

COMMENTARY

B4MD - putting money into people's hands

B4MD (Business 4 Millennium Development) is a new wave of assistance being embraced by the Australian corporate world to help the Asia-Pacific region deal with poverty, bring about sustainable development and a win-win situation for participants.

It has the support of the Australian government through its export credit finance scheme where Australian companies are directly involved in major impact projects like mining and petroleum. Many Australian companies have joined the B4MD to apply their technical skills and resources to assist people in the communities in the region where they operate.

Oil Search Ltd is a member of the B4MD and is moving with the tide in SHP's Hides gas project area and then I am told, the program will flow down the pipeline route all the way into the Gulf Province and Central provinces.

It appears that the Hides area people are moving in tandem with the flow while their Gulf and Central neighbours are hopefully organizing themselves to get involved in this great window of opportunity. Slightly to the south of Hides is the Juba gas project area which is likely to feed into the PNG LNG gas pipeline and I heard chief landowner of well-head 2, Andrew Makano, proposing a large cattle project, poultry and piggy farms.

Getting cattle in will be a problem, as there is no road link into his extremely remote area accessible only by light aircraft and helicopters, but he says if there is a will there should be a way and asks what's stopping Chinook choppers from lifting cattle into his area? In time, he hopes roads will open his inland Strickland River area which borders, Enga, Western, Southern Highlands and the two Sepik provinces.

What he can do though, is to learn from his Hides brothers who have embraced the B4MD concept from the kindly Australians led by Oil Search Ltd and are moving in leaps and bounds. The Gulf and Central impact communities should also take note and welcome the initiative.

Over a week ago, Oil Search brought together the B4MD executives and Hides Gas Development Corporation to sign a joint venture agreement that will pave the way for the villagers to go to mass production of vegetables and sell to the PNG LNG project's messing facilities.

That ceremony was followed through with more detailed discussions in Sydney early last week between Hides leaders and B4MD partners - all organized by Oil Search.

Agriculture has been practiced in PNG for thousands of years, long before agronomists came around, so it



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is only fitting that with the help of Australian farming experts, the landowners can produce large quantities and in constant supply. Fresh produce such as lettuce, broccoli, cabbages, carrots, beans, potatoes, kaukau and many more will no doubt feed the thousands of hungry workers and revenue will flow directly into the villages. This is the crux of the B4MD concept.

The B4MD website gives a broader picture of how it works.

In recent years the Asia Pacific region has been setting the pace for the developing world, particularly in economic growth. However, there is a critical need to extend the benefits of rapid economic and social development to all its people.

All developing countries in the Asia Pacific, including China and India, are struggling with poverty on a broad scale. While the proportion of poor people in countries such as China may have dramatically declined, the absolute number of poor in the region is increasing.

Opportunities for Australian businesses

One-third of Australia's international trade is with Asia Pacific economies and that proportion is growing. Total bilateral value with these economies stands at A\$100 billion.

If a mere 1% of that total filters down to the poor, it would amount to 10 times more than Australia's direct foreign aid to those countries. This would lift over 2.5 million people out of poverty.

If the countries that are currently off-track were to receive assistance to achieve the MDGs, this would mean:

- 196 million more people would be lifted out of poverty
- 23 million more children would no longer suffer from hunger
- Close to one million more children would survive beyond their fifth birthday
- Four million more children would get a basic education
- 240 million more people in rural areas would have access to improved sanitation
- 80 million more people would have access to improved water supplies

Australian businesses have an enormous opportunity to improve the well-being of many millions of people and without compromising economic gains or profitability.

Developing business with the Asia Pacific within the framework of the MDGs ensures that businesses that

come in prosper and that they positively contribute to the alleviation of poverty.

MDG Progress in Asia Pacific

The rate of progress varies significantly across the Asia Pacific. In considering where your business can make a positive impact, it is important to assess where the need is greatest, and where your business is operating most actively.

Background on B4MD

Business for Millennium Development (B4MD) is an Australian based organisation that aims to mobilise the expertise and efforts of business to support growth in developing countries and contribute to the Millennium Development Goals (MDGs).

By 2050, 85% of the world's population will be living in developing countries. Emerging markets will increasingly provide businesses with greater opportunities to achieve both economic success and improve the lives of people in those markets by creating jobs, increasing skills, and providing them with goods, technologies and innovation.

In 2000, all UN member states agreed to eight MDGs which include halving extreme poverty, halting the spread of HIV/AIDS and providing universal primary education in developing nations by the target date of 2015.

To date, there has been uneven success on the road to achieving these targets. On 6 May 2008, companies such as BHP Billiton, Cadbury Schweppes, Citigroup, GE, Microsoft, Pfizer, SABMiller, Tata Group, Vodafone and Wal-Mart attended the Business Call to Action in London, in recognition of the urgency of mobilising the private sector towards achieving the MDGs. These global companies are leading business engagement with developing nations through their support of the eight MDGs and by becoming signatories to the Business Call to Action.

The Prime Minister of Australia, the Hon Kevin Rudd, has endorsed B4MD's activities, stating:

"The business sector in Australia has much to offer - experience, creativity, innovation and expertise. New business markets and growth lie in the developing world. This is not a call for more philanthropy. It is a call to recognise the business case for helping poor countries develop."

By working towards the achieve-

ment of the MDGs through core business initiatives within the Asia Pacific region, Australian companies will provide themselves with sustainable markets in which to operate for future growth.

Australia conducts one third of its international trade with emerging markets in Asia. The overwhelming characteristic of these markets is that they are predominantly in low-income communities. That is, 2.86 billion people living on an average annual income of less than US\$15001, or approximately 82% of the region's population.

This means that Australian companies are well placed to broaden operations, supply and procurement to involve the Base of the Pyramid (BoP) in this region. To successfully engage with the BoP market place, new and innovative strategies will be required to respond to the unique obstacles facing these low-income communities.

B4MD will serve as a leadership forum to help your business discuss and develop such initiatives with like-minded companies and partner organisations.

B4MD will provide the following services:

Thought leadership

B4MD will take a leading role in educating member companies on the MDGs and the role that business has in their achievement through its various events. This ongoing commitment to thought leadership ensures member companies will be at the forefront of doing business at the base of the economic pyramid and that member companies are well prepared for ongoing ventures with B4MD Partner organisations.

Best practice business models

Commencing in 2009, B4MD will host its inaugural Business Awards where recognition will be given to companies and industry leaders who are taking innovative approaches towards achieving the MDGs through core business initiatives. International and national attention will be given to those who have achieved substantial success in making positive impacts on low-income communities.

MDG Impact Assessment Tool

The MDGs are a well established global measurement framework for poverty reduction and therefore a useful framework for a company's environmental, social and governance (ESG) reporting. The measurement tool has been developed in conjunction with KPMG. Recognising the international consensus towards achieving the MDGs, this tool will enable your company to assess how it can partner with the international community in pursuit of the MDGs.

MDG Profiling Tool

This helps you establish a profile of your company's impact on low-income communities in the developing countries of the Asia Pacific, incorporating your operations, procurement, and supply of goods. With an overwhelming 2.86 billion people living at the base of the economic pyramid in the Asia Pacific, this profile will be crucial to your future business growth and success with this emerging market.

Partnership brokering

B4MD will help facilitate joint ventures between member companies and B4MD Partners. Our unique knowledge of both the corporate and development sectors will ensure that member companies' investments in these emerging markets will have positive returns for future growth. B4MD will also provide assessment services to ensure that the outcomes of such ventures are beneficial to both low-income communities and the member company.

B4MD Partners

The following organisations have committed to helping business contribute to the MDGs. They will be working with B4MD to identify and facilitate business opportunities that reduce poverty.

- Australian Business Volunteers (ABV)
- Australian Agency for International Development (AusAID)
- Centre for Social Impact (CSI)
- Coffey International
- The Foundation for Development Cooperation (FDC)
- International Business Leadership Forum (IBLF)
- IBM World Development Initiative (IBM)
- International Finance Corporation (IFC)
- United Nations Development Programme (UNDP)
- World Vision Australia (WVA)

In the last column - Feb. 28th 2010 - I wrote about Lihir and Simberi mines and made references, especially with regard to Lihir, on a plan to set up Naramatani as a supply base and how that would have helped the economy of Naramatani which is Governor Sir Julius Chan's hometown. The good knight has pointed out that he didn't need any government funds to set up his businesses which he built up during the colonial era unlike other "rich knights and chiefs"

Sir Julius, I most sincerely apologise for any unintended insinuations and look forward to meeting you again soon.

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