



Business in Development Study 2012

Australian business leaders provide insight into delivering business outcomes
with social benefit in developing countries



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This study is commissioned by the Australian Agency for International Development (AusAID)
to provide a basis for informed discussion on AusAID's business engagement agenda.
It has been produced by independent analysts and does not reflect the views of AusAID nor
of the Australian Government.

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Foreword

Aid and development have traditionally been viewed as the domain of government, non-governmental organisations (NGOs) and their donors. *The Business in Development Study 2012* introduces a new perspective, asking if the business operations of Australian multinational companies are also addressing development challenges in some of the poorest parts of the globe.

The answer is an intriguing one. In pushing beyond home shores in a quest for growth, companies must deal with the same challenges the poor face, like ill health, low levels of literacy and poor roads. These challenges constrain growth. Some companies, in moving forward to solve these problems, create new future revenues streams for themselves as well as unprecedented opportunities in poor communities.

Only recently I saw this model first hand in Indonesia where I visited a dairy cooperative which is, with the support of a multinational dairy processor, using new technologies to increase farmer yields and productivity. For the multinational it's good business, increasing throughput at its plant. For the farmers, it's a critical leg up in a very difficult environment.

I trust the report is valuable to Australian Agency for International Development (AusAID), NGOs, donors and businesses as they consider the role of business as a partner in solving the big development challenges.



Simon McKeon,
Board Chair Business for
Millennium Development

The *Business in Development Study 2012* investigates important themes associated with the power of business to deliver both business and social outcomes. As the issues that impact commercial, public, and philanthropic organisations increasingly converge, challenges like poverty, inequality and health – issues once deemed **social** – have become **strategic**. Businesses are creating innovative multi-stakeholder cross-sector alliances that are transforming traditional structures and the conventional roles of actors within international development.

In this study, Accenture Development Partnerships and Business for Millennium Development (B4MD) delve into the multi-dimensional barriers, motivations, and experiences of Australian business in developing countries, creating a foundation for continued advancement. While there are no instant solutions, harnessing the transformative power of market forces to help address today's most pressing global challenges is an important step forward.

AusAID and Australian businesses have a unique opportunity to move forward and create cross-sector solutions that symbiotically overcome business and developmental hurdles. This Study proves that innovative partnerships are gaining momentum, but that the relationship potential between business and AusAID is underutilized.

My hope is that this Study will not just offer examples of innovation, but inspire readers to collaborate and participate in conversations and potential opportunities to tackle the complexities of development – that it will motivate you to *become* an example of cross-sector convergence.



A handwritten signature in dark ink, appearing to read 'Gib Bulloch'.

Gib Bulloch,
Managing Director
Accenture Development
Partnerships

Appreciation

We would like to thank the following business leaders for their insights in shaping this study. While the views expressed in this report do not reflect the totality of opinions received from all contributing executives, their participation and guidance have been critical.

Agility Logistics

Mick Turnbull, Regional CEO,
Australasia and North Asia

ANZ Banking Group

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Jane Nash, Group Head of Financial Inclusion &
Capability and Acting Head of Corporate
Responsibility

Kim Martina, Manager Public Policy,
Group Corporate Affairs

Barefoot Power

Rick Hooper, CEO

BHP Billiton

Ian Wood, Vice President Community Relations
and Sustainability

Blackmores Limited

Peter Osborne, Director Asia

Carnival Australia

Michael Mihajlov, Destination Manager

Coca-Cola Amatil

Terry Davis, Group Managing Director

CSL Limited

Dr Brian McNamee AO, Chief Executive Officer and
Managing Director

Sharon McHale, Senior Director, Public Affairs

Digicel

Marina van der Vlies, CEO, PNG Foundation

Elders Limited

Malcolm Jackman, CEO

IBM

Richard Rome, Business Development Executive,
Outsourcing

Louise Davis, Executive, Corporate Citizenship and
Corporate Affairs

Leighton Holdings

Hamish Tyrwhitt, CEO

Macquarie Group

Nicholas Moore, CEO

King & Wood Mallesons

Murray Prior, Executive Director, Marketing &
Business Development

Jane Farnsworth, Special Counsel
Pro Bono & Community

Nestle Australia Limited

Fran Hernon, Corporate Affairs Manager

Newcrest Mining Limited

Stephen Creese, Executive General Manager,
Corporate Affairs

Nufarm Limited

Andrew Dunlop, Manager, Export and Contracts

Bernard Lee, Manager,
Industry and Government Affairs

Oil Search

Peter Botten, Managing Director

Origin

Phil Craig, Executive General Manager,
Corporate Affairs

PwC

Mark Reading, Corporate Responsibility Partner

Rio Tinto

Bruce Harvey, Global Practice Leader,
Communities and Social Performance

Sanitarium Health & Wellbeing

Todd Saunders, General Manager - Australia

Telstra

Tim O'Leary, Chief Sustainability Officer,
Strategy and Corporate Services



Wesfarmers Limited

Cameron Schuster, Sustainability Manager,
Corporate Affairs

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Engagement, Group Sustainability & Community
Rukita Okeroa, Program Manager - Financial
Inclusion, Sustainability, Pacific Banking

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Corporate Responsibility

WorleyParsons

John Grill, CEO

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Executive summary

Introduction

Developing economies are important to the future success of Australia's multinational businesses. They are home to powerful mass markets and significant sources of talent, and represent the next wave of economic growth for many industries. As businesses move into new markets in developing countries, they present new opportunities to positively impact development issues and drive change.

"Macquarie has a large focus in Asia and indeed globally. We view developing countries as the growth engine of the global economy."

Nicholas Moore, CEO, Macquarie Group

Recognising the significant impact Australian businesses operating in developing countries have on poverty alleviation, and the considerable opportunity that engagement with these organisations represents in terms of achieving its goals, the Australian Agency for International Development (AusAID) commissioned the *Business in Development Study 2012* (the Study). This Study is one of the preliminary steps AusAID is taking to improve links with Australian businesses. This study was commissioned by AusAID to provide a basis for informed discussion on AusAID's business engagement agenda. It has been produced by independent analysts and does not reflect the views of AusAID nor of the Australian Government.

The Study aims to establish a body of evidence to characterise the nature of core business activities that Australian multinationals operating in developing countries undertake which contribute to poverty alleviation. The Study further aims to identify common ground that will facilitate engagement between these businesses and AusAID, to mutual benefit. The Study was conducted by Accenture Development Partnerships (Accenture) and Business for Millennium Development (B4MD) between January and May 2012 on behalf of AusAID.

The target audience for this Study is both AusAID and Australian businesses, although it is also

relevant to other business leaders, to development sector organisations and other aid agencies, and to developing country governments who are looking to attract foreign investment and build the capacity of their private sectors.

About AusAID

AusAID works as part of a global effort to reduce poverty by effectively administering the Australian government's aid program. The Australian government considers reducing poverty critical to the future of developing countries and also key to Australia's security and prosperity.

AusAID works collaboratively with other Australian government departments and agencies to deliver aid. It also works with Australian non-government organisations, academic and research institutions, members of the wider Australian community, and with the governments of partner countries to reduce poverty in developing countries.

Report structure

The first three chapters of the Study focus on understanding the 'what, where, how and why' of business activities of Australian companies in developing countries, and the extent to which these activities impact poverty alleviation. Findings include:

- Activities currently undertaken by business that contribute to poverty alleviation
- Countries where businesses undertake these activities
- Drivers that motivate businesses to have an impact
- Barriers and associated enablers related to operating in developing countries
- The extent to which businesses anticipate their operations will continue to have a poverty alleviation impact in the future.

Chapters four and five consider how Australian businesses can engage with partners, their current level of awareness of the work of AusAID,

and how they might engage with AusAID as a partner in the future.

There is growing evidence of considerable common ground between aid agencies and private sector organisations that would provide opportunity for mutually beneficial partnerships that could have scalable and sustainable impact¹. The United States Agency for International Development (USAID), the United Kingdom Department for International Development (DFID) and the Swedish International Development Agency (SIDA),² among others, have all acknowledged the value of engaging with business. Figure i provides insight from DFID on the convergence of the work of aid agencies with that of the private sector.

Study methodology

The Study comprised a literature review, a survey with responses from 56 Australian businesses active, or with potential for activities in developing countries, as well as interviews with 35 Australian business leaders.

The literature review considered over 30 articles from academics, development and business thought leaders. The review highlighted a growing trend away from ad hoc corporate social responsibility programs as a means to tackle entrenched development issues, as well as recognition that core business activities that also have a social outcome are increasingly seen as the means to achieve scalable and sustainable impact.³ This recognition formed the underlying premise of the survey and interview questions.

“That economic growth is the primary driver of poverty reduction is well evidenced. On average, four fifths of poverty reduction in recent decades can be attributed to growth in average incomes.”

“By catalysing more private investment and deepening private sector links into communities we can multiply the reach of the private sector and increase the opportunities for poor people.”

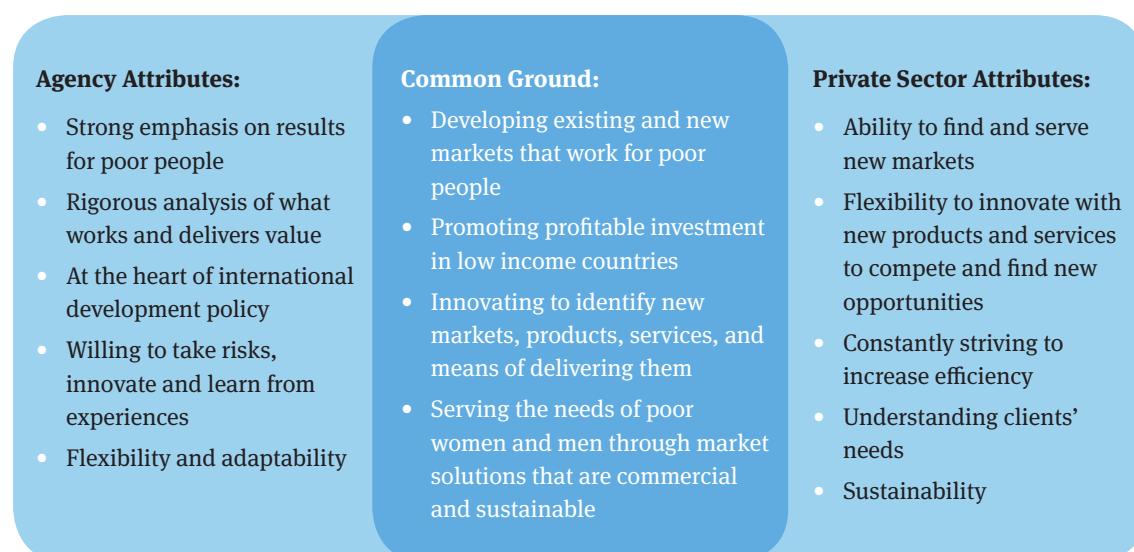
Department for International Development UK (DFID).
*The private sector and prosperity for poor people. 2011.*⁴

The online survey was distributed to over 180 Australian businesses, representing a significant portion of large and medium sized Australian business with activities, both operational and procurement related, in developing countries. The response rate was high, with approximately 30 percent of the companies contacted completing the survey.

In addition, interviews were conducted with 35 Australian business leaders. These interview responses provided a rich body of evidence to support and further define the findings of the survey, as well as offered greater insight into the high-level trends that emerged from survey responses. Interview responses were also critical in understanding the interest of, and potential for businesses to engage with AusAID on activities that contribute to poverty alleviation and capacity building in developing countries.

The survey respondents by sector closely match the relative focus of Australian businesses with an overseas footprint: the Mining & Energy industry was most highly represented (27 percent of respondents), followed by the Banking (14 percent), Professional &

Figure i: Common ground between aid agencies and businesses



Source: Department for International Development UK (DFID)¹

Legal Services (14 percent), Health & Life Sciences (13 percent) and Consumer Goods & Services (11 percent) sectors.

Business activities that alleviate poverty

There is increasing evidence that business activity in developing countries can have a sizeable progressive impact on poverty alleviation. Survey findings support this.

Findings – Part 1: Business in development

*Ninety-three percent of survey respondents agreed that **business can play an important role in alleviating poverty***

- **Activities:** Australian business leaders indicated that multiple activities are important both to the future of their businesses and to poverty alleviation.
- **Countries:** There is significant overlap between the countries where AusAID works and where Australian businesses believe they have the greatest impact on poverty alleviation – with particular reference to Indonesia and Papua New Guinea.
- **Drivers:** Brand, trust and reputation is the major driver for businesses to engage in activities that alleviate poverty.
- **Barriers:** There is a direct correlation between the activities businesses undertake that alleviate poverty and the barriers they face operating in developing countries.
- **Enablers:** Survey respondents selected a group of key enablers associated with good governance that correlate with the barrier of complexity of implementing in developing countries.
- A number of businesses have extended their skills and competencies to be able to meet the challenges of operating in developing countries – e.g., an Oil & Gas company running countrywide malaria programs, a Construction company running technical and further education vocational education colleges.

When asked which of their current business activities have contributed to poverty alleviation, Australian business leaders noted that creation

of employment opportunities, education, infrastructure development and health programs were all areas of impact (see Figure ii). Employment and education are often tandem areas of focus.

Interestingly, these two activities do not just directly benefit those who work for the business, they also often support education and the creation of employment opportunities for other businesses that may have supply chain interactions with the company.

“Employing one person changes the lives of 15 to 20 others.”

Terry Davis, Group Managing Director, Coca-Cola Amatil

“We can’t always offer large numbers of jobs on our sites, so we help community people become more employable in a broader economy.”

Bruce Harvey,
Global Practice Leader - Communities and Social Performance, Rio Tinto

“For every product we sell, we improve the living standards of five people, which is the [size of the] average household.”

Rick Hooper,
CEO, Barefoot Power

Figure ii: Australian business leaders see employment opportunities as the most significant poverty alleviation activity undertaken by business in developing countries

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

The results differ by industry depending on the nature of work and priorities for each sector. For example, for Mining & Energy companies, education, employment and health activities were key to ensuring a skilled, healthy workforce and to support company staff and the broader community. For Banking, education to support access to new product offerings was the top priority that also contributed to poverty alleviation. Furthermore, in the banking sector, education is heavily focused on financial literacy for current and future bank customers – it improves business acumen but also increases demand for financial services and the addressable market for banking products.

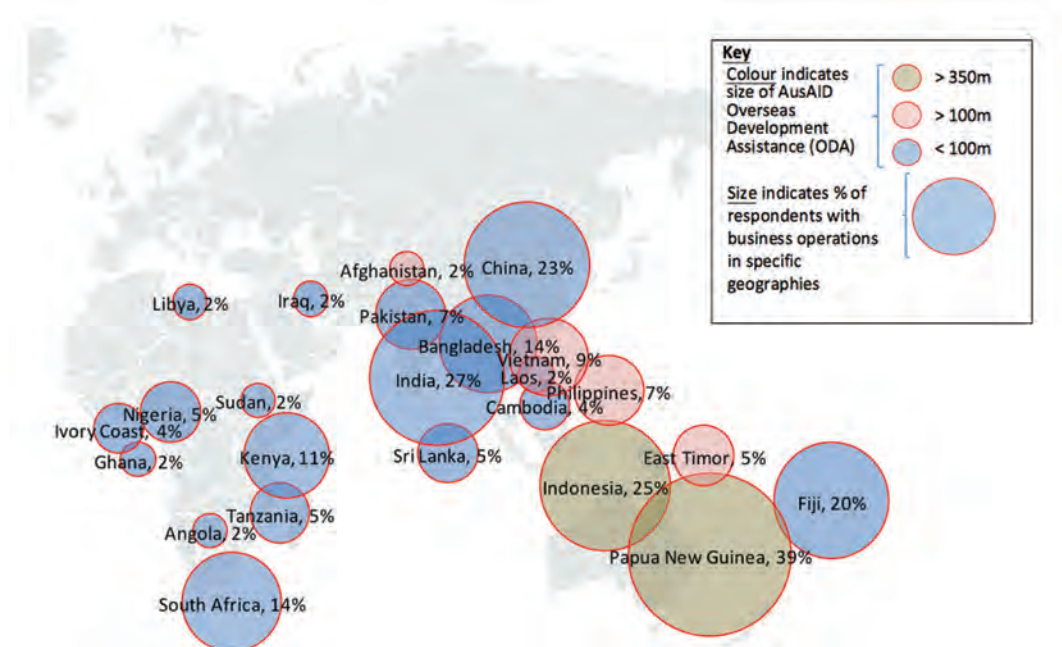
Countries of focus

The Study showed that there is a strong correlation between AusAID's focus in the Asia Pacific region and the countries where Australian businesses feel their operational and procurement activities have the greatest poverty alleviation impact. The greatest areas of overlap are in Indonesia and Papua New Guinea.

Figure iii: Areas where Australian companies and AusAID are active in poverty alleviation

In which countries do the majority of your activities that contribute to poverty alleviation take place?

[Respondents identified the top five developing countries in which their businesses operate]



The map does not represent all countries where AusAID is active, nor does it represent all countries where survey respondents have business activities.

Sources: Accenture/B4MD Business in Development Survey, 2012; Australia's International Development Assistance Program 2011-12 Budget

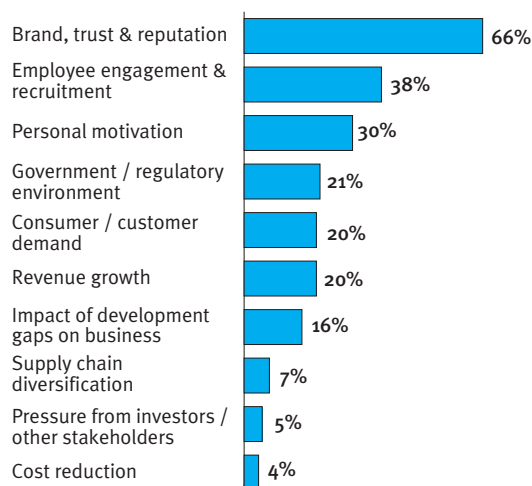
Business drivers

The Study found that the key driver for Australian businesses to undertake activities that contribute to poverty alleviation is brand, trust and reputation (see Figure iv). This is consistent with findings from a United Nations Global Compact (UNGC) global survey of CEOs in 2010, which revealed that of 766 CEOs surveyed globally, 72 percent cite brand, trust and reputation as the primary motivation in taking action on sustainability.⁵ The Banking sector identified brand, trust and reputation as the strongest driver, while respondents from Mining & Energy noted employee engagement and recruitment among the most important drivers.

Figure iv: The factors that drive business to engage in activities that alleviate poverty

What are the factors that have driven your company to undertake those activities that contribute to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

During the interviews, multiple business leaders referred to moral obligation. In many cases, it is business leaders who feel a strong sense of moral obligation that are most likely to identify synergies between core business activities and the potential to provide scaled and sustainable activities that alleviate poverty. Interview respondents did however clarify that there must always be a strong business driver as, without that, such activities are often seen as charity and are therefore not sustainable.

“Australian business has an obligation to get out there and do something, including transferring technical and commercial knowledge to people on the ground.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

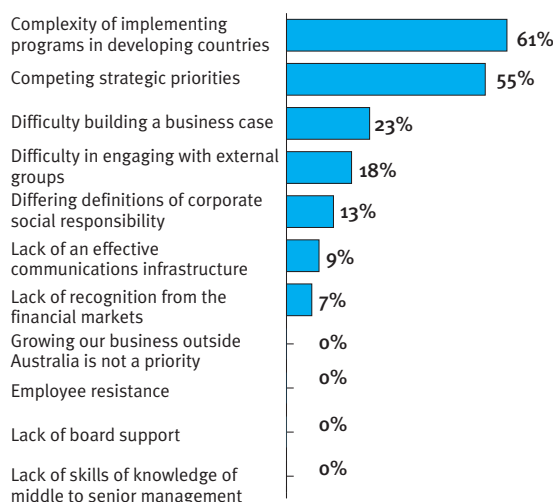
Barriers and enablers

In developing countries, businesses face a variety of barriers (see Figure v). A lack of education and health services, corruption, financial inclusion, and other socioeconomic barriers all hinder business activities. Overwhelmingly, Australian business leaders identified complexity of implementing programs (as it relates to engaging with the community and local issues, and engaging with developing country governments) and competing strategic priorities as the main challenges in undertaking such activities.

Figure v: Australian business leaders identified complexity of implementing programs and competing strategic priorities as the main challenges in undertaking activities that contribute to poverty alleviation

What barriers/challenges does your company face in undertaking activities that contribute to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

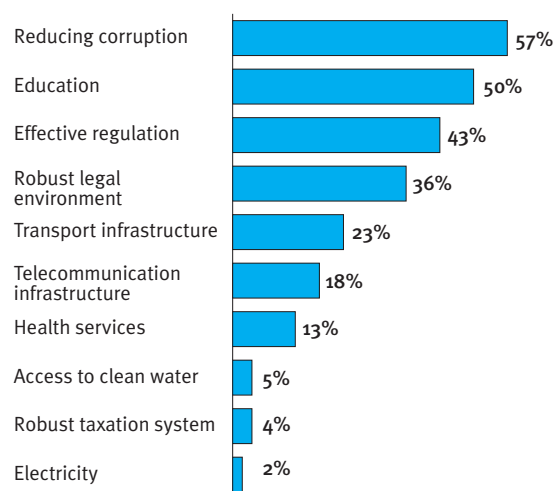
When asked to identify enablers that would make doing business easier, businesses selected a range of areas where solutions were needed to alleviate some of the complexities of implementing programs (see Figure vi). The enablers they identified included reducing corruption, effective regulation

and a robust legal environment within which to function. Education also featured highly.

Figure vi: Reducing corruption was identified as one of the main enablers for business to operate more effectively within developing countries

What enablers would help your company to operate more effectively in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

“Being a local company, we want to benefit the community. If we are not confident that the national and provincial governments can fully deliver health programs and we think we can help, we will get involved.”

Peter Botten,
Managing Director, Oil Search
(which is based in Papua New Guinea)

“Construction is a people industry and a large employer for skilled, semi-skilled and low-skilled jobs. Depending on what the job is you have widely different skills required. We have a long history of running TAFE-equivalent, certified institutions within the countries we operate in to train locals using Australian expertise. We are not the only beneficiaries; it is the whole country that is benefiting from this program.”

Hamish Tyrwhitt,
CEO, Leighton Holdings

Business engagement is increasing

To be successful in developing countries, Australian businesses have had to be innovative and expand their capabilities beyond their core competencies to address challenges to business growth. The companies that are thriving are those that have built meaningful, sustainable relationships in the communities in which they operate. The creation of employment opportunities, the introduction of health and education programs, infrastructure development, the advancement of human rights and labour policies, and establishment of inclusive supply chain practices are not only key in addressing socioeconomic barriers to participation and to further developing capacity, but they are underpinned by solid business drivers.

Seventy-three percent of survey respondents significantly agreed or agreed that the activities their businesses undertake that contribute to poverty alleviation in developing countries is increasing. Respondents felt that not only would stakeholders expect this of them, but that growth in these activities will largely be driven by business imperatives – i.e., the poverty alleviating activities they undertake will be important to their future growth because they also drive desired business outcomes.

Findings – Part 2: AusAID and business

Knowledge of AusAID:

- Australian businesses have limited awareness of the activities of AusAID, only 25 percent of consider AusAID as a partner today; however, 57 percent say they would consider AusAID in the future.
- The majority of survey respondents indicated they would like to better understand AusAID's priorities in particular developing countries.

Engaging with AusAID:

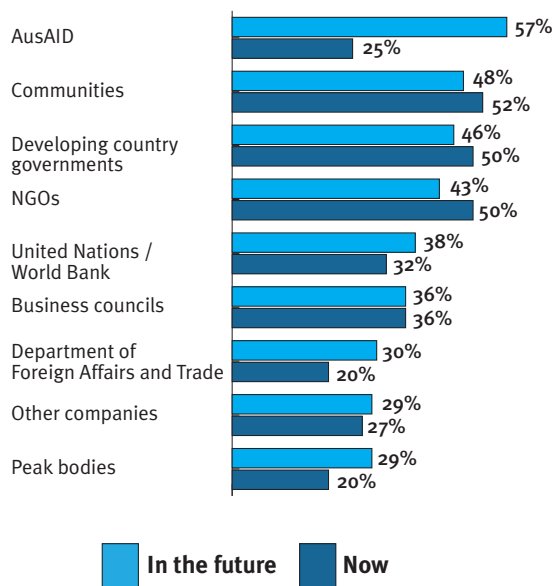
- Where businesses have engaged with AusAID to date, it has been ad hoc.
- The time is right for AusAID to engage with business — Australian businesses have a positive attitude to conducting mainstream business activities that also alleviate poverty; executives are ready and willing to engage, identify and act on areas of mutual benefit in the countries in which they operate.
- For engagement to work there must always be a strong business driver; without that, activities that alleviate poverty are seen as charity and are usually not sustainable.
- There are a number of levels at which AusAID could engage with business, from that of an observer through to joint owner of a particular program.
- AusAID can build momentum through tangible outcomes that demonstrate value to business leaders and have poverty alleviation impact.

Knowledge of AusAID

To address barriers to business growth in developing countries, businesses indicated they were willing to explore new ways of partnering. While business leaders indicated limited awareness of the activities of AusAID in the countries where they operate, the majority identified AusAID as one of the key organisations that they would seek to engage with in the future (57 percent) (see Figure vii).

Figure vii: Overall, there is a move away from the traditional partners that business would consider using

Which of the following entities does, or would your business consider as a partner for undertaking business activities in developing countries? (Respondents identified all entities that apply)



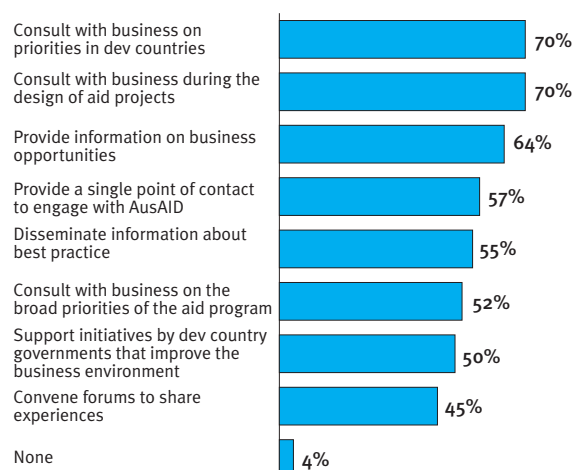
Source: Accenture/B4MD Business in Development Survey 2012

To facilitate engagement, business leaders indicated that they would like to better understand the priorities of the AusAID program and would welcome consultation by AusAID with business during the design of relevant aid projects.

Figure viii: Business leaders want to understand the priorities of the AusAID program and want AusAID to consult with business during the design of individual aid projects

What can AusAID do to make the Australian aid program more effective for business?

(Respondents selected all responses that were appropriate)



Source: Accenture/B4MD Business in Development Survey 2012

Opportunity for AusAID to engage with business

Reflecting on the drivers, barriers and enablers identified by business as central to undertaking business activities that alleviate poverty, it is

possible to identify where the opportunities might be for AusAID to engage with Australian businesses. This list aims to form a point of reference for consideration and discussion by AusAID and business. It is intended as a starting point only.

Figure ix: Potential opportunities for AusAID engagement with Australian businesses by industry sector

Industry	Business enablers	Business barriers	Poverty alleviating activities	Drivers to activity	Potential opportunities for engagement
Mining & Energy	<ul style="list-style-type: none"> Effective regulation Reduce corruption 	<ul style="list-style-type: none"> Complexity (government capacity – National, Regional, Local) Lack of infrastructure 	<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> Brand Government & regulatory environment 	<ul style="list-style-type: none"> Government capacity building Physical infrastructure Small / medium enterprise development
	<ul style="list-style-type: none"> Education Health services Social stability 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (engagement with local communities) 	<ul style="list-style-type: none"> Education Employment Health 	<ul style="list-style-type: none"> Employee engagement & recruitment Moral obligation 	<ul style="list-style-type: none"> Secondary / tertiary education programs Health programs Small / medium enterprise development
Banking	<ul style="list-style-type: none"> Reduce corruption Legal environment Effective regulation 	<ul style="list-style-type: none"> Complexity (government capacity) Lack of business case 	<ul style="list-style-type: none"> Government capacity building / governance Financing Infrastructure 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Government capacity building (financial regulation)
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (lack of financial literacy) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Education (financial literacy) Microfinance programs
Consumer Goods & Services (Supply chain)	<ul style="list-style-type: none"> Reduce corruption (no child labour) Education (of producers) 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (implementation and management of supply chain) Competing strategic priorities 	<ul style="list-style-type: none"> Education (of producers) 	<ul style="list-style-type: none"> Brand 	<ul style="list-style-type: none"> Small / Medium enterprise development
Consumer Goods & Services (Sales)	<ul style="list-style-type: none"> Reduce corruption Build distribution chain 	<ul style="list-style-type: none"> Complexity of implementation (customers' access to finance) 	<ul style="list-style-type: none"> Education 	<ul style="list-style-type: none"> Brand 	<ul style="list-style-type: none"> Microfinance programs
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (consumer education / awareness) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Education

Six actions AusAID can take to accelerate business engagement

An important precursor to engaging with business is awareness of the needs, interests, goals and capabilities of potential partners, as well as their willingness to engage. Business leaders see the immense potential of combining efforts to achieve a shared goal – but are also aware of the practical challenges. Survey and interview respondents identified six areas that might assist AusAID in considering a strategic approach for effectively engaging with Australian businesses in order to maximise scalable and sustainable poverty alleviation outcomes in the communities in which they operate (see Figure X).

To be sustainable, business leaders emphasised that the poverty alleviation activities they undertake must be anchored to tangible business benefits, even if the business benefits only occur in the medium to long term. Finding common ground upon which to effectively engage with Australian businesses will require a strategic approach based on mutual priorities. The Business in Development Study 2012 provides a starting point for businesses and AusAID to explore ways in which they might engage to have a greater impact on poverty alleviation and sustainable development outcomes in developing communities.

“We need an overarching discussion as to what we are trying to achieve ... what are the five or six things where there is an overlap between business and AusAID? Then work in smaller groups to take it forward”.

Peter Botten,
CEO, Oil Search

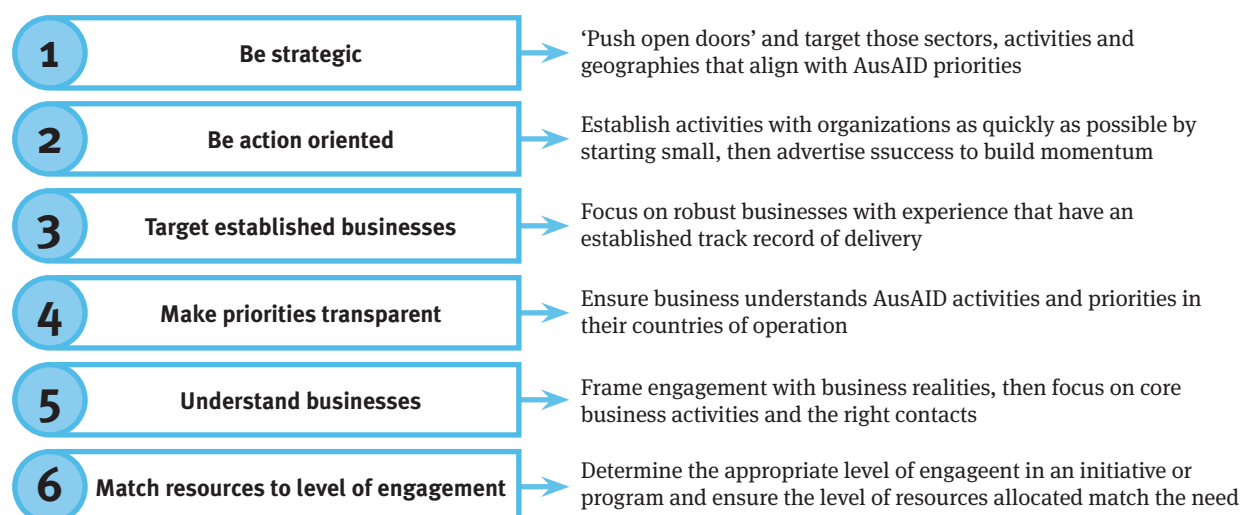
“If AusAID can be clear on what its top development challenges and opportunities are, and communicate them to us and other large businesses operating in the region, then in many cases the core capabilities of these operations could be very relevant in helping solve those challenges – as an example, in our case this could be our expertise in distribution into remote centres.”

Terry Davis,
Group Managing Director,
Coca-Cola Amatil

The message from Australia’s business leaders is clear:

Be strategic. Start small. But start.

Figure X: Six recommendations for AusAID to consider





Introduction

Business in Development Study 2012

Context

Australia is uniquely positioned among its peers in the Organisation for Economic Cooperation and Development (OECD) as eighteen of Australia's closest 20 neighbours are developing countries. This represents a challenge for the Australian Agency for International Development (AusAID) but also a significant opportunity. With mounting evidence that business activity positively contributes to moving people out of entrenched poverty, there is significant untapped value in AusAID engaging with Australian business with activities in developing countries.³

AusAID provides assistance to Non-Governmental Organisations (NGOs), government and other institutions for purposes of reducing poverty and achieving sustainable development in line with Australia's national interest. While its primary focus is provision of aid to organisations in the Asia-Pacific region, AusAID also provides aid elsewhere, most notably to the world's two most impoverished regions, South Asia and Africa, and to Afghanistan and Pakistan.

Since April 2006, the Australian Government's overseas aid program has been untied. This means that Australian aid can be delivered by international providers. The policy of untied aid represents the Australian Government's long standing commitment to openness in trade and competition, and prohibits discrimination based on foreign ownership, affiliation or location. It is widely accepted as a way of improving aid effectiveness and efficiency.

AusAID distributed approximately \$4.8 billion in aid in 2011-12 or 0.35 percent of Australia's Gross National Income (GNI), while Australian NGOs provide just under \$1 billion in assistance over the same period.² However, AusAID's long established relationships with entities traditionally associated with poverty alleviation, namely NGOs, developing

country governments, multilateral agencies and management contractors, are not the focus of this Study. Rather, it seeks to explore the role of another poverty alleviation agent, Australian businesses.

While business is not motivated first and foremost by poverty alleviation outcomes, there is increasing evidence that business activity can have a significant impact on poverty alleviation in developing countries.

"That economic growth is the primary driver of poverty reduction is well evidenced. On average, four fifths of poverty reduction in recent decades can be attributed to growth in average incomes."

"By catalysing more private investment and deepening private sector links into communities, we can multiply the reach of the private sector and increase the opportunities for poor people."

Department for International Development UK (DFID); *The private sector and prosperity for poor people*, (2011)¹

Purpose

The purpose of the *Business in Development Study 2012* is to provide an evidence base as to the nature of Australian business activity in developing countries that contributes to poverty alleviation. The latter part of the report focuses on how business and AusAID might engage, with a view to finding common ground and building relationships that will ideally result in scalable poverty alleviation.

This Study provides an overview of what drives Australian businesses with a presence in developing countries (whether operational or procurement oriented) to engage in activities that

alleviate poverty. It also identifies the skills and competencies within these businesses that could align with those of AusAID.

The Study is intended for a cross sectoral audience. For business leaders it presents an opportunity to understand what their peers are doing. For AusAID it is a resource to inform business engagement policy. It may also be a useful resource for developing country governments and other development sector players.

This Study provides a strong evidence base that business, AusAID and other international development players can use to explore opportunities and consider ways in which to engage with business to have a greater impact on development.

Methodology

The Business in Development Study 2012 comprised three main areas of research—a literature review, a survey of Australian businesses and interviews with Australian business leaders.

In recognition of the growing body of research in the areas of business in development, a literature review of over 30 articles by academics, development and business thought leaders was conducted. The review highlighted a growing trend away from ad hoc grant based corporate social responsibility programs as a means to tackle entrenched development issues, as well as recognition that core business activities that also have a social outcome are increasingly seen as the means to achieve scalable and sustainable impact.³

Together with extensive consultation with the team that conducted the United National Global Compact CEO Sustainability 2010 study,⁴ the review served to inform the design of an online survey that was distributed to over 180 Australian business leaders whose organisations have activities, or have the potential to have activities in developing countries. The literature review also influenced interviews with business leaders, providing a framework for early discussions. However, the evidence for the findings presented in this report comes from survey responses and from in-depth interviews with business leaders.

The focus of the Business in Development Study 2012 is to establish a body of evidence that confirms and elucidates the nature of the core business activities that Australian businesses are undertaking in developing countries that also support poverty alleviation. The aim of the Study:

to identify common ground that will facilitate engagement between these businesses and AusAID, to mutual benefit.

Aid agencies increasingly engage with business²

US Agency for International Development (USAID)

Aim of USAID: “Coordinates agreements between companies, non-for-profits, and government agencies that maximise the amount benefit of aid provided to developing nations. These alliances bring significant new resources, ideas, technologies and partners to bear on problems in countries where USAID works.”

Source: <http://idea.usaid.gov/organization/gp>

Department for International Development, UK (DFID)

“Our new approach to working with the private sector is about us doing more with, and for private enterprise, extending this work in new areas, and doing it better. We want private sector thinking to become as much part of DFID’s DNA as our work with charities and governments. The new approach will deliver results for poor people: better job opportunities and incomes; more readily available and affordable finance for households and small businesses.”

Source: <http://www.dfid.gov.uk>

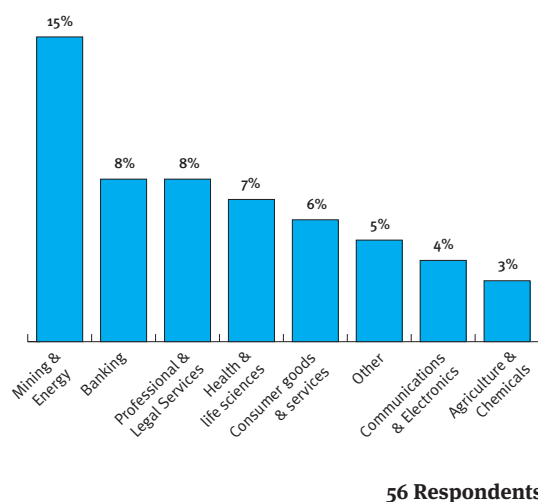
Swedish International Development Cooperation Agency (SIDA)

“Sida is developing new forms of collaboration with industry via the program Business for Development (B4D). The objective is to, together with companies, contribute to reduce poverty and environmental impact, create more and better jobs and encourage growth.”

Source: <http://www.sida.se>

The list of companies contacted for the survey represented a significant portion of the large and medium sized Australian business with activities (operational and procurement) in developing countries. The response rate was high, with approximately 30 percent of companies contacted completing the survey. The 56 Australian business leaders who responded to the survey represent a cross-section of industries (see Figure 1).

Figure 1: Business leader online survey respondents by industry



Source: Accenture/B4MD Business in Development Survey 2012

This report directly includes data from 85 percent of the questions asked in the survey. Where survey data is illustrated in the report, the actual survey question is visible above the data. Survey questions were designed to test a series of hypotheses. The hypotheses were determined from the literature review, discussions with AusAID, discussion with the United Kingdom Department for International Development (DFID), and Accenture and Business for Millennium Development's experiences working with business on development issues. The questions were premised on a focus upon core business activities that have an impact on poverty alleviation.

In addition to the survey, interviews were conducted with 35 Australian business leaders. We thank all the business leaders who made the time to meet with us during this Study. Conducting the interviews provided a rich body of information that supports and further defines the findings from the survey. In a number of places the interviews provided deeper insight into the high level trends that were evident in the survey responses. The interview information was also critical to understanding the potential for business to engage with AusAID, the results of which are detailed in chapters four and five.

The survey and interviews sought representation from all sectors. The number of participants from each sector accords with the relative focus of Australian businesses with overseas activities. There were high response rates from the Mining & Energy industry, which is where Australian businesses have a large footprint in developing countries. Other industries, such as Banking, Professional & Legal Services and Consumer Goods & Services, are steadily increasing their activities within these countries. Only a small number of companies within the Agriculture, Chemicals, Infrastructure, Automotive, Industrial Equipment and Utilities sectors responded. With the exception of companies in the Infrastructure industry, these organisations have relatively small operations within developing countries.

Respondents to this survey are an important cohort — they represent the views of Australian businesses from a broad range of sectors that operate in developing countries. What makes this Study unique is the interviews with Australian business executives with operations in developing countries that gain insight into their motivations and thinking with regards to engaging in activities that alleviate poverty. It is also documents the views of Australian business leaders on the opportunities they see for working with the Australian Government's international development agency.



Chapter 1

The nature of business engagement in development

Poverty alleviation is not the first thing business leaders consider when making decisions about their activities in developing countries but there is a strong trend evident among the business leaders surveyed and interviewed in this Study: the majority agree business can positively contribute to poverty alleviation. This may be related to the fact the activities that businesses undertake that contribute to poverty alleviation are also usually directly related to achieving business outcomes associated with business operations and procurement activities in a country. The symbiotic relationship between tackling development issues and achieving business outcomes becomes clearer when considered through an industry lens. For example, the Mining & Energy sector focuses investment on education, employment and health activities, which positively impacts its workforce, directly and indirectly. The retail banking sector is interested in education, specifically around financial literacy. In both cases there are societal outcomes that also have business benefits.

“One of the better ways to poverty alleviation is by creating jobs, improving education and leaving a lasting impression. It is much more powerful than corporate social responsibility alone.”

Phil Craig,
Executive General Manager - Corporate Affairs,
Origin

“For every product we sell, we improve the living standards of five people, which is the [size of the] average household.”

Rick Hooper,
CEO, Barefoot Power

“We’re not in the business of alleviating poverty per se. We are, however, in the business of developing long life, wealth-generating mining operations for two to five generations. We believe that significant social benefits flow when people have work.”

Bruce Harvey,
Global Practice Leader - Communities and Social
Performance, Rio Tinto

When considering geographic footprint, it is interesting to see the countries in which businesses feel their operational and/or procurement activities have the greatest poverty alleviation impact. These are not always the countries where they have their largest investment. There is a high level of correlation of focus between Australian businesses and AusAID’s target countries, specifically Indonesia and Papua New Guinea (PNG).

Business has a role to play in poverty alleviation

Business leaders agree almost unanimously that business can play an important role in alleviating poverty. Ninety-three percent of the 56 business executives responding to the Business in Development survey agree, or significantly agree, that Australian business can play an important role in contributing to poverty alleviation in developing countries (see Figure 1.1). This trend was further borne out during our interviews with 35 Australian business leaders representing different sectors and industries — ranging from those whose business models focus on poverty alleviation to

those who believe benefit derives simply from the presence and activities of large scale private sector companies.

Australian business leaders seek to ensure business activities benefit the communities and countries in which their businesses operate. Every one of the 56 business executives engaged in the survey identified business activities that alleviate poverty in some way. In order to understand the nature of business engagement in development, an understanding of the underlying business activities that impact poverty alleviation needs to be considered along with the drivers, barriers, geographies and stakeholders involved.

Industry perspectives

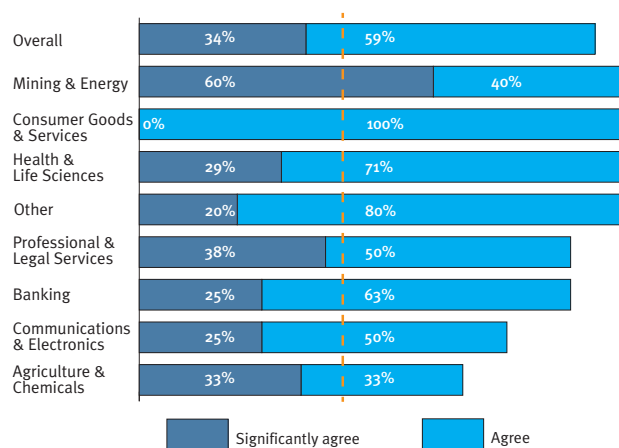
Some industries are more able to impact poverty through mainstream business operations

Across all industries surveyed there is a belief that Australian business can help alleviate poverty in developing countries. However, it is clear from both the interview feedback and survey results that not all industries are alike in their drive and propensity to undertake business activities that alleviate poverty.

All surveyed business leaders from the Mining & Energy, Consumer Goods & Services and Health & Life Sciences sectors believe they can have a significant impact on alleviating poverty. This reflects the depth of engagement of these sectors in developing countries, as well as the demands of their stakeholders that they deliver social benefit to the communities in which they operate. These sectors particularly identified opportunities to grow their businesses in developing countries and indicated recognition that these activities also alleviated poverty.

Figure 1-1: Australian business leaders believe Australian business can play an important role in contributing to poverty alleviation

Australian businesses can play an important role in contributing to poverty alleviation in developing countries.



Source: Accenture/B4MD Business in Development Survey 2012

Activities

Businesses believe their mainstream activities can have a positive impact on poverty alleviation

A view of the types of activities companies are undertaking provides greater insight into how they might have an impact on poverty alleviation. Survey respondents indicated the most common activity undertaken by business that can alleviate poverty is providing employment (43 percent).

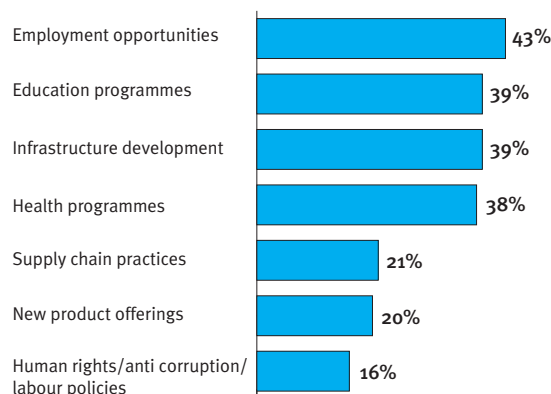
"Employing one person changes the lives of 15 to 20 others. We employ over 9,000 people across Fiji, Indonesia and Papua New Guinea, so the difference we make to local communities is significant."

Terry Davis,
Group Managing Director,
Coca-Cola Amatil

The other significant activities undertaken by businesses are: education programs (39 percent), infrastructure development (39 percent) and health programs (38 percent) (see Figure 1-2). Below, responses are analysed by industry to show the range and mix of activities undertaken as well as the extent to which there can be alignment between core business and poverty alleviation outcomes.

Figure 1-2: Australian business leaders see employment opportunities as the most significant poverty alleviation activity undertaken by business in developing countries

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries?
(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Industry perspectives

Activities that alleviate poverty support core business – but not always in predictable ways

Mining & Energy

The Mining & Energy sector is notable both for the high number of selections made per respondent and the fact that there is a strong grouping of symbiotic activities around education, employment and — to a lesser extent—health (see Figure 1-3). Of the 15 respondents, all but one selected three responses. The average for all other sectors was 1.7 selections per respondent. It is clear from the survey results and the interviews that to be successful in Mining & Energy in developing countries it is necessary to engage in education, employment and health activities that support both the company's staff and also those who are linked to staff or the geographic area.

Interviews with business leaders from the Mining & Energy industry indicated that, while employment is one of the main ways in which business activities alleviate poverty, education programs are also important. These programs allow companies to ensure local people are sufficiently educated to be employed. Consistent with this, 73 percent of Mining & Energy survey respondents indicated that they undertake education programs, the highest among all industries surveyed.

Rio Tinto offers an example of such a program.

Rio Tinto's La Granja copper project in Northern Peru has a comprehensive community engagement program with a significant focus on education. Prior to the start of the program, it was difficult for local people around La Granja to access higher-level education. Local youth who completed secondary education did not have access to professional technical training or a university and, as a consequence, the local workforce did not have the skills to meet the company's operational needs. To fill this skills gap and contribute to higher education needs in the broader region, Rio Tinto is contributing to the development and creation of a Technological Institute at Querocoto⁷.

The impact of providing employment and education opportunities goes beyond the direct employment by Mining & Energy businesses; it extends to small and medium enterprises that have business activities associated with the mines. This introduces the concept of Mining & Energy companies increasing the “employability” of people in the local area, through both direct and indirect job creation.

“We can't always offer large numbers of jobs on our sites, so we help community people become more employable in a broader economy.”

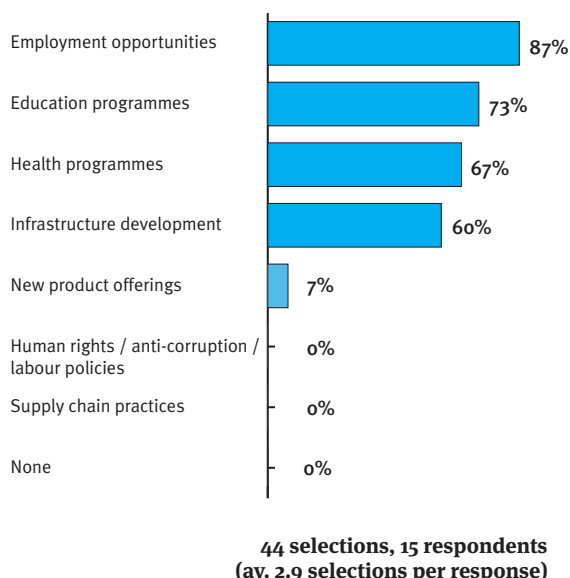
Bruce Harvey,
Global Practice Leader - Communities and
Social Performance, Rio Tinto

Health (67 percent) and infrastructure programs (60 percent) are also common activities within the Mining & Energy industry. Executives identified the health of their workforce to be one of their most important considerations. Lost time through employee or employee extended family health issues have a significant business impact. The development of a functional infrastructure within the country, meanwhile, is critical to allow businesses to undertake their mainstream operations. It also offers benefits to local residents.

Figure 1-3: Mining & Energy respondents identified employment opportunities as the most important of the mainstream business activities they undertake that also contribute to alleviation of poverty

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries? Mining & Energy Industry.

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Health & Life Sciences

Over two thirds of Health & Life Sciences industry respondents indicated they had undertaken health programs as part of their mainstream business (see Figure 1-4). Businesses in this industry aim to align core business competencies with development programs. Business leaders in the Health industry emphasised that such programs must be financially sustainable.

“This collaboration is about saving peoples’ lives but it needs to be sustainable for all parties. While we think the economic benefits are significant to Papua New Guinea, they need to share in it, rather than us trying to push it on them. They must say ‘yes, we want this and we’re going to make this a priority’, otherwise we won’t achieve anything.”

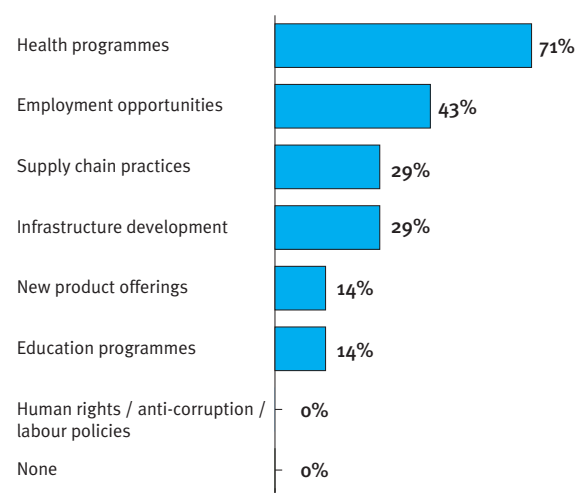
Dr Brian McNamee,
CEO, CSL Limited

“Historically our Asian business didn’t have the critical mass to think about broadening our social activities, but now it has grown we are starting to actively think about Asia in a more proactive fashion.”

Peter Osborne,
Director Asia,
Blackmores Limited

Figure 1-4: Health programs, the core business of the Health & Life Sciences industry, are also the most common poverty alleviation activities undertaken by companies in this sector

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries? Health & Life Sciences Industry.



(Respondents identified their top three choices)

14 selections, 7 respondents
(average 2.0 selections per response)

Source: Accenture/B4MD Business in Development Survey 2012

Consumer Goods & Services

The most commonly selected activity within the Consumer Goods & Services industry is supply chain practices (67 percent) (see Figure 1-5). Businesses are focused principally on two areas when considering their supply chain: sustainable procurement (fair pricing, education and health programs for producers in the supply chain) and risk mitigation (avoiding child labour/human rights abuses).

“Sustainable procurement operations, from within developing countries, are an increasing area of focus.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

Other executives spoke of reputational risk and their engagement with suppliers in developing countries to ensure they meet the required standards.

Another significant opportunity for the Consumer Goods & Services industry is new product offerings.

“Nestle fortifies noodles with micronutrients to try and address the problems of nutrient deficiency that we see.”

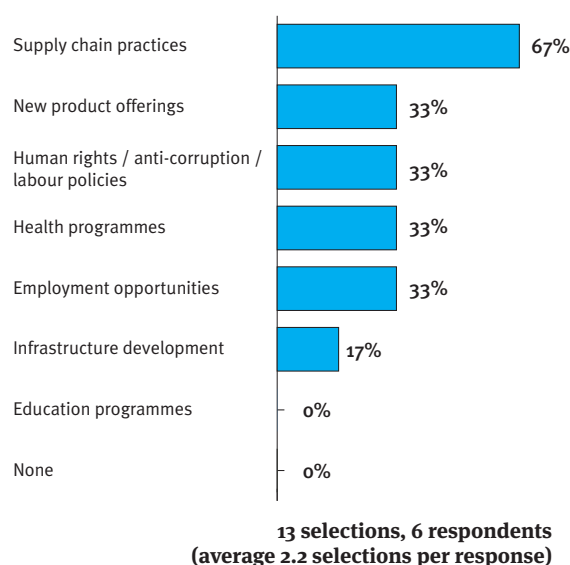
Fran Hernon,
Corporate Affairs Manager,
Nestle Australia Limited

Only a small proportion of all businesses within this industry sector focus on selling outside Australia. However, for those that do, new product development is a significant consideration as a driver to grow market share within developing countries.

Figure 1-5: Supply chain practices were the most common poverty alleviation activities undertaken by the Consumer Goods & Services industry, reflecting close alignment with core activities

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries? Consumer Goods & Services Industry.

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Banking

The majority of respondents within the banking industry identified new product offerings as the activity they conduct that contributes to poverty alleviation (75 percent) (see Figure 1-6). This was also a consistent message during interviews with

Banking leaders. Unsurprisingly, this focus on new product offerings coincides with a focus on expansion into new markets for a number of banks.

“Westpac operates in seven different countries across the Pacific ... helping to create financial solutions that meet the economic challenges our customers and the community face in their unique environments.”

Rukita Okeroa,
Program Manager - Financial Inclusion,
Sustainability, Pacific Banking,
Westpac Banking Group

More unexpectedly, education activities play an important role according to Banking respondents (50 percent). From the interviews conducted it was clear that education in a Banking sector context is heavily focused on financial literacy. Educating current and future bank customers shows good business acumen.

The Westpac Banking Group offers an interesting example of this.

The Westpac Banking Group began delivering financial literacy training within the Pacific region then adapted the program to align with AusAID’s Pacific Seasonal Worker Pilot Scheme. Since 2009, over 18,000 Pacific Islanders across the region have been trained⁴. The program has also moved beyond delivery of literacy to financial inclusion of the unbanked. In addition to financial inclusion initiatives, in 2011 Westpac Pacific Banking launched its Choice Basic transaction account. It is designed to meet the needs of customers who have low transaction volumes and want a simple transaction fee structure and do not have access to formal methods of identification. This product will have a significant impact on each participant’s ability to access banking services and manage their finances.⁸

The ANZ Banking Group provides a similar example.

The ANZ Banking Group conducts a rural banking and microfinance program in Fiji. Created in partnership with the United Nations Development Program, ANZ’s program has been running since October 2004. Six mobile banking trucks travel to remote areas acting as small branches. ANZ currently has approximately 75,000 deposit account customers, 90 percent of whom were previously unbanked. For first-time business borrowers, a loan for up to \$1000 Fiji dollars is provided. In addition to Fiji, ANZ also has smaller scale operations in the Solomon Islands, Samoa and Vanuatu.⁹

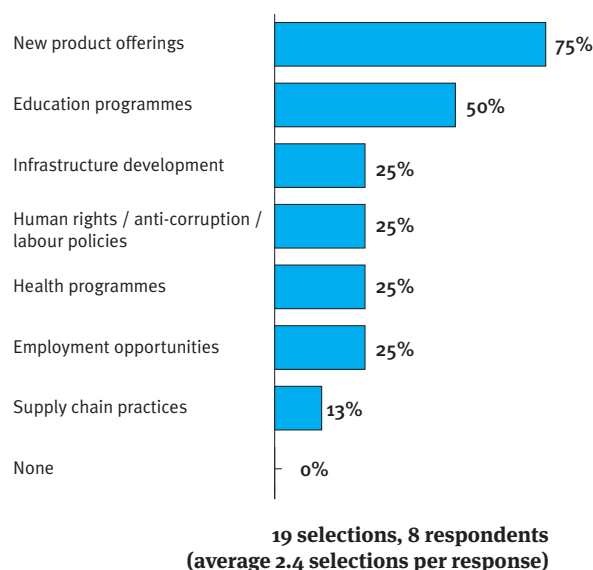
For both Westpac and ANZ, their programs have brought the benefits of increasing demand for financial services and increasing the addressable market for their products. By undertaking these programs they have also developed a far greater understanding of customers' needs and are able to design more appropriate products.

"Banks need to be 'good corporate citizens'. Supporting financial literacy, sustainability and financial inclusion is good for the community and good for the banks' brand and reputation in the region."

Libby Armstrong,
Head of Communications and Corporate Affairs,
International & Institutional Banking,
ANZ Banking Group

Figure 1-6: New product offerings are closely linked to education programs and are the most common poverty alleviation activities undertaken by the banking industry

What business activities has your company undertaken that have contributed to poverty alleviation in developing countries? Banking industry.
(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Geographic perspectives

There is significant commonality between those countries where AusAID focuses and those where Australian businesses operate

Australian businesses see developing countries as a source of future growth or supply, depending on the industry. Accordingly, business leaders indicated that building their presence in these emerging markets is part of their core strategy.

"Macquarie has a large focus in Asia and indeed globally. We view developing countries as the growth engine of the global economy."

Nicholas Moore,
CEO, Macquarie Group

"In our industry the Australian market is mature, with very little growth potential, we have a clear strategy to build our business in growth markets"

Murray Prior,
Executive Director, Marketing & Business
Development, King & Wood Mallesons

Barefoot Power is a provider of low cost solar, lighting and micro power generation and is entirely focused on emerging markets.

"We believe that energy access is one of the key building blocks of economic development and a first step to alleviating poverty. For our company, simply selling our products has significant social outcomes."

Rick Hooper,
CEO, Barefoot Power

Barefoot Power's outlook is shared by many large Australian businesses with a significant geographic footprint, yet it is only in certain countries that they feel they have a significant impact on poverty reduction as part of their business activities (see Figure 1-8).

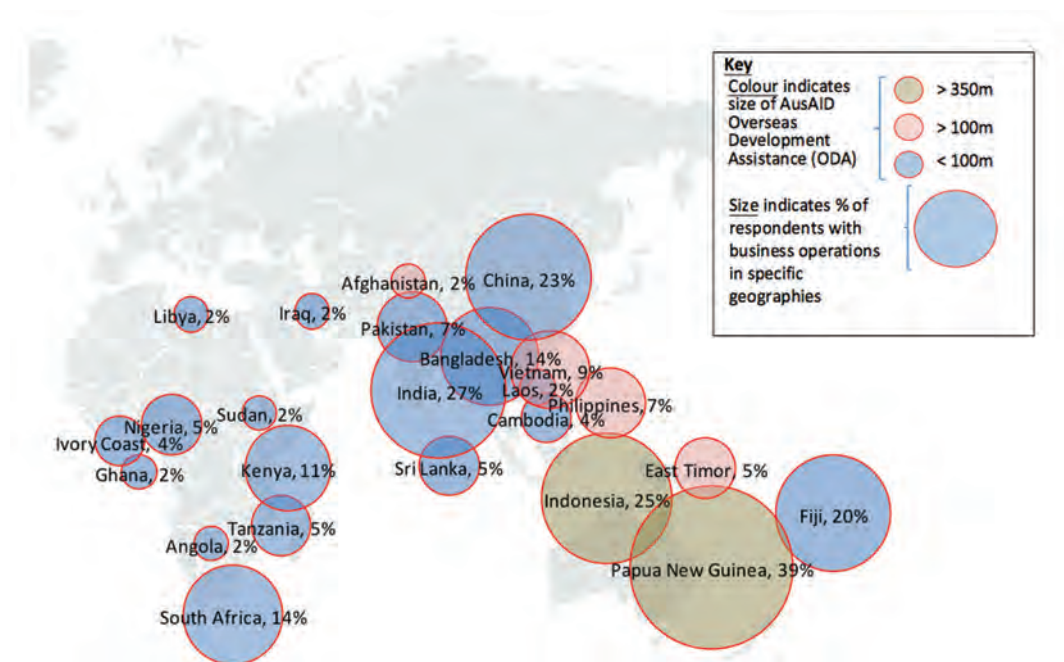
The geographic focus of Australian businesses based on survey responses is compared to the geographic focus of AusAID in Figure 1-7. Based

on the survey responses, the countries with the most considerable overlap are Papua New Guinea (39 percent), Indonesia (25 percent) and Fiji (20 percent). The countries where there is some business presence and also a relatively large AusAID overseas development assistance (ODA) are East Timor (5 percent), the Philippines (7 percent),

Vietnam (9 percent) and Afghanistan (2 percent). There are many other countries within the Asian, Pacific and Africa regions where overlaps exist.

Figure 1-7: Areas where Australian companies and AusAID are active in poverty alleviation

In which countries do the majority of your activities that contribute to poverty alleviation take place?
(Respondents identified the top five developing countries in which their businesses operate)



Notes This map does not represent all countries where AusAID is active, nor does it represent all countries where survey respondents have business activities.

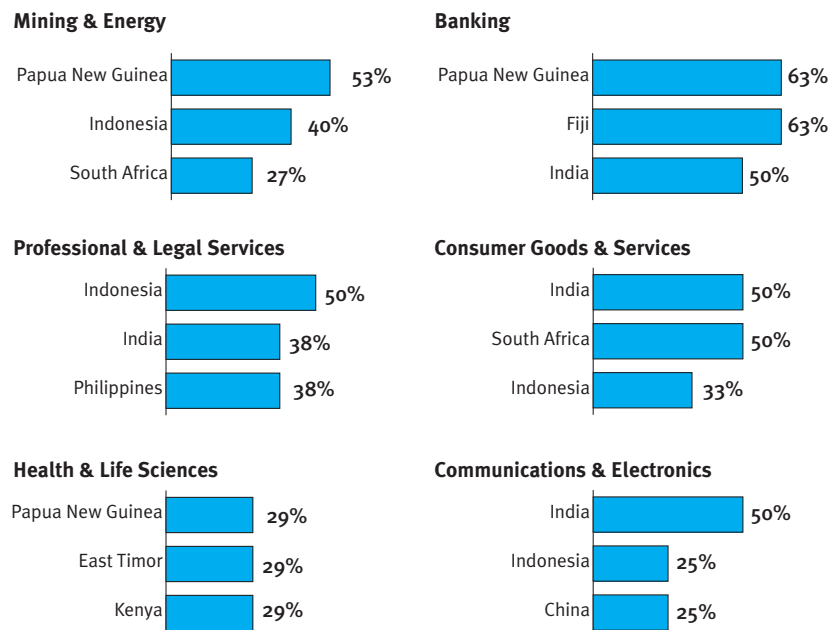
Of the 56 respondents, four selected "none" when asked about developing countries in which their businesses operate.

Sources: Accenture/B4MD Business in Development Survey, 2012; Australia's International Development Assistance Program 2011-12 Budget

Figure 1-8: Countries of focus viewed by industry sector

In which countries do the majority of your activities that contribute to poverty alleviation take place?

(Top three countries ranked by the proportion of total respondents, by sector that referred to a given country)



Source: Accenture/B4MD Business in Development Survey 2012

Summary

These initial findings underline and support the premise upon which this survey was undertaken: Australian businesses, in pursuit of growth or advancement of their own business interests in developing countries, are directly contributing to poverty alleviation. There is alignment between core business strategy and poverty alleviation activities—the Banking industry focusses on new product offerings and education; Health & Life Sciences on health programs; and the Consumer Goods & Services industry on supply chain practices – all of which are both core to business for these sectors and central to poverty alleviation in developing countries.

While the emphasis for business in their decision to undertake poverty alleviation programs is whether such activities are business relevant and sustainable, the impact of these activities in communities in developing countries is much wider.



Chapter 2

The drivers and barriers to business engagement in development

Having considered in Chapter 1 the types of activities businesses undertake that alleviate poverty and the geographies in which they operate, this chapter examines what motivates them, who influences them and what challenges they face in achieving their aims.

Business leaders are ultimately motivated by business drivers when engaging in activities that alleviate poverty. Growing, enhancing and mitigating risk to brand, trust and reputation was the greatest driver identified during the survey and interviews. For some retail companies in the Consumer Goods & Services sector, the focus is on risk mitigation of activities that may negatively impact their brand position. For other companies looking to expand their operations in developing countries the focus is on raising brand awareness and brand expansion strategies.

A number of barriers also hinder execution of poverty alleviation business activities in developing countries. From the survey and the interviews conducted, there is a strong correlation between the barriers that businesses face (e.g., complexity of implementation), the things they identified that enable them to operate in developing countries, such as reducing corruption and improved education, and the activities they ultimately undertake which have a poverty alleviation impact.

A number of case studies, reviewed at the end of this chapter, illustrate the extent to which businesses have had to innovate, developing new skills beyond their core competencies to address infrastructure, education, health and financial inclusion barriers to business growth.

Drivers

An important motivating factor for Australian businesses is building and maintaining brand, trust and reputation

Overwhelmingly, the greatest driver for business to undertake business activities that alleviate poverty is brand, trust and reputation (66 percent) (see Figure 2-1). This is consistent with findings from a United Nations Global Compact (UNGC) global survey of CEOs in 2010, which found that of 766 CEOs surveyed, 72 percent cite brand, trust and reputation as the primary motivation in taking action on sustainability.⁵

Executives noted that brand recognition and trust is hard to earn and quick to be eroded. The need to mitigate brand risk is often an overwhelming driver and can lead businesses to spend more on their supply chain and operations in order to avoid brand issues. This correlates with the finding that cost reduction ranked low among responses. Executives explained that where their business was driven by brand, trust and reputation, often short term cost reduction was not the main driver. Instead, they favoured investment to drive standards of conduct in their operations and their procurement activities. In a number of interviews, executives mentioned the need to manage brand risk, which often resulted in more costly investment.

Employee engagement and recruitment is also an important driver (38 percent). Depending on the industry sector, this can be motivated by the employees in developing countries or employees

in Australia. The latter is most often associated with traditional corporate social responsibility charitable activities.

“Particularly in the poorer countries where we operate, there is a real desire by our employees to show social leadership, and not be purely focused on profit.”

Mick Turnbull,
CEO, Australasia and North Asia,
Agility Logistics

Personal motivation (30 percent) is the other major driver. During the interviews, this theme was frequently expressed in terms of moral obligation.

“Australian business has an obligation to get out there and do something, including transferring technical and commercial knowledge to people on the ground.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

“Operating your business among communities in which you see people sick and dying, and not doing something is morally reprehensible.”

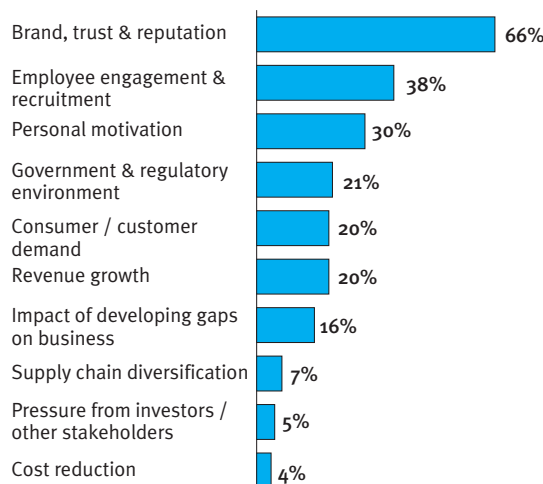
Peter Botten,
Managing Director,
Oil Search

The message is clear from Australian business leaders: conducting business activities that also alleviate poverty helps to build and maintain brand, trust and reputation, support employee engagement and differentiate the business in the race to recruit and retrain staff. It also provides a means for leaders to meet their core business obligations in a way that also meets their moral obligation.

Figure 2-1: It is critical to understand the factors that drive business to ensure successful engagement, however a summary view of drivers can be misleading. Analysing drivers by sector and business size is preferable

What are the factors that have driven your company to undertake those activities that contribute to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Industry perspectives

View by drivers

Brand, trust and reputation

A view of brand, trust and reputation by industry reveals the varied levels of importance and emphasis different sectors afford it. Mining companies, for instance, often seek to procure locally even when this is a more costly solution. This relationship with local small to medium-sized businesses is important to build the company's brand within the country. The upside of local procurement is the opportunity to share the benefits of mining activities beyond those directly employed by the mine site and to build local businesses. Ultimately, this is likely to result in greater social, economic and political stability. It enhances the businesses' brand, trust and reputation within countries people and government.

In the Banking sector, where all respondents (100 percent) selected brand, trust and reputation as one of their top three drivers (see Figure 2-2), there is a focus on being a good corporate citizen and upholding the bank's image to customers. For the Consumer Goods & Services sector, meanwhile,

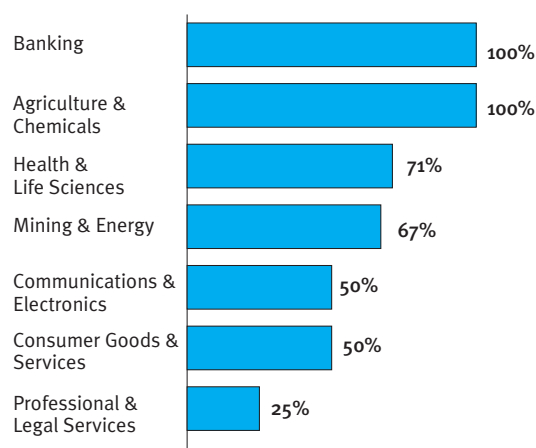
the same driver is often related to managing brand risk and reputation.

“Shareholders have a strong view on brand value and it is not something they want to see jeopardised.”

Armineh Mardirossian,
Group Manager, Corporate Responsibility,
Woolworths Limited

Figure 2-2: A sector-based view of the brand, trust and reputation option as a driver for undertaking poverty alleviating activities; all Banking respondents identify it as a driver

Brand, trust and reputation: What are the factors that have driven your company to undertake those activities that contribute to poverty alleviation in developing countries?
(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Employee engagement

Employee engagement (Figure 2-3) is a much more important driver for those businesses that have a direct operational footprint in developing countries, such as Mining & Energy (73 percent) and Banking (63 percent) companies.

“Employees are typically very positive about [development related activities]; there is a real desire, [an] undercurrent among employees, to see Agility engaged in education, health programs, gender equality and local organisation support.”

Mick Turnbull,
CEO - Australasia and North Asia,
Agility Logistics

For the mining sector, the social license to operate in developing countries often manifests, in part, through maximisation of the number of local people employed.

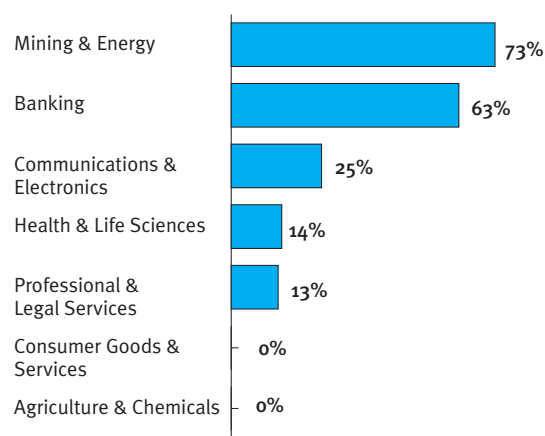
In the Banking sector there were examples of financial literacy programs that engage bank staff as trainers to run programs in the local community.

“We are a large employer and have a strategy to localize our business. The more localised the company is, the more the business is accepted in that geography.”

John Grill,
CEO, WorleyParsons

Figure 2-3: A sector-based view of the employee engagement and recruitment option highlights a variety of responses

Employee engagement and recruitment: What are the factors that have driven your company to undertake those activities that contribute to poverty alleviation in developing countries?
(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Personal motivation / Moral obligation

Personal motivation was highlighted by respondents from multiple industries. It was within Health & Life Sciences, however, that the highest percentage of industry respondents cited it as one of the top three drivers of poverty-alleviating activity (57 percent) (see Figure 2-4).

Moral obligation: an important, yet overlooked driver?

When interviewing senior business leaders, it became very clear that a key driver for undertaking poverty alleviating activities was moral obligation. Some business leaders feel a strong sense of moral obligation, which consequently permeates the business as a whole.

In many cases, it is businesses whose leaders feel a strong sense of moral obligation that are most likely to identify synergies between core business activities and the potential to provide scaled and sustainable activities that alleviate poverty. However, in the interviews it was clear that there must

always be a strong business driver: without that, activities that alleviate poverty are seen as charity and are usually not sustainable.

This view was reiterated multiple times as a number of interviewees commented on moral obligation as a driving force from the boardroom down.

"If you are generating millions of dollars you have to put something back."

Peter Botten,
Managing Director, Oil Search

"Currently our commercial business is not driven by delivering product into developing countries, however, we feel that our shareholders accept we have a significant corporate responsibility to leverage our skills to do good."

Dr Brian McNamee,
CEO, CSL

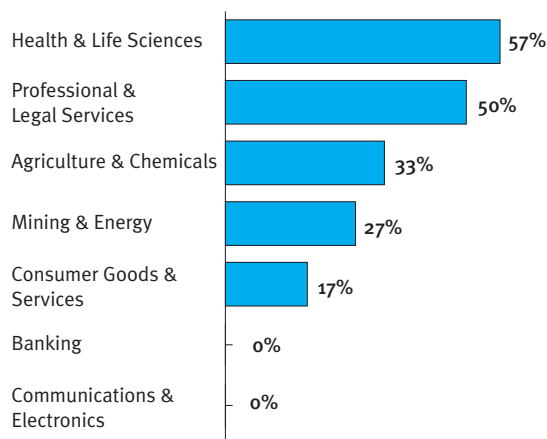
"Agility, as an organisation, believes that [it] has a responsibility to give back to those countries in which it operates. It's a philosophy of our global board which is pushed down into different areas."

Mick Turnbull,
CEO - Australasia and North Asia,
Agility Logistics

Figure 2-4: Personal motivation: Overall, fewer respondents selected personal motivation but, consistent with our interview discussions, organisations in Health & Life Sciences see it as an important driver

Personal motivation: What are the factors that have driven your company to undertake those activities that contribute to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Government / regulatory environment

Industries where a notable proportion of respondents selected Government and regulatory environment within their top three motivating factors for undertaking activities that contribute to poverty alleviation were Mining & Energy (40 percent), Professional & Legal Services (38 percent) and Banking (25 percent). These industries are highly regulated and as such must adhere to strict operating and licensing conditions defined by local governments to continue operating in a country. However, this driver is twofold.

On the one hand, the need to meet criteria and terms defined by government drives businesses to undertake certain activities. On the other hand, it emerged from interviews that many businesses find that gaps in policy, infrastructure and government capacity drive them to undertake activities that will assist them to meet their internal or home country policies and standards.

Revenue growth

One of the most striking findings of the survey related to the revenue growth driver. Communications & Electronics (75 percent), along with Consumer Goods & Services (50 percent), see business opportunities within developing countries. This is strong evidence that Australian business leaders are looking increasingly to

developing countries to grow their businesses.

Coca-Cola Amatil (CCA), one of Australia's largest beverage manufacturers, offers a good example.

CCA's business activities supporting revenue growth also contribute to poverty alleviation. It employs over 9,000 employees across Indonesia, Fiji and Papua New Guinea within manufacturing, sales and distribution. To grow its network and overcome barriers like access to capital, CCA provides micro-finance to customers, suppliers, distributors and local communities, as well as training and business workshops through its entrepreneurship program, the Indonesia Micro Economic Development (MED) Program.¹¹

Stakeholders

Local communities and employees are most likely to influence Australian businesses to conduct business activities that also alleviate poverty

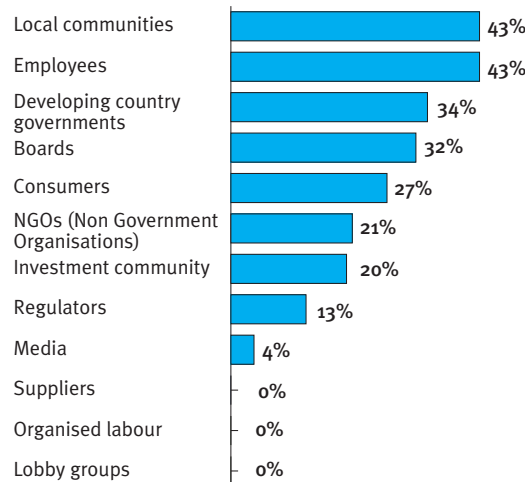
Local communities (43 percent of respondents), employees (43 percent) and developing country governments (34 percent) are the key stakeholders that influence businesses to undertake activities that alleviate poverty (see Figure 2-5). These are the stakeholders that have the most to gain from such activities. Interestingly, NGOs are seen to exert relatively less influence on businesses (21 percent). Boards, on the other hand, exert relatively high levels of influence (32 percent), which may be closely related to the driver around brand, trust and reputation. In a number of interviews it was clear that boards were concerned with brand risk, and taking necessary mitigating steps. This often resulted in activities in developing countries that alleviate poverty (e.g., supply chain practices, community engagement).

The employee stakeholder group is also interesting because in some cases it is the Australian based employees who apply pressure to business to undertake activities that have a societal impact in developing countries. Yet there were also many examples where the employee pressure was coming from those employed locally by the business in the developing country. As with activities and drivers, the types of stakeholders engaged varies by industry.

Figure 2-5: Stakeholders within developing countries are the most common influencers of business activities that also alleviate poverty

Which stakeholder groups have the greatest influence on your business activities that contribute to poverty alleviation?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

A view of *stakeholders by industry* reveals a similar pattern to the view of drivers by industry. For instance, Mining & Energy industry business leaders noted that they were influenced significantly by local communities (73 percent) and developing country governments (60 percent). This reflects the proximity of this industry's operations to the communities in which it operates and the need for a "licence to operate". In the interviews it was very clear that Consumer Goods & Services businesses are typically primarily focused on risk mitigation driven by their boards and investors.

"We review labour conditions in suppliers' factories outside Australia regularly. High standards support our strong reputation which is of critical importance to Wesfarmers."

Cameron Schuster,
Sustainability Manager, Corporate Affairs,
Wesfarmers Limited

Barriers

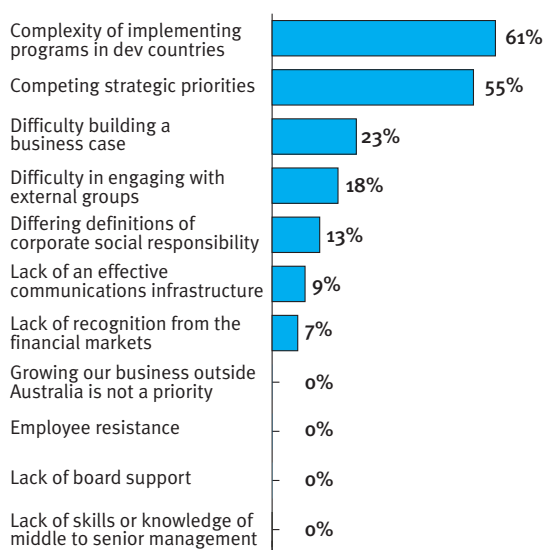
Australian businesses are evolving core competencies in response to the barriers and challenges they face when operating in developing countries.

Australian business leaders identified two key barriers to undertaking activities that contribute to poverty alleviation in developing countries (see Figure 2-6). The interviews provided the insight that complexity of implementing programs (61 percent of survey respondents) had two broad themes: community complexity and government complexity. The second most important barrier identified was competing strategic priorities (55 percent).

Figure 2-6: Overwhelmingly, Australian business leaders identified complexity of implementing programs and competing strategic priorities as the main challenges in undertaking activities that contribute to poverty alleviation

What barriers/challenges does your company face in undertaking activities that contribute to poverty alleviation in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Complexity

Complexity can be viewed through two lenses: first, engagement with local communities; and second, engagement with developing country governments.

First, it is critical to understand the community in which the company is operating to be able to operate effectively.

“You need to start your community engagement well before your geologist first sets foot on the ground.”

Stephen Creese,
Executive General Manager, Corporate Affairs,
Newcrest Mining Limited

Community and local issues can dramatically increase the complexity of implementation. Although these issues are surmountable, it takes additional time and resources to overcome them. It is imperative that resources be allocated effectively.

The second area of complexity highlighted by business leaders was government in developing countries. As anywhere, government in these geographies tend to be multi-tiered, with national, provincial and local government structures. These different levels of government can have different or even conflicting priorities and differing levels of capacity.

“The reality is that once you step outside the key centres of influence of government, both national and provincial, the level of government services is often very limited. This poses challenges for companies.”

Peter Botten,
Managing Director,
Oil Search

Most respondents from the Mining & Energy industry (73 percent) indicated complexity of implementing programs as one of their choices. Many of these organisations are heavily reliant on the approval of developing country governments to allow them to undertake their operations. All Health & Life Sciences businesses (100 percent) selected complexity of implementing programs as a barrier.

Competing strategic priorities

The second most common barrier, competing strategic priorities, creates significant challenges for businesses. Many business leaders are unwilling to invest in developing countries. Australian business leaders reiterated that conducting business within developing countries is about supporting core business and there must be a viable business case.

“The main barrier to doing more is balancing between running a commercial enterprise and a pure social enterprise. At the end of the day the prime objective is to provide a return to shareholders, so we need to ensure we are not detracting from that.”

Mick Turnbull,
CEO - Australasia and North Asia,
Agility Logistics

There is another angle to competing strategy priorities. Some organisations are undergoing a significant amount of change, or their core business is under significant financial or other pressures. In these situations, while an appetite may exist to become further involved in activities that alleviate poverty, undertaking such activities is not possible until the short term issues are resolved.

For other organisations, the fundamentals of their business limit the activities they conduct within developing countries. Consumer Goods & Services is a good example. Sixty-seven percent of respondents from this industry cited competing strategic priorities as a barrier.

“Most of our purchases are made in Australia and where we do purchase overseas, mainly in China and a range of other Asian and sub continental countries, we deal with factories supplying multiple customers. This limits our ability to become involved in local communities, apart from the work we do with the supplier in relation to social issues, safety and working conditions for staff.”

Cameron Schuster,
Sustainability Manager, Corporate Affairs,
Wesfarmers Limited

For these organisations, stretching beyond business fundamentals will take a considered and dedicated approach.

Enablers

Businesses identified enablers that will support their activities in developing countries

When asked about potential enablers that would help leaders to run their business activities more effectively in developing countries, survey responses indicated a strong correlation of activities associated with good governance and also education. Reducing corruption is seen as the most important enabler to support businesses in conducting activities in developing countries (57 percent of respondents). Education (50 percent), effective regulation (43 percent) and a robust legal environment (36 percent) are also deemed very important (see Figure 2-7). Based on interview responses, it is clear that reducing corruption, effective regulation and a robust legal environment are very closely linked and are often associated with developing country government capacity challenges.

While companies identify these factors as important, they acknowledge they have a part to play in helping countries develop them.

“Banks can help establish a more robust regulatory environment. There is an opportunity for banks in new markets to use their expertise to help the local regulator to establish and manage the sector better.”

Libby Armstrong,
Head of Communications and Corporate Affairs,
International & Institutional Banking,
ANZ Banking Group

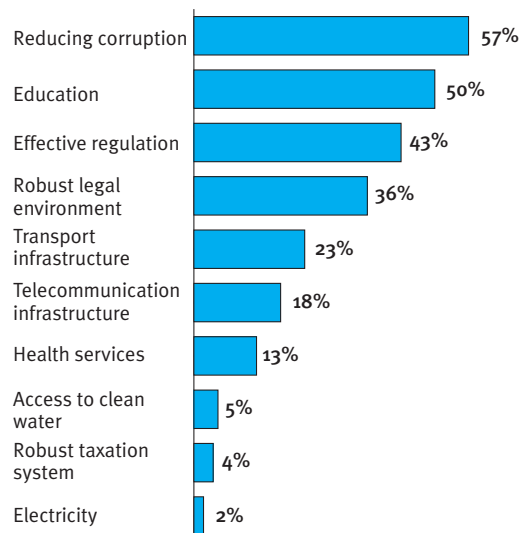
“Being a local company, we want to benefit the community. If we are not confident that the national and provincial governments can fully deliver health programs and we think we can help, we will get involved.”

Peter Botten,
Managing Director,
Oil Search

Figure 2-7: Reducing corruption is identified as one of the main enablers for business to operate more effectively within developing countries

What enablers would help your company to operate more effectively in developing countries?

(Respondents selected their top three choices)



Source: Accenture/B4MD Business in Development Survey 2012

Summary of the current nature of Business in Development

The mainstream activities that businesses undertake that contribute to alleviation of poverty are often a response to the barriers they face in developing countries

The survey results and interviews identify an emerging trend: businesses are evolving core competencies in response to the barriers and challenges they face operating in developing countries. The survey results show a clear picture of these barriers, the enablers necessary to overcome them and the activities businesses often undertake in direct response.

We are seeing Australian businesses expand their capabilities, developing skills and expertise in areas that empower them to overcome challenges they face when working in developing countries. The really exciting finding is that these skills and competencies, while business relevant, also directly impact poverty alleviation.

Below are three case studies which highlight this point; a mining company that has expertise in implementing health programs, a beverage company that provides business training and a professional services company that runs tertiary education colleges. Figure 2-8 explores this concept in more detail.

Oil Search – Oil Search Health Foundation

Oil Search, a company that operates Oil & Gas fields in Papua New Guinea (PNG), has recently taken responsibility for delivering a \$70million health program that focuses on the alleviation of AIDS and Tuberculosis across PNG¹². Oil Search was administering health programs on a smaller scale to employees and their families.

“This is clearly not where a corporate would go and it would be challenging if we didn’t already have comprehensive programs and experts in this area. We are using the recently formed Oil Search Health Foundation to partner with the Papua New Guinea (PNG) National Department of Health and locally based NGOs, supported by agencies such as The Global Fund, AusAID and the Asian Development Bank, to deliver world class community health programs across PNG, in what is a new model for Public-Private Partnerships. The Health Foundation has become a primary recipient on behalf of a number of Global Fund projects in PNG and is responsible for delivery, monitoring and administering these programs, combining the expertise and experience of the private and public sectors to deliver predictable and efficient activities. We see this as a new way forward in terms of collaboration between government, private companies and donors.”

Peter Botten,
Managing Director,
Oil Search

Coca-Cola Amatil – Indonesia Micro Economic Development (MED) Program

CCA Indonesia (CCAI) has created a Micro Economic Development Program across Indonesia to provide sound and rewarding business opportunities and benefits for customers, suppliers, distributors and local communities. Under the program, it focuses on empowering small and medium enterprises by providing business training and education. In 2010 alone, CCAI conducted over 13,000 training and business workshops across Indonesia.

Coca-Cola Amatil undertook this program because it was facing a barrier in growing its distribution network, namely a lack of start-up capital for small

shop owners. There are significant challenges in distributing its product throughout Indonesia, largely due to the dispersed geographical nature of the country and poor physical infrastructure. Developing non-core competencies has enabled CCA to turn a barrier into a source of competitive advantage.

Leighton Holdings – tertiary education

Leighton Holdings actively seeks to build human capacity and opportunity as an integral part of its businesses in developing countries. Leighton’s has four training centres in Indonesia, India, Mongolia and the Philippines. These attract locals with little or no training and provides them with a four-year apprenticeship program. Four to five thousand people graduate from these centres each year. These programs include Australian expertise in vocational training and often directly employ people from Australian Institutes — i.e., the Technical and Further Education vocational education colleges (TAFEs). Graduates of these programs are free to be employed in any business, but many choose to stay within the Leighton Group.

“Construction is a people industry and a large employer for skilled, semi-skilled and low-skilled jobs. Depending on what the job is you have widely different skills required. We have a long history of running TAFE equivalent, certified institutions within the countries we operate to train locals using Australian expertise. We are not the only beneficiaries; it is the whole country that is benefiting from this program.”

Hamish Tyrwhitt,
CEO, Leighton Holdings

Figure 2-8: Industries conduct activities within developing countries that address the barriers preventing them from conducting their core business. This often requires them to evolve their activities well beyond their ordinary operations.

Industry	Business enablers	Business barriers	Poverty alleviating activities	Drivers to activity	Influential stakeholders
Mining & Energy	<ul style="list-style-type: none"> Effective regulation Reduce corruption 	<ul style="list-style-type: none"> Complexity (government capacity – National, Regional, Local) Lack of infrastructure 	<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> Brand Government & regulatory environment 	<ul style="list-style-type: none"> Government Community Employees
	<ul style="list-style-type: none"> Education Health services Social stability 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (engagement with local communities) 	<ul style="list-style-type: none"> Education Employment Health 	<ul style="list-style-type: none"> Employee engagement & recruitment Moral obligation 	<ul style="list-style-type: none"> Community Employees NGOs
Banking	<ul style="list-style-type: none"> Reduce corruption Legal environment Effective regulation 	<ul style="list-style-type: none"> Complexity (government capacity) Lack of business case 	<ul style="list-style-type: none"> Government capacity building/ governance Financing Infrastructure 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Board Investors
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (lack of financial literacy) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Consumer Employees
Consumer Goods & Services (Supply chain)	<ul style="list-style-type: none"> Reduce corruption (no child labour) Education (of producers) 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (implementation and management of supply chain) Competing strategic priorities 	<ul style="list-style-type: none"> Education (of producers) 	<ul style="list-style-type: none"> Brand 	<ul style="list-style-type: none"> Board Investors Consumers (Australia)
Consumer Goods & Services (Sales)	<ul style="list-style-type: none"> Reduce corruption Build distribution chain 	<ul style="list-style-type: none"> Complexity of implementation (consumers' access to finance) 	<ul style="list-style-type: none"> Education 	<ul style="list-style-type: none"> Brand Revenue Growth 	<ul style="list-style-type: none"> Board Consumers (Developing Country)
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (consumer education / awareness) Complexity (new product design and approval) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Consumers (Developing Country)



Chapter 3

The future of business engagement in development

Having assessed the drivers, the relative influence of various stakeholders, the barriers and enablers, Chapter 3 gauges the outlook of Australian businesses and business leaders with regard to the future role of business in development. Most respondents feel that business will continue to contribute to poverty alleviation and that stakeholders will expect them to do so, but that growth in these activities will largely be driven by business imperatives. As businesses continue to develop expertise and skills that support their operations in developing countries, new opportunities are appearing to add value to communities and to collaborate with organisations across sectors to mutual advantage.

Increasing contributions to poverty alleviation

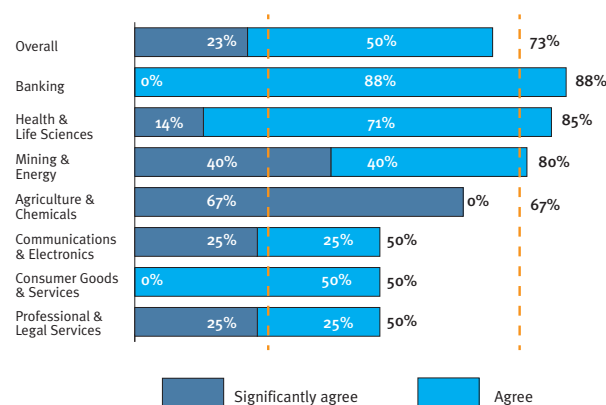
Australian business leaders believe that business engagement in development is increasing and is set to continue to do so. Seventy-three percent of business leaders who responded to the Business in Development Survey significantly agree, or agree that the activities their businesses undertake that contribute to poverty alleviation in developing countries is increasing (see Figure 3-1).

“There is a drive to further bring social and environmental focus into the heart of the business in a way that creates more value to the business and shareholders.”

Tim O’Leary,
Chief Sustainability Officer,
Telstra

Figure 3-1: Australian business leaders believe that activities that contribute to poverty alleviation are increasing

The activities that your company undertakes that contribute to poverty alleviation in developing countries is increasing.



Source: Accenture/B4MD Business in Development Survey 2012

Industry perspectives

Industries that have established operations in developing countries are more likely to perceive that their poverty alleviation impact is increasing

Respondents from Banking (88 percent), along with Mining & Energy (80 percent) hold some of the strongest views that they will be expected to conduct business activities that also alleviate poverty (see Figure 3-1). This is likely because they have operations and customers in developing

countries. These activities are increasing because there is a business imperative for them to do so.

“Australian industry really needs to embrace emerging markets if [it] want[s] to participate in growing markets, and developing countries are where the growing markets are. Depending on the year, we are growing from 150 to 300 percent a year, mainly in Africa.”

Rick Hooper,
CEO, Barefoot Power

“We are focused on providing solutions to economic challenges to help our customers achieve sustainable futures. Financial education helps drive financial inclusion in these markets, which in time will have a flow-on effect for the community and our business.”

Rukita Okeroa,
Program Manager - Financial Inclusion,
Sustainability, Pacific Banking,
Westpac Banking Group

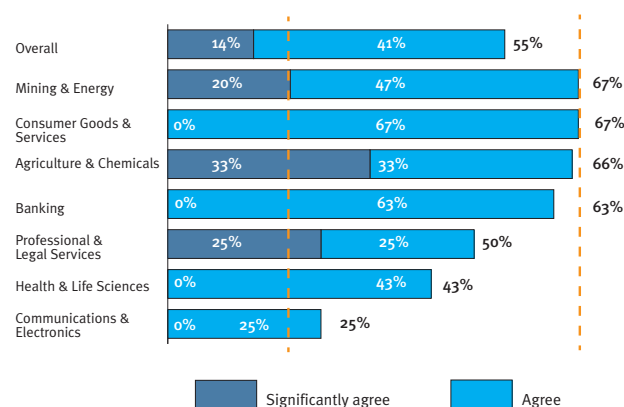
The majority of business leaders (55 percent) also perceive there is an expectation among stakeholders that businesses operating in developing countries will conduct activities that contribute to alleviating poverty (see Figure 3-2). This view varies by industry, with around two-thirds of leaders from the Mining & Energy, Banking and Consumer Goods & Services industries indicating this. This expectation underpins companies’ behaviour.

“You cannot operate mines — islands of wealth generation in a sea of poverty — without inviting social unrest. It is in our interest to engender long-run economic development as a way of underpinning societal stability.”

Bruce Harvey,
Global Practice Leader - Communities and
Social Performance, Rio Tinto

Figure 3-2: The majority of business leaders perceive that business activities that contribute to poverty alleviation will be expected of businesses that operate in developing countries

Conducting activities that simultaneously generate business benefits and contribute to poverty alleviation will be expected of all businesses that operate in developing countries.



Source: Accenture/B4MD Business in Development Survey 2012

Looking to the future

Australian business leaders indicated there are multiple activities that are both important to the future of their businesses and contribute to poverty alleviation (see Figure 3-3). More importantly, businesses understand what enablers they need to have in place to succeed in the developing countries in which they operate. As outlined in the previous chapter, these companies have developed capabilities beyond their core business. These capabilities would not ordinarily be expected of them. Oil Search, for instance, employs experts to help deliver health programs and Leighton Holdings employs Australian technical education experts to roll out trade education programs. Australian business leaders, when asked to select the one business activity that contributes to poverty alleviation that is most important to the future of their business, indicated infrastructure development is most important (27 percent) (see Figure 3-3). This is followed by education programs (14 percent) and employment (13 percent); human rights, anti-corruption and labour policy development (11 percent); along with health programs (11 percent).

“Education and infrastructure are the two key opportunities for AusAID in the Asia Pacific region to engage with business.”

Hamish Tyrwhitt,
CEO, Leighton Holdings

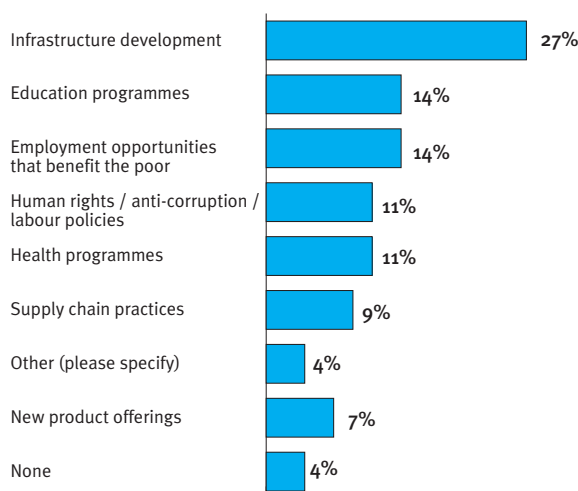
“Infrastructure and education are key goals for business within developing countries.”

Louise Davis,
Executive, Corporate Citizenship and
Corporate Affairs Growth Markets,
IBM Australia

Figure 3-3: Infrastructure development is one of the main activities that is important to the future of business within developing countries

Which business activity that contributes to poverty alleviation is most important to the future of your business?

(Respondents selected one response)



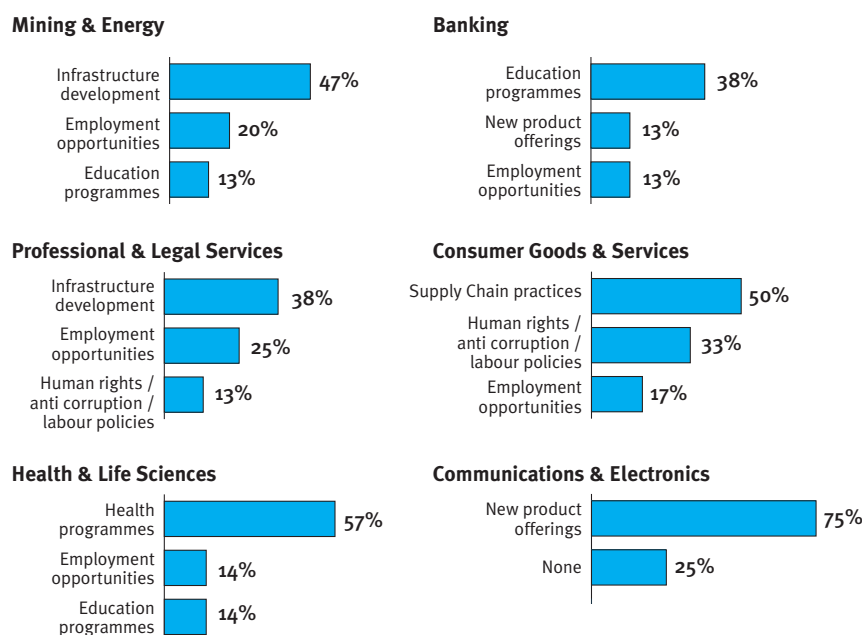
Source: Accenture/B4MD Business in Development Survey 2012

The result is interesting in that Mining & Energy is the only sector that, in responding to this question, deviated from its “top three” list of current poverty alleviating business activities, namely creation of employment opportunities, education and health programs (see Figure 1-3 and Figure 3-4). The sector has a long and established record of successfully creating employment opportunities, and implementing education and health activities. Infrastructure development is a more complex and costly activity and correlates with the key barrier to poverty alleviating activities indicated by this sector, that is, complexity of implementation.

Figure 3-4: Results from the survey identify the main poverty alleviating activities, by sector, that are most important to the future of businesses in these sectors

Which business activity that contributes to poverty alleviation is most important to the future of your business?

(Respondents selected one response. Data on the top three responses are shown by industry as a percentage of that industry's respondents)



Summary

From responses reviewed in this chapter, it is clear that companies entering or active in developing countries want to contribute to poverty alleviation and they believe their stakeholders will increasingly expect it of them. What's more, many of the poverty alleviating activities undertaken by business are vital to their future growth. For aid organisations, NGOs and other development sector organisations these identified areas are key pointers in terms of where and with whom mutually beneficial partnerships may be struck. Could more sustainable solutions to development

challenges that deliver greater impact be on the horizon? Perhaps the answer lies in understanding the frameworks organisations within the various sectors have put in place to assess the viability of activities or programs, and to measure impact and success. Already businesses are indicating that they are willing to depart from traditional development sector relationships to explore new partnerships with organisations they have not previously considered.



Chapter 4

Partnering for business and development success

Australian business leaders have acknowledged that their businesses — in conducting business activities in developing countries — have a significant role to play in the alleviation of poverty. In fact, the majority of business leaders already factor poverty alleviation into business decisions regarding operations in developing countries. And despite the significant barriers they identify as preventing them from doing more, executives believe activities that alleviate poverty will continue to increase.

Executives see effective partnerships as one way of addressing barriers, with these alliances augmenting the skills and competencies they need to mitigate development barriers and grow their businesses in emerging markets. Australian businesses have successfully partnered with other organisations, including other businesses, NGOs, UN agencies and donors such as AusAID, generating benefits for business and contributing to poverty alleviation. These successes have, however, not been achieved without significant effort, especially with regard to aligning corporate activities with those of partnering donor agencies or NGOs.

Partnering is critical to augment skills and competencies

When considering undertaking business activities that contribute to poverty alleviation, businesses seek support and engagement from multiple organisations. In fact, executives indicated that they would consider more partnership opportunities in the future (see Figure 4-1).

“Collectively we have a moral obligation to get together and discuss how we can impact development.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

Findings show that in the future there may be a move away from the traditional partners that businesses consider when undertaking activities that alleviate poverty. Businesses are open to considering new partners. For example, business leaders have limited awareness and engagement with the activities of AusAID in the countries where they operate (see Figure 4-2 below), with 25 percent indicating they currently do consider AusAID as a partner today for activities that have a poverty alleviation impact. However, the majority identified AusAID as one of the key organisations that they would seek to engage with in the future (57 percent). Other results showed a likely decrease in the desire to work with NGOs in future, with current engagement desired by 50 percent of respondents and only 43 percent indicating likely future engagement. A similar decrease is suggested in the desire to work with developing country governments and communities in future.

Businesses understand their limitations and are seeking partners who can collaborate with them to augment or enhance their skills and competencies.

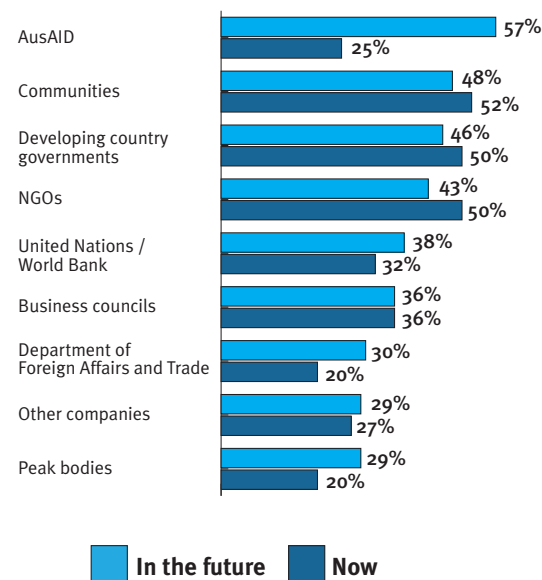
“When we are looking at partners, the partner needs to bring its skills to the party and operate in a way that recognises what business has to offer. You are really working together and need to respect what each party can deliver.”

Prof Paul E Hardisty,
Global Director, EcoNomics™ & Sustainability,
WorleyParsons

Figure 4-1: Overall, there is a move away from the traditional partners that business would consider using

Which of the following entities does, or would your business consider as a partner for undertaking business activities in developing countries?

(Respondents identified all entities that apply)



Source: Accenture/B4MD Business in Development Survey 2012

Australian business has limited awareness of the activities of AusAID in the countries in which they mutually operate

A little under half of Australian business leaders (46 percent) were aware of the activities of AusAID in the regions and industries in which their company operated (see Figure 4-2). AusAID has nonetheless built some awareness among certain Australian businesses. Some leaders interviewed had engaged with AusAID in their day-to-day activities and in some cases leaders had connections with developing government departments that were proactive in engaging with, or seeking to engage with AusAID. Professional & Legal Services have the greatest awareness of AusAID's activities (57 percent), along with the Mining & Energy industry (54 percent). Banking and Consumer Goods & Services followed with half of respondents indicating that they were aware of AusAID's activities. These industries have a higher number of operations within developing countries,

so it makes sense that these executives have engaged with AusAID.

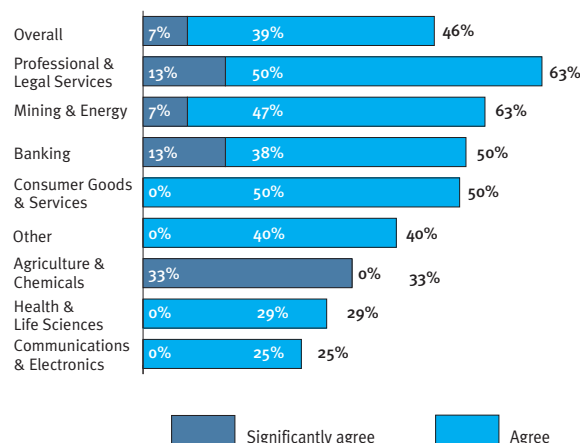
However, the relatively high number of business leaders who indicated they were unaware of AusAID's activities supports the thesis that business engagement with AusAID has been ad hoc to date.

"We would like to have a clearer understanding of AusAID's agenda and future direction in the countries where we have operations."

Terry Davis,
Managing Director,
Coca-Cola Amatil

Figure 4-2: Over half of Australian business leaders surveyed were unaware of AusAID's activities in the regions and industries in which their companies operate

Your company is aware of the activities of the Australian Government's aid program in the regions and industries in which your company operates.
(Respondents selected the most appropriate)



Source: Accenture/B4MD Business in Development Survey 2012

Partnership case studies

While awareness of AusAID's programs and activities are limited among business leaders, there are a number of examples of Australian businesses successfully partnering with AusAID to achieve poverty alleviation related outcomes. These examples demonstrate the willingness of both to engage. Two key examples that were discussed during interviews with Australian business leaders demonstrate how effective and sustainable these partnerships can be.

Carnival Australia: Infrastructure development in Vanuatu¹³

Carnival partners with AusAID to deliver infrastructure and skills to support Pacific Island growth

- Carnival currently calls at six destinations. The three chosen for upgrade were in remote locations, with least access to funding and in greatest need of basic infrastructure upgrade and enablement.
- Carnival Australia identified a demand for more than "just a day at the beach" with cultural tours rating highly in survey results. Case studies demonstrated the connection between the addition of cultural interaction in tours and overall satisfaction with the destination by improvement in comparative ranking.
- A program was designed comprising two components, infrastructure development and a local enablement program.
- Infrastructure investment was undertaken to enable the destination to be reliably and effectively used. Funds from AusAID's enterprise challenge fund were combined with Carnival Australia's own investment (for every \$2 from Carnival, AusAID gave \$1) to build all-weather floating pontoons.
- In addition, a tour vessel was purchased along with upgrades to on-shore facilities, including clean water, amenity blocks, basic signage and a barbecue facility. This was funded by Carnival Australia.

- On the local enablement side, Carnival engaged with the community on how the ship calls could be used by them as a driver for their own business. Carnival estimates that a passenger ship carrying upwards of 2,000 people can yield some \$15,000 - \$20,000 per visit as a direct cash injection into the local economy.*
- Originally the funding for the program was to be met jointly by Carnival and AusAID, from the Enterprise Challenge Fund. However to complete the committed work, Carnival Australia contributed additional funds.
- New Zealand Aid has already committed to continuation of the tourism development/enablement at one of the sites (Mystery Island) through funding of a live-in management position to develop the business in year one and transfer skills in year two. Additionally it has designed two national handicrafts development and marketing programs in Tonga and Vanuatu with Carnival Australia's support.

* Figures quoted are estimates, Carnival Australia is undertaking a project to identify the economic contribution of the cruise industry to the Pacific Islands.

Westpac Banking Group: Banking the unbanked⁸

Westpac partnered with AusAID to deliver financial literacy education in the Pacific Islands

Westpac operates in seven Pacific locations: the Cook Islands, Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga and Vanuatu.

In 2009, Westpac partnered with AusAID to deliver financial literacy and enterprise development training in PNG, Tonga and Vanuatu.

Westpac started its financial literacy program in the Pacific in 2007. In 2008, it partnered with AusAID to expand the program. In 2009, AusAID announced the Pacific Seasonal Workers Pilot Scheme and Westpac adapted its program to provide financial literacy training to the seasonal workers and their communities.

Westpac has since delivered financial literacy training to more than 18,000 Pacific Islanders. In 2010, as part of the partnership, Westpac expanded its financial education program to include business financial management workshops in Tonga, PNG and Vanuatu, providing knowledge and skills to business owners and operators.

The program was developed and operated by Westpac and supported by AusAID. The program is now a key platform of Westpac's sustainability agenda for the Pacific and continues under the auspices of the Pacific Financial Inclusion Program – with support from UN Capital Development Fund, AusAID, the European Union and the UN Development Program.

In addition to financial inclusion initiatives, Westpac Pacific Banking launched its Choice Basic transaction account in 2011. It's designed to meet the needs of customers who have low transaction volumes and want a simple transaction fee structure, and who don't have access to formal methods of identification. At the end of March 2012, more than 26,000 previously unbanked customers had a Choice Basic account. By 2013, Westpac aims to double its customer base in the Pacific, further develop its services so customers can access financial services, and continue its financial education in the region.

Summary

Effective cross-sector partnerships that simultaneously address barriers to business growth and development issues are not new. Barriers to business growth are significant and business is increasingly aware of its limitations. Through effective partnering, the risk is shared and impact potentially improved. An important precursor to partnering and a successful program is awareness of the needs, interests, goals and capabilities of potential partners, as well as a willingness to engage. Australian business, while it has had some interaction with AusAID, expresses an interest in getting to know more about the aid agency and offers some advice on how AusAID can begin exploring partnerships with business.



Chapter 5

Accelerating AusAID business engagement

Business leaders are ready and willing to engage

A growing trend over the last five years has seen international aid agencies increasingly engage with business to harness the latent power of multinational companies as agents for development. The United States Agency for International Development (USAID), The United Kingdom Department for International Development (DFID), the Swedish International Development Agency (SIDA) and others have all progressed down this path. While their approaches for engagement with business may differ, there is an emerging theme around the role of multinational companies in contributing to development outcomes.¹ The literature from early forays into business engagement indicates the way forward is not always easy and outcomes are not always to plan, but that when it is done well the results can be very positive,⁹ and can constitute a significant leveraging of aid funds.

For AusAID, there is considerable research and literature emerging from international partnering experiences that can provide guidance. At the same time, the AusAID Business in Development Study 2012 has confirmed the positive attitude of Australian businesses with regard to conducting mainstream business activities that also alleviate poverty — executives are ready and willing to engage, identify and act on areas of mutual benefit in the countries in which they operate.

The time is right for AusAID to engage with business.

“I think it is great [that] AusAID is going down this line — if you are going to leverage Australian business competencies, even in some small way, the bang for your buck will be enormous.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

“Look for the intersection between projects being done or planned and determine where there is overlap with AusAID’s objectives and activities.”

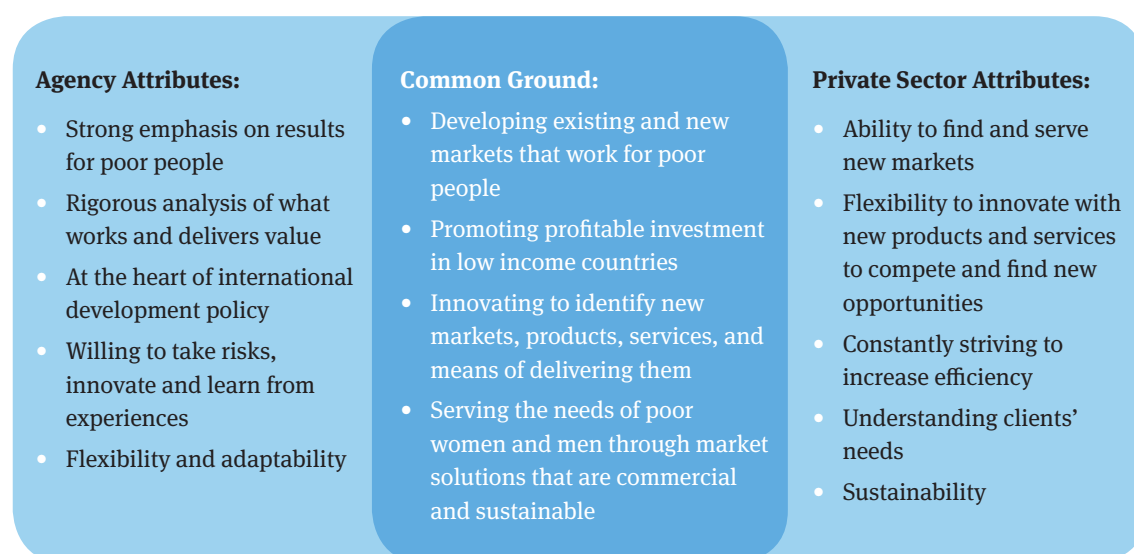
Stephen Creese,
Executive General Manager, Corporate Affairs,
Newcrest Mining Limited

Business leaders appreciate that such engagement does not come without challenges to their organisations and to AusAID. They note that such programs and partnerships take time to cultivate; they do not happen overnight. They strongly agree, however, that it is through action that engagement can be accelerated. This will best be achieved by steadily building momentum through tangible outcomes that demonstrate value to business leaders and have poverty alleviation impact.

Finding common ground for business engagement

What are the conditions and opportunities for engagement between AusAID and Australian businesses with a footprint in developing countries? How do business leaders view these opportunities? How do AusAID and Australian businesses find the common ground where there is clear mutual interest? There are multiple areas of overlap in interests (see Figure 5-1).

Figure 5-1: Common ground between aid agencies and businesses



Source: Department for International Development UK (DFID)¹

The majority of survey respondents indicated that they would like to better understand AusAID's priorities in individual developing countries (70 percent). This would assist them in considering the best ways for business leaders and AusAID to engage to have a greater impact on poverty alleviation (see Figure 5-2).

Equally, they highlighted that interaction with AusAID during the design of individual aid projects where there is common interest (70 percent) is a major area of opportunity for engagement (see Figure 5-2). This was echoed strongly by the business leaders interviewed.

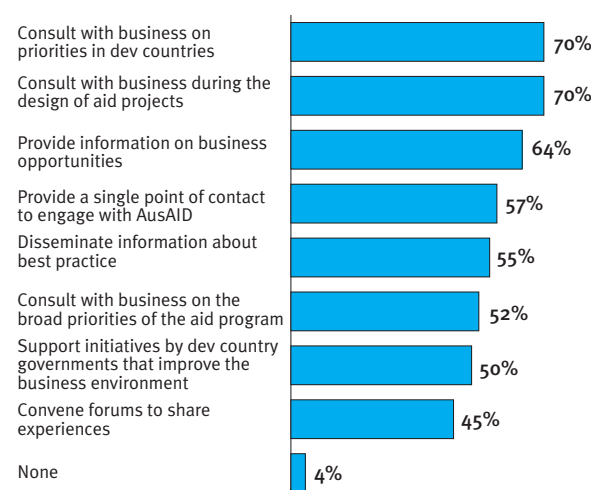
"We need an overarching discussion as to what we are trying to achieve ... what are the five or six things where there is an overlap between business and AusAID? Then work in smaller groups to take it forward."

Peter Botten,
CEO, Oil Search

Figure 5-2: Business leaders want to understand the priorities of the AusAID program and want AusAID to consult with business during the design of individual aid projects

What can AusAID do to make the Australian aid program more effective for business?

(Respondents selected all responses that were appropriate)



Source: Accenture/B4MD Business in Development Survey 2012

The engagement of Australian businesses with donors is a relatively new area for both AusAID and Australian businesses. During interviews with business leaders it was noted that there is value in starting with a contained scope in order to achieve tangible results in the first year that could form the basis of greater future engagement.

Six actions AusAID can take to accelerate business engagement

Recognising that AusAID is in the very early stages of engagement with Australian businesses and that limited resources mean AusAID needs to be selective in terms of how, and with whom it engages, business leaders offered six key action areas that will assist AusAID to effectively manage engagement with Australian businesses (see Figure 5-3). They emphasised the need for engagement to be action oriented and targeted at areas of mutual interest. The actual nature of engagement could take a number of different forms.

1. Be strategic

“Push on open doors” and target those sectors, activities and geographies that align with AusAID’s priorities

Different industries and indeed companies have a varying propensity to undertake business activities that alleviate poverty. This is driven by a number of factors, including a company’s geographic footprint, the nature of its business activities, the motivations of stakeholders and the opportunities for core business activities to also achieve social outcomes. AusAID can achieve greatest impact by focussing its limited resources. Priorities and decisions should be guided by a combination of country, industry, business and sectoral focus.

Business leaders want to work with AusAID on areas of mutual interest. In order to identify these areas of mutual interest, AusAID needs to be clear on its priorities for each country in terms of development themes and the programs it wishes to undertake. These priorities need to be available and be communicated to business leaders through direct engagement and open forums.

“It is country-specific, practical solutions that will be effective. We want to understand how to work together with AusAID to provide practical solutions within key APAC countries where we operate — Indonesia, Papua New Guinea and the Philippines.”

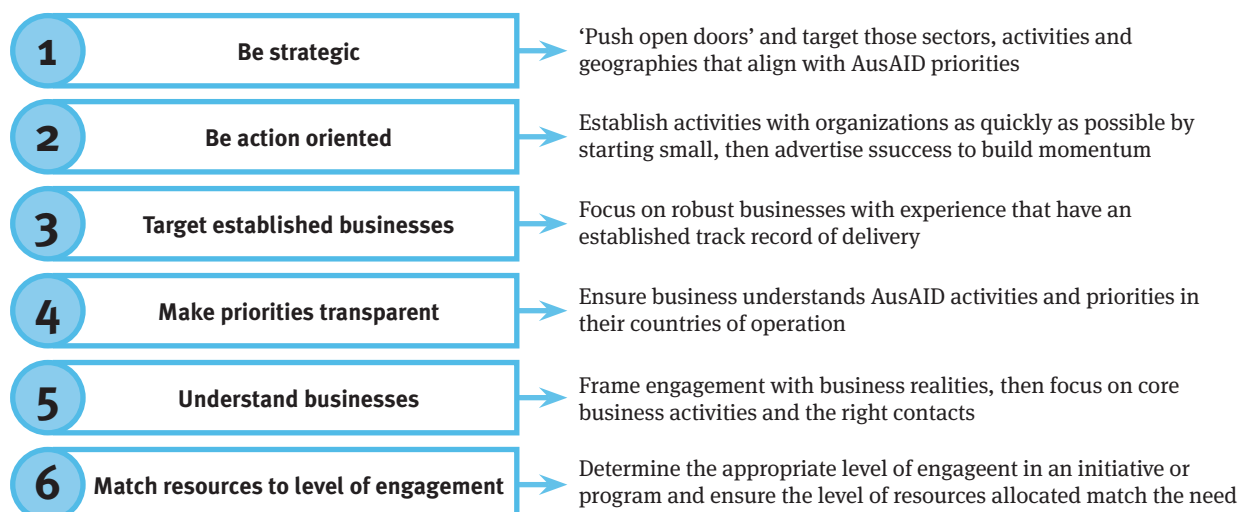
Mick Turnbull,
CEO, Australasia and North Asia,
Agility Logistics

“AusAID should look to work in regions of interest to Australian companies and identify synergies with mining or other companies.”

Ian Wood,
Vice President: Community Relations and
Sustainability, BHP Billiton

Finding common ground between industry business drivers and AusAID priorities is key to successful engagement. Figure 5-4 offers examples of areas of mutual interest by industry sector.

Figure 5-3: Business executives identified six activity areas critical for AusAID to engage successfully with business and to achieve development outcomes



“We are in contact with AusAID because they [work] in the same areas, being very much focused on basic education, basic health and improving access [for] people in rural areas.”

Marina Van der Vlies,
CEO, Digicel PNG Foundation

Specific activities:

- AusAID should make prioritisation decisions to ensure a manageable volume of work is defined.
- Focus on engagements in industries, geographies and activities where there is overlap between business and AusAID priorities, where operations overlap and where activities are of mutual interest (e.g., education and health).

2. Be action oriented

Establish activities with organisations as quickly as possible by starting small, then advertise success to build momentum

Business leaders encouraged AusAID to establish tangible activities with business as quickly as possible. This will demonstrate that AusAID has the mandate and desire to work with Australian businesses. Additionally, it will build a set of case studies (like the Carnival Australia and Westpac Banking Group case studies outlined in Chapter 4) that can be used to demonstrate how working with AusAID delivers value to both organisations as well as results in positive development outcomes.

Business leaders also voiced concern that engagement with AusAID could result in lengthy discussions without the necessary supporting actions. Don’t organize a talk-fest; the emphasis must be on action, even if it is a few small activities. The time to engage with business is during the design phase of individual aid projects say 70 percent of business leaders (see Figure 5-2).

“AusAID should focus on real, tangible, concrete projects. Let’s both get in there and do a project, then use it as an example. While I recognise policy and engagement are critical, let’s be smart about how we do it to accelerate action as swiftly as possible.”

Prof Paul E Hardisty,
Global Director, EcoNomics™ & Sustainability,
WorleyParsons

Engagement between different organisations is driven by interpersonal relationships. Business leaders who have worked with partners, and some who have worked with AusAID in the past, emphasised the importance of ensuring clear accountability and responsibility for the relationship. This is particularly important when the relationship has extended to the point of program delivery. It is vital to have consistency in terms of participants and for responsibility to be assigned at the right level within AusAID to facilitate effective lines of communication and co-ordination between parties. This will require a level of coordination within AusAID that incorporates people at headquarters and those working in developing countries. Other business leaders encouraged flexibility and pragmatism.

“The quicker you can get to the detail and provide real deliverables and timelines, the better.”

Peter Botten,
Managing Director, Oil Search

Specific activities:

- Start small. Prioritise small, manageable engagements and programs where business and AusAID can work together and take tangible actions. The nature of the engagement can be anything from the exchange of skills and expertise to financial input.

“The key is to start small and have a project that lets us start doing something together.”

Stephen Creese,
Executive General Manager, Corporate Affairs,
Newcrest Mining Limited

- Solicit a shortlist of projects from business leaders. This aligns well with being strategic. It will allow AusAID to focus on small, executable activities with businesses that are often already undertaking similar activities to AusAID within the same geography.

“AusAID should get some quick runs on the board, with either a sector focus or country focus.”

Ian Wood,
Vice President of Sustainable Development and
Community Relations, BHP Billiton

- Assign responsibility at the right level. Be consistent – assign an AusAID person or group to consistently engage with a business contact on a particular topic or action. The AusAID

person may be from a particular business engagement unit, geography or sector relevant to the topic or action.

3. Target established businesses

Focus on robust businesses that have an established track record of delivery

To maximise development impacts, AusAID should engage with businesses that have experience in developing countries. These organisations often have a robust operations track record in developing countries that include core business activities and development programs. They have robust processes and financial management in place, a history of monitoring performance and, in many cases, a deep understanding of what it takes to be successful operating in a particular developing country. These organisations are also likely to have competencies, skills and relationships that can complement those of AusAID, creating partnerships that are greater than the sum of their parts. Business leaders suggest AusAID target these organisations first and foremost.

“Work with companies that have the runs on the board, have the infrastructure in place and have learned the lessons over the years. Companies who have the longevity in those areas understand the markets they are operating in.”

“Firstly, look at long term companies who are already operating in emerging countries. Secondly, choose companies with clear and strong governance practices. Thirdly, start small and ensure all parties are incentivised to act. Finally, keep the conversation open — it is not a perfect world and issues will come up that no one can anticipate or foresee.”

Mick Turnbull,
CEO, Australasia and North Asia,
Agility Logistics

When AusAID has further experience in the engagement of Australian businesses, there will be opportunity to leverage that knowledge to engage with less established and robust organisations.

Specific activities:

- Engage with companies that have a proven track record. Look for companies with established track records of delivery within developing countries. This will ensure AusAID engages with companies that have (i) established operations, (ii) strong governance practices and (iii) expertise and relationships to assist delivery in the developing country.

4. Make priorities transparent

Ensure businesses understand AusAID activities and priorities in their countries of operation

In the majority of discussions, business leaders explained that they were unaware of AusAID’s activities and priorities in their countries of operation. To build robust engagement between AusAID and business there is a need to find common ground — areas of mutual interest where they can work together. Business leaders were keen to have visibility into AusAID’s specific priorities, plans, programs and budget allocation by developing country.

This will also help to avoid situations where businesses approach AusAID with ideas which are outside AusAID’s present strategic focus areas. This has been an issue in the past.

“Who you need to engage with depends on how visible your vision, your objectives, your plan and your budget is, then you can engage with how you are going to roll it out.”

Hamish Tyrwhitt,
CEO, Leighton Holdings

Often this information is readily available but has not been specifically communicated to business, or business leaders are unaware of where to obtain this information or have not thought to seek this information in a succinct form.

“If AusAID can be clear on what its top development challenges and opportunities are, and communicate them to us and other large businesses operating in the region, then in many cases the core capabilities of these operations could be very relevant in helping solve those challenges – as an example, in our case this could be our expertise in distribution into remote centres.”

Terry Davis,
Group Managing Director,
Coca-Cola Amatil

For instance, Coca-Cola Amatil is working on microfinance initiatives, but has yet to engage with AusAID to see if this is something they could work on together to evolve into a wider program. This is consistent with the results from the survey, where 64 percent of business leaders indicated they would like clear information on business opportunities available through the AusAID program (see Figure 5-2).

Specific activities:

- Publish a business oriented summary of AusAID priorities and activities by country. For each country, provide a view for business of current activities, planned activities and future priorities. This summary can be used to highlight AusAID’s objectives and drivers. The summary could be made available to business leaders in regular communications and highlighted in forums that specifically target business leaders. It is assumed that this information will be specifically targeted based on the one or more countries that AusAID decides to prioritise (reference action area 1).

5. Understand business

Frame engagement in the context of business realities, then focus on core business activities and the right contacts

Business leaders have highlighted three elements to guide AusAID when engaging with individual businesses. First, engage with those businesses that are in a position to engage. Second, understand the core business drivers and ensure the engagement is focused on delivering commercial outcomes. Third, go in through the centre to engage with the right people within the organisation.

Some companies are more able to undertake activities that alleviate poverty than others. Where an organisation is struggling under other pressures, be they financial or otherwise, they are less likely to be able to undertake these activities. Elders Limited, an agricultural company, has undergone significant change over the past two to three years.

“If we were in different circumstances, where the business was making a decent profit and capital return for shareholders, then we would be looking at expansion in developing countries.”

Malcolm Jackman,
CEO, Elders Limited

However, there are a number of businesses expanding into developing countries. These companies are extremely keen to work with AusAID. However, Marina van der Vlies, CEO of Digicel’s PNG Foundation, a telecommunications provider expanding throughout the Asia-Pacific region, cautions that it is really important that AusAID appreciate the frame of reference for those businesses they are looking to engage.

On the second point, linking activities to core business drivers will ensure they are assigned the priority and resources required to deliver.

“Significant resources can flow when projects are linked to our core business activities and have a clear pathway to generating sustainable returns.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

“People who are involved (from AusAID) need to have access to commercial experience so they know what does and what doesn’t work. They must understand commercial ventures, otherwise it makes it very difficult to succeed.”

Todd Saunders,
General Manager - Australia,
Sanitarium Health and Wellbeing

Thirdly, any engagement between organisations is driven primarily by relationships. Finding the right person or group to talk to is critical to a successful relationship. Navigating large organisations can be extremely challenging and investing time to find the right person is time well spent. Multiple business leaders advocated connecting with the organisation through the corporate centre as a means to being directed to the right person or group.

“Going in through the centre will get you talking to people. You must be speaking with people who have the direct need.”

Bruce Harvey,
Global Practice Leader,
Communities and Social Performance,
Rio Tinto

Specific activities:

- Profile target businesses. Create a profile of the business that is going to be approached to understand the business context and its core business drivers and activities in developing countries.
- Connect via the corporate centre in order to identify the right business contacts across the organisation.

6. Match resources to level of engagement

Determine the appropriate level of engagement in an initiative or program and ensure the level of resources allocated match the need

Business leaders acknowledged there are a number of ways in which AusAID can engage with business in poverty alleviation activities (see Figure 5-4). When considering the opportunities and way forward for engagement with business, there are a number of levels at which AusAID may engage, from that of observer through to joint owner of a particular program. In discussions with business, it will be important for AusAID to be clear on the level of ownership it is willing to undertake within a specific program. This will have implications for the resources AusAID has available for specific programs and initiatives, ranging from input from AusAID in-country teams to involvement in the delivery of the program, through to joint funding provided by AusAID.

Opportunities exist where it works for AusAID to undertake an observational or advisory role. However, for those initiatives where AusAID undertakes more responsibility and ownership in the initiative, an increased level of resourcing, in both people and funding, will be required. This ensures that all partners have a level of ownership in project inputs and maintain a level of responsibility throughout the delivery.

There are projects that do not have a compelling short term business case and therefore are not progressed. Often these projects are near-viable and could be sustainable in the longer term.

“From time to time we are presented with near viable projects that could have had a positive social impact. A small allocation of donor funds could have ensured viability, and a significantly leveraged social impact.”

Nicholas Moore,
CEO, Macquarie Group

This does not mean that AusAID assistance should be sought for medium to long term funding. This funding will help ensure the program is supported in the short term with a view to medium term sustainability.

“Funding can help companies where they need a ‘leg up’ to get a project into the right capital efficiency sweet spot. This should be for a limited time only”.

Malcolm Jackman,
CEO, Elders Limited

Specific activities:

- Align resources to level of ownership. Be clear up front with businesses about the level of ownership and resources that AusAID is able to provide for specific initiatives or programs.

The future

Looking forward, based on the feedback from business leaders, there are many and varied ways in which AusAID can engage with Australian business. Relationships that leverage the skills, capabilities and financial resources of AusAID and business to address areas of mutual interest have the potential to have significant development and business impact. Reflecting on the drivers, barriers and enablers reviewed in Chapter 2, it is possible to start to form some preliminary ideas about where the opportunities might be for AusAID to engage with Australian business by industry. This is by no means a complete list, nor is it likely that all suggested options will be acted on; it is merely a starting point for further consideration and potential action (see Figure 5-5).

Figure 5-4: Potential levels of AusAID engagement

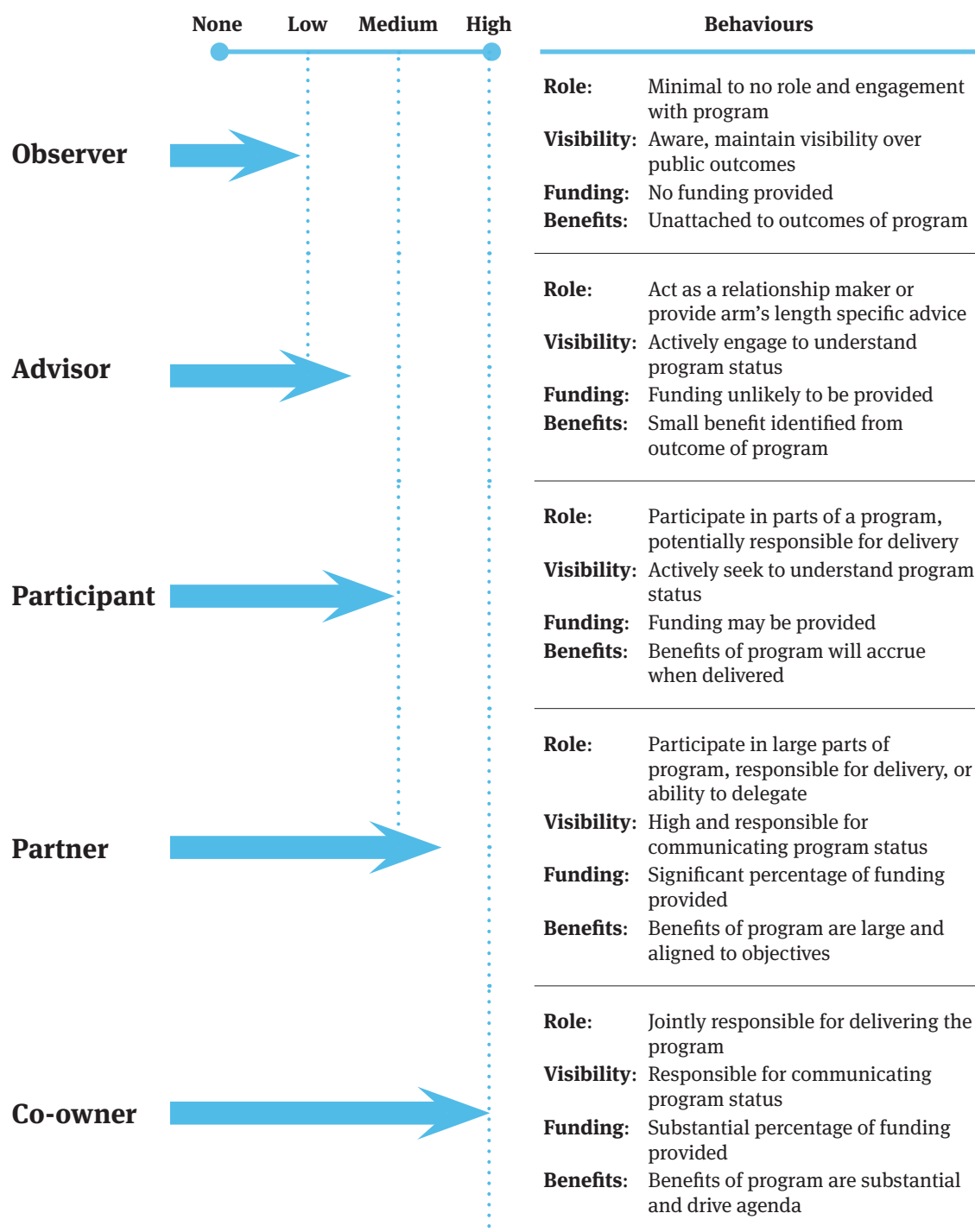


Figure 5-5: Potential opportunities for AusAID engagement with Australian business by industry sector

Industry	Business enablers	Business barriers	Poverty alleviating activities	Drivers to activity	Potential opportunities for engagement
Mining & Energy	<ul style="list-style-type: none"> Effective regulation Reduce corruption 	<ul style="list-style-type: none"> Complexity (government capacity – National, Regional, Local) Lack of infrastructure 	<ul style="list-style-type: none"> Infrastructure 	<ul style="list-style-type: none"> Brand Government & regulatory environment 	<ul style="list-style-type: none"> Government capacity building Physical infrastructure Small/medium enterprise development
	<ul style="list-style-type: none"> Education Health services Social stability 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (engagement with local communities) 	<ul style="list-style-type: none"> Education Employment Health 	<ul style="list-style-type: none"> Employee engagement & recruitment Moral obligation 	<ul style="list-style-type: none"> Secondary/tertiary education programs Health programs Small/medium enterprise development
Banking	<ul style="list-style-type: none"> Reduce corruption Legal environment Effective regulation 	<ul style="list-style-type: none"> Complexity (government capacity) Lack of business case 	<ul style="list-style-type: none"> Government capacity building/governance Financing Infrastructure 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Government capacity building (financial regulation)
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (lack of financial literacy) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Education (financial literacy) Microfinance programs
Consumer Goods & Services (Supply chain)	<ul style="list-style-type: none"> Reduce corruption (no child labour) Education (of producers) 	<ul style="list-style-type: none"> Lack of infrastructure Complexity (implementation and management of supply chain) Competing strategic priorities 	<ul style="list-style-type: none"> Education (of producers) 	<ul style="list-style-type: none"> Brand 	<ul style="list-style-type: none"> Small/Medium enterprise development
Consumer Goods & Services (Sales)	<ul style="list-style-type: none"> Reduce corruption Build distribution chain 	<ul style="list-style-type: none"> Complexity of implementation (customers' access to finance) 	<ul style="list-style-type: none"> Education 	<ul style="list-style-type: none"> Brand 	<ul style="list-style-type: none"> Microfinance programs
	<ul style="list-style-type: none"> Education (of consumers) 	<ul style="list-style-type: none"> Complexity (consumer education / awareness) 	<ul style="list-style-type: none"> New products Education 	<ul style="list-style-type: none"> Brand Revenue growth 	<ul style="list-style-type: none"> Education

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About Accenture Development Partnerships

Accenture Development Partnerships collaborates with organisations working in the international development sector to help deliver innovative solutions that truly change the way people work and live. Its award winning business model enables Accenture's core capabilities – its best people and strategic business, technology and project management expertise – to be made available to clients in the international development sector on a not-for-profit basis. Accenture Development Partnerships has completed over 640 projects for 120 clients, working across 70 countries and deploying over 900 Accenture employees. Accenture Development Partnerships' home page is www.accenture.com/adp.

About Business for Millennium Development (B4MD)

The Business for Poverty Relief Alliance was formed in August 2006 when a group of leading and progressive Australian companies came together at the invitation of World Vision to consider the question: how can corporate Australia do more to address global poverty?

The alliance was launched in May 2007 to overwhelming support around Australia. In October 2007, the alliance was rebranded as the Business for Millennium Development (B4MD) to bear a more accurate reflection of its focus on the UN Millennium Development Goals.

B4MD believes that Australian businesses have the opportunity to do much more to reduce poverty while developing business within the emerging markets of the Asia Pacific region.

We are supported by our founding members IBM, Oil Search, Visy and World Vision Australia. We are further supported by the Australian Government through AusAID, the Australian Agency for International Development.

