



## THREE INSIGHTS

# HOW CAN BUSINESSES TACKLE THE NEW WAVE OF POVERTY?

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We would like to thank the following panellists and members of the **Business Fights Poverty** community for their participation:

**Anouk Heilen**, Global Sustainability Director, Social Equity and Inclusion, **Unilever**; **Jamie Coats**, Co-Founder, **SOPHIA Oxford**; **Catalina Garcia**, Global Director of Corporate Affairs, **AB InBev** and Board Director, **AB InBev Foundation**; **Pablo Del Valle**, Citi Country Officer, **Citi Colombia**

**Moderator: Katie Hyson**, Director, Thought Leadership, **Business Fights Poverty**

***This session explored the role business can play in tackling the new wave of poverty. What are the current poverty trends, and how can businesses use a multidimensional approach to poverty to respond? What is the role of collaborative action in tackling the deep systemic issues that drive poverty? Why should businesses take action, and what lessons have we learned that could help others take action?***

### SETTING THE SCENE: MULTIDIMENSIONAL POVERTY

A multidimensional understanding of poverty recognises that poverty is not only a dearth of financial resources; according to the global [Multidimensional Poverty Index](#), poverty involves “acute deprivations in health, education, and living standards that a person faces simultaneously”.

Whilst poverty is experienced in a multidimensional manner, it also has many interconnections with other pressing global issues— as Pablo Del Valle pointed out, this includes COVID, inflation and slowing economies, the energy transition, climate change, and war. This means we need to take a holistic approach to solving these challenges rather than viewing them in isolation.

This mission is urgent as we face a poverty tsunami. Anouk Heilen urged, “*Poverty and rising inequality are the most pressing challenges that our society faces today. And they must be addressed with the same level of urgency as the climate emergency, and companies do have a big role to play, whether small or large.*”

### INSIGHT 1: MEASURING POVERTY REQUIRES A MORE SCIENTIFIC APPROACH AND MEASURES THAT REFLECT LOCAL CONTEXT

The word ‘poverty’ is often associated with the developing world, but poverty exists everywhere in different forms. Pablo Del Valle stated that “poverty is a local phenomenon”. It exists all around us in different intensities and forms in different locations. Therefore, we need a source of motivation for investors

***You can't say you're a sustainably run company and then somewhere in your supply chain people are actually working on poverty wages—I think that's not possible.***

**Anouk Heilen, Global Sustainability Director, Social Equity and Inclusion, Unilever**

***If we can drive social metrics to a place where investors know and understand them and can bank on them, it would be a great incentive for large corporations and governments in being true to the metrics in order to be able to raise long-term efficient funding.***

**Pablo Del Valle, Citi Country Officer, Citi Colombia**

to guide their funds in the direction of poverty alleviation—an equivalent of a net-zero, a goal that can be measured and acts as a beacon for investment.

To do this, we must work towards developing measures for social impact that quantify returns on social investment. Panellists called for a move towards the incorporation of scientific metrics that allow us to measure issues such as poverty, as seen in the work carried out by Jamie Coast's organisation, SOPHIA Oxford, which has developed a multidimensional approach to poverty by identifying several indicators that enable us to understand the depth of poverty at a local level more clearly. Jamie gave the example of their partnership with AB inBev in Latin America and the Caribbean. They are evaluating the poverty within their own organisation based on three metrics: deprivations, debt, and discrimination. Jamie explained, *"When you measure against those, you can see in households what's going on, and what I'm doing is showing that with these metrics, you can zoom down into real people's lives and make a difference."*

### **INSIGHT 2: PAYING A LIVING WAGE CAN BECOME A SOCIAL EQUIVALENT OF NET-ZERO**

By tackling the basics, a company can contribute towards the greater good from the beginning. At a time when we are experiencing a persistent increase in prices, it is vital to have conversations about what an acceptable living wage is. Anouk Heilen explained that a living wage is one that is

enough to cover necessities, such as food and housing for the whole family, alongside some discretionary income. Unilever has committed to pay all those directly contributing to the production process a living wage by 2030. As Anouk explained, *"The reason why we like this commitment around living wage and living income so much is it's like one singular goal, and it's very clear—it's measurable."*

Like net-zero is a measure for climate change, the living wage can give companies a measurable indicator of their social impact. Anouk advised that rather than considering living wages a cost, companies should consider living wages to be an investment in business success. Living wages allow employees and workers in supply chains to live decent lives as well as provide benefits for business: improved overall productivity, reduced aggregate turnover, more resilient supply chains, and growing consumer markets.

### **INSIGHT 3: CROSS-SECTOR COLLABORATION IS ESSENTIAL FOR TACKLING POVERTY**

For years, it was believed that public sector investment was the sole solution to poverty alleviation. After all, it is the state that is responsible for the well-being of its citizens. However, recent studies have shown the importance of private investment when it comes to tackling poverty. To close the poverty gap, it is important that both the public and private sector work together. Public investment alone will not allow for efficient mechanisms to be put into action, due to the complex nature of poverty.

Partnerships are a vital component of private businesses. Just like any business operation, tackling poverty requires partners to help create noticeable social impact. Coming together under a common shared interest is the first step. For Catalina Garcia, the motto is *"it is not how much we do, it is how much good we do"*. This translates into three goals: quality, coverage, and impact. As a business, it is important to have partners that improve the quality of the work being conducted. Partnerships help companies reach out to the correct demographic and those in need, and they can also help formulate the metrics needed for the measurement of social impact.

**RESOURCES SHARED:**

- **Business Fights Poverty:** [Poverty Tsunami Briefing Paper](#)
- [The Case for Living Wages](#)
- **Citi:** [Eliminating Poverty GPS Report 2022](#)
- **WBCSD:** [The business Commission for Tackling Inequality](#)
- **Harvard:** [The Changing Role of Business in Society](#)