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Business as a Partner in Reaching the Millennium Development Goals

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The question as to whether business has a role to play in tackling the great social and environmental issues facing humankind is a contentious one.

Ever since Milton Friedman asserted that the only obligation which business had to society was to make a profit and pay its taxes the issue has been hotly debated. No where more so than in the United States where there is a generation of corporate leaders whose beliefs have been shaped by the neo conservative thinking which has dominated political discourse in this country for the past 30 years. For the most part these individuals believe that challenges like the Millennium Development Goals (MDGs) are for governments and transnational bodies like the UN to address – *not* for business.

Unilever takes a different view. We do not believe that we have any hope of achieving the MDGs or of creating a sustainable future for our children without the active involvement of business. Of business working in partnership not just with governments and international institutions like the World Bank, but also with NGOs.

I propose to tackle this subject of public/private partnerships from two perspectives:

- first I will offer a rationale as to why business should be involved;
- second I will examine why partnerships between industry, governments and NGOs are so difficult to manage and so tricky to make work.

Working in partnership

Before doing this it might be useful to outline the experience that Unilever has had with partnerships. I do this not for reasons of corporate propaganda but because I will draw on some of this experience to support my arguments.

Unilever's experience of partnerships is extensive and varied.

For more than a decade we have worked with the conservation organisation WWF on developing sources of sustainable fish. We were co-founders with them, in 1997, of the Marine Stewardship Council.

We are working with UNICEF on:

- food fortification programmes in Ghana
- complementary feeding for infants in Latin America
- hygiene programmes in India and Africa.

We are involved in a number of multi-sector partnerships. A good example is WSUP – Water and Sanitation for the Urban Poor – where we work with Thames Water, Care International, WWF and WaterAid on projects to provide clean drinking water.

We have initiated industry-wide partnerships like the Ethical Tea Partnership - which is designed to ensure minimum standards of worker welfare in tea plantations. We founded and lead the Round Table on Sustainable Palm Oil.

We are working with the British and Dutch governments on programmes to address childhood obesity and improved nutrition.

Recently we co-authored, with Oxfam, a report on the impact of international business on poverty reduction in Indonesia.

In short Unilever is committed to working with other stakeholders to address social and environmental issues that touch our business.

Why should companies get involved?

But why should companies get involved in such issues and more specifically why should they help to deliver the MDGs?

The answer to this question is bone-headedly simple. It comes in three parts:

First the problems which the Millennium Development Goals are seeking to address are so complex and so multi-dimensional that they are only amenable to resolution if government, NGOs and industry work effectively together. It is difficult to imagine a problem like climate change being addressed without the active participation of Shell, BP and Exxon. Likewise it is hard to see an issue like poor nutrition being effectively tackled without the involvement of some of the world's major food companies.

A second reason why business needs to be involved with the MDGs is that, like it or not, business has global reach and scale.

- The top 200 corporations account for 28% of global economic activity.
- The top 300 corporations own an estimated 25% of the world's productive assets.
- The top 500 account for 75% of all commodities traded.

We may not all feel comfortable with the power of the big multinational corporations but we have to take the world as we find it. As Jonathon Porritt argues in his recent book *Capitalism as if the World Matters*, we have to work with the grain of capitalism.

A third reason for engaging business with the MDGs is that it has a lot to contribute: technical expertise; market reach; and communication skills.

An example here from Unilever might serve to illustrate how business can help in really practical ways. Take MDG 4 – the reduction of childhood mortality.

Diarrhoea causes around three million deaths a year – mostly among children under five. Yet a World Bank study estimates that the simple act of hand washing with soap and water can reduce diarrhoeal diseases by up to 48%.

Unilever is one of the world's leading manufacturers of soap – with brands such as *Dove*, *Lifebuoy* and *Lux*. One of our biggest markets is India. Our success in India, in the 20th century, was built on selling to around 100m people – largely urban - who would consider themselves to be middle class.

To grow in India in the 21st century will require us to extend the usage of soap beyond this relatively small group, to the 600 million Indians living in rural areas. For this to have any chance of success means that we will have to educate these people at the "bottom of the pyramid" on why soap is important for personal hygiene.

Unilever's mechanism for doing this has been the creation of what has come to be the largest rural health education programme ever undertaken in India. *Swasthya Chetna* (health awakening) is a partnership between government, community leaders, teachers and parents.

The first phase involves trained health educators visiting village schools to teach children about germs and the importance of washing hands after defecation and before eating. The second phase entails inviting mothers from the village to attend health education sessions at which the handwashing message is reinforced and local health workers give talks on pre and post-natal care, infant nutrition and sanitation. The third phase involves recruiting villagers to set up health clubs of their own.

The whole process from initial contact to self-managed health club takes two to three years. It has to be this thorough to ensure that hand washing becomes part of people's everyday routine.

Getting people to understand the need for handwashing is one thing. Persuading them to buy a bar of soap is another. To help people on low incomes a small 18gm bar of *Lifebuoy* has been introduced – enough for one person to wash their hands once a day for 10 weeks. This sells for the equivalent of 2 rupees.

By 2005 the campaign had reached 18,000 villages and touched 70 million people, including 20 million children.

This is a classic example of a "win win" – where addressing a social problem brings obvious business benefit. Based on our experience in India, the *Lifebuoy* handwash programme has been extended to Bangladesh and will be rolled out in, partnership with UNICEF, in five African countries in 2006.

Public / private partnerships

Unfortunately however, public/private partnerships are rarely so simple or so effective as this one. In the vast majority of cases they are very difficult to manage and few succeed. It is worth reflecting on why this should be so.

The problem starts with good, old fashioned prejudice. Each side arrives at the table with all kinds of preconceptions about the other. The stereotype that most businessmen have of politicians and international civil servants is not always a very positive one. We consider them to be slow and bureaucratic, and driven by a desire to find the optimal *political* outcome rather than the best *solution* to the problem in question.

The prejudices on the other side seem equally deeply rooted. There are many in public service who regard the private sector with great scepticism. We are suspected of: self-interest; an obsession with the short term; a wanton disregard of the impact our business activities have on society and the environment.

So prejudice is one big issue that has to be overcome if public private partnerships are to be effectively managed. There are many others:

On industry's side there is an issue of skills. The majority of businessmen are poorly equipped to manage the subtle give and take required in a partnership. Most chief executives are used to getting their own way and they have egos the size of Manhattan. Very few are accustomed to giving up sovereignty over their own affairs - something that partnerships often entail.

Empathy is another quality that business is often short of. Our impatience with government and its speed of decision taking is often borne of a lack of understanding of the complexity of the issues that public servants are dealing with. When we talk to government we often feel that the only arguments that they need to listen to are ours. In practice of course they have to synthesise the views of many different stakeholders – the views of citizens, of NGOs, of the media and of the forces at play in their own political parties.

Of all these stakeholders the most influential are the media – a body of people who, in many parts of the world, are congenitally suspicious of any kind of collaboration between government and the private sector. In the press's bleak view of the world, a politician and a businessman sitting in a room together working to solve a common problem can only mean a shoddy compromise or a dodgy deal.

Another practical problem with making partnerships work is the short tenure of the people concerned. Both politicians and businessmen come and go with alarming frequency. This militates against them being able to build the personal relationships of trust and confidence upon which all partnerships are founded.

So that's my take on public/private partnerships.

- They're frustrating.
- They're difficult to make work.
- They require a big investment of time to build personal and professional relationships that are strong enough to withstand inevitable setbacks.

Changing for the future

Going forward, however, business has no choice but to make these partnerships succeed. The prevailing Anglo/American model of capitalism, characterised by its obsession with growth and its focus on the short term is completely unsustainable. It is unsustainable in its use of the planet's bio-physical resources. It is unsustainable with regard to the extremes of wealth and poverty that it is creating. As the reality of climate change begins to make itself felt and the problems of mass migration of people from the poor south to the rich north begin to bite, you will see business wanting to engage more and more in these kinds of partnerships.

The first signs are there. Some of the biggest companies in the world – General Electric, British Petroleum and latterly Wal-Mart – are beginning to articulate a different future for themselves and for their stakeholders. They are doing this because society wants them to do it. Their customers want them to do it. And they are doing it because if they don't, there won't be a future for their children or grandchildren.

But it will not just be business that will have to change. Governments, NGOs and international bodies will also have to modify their prejudices about big multinational companies. They will have to accept that the likes of Unilever can be part of the solution to big social and environmental problems and yet still deliver good returns for their shareholders.

Lifebuoy is just one example of Unilever making a contribution to the MDGs. I could have cited the study we conducted with Oxfam as evidence of our contribution to MDG 1 – the alleviation of poverty. Or our work on HIV/AIDS awareness in Africa as a contribution to MDG 6, or our sustainable agriculture programme as a contribution to MDG 7.

Business can and is making a difference. Many of us want to do more.

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Note:
For more detail of the initiatives mentioned above, see the Environment & Society section of www.unilever.com