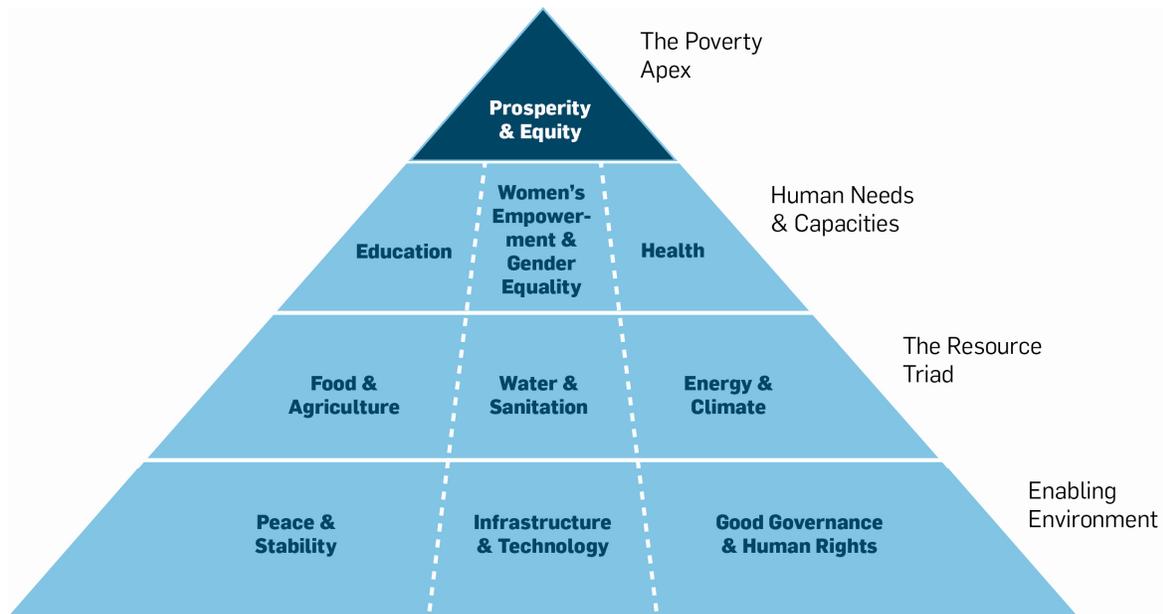


Post-2015 Agenda and Related Sustainable Development Goals Issue Focus: The Role of Business in Fighting Poverty

Overview

As governments and policymakers work to develop the Post-2015 agenda, the international community is actively discussing the possible scope of potential sustainable development goals (SDGs). The eradication of poverty, the cornerstone of the Millennium Development Goals (MDGs), is widely expected to be the overarching objective of the SDGs, and of any possible MDG-follow-up agenda. The United Nations Global Compact has been asked to bring private sector perspectives and action to this agenda, creating an historic opportunity to scale up and align business contributions to United Nations priorities. The overlap between public and private interest in sustainable development is becoming increasingly clear, and the development of the Post-2015 agenda will require an unprecedented level of interplay between business, governments, civil societies and other key stakeholders. This public-private convergence and opportunity space is reflected in the Post-2015 Business Engagement Architecture, released at the UN Global Compact Leaders Summit in September 2013. The Architecture provides a resource and roadmap for how to work with the private sector in the new era.

Related to the Architecture, consultations conducted by the UN Global Compact with thousands of companies and stakeholders revealed that businesses committed to sustainability and ethics are energized by the prospect of a newly articulated set of world priorities—including clear goals and targets. From the input received, the UN Global Compact’s LEAD companies developed a series of recommended goals and priority areas (shown below) that they believe would also empower the private sector to make a substantial contribution in the Post-2015 era.



Source: Global Compact LEAD consultations

LEAD companies selected an anti-poverty drive based on inclusive economic growth, and leading to a state of general worldwide prosperity, as lead step in making possible achievement of an overall sustainable development agenda. The goal and related targets are articulated as follows:

“Goal 1: End poverty and increase prosperity via inclusive economic growth, targets include:

- Eliminate extreme poverty (\$1.25/day per capita in 2005 real US dollars).
- Create jobs through decent work sufficient to keep unemployment below 5 per cent, including for women as a group, and below 10 per cent for youth.
- Eliminate child labour.
- Ensure full access to private finance, including basic savings, loans and growth capital products, on fair terms including for women and marginalized groups.
- Reduce by 30 per cent the Gini co-efficient rating in each country.”

The purpose of this issue paper is to inform governments and policy makers of the responsible business community’s willingness to be a part of the drive to end poverty in our time, and to broadly involve the private sector in a campaign which is so much in their direct interest as well as of universal, global benefit.

Business Platforms for Action and Partnership

Recognizing the drawbacks that even moderate poverty poses to societies and economies, and the dangers and suffering involved in nearly a billion people living in a state of extreme poverty, growing numbers of companies are adopting new policies and practices that are inclusive of the poor as employees, customers, suppliers and neighbours.

They are moving to equalize opportunities for women, including through executives who have pledged to implement the Women’s Empowerment Principles established by the UN Global Compact. They are forming coalitions to crack down on and find alternatives to child labour in their workplaces and among their suppliers. Not only micro-credit organizations, but larger investment institutions as well are finding mutually advantageous means of extending credit to lower income or traditionally marginalized groups. Large corporations are also supporting the development of small and medium-sized firms, including social enterprises.

Expanding rates of employment and reducing steep rates of economic inequality between individuals and between countries are certain to be complex endeavours. The integration of job training within companies and lending assistance to educational institutions to make curricula more career-relevant are two areas where businesses are getting involved. Dealing with income inequality from the top, shareholder and corporate initiatives are looking to set limits on executive pay.

A number of business-oriented initiatives have emerged in recent years to address the role of the private sector in ending poverty. Several multinational companies with agricultural value-chains have worked with Oxfam to develop and test the Poverty Footprint methodology. Adapting the approach of studying the environmental or carbon footprint of companies or industrial sectors, these studies provide a 360-degree view of corporate impact on the poor– thereby identifying effective actions to elevate their status. With wider business uptake and accessibility, similar methodologies could enable businesses to better understand their impacts on society, particularly people living in poverty. Another highly relevant effort is coming from Business Call to Action, which works closely with 80 multi-national corporations who are making inclusiveness of the poor a key part of their business models.

In discussions held among LEAD companies, it was pointed out that economics were largely left outside the parameters of the MDGs, but was almost certainly the most important factor in the hallmark MDG

victory to date – cutting the global extreme poverty rate in half five years ahead of schedule (in 2010). A key economic factor is productivity increase, which in turn sets a foundation for social advances and in the capacity of societies to manage environmental needs. In this regard, it is alarming that productivity growth is slumping in the leading economies, yet even so productivity in the developing world remains a bare one fifth of that in the developed, according to the International Labour Organization. Given that prospects for world economic growth, and for higher employment and more remunerative and satisfying jobs, are now tied directly to the success of development in middle- and low-income countries, these are alarming conditions.

A key to unlocking greater productivity is implementation of the other goals and priority areas identified by LEAD companies: health, education, women’s empowerment, infrastructure, innovation, social solidarity and political and macro-economic governance. In this regard, broad sign-on to the post-2015 UN Development Agenda and to any set of SDGs that emerges from UN negotiations is likely to be an effective platform for success.

Key Driver: Public Policy and Enabling Incentives

In order to unlock the full potential of the private sector it will be critical to establish proper and effective enabling frameworks and incentives in terms of public policy. Some steps recommended for the achievement of a global society where prosperity rather than poverty reigns:

- Establish regulations to open broader-based opportunities for entrepreneurship among those working in the informal sector, smallholder farmers, and other poor or marginalized groups – or eliminate laws that hamper this rise.
- Fund research and development and/or establish greater incentives for corporate investment in this area.
- Maintain support for official development assistance (ODA) and South-South cooperation, and support efforts of developing countries to leverage ODA for opening up business opportunities and building productive capacity.
- Set fair and reasonable immigration laws that favour openness and improvement of the interests of countries sending and receiving migrants – as well as of the migrants themselves. Migration is a driving force for development and economic improvement.

Accountability

In recent years, increasing numbers of companies are reinforcing sustainability efforts with public commitments in relation to accountability, responsibility, and transparency. To build trust and be considered a credible partner in the Post-2015 era, companies should be – and increasingly are – transparent about not only their social and environmental impacts, but as well how economic practices create or deplete value for society, and what they are doing to improve their performance.

At the same time, companies are being encouraged to publicly commit to longer-range sustainability objectives and goals in order to better align their efforts and strategies in relation to the broad global sustainable development agenda. Participants of the UN Global Compact have made public commitments to the Global Compact’s ten principles and are required to report annually on their sustainability efforts through a Communication on Progress (COP) report. Generally speaking, the UN Global Compact organizes its companies into three categories based on the level of COPs submitted. These levels – Learner, Active and Advanced – allow the UN Global Compact to encourage and challenge participants to use more sophisticated methodology and release more detailed COPs. Companies are

increasingly rising to the challenge to report in a more advanced, detailed and transparent manner. This sort of accountability is crucial in instilling confidence in all stakeholders that companies are truly making meaningful progress towards global sustainability.

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