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Keeping the Score: Business Contributions to the Millennium Development Goals

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There is no doubt that the private sector is a key factor in the worldwide effort to alleviate poverty and achieve the Millennium Development Goals (MDGs) by 2015. Multinational corporations and large businesses in the developing world – given their economic weight – are looked upon to make a particular contribution. To strengthen corporate support for the MDGs and to prompt companies to monitor their effectiveness and assess their roles and opportunities, the UN Millennium Project commissioned by the UN Secretary-General has proposed very recently that large companies recount their contributions to the MDGs by means of a *Millennium Development Goals scorecard* in their annual reports. This short paper provides background information on the idea, presents arguments for the proposal, and makes practical suggestions as to how companies could get started - just in time for the forthcoming MDG + 5 review in New York this autumn. [a]

The Idea: a Millennium Development Goals Scorecard for Companies

In January 2005, a team of leading development experts proposed the most comprehensive strategy ever put forward for reducing global poverty and improving the lives of at least one billion people in poor countries by 2015. This is the outcome of the UN Millennium Project[b] and has been published in a report entitled *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals.*[c]

> **The Millennium Development Goals**
> 1. Eradicate extreme poverty and hunger
> 2. Achieve universal primary education
> 3. Promote gender equality and empower women
> 4. Reduce child mortality
> 5. Improve maternal health
> 6. Combat HIV/AIDS, malaria and other diseases
> 7. Ensure environmental sustainability
> 8. Develop a global partnership for development

Among many other pertinent issues, the report highlights the significance of business for achieving the Millennium Development Goals (see box) and their associated targets.[d] The private sector contributes to the MDGs in various ways: by making investments that increase productivity, create jobs and enhance local income, by paying taxes, by embedding social, ecological and human rights standards in operational areas and supply chains, by adapting products and services to the needs of poor people, by entering public-private partnerships for basic service delivery, by promoting transparency and engaging governments in policy dialogue, and by practicing corporate philanthropy.

To strengthen corporate commitment to the MDGs and to prompt companies to monitor their influence, the Millennium Project team recommends that contributions to the MDGs should be illustrated in company reports in the form of a *Millennium Development Goals scorecard*.[e]

Arguments for the MDG Scorecard

Attribution and recognition: Some sceptics may argue that companies are not accountable for achieving the MDGs and that is true. Rather it is developing country governments who are accountable to their citizens for achieving the MDGs (MDG1-7), and governments of industrialized countries are accountable especially for MDG8. In any case, the MDG scorecard is not primarily about accountability but it is about *attribution* and *recognition*. While the targets on which companies usually report are defined at the *company-level*, MDGs are defined at the global and *country-level*. As such, the MDGs provide a useful framework in which to demonstrate the benefits of business activities to society. It is in a company's interest to make known their contributions to poverty reduction and sustainable livelihoods. The MDG scorecard is a novel communication tool that can be used in dialogue with stakeholders.

No need to reinvent the wheel: Other sceptics may be concerned about reporting fatigue and this has to be taken seriously. An increasing number of companies are already reporting on self-imposed social and environmental targets, as illustrated in a recent survey.[f] Therefore, the proposed MDG scorecard, which - to our knowledge - has not yet been piloted, must be simple in design and must build on existing reporting instruments. The Global Reporting Initiative (GRI), for example, has already suggested indicators from the *Sustainability Reporting Guidelines*[g] that might be paired with the MDGs, thereby building on the work done by the UN Development Programme (UNDP) and The Prince of Wales International Business Leaders Forum (IBLF).[h] Another valuable point of reference is a proposal made by the Ethos Institute to match the MDGs with the Ethos Indicators on Corporate Social Responsibility.[i]

Suggestions for Getting Started

1. Size matters: Reporting only makes sense - and is more telling - for companies with large operations in or substantive trading with developing countries and countries in transition. Companies, therefore, will first need to ask themselves whether they fit this description. The Millennium Project team encourages, for example, all Fortune 500 companies to come up with an MDG scorecard. But not only revenues count in terms of size; the number of employees must also be taken into consideration, which can be particularly relevant for large companies in developing countries.

2. Assess yourself: The MDG scorecard should be the result of a self-assessment, taking into account the voices of important stakeholders. We suggest a five-level system for rating company contributions to the MDGs based on selected indicators:

- Level 1 - high contribution
- Level 2 - moderate contribution
- Level 3 - low contribution
- Level 4 - no contribution
- Level 5 - negative contribution

Each rating should be justified by quantitative indicators and/or qualitative explanations. It should reflect core business actions, advocacy and policy engagements, as well as philanthropic activities.

3. Report on those MDGs relevant for your business: In general, companies should report on contributions that are material to reaching the MDGs. Companies will not need to refer to all MDGs and corresponding targets. Depending on the industry sector and company-specific values, policies and traditions, some MDGs will be more relevant than others. For pharmaceutical companies, for example, it will be imperative to refer to MDG8/target 17 (*access to affordable essential drugs).* For IT companies, MDG8/target 18 (*make available the benefits of new technologies)* is obviously closer to their business.

All companies should, however, report on their contributions to achieving the broader MDGs and targets such as MDG 1/target1 (*halve the proportion of people whose income is less than one dollar a day).* Attributing a company's contribution to this target will require, for example, data on the number of unskilled workers employed, the total of salaries and benefits paid to poor households, etc.

4. Use the UN indicators as a point of reference: The indicators established by the UN[j] to measure a *country's* progress in achieving the MDGs must be the point of reference. Companies can – as mentioned above - use indicators from existing sustainability reporting. However, to be meaningful the indicators used should be as close as possible to the UN indicators. Take, for example, the indicator *'share of women in wage employment in the non-agricultural sector'*, which is one of the UN indicators used to measure MDG 3/target 4 (*promote gender equality and empower women)*. A closely corresponding indicator at the company level is the *'share of women in wage employment in the workforce'*.

In autumn 2005, the UN General Assembly and other bodies will review achievements under the MDGs. Both developing and industrial countries will report on their progress. This will be the right moment to publish the first company MDG scorecards. Business must play its part or – as highlighted in *Gearing Up* – business must link up to global and national governance frameworks to prevent the backlash against globalisation and to reverse the erosion of trust.[k]

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[a] At the Millennium Summit in September 2000, the largest gathering of world leaders in history adopted the UN Millennium Declaration, committing their nations to a new global partnership to reduce poverty, improve health, and promote peace, human rights, gender equality, and environmental sustainability. The Declaration resulted in eight Millennium Development Goals with specific targets and indicators to be achieved by 2015 (see box).

[b] The UN Millennium Project is an independent advisory body commissioned by the UN Secretary-General to advise the UN on strategies for achieving the Millennium Development Goals. The project is headed by Professor Jeffrey Sachs.

[c] *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals.* UN Millennium Project, 2005 (www.unmillenniumproject.org/index.htm).

[d] www.developmentgoals.org

[e] *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*. UN Millennium Project, 2005, page 145 (www.unmillenniumproject.org/index.htm).

[f] *Risk & Opportunity: Best Practice in Non-Financial Reporting,* SustainAbility Ltd and the United Nations Environment Programme (UNEP), 2004 www.sustainability.com/publications/engaging/risk-opportunity.asp).

[g] *Communicating Business Contributions to the Millennium Development Goals*, Global Reporting Initiative, 2004 (www.globalreporting.org/about/MDG.asp).

[h] *Business and the Millennium Development Goals – A Framework for Action*, The International Business Leaders Forum, 2003 (www.iblf.org/mdgs).

[i] *Business Commitment to the Millennium Goals*, Ethos Institute of Companies and Social Responsibility, 2004 (www.ethos.org.br).

[j] Millennium Indicators Database, UN Statistics Division (http://millenniumindicators.un.org/unsd/mi/mi_goals.asp).

[k] *Gearing Up: From corporate responsibility to good governance and scalable solutions*, SustainAbility Ltd., 2004 (www.sustainability.com/publications/gearing-up.asp) at the request of The UN Global Compact to write the report (www.unglobalcompact.org).