Measuring the contribution of the private sector to achieving the Millennium Development Goals
Six multinationals measured

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NCDO regularly surveys the Dutch public opinion towards international cooperation. Furthermore, NCDO has research done about international issues concerning Dutch development cooperation. This is a summary of one of those researches. The complete reseach report can be viewed on www.businessindevelopment.nl. More researches can be found on www.ncdo.nl.



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The Millenium Development Goals (MDGs)

The MDGs were adopted in 2000 by all the world's governments as a "blueprint for building a better world in the 21st century" (Kofi Annan). The MDGs are quantified targets for promoting poverty reduction, education, maternal health, gender equality, environmental sustainabillity, global partnership and aim at combating child mortality, AIDS and other diseases. All UN member states have pledged to meet these goals by 2015.

The new MDG framework

In 2005 DSR developed a generic framework that measured the contributions of the private sector and civil society to all eight MDGs. In 2006 DSR revised the MDG framework. It now focusses entirely on the contributions of the private sector to the MDGs. The revised framework has put more emphasis on measuring impact and indirect contributions. Experts were consulted to receive feedback on the selection of indicators, proposed weights and critical methodology issues. The MDG framework contains 77 indicators which receive a score and weight between 0 and 100. The

77 indicators are related to policies (15), programmes or management systems (30) and impact performance (32). MNCs can contribute to the MDGs through their core business (50 indicators), and also through community programmes and philantropy (1 indicator) and a mix of both (26 indicators).

Measuring the multinationals

The framework was used to measure the contribution of six MNCs to the MDGs. The six companies measured were ABN AMRO, Akzo Nobel, BHP Billiton, Heineken TNT and Royal Philips Electronics.

DSR collected and analysed public and corporate information of the test participants and allocated scores within the MDG framework. The results were discussed with the companies. New information was incorporated into the framework and final results were discussed again. It was a participatory, yet objectively measured process.

Contributions are positive

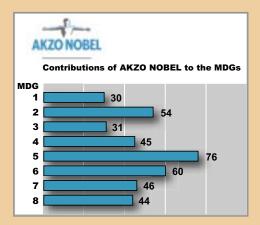
All six participating companies contribute positively to the MDGs. Most of the contribution came from core business activities. The MDG framework is capable of measuring

MNC contributions towards the achievement of the MDGs. It is clear that the MNCs have taken proactive steps towards implementing the MDGs into their operations. The non-availability of information however was sometimes a significant factor in the scoring.

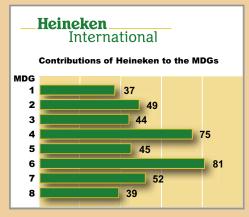
The added value of the MDG framework for companies lies in making it clear to companies where development impact is large or small. This quantitative approach makes discussions about the contributions of the private sector to development less speculative. The project has improved awareness and discussion on the MDGs within and among companies. All have expressed that the exercise was valuable.

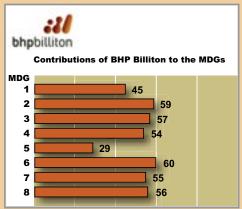
Limited comparability

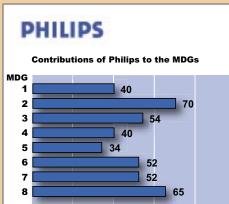
However, comparability between companies is limited due to sectoral differences. It is unrealistic to compare small differences (< 40 points) in MDG scores. The framework provides useful insights when looking at a single companies performance over time or when comparing companies within the same sector. Comparability between companies over sectors

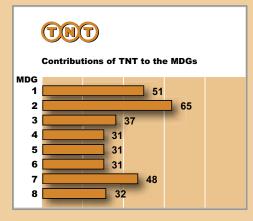


is only possible where there are large differences in scores (> 40 points) on specific MDGs as well as differences between policy versus impact scores. This version of the framework will be enhanced in a new version to be launched online by May 2007.









Millennium Development Goals

- Eradicate extreme poverty and hunger
- 2. Achieve universal primary education
- 3. Promote gender equality and empower women
- 4. Reduce child mortality
- 5. Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- 7. Ensure environmental sustainability
- 8. Develop a Global Partnership for Development

ONDERZOEK 21

INTRODUCTION

The contribution of six multinationals (MNCs) to the Millennium Developoment Goals (MDGs) has been measured. The companies are Philips, Akzo Nobel, TNT, Heineken, BHP Billiton and ABN AMRO. The MDG measurement framework is a generic instrument that measures the effort and impact, i.e. the contribution of MNCs to all eight MDGs. It mainly measures the contribution of core business business activities, but also includes corporate philanthropy. It also balances policy, management systems and direct impact in developing countries of MNCs. Dutch Sustainability Research (DSR) developed the methodology by reviewing all MDG literature. They also consulted an expert panel. DSR considered measurability, comparability, and discernability to be of key importance to the framework.

Companies can use the framework to compare their MDG contributions over time or to compare their performance against their peers. The results increase awareness within and among companies. This will stimulate the private sector, together with governments and civil society to meet the MDGs. The MDG framework is an initiative of NCDO's BiD (Business in Development) Programme and was first developed in 2005 by DSR.



