

Leveraging the Development Impact of Business in the Fight Against Global Poverty



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Corporate Social Responsibility Initiative

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LEVERAGING THE DEVELOPMENT IMPACT OF BUSINESS IN THE FIGHT AGAINST GLOBAL POVERTY

JANE NELSON

ABSTRACT

There is growing consensus among policy makers, development experts and private sector leaders that efforts to spread economic opportunity and growth offer one of our best hopes for reducing poverty. The private sector – domestic and foreign, large-scale and small – has a vital role to play in this process, and in ensuring that both the quantity and quality of economic growth benefits the poor. Efficient markets and good governance, at both the global and national level, are essential conditions for enabling the private sector to fulfill this potential. So too is profitable and responsible business leadership. Leadership based on clear values and a commitment to delivering, or at a minimum protecting, both market value and social value. This chapter illustrates some of the ways that companies are meeting the leadership challenge, through implementing responsible business practices, creating innovative new business models, investment strategies, and partnerships, and working with governments to improve the conditions and institutions needed for good governance and private sector development.

While recognizing the crucial development role of small, medium and micro-enterprises, the chapter focuses primarily on the contribution of large companies, both multinationals and large national companies. It suggests a conceptual framework for thinking about the contribution of business to development, focusing on three corporate ‘spheres of influence’: a company’s core business operations in the workplace, marketplace and along the value chain; its social investment and strategic philanthropy activities; and its engagement in public policy dialogue, advocacy and institution building. The chapter provides a set of six strategies that any company can apply to manage its development contribution in a manner that protects or builds both market value and social value, and it recommends some specific areas for action.

I. Introduction

One of the key leadership challenges of our time is to find new ways to harness the innovation, technology, networks and problem-solving skills of the private sector, in partnership with others, to support international development goals. And to do so in a manner that makes sound business sense, and does not replace or undermine the role of government. Business leaders have a growing interest, both in terms of risk management and harnessing new opportunities, to get engaged.

“Partnering for Success: Business perspectives on multi-stakeholder partnerships” The World Economic Forum, the International Business Leaders Forum, and the CSR Initiative, Kennedy School of Government, Harvard, January 2005.¹

Over the past two decades, the forces of political transformation, economic globalization, and technical innovation have resulted in an unprecedented transfer of assets to the private sector, bringing private enterprise to the heart of the international development agenda. While small, medium and micro-enterprises account for the bulk of economic activity and job creation in most countries, the global reach and influence of multinational corporations has also grown substantially. The UN estimates that their number has almost doubled from 37,000 in 1990 to over 60,000 today, with some 800,000 foreign affiliates, and millions of suppliers and distributors operating along their global value chains.²

Linked to these trends, private capital flows to developing countries have risen over five-fold since 1990, and now outstrip official development assistance. Although most of these flows are targeted at a small number of key emerging markets and their impacts are not always beneficial to recipient countries, there is growing consensus that private sector investment and development - both domestic and foreign, and both large-scale and small - have a vital role to play in driving economic growth and helping to alleviate poverty.

Under the right conditions, private enterprises offer the potential to increase innovation, spur wealth creation, transfer technology, raise productivity, meet basic needs, enhance living standards, and improve the quality of life for millions of people around the globe.³ Efficient markets and good governance, at both the global and national level, are essential conditions for enabling the private sector to fulfill this potential. So too is profitable and responsible business leadership. Leadership based on clear values, and a commitment to delivering, or at a minimum protecting, both market value *and* social value.

What does this mean in practice?

At its foundation, such business leadership requires the **implementation of responsible business practices and standards** in areas such as ethics, the environment, labor and human rights, everywhere a company operates, in order to manage risks, minimize negative externalities and impacts, and *protect existing market and social value*. It also involves the **creation of innovative new business models, investment strategies, and partnerships** aimed at harnessing the core competencies, resources and problem-solving skills of private enterprise, in order to *create new*

market and social value. And it involves efforts by the private sector, working in partnership with others, to **help establish the appropriate conditions, institutions and enabling environment** for good governance and private sector development.

None of this is easy. The challenges of ensuring efficient markets and good governance should not be under-estimated. These challenges include overcoming ‘bad governance’ such as corruption and the legacy of repressive regimes, failed states and conflict, and improving ‘weak governance’ resulting from inadequate public capacity and administrative and institutional capability to serve citizens’ needs. They also require efforts to address ‘indifferent governance’ or lack of political will, in both donor and developing countries, when it comes to prioritizing and allocating resources to urgent development needs.

Nor should we under-estimate the complex and at times contradictory set of pressures and expectations faced by today’s business leaders. They are being called on to engage with activists as well as analysts, to manage social and environmental risks as well as market and political risks, to be accountable for their non-financial as well as their financial performance, and to cooperate as well as compete, often with non-traditional allies focused on unfamiliar issues, ranging from HIV/AIDs to climate change. They are under pressure from regulators, investors, consumers, trade unions, and non-governmental organizations (NGOs), to deliver outstanding performance not only in terms of competitiveness, profitability, and market growth, but also in their corporate governance and corporate responsibility. Many of them face the unprecedented challenge of having to deliver shareholder value while also delivering, and demonstrating that they are delivering, societal value.

In part, these increased pressures and expectations are an understandable response to the corporate ethics and governance scandals of recent years. They also reflect public concerns about corporate complicity, both real and perceived, in a range of labor, human rights and environmental problems. At the same time, these growing expectations of business reflect a belief that large companies, with their global influence, reach and resources, offer some of our best hopes for helping to solve pressing development issues. There is a danger in some cases that too much is being expected of business, especially in light of the competitive pressures and operational constraints faced by even the largest global corporations. It is crucial therefore to emphasize that even the most profitable, responsible and innovative business practices can achieve little in tackling global poverty in the absence of good government, underpinned by political will and public interest.

Despite the challenges, there are a growing number of leadership examples that give cause for hope. These range from innovative activities by individual firms, to collective action by groups of companies, to global multi-stakeholder alliances. Examples include:

- (i) ***The development of new business models and innovative investment strategies at the level of individual firms.*** Some of these are focused on creating jobs and livelihood opportunities for the poor, others on exploring economically viable approaches to addressing environmental challenges and delivering goods and services to low-income consumers and communities, and some are helping to build public

capacity and administrative capability. A few of the hundreds of examples that are emerging are outlined in Box 1.

- (ii) ***The collective engagement of companies through sector-based, issue-focused or national business coalitions.*** Companies working together, often with major competitors, to tackle social, environmental and development challenges that no one company can address effectively on its own. They include national business leadership networks such as Philippine Business for Social Progress, the Thai Business Initiative for Rural Development, South Africa's National Business Initiative, Tanzania's Private Sector Initiative, and Brazil's Instituto Ethos. Issue-focused alliances are also emerging, such as the Global Business Coalition Against HIV/AIDs and the Business Alliance for Food Fortification, as are industry-wide initiatives, such as the chemical industry's Responsible Care initiative, the International Council for Metals and Mining, the International Tourism Partnership, and the Equator Principles, which bring together the world's major providers of project finance.
- (iii) ***The establishment of cross-sector or multi-stakeholder alliances.*** Companies are also partnering with governments and/or civil society organizations to jointly support efforts aimed at improving national and global governance systems, developing and spreading international norms and standards, shifting market frameworks, mobilizing resources, or increasing political support for development. Examples initiated or led by governmental agencies include: the UN's Global Compact, which brings together over 2,000 companies, with UN agencies, trade unions, human rights and environmental NGOs; UNDP's Growing Sustainable Business initiative; USAID's Global Development Alliance; the World Bank's Development marketplace; the Global Fund for HIV, tuberculosis and malaria; and the Extractive Industries Transparency Initiative, to name just a few. Similar multi-stakeholder efforts led by private actors but with public sector partners, include the Marine and Forest Stewardship Councils, the Global Alliance for Vaccines and Immunization, the Global Alliance for Improved Nutrition, the Global Road Safety Partnership, the Partnership for Quality Medical Donations, and the Fair Labor Association.

BOX 1: INNOVATIVE NEW BUSINESS MODELS AND INVESTMENT STRATEGIES BY INDIVIDUAL FIRMS ⁴

Some of these examples are hybrids of philanthropic models that harness core commercial competencies, skills and products, while others are being established as profit-making ventures and business activities – but all are focused on improving the access of low-income households, entrepreneurs and communities to essential products, services, resources and opportunities:

SPREADING ACCESS TO ECONOMIC OPPORTUNITY:

In Ghana and Tanzania, Unilever is working with small-scale producers to source raw materials from indigenous plants, and enabling small-scale distributors to sell affordable products to low-income households in countries such as Brazil India and Indonesia. In Mexico, Starbucks is working with Conservation International and local farmers to support sustainable coffee production and more reliable incomes. SC Johnson is undertaking similar efforts with KickStart and small-scale growers of pyrethrum in Kenya. Cemex is cooperating with Ashoka in Mexico to deliver low-income housing, job creation and training. In Kazakhstan, Chevron, Citigroup are working with the UN and local partners to deliver small business services, as is BP in Azerbaijan. In the Middle East, where over 60% of the population are under the age of 25, companies such as Abdul Latif Jameel and Shell are supporting youth enterprise initiatives.

PROVIDING ACCESS TO PRO-POOR FINANCIAL SERVICES:

Citigroup, Deutsche Bank, Credit Suisse, Barclays, ABN Amro, Calvert, ANZ, Standard Bank, and Merrill Lynch are among leading financial institutions that have started to develop financial services for the poor, ranging from micro-credit to insurance, saving and investment products.

IMPROVING ACCESS TO INFORMATION TECHNOLOGY:

Efforts to harness information and communications technology to support education, enterprise development and humanitarian relief in developing countries are being undertaken by Cisco Systems, Microsoft, Vodafone, IBM, HP, Ericsson, Dell, Ayala, and Infosys, among others.

ENSURING ACCESS TO CLEAN AND AFFORDABLE WATER AND ENERGY:

Shell is working with the UN and others in Uganda to catalyze the pro-poor market for solar home systems, aimed at both increasing access to energy and tackling indoor pollution and health problems. BP is doing likewise in the Philippines, EDF is supporting off-grid energy access in Madagascar, and ABB is working with WWF on sustainable energy access in Tanzania. Companies such as Thames Water/RWE, Suez, General Electric and Coca-Cola are exploring new financing mechanisms and technologies to improve access to clean water and sanitation.

INCREASING ACCESS TO HEALTH AND SAFETY:

Most major pharmaceutical companies are now engaged in efforts to improve access to essential medicines through a variety of R&D initiatives, preferential pricing and product donation programs. Some are also investing money and management expertise in efforts to improve public health system capacity more broadly, such as Abbott laboratories in Tanzania, Merck in Botswana, Pfizer in Uganda, and BMS, J&J and GSK elsewhere in Africa. Companies with large developing country workforces, such as Coca-Cola, Anglo-American, Chevron, Rio Tinto, Unilever and ExxonMobil, are also developing new approaches to support employees and local communities in the fight against infectious diseases. Companies such as GM, 3M, InBev, Diageo and SABMiller are working to improve road safety. Major food companies are engaging in food fortification efforts. And retail companies such as Nike, Reebok, the Gap and Pentland have led efforts to improve working conditions, health and safety in contractors factories.

In summary, there are a growing and wide-ranging number of examples where companies are actively engaged in supporting international development goals. Such initiatives cannot, and should not, replace the role of government, but they can make a valuable contribution. The following section provides a conceptual framework for analyzing this contribution.

II. The Potential Contribution of Business to Development

Private firms are at the heart of the development process. Driven by the quest for profits, firms of all types – from farmers and micro-entrepreneurs to local manufacturing companies and multinational enterprises – invest in new ideas and new facilities that strengthen the foundation of economic growth and prosperity. They provide more than 90% of jobs – creating opportunities for people to apply their talents and improve their situations. They provide the goods and services needed to sustain life and improve living standards. They are also the main source of tax revenues, contributing to public funding for health, education and other services. Firms are thus central actors in the quest for growth and poverty reduction.

2005 World Development Report, The World Bank⁵

There is wide variation in the specific contributions that different companies can make to protecting and creating social and market value, and to supporting key development goals such as poverty alleviation. Their contribution depends not only on the type of development intervention needed – such as increasing access to jobs, income, education, health, energy, water, technology, markets etc. or improving governance and public capacity - but also on factors such as the industry sector and the company's business model, ownership structure, and size. While recognizing the crucial development role of small, medium and micro-enterprises, this chapter focuses primarily on the contribution of large companies, both multinationals and large national companies.

The effectiveness and scope of the corporate contribution to development and poverty alleviation also depends on location. This refers not only to the situational impact of different countries, cultures, political systems and circumstances, but also whether the activity is being carried out by corporate headquarters operating at a global or national level, or by a local business partner, subsidiary or operating unit of the company.

The scale and sustainability of the development contribution also depends on the number of companies involved. As outlined in the previous section, this can vary from a company acting in its individual capacity – either within its own business operations and supply chain, or through its own philanthropic foundation or community investment programs – to companies operating on a collective basis with each other, to more complex multi-stakeholder alliances that bring together groups of companies with government bodies and NGOs.

Despite these differences, almost all companies regardless of industry sector and other variables have the potential to make a contribution to development and poverty alleviation through the following three spheres of business impact and influence⁶:

- (i) **Core business operations and investments** – including the company’s activities and relationships in the workplace, the marketplace, and along the supply chain. The greatest and most sustainable contribution that any company can make to development is through carrying out its core business activities in a profitable, productive and responsible manner. The key goal should be to minimize any negative impacts on development and poverty alleviation that may arise from these activities, and to increase and leverage positive impacts
- (ii) **Strategic philanthropy and community investment** – aimed at mobilizing not only money, but also the company’s people, products and premises to help support and strengthen local communities and non-profit partners.
- (iii) **Public policy dialogue, advocacy and institution building** – efforts by companies, either individually or collectively, to participate in relevant public policy dialogues and advocacy platforms with both developing country governments and donor governments, and to help governments build public capacity and strengthen institutions in order to better serve their citizens.

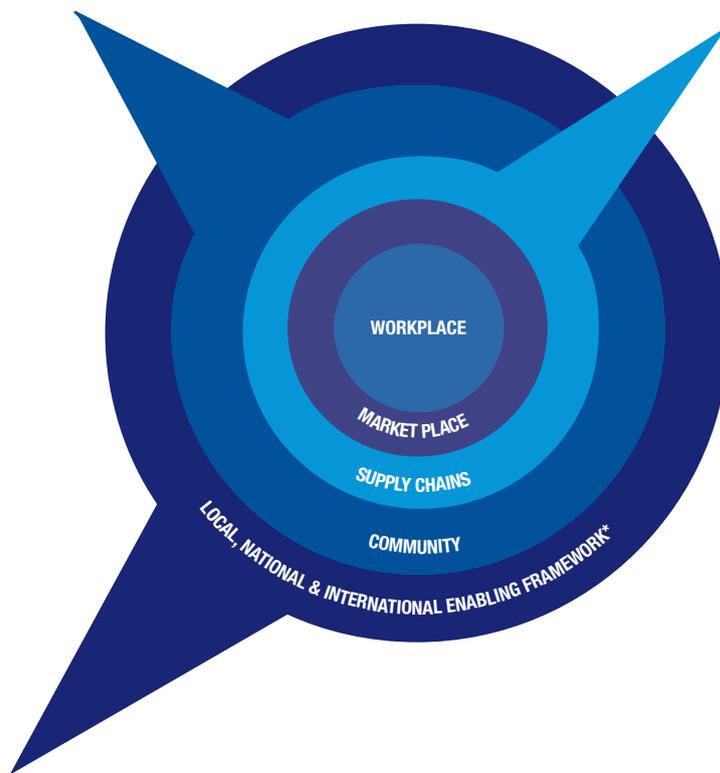
These three spheres of business impact and influence are illustrated in the following diagram. They can also be envisaged as a company’s ‘development footprint’ – the extent and impact of which will vary depending on the company, industry sector and situation in question

Spheres of business impact and influence

SOCIAL INVESTMENT AND PHILANTHROPIC ACTIVITIES

Mobilise core competencies and resources such as money, products, skills, premises and people to help support or strengthen local communities by:

- **Supporting enterprise development, education, training, youth development, environmental, and health and nutrition projects in local communities**
- **Building managerial, technical, financial and governance capacity of local community leaders, social entrepreneurs, technical specialists and their organisations**



CORE BUSINESS ACTIVITIES

The research and development, sourcing, manufacture, marketing, distribution, pricing, end-use, and disposal of many products and services can contribute to international goals in a number of ways. At a minimum these activities should be carried out in a way that complies with the law, manages risks, and minimizes negative social and environmental impacts, while remaining profitable. They can also create positive value for host communities and countries by:

- **Producing safe and affordable products and services**
- **Generating income and investment**
- **Creating jobs**
- **Developing human resources**
- **Building local businesses**
- **Spreading responsible international business standards and practices**
- **Supporting technology development and transfer**
- **Establishing physical and institutional infrastructure**

POLICY DIALOGUE AND ADVOCACY ACTIVITIES

Take individual and/or collective action to influence the enabling environment, build public capacity, promote good governance and support more systemic change at the local, national or global level:

- **Supporting effective implementation of international norms relating to human rights, labour rights, bribery and corruption, and the environment**
- **Sharing business skills, know-how, technology and resources with government to help improve public capacity and service delivery in key economic, education and health areas**
- **Helping government to attract and retain foreign investment and to access foreign markets**
- **Advocating for fair trade and effective aid**
- **Engaging in multi-stakeholder dialogues around complex public problems such as corruption, healthcare, education, security, climate change etc.**

* **Enabling framework** = regulations, legislation, fiscal incentives, voluntary guidelines and codes of conduct, public opinion, institutional structures, financing mechanisms, research, training and capacity-building, media etc.

One of the most interesting developments in recent years has been the emergence of what can be described as ‘**hybrid approaches**’. These are essentially business models, practices or partnerships that combine the company’s core competencies and commercial acumen, with social investment, philanthropy and/or public finance⁷. Such approaches are being used to support projects that may not currently meet commercial hurdle rates, but have the potential of becoming commercially viable over the longer term, while explicitly addressing a development or social need.

Linked to these ‘hybrid approaches’, the term ‘**blended value investing**’ has been coined to describe private investment strategies and instruments that explicitly include social and/or environmental factors into investment decisions⁸. In their 2005 report, *Private Investment for Social Goals: Building the blended value capital market*, the World Economic Forum, International Finance Corporation and Rockefeller Foundation, comment, “Financial returns in blended value investments may be at risk-adjusted market rates or below market rates. These types of investments inhabit a space between philanthropy, where no financial return is expected and pure financial investments, where social considerations are not a factor and financial profit is maximized.”⁹

It is important to emphasize that in each of the three spheres of corporate impact and influence, a company’s contribution to poverty alleviation may be negative or positive, depending on how the company actually carries out its activities and who it engages with. The following section outlines six key strategies that most companies can employ to minimize the negative and leverage the positive impacts of their activities, in order to strengthen their overall impact on development, while also protecting market value or creating new value for the company and its owners.

III. Corporate Strategies to Strengthen the Development Impact of Business

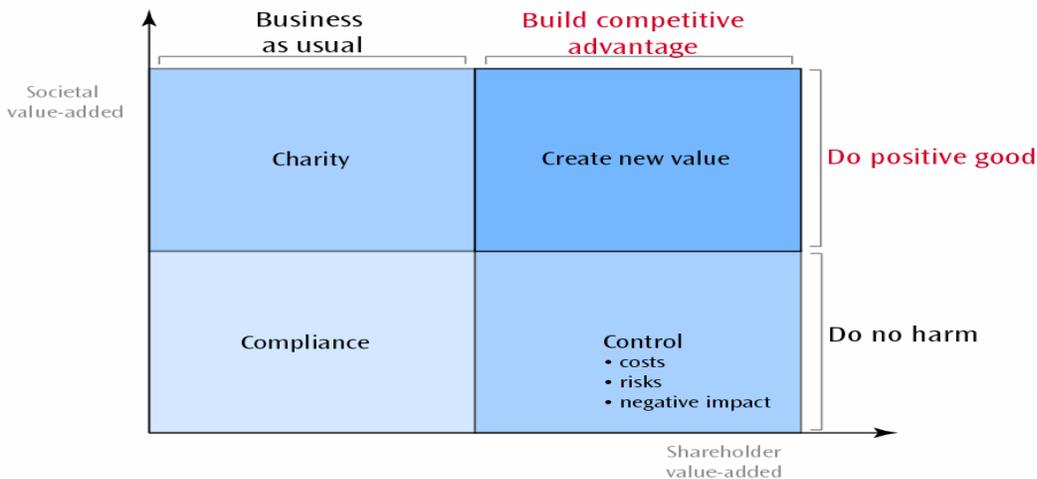
At the level of the individual firm, four of the key strategies that a company can implement to protect existing market and societal value, and to create new value, are as follows¹⁰ :

- (i) **Compliance** – in addition to ensuring compliance with national laws, a growing number of companies are also signing up to voluntary international or sector-specific principles, norms, and standards. These range from purely voluntary, un-monitored frameworks, to more rigorous systems, which call for peer reviews, external audits, certification and public reporting. While legal compliance should be seen as a minimum requirement for strengthening the business contribution to development, even this basic strategy is beset by operational and governance challenges for companies with hundreds of operating units and business partners in numerous different countries and legal jurisdictions. Ensuring that the company has policies and systems in place to address this challenge – including board level oversight – is an important demonstration of good intent.
- (ii) **Control of risks, liabilities, costs and negative impacts** – going beyond compliance, companies can also implement systems to ensure that they identify, manage, and where necessary ameliorate ethical, social and environmental risks, in addition to more familiar

market, financial, operational and political risks. Recent research by the Kennedy School's CSR Initiative, Booz Allen Hamilton, and others illustrates the growing value of stakeholder engagement as an effective strategy for this broader approach to risk management.¹¹

- (iii) **Charity and community investment** - moving from value protection to value creation, companies can create social value, while either protecting or enhancing their own market value, through effective philanthropy or community investment strategies. These are most likely to have a positive impact on both social *and* market value when they are aligned not only to community needs, but also to corporate competencies and interests. Energy companies, for example supporting projects to improve access to energy, logistics companies providing distribution support for humanitarian crises, ICT companies helping to improve access to technology, healthcare companies providing medical donations etc.
- (iv) **Creating new social and market value** - the most strategic approach for strengthening the company's contribution to development comes through innovation in new products, services, processes, investment mechanisms, and even business models that directly align development needs with profit-making, business opportunities. As outlined in the previous section, some of these opportunities may offer the company a full market-driven financial return, while others may require a combination of commercial and social or public financing, at least at the outset, in order to make them a viable proposition.

Figure 2:
Strategies to strengthen the contribution to development
at the level of the individual firm



Source: Adapted from Jackson, Ira and Nelson, Jane. *Profits with Principles: Seven strategies for delivering value with values*. Currency Doubleday, 2004

Moving beyond the level of individual firm strategies and management frameworks, there are some development challenges that directly affect a company's profitability or operating environment, which it is unable to address either effectively, legitimately, or to a sufficient scale on its own. Examples could include tackling bribery and corruption beyond the company's own business operations, improving the enabling environment for private investment, supporting education reform, strengthening public capacity and institutions, shifting markets towards more socially or environmentally sustainable paradigms, and ensuring industry-wide ethical, social or environmental standards to avoid 'free-rider' problems. In such cases there are two key strategic options for companies aiming to strengthen their contribution to development

- (v) **Collective corporate action** –companies can address certain development challenges by engaging in collective corporate action. This can often be achieved either through representative business organizations, such as Chambers of Commerce, Organizations of Employers, or trade and industry groups. It can also be achieved through more targeted business leadership groups as outlined in part one of this chapter, for example with a specific social and environmental mandate such as national business councils for sustainable development or national business coalitions to tackle HIV/AIDs.
- (vi) **Cross-sector engagement and multi-stakeholder partnerships** – a final strategy, with relevance at the global, national or local level, is for companies to participate in formal alliances with key development actors in other sectors – government bodies, donor agencies, NGOs, trade unions, universities etc. Such alliances vary widely in the formality and rigor of their governance and operational structures, as well as in their focus and purpose. They can be structured as consultation mechanisms, or as operational and delivery mechanisms. They can help to protect market and social value – as is the case in alliances to set standards and improve public and private governance systems. They can also help to create new market and social value – as is the case in alliances to mobilize financial and other resources from different sectors to develop new models that support key development objectives.

The 'added value' of collective corporate action and cross-sector or multi-stakeholder partnerships comes from their ability to confer greater legitimacy and/or enable greater leverage of resources than any one of the participants could achieve on its own. But they are not a panacea. Research by the World Bank, United Nations, International Business Leaders Forum, AccountAbility, and others shows that these alliances can have high transaction and operational costs. They may also face substantial governance and accountability challenges. Despite these challenges, they can be a useful addition to a diversified portfolio of strategies used by companies and other development actors to strengthen the development impact of business.

IV. Recommendations

The previous section reviewed strategies that companies can take individually, collectively and in partnership with other sectors to strengthen their own development impact. Clearly, governments and other stakeholders, such as investors, customers, employees, trade unions and NGOs, can also influence the behavior and strategies of business in ways that strengthen the private sector role in development and poverty alleviation.

The following recommendations suggest eight areas of action for business leaders and some of their most influential stakeholders to consider on either an individual or collective basis:

- 1. Define a corporate strategy for supporting development goals:** On an individual basis, companies can identify and set targets for addressing key development challenges that either represent a particular risk or opportunity to their business and/or can be addressed through the application of their core competencies, skills and resources. They can report on progress in their annual report and other communications tools, engage employees, and raise awareness of board members and key stakeholders, including institutional investors, in order to increase understanding and support for the ‘business case’ of engaging in these development issues.
- 2. Co-invest with development agencies:** There are a growing number of initiatives by development agencies to formally partner with the private sector. These include USAID’s Global Development Alliance, UNDP’s Growing Sustainable Business initiative, the Global Fund’s co-investment framework; and IFC’s Corporate Citizenship Facility, to name just a few. Large companies should explore opportunities to ‘co-invest’ with these agencies and with NGOs in innovative development initiatives that make sound business sense. Supporting local economic empowerment through enterprise development, training, technology transfer, improved access to credit, and youth enterprise, as well as human capital development through providing access to better health and education are key areas where co-investment can make a vital contribution. Another key focus for co-investment could be on efforts to strengthen the capacity of business leadership groups within developing countries and/or to build public capacity and strengthen public institutions.
- 3. Offer ‘blended-value’ investment options in employee pension funds:** Companies can offer employees socially responsible investment (SRI) options in their corporate pension schemes. There are clearly a number of fiduciary issues that need to be addressed here, but there is great potential for corporate pension funds, foundations and SRI investors to explore these issues together. Such coalitions can also advocate for development agencies, such as the UN and World Bank, development NGOs, trade unions, and foundations, to do likewise with their own investment portfolios.
- 4. Explore innovative fiscal incentives:** Governments, business groups, and development agencies can work together to develop fiscal incentives to encourage increased investment and/or philanthropic giving to developing countries or to specific

development issues. Fiscal instruments can also be employed to discourage socially and environmentally irresponsible behavior and externalities.

5. **Develop procurement and financing requirements:** Companies that source from, distribute through, or finance other companies can influence the behavior of these companies through their supply chain management and financing policies. Likewise, governments, development banks, export guarantee agencies, and development agencies can influence corporate behavior through their own requirements and guidelines for procurement and/or provision of public finance and government support. Effective examples already exist in all of these areas and could be emulated and/or scaled-up.
6. **Support international norms, principles and standards:** There are a number of credible voluntary mechanisms that companies can sign up to that provide guidelines, frameworks or certification systems for responsible corporate behavior in developing countries. The majority of companies have yet to engage with such mechanisms.
7. **Host project visits:** One of the best ways to engage decision-makers is for them visit innovative development projects on-the-ground. For example, add a project visit to board meetings held in developing countries or require board members to visit company operations in a developing country. Add project visits to trade missions or participate in tailored programs such as the International Business Leaders Forum '*Crossing Borders*' initiative and the ImagineNations Group '*Seeing is Believing*' program. Encourage high-potential young managers to visit and/or volunteer on development projects.
8. **Integrate international development issues into education:** Companies, development agencies, and academic institutions could do much more to ensure better coverage of development issues in relevant school and university curricula. At Harvard's 2005 commencement, President Summers addressed what he described as, 'perhaps the defining development of our time ...the growing integration between the developing world and the developed world, and the rising importance of the developing world in shaping human history.' Today's leaders need to do a better job at educating tomorrow's about the risks and opportunities of this process. At a minimum, such issues should become an integral component in a company's own internal leadership training and executive development programs. Companies can also support campaigns to better educate the general public on critical global challenges.

These are just a few of the actions that major companies and their stakeholders can take, and some are already taking, to strengthen the business contribution to development. The subject is likely to grow in importance, both as a risk and as an opportunity for business. Leaders in all sectors ignore it at their peril.

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