A post-2015 world fit for children: the role of business

"Business must be a key partner in securing a healthier planet and more prosperous and equitable societies." UN Secretary-General Ban Ki-moon, December 2012

For over a decade, the Millennium Development Goals (MDGs) have been the benchmark by which development progress has been judged. They have helped to galvanise global resources and advocacy in an unprecedented way for the benefit of millions of children and young people across the world. Never before have so many children lived to see their fifth birthday or had the opportunity to go to primary school.

However, progress has been uneven. The poorest and most vulnerable children are still missing out. Hunger remains a global challenge, poor sanitation is hampering progress in health and nutrition, and a changing climate poses an increasing threat to children's lives.

It is predicted that in 2015 almost one billion people will be living in extreme poverty and millions of children will continue to die from preventable diseases.[1]

As we approach 2015, the target end date for the MDGs, attention is focusing on how to accelerate progress before the deadline, and what the post-2015 development framework should look like. This presents a unique opportunity to reshape the global partnership for development and create a vision that is based on human rights, equality and sustainability.[2] This paper will explore how the role of business is critical to ensure a post-2015 world fit for children.

Recommendations for the UK Government

1. Endorse the Children's Rights and Business Principles and encourage businesses to implement them.
2. Ensure that UK aid that is channelled through the private sector delivers positive impacts for children that are measureable, equitable and transparent.
3. Lead efforts to improve global regulatory and policy frameworks that ensure companies respect human rights and the environment, particularly with regard to tax transparency and corporate reporting.

"UNICEF has always worked through partnerships ... [They] are at the heart of how we deliver results for children. They are central to delivering programmes with equity … to increasing our use of cost-effective and efficient innovations … and to responding rapidly and effectively in emergencies."

UNICEF Executive Director Anthony Lake, September 2012

Business and the MDGs

The private sector was largely overlooked when the MDGs were established. The job of meeting the world's development needs was viewed as being solely a matter for governments and civil society. In fact, for decades, financial gains and social development have been treated as separate and distinct with minimal mutual significance.[3]

However, businesses can make a significant contribution to the MDGs by: driving economic growth; bringing investment; creating employment and increasing access to goods and services such as health and education.

Moreover, many businesses have the finance, scale, expertise and versatility to be creative in a way that governments cannot. It is the innovation of private enterprise that has enabled the world to eliminate many diseases, and transform the way we communicate, travel, and use information technology.

Increasingly, companies are partnering with governments, multilateral institutions and civil society to address development challenges. It is clear that business, government and civil society need to work together to solve today's complex social and environmental problems.

UNICEF has a long history of working with the private sector to deliver results for children. Partnerships are central to delivering programmes that reach the most vulnerable and marginalised, to increasing the use of cost-effective and efficient innovations, and to responding rapidly and effectively in emergencies (see Box 1).

As the world changes and becomes more complex, the potential for business to help drive progress on development issues must be recognised. Meaningful and positive engagement between government, business and civil society is critical to the success of any post-2015 framework.[4]

Box 1

NIGER: the peanut paste partnership

Food insecurity and malnutrition are an everyday reality for thousands of families in Niger, West Africa. The country had three child nutrition crises between 2005 and 2012.

During the 2005 crisis, UNICEF formed a partnership with local company Société de Transformation Alimentaire (STA) to produce ready-to-use therapeutic food for the treatment of severe acute malnutrition in children. STA began licensed production of Plumpy'Nut®, a high-energy peanut paste that gets malnourished children back to health fast.

In 2006, STA produced 30 tonnes of peanut paste for UNICEF's child nutrition programmes across Niger. By 2011, this had grown to 2,700 tonnes and the company was exporting to other countries in the region. UNICEF remains the largest customer.

UNICEF's partnership with STA has increased the Nigerien and regional supply of peanut paste and supported the local economy with the creation of new jobs. UNICEF has also been able to bring down the price of therapeutic food for malnourished children in Niger by obtaining 100 per cent of its supply nationally. During the 2012 crisis, because of the increased production by STA, Niger was able to treat more than 300,000 severely malnourished children more rapidly and at lower cost.

Doing business in a changing world

The world has undergone significant changes since the MDGs were agreed. New and emerging issues such as a changing climate, increasing inequality and youth unemployment are forcing businesses and governments to rethink how they operate. For example, the global impact of climate change on labour productivity is already estimated to cost the world economy US$ 300 billion a year. This is expected to rise to US$ 2.5 trillion by 2030.[5]

Financial and economic crises have led governments across the world to adopt austerity measures, resulting in aid from OECD countries to developing countries falling by nearly 3 per cent in 2011.[6] In the context of shrinking aid budgets, greater emphasis is being placed on the 'value for money' of existing aid resources. Donors are increasingly looking for ways in which they can use aid to generate additional finance from the private sector or engage businesses in identifying solutions to development challenges.

The nature of poverty has also changed. Most of the world's poor no longer live in low-income countries but in middle-income countries. A long period of economic growth in emerging markets has lifted millions of people out of extreme poverty, but has also deepened inequalities within countries.[7]

Against this backdrop, the growth and reach of global businesses has expanded in an unprecedented way. Increasingly, private sector investment rather than aid is referred to when discussing approaches to development. With private financial flows now dwarfing aid to developing nations, businesses are becoming ever more influential in determining the future of nations (see Figure 1).

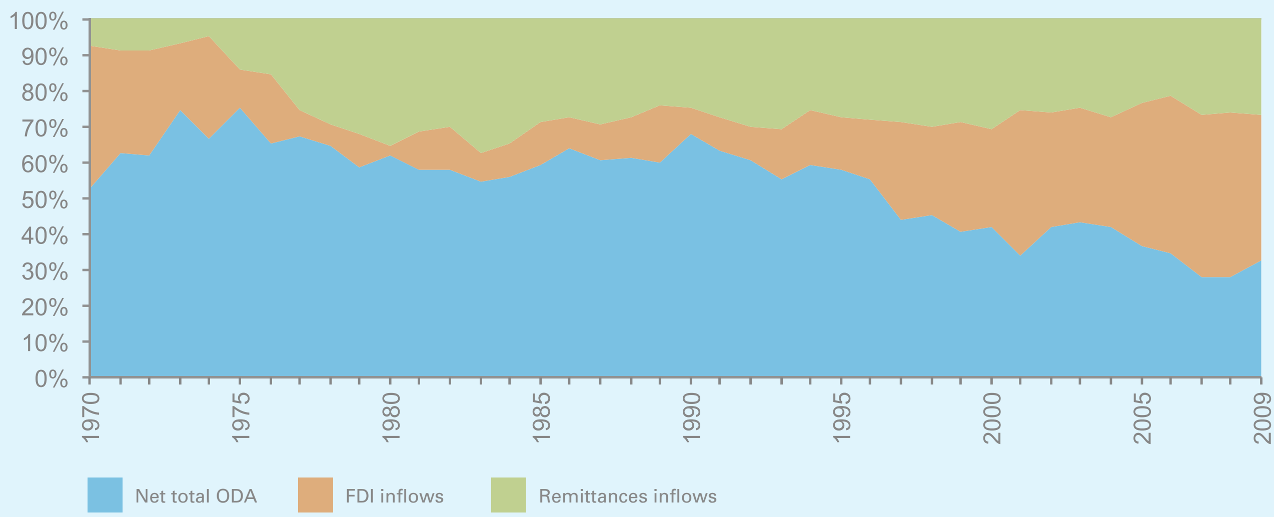
However, social development is not an inevitable consequence of economic growth and businesses can also commit, or contribute to, a wide range of abuses of human rights. In fact, the recent global crises – the credit crunch, rising food prices, climate change and social unrest – have illustrated how businesses are inseparably linked to these problems, more often than not with the power to exacerbate them.

Despite their positive contribution to the MDGs, many companies are involved either directly or indirectly in negative practices such as the exploitation of low wages, hazardous working conditions, child labour, environmental pollution and harmful land acquisitions.

Too many companies behave in a way that undermines the ability of governments to fulfil the rights of their citizens. Corporate tax avoidance is an example of this and its effects are far-reaching. Around US$160 billion dollars of income is lost by developing countries each year due to private companies failing to pay taxes. One estimate suggests that the lives of 1,000 children under five could be saved every day if international tax abuse was challenged.[8]

Figure 1

Aid and other external flows to Africa



Source: African Development Bank and United Nations Conference on Trade and Development databases, 2011, and OECD Development Assistance Committee Statistics, 2011.

Prioritising short-term financial performance while ignoring the broader influences that determine longer-term business success has led to declining trust in business – something that corporate social responsibility has failed to restore, largely because it has often sought to improve organisational reputation rather than change core business behaviour.

Clearly poverty, inequality and social instability are not good for business. Wealthy populations are better consumers than poor ones; and employees are more productive if they are healthy, educated and happy. Furthermore, businesses clearly depend on reliable energy, water, storage, communication and transport.

Therefore, business models that link community development objectives with core business practices are most likely to have a significant and sustainable impact.[9] This is because the biggest impact a company has on development derives from its everyday activities: the people it employs, the materials it sources; the products it sells and the taxes it contributes.

This idea that businesses must reconnect company success with social progress forms the basis of the principle of 'shared value': this involves enhancing business competitiveness and economic value in a way that also creates value for society by addressing social needs and challenges.[10]

Businesses that adopt these inclusive approaches will include the poor on the demand side as clients and customers, and on the supply side as employees, producers and business owners. [11] The benefits to businesses of adopting inclusive approaches can be significant: enhanced competitive advantage, customer loyalty, increasing local workforce productivity, building reputation and improving risk management.[12]

Such models are gaining in popularity, but they still only represent a small proportion of business (see Box 2). The real challenge is how to engage with the majority of companies that have yet to understand the importance of human rights and sustainable development to their own success.

Box 2

Unilever: championing sustainable business

Unilever launched its Sustainable Living Plan in 2010. This aims to double sales and halve the environmental impact of its products over the next 10 years. This is integrated into Unilever's business plan, rather than a separate corporate social responsibility project.

The Plan is particularly ambitious as it takes responsibility for the environmental footprint of its products right across the value chain, from the sourcing of raw materials all the way through to the consumer's use of products.

It includes health related targets that require consumers to change their behaviour, such as encouraging people to eat foods with lower salt levels and changing consumers' hygiene habits to help reduce diarrhoea – the world's second biggest cause of infant mortality.

UNICEF, the Unilever Foundation and Domestos (Unilever's leading toilet hygiene brand) have partnered to improve hygiene and toilet facilities in communities around the world. Together, we will help bring improved sanitation to 400,000 people across nine countries.

"The international community has determined that sovereignty can no longer serve as a shield behind which governments are allowed to commit or be complicit in the worst human rights violations. Surely the same must be true of the corporate form." John G. Ruggie, Professor in Human Rights and International Affairs, Harvard Kennedy School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Investing in children: the greatest impact for development

The release of the UN Guiding Principles on Business and Human Rights in 2011 created an internationally agreed framework that sets out the responsibility of businesses to uphold human rights.[13] Importantly, the UN Guiding Principles call on businesses to pay particular attention to groups that may be more vulnerable or marginalised. On all counts, children are a priority stakeholder group – frequently the most vulnerable and marginalised.

Children under the age of 18 account for a third of the world's population and constitute more than half the population in many developing countries. It is inevitable that businesses of all sizes will have an effect on their lives in a multitude of ways. They are consumers, members of employees' families, and future employees and business leaders. They also live in the communities and share the environments in which businesses operate, and are often affected more severely than adults by the hazards of industry, such as pollutants.

A focus on children brings a unique lens to the role of business in sustainable development, as it requires companies to recognise their responsibilities to both current and future generations and the natural environment. The world of the future must be one that is fit for children.

The recently launched Children's Rights and Business Principles complement the UN Guiding Principles by detailing where businesses need to take special considerations in the workplace, marketplace and community in order to meet their responsibility to respect and support children's rights (see Box 3).[14]

The Principles call for business to establish appropriate policies and processes, as set out in the UN Guiding Principles, to address the potential and actual impacts on children's rights both within their own business operations and through their value chains. This includes a policy commitment, due diligence process and remediation measures.

Positive action for children makes business sense: it can build reputations, improve risk management and enhance a company's social licence to operate. This includes gaining and maintaining the support of the people who live and work where the business is conducted.

In fact, safeguarding children's rights helps build the strong, well-educated communities that are vital to creating a stable, inclusive and productive business environment.


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Box 3

Children's Rights and Business Principles

In June 2010, UNICEF, the UN Global Compact and Save the Children launched a process to create a set of Principles offering concrete guidance on what business could do to respect and support children's rights. More than 600 business leaders, civil society and government representatives, key experts and children participated in the development of the Children's Rights and Business Principles, launched in 2012.

The Children's Rights and Business Principles are the first comprehensive set of principles to guide companies on the actions they can take in the workplace, marketplace and community to respect and support children's rights.

All business enterprises should:

1. Meet their responsibility to respect children's rights, and commit to support the human rights of children.
2. Contribute towards the elimination of child labour, including in all business activities and business relationships.
3. Provide decent work for young workers, parents and caregivers.
4. Ensure the protection and safety of children in all business activities and facilities.
5. Ensure that products and services are safe; and seek to support children's rights through products and services.
6. Use marketing and advertising that respect and support children's rights.
7. Respect and support children's rights in relation to the environment and land.
8. Respect and support children's rights in security arrangements.
9. Help protect children affected by emergencies.
10. Reinforce community and government efforts to protect and fulfil children's rights.

The role of business post-2015

The process for defining a new development framework provides the international community with a tremendous opportunity to engage business in a way that it has not before. It is clear that social investment and philanthropy alone is not enough.

At a minimum, all businesses must ensure that they behave responsibly and are 'doing no harm'. This means being able to monitor and report on how their operations, products and services impact on children's rights, including any adverse effects through damage to the environment or reducing access to and availability of natural resources. Once this has been done, businesses need to demonstrate the steps they have taken to prevent and address any negative impacts that have been identified. These evaluations need to be regular, self-funded, independently conducted and publicly available.

However, in order to maximise their impact on development and contribute to a sustainable future, businesses should do more than just the minimum. As well as treating people fairly, businesses must deliver value for investors, customers, and employees; improve the living standards of employees and communities and make wise use of natural resources. Companies have the opportunity to use organisational resources and expertise to create wealth, employment, products and services with and for the poorest.

Of course, providing financial support to communities will continue to be a significant way for many companies to contribute to social and economic development. However, establishing a more strategic link between social investments and core business will make it more likely that such activities are sustainable and have the greatest impact.

Businesses that go further and champion sustainable development at national and international policy forums, have the potential to transform some of the structural barriers to environmental and social change. This includes supporting government efforts to create a corporate regulatory and policy environment that ensures respect for human rights and protection of the environment.

An example of this is UK insurance company Aviva. In 2011, Aviva launched a Corporate Sustainability Reporting Coalition, calling on all governments to develop an international policy framework on corporate sustainability reporting.[16] Aviva has continued its leadership on this issue, calling for a convention on corporate sustainability reporting at the United Nations Conference on Sustainable Development in 2012.[17]

Finally, contributions to development are more likely to be effective if businesses join others in partnership and collective action. This also includes working with governments to ensure that business activity strengthens national systems rather than duplicating or undermining them.

Box 4

UNICEF UK calls on all businesses to adopt the Children's Rights and Business Principles and take the following measures to maximise their impact on development:[18]

1. **Do no harm**
   A business needs to monitor and report on how it is preventing and addressing any negative impacts on children's rights. These evaluations should be self-funded, independent and transparent.
2. **Align development objectives with core business activities**
   Use organisational resources and expertise to create wealth, employment, products and services for the poorest.
3. **Make strategic social investments and philanthropy**
   Increase the likelihood of such activities being sustainable and reaching a scale of significance by aligning them with core business.
4. **Advocate and engage in public policy**
   Become champions for sustainable development on the national and international stage.
5. **Partner for change**
   Contributions to development are more likely to be effective if businesses join others in partnership and collective action.

What is the UK Government's role?

Governments are legally responsible for realising human rights commitments. Having ratified the UN Convention on the Rights of the Child in 1991, the UK Government has a significant role to play in promoting the Children's Rights and Business Principles, both domestically and on the international stage.

Encouraging businesses to implement the Principles across all government departments would show the UK Government's commitment to encouraging socially responsible business at home and abroad.

Relying on businesses to take voluntary action will not be enough. Initiatives to promote socially responsible behaviour will always compete against other factors that are considered more fundamental to the business such as maximising profitability. Such voluntary actions and initiatives should not be a substitute for Government action to ensure businesses do not adversely impact on children's rights. A strong UK regulatory and policy environment for businesses is critical to ensuring that companies respect human rights and the environment wherever they operate.

The UN Committee on the Rights of the Child recently adopted a General Comment that provides clarification on the obligations that States have regarding the impact of businesses on children's rights.[19] Recommendations to States include: requiring all State-owned businesses, and where appropriate large businesses, to undertake due diligence on child rights, make public their efforts to address impacts on children's rights and to protect the rights of children beyond their territorial borders. States are also urged to include information in their periodic reporting to the Committee on the measures they have taken to respect, protect and fulfil children's rights in the context of the operations of businesses both domestically and, where appropriate, other countries.

Governments should take appropriate measures to ensure businesses do no harm as well as encouraging businesses to shape their core business strategies so that they contribute to development objectives. This is particularly relevant for the UK's Department for International Development, given that it is aiming to spend 8 per cent of its budget on or with the private sector by 2014–15. With increasing amounts of UK aid being channelled through the private sector, it is critical that businesses behave responsibly overseas. Furthermore, greater investment through the private sector to deliver aid must be coupled with rigorous impact studies to evaluate whether the investments will actually deliver positive impacts for the poorest and most marginalised.

Recent research has shown that existing frameworks do not provide an accurate picture of the actual impact of business activity on development.[20] Too often the number of jobs created is a proxy measure. What is needed is a system that measures short-term results and also longer-term impacts and outcomes – like decent work and job security. Jobs provide an income. Decent work provides a livelihood.

Although over recent years, the UK Government has taken a number of steps to ensure companies cannot legally commit human rights abuses within the UK, it has failed to do the same for UK companies that commit human rights abuses abroad. Evidence from recent years of the impact of UK corporations operating overseas reveals many cases of human rights abuses.[21] This is a particular concern for children, as it can be extremely challenging for them to obtain justice for violations of their rights.

The principles of international cooperation to realise children's rights are clearly set out in the UN Convention on the Rights of the Child.

Box 5

David Cameron's "golden thread" of successful development

UK Prime Minister David Cameron refers to a "golden thread" of successful development. He has highlighted the importance of private sector investment, good governance and open economies in poverty reduction and human development. He has also emphasised that the "golden thread" is a people-centred understanding of development that is based on the understanding that societies and economies are more likely to develop when they are more accountable and open.

Safeguarding children's rights helps build the strong, well-educated communities that are vital for the stable, inclusive and productive business environment that the Prime Minister seeks. The Prime Minister should endorse the Children's Rights and Business Principles and encourage businesses to implement them.

The UK Government has an important role to play in assisting those countries with the least resources and capacity to prevent and address violations of child rights committed or contributed to by business. Where a UK-linked business is accused of violating human rights or damaging the environment overseas, UK courts should be able to hear the case.

The UK Government also has a role to ensure that businesses do not weaken the ability of governments of developing countries to provide essential services like health and education for children. Governments can only do this if they have a sustainable and predictable source of finance. The bedrock of this finance, in any country, is taxation. Developed countries tend to raise between 25 to 45 per cent of their gross domestic product (GDP) from domestic revenues. However, most developing countries generate less than 15 per cent of GDP from these sources.[22] The United Nations estimates that if the world's least developed countries raised at least 20 per cent of their GDP from taxes, most could achieve the Millennium Development Goals.[23]

The UK Government should lead efforts to call for greater global tax transparency. There is a particular onus on the UK to take action, since three British Crown Dependencies and 14 Overseas Territories, notably the Cayman Islands and Jersey, are among the world's leading tax havens.

Recommendations for the UK Government

To support the role of business in international development, UNICEF UK calls on the UK Government to:

1. Endorse the Children's Rights and Business Principles and encourage businesses to implement them.
2. Ensure that UK aid that is delivered through the private sector delivers positive impacts for children that are measureable, equitable and transparent.
3. Lead efforts to improve global regulatory and policy frameworks that ensure companies respect human rights and the environment, particularly with regard to tax transparency and corporate reporting.

"Responsible business means acting with respect for human rights, reflecting the fact that long-term business prospects are tightly coupled with society's well-being."

UN Commissioner for Human Rights Navi Pillay, December 2012

Conclusion

Development is complex and multi-faceted. As businesses generate employment and stimulate economic growth, we must ensure that the rights of children – the future of our communities and countries – are fully protected.

The post-2015 agenda provides governments, businesses and civil society with an opportunity to create meaningful and effective partnerships to support children's rights. Ensuring that these partnerships make a long-lasting and positive impact may be challenging as it will require a long-term perspective, real engagement with all stakeholders, and the flexibility to respond to local and regional contexts.

However, this is a challenge that governments, businesses and civil society must embrace. The likelihood is that, rather than being a partial contributor in the years beyond 2015, business will be a key driver of development. Post-2015 is thus a key opportunity to get that development right.

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Further reading

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