ICCR'S SOCIAL SUSTAINABILITY RESOURCE GUIDE

Building Sustainable Communities through Multi-Party Collaboration

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

Inspired by Faith, Committed to Action

ACKNOWLEDGEMENTS

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PREFACE

As the pioneer coalition of active investors, the Interfaith Center on Corporate Responsibility (ICCR) has an enduring history of corporate engagement that has proven influence on policies that promote justice and sustainability. While the motivation for this work is rooted in the values and principles of our largely faith-based membership, it is also grounded in the practical conviction that business leaders who choose to serve the common good build more profitable businesses over the long term. ICCR members, with on-the-ground missions across the globe, have direct experience with corporate impacts on communities—both positive and negative. These experiences have motivated us to publish the Social Sustainability Resource Guide (SSRG): We are intent on advancing the conversation from short-term outcomes to long-term positive impacts.

In creating the SSRG, ICCR is initiating an intentional conversation and formalizing the analysis that will anticipate these connections and better serve the 10 billion individuals expected on the planet by the end of this century. Clearly, corporations that move beyond output measures to recognizing the importance of positive community impact will be well positioned to anticipate the marketplace of the future.

For four decades ICCR members have been encouraging companies to extend their vision and to develop sustainable business solutions that allow for more effective long-term competition while enhancing the well-being of the communities in which they operate. These notions are not universally embedded in business practices and yet, more and more, companies are making this shift with positive results. Mindful of the water footprint of its worldwide bottling facilities, Pepsi co-developed the WaterHope Project, a community-owned and operated enterprise that makes safe and clean drinking water available to poor villages in the Philippines. In its on-going efforts to ensure an ethical supply chain free from human trafficking, the Gap collaborated with a local supplier, buyer and an NGO providing worker training to co-create the Mewat Project in India. These are just two examples of the creative solutions developed by forward-thinking companies and presented in the SSRG as models for building sustainable communities.

The SSRG was created as a framework, as both a learning tool and a guide for integrating social sustainability into business operations and implementing socially sustainable initiatives. It is clear that in evaluating potential programs, a responsible manager will ask: *How will we know if it's working?* The SSRG encourages management to dig deep to find answers, issuing a direct and powerful call to action. It reaches out beyond corporations and including local governments, non-governmental

organizations and community organizations, with the goal of redefining sustainable leadership while focusing on long-term impact rather than short-term outcomes.

At the time of ICCR's founding, a longtime executive from AT&T named Robert Greenleaf was beginning to explore the leadership challenges of the future. After a 40-year career, Greenleaf began writing about a new kind of leadership, coining the phrase "servant-leader", which is defined as follows:

"Servant leadership deals with the reality of power in everyday life—its legitimacy, the ethical restraints upon it and the beneficial results that can be attained through the appropriate use of power."

Oxfam's piece, "Addressing the Root Causes of Economic and Social Injustice", demonstrates the importance of balancing power relations between parties so that communities have input into corporate activity that impacts their destinies. This is often the first step in the hard work of developing socially sustainable programs. As the current director of the Greenleaf Leadership Institute states[1], there are ten identifiers of servant leadership: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment to the growth of

people and building community. You will see these leadership qualities emphasized over and over again in this report as the fundamental building blocks required for successful socially sustainable strategies. But to this list we would add one more leadership characteristic: adaptability. Because as Marcy Murningham points out in her piece "Improving Impact", success takes flexibile and creative leaders who honor the never-ending learning process as "human with plenty of room for human foibles, errors, and passions".

We invite you to join us as we redefine the path that leads to a new paradigm of "servant leadership" that builds sustainable communities and encourages the creation of socially sustainable business models. ICCR remains inspired by our fundamental faith in people and communities, and committed to act on their behalf. With your help, together we will co-create a more just and sustainable world.

Laura Berry, Executive Director, ICCR

1   Lewis, R., Spears, L., and Lafferty, B., "Myers-Briggs and Servant-Leadership" The Spears Center for Servant-Leadership USA and Ralph Lewis Associates, 2010. http://www.spearscenter.org/Myers-BriggsServant-Leadership_Final.pdf

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David M. Schilling is Program Director at Interfaith Center on Corporate Responsibility working with ICCR members and allies to engage corporations on human and labor rights and social sustainability. He has participated in delegations to a number of countries visiting supplier factories, meeting with workers, community representatives, trade unions, governmental officials and non-governmental organizations to promote workplace human rights and community sustainability. David is an advisor to the Global Social Compliance Program and the Institute for Human Rights and Business.

"Poverty is about power,

and power is about how people

relate to other people.

Thus, providing services -

such as healthcare or education -

can actually increase vulnerability…

unless we also simultaneously

help people gain voice and

political power to hold leaders

accountable."

–Kent Glenzer and John Ambler, Oxfam America

EXECUTIVE SUMMARY

Faith-based members of the Interfaith Center on Corporate Responsibility (ICCR) have one foot in companies as shareholders and one foot in communities as religious organizations with local, national and global faith-based partners. This dual role as investors and as community participants places ICCR members in a unique position to address the relationship between corporate operations and their social impacts on communities. Through on-going engagements with companies as shareholders, ICCR has advocated for corporate programs, policies, and practices that promote sustainable social, environmental and economic practices that have a meaningful impact on the people and communities in which they operate.

While a number of companies have implemented sustainability initiatives, few measure the social impacts of their operations and programs in communities. In order to address this gap, ICCR is publishing this guide for implementing and measuring social sustainability programs.

Based on our experience of working with companies and with a network of community and non-governmental organizations (NGOs), we propose the Social Sustainability Resource Guide (SSRG) as our contribution to the development of four areas.

1. Social sustainability needs greater participation from the corporate sector. Many companies have programs addressing their environmental impacts; however, few focus the same resources on their social impacts. Social sustainability is about the process of meeting the needs of people and communities today in a way that does not compromise the ability of future generations to meet their needs. Because social sustainability programs advocate for human rights and the development of people and their communities, it benefits corporations by contributing to stable environments required for successful operations and by securing a 'social license to operate.' The SSRG proposes that companies put more emphasis on addressing their social impacts, which we believe can contribute to the long-term health and well being of both businesses and the local communities where they operate.

2. Measuring social impacts is still in its infancy. It is critical to know whether or not programs and initiatives designed to address specific social issues are meeting their goals and having an impact. It is easy to measure the activities and outputs of a program, but harder to measure its impact. Luc Zandvliet writes: "Many companies measure "output" (for example, the number of people trained, the number of bed nets provided to prevent malaria) rather than focusing on "outcomes" (detailing how outputs have been used) or "impacts" (the result or change that is a consequence of the outcome[1])." There needs to be a shift in focus from counting (the number of employees trained or the number of bed nets distributed) to capturing outcomes and long-term impacts. The SSRG provides a framework and resources to help make the shift.

3. Inclusive, collaborative frameworks have the potential to make substantial progress on measuring social impact and making change. The SSRG proposes a rigorous, collaborative, multi-party, multi-sector approach to social sustainability that is rooted in on-the-ground realities that impact people's lives. Since no one company, government, or community can solve social sustainability challenges alone, the SSRG emphasizes that multi-party, multi-sector initiatives have a greater chance of making sustained progress.

4. Multi-stakeholder case studies advance our knowledge of how community groups, along with companies and other stakeholders have tackled tough issues and made progress. The eight case studies in this guide are indicators of a growing focus on social sustainability and the challenges that impact measurement poses. The case studies offer examples and key lessons learned from initiatives using a variety of models and methodologies for measuring impact. Each case study, however, illustrates the same conclusion: in order to make long-term change, community organizations and institutions need to be engaged with other stakeholders in every aspect of the process from the beginning. This includes identifying needed changes, developing and monitoring implementation strategies, creating impact indicators and evaluating progress.

The SSRG is a work in progress. So much more needs to be done to elevate the importance of measuring social impacts. As investors, ICCR members support the integration of social sustainability goals into company business operations and interactions with communities. We hope the SSRG's values-based framework, and learning from on-the-ground company/community collaborations, will provide useful guidance—for companies, communities and investors—as they work together towards defining and measuring social impacts that make a difference.

Please see our recommendations for investors, companies, NGOs, governments and international institutions on pages 70 & 71.

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1   Zandvliet, L, "Creating Successful Sustainable Social Investment," IPIECA, 2008.

INTRODUCTION

A Case for Measuring Social Sustainability Impact

David M. Schilling, ICCR

Over 3,000 corporations today engage in some form of public sustainability reporting, a number that has grown rapidly in the last decade. In addition, partnerships between non-governmental organizations (NGOs) and corporations embarking on sustainability initiatives have increased exponentially. But how do we define *sustainability* to accurately interpret this growing trend? Who decides the measures that should be reported and how criteria are established? Importantly, how can we be certain that these sustainability initiatives have resulted in meaningful change at the community level? Exploring these questions and attempting to answer them lie at the heart of this Social Sustainability Resource Guide (SSRG).

Defining Social Sustainability

There are many definitions of sustainability but, for most, sustainability is still synonymous with the environment and refers specifically to the preservation of the earth's resources for future generations. Environmental sustainability generally receives more attention in corporate circles because environmental goals often achieve significant cost savings and are easier to quantify (for example, measuring the reduction of greenhouse gas emissions over time, or the amount of kilowatt hours of clean energy produced per year).

The SSRG uses a broader definition of sustainability that includes all practices, social, economic and environmental, that protect and enhance not only the natural resources needed by future generations, but the human resources that will ensure a quality of life equal to or greater than our own. We view social sustainability as the equitable realization of basic rights as defined by the Universal Declaration of Human Rights, the International Covenant of Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights.[1] Social sustainability is the process of meeting the needs of people and communities today in a way that enables future generations to meet their needs. It includes, but is not limited to, the right to development, the right to health care, access to water and food, education, the right to take part in cultural life, the rights of indigenous peoples, gender equity and diversity, freedom from discrimination, freedom of association, the continuous improvement of living conditions and the right to participate in decisions that impact individual and community well-being. Why do we stress social sustainability? Because ensuring the well-being of the individuals and communities they employ and serve is what gives a corporation its 'social license to operate'.

What is the Purpose of the SSRG?

The SSRG provides a framework for creating and applying social impact measurements in connection with corporate activities within the communities where companies operate. ICCR calls for greater emphasis on a rigorous, collaborative, multi-party, multi-sector approach to social sustainability that is rooted in on-the-ground realities that impact people's lives. The SSRG initiates a dialogue between communities and corporations that fosters mutual learning and understanding, builds trust through improved communication and sets the stage for innovative problem solving that ultimately results in measurable change for all stakeholders.

While many of us have experience measuring hard empirical data e.g., the number of sustainability reports published, the incidences of forced child labor recorded or shareholder resolutions filed, we have less experience recording and measuring softer, less quantifiable data like social impacts. The SSRG has been developed precisely because we believe that social impact data is the most valuable yet challenging to measure. Our hope in publishing the SSRG is to catalyze social change by bringing the human and community impact of business operations to the forefront of corporate consciousness and to the core of business planning.

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1   The Universal Declaration of Human Rights, the International Covenant on Economic Social and Cultural Rights and the International Covenant on Civil and Political Rights adopted by the United Nations make up the International Bill of Rights. http://bit.ly/gA4vDV

Who is the Intended Audience for the SSRG?

• **Corporations**, especially staff working on sustainability programs as well as directors and executives who are taking on the challenge of integrating social sustainability goals into business decision making. Understanding the positive and negative impacts of business operations and initiatives on people and communities is essential to responsible corporate behavior.

• **Non-governmental and community-based organizations,** especially those who are working to improve long-term social sustainability and are open to engaging with a variety of stakeholders, including companies, to achieve positive impacts.

• **Investors,** especially those who are actively engaging companies on social sustainability issues and are working on ways to measure impact as a part of assessing company performance and pressing for greater transparency.

The Scope of the SSRG

Introduction: Case for Measuring Social Sustainability Impact. The guide begins with a discussion of why impact indicators matter and why the Interfaith Center on Corporate Responsibility (ICCR), a faith-based institutional investor coalition, is engaged in social sustainability impact measurement.

Chapter 1: Current Approaches to Measuring Corporate Impact. We provide a sampling of some of the global, issue and sector-specific and community-based initiatives that have developed measurement and reporting frameworks.

Chapter 2: Improving Impact: Collaborative Multi-Party, Multi-Sector Engagement. At the center of the guide is our proposal for a values-based, collaborative multi-party, multi-sector engagement framework for mutually agreed-upon processes and measurements that evolve over time. This proposal lays out the principles and processes we believe are essential in measuring impact and making change.

Chapter 3: Addressing Root Causes of Economic and Social Injustice. We then include a rights-based model developed by a leading NGO that provides a good example of applying a multi-party, multi-sector approach to the root causes of social and economic injustice.

Chapter 4: Evolving Practice: Case Studies on Social Sustainability Impact. Finally, we present case studies of companies and community organizations whose participants describe their initiatives, including challenges faced in measuring impact and key lessons learned.

Why Impact Indicators Matter

Whatever your institution's mission, you want to know if the goals, strategies, policies, programs and projects you are implementing result in the change you seek. Is it actually achieved and if not, why not? A few good reasons to develop impact indicators include:

1. Values matter. Our values define our commitments and aspirations. ICCR's core value—faith, justice, integrity and inclusiveness—are the bedrock of our approach to creating positive social impact. Assessing impact helps us to focus on the things that matter most and the changes we seek to bring about. As Donella Meadows wrote, "indicators arise from values (we measure what we care about) and they create values (we care about what we measure)."[3]

2. Communities matter. Corporations have a significant positive and/or negative impact on communities. Without impact indicators tracking corporate performance, communities, companies and other stakeholders cannot tell whether an activity is sustainable. Impact indicators cannot be created in a board room or an office at headquarters, and then applied in communities around the globe. Communities need to be at the center of this process. A "bottom-up" strategy driven by communities and involving multiple parties and sectors has a greater likelihood of achieving tangible benefits for all parties.

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2 "Corporate Social Responsibility: Whose Voice is Heard," page 5. 2008. MVOPlatform http://mvoplatform.nl/publications-en/Publication_2752/

3 Meadows, D, "Indicators and Information Systems for Sustainable Development," The Sustainability Institute, 1998, viii). http://bit.ly/eSfl48

3. Indicators matter. Indicators help us to understand what is taking place, where to make adjustments and how to manage the change process more effectively. Particularly in the corporate sector, "what gets measured gets managed."

4. Resources matter. We need to place resources—people, funds and expertise—in the areas that will improve long-term sustainability. Ongoing assessment of impact helps us manage finite resources and provides a greater level of confidence that we are focusing on the right set of issues and leverage points.

A Paradigm Shift: From Short-Term to Long-Term Social Impacts

"Not everything that counts can be counted and not everything that can be counted counts."

–A sign that hung in Albert Einstein's office…

Luc Zandvliet, former director of the Corporate Engagement Project (CEP)[4] of CDA Collaborative Learning Projects, has years of experience working with companies to increase their positive impacts on the communities where they operate. Zandvliet points out the challenges to measuring impacts: "Many companies measure output (for example, the number of people trained, the number of bed nets provided to prevent malaria) rather than focusing on outcomes (detailing how outputs have been used) or impacts (the long term result or change that is a consequence of the outcome)."[5] To illustrate, Zandvliet uses the example of the bed nets to ward off malaria. The number of nets distributed to people (output) tells us nothing about how the nets are used (outcome) and whether the nets reduce malaria rates and contribute to the long-term health and raising life expectancy rates (impact). It is easier to count the number of nets distributed but it does not help us know if the change being sought has been achieved.

Measuring impact requires a shift in focus. For example, say a company establishes a set of key performance indicators (KPIs) to measure how it is doing related to the conditions for workers in supplier factories making its products. The KPIs measure the inputs, activities and outputs of the company's social compliance program. The shift in focus comes when a company asks, "What is the impact of the compliance program on workers and their communities now and in the future?"

Some companies and non-governmental organizations are focusing substantial energy and effort in making the transition from counting outputs to capturing the outcomes and long-term impacts that are making a difference in people's lives. This is not an easy journey since measuring impact, as Oxfam points out, is not a linear process and is quite complex. "We need to be more concerned about how groups of indicators are moving together and interacting with other groups of indicators, than with simple 'X causes Y' relationships."[6] The case studies provide examples of how, and to what extent, companies and community groups are making this shift.[7]

The case for measuring social impact is compelling; however, we acknowledge that too narrow a focus on metrics can produce unintended consequences. An exclusive focus on metrics:

- doesn't allow for more subjective assessments, like the interpretation of people's experience
- can lead to "experts"/consultants driving the process; and
- creates a false sense of knowing what is actually happening on-the-ground, thereby missing crucial systemic linkages.

Though there are dangers in narrowly applying measurements, the case studies in this guide contain examples of how a mix of qualitative and quantitative measurements is essential to creating change. Impact measurement is a tool that helps us identify whether we are making the changes we seek or not. If not, we need to adjust our strategies so they are more effective in building sustainable communities.

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4   CEP an evidence-based community impacts of corporate initiatives and relies on a process of field assessments, trainings, and consultations, in its work to help companies ensure they
    have positive impacts on the communities where they operate. It does this by helping firms develop and implement practical options to build constructive relationships with communities.
5   Zandvliet, L, "Creating Successful Sustainable Social Investment," IPIECA, 2008. http://bit.ly/iji191
6   See page 32.
7   See Chapter 4.

A "bottom-up" strategy rooted in communities and involving multiple parties and sectors has a greater likelihood of achieving tangible benefits for all parties.

Measurement Processes

There is no one way to measure impact but there are comprehensive approaches that we believe are proving to be valuable and effective. Oxfam America describes its Rights-Oriented Programming for Effectiveness (ROPE) process that is being used in four decentralized regional programs in West Africa, Southeast Asia and Central and South America.[8] Their holistic approach begins with the community, assumes a long-term commitment, works with multiple stakeholders and connects different levels of policy analysis and advocacy to create change at the local, national and global level. The process we propose in this resource is consistent with Oxfam America's approach and is outlined in the Appendix, "Social Sustainability Resource Guide Framework" and in Chapter 1, "Improving Impact". Here, we describe and define terms used in the

SSRG and provide a common vocabulary for the process of measuring impact.

The planning process is basic—setting goals, identifying the assumptions upon which an initiative or program is based, identifying the target audience and developing strategies to achieve the goals. At each step of the process there is an ongoing assessment of the inputs, activities, outputs and outcomes which can help identify if the impacts intended are being realized. We use the terms in ways that are defined by a number of organizations, including FSG Social Impact Advisors:[9]

• **Inputs**—resources used for an initiative/program. What does it cost? (Funds/staff expertise/community members time and skills)

• **Activities**—processes used to further the goals of the initiative/program. (What participants do to effect change)

• **Outputs**—indicators of the initiative/program's operation. (People served/meeting attendees/number of trainings)

• **Outcomes**—aspects of the change the initiative/program may have caused. (Quality of life improves/incomes go up/improved skills and development)

• **Impacts**—indicators that verify which inputs (resources) and outputs (actions) led to the outcomes achieved. (Long-term outcomes as result of initiative/program)

Figure 1. Measuring Impacts

Inputs	Activities	Outputs	Outcomes	Impacts
Funds Staff expertise	What participants do to affect change	People served Number of trainings	Higher incomes Improved skills	Long-term outcomes attributable to the initiative

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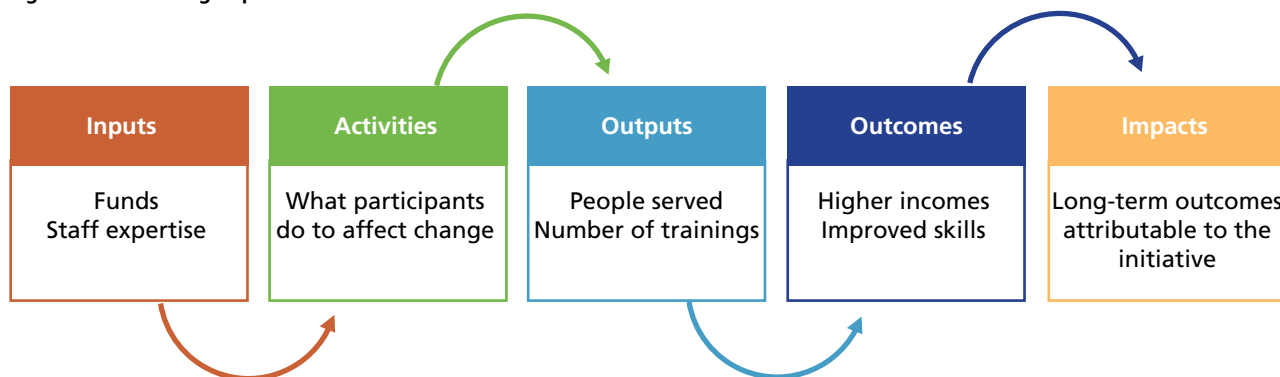
8   See Chapter 3.
9   Kramer, M, Parkhurst, M, and Vaidyanathan, L, "Breakthroughs in Shared Measurement and Social Impact," FSG Social Impact Advisors, July 2009. http://bit.ly/dVGssy

Why the Interfaith Center on Corporate Responsibility?

For forty years, members of the Interfaith Center on Corporate Responsibility (ICCR) have engaged some of the world's most influential companies on a host of social and environmental issues. Through its enduring relationships with companies, NGOs, community-based organizations and other investor coalitions, ICCR members have been pioneers in influencing corporate policies that promote sustainable communities globally and healthier, more socially responsible businesses. As a faith and values-driven coalition of institutions with missions all over the world, ICCR members view the management of their investments as a catalyst for corporate change that tangibly improves the lives of the world's most vulnerable citizens. As a valued partner with coalitions globally and as people of faith with a moral imperative to address social injustice, ICCR is in a unique position to contribute a guiding framework on social sustainability.

ICCR's History of Impact

This guide is a work in progress, not a definitive model for measuring impact. But ICCR members, with networks in the U.S. and countries throughout the world, have gained experience in changing corporate policies and measuring impact on a range of global issues including poverty, access to health care, water and food, access to capital, climate change, women's empowerment and workplace human rights in supply chains. We are compelled to share our key lessons learned, and to gain greater insight from the experiences of others.

ICCR members have led a number of projects and initiatives that have created new ways of achieving and measuring impact. Here are a few examples.

Principles for Global Corporate Responsibility:
Bench Marks for Measuring Business Performance

ICCR members, along with partners in Australia, Canada, Colombia, Hong Kong, South Africa and the United Kingdom, published *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance.*[10]

The document proposes specific principles, criteria and bench marks for key issues and relationships ranging from ecosystems, communities and corporate business responsibilities. It defines principles as a statement of business philosophy fundamental to a responsible company's actions; criteria as particular company policies and practices that can be compared for consistency with the principles; and bench marks as specific reference points of measurement to be used in assessing a company's performance in relation to the criteria.

Benchmarking AIDS: Evaluating Pharmaceutical Company Responses to the Public Health Crisis in Emerging Markets

ICCR members published a report that measured company responses to the AIDS pandemic against industry best practices. *Benchmarking AIDS: Evaluating Pharmaceutical Company Responses to the Public Health Crisis in Emerging Markets,*[11] published in 2006, scored 15 pharmaceutical companies in six categories, each with several subcategories: research, pediatric needs, accessibility, reporting to shareholders, sustainability philanthropy and political engagement. This enabled ICCR members and key stakeholders to identify where companies were doing well and where changes still needed to be made.

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10 See http://www.bench-marks.org
11 "Benchmarking AIDS" is available at: http://www.iccr.org/publications/index2.php

Project Kaleidoscope

After years of auditing factories for compliance with labor standards, leading brands and retailers have realized that episodic monitoring often misses the systemic issues that cause violations of workplace human rights in the first place. To address this weakness, six ICCR members joined with representatives of McDonald's Corporation and The Walt Disney Company to form a collaborative working group. Chinese representatives from civil society organizations and academic institutions were instrumental in shaping and implementing the project. *Project Kaleidoscope*[12] was created to test alternative models for improving working conditions in supplier factories that would be sustainable over time. The group selected 10 factories in the Guangdong Province of China—of differing size and levels of performance on code compliance issues—that manufactured products for McDonald's and Walt Disney. The project began with baseline studies of each factory to determine the level of compliance with workplace human rights.
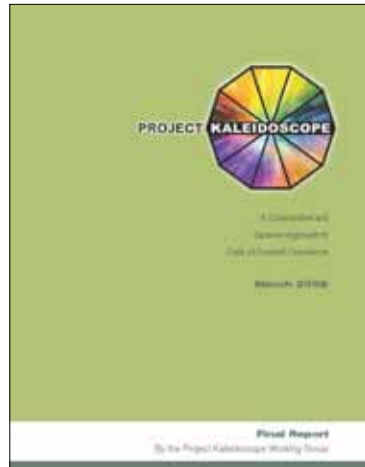
Over time, the project developed and field tested an alternative approach called Dynamic Social Compliance (DSC). DSC consisted of creating effective factory-level communications and feedback mechanisms between workers, supervisors and managers and an internal management system in which the factory took responsibility for finding, fixing, and preventing abuses. Through training workers, supervisors and managers, and applying indicators to measure compliance and systems, major improvements were made and verified through a range of approaches, including extensive worker surveys.

Liquid Assets: Responsible Investment in Water Services

ICCR members have intensified their engagement of companies in a variety of sectors on the sustainable use of water resources, water pollution, and water policy, including the human right to water and sanitation. To draw attention to the need for greater disclosure on environmental, social and governance (ESG) challenges, ICCR published a report in 2009 focusing on the water and sanitation services sector. *Liquid Assets: Responsible Investment in Water Services*[13] surveyed 12 water utilities based on publically available information. ICCR developed 21 indicators— five governance indicators and 16 performance indicators. Responses of the 12 utilities were used to rate their disclosure on the indicators.
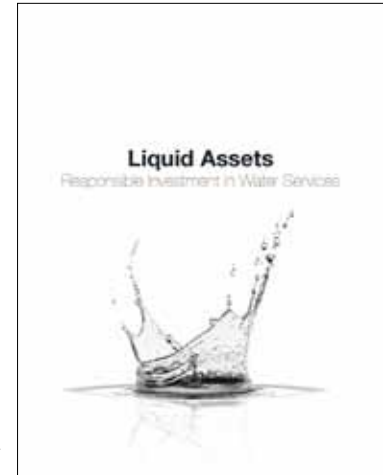
The above examples are a few of the social sustainability projects and initiatives ICCR members have undertaken. Each has added to ICCR's knowledge and expertise on how to measure sustained change that benefits people and the planet. We invite others to contribute their knowledge and experience. We believe the involvement of a broad spectrum of individuals and institutions will deepen the values of social sustainability, our understanding of how to measure impact and help secure a more just and sustainable future.

12 We chose the name Project Kaleidoscope because a kaleidoscope provides new and different perspectives when it is rotated and the pieces fall into a new pattern. This symbolized the type of thinking the project required—a willingness to re-view assumptions, an openness to seeing new patterns in facts and new functions for components of the established compliance approach. Available at: http://www.iccr.org/news/press_releases/2008/pr_projectK05.06.08.htm

13 "Liquid Assets" is available at: http://www.iccr.org/publications/index2.php

Current Approaches to Measuring Corporate Impact

David M. Schilling, ICCR

ICCR's social sustainability resource guide focuses on the social impact of private sector activities on local communities and the processes needed to measure that impact. The ICCR guide presents a landscape where important initiatives address problems that are global in scope and have meaningful impact on the health and well-being of people and the planet. This section highlights a number of a) global initiatives; b) issue and sector-specific initiatives and c) community-based initiatives that relate to measuring impact. We include them because:

> • Each initiative contributes to our understanding of setting social sustainability goals and measuring outcomes and impacts.
> • Each has relevance to measuring corporate impact through the development of frameworks, tools and/or reporting mechanisms.

Global Initiatives

The three initiatives below address social sustainability impact on a global scale and involve a broad range of stakeholders, including companies, NGOs, governments, investors and community groups. Each has the potential to change social conditions on the ground through multi-sector collaborative action.

Millennium Development Goals

In 2000, 189 heads of state pledged to achieve specific targets on eight Millennium Development Goals (MDGs) by 2015. The interlinked goals focused on systemic challenges facing the global community[1]:

• ending extreme poverty and hunger;
• achieving universal education;
• promoting gender equality and empowering women;
• reducing child mortality;
• improving maternal health;
• combating HIV/AIDS, malaria and other diseases;
• ensuring environmental sustainability;
• and, building a global partnership for development.

Each goal has specific targets and indicators. In September 2010 about 140 heads of state recommitted themselves to reaching the original development targets and goals.[2]

Companies can play a major role by "implementing concrete initiatives that would apply their core business skills and expertise in a transformative and scalable manner to enhance growth and wealth creation."[3] A number of companies have taken up the challenge and placed the MDGs at the center of their sustainability initiatives. Integration of the MDGs into a company's operations can provide a powerful platform for its social sustainability initiatives that can make, along with community partners and governments, a tangible contribution to systemic societal change.[4]

UN Framework for Business and Human Rights

In 2008, Professor John Ruggie, the UN Special Representative on Business and Human Rights' "Protect, Respect and Remedy" framework was unanimously endorsed by the UN Human Rights Council. This framework establishes: the State's duty to protect against human rights abuses by third parties, including companies; companies' responsibility to respect human rights; and access to effective remedies for victims of corporate-related human rights abuses. In March, 2011, Professor Ruggie released his final report proposing "Guiding Principles" for implementing the "Protect, Respect and Remedy" framework.[5]

1   See http://www.un.org/millenniumgoals/
2   NY Times, Sept. 19, 2010, p. 12) - http://www.nytimes. com/2010/09/19/world/19nations.html
3   UN Secretary-General Ban-Ki Moon, "MDG Call to Action," July 2007.
4   For example, Vodafone, has incorporated the MDGs into its sustainability goals and provides updated information on its initiatives on its website, available at: http://www.vodafone.com/content/index/about/sustainabilty/mdg_resource.htm
5   See http://bit.ly/i1RzUV

Why is this important for communities and companies? The centerpiece of the "Corporate Responsibility to Respect" is a "human rights due diligence process". This process includes adopting a policy, assessing its actual and potential human rights impacts, integrating and acting upon the findings, and tracking and communicating the policy's performance.[6] The framework focuses on preventing and mitigating adverse human rights impacts and being accountable for performance. The emphasis on assessing potential and actual human rights impacts is directly relevant to measuring social sustainability impacts. The starting point for companies is to "do no harm" -- to not infringe on the rights of others. In order to do so, companies need to identify their impacts through ongoing human rights impact assessments that involve and include community members. The UN Framework and Guiding Principles is becoming the global standard for measuring corporate-related human rights impacts and will be used by companies, NGOs, community groups and investors.

The Global Reporting Initiative

The Global Reporting Initiative's (GRI) reporting guidelines have become a key voluntary standard for social, environmental and economic sustainability reporting. While organizations using the GRI guidelines are asked to report on a range of topics—sustainability strategy, management approach and specific performance indicators in each area—process-related and incident-related reporting is more the norm than reporting on impact.

The GRI released new guidelines in March 2011 that focused on community impact, a positive step in the evolution of standardized reporting. The guidelines propose new local community indicators:

• "Percentage of operations with implemented local community engagement, impact assessment, and development programs."

• "Operations with significant potential and actual negative impacts on local communities."

• "Prevention and mitigation measures implemented in operations with significant potential and actual negative impacts on local communities."[7]

Each of these local community indicators emphasizes impact and how baseline information relies on participatory processes integrating community considerations, including gender and human rights. The GRI guidance for implementing the indicators emphasizes the use of:

• local community development programs based on local community needs;

• stakeholder engagement plans based on stakeholder mapping;

• broad-based local community consultation committees and processes that include vulnerable/at-risk groups;

• works' councils, occupational and health committees and formal local community grievance processes.[8]

Investors and other stakeholders should encourage companies to report on local community impacts in their next reporting cycles.

Issue and Sector Specific Initiatives

The three initiatives highlighted in this section address social impact measurement from an issue-based perspective—overcoming poverty through microfinance institutions, improving workplace practices in supply-chain apparel factories, countering human trafficking—and a sector-based perspective for businesses to measure their impacts on society through a methodology identifying direct and indirect impacts.

World Business Council for Sustainable Development

In 2008, the World Business Council for Sustainable Development (WBCSD) developed a business approach to measuring impacts on society. Measuring Impact: Understanding the Business Contribution to Society provides a four step methodology comprised of:

1) setting the scope and depth of the assessment;

2) measuring the direct and indirect impacts arising from a company's activities;

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6   The report, "How to do Business with Respect for Human Rights: A Guidance Tool for Companies," based on ten multinational companies pilot application of the UN Framework, found that most existing corporate human rights key performance indicators focus mainly on human rights incidents. Recently there has also been more attention to process or input indicators…Unfortunately, systematic monitoring of impact and outcomes is relatively rare, and where it does exist companies do not share much of the results publicly." (Page 105. Published by the Business & Human Rights Initiative, Global Compact Network, Netherlands, June 2010).

7   Global Reporting Initiative, Version 3.1, page 38. http://bit.ly/h2j4GX

8   Global Reporting Initiative, Version 3.1, Indictor Protocols Set, Society, page 3. http://www.globalreporting.org/NR/rdonlyres/5D281F1A-6A10-46D8-A5E5-16B070F82E7E/0/G31SocietyIndicatorProtocol.pdf

3) assessing a company's contribution to sustainable development, and;

4) prioritizing key risks and opportunities in relation to a company's societal impact and developing a management response.[9]

Guidance is given on each step, and charts with indicators on direct and indirect impacts are provided on a range of business categories, from governance and sustainability, to assets, people and financial flows. A number of companies have used the methodology and have written up case studies on the results, including, Alcoa, Anglo American, Statoil, Unilever and Vodafone.

Better Work Project

Better Work (BW) is a partnership between the International Labor Organization (ILO) and the International Finance Corporation (IFC) to improve working conditions in global apparel supply chains in a number of countries including Cambodia, Jordan, Haiti, Lesotho, and Vietnam. Indonesia will be a part of Better Work in 2011. Better Work monitors factories and posts public reports identifying workplace human rights violations and improvements needed for each factory. The participating companies then use BW's monitoring reports and don't have to do their own audits.

The establishment of the BW program in Vietnam provides a unique opportunity to measure impact in a controlled setting. BW is collaborating with a team from Tufts University to measure the impact of the BW program on factory performance, economic development and human development, including worker household income, worker remittances, educational attainment and mental, physical and reproductive health.[10] Some apparel factories will get immediate access to BW's full range of resources, programs, monitoring, training, access to BW staff, and online self-improvement planning. Other factories will get these same services, but delayed by one year. The factories assigned to the later date will form the control group. This approach will provide insights into the effectiveness of BW's program and its impact on workers and their communities.[11]

Performance Indicators for Counter-Trafficking Projects

Gathering reliable data on human trafficking is difficult, in part because of the clandestine nature of the activity. However, understanding the human trafficking system can lead to more effective strategies to address it. With this in mind, the International Organization for Migration published the Handbook on Performance Indicators for Counter-Trafficking Projects, with US Department of State funding.[12] The Handbook provides practical tips for measuring the effectiveness of initiatives combating trafficking. The suggested matrix includes "project purpose; performance indicators; targets and means of verification." Below is one example from the section on prevention, focused on root causes:[13]

Project Purpose	Performance Indicators	Target	Means of Verification
To increase social and economic opportunities for vulnerable persons in source communities (where trafficking is prevalent)	X% of project beneficiaries employed enrolled and/or participating in micro-credit schemes	X% increase in project beneficiaries employed enrolled and/or participating in micro-credit schemes	Data collection: survey, interviews/ reports review; Data Source: beneficiaries, implementing partners

In the matrix, 'performance indicators' track output and the 'target' category tracks the impact of the project on its beneficiaries. The Handbook recommends that stakeholders participate in determining appropriate indicators, as well as, the process of data collection. The authors recognize that the Handbook is not a final, comprehensive document and call for additional work.

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9   See http://bit.ly/6MbbJ2

10 See http://bit.ly/gPMrlV

11 For over a decade, ICCR members have engaged a number of apparel brands and retailers who are actively involved in the Better Work program and have signed on to its Buyer's Principles. These include Gap Inc., JC Penney, Jones Apparel Group, Levi Strauss, Liz Claiborne, Nike, Sears, Target, The Walt Disney Company and Walmart Stores.

12 "Handbook on Performance Indicators for Counter-Trafficking Projects", 2008 http://www.iom.int

13 "Handbook on Performance Indicators for Counter-Trafficking Projects", page 24.

Community-Based Initiatives

These three initiatives start with the community as their focus: first is a human rights impact assessment process where the community does the assessment, not the company; next is an initiative by Indigenous Peoples to create cultural indicators through a community-based consensus process, and finally, we discuss a locally-based coalition to address the impacts of corporate behavior.

Rights & Democracy

Since 1994, Rights & Democracy has actively worked on projects addressing the human rights impacts of trade and foreign investment. The Investment and Human Rights project, launched in 2004, incorporates human rights impacts into sustainable and equitable development. We can expect the frequency of Human Rights Impact Assessments (HRIAs) to increase in the coming years because of the UN Framework on Business and Human Rights' emphasis on companies developing and implementing a "human rights due diligence process" which includes ongoing assessments of their human rights risks and impacts.[14]

Rights & Democracy's approach identifies communities affected by investment projects primarily in the extractive industry and works with community representatives to develop impact assessment tools. After test runs in a number of communities, Rights & Democracy published a practical tool for communities and civil society organizations to identify impacts of investment on their communities and to voice their views and concerns more effectively.[15] The guide has six phases:

1. Study preparation;

2. Legal framework development and what to know about the country and the company;

3. Adapting the guide by creating community-specific indicators;

4. Engagement, monitoring and follow-up;

5. Investigation process; and

6. Analysis and creating a report.

All of these steps prepare the community to engage with a company and/or government. Gabrielle Watson, of Oxfam America, who helped develop the tool with Rights & Democracy, said, "Local people are the experts about human rights impacts of private investment projects in their communities. This tool puts them in the driver's seat in the search for safer, more equitable outcomes that are good for everyone."[16]

International Indian Treaty Council-Cultural Indicators Project

The International Indian Treaty Council (IITC) is an organization of Indigenous Peoples from North, Central, and South America, the Caribbean and the Pacific working for the sovereignty and self determination of Indigenous Peoples and the recognition and protection of Indigenous rights, treaties, traditional cultures and sacred lands. IITC coordinated an innovative process focusing on the development of cultural indicators. A framework was created during a multi-year process that involved hundreds of Indigenous communities. Through surveys, face-to-face meetings, global consultations, and workshops in a number of Indigenous communities, a set of cultural indicators that focus on the right to food, food security and food sovereignty was finalized. The framework has three components:

1. **Key principles** (example: "based on and inextricably linked to Indigenous Peoples' right to lands, territories and natural resources");

2. **Criteria** (example: "they reflect Indigenous Peoples' input and direct involvement in development, planning, data collection, analysis and follow-up activities"); and

3. **Cultural indicators** (examples address 11 major themes developed through participant consensus).[17]

14 For a description of the human rights due diligence process from the UN Framework on Business and Human Rights see page 17. http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf

15 "Getting It Right: A Step by Step Guide to Assess the Impact of Foreign Investments on Human Rights," November 2008. http://bit.ly/dVRhNt

16 Hufstader, C., "New Tool Helps Communities Focus on Human Rights," March, 2010, page 2. www.oxfamamerica.org/articles/new-tool-helps-communities

17 Woodley, E., Crowley, E., Dey de Pryck, J, and Carmen, A., "Cultural indicators of Indigenous Peoples' food and agro-ecological systems," SARD Initiative, 17 February 2009. http://bit.ly/eQoNku

The Cultural Indicators for Food Security, Food Sovereignty and Sustainable Development in Indigenous Communities report provides a tested framework and practical tool used by many Indigenous communities to measure positive and negative impacts over time by operations and initiatives brought in from outside their communities. The thoroughness of the engagement process, the development of consensus principles, criteria and indicators and the on-going shared learning from applying the framework, make this an important tool for other communities to adapt and replicate.

Mossville Environmental Action Now, Louisiana

Mossville Environmental Action Now (MEAN) is a local community organization whose mission is to achieve environmental justice by educating residents about the health and environmental impacts of toxic pollution, and by compelling federal and state environmental agencies to enforce existing laws and advocating for health services, relocation, and pollution reduction to improve the lives and health of residents. The Mossville, Louisiana[18] community is surrounded by 14 industrial facilities that release toxic chemicals into the environment, resulting in a variety of illnesses, including cancer, respiratory disease, and immune and reproductive system damage.

MEAN has worked with Advocates for Environmental Human Rights (AEHR)[19] and other partners to measure the environmental and social impact of toxic pollution on the community's health and well-being. MEAN and AEHR have partnered with U.S. and global NGOs, environmental and human rights experts, and investors to encourage federal and state governments and the companies operating in Mossville to address the negative impacts experienced by the community. MEAN has sought remedies from the government and companies by building local, national and global support for addressing the negative corporate impacts on the community.[20] The lesson for companies is to proactively work with local community stakeholders to redress harmful impacts and build positive relationships going forward.

The above examples of global, issue/sector-based, and community-based initiatives addressing social impacts are not meant to be exhaustive, but rather, suggestive of the quality of work currently being done to measure impact and create positive change. More remains to be done to shift from measuring activities and outputs to measuring long-term impact. In this spirit, we now move to our proposal of a multi-party, multi-sector, values-based social sustainability framework. We hope that by laying the groundwork it will spur further dialogue, exploration and knowledge-sharing between companies and communities and encourages initiatives that result in sustainable positive change.

18 Founded in the 1790s by African Americans, Mossville currently has some 375 households and remains predominantly African American.

19 See http://www.ehumanrights.org/

20 Because no remediation plan has been put into place, MEAN filed a complaint with the Inter-American Commission on Human Rights, charging that the Federal Government has failed to adequately protect Mossville residents' rights to life, health, equal protection under the law, and freedom from racial discrimination. In 2010, the Inter-American Commission on Human Rights accepted MEAN's petition and will investigate the complaint, a major step forward in the struggle to reverse the negative corporate impacts in their community. Petition to Inter-American Commission on Human Rights, Page 9, June 2008. http://bit.ly/cVItdp

CHAPTER II

Improving Impact: Collaborative Multi-Party, Multi-Sector Engagement

Marcy Murninghan, Murninghan Post

This section defines the role and various components of ICCR's values-based Social Sustainability Resource Guide (SSRG). We hope it serves as an invitation to communities, corporate managers, investors, and other stakeholders to engage with each other in ways that help assure sustainable communities. While rooted in ethical values, the SSRG draws upon the accumulated experience of many individuals and groups, experience that we have distilled and analyzed here.

Most residents want to have a say in improving their communities and the institutions of which they are a part. They most often know best what risks are untenable or injurious and what strategies and practices are likely to succeed in their communities. They can speak directly to questions of livelihood and health, of safety and security, of education and development, because they have to live with any consequences. Therefore, the SSRG is meant to be a guide for beginning a long-term engagement process between communities and companies that fosters mutual learning and understanding, trust, better communication, innovative problem solving, knowledge creation, and positive change.

ICCR seeks to catalyze a process involving communities, companies, individuals, and organizations with a stake in sustainable, and just societies: The Social Sustainability Resource Guide is a step in that direction. To a large degree, this will be an uncharted process of discovery and experimentation:

- First, most corporate social responsibility initiatives emanate from inside the company (usually at corporate headquarters) and extend outwards to external stakeholders and other groups. These efforts, although well intended, often fail to include local individuals, community groups, and organizations in planning and design.

- Second, the social dimension of sustainability defies easy quantitative measurement and, as a result, its analysis remains underdeveloped. However, because companies are making social investments with increasing frequency, it is in their interest, as well as all stakeholders to better understand how well these investments are doing. Qualitative and quantitative benchmarks for gauging progress, as well as collaborative processes for mutual learning and performance improvement are needed. This first step requires adequate baseline information regarding social context, and consensus about overall goals and outcomes.

- Third, even with greater accountability pressures on companies regarding their CSR / sustainability efforts, the focus remains on company performance, rather than community impact—particularly long-term social, environmental and community sustainability. The former addresses transparency and disclosure regarding what firms actually do – their policies and practices – to demonstrate their commitment to corporate social responsibility and sustainability. The latter addresses transparency and disclosure regarding what direct and indirect impact these efforts have on community well-being and sustainability—again, through the eyes of those most affected. This gap between "performance" and "impact" demands ongoing study and evaluation, as new insights about what works and what doesn't emerge.

The Social Sustainability Resource Guide is rooted in the values of faith, justice, integrity, and inclusion, and places community needs at the center of a collaborative process of engagement involving corporate and other stakeholders. The process is subject to monitoring and assessment, to ensure that community and corporate sustainability objectives remain aligned. As such, it is an ongoing process of collaborative inquiry, education, and practice, aimed at prosperity, sustainability, and justice for all.

Figure 1: Multi-Party Collaborative Approach

1 — Gather data regarding community needs & assets / Community assessment of priorities / baseline based on empirical & qualitative evidence

2 — Establish multi-party agreement re: project objectives, scope, ToR, roles, responsibilities, schedule, resources, monitoring dispute resolution

3 — Develop concrete design, action plan, methods, impact indicators. Also build participatory monitoring stratgey and process for reflective engagement

4 — Implementation / Mutual accountability through action, research, process of ongoing reflection, data collection, feedback

5 — Revise, adjust / Check relevance to community needs, link to organizational decisions & strategy / Measure progress against baseline & community priorities

An illustration of this evolving approach to social sustainability appears as Appendix A. Figure 1 shows the iterative and overlapping nature of a multi-party collaborative approach. It represents a form of ongoing action research and active collaborative learning.

The next five sections briefly elaborate these components of the SSRG.

I. Interdependent Values

II. Getting Started: Community Needs and Issues

III. Collaborative, Multiparty and Multi-Sector Engagement

IV. Program Impacts: A Continuum

V. Evaluation, Monitoring, Assessment, Adjustments

I. Interdependent Values

Today, no single individual or institution can "go it alone", particularly within a networked world. In a networked world, collaborative problem solving with a range of private and civic actors is critically important.

Values such as faith, inclusion, and integrity – form the bedrock of a sound social sustainability approach. They derive from ancient notions of economic activity, because economic activity is not value free: it involves a series of exchange relationships aimed at community well being. Indeed, the term "economic" stems from the Greek word, oikonomia—meaning "management of the household". The idea was how to harmonize the "natural" economy of the household and the market to advance, as Aristotle put it, the good life, freedom, and community.

In a networked world, values are interdependent, too—one's action can have profoundly good or bad impacts on another's well being.

The SSRG provides a kind of "normative test" that focuses on results, not intentions. It's not enough to say that you intend to build a just global community, or empower people to chart their own future. The challenge is to do the work and measure its impact: that a community has become more prosperous and sustainable, that a company's actions – as defined, witnessed, and lived by those most affected – have fostered these results.

It is grounded in interrelated principles, which reflect beliefs about what is acceptable and what is not. They begin with the notion of "do no harm", and continue with:

• **Sustainable Community:** This value cluster includes not only a long term sense of shared responsibility, but also notions of Diversity, Equity (standing), Quality, and Safety and Security. "Diversity" involves not just respect for individual differences, but preservation of the ecosystem. "Equity" involves not just equal treatment or standing (related to justice), but also having a stake in economic performance. "Quality" refers to "quality of life" concerns, which relate to physical health and fitness; access to health care services; well-maintained water, sanitation, and transport systems; and life-enhancing goods and services. Quality here also applies to sustainable practices related to the production, distribution, and consumption of food and water. "Safety and security" relates to protection and preservation of the peace, but also preventive actions that promote resilience, as well as immunity from the ravages of disease, poverty, and ignorance.

• **Liberty:** This value cluster includes Freedom from tyranny, oppression, and invasions upon personal privacy, as well as the Freedom to choose one's values and lifestyle. It involves sharing in self-rule (or choosing not to), free expression, and the ability to shape one's political and economic destiny.

• **Justice:** This value cluster includes notions of Human Rights, Tolerance, Fairness, and Freedom in pursuit of both the good life and the common good. Included here, too, is an examination of how political instability and poverty contribute to poor health and nutrition, restrictions on reproductive rights and responsibilities, and violence

Taken together, these value clusters should form the heart of a covenant between the company (and industry) and the community, a collaborative "promise" that balances company-self interest with community well being (as defined by the community). But it is not without tension; ethics is, in the end, a muddy affair, even if economic opportunities seem clear-cut.

II. Getting Started: Community Expectations, Needs, Issues, and Assets

Differences in geographical location create different challenges, needs, and issues for communities and local ecosystems, depending upon the facts on the ground. In many instances, existing organizations may track the state of affairs on a range of local social and environmental issues. In some cases, their efforts link to larger groups addressing specific topics (e.g., child health, poverty, economic development) and/or regions. Getting started involves a series of steps involving local people. These steps include:

• **Create and / or Engage With A Local Entity**—such as a community development foundation, NGO, or college or university– that can serve as a trusted intermediary between community stakeholders and business operations;

• **Recognize Free, Prior and Informed Consent**—the starting point in working with Indigenous Peoples, whose right to Free, Prior and Informed Consent is defined by and enshrined in the UN Declaration on the Rights of Indigenous Peoples.

• **Conduct Local Assessment of Key Community Expectations, Needs, Issues, and Assets,** with community representatives based on information drawn from multiple sources, to create a starting point from which to measure progress;

• **Prioritize These Needs and Issues into manageable clusters to create a "Base Case"** while avoiding fragmentation or duplication of effort (e.g., health and sustainability matters overlap, as do economic development and education, and so on);

• **Identify Local and Regional Experts** having knowledge of and/or engaged in these clusters as potential partners and sources of information, problem-solving, and support.

III. Collaborative, Multi-party and Multi-sector Engagement

This section looks at the process by which a collaborative group of stakeholders might assess corporate and other social sustainability initiatives. The involvement of key stakeholders in the process is crucial, both to check the validity of assumptions about what's needed, as well as provide the "thinking space" for creative ideas and suggestions.

All stakeholders first need to agree upon the "What", "Who", "Where", "How", and "Why" to be evaluated, keeping inclusiveness a consistent theme. Here are some questions to consider:

- **What is to be Accomplished?** This includes project goals, objectives, and desired outcomes, as agreed upon by the community and other stakeholders.

- **Who Participates?** Participating stakeholders should include communities, civil society, NGOs (local and international), trade unions, corporations and governments (local, national, and global).

- **Where (and What) is the Project's Scope & Scale?** This includes how many people will be affected, over what territory or geographic setting, levels of government (where appropriate), whether or not international actors will be involved, and so forth. This also is where those involved consider the issue of scale—that is, will the project yield changes in public policy, and can it be transferred to other settings, or is it restricted to the immediate area? How does the program's scope relate to other efforts with similar aims? Are they compatible, or competitive? Finally, what are the limits of what can be done? This is a particularly important question in areas with weak governments.

- **How Will the Program be Implemented?** This is the nuts-and-bolts of an action plan, and includes an agreed-upon time frame and budget. Ideally, the project will be part of a set of community-based actions aimed at improving quality that avoids duplicating or undermining earlier efforts.

Another factor to consider in the implementation phase is how disputes will be resolved. What provisions exist for airing grievances and resolving disputes? Given the diversity of non-traditional partners, there can be instances where conflicts of interest, corruption, or cooption occur. Other potential conflicts involve tensions linked to organizational cultures, strategies, power imbalances, languages, and motivation. What trustworthy, capable resources – legal, mediation, and other – stand ready to intervene, should the need arise?

Finally, with respect to implementation, some form of monitoring and evaluation, covering both substantive objectives and process concerns, should exist that enables continued insight into how well the project is doing, what changes need to be made, whether or not certain activities are useful or counterproductive, and what lessons emerge. Because authentic learning is rooted in practice, such a vehicle can help the parties reflect upon the process, share ideas about how to improve, and work together to reconcile differences between what "should be" and what "is".

- **Why is the Program Worth Doing?** The answer[s] to this question gets to the heart of performance impacts, and whether or not the project benefits the community and other stakeholders—or, at minimum, does no harm. The "why" in the context of long-term sustainability addresses the need for systemic change, not just short-term remedies. Once the project team and stakeholders agree on how best to answer the "Why" question, they can set more specific benchmarks to gauge progress toward their end goal.

IV. Business Policy and Program Impacts: A Continuum

Measuring the social sustainability impact of business involves an assessment of both business operations and any ancillary activities supported by social investing[1], or cooperative funding arrangements with foundations, other NGOs, and development agencies. Ideally, at both corporate enterprise and headquarters level, every department embraces sustainability in its goals, processes, and budget; taken together, they comprise sustainability's strategic value to stakeholders and the firm. In some cases, social investing creates stand-alone programs aimed at strengthening community assets; they may be part of cooperative ventures involving other actors. In other instances, the entire business life cycle – entry, operations, and exit – bears upon social sustainability.

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1 Social investing is defined as "the voluntary contributions companies make to the communities and broader societies where they operate, with the objective of benefiting external stakeholders, typically through the transfer of skills or resources." Page 2, "Creating Successful, Sustainable Social Investment: Guidance document for the oil and gas industry," published by International Petroleum Industry Environmental Conservation Association and CDA Collaborative Learning Projects, March 2008.

Either way, through business operations or stand alone initiatives, program success depends upon inclusiveness and the extent to which concrete improvement in community life is achieved. Determining value within a social sustainability context is, of course, a process that needs to unfold at the local level, in collaboration with those most affected. This process also needs to "fit" within the larger corporate framework of civic moral commitments. It involves metrics and less tangible measures of quality, to gauge progress. And it needs anchoring in local realities. Companies are in a good position to mobilize expertise and resources from a variety of places to contribute to community programs collaboratively designed. Ideally, private sector actions also build upon existing community assets—social, human, economic, and natural.

Figure 2 provides an overview of this context and program continuum, within which stakeholders play increasingly important roles. Digital technology is making many of these activities easier, particularly disclosure, transparency, and interactive communication.

1. "Do No Harm": Compliance, Disclosure, Capacity Building

While "Do No Harm" may seem a self-evident prerequisite for sustainable well-being, it can pose a challenge to firms with multiple subsidiaries in different jurisdictions—including those with weak or corrupt governance structures, violent conflict, and human rights abuses. The concept of "Do No Harm" is spelled out by the UN Special Representative on Business and Human Rights in relating to the "corporate responsibility to respect human rights." The facts on the ground shape interpretations of this baseline "Do No Harm" commitment, and subsequent forms of value protection and creation. Local experts – from business, civil society, and government, as well as international NGOS – play an important role in providing information about local circumstances, needs, and challenges.

Corporate disclosure, reporting, and transparency represent other forms of gauging "Do No Harm", along with reports issued by international agencies on social sustainability issues such as human rights, hunger, health and safety, labor relations, environmental stewardship, consumer protection, governance, and so on. Increasingly, companies are using their websites for social sustainability reporting and, in some instances, "integrated reporting" of both financial

Figure 2: Progression of Social Sustainability Program Impact

"Do No Harm"	Risk Management	Community Investment	Sustainable Value Co-Creation
• Compliance with objective standards: laws, regulations, codes • Transparency, disclosure, reporting • Capacity building, infrastructure	• Due diligence, monitoring • Early warning, mitigation, grievance mechanisms • Stakeholder engagement	• Social impact • Building resilience • Anticipated social issues, future challenges	• Innovation, entrepreneurialism • Collaborative partnerships • Mutual accountability

and nonfinancial activity. As a result, external stakeholders must cultivate online research abilities to obtain needed information on country risk assessments, environmental and social impact assessments, security reports, health and safety reports, and business development plans.

Program Implications: In geographic areas beset by weak governance and corruption, programs seeking to build health and safety, education, and small and medium business development help ensure decent living standards, and environmental integrity. In addition, company involvement with international advocacy groups helps address situations where repressive regimes undermine human development and environmental stewardship. Stakeholder engagement can include collaborating on specific initiatives, as well as monitoring and mapping company actions.

2. Risk Management: Due Diligence, Early Detection, Stakeholder Engagement

This category involves identifying and managing economic, social, environmental, and political risk through a process of due diligence and stakeholder engagement. It presumes a firm has a risk management structure with designated staff and power; open channels for the free flow of information, including provisions for whistleblowers; and policies and procedures for exercising ongoing control, monitoring, and mitigation.

In *Due Diligence for Human Rights: A Risk-Based Approach* [2], authors Mark B. Taylor, Luc Zandvliet, and Mitra Forouhar present a framework and set of guidelines for conducting human rights risk assessments in an operational field setting. Risk assessments, they write, can be conducted by a range of team configurations, consisting "entirely of company staff, or it may be entirely made up of outside expert consultants or, alternatively, by a mix of both staff and outsiders. All three options have pros and cons."

Increasingly, experts view internal and external stakeholder consent, involvement, and reporting as necessary preconditions of effective risk management.[3] More than just a one-off meeting, stakeholder engagement involves a broad, inclusive and continuous process encompassing a range of activities and approaches. Participants in effective models of stakeholder engagement should:

• open channels of communication early, despite uncertainties and unclear expectations;

• adopt a long-term view and vision, rather than a short-term, project-specific agenda; and

• be flexible and adaptable to the specific requirements of a given project, its phase of development, and other dynamic forces.

In addition to informal communication, an advisory board with local leaders, and monthly meetings with community representatives and the public can help insure that stakeholder consultation remains open and unbiased.[4] Indeed, effective stakeholder engagement recognizes that members of a particular group may not share the same beliefs and views, and that designated representatives – as in political life – may or may not be faithful to the priorities and interests of the stakeholders they represent. Depending on local circumstances and a project's stage of development, stakeholder composition may differ.

In relation to Indigenous communities, engagement needs to be rooted in the right of "free, prior and informed consent" before any activity, initiative, development project can move forward. Article 32 of the "United Nations Declaration on the Rights of Indigenous Peoples," states: "Indigenous peoples have the right to determine and develop priorities and strategies for the development or use of their lands or territories and other resources. States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the develop-

2   Taylor, M.B., Zandvleit, L., and Forouhar, M., Due Diligence for Human Rights: A Risk Based Approach Working Paper No. 53 (Cambridge, MA: John F. Kennedy School of Government, Corporate Social Responsibility Initiative, Mossavar-Rahmani Center for Business and Government, Harvard University, 2009) at http://goo.gl/vGXeF

3   See, for example, International Finance Corporation, Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (Washington, D.C.: International Finance Corporation, 2007) at http://goo.gl/Hg7g0

4   See Zandvliet, L., and Anderson, M.B., Getting it Right: Making Corporate-Community Relations Work, (Sheffield, UK: Greenleaf Publishing Ltd., 2009) at http://goo.gl/s8xpF

ment, utilization or exploitation of mineral, water or other resources." http://www.un.org/esa/socdev/unpfii/en/drip.html In addition to States, any organization or company that seeks to begin a project on indigenous lands needs to secure the consent of the community through its own representative institutions. This goes beyond stakeholder consultation to ensure the right of indigenous people to say, "Yes," or "No," to any proposed project or initiative.

Program Implications: Within this category, programs aimed at reducing or mitigating risks are developed in response to the collaborative issue inventory and identification of problems warranting action, or areas where existing program impacts might be improved—for example, projects developed initially through a "Do No Harm" framework, such as health, education, human rights, or poverty reduction. In addition, grievance mechanisms and programs – not just to address allegations of misconduct, but also as an early warning system for potential violations – constitute important parts of risk management strategy. As Taylor, Zandvliet, and Forouhar write in *Due Diligence for Human Rights*, early detection and mitigation serves to "integrat[e] a remedy mechanism into the human risk management system as a form of prevention".

3. Community Investment: Social Investing

This category is also known as social or "impact" investing. Community investing is a multi-sector process of building community resilience, involving business, civil society, and government. The challenge remains to cultivate longer-term, locally grown solutions that help assure a healthier, cleaner, and safe environment characterized by sustainable prosperity and justice.

Program Implications: There is no limit to the nature and type of projects falling within this category, which aligns community needs with company capabilities in ways that continue to improve social sustainability beyond minimal requirements. Often programs fall within industry categories: energy companies supporting access to renewable energy; healthcare companies providing access to medicine and treatment; technology companies improving access to education, training, and communication; and so on.

4. Sustainable Value Co-Creation: Innovation, Collaborative Partnerships, Mutual Accountability

This category involves the continued support of multi-party alliances and partnerships that build upon existing expertise and create knowledge and methods for tackling social sustainability issues. It features a collaborative process of co-creation, that produces new insights, information, and knowledge. Parties recognize that you learn what works by learning what doesn't, through a continued process of trial and error. This category emphasizes experimentation, and therefore relies heavily on feedback mechanisms flagging factors that contribute to or undermine success.

Collaborative partners also recognize that no one partner has all the answers: there are no omnipotent experts, no infallible predictions, and no single source of authority. Projects undertaken in this mode thrive in a culture of innovation and mutual accountability, where communities, companies and other stakeholders recognize their responsibilities toward each other while venturing down uncertain paths together.

Because of the unknowns associated with experimentation, this category invites all parties – community and other stakeholders – to enage thoughtfully in a process of reflective dialogue, planning, and evaluation, where constructive expression and respectful dissent are valued. The objective is to sustain an ongoing process of discussion and synthesis so that ideas and views can be debated, misconceptions clarified, power imbalances addressed, gaps between espoused values and actual behavior exposed, and proposals for change considered.

This involves, by necessity, a great deal of experimentation; distributed and informal learning; critical reflection; cultivation of the ability to distinguish between what is meaningful and what is not; persistence and patience in creating a community of shared inquiry that also leaves room for the unexpected; and ongoing assessment to assure that the wisdom of crowds is harnessed, not hampered.

Program Implications: As with the previous Community Investment category, there are few limits to what can be imagined. The process of collaborative co-creation generates sustainable social impact by developing programs, products, services, and value in ways that materially benefit the community, as well as a company and its more distant stakeholders.

V. Evaluation, Monitoring, Assessment, Adjustments

Local experts with experience in program evaluation can be invaluable in designing and implementing a monitoring process. They can help with development of information needs and indicators, selection of appropriate methodologies and research questions, information storage; data interpretation and analysis, and so on. Social science research relies upon classic conventions, which can be applied to social sustainability impact assessment; where possible, that literature should be consulted for guidance, along with resources on organizational behavior and social psychology.

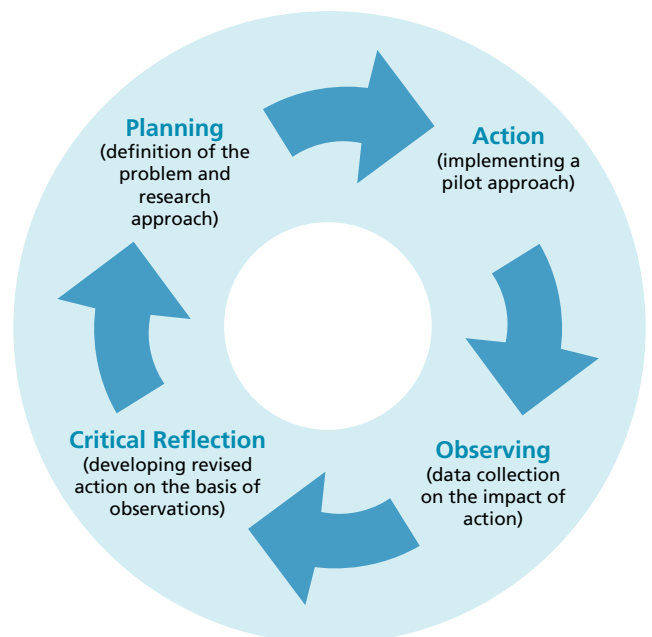Elements to consider for ongoing evaluation and monitoring include:

1. Gather Baseline information on social context;
2. Choice of Indicators used to determine how well goals are met;
3. Methods and sources of information for measuring progress, including their reliability;
4. Scale and scope of evaluation effort;
5. Frequency of measurements, including when and how much time (beyond "before" and "after");
6. Who will be responsible for collecting data and what kind of training is required;
7. Where and how the data will be stored, including paper and digital forms;
8. Organizing, analyzing, interpreting, and verifying data.

The first step in evaluation occurs at the beginning of the initiative: participants establish adequate baseline information regarding social context, and reach joint agreement about overall goals and outcomes. The "facts on the ground", tied to shared beliefs about a desired future, help shape their overall design and strategy—and also determine what units of information will be used for judging success. These indicators – for example, wage rates, water quality, enrollment in primary education, training opportunities for adults – serve as benchmarks against which to measure progress. They're defined in specific terms and represent aspects of those goals people care about most.

The multiparty planning team needs to decide who will serve as monitors, how domain experts and other outside parties will be deployed, and how frequently measurements and reporting will occur. In addition, provision should be made for monitoring the process itself, including the quality and types of communication used by project team members, stakeholders, and the broader public. How open and willing are project team members to different perspectives and outside contributions? How is conflict handled among stakeholders? What is the commitment to group learning, given the uncertainties that characterize the process—particularly at more advanced stages involving high degrees of experimentation and innovation, as described in the previous section?

Within the educational research field, this is called "formative evaluation"; within management circles, it's called "action research"[5]. Both formative evaluation and action research feature a spiral series of steps that involve planning, action, and fact-finding about the result of the action, so that adjustments can be made as the process unfolds. Sometimes this is called "adaptive management", or, as stated earlier, "adaptive leadership", a way of thinking about how you get from "here" to "there" through a process of continued learning.

Figure 3: Action Research Cycle

Planning (definition of the problem and research approach)

Action (implementing a pilot approach)

Observing (data collection on the impact of action)

Critical Reflection (developing revised action on the basis of observations)

5   Argyris, C. and Schön, D., Organizational Learning: A Theory of Action Perspective (Reading, MA: Addison-Wesley, 1978) at http://goo.gl/idtdG; Argyris and Schön, Theory in practice: Increasing professional effectiveness (San Francisco: Jossey-Bass, 1974) at http://goo.gl/x14RI. Many others have extended this approach to organizational and individual development, but the essential model remains the same: an iterative process of reflective analysis and renewal.

Another prominent type of assessment involves "summative evaluation", which often occurs at the end of a project, research trial, or time period. There are overlaps between formative and summative evaluation, depending on context, but each involves a different kind of data collection, involving quantitative and qualitative measures. University of Illinois professor and evaluation specialist Robert Stake once made this distinction: "When the cook tastes the soup, that's formative; when the guests taste the soup, that's summative."

While the SSRG emphasizes an action research approach, many social sustainability initiatives may need more traditional forms of evaluation to determine gains or losses in, for example, poverty gap ratios, child mortality rates, human trafficking, decent employment, and so on. Either way, there are various available methods for gathering information about indicators. They include:

- Document / literature review, including primary and secondary sources
- Participant observation
- Surveys
- Interviews
- Focus groups
- Community mapping
- Meetings and other opportunities for communication

Monitoring teams need to decide which methods they will use for what indicators, and use them consistently. In some instances, using more than one method to cross-check validity – for example, supplementing survey data with interviews and focus groups – may be useful. Another decision facing monitoring teams involves scale and scope. Will the indicators be used for measuring changes in the project, the community, the region? What is the geographic scope under review? Changes having a high impact on a neighborhood or community may have lesser impact on a region or country.

Decisions also must be made about when and how often to take measurements; at minimum, measurements are needed before a project starts and after it is completed. It's also useful to document contextual conditions before beginning a project so there's some basis for comparison later on. As the process continues, the monitoring agent or team needs to exercise quality control over its own process, from data collection through the analysis phase.

Indeed, the data analysis covers both quantitative and qualitative information. There are basic steps for each, even though strategies for each of them vary. Whether the information is quantitative or qualitative, the analysis process includes:

1. Organizing the data into meaningful categories, which can involve coding and frequency counting;

2. Analysing the data, through tabulation of numbers or through visual representation, such as charts and tables;

3. Interpreting the data, a process of "meaning making" that draws implications, creates hypotheses and possible recommendations, or offers preliminary conclusions in relation to predetermined impact goals; and

4. Verifying analysis results by including statistically significant values or deviations, comparing to other sources or interpretations, looking for anomalies or "negative" cases, and seeking third-party review.

5. Displaying and communicating results to stakeholders, the community, and critics in credible, transparent, and clear ways.

This analytic phase can lead to new goals, new indicators, new questions and strategies for program development. As such it becomes one more step in the monitoring process, and not the last one.

Final Thoughts

The SSRG relies upon a process of collaborative engagement that can yield mutually agreed-upon definitions, benchmarks, process requirements, forms of evaluation, and feedback loops that may need to evolve over time. Meanwhile, the Social Sustainability Cycle, which represents a form of ongoing action research and active collaborative learning, is iterative and overlapping. Its components unfold over time like a spiral, providing a basis from which companies, communities and stakeholders can determine success. But spirals have to begin somewhere, with concrete information about what's going on and what changes are needed for improvement. And they have to produce results – the "impact" part of the equation – that are visible for all to see.

Collaborating for social sustainability impact is not a mechanical process, like designing a car or a computer for top performance and consumer satisfaction. It's a human process, with plenty of room for human foibles, errors, and passions.

Yet, importantly, it's grounded in a series of values, principles, and beliefs about the capacity of human beings – and profit-seeking institutions – to work together for a better future. While there are many obstacles, there are even more opportunities for companies, civil society, and government to take risks, experiment with new models, work across traditional boundaries, and learn from each other. This is how successful, scalable, and sustainable social impact is achieved.

CHAPTER III

Addressing Root Causes of Economic and Social Injustice: Conceptual, Strategic, and Measurement Issues

Kent Glenzer and John Ambler, Oxfam America

Preface

In the early 2000s, Oxfam America stepped back and asked itself some hard questions about two fairly well-known facts. First, most development projects leave little lasting trace on people's lives.[1] Second, markets and economic growth have led hundreds of millions of people out of poverty in the last 15 years. These forces are largely the reason that the sheer numbers of people living in income poverty – MDG #1 — has been halved between 1990 and today.[2]

Yet rapid economic growth has problems, too. With it comes greater inequality. Invariably, some categories of people consistently fall further behind others. This creates impressions of unfairness and rigged rules. Widening inequality rends societies, opens the door to violence, intolerance, and discrimination. Some data indicate that these wrenching social upheavals may be worse in countries that begin with deeper and more intractable social cleavages. Equitable growth, in other words, requires sustainable social transformation, or what ICCR terms "social sustainability."

If growth is good, we asked ourselves, if inequality and unfairness also matter, and if projects don't work: what does this mean for organizations committed to social justice and poverty eradication? Do we need to rethink our role? Should States and companies do the same? Should we, together, be working harder to reshape our interrelationships?

These questions led us to an institutional commitment to address root causes of poverty and social injustice, and an approach that we call Rights-Oriented Programming for Effectiveness, or ROPE. This section looks first at how we understand the idea of "root causes" of poverty and social injustice. Next, we summarize some tenets of ROPE and offer practical examples of this approach in action. We conclude with emerging lessons about what we, States, and companies can do differently.

1. 'Efficient' Solutions Address Only Symptoms; Addressing Root Causes Requires Changing Power Imbalances

There is much debate about distinguishing between symptoms and root causes. Differences aside, we know we're getting to root causes when we ask questions like, "Why are certain categories of people systematically denied access to opportunities, capital, and space to decide that others have? Why are certain categories of people systematically more at risk when bad things happen, like natural disasters? Why does poverty exist and persist in often predictable patterns, across contexts?"

An old analogy--but with a new twist--may help. Imagine a woman is hungry. So we give her a fish. She's less hungry. But, when we leave, she's hungry again. We only dealt with a symptom.

We all know the better approach, right? Teach her to fish. She can now feed herself and her family, can teach others, and we've "worked ourselves out of a job." We've addressed a deeper cause: the lack of skills/knowledge needed to catch fish.

But have we gotten to root causes? Doubtful. Why didn't that woman have the necessary skills/knowledge already? Other people – men – fish in her community. Why was that woman denied the opportunity to learn this skill?

Maybe after more digging we find out that (1) fishing is considered a commercial activity in that community, not a foodstuff for community members, (2) fishing is taught in the local school, but girls are not attending, and that (3) women have no access to the lake because fishing is considered "men's work". So, we work with community members to change those informal institutional rules. Imagine, after five years, women are permitted to fish, and fish can be consumed in the household.

1 See, most notably, Easterly, W., White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good, New York: Penguin Press, 2006.
2 The World Bank, Global Monitoring Report 2010: The MDGs after the Crisis, Washington, DC, The International Bank for Reconstruction and Development. 2010.

Have we reached down to the root causes yet?

Maybe. But let's say that after some years of trying, the informal institutional rules still aren't changing. We investigate. We find out that commercial fishing is the only source of income through which government taxes can be met by community leaders. We find out that local fishers are being ripped off by middlemen. We discover that taxes are very high because they are needed by the government to pay down the loan on the dam that created the lake. We also find that income from selling fish makes up 70 percent of local dowries, customarily the responsibility of men – fathers and uncles— to provide. We also find that the water in the river is badly polluted and the fish are contaminated because a company mining gold upstream dumps tailings into the river.

This story may seem complex; but it illustrates why symptom-oriented development so rarely creates lasting change. In every chapter of the story above, there is a "development project" ready to be implemented. Let's teach fishing, do gender awareness training, leadership training, marketing. Let's clean the water, do income generation, fine the mining company, lower taxes, get the lender to be more flexible. All of these symptom-oriented things are necessary but not sufficient.

Root causes are relatively untouched, however. At the heart of this complex situation is that certain actors – urban elites, probably – have the power to direct resources and opportunities, capture rents and affect others – rural communities far from the corridors of power. Within communities themselves, long-standing forms of social inequality (sometimes reinforced by customary law) may be left unchallenged. Distant decision makers can act with relative impunity. At the end of the day, the poverty and injustice in our hypothetical fishing community isn't so "local" after all: it's tied to the policies of distant governments and private sector companies.

"Root causes" refers to this interlocking system of relationships between social actors. Poverty is about power, and power is about how people relate to other people. Thus, providing services – such as health care or education – can actually increase vulnerability and disempower unless we also simultaneously help people gain voice and political power to hold leaders accountable. The next section explains how we approach this challenge.

2. Rights-Oriented Programming for Effectiveness (ROPE)

Attacking root causes means changing power relations. Changing power relations means changing institutions, people's behaviors, and control of public goods and resources. With regard to economic development and social justice, this often means:

- Changing laws, to recognize poor people's rights over resources, to institute progressive taxation systems, and to make marketplace rules transparent;
- Changing State budgeting, to overcome urban bias, elite capture of benefits, short-term expediency, corruption, and opaqueness;
- Changing international trade regimes that favor rich, industrialized and surplus-producing countries over poor, importing countries;
- Helping citizens to know all their rights and to work together to hold people in power accountable for protecting, promoting, and implementing those rights;
- Building networks of organizations connecting grassroots to national, regional, and global policy advocacy;
- Strengthening poor people's adaptive capacities, i.e., their ability to continually adjust to changing conditions; and
- Standing in solidarity with the less powerful.

Five organizational core competencies underpin these generic strategies:

1. Understanding Context. We now invest more in understanding social context and in articulating how we can focus on leverage points to make wider change happen.

2. Investing in the Long Term. We make long-term resource commitments – 10+ years – to work these leverage points.

3. Working with Others. We join forces and resources with others who (a) work or should work towards the same goal, (b) have specific competencies. We agree on measures of success and jointly strategize, plan, implement, and learn about progress.

4. Connecting Different Levels. Through broad networks and movements, we link global policy analysis and advocacy to local action, and seek coherent changes in policy, practice, and behavior across levels.

5. Assessing Collective Impact. We design monitoring and evaluation systems to indicate how whole systems are moving. Impact is not, therefore, about a single indicator, or a single organization's work: impact is when large parts of the system – multiple indicators moving in the right direction – shift in lasting ways.

Large scale social change requires broad cross-sector coordination yet the social sector remains focused on the isolated intervention of individual organizations.[3]

The next section offers more concrete examples of how we put these competencies into practice.

3. ROPE in Action: Context Analysis, Theory of Change, Measurement Systems, Achievements
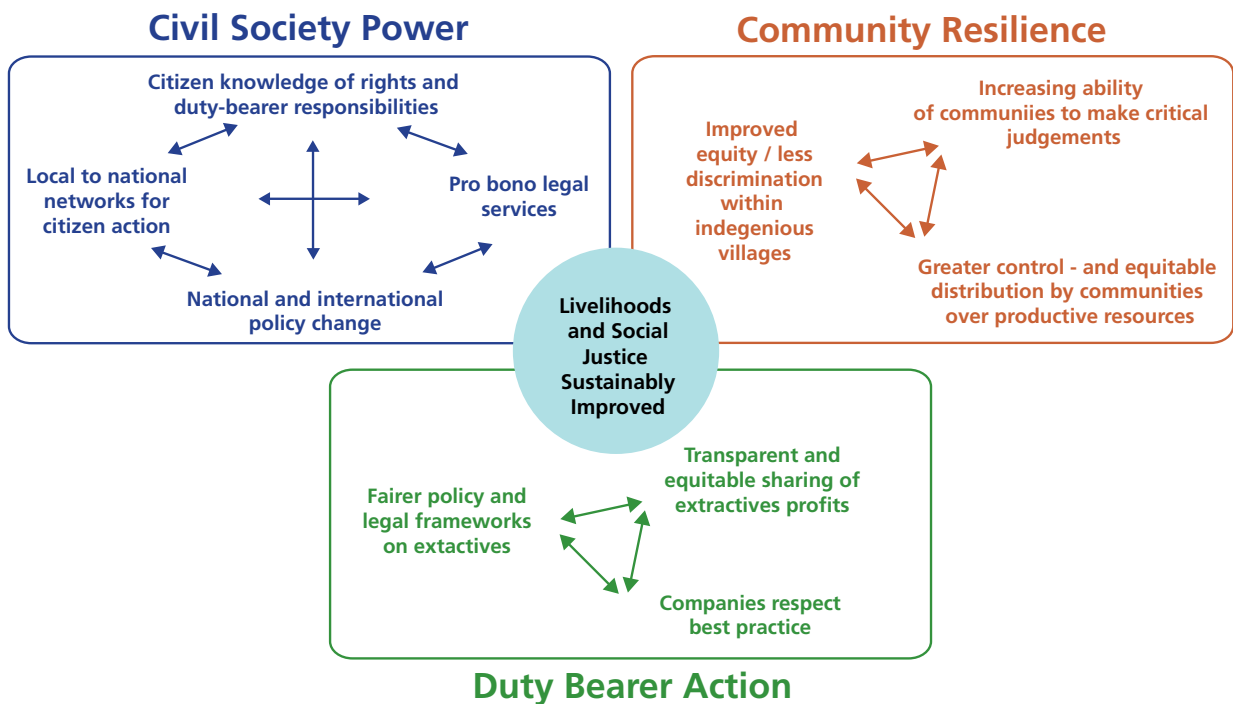
This section discusses Oxfam America's work in mining, oil, and gas, which we call extractive industries work. We have built four decentralized regional programs, in West Africa, mainland Southeast Asia and Central and South America. Oxfam America invests $1.5 million annually, a modest but reliable resource stream in addition to what local actors contribute. Connecting to the four decentralized programs are staff in Washington DC, who connect local actors with global headquarters of companies and U.S. government trade and economic policy. They raise awareness among U.S. citizens and organize them to influence policy makers and the private sector.

Each decentralized program has a distinct context analysis and strategy, set of collaborating partners, and analysis of power and root causes of injustice. Each has a unique theory of change, impact indicators, policy goals/objectives and desired changes in livelihood status, equality, and informal institutions at community levels.

Below is one example of a theory of change.[4] This particular example involved a context in which rural, minority communities' livelihoods are being jeopardized, land is being expropriated without due process, urban elites are getting wealthier and more powerful at the expense of the rural poor, while support structures for activism are weakening.

Let's interpret it: "If rural communities know their rights and responsibilities, have better legal services, and resolve their own internal power dynamics, they can interact more effectively with wider advocacy networks. Those networks will strengthen due to (a) the country's improving democratic and judicial situation, (b) new international agreements to regulate companies, which lead them to begin implementing global norms at the local level and government to disclose its mining revenues. With increasing government transparency and companies playing by the rules come greater sense of power and efficacy at the community level, forming a virtuous cycle, and leading to sustainable improvements in livelihood status and social justice."

Once we have our hypothesis about the long-term theory of change, we identify a small set of indicators that, together, help us understand if the system is moving in the right direction. Nonlinearity predominates in contexts in which we are most concerned with root causes and long-term social sustainability. The theory of change captures that visually, and

Civil Society Power

Citizen knowledge of rights and duty-bearer responsibilities

Local to national networks for citizen action

Pro bono legal services

National and international policy change

Community Resilience

Increasing ability of communiies to make critical judgements

Improved equity / less discrimination within indegenious villages

Greater control - and equitable distribution by communities over productive resources

Livelihoods and Social Justice Sustainably Improved

Fairer policy and legal frameworks on extactives

Transparent and equitable sharing of extractives profits

Companies respect best practice

Duty Bearer Action

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3 Kania, J., and Kramer, M., "Collective Impact," Stanford Social Innovation Review, 9, 1: 2010.

4 We have removed information that might put staff or partners at risk, including the specific geographical site of this program.

helps collaborating partners to see that a) interventions can start many places, because the system is – in the end – holistic and linked, and b) we need to be more concerned about how groups of indicators are moving together, and then interacting with other groups of indicators, than with simple "X causes Y" relationships. Below is a table that relates selected indicators for this program to its theory of change.[5]

Each of the indicators specified in the table above likely symbolizes a worthy, stand-alone project.[5] In ROPE, we are interested in identifying the holistic system of changes needed, then building the coalition of like-minded organizations needed to achieve them. Importantly: strategic success – the achievement of all 12 indicators – is not attributable to any single organization. Measurement systems are simple by intent; this aids dialogue, debate, and discussion across actors with a wide range of experience and capabilities. Evaluation focuses

not on the question, "what did Oxfam America achieve" but, rather, "what did a coalition of like minded organizations committed to a common goal and root causes achieve, together?"

The theory of change above reveals another important aspect of ROPE. Not only do we make long term commitments beyond the scope of a symptom-focused project and build shared measurement systems that are owned by multiple organizations, but our strategies require us and our partners to work at multiple levels: global, regional, national, and local. The specific mix of actions and achievements to date regarding multi-level work is unique to each of the four independent EI field programs. The table on the opposite page describes the work – and achievements – related to one of these programs: our West Africa efforts, over the last three or so years.

SELECTED IMPACT INDICATORS	CIVIL SOCIETY POWER	COMMUNITY RESILIENCE	DUTY BEARER ACTION
% of valid complaints about legal violations of companies received from communities that are acted upon as per regulations by government/ companies	X		X
Understanding of relevant laws and rights among citizens		X	
Free, prior informed consent consultation quality rating		X	X
Human Development Index improvement	X	X	X
Satisfaction with civil society networks	X	X	
Women's influence over distribution of and access to community public goods and resources		X	

5   In actual practice, each indicator is associated with specific elements within the three broad categories. Space limitations prevent a complete exposition of this. More details are available from the authors. In addition: the complete set of indicators that measure changes in root causes number 12.

LEVEL	STRATEGY	RESULTS
Global	Advocate for more transparent budgeting and free, prior, and informed consent regulations for the U.S. government and international mining companies. Facilitate southern influence on global decision makers. Continuous advocacy with the World Bank and International Monetary Fund to improve the protection and respect of community rights within IFC-funded projects.	• Mobilizing constituencies around a viral video, "Follow the Money" that led to a burgeoning of interest by young "netizens" in the U.S. and elsewhere to support rural, disenfranchised communities around the world. • Securing language in the Foreign Relations Authorization Act in April 2010, recommendations to reduce corruption and insecurity through transparency and accountability around resource commitments and flows.
Regional	Advocate for a new regional, West Africa mining code.	The adoption of a regional mining code by the Economic Community of West Africa States (ECOWAS), representing 16 West African countries, with strong provisions for the rights of communities and citizens vis-à-vis mining concessions.[6] The establishment of a 10 member ad-hoc committee to monitor implementation of that code.[7]
National	Promote dialogue about State and private company responsibilities to implement that code.	In progress
Local	Creation of tripartite commissions at local levels, bringing together the State, private sector, and community members to forge consensus on mining progress. Awareness-raising with communities about their rights and responsibilities. Building community resilience.	Pilot experience in Burkina Faso is promising. • Substantive progress in Ghana, with numerous examples of citizens claiming their rights and holding duty bearers accountable in government and in companies. • Climate change awareness and adaptation training in Mali. • Organizing of hundreds tens of thousands of women in Mali and Senegal in solidarity and savings-led credit groups. • Connecting communities in Ghana to researchers who can verify water pollution caused by mining companies, and health impacts of the same, and facilitating venues for community activists to present this at national levels.

4. Implications for Companies

Engagement with private sector actors is central in nearly all of Oxfam America's long-term, rights-based programs. While this approach is new, and we are only at the beginning of a steep learning curve, some implications are emerging for companies that are interested in going beyond symptom-focused projects.

First is the importance of supporting collective efforts, and engaging in such coalitions as an equal partner. Companies can catalyze such collectives, or they can join existing ones. Important here is that companies engage not just through a financial contribution but through ongoing learning. Indeed, companies that wish to support social transformation should insist that other actors in the coalition bring additional resources to bear on the problem.

Second is the importance of supporting a shared measurement and learning system. This goes beyond practices such as insisting that grantees use identical indicators so that the donor can "roll up" results. Companies can insist on the construction of shared context analysis, shared theories of change and theories of action, and on a single measurement system for a long-term, multi-level, and multi-faceted program.

Third is the importance of building trust between actors not used to working together. In many places, citizens, bureaucrats, politicians, and company leaders are at odds with

6   ECOWAS, "Directive on The Harmonisation of Guiding Principles Andpolicies tn the Mining Sector," May 2009. http://www.comm.ecowas.int/sec/en/directives/ECOWAS_Mining_Directives.pdf
7   Ezeala, P., "ECOWAS Sets up Committee on Mining Reforms," Oxfam America, October 2010 http://www.oxfamamerica.org/articles/ecowas-sets-up-committee-on-mining-reforms

one another. Yet social transformation takes broad coalitions of strange bedfellows who are committed to a tangible goal. This trust building phase should include learning about each other's organizational drivers, mandates and budgets, some basics of the more technical aspects of each other's work, and specific vocabulary that can be used in common. This can be a two-year process, and extensive work in Asia on more effective natural resources management systems suggests that a full-time facilitating organization is necessary to play the coordination and linking roles. Supporting trust building strategies, facilitation, and metrics could be an important part of company engagement.

Finally, representatives of the communities involved need to be included as members of any change coalition. Decision-making about people's lives cannot be "outsourced" to well meaning philanthropies, technocrats, scientists, or NGOs. But even more importantly, communities have enormous resources to invest in root causes of their poverty, and the challenge is to create co-investment strategies with the government, NGOs,

and corporations that unlock this local potential. Not only is this local contribution an important way of reducing costs, but it is essential for building local ownership and the creation of a sense of responsibility for the upkeep and maintenance of the investment, and also for the continuing equitable distribution of its benefits.

We end on a note of caution about what we have come to call Organizational Attention Deficit Disorder. Staying with something over the long haul is not something that most NGOs, governments, or companies are good at. Corporations may have short-term profit in mind, and governments are typically more attuned to short-term political cycles than to long-term development. Donors themselves may be much more motivated by new things, new approaches, new ideas, and innovations--the next "big thing." Our program approach acknowledges this, but affirms that we are only going to make a lasting difference if we pursue desired changes persistently and consistently, and do not fall prey to the latest fad… or the latest donor strategy…or the latest ephemeral trend.

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Godfried Ofori, Chairman of the Concerned Citizens Association of Prestea, looks out over a mine in the western region of Ghana.

CHAPTER IV

Evolving Practice:
Case Studies on Social Sustainablity Impact

Nadira Narine, ICCR

Introduction

ICCR has worked on sustainability issues with companies and organizations for many years. Within those engagements, we have stressed the importance of social sustainability and the need to improve the process of measuring impact. The case studies illustrated here demonstrate how companies and organizations are giving increased attention to ensuring that social sustainability is an inclusive process of collaborative inquiry, education, and practice. Not all case studies illustrate the full framework for measuring impact outlined in the SSRG. However, each places communities at the center of the multi-stakeholder engagement process, involving them in shaping initiatives from their inception.

These case studies offer examples, challenges, and key lessons from initiatives taking place in communities across the globe. Perspectives represented include those of non-governmental organizations (NGOs), corporations from various sectors, and socially responsible investors. Readers will be able to judge for themselves the success of different models of collaborative engagement, from the 1) Community Development Foundation model, to 2) working with local partner organizations, 3) worker-based corporate social responsibility, to 4) Public Private Partnership (PPP) and finally, 5) shareholder activism.

The Community Development Foundation Model

Two of the case studies follow the implementation of the Community Development Foundation model in the Niger Delta, where several local NGOs are doing innovative development work, including the Africa Centre for Corporate Responsibility (ACCR) and Pro-Natura International (PNI). ACCR helps governments, NGOs, communities and oil companies peacefully coexist. PNI seeks sustainable, long-term community development solutions and pursues a "bottom-top" approach that involves all stakeholders.

ACCR found that in order to be successful, its process needed to be inclusive and participatory at all stages – from initiation and negotiation, to implementation and evaluation. Together, ACCR and PNI model a process that promotes community empowerment and increases local participation in decision-making. Their model ensures that even the most marginalized, not just the powerful members of a community, have a say in important development decisions.

Working with Local Partner Organizations

Pepsi and Timberland, meanwhile, share company perspectives on the importance of working with local partner organizations to create sustainable solutions on issues affecting communities. Pepsi partnered with the Wholistic Transformation Resource Centre (WTRC), a Philippine religious humanitarian and development organization, to expand access to water via the formation of WaterHope. Timberland partnered with CARE and MAMATA, a local Bangladeshi NGO, to provide healthcare services and savings mechanisms for its workers and the surrounding community.

Timberland and Pepsi have integrated their programs into their broader sustainability goals. Both recognize the importance of measuring impact, but apply different approaches. The NGOs collaborating on the Pepsi initiative used the London Benchmarking Group model to develop an assessment process to track impact data, while the NGOs collaborating with Timberland used a variety of techniques to measure and monitor program effectiveness, including surveys, worker interviews, cost accounting, and training reviews. Both processes included multiple stakeholders in measuring impact – both Pepsi and Timberland note that local NGO staff helped set the key indicators to track particular communities over time.

Worker-Based Corporate Social Responsibility

Hewlett-Packard (HP) and Students & Scholars Against Corporate Misbehavior (SACOM), share their analyses of a worker training program launched in 2008 at two HP supplier factories in China's Guangdong Province. The training sought to raise labor rights awareness among workers and improve communications between workers and factory management. Concrete support from both HP and the two supplier factories was crucial to the program's success. Key lessons learned were that multi-stakeholder worker training programs have the potential to make actual improvements in labor rights awareness. This "worker-based corporate social responsibility," as HP calls it, illustrates that the inclusion of informed and empowered factory workers can influence working conditions and have the potential to lead to lasting change.

Public Private Partnership (PPP)

Merck and Gap share case studies on collaborative initiatives based on the Public Private Partnership (PPP) model. In 2006 Merck introduced the rotavirus vaccine RotaTeq® in Nicaragua, a developing country with a high rotavirus disease burden. Merck worked closely with the Nicaraguan Ministry of Health to reduce rotavirus disease through infant vaccinations, and vaccine surveillance systems were set up to measure impact. Much of the success of Merck's initiative was due to the breadth and strength of its community partnerships; in addition to the Ministry, the company worked with the Pan American Health Organization (PAHO), Centers for Disease Control and Prevention (CDC), PATH, an international nonprofit organization focused on health issues, and several local NGOs, including NicaSalud This PPP model benefited Nicaragua not only through a reduction in rotavirus disease, but also by strengthening its vaccine infrastructure, its research capabilities, and helping to identify a sustainable vaccine financing mechanism.

In a community in Mewat, India, Gap works with the Indian's government's Ministry of Rural Development and a local NGO, Society for Promotion of Youth & Masses (SPYM), under a similar Public Private Partnership. PPP enhances the skills of women living in areas vulnerable to human trafficking. Organized into self help groups, these women define their programs' structure, format and output, and are given training, regular work, secure wages, and flexible work schedules.

Gap also participated in a bi-lateral arrangement with Self-Employed Women's Association (SEWA) — an organization of poor, self-employed women workers – with the objective of providing better livelihoods to women from marginalized communities in and around Delhi. Gap provides regular training to women to further enhance their skills, while SEWA links them to education, micro-lending, and insurance through its various welfare programs. The key lesson of this PPP model is that government, companies and civil society must be equal partners in order to solve complex socio-economic issues.

Strengthening Community-Based Solutions though Shareholder Activism

After learning about the use of forced labor in Brazilian pig-iron production—a key ingredient in the manufacture of steel—Domini Social Investments, a New York City-based SRI mutual fund manager and ICCR member, engaged Nucor, the largest steel producer in the United States, on the company's exposure to modern slavery and illegal deforestation in its Brazilian supply chain. To better understand the problems on the ground, Domini developed and maintained close contact with two Brazilian organizations, Reporter Brasil and Comissão Pastoral da Terra (CPT).

Reporter Brasil identifies and publicizes labor rights violations and instances of environmental damage. CPT, a part of the Brazilian Catholic Bishops´ Conference, is an organization that supports rural communities and landless workers in their struggle for justice and access to land. CPT files complaints with the Brazilian government on behalf of landless families and individuals who have been trapped in debt bondage. CPT also educates potentially vulnerable workers about the common traps used by labor traffickers, develops initiatives to mobilize Brazilian society against

modern slavery, and advocates for public policies to help Brazilians better defend their rights, all in an effort to eradicate modern slavery.

In 2010, with guidance from Domini and its shareholder coalition, Nucor entered into an agreement to ensure that its supply chain will be free of forced labor. Rather than impose a compliance system from above, Nucor's new policies leverage two successful Brazilian initiatives in the fight against slavery and inhumane working conditions.

These two case studies highlight the importance of sustainability initiatives being led by local NGOs working on the ground. They also underscore the need for investors to become more adept at measuring local corporate impact – both positive and negative – in the communities in which companies operate or from whom they source raw materials for their products.

The case studies shared here have contributed to our understanding of the process of measuring impact – one that is evolving from measuring outputs to measuring outcomes, and help illustrate the new framework proposed in the SSRG. Our contributors recognize that social sustainability initiatives require long-term commitments as well as continuous, multi-stakeholder input. In order for corporations and other organizations to measure the effectiveness of their initiatives and impact of their operations, they must take into account how they have improved the lives of community members as well as those of their workers, and show how their programs have addressed root causes of inequality.

Youth learning about the campaign against slave labor, Brazil.

Pro-Natura International: The Akassa Development Foundation and Development Plan

Godson Jim-Dorgu, Pro-Natura International

Purpose

Nigeria is one of the leading oil exporting countries in the world; the Niger Delta accounts for more than 80 percent of Nigeria's revenue and more than 90 percent of its total exports. Located in Bayelsa State, one of the core oil producing states in the Niger Delta, is the Akassa Kingdom, a remote coastal Ijaw community in the extreme south of Nigeria in the outer Niger Delta, along the shores of the Atlantic Ocean. The clans's over 30,000 members live in 19 villages, are of Ijaw origin and speak the Akaha dialect. Most Akaha people live in a marginal environment between the saltwater of the ocean and the brackish water of the world's largest mangrove swamp. There are few roads, no electricity and no clean drinking water.

The people are predominantly fishermen and fisherwomen. Other livelihoods include small-scale farming, canoe carving, palm wine tapping, and basket weaving. The region is ecologically crippled and its infrastructure underdeveloped due to poor governance at all tiers — local, state and national. The area faces conflict and crime such as oil pipeline vandalism, sea piracy, and militancy. Problems in the Niger Delta are complex, with overlapping political, social, institutional, environmental and economic elements. While it is not easy to untangle this web, one of the factors constraining development in the Niger Delta is the lack of institutions and associations within civil society able to equitably and accountably represent their communities, particularly rural ones.

As a means of addressing this, Pro-Natura International (PNI) developed the Community Development Foundation model (CDF) for planning, implementing, monitoring and evaluating local development interventions in a way that promotes true community ownership.
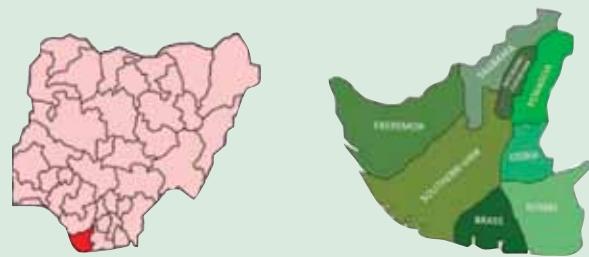
The Akassa Development Foundation and Development Plan

The idea for the Akassa Development Foundation (ADF) was borne from this. In 1997, Statoil, an international energy company headquartered in Norway with operations in 34 countries and 20,000 employees worldwide, approached PNI to find solutions to Akassa's development problems. The Akassa clan was chosen because an Environmental Impact Assessment identified it as the community most likely to be affected by any accidental oil spills from Statoil's offshore exploration wells in blocks OMLs 128 and 129 (previously OPLs 217 and 218), located in deep water off the coast of Nigeria.

The ADF is a corporate community-based organization that seeks to bring all the Akassa communities together. Statoil is committed to providing funds annually to ADF for the implementation of projects and programs, and continues to do so. Other donors have also provided funds to ADF.[1]

The goal of the ADF is to improve the relationship between communities and oil and gas companies, as well as other guest corporations in the area. Rather than funds being directed to individuals or projects without community consultation, funds are directed to the community through the Foundation, which is accountable to the entire Akassa clan.

The CDF model is a "bottom-top" approach to community development. Communities assess their resources, determine their needs, develop an action plan and solicit assistance from appropriate bodies. This approach is totally participatory. The model was developed by living and consulting with the people in the community including chiefs, youth, women,

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1 The project's major financier is Statoil, followed by ChevronTexaco, the Foreign and Commonwealth Office of the UK, the Irish and French governments, DFID, UNDP, the MacArthur Foundation, IUCN, VSO, EU MPP3, MSF, the Leventis Foundation, CITA the International School, the Bayelsa State Government, and the Federal Government of Nigeria. Funds were donated to the ADF for particular projects that were identified, prioritized and outlined by communities in development plans. These were achieved mostly through advocacy by ADF. However, some of the funds were donated during the formative stages of the ADF, notably, those made by donors.

opinion leaders, farmers, fishermen/women, market traders, okada riders,[2] traditional birth attendants, teachers, parent-teacher associations, social clubs, and many others. They were consulted on the need for peace and sustainable development individually, in groups, and through town hall meetings.

PNI pursues a transparent and accountable community system of governace to bring about sustainable development. To this end, during the process of pursuing its objectives, PNI conducted several capacity-building trainings focused on governance and leadership, community development principles, and participatory approaches and tools (using both sustainable livelihood analysis and participatory rural appraisal). PNI planned to roll out the CDF collectively with the communities.

The ADF has four key levels—a Board of Trustees, a General Assembly, a Steering Committee, and a Secretariat. The Board of Trustees is the Foundation's ruling body and is made up of nine community members, all selected by the community. The board meets quarterly and is responsible for holding the Foundation's properties in trust, approving the budget and development plans, appointing the Executive Secretary, and assisting with fundraising.

The General Assembly is made up of two community representatives and is gender balanced (male and female). In this way, all stakeholders in Akassa have a voice and say in the management of the ADF. The Assembly meets quarterly and prioritizes community needs, approves the clan-wide development plan, and provides positive and negative reports to the community and the ADF. The Steering Committee is a subcommittee of the General Assembly and is made up of community members and affiliated institutions and is also gender balanced. The General Assembly meets monthly and monitors policies and procedures.

The Secretariat is headed by the Program Coordinator who chairs the management team. The Program Coordinator is responsible for overseeing the day-to-day running of the ADF, implementing decisions, sharing information, fundraising and liaising with donors, ensuring transparency and accountability, and managing external relations. The Secretariat is the hub of the organization and is composed of three managers — the Program Coordinator, the Head of Administration and Personnel, and the Finance Manager, as well as program officers and clerical and office attendants. The Secretariat holds meetings for program monitoring and evaluation.

The ADF facilitates the adoption of a development plan (Akassa Community Development Plan [ACDP]) for the Akassa Development Area, which is in line with the Millennium Development Goals. This development plan is driven and implemented by the people. Projects are categorized into clan projects, community projects and institutional projects. The timeline is usually annual, but projects can span beyond a year depending on their scope. The type of projects that are prioritized depends on the perceived needs in a given year, but projects generally fall into the following categories:

- Health facilities (identified by health institutions in Akassa);

- Educational support (identified by schools and PTAs in Akassa);

- Women in development projects (identified by women);

- Youth in development projects (identified by youth);

- Natural resource management programs;

- Micro credit schemes, capacity building programs for various institutions including the Council of Chiefs and infrastructure projects; and

The development plan also has an attached budget which includes recurring costs and capital costs necessary for maintaining the ADF secretariat.

ADF projects prioritize community consultation and participation, since a major development problem in the region has been the "top-down" project planning method historically favoured by local government authorities. Because development plans are now driven and implemented by the people, the ADF is also able to address dependence on government and oil companies for executing projects, as well as the "abandoned projects syndrome" — caused by contractors leaving projects half-finished.

2 Refers to commercial motorcycles in Nigeria, where motorcycle riders carry passengers for hire.

COMMUNITY-WIDE DEVELOPMENT PLAN

Community Development Foundation

Health Plan | Works Plan | Education Plan | Natural Resources Plan

Clan-Level Institution Plan

Area Plan

Health Consultative Committee PRA | Works Consultative Committee PRA | Education Consultative Committee PRA | Natural Resources Consultative Committee PRA

Village Plan

Women | Youth | Chiefs | Others | Women | Youth | Chiefs | Others

Above is an illustration of the engagement strategy ADF uses in creating a community-wide development plan:

Monitoring and Evaluation

Baseline data is gathered using sustainable livelihood analysis, participatory rural appraisal, and community profiling, which focuses on livelihood issues. In addition, questionnaires, focus group discussions and key informant discussions are a second major source of information. Books, journals, and other literature are also used.

Statoil, PNI and ADF management measure, monitor, and review project progress. Completed tasks are noted on the Progress Gantt chart, which illustrates the project's schedule from start to finish. Progress is gauged using levels of private property ownership, infrastructural development such as concrete housing (versus houses built with thatch and corrugated iron sheets), improved health, environmental sustainability (such as fires made using kerosene or gas, rather than mangrove trees), increases in school enrollment and access to education, increases in general life expectancy, and the general level of

peace in the area, which in the past has witnessed violent inter- and intra-community conflict. Community and staff feedback, as well as comparative analysis of past, present, and future targets are also used to measure progress.

The ADF promotes peace as a foundation for development and social inclusion. It makes local government responsive to the needs of the people via "bottom-top" development with "top-bottom" support. It empowers the poorest of the poor, striving for gender equality, consensus-building and people-centered development. The ADF works in partnership with the government to ensure effective service delivery to communities, to improve access to social services, diversify and strengthen the economy, and promote environmental sustainability, while building sustainable partnerships for the advancement of human development.

Measurements

It is difficult to measure development impact because so many factors have to be taken into consideration; however, impact was seen in the increase in total value of goods and services produced by the ADF. There was a corresponding increase in life expectancy, literacy, and quality of life. In all, there were improvements in a number of areas, for example:

• **Local Leadership:** The community plays the lead role in its own development. Community representatives are elected into the ADF General Assembly. They meet periodically for quality control and to make decisions on development initiatives. The distribution of funds for implementation of these initiatives is based on needs. Furthermore, the General Assembly representatives are not paid – rather, it is a community service.

Before the ADF was created, it was very difficult for the leaders of even a single community to meet and agree, but now the 19 communities meet to discuss and find solutions to issues together. Local leaders have made communication and dissemination of information easy.

• **Government Support:** Previously, the government presence in Akassa had been very poor. With the establishment of the ADF, the government now supports community development through the Foundation. The Akassa model has enhanced public engagement in local planning. In addition, the success of Akassa has become a reference model for successful corporate community development in Nigeria, founded on a strong belief that a holistic community approach to development is more effective than the 'host community' approach. Enthused by the success of the Akassa model, the Governor of Bayelsa State, Timipre Sylva, committed to having the Akassa model replicated in other parts of Bayelsa State, and promised a close collaboration between Statoil/PNI/Akassa Development Foundation and the government's own Rural Development Authority Areas.[3]

The Akassa Development Foundation has developed a five year development plan which is now being adapted by the Akassa Local Government. Based on the successes of ADF, the Commissioner of Local Government gave a verbal directive to all Local Government Councils in Bayelsa State to conduct town hall meetings with communities before developing their respective budgets estimates for the coming year.

• **Collaborative Approach:** The Akassa Development Foundation builds on cooperation, coordination and collaboration between government and communities, and among communities in the Akassa Kingdom. Conflict, which characterizes the region, has relatively reduced. The principle of "whole community participation" as opposed to "host community" has been adopted.

• **Balanced Approach:** Akassa Development Foundation builds on a balanced approach that addresses and integrates economic, social, environmental and cultural considerations. Communities were made aware of and educated on these issues.

• **Respect for Local Values:** The government now strives to understand and respect community values, which has not been the case in the past 10 to 15 years, before the establishment of the ADF.

• **Social Inclusion:** All community members, regardless of gender, age, disability, race, culture, language, social, or economic status have the opportunity to become engaged in the community development process and are able to access its social and economic benefits.

• **Transparency and Accountability:** Government involvement in community development through the Foundation encourages transparency, accountability, participation and evidence-based decision-making. ADF publishes its annual reports and expenditures in a local newspaper that is widely read by Bayelsans. Furthermore, monthly and quarterly account statements are posted at the ADF secretariat to provide the communities with information, which further enhances transparency and accountability and builds confidence and trust for effective community development.

• **Capacity Building:** ADF's micro credit unit has witnessed tremendous success in terms of capacity building and an increase in the capital base of its micro credit fund. The Akassa Savings and Loans Scheme helps illiterate women in the Akassa Kingdom start their own businesses and trade effectively. Capacity building is continuous process and improvements have been noted since its inception.

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3   Gov. Sylva made this policy statement at the Endowment Fund Launch by the Akassa Development Foundation on March 28, 2009.

- **Partnerships and Shared Interests:** The Akassa Development Foundation engages the necessary partners at the community and government levels.

- **Common Vision:** The Akassa Development Foundation now encourages community members and the government to define a common vision for the future.

- **Focus on Community Assets:** The Akassa Development Foundation is now built on existing community capacity and assets.

- **Volunteerism:** The Akassa Development Foundation now values, respects, nurtures and encourages volunteerism.

The ADF shares the impact of its projects by: holding meetings to report progress; hosting focal group discussions; surveying communities with questionnaires, interviews, participatory rural appraisals and rapid assessment procedures; and information gathering through public complaint boxes.

Based on feedback through the above mediums, policies and strategies are reviewed to enhance innovation, and the positive impact on communities and the value chain.

Key Lessons learned /Replicability of the ADF

PNI identified a few major obstacles to achieving the objectives of the Akassa Development Foundation:

1) an over-reliance on grants from Statoil, and uncertainties around securing other funds for implementing community development plans; 2) the current "top-bottom" development culture, coupled with poor government policies on development and a lack of effective policy enforcement mechanisms; 3) a lack of political will on the part of elites and the Akassa Local Government Council, compounded by political instability and militancy; 4) negligence on the part of other oil multinationals operating in the Clan; and finally, 5) social-cultural impediments, including a widespread mentality of dependence, a sense of frustration, as well as distrust in officials, among low–income, rural people.

However, this innovative development approach can be replicated across the Niger Delta by applying the following lessons:

- Involve all stakeholders in participatory, sustainable, community development initiatives; multinational oil companies should also adopt this approach in their development strategies.

- Support the "bottom-top" development approach in which government and private companies partner with all the communities in a region (in this case all the communities in the Akassa Development Area) rather than with select communities.

- Establish a corporate community-based organization (CBO) facilitated by NGOs, which can represent a whole development area in line with political-administrative boundaries. This paves the way for broad, multi-stakeholder support.

- Promote a long-term process of Participatory Rural Appraisal and Development Planning.

- Development agencies in Bayelsa State should partner with the ADF in implementing micro-projects to create a sense of community ownership, and thus project sustainability. For example, the Ministry of Environment and Agriculture should partner with ADF in exploring mechanized agriculture and environmental conservation.

- Build long-term capacity to ensure communities develop competence in prioritizing, planning, managing, and monitoring development projects and programs.

Other communities have learned from Akassa and PNI and have started implementing the model without external funds. It is a model that can be adapted anywhere. To date, the Akassa Development Model has been replicated in more than ten regions of Nigeria.[4] PNI has facilitated the establishment of The Shell Petroleum Development Company of Nigeria (SPDC GMoU) and the Chevron Global Memorandum of Understanding based on the principles of the Akassa Development Foundation. The model builds peaceful and harmonious relationships between guest agencies (such as oil companies) and members of the communities. The model and process promote community empowerment and increase local participation in decision-making. It ensures that even the most marginalized people can have a stake in development decisions.

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4 They include: the Eastern Obolo Development Foundation, Opobo Nkoro Development Foundation, Oron Community Development Trust, Ogun State (exploratory study conducted), Project Novella (Delta and Ondo State)., Kolo Creek Development Foundation, Egi Community Development Foundation, Eket/Esit Eke, Community Development Foundation, Ogbia Central Community Development Foundation, Anyama Community Development Foundation, Kaiko Ibe-Awo Development Foundation, and the Beletiama Development Foundation.

Africa Centre for Corporate Responsibility (ACCR): Chevron's GMOU: A Strategy for Sustainable Community Empowerment

Austin Onuoha, Africa Centre for Corporate Responsibility

Prior to 2005, oil company community development initiatives could best be described as 'development dumping' — oil companies executives, at least in Nigeria, came up with projects and then 'dumped' them on their host communities.[1] During this period the standard development projects were the six-classroom block, cottage hospital, civic center, and post office. In one instance, an oil company built a beautiful post office that delivered only six letters in one year. In another, an oil company built tennis courts in a community where no one could afford to buy tennis rackets. These projects were not needed by their communities and failed to create either a sense of empowerment or pride of ownership.

Things began to change in 2005 when Chevron adopted a new approach to community engagement—its Global Memorandum of Understanding (GMOU). Chevron's model gives communities a greater role in the management of local development projects through Regional Development Councils (RDCs). The GMOU initiative was launched in five states of the Niger Delta where Chevron operates: Bayelsa, Delta, Imo, Ondo and Rivers States, and now reaches more than 400 communities, villages and chiefdoms, with some 600,000 residents. Communities are clustered under eight RDCs, each with its own governance structure – including officials who manage RDC secretariats on a day-to-day basis. RDCs are anchored on the principles of participatory partnership, transparency and accountability, and good governance.

Chevron's approach has proved to be both empowering and sustainable. The RDCs, together with local Nigerian NGOs, first began by conducting Sustainable Livelihood Assessments (SLAs) of each community in the RDCs. An SLA is a tool used to ascertain a community's main sources of livelihood and show how that community is structured—from the family all the way up to the government. It looks at such factors as family units, occupations, available infrastructure, and conflict resolution structures.

The results of these SLAs were used to develop Community Development Plans (CDPs). A CDP outlines a community's development needs, including its need for schools, hospitals, markets, and other elements of infrastructure. A CDP is created through broad community consultation and participation. After a CDP has been written, a community then prioritizes its list of necessities. No budget is attached to a CDP, and it is a living, growing document. Through active participation and sustained engagement, communities are empowered and projects are more likely to be completed. The Dodo River RDC community provides an example. This community did not have a local hospital. Many women died during childbirth before they could get to the nearest hospital at Warri or Yenagoa (which is about three hours by speed boat). So when Chevron introduced the GMOU and an NGO was engaged to conduct a SLA, the community gathered together, and the NGO asked what their needs were. The women leaders explained the hardship women go through because their nearest hospital is so far away. The case was made and it was agreed that a local hospital was a priority. It was included in the CDP, and the hospital is now close to completion. Partnerships with other agencies to equip and staff the hospital are underway.

In 2008, Chevron decided to evaluate the success of its three-year-old GMOU process. To this end, the company selected stakeholders from Nigerian communities, NGOs, governments and Chevron staff for training in participatory stakeholder evaluation, to be facilitated by the International Finance Corporation. A workshop was organized and facilitated by three independent consulting firms -- Consensus Building

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1   Onuoha, A, From Conflict to Collaboration: Building Peace in Nigeria's Oil-Producing Communities. London: Adonis & Abbey Publishers Ltd. (2005).

Institute (CBI), Search for Common Ground (SFCG) and Research Triangle International (RTI) helped determine the criteria for selecting stakeholders. In the end, stakeholders included the RDC chairperson and secretaries, traditional rulers and chiefs, government officials who witnessed and signed the GMOU, NGOs that facilitated the process, and Chevron staff.

> Under the old paradigm, companies alone decided what they thought communities needed.... but because communities were now involved... there was not a single abandoned or disrupted project in the three years of the GMOU process.

Once the training was complete, the consulting firms also helped facilitate the evaluation process. These consultants helped stakeholders design an evaluation tool through three separate workshops. Participants drafted guiding principles, methodology, and objectives. A chief principle agreed upon was that the evaluation process should be both participatory and voluntary. It was also agreed that a key objective was to identify the strengths of the GMOU process relative to several similar initiatives. A critical assumption that guided the entire evaluation process was that stakeholders should identify the successful inputs into the GMOU process, rather than put Chevron on trial.

After the evaluation workshops were completed, Chevron chose 28 NGOs to design the methodology for data collection and also conduct data collection. The final methodology was comprised of key informant interviews, focus group discussions, town hall meetings, site visits and reviews of desk materials. The data collectors developed their own work plans, ethics, and reporting format. Data collection ran for 30 days. During this period, data collectors interviewed close to 100 individuals including government officials, community leaders, and NGO staff. They visited more than 20 communities where they held focus group discussions with youth, women, elders and chiefs. These activities were carried out in the heat of militant activities (including kidnappings, oil theft and illegal bunkering), but not one militant attack was reported. Significantly, the data collectors even spoke with militant leaders as stakeholders in the GMOU process.

The data collectors reported their findings in raw reports which were then collected and collated. Three separate analysis workshops were held—one for the leadership of the various RDCs, another for government officials and development partners, and a final one for selected data collectors, RDC members and some Chevron Nigeria staff. After this, the consultants produced a report summarizing the various stakeholder perspectives.

To Chevron's credit, the process did not end with the report's release. The company, in fact, moved to immediately implement many of the report's findings, in partnership with United States Agency for International Development (USAID) and PACT, a Washington-based NGO with global development projects. USAID brought its influence to bear on the environment while PACT worked on implementation. At the same time, Chevron also established a program known as the Participatory Partnership for Community Development (PPCD). Based in Warri, this program focuses on building RDC capacity in the areas identified during the evaluation. The PPCD program is an ongoing three-year project. In 2010, PPCD conducted an Organizational Capacity Assessment of the RDCs. The findings of this assessment led to trainings on advocacy to enable the RDCs to raise funds, on communications to enable the RDCs to communicate effectively with the communities and their external stakeholders, and on leadership, gender and governance issues.

Chevron's success was due to several factors. First, local community members were involved from start to finish in the GMOU process. Second, community development plans included employment for local people. Also, contracts were awarded to members of local communities, members of the community were involved in monitoring company projects, and community members supplied the contractors with materials needed for jobs.

Under the old paradigm, companies alone decided what they thought communities needed, which led to abandoned projects and community frustration. But because communities were now involved in deciding what projects they needed, as well as who would execute them and who would benefit, there was not a single abandoned or disrupted project in the three years of the GMOU process. In fact, in 2005, in the Kula area, the community even built itself a mortuary because residents could only bury their dead in the last three months of every year due to heavy rains – a project no one outside the community would have considered. In Idama, the community built staff quarters for teachers posted to the area, to encourage them to stay.

When communities are involved both in project planning and execution, they are empowered. Moreover, awarding contracts to local peoples strengthens their economy, and provides jobs while improving entrepreneurial skills. One of the key indicators of community empowerment is that residents can ask questions about an ongoing community development project. There are some examples from first three years of the GMOU (2005 and 2008). At Idama, a road paved as part of a GMOU process became waterlogged every time it rained; local people worked with the contractor to correct the problem. In another instance, the Itsekiris started a training program to prepare their youth for oil company aptitude tests.

In the last four years, there has been a shift toward more participatory approaches. Communities are taking greater control of their own development, and as a result, more stakeholders are involved. New models of participatory partnership and multi-stakeholder initiatives have the potential to spread development more evenly among communities.

The initiation, negotiation, implementation and evaluation of Chevron's GMOU program is an example of a successful multi-stakeholder process. The most significant outcome for Chevron is that it has a greater appreciation of the issues that trouble communities. The communities themselves also now understand how some of their actions and inactions impact oil companies. For instance, in one community some youth accused their RDC of embezzling its Chevron peace bonus. Before, this would have led to production disruption, but the RDC was able, through the provisions of the GMOU, to explain to the youth that the peace bonus[2] is paid into a project account that cannot be accessed by RDC executives without company and government consent – all of whom are signatories on the account. Communities also now have a better understanding of how complex company operations can be, and they are working with Chevron to help expedite delayed projects. Various local Nigerian governments are also more aware of their role as primary providers of development. More importantly, governments and oil companies have seen that communities can deliver projects in a timely and cost-efficient manner.

In the next few years, we will need to strengthen and realign the various community governance structures in order to make them more responsive to issues of empowerment and sustainability. The sheer number of governance structures at the community level can be a source of conflict or a resource for peace: when they compete against one another, they impede development, but when aligned they are more likely to support sustainability and empowerment. The greatest lesson is that development can be achieved if the various parties involved are sincere and genuinely committed to building long-lasting relationships, and if all stakeholders are allowed to play a part in the development process.

FURTHER INFORMATION/RESOURCES

1. "GMOU Participatory Stakeholder Evaluation: A Joint Evaluation of the Global Memoranda of Understanding between Chevron, Community Organizations and State Governments in the Niger Delta, October 2008": http://cbuilding.org/sites/default/files/GMOU_Evaluation_Final.pdf

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2   The GMOU contains a provision that if there is no community-induced production disruption in any given year, Chevron will provide the community with further funds for development. This amount varies from RDC to RDC.

PepsiCo's WaterHope: A Community Driven Enterprise

Michelle Brown, CSR Asia and University of Hong Kong

Performance with Purpose is PepsiCo's operating model for sustainable development. WaterHope, a 5-year-old community-driven enterprise to make, safe, clean drinking water available to poor communities in the Philippines while supporting local development, is a successful illustration of the Performance with Purpose model in action. WaterHope was established via a partnership between PepsiCo and the Wholistic Transformation Resource Centre (WTRC), a Philippine humanitarian and development organisation. Waterhope's stated vision is to help transform and empower poor and marginalized communities into ones that are vibrant, healthy and productive, and living with dignity and sufficiency

Rationale – Community and Business Drivers

Waterhope provides for the establishment of community-owned and operated water stations. The water stations are owned and operated by local NGOs that provide low cost water to a network of community water dealers who in turn sell this water to consumers as part of a viable business operation. Profits from the operation of the water station are channelled back into the local community in the form of community development programs. By ensuring that the profits from this enterprise are used in this way, Waterhope provides a mechanism whereby the delivery of clean, safe water can support health and other services within a community.

Access to clean drinking water is a key target for the Philippines' Millennium Development Goal (MDG) for Environmental Sustainability. While national access is close to 80 percent[1], this drops to 65 percent for poor households and even lower for slum dwellers. In communities with WaterHope stations, a large portion of residents lack access to the main water supply and many rely on wells or rivers for their drinking water. Various private water stations have sprung up in these neighbourhoods, but these often charge 30 – 35 pesos for a five gallon container of clean water, which is out of reach for poor families. PepsiCo and the WTRC believed that they could empower local operators to provide safe water affordably and sustainably, bringing lasting benefits to surrounding communities.

Performance with Purpose outlines PepsiCo's commitment to financial success, and environmental, human and talent sustainability. PepsiCo recognises the human right to water and works to conserve water in its own operations. The company also develops partnerships to reduce water usage in agriculture, and makes investments in water-related projects. In addition to reducing its own water footprint, PepsiCo seeks to provide access to safe water for 3 million people in developing countries by the end of 2015. Water is currently the only locally sourced ingredient PepsiCo uses in its Philippines operations. The company wanted to bring its Performance with Purpose strategy to life in a partnership that delivered real and sustainable benefits for communities in the Philippines.

A WaterHope community water station in the Philippines.

Partnering with PepsiCo to form WaterHope made sense for WTRC. WTRC works with other community-based NGOs in micro-credit, and humanitarian and development projects. WaterHope provided WTRC with an opportunity to support Philippine NGOs, build loyalty among NGO clients and members, and further advance WTRC's own objectives of addressing poverty's causes and effects. WaterHope has a Board of three PepsiCo staff, three WTRC staff and one additional director. WTRC is keen to get companies to invest in poor communities in a sustainable way, and this initiative may convince other companies to become involved.

Impact and Measurement

PepsiCo and the WTRC started building WaterHope stations in the Philippines in 2007 and have since completed three stations in urban Manila. The stations provide nearly 26,000 people in poor communities with accessible, affordable, and safe drinking water[2]—a clear demonstration of PepsiCo's commitment to respect water as a human right[3]. WaterHope has also helped residents improve their lives through micro-enterprise, and participation in business, while additional health and education activities facilitated by the stations have helped nearly 1,500 people.

To do this, WaterHope adapted a model created by the London Benchmarking Group (LBG) which tracks inputs, outputs and longer-term impacts. The LBG is a group of companies with networks around the world working to measure community investment[4]; its model provides a clear and consistent method for evaluating community contributions and helps companies better understand community investment's business and community benefits. WaterHope used LBG's model to develop an assessment process to track impact data and information relating to sales and social programs. This includes tracking people with access to clean water, as well as water dealers who have been able to start up and sustain their own businesses. In 2009, WaterHope also developed an assessment framework and created a participatory review to give water dealers an opportunity to reflect on the short- and long-term benefits of their involvement with the water stations. WaterHope also used a livelihoods framework to measure financial, human, environmental, and social outcomes.

It developed the following indicators, which it plans to revise in 2010:

Positive or Negative Changes in Financial Capital and Returns

- Station profit / loss margins
- Percentage of Dealers with average weekly profit between:
  - 0-500 pesos
  - 500-1000 pesos
  - 1000-2000 pesos
  - 2000+ pesos

Positive or Negative Changes in Human Capital and Returns

- Percentage of dealers who observe a reduction in water borne diseases
- Clinic data on water borne diseases
- Preschool feedback on children's sick days

Positive or Negative Changes in Environmental Capital and Returns

- People and households with access to safe, affordable, clean drinking water
- Station energy use
- Any incidences of poor water quality

Positive or Negative Changes in Social Capital and Returns
- Percentage of dealers who note that they are more confident/better equipped to deal with day-to-day challenges

While data related to clean drinking water, enterprise development and community programs is tracked for all stations, local NGO partners take the lead in tracking communities' progress over time, focusing specifically on water dealers, local government, and the wider community.

Contributing to Sustainable Livelihoods

Water from WaterHope stations—sold between 20 - 25 pesos at the retail leve—is more affordable than alternatives on the market. As this price still might not be within reach of the poorest of the poor, WaterHope also provides free drinking water to schools, churches, health clinics, and public transport stations. Its water is perceived by many who sell and buy it to be of a higher quality. Feedback from community stakeholders in 2009 suggests that WaterHope is also helping contribute to a reduction in water borne diseases. While this information has been largely anecdotal, as one dealer from the first station noted, "before, there was a big problem with people getting 'the amoeba' [sic dysentery] in this area. People could buy water at 40 pesos per 5 gallons but it was not that good. Now there are benefits that this community water station is here"[5]. The stations are perceived locally as an important catalyst in building a more prosperous and healthy community.

2   See http://www.pepsico.com/Purpose/Environmental-Sustainability/Water.html
3   See: http://www.lbgonline.net/lbg/corporate_ citizenship/lbg_international
4   See http://www.eldis.org/go/livelihoods/
5   Interview Notes May 2009. Follow up interviews will take place in December 2010.

With its two pilot sites, WaterHope has helped over 150 microenterprises to flourish, in part by generating additional income for water dealers. This income varies widely. A 2009 review found that the majority of dealers earn between 500 and 1000 pesos per week, with about one-third earning considerably more, at over 2,500 pesos per week. These dealers are primarily women from poor neighbourhoods who run small stores selling diverse products. Many of these women put their additional income toward their children's education, with clear knock-on benefits in their communities, as education has long 'returns' for years to come.

Since commencing operations, WaterHope stations have also initiated health and education community development programs. Part of PepsiCo's initial investment was to enable WTRC to start up these additional programs, which have helped raise awareness of WaterHope locally. In the future, these programs will be funded from profits generated by the water stations themselves.

For PepsiCo there are clear benefits in terms of employee motivation and morale, and helping to bring its diversity strategy to life. All employees in its Manila office know about the project and many are keen to volunteer. The stations also give the company key insights into doing business at the 'base of the pyramid' (BoP), which is important for any food and beverage company operating in developing countries in Asia.

Lessons Learned

Managing for More than Profit and for Sustainability:

A key factor in WaterHope's success is its entrepreneurial approach, which transcends traditional philanthropy. Dealers and agents must purchase the five gallon containers either through outright payment or loans. These plastic containers (BPA-free as per Department of Health Standards) will last from three to five years if used on a continuing basis. Following that, they are typically recycled for use with other liquids for up to ten additional years.

Like all businesses, WaterHope must be financially viable, but balancing social and financial returns has raised its own challenges. The local NGOs commit to using all project revenue to meet their communities' development needs. Likewise, station managers must be attuned to the needs of both the business and the communities where they operate.

Partnership Continues to be Fundamental but Alignment of Goals is Not Always Necessary:

It is clear that PepsiCo would not have been able to make this investment a success without good partners with whom it could build long-term relationships. It is the diverse skills of the NGO staff that allow marriage of the project goals of clean water with an existing micro-finance network, while balancing the expectations of multiple stakeholders.

Measuring Impact and Engaging Stakeholders in the Process:

WaterHope has worked to build in monitoring and evaluation from the beginning of the project, helping ensure that all partners are focused on results. WTRC and partner NGOs track and review key performance data in relation to number of households served, and profit and loss in monthly meetings, while impacts are reviewed annually. This is part of overall quality control and management and helps with on-going performance improvement. At the same time, the micro-entrepreneurs who distribute WaterHope water are in ongoing contact with their stations and are involved in helping run the business.

Scalability and Replication:

WaterHope is currently reviewing its model for applicability in different markets in and outside of the Philippines. So far, a clear factor in success has been alignment with the microfinance program of an NGO; WaterHope will need to consider whether this is possible in other partnerships. Going forward, it will also look at whether its business case makes sense in areas of lower population density, and in locations with no local or municipal source of water.

WaterHope enables PepsiCo to invest in communities in a more empowering and sustainable way. Having found the right balance between profit and social purpose, the enterprise has built a solid foundation for expansion in the Philippines and beyond.

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Timberland's Sustainable Living Environments Program

Beth Holzman, Timberland

Note: This case study has been adapted and updated from a white paper released by The Timberland Company in 2009, which was published with the permission and input of CARE and the factory. All data and figures are up-to-date as of that publication date.[1]

Background

Timberland believes that every person should have access to basic needs—adequate and affordable access to food that meets universal nutritional standards, clothing that reflects the person's innate dignity, housing that allows privacy as well as shelter, health care, and education that cultivates innate gifts and talents and enables a person to contribute to his or her community. Recognizing that community infrastructure and resources may be lacking in and around the factories where it sources, Timberland aims to leverage its business influence to help create positive improvements for the lives of workers who produce its products. The company has engaged in various initiatives to help promote Sustainable Living Environments (SLE). Timberland's SLE program aims to help workers and community members meet basic needs and provide betterment of life opportunities through community investment.

Timberland's engagement with CARE and MAMATA in Bangladesh is one example of this work. The company provided funding to CARE and MAMATA based on the needs for improved health services and access to savings mechanisms in and around the Karnaphuli Sportswear Ltd (KSL) factory in the Chittagong Export Processing Zone (CEPZ) of Bangladesh.

Rationale for Initiative

The Youngone Corporation is a garment manufacturer located in Bangladesh that operates 14 garment factories in the Chittagong Export Processing Zone (CEPZ). Timberland has sourced from its Karnaphuli Sportswear Ltd. (KSL) factory since 2000. Through the course of Timberland's annual assessments,[2] it became evident that workers at KSL (roughly 5,600 workers, 85% of whom are migrant women from rural areas of southern Bangladesh, 35% of whom hail from Barisal and its surrounding districts), as well as other workers in the CEPZ, lacked health awareness and services. As a result of detailed discussions with and support from factory management (which solidified the need and the business case for seeking an infrastructure solution), in 2003 Timberland began work with CARE[3], a nonprofit partner, to help address these issues and create a sustainable solution. To fully implement the initiative, CARE partnered with a local NGO, MAMATA[4].

Community member receiving care at a clinic.

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1   See www.timberland.com/BeyondFactoryWalls2009

2   An overview of Timberland's factory assessment program can be found at http://www.timberland.com/category/index.jsp?categoryId=4039648. Timberland's program includes a review of factory compliance with the company's Code of Conduct and involves factory managers and workers in that process.

3   CARE is a private international humanitarian organization with expertise in creating community-based efforts to improve basic education, prevent the spread of HIV, increase access to clean water and sanitation, expand economic opportunity, and protect natural resources with a network of local nonprofits globally. For more information, visit www.care.org

4   MAMATA was established in 1983 thanks to the initiative and drive of a group of dedicated social workers of Chittagong City, Bangladesh, to establish and provide health care, family-welfare services, poverty alleviation, socio-economic development, and gender and human rights. MAMATA believes that the family is the focal point of social uplifting, and it attaches top priority to capacity building toward better livelihood for the poor and disadvantaged. MAMATA's mission is to upgrade the socio-economic conditions of the disadvantaged and establish rights guaranteed by the constitution of Bangladesh, as well as international charters to which Bangladesh is a signatory. MAMATA's operational area includes Chittagong City Corporation, Sitakund, Boalkhali, Patiya, Anowara, and Chandanish in Chittagong District.

Objectives

CARE and MAMATA developed this initiative to address the lack of infrastructure available in or near the trade zone to improve the lives of the 24,000 Youngone garment workers in the entire CEPZ area, with the following objectives:

- Enhancing awareness of legal rights, labor laws, and family laws;

- Increasing workers' capacity to read and write, raising workers' self-esteem, and learning what is required for and has immediate application in their daily work lives;

- Improving nutritional intake practices among the workers;

- Enhancing awareness of common diseases and available referral services;

- Improving health-seeking behaviors, related especially to STDs, such as HIV; and

- Providing access to flexible micro savings and credit facilities to promote savings behaviors and provide credit for emergency and betterment opportunities.

To meet these objectives, the initiative focused on 1) building awareness and advocacy, 2) establishing a medical revolving fund, and 3) building a microfinance program. The end goal of the initiative was to transfer ownership to the beneficiaries themselves and build capacity, so that Youngone factory management and the local partner organization MAMATA could continue the initiative independent of support from Timberland or CARE. Timberland and CARE finalized their participation at the end of 2009.[5] Since then, the factory and MAMATA have continued to provide these services to workers and the local community. Together, Youngone, MAMATA and the Area Development Committee (ADC) are monitoring the project from the aspect of financial and social development. MAMATA is responsible for arranging yearly planning workshops where it, along with Youngone, the ADC, and beneficiary representatives, participate.

Project Components

Awareness Building and Advocacy

CARE established training sessions, counseling, and legal aid services, as well as a support network among workers, law enforcement officials, and other agencies to protect female workers from exploitation and abuse. As a result of this training, the Youngone workers formed a Workers Representation and Welfare Committee (made of community volunteers and worker-elected representatives) who learned participatory and social mapping techniques from CARE and MAMATA staff. These tools equipped the Committee to conduct outreach to factory workers and community members to help spread awareness and generate participation in and advocacy for the training and services. During 2008, 4,739 new participants attended one-on-one sessions, group meetings, and film screenings on topics such as labor law, health and hygiene, gender rights, abuse, trafficking, HIV/AIDS, inheritance law, and reproductive health. Women attended these sessions at a ratio of four to one as compared to men. After these communications, the Committee conducted a project survey and found that more than half of the participants (55%) gained a better understanding of overtime calculation, maternal and sick leave, safety, security, basic hygiene, reproductive rights, marriage registration, and joint family decision making.

Medical Services

To help low-income workers and community members afford the medicines and medical services they need, CARE, Timberland, and MAMATA created a program to provide discounted services and medicines. With initial funding from Timberland, factory-based clinics were staffed, and affordable medications stocked. Participants (trade zone workers and community members) pay modest fees that enable CARE to restock medications and continue staffing the factory-based clinics. Immunization days have reached over 3,000 children with polio vaccines, vitamin supplements, and de-worming medicines. Roughly 560 patients received treatment in 2008, with 55% being Youngone workers and their family members, and being 45% from the community or other garment factory workers. Almost 81% of clinic patients are women. With an increase in fees per visit (from roughly 3 cents to 7 cents) and continuing logistical support from the factory, the program is on track to be self-sustaining, and able to provide new services such as a Hepatitis-B vaccination program and the refurbishment of a mother-and-child health center for factory employees and community members.

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5 Timberland's initial annual commitment was $81,000 USD, with contributions decreasing as the initiative realized self-funding sustainability. Over the course of 7 years, Timberland contributed over $480,000.

Microfinance Program

In order to make savings and credit opportunities more available to factory workers, CARE created a flexible program specifically for Youngone employees. In response to complaints of robbery on paydays, the program provided savings booths inside the factory where employees can make deposits and withdrawals during their breaks and in the safety of the workplace. In addition, the program allowed workers access to small loans for health care, education, or income-generating activities to improve living conditions for themselves and their families. The average loan amount is $95 USD and borrowers receive a favorable rate of interest (over 10% lower than other credit options in the area), which is paid back into the savings plan to ensure the fund remains sustainable. By the end of 2008, the micro-finance program had more than 17,500 participants and granted over $2.6 million USD in loans. The loan program has had a 99% payback rate, while interest from the loans and the re-investment of savings deposits has made the program self-sustaining and self-funding.

MEASUREMENT, MONITORING & EVALUATION

CARE and MAMATA used a variety of techniques for measuring and monitoring the project's effectiveness including surveys, worker interviews, cost accounting, and training reviews. The following metrics were used:

Awareness Building & Advocacy
- # of workers attending trainings
- % of female workers attending trainings
- Increased understanding of basic benefits and human rights

Medical Services
- # patients visiting the clinic
- Of total patients:
  - % of workers visiting the clinic
  - % of community members visiting the clinic
  - % of clinic visitors who are female
- # of community members and workers receiving immunizations

Microfinance Program
- # of workers accessing loans
- Average loan amount (in USD)
- Total amount loaned through program (in USD)
- % payback of loans
- Dollars reinvested in savings deposits

Timberland is currently in the process of creating a framework to assess social impacts and Return on Investment (ROI) of its SLE programs across several projects and regions. Metrics like those listed above will be included in the company's plans to assess the effectiveness of its investments for improving the lives of workers and community members in and around the factories from which it sources its goods.

Timberland is interested in creating such a framework in order to better understand, track and replicate the community benefits that result from SLE programs like this partnership with CARE and MAMATA in Bangladesh. Timberland's process for evaluating and creating a new social impact framework includes:

1) researching a myriad of existing community investment and social impact quantification programs;

2) engaging with peer companies and key NGO partners to understand their different impact assessment models; and

3) analyzing different ROI and quantification methodologies and their potential application to Timberland's SLE definition and objectives.

The company aims to synthesize this research and create and/or adapt current methods for evaluation of future SLE projects in Bangladesh, India, and China.[6]

Results and Benefits

Stakeholder Engagement & Inclusiveness: Timberland deliberately engaged workers, who were the project beneficiaries, to ensure the project addressed real and ongoing needs. According to former CARE Executive Director Monte Allen, "We know the project's success drew from the fact that we created a role for the workers, factory management, and local partner organizations in implementing and ensuring the successful ongoing operation of the project."

Beyond Factory Walls: While the project has achieved its goals of engaging and benefiting the workers of the Youngone factory, it has also reached local community members. This dramatically magnified the impact that the program could have. To date, 26,000 community members have directly benefited from the project and 100,000 have benefited indirectly.

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6   One example of a new project is our work with the Planet Water Foundation in India – see this recent blog at http://blog.timberland.com/corporate-social-responsibility/clean-water-in-india/

The fact that the projects were opened up to the community (and not limited to factory workers) created new community resources and engagement opportunities. This also allowed for the inflow of more dollars to the actual programs, which directly benefited the community, led to much larger community participation, and in turn, enabled the programs to grow to a size where they no longer needed outside funding.

Self-Funding: Over time Timberland, CARE, and MAMATA saw the project successfully grow to be self-sustaining and self-funding. The project partners controlled overhead expenses within a budget that was less than that of the revenues received from the medical revolving fund and interest earned on savings and credit facilities. Some of this depended on workers' volunteer involvement, which means the project design needed to provide training to volunteers. Overall, the fact that the project is now self-sustaining demonstrates the partners' ability to meet their objective to transfer ownership to the beneficiaries themselves. The project continues to thrive today.

Opportunity for Scalability: Going forward, Timberland is eager to apply this model of success to facilitate the creation of Sustainable Living Environments in other regions of need. In all factory assessments, Timberland surveys workers to understand their basic needs and help create opportunities for a better life[7]. Where gaps exist, SLE projects are considered and prioritized. As mentioned above, Timberland is eager to adapt the successes of this partnership with CARE, MAMATA and Youngone to other factories and communities in need. We recognize that every project needs to be culturally appropriate to its particular setting.

> **With limited funds available to all stakeholders to address such issues, Timberland believes that collaboration and creativity are critical.**

TIMBERLAND ASSESSMENT QUESTIONS FOR SUSTAINABLE LIVING ENVIRONMENTS

A. BASIC NEEDS

Do workers have access to adequate medical facilities/services at no cost to workers for workplace illness/injuries and affordable rates for personal needs?

Are workers well aware of HIV/AIDs risks and precautions, and do they have access to related medical services?

Do workers have access to adequate and affordable nutrition/food both in and out of work?

Do workers have access to adequate and affordable housing?

Do workers have access to adequate and affordable means of transportation (if applicable)?

Do workers have access to adequate and affordable child-care options?

B. BETTERMENT OF LIFE

Are workers in need of and do they have options for low- or no-cost means of developing "life skills"?

Do workers have access to adequate savings/credit services?

Are affordable opportunities for leisure activities available to workers?

Lessons Learned

Sustainable solutions are complex, requiring multiple voices, many commitments, patience and resolve. The breadth and diversity of engaging with workers in contract factories, their cultural differences, and varying social disparities all add to the complexity and the fact that there cannot be one simple solution. With limited funds available to all stakeholders to address such issues, Timberland believes that collaboration and creativity are critical.

To expand its reach, the company seeks to collaborate with other brands and factories, find partners with multi-stakeholder approaches, and continue to engage with on-the-ground local organizations with programs designed for capacity building and sustainability (like CARE and MAMATA in this particular case study). Projects must include open, honest dialogue and involve multiple stakeholders in order to move beyond compliance to strengthen communities and workers' lives.

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7 For more information, see http://www.timberland.com/category/index.jsp?categoryId=4039650

HP/SACOM: Labor Rights Training in South China

Jenny Chan, Students & Scholars Against Corporate Misbehavior (SACOM)

Rationale – Community and Business Drivers

Hewlett-Packard (HP) manages an extensive supply chain in the Asia-Pacific region and is the world's leading technology company by sales. Between 2007 and 2009, HP and SACOM (Students & Scholars Against Corporate Misbehavior), a Hong Kong nonprofit organization, collaborated on a worker training program at Delta and Chicony Electronics -- two HP suppliers in the Pearl River Delta in Guangdong Province, South China. Approximately 4,500 frontline workers and managers of different levels actively participated in training sessions. While the HP China Program has been recognized by the UN's Special Representative of the Secretary-General on the Issue of Human Rights as a good example of a company providing non-judicial grievance mechanisms, expanding this concept of "citizenship at work" will require much deeper commitments from national and local states, and global civil society.

In February 2007, SACOM and the nonprofit Swiss organization Bread for All urged European consumers to send in postcards bearing the words "High-Tech, No Rights?" to multinational technology companies with supply chains in China, such as HP and Apple. Despite both companies' stated intent to improve their compliance with the industry's corporate responsibility standards through audits, major abuses remain in Chinese supplier factories. Compliance-based auditing has had a very limited impact on improving conditions for workers. At the heart of the problem is workers' poor access to justice through legal means and a lack of workplace-based grievance procedures for securing decent working conditions.

In China, recent legal reforms have opened up new opportunities for worker education. In 2007, the Chinese government enacted the Labor Contract Law (effective January 1, 2008), the Employment Promotion Law (effective January 1, 2008), and the Labor Mediation and Arbitration Law (effective May 1, 2008). These national laws define workers' rights, including labor contracts, working hours, wage rates, social insurance, compensation, and equal opportunities for employment. Additionally, Article 4 of China's Labor Contract Law requires all employers to consult with either a union or other elected worker

Worker training at Delta, in the Pearl River Delta in Guangdong Province

representative before approving enterprise-wide rules on work or employment conditions. Moreover, as provided by the law, employees who become worker representatives are protected from discrimination and allowed access to management and co-workers in order to carry out their representative functions. In the event of employment disputes, the length of time during which workers can file a case for arbitration has been lengthened from 60 days to 1 year, as stipulated in the labor dispute arbitration law. Article 53 further waives arbitration fees. All these legal empowerment tools have been made available to Chinese worker-citizens.

Objectives

The two main objectives of the HP Labor Rights Training Program were: first, to raise workers' and managers' awareness of the specific rights that are protected under Chinese labor law and corporate codes of conduct; and second, to improve grievance mechanisms to assure protection of workers at the factory level. For sustainable improvement of working conditions, workers at direct and sub-tier suppliers need to be involved in the day-to-day monitoring and implementation of labor standards.

The training components for Delta and Chicony Electronics included labor rights awareness classes, seminars for mid-level managers and supervisors, advanced training for worker representatives, a worker hotline, and labor issue resolution on a case-by-case basis. Training tools such as presentations on labor laws, small group discussions, role playing, brainstorming exercises and quizzes, and printed and audio-visual materials were skillfully employed. Facilitated by the trusted NGOs Labor Education and Service Network (LESN) and Chinese Working Women Network (CWWN), key issues concerning working hours, overtime premiums, dormitory conditions, occupational

health and safety, and application of factory rules were addressed. The training methodology sought to improve the functioning of factory systems by including workers' as well as managers' feedback in resolving problems.

Impact

The most important result of the training at both factories was that workers learned they had the power to influence their working conditions. Their growing confidence was demonstrated by 126 incoming hotline calls and dozens of questions raised with NGO trainers between September 2008 and May 2009.

At the Delta factory, workers' core concerns were about wage payment: how would overtime work on weekdays, Saturdays and Sundays, and on public holidays be calculated? A quiz on "What Goes Wrong with Worker X's Wage Statement?" drew the most attention from participants. LESN introduced a hypothetical example and asked questions about the correct calculation of basic and overtime wages. Many workers raised their hands, while others quickly shouted out answers. While workers' rights to legal, basic and overtime wages were secured, excessive overtime work is still a challenge — it is a widespread problem within the electronics sector— Delta leaders pledged to reduce overtime work by hiring more staff. They also began recording excessive working hours on a monthly basis to identify spikes and dips in overtime. HP and LESN welcomed management's suggestions for further improvement.

In Chicony, CWWN trainers identified an occupational safety and health problem when talking to worker committee members who reported becoming tired after standing up at work for an entire shift. This grievance had begun after the factory had been re-organized from I-shaped to U-shaped lines in order to increase productivity. With encouragement, the affected workers decided to talk directly to their supervisors in a morning assembly, who then relayed their message to top managers. In a subsequent meeting mediated by CWWN and SACOM, Chicony administrative managers listened carefully to the workers' testimonies, and began to fully understand the potential health hazards of the new working environment. Chicony managers took remedial action by providing stools next to work stations so that workers could sit down for rest. As a result of this successful communication, the worker representatives' confidence in the Chicony leadership was enhanced. From the supply chain management perspective, HP achieved a stronger collaboration with Chicony. HP anticipates that there will now be greater efficiency and less disruption in its global production networks.

Confidential information reported by workers was communicated to senior managers, and steps taken by the factory to resolve issues were communicated back to workers. Delta and Chicony managers also publicly announced their follow-up actions. In this transparent and interactive process, workers were shown that problems could be solved, which in turn led to a more committed and stable workforce.

Lessons Learned

A feature report by *GlobalPost* in November 2009 hailed the HP Program in China as "a novel factory program" and "a promising model" that is likely to generate more innovative projects in the global electronics supply chain in the future. SACOM has drawn the following insights from the HP China Program/;

• **Multinational Corporations:** First, concrete support from multinational corporations, such as expertise and financial resource sharing, is important to program success; it gives suppliers and local trainers an incentive to become actively involved. It is also the responsibility of multinational tech companies not to cancel out the effectiveness of progressive corporate responsibility policies by pressuring their suppliers with reduced delivery times, systematically low prices, or other practices that cause tension between suppliers.

• **Managers:** Commitment from managers, from the top- to first-line levels, is crucial. Prompt responses from senior management on labor issues greatly enhances workers' and managers' confidence in the system.

• **Independent Trainers:** Furthermore, the involvement of independent trainers is vital. Unlike industry consultants, grassroots labor NGO trainers must have autonomy to be credible. Experienced trainers are able to conduct needs assessments and tailor training curriculum.

In their workplaces and in the wider community, 230 million young Chinese migrant workers—most of them between the ages of 16 and 25 years of age, are beginning to redefine the concepts of decent work and better employment. The inclusion of informed workers—in monitoring, verification, and remediation of disputes—holds the greatest promise for lasting change that could eventually reduce the need for independent auditing of supplier factory working conditions. Local governments should strengthen law enforcement and labor protection. At the international level, the continuous improvement of labor standards in China is important to the development of a more humane version of economic globalization.

HP Capability Building Collaboration with SACOM on Labor Rights Training in China

Judy Glazer, Hewlett-Packard Company

One of the core elements of HP's Social and Environmental Responsibility (SER) Program is enhancing management-worker communications to continually improve working conditions at suppliers. Similarly, Students and Scholars Against Corporate Misbehavior (SACOM), a Hong Kong-based worker rights group, promotes communication between frontline workers and their managers as a way of moving beyond the limitations of corporate supplier responsibility programs. These two perspectives, in addition to needs discovered through supplier risk assessments and surveys, led to discussions between HP and SACOM in early 2007 about ways of enhancing labor communications in the electronics industry supply chain in China. By August of that year, HP and SACOM signed an agreement to collaborate on worker training activities at two of HP's designated supplier sites in southern China.

HP committed to financial support of the project including funding a ten-month worker hotline service and the development of seminars for 30 worker committee members, while SACOM selected local training partners Chinese Working Women Network and Labor Education & Service Network and evaluated the program.

Purpose

The worker training program was launched in 2008 with the primary objective of raising labor rights awareness among workers and improving the existing worker-manager communication mechanisms within two supplier factories. This program, the first of its kind in the IT industry, had four areas of focus:

• Providing all employees with labor rights awareness training, best practices, and skills.

• Establishing a worker hotline for reporting grievances. From September 2008 to March 2009, hotline operators were trained to receive and log grievances, properly interview callers, and report issues.

• Providing a formal procedure for resolving labor issues. The independent hotline receives a broad spectrum of grievances,

Harvard Mediation and Negotiation Clinical Program (HMNCP) team activity with workers at Chicony Electronics.

such as resignation difficulties to unavailable hot water in dormitories. After a complaint is received through the hotline, it is relayed anonymously to factory management so worker concerns can be better understood.

• Developing tailor-made training for the workers' representative committee. Because the committee acts as a communication bridge between management and workers, it needs to understand how to effectively relay information, handle grievances via the employee hotline, and organize worker activities. Between April and June 2009, the training partner designed training based on the information collected from grievance calls. The training focused on counseling skills, communication, and techniques for organizing recreational and communications programs, and prepared worker representatives to take over the worker hotline beginning in mid-2009. Though the training partner continued to provide support, local hotline operators gained the knowledge they needed to maintain the hotline, allowing it to become a permanent fixture within the business.

There are many benefits to this training, as summarized by Ernest Wong from HP's Social and Environmental Responsibility group: "Labor rights training can empower workers, enhance mutual communications, as well as resolve misunderstandings between employees and management."

Benefits

While empowering employees through awareness and providing a mechanism through which their concerns can be understood and addressed, the labor rights awareness training also yielded several benefits, such as improved overall corporate responsibility within both factories, a solid platform for communication between workers and factory management, a tool for identifying gaps in existing systems, and a harmonious working environment through improved worker satisfaction. As one factory Administration Director pointed out, a culture of social and environmental responsibility (SER) is essential to enhancing workers' sense of belonging. "The most unique element of this program is the workers' hotline. When we explain the Electronic Industry Code of Conduct (EICC) to workers, it may not relate to their immediate concerns. The worker hotline can address the daily needs of workers and build a communication channel. It not only helps workers to understand their labor rights and obligations, but it offers them counseling services and relief from emotional problems. Many factory workers are migrant workers who face challenges being away from home in a new environment."

The workers' hotline allows employees to anonymously raise grievances, making them more inclined to report concerns. Once a grievance is communicated, the hotline operator notifies factory management and HP, triggering the implementation of corrective and long-term preventive action. Concerns raised by individuals are handled confidentially, but resolutions that affect the general factory population are posted for all workers' awareness on a digital notice board displayed throughout the factory. In addition to solving factory concerns, the process allows workers to gain confidence in worker-management communication. One of the supplier sites reported a total of 126 phone calls received via the hotline from 2008 to May, 2009. These calls involved complaints about the lack of hot water in dormitories, resignation procedures, social insurance, and other personal matters.

Migrant workers are a major component of Chinese factories' workforce and they may have a difficult time adapting to their new lives in the city and at the factory. The pervasive lack of trust between management and employees in China further exacerbates this issue. The training and new worker hotline provided a channel for employees to learn about their rights, speak out, and ask for support and resolution to problems. Social insurance is one example that illustrates this need for awareness. China's law provides five main forms of social insurance including unemployment assistance, workers compensation, old age, maternity, and medical insurance which are all funded through contributions from the employer, the employee, or both. Workers were trained to understand social insurance benefits, taught how to manage them and how to obtain a valid ID card to enroll in social insurance, and to understand their rights.

Management at one of the supplier factories reported that improved communication with their workforce was the most valuable result of the employee training. In fact, the supplier launched its own workplace survey to understand workers' needs with respect to working hours, EICC awareness, and contract terms.

Monitoring and Measurements

Program implementation was monitored by tracking training delivered, number of workers trained, and number of phone calls made to the hotline. At one of the factories, a total of 18 training sessions were held over a period of six days with three two-hour training sessions per day. Over a period of six months the program had trained roughly 4,500 factory workers.

In June 2009, the training partners conducted a worker survey asking workers to evaluate the benefits of the training. The findings showed that the program helped them to clarify and better understand their employee rights and obligations. Workers commented that in the event of disputes, they will now bring issues to the grievance management mechanism in hopes of finding a resolution instead of resigning immediately from their jobs. Follow-up discussions between training partners and suppliers revealed that almost all the identified problems were resolved within a reasonable timeframe.

To ensure the continued success of the program, HP meets with factory management and the training partners monthly to discuss progress and to follow up on workers' inquiries.

Lessons Learned

Building trust between external stakeholders working with labor rights and supplier management is a key success factor for this type of program. Due to mistrust between external parties, businesses, and employees, there is real apprehension about working with a non-governmental organization. Relations between the training partners and suppliers were uneasy at first, but once communication began, trust was gradually gained. A first-of-its-kind study conducted by the Harvard team in the spring of 2010 (with participation from the supplier) showed that one of the suppliers had gained trust in working with external stakeholders. The main driver that eventually built the relationship was the groups' common objective: to raise worker awareness of labor rights and to hear the voices of the frontline workers. Factory management proved to

be very positive and helped coordinate the workers' training and manage the workers' hotline. Ultimately, the training partners and the suppliers built strong relationships and were able to exchange views on continued workplace improvements. One supplier even engaged with a multi-stakeholder group for a consensus-building workshop and pledged to develop future projects together.

Additional difficulties encountered during this process involved factory production pressures that prevented the scheduling of training sessions. It was important to work with factory management and allow flexibility in the training schedule to accommodate production requirements.

Workers will need refresher training to maintain the knowledge gained. Refresher classes and/or employee handbooks can help facilitate information retention.

HP also gained some useful lessons during this case study. For instance, the success of the program showed that multi-stakeholder worker training programs do have the potential to lead to actual improvements in labor rights awareness. We found that the suppliers who participated in labor rights training had improved audit scores following the training. The suppliers placed more effort on and made more commitment to improving their SER performance, and viewed workers as internal stakeholders with valuable input for the organization. Factory feedback from the training programs is now being used to help strengthen HP's capability building initiatives, auditing processes, and training resources as a way of ensuring continual improvement.

HP's work to include external parties in the process of implementing "rights compatible" worker grievance systems was highlighted by the Harvard Kennedy School Corporate Social Responsibility Initiative, led by Stephan Sonnenberg, Lecturer on Law and a Clinical Instructor in the Harvard Negotiation & Mediation Clinical Program. The study focused on understanding how the grievance mechanism implemented at each factory reflected the six Ruggie Principles for creating effective rights-compatible grievance mechanisms. These principles, designed by Professor John Ruggie, the Special Representative of the United Nations Secretary-General for Business and Human Rights, include legitimacy, accessibility, predictability, equitability, rights-compatibility and transparency. The research pointed to a need for gaining the "buy-in" of multiple stakeholders when implementing a grievance system. Organizations should reach out to all relevant stakeholders and engage them in consensus building to achieve the desired model outlined in the Ruggie Principles. Grievance systems would then prove to be more sustainable and cost-effective for the companies implementing them.

Members from the Harvard Negotiation & Mediation Clinical Program, together with HP and the supplier, conducted a further consensus building dialogue in the spring of 2010 to make joint efforts to update and improve the supplier's worker grievance mechanism. The collaboration led to the identification of potential areas of improvement as well as specific guidance tools for further developing the system.

Conclusion

These two pilot programs show that worker feedback is crucial in helping senior managers understand worker demands and grievances. Moving towards worker-based corporate social responsibility is a worthwhile goal that requires a solid, long-term commitment, and this initial experiment is a good starting point for more innovative and worker-oriented training programs in China and beyond.

Worker-rights training is a key HP focus in capability building for suppliers. Since the completion of the initial training program with SACOM, HP has participated in further efforts to train Chinese and south-east Asian factory workers on EICC labor rights and has established additional independent worker hotlines. To date, HP has taken part in the training of over 10,000 workers on EICC labor rights, and will continue to contribute to improvements in employee awareness in our supply chain.

Chantal Peyer from Bread for All, a not-for-profit Swiss NGO and international partner of Hong Kong-based SACOM, stated that "this two-year project can be very important for the sustainable development of the global electronics industry. It shows a way for a new CSR practice with multi-stakeholder collaborations. Should global and local independent NGOs, brands, and suppliers continue to work together then a more favorable worker-centered monitoring system can be established in China."

FURTHER INFORMATION/RESOURCES

Harvard Mediation and Negotiation Clinical Program (HMNCP). See http://www.law.harvard.edu/academics/clinical/hnmcp/web/ind-exc16e.html?option=com_content&view=category&layout=blog&id=42&template=projects#Spring2010

The Merck-Nicaraguan Ministry of Health RotaTeq® Partnership: Helping to Improve Children's Health in Nicaragua

Barbara J. Kuter and Maggie M. Kohn, Merck

Introduction

The pharmaceutical industry has a long history of product philanthropy, launching multi-year donation programs and donating its time and resources for capacity building purposes to those in need. While philanthropy will continue to play an important role, many in the industry are starting to recognize the value in identifying areas where companies can make a difference through their core businesses. Through this transformation, companies are beginning to set strategy that creates shareholder value in a manner that addresses society's needs. In this case study, Merck[1] discusses how it has applied this concept of "shared interest" to reducing rotavirus in Nicaragua.

Attacking a Potential Killer of Children

For millions of children living in the developing world, the first few years of life can be a struggle just to survive due, in large part, to the threat of a handful of diseases that have been eradicated or are easily treatable in the developed world. Such is the case with rotavirus, a severe, acute form of gastroenteritis characterized by vomiting, watery diarrhea, and fever. Infection may result in dehydration, hospitalization, and/or death. Prior to vaccine introduction, it was estimated that more than 527,000 children under 5 years of age died each year worldwide from rotavirus; more than 80 percent of those deaths occurred in developing countries.[2]

In 2006, Merck introduced RotaTeq®, its live, oral, pentavalent rotavirus vaccine in the United States. Merck recognized, however, that this vaccine was most needed in the developing world, where the introduction of new vaccines has traditionally lagged behind developed countries by 15 to 20 years.[3]

The company knew that the developing world could not wait 20 years for this vaccine, and recognized – thanks to new funding sources such as the GAVI Alliance – that it could real-

ize its goal to shorten the time for vaccine introduction. With this benefit in mind, Merck sought to introduce RotaTeq® in a developing country with a high rotavirus disease burden and a strong immunization program soon after its U.S. introduction. Nicaragua, one of the poorest countries in Latin America, fit those criteria. The Nicaraguan Ministry of Health knew that rotavirus gastroenteritis could be a deadly problem. In 2005, Nicaragua experienced one of its largest gastroenteritis outbreaks with more than 64,000 individuals affected and more than 56 deaths. Disease occurred predominantly in children under 5 years of age, and 67 percent of the gastroenteritis was identified as rotavirus.[4] In addition, Nicaragua knew how to deliver vaccines. The country benefited from a good infrastructure for vaccine storage and delivery and had vaccination rates of 87 – 99 percent for routine childhood vaccines – equal to or better than the rates in some developed countries.[5] Finally, Nicaragua was one of 72 countries eligible for funding through the GAVI Alliance, an organization that supports the purchase of new vaccines, and other investments for low income countries to help meet the United Nations Millennium Development Goals.[6] The only thing missing was that Nicaragua could not afford the new vaccine that could address an urgent public health need.

Merck first reached out to discuss a potential partnership with Nicaragua in August 2005. After more than a year of discussions, the Merck-Nicaraguan Ministry of Health RotaTeq® Partnership was announced at the Clinton Global Initiative in September 2006. Merck pledged to donate enough rotavirus vaccine for three birth cohorts of children – roughly 150,000 children every year for three years. Every eligible child would receive a three-dose regimen of RotaTeq® as part of Nicaragua's routine national vaccine program. Merck also provided funding to help Nicaragua introduce the vaccine, improve disease awareness, develop appropriate educational materials about the vaccine, and

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1   Merck is known as MSD outside the United States and Canada.

2   Parashar, U., et al, "Global Mortality Associated with Rotavirus Among Children in 2004," Journal of Infectious Diseases 2009; 200 (Suppl 1): S9-S15.

3   GAVI Alliance. Available at: http://www.vaccineamc.org/files/AMC%20Q&A.pdf. Accessed August 3, 2007.

4   Bucardo, F., "Mutated G4P[8] Rotavirus Associated with a Nationwide Outbreak of Gastroenteritis in Nicaragua in 2005," Journal of Clinical Microbiology 2007: 990-997.

5   WHO Immunization Surveillance for 2005. Available at: http://apps.who.int/immunization_monitoring/en/globalsummary/countryprofileresult.cfm

6   GAVI Alliance. Available at: http://www.gavialliance.org/

update the routine vaccination card. The company also provided technical and financial assistance to assess the impact of the vaccine on rotavirus disease.

The project launched in October 2006. The major goal was not only to successfully introduce another vaccine into Nicaragua's standard childhood vaccination schedule, but also to reduce this potentially life-threatening disease, and transition the program from a Merck-supported effort to an independent and self-sustaining one.

Over the next three years, Merck donated more than 1.3 million doses of RotaTeq to Nicaragua, vaccinating more than 90 percent of infants with all three doses.[7] The key measures used to assess the impact of the vaccine were an enhanced rotavirus surveillance system to identify any cases of rotavirus, and a study to estimate vaccine effectiveness. Rotavirus surveillance was established at ten hospitals across the country to determine the number of rotavirus infections that required hospitalization or urgent medical attention. Two independent studies were conducted at different hospitals to estimate how well the vaccine worked in routine practice. The data from these studies have shown that there was a major reduction (58 to 73 percent) in severe rotavirus cases in Nicaragua within the first year of the vaccine being routinely administered.[8,9]

In December 2009, financial support for the project was transitioned to GAVI. Today – one year after the project ended – Nicaragua continues to routinely vaccinate all children against rotavirus with vaccine purchased by GAVI.

Criteria for Success

The success of the project was due to many factors and partners. The Nicaraguan Ministry of Health was acutely aware of the significant morbidity and mortality associated with rotavirus and recognized the urgency of providing its children with rotavirus vaccine. Nicaragua's Minister of Health, the manager of the Expanded Program on Immunization (EPI), and the Health Surveillance Director within the Ministry all strongly supported vaccination and became avid spokespersons for the project. Nicaragua also had a strong track record of delivering vaccines, even in its most remote areas. Merck and the Ministry of Health worked closely together in training more than 200 physicians and health workers in Nicaragua about the safety and efficacy of the vaccine, the proper age of administration for each vaccine dose, and vac-

cine storage and handling. Epidemiologists from both organizations worked to develop detailed study protocols to strengthen the country's disease surveillance network and to assess the impact of the vaccine. Frequent meetings with local investigators were held to review study progress and address issues. Open communication occurred continuously throughout the study.

The involvement of non-governmental organizations (NGOs) and multilateral organizations also was critical. The Pan American Health Organization (PAHO), the U.S. Centers for Disease Control & Prevention (CDC), PATH, an international nonprofit organization focused on health issues, and several local NGOs, including NicaSalud, became strong supporters. PAHO, CDC and PATH provided technical assistance and instruction based on their years of vaccine delivery and research. CDC and PAHO conducted one of the two vaccine impact evaluations. The local NGOs served as a link to the local health care teams and helped reach underserved populations.

Importantly, all partners recognized from the beginning the importance of securing long-term vaccine funding. In order for any vaccine to be funded by GAVI, it must be prequalified by the World Health Organization (WHO). Prequalification can be a lengthy process, so it was critical that Merck submit its application for RotaTeq to the WHO early enough to ensure that the vaccine was prequalified by the time the Nicaraguan government submitted its application to GAVI for funding. The vaccine was prequalified in the third quarter of 2008, shortly before Nicaragua submitted its application to GAVI. GAVI funding was approved in the fourth quarter of 2009, prior to the end of the program.

Conclusion

Nicaragua was the first GAVI-eligible country to introduce a new vaccine in the same year that it was licensed and introduced in the United States. The country has benefited from the introduction of rotavirus vaccine not only through reduction in rotavirus disease, but also by strengthening its vaccine infrastructure, its research capabilities, and identification of a sustainable vaccine financing mechanism. The success of the Merck/Nicaragua Partnership serves as a model for countries interested in early introduction of new vaccines, for businesses interested in sustainable business models, and for global health public-private partnerships where partners seek to achieve shared objectives.

7   Merck, personal communication with Nicaraguan Ministry of Health.

8   Patel, M., et al, "Association Between Pentavalent Rotavirus Vaccine and Severe Rotavirus Diarrhea Among Children in Nicaragua," Journal of the American Medical Association 2009; 301(21): 2243-2251.

9   Mast, T.C., et al, "Effectiveness of the Pentavalent Rotavirus Vaccine in Nicaragua," 28th Annual Meeting of the European Society for Pediatric Infectious Diseases, Nice, France, May 4-8, 2010, Abstract: A-229-0018-01343.

Gap Inc. Public-Private Partnership Solutions that Empower Communities

Lakshmi Bhatia, Daniel Fibiger, and Ranjeeb Sama, Gap Inc.

Workers' passbook, with details of pieces of work completed and amount earned on a daily basis.

In 2007, Gap Inc. partnered with the United Nations Organization on Drugs & Crime (UNODC) and the Government of India to identify sustainable, local solutions to child labor and human trafficking issues in India. This initial meeting resulted in a multi-stakeholder alliance comprised of NGOs, apparel companies, governments, UNODC, and other multi-lateral organizations that developed the Mewat Project , with the goal of creating a safe working environment for women who embroider garments, and to reduce the risk of the human trafficking of children.

Issue

Child labor and human trafficking are complex and often inter-twined issues. Uncovering where they exist in a supply chain and addressing their root causes can be extremely difficult. Poverty, lack of employment and education opportunities, and the absence of social safety nets create vulnerable populations that are at risk for exploitation. Many companies, including Gap Inc., believe that they have a moral imperative, underpinned by a strong business case, to help forge solutions to social issues that impact their operations. The Mewat Project is a good example of how Gap Inc. is helping address this issue in India.

In order to understand the purpose of the Mewat Project, one must examine its origin. In October 2007, in a small suburb of Delhi, a reporter for the UK Observer alleged that a handful of children were being forced to manufacture products for a supplier of Gap Inc. and other brands and retailers. This exploitative practice occurred in an unauthorized, sub-contracted facility, despite Gap Inc.'s strict standards prohibiting such practices and its comprehensive social compliance program to enforce those standards. Upon learning of the violation, the company took immediate and decisive steps to work with local stakeholders – including NGOs, trade unions, and the Indian Government – to support the rehabilitation of the children. During the subsequent investigation, Gap Inc. found that the children had been trafficked from other states within India, and had been brought to the unauthorized embroidery facility by various middlemen. This was not only an instance of child labor, but also of human trafficking.

The use of child labor or human trafficking is unacceptable to Gap Inc. anywhere in its supply chain. The company has spent years seeking to remediate labor rights violations within its supply chain, and has built industry-leading capabilities to prevent this type of exploitation. However, after the incident in 2007, Gap Inc. realized that it was obliged to do more. From this experience, the Mewat Project was born.

The Mewat Project

The project began in December 2008. In May 2009, a village in Mewat called Hathin became home of the first pilot handwork center. The pilot was structured so that Gap Inc., together with Impulse (a buying house) and OCCPL (a supplier) would place purchase orders for handwork through a local NGO, the Society for Promotion of Youth and Masses (SPYM) that had been training local women in embroidery handwork.

By placing purchase orders directly with this NGO, Gap Inc. was able to circumvent the multiple tiers of contractors and sub-contractors who typically operate the hand embroidery supply chain in this region. This direct connection between the handwork center and primary supplier makes it easier to track and monitor working conditions in what is often a complex network of sub-contracted suppliers. Another important component of the program is OCCPL's commitment to worker training/supervision and to operate a safe and healthy work environment.

Creating a safe working environment for women at the handwork center helps to combat trafficking in two ways. First, it helps to address the issue at the systemic level by providing employment opportunities in an area where poverty is rampant and social safety nets are weak. By helping build a skilled workforce and by addressing low employment, poverty and the other social ills that provide a breeding ground for human trafficking, it looks to eradicate the practice.. Second, this project seeks to ensure that mothers earn enough to sustain their children, and thus avoid the financial pressures that often force families to lose their children to trafficking schemes.

Approximately 350 women have now been trained and have provided embroidery handwork through the Mewat hand-

work center since mid-2009. All participating women are paid a legal wage and their average output exceeds commercial contractors by approximately 20%.

The Mewat Project was recently featured in the BBC documentary "Working Lives", a five part series looking at working conditions in global supply chains, which highlighted the efficacy and sustainability of this endeavor. Gap Inc. has provided staff time to help ensure the success of the project, and has provided SPYM with a modest grant to support the project's administrative expenses.

Empowering the Community

Many women participating in the Mewat Project have reported that their newfound income has allowed them to put their children in schools that use English as the primary language of instruction, which is viewed as a significant step toward enhanced job opportunities. In addition, participants highlighted their newfound sense of freedom and dignity, as they no longer have to ask friends or family for monetary assistance. More broadly, the societal role of women in the Mewat region is slowly shifting, so that women are increasingly viewed as "economic contributors" rather than "economic burdens" in their communities.

Importantly, participants are safe from exploitative contractors, and there are transparent accounting systems in place to ensure they are earning legal wages, which is sadly a rarity in Mewat. Flexible schedules allow women to tend to their personal and familial obligations, and long distance commutes are no longer a daily inconvenience. Resources are also provided for women to join social benefit programs, and they are given access to micro-credit loans at preferential rates, allowing them to purchase loans, life insurance, and education funds for their children.

Gap Inc.'s experience of working with the local communities in setting-up the Mewat Project has demonstrated the importance of creating participatory, collaborative platforms when seeking to find local solutions to global problems. Addressing social issues as complex as human trafficking will only succeed when the decision-making processes are democratized, and are inclusive of input from the very people they seek to assist. Local solutions determined in a participatory way are most likely to find success, as they take into account the socio-economic contexts of the communities, local needs, local resources, and local constraints. Such localized involvement will be crucial as more businesses seek to find innovative ways in which they can operate ethically and responsibly in the communities impacted by their supply chains.

The Business Case

The Mewat Project's handwork center model provides manufacturers with total visibility into the handwork process. This visibility, usually obscured by the vast sub-contracting network, assures not only that the workers are being treated ethically, but also gives the manufacturer more control over product quality and timing of delivery. Because the NGO has properly trained these women on embroidery, the manufacturer has a workforce with a solid fundamental skill set to be built upon. This helps ensure the workers can tackle new purchase orders without much difficulty, thus improving operational efficiency.

The manufacturer also created a database that tracks trained workers and has implemented an inventory control system, both of which are part of a larger management information system. This project has been cost neutral for the manufacturer. The initial cost involved in helping to set up and train the workers has been entirely offset by the economies of avoiding traditional sub-contracting channels.

The benefits for Gap Inc. are multiple. First and foremost, the company is able to gain transparency in a segment of its supply chain that is typically hidden. Such transparency allows for greater control over quality, on-time delivery, and assurances that embroidery work is being done in full accordance with Gap Inc.'s Code of Vendor Conduct.

Challenges

There were initial challenges stemming from stakeholders not understanding the complexities and nuances of each other's respective bodies of work. For example, the NGO struggled at first to understand certain issues around maintaining quality standards and avoiding delays in shipments due to its inexperience in partnering with businesses in the apparel sector. Additionally, due to unforeseen issues related to the economic recession, the manufacturer was not able to keep its commitments regarding payments to SPYM, which resulted in Gap Inc. and Impulse intervening to assure that payments to the NGO (and thus payments to the workers) were made on time.

The handwork center had low order volume in the off-season, as embroidery tends to be seasonal work that ebbs and flows at different times of the year. Because the handwork center only had one buyer initially, in certain months women were not able to meet their financial targets. This is now being addressed by connecting multiple manufacturers to the embroidery center. Gap Inc. and Impulse have also taken steps to add at least two more strategic vendors to this program, to ensure a sustainable pipeline of orders. To improve the relationships between the Mewat handwork center and the various vendors, memorandums of under-

standing (MOUs) are in place to help ensure parties have a consistent process when tackling issues related to payments, piece rates, logistics, and shipments. Consequently, Gap Inc. and Impulse are helping SPYM develop a skill matrix to match the technical requirements of the apparel industry, which is an added benefit to the handwork center itself, and the women working in it.

Key Learnings

- Child labor and human trafficking are complex and often interconnected issues, based on socio-economic conditions that can be unique to different regions.
- Community voice and involvement is critical in helping define the structure, format and output of any project.
- Governments must be equal partners to NGOs in addressing these issues if change is expected to be systemic rather than provisional.
- A project must not be overly dependent on the resources or input of any singular actor if it is to succeed.
- Strong business drivers are crucial for project sustainability.
- Institutionalizing the infrastructure and systems that are created through pilot projects is imperative for replication and scale.
- Course correction and problem solving are critical to the project's success, particularly at the pilot stage, as these programs operate in very dynamic, fluid contexts.
- The process is as important as the output. As a result of constantly shifting interpersonal and political dynamics, collaborative, multi-stakeholder projects such as this can bring about worthwhile learnings from the 'journey'.

Next Steps

There are ongoing talks with the Government of India's Ministry for Rural Development to scale the project, as over 20,000 women are seeking employment in Mewat, many of whom would greatly benefit from participation in the program. Increasing the center's capacity requires the involvement and support of local community leaders, as well as the approval of the state government. Local consultations with NGOs, and most importantly, with local women themselves, will be crucial if this model is to be rolled out elsewhere. While external actors play a catalytic and supportive role, Gap Inc. has learned that sustainability is only achieved when the processes and outcomes are determined by local actors.

Efforts are underway to engage other partners, including the Apparel Export Promotion Council (AEPC), a trade association representing apparel exports in India. Other brands are also being engaged to help develop and promote Mewat as an ethical hand embroidery hub in Northern India.

The Embroidery Project of SEWA Bharat
Sanjay Kumar, SEWA Bharat

Globally, the apparel industry is struggling to address ethical issues within its supply chains, and as a result is taking various steps toward strict monitoring of supplier factories. Hand embroidery work takes place in the lowest part of companies' supply chains. For the most part, embroidery work is not done directly by factories but outsourced to local contractors, where neither the factory nor the apparel brand has any control over ethical issues. Embroidery workers are often exploited by contractors -- paid very low wages and kept in debt.

SEWA Bharat's Embroidery Project started in 2006 with the aim of providing better livelihoods for local women, and an ethical and transparent supply chain for apparel brands. The project was launched in a slum in East Delhi, and has since grown to four geographical regions in the intervening years. SEWA has established distribution centers and sub-centers that work directly with local women, who are often subject to low levels of independence and significant family pressure. Presently, approximately 500 women participate in The Embroidery Project.

SEWA takes orders from export houses (that are also encouraged by brands to give work to SEWA), and distributes work to its members. Through SEWA, women are paid nearly double for their embroidery work than they typically receive from contractors, and earn on average 2000 Indian rupees per month; they also enjoy the added benefit of flexible work hours. SEWA maintains individual records for each woman, including their earning details and family backgrounds, which are made available to factories and the brands.

The Project's main indicators of progress are the number of women engaged by SEWA, as well as their monthly earnings. The Project empowers these women by providing them with enhanced earning opportunities and more independence than they could normally achieve. SEWA also takes into consideration its workers' needs, and incorporates their suggestions into the Project. The Project also provides regular training to further enhance workers' skills, and seeks to improve their holistic development by linking them to various other SEWA welfare programs such as education, micro-pensions, and insurance.

In January 2008, Gap Inc. provided SEWA with a grant of $183,000 to further support the establishment of SEWA-monitored handwork community centers. An additional grant for $17,000 was pledged to SEWA for 2009, in which a portion will support a job skills training program for women.

A proposed Gap/SEWA training center for women is being planned for a community cluster in Delhi. All necessary approvals pertaining to this center have been granted, and SEWA is looking for a place to begin construction.

Location of modern slavery (claims)

Comissão Pastoral da Terra (CPT): Community-Based Action to Eradicate Slavery

Xavier Plassat, Comissão Pastoral da Terra (CPT)

Slavery has a long and complicated history in Brazil, where the slave trade first took hold in the 16th century. Modern slavery has returned there in recent years wearing a new face - landless families trapped in debt bondage, working under brutal conditions on large farms. The problem has worsened since the 1960s and 1970s, when cattle ranching and deforestation operations pushed deeper into the Amazon and laborers from areas with little employment opportunities were recruited by the thousands.

The Context of Modern Slavery in Brazil

The Comissão Pastoral da Terra (CPT), founded in the mid 1970s to support poor rural communities and landless workers in their struggle for justice and access to land, launched a national campaign against slave labor in 1997. The CPT is connected to the Catholic Brazilian National Bishops Conference (CNBB).

It is estimated that between 25,000 and 40,000 people work in slavery in Brazil —suffering degrading and brutal working conditions while doing extremely difficult work. Slavery is most common in short-term, hard-labor industries. Based on the number of cases reported between 2003 and 2010, the industries most implicated in slavery are ranching (60%), followed by soybeans, sugarcane, cotton and other types of agriculture (17%), then charcoal production (10%) and finally, logging (5%).

Desperate workers, driven by unbearable economic need in their places of origin, are persuaded to migrate to the Amazon and to mid-western and southern plantations by cash advances and promises of steady wages. Once they arrive at the farms, they learn they that they must pay back their advances, and must cover the cost of their transportation to the farm, as well as their food and lodging, all at a high interest rate. Soon, they find that their pay is not enough to cover these costs. Meanwhile, labor rights and safety regulations are ignored. Workers risk their physical and psychological health daily, and many suffer from untreated tropical diseases, and injuries from operating machinery. There is widespread alcohol and drug abuse among workers who find it extremely difficult to go back to normal lives with their families and communities, once released.

In some cases, workers are aware that they may be entering a potentially exploitive situation, but they choose to take the risk anyway, due to extreme poverty. Some enslaved workers do escape, despite threats of violence against themselves and their families, and despite the extensive distances to the nearest cities – which may mean days of walking. Once they escape, CPT offers them a safe harbor. With agents spread out over the country, the organization provides hope in their search for justice, as well as a decent living on the land.

Objectives of the National Campaign Against Slave Labor

CPT files complaints on behalf of former slaves with Brazil's Ministry of Labor, which then alerts the Brazilian government's Mobile Inspection Unit, a special Federal taskforce created in 1995 to investigate sites where workers are enslaved. While these investigations have led to the rescue of roughly 40,000 workers since 1995, efforts to stop the enslavement of more landless workers and the re-trafficking of released workers have been insufficient. And so, CPT focuses on educating potentially vulnerable workers about the common traps used by labor traffickers, develops initiatives to mobilize Brazilian society and authorities, and advocates for relevant public policies to help people better defend their rights.

Unfortunately, many exploited workers are also 'peões do trecho' (migrant workers). After they are rescued, it is difficult for CPT to assist in their local reintegration. Although CPT does provide immediate protection, ensures compensation, and helps with legal identity documents, CPT focuses mainly on so-called 'resident' workers—those who have returned to either their families or their own communities. CPT helps these returned enslaved workers get their civil documents (including ID and Labor cards), and invites them to participate in local unions or workers' associations, and join other workers in securing rights, jobs, land, and skills.

Brazilians must begin to acknowledge the real reasons behind modern slavery, namely, a lack of access to land for countless rural farmers, a lack of access to justice, and impunity for human rights violations. These factors have spurred CPT to take the following grassroots actions:

1.Provision of refuge and legal assistance

• CPT provides emergency refuge to hundreds of enslaved workers every year.

• CPT distributes educational materials and hosts thousands of meetings for groups in danger of being enslaved, especially in high-risk regions.

• Working with small farmers' organizations, migrant workers, and trade unions, CPT educates workers about their legal rights and helps them organize for collective strength; and

• CPT lawyers help victims bring their cases to court to ensure they are effectively addressed by the authorities.

2. Expansion of social mobilization against slave labor

• CPT has created regional forums that bring together community-based and professional organizations. As a result, six of the most affected states are now creating State Commissions for Eradication, responsible for monitoring regional plans for ending slavery. CPT ensures those plans are implemented.

• CPT builds the capacity of local and regional authorities to respond to cases of slavery as they are reported. Through courses and workshops with trade unionists, human rights activists, teachers and popular leaders, CPT inspires and sustains popular participation in the national fight against slavery. Working collaboratively with Reporter Brasil, its joint 'Slavery No Way!' program (Escravo: Nem Pensar!) has already reached roughly 2,000 teachers and community activists.

> **Since poverty, greed and injustice are at the root of modern-day slavery, social and economic progress is crucial to breaking the cycle.**

3. Advocacy of policy improvements to overcome slave labor

• CPT also promotes national and international policy improvements. Through its lobby at the ILO, UN Human Rights Special Group and OAS Inter-American Commission, it has forced the Brazilian government to acknowledge and commit to addressing modern slavery, which resulted in the creation of a National Plan Against Slave Labor in 2003. Internationally, CPT raises awareness of modern slavery and promotes a deeper global understanding of its root causes. It has produced several documentaries on slave labor in Brazil and the ways in which it is being fought (e.g "Bound by Promises", 2006, a CPT production in partnership with Witness and Cejil, launched at the Human Rights Commission of OAS).

4. Land reform

• Brazil has the second highest concentration of land ownership in the world – one percent of the country's landowners controls nearly half of all Brazil's agricultural land. CPT runs a Right to Land program which stops the flow of workers into slavery through:

- securing rights to unused land for landless families;

- protecting poor farming families from having their land usurped through false claims;

- helping farming families fight eviction due to large infrastructure projects (such as dams, railroads, and mines);

- training rural youth to be local leaders; and

- creating community-driven schools to revive isolated communities.

In the north state of Tocantins, CPT has helped a group of 15 former slaves manage a collective that grows vegetables for the com-

DE OLHO ABERTO PARA NÃO VIRAR ESCRAVO

CAMPANHA DE PREVENÇÃO E COMBATE AO TRABALHO ESCRAVO

CPT campaign poster to prevent and combat slave labor.

Cases of Brazilian Slavery Investigated by the Comissão Pastoral de Terra

Figure 1: 2010

Industry	Case/Claims	%	Cases/Claims Investigated	%	Workers Involved	%	Workers Freed	%
Deforestation	7	3%	6	3%	118	3%	78	3%
Ranching	106	49%	88	47%	1,114	26%	784	26%
Reforestation	10	5%	10	5%	107	2%	86	3%
Sugarcane	7	3%	4	2%	553	13%	535	18%
Other crops	36	17%	35	19%	1,816	42%	1,014	33%
Charcoal	22	10%	19	10%	241	6%	209	7%
Mining	13	6%	13	7%	107	2%	103	3%
Other	14	7%	13	7%	245	76%	245	8%
Total	215	100%	188	100%	4,301	100%	3,054	100%

Source: Comissão Pastoral de Terra

Figure 2: 2003 - 2010

Industry	Case/Claims	%	Cases/Claims Investigated	%	Workers Involved	%	Workers Freed	%
Deforestation	96	4.8%	65	5.0%	3,022	5.5%	1,822	5.2%
Ranching	1,162	58.2%	645	50%	21,414	39.1%	10,357	29.5%
Reforestation	150	2.5%	49	3.8%	914	1.7%	767	2.2%
Sugarcane	65	3.3%	60	4.7%	10,802	19.7%	10,010	28.5%
Other crops	230	11.5%	179	13.9%	9,413	17.2%	6,359	18.1%
Charcoal	200	10%	130	10.1%	4,428	8.1%	2,359	6.7%
Mining	23	1.2%	17	1.3%	539	1.0%	164	0.5%
Other	172	8.7%	144	11.1%	4,252	7.7%	4,243	9.3%
Total	1,998	100%	1,289	100%	54,784	100%	35,068	100%

Source: Comissão Pastoral de Terra

munity, and provides the workers with a regular income. At the same time CPT has taught the former slaves about their rights and how they can organize to move onto unused land, and demand the expropriation of unproductive lands for their families. In the northeast state of Piaui, 40 former slaves managed to organize and gain a piece of land through the Land Reform Program with support from CPT.

Since poverty, greed and injustice are at the root of modern-day slavery, social and economic progress is crucial to breaking the cycle. CPT helps former slaves by addressing these root causes; it helps workers build sustainable livelihoods and helps them regain their dignity. When they rebuild their lives, families and communities, they are protected against re-enslavement.

Anti-slavery workshop with landless people in their camp in Itacaiuna, state of Pará.

Fighting Slavery in Brazil: Strengthening Local Solutions

Adam Kanzer, Domini Social Investments

In August 2010, Domini Social Investments, a New York City-based mutual fund manager, announced that it had reached an agreement with Nucor (NYSE: NUE), the largest steel producer in the United States, to address the company's exposure to slavery and illegal deforestation in its Brazilian supply chain.[1] The agreement followed three years of dialogue with the company.

Objectives of the Engagement

The objective of this engagement was to convince Nucor to adopt a credible and transparent set of policies and procedures to address the likelihood that slavery or forced labor is being used in its Brazilian supply chain to produce pig-iron, a key ingredient in the manufacture of steel.

Workers who labor at the bottom of corporate supply chains producing raw materials for processing by other entities are at particular risk of the most egregious human rights violations, including slavery, forced labor and child labor. While these problems may appear to be beyond company control, they can also raise significant legal and reputational risks should they come to light.

The investors involved in this engagement sought to simultaneously reduce risks to Nucor and to the Brazilians exposed to slavery. The investors recognize that Nucor is not in a position to police its entire supply chain, however, as the world's largest buyer of Brazilian pig-iron, the investors believed that Nucor had the responsibility, and a unique opportunity, to positively influence conditions on the ground.

Introduction

In 2006, *Bloomberg Markets Magazine* published a cover story on modern slavery, focusing on the production of pig-iron in Brazil.[2] Every year, thousands of workers are taken deep into the Amazon under false pretenses where they are forced to illegally harvest timber and produce charcoal under extreme and degrading conditions. The charcoal produced at these camps is used to make pig-iron, which is ultimately sold to international buyers including Nucor, one of several companies named in the story.

Slavery is a significant problem in Brazilian agriculture as well, including cattle ranching, soybeans, sugarcane, cotton and other commodities, all of which feed into the international supply chains of many global companies. Although the Brazilian pig-iron industry is responsible for only 10 percent of the cases reported to the Comissão Pastoral da Terra (The Catholic Church's Pastoral Land Commission, or CPT, profiled on page 63 of this report) between 2003 and 2010, nearly 2,000 people have been freed from illegal charcoal camps in the past five years Companies like Nucor face significant challenges in addressing this problem. First and foremost, the identities of charcoal suppliers are generally unknown to their international buyers, as they are several tiers down the supply chain. But Nucor's general counsel set the right tone when he said, "Any amount [of pig iron] that is sold with the use of slave labor is too much."

The Risks of Slavery

Slavery is an international crime, actionable under the U.S. Alien Tort Claims Act, a statute that has been increasingly used to file high profile lawsuits against corporations for human rights abuses in other countries.[3] Corporate directors have a legal and an ethical duty to ensure their companies are taking appropriate actions to avoid complicity in such abuses.

Although companies like Nucor do not have a consumer face, and are therefore less susceptible to reputational risk, their corporate customers may be household names, and may choose suppliers that can meet their social and environmental standards.[4]

1   For the Domini announcement, see: http://www.domini.com/common/pdf/SocialImpactUpdate_2010_Q1.pdf. This was also reported on the ILO's website at http://www.ilo.org/sapfl/News/lang–en/WCMS_143438/index.htm.
2   Smith, M. and Voreacos, D., "The Secret World of Modern Slavery," Bloomberg Markets. December 2006. Available at http://www.asyousow.org/publications/Slavery.pdf
3   The Second Circuit Court of Appeals, however, recently held that the Alien Tort Claims Act does not apply to corporate defendants in Kiobel v. Royal Dutch Petroleum. Individuals that work for corporations could still potentially be sued under the Act. See http://jurist.org/paperchase/2010/09/federal-appeals-court-upholds-verdict-for-shell-in-nigeria-protest-deaths.php. Earth Rights International is currently challenging this decision. See http://www.earthrights.org/legal/eri-files-brief-human-rights-and-labor-groups-challenging-corporate-immunity-abuses.
4   In November 2010, for example, Domini presented the outcome of its engagement with Nucor at a meeting of Ford Motor Company's key suppliers.

The persistence of slavery in Brazil also presents broader risks to the Brazilian economy, which should be of concern to investors seeking to invest in that region. Slavery presents an obstacle to equitable economic growth, and also carries the risk of international boycotts of Brazilian commodities 'tainted' by slave labor. Illegal deforestation also exacerbates the global threat of climate change and threatens one of the world's most critical and unique ecosystems.

The Engagement

Prompted by the *Bloomberg Markets Magazine* story, a group of signatories to the United Nations-backed Principles for Responsible Investment (PRI) formed a coalition to address the problem. This engagement began with letter-writing to companies around the world in a range of industries from steel, to auto and appliance manufacturers. Domini took the lead with Nucor,[5] and sent a letter in April 2007 to Nucor's CEO on behalf of the group.[6]

Although Nucor did not reply to the letter, the company did respond to independent inquiries from Trillium Asset Management, one of the signatories. Nucor explained that it was monitoring the Brazilian government's "dirty list" of employers found to use slaves, and required its direct suppliers to certify that slaves were not used. The company would not respond to additional questions from the investor group.

Domini and its partners on this engagement[7] submitted three shareholder proposals to Nucor in 2008, 2009 and 2010, seeking a board review assessing the company's efforts to ensure the protection of fundamental human rights in its global operations and supply chain, and a public report to shareholders. The first proposal was withdrawn in exchange for a written agreement from Nucor that produced a formal policy prohibiting forced labor in its supply chain. The investors, however, were dissatisfied with Nucor's compliance with the remaining terms of the withdrawal agreement and chose to refile, pressing the company for a more comprehensive and transparent system.

The second shareholder proposal led to Nucor's first public response to the issue, which came in the form of the Board's 'statement in opposition' in its corporate proxy statement, providing details on its response to slavery in Brazil, and explaining why

shareholders should vote against the proposal.[8] Nevertheless, the proposal was endorsed by RiskMetrics Group, the influential proxy advisory firm, and received the support of 27 percent of the shares cast, a significant vote for a first-year human rights proposal, particularly for a company with no exposure to consumers.

The shareholder proposal provided Domini with the opportunity to make a statement at Nucor's annual meeting. Domini commended Nucor for the steps it had thus far taken to address slavery, but also raised a number of questions about the adequacy of its response.

The 2010 Agreement

In 2010, Domini and Nucor entered into a written agreement in exchange for the withdrawal of the third shareholder proposal. The agreement takes advantage of two important Brazilian anti-slavery initiatives, the National Pact for the Eradication of Slave Labor and the Citizens Charcoal Institute.

Throughout the dialogue, the investors encouraged Nucor to sign and adhere to the National Pact for the Eradication of Slave Labor, a multi-stakeholder effort that since 2005 has successfully engaged companies representing approximately 20 percent of Brazil's gross domestic product in the fight against slavery. The Pact is monitored by Reporter Brasil, the Ethos Institute of Business Ethics and Social Responsibility, the Social Monitoring Institute and the International Labor Organization.[9] Among a series of key commitments, Pact signatories must agree not to pur¬chase from suppliers on the government's "dirty list," and to allow independent monitor¬ing of that commitment. A number of major corporations have signed the Pact, including Cargill Agrícola S.A., Coca-Cola Brasil, Carrefour Indústria e Comércio Ltda, and Wal Mart Brasil, but no non-Brazilian company has signed.

In 2010, Nucor informed Domini that it had entered into discussions with the Citizens Charcoal Institute (ICC), an association of Brazilian iron and steel companies formed in 2004 to combat slavery in their supply chains. As a condition of membership, each ICC member agrees to subject its entire supply chain to monitoring to ensure legal and humane working conditions.

5   The Domini Social Equity Fund, Domini's flagship mutual fund, has held Nucor stock since the Fund's inception in 1991. Domini recognizes the company's substantial use of recycled steel and electric arc furnaces and employee empowerment programs.
6   The letter was signed by Domini, Catholic Superannuation Fund, Morley Fund Management, PREVI – Caixa de Previdencia dos Funcionarios do Banco do Brasil, New Zealand Superannuation Fund, Storebrand Investments, MMA, City of New York, Office of the Comptroller, and Trillium Asset Management.
7   Investors participating in this engagement included Trillium, MMA, Catholic Healthcare West, Adrian Dominican Sisters, Christian Brothers Investment Services, Sisters of the Holy Names of Jesus and Mary, US Ontario Province, Sisters of Charity of the Incarnate Word, San Antonio, Benedictine Sisters of Atchison, and the General Board of Pension and Health Benefits of the United Methodist Church.
8   See Proposal #5, available at: http://nucor.com/investor/sec/html/?id=0001193125-09-062545&sXbrl=1&compId=107115
9   The text of the National Pact is available at: http://www.reporterbrasil.com.br/documentos/national_agreement.pdf; An overview of the Pact and its work is available at: http://www.reporterbrasil.com.br/pacto/conteudo/view/9.

Although the coalition generally favor multi-stakeholder initiatives over industry initiatives, both Reporter Brasil and the ILO have vouched for the integrity of the ICC, explaining that the two efforts are complementary. The ICC[10] monitors suppliers from the pig-iron manufacturer down to each charcoal camp, and the National Pact traces each camp on the "dirty list" up the value chain to ensure that Pact signatories are adhering to their commitment to avoid these black-listed entities.

After discussions with Domini, Nucor agreed to require all of its top-tier Brazilian pig-iron suppliers to either join the ICC or endorse and commit to the National Pact. As an additional check, Nucor agreed that it would receive audit reports from the ICC and monitor compliance by its suppliers on the basis of these reports.

Nucor also agreed to become a financial patron of ICC, helping to finance its monitoring work, and ICC agreed to open itself to new members for the first time. Although there is a risk that new ICC members will not carry the same commitment as its founding members, this agreement may help to bring the project to scale. The next few years will be an important time to monitor the ICC to ensure it retains its high reputation and record of success.

Measuring Impact

As part of its agreement with the investors, Nucor agreed to publish annual progress reports on its implementation of these policies.[11] It published its first sustainability report in September of 2010, which contains a description of these new policies. The coalition will monitor these annual reports and provide the company with feedback where appropriate, perhaps offering specific reporting metrics as the program progresses. Public reports are a standard element of most shareholder proposal withdrawal agreements, as they provide a regular mechanism for holding companies accountable to the commitments they've made.

As noted above, the company will receive audit reports from the ICC, and will use these reports to hold their suppliers accountable to their policy. These reports will remain confidential.

The investors also intend to maintain close contact with Reporter Brasil, CPT and the ILO to evaluate the success of this agreement.

Components of Success

The following were particularly important components of this engagement:

1. The shareholder proposal was a particularly important tool. Although the investor group did not hold a significant percentage of Nucor's shares, the shareholder proposal provided an important point of leverage, providing access to the company's proxy statement and its annual meeting, and providing a means of communication with Nucor's largest institutional investors. Several institutional investors contacted Domini during the course of the engagement to receive updates. Perhaps most importantly, the availability of the shareholder proposal ensures that even small shareholders can keep critical issues in front of management and the board of directors year after year.

2. Domini maintained close contact with Reporter Brasil and CPT throughout the engagement in order to better understand the nature of the problem. Domini was also in contact with the ILO. These contacts were critically important in ensuring that the investor proposals would be meaningfully targeted to solutions on the ground.

3. The existence of two successful local NGOs provided opportunities that are often unavailable to companies seeking to address labor conditions in their supply chains. Domini is hopeful that this agreement will set a helpful precedent for other international companies and industries sourcing from Brazil.

Many international corporations source a wide variety of products from Brazil, and other supply chains face even more significant risks of slavery than the pig-iron supply chain does. Agricultural commodities are particularly problematic. Companies purchasing Brazilian agricultural products should assess their exposure to slavery and engage with Brazilian civil society through the National Pact, rather than simply sourcing elsewhere. Ethical investors and companies should look to capitalize on effective local solutions to endemic sustainability problems, when they are available, rather than seek to impose external compliance systems that may not be attuned to local conditions, and may not ultimately contribute to the long term growth and sustainability of local civil society organizations. Ultimately, the success of global companies is dependent upon the health of local communities. Investors should become more adept at measuring corporate contributions – both positive and negative – to the local communities that provide the raw materials for the global economy, and include these measures in their valuation models.

10 Costa, M., and Trindade, P., Fighting Forced Labour: The Example of Brazil. International Labour Office. Geneva: ILO, 2009 at p. 98, available at http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_111297.pdf ("The ICC's actions have contributed to improving working conditions …Through the ICC, more than a thousand charcoal kilns have been inspected, of which 316 were discredited and are prohibited from selling charcoal to iron and steel enterprises within the Institute." The report also credits the ICC with a special project to ensure that freed workers do not return to conditions analogous to slavery (see p. 109.)) 11 Nucor "2009 Sustainability Report," available at: http://nucor.com/sustainability/2009/download/Nucor_SustainabilityReport09.pdf

11 Nucor "2009 Sustainability Report," available at: http://nucor.com/sustainability/2009/download/Nucor_SustainabilityReport09.pdf

CONCLUSION

Measuring social sustainability impact is still in its infancy. However, this resource guide presents clear evidence of the growing momentum within communities to tackle tough social issues alongside companies and a wide range of stakeholders. The eight case studies in this guide are indicators of a growing focus on social sustainability and the challenges that impact measurement poses. Each case study reinforces the same overarching conclusion: in order for long-term positive social impact to occur, community organizations and institutions need to be actively involved in every stage of the process. This includes identifying needed changes, developing and monitoring implementation strategies, creating impact indicators and evaluating progress. For this to be successful, trust between parties is essential and there needs to be consensus and commitment among all stakeholders regarding goals.

There will be challenges along the way, but we believe the SSRG's values-based framework and learnings based on specific company/community collaborations will provide valuable guidance for companies, communities and investors. Companies that take this seriously, create effective partnerships and tools for community collaboration and measuring progress, will be ahead of the curve.

Trends

We see a number of promising trends in the direction of social impact measurements that we believe will drive more effective strategies:

Greater Participation by Community Organizations

Via a number of institutions and international bodies, communities are calling on governments, companies and other organizations to assess their positive and negative impacts on social, environmental and cultural issues. One such example is the complaint filed by Mossville Environmental Action Now at the Inter-American Human Rights Commission regarding the U.S. Government's failure to safeguard the community's health and human rights. Another example is the case study of the Brazilian Pastoral Land Commission where community organizations are urging companies to sign the National Pact for the Eradication of Slave Labor and commit to not sourcing from suppliers using slave labor.

Upsurge of Collaborative Initiatives

We interpret this as a sign that there is an emerging consensus that multi-party, multi-sector approaches are the best way of achieving long-term impact on systemic problems. One example is the Community Development Foundation model developed in Nigerian communities with ProNatura International and Statoil. Another example is the multi-stakeholder network of companies, trade associations, investors, human rights advocates and governmental institutions addressing forced child labor in Uzbekistan's cotton industry. It's hard, long-term work—but work done in partnership with others.[1]

UN Framework for Business and Human Rights— An Emerging Global Norm

With its emphasis on the corporate responsibility to assess potential and actual human rights impacts, the UN Framework for Business and Human Rights prompts companies and other institutions to focus on measuring how they affect the rights of people and communities. Already, a few companies are beginning to integrate human rights impact assessments into their ongoing business practices to identify risks and opportunities.

Proactive versus Reactive Strategies

There is a trend in a number of industries shifting from auditing incidents of workplace human rights violations in supply chain factories to identifying root causes of violations and focusing attention on changing factory systems to get sustained results. One example is the HP and SACOM initiative where labor rights training led to informed, empowered workers who acted to improve factory conditions on an ongoing basis.

Investor Support

Investors are raising the 'impact' question with increasing frequency, wanting to know the results of a company's operations and initiatives compared to its peers. We believe this trend will

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1   Responsible Sourcing Network: http://www.sourcingnetwork.org/

build. Companies will be asked or required to report more detailed information on their social sustainability policies, processes, and projects—and their impact on local communities. The Global Reporting Initiative has started its fourth review of the GRI reporting guidelines (G-4). This provides an opportunity for all stakeholders to shape the final result in the direction of impact reporting.

Web-Based Solutions

The internet and interactive technologies are playing a big role in accelerating communication, learning and spurring innovation in tackling the social sustainability issues we face. A powerful example is BASESwiki (a portal on the Business and Human Rights Resource Center's website), an open-source online community focused on dispute resolution between communities and companies.[2] Users can research cases of non-judicial dispute resolution, share learnings and engage others, all on a platform geared towards improving the redress of grievances. Social sustainability impact measures would benefit from a similar open-source platform.

Challenges

The impact measurement challenges we face are formidable, because the social sustainability issues we face—poverty, empowerment of women, access to health care, education, food, and clean, affordable water—are formidable.

1. Making the shift from short-term, reactive projects to long-term proactive processes is a challenge. This requires a level of commitment from all stakeholders to see their work through the lens of a long horizon. Wall Street, for example, evaluates companies on a very short-term basis (and social sustainability doesn't even factor into the evaluation process). NGOs, meanwhile, are often dependent on funding grants that tend to be short-term and project oriented. Governments, for their part, are focused on short-term political cycles. Oxfam calls this phenomenon "Organizational Attention Deficit Disorder". Changing this is a priority, as enduring impact requires enduring commitment and persistence.

2. In this guide, we propose a multi-party, multi-sector, values-based social sustainability framework. We have no illusions about this approach being easy. Not all parties have equal power. Companies draw from a deeper well of resources than non-governmental and community-based organizations, and can overwhelm under-resourced partners. The challenge is to decentralize the power and control from one party (for example, a global company, an international institution, or funder) to multiple stakeholders. If/when this shift occurs, real collaboration can begin and a res-

ervoir of trust can be built, both essential ingredients for securing long-term social sustainability impact.

3. It is easier to quantify and measure outputs than outcomes and long-term impacts. The challenge is to create impact measures that combine qualitative and quantitative indicators that are rooted in the experiences of people and communities, and tracking them over time. We believe this requires organizations and institutions working on measuring social impacts to continually communicate with others so that learnings can be shared, built upon and replicated.

4. There are resource challenges that have to be addressed. It is easier to fund a short-term project than a long-term initiative. Each of the programs described in the case studies set a goal of becoming self-sustaining and not being dependent on one source of funding. There are good examples in the case studies of how to address this challenge, for example, in securing multiple funding sources and establishing sustainable business models.

Recommendations

The lessons learned from community programs described in the case studies inform recommendations for other stakeholders addressing key social sustainability issues:

Recommendations for Investors

1. Integrate social sustainability impacts into investment decisions. During quarterly company calls, ask company CEOs how they measure the success of their social sustainability initiatives.

2. Challenge companies to adopt policies, practices, and impact measures for their operations and social sustainability initiatives on the ground.

3. Encourage companies in your profolio to participate in multi-party, multi-sector initiatives that address key systemic social issues and report on the results.

4. The UN Principles for Responsible Investment's Environmental, Social and Governance (ESG) framework is gaining traction with a range of investors including asset management firms, public pension funds and fund managers. Emphasize that the "S" in ESG needs to be placed on a par with the "E" and the "G."

5. Create ways to measure the cost to companies of not implementing strategies to address social sustainability issues (such as reducing endemic poverty) which could result in contributing

2   See http://www.business-humanrights.org

to social instability and decreasing investment opportunites in communities where they operate.

6. Help shape the Global Reporting Initiative's process for revising its reporting guidelines by calling for a greater emphasis on social sustainability impact indicators, and impacts on local communities.

7. Advocate for disclosure of social impacts -- in corporate reporting, in criteria for listing on stock exchanges, and via legislation addressing transparency requirements.

Recommendations for Companies

1. Define social sustainability and build social sustainability goals, targets and measures into your company's sustainability program. Anchor the program in a committee of the Board of Directors and provide incentives for top managers that are tied directly to social sustainability goals. Include incentives for country and local managers on achieving social sustainability goals and metrics.

2. Focus on long-term goals and strategies, not short-term "one-off" projects.

3. Address the root causes of problems, not the symptoms. Allocate company resources against key leverage points to maximize impact.

4. Put in place a "human rights due diligence" process to assess potential and actual human rights risks and impacts based on the UN Framework on Business and Human Rights and the Guiding Principles[3].

5. Base social sustainability goal implementation in multi-party, multi-sector initiatives, since no one company, government or community can solve critical challenges alone. Develop equal relationships with all parties, especially local, community-based organizations. Train company personnel on the skills needed for positive community engagement.

Recommendations for NGOs

1. Avoid the danger of donors determining the direction of social sustainability projects that might become quick-fixes or, what Oxfam calls, "the latest fad".

2. Build capacity to engage a variety of sectors—including local governments, national governments, companies, trade unions—in order to improve the social sustainability of communities.

3. Share community social sustainability successes so that others can learn from the experience and replicate it.

4. As international NGOs, approach local communities in a non-paternalistic fashion (for example, "We have something to learn from you," as opposed to, "We have something to teach you.").

Recommendations for Governments and International Institutions

1. Engage in multi-party, multi-sector approaches to social sustainability at the local, regional and national level.

2. Focus on long-term development tied to making progress on the specific targets of the Millennium Development Goals, not short-term political cycles.

3. Put in place accountability mechanisms assessing companies' human rights "due diligence processes," assessing potential and actual human rights impacts on individuals and communities in your jurisdiction.

4. Build local government capacity to address social sustainability impact within a multi-party context. Put in place both "bottom-up" and "top-down" communication and coordination systems to enable specific targets to be met.

5. As international institutions (United Nations, World Bank, IFC), include a clause in all contracts that requires all social, environmental or economic projects adhere to all international human rights standards.

The Social Sustainability Resource Guide advocates measuring impact of long-term sustainable change instead of activities and outputs of initiatives and programs. ICCR adds its voice to the call for answers to these questions: "Are positive changes taking place in communities and corporations because of social sustainability programs?" "How do we know?" "How do we measure impact?" In this guide we have proposed a multi-party, multi-sector values-based framework and highlighted the work of others—through case studies that point to real challenges and opportunities present in communities when partnerships form, and the health and well-being of people and communities improve.

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3 See http://www.business-humanrights.org/SpecialRepPortal/Home

THE SOCIAL SUSTAINABILITY RESOURCE GUIDE FRAMEWORK

INTERDEPENDENT VALUES: SUSTAINABLE PROSPERITY,

COMMUNITY NEEDS & ISSUES IN THE COMMUNITY		COLLABORATIVE, MULTIPARTY AND MULTI-SECTOR ENGAGEMENT QUESTIONS TO CONSIDER
MDGs	**Baseline Info / Norms**	**Structures & Forms of Engagement**
GOAL 3: **Promote Gender Equality & Empower Women** **Case study example: Timberland/ CARE/ MAMATA**	• Timberland's annual assessments reveal that workers in the Chittagong Export Processing Zone lack health awareness and services • The Workers Representation and Welfare Committee, via social mapping techniques, conducted outreach to factory workers and community members to help spread awareness and generate participation in and advocacy for the training and meetings	**Who is responsible?** • Workers Representation and Welfare Committee (community members) • MAMATA (local NGO) • CARE (international NGO) • Timberland (company) **Where (and what) is the scope and scale?** • Chittagong Export Processing Zone (CEPZ) in Bangladesh • 5,600 workers (85% of whom are migrant women from rural areas of Bangladesh; 35% of whom are from surrounding areas) plus the surrounding community of the CEPZ **How is it to be implemented?** • Timberland, CARE and MAMATA work to build awareness and advocacy; establish a medical revolving fund; build a microfinance program • CARE and MAMATA use a variety of techniques for measuring and monitoring the effectiveness of the project, including surveys, worker interviews, cost accounting, and training reviews to measure, monitor and evaluate project impacts **Why is it worth doing?** This program aims to help workers and community members meet basic needs and provide betterment of life opportunities through community investment. In this manner, Timberland aims to leverage its business influence to help create positive improvements for the lives of workers who produce its products

LIBERTY, JUSTICE, INCLUSIVENESS

PROGRAM IMPACTS

MDGs Target / Goal	Measures of Impact *(How does the initiative measure outcome?)*	Community Level Impact *(What impact did the initiative have?)*	*(How did the parties involved assess the initiative?)*
• Expand women's economic opportunity • Strengthen women's legal status and rights • Expand opportunities for women's voices, inclusion and participation	• More and better jobs for women across a wider range of sectors • A financial sector in which commercial banks and microfinance institutions provide women with access to a range of financial services and products tailored to their needs • Ensuring that women's voices are heard in the economic arena, and that their priorities are not only heard but also acted on	• Enhance awareness of legal rights, labor laws, and family laws • Increase workers' capacity to read and write, raising workers' self-esteem, and learning what is required for and has immediate application in their daily work lives • Improve nutritional intake practices among the workers • Enhance awareness of common diseases and available referral services • Improve health-seeking behaviors, related especially to STD/HIV • Provide access to flexible micro savings and credit facilities to promote savings behavior and provide credit for emergency and betterment opportunities	Engage workers and local community members, who are the program's beneficiaries, to ensure the program addressed real and ongoing needs The program grew to be self-sustaining and self-funding Timberland is currently in the process of creating a framework to assess social impacts and Return on Investment (ROI) of its Sustainable Living Environments programs across several projects and regions in order to better understand, track and replicate the community benefits Timberland and CARE are eager to apply this model to facilitate the creation of Sustainable Living Environments in other regions of need

THE SOCIAL SUSTAINABILITY RESOURCE GUIDE FRAMEWORK

INTERDEPENDENT VALUES: SUSTAINABLE PROSPERITY,

COMMUNITY NEEDS & ISSUES IN THE COMMUNITY		COLLABORATIVE, MULTIPARTY AND MULTI-SECTOR ENGAGEMENT QUESTIONS TO CONSIDER
MDGs	**Baseline Info / Norms**	**Structures & Forms of Engagement**

Goal 4:

Reduce Child Mortality Rate

Case study example: Merck-Nicaraguan Ministry of Health RotaTeq Partnership

	Baseline Info / Norms	Structures & Forms of Engagement
	• Rotavirus, a severe, acute form of gastroenteritis characterized by vomiting, watery diarrhea, and fever. Infection may result in dehydration, hospitalization, and/or death • More than 527,000 children under 5 years of age died each year worldwide from rotavirus; more than 80% of those deaths occurred in developing countries • In the developing world introduction of new vaccines has traditionally lagged behind developed countries by 15 to 20 years meetings	**Who is responsible?** • Merck (company) • Nicaraguan Ministry of Health (government) • U.S. Centers for Disease Control & Prevention (government) • The Pan American Health Organization (International governmental organization) • PATH (international NGO) • NicaSalud and other local NGOs • Community Members • Global Alliance for Vaccines and Immunizations (GAVI) **Where (and what) is the scope and scale?** Nicaragua, one of the poorest countries in Latin America with a high rotavirus disease burden and a strong immunization program In 2005, Nicaragua experienced one of its largest gastroenteritis outbreaks with more than 64,000 individuals affected and more than 56 deaths Disease occurred predominantly in children under 5 years of age, and 67% of the gastroenteritis was identified as rotavirus **How is it to be implemented?** • Nicaragua knew how to deliver vaccines, had good infrastructure for vaccine storage and delivery and vaccination rates of 87 – 99% for routine childhood vaccines • Nicaragua was one of 72 countries eligible for funding through the GAVI Alliance • Merck pledged to donate enough rotavirus vaccine for 3 birth cohorts of children – roughly 150,000 children every year for 3 year • In December 2009, financial support for the project was transitioned to GAVI. Today – 1 year after the project ended – Nicaragua continues to routinely vaccinate all children against rotavirus with vaccine purchased by GAVI **Why is it worth doing?** Aware of the significant morbidity and mortality associated with rotavirus and recognized the urgency of providing its children with rotavirus vaccine

PROGRAM IMPACTS

MDGs Target / Goal	Measures of Impact *(How does the initiative measure outcome?)*	Community Level Impact *(What impact did the initiative have?)*
• Reduce under-5 mortality rate • Reduce infant mortality rate	• Set up rotavirus surveillance system at 10 hospitals across the country to determine the number of rotavirus infections that required hospitalization or urgent medical attention • Conduct 2 independent studies at different hospitals to estimate vaccine effectiveness	• Reduction (58 - 73%) in severe rotavirus cases in Nicaragua within the first year of the vaccine being routinely administered • Secured long-term vaccine funding, with the World Health Organization (WHO) prequalification and approval of GAVI funding

The involvement of NGOs and multilateral organizations also was critical in the provision of technical assistance and instruction based on their years of vaccine delivery and research

All partners recognized the importance of securing long term vaccine funding

Training more than 200 physicians and health workers in Nicaragua about the safety and efficacy of the vaccine, the proper age of administration for each vaccine dose, and vaccine storage and handling

Epidemiologists from Merck and the Ministry of Health worked to develop detailed study protocols to strengthen the country's disease surveillance network and to assess the impact of the vaccine

The success of the Merck

Nicaragua Partnership serves as a model for countries interested in early introduction of new vaccines, for businesses interested in sustainable business models and for global health public-private partnerships where partners seek to achieve shared objectives

INTERDEPENDENT VALUES: SUSTAINABLE PROSPERITY,

COMMUNITY NEEDS & ISSUES IN THE COMMUNITY		COLLABORATIVE, MULTIPARTY AND MULTI-SECTOR ENGAGEMENT QUESTIONS TO CONSIDER
MDGs	**Baseline Info / Norms**	**Structures & Forms of Engagement**
Goal 7 **Ensure Environmental Sustainability:** **Access to water** **Case study example: PepsiCo' WaterHope**	• Access to clean drinking water is a key target for the Philippines' Millennium Development Goal (MDG) for Environmental Sustainability • While national access to water in the Philippines is close to 80%, this drops to 65% for poor households and even lower for slum dwellers • In communities with WaterHope stations, a large portion of residents lack access to the main water supply and many rely on wells or rivers for their drinking water • Current cost of water from private water stations is out of reach for many poor families	**Who is responsible?** • Wholistic Transformation Resource Centre (local NGO) • WaterHope (community-driven enterprise/local NGO) • Network of community water dealers (community members) • PepsiCo (company) **Where (and what) is the scope and scale?** PepsiCo and the WTRC started building WaterHope stations in the Philippines in 2007 and have since completed 3 stations in urban Manila The stations provide nearly 26,000 people in poor communities with accessible, affordable, and safe drinking water WaterHope has also helped residents improve their lives through micro-enterprise, and participation in business, while additional health and education activities facilitated by the stations have helped nearly 1,500 people **How is it to be implemented?** Waterhope provides for the establishment of community-owned and operated water stations. The water stations are owned and operated by local NGOs who provide low cost water to a network of community water dealers who in turn sell this water to consumers as part of a viable business operation. Profits from the water station are channeled back into the local community in the form of community development programs **Why is it worth doing?** PepsiCo and the WTRC believed that they could empower local operators to provide safe water affordably and sustainably bringing lasting benefits to surrounding communities

PROGRAM IMPACTS

MDGs Target / Goal	Measures of Impact *(How does the initiative measure outcome?)*	Community Level Impact *(What impact did the initiative have?)*
• Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation • Accelerated and targeted efforts to bring drinking water to all rural households • Safe water supply	• Use London Benchmarking Group (LBG) model to develop an assessment process to track impact data and information relating to sales and social programs • Develop assessment framework and participatory review whereby water dealers reflect on the short- and long-term benefits of their involvement with the water stations • Indicators developed included: • Number of people with access to clean water • Number of water dealers who have been able to start up and sustain their own businesses • Percentage of dealers who observe a reduction in water borne diseases • Clinic data on water borne diseases • Pre-School feedback on children's sick days • People and households with access to safe, affordable, clean drinking water • Station energy usage • Any incidences of poor water quality	Water from WaterHope stations is more affordable than alternatives on the market. As this price still might not be within reach of the poorest of the poor, WaterHope also provides free drinking water to schools, churches, health clinics, and public transport stations Feedback from community stakeholders in 2009 suggests that WaterHope is also helping contribute to a reduction in water borne diseases (this information has been largely anecdotal) Has helped over 150 microenterprises to flourish, in part by generating additional income for water dealers. These dealers are primarily women from poor neighborhoods who run small stores selling diverse products Since commencing operation, WaterHope stations have also initiated health and education community development programs

EVALUATION, ASSESSMENT LEARNING, STRATEGIC ADJUSTMENTS

(How did the parties involved assess the initiative?)

Monitoring and evaluation built in from the beginning of the project, helping ensure that all partners are focused on results.   WTRC and partner NGOs track and review key performance data, impacts are reviewed annually

Local NGOs commit to using all project revenue to meet their communities' development needs. Station managers must be attuned to the needs of business and the communities where they operate

Diverse skills of the NGO staff allow marriage of the project goals of clean water with an existing micro-finance network, while balancing the expectations of multiple stakeholders

WaterHope's entrepreneurial approach transcends traditional philanthropy

WaterHope is currently reviewing its model for applicability in different markets in and outside of the Philippines. So far, a clear factor in success has been alignment with the microfinance program of an NGO; WaterHope will need to consider whether this is possible in other partnerships

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Our work is not done; rather, it is just beginning.

We offer this guide to stimulate further

development of social impact measurements to

create sustainable change. We invite you

to respond to this resource guide—by filling in gaps,

sharing your experiences and approaches,

and building on the ideas, examples, and frame-

works set forth here. We look forward to

learning of your contributions and finding

new ways to be co-collaborators for a more just

and sustainable world.