

Corporate social responsibility – a step towards stronger involvement of business in MEA implementation?

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In my remarks, I'd like to offer a general framework for understanding the relationship between the corporate social responsibility (CSR), or responsible business, agenda, and the role of business in implementing MEAs. I'll do this whilst offering some general reactions to the background paper for this event, and a few comments on trends in the corporate social responsibility agenda that could be relevant both to the subject of this event – and to framing subsequent efforts to harness business activity to the implementation of MEAs.

First though, I wanted to share with you some of the reactions from colleagues working at IIED on some of the key MEAs when I asked them to help me to work out 'how could business better contribute to the implementation of MEAs?' The overall message that I took away was that there are some very significant challenges in matching CSR to MEA implementation. Indeed, the agenda may have rather more limited relevance than one might at first suspect.

The Desertification Convention – the UNFCCC - contains some very positive provisions with a private sector angle – for example references to participation and to technology transfer. But the real challenge is to get some heat into the Convention process itself as a prerequisite for making the case for responsible businesses to get more deeply engaged in its implementation.

On the Convention on Biological Diversity, it's important not to forget that there are major infrastructure projects around the world - road-building for example - that have the potential to undermine the objectives of the Convention. It's not all a positive story. And the whole thorny issue of intellectual property rights and the ethics of patenting genetic resources have not yet been satisfactorily resolved.

As to the Convention on International Trade in Endangered Species – there are still real challenges of enforcement. Some people would argue that criminalisation of international trade have not so far proved effective in eradicating some of the most significant pressures on the world's most endangered species.

In the case of the UN Framework Convention on Climate Change, and the Kyoto Protocol, there is a tremendous amount of innovative private sector activity with a life of its own, and with new exciting markets taking off. Harnessing the CSR agenda to implementation of these agreements may not be a priority given the other potential leverage points that exist.

So in each of these cases, taking these headlines alone, it seems that a voluntary market-driven corporate social responsibility agenda may have a limited role to play in spurring an enhanced, positive contribution on the part of business to MEA implementation: in some cases because it's not needed, and in others because it fails adequately to address some of the most difficult outstanding issues in the relationship between MEAs and the private sector.

What is 'CSR' anyway? There is as yet no consensus or universal definition. One definition, adopted by the European Commission, is that CSR is 'a concept whereby

companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. But there are other approaches too – which reflect different views on the utility of CSR in framing understanding on the role of business in society, and the relevance for example of 'business impacts' or 'commercial success' or 'wider societal goals' in setting the boundaries of the agenda.

The CSR agenda itself is now increasingly being questioned, with some suggesting that it has failed to live up to expectations that it could transform business performance. Many leading companies in the UK are now choosing not to use the term 'CSR', preferring instead the expressions 'corporate responsibility' or simply 'business and sustainable development'. Whatever one's view on the value of maintaining an agenda that is called 'CSR' as such, it is clear that the commercial drivers of responsible business practices differ for different sectors and in different parts of the world: for example in many if not all parts of the world civil society capacity to hold companies to account is severely restricted; not all companies' brands are vulnerable to external criticism by non-governmental organisations; and certainly not all see a business case for consistently 'responsible' or high standards of practice.

And this takes me to a criticism of the background paper for this event. The background paper suggests that 'private investors will only contribute to MEA objectives if these allow them to pursue their economic goals'. This is a one-sided view, which underplays the significance of MEAs, through implementation by their parties, in setting the minimum acceptable standards of business behaviour around the world. It is a perspective that runs the risk of allowing the fact that some businesses are 'good' to blind us to the fact that few are as good as they could – or should – be. Indeed, it is this one-sided view of business that is in part responsible for the possible loss of resonance today in the term 'CSR'.

A better approach to framing an enquiry into the possible role of business in contributing to effective MEA implementation would be to consider the key pillars of the 'enabling environment' for responsible business practice. A more helpful basis for understanding the relationship between MEAs and business – with a view to enhancing positive aspects of that relationship whilst minimising the negatives – is to ask 'how do MEAs contribute to the enabling environment for responsible business practices?'

In our work on corporate responsibility at IIED, we have adopted an approach which sees three principal elements in the 'enabling environment' for responsible business practices. The 'enabling environment' for responsible business, we argue, is a sum of the drivers, the tools, and the human capacities and institutions directed towards that goal. MEAs have the potential to contribute to this 'enabling environment'. But we do not understand the 'enabling environment' as being inherently directed towards market-based or 'voluntary' approaches. Indeed, if responsible businesses are to flourish, they need to be able to innovate on a level playing field in which the most negative impacts of business activity are effectively outlawed. And if the drivers of responsible business are to be sustained, the enabling environment needs to support market and citizen-based activism, access to information, and public participation. An 'enabling environment' for business activity is not the same as an 'enabling environment' for responsible business activity.

In general terms, the title of this session amount to an invitation to consider the relationship between the private CSR initiatives of business on the one hand, and the pursuit of public policy goals reflected in MEAs on the other. The International

Business Leaders Forum's Jane Nelson has adopted a typology which suggests that businesses can approach CSR in three main ways:

- The way in which they integrate CSR into their core business activities;
- The way in which they integrate CSR into their social investment or community development programmes, and
- The way in which CSR is reflected in their broader public policy role.

There are CSR issues under each of these headings which are directly relevant to the business contribution to MEA implementation. For example:

- As to core business – examples might be business innovation to develop new technologies or products that promote MEA objectives (e.g. alternatives to ozone depleting chemicals or greenhouse gases), or help to minimise the negative impacts of core business operations on biodiversity (e.g. in relation to the mining industry, or civil engineering). And there is also increasing awareness here of the relationship between MEA objectives and the terms of so-called 'foreign investment contracts' between foreign investors and host country governments. Provisions in these negotiated agreements may sometimes undermine MEA objectives – for example when host country governments agree to 'freeze' their environmental legislation at the point in time at which the investment takes place.
- As to social investment and community development, two broad current themes are particularly relevant: the application of core business competences – or what has been called 'business DNA' – to the pursuit of MEA objectives; and the potential to align private sector community development or social investment activities with MEA objectives.
- And finally, the direct public policy role of business: here there is considerable ongoing discussion on the positive public policy potential of 'responsible' business lobbying and advocacy – for example in relation to the climate agenda. And there is also undexplored potential to engage with the positive public policy role of business in the context of national sustainable development-related strategies – for example those developed pursuant to the Biodiversity Convention or the UNFCCC.

Finally, I wanted to highlight three particular CSR themes with potential to inform future strategies for harnessing responsible business to the pursuit of MEAs.

First: ongoing discussion on whether and if so how to identify minimum global business standards in the environmental sphere. Because international environmental policy has no direct equivalent of the Universal Declaration of Human Rights or the ILO Declaration on core labour standards, it is hard to identify globally applicable minimum environmental standards. The global framework MEAs have sometimes been suggested to offer a route to this end – but it is hard to identify very specific sources of business guidance in many of them. So this remains a challenge for the international environmental policy community generally.

Second, there is a rapidly evolving 'sub-theme' within the CSR agenda which addresses the business/development interface, and the contribution of business to poverty reduction, sustainable livelihoods, and the Millennium Development Goals. There is potential for a follow-up strategy to this meeting to harness current business enthusiasm for the MDGs by stressing the relevance of MEAs to MDG7. The key is to make the most of particular business competences.

Thirdly and finally, is an ongoing initiative of ISO, the International Organisation for Standardisation, which earlier this year established a working group which is developing an international guidance standard on social responsibility. This potentially highly significant ISO process offers a space to ensure that the goals of MEAs – and the authoritative normative guidance that they offer – are plugged into a standard that will set guidance on 'social responsibility' expectations of different kinds of organisations, not limited to businesses.

In conclusion – I hope I have shown that there are some insights from the CSR agenda that could be helpful in framing understanding on the contribution of business to MEAs. But it is not necessarily an optimal entry point in all cases. And we should never forget to sustain the role of MEAs in informing the development of minimum acceptable environmental norms of business behaviour.

Thank you.