



International Chamber of Commerce
The world business organization

Workshop Report

The Private Sector and the MDGs: Role, Impact and Opportunities

International Environment House II

Geneva, Switzerland

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I. Introduction

Following the third UN Private Sector Forum on the Millennium Development Goals (MDGs) which took place in September 2010 in New York, the Business Humanitarian Forum (BHF) and the International Chamber of Commerce (ICC) held a joint follow-up meeting on “**The Private Sector and the MDGs: Role, Impact and Opportunities**” on Thursday, December 9 at the BHF in Geneva.

It has been increasingly recognized in recent years (and explicitly at the 2010 UN Private Sector Forum) that progress has been made towards achieving the MDGs. However, actually fulfilling the goals by 2015 will require significant effort from all stakeholders, “including the private sector as the most critical driver of innovation, investment and job creation¹” and government support in creating an enabling environment for businesses to operate at effective scales.

The half-day event reviewed the outcomes of the UN Private Sector Forum, discussed positive contributions as well as shortcomings with regard to private sector involvement towards the MDGs and highlighted further opportunities and mechanisms for companies to engage in and accelerate this process.

The first session of the meeting featured keynote addresses providing cutting edge input on the meeting topic and notably discussing development opportunities in poor areas through inclusive business models, cross-sector partnerships or social entrepreneurship.

The second session saw case study presentations by a leading pharmaceutical company that has received global recognition for its corporate social responsibility efforts and a major international non-government organization showcasing how such concepts can be successfully implemented.

Not unlike the manner in which the UN Private Sector Forum brought together leaders from government, business and civil society, the BHF and ICC organized this event to have a healthy representation from the private sector, but also from the United Nations, non-profit organizations and academia to create a constructive and engaging dialogue between all. In order to encourage frank exchange, the workshop was held under the Chatham House Rule of confidentiality. For that reason, individual speakers are not identified in the report.

[1]. Key messages from UN 2010 Private Sector Forum meeting (as noted on the GC website).

II. Workshop Partners

About the BHF

The Business Humanitarian Forum (BHF), established in 1999, encourages better understanding and cooperation between the public and private sectors, and works with partners to address humanitarian problems and promote sustainable economic development. The BHF does this by arranging for direct private sector involvement and investment in areas where it is needed, and by providing training and facilitating dialogue between organizations and private companies.

The BHF builds awareness that business has a strong, long-term economic, political and social interest in supporting the work of the humanitarian community, and that private sector investment is the key element for economic development and overcoming long-term humanitarian problems. Both sectors are essential for the stabilization and social progress of developing and post-conflict societies.

The BHF has initiated and carried out several reconstruction projects in post-conflict areas and helped create partnerships between businesses, humanitarian agencies and local governments. The BHF has also sponsored contact groups, workshops and conferences to heighten awareness of the important role business can play in alleviating humanitarian problems. The BHF is a non-profit association based in Geneva and was founded with the encouragement of UN Secretary General Kofi Annan.

About the ICC

The International Chamber of Commerce (ICC) is the voice of world business championing the global economy as a force for economic growth, job creation and prosperity. Because national economies are now so closely interwoven, government decisions have far stronger international repercussions than in the past. ICC - the world's only truly global business organization responds by being more assertive in expressing business views.

ICC activities cover a broad spectrum, from arbitration and dispute resolution to making the case for open trade and the market economy system, business self-regulation, fighting corruption or combating commercial crime. ICC has direct access to national governments all over the world through its national committees. The organization's Paris-based international secretariat feeds business views into intergovernmental organizations on issues that directly affect business operations.

III. Workshop Presentations

Review of the UN 2010 MDG Summit

The **first speaker** from a global non-profit organization representing the views of the private sector



initiated the presentations by providing an overview of the history of the UN's engagement of the private sector. The speaker highlighted the adoption of the UN Millennium Declaration (2000) as a defining moment for global cooperation in giving birth to a set of concrete and measurable development objectives to be achieved by 2015. However, when the Millennium Development Goals (MDGs) were created, it was

unclear what role businesses would play – now, businesses are seen to be at the heart of reaching the MDGs.

This change can in part be attributed to former UN Secretary General Kofi Annan, who strongly encouraged the involvement of both civil society and the private sector in UN activities. At the World Economic Forum's annual meeting for 2000 in Davos, he challenged the private sector to tackle global issues and current Secretary General Ban Ki-Moon has continued this engagement and introduced some innovative new mechanisms for this process.

The growing recognition for private sector involvement in achieving the MDGs could be seen in the very resolution that was adopted calling for the 2010 MDG Summit, which stated that the private sector as well as civil society had to be involved in both the lead-up to, and the event itself. The Summit was held on 20-22 September 2010 in New York, and included a range of events which involved the private sector in a variety of ways, most notably through the MDG Summit Round Tables, the Private Sector Forum, the World Business and Development Awards and the Inclusive Business Workshop.

The MDG Summit Round Tables dealt with an array of different topics emanating out of the MDGs and representatives from all sectors participated in discussing innovative new ways to address these issues. As well, the Private Sector Forum brought together corporate, foundation and government leaders to highlight key issues related to the MDGs. The Forum provided a platform for the business community to share actions taken toward the achievement of the MDGs to communicate recommendations, as well as to identify further concrete actions which would help close implementation gaps over the next five years. The fact that attendance by heads of state went from one at the first Summit to 60 at last year's gathering is a clear indication of the relevance and success of this initiative. Furthermore, over 30 commitments to advance progress on the MDGs were made by companies and foundations, thus showcasing private sector leadership in tackling the world's most pressing problems and providing encouragement to other companies to join such efforts.

Established by the ICC in 2000, the World Business and Development Awards (WBDA) are the first worldwide business awards to recognize the crucial role of the private sector, large and small in implementing the MDGs. In 2010, the WBDA received a record number of 172 entries from 42 countries and winners were selected by an eminent international panel drawn from business, research, foundation and non-governmental organizations. These awards are seen to be an important element of raising public awareness that business is a crucial part of achieving development outcomes.

The first ever Inclusive Business Workshop was designed to share practical knowledge and insights among a primarily business audience on how to design and deliver inclusive business models. 150 practitioners shared on-the-ground company experiences and insights in highly interactive sessions.

Overall, the speaker concluded that the UN 2010 MDG Summit was a reflection of the changing perception of the private sector's role in development and its engagement by the UN: whereas initially companies were seen primarily as a source of philanthropic donations, the UN now recognizes that building a healthy and vibrant domestic private sector is a key driver of development. There is also growing understanding that the private sector can support governments, civil society and international institutions in their work by providing technical skills, as well as guidance and advice on various issues (e.g., in many cases related to climate change, the private sector seems to be more of a driving force than governments).

In response to an audience member's question on how to overcome the practical challenges of UN-private sector partnerships (e.g., financial commitment from the private sector, identifying the best entry point into the UN system), the speaker acknowledged that UN-private sector engagement does not come without its challenges. Establishing a dialogue between both sides and finding effective entry points into the UN system can be difficult as much unevenness continues to exist amongst UN agencies in their willingness to work with the private sector. For these reasons, it is essential that all parties adopt long-term perspectives and seek assistance from those who have experience in working with different stakeholders.

Innovative Business Models

The Workshop's **second speaker** focused on inclusive business models as a way in which businesses can contribute to the achievements of the MDGs. These models shift the common perspective of viewing people in poverty as victims in need of assistance to viewing them as potential collaborators or clients. Such an approach offers value for both businesses (i.e., developing appropriate products, winning new customers, expanding the workforce, adding and strengthening supply and delivery chains) and for those living in poverty (i.e., increasing incomes, meeting needs, increasing productivity).

People in poverty are a potential market in one sense: they already spend \$5 trillion US per year – most on food and most of it in Asia. Innovation is needed in helping them access functioning markets and lower their transaction costs (e.g. costs associated with living far away from markets, being unable to read product labels). Innovation is also needed to address the challenges of sustainability – in other words, creating prosperity for a growing population while using resources in a way that does not endanger the well-being of future generations.

In her work, the speaker found a number of constraints (e.g., lack of market information, access to financial services) and solutions to problems of poverty, most of which require collaboration between different parties (e.g., engaging in policy dialogue, combining resources and capabilities). She also found that on one hand, business can be a powerful engine of change by creating incentives for governments to act in the interests of the poor. On the other hand, a variety of institutions (e.g., financing, research and advocacy institutions) provide support to businesses in adopting inclusive business models in their work.

In response to a question from the audience on what trends she sees with respect to companies' approaches to poor populations, the speaker noted that companies are becoming more realistic in their approaches and therefore also more effective. In the beginning, companies were trying to reach the very poorest with new products and capitalize on the so-called "fortune at the bottom of the pyramid". However, there now appears to be an emerging consensus that targeting the poorest of the poor is very difficult as at least some basic assets are needed to participate in markets. In response to another question about how this ability to participate in markets could be identified, the speaker answered that an income level of at least \$2/day was coming to be seen by companies as a baseline for identifying potential customers within poor populations.

The speaker also noted that many domestic companies in developing countries often do not see the poor in their own countries as potential clients. Providing concrete examples, strategies and support to domestic companies will therefore help them to be more aware of such opportunities. Another potential challenge was noted in terms of administrative difficulties that may arise when UN and businesses partner cooperate. However, it is becoming easier for civil society and the private sector to navigate the UN system, especially since most UN departments or agencies have set up focal points for private sector engagement.

The **third speaker** represented a multilateral partnership organization which encourages businesses to leverage their core competencies to accelerate progress towards the MDGs in ways that also offer potential for commercial success. The initiative provides companies with a global leadership platform that aims to raise awareness of innovative "pro-poor" or "inclusive" business models that profitably engage low-income populations across company value chains, and meet the needs of these populations through the development of appropriate and affordable products and services.

To join the platform, companies submit proposals for initiatives that: 1) will have a measurable development impact, 2) leverages the core competencies of the company in a commercially viable way, 3) incorporates a fresh approach to doing business for the company, and 4) identifies SMART (specific, measurable, achievable, realistic and time-bound) objectives and expected results.

Participants of the platform include large companies wishing to innovate and include underserved populations as part of their core business strategy. They may also be social enterprises whose core mandate is to serve less developed or underserved regions, and whose profits are ploughed back into the enterprise or community. The goal is to promote innovation and represent a diversity of sectors including companies from emerging markets. To conclude and to showcase concrete company initiatives to support the MDGS, the speaker then presented three case studies.

During the question and answer session, the speaker was asked to elaborate on how businesses could be convinced that including the poor in their business strategies could simultaneously bring commercial



success to the company and also promote socio-economic development for deprived communities. The speaker responded that her platform provides member companies with opportunities to share expertise, knowledge, and best practices for market-based approaches to development at high-level fora, events, and through press and media coverage. The initiative seeks to provide business leaders with concrete evidence of the benefits of engagement with low-income communities at all

levels of leadership from CEOs to practitioners down to future business leaders and MBAs.

Another audience member also highlighted the importance of building a strong business case when presenting such ideas to companies and of proactively “reaching out” in the process of disseminating such messages, as it may be unrealistic to expect companies to contact NGOs or the UN on their own.

Business and NGOs – Approaches and Rationales towards the MDGs

The **fourth speaker** represented a major pharmaceutical company and presented its rationale and approach in distributing Coartem, its highly effective anti-malaria medication, to various populations in Africa. Over the past decade, its malaria initiative has pioneered the pharmaceutical response to the fight against malaria and has become one of the pharmaceutical industry’s largest access-to-medicine programs, measured by the number of patients reached annually. The initiative is part of the organization’s commitment to helping achieve the MDG goals, and more specifically to halt and begin to reverse the incidence of malaria by 2015.

Adopting a patient-centric approach, the company has developed a holistic program to meet patient needs which is based on four key pillars:

- 1) Treatment - with a cure rate of over 95% and a demonstrated safety profile, the company's anti-malaria treatment is the first fixed-dose artemisinin-based combination therapy (ACT) brought to market and pre-qualified by the WHO for its efficacy, safety and quality. Today, half of malaria patients in the public sector who are treated with an ACT receive Coartem. A dispersible, sweet-tasting version of the treatment has also been developed specifically for infants and children with malaria.
- 2) Research & Development – the company is applying its expertise in drug discovery to the next generation of malaria treatments and is also exploring innovative interventions to reduce the transmission of diseases. It has been the first healthcare company to develop an observational study to evaluate the safety of its anti-malaria treatment in pregnant women in partnership with the WHO. In 2010, it started clinical trials for an antimalarial with a novel mechanism of action, and is developing a robust pipeline of drug candidates to treat malaria.
- 3) Access – the company was the first in the industry to commit to the not-for-profit supply of ACT to public sector buyers and it continues to develop programs to expand access. Since 2001, it has provided over 380 million anti-malaria treatments without profit, saving an estimated 950,000 lives. Furthermore, economies of scale in sourcing and manufacturing have enabled it to offer prices for public sector buyers which are lower by more than 50% compared to 2004 (while production has increased 21-fold). In 2009, Novartis led a pilot project in Tanzania which used mobile phones and electronic mapping technology to bring visibility of antimalarial stock levels in 129 public health facilities in rural Tanzania. The initiative is now being rolled out throughout Tanzania. In another initiative to improve affordability and availability, the company is partnering with the Affordable Medicines Facility – malaria (AMFm), a Global Fund financing mechanism designed to expand access to ACTs at subsidized prices in both the private and public sectors.
- 4) Capacity building – the Malaria Initiative also includes best practice sharing workshops, for African public health officials responsible for malaria control, training materials (in local languages), packaging specifically designed and carefully tested to enhance adherence to treatment by not yet fully literate populations, logistics management and others types of technical expertise to empower local populations to care for their health.

The speaker identified other key success factors of this initiative as including effective collaboration with health ministries, donors, academia and NGOs, as well as internal commitment at the top leadership levels. However, it was also noted by the speaker that many challenges still laid ahead before elimination of malaria can be achieved. One of the challenges is the transmission of the disease via asymptomatic patients (people who have contracted malaria and therefore are carriers of parasites but do not display

symptoms). The company is evaluating the feasibility of reducing malaria transmission through the mass screening and targeted treatment of asymptomatic patients carrying parasites. This work may inform the elimination agenda going forward.

In response to a question from the audience about how the company had dealt with earlier criticism that it had received from NGOs about not doing enough to combat malaria, the speaker answered that the company is leading the way in the pharmaceutical industry as it relates to the fight against malaria. Such criticism aimed at companies with substantial access to medicines programs may unintentionally serve as a deterrent to companies which are assessing similar initiatives.

Another audience member requested the speaker to describe how the initiative fits into the company's organizational structure and whether it was internally viewed as mainly a philanthropic project. The speaker responded that the initiative was embedded within the core pharmaceutical division's structure, with revenue streams coming from sales of the medicine at not-for-profit prices to governments (who typically pay with funds received from donors). As such, the initiative was performed in a sustainable way and not viewed as philanthropic – which was another reason for its success.

The **fifth speaker** from a leading UK-based NGO began by explaining the UK's Department for International Development (DFID) view on this topic. Andrew Mitchell (DFID's Secretary of State) recently unveiled his vision for DFID as an organization which needed to be more "business friendly" and launched a new Private Sector Department.

Historically, issues such as tax avoidance, corruption, economic instability caused by market fluctuations and labour rights abuses have cemented the view for many commentators, activists, and peer NGOs that engagement with the private sector does not deliver solutions for poverty. These issues are complex and the NGO spends a significant amount of time researching and screening its corporate partnerships and collaborations because of such complexities. However, the organization is convinced of the responsibility it has as an international NGO to seek meaningful dialogue and partnerships with the private sector given the sector's global reach and its interactions – through markets and corporate investments – with the poor and marginalised.

The speaker then showed a pyramid model which demonstrated various types of social investments by businesses which illustrated the idea that the more closely a partnership is aligned to the company's core business, the more investment and resource the company is willing to contribute. The speaker's NGO is increasingly seeking to collaborate with businesses in this way rather than focusing on philanthropic donations and has identified three main areas where it believes businesses can make a difference to incidences of poverty:

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- 1) Responsible Business, which it defines as proactive engagement between NGOs and the private sector to create dialogue around poverty and sustainable development, and to generate reform. The NGO engages in policy and advocacy activities with peer NGOs on specific industry issues to positively influence policies and practices across sectors. It also works with companies to increase their understanding of the needs and rights of communities. For example, in Sri Lanka it works with tea buying companies, plantation owners and workers to improve working conditions, but also productivity and stakeholder relations.

 - 2) Inclusive markets – The ability of poor people to maximize their economic potential is often constrained by low profit margins and a lack of access to assets and skills. Furthermore, of the world’s 500 million entrepreneurs, fewer than two per cent have access to financial services and training vital to develop their businesses. For companies, there is an opportunity to invest in, and source from, groups of farmers and social enterprises supported by the speaker’s NGO to secure the viability of their supply chain and maintain a high quality product.

 - 3) Pro-poor business models – People living in poor communities may have no access to basic services and little choice of consumer products and/or financial services that could directly improve the quality of their lives and livelihoods. The private sector has a unique ability to create and deliver innovative solutions to address the needs of the poor. These include creating new delivery channels, testing new products and technologies and taking these to scale. Together with international companies, the NGO is designing and testing services demanded by the poor which enable partners to experiment in reaching new consumers and develop their market position.

The speaker concluded by stating that within an increasingly complex and interconnected global environment, his NGO has learned that engaging with the private sector was not only important but also part of its responsibility as a development organization. However, doing this effectively requires a genuine investment of trust, time and resources on behalf not only of NGOs but also of companies. Systemic change will come only when the experiences of private sector actors in working towards (and achieving) development outcomes are used to inform and influence the enabling environment of the private sector (e.g., regulations, incentives, mindsets).

In response to a question from the audience about how to negotiate joint initiative where partners have different expectations and agendas, the speaker answered that it is usually a long process and it is important not to make commitments too quickly. All parties need to invest in spending time on research (to find the right partners) and relationship-building, finding “common ground” between the parties, as well as a shared language.

IV. Concluding Remarks

The workshop on MDGs and the Private Sector enabled senior representatives from companies, UN agencies, non-profit organizations and academia to review the outcomes of the UN Private Sector Forum, to discuss positive contributions as well as shortcomings with regard to private sector involvement in achieving the MDGs, and to highlight further opportunities and mechanisms for companies to engage in and accelerate this process. The workshop was well attended with 30 participants and the lively discussions that followed the presentations were characterized by a constructive and dynamic interaction between participants and speakers.

As one consequence of this event, the ICC and BHF are currently in discussion regarding further joint activities addressing the topic of inclusive business models.

Annex I: List of Attendees and their Organisations

Barbeau-Noguchi, Michelle
Deputy Director
The Evian Group at IMD

Bergseth, Olaug
Senior Officer, Corporate Sector
International Federation of Red Cross and Red
Crescent Societies

Bishop, Tim
Head of Private Sector Engagement
Care UK

Bonnell, Virginie
Regional Network Program Officer
World Business Council for Sustainable
Development

Brenninkmeijer, Olivier
Associate Dean
UBIS University

Delarue, Olivier
Head, Corporate Partnerships
UNHCR

Dotta, Roberto
Deputy Director
Business Humanitarian Forum

Fleury, Philippe
Director
KPMG SA

Freymond, Jean
Director
Geneva Dialogues

Goetz, Elvira
Focal Point, Cooperation with the Private
Sector
UNESCO

Golding, Richard
Partner
PricewaterhouseCoopers SA

Gradl, Christina
Director
Endeva

Kantrow, Louise
ICC Permanent Representative to the United
Nations
International Chamber of Commerce

Kavanaugh-Ulku, Lorin
Communications and Knowledge Management
Specialist
Business Call to Action

King, John
Director
Business Humanitarian Forum

Korac, Sofia
Consultant
UNDP Serbia

Lynch, Matthew
Program Manager
World Business Council for Sustainable
Development

Magarinos-Ruchat, Berangere
Director, Sustainability Partnerships
Firmenich SA

Mohaupt, Daniela
Private Sector and Corporate Relations Officer
Stop TB Partnership - World Health Organization

Mugione, Fiorina
Chief, Entrepreneurship Section/EB/DIAE
UNCTAD

Oladele, Tomi
Cost Recovery Advisor
Addax Petroleum

Rietveld, Hans
Global Access and Marketing Director
Novartis Malaria Initiative

Rufenacht, Daniel
Vice President, Corporate Sustainability
SGS SA

Simmons-Lagreau, Susan
Manager, Business Alliance
Global Alliance for Improved Nutrition (GAIN)

Solari, Celia
Program Officer
University for Peace

Stiller, Ylva
Corporate Responsibility Manager
Syngenta International AG

Tedstrom, John
President & CEO
Global Business Coalition on HIV/AIDS,
Tuberculosis and Malaria

Vasudevan, Raksha
Project Assistant
Business Humanitarian Forum

Annex II: Workshop Agenda

The Private Sector and the MDGs: Role, Impact and Opportunities
International Environment House II
Geneva, Switzerland
December 9, 2010

08:30 Registration and Welcome Coffee

09:00 Welcome & Introduction

Keynote Speakers

09:15 Review of the UN 2010 MDG Summit

09:40 Questions and Discussion

09:55 Innovative Business Models

10:20 Questions and Discussion

10:35 A Public-Private Partnership to Encourage Business Initiatives

11:00 Questions and Discussion

11:15 Coffee Break

Company / NGO Presentations

11:30 A Pharmaceutical Company's Malaria Initiative

11:50 A leading NGO's Approach to the MDGs

12:10 Questions and Discussion

12:30 Networking Lunch

* In order to encourage frank exchange, the workshop was held under the Chatham House Rule of confidentiality. For that reason, individual speakers are not identified in this agenda.

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