operate and insight into the options and incentives of the people whose decisions companies need to influence—whether these be consumers, suppliers, distributors, retailers, employees, or stakeholders in the wider business, government, civil society, or donor community. Companies must also understand the different business models that can be employed. This does not preclude further innovation, which is absolutely necessary; rather, it helps to shorten the trial-and-error period, reduce costs, and accelerate success.

Market insights and models for driving sustainable development are increasingly being shared through a variety of individual organizations, networks, and even media outlets. This has been an important driver of awareness and inspiration. For example, leading companies are now well aware of broad categories of development challenges and needs, such as financial inclusion and access to improved sanitation, and have their pick of examples of business initiatives and partnerships to inspire their own work.

Now, as companies and their partners increasingly shift into implementation mode, a greater level of rigor and specificity is needed to make these market insights and models more actionable.

INSIGHTS AND EXAMPLES

Diageo's commitment to locally sourcing 80% of its agricultural inputs by 2020 requires a fundamental shift in its procurement model in local markets with very different business and developmental contexts. Each local sourcing strategy needs to be customised. Drawing on a growing body of experience, Diageo emphasises the need for each programme to start small and to be refined through trial and error before going to scale.

Anglo American has developed a global strategy and approach to developing enterprise development programmes, and emphasises the need to continually review and evolve those programmes in response to changing local context.

For instance, while we are aware of the broad categories of needs many people have, we are relatively early in our understanding of the individual incentives and broader system dynamics responsible for those needs.

Similarly, we have more information about *what* companies and partnerships are doing than *how* they are doing it, or *how well*. More information about the operating, financing, and accountability structures behind highly touted examples would be extremely useful. For example, are they commercially viable, or subsidized (and by whom)? What does 'partnership' really mean in each case? What are the results—for business and for development—and how are they being measured?

At the same time, the complexity and context specificity that goes into 'what works' is extreme. For example, what works for mango value chains in Kenya might not work for those in Uganda, or for orange value chains.

KEY QUESTION TO ADDRESS:

How deep do we go in terms of sharing market insights and models, as opposed to training people with the right sets of questions and capabilities?



PROGRESS TO DATE



Voluntary standards, codes, and principles

Voluntary standards, codes, and principles of responsible and sustainable business conduct must be developed, adopted, and continuously improved. These typically require companies to go beyond compliance with the law to help fill governance gaps, especially in situations where the law is weak or weakly enforced. At the same time, they can help to develop 'soft law' and codify society's expectations as they evolve, enabling participant companies to stay ahead of reputational risks and regulatory requirements.

Hundreds, if not thousands, of voluntary standards, codes, and principles exist today. Some have been developed by individual companies and apply to their own operations and value chains; others have been developed by civil society organizations, intergovernmental organizations, industry associations, and multi-stakeholder coalitions and apply to entire industries, groups of industries, or the private sector in general. The International Trade Centre's Standards Map, for example, provides information about more than 170 broadly applicable standards, codes of conduct, and audit protocols that address at least some dimension of sustainable development.¹³

Data on the uptake of voluntary standards, codes, and principles is difficult to come by, but examples suggest that penetration is relatively low. For example, while more than 8,300 companies in 191 countries have endorsed the United Nations Global Compact, globally there are more than 100,000 transnational corporations alone, to say nothing of domestic corporations.¹⁴ In the coffee sector, which has the highest rate of voluntary standard certification of any agricultural commodity, 40% of global production is certified; in sugar, the figure is only 2.7%.¹⁵

This is perhaps not surprising given the costs of complying with voluntary standards, codes, and principles. Compliance is certainly hard to achieve especially for standards and codes intended to apply to complex global supply chains in which there is little transparency and where relationships can be very temporary. In the apparel sector, for example, the demands of 'fast fashion' have led to a system in which the supply chain has become less like a chain and more like a vast, complex network that is assembled and reassembled to deliver each order.¹⁶

There is some question as to whether the ultimate goal for voluntary standards, codes, and principles is universal uptake—or whether their role is rather to raise the bar, gradually change business and societal norms, perhaps trigger policy reform or regulation, and thus drive continuous improvement over time.

INSIGHTS AND EXAMPLES

Whilst the company examples in the report are project specific, participating companies adhere to a variety of voluntary standard, codes and principles, ranging from the general to more industry and issue specific.

For example, most of the companies in our sample are signed up to the UN Global Compact's Ten Principles, and many adhere to the OECD Guidelines for Multinational Enterprises. A growing number are implementing the UN Guiding Principles on Human Rights.

At a more industry specific level, extractive companies like Anglo American, Chevron and De Beers are members of the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles.

Consumer goods companies like Coca-Cola and SABMiller engage at a sector level with the Consumer Goods Forum on environmental and human rights compliance and at an issue level, for example around sugar production, through certification systems such as Bonsucro.

In the healthcare sector for example, GSK, Abbott and AbbVie participate in the Partnership for Quality Medical Donations, a global alliance leading the development and championing of high standards in medical supply and service donations.

A key aspect of implementing responsible business practices and standards is the question of corporate transparency and accountability. Companies are increasingly under pressure to report publicly on their development impacts, including but often going beyond their adherence to voluntary standards, codes and principles.

Regardless, to work even amongst the adopters, standards, codes, and principles must be part of effective models of collaborative governance in which business, government, and civil society work together to ensure compliance—in particular, by strengthening incentives and building capacity to do so.¹⁷

KEY QUESTIONS TO ADDRESS:

Stakeholders do not adopt voluntary standards, codes, and principles because they are legally required or paid to do so; it has to advance their own interests. How can we strengthen their incentives?

And while government weakness is often cited as part of the rationale for voluntary standards and codes, collaborative governance requires at least some level of government capacity to work. As indicated above, this has been a focus of the development community for many years; what works and what doesn't? Are innovative new models emerging?

And finally, given that business, government, and civil society all have roles to play in facilitating uptake and compliance with voluntary standards and codes, how can mutual accountability be ensured?

PROGRESS TO DATE



Policy and regulatory support

Policy and regulation in the areas of business registration, investment contracts, project development and operations, trade, taxes, property rights, labor, consumer protection, natural resources and the environment, social security and social and economic development must support, or at least not stifle, business action that contributes to the SDGs. Policy and regulatory support can facilitate business' role in sustainable development by reducing risk (making expectations clear and sometimes offering services or incentives that defray costs) and simply by requiring businesses to act, even if they are not driven to do so by their values or cannot find a purely market-based business case. This levels the playing field and ensures that businesses that shoulder additional costs in order to drive sustainable development can still compete. Policy and regulatory support is a matter of having the right policies and regulations in place and having the political will and capacity to enforce them fairly and transparently—to be effective, of course, all businesses must comply. Basic rule of law and good governance on the part of host governments (at a regional and local as well as national level) are absolutely critical.

In recent years, we have seen some governments make meaningful efforts to improve the policy and regulatory environment for business to contribute to sustainable development in key priority areas such as tax transparency, financial inclusion, health systems strengthening and agriculture sector modernization.

We have also seen improvements in the broader business enabling environment in many countries, a critical precursor. More than 80% of countries covered in the World Bank's 2015 Doing Business rankings improved their scores, and none declined.¹⁸

However, corruption, scarce resources, and capability gaps, in some cases compounded by civil unrest, persist in many countries, and other research has identified discouraging trends in governance around the world. For example, more than two thirds of the 175 countries covered in Transparency International's 2014 Corruption Perceptions Index—based on expert opinion from around the world—received scores below 50 out of 100. No country received a perfect score.¹⁹ Similarly, Freedom House's annual Freedom in the World report on the state of global political rights and civil liberties found an overall decline for the ninth consecutive year.²⁰

INSIGHTS AND EXAMPLES

For Pearson in India, an enabling policy environment and government incentives have allowed the business to invest in vocational training infrastructure and expertise that the government lacks, and given it the freedom to develop programmes that respond to market needs.

Diageo's strong alignment with the Ethiopian government's Growth and Transformation Plan and Agricultural Transformation Agency has ensured that the company's commercial investments directly support national development priorities.

Debswana, the 50-50 partnership between the Botswana government and De Beers, is often cited as a model of good governance of natural resources.

The Strategic Water Partners Network in South Africa enables strategic policy engagement between business and government at the highest levels.

Anglo American's partnership with the Chilean government to support small business ensures the company's enterprise development activities complement, rather than duplicate, the government's.

For GSK, support for training community health workers starts with understanding and aligning with government health priorities and needs.

CEMEX's PiAC programme is closely co-ordinated with Federal and State government agencies.

Chevron's Niger Delta Partnership Initiative has helped convene the Peace and Security Working Group, which brings Nigerian and international peace building experts together on a quarterly basis to influence public policy.

To unleash business' potential to drive sustainable development—and the potential of traditional aid-based approaches, for that matter—basic rule of law, good governance, and anti-corruption measures must be in place. In addition, the business enabling environment must be supportive. And then, governments can implement specific policies and regulations to encourage more sustainable and inclusive business practices in specific sectors, value chains or locations.

KEY QUESTION TO ADDRESS:

Rule of law, good governance, anti-corruption, and the business enabling environment have been on the global development radar for a very long time. What can we do to renew, sustain, and even intensify the focus on these critical foundations?



PUTTING THE BUILDING BLOCKS IN PLACE: RECOMMENDATIONS FOR ACTION

It is possible for companies to succeed in driving sustainable development at scale if they and their partners combine the necessary awareness and attitudes, business case, market insights and models, implementation capacity, voluntary standards, codes and principles, and policy and regulatory support.

All stakeholders have roles to play in putting these building blocks in place: leading companies, governments, donors, and civil society organizations. In all sectors, three types of leadership are essential for this to happen: individual leadership; institutional leadership and interactive or collective leadership.²¹

Individual Leadership: To a great extent, the ability to unleash private sector engagement at scale will depend on individual leaders that combine big picture vision, depth of understanding and domain expertise, an ability to bring people together across boundaries to transform existing models and ‘co-create the future’, and to be adaptive in their problem-solving approach and relationships as constraints and solutions continue to evolve and interact. Peter Senge, Hal Hamilton and John Kania have defined this ability to drive system-wide progress as ‘systems leadership’.²² The World Economic Forum and McKinsey use the term ‘transformative leadership’.²³ Ron Heifetz and his colleagues at the Harvard Kennedy School talk of ‘adaptive leadership’.²⁴ Despite differing terms, the characteristics identified in such leaders are similar, and many more such leaders are needed to achieve the SDGs.

Institutional leadership: Yet, individual leaders move on. Driving systemic change at scale also requires institutionalizing the building blocks into organizational structures and processes, so that the institution itself becomes a leader for change, not just a handful of individuals. The establishment of board or executive-level committees to strategically address the company’s engagement in global challenges is an example of such leadership. So is the creation of external advisory councils focused on sustainable development to advise companies and/or government agencies. More work needs to be done to understand how institutions become sustainability leaders—and maintain this leadership over time.

Interactive leadership: Leading institutions, be they companies, government agencies, donors or civil society organizations, will also need new ways of working together to achieve the sustainable development goals. New models of partnership and platforms for collective action are emerging to address different sets of issues at different levels, from local to global. Some are focused on leveraging diverse resources and market-based solutions at scale. Others focus on scaling up the reach of voluntary standards, codes and principles, as illustrated earlier in this report. A growing number are business-led and consist of pre-competitive coalitions among companies in the same industry sector. Many are multi-sector in their composition and governance. Most are still in their first decade of operation. The World Economic Forum, the UN Foundation, the Partnering Initiative, our own organizations, and others—including many individual companies—are paying close attention as these models evolve. It will be critical to understand the results and lessons learned so that effective tactics can be spread.

Figure 4 lists a number of measures that stakeholders in specific sectors can take to drive further progress by putting the building blocks for success at scale in place. These measures, in a context of individual, institutional and interactive leadership, have the potential to enable a step change in the way business contributes to sustainable development.

Figure 4. Putting the building blocks in place: Recommendations for action

	AWARENESS & ATTITUDES	BUSINESS CASE	IMPLEMENTATION CAPACITY
COMPANIES	<ul style="list-style-type: none"> • Clearer and more candid communications—both internally and externally—focusing on issues that are material to the business, addressing negative as well as positive impacts, demonstrating greater understanding of the ‘theory of change’ and providing better supporting data 	<ul style="list-style-type: none"> • Understand and communicate the material risks and opportunities to the company and its industry sector • Measure the direct and indirect business results of initiatives • Develop budgets, KPIs, and incentive structures that enable a rigorous approach to activities with clear implications but longer term time horizons for impacting the bottom line 	<ul style="list-style-type: none"> • Build leadership capabilities required to link business imperatives with development needs • Invest in the capacity to partner, both in CSR and sustainability departments and in business units and functional teams where sustainable development challenges present risks and opportunities • Explore innovative financing mechanisms, internally and externally
GOVERNMENT	<ul style="list-style-type: none"> • Use convening power to create platforms that engage businesses in development priorities • Recognise and support the role of responsible business in high-level platforms and policy communication 	<ul style="list-style-type: none"> • Provide targeted policy and regulatory support for market-based solutions to development challenges • Create fiscal incentives and/or government awards for good corporate practice and business leadership in development 	<ul style="list-style-type: none"> • Invest in the capacity to partner • Focus on making sure that key government ministers and civil servants have a better understanding of business and market-based solutions • Where relevant, establish dedicated units and/or cross-ministry task forces to engage more effectively and efficiently with business and civil society
DONORS	<ul style="list-style-type: none"> • Contribute funding for rigorous, independent measurement of business initiatives’ and partnerships’ development impacts, which most companies will struggle to justify covering on their own • Support ongoing efforts to build mutual understanding and acceptance for market-based solutions in development 	<ul style="list-style-type: none"> • Support efforts that tackle systemic obstacles and external cost drivers such as skill levels, infrastructure, and development of new market intermediaries, where action by donors could benefit entire value chains or industries • Make more targeted bets and support innovative financing mechanisms for key sectors (i.e. SMEs, infrastructure, agriculture) and high-potential technologies 	<ul style="list-style-type: none"> • Invest in ‘backbone organizations’ or intermediary platforms that bring together private and public actors to achieve more systemic change, but often lack the necessary funding, skills and sustained support
CIVIL SOCIETY	<ul style="list-style-type: none"> • Recognise and support innovative and responsible businesses more actively • Inform and educate peers in civil society on the role that business plays in development, both positive and negative 	<ul style="list-style-type: none"> • Support intrapreneurs within companies to make the business case for development to their senior executives • Provide examples and data on the business and human costs or risks of ‘getting it wrong’ and the opportunities, for both business and development, of ‘getting it right’ 	<ul style="list-style-type: none"> • Invest in the capacity to partner both within civil society and between business and civil society • Explore opportunities to co-implement specific projects and platforms, bringing capabilities and networks that companies don’t have

MARKET INSIGHTS & MODELS	VOLUNTARY STANDARDS, CODES & PRINCIPLES	POLICY & REGULATORY SUPPORT
<ul style="list-style-type: none"> • Establish internal communities of practice to share insights and lessons on new models across business units and geographies of operations • Where it is pre-competitive to do so, share insights on successful models with other companies 	<ul style="list-style-type: none"> • Ensure the company has policies and due diligence systems in place to respect human rights and to identify and mitigate negative impacts on development • Spread these through supply chains and other business relationships • Engage in collaborative governance and accountability initiatives with other companies and sectors 	<ul style="list-style-type: none"> • Engage more proactively with governments on development issues, individually and through business associations • Ensure that lobbying activities are aligned and consistent with sustainable development commitments • Contribute to institution building and strengthening
<ul style="list-style-type: none"> • Make better data collection and analysis a top priority • Explore opportunities for 'big data' platforms and/or data sharing with private sector leaders that have extensive consumer data, scientific data, market data and research and development capabilities 	<ul style="list-style-type: none"> • Commit the public resources and political will to implement regional and global agreements relevant to responsible investment and business practices • Endorse the UN Guiding Principles on Business and Human Rights and implement national action plans 	<ul style="list-style-type: none"> • Ensure first and foremost the fundamentals of good governance, anti-corruption, sound business enabling environment, and provision of public services • Aim for continuous improvement in the investment climate and 'Doing Business' indicators • Provide targeted policy and regulatory support for market-based solutions to development challenges
<ul style="list-style-type: none"> • Make data collection and analysis a priority, but be open to new methods and metrics of assessing what works and what doesn't • Participate in new models of collective action capable of engaging more stakeholders over longer periods of time, and fund rigorous measurement of results and lessons learned 	<ul style="list-style-type: none"> • Provide both influence and financial support to enable the spread of relevant responsible business initiatives. In particular, help governments at sub-national levels to build necessary capacity for their implementation • Fund programmes to build the negotiating capacity of the public sector in investment deals 	<ul style="list-style-type: none"> • Continue to support governments' efforts to ensure good governance, anti-corruption, a sound business enabling environment, and public services through capacity-building, cost-sharing, and other means • Target programmes that help to improve the business enabling environment, especially for domestic companies, and that target reforms that will enable market-based solutions to the SDGs
<ul style="list-style-type: none"> • Continue to ensure that underrepresented groups such as low-income producers, consumers and employees have a voice in gathering data and market insights and influencing new models for engagement and product or service delivery • Continue to share insights of working with businesses—especially at the country and community levels 	<ul style="list-style-type: none"> • Continue efforts to hold companies to account for responsible practices, while recognizing progress • Engage in relevant multi-sector platforms to develop, scale and improve specific responsible business standards, codes and principles 	<ul style="list-style-type: none"> • Continue to advocate for the fundamentals of good governance, anti-corruption, sound business enabling environment, and provision of public services • Where relevant, participate in policy dialogues and coalitions focused on reforms specifically linked to scaling market-based solutions for the SDGs



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CEMEX



Enabling low-income families to access affordable housing



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Background

With population levels rising, especially in urban areas, local and national governments around the world face a significant challenge in providing access to safe and affordable housing, especially amongst low-income groups. According to a report by the McKinsey Global Institute, roughly 330 million urban households around the world live in substandard housing, or are financially stretched by housing costs. Based on current trends in urban migration and income growth, by 2025, about 440 million urban households around the world, roughly 1.6 billion people, will occupy crowded, inadequate, and unsafe housing, or will be financially stretched by their housing costs?

In Mexico, more than 9 million households lack access to safe and affordable homes. Most of these families live in poverty and by necessity turn to self-construction to meet their housing needs. Often they lack the technical know-how or financial resources required for quality construction, leading to increased cost as low-quality materials are used and consistent repairs and refurbishments are needed. Furthermore, a lack of affordable housing is also linked to other social inequalities, such as unemployment and poor health.

To address this need, CEMEX, a global leader in the manufacturing and supply of building materials headquartered in Mexico, introduced *Self-Employment Production Centres* in 2006 to enable low-income families to receive training and materials to manufacture brick blocks to be used to construct their own homes, or to improve existing structures. In 2010, this programme subsequently evolved into the *Assisted Self-Construction Integrated Programme (PIAC)*, which brought together a series of related initiatives to establish one holistic solution to creating affordable housing for low-income families. PIAC targets households with incomes under US\$690 per month, many of whom live in dwellings with no floors or roofs, or with walls made of inappropriate materials.

For CEMEX, PIAC has enabled the company to innovate and reach new low-income customers through more affordable building products and services, and in the process, has generated additional sales both directly through concrete brick production, and indirectly through self-construction training, which has generated increased demand for building materials. At the same time, through PIAC, CEMEX has been able to achieve its social responsibility commitments and contribute to an acute local development need.

Objectives

PIAC aims to increase access to safe and affordable housing for low-income families by enhancing the self-building capacities of participants, and in the process improving their skills and capabilities, living conditions and quality of life, and more broadly increasing community cohesion and civic participation.

Strategy

CEMEX's strategy has been to build a strong and mutually supporting ecosystem, comprising Federal and State government, businesses and civil society partners, which enables low-income families to access an integrated low-cost housing solution through the coordinated provision of building materials, financing, technical assistance and other essential resources such as land and infrastructure.

Activities

PIAC's integrated approach comprises four core components:

- **Self-Employment Production Centres (SPCs)** – At these centres, low-income families receive training and materials to manufacture brick blocks or other materials, such as roofing or cooking stoves, that can then be used to

construct their own homes or improve existing structures. Half of the blocks produced are provided to families as payment for their labour. The state or local government, NGOs, social entrepreneurs, and other actors buy the other half for infrastructure development. The resulting proceeds are reinvested in the centres to make them self-sustaining.

- **ConstruApoyo**—ConstruApoyo is a platform that provides financial assistance through the use of pre-paid cards for families who want to buy housing materials. Government, NGOs and private companies provide the needed financial resources, and CEMEX distributes the funds in the form of debit cards. Families are able to use the cards to purchase materials from more than 7,000 distributors.
- **Technical Assistance and Training**—Technical support is provided to families who need help in building their houses. They are offered architectural advice, training on construction and other trainings from qualified experts. In addition, CEMEX trains university-level civil engineering and architecture students in social housing production techniques, improving their skills in coordinating collective self-construction in vulnerable communities. Students may also receive a certification in Assisted Self-Construction, which allows them to participate in other home-construction or renovation projects.
- **Strengthening capacity to collaborate**—The final component of PiAC is training to strengthen the collective capacity of families and neighbours to work together in SPCs. Workshops and training covers teamwork, the efficient use of machinery and materials, and safety measures, and is conducted by students and social workers.

Structure

PiAC is based on a public-private partnership model, and provides a platform that facilitates collaboration between CEMEX, Federal and State government, private businesses, social housing developers, micro-finance institutions and educational institutions in support of the shared goal of providing safer and more affordable housing solutions to low-income households.

Government institutions provide land, water and electricity for SPCs, fund pre-paid construction cards, and also act as buyers of the produced building materials. Private companies and associations also act as buyers of materials. Educational institutions and civil society organisations provide training and technical assistance to families, and help to identify income generating opportunities, for example by using their building skills on new building projects or by producing and selling food. The government simultaneously provides financial education to participating families. Collaboration with local communities and partners allows PiAC to develop local capacity for developing current and future projects.

Results

Since the launch of SPCs in 2006,

- Approximately 50,000 families have improved their living situation
- 74 SPCs are open and fully operating
- More than 12 million cement blocks have been produced for construction
- 6,640,219 m² of wall has been built
- Over 350 million pesos have been distributed to more than 32,000 families in Mexico via ConstruApoyo
- The average home build time for a 44 m² house can be reduced from 15 years to 3-6 months

For CEMEX, PiAC has enabled the company to strengthen its position as a leader in the low-cost housing solutions market. By 2016, CEMEX aims to reach 120,000 new customers through PiAC, generating an additional US\$7 million in revenues. In addition, PiAC has spurred further market opportunities, for example clean cook stoves, which reduce indoor smoke pollution. PiAC has also enabled CEMEX to strengthen relationships with key stakeholders and enhance its reputation.

Next Steps

Through PiAC, CEMEX has reached more than 50,000 families to date and is scaling up its activities in the affordable housing market with plans to establish 30 more SPCs in Mexico and five throughout Central America to reach an additional 26,700 families by 2016.

CEMEX aims to have established at least 100 SPCs by 2020, benefiting more than 100,000 families and generating a revenue of US\$20 million per year. At the same time, CEMEX is working to partner with other NGOs and social entrepreneurs to deliver basic services such as energy, water and sanitation to homes to help build resilient and sustainable communities alongside PiAC.

CEMEX is also developing a number of pilot projects to address environmental issues alongside the expansion of brick production. Specifically, CEMEX is looking at how to reduce CO₂ emissions at SPCs.

GSK



Investing in frontline community health workers to increase access to healthcare

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Background

In 2010, GSK created the Developing Countries and Market Access Unit to accelerate and deepen access to medicines in Least Developed Countries (LDCs).

As part of this initiative, GSK committed to reinvest 20% of profits generated in LDCs back into those countries to help strengthen local health systems. Following an extensive consultation on how best to deploy these new financial resources, GSK decided that focusing on training frontline health workers would be the most cost effective and high impact means of improving access to healthcare amongst under-served populations. Frontline health workers create a critical link between communities and country public health systems, and play an essential role delivering preventative health education and treating a wide range of common conditions. In the process, they reduce the burden on clinics, hospitals and other healthcare staff.

A chronic shortage of trained frontline health workers in LDCs is recognised as one of the most fundamental constraints to achieving universal access to healthcare. According to the World Health Organisation (WHO), there is currently a 7.2 million shortage of frontline healthcare workers around the world. If not addressed, this number is expected to rise to 12.9 million by 2035. In LDCs, the shortage of frontline health workers is especially acute due to under-resourced and weak health systems, a lack of adequate training, and an over-dependence on unpaid and informal volunteer community health workers.

For GSK, although there is no linkage between the initiative and the supply of its products, the company sees long-term social, economic and business benefits arising as a result of stronger health systems.

Objectives

The objective of the 20% reinvestment initiative is to increase access to healthcare amongst underserved populations in LDCs through the training of frontline health workers; to catalyse increased investment by governments in their health workforces; and to encourage other sectors to invest in and support frontline health workers.

Strategy

In each country, health worker training is designed around local Ministry of Health needs and priorities and is implemented through established NGOs. By demonstrating the beneficial impacts of investing in frontline health workers, the programme aims to encourage greater government investment in frontline health workers.

Activities

GSK funding supports the recruitment and training of health workers. To help ensure a sustainable approach, the funding also supports community health education, local capacity building, measurement of impact, and local advocacy activities for greater investment in health system strengthening. The distribution of profits across countries is wide ranging, from £10–20k per year to more than £1m, in line with the size of the business in country.

Country programmes are delivered by Save the Children in west and central Africa, Amref Health Africa in east and southern Africa and CARE International in Asia. These NGOs lead discussions with governments to determine where the largest health workforce gap exists and to design and deliver programmes according to local need and available resources. They also lead policy engagement with governments, for example to encourage the establishment of guidelines on standards for health worker training and pay levels, where they do not already exist.

Though the exact training programme varies by country, a typical community health worker receives between three to six months of training across a range of preventive and curative health areas including maternal and neo natal health; malnutrition; communicable disease (malaria, diarrhoea and pneumonia); hygiene and sanitation; and non-communicable disease (including diabetes and asthma).

In addition to programmatic support, GSK leads and participates in several global networks and alliances involved in advocating for and supporting frontline health workers. These include the 1 Million Community Health Workers Campaign, which aims to identify gaps in community health resource across Africa and leverage donors to support African government-led programmes to train, deploy and formally integrate community health workers within public health systems.

Structure

Each health worker training programme is locally managed and underpinned by a three-way partnership between the government, the NGO partner and GSK. GSK provides funding, NGOs provide programme delivery expertise and, through their strong regional networks, programme efficiencies and economies of scale. Governments, through the Ministry of Health, ensure training aligns with local healthcare priorities, create an enabling policy environment, and ultimately fund the salaries of health workers joining the public health system.

Results

Over 2010-2014, GSK has re-invested £21m of profits across 35 countries, and through its partners has trained 40,000 frontline health workers and reached 11 million people. With four years of data now available, GSK is also starting to see programme outputs translate into health impacts. Specifically, childhood vaccination rates are increasing and mortality and morbidity rates are decreasing in communities served by health workers trained through the reinvestment programme. In the programme area in Nepal, maternal and neonatal deaths have been declining (2 and 43 deaths in 2014 compared to 18 and 358 deaths in 2013 respectively). In addition, a number of governments are changing their health strategies to focus more on developing their community healthcare workforce.

For example, at the country level:

- Bangladesh: In response to a critical shortage of skilled health workers in rural Bangladesh, 168 private community-based skilled birth attendants (P-CSBAs) have been trained by CARE International. From this year, participating birth attendants will also be trained to deliver additional services such as treating malnutrition and non-communicable diseases, and provided with opportunities to supplement their incomes through affordable diagnostic testing and the sale of basic medicines. Health indicators in the country

are improving and in the project area, half of deliveries attended by trained health workers are managed by CARE-trained P-CSBAs.

- Tanzania & Uganda: Amref Health Africa has supported the development of e-learning to improve access to quality training for approximately 800 nurses and midwives in Tanzania and Uganda. E-learning has been launched to help reduce the serious shortage of nurse midwives in rural and other hard-to-reach areas.
- Mali: As a result of Save the Children advocacy work, for the first time since 2010, nine municipalities have agreed to pay 50% of the salaries of the 72 Community Health Agents in their district in 2015, making a significant contribution to the critical step of ensuring the future sustainability of the community health workforce in Mali.

Next Steps

An important next step is expanding programmes into non-LDCs, starting with Nigeria, Ghana and Kenya in 2015. In Ghana, as part of the 1 Million Community Health Worker Campaign, GSK is to fund a pilot to train 1,800 community health workers. By demonstrating the effect of a 'gold standard' approach to training, the 1mCHW Campaign aims to create an evidence base that will act as a catalyst for further investment in health worker training from government and other donors.

GSK's commitment to investment in training health workers in LDCs continues; with funding for these programmes more than doubling over the last five years as profits increase, the initiative is expanding and proving to be a win-win. GSK has recently committed to a further five year partnership with its three NGO partners.

Based on current projections, across LDCs and non-LDCs, GSK expects to have supported the training of 75,000 health workers and reached over 20 million people with improved access to quality healthcare by the end of 2016.

Also, GSK plans to conduct an independent analysis of the data from the programme to assess the impact of the collaboration between GSK, NGO partners and governments. The aim is to provide robust evidence of the benefits of investing in community-based health workers to demonstrate the positive benefits of public-private-NGO partnerships.

Pearson IndiaCan



Closing the workplace skills gap to enable more inclusive and sustainable economic development

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Background

India is a young nation. 35% of its population, or roughly 430 million people, are between the ages of 15-34, and this number is expected to increase by another 30 million over the next six years. Though these young people have great potential to contribute to the growing Indian economy, there is an equally large deficit of workplace skills that needs to be addressed.

Within India's key growth industries, such as automotive, logistics, warehousing, packaging, tourism, entertainment and healthcare, 75% of the jobs that will be created require sector specific skills. Yet, the IMF, World Bank and other leading authorities estimate that only 6 to 10% of the Indian workforce has received any form of vocational training.

As a result, in 2009 the government announced it would focus on 'skilling up' India to promote social justice and equality. It launched the first ever national skills policy with a goal of having 500 million skilled people in the country by 2022. In recognition of the indispensable role of the private sector, the policy includes an incentive programme, which funds companies to provide vocational training to young people.

Previously, vocational training programmes were focused primarily on urban areas or were directed towards those who already had an opportunity to go to college or pursue tertiary education. This selective approach meant millions of young people were excluded, whilst the skills gap widened.

In June 2011, the Ministry of Rural Development reinforced its commitment to skills development with the launch of the National Rural Livelihood Mission (NRLM) initiative. Intended to promote inclusion of the rural poor in India's growth process, the NRLM scaled-up existing skill and placement projects through various partnerships with public, private, non-government and community organisations.

For Pearson, the government's commitment to filling the skills gap represents an opportunity both for the business and to contribute to the country's social and economic development. In 2011, Pearson's vocational education and training company, Pearson IndiaCan Education Pvt Ltd, which designs and delivers vocational training programmes for youth, became one of the key partners of the NRLM programme, focusing on skills for employability for rural youth.

Objectives

The partnership objective is to bridge the gap between employability and employment opportunities by equipping young, unemployed people from rural communities with relevant skills, and providing them with full-time employment in the private sector.

Pearson IndiaCan's strategy is to optimise the existing infrastructure in the priority states identified by the government, establish training centres and implement relevant training courses. Learners are assessed and certified by regulated awarding bodies with at least 75% of all graduates placed into full-time employment and earning above the minimum wage.

Activities

Pearson IndiaCan's training centres in rural and marginalised areas provide a holistic set of activities designed to maximize its social impact. Some of its offerings include:

- Collaboration with the local community to understand challenges facing young people
- Local skills gap analysis
- Customised residential and non-residential training programmes
- Training on trade-specific skills, IT, language and soft skills
- Post-placement support and career counselling

Four to five training programmes are offered within five key domains:

- Hospitality
- Retail
- Business process outsourcing
- Office assistance, with a focus on data entry operations
- Sales

Each training centre is based on an operational model designed for scale. To ensure instruction consistency and effectiveness across the centres, all staff members undergo rigorous training to build their skills and expertise.

Structure

At the national level, the Indian government provides funding, terms of reference, operating guidelines, delivery conditions and oversight. The government sponsors the course fees ensuring that the training programme is free for all students. Government funding to private sector providers is based on the contractor's ability to successfully meet the required learning outcomes and demonstrate evidence of employment. Each programme must guarantee that 75% of all graduates will be placed in full-time, formal, wage employment for a full year.

Local and district administrations assist the Pearson IndiaCan operations team to identify infrastructure for setting up training facilities. They also help the team to connect with local communities and community leaders so that local youth can be mobilised for the training programmes.

Industry partners assist with curriculum development to ensure programmes meet their employment needs, and in turn, provide a job pipeline for students.

Local and regional NGOs also play an important partnership role, helping Pearson IndiaCan reach out to communities and connect with local leaders and opinion makers to garner support for the training centres and their programmes. All staffing for the training centre is done locally, which helps to incorporate insight into the local customs and concerns of the community.

Results

Today, Pearson IndiaCan is on track to become the largest provider of vocational education and training programmes in India. The organisation has launched multiple skills training programmes across the states of Rajasthan, Chattisgarh, Odisha, West Bengal, Gujarat, Haryana, Jharkhand, Assam and Jammu and Kashmir. Currently, over 70 training centres are in operation with an annual output of 22,000 learners. More than 60,000 learners have been trained since 2011.

The team has built several placement linkages with leading corporate houses and local companies in each state, such as Café Coffee Day, Dominos Pizza, Eureka Forbes, V-Mart, and Vertex Services Pvt. Ltd and is expanding the list each training session. It currently has employment MOUs with more than 100 companies across India.

Working with industry partners has also created a new market for company-specific vocational training. These companies see the venture as a corporate responsibility opportunity, and provide funding in exchange for the development and implementation of training programmes that meet their specific talent needs.

Pearson IndiaCan attributes its success to four main factors:

1. The Indian government incentivises the private sector to provide the infrastructure and expertise in vocational training that the government lacks. This encourages investment while still giving companies the freedom to develop vocational programmes that address market needs.
2. There is a strong, shared commitment to the goals of the programme throughout the organisation. Pearson management recognises that Pearson IndiaCan is playing a key role in the economic and social development of the country and in achieving Pearson's core purpose of helping people progress in their lives through learning.
3. All training programmes are designed jointly with local industry and local communities. This has helped to match supply with demand for particular skills, as well as bolster local support for the programme.
4. Pearson uses its expertise to develop high-quality training content internally without outsourcing any of the work. As a result, the entire company has been able to use these insights to scale the model effectively and quickly.

Next Steps

Having already doubled in size over the last two years, Pearson IndiaCan's next goal is to find ways to encourage other stakeholders to participate in addressing the existing challenges. Specifically, there is a strong need for private industry to engage beyond just accepting trained graduates. For example, partnerships between industry and academia can engage industry leaders at an earlier stage in the curriculum and training development.

A major structural challenge for the Indian government is that there are not enough formal sector jobs to absorb the estimated five to six million new workers that enter India's workforce annually. Additional focus on developing policies and incentives that create new job opportunities and encourage informal sectors to formalise will also be critical to addressing the skill challenge.

Standard Chartered



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Introducing an innovative financing instrument to support child immunisation

Background

Every day in 2015, the UN estimates that 16,000 children under five continue to die, mostly from preventable causes. Created in 2000, GAVI is an international organisation which brings together public and private sectors with the shared goal of creating equal access to new and underused vaccines for children living in the world's poorest countries. Over 15 years and in 73 countries, GAVI has enabled the vaccination of 500 million children against common preventable diseases including polio, measles, rubella and cholera, and supported the strengthening of underlying health systems.

To accelerate the availability of funds for immunisation programmes and health systems strengthening undertaken by GAVI, the International Finance Facility for Immunisation Company (IFFIm) acts as a financing vehicle for GAVI and raises funds in the international capital markets. IFFIm is backed by nine sovereign donors, and since its inception in 2006, has raised in the region of US\$ 5 billion from international investors in the capital markets.

The World Bank acts as IFFIm's Treasury Manager, undertaking all aspects of financial management and engagement with capital markets on IFFIm's behalf. Standard Chartered, a leading international banking group, acts on behalf of the Bank to facilitate access to international markets and investors.

When reviewing the potential scope to tap into the nascent but fast growing Islamic financial markets, the World Bank and Standard Chartered saw the opportunity to introduce a new type of socially responsible investment product for Islamic investors in the form of an Islamic bond known as a Sukuk. A Sukuk could simultaneously provide a source of finance for GAVI and IFFIm and meet the compliance needs of Islamic investors, increasingly interested in socially responsible investment opportunities.

Objectives

Through the introduction of a new socially responsible Sukuk, the World Bank, GAVI and IFFIm aimed to:

- Secure new financing resources to support the immunisation of children in the world's poorest countries, with an initial target of raising US\$300 million from investors.
- Meet growing demand from the Islamic institutional investment community for a socially responsible, Islamic compliant investment vehicle.

Strategy

The World Bank, IFFIm, Standard Chartered and other Islamic financial institutions worked together to design, structure and market the first ever socially responsible Sukuk, an Islamic financial certificate similar to a conventional bond, which complies with Sharia requirements.

A Sukuk generates an Islamic compliant investment return through an alternative underlying financing structure, for example the trading of commodities or the leasing of assets. The financing structure for the IFFIm Sukuk was a Sukuk al-Murabaha, which generates a return through profits made on commodity trading, offering a quarterly coupon of +15 basis points over 3-month USD Libor.

Activities

In the latter part of 2014, Standard Chartered was able to harness its expertise in structuring Islamic compliant investment products and presence in the major Islamic capital markets on behalf of GAVI, IFFIm and the World Bank.

The transaction was developed and marketed through three phases:

First, the origination phase established the market viability and feasibility of a socially responsible Sukuk product, drawing on the expertise of Standard Chartered's Client Coverage team, Capital Markets and Islamic Banking teams.

Second, the structuring phase focused on the design of the Sukuk to ensure Sharia compliance and to identify the optimum tenor, amount and pricing of the Sukuk to attract investors and ensure its financial viability.

Third, the distribution phase involved the marketing of the Sukuk to investors, working with other leading Islamic financial institutions: Barwa Bank, CIMB, National Bank of Abu Dhabi, and NCB Capital Company to attract a diversified range of Islamic investors from across the Middle East and Asia. Pre-marketing of the Sukuk to these institutions was key to success, with an emphasis on building familiarity with IFFIm and its mission, establishing socially responsible Sukuks as a new and exciting investment category and an attractive investment alternative, and emphasising the involvement and support of the World Bank to build investor confidence and reduce perceptions of risk.

Results

GAVI and IFFIm succeeded in raising US\$500 million to support child immunisation, which significantly exceeded the original target of US\$300 million, and achieved strong diversification in its investor base, with 85% of the order book coming from new and primarily Islamic investors. The regional distribution of investors was 21% based in Asia, 11% in Europe and 68% in the Middle East and Africa. Banks took 74%, and central banks and official institutions took 26%.

The Sukuk provided the opportunity for socially responsible investors to contribute to children's immunisation in the world's poorest countries, whilst delivering an investment return. Upon its first issue, the Sukuk was oversubscribed, even with its unique structure, demonstrating strong Islamic investor demand for a socially responsible Sukuk.

The transaction has since been recognised in a number of industry awards, including being named Social Impact Deal of the Year 2014 by Islamic Finance News, and Best Supranational Sukuk by EMEA Finance, and winning Euromoney's Innovation in Islamic Finance award.

Next Steps

Standard Chartered is continuing to explore future opportunities for similar transactions with the World Bank and Iffim. In addition, the creation of a new socially responsible Sukuk product creates the opportunity to replicate the financing model to address other development challenges and to meet growing Islamic investor demand for investment products with social impact.



AbbVie



Leveraging scientific expertise to tackle Neglected Tropical Diseases (NTDs)

Background

Neglected Tropical Diseases (NTDs) are '...a group of parasitic and bacterial diseases that cause substantial illness for more than one billion people globally. Affecting the world's poorest people, NTDs impair physical and cognitive development, contribute to mother and child illness and death, make it difficult to farm or earn a living, and limit productivity in the workplace. As a result, NTDs trap the poor in a cycle of poverty and disease.'²⁵ They provide an excellent example of the complex inter-relationships between the different Sustainable Development Goals and highlight the need for more collaborative approaches to problem-solving.

Efforts to prevent, control or eliminate NTDs require a combination of scientific innovation, social and economic interventions, policy support, and new financing mechanisms. They rely on the discovery, development and delivery of drugs and therapeutic treatments, where there are few commercial incentives for R&D, alongside concerted efforts to strengthen health systems and address broader environmental health issues such as unsafe water and sanitation. They call for new models of partnership between governments, civil society and the corporate sector.

Above all, the effort to tackle NTDs calls for outstanding individual leadership that combines technical skills with the ability to build partnerships and a passionate commitment to the long and challenging process of improving health outcomes. The scientists who work inside large companies are one group of individual leaders who are playing an increasingly important role in the fight against these diseases. One such leader is Dale Kempf, a 30-year pharmaceutical R&D veteran and co-inventor of AbbVie's (formerly Abbott's) HIV/AIDS drugs, who leads AbbVie's *pro bono* work on neglected diseases. Kempf

comments, 'It is very motivating for our scientists to get involved. Most came to the pharmaceutical sector because they want to use their science to impact peoples' lives. Our program offers an additional opportunity beyond their normal responsibilities.'²⁶

This profile provides a brief overview of the partnership between AbbVie and the Drugs for Neglected Diseases *initiative* (DND*i*). It offers one example of how companies are leveraging their scientific expertise to support efforts to improve health outcomes through engaging in innovative product development partnerships and licensing and collaboration agreements with public and non-profit health organizations. In addition to this and similar external partnerships, within AbbVie itself there is also strong cross-functional cooperation, led by some of the company's top scientists, and fully supported by senior management, with colleagues from the corporate responsibility, public affairs and legal teams also actively involved.

Objectives

In 2009, the Bill & Melinda Gates Foundation convened the first CEO Roundtable to encourage pharmaceutical companies to work alongside the foundation to address the needs of NTDs. Concurrently, top company scientists were introduced to several research-based NGOs supported by the foundation such as DND*i*. This dialogue began to build personal relationships, strengthen mutual respect and trust, and identify specific ideas for cooperation between the participating companies and NGOs.

Asked by senior management to represent AbbVie, Kempf recognized the opportunity for the company and its scientists to make meaningful contributions, even though AbbVie had no commercial business focused on NTDs. Together with the corporate responsibility

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team, Kempf established a cross-divisional initiative focused on NTDs under the umbrella of a multi-disciplinary Executive Committee for Neglected Diseases. Aimed at bringing AbbVie resources to partners working in some of these underserved disease areas, the initiative is aligned to the company's corporate responsibility strategy to leverage its expertise, philanthropy and collaboration with the goal of improving health outcomes, operating responsibly and contributing to underserved communities.

DNDi is a key partner for the initiative. It was created in 2003 by a group of public health organizations as a non-profit drug R&D organization focused on using an alternative model to develop NTD drugs using a collaborative, patient's needs-driven approach. While maintaining clear financial and scientific independence, DNDi draws on the financial, technical and material resources of its corporate and public health partners to advance its mission. It has pioneered a number of innovative legal agreements with its partners to facilitate transparency in its R&D activities as well as accessibility and affordability of any drugs and treatments that result from them.

Activities

The AbbVie-DNDi partnership, along with similar partnerships that AbbVie has with MMV and the TB Alliance, is focused around three main areas of activity.

Sharing compounds for screening—Before partnerships like this, the vast majority of chemical compounds in pharmaceutical libraries had never been tested against the pathogens causing NTDs. The ability to access well-annotated compound libraries and then screen thousands of these compounds is a crucial early stage in the R&D process of identifying potential drug candidates. As DNDi noted in a ten-year review of its experiences and lessons, 'Gaining access to classes of compounds with drug-like characteristics from companies is vital as it offers access to knowledge and know-how associated with compound series to ensure more efficient drug development.'²⁷ Since 2009, AbbVie (formerly Abbott) has provided DNDi with thousands of compounds on a *pro bono* basis for research on Chagas disease, Leishmaniasis and river blindness. Together, these NTDs undermine the health of millions of people.

Providing technical expertise and advice—DNDi has been able to attract remarkable scientists to work for it, but it also needs to be able to draw on a much greater breadth and depth of scientific expertise and experience. A number of AbbVie's scientists serve as advisors and consultants on a *pro bono* basis to product development partnerships. Kempf, for example, serves on DNDi's Scientific Advisory Committee, which advises the organization on matters related to R&D and the choice of projects as well as quality of the scientific work.

Supporting program enhancement—AbbVie scientists are also working with DNDi and similar organizations in adding value to their programs, providing a *pro bono* service in areas where the company has particular expertise or technology that can move partner programs more rapidly towards 'go' or 'no go' milestones. Kempf explains, 'We work with our partners to identify opportunities that are likely to have the biggest impact—matching the company's capabilities with our partners' needs. Regardless of where the relevant program or compounds come from, if they look promising based on initial screening we can provide partner organizations with valuable, low-cost and good quality information in key areas such as safety and toxicology through running both routine and specialized assays and tests. In this way we are able to harness the scale of our technology platform as well as our scientific and process expertise to provide substantial in-kind support worth thousands of hours in terms of scientists' time and costs.'

Results

To date, AbbVie has shared more than 100,000 compounds with DNDi and other partners, and hundreds of scientific tests have been undertaken on their behalf. Over the past several years some 100 AbbVie scientists have been working alongside Kempf in the company's neglected diseases effort, with ongoing support from the company's top senior executives.

In 2012, AbbVie was also one of 13 pharmaceutical companies that came together under the leadership of the World Health Organisation (WHO) and Bill & Melinda Gates Foundation, and alongside several public donors, private foundations and NGOs to support *The London Declaration on Neglected Tropical Diseases*. This is a public statement with clear goals and specific commitments from the participants aimed at scaling up the level of collaboration needed to control or eliminate 10 major NTDs by 2020.

Next Steps

The shared goal of combating NTDs to improve the health and economic prospects of over a billion of the world's poorest people remains a complex and daunting one. Efforts to discover, develop and deliver new drugs and implement more collaborative approaches will take years, not months. Individuals like Dale Kempf and his fellow scientists play a vital role within their companies to advance these efforts. By partnering with public and non-profit health organizations or their peers, these companies can enable their scientists to leverage world-class technical expertise for the public good, whether on a *pro bono* basis, as in this example, or commercially or through hybrid models that combine both private and public sector resources. According to Kempf, 'Only through committed long-term partnerships will we be likely to achieve significant victories against diseases that have devastated humankind for too long'.

Abbott



Tackling malnutrition and supporting economic development in Haiti

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Background

Malnutrition is one of Haiti's most significant health threats. Lack of economic opportunity is also pervasive, especially in the Central Plateau, the country's poorest region—creating a vicious cycle that traps families and communities in poverty. A multi-faceted approach is needed to development that combines social interventions, especially in the areas of public health and education, with market-based solutions to provide people with livelihood opportunities. Linked to this, there is a crucial need to build local capacity—of both individuals and institutions—and support infrastructure development in order to strengthen health systems and food value chains. And in Haiti, there is the ongoing challenge of combining humanitarian assistance, especially in the aftermath of the devastating 2010 earthquake, with longer term development interventions and partnerships.

The global healthcare company Abbott and its foundation, the Abbott Fund, have been working with the nonprofit health organization Partners In Health (PIH) since 2009 to address some of these challenges. The central focus of their partnership has been to tackle one of the most significant health threats in Haiti—malnutrition—while also addressing the lack of economic opportunity that fuels malnutrition in the country.

This multifaceted partnership is supporting several of the Sustainable Development Goals—most notably, SDG No. 1, "End poverty in all its forms everywhere," No. 2, "End hunger, achieve food security and improved nutrition and promote sustainable agriculture," and No. 3, "Ensure healthy lives and promote well-being for all at all ages." The partnership also impacts the following other SDGs, such as SDG No. 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and SDG No. 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Objectives and strategy

To help address these complex and inter-related issues, PIH, Abbott and the Abbott Fund implemented a comprehensive plan, focused on three key areas:

1. Building a new manufacturing facility to produce a life-saving product, Nourimanba—PIH's free, life-saving, peanut-based treatment for severe malnutrition in children—and empowering a local team to manage and run operations.
2. Launching an agricultural development program that would help local farmers to supply the facility with high-quality peanuts, while raising their incomes.
3. Driving long-term sustainability. Longer term, the goal is to create a social enterprise that will be self-sustaining, supporting facility operations and helping to further drive local economic activity.

Across all aspects of the partnership, expanding economic opportunity in Haiti has been a key focus—from local workers building the facility, to training the Haitian production team, to growing local farms.

Activities

The initial focus for the partnership was on creating a new facility for the production of Nourimanba, one of the solutions that PIH is using to tackle the serious problem of malnutrition. Nourimanba is a high-calorie, high-protein paste that has five ingredients: peanuts, milk powder, canola oil, sugar and vitamins. It has been providing free, life-saving treatment to thousands of Haitian children since 2006.

For the manufacturing facility, a team of more than 50 Abbott architects, engineers and construction experts have provided more than 10,000 hours of support, working closely with the PIH and Zanmi Lasante (PIH's sister organization in Haiti, *Partners In Health* in Haitian Creole) teams. Together they planned and executed all details of designing, building,

equipping and preparing the facility for operations. Extensive work also was undertaken to prepare the site and build all of the necessary infrastructure, including a new access road, water well and energy resources.

Abbott nutrition scientists also collaborated with PIH and Zanmi Lasante (ZL) to refine the formulation for Nourimanba. The ingredients stayed the same, but the team looked at each ingredient and helped to find ways to lower costs, ensure quality and safety, and prepare for production at the new facility.

The main ingredient in Nourimanba is locally sourced peanuts grown by Haitian farmers. To improve the quality and quantity of the peanut supply needed for the facility, a comprehensive agricultural development program was undertaken to expand the capabilities and increase the incomes of approximately 300 local farmers, while creating an agricultural private sector of support services and markets. There were three main areas of activity:

- Providing training and resources to farmers. Training farmers on peanut production and agriculture business best practices, and providing access to credit, seed, fertilizer and other supplies.
- Recruiting and training new agriculture service providers. 35 new micro entrepreneurs provide critically needed services to farmers, including tiller operators and crop collection managers.
- Creating centralized markets to improve efficiency and quality for farmers. Local collection centers provide farmers with direct, immediate access to buyers, providing stable and reliable pricing, and better quality control and disease prevention.

Structure

Abbott, the Abbott Fund and Partners In Health have complimentary expertise, capabilities and resources that provided critical support to a local Haitian team.

PIH shared its expertise in healthcare and agriculture in Haiti, and years of Nourimanba production experience. The skills and local knowledge of PIH's sister organization in Haiti, ZL, helped ensure the partnership met the needs of local communities, and ZL manages all aspects of facility operations. Abbott shared its core science, engineering, nutrition and business expertise to help build and run the production facility, and create a new social enterprise. More than 50 experts across virtually every function at Abbott—from scientists, to engineers, to marketing execs—worked together with PIH and the ZL Haitian team. The Abbott Fund provided more than \$6.5 million in funding to support the initiative.

For the agricultural initiative, Abbott and PIH worked together with agricultural experts from Zanmi Agrikol (Partners In Agriculture) and the international non-profit TechnoServe to implement all efforts, from training farmers, to recruiting service providers, to establishing centralized markets.

Results

As a result of close collaboration, the 18,000 square-foot Nourimanba Production Facility (*Sant Prodiksyon Nourimanba* in Haitian Creole) is now operating in the Central Plateau. Built primarily by Haitian workers, the facility is designed to meet international standards for food products, with modern laboratories and testing technology, and extensive quality and safety procedures. At the same time, the facility was built to be appropriate for Haiti, with rugged equipment that requires little maintenance.

The facility is operated and managed entirely by the local ZL team. Abbott and PIH experts provided extensive training for the local team to upgrade manufacturing, production and maintenance skills, and shared best practices in quality and food safety.

The facility can produce enough high-quality Nourimanba to treat up to 10,000 cases of severe malnutrition in children per year. Distributed free through PIH's network of health facilities throughout rural Haiti, Nourimanba provides PIH with an effective answer to severe childhood malnutrition.

For the farm development program, enhanced farming methods and the application of key business principles, paired with access to financing and peanut-relevant resources and extension services, have helped to improve peanut yields, quality and overall farm productivity. These efforts, combined with improved market access via local collection centers, have in turn increased peanut-related farmer incomes by up to 300 percent.

The broader goal was to help catalyze development across the peanut sector. By providing tangible proof of concept and key learnings, the initiative has helped to advance efforts by others, including the Clinton Giustra Enterprise Partnership who has launched a supply chain enterprise in Haiti that aims to improve the livelihoods of more than 12,000 smallholder peanut farmers in 10 years.

Next Steps

Looking ahead, the goal is to create a social enterprise that will help sustain facility operations over the long-term. The partnership is exploring a variety of ways to utilize excess production capacity at the facility to process peanuts and produce peanut butter, with revenue from peanut and peanut butter sales reinvested in the facility to help cover the costs of Nourimanba production.

SABMiller



Strategic Water Partners Network (SWPN): Cross-sector collaboration to close the water gap in South Africa

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Background

One of the most pressing development issues facing South Africa today is water security. The 2030 Water Resources Group estimates that South Africa's water demand will increase by 52% and outstrip supply by 17% by 2030, driven largely by population growth, the increased water requirements of agricultural and industrial users, inadequate infrastructure and poor water management practices. Water plays a crucial role in the economic growth and social development of the country, and water scarcity has the potential to affect price and supply security for the citizens and businesses of South Africa. More broadly, the new Sustainable Development Goals (SDGs), which establish new global development priorities to replace the Millennium Development Goals (MDGs), include Goal 6, which calls for 'availability and sustainable management of water and sanitation for all'.

Following the World Economic Forum meeting in Cape Town in 2011, the Strategic Water Partners Network (SWPN), a public-private-civil expert leadership group, was launched by South Africa's Department for Water and Sanitation and the Water Resources Group to help address the water resource challenge, with the initial business leadership and support of SABMiller and country subsidiary South African Breweries (SAB), alongside other partners including WWF, Eskom, Nestlé, The Coca-Cola Company, Water Research Commission and South Africa Local Government Association.

Since its formation, the SWPN has provided a mechanism for the private sector to engage at the highest level with the government on addressing the shared challenges of water scarcity. The Network comprises a coalition of businesses, the South African Government's Department of Water and Sanitation, the Development Bank of Southern Africa, the South African Water Research Commission, donors and development finance institutions such as GIZ

and IFC and civil society organisations including WWF. SWPN sits within the 2030 Water Resources Group, a wider coalition that similarly works to influence public-private partnership for future water security.

Objectives

The mission of the SWPN is to reduce South Africa's projected gap between water supply and demand and to advance the policy priorities of the Department of Water and Sanitation to tackle water scarcity.

Strategy

The SWPN brings together key stakeholders to identify high potential areas of intervention and then to pilot, prove, and catalyse the replication and scaling of projects with significant potential to help close the gap between water supply and demand. The strategy is aligned with the National Planning Commission's growth path for South Africa.

Activities

Initially SWPN focused on building relationships between stakeholders, securing seed funding and establishing a secretariat. In year two, following sectoral analysis and a review of government policy priorities, SWPN formed three main working groups to identify and develop pilot projects to strengthen water use efficiency and diversify the water mix, to identify best practices and innovative solutions, and to understand the key barriers and incentives for stakeholders to replicate pilots developed by the working groups:

- **Water Use Efficiency and Leakage Reduction Group:** focuses on developing solutions for reducing water losses in municipal, industrial and agricultural water systems. Inefficient water usage and water loss is a prime risk to all water users. 25% of all water

consumption in South Africa occurs in urban areas and 25% of the water supply in those areas is lost via municipal supply and distribution systems.

- **Agricultural Supply Chain Working Group:** aims to develop mechanisms to redress ageing and inefficient water infrastructure and solutions for water use efficiency in irrigation through financing for scheme upgrades and evidence to strengthen the business case.
- **Effluent and Waste Water Management Group:** coordinates private and public sector players to optimise the utilisation of treated effluent and wastewater as a means to diversify the water mix. The EWWM recognises that mine water's treatment can be expanded or improved to produce more water that meets potable water standards.

Year three has focused on conducting pilot projects and measuring and communicating results to stakeholders. Moving into year four and beyond, the Network will focus on replicating successful pilot projects and refreshing the pilot pipeline.

Structure

The SWPN comprises a mix of public, private and civic entities, each contributing their own expertise and resources:

- The South African Department of Water and Sanitation sets the direction of the SWPN and contributes convening power, policy and regulatory tools and funding. Local municipal government entities, through the South Africa Local Government Association, provide implementation support.
- Private sector companies, including SAB, Eskom, Nestlé, The Coca-Cola Company, Sasol and Anglo American contribute funding, play a role in partnership governance and provide operational support to projects.
- Donors and development finance institutions including IFC and GIZ provide technical expertise and funding.
- NGOs such as WWF and the Endangered Wildlife Trust contribute subject expertise and implementation capacity.

Results

To date, SWPN's three working groups have initiated five pilot projects. Two of them, 'No Drop' (housed within the Water Use Efficiency and Leakage Reduction Group) and Mine Water Management (housed within the Effluent and Waste Water Management Group) are now in second phases, focusing on replication.

The most important overarching Key Performance Indicator for SWPN is a reduction in the projected gap between water supply and demand at the national level, but it is recognised that measurable differences will only be observable in the medium to long term and will be difficult to attribute solely to SWPN. Project-specific KPIs are designed to gauge whether they are on track, including measures of effectiveness, efficiency, and extent of replication.

Results to date for the *No Drop* pilot, a water loss performance scorecard approach to reducing municipal water loss, shows that:

- All municipalities adopting the scorecard approach are reporting on at least the three most critical Key Performance Areas (KPAs)
- All eight major metropolitan municipalities are reporting on all seven KPAs; these municipalities account for 90% of the value of municipal water lost nationwide
- *No Drop* performance data has been analysed and opportunities to reduce water losses identified

Aside from project-specific results, the SWPN has also been able to share learning and knowledge to inform broader national and international policy and industry discussions related to water security and public-private collaboration.

Next Steps

The SWPN is currently considering the future evolution of the platform, including the identification of new pilot projects and scope for strengthening the capacity of the secretariat function, widening membership to include more businesses and civil society organisations, and attracting new sources of funding.

Citi



Mobilising \$100 billion to fight climate change and to protect the environment

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Background

Climate change is a global challenge that stands to affect the majority of businesses, the economy and societies around the world. To have an 80% chance of capping the global temperature at two degrees Celsius above pre-industrial levels, Ceres has estimated that an additional \$1 trillion in clean energy investment is needed annually above current investment rates for the next 36 years.

In early 2015, Citi launched an enhanced sustainability strategy to align a wide range of environmental and climate change related activities across its business and operations, and to focus its resources around three thematic priorities: Combating Climate Change, Championing Sustainable Cities and Engaging People and Communities.

Included in this strategy is a commitment to lend, invest and facilitate \$100 billion towards environmental solutions and climate change related activities by 2023. This builds on a previous Citi initiative, launched in 2007, to mobilise \$50 billion in climate change financing, which was achieved in 2013, three years ahead of schedule, indicating growing client interest in and market demand for financing solutions that address climate and environmental challenges.

Objectives

The \$100 billion goal aims to reduce the impacts of climate change and to protect the environment, meet growing client demand for innovative environmental financing solutions, and support Citi's corporate mission to enable progress.

Strategy

Citi is specifically looking to identify opportunities to finance greenhouse gas reduction and resource efficiency efforts in a range of sectors, infrastructure improvements that increase access to clean water and manage waste, and activities that enable communities to adapt to climate change impacts such as affordable housing in low- and moderate-income communities.

This goal is embedded in Citi's core business operations and leverages the core competencies and expertise of its business units and operations. Through the scale of the initiative and by demonstrating impact through a transparent and robust reporting mechanism, Citi aims to catalyse wider interest and additional resources to scale up investments in climate change and environmental protection solutions.

Activities

Citi has established criteria to evaluate each transaction to be included within the \$100 billion target to ensure activities and expected outcomes align with the desired impacts.

To illustrate the potential opportunities, during 2014, Citi helped to raise and direct nearly \$23.6 billion in the following main project areas:

- **Clean Energy Financing:** Providing access to new sources of capital for clients worldwide working on clean energy projects and investing in existing efforts to develop projects, technologies and services that reduce greenhouse gases and other emissions.
- **Energy Efficiency Financing:** Developing new methods to finance energy efficiency for corporations, state and local governments and homeowners.

- **Green Bonds:** Supporting the development of green bonds, which are dedicated to activities that have environmental benefit and have the potential to significantly expand environmental financing worldwide.
- **Financing Clean Water:** Underwriting bonds for local governments for projects that help improve water quality and mitigate future water risks.
- **Sustainable Transportation Financing:** Supporting urban mass transit systems and low-emission vehicles to help cities and communities thrive whilst reducing greenhouse gas emissions.

In addition, as part of the new sustainability strategy, Citi is committed to reducing impacts associated with its own operations and value chain. This includes establishing new environmental footprint goals for 2020, including 35% reduction in greenhouse gas emissions, 30% reductions in energy and water use and 60 percent reduction in waste to landfill, all against a 2005 baseline. The initiative also includes a longer-term 2050 greenhouse gas emissions reduction goal of 80%, with both the 2020 and 2050 greenhouse gas emission goals created using a climate science-based methodology.

Structure

Citi's Citizenship and Sustainability function undertakes global co-ordination of the initiative and provides support to each participating business unit. Business units across Citi engaged in the \$100 billion financing initiative include Alternative Energy, Municipal Securities, Citi Community Capital, Export Agency Finance, Commodities, Asset Finance, Capital Markets Origination, and Citi Mortgage, as well as Citi's Operations and Technology team.

Citi also collaborates with a range of external partners, including government agencies, local government, development finance institutions, country-based and state-based green banks, and environmental NGOs.

Results

During 2014, financing activities in support of the new goal helped to raise and direct nearly \$23.6 billion. The majority of these activities took place in North America, Europe, Middle East and Africa and came from the banking and capital markets or green bonds sector. Examples include:

- In the clean energy financing area, Citi supported SunEdison with an innovative \$160 million facility to finance a pool of distributed generation solar projects for commercial and industrial properties in the United States, averaging 1.1 megawatts each.
- In the area of energy efficient financing, Citi is a leading collaborator on the Warehouse for Energy Efficiency Loans (WHEEL), a U.S. public-private financing platform that brings lower-cost capital to public residential energy efficiency loan programmes.
- In the area of green bonds, Citi underwrote the auto industry's first asset-backed green bond issuance. Citi worked with Toyota Financial Services to develop the \$1.75 billion offering, net proceeds from which will fund retail finance and lease contracts for Toyota's portfolio of qualifying green vehicles.

In terms of reducing its own impacts across its operations, Citi invested nearly \$200 million in 2014 in energy efficiency measures and green building. Citi achieved certification to U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) standards of 41 Citi offices, bank branches, and data and operations centres around the world during 2014.

Next Steps

Citi is currently in the process of establishing a methodology to measure the environmental and social impacts of the \$100 billion financing initiative, to be reported in 2016.



The Coca-Cola Company



Improving lives through access to safe water, sanitation and hygiene in Africa

© The Coca-Cola Company

Background

The lack of water, sanitation and hygiene (WASH) is one of the greatest obstacles to poverty alleviation and economic growth in many countries. It is estimated that globally, 780 million people still lack access to safe drinking water and 2.5 billion lack improved sanitation. According to the World Health Organisation (WHO), every \$1 spent on water and sanitation generates a return of \$4 in saved time, increased productivity and reduced health costs in Africa.

For Coca-Cola, water is an essential ingredient for its products, is central to the manufacturing process and is needed to grow the agricultural inputs that make up many of its products. Around its bottling plants, Coca-Cola shares water resources with local communities, who also rely on access to safe water for their health, for maintaining local ecosystems, and for supporting economic development. These local communities also comprise the marketplace for Coca-Cola, with most of its products manufactured and consumed locally.

Both from a social responsibility and business perspective, it is therefore in Coca-Cola's interest to help manage shared water risks and to actively promote long-term solutions. Thus, water stewardship is an essential element of Coca-Cola's sustainability strategy. At a global level, the company and its bottling partners have set the target of safely returning to communities and nature an amount of water equivalent to what is used in its finished beverages and their production by 2020. They are on track to meet this goal by the end of 2015.

In response to the severe water challenges faced by the nearly 300 million Africans living without access to clean water, The Coca-Cola Africa Foundation (TCCAF) introduced the Replenish Africa Initiative (RAIN) in 2009 with a commitment of US\$30 million in funding to bring safe water access to 2 million people across

the African continent by the end of 2015. Coca-Cola has recently pledged an additional US\$35 million to support Pan-African safe water access and sanitation programmes for an additional 4 million people by 2020.

Objectives

RAIN aims to improve the lives of more than a total of 6 million Africans through access to safe water, and in many places, access to sanitation and hygiene (WASH) as well by 2020.

In addition, RAIN aims to economically empower up to 250,000 women and youth, promote health and hygiene in thousands of communities, schools, and health centres, and return up to 18.5 billion litres of water to nature and communities.

Strategy

RAIN emphasises an integrated approach to water access, hygiene education and sanitation programmes in recognition of the inter-connectedness of these challenges. Community programmes are designed around local needs and in close consultation with national and local government, and delivered through partners with relevant local knowledge and expertise. Each project works towards local objectives, which could include providing or improving access to safe water and sanitation, protecting watersheds, supporting water conservation and raising awareness on critical local water issues.

A key priority is that programmes are owned and managed by the local community and are set up to be sustainable. This involves establishing local community water user groups and building the capacity of local women entrepreneurs to establish small-scale businesses that charge users a fair, nominal fee to access safe, clean water. To deliver this activity, Coca-Cola is able to draw on synergies with its 5BY20

initiative, which aims to empower 5 million women by 2020 through access to business skills training and mentoring.

Activities

In addition to securing water use efficiencies in its own manufacturing operations and through waste water treatment, RAIN programmes today currently reach 2,000 communities with WASH programmes in 37 African countries and typically comprise:

- **Water, Sanitation and Hygiene (WASH):** Approximately 80 percent of RAIN projects have WASH components, catalysing investment in clean water access, improving water and sanitation access and promoting improved hygiene behaviours for positive impacts on health.
- **Watershed Protection:** RAIN establishes or enhances sustainable water management practices, improving stewardship and conservation of local watersheds.
- **Productive Use of Water:** RAIN promotes efficient and sustainable use of water for economic development.

For example:

In Uganda, RAIN, in cooperation with the National Water and Sewage Corporation (NWSC), has established a network of vendors to overcome the lack of functioning water infrastructure. Paid under a franchising arrangement, local vendors supply families and businesses with clean water at a significantly lower cost. The system leverages prepaid water purchases, using tokens, allowing for water purchases to be planned ahead of time at rates that are manageable, predictable and help cover the cost of maintaining the service over time.

In Ghana, TCCAF's Water and Development Alliance (WADA) with the U.S. Agency for International Development (USAID) is building Water Health Centres in communities across Ghana, which treat water through a multi-step UV filtration process. Users pay a modest fee for clean, potable water that meets World Health Organisation (WHO) standards.

In Ethiopia, which ranks among the lowest countries in the world in levels of safe water and sanitation coverage, RAIN is supporting a community water project to benefit at least 55,000 community members in the Woredas region. RAIN together with its partners are supporting water supply improvements, promoting improved water, sanitation, and hygiene (WASH) in schools, institutions, and households and empowering women through water-related entrepreneurship.

Structure

Overall RAIN programme development and delivery is managed on behalf of TCCAF by the US-based Global Environment and Technology Foundation (GETF). GETF develops strategic plans, designs project solutions, identifies local implementing partners, and works with local teams to set up programme activities.

The RAIN partnership model emphasises close business, government and civil society collaboration:

TCCAF provides funding for projects, with a total of US\$65 million committed up to 2020. RAIN aims to leverage its investment and attract dollar-for-dollar match funding through to 2020. The Coca-Cola Company also contributes data and analysis of local watersheds, in-house water stewardship expertise, project management and communications expertise.

RAIN works through more than 140 partners from government and civil society, who provide both implementation expertise and funding support, and include USAID, Water and Sanitation for the Urban Poor (WSUP) and the Millennium Challenge Corporation (MCC).

In addition, RAIN works closely with national and local governments to ensure programmes align closely with local development priorities and programmes.

Results

Since its launch in 2009, RAIN, with its partners, is on track to meet its initial goal to bring safe water access to 2 million people across the continent by end of 2015, empowering 2,000 communities through WASH programmes in 37 African countries.

Next Steps

As part of the recently announced programme expansion, RAIN and its partners have announced projects that will protect watersheds, provide sustainable safe water access, promote health and hygiene in thousands of communities, schools, and health centres, and create new opportunities for women and youth entrepreneurs in Africa.

CDC



Investing in businesses in the world's poorest places to create more and better jobs

© CDC

Background

The World Bank estimates that 600 million jobs need to be created by 2020, mainly in developing countries, just to keep up with population growth.²⁸ In Africa and South Asia, two thirds of those of working age lack formal jobs and unemployment remains acutely high, particularly amongst the young.

The new Sustainable Development Goals (SDGs) acknowledge that faster and more inclusive economic growth will be central to eradicating poverty and the key role of employment as the best and most sustainable path out of poverty for individuals, their families and dependents. Goal 8 of the SDGs calls for 'sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'.

The private sector provides nine out of every 10 jobs,²⁹ but often in developing countries, businesses of all sizes cannot access the long-term capital and support they need to grow, limiting their job creating potential.

Established in 1948 and wholly owned by the UK government, CDC's mission is to support the building of businesses throughout Africa and South Asia, where over 80% of the world's poor live. By investing long-term, patient capital in the private sector in these regions, CDC aims to support these businesses to create jobs and to have a lasting impact on people's lives. Recently, the UK government announced an additional £735 million will be made available to enable CDC to invest on a greater scale in job-creating sectors such as agribusiness, infrastructure, financial institutions and construction, the first new investment in CDC for 20 years.

Objectives

CDC's objectives are to achieve lasting development impact, which it focuses on job creation, especially in countries where the private sector is weak and jobs are scarce, and to deliver an investment return to enable it to reinvest these returns into other businesses over the long term.

Strategy

CDC supports the growth of businesses and employment across Africa and South Asia in high job creating sectors including agribusiness, construction, education, financial institutions, health, infrastructure and manufacturing.

Through CDC's capital and support, businesses can grow, create jobs, spur greater access to essential goods and services and contribute to economic growth. By supporting services such as infrastructure and telecommunications, CDC invests in the enabling environment that helps create the conditions for a thriving private sector, growing businesses and new jobs.

CDC's timescales can be flexible and it can take a patient and long-term approach to its investments. This approach recognises that impact and investment returns may take many years to fully materialise in the sectors and countries where CDC invests.

CDC provides capital in all forms—debt, equity, mezzanine and guarantees, and invests directly in businesses and through funds. Its fund investing enables it to support a broader range of businesses, especially smaller ones, build the capacity of local fund managers and mobilise third party capital. In 2014, CDC made 19 new investment commitments totalling £296.8m (US\$461.8m), with 27% committed to direct debt, 24% to direct equity, and 29% to equity funds.

In addition to supporting businesses to create jobs, CDC aims to show that it is possible to invest successfully in challenging environments, and to attract additional sources of capital including fully commercial capital. Last year, CDC mobilised US\$250m of private capital to be invested alongside CDC in fund investments alone.

Also, in recognition that many developing countries face huge environmental, social and governance challenges, CDC is committed to ensuring that its investments contribute to long-term sustainable development. CDC works with its investee companies and fund managers to adopt world-class environmental, social and business integrity practices and performance, which covers areas such as ensuring decent working conditions, reducing negative environmental impacts, and working with companies to enhance community facilities.

Activities

The following short case stories illustrate CDC's approach:

DFCU, Uganda

In 1964, alongside the Government of Uganda, CDC co-founded a financial institution which would support long-term development projects perceived to be too risky by existing commercial lending institutions. CDC is still invested in DFCU today. Over the years, CDC's financial support has been coupled with advice to the bank, such as corporate governance support and identifying strategic partners, to help it develop and grow.

Today, DFCU has a reputation for SME lending. CDC's investment in DFCU has enabled the bank to provide long-term financing to SMEs in sectors including education, agribusiness, construction and manufacturing. This finance enables these businesses to grow and to provide sustainable jobs and incomes to hundreds of thousands of people throughout Uganda.

One example of DFCU's SME lending is its Women in Business programme, which supports 6,500 local women entrepreneurs, by providing training, networking opportunities, preferential borrowing rates and mentor programmes. For example, women traders are able to access unsecured lending of up to US\$20,000 to finance their businesses and rural women have been supported to set up investment clubs to pool savings.

Narayana Health, India

Narayana Health is a multi-speciality healthcare provider in India, providing affordable, high-quality healthcare, with 29 hospitals in 17 Indian cities.

CDC invested in Narayana Health in 2014. Its investment is supporting the growth of the company, enabling it to build or expand hospitals across India. This growth will increase access to and improve the affordability of specialist healthcare in India. It will also mean new jobs and increased healthcare knowledge in the country. Narayana currently employs over 12,500 people, and the expansion is expected to create at least 8,000 additional jobs.

Narayana treats over 200,000 inpatients and 1.5 million outpatients each year. Over half of these patients are

from low-income groups and receive financial support so that their treatment is either free or subsidised. For example, Narayana has worked with various state governments in India to implement health insurance schemes which reduce the cost of healthcare.

Structure

CDC invests from its own balance sheet and all returns and profits from CDC's investments are reinvested into other businesses.

CDC is a public limited company whose sole shareholder is the UK government. DFID agrees CDC's high-level strategy, but has no involvement in CDC's day-to-day decision-making. CDC operates independently under the governance of a Board that brings private sector investment expertise, knowledge of Africa and South Asia and development experience to bear on management decisions.

In 2012, a development impact 'grid' was developed by DFID's Chief Economist and other academics to ensure CDC's capital is directed towards harder geographies and sectors which have the highest propensity to create jobs. This methodology is embedded in investment processes and used to assess every investment opportunity during 'investment committees' for its potential to create jobs. Investment committees are made up of CDC senior staff as well as external experts.

Results

In 2014, 388 businesses in CDC's Africa and South Asia portfolio directly employed 533,000 workers, and contributed to the employment of a further 10.8 million people. On average, each business directly employs 1,400 workers but its wider economic footprint includes a further 28,000 people through indirect jobs supported in the supply chain, as a result of local spending of wages, and as a result of access to power and finance (calculated by combining financial information on the business with selected macro-economic and employment data). In other words, for every directly employed worker, the company has an impact on a further 20 jobs.

In terms of what this meant for new jobs created, these businesses helped to create nearly 1.3 million direct and indirect new jobs in Africa and South Asia in 2014. Again, these indirect jobs include new jobs in the businesses themselves, in the supply chain, as a result of increased wages, and as a result of better access to power and finance.

CDC also measures broader social impacts amongst investee companies that provide access to essential services such as power, telecommunications and finance. CDC-backed power, finance and telecommunications companies have supplied over 40,000 gigawatt hours (GWh) to electricity customers, US\$26bn of loans and advances to financial institution clients, and telecommunications for over 180 million subscribers in 2014.

CDC has recently adopted a new methodology for measuring its development impact, and over time aims to build a more nuanced and detailed understanding of its impacts.

Diageo



Supporting smallholder farmers in Ethiopia to achieve commercial goals and local development priorities

© DIAGEO

Background

Ethiopia is the second most populous country in Sub-Saharan Africa, with a population of over 94 million and a fast growing economy. The Ethiopian government's five-year Growth and Transformation Plan (GTP) has established ambitious targets for the agricultural sector, with a focus on improving the productivity of smallholder farmers and strengthening private sector participation in agriculture. Agriculture forms the backbone of the Ethiopian economy and supports the livelihoods of many of its most vulnerable people, many of whom are smallholder farmers.

To catalyse change in the agriculture sector, the Ethiopian government established the Agricultural Transformation Agency (ATA) to drive forward the interconnected goals of food security, poverty reduction, and human and economic development. A key area of focus for the ATA is strengthening the functioning of specific value chains that comprise the highest share of smallholder production and consumption.

In July 2012, Diageo acquired the Meta Abo Brewery Company (Meta Brewery), which produces and distributes flagship national lager brands Meta and Meta Premium. Diageo has committed to sourcing 80% of its agricultural inputs in Africa locally by 2020, which in Ethiopia mainly comprise barley and malt.

Through the World Economic Forum's Grow Africa initiative, Diageo and the ATA agreed to explore opportunities to strengthen the barley value chain, which had been identified by the government as a high opportunity crop, with scope for expansion, particularly when connected to the country's commercial brewing sector. For Diageo, increasing local sourcing of barley makes business sense, as purchasing in the local currency helps to keep prices stable, with the business also benefiting from greater security of supply and a stronger local economy.

Objectives

The Meta Brewery smallholder farmer partnership has three main objectives:

- To increase productivity and incomes of smallholder farmers
- To create predictable market demand for smallholder farmers
- To enable 100 % of agricultural raw materials in the Meta Brewery supply chain to be locally sourced, sustainably and at competitive prices

Strategy

Meta Brewery's approach has been to tackle constraints at all stages of the barley value chain. Anchoring this approach are direct contracts between Meta and smallholder farmers, enabled via electronic means. To help highly fragmented smallholder farmers to overcome multiple challenges of access to inputs, know-how and infrastructure, Meta Brewery strengthens their farming skills and helps farmers to better organise to improve their collective buying power. Meta Brewery also contracts directly with input and service providers, who would otherwise struggle to meet the needs of highly dispersed smallholder farmers cost-effectively and efficiently. Finally, Meta Brewery provides pre-financing of all inputs supplied to farmers, thus helping them to better manage their cash flow over the farming season.

Activities

Working with NGO partner TechnoServe, Meta Brewery provides smallholder farmers with a comprehensive support package, which includes:

- Soil information
- Seeds
- Soil nutrients, e.g. fertiliser
- Pest reduction management
- Mechanisation services
- Pre-finance/credit access
- Training
- Crop insurance
- A contract

The package is underpinned by a contract, in electronic format using biometric technology, between Meta Brewery and each smallholder farmer, which sets out the scope of the support package being provided to each farmer, the pre-financing being provided and Meta Brewery's commitment to a guaranteed market price for the barley supplied.

Meta Brewery provides pre-financing of approximately US\$1m every season and over 90% (and in many cases 100%) of pre-financing is successfully recovered from participating smallholders.

Structure

In addition to Meta Brewery providing pre-financing support and a guaranteed market for smallholders, the success of the programme is dependent on support from the Ethiopian government and NGO partner TechnoServe.

The Ethiopian ATA provides strategic and technical input and project facilitation support, in addition to setting a clear and predictable policy enabling environment.

Meta Brewery's NGO partner TechnoServe provides on-the-ground management of the programme, helping smallholders to organise into farmer groups, local cooperatives and co-operative unions, managing the individual contracting process for Meta Brewery, and providing capacity building support.

Results

The smallholder support programme has grown from 800 farmers in the first year to 6,000 by the end of year three. Meta Brewery estimates that when fully locally sourcing across different grain varieties, it will work with roughly 20,000 farmers to meet volume requirements.

Meta Brewery is currently finalising a results measurement framework for the programme, but the main impact for smallholder farmers is an increase in both yields—up to 50% on average on the same piece of land—and the amount and stability of their income. The other key impact relates to increases in knowledge and capability both at the individual farmer level, and at the farmer group, cooperative and union level, with significant progress made in understanding how to establish and manage farmer support organisations.

Key to the success of the programme have been taking the time up-front to understand the needs of smallholders, securing alignment across functional teams in the business and building internal capabilities, ensuring strong collaboration with the Ethiopian government, setting realistic timeframes for achieving objectives, and starting small and learning from experience before going to scale.

Next Steps

To facilitate the continued upscaling of the smallholder support programme, Meta Brewery is looking to engage organisations whose core competencies make them better placed to deliver specific elements of the programme. The platform created by Meta Brewery has created opportunities for financial services firms to provide pre-financing and other financial services as the programme becomes more established and the perception of risk diminishes. In addition, there is considerable scope for technology companies to provide key services to smallholder farmers such as weather reports and crop price information.

More broadly, a key priority is also to address soft and hard infrastructure and enabling operating environment constraints. These include encouraging greater organisation of farmers into more commercially viable structures, and improving transport, processing and storage infrastructure. This requires greater public-private collaboration, with the government continuing to create the right policy incentives and transparent regulatory environments, and collaboratively identifying ways to better link publicly supported programmes with privately funded initiatives. There is a key role for donors to play in providing catalytic funding to help share the up-front risks of investments.

In the longer term, the aim is to build an ecosystem with organisations from different sectors focusing on developing specific services for the marketplace. These will be diverse, from financial products for smallholders to technology platforms that link smallholders to their commercial partners. Overall, this network will enable smallholder support programmes, including the Meta Brewery programme, to achieve scale more rapidly and more cost effectively.

De Beers



Investing in beneficiation to support economic development in Botswana

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Background

Botswana hosts a population of two million people in a country the size of France. Despite being classed as a middle income country and enjoying steady rates of growth and fiscal stability, income inequality and poverty still persist, especially in sparsely populated rural areas.

In 1969, De Beers entered a 50/50 joint venture with the government of Botswana to unlock and transform the country's rich diamond resources into shared national wealth. The joint venture, Debswana, is now the largest non-government employer in the country, employing approximately 5,303 people, 97% of them local. Diamonds are estimated to account for 76% of Botswana's export revenue, 45% of government revenue, and 33% of GDP.³⁰

A key priority for the Botswana government is to create more jobs and to build a diversified and sustainable economy beyond mining. Beneficiation, the process of adding value to local raw materials in country, is playing an important role in meeting these objectives.

Objectives

The objectives of beneficiation are to:

- Support economic growth, job creation and the development of a sustainable post-mining economy in Botswana, both within and outside the diamond sector, through investments in value-adding local manufacturing capabilities and skills.
- Establish Botswana as a leading international diamond trading centre.

Strategy

Beneficiation seeks to ensure that beyond mining, as many of the diamond processing stages as sustainably possible take place in country, enabling greater economic value in the form of revenue, jobs and skills, to be created from Botswana's existing resources.

As diamond trading's centre of gravity moves to Botswana, the country will continue to benefit from a significant inflow of investment, diamond industry expertise, technology, personnel and leading businesses.

Activities

Post extraction, each individual diamond passes through a variety of different stages before it is sold to a consumer. These stages include sorting, valuing, cutting, polishing and jewellery manufacturing. Each of these stages adds value as a diamond moves from mine to retail and is transformed from a rough into a polished gem.

De Beers sells and distributes the majority of its rough diamonds to independent customers, known as Sightholders, and has been doing so in producer countries like South Africa for several decades. De Beers formalised its beneficiation approach in 2006/2007 by establishing dedicated Sightholder sales operations in Botswana and Namibia to supply rough diamonds directly to domestic Sightholders for cutting and polishing.

Subsequently, a 10-year Sales Agreement with the government of the Republic of Botswana was agreed in 2011, with all of De Beers' London-based rough diamond sales activity (including professionals, skills, equipment and technology) re-located to Gaborone at the end of 2013. Today, all of De Beers' Sightholder Sales (representing over 30% of the world's annual supply of rough diamonds by value) now takes place in southern Africa, creating the conditions for the region to become a global centre for diamond trading as well as manufacturing. In 2014, sales of

rough diamonds to Sightholders in producer countries for beneficiation increased 11.4 percent to US\$1.56 billion, from US\$1.4 billion in 2013. In 2014, in Botswana alone, sales of rough diamonds to Sightholders was US\$920 million.

The transfer of the international sales, aggregation and related functions to Gaborone has required a significant capital investment by De Beers. A US\$35 million extension of the DTC Botswana building, which includes a state-of-the-art Sight floor for Sightholders and diamond brokers, is now the largest and most sophisticated diamond sorting and valuing operation in the world. 460 people are employed in sorting and valuing and a further 180 in the sales and aggregation function.

Cutting and polishing of stones now takes place in 21 local factories. This has required a significant investment in developing local skills and manufacturing capabilities by Sightholders.

To further support economic diversification, De Beers is also working with the government on a blueprint for developing the country's tourism sector, linking its work on conservation with growing demand for eco-tourism, and offering the potential for further economic growth and job creation.

Structure

De Beers recognises the fact that there is a broad and complex set of conditions for success in beneficiation and that there is a need for different industry stakeholders to play specific roles in the development of sustainable downstream diamond activities in diamond producing countries.

As such, De Beers has put a partnership approach at the centre of its beneficiation strategy, working closely with both diamond producing country governments and the Sightholder community to ensure that the method of delivery of beneficiation is appropriate for all stakeholders and geared towards sustainable success.

De Beers has undertaken extensive engagement both with the Botswana government and with international

and domestic Sightholder businesses to ensure a shared understanding of the elements involved in developing an effective operating environment, including access to a skilled workforce; codified and consistent legislation; a supportive and predictable regulatory environment; the presence of local services and suppliers; and efficient and well-defined import/export procedures.

Results

In 2014, De Beers' global rough diamond sales to the world's leading diamantaires totalled US\$6.5 billion, with sales primarily managed through the facility in Gaborone.

Today, De Beers estimates that in total, 3440 jobs have been created in sorting, valuing, cutting and polishing activities in Botswana. DTC Botswana now directly employs 460 staff and DBGSS 183 employees, 79 of whom are expatriates and 104 Botswana citizens, and has the capacity to process more than 40 million carats per annum.

As well as maximising the value derived from diamond assets, beneficiation has been shown to stimulate inward investment in producer countries from international businesses involved in diamond and other support industries. Diamond laser cutting companies, contractors to Sightholder factories, specialised transport service providers and funding banks have all established businesses in the region since 2008.

In addition, the world's leading diamond businesses now travel to Botswana ten times per year to purchase their Sight goods. This has created a ripple effect of additional economic opportunities for local businesses as demand grows for accommodation, catering, office facilities, transport, security and leisure facilities.

The transfer of international Sightholder Sales to Gaborone has also created a strong platform for the southern African diamond producing region to grow its role as a leading international diamond centre, and has paved the way for increased economic activity, investment and skills development, while also providing further opportunities for economic diversification.



Anglo American



Enabling more inclusive economic growth in Chile by helping entrepreneurs to succeed

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Background

Chile has experienced average annual growth rates of around 5% in the first half of the decade, and is often cited as one of the most developed countries in Latin America. In spite of this, Chileans are concerned at the level of inequality within their country. In response, the government is keen to diversify the Chilean economy beyond a dependence on the export of natural resources and to foster innovation as well as improve education and employment opportunities so that Chileans, and especially the young, live better lives.

Anglo American has operated in Chile since the 1980s and is a leading producer of copper and associated by-products. The company has interests in four mining operations across Chile at Los Bronces, Collahuasi, El Soldado and the Chagres smelter. In 2004, in recognition of the need to better demonstrate its value to local communities, Anglo American started to change its approach to how it supported local social and economic development in Chile, in particular support for small businesses, which make up 80% of employment in the country. In 2007, Anglo American launched Emerge in Chile, which aims to support the growth and success of small and growing businesses located in communities around Anglo American operations.

Globally, Anglo American invested \$17.7 million in enterprise development in 2014 and has supported 96,000 jobs between 2008 and 2014. In Chile, Anglo American has supported 56,884 small and medium sized enterprises (SMEs) between 2008 and 2014 and 57,683 jobs during the same period through its various enterprise development activities.

Objectives

The Emerge programme supports and accelerates the development of small and growing businesses, operating both in Anglo American's value chain and in local communities. Through these growing businesses, the programme aims to foster more inclusive economic growth, create jobs, increase incomes for employees, generate increased procurement activity between small businesses and extend access to new products and services for the community. More broadly, Anglo American aims to take a holistic and systemic approach to building local capabilities and skills by linking the education programmes it supports in local communities with its employee development and enterprise support programmes like Emerge.

For Anglo American, the Emerge programme helps to ensure that the economic impact of its enterprise development extends beyond the mining sector and encourages more broad-based economic growth in a country with a strong dependence on mining, and where small businesses are a key source of economic growth. By supporting local economic and social priorities, the company is also strengthening its license to operate and reinforcing its commitment to being a partner of choice for the host government.

Strategy

The Emerge programme is focused on providing small and growing enterprises, both within and outside Anglo American's supply chain, with business advisory, mentoring support and access to finance and markets. Anglo American's approach is characterised by four core principles:

- Build off and complement existing enterprise development programmes and platforms in host countries
- Prioritize delivery via partnerships and system based approaches to ensure higher efficiency
- Sequence and tailor support to meet the evolving needs of entrepreneurs with an initial focus on capacity building
- Leverage the core business where possible and link to the Anglo American supply chain for greater sustainability and impact

Crucially, Anglo American also aims to achieve strong linkages between its enterprise and workplace capacity building activities and the education programmes it supports in local communities to help ensure participants can progress with the right skills and capabilities to be successful as an entrepreneur and in the workplace.

Activities

The Emerge SMEs programme supported 340 small and growing businesses in 2014 through mentoring, business advice and access to finance. The type of support provided is tailored to their level of development and specific needs, with three levels available. Participating SMEs can start at Level 1 and progress to Level 3; thus Emerge can provide a ladder to success.

Participants at Emerge Level 1 are typically businesses with monthly sales between \$500 and \$1,700 and they participate in four workshops and receive four advisory sessions. Participants in Emerge Level 2, which are typically businesses with sales between \$1,700 and \$6,700, receive online training, access to four workshops and seventeen advisory sessions and access to a loan of up to US\$6,700 to implement their business plan. Participants at Emerge Level 3 receive further online training, a university diploma from the University of Chile, up to seventeen advisory sessions and access to a loan of up to US\$16,700. In 2014, more than 20% of entrepreneurs in Emerge Level 2 came from Emerge Level 1. Since 2007, Emerge has benefited 981 entrepreneurs from a wide range of sectors including commerce, services and agriculture in urban and rural locations.

Structure

A range of partners contribute to the funding, management and implementation of the Emerge programme. Anglo American provides 60% of funding for the programme equating to US\$1.76 million in 2014. TechnoServe, a global NGO specialising in enterprise development, provides programme management and delivery. The University of Chile contributes business and management skills training to participating entrepreneurs. The government of Chile is a crucial partner, providing 40% of the finance for the programme, with local government helping to promote the programme and recruit participants.

Anglo American manages the twice-yearly application process for selecting SMEs, including marketing and outreach to build awareness for the programme. Selected finalists are interviewed by Anglo American and TechnoServe. Anglo American may receive up to 500 applicants per round, from which 170 are chosen to fill all levels of the programme.

Results

The Emerge programme measures sales, income and employee salary increases, employment created and added value to other businesses. In 2014, Emerge trained 340 entrepreneurs in basic business management issues and business plan development. The first tranche of participants at Level 1 saw a sales increase of 75%, and Level 2 and 3 saw an increase in 17% and 69% in sales respectively. A second tranche of participants at Level 2 saw sales increases of 52% and 34% for Level 3 at the end of the training phase.

In 2013, 34 entrepreneurs were provided with loans to implement their business plan. Participants at Level 2 saw sales increases of 77%. Level 3 participants experienced sales increases up to 42%. Participating companies were also able to increase the salaries of their employees by 14%.

Next steps

Anglo American is constantly assessing the scope for scaling the Emerge programme, ultimately enabling support to be extended to all small businesses that apply and meet the required criteria.

One area of opportunity is to strengthen linkages between the programme and small businesses operating in its local supply chain.

Identifying local financial institutions willing to take on the role of providing loans to participating small businesses will also be a key factor in expanding the programme. This has proved challenging to date as local banks have been reluctant to participate due to perceptions of risk and high transaction costs. Anglo American believes risk perceptions will be overcome as small businesses in the Emerge programme become more established and are able to demonstrate a viable long-term business model and improved business performance.

Chevron



Supporting peace building as a cornerstone for economic growth

Background

The Niger Delta is made up of nine of Nigeria's 36 states and its natural resources generate more than 75 percent of Nigeria's export earnings. Despite representing the economic engine of Nigeria, the region faces complex and inter-related development challenges. More inclusive and sustained human development has been undermined by persistent poverty and conflict over several decades. Most of the region's residents, some 66 percent of whom are under the age of 30, lack basic social services and rely on subsistence agriculture. The lack of economic prospects has resulted in some of the region's youth seeking opportunities through militancy and violence. In turn, this has fueled intra-ethnic conflict as well as safety and security risks for both communities and companies in the region.

Despite the challenges, Chevron has remained committed to its longstanding and strategic investment in the Niger Delta, which has spanned over 50 years. Over the past five years, building on lessons and experiences in Nigeria and elsewhere around the world, the company has developed new partnerships and innovative approaches to achieve greater alignment and systemic impact in its efforts to support locally-driven peace building and economic progress.

The company has shifted from focusing just on the communities nearest its operations to taking a broader regional approach. It has evolved from doing projects for communities to working with communities, strongly supporting a participatory approach to decision-making, project selection and evaluation. It has focused more efforts on making markets work for the poor, identifying and starting to develop agricultural value chains with higher potential for job creation and income generation. It has recognized the importance of building the capacity and capability of local institutions, especially community-led groups, women and youth organizations,

and regional and local government. To enable this new approach, the company has established an innovative local-global foundation structure to serve as a platform for creating cross-sector partnerships both within Nigeria and internationally with the goal of being more effective in leveraging funding, implementation expertise, and research and advocacy support.

Local and global partnership platforms

In 2010, the company established the Niger Delta Partnership Initiative (NDPI) as a US-based and governed non-profit foundation, and the Foundation for Partnership Initiatives in the Niger Delta (PIND) as a Nigerian-based and governed foundation. Chevron has committed US\$90 million since their inception to support the two independent foundations. It has also leveraged more than US\$50 million in additional funding from other public and private partners. NDPI engages a network of international partners to augment donor and business support in the region; raise awareness of new corporate-led development models; and enhance international understanding of the Niger Delta's opportunities and challenges. PIND serves as NDPI's local presence in Nigeria, playing a crucial role in local relationship and trust building from the community level to government; managing program implementation; and ensuring strategic alignment between the company's business activities and its role as a local, regional and national development partner in Nigeria.

Although they play different, but complementary roles, NDPI and PIND share a common four-pronged strategy: economic development; peace building; analysis and advocacy; and capacity building, with numerous programs and partners, both Nigerian and international. Although there is overlap and strong inter-dependence between these pillars, this profile focuses specifically on some of the partnerships that have been built around the peace-building program.

Objective

A key common driver for the Niger Delta and Chevron to achieve their respective economic goals is the ability of all stakeholders, including the company, to play a proactive role in supporting peace building. With this goal in mind, a flagship peace building initiative, Partners for Peace (P4P), was launched in 2012. Its aim is to build a dynamic grassroots network of peace builders—both individuals and institutions—committed to peace building in the region. Broadly, P4P aims to enable people, businesses, and civil society organizations to collaborate for the advancement of socioeconomic development free from violence and conflict. More specifically, it seeks to identify, establish and strengthen grass roots conflict resolution programs within the Niger Delta.

Activities

The P4P program has three main activities: voices, network and action. Its approach highlights the essential—and often unexplored—role of decentralized networks consisting of diverse partnerships or organizations, many undertaking their own activities, but brought together by a common vision and supported by a neutral platform to engage with each other, share lessons, self-organize and collaborate. In the case of P4P, the common vision is to ‘build local capacities, strengthen governance and generate sustainable peace.’ The diverse partners engaged in the P4P network, from individuals to organizations and local chapters, are working towards this vision in different ways, but the platform provided by P4P aims to ensure that the ‘sum is greater than the parts’.

Through a range of communication and outreach platforms, including traditional and social media, films, focus groups and interviews, P4P gathers local perspectives on peace in the Niger Delta. It also links individuals to a network for early detection of potential conflict and collective learning on issues of peace building. The launch of an interactive and dynamic online Peace Map has been a valuable tool in enabling this approach to work. It collects data and compiles knowledge to help identify conflict hotspots, analyze the root causes of conflict, and provide information on peace building actors who are working to resolve them.

This networked approach has enabled the peace building efforts to incorporate the voices, opinions and capabilities of groups that are often marginalized in terms of having input, let alone a decision-making role, in the allocation of resources. In particular, P4P has made a public and sustained commitment to identifying and engaging both women and youth interested in peace building, including youth who have been former militants. One initiative, ‘Mothers for Peace’, for example, emphasizes the important role that women can play in intervening for peace, while others focus on school-based efforts to engage students.

Action is a key component of the P4P program and it offers small grants to support scaling up of promising peace building efforts and programs that build individual and organizational capacity in conflict mitigation and analysis. At a more strategic public policy level, PIND initiated a roundtable with its partners US-based Fund for Peace and the Nigeria Stability and Reconciliation Program (NSRP) aimed at broader collaboration on peace building. This effort has developed into the Peace and Security Working Group bringing together peace building experts across Nigeria and internationally on a quarterly basis.

Results

As of 2015, P4P chapters have been established in all nine states of the Niger Delta, led and sustained by local volunteers and facilitating grassroots actions by over 3,000 individual peace builders. PIND, its partner Fund for Peace and others have provided training to each chapter in topics such as project management, the use of social media and other information and communications technology, and basic peace building and conflict resolution skills. P4P has also worked with all the chapters to undertake a self-assessment process to determine strengths, weakness and opportunities and improve their ability to mitigate conflict and uphold peace building. In total, some 22,000 people have been directly involved in the peace building program and over 200,000 people exposed to peace building messages.

The online Peace Map, launched in 2014, continues to compile, integrate and analyze data from all nine chapters’ local-level conflict assessments. An Integrated Peace and Development Unit (IPDU) has been established to provide operational support and serve as a response mechanism to address immediate threats of violence in the Niger Delta. P4P and its network of chapters and individual peace builders were highly active in the lead-up to Nigeria’s 2015 elections, including a series of activities focused on identifying and resolving sources of electoral violence. One of these was an SMS-Election pilot, which enabled people to report early warnings of violence and cases of election malpractice as well as peaceful elections. Over 2,000 SMS messages were sent.

Next Steps

Over the next few years, the peace-building program aims to deepen the P4P networks and chapters, and to strengthen the strategic capability and influence of the Peace and Security Working Group. There will be ongoing efforts to scale up peace education and research on conflict analysis to improve the quality and impact of peace building interventions. Linkages have started between the Economic Development and Peace Building teams, resulting in interventions where agriculture and other economic development approaches are being used as a way to mitigate community conflict. Chevron, NDPI and PIND also aim to stimulate broader dialogue on conflict and peace building and create opportunities for other companies, government bodies, donors and non-government organizations to get engaged through the Peace and Security Working Group and other forums.

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Business Fights Poverty

Business Fights Poverty is the world's largest community of professionals passionate about harnessing business for social impact. Business Fights Poverty connects professionals to the latest practical insights and to a vibrant community of stakeholders in business, government and civil society—helping them deliver their innovations at scale. We help our members share their research and on-the-ground experience, conduct original research to deepen our collective understanding of what works, strengthen technical skills to develop and deliver innovations, increase capacity to scale and measure results, and create opportunities to identify and connect with delivery and financing partners. We harness one of the key benefits of social media: the dramatic reduction in the cost of reaching and engaging very targeted groups of individuals who share a common interest. Our goal is to strengthen the ecosystem for businesses fighting poverty, helping those developing profitable innovations with social impact to succeed at scale.

www.businessfightspoverty.org

Harvard Kennedy School Corporate Social Responsibility Initiative

The Corporate Social Responsibility Initiative (CSRI) at the Harvard Kennedy School's Mossavar-Rahmani Center for Business and Government (M-RCBG) is a multi-disciplinary and multistakeholder program that seeks to study and enhance the public contributions of private enterprise. The initiative explores the intersection of corporate responsibility, corporate governance, and public policy, with a focus on analyzing institutional innovations that enhance governance and accountability and help to achieve key international development goals. It bridges theory and practice, builds leadership skills, and supports constructive dialogue and collaboration among business, government, civil society and academics. Founded in 2004, the CSRI Initiative works with a small Corporate Leadership Group consisting of global companies that are leaders in the fields of corporate responsibility, sustainability or creating shared value. The Initiative also works with other leading CSR and sustainability organizations, government bodies, non-governmental organizations and companies to leverage innovative policy research and examples of good practice in this field. The CSRI Initiative is chaired by Professor John Ruggie and directed by Jane Nelson.

www.hks.harvard.edu/m-rcbg/CSRI

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The views presented in this paper are those of the author(s) and do not necessarily represent the views of the Harvard Kennedy School, Business Fights Poverty or DFID.