POVERTY FOOTPRINT

A PEOPLE-CENTRED APPROACH TO ASSESSING BUSINESS IMPACTS ON SUSTAINABLE DEVELOPMENT

UN GLOBAL COMPACT
United Nations Global Compact

OXFAM

ABOUT THE UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with over 8,000 companies and 4,000 non-business signatories based in 160 countries.

www.unglobalcompact.org

ABOUT OXFAM

Oxfam is an international confederation of 17 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. We work directly with communities and we seek to influence the powerful to ensure that poor people can improve their lives and livelihoods and have a say in decisions that affect them. For more information on Oxfam International, go to:

www.oxfam.org

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CREDITS

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Over a decade, Oxfam executed three comprehensive poverty footprints – with Unilever (2005), The Coca-Cola Company/SABMiller (2011), and IPL (2013) -- which yielded extensive learning and concrete recommendations for the companies and Oxfam. With a goal to scaling up people-centred approaches to assessing corporate impacts on development and poverty, in 2013, Oxfam joined forces with the UN Global Compact to improve the Poverty Footprint methodology and provide implementation guidance.

This Poverty Footprint Guide is the result of an international collaboration for nearly two years. Oxfam and the UN Global Compact extend their deep appreciation to all those who have contributed to the initiative and the Guide. Special gratitude goes to colleagues at Oxfam International and its affiliates for contributing their expertise, and to Steve Rochlin of IO Sustainability who facilitated discussions with the Advisory Group to produce the first draft of this Guide.

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DISCLAIMER

CONTENTS

EXECUTIVE SUMMARY & INTRODUCTION

The United Nations Sustainable Development Goals issue a global call to action to end poverty in all its forms everywhere by 2030.[1] For people living in poverty, many human rights are out of reach. For business, long-term company growth and profitability are intrinsically linked to the prosperity of the people who make up and influence markets.

The World Bank estimates 2.2 billion people live on less than $2 (PPP) a day. Moreover, certain population groups are disproportionately represented among the poor, and face additional constraints in escaping poverty. These include women; persons with disabilities; children; and in many cases, indigenous peoples or minorities; and those living in geographically remote or conflict-affected areas.

Business will be crucial to achieving the vision of a world without poverty. Over the past decade, markets in developing countries have expanded dramatically, and the volume of funds flowing from the private sector to these countries now exceeds that of foreign aid, making the private sector one of the most significant influencers of global poverty.

There are wide-ranging opportunities for companies to positively affect the lives of people living in poverty through employment practices, vital products and services, business development and purchasing through the value chain, community investment, and public policy engagement. Yet, company impacts on poverty go largely unmeasured and under-reported, and global companies remain unaware of many of the social and economic impacts of their operations and value chains. The Poverty Footprint is a tool that enables companies and partners to make a people-centred assessment of corporate impacts on poverty.

The Poverty Footprint is part of a collaborative initiative between the United Nations Global Compact (UN Global Compact) and Oxfam International (Oxfam) to help companies – working in collaboration with a civil society organization (CSO) partner – to understand the impacts of their operations and value chain on people and poverty, and to turn this learning into action. The tool also takes a multi-dimensional view of poverty – which when suitably measured – presents a more complete picture of poverty than the income indicator alone.

The value of the Poverty Footprint is its ability to provide business and CSOs with the framework to partner and learn where and how a company impacts poverty, leading to recommendations for action. It provides the roadmap for partners to define steps to minimize negative impacts and enhance positive contributions to poverty eradication, and to develop pro-poor business models that drive development and potentially business growth.

The outcome of the Poverty Footprint process is a comprehensive assessment of the positive and negative impacts a company and its value chain have on people living in poverty. Using this information, a company and its CSO partner can identify actions to enhance positive impacts and minimize negative, as well as develop new business models and strategies that can meet both sustainable development and business objectives.

This Guide explains the Poverty Footprint process and provides step-by-step implementation guidance, building upon the lessons of three comprehensive footprints Oxfam carried out with Unilever (2005), The Coca-Cola Company / SAB Miller (2011), and IPL, a wholly owned subsidiary of ASDA (2013).

It is organized in two sections. Section I "Overview" explains the approach, goals, requirements, and unique value of the Poverty Footprint to both business and CSOs. Section II "Implementation Guidance" explains the steps involved in conducting a Poverty Footprint.

1 See Appendix A of this Guide for more about the United Nations Sustainable Development Goals, and how they link to the Poverty Footprint.

EVERY POVERTY FOOTPRINT BUILDS ON A SET OF **SIX ESSENTIAL STEPS**. THESE ARE:

1

Establishing a formal partnership with a validated CSO;

2

Developing a collaborative project governance process that includes consistent dialogue with key stakeholders;

3

Agreeing on one of three implementation levels the Poverty Footprint will apply:

LEVEL I

Introduces the partners to the Poverty Footprint process. It conducts an assessment across two priority issues;

LEVEL II

Concentrates on exploring performance and impact in-depth across 2 to 4 priority issues;

LEVEL III

Defines a scope that assesses impact across the company's value chain and multiple dimensions of poverty.

4

Using a decision-making framework that covers five dimensions of poverty (livelihoods, empowerment, health and well-being, security and stability, diversity and gender equality) and five areas of corporate practice (value chain; macro-economy; institutions and policy; social implications of environmental practices; product development and marketing). This is referred to as the "5 by 5 Poverty Framework". It helps set focus, priorities, scope, and indicators;

5

Conducting research using the "5 by 5 Poverty Framework" and related indicators. This includes a base level exploration of at least three core topics: These topics are 1) earnings, wages and benefits; 2) labor rights and working conditions; and 3) value share. Any priority issue addressed across any of the three levels noted above must start by considering these three topics; and

6

Publishing a report co-authored by the partners with findings, lessons learned recommendations, and commitments (with periodic follow up to publicly report on progress).

The result is a holistic understanding of the company's impacts and the opportunity to deepen the company's relationship with the communities in which it operates. The process can help build greater trust by signaling that the company is serious about understanding its impacts and is committed to greater accountability, transparency and positive contributions to poverty eradication. Partners learn the potential of working together on shared development goals. Results are communicated through a jointly developed public report that describes the range of the company's impacts and commitments, and documents recommendations and follow-up actions.

This document can be used to learn about and guide a Poverty Footprint. Companies, civil service organizations and researchers interested in being part of a Poverty Footprint are invited to contact the Poverty Footprint Secretariat at the UN Global Compact *povertyfootprinting@unglobalcompact.org* for more information.

"We must invest in people – in education, skills development, health care. This will help equip people for decent jobs and incomes. It will boost purchasing power. The virtuous cycle between human capital, jobs and income is central to building healthy local markets and a healthy world economy. It is good for people and good for business."

BAN KI-MOON
UNITED NATIONS SECRETARY-GENERAL

SECTION I

OVERVIEW

I. WHAT IS A POVERTY FOOTPRINT?

The Poverty Footprint is an essential tool for companies to meet expectations for sustainable business practices and to respond to the global call to action raised by the United Nations' Sustainable Development Goals. The value of the Poverty Footprint is its ability to provide business and CSOs with the framework to partner and learn where and how a company impacts poverty, leading to recommendations for action arising from the study. It provides the roadmap for partners to define steps to minimize negative impacts and enhance positive contributions to poverty eradication, and to develop pro-poor business models that drive development and potentially business growth.

The Poverty Footprint is not an audit or certification process that focuses on compliance with codes of conduct or a set standard. Instead it is a research partnership that fills a vital need. It includes but goes beyond tools that assess risk of negative impact by also identifying business strategies that deliver a fairer share of value for people living in poverty.

A POVERTY FOOTPRINT PRODUCES:

An **IMPACT ASSESSMENT** of where the company and its value chain are functioning as a force to alleviate poverty, and where their actions are exacerbating poverty

A **PUBLIC REPORT** that shares findings, establishes the scope of the company's accountability to contribute positively to poverty eradication and limit its negative impacts. The report will identify next steps through commitments and recommendations. The results provide the company and the CSO with an evidence-based understanding of the company's impacts on poverty

RECOMMENDATIONS and **COMMITMENTS** that shape a plan of action. The Poverty Footprint provides data that enables the partners to manage positive and negative impacts of the company and its value chain more effectively and to find opportunities to advance pro-poor business strategies

RELATIONSHIPS among the company, its CSO partner, the researchers and wider stakeholders that build mutual understanding between the partners, collaborative learning, and joint action

The unique partnership between a company and a CSO is at the heart of the Poverty Footprint. The CSO engages the company in rights-based, people-centred development and research methods, and provides a link to civil society actors and people living in poverty who are impacted by the company's operations or activities. The partners learn together how the company's business model and value chain work, how these processes create both opportunities and risks for those living in poverty, and how they can be enhanced to mitigate negative impacts and enhance positive ones. The partners work with local stakeholders to create a platform for transparency, engagement and accountability.

EXHIBIT 1

UNDERSTANDING POVERTY

Poverty is about more than monetary income. According to UNDP's Human Development Report 2014, over 2.2 billion people, more than 15 per cent of the world's population, are either near or living in multidimensional poverty. In Oxfam's experience, it is a "state of relative powerlessness in which people are denied the ability to control crucial aspects of their lives."[1] Poverty has a range of different socio-economic dimensions, including: the ability to access services and social networks and to express opinions and choice; the power to negotiate; and social status, income, and opportunities. People experience poverty when they are denied the right to livelihoods, water, education and health, protection and security, a voice in public life, and/or freedom from discrimination.

Business can influence the full spectrum of poverty.[2] For example, the design of value chains and the incentives that govern compensation, sourcing, hiring, other human resources, and environmental and waste management decisions can lead to a range of negative and/or positive outcomes on individuals living in poverty. These decisions may limit opportunities for individuals to grow, develop, and enhance their skills and capabilities –all topics addressed in the UN Sustainable Development Goals. Business decisions inter-link and affect other conditions vital to poverty, including food and nutrition insecurity, lack of access to basic, quality services such as health care, education and sanitation, and lack of empowerment and personal security. Several of these closely relate to the environment. For example, health is directly affected by declining environmental quality in ways that people living in poverty may find harder to address individually.

The Poverty Footprint considers the conditions that cause poverty, rather than solely the distribution of material goods. It encourages partners to ask:

- What are the root causes of poverty?
- What can we do to change the power dynamics that keep people in poverty?

The Poverty Footprint helps businesses assess impacts on multiple dimensions, conveying a more complete picture of poverty than provided by definitions of poverty that consider income indicators alone.

2 D. Green (2008) From Poverty to Power: How active citizens and effective states can change the world, Oxfam International.

3 Businesses should ensure at a minimum they meet their corporate responsibility to respect human rights, under the UN Guiding Principles on Business and Human Rights. This responsibility means that businesses should avoid infringing on the human rights of others and should address adverse human rights with which they are involved.

Based on internationally-recognized standards of responsible business conduct, the Poverty Footprint helps engage companies on ways to support rights-based, sustainable development. Figure 1 highlights some of the international principles and standards relevant to the Poverty Footprint.

FIGURE 1

EXAMPLES OF INTERNATIONAL PRINCIPLES AND STANDARDS RELEVANT TO RESPONSIBLE BUSINESS & SOCIAL IMPACTS INCLUDE:

UNITED NATIONS GLOBAL COMPACT
unglobalcompact.org

BUSINESS AGAINST CORRUPTION: A FRAMEWORK FOR ACTION
unglobalcompact.org/library/162

CHILDREN'S RIGHTS AND BUSINESS PRINCIPLES
childrenandbusiness.org

WOMEN'S EMPOWERMENT PRINCIPLES
weprinciples.org

BUSINESS FOR THE RULE OF LAW FRAMEWORK
unglobalcompact.org/library/1341

UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS
ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

ILO TRIPARTITE DECLARATION OF PRINCIPLES CONCERNING MULTINATIONAL ENTERPRISES AND SOCIAL POLICY
ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm

FOOD AND AGRICULTURE BUSINESS PRINCIPLES
unglobalcompact.org/take-action/action/food

THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI) PRINCIPLES
eiti.org/eiti/principles

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS
voluntaryprinciples.org

BUSINESS REFERENCE GUIDE TO UN DECLARATION ON THE RIGHTS OF INDIGENOUS PEOPLES
unglobalcompact.org/library/541

Each Poverty Footprint builds on a framework that links five poverty dimensions to five areas of corporate practice and decision-making. This is referred to as the "5 by 5 Framework."

THE FIVE POVERTY DIMENSIONS ARE

1

LIVELIHOODS

The ability of individuals in poverty to meet essential needs for themselves and their family – adequate income, food, housing, clothing, healthcare, personal development, and upward mobility – in the context of supporting and protecting their rights.

2

EMPOWERMENT

The ability of individuals, workers, suppliers, and employees to protect their rights and voice across a variety of dimensions; to negotiate and enforce contracts; to receive protection under the law; to negotiate and receive fair compensation for work; and to express concerns without fear of reprisal.

3

HEALTH AND WELL-BEING

The continuous improvement of health, safety, security, and general well-being of individuals and communities.

4

SECURITY AND STABILITY

Enhancing conditions that improve resilience and lowers risks from: violence, political instability, unrest, crime, and natural or human-made disasters. It includes access to resources (such as drinkable water and land for two examples) vital to stability, security, and resilience.

5

DIVERSITY AND GENDER EQUALITY

Equal access to jobs, training, advancement, benefits, and other rights for women and minorities, as well as opportunities to maintain cultural identity.

THE NEXT FIVE DIMENSIONS RELATE TO CORPORATE AREAS:

1

VALUE CHAIN

How a company's value chain and its procurement, manufacturing, and distribution policies and/or practices influence the ability of poor people to access good-quality employment, earn a living wage or sustain a business, participate in the market, and thrive along the other dimensions of the five poverty areas.

2

MACRO-ECONOMY

How a company's economic contributions, including distribution of profits, shareholder dividends, taxes, and employment, affect the standard of living of poor people, or the balance of payments, in countries of operation.

3

INSTITUTIONS AND POLICY

How the company's actions regarding institutions and policy affect the well-being of people living in developing countries.

4

SOCIAL IMPLICATIONS OF ENVIRONMENTAL PRACTICES

How a company's environmental practices affect the livelihoods and health of people living in poverty, their ability to access natural resources, and their risk of being affected by a natural disaster

5

PRODUCT DEVELOPMENT AND MARKETING

How a company's products and services and its marketing strategy influence the cultural practices of indigenous and local communities, affect their health and well-being, shape their ability to obtain essential goods and services, and affect their human rights

The 5 by 5 Framework facilitates a collaborative, data-driven, multi-stakeholder process to assess the poverty impacts of a company and its value chain. Throughout the process, partners engage stakeholders in an open dialogue. The research (which should be led by a credible research partner drawn from academic or consultant organizations with expertise in development) assesses performance across priorities and factors described by the 5 by 5 Framework as agreed upon by the partners. For a more detailed description of the 5 by 5 Framework, please see the "Implementation Guidance" section of this Guide.

The Poverty Footprint yields an in-depth assessment of the positive and negative impacts a company and its value chain have on individuals living in poverty. Using this information, a company and its CSO partner can:

- Engage with local stakeholders to identify actions to enhance positive impacts and mitigate negative impacts
- Develop business models and strategies and that can meet both sustainable development and business objectives
- Determine where compliance practices need improvement
- Prioritize the areas that require on-going monitoring and reporting

The result is a holistic understanding of the company's impacts and the opportunity to deepen the company's relationship with the communities in which it operates. The process can help build greater trust by signaling that the company is serious about understanding its impacts and is committed to greater accountability, transparency and positive contributions to poverty eradication. Partners learn the potential of working together on shared development goals. Results are communicated through a jointly developed public report that describes the range of the company's impacts and commitments, and documents recommendations and follow-up actions.

OBJECTIVES

The objectives of the Poverty Footprint are to create greater understanding, transparency and the potential for collective action around a company's impacts on poverty. The objectives of the Poverty Footprint are:

- **LEARNING**
  The partners and wider stakeholders collectively learn the ways the company and its value chain affect poverty. In addition, they:
  - Gain a deeper understanding of the impacts the company's operations and value chain have on people and communities
  - Identify how to help meet the UN Sustainable Development Goals and its call to end poverty by 2030 (Appendix A identifies how the Poverty Footprint ties to the goals)
  - Benefit from a rigorous process created by Oxfam and the UN Global Compact, validated through a multi-stakeholder review
- **BUSINESS MODELS**
  Companies gain input to identify how to improve practices, policies, processes and planning to mitigate negative and enhance positive impacts on poverty. This can support the design of competitive strategies and business models that help address poverty
- **ACCOUNTABILITY**
  Companies work with partners and stakeholders to understand and transparently address impacts on poverty. This is accomplished through robust stakeholder engagement in the research process, public reporting on impacts, and collective work to set recommendations and follow-up actions

FIGURE 2

ESSENTIAL STEPS IN THE POVERTY FOOTPRINT PROCESS

1. ESTABLISH A FORMAL PARTNERSHIP
2. DEVELOP A GOVERNANCE PROCESS AND ENGAGE STAKEHOLDERS
3. CHOOSE THE POVERTY FOOTPRINT'S LEVEL
4. SET PRIORITIES AND SCOPE
5. CONDUCT THE RESEARCH
6. DETERMINE AND PUBLISH FINDINGS, RECOMMENDATIONS AND COMMITMENTS

OUTPUTS

The Poverty Footprint delivers:

- An impact assessment across five dimensions of poverty and five areas of corporate practice
- Tailored recommendations in relation to poverty alleviation designed to address negative impacts, improve business models, strengthen company and value chain performance, improve relationships with the community, and enhance positive contributions
- A public report co-developed by the company and CSO (typically with support of the research partner) and reviewed by stakeholders
- Enhanced transparency and engagement among stakeholders, the company and relevant business partners

II. WHY UNDERTAKE A POVERTY FOOTPRINT

– UNDERSTANDING THE VALUE PROPOSITION FOR COMPANIES AND CSOS

The Poverty Footprint is a tool that enables companies and their partners to make a people-centred assessment of company impacts on poverty.

It balances clarity and complexity, recognizing that companies need clear and validated processes, but have to assess impacts that are complex and subjective.

In a crowded field of impact assessment tools, the Poverty Footprint is distinguished by its:

- Ability to address impacts on multi-dimensional poverty, not just cash flows, in a manageable way
- Incorporation of strong partnership between the company and civil society organizations in the design, operation and analysis of the assessment
- Focus on generating useful guidance for forward prioritization, not just a snapshot in time
- Credibility, based on investment by the UN Global Compact and Oxfam, building on the initial uses of the tool by Unilever, Coca-Cola/SABMiller and IPL

VALUE FOR COMPANIES

Pro-poor business strategies have the potential to support both development and business outcomes. Among other things, they can be a source of innovation, inspiring new products and services and enhanced access that better meets people's needs, finding productive workers, and sourcing high quality goods and services. Pro-poor business strategies can also open companies up to a market of (depending on projections) two-to-four billion people currently excluded from commerce.

The expectation for companies to be accountable for their impacts on poverty is intensifying. The way companies make decisions, set strategies, establish policies, implement processes, and purchase and distribute can significantly impact the lives of individuals living in poverty. How companies manage poverty impacts will increasingly affect performance across core areas of business including marketing and sales, supply chain management, human resources, facilities management, product design, investment and capital allocation, brand and reputation, risk and license to operate, and overall valuation. The Poverty Footprint supports companies that want to better manage their footprint. It offers a unique opportunity to learn concretely how to make transformational change towards greater corporate sustainability. Table 1 lists specific opportunities for value creation for companies and CSOs.

VALUE FOR CSOs

For CSOs, strategies to eradicate poverty will be significantly enhanced by focusing on addressing and improving the private sector's impacts. The Poverty Footprint emphasizes a rights-based, people-centred approach to development. It engages business, the world's chief economic engine, in the effort to create sustainable livelihoods, empower individuals living in poverty to improve their own lives, eradicate the debilitating consequences of gender and other bias, and improve individual health, well-being, safety, and security. In this way, business can be a powerful complement - not a substitute - to the role of government in addressing poverty.

CSOs will benefit by learning more about corporate strategies, incentives and impacts of business operations and value chains, which will enable them to engage in well-informed dialogue with businesses and enhance their opportunities to influence major market actors in adopting pro-poor policies and practices. Table 1 lists specific opportunities for value creation for companies and CSOs.

TABLE 1

THE POVERTY FOOTPRINT VALUE PROPOSITION

Identify one or more of the following benefits you wish to achieve from the Poverty Footprint process

COMPANIES	CSOs

• Rigorously measure and assess the company's impacts on poverty
• Continuously improve the company's business model and value chain management
• Manage risk by:
  • Identifying blind spots and high risk areas based on international principles and standards of responsible business behavior such as those in Figure 1 above
  • Assessing stability of supply
  • Assessing 'license to operate' risks
• Enhance learning and development that enables key staff to better manage and forecast poverty impacts, improve value chain performance, and manage community relations
• Build trust and improve relationships with stakeholders
• Improve market knowledge by:
  • Understanding the characteristics and key success factors related to existing and future markets
• Enhance competitive advantage by:
  • Differentiating themselves from industry peers
  • Gaining deep knowledge of how to access consumers, labour, and suppliers through shared value strategies
	• Strengthen a company's ability and commitment to:
	  • Transparently account for its poverty impacts
	  • Prevent and minimize negative impacts
	  • Take action to enhance its positive impacts
	  • Enhance the positive impacts of business models and strengthen value chain performance
	  • Be open to dialogue and collaborative decision-making with CSOs and stakeholders,
	  • Incorporate human rights and understanding of impacts on people into its decision-making
	• Influence company and business partner commitments to take responsibility for and publicly report on poverty impacts
	• Understand more about a company's operations, impacts, distribution of benefits, risks, constraints, and relationships with business partners, the industry, and government actors
	• Enhance the CSO's strategy to influence change and build the commitment of the private sector to positively influence social issues related to poverty
	• Gain the opportunity to influence, with a corporate partner, the industry eco-system in which its partner operates

SECTION II

IMPLEMENTATION GUIDANCE

IMPLEMENTATION GUIDANCE

This section of the Guide explains the steps involved in conducting a Poverty Footprint. It incorporates practical lessons and good practices based on Poverty Footprint studies previously conducted.

The Poverty Footprint process encourages partners to understand their context, identify crucial priorities, and assess and meet stakeholder needs and expectations. As such, the Poverty Footprint methodology does not prescribe a long list of rigid procedures, but instead, provides six essential steps (see Figure 2). Without following these steps, the exercise does not constitute a Poverty Footprint study.

The way that partners should use this implementation guidance are contingent in part on a) the goals they set for Poverty Footprint outcomes and b) the implementation level they select at step three.

FIGURE 2

ESSENTIAL STEPS IN THE POVERTY FOOTPRINT PROCESS

1 ESTABLISH A FORMAL PARTNERSHIP

2 DEVELOP A GOVERNANCE PROCESS AND ENGAGE STAKEHOLDERS

3 CHOOSE THE POVERTY FOOTPRINT'S LEVEL

4 SET PRIORITIES AND SCOPE

5 CONDUCT THE RESEARCH

6 DETERMINE AND PUBLISH FINDINGS, RECOMMENDATIONS AND COMMITMENTS

1 2 3 4 5 6

ESTABLISH A FORMAL PARTNERSHIP

The partnership between a CSO and a company lies at the heart of the process. Partners have equal standing in project management and decision-making regarding the implementation of the Poverty Footprint. Companies interested in finding a suitable partner can reach out to the Poverty Footprint Secretariat at the UN Global Compact, which can help identify CSOs to support a Poverty Footprint.

CSOs will possess expertise in tackling poverty, with a focus on rights-based and people-centred development. They will have familiarity with the region under study and the relevant topics involved. It will be advantageous if the partners have prior experience working on multi-stakeholder initiatives.

The CSO and company partners should commit to sharing information necessary to advance the Poverty Footprint process, and create management processes and collaborative ways of working. Recommended steps in establishing the partnership include the following:

- **BUILD THE RELATIONSHIP AND ESTABLISH TRUST**
- **SET JOINTLY-AGREED GOALS**
- **DRAFT TERMS OF REFERENCE (TOR)** that guide how the partners will work together to conduct the Poverty Footprint. It is recommended to formalize the ToR through a Memorandum of Understanding (MoU) that the partners sign
- **ASSIGN STAFF WITH EXPERIENCE** and a sufficient level of decision-making authority to manage the partnership

BUILDING THE RELATIONSHIP AND ESTABLISHING TRUST

Although companies are used to hiring and relying on an outside party, such as a consultant, audit firm or assurance provider, to review environmental and social footprint impacts, the Poverty Footprint, instead, cultivates a unique partnership in which the company and CSO share equally in decision-making authority. A key factor in the success of a multi-stakeholder partnership is the time spent on building the relationship between the partnering organizations. At least two or three meetings are recommended that collectively add up to one to three days spent interacting before proceeding to the subsequent steps.

To start the process, it is recommended that partners invest time and effort to build knowledge and interpersonal connection. These engagements should focus on learning each organization's mission, purpose, values, strategies, operational models, ways of working, and organizational culture. Ideally, the meetings will involve team-building exercises as well. Partners should spend time in pre-study dialogue sessions where representatives meet and share information, establish the scope of the study, and discuss objectives. Site visits to offices and locations are highly recommended. Workshops to discuss approaches, assumptions, and perceptions on the role of business in development will help teams understand each others' perspectives and help align expectations.

A key outcome of these engagements is for each partner to deeply appreciate the goals and concerns that the other partners have for the Poverty Footprint. An investment in the relationship among partners will build the necessary sense of trust, collegiality and a commitment to take responsibility for helping the other to meet agreed goals.

SETTING JOINTLY AGREED GOALS

Another key success factor for an effective Poverty Footprint partnership is to set clear and mutually owned goals.

Partners will benefit by candidly discussing and reaching agreement on:

- The value the Poverty Footprint process will deliver for those living in poverty and for each partner
- Assumptions about the focus of the study, beginning with a discussion on the current poverty-related issues in the sector
- How the partners would like the process to help improve the lives of those living in poverty
- What kind of learning each partner expects the process to support
- The aspects of the business model that the Poverty Footprint process will focus on, with the goal of improving the lives of those living in poverty
- The scope and parameters of the company's accountability,[4] and how this accountability should translate into public commitments and disclosure

These areas of agreement can form the basis for shared goals that guide the Poverty Footprint project. These goals will form the basis for the ToR, defined below, and the metrics to measure the success of the Poverty Footprint process.

DEVELOPING THE TERMS OF REFERENCE

Developing a ToR is a valuable tool to document the partners' agreed expectations, objectives, and ways of working. The partners should consider the following in the ToR:

- Committing to a spirit of openness and accessibility
- Agreeing to common definitions and terms
- Developing a value proposition agreed upon by the partners (See the "Overview" section of this Guide)
- Establishing shared goals and objectives
- Agreeing on the scope of the Poverty Footprint
- Establishing a governance structure that involves stakeholders (see Section II of the "Implementation Guidance")
- Agreeing on the Poverty Footprint Level (see Section III of the "Implementation Guidance")
- Developing a project management plan
- Identifying the common principles and goals that will guide the work
- Focusing, identifying, and agreeing on intended results
- Creating a dispute and grievance resolution process[5]
- Agreeing on common ways to communicate and present the project to local, national, and international stakeholders
- Agreeing on the information that will be kept confidential and that which can be shared publicly
- Agreeing to a common approach to data collection. If possible, identifying and agreeing on documents (which may include public and private sources) that will support the analysis of baseline indicators
- Agreeing on the research methodology (see section V of the "Implementation Guidance")

4 With regard to negative human rights impacts, partners should ensure that the scope of responsibility is consistent with the criteria defined in the UN Guiding Principles on Business & Human Rights. The Poverty Footprint process does not replace human rights due diligence as set forth in the UN Guiding Principles. Rather it is a complementary process which enables companies to identify positive opportunities to support rights-based development.

5 For example, in the Unilever Poverty Footprint Project (2004-05), Unilever and Oxfam created a process to raise concerns along a hierarchy. If staff managing the day-to-day work could not resolve an issue, they would engage their superiors. If their superiors could not resolve the issue, the respective CEOs (or equivalent position) would engage in direct negotiations.

- Identifying an agreed-upon research partner that uses local researchers, where available, with experience and knowledge of the geographic locations, the communities involved, and the subject matter
- Identifying a report writer (see below)
- Agreeing on how the resulting report will be drafted, what will be included, and the process for the partners and wider project governance to sign-off on the final version (see below)
- Agreeing on how recommendations will be communicated and how the company will commit to follow-up (see below).

THE TERMS OF REFERENCE AND THE PUBLIC REPORT

All Poverty Footprints lead to the publication of a report that is jointly authored by the partners, or drafted by an agreed third party and approved by both partners. Partners are strongly encouraged at the outset to identify a neutral third-party writer to draft the report. This helps ensure the report is written from a balanced perspective and avoids a long and protracted drafting process.

Anticipating and managing potential areas of concern related to what might be published from the outset will help the reporting process go smoothly.

It may be helpful to set out in writing through the ToR how the report writer will:

- Handle language that the partners will find sensitive communicating in a public forum
- Come to resolution on language when one of the following occurs:
    - The CSO wishes to publicly hold the company accountable for performance that the company believes is outside the scope of its control and influence
    - The company wishes to hold others (such as government or suppliers) accountable for conditions that the CSO partner and/or other stakeholders believe are within the purview of the company's control and influence
- Agree to disclose recommendations made by the CSO that the company may find problematic to share publicly

In this regard, it is recommended that the partners include in the ToR agreements to:

- Make public the agreed facts as long as they do not violate agreed terms of confidentiality
- Share findings from stakeholder perception surveys that use credible and valid data sources
- Use a definition of the company's scope of responsibility that is based on the Guiding Principles for Business and Human Rights (UN Guiding Principles)
- Avoid phrasing and attribution that may be interpreted as an endorsement of the company or even greenwashing.

It is highly recommended that both partners engage staff responsible for managing organizational, legal, and reputational risk in the ToR discussion at the outset of the process. Typically these individuals become involved once there is a draft public report to review. These individuals can be more likely to take a defensive posture and challenge the tone and content of the public report. If these parties are engaged early on including in the writing of the ToR, they will better understand the purpose of the Poverty Footprint and its report. They can be asked to advise on setting appropriate boundaries and to anticipate potential conflicts, e.g., how messaging is managed, whether there is a joint or separate press releases, etc.

1 2 3 4 5 6

DEVELOP A GOVERNANCE PROCESS AND ENGAGE STAKEHOLDERS

"There are wide-ranging opportunities for companies to positively affect the lives of people living in poverty, but in our experience companies don't have a good understanding of this impact: if it's positive, what could they do to make it more positive; and where it's negative, how could they mitigate this."

WINNIE BYANYIMA
EXECUTIVE DIRECTOR OF OXFAM INTERNATIONAL

The project governance team manages the Poverty Footprint process, makes day-to-day decisions, integrates stakeholder opinions and feedback, addresses disputes, and approves outputs such as reports.

It is advisable for the partnership's governance to take the form of a joint project management team, and to involve staff from the CSO and company with sufficient authority, experience, and knowledge. Ideally staff composing the joint management team should possess experience in multi-stakeholder collaboration as well. The team should work as an integrated unit, meeting regularly, developing collective work plans, sharing information, and making collective decisions. An initial role for this team is to create processes that will allow for ongoing feedback from stakeholders. Efforts should be made to ensure that key members of the joint management team remain involved until the project's completion to ensure consistency and continuity from start to finish.

In addition, partners are encouraged to think creatively regarding other governance elements that will ensure the project's legitimacy and prospects for success. One recommended governance structure is a project oversight team or senior sponsor in each organization to provide guidance, oversight, and high-level leadership. These structures could involve:

- Senior executives from each partner organization. For example, executives can serve as the final arbiter of disputes and grievances between the partners
- Subject matter experts with technical knowledge to provide guidance and knowledge. For example, this could include staff with knowledge of the company's purchasing and supply chain policies, strategies, and operations. It could include individuals from the CSO who have examined the economic impacts of value chains.
- Key staff with knowledge and experience working on relevant issues and partnerships. These might for example include staff used to working in multi-stakeholder partnerships. This could include members of the corporate responsibility/sustainability team for the company and staff from the corporate partnerships team from the CSO.

The CSO should perform a vital role to ensure that local stakeholders, including those affected and living in poverty, are represented and have a voice in the Poverty Footprint process. The CSO does not by itself represent or constitute a proxy for local stakeholders.

1 2 3 4 5 6

CHOOSE THE POVERTY FOOTPRINT LEVEL

Partners can choose one of three levels of study that reflect different kinds of poverty concerns, resources, and capacity. the Poverty Footprint offers three levels in order to:

- Take into account differences among industries, from those that tend to have a complex array of positive and negative impacts to those that have a narrower scope of impacts
- Enable large, medium, and small enterprises to engage at a level that fits their scope of impacts
- Enable companies to experience the process and choose how to progress to deeper levels of assessment, learning, and partnership.

No matter which level partners choose, they should in all cases include a base level exploration of the company's impact on three core topics 1) earnings, wages and benefits; 2) labor rights and working conditions; and 3) value share (see section IV). They should in all cases aim to make a positive contribution toward the elimination of poverty.

The levels are described below, and summarized in Table 2:

LEVEL I

Introduces the partners to the Poverty Footprint process. It can establish a baseline across a narrow or broad scope. The report reviews these baseline findings. It conducts an assessment across two priority issues

LEVEL II

Concentrates on exploring performance and impact in-depth across two to four priority issues. The public report should provide a detailed review of the results of the process

LEVEL III

Defines a scope that assesses impact across a key part (or more) of the company's value chain. The assessment should cover all agreed priority issues. The report will provide a full review of findings and recommendations

(See Section IV of the "Implementation Guidance" for a discussion on determining priority issues.)

TABLE 2

POVERTY FOOTPRINT LEVELS

	LEVEL I	LEVEL II	LEVEL III
PRIORITY ISSUE COVERAGE (see Section IV for a discussion on setting priorities)	• Assess one priority issue in which the company has potential negative impacts • Assess one priority issue in which the company has potential positive impacts	• Assess in-depth 1-2 priority issues in which the company has potential negative impacts • Assess in-depth 1-2 priority issues in which the company has potential positive impacts	• Assess in-depth all priority issues
POVERTY FRAMEWORK COVERAGE AND RESEARCH APPROACH	• Conduct an overview assessment of the context and potential impact across the 5 by 5 Framework • High-level combination of primary and desk research across what the partners agree are the most relevant elements of the 5 by 5 Framework • Assess the core topics (see Section IV)	• Assess the core topics (see Section IV) • Conduct in-depth analysis using primary and secondary research and reference the 5 by 5 Framework extensively	• Assess the core topics (see Section IV) • Conduct in-depth analysis using primary and secondary research and reference the 5 by 5 Framework extensively
PUBLIC REPORTING	• Summarize key findings, lessons learned, and next steps	• Share findings, lessons learned, and commitments from the in-depth assessment • Summarize the remaining findings	• Provide a full accounting of findings, lessons learned, and commitments
ACTIONS	• Develop high-level recommendations/ commitments • Suggest the focus of analysis for subsequent Level II or III Poverty Footprints	• Develop recommendations and commitments related to the in-depth review • Suggest the focus of analysis for subsequent Level III Poverty Footprints	• Develop recommendations • Make commitments • Set a timeline to update the Poverty Footprint
FOLLOW UP	• Assess progress after an agreed period and post an update on the company's website	• Assess progress after an agreed period and publish a progress report	• Assess progress after an agreed period and publish a progress report

"Understanding the economic, social and environmental impacts of a company's activities is critical to forming innovative strategies that meet the demands of today's rapidly changing world with brands and services that improve people's lives in a sustainable and equitable way. The challenge for companies lies in measuring the impacts of these strategies not just in terms of financial performance, but in how they benefit society."

PAUL POLMAN
CHIEF EXECUTIVE OFFICER, UNILEVER

The partnership's governance team can deliberate regarding which level is appropriate and what issues, topics, and/or value chain elements the Poverty Footprint should focus on. It is crucial to include in this deliberation the opinion of stakeholders who represent individuals living in poverty in proximity to the company's operations and value chain. Together this will define priority issues where there is a likelihood of impact.

When selecting the issues to cover, the study should look at the most important issues impacting the people concerned. Whatever the level, key controversies or allegations of abuses made by civil society, e.g., on human rights, should be covered and there should be a bona fide attempt to address poverty impacts affecting people impacted by the business, whether workers, farmers, or communities.

The Poverty Footprint is best used to assess impacts. It is not meant to confirm, promote, or reinforce a message regarding the positive impacts of certain company programmes, such as community investments or philanthropy. While the process can certainly incorporate such programmes in the analysis, they should not be the focus of the exercise. Instead, the exercise should focus on the full scope of impacts, which is typically complex and extends throughout the value chain.

The scope of a Poverty Footprint should relate to the level the partners select. Only Level III qualifies as an official and complete Poverty Footprint exercise. The public report and public communication for a Level III exercise can state "this is a full, Level III Poverty Footprint." Companies that conduct a Level I or Level II Poverty Footprint are encouraged to complete a Level III assessment in time. The target level that a company and CSO are pursuing should be specified in their partner MoU. A company can start at any level, and a company starting at Level I can go directly to Level III. A description of the process and requirements for each Poverty Footprint level is provided below:

LEVEL I

For Level I assessment, the partners start by conducting research that will help them to narrow their focus on two priority issues. This involves primarily desk research and stakeholder consultation that outlines:

- The political, social, and economic context relevant to the sector
- The company's – and its value chain's – impacts related to a set of core topics listed below in section IV. The starting point for this process is identifying baseline conditions related to the core topics
- The major concerns, challenges, needs, risks, and opportunities related to the company's operations and value chain in relation to poverty
- The ways in which the positive impact of the company's business model could be enhanced and the harmful impacts minimized
- High-level recommendations for action and further research

Partners may choose to focus their analysis on:

- A narrow geographic scope, such as a site or set of communities
- A specific demographic of affected peoples (e.g., women, a particular set of suppliers, a specific type of worker)
- A particular part of the value chain (e.g., commodity suppliers, processors, logistical support, or others to be determined by the partners) and/or
- A specific product or service.

Partners can choose to focus their analysis on the three core topics described in Section IV below. However, other urgent questions and concerns raised by any of the partners and wider stakeholders should be considered as well.

A LEVEL I FOOTPRINT PRODUCES:

- A review of a set of two priority issues (see Section IV of the "Implementation Guidance" on defining priority issues). The desk-based research process should allow partners to make a judgment of two issues where the company and its value chain likely have notable impact. The partners can choose one issue where they view the company may have negative impact, and one issue where they view the company may have positive impact. The subsequent assessment process will verify if the issues have the kind of impacts the partners expected. The analysis will provide the partners with an understanding of the scope of impacts, the potential factors causing impact, and the steps the company should take to either mitigate or enhance its impacts. The partners should assess impacts related to core topics (listed in Section IV below), as well as an agreed overview of other relevant elements (and associated indicators) of the 5 by 5 Framework

- A full review of the findings, analysis and recommendations for the partners and stakeholders involved in governance

- A summary public report of findings that:
  - States that a Level I assessment of poverty impacts and contributions have been reviewed according to the guidance of the Poverty Footprint methodology
  - Explains why a Level I review was chosen
  - Addresses the chosen scope and focus
  - Summarizes findings, lessons learned, and agreed upon next steps

LEVEL II

A Level II assessment includes all of the requirements for Level I plus an in-depth assessment of at least two to four priority issues (see Section IV of the "Implementation Guidance"). As with Level I, half of the issues assessed should focus on potential negative impacts. The other half should address topics where the company has the potential for positive impacts. As with Level I, partners may choose to focus their analysis on:

- A narrow geographic scope, such as a site or set of communities;
- A specific demographic of affected peoples (e.g., women, a particular set of suppliers, a specific type of worker);
- A particular part of the value chain (e.g., commodity suppliers, processors, logistical support, or others to be determined by the partners); and/or
- A specific product or service.

A LEVEL II FOOTPRINT PRODUCES:

- Research necessary for a Level I Poverty Footprint, including reviewing the set of core topics (see Section IV of the "Implementation Guidance"), plus a deeper use of the 5 by 5 Framework and their assaociated indicators
- A full review of the findings, analysis and recommendations for the partners and stakeholders involved in governance
- A summary public report of findings that:
  - States that a Level II assessment of poverty impacts and contributions has been undertaken according the guidance of the Poverty Footprint methodology
  - Explains why a Level II review was chosen
  - Addresses the rationale for the focus area chosen for in-depth examination
  - Provides a summary of the in-depth findings, commitments, and agreed next steps.

Partners can choose to focus their analysis on the three core topics described in Section IV below. However, other urgent questions and concerns raised by any of the partners and wider stakeholders should be considered as well.

LEVEL III

A Level III review assesses impacts across all of the priority issues the partners define (see Section IV of the "Implementation Guidance"). The partners should use primary research to address the topics and associated indicators covered in the 5 by 5 Framework (see Section IV of the "Implementation Guidance"). The scope of the assessment can focus on a particular part of the value chain, a specific geographic region, a particular operation or product, or can include a wide scope of operations and locations. The breadth of the scope should be determined in dialogue among the partners. Partners should choose a scope that will produce a clear picture of the mix of impacts of the company's operations and identify the most salient impacts for in-depth analysis. For topics and areas of the value chain agreed to be lower priorities, at a minimum the Level III assessment addresses the core topics described in Section IV below.

A Level III Poverty Footprint commits to a detailed public report of findings, commitments, and recommendations.

A LEVEL III FOOTPRINT:

- Defines the scope of review
- Identifies the salient issues and topics that the assessment will address including (but not limited to) key scope considerations regarding:
    - Elements of the value chain reviewed
    - Demographic categories
    - Activities, initiatives, policies, business models, processes, and decisions
    - Geographic boundaries
    - Any issues related to the poverty core topics listed in Section IV below
- Assesses - for priority issues agreed upon by the partners - the impacts across the full scope of indicators provided in Poverty Footprint Indicator Guide.
- Produces a public report, jointly published by the partners, that shares findings, commitments, recommendations and follow-up actions

SETTING PRIORITIES AND SCOPE

5 BY 5 POVERTY FOOTPRINT FRAMEWORK

The Poverty Footprint is based on a framework that maps out five poverty dimensions and five areas of corporate practice, referred to as the "5 by 5 Framework". This Framework helps the partners examine poverty in a multi-dimensional way, and also consider the myriad ways companies can have an impact on poverty outcomes.

THE FIVE POVERTY DIMENSIONS ARE

1

LIVELIHOODS

This refers to the ability of individuals in poverty to meet essential needs for themselves and their family, e.g., adequate food, housing, clothing, and healthcare, in the context of supporting and protecting their rights. Beyond earnings, it refers to the opportunity for individuals to pursue options for personal development, upward mobility, career development, and security. This category includes indicators related to: earnings, wages and benefits; security of income; labour rights and working conditions; access to training, credit and extension services; upward mobility; and the economic development of the community.

2

EMPOWERMENT

This refers to the ability of individuals, workers, suppliers, and employees to protect their rights and voice across a variety of dimensions; to negotiate and enforce contracts; to receive protection under the law; to negotiate and receive fair compensation for work; and to express concerns without fear of reprisal. This category includes indicators related to: freedom of association and collective bargaining; fair and equitable access to grievance mechanisms; awareness of human rights and contractual conditions; and communities' voice and power relations with the company.

3

HEALTH AND WELL-BEING

This refers to the objective that the presence and engagement of the company and its value chain will support – and will not harm – the continuous improvement of health, safety, security, and general well-being of individuals and communities. This category includes indicators related to: communities' right to a clean and healthy environment; health status of men, women, micro-entrepreneurs (and smallholders) and workers along value chain; communities' right to basic services; and child development.

4

SECURITY AND STABILITY

This refers to enhancing conditions that improve resilience and lowers risks from: violence, political instability, unrest, crime, and natural or human-made disasters. It includes access to resources (such as drinkable water and land for two examples) vital to stability, security, and resilience. This category includes indicators related to: access and control over natural resources, including land, water and food commodities; risk management and resilience; exposure to violence and conflict; and impact of displacement on community and/or migrant workforce (where relevant only).

5

DIVERSITY AND GENDER EQUALITY

This refers to equal access to jobs, training, advancement, benefits, and other rights for women and minorities, as well as opportunities to maintain cultural identity. Gender and diversity is a cross-cutting theme and permeates all of the poverty indicators.

THE FIVE CORPORATE PRACTICE AREAS INCLUDE:

1

VALUE CHAIN

How a company's value chain and its procurement, manufacturing, and distribution policies and/or practices influence the ability of poor people to access good-quality employment, earn a living wage or sustain a business, participate in the market, and other dimensions of the five poverty areas. Value chain refers to the end-to-end sourcing, design, production, distribution, sales, and delivery of a company's good and services. It encompasses the company's operations, including processes, procedures, policies, and ways of working.

2

MACRO-ECONOMY

How a company's economic contributions, including distribution of profits, shareholder dividends, taxes and employment affect the standard of living of poor people or the balance of payments in countries of operation.

3

INSTITUTIONS AND POLICY

How the company's actions regarding institutions and policy affect the well-being of people living in developing countries. It considers the effects of lobbying, direct investment, procurement and distribution practices in relation to the development of institutions (such as producer organizations, unions, social networks, women's groups) and policies that focus on trade, finance, education, rule of law, and health.

4

SOCIAL IMPLICATIONS OF ENVIRONMENTAL PRACTICES

How a company's environmental practices affect the livelihoods and health of people living in poverty, their ability to access natural resources, and their risk of being affected by a natural disaster. The resilience of the value chain to environmental shocks is considered.

5

PRODUCT DEVELOPMENT AND MARKETING

How a company's products, services and/or marketing strategy influence the cultural practices of indigenous and local communities (including gender impacts), affect their health and well-being, shape their ability to obtain essential goods and services, and affect their human rights.

CORE TOPIC AREAS

Every Poverty Footprint – regardless of its level – should build upon three core topics: 1) earnings, wages and benefits, 2) labour rights and working conditions, and 3) value share (defined below). These issues relate to foundational aspects of poverty; they address the ability to gain economic empowerment and decent work. As such, these issues are applicable to any company that undertakes a Poverty Footprint and are areas over which the company has direct influence. All Poverty Footprints should start by addressing these three core topics, and their related indicators to support the assessment of performance. The companion Indicator Guide provides a list of suggested Poverty Footprint indicators that align with the 5 by 5 Framework.

1. EARNINGS, WAGES, AND BENEFITS

Partners (with the support of their researcher) should review wage and earning data of key populations included in the scope of the assessment. This includes comparing wage and earning data against benchmarks of minimum wage and living wage.[6] This analysis will determine whether key populations possess income that will provide them the purchasing power to obtain vital services and resources. Examples of indicators related to earnings, wages, and benefits include, but are not limited to, the following (See the Indicator Guide for further suggestions):

- Typical wage of workers (comparing men and women or "m/w") disaggregated by type of contract (permanent, contractual or piece-rate – report difference between low and high season for temporary workers)
- Compare with living wage[7] (m/w)
- General trend of earnings in recent years in comparison to the cost of living (is it improving, stable, or falling?)

2. LABOUR RIGHTS AND WORKING CONDITIONS

An analysis of labour rights and working conditions will determine whether key populations are able to protect their basic rights, and maintain their health and well-being at their place of work. Examples of indicators related to this issue include, but are not limited to, the following (See the Indicator Guide for further suggestions):

- Does the company and its value chain have a policy or code of conduct that addresses labour rights and standards?
- Approximate proportion of permanently employed workers (m/w) covered by collective bargaining agreements along the value chain
- Number and nature of reported violations of labour rights in last three years

3. VALUE SHARE

This topic examines how the revenues, and/or profit margin, from sold goods and services are distributed across workers in the value chain. This includes, but is not limited to, the profit margins that the company earns, the comparative salary that executives are paid compared to the non-salaried staff and workers along the supply chain, and, where relevant, how revenues are allocated across those working along the value chain. Nearly every industry will have instances where there are wide discrepancies in the relative allocation of value. Examples of indicators related to this issue include, but are not limited to, the following (See the Indicator Guide for further suggestions):

6 Wage ladders are increasingly available and provide a useful tool for this purpose. Sources include ISEAL Alliance, Fairwear Foundation, Ethical Trading Initiative, and Fair Labor Association.

7 A living wage is a decent full-time wage (before overtime) which would be 'enough for a family to meet its basic needs and allow a small amount for cultural customs, discretionary spending, as well as for savings and investments to cope with shocks to employment.' Useful references to assess living wage can be found at *http://www.isealalliance.org/sites/default/files/Descripton%20of%20Living%20Wage%20Methodology%2020131124.pdf* and *http://www.fairtrade.net/single-view+M5fc5b408f70.html*.

- What is the distribution of margins along the value chain?
- Comparison of prices paid to micro- and small-scale entrepreneurs (MSMEs) and/or smallholders (m/w)[8] for their product/services with that of the market (i.e., is the price paid higher, comparable, or lower?)
- General trend of earnings/profits from participation in the value chain in recent years in comparison to company margin generated from in-country operations.[9]

The three core topics highlighted above represent where the assessment process should begin, but they do not mark where it should end. Partners should also discuss what additional issues and related indicators contribute to poverty given the company's specific context and its value chain. Figure 3 provides an illustrative example of how a company can apply the 5 by 5 Framework. The bolded text indicates where each of the three core topics, 1) earning, wage, and benefits, 2) labour rights and working conditions, and 3) value share, are addressed in the framework.

FIGURE 3

EXAMPLE OF A FOOD AND BEVERAGE COMPANY APPLYING THE 5 BY 5 FAMEWORK

	SUSTAINABLE LIVELIHOODS	EMPOWERMENT	HEALTH & WELL-BEING	STABILITY & SECURITY	DIVERSITY & GENDER EQUALITY
VALUE CHAIN	**Living wage (1)** **Distribution of margins along value chain (3)**	**Collective bargaining (2)** Grievance mechanisms	**Access to health services (1)** **Worker injuries and accidents (2)**	Number of reported incidents of crime and violence **Fair sharing of risk in contracts (3)**	**Wages of men vs. women/minorities (1)** Training for women
MACRO-ECONOMY	Jobs created Taxes paid Gross Value Added			Displacement of local population	
INSTITUTIONS & POLICY	Policy engagement to support access to credit, financing and training programmes	Community consent policy **Establish policy to allow freedom of association (2)**	Lobbying that impacts diversity of products, pricing, ethics	Support of rule of law, or policy commitment to respect land rights and access to natural resources	Support of laws for equal access to land rights, education, and credit
SOCIAL IMPLICATIONS OF ENVIRONMENTAL PRACTICES	Effect on smallholders (costs, productivity, quality) of sustainable farming practices		Health impacts of business operations Disposal of toxic refuse	Monitoring use of local natural resources	
PRODUCTS & MARKETING	Products and pricing for specific incomes	Transparent information Customer complaint process	Diverse product offerings Responsible marketing		

The bolded text indicates core topics: (1) Earning, wage, and benefits. (2) Labour rights and working conditions. (3) Value share.

8 (m/w) refers to men and women, which means the framework requires collection of sex-disaggregated data.
9 See also Oxfam's Behind the Brand (2015) spreadsheet of indicator data, specifically on 'farmers', for more examples of indicators related to 'value share' for the agricultural sector. Available at: *http://www.behindthebrands.org/en-us/about*.

PRIORITIZE THE ISSUES ADDRESSED BY THE POVERTY FOOTPRINT

The Poverty Footprint helps the partners understand in what ways a company and its value chain rely on those living in poverty, how the choices made by those entities either support or degrade the well-being of those living in poverty, and how to tie these efforts to strategies to innovate, strengthen value chains, increase productivity, and generate revenue.

In addition to the core topics above, the partners should identify additional issues that are particularly relevant for the company's unique business model and operating context. There are a range of processes designed to help companies and stakeholders identify issues that have a bearing on poverty. Using the 5 by 5 Framework as a reference, the partners – in consultation with affected stakeholders and people living in poverty– can use a prioritization matrix (Figure 4), to help agree on issues to assess.

FIGURE 5

PRIORITIZATION MATRIX

		PRIORITY FOR THE COMPANY	
		LOW	HIGH
PRIORITY FOR PEOPLE LIVING IN POVERTY	HIGH	Include in the list of High Priority Issues	Include in the list of High Priority Issues
	LOW	Monitor	Include in the list of High Priority Issues

PRIORITIES FOR THE COMPANY

The horizontal-axis guides the company's efforts to distinguish what it perceives as high and low priority issues. Priorities should reflect opportunities and risks and positive and negative impacts. Impacts that fall under a company's responsibility to respect human rights according to the UN Guiding Principles should be priority issues for a company (explained below in Box 1).

In addition, companies should ask the following questions to identify priorities that affect core business operations and strategies:

- How much do issues related to individuals living in poverty, based on the 5 by 5 Framework, create opportunities or risks for the business? What is the effect on:
    - Productivity throughout the value chain (from sourcing to manufacturing to managing human resources, etc.)?
    - Opportunity to grow and expand markets?
    - Long-term risks or competitive benefits for the business?
- How do performance and trends related to the 5 by 5 Framework dimensions affect business results, costs, revenue, reputation, and license to operate?

PRIORITIES FOR PEOPLE LIVING IN POVERTY

The vertical axis guides the partners to consult with and understand the views of stakeholders – focusing on people in relevant geographies living in poverty. The axis assesses both the kind and intensity of impacts these key stakeholders perceive the company to have on poverty. Both the CSO and the company should make efforts to consult with those living in poverty, and other related stakeholders, in the prioritization process. Section V of the "Implementation Guidance" provides examples of the kinds of stakeholders partners should consult. These stakeholders will be particularly focused on the perceived impacts – both negative and positive – the company has on issues the 5 by 5 Framework addresses. The partners should ask, What impact does the company have – either positive or negative – from the view of individuals living in poverty and related key stakeholders? In particular, where do the company's activities most significantly:

- Impact (positively or negatively) the issues the 5 by 5 Framework covers?
- Affect how those living in poverty and related stakeholders perceive the company as a corporate citizen?
- Create beneficial outcomes and opportunities for people living in poverty?

Some common resources partners could use to identify priorities include:

- Media and stakeholder reports on key controversies or allegations of abuses from civil society (e.g., on human rights)
- Feedback from workers and communities of significant company impacts
- Relevant human rights tools and indicators
- Others to be determined by the partners

BOX 1

THE POVERTY FOOTPRINT'S RELATIONSHIP TO THE UN GUIDING PRINCIPLES

The UN Guiding Principles on Business and Human Rights[10] provide a framework for companies and stakeholders to assess and address adverse human rights impacts, actual or potential, of a company. While the overall Poverty Footprint methodology described in this document, based on stakeholder engagement and dialogue, will inevitably identify some of the most salient human rights risks of a company, it is not a substitute for a full due diligence process required by the UN Guiding Principles. The Poverty Footprint's objective is to uncover some of the most salient risks and make recommendations to address them, but also to go beyond risks and to identify the most high-impact opportunities to improve the lives of people living in poverty.

Human rights and poverty are often inextricably linked. The UN Guiding Principles can help partners understand a company's most salient impacts on the human rights of those living in poverty.

WHAT ARE THE UN GUIDING PRINCIPLES?

The UN Guiding Principles methodology:

- Enables identification of the full range of actual or potential human rights impacts arising from the company's activities or through its business relationships
    - Involving all relevant functions and units across the business
    - Informed by the perspectives of those who may be negatively impacted
- Identifies for priority attention those actual or potential impacts that would be most severe, as defined in the Guiding Principles, namely:
    - How grave the impact is/would be
    - How widespread the impact is/would be
    - How hard it would be to put right the resulting harm
- Where necessary, further prioritizes impacts based on their relative likelihood, retaining due attention to high-severity, low-likelihood impacts
- Expects companies to engage with internal and external stakeholders to explain its conclusions and check whether any considerations have been missed

The UN Guiding Principles state that the company's responsibility to respect human rights means that businesses are expected to (a) address adverse impacts that they cause or contribute to and (b) seek to mitigate or prevent those that are "directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts." Companies should also establish or participate in remediation processes for adverse human rights impacts with which they are involved.

10 See the Guiding Principles here: *http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf*
See also the Guiding Principles Reporting Framework here: *http://www.ungpreporting.org/*

BOX 2

EXAMPLES FROM THREE INDUSTRIES ON SETTING POVERTY FOOTPRINT PRIORITIES

EXAMPLE 1

CHOCOLATE MANUFACTURER

In this example, the prioritization process reveals that the company increasingly relies on:

- Cocoa supplies sourced from:
  - Highly unstable regions subject to violent conflict
  - Ecosystems becoming rapidly vulnerable to the effects of a changing climate
- Farms paying less than living wage and using child labour
- Outdated, farming practices that exhibit low productivity and threaten smallholder health
- Storage, transport, and packaging processes utilizing materials and chemicals that do not easily integrate back into ecosystems contributing to degradation of the local environment.

The outcome would lead the company to see that managing its cocoa value chain successfully will require the assessment of a range of issues related to most, if not all, of the 5 by 5 Framework.

EXAMPLE 2

GLOBAL TRANSPORT, SHIPPING, AND LOGISTICS COMPANY

In this example, the core business model of the company relies on an economy that is growing based on reduced barriers to trade and increasing participation in the economy for all. As a result, the company has focused on a strategy to improve conditions for people, businesses, and industries to participate in global trade. This strategy includes addressing obstacles that hamper trade, including uneven access for poor workers and micro and small business, lack of infrastructure, corruption, burdensome documentation processes, supply chain inefficiencies, lack of capacity among smaller suppliers, and lack of logistics know-how. Related to this strategy, the company would prioritize an assessment of its potential to impact livelihoods, value chains, institutions, and policy.

EXAMPLE 3

INFORMATION, COMMUNICATIONS, AND TECHNOLOGY (ICT) COMPANY

In this example, the company manufactures devices and provides services that utilize telecommunication networks to connect not only individuals and organizations, but increasingly roads, energy grids, buildings, and even appliances. When stakeholders raise the company's impact on poverty, three issues emerge:

- The enabling potential of ICT to alleviate poverty. Studies increasingly show that access to ICT supports empowerment of the poor in a way that translates to improved livelihoods
- In the right conditions with the right product development and marketing, those living in poverty represent a profitable and high-volume growth market for the company. However, in too many markets government institutions and policy limit access through lack of investment, luxury tax policies, and restrictions on open communications
- Devices rely on "conflict minerals" that are mined in conditions that degrade human rights and support violent political regimes. The company should assess how its sourcing affects stability and security and health and well-being.

LINKING PRIORITIES TO THE SCOPE OF THE STUDY

Poverty Footprints at any level can focus on a wide or narrow scope. Key considerations when defining the scope of the assessment include:

GEOGRAPHIC FOCUS

What region will the Footprint assess? Partners can select a narrow geographic focus (e.g., a site of operations and its immediate vicinity), a country, or a wider coverage of countries or region of the globe.

DEMOGRAPHIC FOCUS

What types of individuals, communities, workers, and enterprises require attention? For example, agricultural industries may wish to focus on smallholders, manufacturing companies on micro-enterprises and workers in factories linked to the supply chain, and extractive companies on individuals living in proximity to operations. Gender and other diversity considerations should factor into decisions regarding demographic focus. It is generally advisable to ensure selection of topics and value chain elements where women workers and/or migrant labour are prevalent. This will ensure that different dimensions of poverty are addressed.

INITIATIVE FOCUS

What, if any, company initiatives will the Poverty Footprint assess? For example, does the company have an initiative to sell products and services to individuals living in poverty? Has the company launched a major purchasing strategy that it believes will contribute substantially to improved local development?

ACCOUNTABILITY

What aspects, and which poverty issues identified for the study, fall under the responsibility of the company according to international standards, such as the UN Guiding Principles on Business and Human Rights?

Box 3 shares the scope defined by some previous Poverty Footprint studies.

BOX 3

EXAMPLES OF POVERTY FOOTPRINT FOCUS AND SCOPE

- The Coca-Cola Company, SABMiller, and Oxfam (2011) focused on the sugar value chain in El Salvador and Zambia.
- IPL and Oxfam (2013) focused on the impacts of sourcing green beans and cut flowers in Kenya
- Unilever and Oxfam (2005) assessed the effects of the company's operations and value chain in Indonesia with a case study on Kecap Bango soy sauce

1 2 3 4 5 6

CONDUCT THE RESEARCH

The Poverty Footprint is a highly collaborative research process emphasizing stakeholder engagement. It is distinct from audits, compliance, rating, and disclosure processes, which companies and NGOs may use for their corporate responsibility practices. The indicators assessed are not aggregated, scored, or weighted and therefore do not lead to an overall score or grade.

The Poverty Footprint research process emphasizes learning and discovery that can support improvement and strategy design. Its indicators are meant to provoke, stimulate, and challenge partners to reflect on ways the company – and its value chain – impacts those living in poverty in myriad ways.

In many instances these impacts will have complex outcomes. The results of the initial three pilot Poverty Footprint studies show a mix of nuanced results. In some ways the presence and activities of the companies and their value chains are a powerful force for development that helps improve the conditions of those living in poverty. In other ways, their policies, practices, processes, products and purchasing exacerbate conditions that cause poverty. Given these findings, a process that utilizes rigid metrics applied through a narrowly defined set of methods or criteria will oversimplify results and miss vital impacts.

DEFINING THE RESEARCH METHODOLOGY

Conducting the research includes the following steps:

IDENTIFY THE PRINCIPAL RESEARCHER

UNDERSTAND THE CONTEXT OF THE COMPANY'S IMPACTS

DETERMINE THE DATA COLLECTION SOURCES AND METHODS

IDENTIFY THE POPULATION SAMPLE

SPECIFY THE CORE INDICATORS TO ADDRESS

DESIGN A RESEARCH MODEL AND TOOLS

CREATE AN ANALYSIS AND REVIEW PROCESS

FOLLOW ETHICAL AND GOOD PRACTICES FOR RESEARCH COLLECTION

DEVELOP A PROGRESS REPORT

IDENTIFY THE PRINCIPAL RESEARCHER

It is advisable for the partners to engage a third-party researcher. Partners can look to consulting organizations, academic partners, CSOs with research expertise, or some combination of the above. Any research partner should possess experience conducting field work and primary research with individuals living in poverty. The research partnership should include research staff familiar with local language, culture, and the region. Partners should jointly establish the additional standards and criteria they want in a research partner.

Recommended criteria include:
- Extensive knowledge of poverty and development issues, including sensitivities to gender discriminations.
- Expertise in a variety of research methods
- A reputation for quality
- Knowledge and commitment to employ high ethical standards in research methods (these are described below)

Partners should make a consensus decision on the researcher they select. The researcher will:
- Design the research approach to fit the goals, level, and scope parameters the partners have agreed on
- Conduct the research within a project budget the partners have set
- Analyze findings and produce an analytical report (discussed further below)
- Be available to advise and support the drafting of the public report (discussed further below)
- Maintain data and records from the research in a secure fashion for a period of time specified by the partners

The researcher can play a central role in shaping the research methods used.

UNDERSTAND THE CONTEXT OF THE COMPANY'S IMPACTS

The partners and researcher should start the process by conducting background research. Using secondary research and published sources, the partners should gather information on the national context (legal, political, and economic development), poverty issues in the region, demographics, etc. The companion Indicator Guide provides guidance on the kind of secondary research that the partners should consider undertaking.

DETERMINE THE DATA COLLECTION SOURCES AND METHODS NEEDED TO COLLECT THE RESEARCH

The partners, with the engagement of their governance system, should agree on appropriate methodologies. Typically data sources and methods will include the following:
- Summary, collation, and/or synthesis of existing research such as public documents, previously conducted studies by respected parties, and other pre-existing datasets
- Primary research that includes data collected from, for example, interviews with research subjects or experiments

IDENTIFY THE POPULATION SAMPLE TO BOTH ASSESS AND SURVEY/INTERVIEW

Every Poverty Footprint should interview a sample of management personnel, including middle-management functions in the company such as managers of subsidiaries, contractors, subcontractors, and other private sector actors along the value chain. The identified personnel needs to be consulted and provide information related to certain poverty indicators.

In addition, the research should consider engaging at least three main local stakeholder groups:

- **MICRO, SMALL, AND MEDIUM ENTERPRISES (MSME), AND SMALLHOLDERS (WHERE RELEVANT).[11]**
  MSMEs are men and women entrepreneurs – other than smallholders – who provide products or services to the company either on the supply or distribution side of the value chain. For companies with agricultural supply chains, partners may agree to survey smallholders, which could require collecting data at the household-level, enterprise-level, or with representatives of smallholder groups (e.g., farmer cooperatives). The researcher and Poverty Footprint partners should identify at what level data collection should happen, and plan research and consultation accordingly
- **WORKERS**
  Male and female, low-wage and low-income workers (e.g., factory workers, farm labourers, truck drivers, migrant labour, labour supporting micro-entrepreneurs, smallholders, etc.) who work for different employers along the value chain,. Collecting data for workers can happen by surveying workers directly or their representatives (e.g., trade unions, workers' committees, etc.)
- **COMMUNITY**
  Men and women who reside in the communities or surrounding communities in which the company and its value chain operates. Collecting data from the community can happen by surveying community representatives (e.g., community-based organizations, women's groups, youth groups, local authorities, local chamber of commerce, farmers' organizations, health workers, etc.) depending on the context and topic being researched. For some indicators, Poverty Footprint partners and local researchers might want to perform research at the household-level. The research should ensure appropriate representation of gender and diversity (e.g., women, elderly, those with disabilities, children, indigenous populations, migrants, etc.).

SPECIFY THE CORE INDICATORS TO ADDRESS

The research should blend both quantitative and qualitative indicators, often posed in the form of questions, with the intent to be evaluated across different parts of the value chain and different stakeholder groups.

Indicators are grouped across each element of the 5 by 5 Poverty Framework. Several of the poverty dimensions in the 5 by 5 Framework define sub-topics that help reflect their scope of coverage. The companion Indicator Guide provides a suggested list of indicators.

When reviewing indicators, the bias of partners along with the researcher should be towards inclusion. Working with a research team, the partners will agree on indicators based on the initial stakeholder context, company business model, industry analysis, and on the level of analysis chosen.

11 Smallholders are typically relevant for those sourcing farmed commodities. Smallholder refers to men and women farmers with "limited resources endowments."

BOX 4

TIPS FOR FORMULATING INDICATORS THAT INTEGRATE HUMAN RIGHTS AND GENDER EQUALITY CONSIDERATIONS

THINK SMART

Indicators need to be Specific, Measurable, Accurate, Relevant, and Time bound. The formulation of human rights and gender equality indicators needs to address these aspects in a very clear manner.

IDENTIFY SUITABLE INDICATORS

Look for indicators that give a detailed, accurate, and comprehensive picture of progress, and that focus on the most critical aspects necessary for the results to be achieved.

DO NOT TREAT STAKEHOLDERS AS A UNIFORM GROUP

Disaggregate indicators on different groups (by sex, ethnic group, age, disabilities, health status, income, sexual orientation, gender identity, HIV status, political affiliation, etc.).

USE A MIX OF QUALITATIVE AND QUANTITATIVE INDICATORS TO MEASURE THE RESULTS OF AN INTERVENTION

A balanced mix is essential to generate more and diverse information, to add credibility to the data, and to probe more profound aspects of the changes demonstrated.

CONSULT STAKEHOLDERS (INCLUDING WOMEN) WHEN FORMULATING INDICATORS

They may have additional ideas and contextual knowledge to identity what information is most relevant.

Adapted from UNEG (UN Evaluation Group). 2011.
"Integrating Human Rights and Gender Equality in Evaluation—Towards UNEG Guidance." New York.

If a Poverty Footprint does not analyze certain dimensions of the 5 by 5 Framework and their related indicators, the partners (with reference to the level of analysis chosen) should provide an explanation of why certain poverty dimensions were selected and others not for stakeholder review.

It is important to validate with local stakeholders what they perceive to be the critical poverty issues to investigate. After consulting with local stakeholders, the partners, with their research team, will have a set of core indicators and related questions to investigate, research, and report.

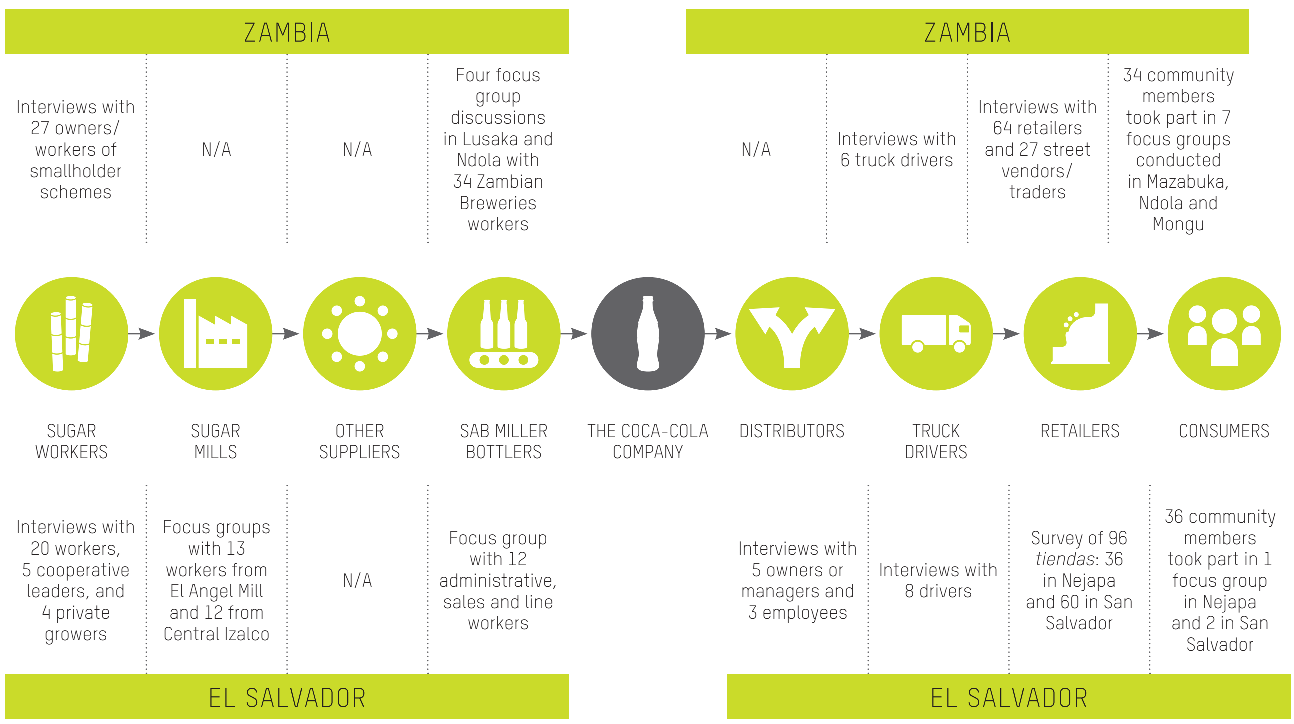
Design research plans and tools, including:

- Testing and refining research tools
- Collecting data and analysis - according to the ethical and good practice principles listed below
- Determining the sample size – i.e., the numbers of stakeholders required to survey/interview to obtain reliable information for the indicators selected. With the input of stakeholder advisors, the partners should determine the scope and numbers of stakeholders to interview based on contextual analysis, the agreed scope of study, the Poverty Footprint goals, and the Poverty Footprint level selected. Figures 5 and 6 provide examples identifying the numbers of stakeholders interviewed for the Coca-Cola/SABMiller and IPL Poverty Footprints.

The graphic below highlights how the project partners and their researcher identified stakeholders to interview across core elements of the value chain.

FIGURE 5

COCA-COLA AND SAB MILLER'S PRIMARY RESEARCH WITH COMMUNITY ACTORS AT EACH STEP OF THE VALUE CHAIN[12]



12 Oxfam, The Coca-Cola Company and SABMiller, 2011. Exploring the Links Between International Business and Poverty Reduction: The Coca-Cola/SABMiller value chain impacts in Zambia and El Salvador. p. 25.

The graphic below summarizes the research focus and stakeholders interviewed for IPL's Poverty Footprint. For comparison, IPL's Poverty Footprint takes a somewhat different approach from that used by Coca-Cola and SABMiller. The research aligns core aspects of IPL's business with their most relevant geographic impact. The table identifies the stakeholders interviewed across focus areas. A companion table lists the individuals interviewed by stakeholder category.

FIGURE 6

IPL'S POVERTY FOOTPRINT RESEARCH METHODOLOGY[13]

FOCUS	LEVEL	METHOD
Assessment of high-level IPL operations to focus study	GLOBAL LEVEL	Discussions with IPL and ASDA leadership
Review of Kenyan industry against Poverty Footprint to highlight key study areas	NATIONAL CONTEXT	Uk-based secondary research; interviews with 21 government staff, 10 industry experts, UK importers and farms, Dutch flower auction and IPL grower
Flowers and green beans industry: overview of past and present suppliers' sourcing processes	KENYA INDUSTRY	Two field research trips; qualtitative and quantitative focus groups and individual interviews with 136 farm workers, 51 small-scale producers, 80 management
Review of additional impacts within local communities	KENYA COMMUNITY	Two field research trips; qualtitative and quantitative focus groups and individual interviews with 54 community and 26 civil society members
Review of additional existing IPL market with focus on IPL impact on suppliers	MOROCCO CONTEXT	Week in Morocco interviewing IPL and ASDA suppliers

IN TOTAL, 419 INDIVIDUALS WERE INTERVIEWED DURING THE POVERTY FOOTPRINT STUDY.

CATEGORIES	TOTAL
Farm workers	136
Community	54
Small-scale producers	51
Management	80
Key informants	32

CATEGORIES	TOTAL
Interviews to understand context	9
Industry experts	10
Government	21
Civil society	26
TOTAL	**419**

13 Rachel Wilshaw, with contributions from Erinch Sahan, Gerry Boyle, Katie Knaggs and Neil McGregor, 2013. Exploring the Links Between International Business and Poverty Reduction: Bouquets and Beans from Kenya. Oxfam and International Procurement and Logistics, Ltd. (IPL), p. 11.

CREATE AN ANALYSIS AND REVIEW PROCESS

The partners should determine what analysis will be conducted. Determining this analysis could include:

- Comparison of findings and mapping. The partners that previously conducted Poverty Footprints found it useful to create a matrix that aligns key findings across the poverty dimensions and corporate areas within the 5 by 5 Framework.
- Application of statistical techniques. This could include a range of analytics. The partners could, for example, apply regression and econometric analysis to determine the company's impacts and to identify the key factors that affect those living in poverty the most.
- Relevant in very rare circumstances, application of experimental design methods and processes. This would set up a comparison between the conditions of those living in poverty in a context where the company is engaged versus a context where it is not. This approach is a "gold standard" for research to assess what kinds of impacts the company is causing.

FOLLOW ETHICAL AND GOOD PRACTICES FOR RESEARCH COLLECTION[14]

If the partners are unaware of these practices, they should consider retaining a researcher that possesses this knowledge. Key considerations for the research include:

- Ensuring privacy and confidentiality of information is both respected and protected
- Respecting rights and ensuring consent of participation, especially among communities and countries with individuals that are subject to intimidation or severely unbalanced power relationships, where the introduction of surveys and interviews can raise concern. Considerations in this area include:
    - Ensuring participants provide their informed consent to participate. This includes making sure not to raise expectations of those being interviewed about outcomes resulting from the process
    - Providing clear translation that removes unfamiliar jargon from questions
    - Reinforcing the need for honest feedback and not for what the research subject may believe the researcher wishes to hear
- Ensuring credibility and legitimacy of the research and its methodology through appropriate research design, for example, by establishing clear hypotheses, asking the right questions, and gathering data relevant to the questions posed.. Secondary data should come from respected sources with clear sourcing and citation. Data collection should employ controls to ensure reliability.
- Designing the research to meet criteria of internal and external validity. Where relevant, the partners should test data to ensure it credibly relates to poverty and poverty impacts (internal validity) and can be generalizable beyond the specific case example (external validity).
- Ensuring the data maintains a balanced representation of men and women

14 For guidance on ensuring the voices of affected stakeholders and communities are included in impact assessments, see Oxfam's Community Voice in Human Rights Impact Assessments (2015), available at: http://policy-practice.oxfamamerica.org/static/media/files/COHBRA_formatted_07-15_Final.pdf.

1 2 3 4 5 6

DETERMINE AND PUBLISH FINDINGS, RECOMMENDATIONS, AND COMMITMENTS

Typically, a Poverty Footprint will produce at least two kinds of reports – an analytical review and a public report.

The analytical review is shared only with the partners and members of the project governance team. It presents findings and recommendations, and includes:

- Data collation and analysis
- A report on stakeholder well-being, needs, and attitudes
- An assessment of which aspects of the 5 by 5 Framework are priorities for action and further investigation
- Highlights of key issues, concerns, and gaps that need addressing
- An assessment of positive contributions and good practices
- Identification of improvement opportunities
- Recommendations and suggested next steps

The partners will jointly agree and sign-off on the analytical review.

The analytical review serves as the basis for the public report. The public report:

- Highlights the objectives of the Poverty Footprint project
- Discloses the key findings
- Identifies recommendations and related commitments that the partners agree can be publicly shared

Migrating the findings of the analytical review to the public report can be a sensitive process. Bringing these considerations into the partnership development process early on (see Section II of the "Implementation Guidance") can help create conditions for constructive negotiations.

The process of drafting and publishing the public report includes:

- Selecting a writer. Partners are encouraged to agree on a trusted third-party writer to draft the report
- Reviewing and applying the relevant areas of the project ToR/MoU. Partners should reference expectations regarding the elements that constitute private and sensitive material
- Conducting a report planning session. It is recommended that the partners, representatives from the project governance team, and the writer hold a meeting to discuss the report outline. The partners should highlight their expectations for the report, underscore where differences may exist, and identify any findings and recommendations that may be sensitive to disclose. They should use the meeting to discuss ways forward and acceptable compromises
- The governance team should reach out to stakeholders, who should have an opportunity to review and comment on report drafts
- It is required that the Poverty Footprint Secretariat housed in the UN Global Compact review the report. The Secretariat will identify whether the report's content demonstrates:
    - An adequate representation of the scope, objectives, and level of analysis
    - A credible and legitimate research process
    - Credible and legitimate governance that ensures shared decision-making authority between partners and appropriate engagement of stakeholders
- The partners will both sign off on the final report before publishing

Appendix C shares the table of contents of the final reports issued by Oxfam with The Coca-Cola Company and SABMiller (2011), and IPL (2013). Key elements of the report include:

- An impact assessment across the 5 by 5 Framework
- Local poverty-related issues and priorities
- Positive and negative impacts of business and value chain, including:
  - Operations
  - Policies
  - Influence on government policies and public institutions that are impacting the rights of those with little or no voice in the system
- Current and future risk areas
- Opportunities to design pro-poor strategies and initiatives
- Tailored recommendations and commitments to address negative impacts, improve business models, strengthen company and value chain performance, improve relationships with the community, and enhance positive contributions

FORM RECOMMENDATIONS AND COMMITMENTS

Recommendations and commitments should relate to the Poverty Footprint goals and objectives, and identify how the company can:

- Improve the lives of those living in poverty and alleviate poverty in the regions where it operates
- Mitigate the negative consequences of its practices and that of its value chain
- Enhance its efforts to positively contribute to solutions
- Improve business models to better the conditions for those in poverty and identify opportunities to pursue pro-poor strategies that benefit the business as well
- Establish the scope of the company's accountability (and related obligations for reporting and disclosure) for alleviating the impacts of business practices on poverty
- Improve learning and understanding regarding how the company and its value chain affect poverty

The partners – working through the project management and oversight teams – will negotiate which recommendations and related commitments should be included in the public report. The CSO, with the researcher, will be responsible for issuing recommendations, and the company will be responsible for issuing commitments. Separating recommendations and commitments allows space for disagreement between the company and the CSO. For example, difficult issues can be captured in CSO recommendations but not necessarily through company public commitments. Ideally the report should acknowledge and explain any differences and discuss steps to resolve them in the future. Both partners should consult with stakeholders in developing recommendations and commitments.

Examples of recommendations and commitments from previous Poverty Footprints include the following:

BOX 5

EXAMPLES OF THREE OF IPL'S COMMITMENTS[15]

1

IPL LEARNING AND COMMITMENTS

WORKERS

IPL will require suppliers to build strategies that achieve improved living standards for workers, and at the same time assist and enable in this.

2

IPL LEARNING AND COMMITMENTS

SMALL-SCALE PRODUCERS

IPL will include small-scale producers in the supply chain on the products and regions where it makes commercial sense.

3

IPL LEARNING AND COMMITMENTS

SECURITY AND STABILITY

IPL is committed to sustainable development and will:

Continue to offer a market for produce grown in developing countries to ensure long-term livelihoods for those who are involved in the industry. By continuing to take unnecessary costs out of the supply chain, the business model offers scope to generate funds to be shared more equitably with suppliers and workers;

Establish preferred relationships with suppliers (exporters, farms, and pack houses we deal directly with) who emphasize an economically sustainable approach to their own business, as well as the livelihoods of workers and small scale producers;

Demand visibility needed to improve working conditions from our primary suppliers into the conditions of employment at farm and packhouse level and dealings with small-scale producers where applicable; and

Use our influential position in the industry to support and drive industry-wide initiatives for social and environmental sustainability, working with global and local initiatives to support and strengthen attempts at industry improvement.

15 These represent a high-level summary of more detailed commitments found in: Oxfam and International Procurement & Logistics Ltd's (IPL) report "Exploring the links between international business and poverty reduction. Bouquets and beans from Kenya" (2013); slightly adapted

BOX 6

EXAMPLES OF THREE OF COCA-COLA/SABMILLER'S RECOMMENDATIONS FOR FOLLOW-UP ACTION[16]

1

DIVERSITY AND WOMEN'S PARTICIPATION

Establish business training and support for women in the Coca-Cola/ SABMiller value chain to work toward more equal employment opportunities.

Make further efforts to recruit women for nontraditional and senior management jobs.

2

LOCAL ENVIRONMENTAL IMPACTS: WATER AND RECYCLING

Publish independent analyses indicating the safety of water discharged from the bottling plants on a regular basis.

Encourage water-intensive suppliers to implement best practice policies and practices on water through its sustainable agriculture programme.

3

PRODUCT AND MARKETING

Explore the feasibility of introducing micronutrient supplementation programmes in these markets, working with government, health and civil society experts.

16 This Box provides a high-level summary of more detailed commitments found in: "Exploring the links between international business and poverty reduction. The Coca-Cola/SABMiller value chain impacts in Zambia and El Salvador" by Oxfam America, The Coca-Cola Company, and SABMiller (2011): slightly adapted

FOLLOW UP ON PROGRESS

At the end of the study, the partners will:

- Publish findings
- Plan to conduct a progress review

For the progress review, partners should meet after an agreed period of time to assess the steps that the company has taken related to the commitments it has made. The progress review should involve:

- A presentation by the company, supported by evidence, of the steps it has taken to address commitments and related outcomes
- For particularly sensitive and/or priority issues, the partners should engage in a process with the research partner and stakeholders to assess progress

NEXT STEPS

The steps outlined in this implementation guide provide the tools for partners to embark on the effort to conduct a Poverty Footprint. Partners should not feel alone in the effort. The Poverty Footprint Secretariat is available to support and advise the process. Interested companies and civil society organizations should contact: *povertyfootprinting@unglobalcompact.org*

As a tool to support business action on the Sustainable Development Goals, the Poverty Footprint provides a unique opportunity for companies to collaborate with civil society and learn concretely how to make transformational change.

APPENDIX A

THE RELATIONSHIP BETWEEN THE SUSTAINABLE DEVELOPMENT GOALS AND THE POVERTY FOOTPRINT TOOL

The historic adoption of the Sustainable Development Goals (SDGs) put people at the centre of sustainable development and issue a global call to build a more just, more equitable and more sustainable future for all.

A key objective of the SDGs is eradication of poverty, and the goals present a multi-dimensional definition of poverty that is inter-linked across multiple goals. This people-centred approach to sustainable development is aligned with the Poverty Footprint's 5 by 5 Framework. By undertaking a Poverty Footprint, companies and civil society partners can better understand business impacts on multi-dimentional poverty and identify opportunities to contribute to achieving the SDGs.

Please visit SDGcompass.org for a mapping of Poverty Footprint indicators to the 17 SDGs.

THE SUSTAINABLE DEVELOPMENT GOALS

GOAL 1

End poverty in all its forms everywhere

GOAL 2

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

GOAL 3

Ensure healthy lives and promote well-being for all at all ages

GOAL 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

GOAL 5

Achieve gender equality and empower all women and girls

GOAL 6

Ensure availability and sustainable management
of water and sanitation for all

GOAL 7

Ensure access to affordable, reliable, sustainable
and modern energy for all

GOAL 8

Promote sustained, inclusive and sustainable economic growth,
full and productive employment and decent work for all

GOAL 9

Build resilient infrastructure, promote inclusive
and sustainable industrialization and foster innovation

GOAL 10

Reduce inequality within and among countries

GOAL 11

Make cities and human settlements inclusive,
safe, resilient and sustainable

GOAL 12

Ensure sustainable consumption and production patterns

GOAL 13

Take urgent action to combat climate change and its impacts

GOAL 14

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

GOAL 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

GOAL 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

GOAL 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development *www.unglobalcompact.org*

www.oxfam.org