



Corporate Sustainability

Business for Development – B4D



Through its engagements in corporate social and environmental responsibility, the private sector has entered into the core area of development cooperation: promotion of human rights, democracy, gender and sustainable development. The concept encompasses a wide area – charity efforts, “do no harm” practices and to proactively mobilize core business competencies in contributing to sustainable development and poverty

reduction. The latter interpretation is defined as Corporate Sustainability. It embraces economic, social and environmental sustainability and is a high profile issue for Sida.

Why?

An important determinant for people to escape from poverty is the availability of secure and decent jobs. Governments will not be able to address

development and poverty challenges alone – solutions require engagement of an active and vibrant private sector. The private sector’s contribution to development – and potential contribution to pro-poor growth is obvious: trade and investment create employment, bring skills, technology and access to markets. Through its development and optimisation of best practices in corporate sustainability areas, the private sector has perhaps

its greatest potential to contribute to a wide range development goals.

How?

Sida can promote and support corporate sustainability in several ways:

- Supporting global initiatives to promote and develop guidelines such as Global Compact, GRI and ISO Social Responsibility.
- Support and enable developing countries' participation in the development of international standards, ensuring that the system established take into account poor countries and poor people's needs and perspectives.
- Collaborate with organizations working with companies' CSR activities.
- Strengthen the capacity of small businesses and local producers in partner countries to meet social, environmental and quality requirements of multinational companies.
- Participate in domestic and international policy debates. For example Sida can have a facilitating role in helping developing country governments to create the conditions for responsible sustainable business practices by strengthening public governance frameworks.
- Facilitating business links between multinational companies and the domestic private sector in developing countries by for example providing them training and technical assistance. Promoting inclusive business models – engaging

local suppliers and maximise the transfer of assets and skills to local communities. This can create a multiplier effect that increases local business activity, employment and income.

- In all collaboration with business, including procurement processes, Sida will require companies to have an explicit corporate sustainable approach based on international standards, such as Global Compact's principles, the ILO core labour conventions and the GRI¹.

Expected results and benefits

Promoting corporate sustainability has a great potential from a broad development perspective. Strategically responsible businesses have the ability to contribute to gender equality, improvements in the areas of sexual and reproductive health rights, community development in sensitive or conflict-prone areas, and to proactively engage in innovative climate and poverty reduction solutions. The expected results and benefits are:

- Economic opportunities through employment for people living in poverty
- Protection and promotion of human rights and labour rights
- Decreased environmental impact related to business activities
- Pro-active engagement of business in solutions meeting the Millennium Development Goals

Sida supports the development of a CSR centre in China

A good example of interaction with corporate sustainability activity is Sida's support for the development of a Corporate Social Responsibility Centre in Beijing. With the intention to catalyze the interaction between various actors, the center will serve as a platform for training, meetings and roundtables for Swedish and Chinese stakeholders. The centre plans to attract representatives from Chinese Ministry of Commerce, business community organisations, trade unions, businesses, embassies and NGOs. It also plans to involve the media and journalists.

Sida and the Swedish Foreign Ministry work together with the Centre. The relationship began when the Chinese realised that Swedish companies succeeded financially while employee relations and environmental impacts were managed sustainably. This opened up an opportunity for a dialogue on sensitive issues such as basic human values and rights. Formation of the Centre is important for expanding contacts that can create new collaborations and address issues relating to labor conditions and corporate sustainability. China's role as a major global investor in developing regions such as in Africa, can hopefully also be a matter of discussion.

For more information about Sida's Business for Development program, visit www.sida.se

¹ www.unglobalcompact.org; www.globalreporting.org/ReportingFramework/G3Guidelines/; www.iso.org/sr & www.ilo.org.