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***Millennium Development Goals:
The contribution of responsible business to sustainable
development***

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Two years ago UN Secretary-General Kofi Annan created Millennium Taskforces with a brief to develop, by the end of this year, practical and deliverable action plans to achieve the Millennium Goals.

Not surprisingly, given his ideas about corporate citizenship and his initiative to establish the Global Compact in 1999, Kofi Annan insisted that business should be represented on the Millennium taskforces.

I quote: "In an age of interdependence, global citizenship - based on a sense of shared responsibility - is a crucial pillar of progress. At a time when more than 1 billion people are denied the very minimum requirements of human dignity, business cannot afford to be seen as the problem.

"Rather it must work with governments and all other actors in society to mobilize global science, technology and knowledge to tackle the interlocking crises of hunger, disease, environmental degradation and conflict that are holding back the developing world".

The Millennium Task forces are, therefore, multi-disciplinary, with strong representation from the public, private and not-for-profit sectors. They include NGOs, politicians from developing countries, independent specialists and representatives from UN agencies, all with knowledge and experience relevant to their respective development goals.

The UN invited Unilever, Norsk Hydro, Time-Warner and Monsanto, representing the food, fertiliser, communication and seed industries, to serve on the taskforce on Hunger. At that time I had just completed my last assignment as Senior Vice President in Unilever's food division, so I was honoured to be chosen by Unilever to serve on this Taskforce.

Personal journey

Over the past two years I have been on a fascinating journey through the developing world to learn from the mistakes of the past and to develop practical plans for a better future for the poor and the hungry.

Field trips to the worst hunger hot spots, meetings with scientists, relief workers, local (hungry) farmers and politicians - among them the presidents of India, Ethiopia, Malawi and Uganda and Secretary General Kofi Annan - and a secondment with NEPAD in Johannesburg, have all shaped my thinking and perspective.

Spending days and weeks in the world's worst hunger hot spots not only changes your outlook on life but challenges your thinking on how best to tackle seemingly intractable problems.

It makes you realise that business has a vital role to play, not least in its ability to contribute expertise, such as problem solving and project planning, and to share business methods and know-how, such as cost reduction techniques and large-scale logistics.

Role of business

At Unilever we have long recognised that business has a part to play in achieving development goals and that business not only cannot afford to be part of the problem but that it can, indeed, be part of the solution. But companies can only play a part if they are responsible corporate citizens.

What do I mean by that? I mean, first and foremost, good corporate governance. For us at Unilever that means, among other things, having a clear code of business principles by which we operate and a supplier code that our suppliers are required to adhere to. We regard that as essential to how we do business.

So when we talk about corporate citizenship, or corporate responsibility as we prefer to call it, we don't see it as something we attach to what we do or something we 'do' to society. It is *an integral part of everything we do*.

Not just voluntary philanthropy or community investment but the impact of our operations and products on society and the interactions we have with the societies we serve. It is thus not surprising that Unilever was one of the first companies to sign the Global Compact.

What does that mean in practice?

Let me give you three examples of how Unilever is contributing to the Millennium Development Goals through "the business of doing business".

Combating poor health through food fortification

Reducing child mortality by two thirds is Millennium Goal 4.

One of the key causes of poor health in the developing world and in particular on the Indian sub-continent and in sub-Saharan Africa is micro-nutrient deficiency.

Insufficient levels of iodine, iron, zinc and Vitamin A in the diet is the direct cause of such health problems as stunted growth, mental retardation, brain damage, damaged eyesight, anaemia, still births and child mortality.

Children born to iodine-deficient mothers often have a lower IQ. This not only limits the child's individual potential, it also has wider social, healthcare and economic consequences.

A key priority of Unilever's business strategy for Africa is to increase its sales in sub-Saharan Africa, an area of 657 million people and a cumulative GDP of around 950 billion euros.

Unilever has been in this part of the world for a long time and we have built strong market positions in many of the towns and cities where what wealth there is tends to be concentrated.

But if Unilever is to succeed in Africa over the longer term, we have to sell to low-income consumers as well and, because we are a business not a charity, we have to be able to do this *and*, sooner or later, make a profit.

Unilever's response has been to develop a range of low cost products that are fortified with micronutrients and affordable by people on extremely low incomes.

Drawing on innovative product and system development work by our business in India, the product we introduced first was a low cost salt brand fortified with iodine called *Annapurna*.

We launched this in Ghana in 2000 in partnership with Ghana's Health Ministry and UNICEF. Both organisations had been trying to persuade Ghanaians of the importance of iodine in the diet for many years.

For a population used to buying raw salt in the marketplace, the support of our partners was crucial in helping to persuade people that buying iodised salt in packets at a price similar to raw salt was a smart thing to do.

Our joint efforts include an education road-show that tours the country with the message that iodised salt is "for growing minds"

The results in terms of both business benefits and social benefits have been very positive.

Annapurna salt has, in a very short space of time, increased consumption of iodised salt in Ghana from 28% to over half the population, a percentage that continues to grow. It is still early days but the Ghana Health Service is monitoring the impact of this initiative on public health.

There have been economic as well as health benefits. To get the price as low as possible, we outsourced production to local salt production plants, creating 200 jobs, transferring production know-how and raising manufacturing quality in the process.

From a business perspective, the product started to make a profit after 18 months. This encouraged us to launch a second, low-priced fortified product in Ghana last year, a biscuit fortified with vitamin A and zinc. Called *Krrunchy*, it is designed to boost children's immune systems, and it is already selling at the rate of 6-10 million packs a month.

We are now expanding sales of these products to other countries in West Africa and test marketing new products such as wholemeal maize flour fortified with iron in Kenya and salt that is fortified with both iodine and iron.

In doing so we are contributing to the Millennium Goals for food security and combating disease, as well as reducing child mortality.

My second example concerns Millennium Goal 7 – ensuring environmental sustainability.

Sustainable tea production

Globally, agriculture is under enormous environmental pressure. There is growing competition for land use, valuable land is being lost through soil erosion and there is increasing agricultural impact on water supplies.

Agriculture provides more than two-thirds of the raw materials for Unilever's branded products. We buy 28% of the world's spinach, 13% of the world's peas, 7% of the world's tomatoes, 4% of the world's palm oil, and 13% of the world's black tea.

So for us, sustainable agriculture is not just responsible citizenship, it is critical to us maintaining and growing a sustainable foods business.

We have developed sustainable agriculture initiatives for each of our five key crops. Let me tell you about just one of these.

After water, tea is the most popular non-alcoholic beverage in the world and Unilever is the world's largest marketer of branded tea with brands such as *Lipton* and *Brooke Bond*.

We manage our own tea estates in India, Kenya and Tanzania but much of the tea we buy - indeed almost half the tea produced globally - comes from millions of smallholders. Kenya alone has almost 400,000 of these small farmers.

We aim to buy an increasing proportion of our tea from sustainable sources and have spent the past few years running pilot projects on our own estates to identify what constitutes sustainable agricultural practice.

These have shown that a wide range of factors can contribute to sustainable tea production, including not just issues to do with soil fertility, soil erosion and pest management but also managing biodiversity, water and energy use and sustaining local communities and the local economy.

First results are positive. Tests at our estates in India, for example, show that it is possible to make significant reductions in the amount of pesticides and fertiliser used without affecting yield or quality and without increasing cost.

The challenge now is to take this best practice and, working in partnership with smallholders' associations, environmental NGOs and local governments, share it with all tea growers, especially small farmers. We have a number of initiatives in an advanced stage of development designed to do this.

In a commodity market where there is considerable global overproduction and historically low prices, any cost savings and soil quality improvements that can be obtained by low-income farmers has the potential to translate into significant economic and social as well as environmental benefits. So this contributes to poverty reduction as well as environmental sustainability.

Combating disease through hygiene

My third example of how the business of doing business can contribute to achieving the Millennium Goals covers both disease prevention – Goal 6 - and reducing child mortality – Goal 4.

Diarrhoea causes 3.3 million deaths a year, mostly among children under 5 years' old. To put that into perspective, that is the equivalent of one child dying every ten seconds, or a jumbo jet full of children crashing every hour.

Deaths from diarrhoeal diseases represent about a third of total child deaths under the age of five in developing countries. This is not something only undernourished children die from: even reasonably well-fed children die from intestinal problems caused by poor hygiene.

A WHO report estimates that hand-washing with soap and water can reduce diarrhoeal diseases by up to 48%, preventing over one and a half million children from dying a year.

Unilever is one of the world's major soap manufacturers, with brands such as *Lifebuoy*, *Lux* and *Dove*.

In fact soap was the product on which Lever Brothers, one of our two founding companies, was built. And just as the availability of good quality, low-cost, branded soap did much to improve levels of hygiene in Victorian Britain, so has it the potential to do the same today in developing countries.

Unilever runs health and hygiene education programmes in countries across the globe but let me tell you about one programme in particular because it highlights that, where there is commitment to cross sector partnerships working in concert to achieve common goals, it is possible to deliver corporate citizenship initiatives on a large scale.

In India our *Lifebuoy* soap brand has set itself the bold objective of helping to educate one billion Indians over five years about basic hygiene habits, including washing hands with soap.

This initiative, which Unilever is financing at a cost of 750,000 euros a year, is called *Lifebuoy Swasthya Chetna*, which means "health awakening".

It is the single largest rural health and hygiene educational programme ever undertaken in India.

It involves health educators working with young mothers, schoolchildren, teachers, government agencies and community leaders to spread the message, and uses games, stories, songs, drama and a special 'glow-germ' demonstrator that reveals hidden germs.

Last year the programme covered 15,000 villages in eight states in India and reached 70 million people. It's only in its second year, but everyone involved is optimistic that the scale of this project gives it the potential to make a measurable impact on maternal and child health.

An opportunity not a problem

I have purposely focused on some of the practical ways in which Unilever is contributing to the Millennium Development Goals because I hope it provides a useful insight into how one company – and Unilever is by no means unique in this – approaches corporate citizenship through the lens of building a sustainable business.

The challenge for the UN Global Compact, UN Development Programme and those of us on the Millennium task forces is how to engage other companies in the global development agenda in practical ways in order to achieve greater scale and impact – something arm's-length corporate philanthropy, however laudable, simply cannot achieve.

Of course enlisting the contribution of other companies is not helped by constant criticism of multinational business and of the Global Compact by some NGOs and sections of the media.

In my view it is time to move on from the repetitive rhetoric that says all business is bad and profit is a dirty word. It is not only wrong but counterproductive.

As Kofi Annan said at the Global Compact meeting in New York in June: "Civil society actors need to accept that the business community is not a monolithic bloc; that it has leaders and laggards; and that leaders should be encouraged when they take positive steps...and not be frightened off from trying in the first place".

Because the reality is that for business to be fully engaged in the global development agenda, there has to be a business reason, not just a humanitarian one.

This should not be seen as a problem but an opportunity. As Mark Malloch Brown and Robert Davies put it in a recent article in the *Financial Times*¹, if you look at it *this* way, it "leads to a very different perspective on how to tackle global poverty". "Engaging the poor in markets as consumers, employees or entrepreneurs and providing them with services are", they say, "valid business opportunities and increasingly attractive ones".

Unilever has operated in developing and emerging markets for many years, and last year these markets accounted for 34% of Unilever's sales, up from 20% at the beginning of the nineties.

But for anyone who still needs convincing there is a business case as well as a humanitarian one for doing business in these countries, consider these few facts;

¹ *Financial Times*, Business & Development Supplement, 24 June 2004

- developed markets are reaching saturation point for many goods and services;
- by 2010, nearly 90% of the world's population will be in developing and emerging markets;
- by 2006, purchasing power in developing and emerging markets will exceed the developed world.

So these markets represent strategically important sources of economic expansion for multinational businesses and, because many of these markets are in the earliest stages of development, growth can be extremely rapid.

Role of governments

But business cannot do it alone. Governments must play their part as well in ensuring good governance and demonstrating they have the political will to create the right conditions for business to operate in those countries where the world's poorest people live.

Many are pessimistic about the prospects of this happening but I am optimistic. Why?

You will all be familiar with jokes about good news and bad news. Such as the story about the man who is told by his doctor that he has bad news and very bad news. The bad news is that medical tests indicate he will die within 24 hours. "How can there be worse news?" exclaims the man. "Well", says the doctor, "I had hoped to tell you this yesterday".

The development world has provided bad and very bad news for decades. But today I have good news and very good news for you.

The good news is that the Millennium Goals are achievable if sufficient political will is mustered in the developing *and* developed world to create the right conditions for successful activity.

The very good news is that I believe the necessary political will is beginning to take shape.

This month I was in Addis Ababa with the Hunger taskforce at the invitation of the Ethiopian Government. The taskforce was asked to organise a seminar on innovative approaches to meet the Hunger MDG in Africa at the African Union Summit.

In his keynote speech Kofi Annan called for "close co-operation between State, international organisations, NEPAD and the *private sector*". He urged them to "work with global solidarity on a new Green revolution to take Africa out of its situation of extreme hunger and poverty".

13 heads of state and 27 cabinet ministers of Sub Saharan states took part in this seminar.

Clear political will was demonstrated to provide the necessary good governance needed to help achieve the Millennium Development Goals and the important role business can play was clearly accepted and recognised.

And, in the developed world, one can point to examples such as the British Government's decision to raise substantially the UK's overseas aid budget and to make development in Africa a key focus of the British Chairmanship of the G8 Summit and EU Presidency next year. Also the International Financing Facility initiative, with its potential to raise development aid by over \$50 billion dollars a year, and the recently launched Commission for Africa.

These are important commitments by politicians prepared to put their own reputations on the line in order to achieve a step change in support of the Millennium Goals in Africa.

Conclusion

So, to summarise, business has a vital role to play in addressing the Millennium Development Goals. This includes contributing not only our expertise, such as business planning and supply

chain logistics, to cross-sector partnerships. It also includes more tangible, business-driven activities such as those I have described.

The very business of doing business in a responsible way can bring social, economic and environmental benefits and where social goals and business goals are aligned – as in the three examples I gave you – the potential synergies and positive benefits can be substantial. In other words, pro-poor and pro-business activities don't have to be separate.

Developing and emerging markets represent a significant strategic business opportunity for the private sector. It is in companies' long-term sustainable business interest to engage in the development agenda.

Business can and must do more to play its part in addressing global social and environmental challenges but so too must governments in creating the right conditions for business to succeed.

I believe there are positive signs that leaders of developing and developed countries are starting to recognise the positive social role business can play in helping to address the Millennium Development Goals, and are developing the political will to create the right conditions for responsible business to contribute to sustainable development.