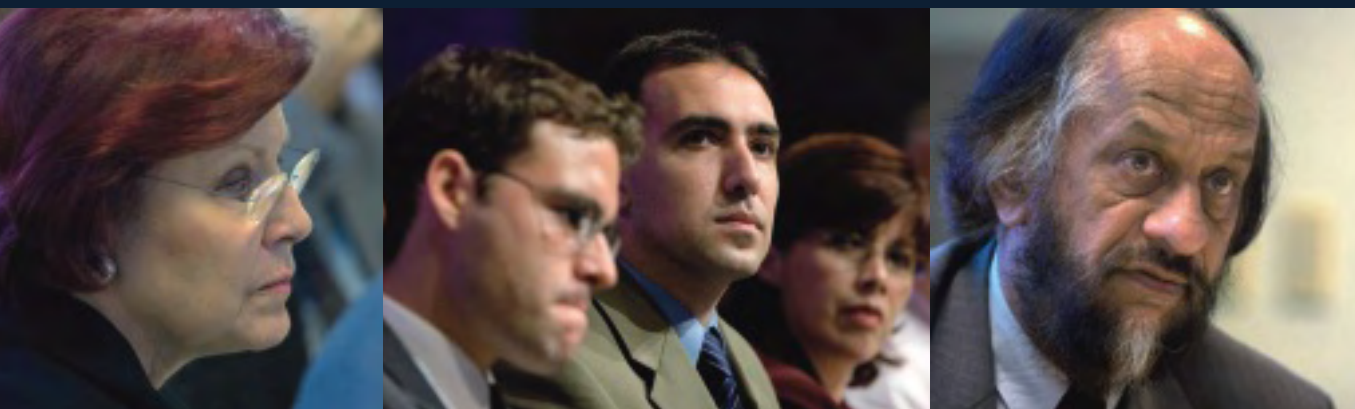


Business and MDGs



Business Engagement for Governance

Report of the 12th International Business Forum
8 - 10 October 2007, Washington, DC




www.businessandmdgs.net



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Contents

Preface	5
1. Forum Topics	7
■ Responsible Business: the Key to the MDGs	8
■ A New Role for Business: Global Issues and Global Rules	9
1.1 G8 2007: Putting “Responsible Business” Centre-Stage	10
1.2 Business Engagement for Governance	12
■ Climate Change	16
- High-Level Policy Roundtable at the Annual Meetings of the International Monetary Fund / World Bank Group: Climate Change and Clean Energy	28
■ Anti-Corruption and Ethical Business Conduct	31
1.3 Drivers for Change: What Factors Have Been Driving this Business Engagement?	46
■ Business and Society: Business Engagement Expected	47
■ Nature of the Challenges: Business Engagement Needed	49
1.4 The Implications for Policy Makers and for Business	52
■ Implications for Policy Makers	52
■ Implications for Business	56
2. Forum Results	58
2.1 Results from the working groups	58
■ Climate Change: The Impact on Corporate Strategy	59
- Small and medium enterprises as a source of innovation	59
- Finance sector and climate change	60
- From Macro to Micro and Back: Adaptation Strategies to Climate Change	61
- Accounting and Reporting Greenhouse Gas Emissions in the Corporate Sector: What Gets Measured Gets Managed	62
■ Combating Corruption: Setting One's Own Standards	53
- Promoting Transparency in the Extractive Industry: The Case of Nigeria	63
- Are Partnerships a Path to Good Governance?	64
- The Recovery of Stolen Asset: A Mechanism to Counter Corruption	65
- Business Associations in the Fight Against Corruption	66

■ Lessons from the Discussion on Business and MDGs	67
- Sustainable Production in Low and Middle Income Countries	67
- The Impact of Corporate Social Responsibility on Small and Medium Enterprises: Using the Examples of Denmark, Latin America and the Caribbean	68
- Hand-in-hand: Tapping Expertise to Achieve the Millennium Development Goals	69
- Business and Nutrition: Reaching 4 Billion Poorest	70
2.2. Results from the e-discussions	71
■ World Bank Institute Youth e-discussion	71
■ InWEnt Alumni Web Discussion	73
2.3 The 12 th International Business Forum and its Key Recommendations	74
3. Reflections on the Business and the Millennium Development Goals series of the International Business Fora	76
4. 12 th International Business Forum - Organisation and Acknowledgement	79
■ Agenda	79
■ About the Organisers	90
■ Corporations and Organisations	91
■ The Participants	92
Bibliography	99
Endnotes	101

For more information on the IBF visit: www.businessandmdgs.net



This Report was prepared by a team from Inspiris Limited. We would like to thank the participants of the 12th International Business Forum for their active engagement in the discussions, and the companies who supplied case study information and gave their views on the themes covered in the Report. For more information on Inspiris, visit www.inspiris.co.uk

Preface

The 12th International Business Forum (IBF) brought together over 300 participants from the private sector, government, civil society and multilateral agencies worldwide to debate business engagement for improved governance in relation to today's pressing global challenges - be they economic, social or environmental.

Organised by InWEnt-Capacity Building International and the World Bank Institute, the participants discussed the role that business can play in shaping the rules of the game at the global level. Under the overarching theme of the role of business in meeting the Millennium Development Goals (MDGs), which has been the central topic of the past two editions of the IBF, this year's Forum dealt in more depth with two issues high on the international development agenda: climate change and corruption. Both these themes were at the centre-stage of the 2007 German-led G8 Summit prior to the Forum and the Annual Meetings of the IMF and World Bank Group that immediately followed the Forum in October 2007.

Interestingly, in the discussion around the impacts of both climate change and fighting corruption, the participants argued for greater collaboration and knowledge exchange between governments, businesses and donors to develop common strategies and solutions. The examples presented during the Forum highlighted ways in which the business community has taken a lead in responding to these global problems and emphasized the need for governments to be more accountable.



Luiz Ramalho

Lastly, the Forum reflected on the "Lessons from Discussions on Business and the MDGs" (Section 1.4), looking in particular at innovative business solutions that have contributed to progress in meeting some of the MDGs in areas such as nutrition and HIV/AIDS, and considering how lessons from these experiences might be applied to meet new development challenges where concerted action is needed. This session built on the discussions from former IBFs on the overall achievement of the MDGs.

Conscious of the need to drill down to specifics, the Forum participants were asked to prioritize recommendations for action over the course of the Forum, culminating in a vote to rank the final "Top Ten" during the closing session. They prioritized calls for stronger partnerships between business, governments, donors and civil society to develop common solutions to the challenges posed by climate change and corruption. The list of final recommendations is presented in Section 2.3 of this report.



Djordjija Petkoski

For the first time, as the conference organisers, we made a conscious effort to incorporate the voice of the youth into the discussion, by hosting two web-based discussions prior to the conference and by organizing videoconference discussions with youth around the world along the themes of the plenary sessions during the Forum itself. We were delighted by the positive response from the young leaders and impressed

Luiz Ramalho
Director
Sustainable Business Environment
InWEnt-Capacity Building International,
Germany

by their ideas. The recommendations that emerged from these youth consultations were then reported back to the business leaders present at the Forum (see Section 2.2).

The 12th International Business Forum represented a step towards forging more effective public-private collaboration on the rules governing today's globalized economy. This was possible thanks to the involvement of all the participants, the insights of the speakers and the successful collaboration between InWEnt - Capacity Building International and the World Bank Institute.

This report includes background analysis of the issues discussed during the Forum, viewpoints of the plenary session experts and working group participants as well as extracts from the blog which provided regular Forum updates to those unable to join us in person in Washington, D.C.

Djordjija Petkoski
Head
Business, Competitiveness & Development
Program, World Bank Institute
USA

1. Forum Topics



“Shared goals, from market-building to environmental protection and social inclusion, have enabled us to build unprecedented partnerships among business, Governments, civil society, labour and the United Nations....We are partners in the understanding that in our globalised world, many challenges are too interconnected and complex for any one sector to face alone”.

“That interdependence brings with it a fundamental realisation: That power cannot be separated from responsibility. That for business to enjoy sustained growth, we need to build trust and legitimacy. That for markets to expand in a sustainable way, we must provide those currently excluded with better and more opportunities to improve their livelihoods”.

*UN Secretary-General Ban Ki-moon,
Opening Remarks at the United Nations Global Compact Leaders Summit, 05 July 2007¹*

“Globalisation has become the defining mark of our time. It has lifted barriers and boundaries, and unleashed movements of ideas, goods, capital, and people. It has created opportunities where there were none. These aims of sound social development need to be combined with the requirements for sustainable growth, driven by the private sector, within a supportive framework of public policies”.

Robert Zoellick, President, World Bank Group IMF/ World Bank Annual Meetings, October 2007

1. Forum Topics

Responsible Business: the Key to the MDGs

There has been a transformation in both the understanding and expectation of business' contribution to the Millennium Development Goals (MDGs)². Most importantly, it is now broadly recognised that the largest contribution business can have - far greater than charitable philanthropy - is by running *successful* and *responsible* businesses: creating jobs, economic opportunities, tax revenues and goods and services.

This raises the issues of what "responsible" business means, how it can be ensured and who should ensure it. The 2007 G8 - the first G8 to do so - put responsible business centre-stage. It made explicit reference to the UN Global Compact, the OECD Guidelines for Multinational Enterprise and other leading principles and codes for responsible business.



Plenary Viewpoint

"There will not be any sustainable development without sustainable business development...some people see business as part of the problem but we see it as part of the solution. We need their contribution. We need that the business sector work together, not in a sense to substitute the governments in becoming part of the rule makers, but the whole development of globalisation needs the work, the cooperation of all sectors involved."

Bernd Schleich
Managing Director, InWEnt – Capacity Building
International, Germany



A New Role for Business: Global Issues and Global Rules

Perhaps the most interesting current debate on what it means for a business to be “responsible” revolves around the role businesses are increasingly playing at the global level, tackling global issues, such as corruption or climate change.

In part, the debate focuses on the extent to which business should be participating in setting the global rules that govern their own conduct. But it also relates to business' role in shaping the conduct of others - particularly governments.



Blog Viewpoint

“The largely business audience agreed that the question is not whether the private sector should be participating in setting the global rules that govern their own conduct, but how.”

*World Bank Private Sector Development Blog,
8 October 2007³*

What is clear is that business is no longer a passive recipient of these rules, and in various ways, on various issues, is working collectively to actively shape them. For business, this is part of a new leadership role that they must play to deliver long-term success for their businesses and the societies in which they operate.

This report summarises the headline issues discussed at the IBF, bringing them to life with case studies, interviews with practitioners, working group discussions, viewpoints from plenary speakers, two web-based dialogues (one organised by the World Bank Institute and the other by InWEnt), and the thoughts of the World Bank bloggers who reported live from the event. More information is available at www.businessandmdgs.net.

The report also outlines the discussion at a high-level policy dialogue, organised as a follow-up to the IBF during the World Bank / International Monetary Fund Annual Meetings. Hosted by the German Federal Ministry for Economic Cooperation and Development and the World Bank, this focused on “Climate Change and Clean Energy - Challenges and Opportunities in Addressing Africa's Growing Energy Needs”.

1. Forum Topics

1.1 G8 2007: Putting “Responsible Business” Centre-Stage



Plenary Viewpoint

“Let me quote that the G8 committed itself to promote actively internationally agreed corporate social responsibility and labour standards such as the OECD Guidelines for Multinational Enterprises and want to see a more active business sector engagement.”

Eckhard Deutscher
*Executive Director to Federal Republic
of Germany, World Bank Group*

Participants of the 11th International Business Forum in 2006 underlined the important role that business can play in achieving the MDGs by running successful and responsible businesses in developing countries: doing good by doing good business.⁴

A similar sentiment was expressed at the 2007 G8 Summit, which focused on “Growth and Responsi-

bility”.⁵ The Summit Statement recognised that cross-border investment can make a “major positive contribution to economic growth, social and environmental development” provided “appropriate framework conditions are in place”.

The Summit Statement described these “framework conditions” as including not only an “open investment environment” but also “corporate and other forms of social responsibility”. This is the first time the G8 has looked at “corporate social responsibility” (CSR) in any detail⁶. So, alongside commitments to “strengthen open and transparent investment regimes” are pledges “to promote actively internationally agreed corporate social responsibility and labour standards, high environmental standards and better governance”.⁷

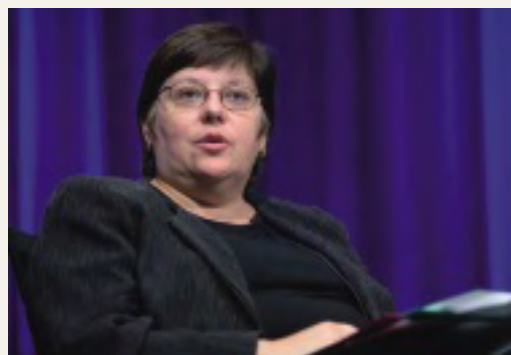


The statement highlighted the wide range of international codes and standards in place to encourage responsible business, calling, for example, for the

business community to “adhere to the principles in the OECD Guidelines for Multinational Enterprises” and “to participate actively in the Global Compact”.⁸ The statement also called for an “improvement of the transparency of private companies’ performances with respect to CSR, and clarification of the numerous standards and principles issued in this area by many different public and private actors”.

Specific emphasis was placed on the issues of *corruption* in the context of natural resources, with explicit support for the Extractive Industries Transparency Initiative (EITI), and *climate change* - the main theme for the Summit overall. On the latter, the Statement welcomed the United Nations Environmental Program Finance Initiative and made commitments to share experience of different market mechanisms, such as emissions-trading.

The 2007 G8 put into the spotlight the broad set of global rules and principles that aim to define what it means for a business to be responsible. At the same time, it provided a window on one of the most fascinating developments in recent years - the interaction of business and the global “rules of the game”. How those rules are shaping business behaviour, and increasingly, how businesses are shaping those rules. The 12th International Business Forum sought to explore these developments in closer detail.



Plenary Viewpoint

“A year ago we would have only been talking about mitigation...what I am now starting to hear from business, that I had not heard a year or two ago, is adaptation, and we at the World Bank believe that we need both pieces of the puzzle very much as part of our strategy”.

Katherine Sierra
Vice President, Sustainable Development, World Bank

1. Forum Topics

1.2 Business Engagement for Governance



“In an age of interdependence, global citizenship - based on trust and 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 mobilise global science, technology and knowledge to tackle the interlocking crises of hunger, disease, environmental degradation and conflict that are holding back the developing world”.

Kofi Annan, Former UN Secretary-General⁹

Traditionally, it has been governments that have determined and enforced the rules of the game, while at the same time acting as guarantor of citizens' participation in this process.¹⁰ But this is changing, particularly when one looks at the global challenges that transcend national boundaries. So-called "global public goods" - such as preserving biodiversity, contributing to solutions to combat climate change and its effects, tackling the spread of diseases, setting human rights standards or agreeing international trade rules - can only be achieved if governments and private actors work together.¹¹

Today, multinational corporations and civil society groups are actively engaged in setting new agendas, negotiating details of new agreements and implementing, monitoring and enforcing rules and standards in areas as diverse as peace-keeping, human rights, social standards and the environment.¹² Non-government organisations have been actively involved in campaigning for responsible corporate behaviour¹³, while businesses have been, often collectively, developing processes to regulate their own behaviour. And both NGOs and businesses have been helping develop and implement processes to shape government behaviour. In short, the state is no longer the only player on the block.

This growth in so-called "private governance" at the global level, where multinational companies and international business organisations have been taking on - sometimes in partnership with NGOs - "roles traditionally associated with public authorities"¹⁴, has been described as a "fundamental reconstitution of the global public domain"¹⁵.



Plenary Viewpoint

"We can be proud of the OECD guidelines, ...which establish a bridge between business' role in rule making and rule taking, ...but there is still a long way to go to make them fully effective. The Guidelines are not sufficiently known globally, ...we have to better articulate the interaction between these various codes and instruments so that there is no confusion, we have to bring in new partners such as China and India into this discussion,... the Guidelines should be more closely integrated into the business agenda, ...and action is needed to strengthen the National Contact Point process [the local structures for implementing and promoting the Guidelines]".

Rainer Geiger
Deputy Director, OECD Financial and Enterprise Affairs

1. Forum Topics



This trend has resulted in a proliferation of statutory and voluntary codes and standards and, perhaps most interestingly, new partnerships¹⁶ - from the global to the industry or issue specific (see the Info Box, below, for examples) - with businesses no longer simply the passive recipients of rules, but actively engaged in creating them. In some cases, these build on existing international and national legislation, but in others they fill a regulatory space where states have been unable or unwilling to act (such as on conflict diamonds or labour standards in developing countries)¹⁷. Increasingly these are underpinned by compliance auditing, standardisation of reporting systems and certification, and - through the internet - better access by stakeholders to information on businesses' social and environmental performance.¹⁸

Of course, the growth of codes and standards must be understood within the broader context of the positive impact that business can have on global governance issues through their core business activities, such as through their supply and distribution chains with small and medium enterprises: supporting growth and national and local economic development - creating incentives to reduce corruption; spreading ethical corporate good practice; or supporting innovation and enterprise development in the renewable / clean energy sector.



Info Box

Top Principles, Codes and Standards

There has been a proliferation of principles, codes and standards in recent years. Here is a selection of the most important, together with web references.

- UN Global Compact¹⁹
- OECD Guidelines on Multinational Enterprises²⁰
- OECD Anti-Bribery Convention²¹
- UN Convention Against Corruption²²
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy²³
- Voluntary Principles on Security and Human Rights²⁴
- Global Reporting Initiative²⁵
- ISO26000²⁶
- OECD Corporate Governance Principles²⁷
- OECD Declaration on International Investment and Multinational Enterprises²⁸
- Extractive Industries Transparency Initiative (EITI)²⁹
- The Kimberly Process³⁰
- United Nations Environmental Program (UNEP) Finance Initiative³¹
- Global Fund to Fight AIDS, Tuberculosis and Malaria³²
- Global Business Coalition on HIV / AIDS, Tuberculosis and Malaria³³
- Marine Stewardship Council³⁴
- Forest Stewardship Council³⁵

1. Forum Topics

Climate Change



"Collective action is extremely important in meeting the problem of climate change, because effective and comprehensive action requires the involvement of all stakeholders. Climate change related action cannot be taken by governments, businesses, civil society or research organisations and academia working in isolation."

"Industry can certainly take the lead, because not only would that show early results, but would also convince sceptics that industry is as much part of the solution as any other section of society."

R. K. Pachauri, Director General, The Energy and Resources Institute (TERI) & Chairman, Intergovernmental Panel on Climate Change (IPCC)

As described in the 12th IBF Background Paper³⁶, a similar story has been unfolding in the climate change space - yet if anything, the emergence of corporate engagement has been starker. Having at first actively rejected the impact of climate change, many companies now stand far ahead of many governments.

Individually, many businesses are bypassing existing governance structures and taking control of their own emissions behaviour, for example setting and adhering to their own emissions targets, reducing waste from processing and looking into capturing and storing carbon³⁷. Board-level "Climate Task Forces" have been formed by many leading companies³⁸, helping communicate the business case for action on emissions trading, and there are increasing levels of public disclosure by major companies of climate opportunities and risks. Various examples of business engagement are outlined below.

Plenary Viewpoint

"Ethical business conduct is vital when it comes to investing in developing countries and helping to build sustainable market economies. The challenge of climate change needs to rank highly on everybody's agenda, innovative solutions in this critical area promise both ecological and economic benefits. Our goal is to improve the governance framework that facilitates private sector investment and the stability of financial markets."

Erich Stather, *State Secretary, Federal Ministry of Economic Cooperation and Development (BMZ), via video link*

As in the anti-corruption policy space, the emphasis is very clearly now on partnership. USCAP's *A Call for Action*³⁹ and the recent statement by 152 CEOs at the UN Global Compact Leaders Summit, *Caring for Climate: The Business Leadership Platform*⁴⁰, both signal a renewed collective effort by business to shape the global debate.



Partnerships are also extending to practical action by business, as illustrated by the three case studies profiled at the IBF and discussed further below. 3C (Combat Climate Change) promotes commercial solutions, technological innovations and market-based investments to reduce global green-house gas emissions. Meanwhile, a partnership between InWEnt and Energiebau Solarstromsysteme, a solar energy company, is exploring how new technology can be adapted to provide electricity to rural areas in Africa. This second project is just one example of wave of investment into renewable energy and associated technology. The third case study outlines an evaluation of investment by DEG, a member of KfW Bankengruppe, in the Kenyan flower industry.

1. Forum Topics

Blog Viewpoint

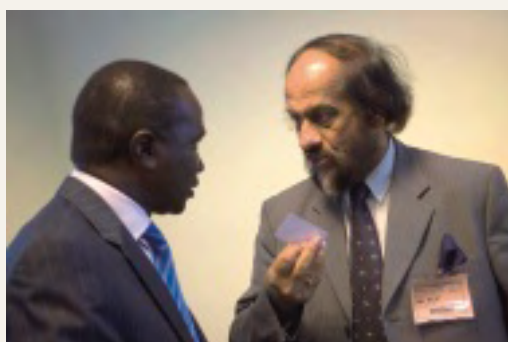
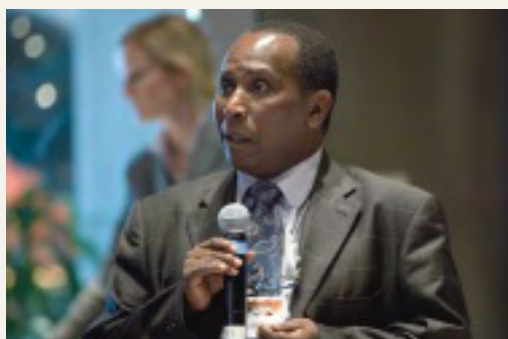
Climate change - not necessarily bad news for business

How does climate change impact corporate strategy? This crucial question was discussed by business leaders at the InWEnt/WBI's International Business Forum this morning. "Climate change is a risk for business...but it is also a business opportunity," noted Suellen Lazarus of ABN AMRO Bank. Energetic audience members wanted to hear more than just best practice examples, explaining that many examples are not applicable in many developing countries, and demanding more affordable eco-friendly products to be brought to these markets.

Rajendra Pachauri, Chairman of the Intergovernmental Panel on Climate Change - joining via video link from the climate change conference hosted by Angela Merkel in Berlin - agreed with business calls for market-based solutions as right in theory but argued that we currently face a market failure. In particular, he bemoaned the lack of investment in R&D on climate issues. He argued that the rising price of carbon will help force a correction, pushing industry to increase research and make the shift to a low carbon economy much more feasible.

A common thread in the discussions was the call for cooperation across sectors. Lars Josefsson, CEO of Vattenfall and founder of the business "Combat Climate Change" initiative summed it up: "we need to stop talking about who is the guilty one and instead involve everyone in solutions."

*World Bank Private Sector Development Blog,
9 October, 2007¹*



Plenary Viewpoint

"Those companies that are able to come up with solutions that reduce the use of carbon and carbon fuels will be the ones that will really be able to take full advantage of the new business opportunities that arise".

Rajendra K. Pachauri
*Director-General, Energy and Resources Institute & Chairman
Intergovernmental Panel on Climate Change, via video link*



Business and Climate Change

Voluntary emissions targets

- Exelon and Pacific Gas & Electric: invested heavily renewable power which has positioned it well within the power generation sector in the States.⁴²
- Carbon Disclosure Project: allows companies to clearly report carbon emissions, which means investors can see immediately those companies that are not willing to disclose such information.⁴³

Advocacy

- Business Leaders Statement, UN Global Compact Leaders Summit, 5-6 July, 2007: CEOs of 153 companies worldwide recently committed to call on governments to agree climate market mechanisms for 'post-Kyoto' as soon as possible⁴⁴. Entitled, "Caring for Climate: The Business Leadership Platform", the statement was supported by 30 from the Fortune Global 500.
- Business Statement, UN Conference on Climate and Risk: Institutional investors are increasingly co-operating together on climate risk, for example 28 key corporates endorsed an action plan to promote increased business analysis, public disclosure and action on climate-associated business links and opportunities⁴⁵ at a UN Conference on Climate and Risk.
- World Business Council for Sustainable Development (WBCSD)⁴⁶: A coalition of around 200 international companies. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of fora.
- Pew Center on Global Climate Change: The center is working with 21 leading companies (most of which are included in the Fortune 500) to educate the public and influence key policy makers regarding the causes and potential consequences of global climate change.
- Initiative 2°: German companies have formed a Climate Protection Initiative to support the German Federal Government on both a national and international level in its efforts to establish a successful global climate protection policy. The goal is to limit global warming to 2° Celsius compared to the 1990 level.
- US Climate Action Partnership⁴⁷: set up this year by 10 US blue-chip companies and 4 NGOs to lobby for strong federal actions on climate change⁴⁸. It currently has just over 30 members.
- Edison Electric Institute (EEI): The trade association for the American power utilities recently decided to call for government regulation on carbon emissions⁴⁹.

1. Forum Topics

Renewable energy and associated technology

- BP and Rio Tinto⁵⁰: announced in May 2007, the formation of a new jointly-owned company, Hydrogen Energy, which will develop decarbonised energy projects in major emerging economies around the world. The venture will initially focus on hydrogen-fuelled power generation, using fossil fuels and carbon capture and storage (CCS) technology to produce new large-scale supplies of clean electricity.
- Citi: In May 2007, Citi announced that it will direct US\$50 billion over the next 10 years to address global climate change through investments, financings and related activities to support the commercialization and growth of alternative energy and clean technology among the clients and markets it serves, as well as within its own businesses and operations. Citi has also committed US\$1 billion to the Clinton Climate Initiative (CCI), a project of the Clinton Foundation⁵¹.
- BDI Business for Climate Protection: Under the umbrella of BDI, the German business community has come together to apply their expertise from across all trade and industry sectors to search for CO₂-saving products, systems and services that address the global climate problem. The members of the initiative will support policy makers and produce recommendations for a political post-2012 climate regime.
- Shell Springboard Fund: Fund set up to support the development of small businesses with ideas that will assist in curbing climate change. Awards are made for the most innovative and commercially viable plans for a climate change related product or service.
- Bunge: an American business which builds pools to collect and trap methane produced by pig effluent. The methane gas stores can be used to generate electricity for the farm owner, which in turn generates a carbon credit for the company which is sold on the carbon market.
- European Business Council for Sustainable Energy Future (e5): Promotes clean energy technologies as part of the solution to climate change, amongst other environmental problems

Carbon Trading

- Chicago Climate Exchange: the first voluntary programme in the USA set up to trade in greenhouse gases. Working towards establishing a pilot private market, first of all to be based in the American mid-West, and later to be expanded nationally and internationally.
- Emissions Trading Group (ETG): formed by The Confederation of British Industry (CBI) and Advisory Committee on Business and the Environment (ACBE). The ETG has worked alongside the British government to develop a carbon trading market.



Case Study

3C Combat Climate Change: A Business Leaders' Initiative

www.combatclimatechange.org

The 3C initiative, founded and coordinated by Vattenfall, was launched in January 2007 as a business-led approach to combating climate change on a global scale and influencing the post-Kyoto process. With currently 42 business members, the initiative has committed to nine principles that determine a roadmap to becoming a low-emitting global society. These include supporting a global framework, to come into force by 2013, which integrates climate change issues into the worlds of markets and trade. The initiative promotes commercial solutions, technological innovations and market-based investments to reduce global greenhouse gas emissions.



Dr Chris Mottershead

is distinguished Advisor, Energy and Environment for BP plc. He provides leadership to the BP Group on making its products and operations consistent with the principles of sustainable energy and the environment.

IBF: Since its launch at the beginning of this year, what would you say has been the biggest impact of 3C?

CM: I would argue that it is early days, and it hasn't yet had a material impact. Signing up to the nine principles to show concern doesn't do anything in itself until we focus on business action.

The distinctive contribution that 3C has made, is that it brings businesses together from the G8+5, both international businesses, and also companies that operate nationally. The 3C is interesting because it offers a stage for specific discussions that are a layer down from the generic global view, placing in context detailed discussions about national legislation.

1. Forum Topics

IBF: What are the benefits from having a clearly business-led approach to climate change issues?

CM: A business-led initiative is essential for making a material change to the world's climate. While governments can set the framework and targets, it is ultimately what businesses do and the products which they sell that will make the biggest difference to climate change.

IBF: So what role should government play?

CM: It's the role of governments to set the right regulatory frameworks in which all business gets done. As with everything you need carrots and sticks. You need to have carrots to encourage creative companies to develop new solutions, and you need sticks in order to ensure companies are not allowed to profit from inaction. It's our job as business to operate within frameworks set by governments.

IBF: Critics of 3C would say that its plans are overly ambitious by seeking to secure the support of all countries from the start. Given the experience of Kyoto Protocol, how realistic is this objective?

CM: We would recognise the need for a common international approach, but would argue that it needs to be firmly based on national policy. An international system alone cannot deliver what is necessary. International agreements are normally the consolidation of national policy. A new international post-2012 agreement will provide

useful direction, and also operational mechanisms to support cross-border business, but it can't play the role of national states in creating enforceable obligations. National states must provide incentives, and also set mandatory targets. An international agreement will place these incentives and obligations in an international context, and provide mechanisms that allow them to operate across national borders.

IBF: Is there a trade-off between economic development and reducing carbon emissions for developing countries? At what point should developing countries be making serious efforts to reduce their emissions?

CM: We need to be clear about what we mean by 'developing countries'. I would say there are three groups of developing countries, and we need to differentiate between them. The first group are the bigger economies of India, China, Brazil and Mexico, with major emissions that must be reduced; the second are the middle rank of robust and growing developing countries; and the third are the least developed countries who will be most impacted by climate change and have no capacity to adapt, but need help.

I would argue that people in this third group are not helped by existing international agreements like Kyoto. The total emissions of the second group of countries are relatively modest - the world can afford for them to focus on economic growth, with a few well chosen environmental interventions. It is the first group for which this question about trade-offs becomes particularly

relevant. The emissions from the first group of large developing countries are material, and the environmental damage is actually costing them economic growth. The economic cost of not doing something is now greater than the cost of doing something, not just from today's activities, but as they invest in infrastructure for the future that may become obsolete in a low carbon world economy.

IBF: 3C places a big emphasis on new technology solutions. What do you think will be the biggest innovation over the next few years?

CM: The world has the solutions it needs for the next three to four decades. The world does not need novel technology. What it does need is effective competition between solutions. This can be done firstly by including the carbon price in everything we buy, going beyond the efforts made so far. Secondly by developing policy that

rewards businesses that drive down the cost of using technology, not just creating it. If the cost of low carbon technology stays flat we won't solve the problem. We need to create incentives that reward business for reducing costs.

IBF: What is the priority of 3C over the coming year?

CM: I would argue there are two priorities. Firstly, bringing together European and US companies, and hopefully some representatives from countries like China and India, to have a serious conversation about climate change in a constrained world. And secondly to consider developing a simple model, similar to that of carbon trading, that can be applied to the issue of technology interventions I described earlier.

1. Forum Topics



Case Study

Rural Electrification Project: InWEnt and Energiebau Solarstromsysteme PPP

www.german-renewable-energy.com/Renewables/Navigation/Englisch/Biomasse/case-studies,did=183262.html

In sub-Saharan Africa, over 500 million people live without access to electricity and this is expected to increase to 650 million by 2030⁵². The lack of access to electricity has severe development impacts - it limits economic productivity, hinders the delivery of healthcare and educational services and it prevents access to knowledge and communication.

In 2003, InWEnt and Energiebau Solarstromsysteme formed a partnership to explore how new technology could be adapted to provide electricity to rural areas in Africa remote from the public grid. A solar hybrid system was developed and piloted in Ghana, Mali and Tanzania, which couples solar power with a converted diesel generator for the use of jatropha oil. The jatropha oil is cultivated locally enabling electricity to be produced sustainably over the long-term, independently from the expensive oil imports and complicated refining and transportation process associated with diesel production. Jatropha is not in competition with food crops as it is a drought-resistant crop requiring minimal inputs of water, grows in marginal soils and yet helps to restore the soil, combat desertification, and provide fertilizer⁵³. Not only does the project contribute to environmental sustainability, but it has impacted other MDGs including poverty reduction through creating new income possibilities in jatropha cultivation, and improving health and education through providing electricity to local schools and hospitals.

The project is an effective example of a Public-Private-Partnership (PPP), funded by both InWEnt on behalf of the German Federal Ministry for Economic Cooperation and Development and Energiebau Solarstromsysteme. InWEnt contributes through training and international dialogue to building up the local capacities which are necessary for operation and maintenance to ensure the sustainability of the project, and Energiebau Solarstromsysteme developed the technology, and contributed the technical know-how to ensure the project was adapted to the local context. Both prioritised the involvement of local partners on the ground as the project was developed and implemented. The project recently won the Roy Family Award 2007 awarded every two years to PPPs that have made outstanding contributions to international environmental protection projects⁵⁴.



Michael Funcke-Bartz

is the InWEnt Senior Project Manager for Sustainable Technologies, Industrial and Urban Development. He has been involved in the PPP with Energiebau Solarstromsysteme, including project design, coordination and monitoring of implementation.

IBF: Given its low investment returns, why do you think Energiebau Solarstromsysteme decided to get involved in a rural electrification project?

MFB: For Energiebau Solarstromsysteme, one of Germany's biggest energy wholesalers and technology developers, it was a question of mid-term strategy. Currently, the German government subsidises solar energy production in order to make the large initial investments viable. If the decision was made to no longer make these subsidies, the market for solar energy may go down. Energiebau Solarstromsysteme saw the rural electrification project as a means to diversify their approach to generating electricity and also to provide an alternative income stream. Although at the moment the project does not make real profit, it does create new contacts in a new context and there is the expectation of profit in the longer term.

IBF: As acknowledged by the Roy Family Award, the rural electrification projects in Ghana, Mali and Tanzania have proven to be very successful. Looking ahead, how scalable are the projects?

MFB: In theory there is no limit to scaling up this project. The key constraint is to make the first investment viable. Renewable technology has a higher financial input in the beginning in comparison to traditional fossil fuel energy. Although the running costs of the project are low where villagers grow their own jatropha, it takes two to three years before the first yield can be harvested. In comparison, providing a village with a diesel generator is a cheaper immediate solution, but the running costs of petrol will be much higher in the long-term.

IBF: Can such grass-roots projects make a tangible impact on global climate change?

MFB: For a Clean Development Mechanism (CDM) project you need 5,000 to 10,000 tonnes of CO₂ emissions savings to justify the transaction costs. In the Tanzanian project, CO₂ emissions savings will probably be around 20 tonnes per year. For a viable CDM project you really need to work at the larger scale of energy power plants. So in Ghana we are working with the government to look at how solar energy could be used not just in as an isolated solution to energy supply, but as a back-up structure for providing

1. Forum Topics

electricity to the rest of the grid. If this works and investments can be secured, then a lot of private sector capital would be mobilized and big emissions savings can be made. But it will involve mobilising substantial up-front investments. A system similar to solar-power subsidies ("law for energy feed-in ") in Germany could work in this context, where investments are made viable and profitable by being refunded over the long-term.



IBF: What would you recommend other companies in the energy sector do when thinking about providing electricity to developing countries?

MFB: Engaging in this area is certainly not about fast profit-making. It requires patient money and patient entrepreneurs. It is unrealistic to have expectations of making immediate profits of say 15 to 20 per cent. But a different type of entrepreneur will see that over the long-term profit is viable provided there is a stable political environment that will ensure a secure pay-back for the investments made.

IBF: What were the challenges for business in engaging with this project?

MFB: For Energiebau Solarstromsysteme, the project has challenged them to think not in terms of a direct client relationship where there is one customer and one solution, but in terms of collaborating with several different actors - government, NGOs, local partners. Being partner in a PPP with InWEnt gave Energiebau Solarstromsysteme more credibility and opened new doors for example on the governmental level. This was key because co-operation with government is essential when developing national energy policies and discussing how new solutions can be integrated within the national system.

IBF: What would be your advice to companies wanting to explore a PPP approach?

MFB: We were learners. On both sides we tried to understand each other. Success was based upon balanced cooperation. I think there were times when we should have talked to each other earlier, when ideas had been worked out before all parties were on board. And so regular updates on the planning process are important as well as clearly defining the contributions each side will make.



Case Study

Tested and approved: flower growing in Kenya

According to an ex post evaluation report by an external, independent expert, the flower-growing projects in East Africa sponsored by DEG represent best practice with respect to positive development policy effects. The evaluation report refers partly to a study by Cranfield University, using the "Environmental Life Cycle Assessment" method. The study compared energy consumption and greenhouse gas emissions in Kenya and the Netherlands and came to the conclusion that exporting flowers from Africa is environmentally acceptable, contrary to many fears. The CO₂ emissions or the respective Global Warming Potential resulting from the Kenyan production, including air freight, were only about a sixth of those calculated for the Dutch production; the reasons are the markedly higher productivity and lower energy costs in Kenya. Water use is also far more resource-friendly in the companies currently studied compared with other agricultural sectors.

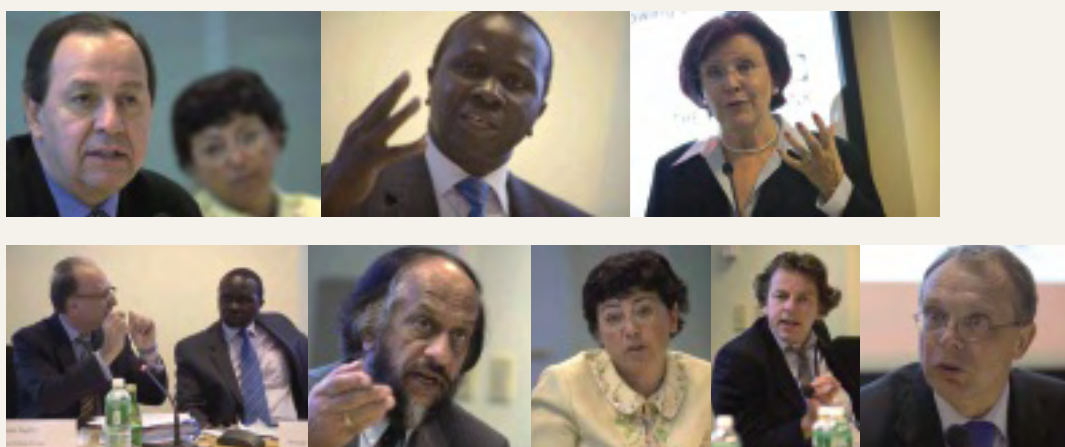
The flower-growing enterprises, into which DEG has invested almost 25 million Euros, make a significant contribution towards achieving the Millennium Development Goals. In Kenya alone they create over 8,000 direct and indirect jobs in structurally weak and in some cases remote regions and they offer above-average social benefits for the employees and their families. This is of special importance in a country with an estimated poverty rate of approximately 20 per cent (per capita income below 1 USD / day). In addition, they earn considerable export revenue. Cut flowers, earning 240 million Euros in Kenya alone, account for 11 per cent of total export earnings. The DEG projects annually generate around 28 million Euros net foreign exchange revenue. This is significant, because Kenya faces a current account deficit of approximately 4 per cent in 2007.

The expert report was written on the basis of DEG's "Geschäftspolitisches Projekt Rating" - GPR[®] (Corporate Policy Project Rating) aided by the DAC evaluation criteria - relevance, effectiveness, efficiency, developmental impact, sustainability - and serves as a template for future ex post evaluations of DEG.

For more information on DEG, a member of KfW Bankengruppe (KfW banking group), visit www.deginvest.de

1. Forum Topics

High-Level Policy Roundtable at the Annual Meetings of the International Monetary Fund / World Bank Group: Climate Change and Clean Energy



“Climate change is a global problem which the international community must tackle jointly. According to the energy agency calculation energy demand will increase by 50% in the period up to 2030 with more than 70 % of that increase taking place in developing countries and in emerging countries”.

Heidemarie Wieczorek-Zeul, German Federal Minister for Economic Development and Cooperation, High-Level Policy Roundtable, 20 October, 2007

Climate change was also the focus of a high-level policy dialogue, organised as a follow-up to the IBF during the World Bank / International Monetary Fund Annual Meetings. Hosted by the German Federal Ministry for Economic Cooperation and Development and the World Bank, this focused on “Climate Change and Clean Energy - Challenges

and Opportunities in Addressing Africa's Growing Energy Needs”. The event was attended by 120 senior representatives from government, business and academia, and jointly organised by InWEnt, the GTZ, Deutsche Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation), and the KfW Entwicklungsbank (KfW development bank).

High-Level Policy Roundtable at the Annual Meetings of the International Monetary Fund / World Bank Group, Washington DC, 20 October Summary of Discussion

The Policy Roundtable picked up on the climate change themes the 12th IBF. The 120 participants included the German Federal Minister for Economic Development and Cooperation, Heidmarie Wieczorek-Zeul, the chair of the Intergovernmental Panel on Climate Change (IPCC), Rajendra Pachauri, the Ugandan Minister for Energy, Daudi Migereko, Netherlands' Minister for Development, Albert Gerard Koenders, the Chairperson of the Global Environment Facility (GEF), Monique Barbut, the Director for Energy, Transport and Water at the World Bank, Jamal Saghir, and Roberto Giannetti da Fonseca, a Brazilian entrepreneur for biofuels. Günther Taube, Director of InWEnt, moderated the policy roundtable.

The event focused on the challenge of meeting Africa's growing energy needs for broad-based economic growth without jeopardizing global climate policies. The following key points were raised in the discussion:

Identifying the Challenges

- Developing countries cannot follow the high carbon path of developed countries.
- It would be problematic if the additional demand on energy were solely met by traditional resources like oil, gas, coal or fire wood. The biggest challenge will therefore be to provide sufficient low-carbon energy to guarantee broad-based and sustained economic growth.
- Market distortions caused by large subsidies by industrialized countries of their energy products still impair the broad spread of both traditional and new energy products.

Understanding the links between Climate Change and Development

- We have not really come to grips with understanding the link and the nexus between energy and poverty. It was an omission to not include the topic of energy in the MDGs at the Millennium Summit in New York in 2000.
- This is illustrated by the case of Uganda. Some years ago many sub-Saharan countries were hit by severe energy crises, because they could no longer generate enough hydro-power to run their economies. To a great extent that was due to climate change and its adverse effects on average rainfall leading to sinking water levels. As a result production capacities were underutilized which in turn slowed down economic growth. Climate change is not the only cause of the energy crisis. Political action must guarantee good governance and create better incentives for the private sector to invest in energy. The climate problem must be tackled both domestically and globally.

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1. Forum Topics

Finding Solutions

- The private sector, with other parties, can and must play a crucial role. Private business should invest in climate-friendly technologies based on their business interests. Low carbon energy offers good business opportunities and new jobs.
- In Brazil, the extensive use of new climate friendly technologies is already a reality: 50 per cent of mobility is already provided by biofuels. The Brazilian industry would be willing to share its technologies and comparative advantages with African countries.
- To ensure the widespread dissemination of biofuels, requires the innovation private business, as well as a conducive economic and legal environment for effecting real change - lower taxation on flex-fuel cars and requirements on petrol stations to offer biofuels. The World Bank's "Clean Energy Investment Framework" could play a significant role in attracting private sector investment.
- Africa needs investments, in particular in infrastructure to assure access to energy.
- A more effective promotion and distribution of low carbon energies has to be placed prominently on the agenda, e.g. through the implementation of a "proper price of carbon".
- As the greatest emitters the high income countries have a prime responsibility to help mitigate climate change by providing low carbon energy technologies at fair prices.
- Developing countries that save their tropical forests or make sustainable use of them should be recompensed financially.
- The Global Environment Facility, which helps developing countries fund projects and programs that protect the global environment, needs to be backed by bilateral donors who should engage more in innovative financing.
- Access to energy and related livelihood issues should be tackled at household level - a dimension sometimes neglected by large energy programs.
- Afforestation projects are particularly important in Africa as a major part of the energy consumption still takes place in the households.
- There is also "a clear need to focus on the grass root level". Low carbon energy needs to be made accessible by low cost, easy to handle and adapted technologies.
- All parties must respond rapidly to cope with the emergency situations provoked by climate change and the energy crisis in Africa.

Anti-Corruption and Ethical Business Conduct



"Corruption affects all sectors of society, government...and business. Corruption in the private sector must not be allowed to remain "private" and tackling it is as important as cleaning up public administration. All opposed to corruption - whether from government business or civil society need to unite and work together".

Conference Statement, Business Action Against Corruption, Abuja, Nigeria, 20th February, 2006

1. Forum Topics



The evolving global governance landscape, and business' role within it, is well illustrated by the case of anti-corruption and ethical business conduct. Today there is widespread recognition that a thriving, open, and competitive private sector can be a strong contributor to better governance. What is more controversial is to what degree the private sector should be actively engaging in shaping the rules that aim to tackle corruption and bribery.

As discussed in the Background Paper to the 12th IBF⁵⁶, alongside the greater emphasis that governments and donors have put on good governance, transparency, accountability and anti-corruption⁵⁷, the role of business has also evolved too: from passive 'rule-takers' to more active participants in the process of making rules that regulate not only their own behaviour, but also the actions of others. Business is making more use of the power of col-

lective action and, increasingly, joining forces with other non-business stakeholders in designing rules together.

Some key examples of business engagement in tackling corruption are set out below, along with interviews on two that were profiled at the IBF: the World Economic Forum's Partnering Against Corruption Initiative (PACI), a multi-stakeholder, cross-industry anti-corruption initiative, and the Extractive Industries Transparency Initiative (EITI)⁵⁹, which aims to promote transparency around revenue flows in the extractives sector.

Plenary Viewpoint

"Regarding laggards, one of the ideas Transparency International have come up with is that institutions such as the World Bank, but also export credit agencies and other lending institutions, only work with bidders or contractors that have anti-bribery programmes"

Nancy Boswell
President and CEO of Transparency International USA

Blog Viewpoint

Corruption and the bottom line - how to play the game (how to stay in the game)

Can being tough on corruption benefit firms? Should firms actively pursue zero tolerance on bribery or corruption? "Absolutely," agreed expert panelists in an animated discussion yesterday at the IBF about the viability of businesses setting their own standards for corruption. In a strong assertion from a leading company in the notoriously corruption-ridden construction sector, Alberto de Armas of CEMEX said, "transparency leads to good practices, and good practices lead to less corruption," in his argument for the validity of diligent anti-corruption initiatives within a company.

Jacqui Beckett of Newmont Mining urged a focus "on the long term bottom line and away from instant gratification" geared to the next quarterly results. Improper practices might help the latter but the nature of the relationships created on the ground will undermine the former.

What of the laggards? Nancy Boswell of Transparency International USA warned that they must be "part of the solution...or not get to play the game." To enhance incentives for good behavior and ensure the costs of bribery are felt, corruption expert Daniel Kaufmann, speaking on behalf of the World Bank Institute, emphasized the importance of effective third party monitoring, better use of data, and greater transparency.

Peter Eigen, Chair of the Extractive Industries Transparency Initiative, linked these needs with the call for better triangulation between business, government and civil society. All have a role to play to help build on the positive signs of a growing willingness to tackle corruption.

*World Bank Private Sector Development Blog, 10 October, 2007*⁵⁸



1. Forum Topics

Plenary Viewpoints

"We see that the Extractive Industries Transparency Initiative (EITI) is simple and straightforward and has high potential to have a profound positive impact. However, it needs to be pushed down from state government to local government to have the real impact we expect it to have in society. We are grateful to the government of Nigeria - by the singular act of backing EITI with law its sustainability is guaranteed. I am confident we can work together as private entities in Nigeria with government to make sure we embed this process because it does indeed provide a better environment in which the private sector can participate".

Chima Ibeneche, *Managing Director, Shell Exploration & Production Africa Ltd*

"A large part of our programme is in the training of our employees. That is taking it a step further than where the law stops and is a key part of the PACI programme"

Jacqui Beckett, *Senior Corporate Counsel, Newmont Mining Corporation*

"There are three key issues. First, is the third party monitoring, second is the notion of exposing and disseminating the data - being transparent, and third is the role banks can play so that assets cannot hide abroad in rich financial centers".

Daniel Kaufmann, *Director, Global Programs, World Bank Institute*

"The key learning of this project is that transparency leads to good practices and those good practices lead to less corruption"

Alberto de Armas, *Vice President of Business Development CEMEX Mexico*

"When we are talking about the contribution of the business sector to the MDGs, we have to specifically talk about what can be done on MDG 4 [under 5 mortality, on which there has been almost no progress in Sub-Saharan Africa]...Partly this can be a contribution by the private sector from the health and water sectors, but it largely remains the task of the public sector - this is about transparent spending of public resources".

Helmut Asche, *Professor and Managing Director for African Studies, University of Leipzig*

"Firms are supposed to be maximizing profits within the rules of the game that have been set up. If you want private firms to be less corrupt you have to raise the cost of corruption. So if you increase the cost and increase the risk of being caught you are going to get more compliance by firms".

Gerald Hyman, *President and Senior Advisor, Hills Program on Governance*



Business and Anti-Corruption

Key examples of business engagement in tackling corruption

Business as rule taker

- OECD's Convention on the Bribery of Foreign Public Officials in International Business Transactions⁶⁰ (commonly referred to as the Anti-Bribery Convention): signed up to by more than 30 countries. Requires member states to take such measures as may be necessary to criminalise the bribing of foreign public officials within their national legal system.
- UN Convention against Corruption (UNCAC)⁶¹: the most wide-reaching international instrument yet adopted to fight corruption. States that ratify the convention (which currently number 95) are required to enact or maintain laws to prevent corruption involving the private sector and to criminalise such corrupt behaviour.
- OECD Guidelines for Multinational Enterprises⁶²: aim to set an internationally recognised standard for corporate behaviour. "The only multilaterally endorsed and comprehensive code that governments are committed to promoting", these guidelines regulate corporate conduct, especially in terms of financial transparency and human rights, and contain specific provisions prohibiting bribery.
- Examples of regional conventions: the Inter-American Convention against Corruption (IACC), 1996⁶³; European Union Convention on the Fight against Corruption Involving Officials of the European Communities or Officials of Member States, 1997⁶⁴; Council of Europe Civil and Criminal Law Conventions on Corruption, 1999⁶⁵; African Union Convention on Preventing and Combating Corruption and Related Offences, 2002⁶⁶.

Business making its own rules

- International Chamber of Commerce's Rules of Conduct⁶⁷: with the development of these rules, the ICC recognised one of the biggest obstacles with taking individual action on corruption: namely that in an environment where corruption and bribery are rife, the one who resists such practices risks losing out to the competition. Hence "only a corruption-free system makes it possible for all participants to compete on a level playing field"⁶⁸.

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1. Forum Topics

- The Transparency International Business Principles for Countering Bribery⁶⁹: developed by Transparency International (TI) and Social Accountability International (SAI) with a group of private sector interests, non-governmental organisations and trade unions. The Business Principles provide a model for companies seeking to adopt a comprehensive anti-bribery programme, and are supported by a suite of tools and a how-to guide to devising and implementing an anti-corruption strategy.
- The World Economic Forum's Partnering Against Corruption (PACI) used these TI Business Principles as basis for its own set of guidelines - the PACI Principles - aimed at providing a framework for good business practice and risk management strategies for countering bribery. PACI also works to ensure top-level public commitment to fight corruption, and to support companies in implementing their commitment and developing appropriate means of verification and compliance.
- Examples of regional and national instruments which provide guidance to companies on fighting corruption: The Anti-Corruption Toolkit of the Sofala Commercial and Industrial Association, Mozambique⁷⁰, Nigeria's Convention on Business Integrity⁷¹; the Africa Corporate Sustainability Forum / Malawi Global Compact Leaders' Forum on Building Alliances to Eliminate Corruption⁷²; and the Brazilian Pact for Integrity and Against Corruption⁷³.
- Examples of anti-corruption programmes developed by international business associations: the International Business Leaders Forum's (IBLF) national and regional anti-corruption initiatives⁷⁴, the Centre for International Private Enterprise (CIPE) anti-corruption programme⁷⁵ and the Ethics Resource Centre's guidance on codes of conduct⁷⁶.

Collective action: a partnership approach to rule making

- UN Global Compact⁷⁷: Described in more detail in the earlier case study, this added a 10th Principle dealing with corruption in 2004. This commits participants "not only to avoid bribery, extortion and other forms of corruption, but also to develop policies and concrete programs to address corruption. Companies are challenged to join governments, UN agencies and civil society to realize a more transparent global economy". The United Nations Convention against Corruption is the underlying legal instrument for the Principle.
- Extractive Industries Transparency Initiative (EITI)⁷⁸ aims to promote transparency around revenue flows in the extractives sector. Under EITI, companies publish what they pay to government in the process of extracting resources, governments publish what they receive, an independent auditor reconciles these figures and civil society acts as watchdog and interpreter of published in-

formation. Today 26 countries are implementing the initiative and a further 7 are reporting received revenues⁷⁹.

- International Council on Mining and Minerals' (ICMM)⁸⁰ 10 Principles for Sustainable Development Performance: The first of these principles is to "Implement and maintain ethical business practices and sound systems of corporate governance". This principle refers specifically (among other elements) to the need to implement policies and practices that seek to prevent bribery and corruption.
- International Federation of Consulting Engineers (FIDIC)⁸¹: includes stipulations about combating corruption in its code of ethics. To help member companies implement these principles, FIDIC has developed a Business Integrity Management System (BIMS) which provides organisations with a set of tools and a process-based approach for managing integrity.
- Wolfsberg Principles⁸²: Developed by a group of 12 international banks, these principles aim to set common international standards to combat money laundering, corruption and terrorism funding.
- Transparency International's Integrity Pacts⁸³: companies, together with government and civil society, voluntarily implement anti-bribery agreements that are monitored by an external party. Integrity Pacts are aimed at combating corruption in public procurement, an area that is particularly susceptible to bribery and corruption. Integrity Pacts comprise a pact between government inviting public tenders and the companies bidding; an undertaking by the government that it will not ask for or accept bribes; a statement by each bidder that it has not and will not pay any bribes to get or retain the contract; the use of arbitration as conflict resolution mechanism and a pre-announced set of sanctions for violation of the above.
- Business Action Against Corruption (BAAC)⁸⁴. The flagship governance programme of the international business network, Business Action for Africa⁸⁵, BAAC helps to build new partnerships between government and business in African countries to remove the opportunities for corruption. The programme is founded on the view that change requires the African private sector and its international partners to find practical ways to collaborate with governments to tackle corruption.
- Medicines Transparency Alliance (MeTA) and Construction Sector Transparency Initiative (CoST): Two new initiatives were launched recently under the auspices of the UK's Department for International Development. MeTA⁸⁶ focuses on the procurement, distribution and supply of

1. Forum Topics

drugs in developing countries. MeTA will tackle the problems of fake drugs, corruption, inefficient distribution and improved access to medicines for the developing world, and aims to bring together global organisations like the World Health Organisation, major pharmaceutical companies and NGOs. A pilot phase will also soon be launched for the CoST⁸⁷, which will address high levels of corruption in the global construction industry. The intended partners in CoST are the essential players in publicly funded construction projects including government ministries and agencies, construction companies and contractors, and civil society.

- Kimberley Process Certification Scheme⁸⁸: aims to stop the trade in so-called conflict diamonds: rough diamonds that are used by rebel movements to finance wars against legitimate governments. While its focus is on breaking the link between diamonds and war, reducing corruption along the rough diamond supply chain is an important component of the process.
- Other natural resource sector initiatives: the Forest Stewardship Council certification⁸⁹ and Marine Stewardship Council certification⁹⁰ seek to provide independent guarantees of legal and sustainable production in the forestry and fisheries sectors, respectively both faced with high levels of illegality, unsustainable practices and corruption. Various regional Forest Law Enforcement and Governance (FLEG)⁹¹ initiatives, supported by the World Bank, aim to tackle high levels of illegal and unsustainable logging, illegal trade, violent conflict and corruption in the forestry sector.



Case Study

World Economic Forum Partnering Against Corruption Initiative (PACI)

www.weforum.org/en/initiatives/paci

PACI was formally launched by CEOs from the engineering & construction, energy and metals & mining industries in January 2004. PACI aspires to be multi-sectoral (with signatories beyond the three originating sectors) and fully inclusive - all companies are invited to join PACI regardless of their size, country of origin or affiliation with the World Economic Forum.⁹²

The PACI Principles for Countering Bribery aim to create a 'common language' on corruption and bribery, valid for all industries. The initiative is based on the belief that corruption cannot be countered without leadership and commitment from the top. Companies that adopt the PACI Principles commit to "two fundamental actions - the adoption of a 'zero tolerance' policy on bribery and the development of a practical and effective programme of internal systems and controls for implementing that policy."⁹³ To date, 125 companies have signed a statement supporting the PACI Principles for Countering Bribery.

PACI is a multi-stakeholder initiative which works with, among others, the Basel Institute on Governance; the International Chamber of Commerce (ICC); OECD; Transparency International;



the UN Global Compact; the American Chamber of Commerce in Romania, the Ethos Institute of Business and Social Responsibility/the Business Pact for Integrity and Against Corruption, multi-lateral development banks and selected International Financial Institutions.

1. Forum Topics



Andrew Bone

Head of Government Relations for the De Beers Group, was involved when De Beers became one of the founding signatories of PACI in 2004.

IBF: Why did De Beers sign up to PACI?

AB: Corruption is an impediment to sustainable and profitable business and is also an obstacle to economic growth in developing nations in particular. De Beers, like many other companies, thrives in an environment where there is stability, rule of law and a level playing field. So there is a clear commercial imperative to fighting corruption. There is also a moral imperative - we believe that promoting personal integrity is key to attracting the right employees - a company is not a logo, a company is made up of the people who work for it.

At the time PACI was launched, we had already been developing our own best practice principles that we were rolling out across the De Beers Group around the world. Our objectives aligned with what PACI was trying to achieve. We wanted to be a company that demonstrates we were not just giving lip-service to the principles but were putting them into action as well.

IBF: How does PACI add to what was already out there and further increase the scope for reducing corruption?

AB: PACI complements other initiatives such as the Extractive Industry Transparency Initiative (EITI). Whereas the EITI looks more at the effects of corruption and works with governments on reporting, PACI focuses more on company behaviour by creating and exemplifying private sector standards. Neither EITI nor PACI is a silver bullet for corruption, but working together they create synergies.

IBF: What are the merits of having a business-led approach to addressing corruption?

AB: You are creating an organisation where like-minded people can talk to each other, share best practice, learn about what mistakes have been made and how you can correct them. This is far better than trying to tackle the issue in isolation.

However, I think corruption will ultimately only be addressed by cross-sector collaboration, but as we learned through the Kimberley Process, first of all you have to galvanise the private sector. In addressing conflict diamonds, a major breakthrough was the creation of the World Diamond Council where, for the first time, the industry united, to great effect, behind an

important single issue. This enabled us to collaborate constructively with governments and civil society. We realised how incredible and potent that mix can be. As PACI matures I think it will increasingly move from being a collection of private sector organisations into one that liaises directly with civil society as well. We are already witnessing this as PACI has started working with organisations such as the UN Global Compact and Transparency International.

IBF: How can a voluntary initiative like PACI be given teeth?

AB: This implies sanctions of some kind. I think that if any signatory of PACI has been shown to blatantly circumvent the principles that they have committed themselves to, then the action should clearly be to eject them from the organisation. But beyond that, I cannot see that it would be productive to subscribe sanctions. I think that these things work best through consensus and commitment.

IBF: One idea to encourage commitment to and implementation of the PACI principles is to require bidders of contracts to have an anti-bribery certificate. What is your view on this?

AB: The fact that you are a member of PACI should mean that you are able to demonstrate the principles in practice. Just being a member should be good enough. I think that if you start issuing certificates as well, you could be throwing yourself open to the accusation that you

are just joining to 'put a sticker in the shop window'. I think it is best to encourage people and organisations to judge and be judged by their actions.

IBF: What would you like to see PACI achieve in the next few years?

AB: I would of course like to see more companies joining - especially from the extractive sector - and a wider acknowledgement from all sectors that corruption is not just about eliminating outrageous behavior, but it is in our business interests to do so.

I also think it is important for PACI to take more of a lead in reaching out to and working with local businesses in areas of poor governance. In some ways it is easier for big business to avoid being sucked into the culture of corruption because you are a high profile organisation. From my own experience working in the former Zaire, it's the small guys that get hit most by corrupt officials because they are softer targets and least able to protect themselves. We need to give practical and moral support to SMEs in these places to enable them to stand up to this.

The see how the construction industry is engaged with PACI, read an interview with Alan Boeckmann, Chairman and CEO of Fluor Corporation: www.weforum.org/pdf/paci/PACI.pdf

1. Forum Topics



Case Study

Extractive Industries Transparency Initiative (EITI)

www.eitransparency.org

The Extractive Industries Transparency Initiative (EITI) was launched in 2002 at the Johannesburg World Summit on Sustainable Development. The EITI aims to deal with the so-called 'resource curse', which sees some developing countries with huge natural resource wealth suffering from greater poverty, slower development, more corruption and greater risk of violent conflict than some of those with poorer endowments. The objective of EITI is to achieve greater transparency around the revenue flows associated with extracting oil, gas and minerals resulting in reduced scope for corruption and improved governance of natural resources and the revenues they generate⁹⁴.

The EITI is a multi-stakeholder process involving government, business (including investors) and civil society. Under EITI, extractive companies publish what they pay to governments, governments publish what they receive, an independent auditor reconciles these figures and civil society acts as watchdog and interpreter of published information. Currently 26 countries claim to be implementing EITI⁹⁵; around half of these are in Africa. A further seven countries are reporting revenues received.



In some countries where the flow of money associated with oil and gas extraction used to be shrouded in secrecy, the implementation of EITI has resulted in making this information available on the internet for anyone to see⁹⁶.

EITI is an interesting example of rule-making. Although it is not mandatory - governments can choose whether they want to sign up to it - once a government has committed to EITI, it becomes binding on all private and public sector companies active in that country's extractives sector.



Edward Bickham

Executive Vice President, External Affairs at Anglo American plc, has been involved in shaping the EITI and sits on its board.

IBF: Why did Anglo American get involved in the EITI?

EB: Mining involves a long-term investment - once we have sunk US\$1 billion in a project we cannot up sticks and go elsewhere if things go wrong in our host country. We came to the view that improving the way resource revenues were spent would lead to greater stability and improved governance in resource rich countries. In our judgement the long-term rewards outweigh the risk of such information being misused by populist elements.

IBF: What has been the most significant impact of the EITI since its inception?

EB: At an in-country level there have been varying degrees of success. In Azerbaijan and Nigeria, EITI has had a significant impact on improving transparency around oil revenues, and some success in engaging stakeholders on how that revenue is spent. In both cases, I think that the EITI has been effective because of strong national ownership of the initiative.

At an international level, EITI has been very positive in raising the debate about the benign

use of resource revenues and the importance of transparency. EITI now has broad support across the donor community, and has been working closely with the World Bank on implementation.

IBF: How easy has it been to work with governments and civil society?

EB: As with any multi-stakeholder process, working with a number of different actors each with their own priorities is challenging. But I think EITI is one of the best international examples of collaborative working between NGOs, businesses and governments. The coalitions which develop around particular topics in our Board discussions are by no means always predictable.

IBF: What has been the biggest challenge facing the EITI?

EB: Ensuring that we are getting good 'brand protection'. A lot of countries have been pressured to implement the EITI, but in some cases this has been easier said than done for various technical reasons or because there has not been genuine political will. There is a risk that the

1. Forum Topics

EITI simply becomes a PR exercise. The process of getting agreement on the validation criteria was challenging, but I think we have achieved an effective result.

Another challenge is to ensure that the expectations loaded onto the shoulders of the EITI are not excessive. The EITI is not a silver bullet that will suddenly transform governance. It is a carefully targeted and important step, but needs to be seen in the context of other anti-corruption and good governance initiatives.

IBF: Is voluntary collective action alone a workable solution to issues of corruption?

EB: EITI does not rely purely upon a voluntary approach. In fact, it is quite a neat dovetailing together of voluntary and regulatory approaches. In terms of the anti-corruption agenda, the UN and OECD conventions provide an international underpinning for legislation. In terms of the EITI, although the decision on whether to get involved at an international level is voluntary, when a government decides it will implement EITI within its borders, compliance no longer remains voluntary for companies since most countries then legislate to make disclosure of revenue flows mandatory.

IBF: Is the EITI only applicable to large companies and investors? How are smaller businesses involved?

EB: It should be applicable to all material operators in a national context. Bigger companies may have a role in building under-

standing and capacity in smaller companies about EITI. In my view, however, the EITI is not particularly helpful in dealing with artisanal mining operating largely in the informal sector. That is a separate challenge.

IBF: Has the process been more successful in particular countries? Why do you think that is?

EB: Political will is important. In the case of Nigeria it came at an opportune time when the government was looking at corruption around oil revenues. EITI provided a useful platform for politicians to address the issue. In the case of Ghana, however, it was initially difficult to get it off the ground. Although everyone thought it was a good thing, there wasn't a history of large-scale resource embezzlement and so the political imperative was not as strong.

There are some countries where it hasn't moved forward as quickly as we would have liked due to big picture politics. For example, because the UK Government (as EITI's leading government sponsor) has focussed on Africa, EITI hasn't had the same traction in parts of SE Asia and South America. In southern Africa, lots of resource rich counties are not yet implementing the EITI and I think this goes back to a debate that emerged around the launch of the initiative where the EITI was perceived by some to be imperialistic. This issue now needs to be laid to rest so that the EITI can proceed more constructively. My belief is that the problem may well be overcome if there is a UN General Assembly resolution.

IBF: How is EITI weakened as global initiative if not all the major players on the supply and demand side sign up to it? Are there any shortcomings in its scope?

EB: There is a major hole in the EITI if significant players on both demand and supply sides such as China, Russia and India are not brought on board. In the case of China, if there is the national will by a host government to implement EITI, China is likely to row in behind it. As long as they do not see the EITI as an international finger-wagging exercise, I think they could be brought into a more positive position at the global level.

From the perspective of the mining sector, there is an important issue around sub-national

revenue transparency. In a number of countries, there is a constitutional provision that says a proportion of the mining revenues shall be recycled back into the province from where the mining took place. Often this money never arrives. From the perspective of an industry that wants the contribution it makes to national development to be better understood, it is important to have a real picture of what is happening with these flows. We have been pushing other stakeholders within the EITI to go further and to extend the principle of transparency to a sub-national level.

1. Forum Topics

1.3 Drivers for Change: What Factors Have Been Driving this Business Engagement?

Business and Society: Business Engagement Expected



"Today's company is no longer expected to be a passive bystander in society, but rather to engage directly in addressing societal issues, such as finding solutions to global warming, health care provision, product and workplace safety, and disaster relief"⁹⁷.



Plenary Viewpoint

"I believe that the corporate community is just beginning to recognise the historic opportunity that lies before it. Business executives can play a creative role if they embrace the challenge of building society into their strategy. Farsighted business leaders recognise that by incorporating environmental social and public policies into their core strategies they can accomplish two goals simultaneously. First they can help address some of the world's most urgent problems and they can position themselves for new opportunities in the competitive marketplace".

Lenny Mendonca, *Director, McKinsey and Company*

Businesses are perhaps more keenly aware than ever of their place in society, and of society's expectations of them⁹⁸. Some have labelled the new role as "Corporate Citizenship" - which emphasises "the role of the private corporation in the process of designing global rules and implementing citizenship rights"⁹⁹.

A survey of 48 top business executives, including 26 CEOs and representing 27 multinational companies¹⁰⁰, highlighted three messages: the public perception of the role of business has transformed over the last few decades; new responsibilities and expectations - such as around the environment and human rights - are being placed upon businesses by consumers and other stakeholders; and businesses need to better understand the interaction of society's issues with their business success.

The same survey finds that businesses have mixed views on how far they should go in engaging in social and environmental issues, though the vast majority believe that businesses have responsibilities to a broader set of stakeholders, beyond their immediate shareholders. An increasing number believe that they need to take on a leadership role. In any case, increasingly shareholders see issues such as climate change and anti-corruption as business risks and justifiably an area for the CEO's attention. For instance, shareholder resolutions calling for climate change risk management policies from large US companies increased twofold with the space of one year.¹⁰¹

1. Forum Topics

Plenary Viewpoint

"We can prove from our own portfolio that those companies that manage their extra financial risks whether they be environmental or social, the labour force or the local community they affect, will produce better financial returns"

Rachel Kyte
*Director, Environment and Social Development Department,
International Finance Corporation*

Plenary Viewpoint

"As a financial institution with global operations you have to understand how it [climate change] impacts your portfolio, how it impacts your due diligence in considering new deals. It is also a business opportunity and you are considering what are we doing to offer products that are cutting edge to help our clients meet the challenges they face. It is a risk, but it is also an opportunity and the laggards are missing out on an opportunity".

Suellen Lazarus
Senior adviser ABN AMRO Bank N.V.

Plenary Viewpoint

"How do you implement social responsibility? Of course, you have a lot of initiatives...the Global Compact, Global Reporting Initiative, the OECD Guidelines..., but how can you put these into your company, how can an operator in your company think of social responsibility"

Jorge Cajazeira
Chair, ISO Social Responsibility Working Group



Nature of the Challenges: Business Engagement Needed

Expectations of a greater role for business are driven at least in part by a recognition of the important role business can play - through their core business operations, by applying their skills and expertise, and with their genuinely global perspectives - to tackling today's complex global challenges.

Plenary Viewpoint

"Individuals make up a group, a company or a society and I think individual leadership that inspires others to behave in certain manner can be quite significant. There is a saying in India which roughly translated says that if you want to travel fast travel alone, if you want to travel far take others along with you".

Vinita Bali, *Managing Director, Britania Industries Ltd*

Plenary Viewpoint

"For business the real issue is that if the climate change problem is not handled or if it is mishandled, it will be a severe threat to the global markets as we know them. So I would suggest that the proactive engagement of business is really in businesses own interest. In that sense I think business shall and will be an indispensable partner to the political system, simply because business is more globalised than politics".

Lars Josefsson, *President and CEO, Vattenfall & Founder of Combat Climate Change, via video link*



A recent review¹⁰² commissioned by BMZ found that at least 10 out of 22 OECD DAC donors and around 20 UN organisations¹⁰³ have or are about to launch programmes to engage the business community. A variety of partnership models have emerged that seek to leverage businesses' global supply chains, developing country footprints, financial resources, skills and technology. And in this way, donors are exploring and discovering innovative ways to drive progress across a range of issues.

Kofi Annan, in his now famous 1999 address to the World Economic Forum, emphasised the importance of business engagement in global issues: "without your know-how and your resources, many of the objectives of the United Nations would remain elusive...I propose that you, the business leaders... and we, the United Nations, initiate a global compact of shared values and principles... Specifically, I

1. Forum Topics

call on you - individually through your firms, and collectively through your business associations - to embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices". This led to the creation of the Global Compact, the largest voluntary CSR initiative in the world.



From business' own perspective, there is also a far more clearly articulated business case to engaging in these issues. Not acting on corruption and climate change issues has real bottom line impacts (outlined further in the Info Box below).

Within this context, the importance of business engagement in policy dialogue has been highlighted, including within the context of the MDGs. A UNDP/IBLF guide¹¹⁰ suggests that there are two particular ways in which businesses can engage: by taking a leadership position on one or more of the MDGs in internal and external meetings and on public platforms; and through collective action and legitimate dialogue with government and civil society leaders, contributing to setting rules, norms and standards that support the advancement of the MDGs.

"The desire to engage companies in promoting universal principles in part reflects the fact, not that there aren't enough laws on the books, but that many governments continue to do a poor job implementing them"¹¹¹. Business is seen to have particular legitimacy to engage where governments are failing to resolve emerging problems¹¹². For example, the lobbying of the US Congress by a group of oil companies for some form of greenhouse-gas limits, following Bush's rejection of the Kyoto Protocol, and continued business efforts to promote emissions trading.

There has been a growing interest among donors in so-called "public-private dialogue"¹¹³ - private sector engagement in policy discussions, particularly around the business climate reform¹¹⁴. A recent OECD report¹¹⁵ highlights a range of potential benefits: to governments' credibility on private sector development policy; to the ability to share information and tap into expertise; to the feeling of ownership and the quality of policy.

A recent development has been the move towards business-led collective advocacy on development issues - an area where NGOs have traditionally been more effective. This has had the advantage of highlighting issues such as trade, enterprise, employment and governance - issues that are often given insufficient profile in NGO campaigns. The ideal advocacy focus is clearly on issues that have both strong business and development benefits¹¹⁶ - such as corruption, customs administration reform and transparency in the extractive sectors (notably, EITI).



Info Box

The cost of corruption

- Businesses are all too conscious of the high cost of corruption - in many parts of the world corruption is estimated to add as much as 10% to the cost of doing business¹⁰⁴. Corruption is identified as a serious constraint by over 70% percent of firms in South Asia; nearly as many in (developing) East Asia; 64% in Africa and almost 60% in Latin America¹⁰⁵. This is in addition to the increased reputational risk associated with corrupt practices.
- According to the Center for International Private Enterprise (CIPE)¹⁰⁶, corruption, among other things, lowers growth levels; lowers investment levels; reduces competition and efficiency; lowers productivity and discourages innovation and increases costs of doing business (serving as a tax on business); undermines the rule of law; hinders democratic, market-oriented reforms; increases political instability; and contributes to high crime rates.

The cost of climate change

- According to the Stern Report on the *Economics of Climate Change*¹⁰⁷, climate change presents costs to the business community in the region of 5 to 20% of global GDP. In contrast, action to reduce emissions would cost 1% GDP per year less. The report argues that climate change “could create risks of major disruption to economic and social activity, later in this century and in the next, on a scale similar to those associated with the great wars and the economic depression of the first half of the 20th century”.¹⁰⁸
- Companies face reputational risks if they are deemed by the public to be poor performers with regards to climate change.
- Current evidence suggests that climate change is not only affecting the core emitting sectors such as oil and gas, but other business markets such as agriculture and transport are now being affected by, for example, alterations to rainfall patterns¹⁰⁹.

1. Forum Topics

1.4 The Implications for Policy Makers and for Business

Implications for Policy Makers



“The influence of both civil society and business on international governance is likely to continue to increase. The issue is not whether but how best to realise the potential of non-state actors, who offer enormous resources in innovation and thought leadership, advocacy, popular mobilisation, financial investment and service delivery”.

Report for UNDP¹¹⁷

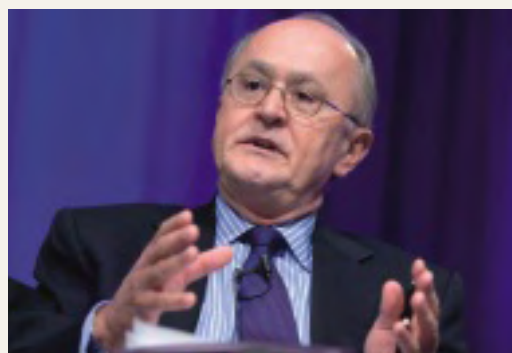
“The fundamental defect of global society today is not that the reach of corporations is too big, but that our ability to govern is too small. We face governance gaps and governance failures on a monumental scale. Our core challenge, therefore, is to stimulate social and political processes that will help bridge the gaps and reduce the failures. The dynamic interplay between business, civil society, and the public sector constitutes an essential platform from which to mount the campaign”.

John Ruggie¹¹⁸

The issue for policy makers is how to most effectively channel this business engagement and energy. This requires a keen understanding of both the advantages and potential risks. Business engagement remains controversial for a variety of reasons¹¹⁹: business using their power to influence outcomes to their own narrow advantage (for instance, on intellectual property rights, trade and investment); business lacking the legitimacy and accountability to engage in global governance issues (an issue that applies equally to NGOs); business using engagement with international bodies as a form of window dressing (UN Global Compact as “bluewashing”); business driving self-regulation that results in rules and standards that are weaker than laws¹²⁰; further disempowering governments and / or allowing governments to shirk their own responsibilities.



A report for UNDP¹²¹ suggested that business and NGO engagement in global governance should be become more structured to facilitate systematic dialogue and consultation and to ensure fair access to this discussion - something which “today’s multilateral decision-making bodies meet...only partially”¹²².



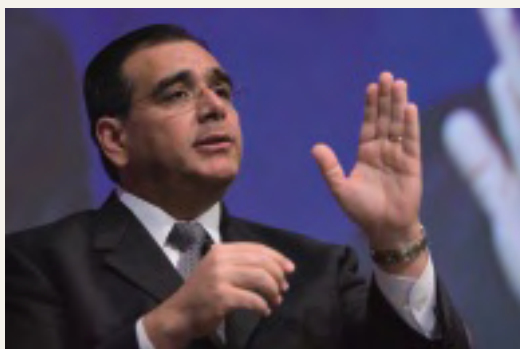
Plenary Viewpoint

“In legal terms we see an emerging trend whereby business as rule maker increasingly operates in the single global economic space that it has helped to create but business as rule taker continues largely to operate in separate national jurisdictions and there is a growing divergence between these two.”

“Voluntary initiatives are going to play a key role in the short term to medium term and therefore we need to make sure they operate better than they do currently. However, there are three key limitations, first accountability is a big shortfall in most of them, second there is a huge scaling problem with these voluntary initiatives, and third is laggards, in particular from countries where they are not susceptible to the same social pressures, and the more you get a divergence between joiners and laggards, the more the joiners face a competitive disadvantage”

John Ruggie, Professor, International Affairs, Harvard Business School & United Nations Special Representative for Business and Human Rights

1. Forum Topics



Plenary Viewpoint

“As an organisation that seeks to contribute to reducing poverty and facilitate the provision of global public goods, the World Bank recognises that functioning governance frameworks are essential to success, be it on reducing carbon emissions or facilitating investment in developing economies. However, forging accepted global rules cannot be the responsibility of any one institution; it will be a longer term process requiring inputs from all sectors in building convergence.”

Juan Jose Daboub
Managing Director, World Bank Group

The report stresses, though, that these arrangements should remain light-touch and un-bureaucratic. It suggests that the following should be explored:

- Multi-stakeholder bodies, such as the International Labour Organization's tripartite machinery (government/business/labour) for setting labour standards;
- “Pre-meeting meetings” with non-state actors, the day before official intergovernmental meetings;
- The “Arias formula”, which allows invited NGOs to address UN bodies outside official sessions;
- “Alternative reports” from non-state actors, to be considered alongside governmental reports, as the UN Commission on Human Rights has done;
- Amicus curiae (“friend-of-the-court”) briefs from non-state actors, for example at World Trade Organization appeal hearings.
- Non-state global forums, such as a World Financial Forum to debate the policies and performance of the International Monetary Fund every two years.

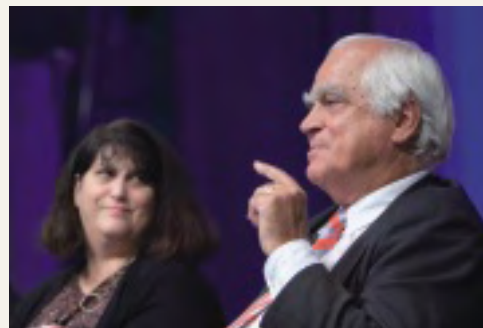
Plenary Viewpoint

"It is true that a good company will not look at immediate gratification, but many of the incentives which you have for top managers are very short term. Therefore we need an enabling environment. You have to have rules of the game which are such that a good company can live up to the standards it has set itself. Inviting the private sector to participate in rule making should always be seen in the context of a partnership with civil society to find rules that go beyond the short term vested interests of the private sector and government because civil society can be a corrective actor in this triangular situation"

Peter Eigen, Chairman, Advisory Council, Transparency International & Chair, Extractive Industries Transparency Initiative

Fundamentally, the involvement of private actors is seen as a positive development for global governance: "increasing voice of non-state actors adds essential checks and balances to the international system and helps ensure that excluded voices are heard"¹²³.

John Ruggie, Director of Harvard University Kennedy School of Government's Center for Business and Government, and former UN Assistant Secretary-General, argues that this: "may provide a historically progressive platform by creating a more inclusive institutional arena in which, and sites from which, other social actors, including [NGOs], international organizations and even states, can graft their pursuit of broader social agendas onto the global reach and capacity of [multinational corporations]"¹²⁴.



1. Forum Topics

Implications for Business



“Most executives would probably rather not take on such responsibilities, but recognise that this is no longer an option as business today has the competencies, resources and infrastructure to help meet societal challenges. Executives say the question is not so much what does business have to offer, but what are the legitimate roles for business and government in shaping 21st century society”¹²⁵.

What are the implications for the multinational businesses that find themselves in this new spot-light - as leaders on the world stage? First, to maximize their effectiveness, businesses should recognise their boundaries. In his advice to other business leaders, Niall FitzGerald, Chairman

of Reuters, says that they should focus on contributing to areas where “the authority of the position from which you speak and act is relevant, is limited to those subjects in which your company has expertise / experience and in which your contribution is respectful of others”¹²⁶. In short, business should



Plenary Viewpoint

"CEOs see themselves as brave and as risk takers, but are usually very conservative. What is my role as a CEO to help the planet to stay alive and how can I move beyond by current responsibility of giving shareholder value and put this into my work so we can function in a different logic? CEOs have a huge challenge and have to be brave enough to find new ways to move around the profit generation concept".

André Mantovani
CEO, MTV Brazil and Head of Abril Group

focus on areas where they can make a difference - and invariably this will be in areas closely related to their core business¹²⁷.

Second, and to ensure their longer-term effectiveness, businesses need to build their legitimacy in the minds of governments, NGOs and other stakeholders¹²⁸. "Only the democratisation of corporate activities, through continuous discourse, participation and enlarged mechanisms of transparency,

monitoring and reporting, can close the legitimacy gap of the corporation as a political actor in a globalized economy".¹²⁹

And third, as the role of business in these discussions evolves, from rule-takers to active rule-makers, greater emphasis must be placed on building capacity - within the business community, but also among those other stakeholders that engage with business at the global level. Indeed, sharing knowledge and best practice is one of the purposes on the 12th IBF, and the focus of its organisers.



Plenary Viewpoint

"There is no integration of CSR programmes and the real business models of companies. This has to change and it is changing very fast...people are trying to understand how to integrate the real business model with demands at the bottom of the pyramid".

Subhi Quraishi
CEO, ZMQ Software Systems

2. Forum Results

2.1. Results from the Working Groups



Participants had more detailed discussion within 12 working groups. Below is a summary of the outputs from each working group. The top 10 recommendations from the Forum as a whole are set out in Section 2.3.

Climate Change: The Impact on Corporate Strategy

Small and medium enterprises as a source of innovation

Chair

International Organisation: Jeanette Funke - Head of Division, InWEnt

Panellists

Business: Bernd Wolff - Sales Manager, Energiebau Solarstromsysteme GmbH

Civil Society: Annapurna Vancheswaran - Director, Sustainable Development Outreach, The Energy and Resources Institute (TERI)

Outline

The panelists discussed the crucial role Small and Medium Enterprises (SMEs) and Public-Private-Partnerships play in finding innovative solutions to energy problems. The example of the cooperation between the Energiebau GmbH and InWEnt demonstrated how to provide electricity to rural areas remote from the public grid by operating with solar hybrid systems using a pure plant oil generator for jatropha oil. The production of an affordable and sustainable local source of power, accessible 24 hours a day, was shown to enable more consistent and efficient local business practices. The Indian based Energy and Resources Institute (TERI) highlighted good practices concerning energy efficiency among SMEs in India. It was emphasized that the vast number of SMEs that contribute to developing countries' and emerging market economies offer great potential to help reduce greenhouse gas emissions and yet they have been largely marginalized from the current climate change debate.

Results

Participants:

- felt that there is a need to examine the economic viability of new ideas
- saw a need for the identification of commercial opportunities for SMEs
- called for investment for innovation, e.g. start up subsidies, funding, social investment
- recommended that risk taking for innovation be supported by policies and safety nets
- felt that the drivers of developing vs. developed countries need to be differentiated
- saw knowledge transfer to SMEs as critical

2. Forum Results

Finance sector and climate change

Chair

International Organisation: Alexander Fleming - Sector Manager, Finance and Private Sector Development Division, World Bank Institute

Panelists

International Organisation: Alan Miller - Principal Project Officer, International Finance Corporation
Business: Frans Kuijlaar - Senior Vice President ABN AMRO Markets, ABN AMRO Bank N.V.

Outline

The Panelists highlighted the importance of the finance sector in addressing climate change through designing innovative financial products without having a negative impact on the development prospects of countries and considering climate change issues in lending criteria. The financial sector can help by measuring their own carbon footprint as well as raising awareness among their customers and setting commercial targets to combat climate change.

Results

Participants:

- noted a lack of awareness in the financial sector about opportunities in the climate change arena and recommended capacity building, training and the need to quantify the business benefits and market opportunities.
- recognised the importance of raising awareness within the corporate sector of measuring greenhouse gas emissions and providing a business case to promote greater buy-in.
- noted the need to increase the availability of financial products for new clean technologies to combat climate change.



From Macro to Micro and Back: Adaptation Strategies to Climate Change

Chair

International Organisation: Michele de Nevers - Director, World Bank Institute

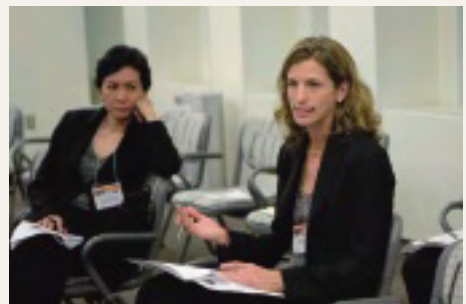
Panelists

Business: Wolfgang Weinmann - Head of Social Investment, Cafédirect plc.

Government: Constanze Helmchen - Focal Point, German Global Compact, GTZ

Outline

The panelists highlighted how climate change will affect a number of vital areas and sectors across the world including: water resources, agricultural production, coastal zones, human settlement, energy supply and human health. They stressed the need for adaption strategies for societies exposed to climate change risk. The value of partnerships with civil society organizations was brought out through the work of Cafédirect plc., United Kingdom's leading Fairtrade company, which connects with agricultural smallholders in rural areas both in Africa and Latin America. The challenges for public policy at the macro level were also discussed.



Results

Participants:

- noted the importance of small and medium enterprises to innovate regarding clean energy and the need for them to be provided with technology transfer, skills development and government subsidies.
- recommended public and private sectors share knowledge, data and examples of adaptive strategies for climate change and give guidance to SMEs.



2. Forum Results

Accounting and Reporting Greenhouse Gas Emissions in the Corporate Sector: What Gets Measured Gets Managed

Chair

Civil Society: Stephen Frost - Director, CSR Asia

Panelists

Business: Lisa Antonio - Executive Director, Philippine Business for Environment

Civil Society: Taryn Fransen - Senior Associate, World Resources Institute

Outline

The panelists highlighted the need for an accounting and reporting system for greenhouse gas emissions. The World Resources Institute reported on recent experience from their programs in Mexico and other countries, and highlighted the importance of responses from all segments of society including international, national and community levels. The Philippines Business for Environment is currently implementing an Accounting and Reporting Program together with the World Resources Institute and the World Business Council for Sustainable Development, to help a pilot group of 22 local companies' inventory, report on and reduce their greenhouse gas emissions. Major challenges and learnings from the experience of implementing this project were shared.

Results

Participants:

- noted the important role of credible and consistent legislation in approaches to tackling climate change alongside incentives for compliance.
- noted the importance of raising awareness about climate change within businesses, and presenting the business case for action. recognised the importance of sharing good practice through collating and disseminating case-studies together
- noted the complexities of regulating behaviour throughout the supply chain, especially when smaller companies lack the additional resources needed to monitor environmental impacts.



Combating Corruption: Setting One's Own Standards

Promoting Transparency in the Extractive Industry: The Case of Nigeria

Chair

International Organisation: Anwar Ravat - Program Manager, International Finance Corporation

Panelists

International Organisation: Uche Igwe - Team Leader Civil Society Liaison, Nigerian Extractive Industry Transparency Initiative

Business: Chima Ibeneche - Managing Director, Shell Nigeria Exploration and Production Company

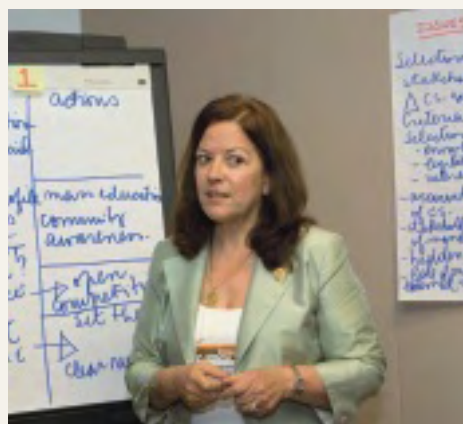
Outline

Using the experience of the NEITI, the Panelists spoke about the lessons learned from the initiative and discussed how it could be replicated and scaled-up to have greater impact. The strong link was highlighted between increasing the transparency and accountability of government and business processes, and improving conditions for the poorest. Stakeholder engagement was mentioned as a critical process that was important to the NEITI's success. Having tested the initiative and seen that it works, the challenge identified was to extend the reach of the initiative to include new signatories and to act as a catalyst for a broader process of reform to counter corruption.

Results

Participants:

- recognised the importance of codifying in law anti-corruption practices, as in the case of the Extractive Industries Transparency Initiatives.
- noted the importance of dialogue with stakeholders to increase awareness and credibility
- noted the need to educate and disseminate information about the EITI at all levels, but particularly locally.



2. Forum Results

Are Partnerships a Path to Good Governance?

Chair

International Organisation: Brian Levy - Advisor, Public Sector Governance, World Bank Group

Panelists

Business: Jacqui Beckett - Senior Corporate Counsel, Newmont Mining Corporation

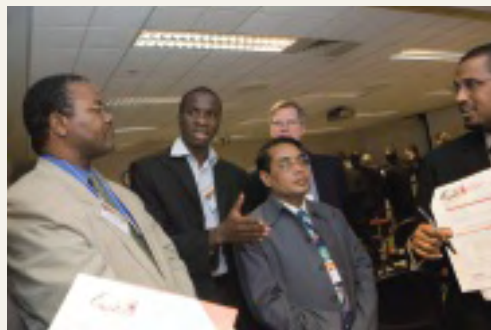
Business: Michael Hershman - Compliance Advisor, Siemens

Business: Michael Fine - Head of NXG Global Law & Compliance PLLC

Civil Society: Jesus Estanislao - President and CEO, Institute for Corporate Directions

Outline

The panelists used the example of Partnership against Corruption Initiative (PACI) and Transparency International's Integrity Pacts, to illustrate partnership approaches to combating corruption. The discussion highlighted how leadership and champions at the national and local government levels was necessary in these initiatives to raise awareness in the fight against corruption. To move beyond platitudes to concrete actions of governance and anti-corruption, the workshop discussed the need to address the threat of intimidating witnesses as well as encourage greater reporting on corruption.



Results

Participants:

- called for increased access to information and transparency of information in the fight against corruption.
- felt that individuals should be supported so that they are not be afraid to speak up about corruption

The Recovery of Stolen Asset: A Mechanism to Counter Corruption

Chair

International Organisation: Arvind Gupta - Lead Financial Sector Specialist, Finance and Private Sector Development, World Bank Institute

Panelists

Government: Linda Samuel - Deputy Chief, Asset Forfeiture and Money Laundering Section, Criminal Division U.S. Department of Justice

International Organisation: Theodore Greenberg - Senior Financial Sector Specialist, Financial Market Integrity, World Bank Group

Outline

This working group was set against the background of the recently launched Stolen Asset Recovery (StAR) initiative, a joint initiative by the World Bank and the United Nations Office of Drugs and Crime that aims to curb the crossborder flow of proceeds from criminal activities, corruption and tax evasion. The panelists discussed how developing and emerging countries can build the legal and regulatory infrastructure for effective antimoney laundering and confiscation. It also explored the role of the financial sector in addressing issues related to corruption investigations and prosecution.

Results

Participants:

- called for the development of straightforward framework procedures to generate transparency on what happens to repatriated stolen assets.
- felt that successful asset recovery needs co-operation from the business community, which must demonstrate a response of good faith.
- recommended that the World Bank train and fund specialist anti-corruption agencies at the national level.
- suggested that procedures be set up whereby national governments properly account for the use of recovered stolen assets.
- saw the need for a regulatory infrastructure that enables small businesses to be able to challenge bribery - from the bottom to the top.

2. Forum Results

Business Associations in the Fight Against Corruption

Chair

Civil Society: Steven Rochlin - Head of AccountAbility North America

Panelists

Civil Society: Peter Matthews - Director, Engineers Against Poverty

Civil Society: John Sullivan - Executive Director, Center for International Private Enterprise

Civil Society: Michael Sanio - Director, International Alliances, American Society of Civil Engineers

Business: James Farrar - Vice President for Corporate Citizenship, SAP

Outline

The panelists, representing a number of leading Business Member Organisations (BMOs) initiatives against corruption, highlighted the importance and difficulties of BMOs in countering corruption. BMOs were presented as important mechanisms for disseminating information to their members - particularly the business case for fighting corruption, mobilizing a response especially through collective action, and sharing expertise across the vast networks BMOs interact with. BMOs were presented as well placed to engage with other organisations in standard setting, such as the Integrity Pacts and PACI. Examples from Engineers Against Poverty and the American Society of Civil Engineers, demonstrated the important role of organisations in lobbying, advocating and raising awareness through training in the fight against corruption in the construction sector. An example from SAP highlighted how business was using software solutions to build a network of experts in the fight against corruption.

Results

Participants:

- called for greater collaboration of different business associations, and co-ordination among civil society, government and businesses, on the fight against corruption and to make governments more accountable.
- identified the need for communication, awareness, advocacy and education (including new social media), to demonstrate the business case for transparency and understanding in wider public.
- felt that BMOs should have more systems in place for prosecutions and evaluations
- saw a need for greater collaboration between BMOs for information sharing

Lessons from the Discussion on Business and MDGs

Sustainable Production in Low and Middle Income Countries

Chair

Civil Society: Laura Tlaiye - Sector Manager for Environment, World Bank Group

Panelists

Business: Oliver Lenze - Analyst 'Economics/Development Policy', German Investment and Development Company/KfW Banking Group

Business: Olav Boenders - Managing Director, Wagagai Ltd.

Civil Society: Henrique Victorelli Neto - Director, Instituto Genesis

Business: Gerard Pomar - Limited Brands, Inc.

Outline

The panelists presented examples of sustainable production. An entrepreneur from Uganda described his experience growing and exporting flowers in Kenya and Uganda, highlighting the importance of being economically viable at the same time as meeting environmental standards. The Brazilian Certification Institute showcased its innovative approach to certify sustainable produced meat which has resulted in reducing negative environmental impacts. An organic cotton producer from Burkina Faso presented its pioneering method to cultivate cotton and export it to American multinational companies. Its innovative knitting and dyeing processes are environmentally friendly and have created a market among smallholder farmers who are trained in organic production and certification processes.

Results

Participants:

- recognised the need to create the right investment climate in which certification systems for sustainable products will be effective.
- called for sustainable production initiatives to be transparent and verified by third parties.
- identified the need to bring down the cost of certification of sustainable products by decentralizing to regional certifiers.



2. Forum Results

The Impact of Corporate Social Responsibility on Small and Medium Enterprises: Using the Examples of Denmark, Latin America and the Caribbean

Chair

International Organisation: Luiz Ramalho - Director, InWEnt

Panelists

International Organisation: Daniel Shepherd - Project Team Leader, Inter-American Development Bank

Government: Carsten Ingerslev - Chief of Division, The Danish Centre for CSR, Danish Commerce and Companies Agency, Ministry of Economic and Business Affairs

International Organisation: Djordjija Petkoski - Head of the Business, Competitiveness and Development team, World Bank Institute

Civil Society: João Roberto Araujo - President, Inteligência Relacional

Outline

The working group explored the impact of CSR on the profitability of SMEs. An example was given from the Danish People & Profit program, which aims at teaching managers and employees how to increase their competitiveness by using CSR strategically. An example was also profiled from the Latin American Private Sector, where competitiveness has been enhanced through Capacity Building in Corporate Social Responsibility and Sustainability.

Results

Participants:

- recognised the considerable contribution made by SMEs to “corporate social responsibility” and creating a platform for sharing examples of good practice
- called for an increase in awareness of CSR across the business sector through training, mentoring, handbooks, online communication, through engagement of collective business organizations and others.



Hand-in-hand: Tapping Expertise to Achieve the Millennium Development Goals

Chair

International Organisation: Victor Vergara - Lead Urban Sector Specialist, Sustainable Development Division, World Bank Institute

Panelists

Academic: Susan Blaustein - Co-Director Millennium Cities Initiative, Earth Institute, Colombia University

Business: Robin Slatter - Business Development Manager, Sumitomo Chemical (UK) plc

Business: Timothy Stiles - Head of Global Grants Program, KPMG

Outline

The panelists highlighted a number of different projects targeted at accelerating progress towards the MDGs, including the Millennium Villages Project and its urban counterpart, linking farms to regional and international markets through the Millennium Cities; Sumitomo Chemical's contribution to fighting Malaria in sub-Saharan Africa through supporting the local production of bednets; and KPMG's global effort to relieve extreme poverty by helping to identify job generating investment opportunities throughout the region.

Results

Participants:

- recognised the need for a common vocabulary across the public and private sectors on development issues.
- saw building local capacity including good leadership as critical to the success of projects on the ground.
- recognised the need to measure and report on the impact of projects at the local level.



2. Forum Results

Business and Nutrition: Reaching 4 Billion Poorest

Chair

Government: Barbara Addy - Senior Advisor, Global Development Alliance, USAID

Panelists

Business: Vinita Bali - Managing Director, Britannia Industries Ltd.

Business: Louise Hilsen - Vice President of Government Affairs, Nestlé

Civil Society: Bérangère Magarinos - Senior Manager, Global Alliance for Improved Nutrition

Outline

The Panelists highlighted a number of market-based solutions to help tackle malnutrition, in particular fortifying foods and beverages with essential vitamins and minerals. Public/private partnerships were considered important if fortified products are to reach the most malnourished at an affordable price. Raising awareness about the importance of nutrition, particularly among mothers was key to improving the nutrition of children in developing countries. Challenges identified included the dissemination of bottom of the pyramid products to those who most need them, the lack of clear standards on food fortification and getting more players in the food industry, business community and governments around the table to discuss how action can be scaled-up.

Results

Participants:

- called for the mainstreaming of nutrition issues in broader debates on productivity, governance and the national development agenda.
- called for an independent organization for addressing grievances, verification and prosecution in cases of corruption.



2.2. Results from the e-discussions

The 12th IBF included inputs from two web-based discussions: a World Bank Institute e-discussion with young people and an InWEnt web discussion among its Alumni.



World Bank Institute Youth e-discussion

To tap into the perspectives of future business and government leaders, the World Bank Institute hosted a two week global online dialogue with 800 business and public administration university students and high school students from 35 countries

prior to the International Business Forum. Students debated key topics discussed by international delegates at the International Business Forum regarding the role business can play in dealing with Climate Change and Anti-Corruption.

2. Forum Results

Youth e-discussion Viewpoints

“So we feel that multinationals are presented with a very critical and time sensitive job - a window of opportunity to use their marketing and their distribution strategies as a vehicle to champion some of the MDG initiatives”.

“Communication is the key to standardising best practices for companies to follow. This is the key to combating corruption and initialising a mechanism of social responsibility. A healthy community needs healthy business and vice versa”.

“We believe that by enhancing the adoption of cleaner and greener technologies. Businesses can prevent further pollution in the environment. They can also concentrate on R&D and innovation practices in cleaner technologies and can help in the commercialisation of existing technologies, like biogas, carbon sequestration, etc.”

“Technology not only means bringing machines or bringing new techniques, but also bringing this new way of doing business”.

“Businesses can play a positive role by helping governments come up with strong anticorruption laws. Looking into corruption at the top and lower level of their organisation. Addressing the root cause - is it really low salaries? Promoting of reporting of unethical behavior and protecting whistle blowers, being transparent in their reporting procedures. International banks being more aware of things like money laundering. Inculcating a culture of honesty and integrity in their organisations”.

“We should find a way to convince shareholders and other investors to put their money in companies that believe in the sustainability issue”

“Actually I used to think that our government had to be responsible for most social issues, such as corruption or climate change because they themselves make and enforce policies, but what I discussed today has changed my opinion and now I agree that it is not only our government but also the private sector are involved in the process of changing our society”

InWEnt Alumni Web Discussion

InWEnt held a web discussion over the course of a week with its Alumni network in advance of the IBF.

InWEnt Alumni Web Discussion Viewpoints

“Business like the rest of the civil society should be fully involved in setting global societal and environmental rules and standards by working with other stakeholders to set the rules and standards; and advocating for policies that support development human rights and protect the environment. Small business like the big ones should do the same. ”

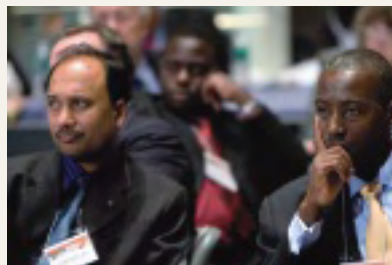
“Today business is the major player in globalisation either through investment or trade and it is therefore imperative that they become a formal part of rule making”.

“The pressing issues such as climate change and corruption are just secondary for business”

“Businesses as a crucial element of society reflect what values the society stands for in which they operate. Good business should mean well-being for each party. Global social and environmental rules and standards are part of doing good business.”

“Apart from enterprises, governments also hold a large share in business with other governments and organizations. Are governments responsible and transparent?”

“Originally countries had their own standards, but the current trend for business partnerships has brought another concept of regional integration of standards. Usually business opportunities lead and others follow.”



2. Forum Results

2.3. The 12th IBF and its Key Recommendations

Through a series of workshops and plenary sessions delegates identified and prioritised their top 10 recommendations, identifying also those that they felt were most actionable.

In each of the 12 working groups, participants identified their top priorities. These were then condensed to 20 recommendations by the moderators, and further prioritised by participants in the plenary session into the top 10 recommendations of the 12th IBF. These 10 recommendations were further prioritised using an electronic voting system in the plenary session resulting in the top 3 recommendations, and of these top 3, the most actionable recommendation was voted upon.

Plenary Viewpoint

“WBI convenes stakeholders to stimulate dialogue, discussion, debate, learning from each other. What works, what doesn't work, all of these key things that factor into the successes of the future. For us this forum is critical as we take lessons. As you look around, you have CEOs, entrepreneurs, NGOs, World Bank colleagues, youth leaders through the internet. With 300 colleagues from 40 different countries the diversity actually is very impressive. This is the type of activity we would expect to learn much from.”

Rakesh Nangia

Acting Vice President, World Bank Institute



Top 10 Recommendations of the 12th International Business Forum

Delegates of the 12th IBF...

Recommendation	Choose top 3 (%)	Of top 3, Choose Most Actionable (%)
1 Called for greater collaboration between different businesses associations, and co-ordination among civil society, government and businesses on the fight against corruption and to make governments more accountable.	19	30
2 Recommended public and private sectors share knowledge and examples of adaptive strategies for climate change and give guidance to SMEs.	14	42
3 Noted the need to increase the availability of financial products for new clean technologies to combat climate change.	14	28
4 Called for an increase in awareness of CSR across the business sector through training, handbooks, online communication, through engagement of collective business organisations and others	13	
5 Recognised the considerable contribution made by SMEs to “corporate social responsibility” and create a platform for them to share examples of good practice	9	
6 Called for the mainstreaming of nutrition issues in broader debates on productivity, governance and national development agendas.	8	
7 Noted the importance of SMEs to innovate regarding clean energy and the need for them to be provided with technology transfers, skills development and government subsidies	8	
8 Noted the important role of credible and consistent climate change legislation alongside incentives for compliance.	6	
9 Called for increased access to information and transparency of information in the fight against corruption.	6	
10 Identified the need to bring down the cost of certifying sustainable products by decentralizing the process to regional certifiers.	5	

3. Reflections on the Business and the MDGs series of the IBF

The 10th, 11th and 12th International Business Fora - in 2005, 2006 and 2007 respectively - focused on the important contribution of business to achieving the Millennium Development Goals¹³⁰, the internationally-agreed set of goals for reducing world poverty by 2015.

Organised by InWEnt - Capacity Building International and the World Bank Institute, along with their partners, the Fora brought together hundreds of experts from business, government and civil society. All those who attended, or who participated in the parallel web-based discussions, shared the sense of urgency for action, and all recognised that progress will only be made by all sectors working together in new and innovative ways.

Plenary Viewpoint

"This is not about charity, it is about business, but there needs to be an understanding by business that they cannot ignore the environment and the context from which they are gaining their profit. For a lot of businesses in Africa there is a mismatch between what they take from the community and what they put back. And what they have to put back... is how you teach people to become more self dependent, how your supply chains would actually be able to develop much beyond where they are now, and that takes a lot of effort, training and skills."

Titilola Banjoko
CEO, AfricaRecruit

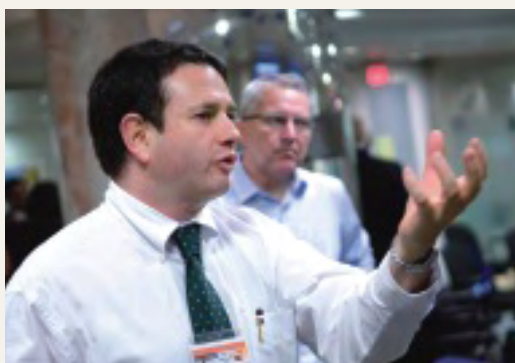


A common message that ran through all three events was the need for a clearer understanding of the role of business: what the MDGs mean for business and what business means for the MDGs.

The 10th IBF ("Business and the Millennium Development Goals: An Active Role for Globally Responsible Companies"¹³¹, 11-13 September 2005, New York, and its follow-up events on 23 March 2006 in Sao Paulo, and 10-11 April 2006 in Washington DC and Bonn) highlighted the strong rationale for why business should think more about how it can contribute to the MDGs - both in terms of the business risks posed by a world in which the MDGs are not met, but also in terms of the business opportunities that lie in serving developing country markets.

The 11th IBF ("Business and the Millennium Development Goals: The Business Challenge Africa"¹³², 8-10 October 2006, Bonn) stressed that the single biggest contribution that business can make, and is

already making, is through its core business: by creating opportunities for employment and enterprise, by generating tax revenue, and by developing innovative products and services. The 11th IBF also focused on Sub-Saharan Africa, recognizing that while progress has been made in some countries on some the MDGs, Africa is the only continent not on track to meet any of the MDGs. Particularly areas of focus for the event were the role of businesses and individuals in the African Diaspora, as well as some of the most important factors needed to enable business to flourish, and thereby drive growth and poverty reduction: international trade (with a focus on South-South economic relations), the investment climate and infrastructure.



The 12th IBF ("Business Engagement for Governance"¹³³, 8-10 October 2007, Washington, DC, and the follow up policy dialogue during the World Bank / International Monetary Fund Annual Meetings) emphasized the need for businesses to behave responsibly, and explored what that means in a globalised world - a topic also highlighted in the German-led 2007 G8. Perhaps the most interesting

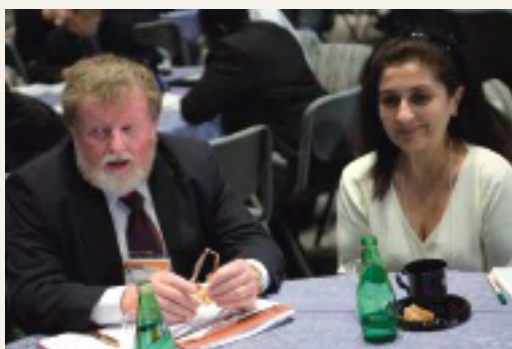


Plenary Viewpoint

"There are four fields of action that would help improve the conditions for more German engagement in the developing world: first of all, our companies say markets need to be large enough and attractive, and while this condition is met in most Asian countries it is not in Africa; on governance, legal regulations and administration procedures have to be transparent and the enforcement of contracts has to be ensured; the security situation in the country has to be such that personal safety of staff needs to be guaranteed; hard infrastructure has to be in place - transport, energy, water, communication. Despite all efforts...and significant progress made, challenges remain, and in particular in Africa - regional integration, further progress in governance, and huge investments in infrastructure is needed"

Claudia Wörmann
Director, Foreign Economic Policy, Trade and Development Policy, Federation of German Industries

3. Reflections on the Business and the MDGs series of the IBF



Plenary Viewpoint

“Education is the key. Whether it is the education of business executives, shareholders, consumers or employees, ...education is the key when it comes to achieving the various MDGs and sustainable development. But there is a master key: education that develops skills for employment. Because unless you have people with employment opportunities, people who can develop skills and make a greater contribution in terms of the benefit to their employer and themselves, greater income generation, how can they afford decent health care, send their children to school, and the other sorts of things that the MDGs stress? Skills development for employability is the master key that opens the door to poverty alleviation, sustainable development and greater equity.”

Rupert Maclean
Director, UNESCO-UNEVOC International Centre for
Education

current debate on what it means for a business to be “responsible” revolves around the role businesses are increasingly playing at the global level, tackling global issues, such as corruption or climate change. The 12th IBF focused on this role businesses are playing in setting the global rules that govern their own conduct, as well as those that shape the conduct of others - particularly governments.

Through a rich discussion, and wide selection of case studies and expert research, the IBF series on *Business and the MDGs* has produced a set of practical recommendations. The core message is that responsible business is an indispensable partner for international development, and the sooner that governments, civil society and businesses, themselves, recognise this, the better.

Further information on the 10th, 11th and 12th International Business Fora can be found on the joint website of InWEnt and the World Bank Institute www.businessandmdgs.net

4. Organisation and Acknowledgement

Agenda

October 8, 2007

The 12th International Business Forum will be chaired by Mr. Erich Süßdorf and moderated by Mr. Justin Webb, BBC Washington Correspondent

17:30 - 19:00 Registration

19:00 - 20:00 Reception at City Tavern Club, 3206 M Street N.W.

Welcoming Remarks

- Bernd Schleich - Managing Director, InWEnt
- Djordjija Petkoski - Head of Business, Competitiveness and Development, WBI
- Presentation of Background Paper:
Michael Mowlam - Director, Inspiris Limited
- Showcase: How MTV promotes the Millennium Development Goals in Brazil
Mauro Dahmer - Pro-social Editor/Producer, MTV Brazil

Drinks, Meet and Greet

October 9, 2007

08:00 - 08:30 Registration/Security Check - Light Breakfast

Business and the Rules of the Game: From rule-takers to rule-makers?

08:30 - 10:00 Opening Plenary

Welcome:

- Rakesh Nangia - Acting Vice President, World Bank Institute
- Bernd Schleich - Managing Director, InWEnt

Videomessage: Young Leaders respond on Business and the Rules of the Game

Introductory Remarks:

- Eckhard Deutscher - Executive Director for the Federal Republic of Germany, World Bank Group

Keynote speakers:

- Juan José Daboub - Managing Director, World Bank
- Lenny Mendonca - Director, McKinsey and Company
- Chima Ibeneche - Managing Director, Shell Nigeria Exploration & Production Company

4. Organisation and Acknowledgement

10:00 - 10:30 The Rules of the Game

This session will encourage an interactive discussion among the Forum participants on themes central to "Business and the Rules of the Game." Introductory remarks will help to frame the issues and set the tone of the Forum.

Remarks:

- John Ruggie - Professor of International Affairs, Harvard Business School and United Nations Special Representative for Business and Human Rights

10:30 - 10:45 Coffee Break

Climate Change: The Impact on Corporate Strategy

10:45 - 12:00 Plenary Session One

Introduction:

- Rajendra K. Pachauri - Director-General, The Energy and Resources Institute (TERI); Chairman, Intergovernmental Panel on Climate Change (IPCC) (via videoconference)

Keynote panelists:

- Lars Josefsson - President and CEO, Vattenfall and Founder of 'Combat Climate Change' (via videoconference)
- Suellen Lazarus - Senior Adviser, ABN AMRO Bank N.V.
- Beate Bund - Head of International Affairs, Conergy AG & Representative of the German Climate Initiative '2 Degree'

Commentators:

- Rajendra K. Pachauri - Director-General, The Energy and Resources Institute (TERI); Chairman, Intergovernmental Panel on Climate Change (IPCC) (via videoconference)
- Katherine Sierra - Vice President, Sustainable Development, World Bank Group

12:00 - 13:30

Working Groups One

Participants are invited to divide into four parallel working groups.

1 A

Small and Medium Enterprises as a Source of Innovation

This session will discuss the crucial role Small and Medium Enterprises (SMEs) and Public-Private-Partnerships play in finding innovative solutions to energy problems. Lack of advanced technology, use of inefficient production and archival management processes are some of the factors obstructing small business in moving ahead. Developing country SMEs offer potential of large energy savings resulting in reductions of green-house gases. Why are the SMEs not being included in the current climate change debate? Using the example of the cooperation between the Energiebau GmbH and InWEnt this session will demonstrate how to provide electricity to rural areas remote from the public grid by operating with solar hybrid systems using a pure plant oil generator for jatropha oil. The Indian based Energy and Resources Institute (TERI) will highlight good practices concerning energy efficiency among SMEs in India.

- Bernd Wolff - Sales Manager, Energiebau Solarstromsysteme GmbH
- Annapurna Vancheswaran - Director, Sustainable Development Outreach, The Energy and Resources Institute (TERI)
- Chair: Jeanette Funke - Head of Division, InWEnt

1 B

Finance Sector and Climate Change

This session discusses the increasing role that the finance sector has been playing in addressing climate change issues, through innovative financial products and considering climate change issues in lending criteria. One of the key objectives of this session is to explore the role of the finance sector in helping to design effective solutions to curbing climate change without having a negative impact on the development prospects of countries. It also explores how conditionalities attached to loans can greatly impact development agendas.

- Alan Miller - Principal Project Officer, International Finance Corporation
- Frans Kuijlaar - Senior Vice President ABN AMRO Markets, ABN AMRO Bank N.V.
- Chair: Alexander Fleming - Sector Manager, Finance and Private Sector Development Division, World Bank Institute

4. Organisation and Acknowledgement

1 C From Macro to Micro and Back: Adaptation Strategies to Climate Change

The impact of climate changes will affect a number of vital areas and sectors across the world including: water resources, agricultural production, coastal zones, human settlement, energy supply and human health. Here, the degree of vulnerability of societies depends upon how severely they are exposed to climate risks and, above all, upon their capacity to adapt to climate change. How can suitable adaptation strategies be identified and implemented? Learning from Cafédirect plc., United Kingdom's leading Fairtrade company, and its work with agricultural smallholders in rural areas both in Africa and Latin America this Working Group will discuss experiences on the ground and deduct recommendations for corporate strategy of other actors, national and international, facing similar challenges and public policy at the macro level.

- Wolfgang Weinmann - Head of Social Investment, Cafédirect plc.
- Constanze Helmchen - Focal Point, German Global Compact, GTZ
- Chair: Michele de Nevers - Director, World Bank Institute

1 D Accounting and Reporting Greenhouse Gas Emissions in the Corporate Sector: What Gets Measured Gets Managed

This session will demonstrate the use of an accounting and reporting system for green-house gas emissions. The Philippines Business for Environment is currently implementing an Accounting and Reporting Program together with the World Resources Institute and the World Business Council for Sustainable Development, to help a pilot group of 22 local companies' inventory, report on and reduce their greenhouse gas emissions. The World Resources Institute will report on recent experience from their programs in Mexico and other countries and will shed light on the question of transferability.

- Lisa Antonio - Executive Director, Philippine Business for Environment
- Taryn Fransen - Senior Associate, World Resources Institute
- Chair: Stephen Frost - Director, CSR Asia

1 E Youth Videoconsultation: Climate Change: The Impact on Corporate Strategy

In order to make sure that the voices of future leaders are heard, this consultation will be conducted with students from around the world on climate change and its impact on businesses. The consultation will be conducted via videoconference and will connect multiple locations at once for a lively, cross-cultural discussion.

- Moderator: Amina El-Sharkawy - Business, Competitiveness and Development, World Bank Institute

13:30 - 14:30 Lunch

14:30 - 15:00 Feedback Session One

Rapporteurs from each working group present the main recommendations that emerged from the working group discussions.

Combating Corruption: Setting One's Own Standards

15:00 - 16:30 Plenary Session Two

Keynote panelists:

- Peter Eigen - Chairman of the Advisory Council Transparency International; Chair of Extractive Industries Transparency Initiative
- Nancy Boswell - President and CEO of Transparency International, USA
- Jacqui Beckett - Senior Corporate Counsel, Newmont Mining Corporation
- Alberto de Armas - Vice President of Business Development, CEMEX Mexico
- Commentator: Daniel Kaufmann - Director, Global Programs, World Bank Institute

16:30 - 18:00 Working Groups Two

Participants are invited to divide into four parallel working groups. Coffee will be served during the sessions.

4. Organisation and Acknowledgement

2 A Promoting Transparency in the Extractive Industry: The Case of Nigeria

This working group explores industry initiatives to counter corruption with special reference to the Nigerian Extractive Industry Transparency Initiative (NEITI). By examining lessons from NEITI and discussing how these lessons could be applied to other industry sectors, this working group aims to develop an inventory of what has and has not worked in industry approaches to governance and anti-corruption.

- Uche Igwe - Team Leader Civil Society Liaison, Nigerian Extractive Industry Transparency Initiative
- Chima Ibeneche - Managing Director, Shell Nigeria Exploration and Production Company
- Chair: Anwar Ravat - Program Manager, International Finance Corporation

2 B Are Partnerships a Path to Good Governance?

Highlighting the Partnership against Corruption Initiative (PACI) and Transparency International's Integrity Pacts, this working group will investigate solutions to combat corruption from a multi-stakeholder partnership perspective. The working group will specifically consider how partnership initiatives can move beyond platitudes to craft concrete actions of governance and anti-corruption and explore models for ensuring long-term sustainability of partnerships.

- Jacqui Beckett - Senior Corporate Counsel, Newmont Mining Corporation
- Michael Hershman - Compliance Advisor, Siemens
- Michael Finen - Head of NXG Global Law & Compliance PLLC
- Jesus Estanislao - President and CEO, Institute for Corporate Directions
- Chair: Brian Levy - Advisor, Public Sector Governance, World Bank Group

2 C The Recovery of Stolen Asset: A Mechanism to Counter Corruption

This working group is set against the background of the recently launched Stolen Asset Recovery (StAR) initiative, a joint initiative by the World Bank and the United Nations Office of Drugs and Crime that aims to curb the cross-border flow of proceeds from criminal activities, corruption and tax evasion. Panelists will discuss how developing and emerging countries can build the legal and regulatory infrastructure for effective anti-money laundering and confiscation. It will also

explore the role of the financial sector in addressing issues related to corruption investigations and prosecution.

- Linda Samuel - Deputy Chief, Asset Forfeiture and Money Laundering Section, Criminal Division U.S. Department of Justice
- Theodore Greenberg - Senior Financial Sector Specialist, Financial Market Integrity, World Bank Group
- Chair: Arvind Gupta - Lead Financial Sector Specialist, Finance and Private Sector Development, World Bank Institute

2 D Business Associations in the Fight Against Corruption

Business membership organizations (BMOs), such as business associations, chambers of commerce and professional organizations, around the world can be important players in the fight against corruption in their countries. Highlighting a number of leading BMO initiatives against corruption, this working group will investigate the importance and difficulties of BMOs in countering corruption and identify strategies to promote BMO initiatives against corruption.

- Peter Matthews - Director, Engineers Against Poverty
- John Sullivan - Executive Director, Center for International Private Enterprise
- Michael Sanio - Director, International Alliances, American Society of Civil Engineers
- James Farrar - Vice President for Corporate Citizenship, SAP
- Chair: Steven Rochlin - Head of AccountAbility North America

18:00 - 18:30 Feedback Session Two

Rapporteurs from each working group present the main recommendations that emerged from the working group discussions.

19:00 - 19:30 Transfer to Reception at the Residence of the German Ambassador to the United States (1800 Foxhall Road, N.W.)

Welcoming Remarks:

- Ambassador Klaus Scharioth - German Ambassador to the United States
- Bernd Schleich - Managing Director, InWEnt
- Marilou Jane Uy - Sector Director, Finance & Private Sector Development, Africa Region, World Bank Group

4. Organisation and Acknowledgement

October 10, 2007

08:00 - 08:45 Light Breakfast

08:45 - 09:45 Introductory Session

This session will take stock of the discussion from the first day. Remarks on the OECD guidelines and the ISO 26000 process will set the tone for the Plenary Session on Business and the Millennium Development Goals. A facilitated discussion will follow.

Remarks:

- Rainer Geiger - Deputy Director, OECD Financial and Enterprise Affairs
- Jorge Cajazeira - Chair, ISO Social Responsibility Working Group

Lessons from the Discussion on Business and MDGs

09:45 - 11:00 Plenary Session Three

Keynote panelists:

- Claudia Wörmann - Director, Foreign Economic Policy, Trade and Development Policy, Federation of German Industries
- Titilola Banjoko - CEO, AfricaRecruit
- André Mantovani - CEO, MTV Brazil and Head of Abril Group TV
- Subhi Quraishi - CEO, ZMQ Software Systems
- Rupert Maclean - Director, UNESCO-UNEVOC International Centre for Education

Commentator:

- Helmut Asche - Professor and Managing Director for African Studies, University of Leipzig

11:00 - 12:30 Working Groups Three

Participants are invited to divide into four parallel working groups. Coffee will be served during the sessions.

3 A Sustainable Production in Low and Middle Income Countries

This session will present four successful examples of sustainable production. An entrepreneur from Uganda will describe his experience growing and exporting flowers in Kenya and Uganda, the Brazilian Certification Institute will showcase its innovative approach to certify sustainable produced meat, and the organic cotton producer from Burkina Faso will present its pioneering method to cultivate cotton and export it to American multinational companies. Participants will be introduced to the Brazilian program “Cities for Peace” a project of Moema Sugar and Ethanol Mill and Mandu Sugar and Ethanol Mill. These four stories are concrete examples of business contribution to achieve the Millennium Development Goals.

- Oliver Lenze - Analyst 'Economics/Development Policy', German Investment and Development Company/KfW Banking Group
- Olav Boenders - Managing Director, Wagagai Ltd.
- Henrique Victorelli Neto - Director, Instituto Genesis
- Gerard Pomar - Director, Z-Ply Corporation
- João Roberto Araujo - President, Inteligência Relacional
- Chair: Laura Tlaiye - Sector Manager for Environment, World Bank Group

3 B The Impact of Corporate Social Responsibility on Small and Medium Enterprises: Using the Examples of Denmark, Latin America and the Caribbean, and China

This session will study the impact of CSR on the profitability of SMEs. Particular attention will be paid to the Danish People & Profit program, which aims at teaching managers and employees how to increase their competitiveness by using CSR strategically. Additional focus will be given to the positive approach to the Latin American Private Sector, enhancing their competitiveness through Capacity Building in Corporate Social Responsibility and Sustainability.

- Daniel Shepherd - Project Team Leader, Inter-American Development Bank
- Carsten Ingerslev - Head of Department, Centre for Corporate Social Responsibility, Danish Commerce and Companies Agency
- Djordjija Petkoski - Head of the Business, Competitiveness and Development team, World Bank Institute
- Chair: Luiz Ramalho - Director, InWEnt

4. Organisation and Acknowledgement

3 C Hand-in-hand: Tapping Expertise to Achieve the Millennium Development Goals

This session will highlight how the business, academic and non-profit communities can work together to help some of the planet's poorest attain sustainable livelihoods. Particular attention will be paid to the Millennium Villages Project and its urban counterpart, linking farms to regional and international markets through the Millennium Cities.

Furthermore, the working group will demonstrate the Sumitomo Chemical's monumental contribution to fighting Malaria in sub-Saharan Africa and to KPMG's global effort to relieve extreme poverty by helping to identify job-generating investment opportunities throughout the region.

- Susan Blaustein - Co-Director Millennium Cities Initiative, Earth Institute
- Robin Slatter - Business Development Manager, Sumitomo Chemical (UK) plc
- Timothy Stiles - Head of Global Grants Program, KPMG
- Chair: Victor Vergara - Lead Urban Sector Specialist, Sustainable Development Division, World Bank Institute

3 D Business and Nutrition: Reaching 4 Billion Poorest

This session will show the potential and the challenges of business action to help tackle malnutrition through market-based solutions. Discussion will focus on the lessons of corporate experience in pursuing innovative strategies, focusing on supply chain issues, including working with local suppliers, and the additional costs of fortifying foods and beverages with essential vitamins and minerals.

- Vinita Bali - Managing Director, Britannia Industries Ltd.
- Louise Hilsen - Vice President of Government Affairs, Nestlé
- Bérangère Magarinos - Senior Manager, Global Alliance for Improved Nutrition
- Chair: Barbara Addy - Senior Advisor, Global Development Alliance, USAID

3 E Youth Video Consultation: Business and the Millennium Development Goals

In order to make sure that the voices of young people are heard, this consultation will be conducted with students from around the world on business and its role in poverty reduction and contributing to solutions to reach the MDGs. The consultation will be conducted via videoconference and will connect multiple locations at once for a lively, cross-cultural discussion.

- Moderator: James Robey - Program Manager, Capgemini

12:30 - 13:45	Lunch
13:45 - 14:30	Feedback Plenary Session Three
	Rapporteurs from each working group will present the main recommendations emerged from the working group discussion.
14:30 - 15:45	Net-Making Session
	Participants are invited to meet and interact with each other in view of enlarging the partnership network and to take the first practical steps toward cooperation. Appointments can be arranged in advance through the Forum organizers.
	<ul style="list-style-type: none"> ▪ Coordinator: Erich Süßdorf
15:45 - 17:00	From Talk to Action-Prioritizing Recommendations
	<p>C o o r d i n a t o r s :</p> <ul style="list-style-type: none"> ▪ Justin Webb - BBC Washington correspondent ▪ Inspiris Ltd.
17:00 - 18:00	Closing Plenary: Outlook
	<p>Keynote panelists:</p> <ul style="list-style-type: none"> ▪ Rachel Kyte - Director, Environment and Social Development Department, International Finance Corporation ▪ Gerald Hyman - President and Senior Adviser, Hills Program on Governance ▪ Vinita Bali - Managing Director, Britannia Industries Ltd. <p>Closing Remarks:</p> <ul style="list-style-type: none"> ▪ Djordjija Petkoski - Head of the Business, Competitiveness and Development team, World Bank Institute ▪ Luiz Ramalho - Director, InWEnt
18:00	Farewell Reception

4. Organisation and Acknowledgement

About the Organisers

InWEnt - Internationale Weiterbildung und Entwicklung gGmbH
Capacity Building International, Germany

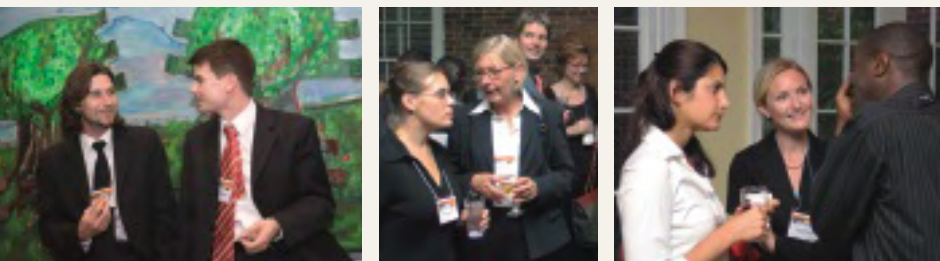
www.inwent.org

InWEnt stands for the development of human resources and organisations within the framework of international cooperation. InWEnt's services cater to skilled and managerial staff as well as to decision makers from business, politics, administration and civil societies worldwide. InWEnt cooperates equally with partners from developing, transition and industrialized countries. InWEnt's shareholders comprise the Federal Republic of Germany, represented by the Federal Ministry for Economic Cooperation and Development (BMZ), the Carl Duisberg Gesellschaft that represents the business community, and the German Foundation for International Development that represents the German federal states (Länder).

The World Bank Institute (WBI)

www.worldbank.org/wbi

WBI is the Learning, Knowledge and Capacity Building arm of the World Bank Group. It trains leaders, decision makers, and others to develop and implement policies on poverty reduction, trade, corporate governance and corporate responsibility, environment, AIDS, corruption, education, health, and more. WBI networks connect decision makers around the globe, allowing them to share information and compare experiences. WBI programmes are offered in more than 150 countries. Clients include government officials and policymakers, staff from non-governmental organisations, business representatives, journalists, academics, teachers and children, and World Bank staff.



Corporations and Organisations Featured

The organisers of the 12th International Business Forum wish to express their gratitude to the representatives of the following corporations, local and international organizations and scientific institutions that were contributing to the success of the Forum by presenting their cases:

- ABN AMRO Bank N.V.
- Abril Group TV
- AccountAbility
- AfricaRecruit
- American Society of Civil Engineers
- Britannia Industries Ltd.
- Cafédirect plc.
- Capgemini
- CEMEX Mexico
- Center for International Private Enterprise
- Combat Climate Change
- Conergy AG
- CSR Asia
- Danish Commerce and Companies Agency
- Energiebau Solarstromsysteme GmbH
- Engineers Against Poverty
- Extractive Industries Transparency Initiative
- Federation of German Industries German Climate Initiative '2 Degree'
- German Investment and Development Company / KfW Banking Group
- Global Alliance for Improved Nutrition (GAIN)
- Global Development Alliance, USAID
- GTZ
- Hills Program on Governance
- Institute for Corporate Directions
- Instituto Genesis
- Inteligência Relacional
- Inter-American Development Bank
- Intergovernmental Panel on Climate Change (IPCC)
- International Finance Corporation
- ISO Social Responsibility Working Group
- KPMG
- Limited Brands, Inc.
- McKinsey and Company
- Millennium Cities Initiative, Earth Institute, Colombia University
- MTV Brazil
- Nestlé
- Newmont Mining Corporation
- Nigerian Extractive Industry Transparency Initiative
- NXG Global Law & Compliance PLLC
- OECD Financial and Enterprise Affairs
- Philippine Business for Environment
- SAP
- Shell Nigeria Exploration and Production Company
- Siemens
- Sumitomo Chemical (UK) plc
- The Energy and Resources Institute (TERI)
- Transparency International
- U.S. Department of Justice
- UNESCO-UNEVOC International Centre for Education
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Endnotes

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- 2) <http://www.un.org/millenniumgoals/>
- 3) Alexis Sampson and Michael Jarvis, writing on the World Bank's Private Sector Development Blog (<http://psdblog.worldbank.org/psdblog/2007/10/business-and-th.html>)
- 4) World Bank Institute & InWEnt (2006)
- 5) G8 (2007)
- 6) Hohnen (2007)
- 7) G8 (2007). A fuller summary of the 2007 G8 was included in the Background Paper to the 12th IBF (World Bank Institute & InWEnt, 2007), available at: <http://www.businessandmdgs.net/>
- 8) The Global Compact was profiled as a case study in the Background Paper to the 12th IBF (World Bank Institute & InWEnt, 2007), available at: <http://www.businessandmdgs.net/>
- 9) Cited in Nelson & Prescott (2003)
- 10) Scherer, et al (2006)
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