Global Development Initiative

February 2010

Putting our skills to work in pursuit of the Millennium Development Goals
The Millennium Development Goals – Ten Quick Facts

MDG 1: Eradicate extreme poverty and hunger
1. One in four people (i.e., 1.4 billion) live in extreme poverty (defined as living on US$1.25 or less a day).
2. Every three seconds, a child dies from the effects of extreme poverty.
3. One billion people are chronically hungry and 10 million die every year of hunger and hunger-related diseases.
4. One billion people lack clean drinking water; 1.6 billion lack electricity; and 3 billion lack adequate sanitation.

MDG 2: Achieve universal primary education
5. 101 million children of primary school age are out of school.
6. Over 100 countries have yet to achieve gender parity in primary and secondary education.
7. If all children received a complete primary education, around 700,000 cases of HIV in young adults could be prevented each year.

MDG 3: Promote gender equality and empower women
8. Women perform 66 percent of the work, produce 50 percent of the food, earn 10 percent of the income and own 1 percent of the property.
9. There are 781 million illiterate adults; two-thirds of them are women.
10. 10,000 women die every week from treatable complications of pregnancy.

Source: http://www.un.org/millenniumgoals/
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Global Citizenship

"Many of the big issues facing the world today - population growth; climate change; globalization; poverty alleviation; technological change; food, water and energy security; the spread of infectious disease - all affect business. They certainly affect KPMG and its people, who live and work in more than 140 territories around the globe.

I see firsthand how good citizenship helps define the KPMG culture around the world. I also see how member firms can work together to serve the needs of our firms’ clients and advance the careers of our people.

Using the Millennium Development Goals (MDGs) as our blueprint around the world we are aligning our skills and capabilities to help resolve issues like the alleviation of entrenched poverty, and working with organizations like the World Economic Forum, Millennium Cities and Village Initiative, UNICEF and aid agencies such as Save the Children and World Vision. Sustainable change can only come through active commitment through and beyond these difficult times."

Timothy P Flynn,
Chairman, KPMG International

Our opportunity, your role

This document is a guide to the Global Development Initiative (GDI). The GDI is central to KPMG’s global approach to corporate citizenship. This document is supported by a GDI Manual which has been developed to assist member firms with their participation in the GDI.

An overview of citizenship

Citizenship means different things to different people. KPMG’s approach is in-line with that expressed by Professor Klaus Schwab (Founder and Executive Chairman of the World Economic Forum) who believes that companies must not only be engaged with their stakeholders, but are themselves stakeholders alongside governments and society.

Our people are getting involved in hundreds of citizenship projects around the world, and our member firms are developing initiatives to suit their local communities and environments. By harnessing the skills we use every day and applying them to the world and communities around us, we can help make positive changes in our communities, locally and across the world.

Member firms are working with non-governmental organizations, companies, governments and local groups to address some of the most important and pressing issues facing their communities. Globally, we are combining KPMG’s knowledge and experience from around the world with international development agencies to tackle global issues, while developing governance and policy to drive our leadership position.

Social programs sow the seed of prosperity in our communities, which can have enormous long-term benefits. Member firms have already been working in areas such as disaster relief, education and mentoring for local and/or disadvantaged children, homelessness, and establishing charitable foundations.

Citizenship is embedded in the KPMG values and our firms have the scale, influence, professional skills and business knowledge to make a significant and positive contribution to the issues affecting our communities and environments.

Responsible business practices, which are at the heart of corporate citizenship, help build trust and contribute to development and sustainable markets. In today’s challenging world, this is more important than ever before. Now, business must move beyond good internal governance, compliance and ethical behavior, to be committed actors collaborating with other organizations to tackle global social and environmental issues.
Our strategy and role
KPMG International has been a signatory to the United Nations (UN) Global Compact since 2002. The Compact is the world’s largest citizenship initiative, being both a policy platform and a practical framework for organizations that are committed to sustainability and responsible business practices. The Compact has ten principles regarding human rights, labor, the environment and anti-corruption. It aims to
- mainstream the ten principles in business activities around the world;
- take action in support of broader UN goals, including the Millennium Development Goals (MDGs).

The MDGs are the world’s time-bound and quantified targets for addressing extreme poverty in its many dimensions. They include eight goals, actions and targets to be achieved by 2015. You can read more about the MDGs on page 7.

KPMG is aligning its global citizenship strategy with the Compact’s ten principles and the MDGs. KPMG International has a Global Citizenship team which sets and drives our global corporate citizenship strategy. This strategy focuses on the following three key components:

1. Global themes
   i) The Global Development Initiative
   Established in 2009 but tested in pilot form since 2007, the GDI frames our focus on international development. KPMG firms are developing relationships with non-governmental organizations (NGOs), the UN and public-private networks to tackle global issues, by using our skills and resources to help find sustainable solutions.
   - MDG 1 – Eradicate extreme poverty and hunger
   - MDG 2 – Achieve universal primary education
   - MDG 3 – Promote gender equality and empower women

   These goals are ambitious but they are achievable.

   ii) The Global Green Initiative
   KPMG’s GGI, launched in 2008, is our global response to the challenges of climate change. The GGI demonstrates our commitment to make a positive impact on the wider environment, which includes our ambition to reduce our combined carbon footprint by 25 percent by 2010 from a 2007 baseline. In October 2009 we reported a 10.2 percent cut in full-time equivalent carbon emissions across KPMG’s network of member firms from our amalgamated 2008 data, putting us well on track to achieve our target. By taking responsibility for our own global carbon emissions and engaging employees, suppliers and our firms’ clients in doing the same, we can use our influence to make a positive and significant difference.

2) Global policy issues relating to corporate responsibility
KPMG is a signatory to the UN Global Compact and participates in global policy discussions through the World Economic Forum and other key global multi-stakeholder coalitions. The Global Citizenship team provides guidance and policy leadership across the network of KPMG firms.

3) Leadership action to tackle community and country concerns
In everyone’s home country social issues such as poor education, poverty and violence unfortunately still exist. In lower income countries, local community programs are likely to fall within the GDI. In higher income countries, it is important that we continue to contribute to our local communities as well as extending our reach to our international neighbors living in extreme poverty.

Development and Climate Change
There is a strong correlation between the GDI and the GGI.

“Poverty reduction and sustainable development remain core global priorities…yet climate change must urgently be addressed…Estimates are that [developing countries] would bear some 75 to 80 percent of the costs of damages caused by the changing climate. Climate policy cannot be framed as a choice between growth and climate change. In fact, climate-smart policies are those that enhance development, reduce vulnerability, and finance the transition to low-carbon growth paths.”

World Development Report 2010 (The World Bank)
The GDI opportunity

The Global Board of KPMG International has agreed that international development should be the second global theme of KPMG International’s corporate citizenship approach, alongside climate change and the environment. The GDI can be defined as ‘Putting our skills to work in pursuit of the Millennium Development Goals’. It is an innovative program designed to take our commitment to corporate citizenship to a new global level.

Through the GDI, we intend to use our skills and our resources to become fully involved in finding sustainable solutions to global and local poverty issues, working alongside governments, civil society groups, international agencies and other private sector organizations.

KPMG’s GDI strives for wide participation from partners and staff across member firms and for maximum impact. The GDI aims to

- put our professional skills to work in pursuit of MDGs 1, 2 and 3;
- develop solutions to bring about systemic change that addresses the root causes of poverty;
- develop solutions which can be replicated and scaled up;
- participate in public-private networks that act against extreme poverty;
- act as a catalyst and advisor for increased action from others.
Millennium Development Goals
KPMG is aligning the GDI with the MDGs, which are the world’s targets for addressing extreme poverty in its many forms — income poverty, hunger, disease, lack of shelter, and exclusion — while promoting gender equality, education and environmental sustainability.

For the billion-plus people still living in extreme poverty, the MDGs represent life and death issues. Extreme poverty means people’s basic need for food, water, shelter, sanitation, and health care are not met. Using the World Bank’s international benchmark of people living on less than US$1.25 per day (adjusted for purchasing power parity), over 1.4 billion people are still living in extreme poverty around the world.

There are eight MDGs and these are intended to be achieved by 2015. The eight MDGs have been broken down into 21 quantifiable targets, measured by 60 indicators.

KPMG is focusing on the first three MDGs, as these are most closely aligned to our values, knowledge and experience.

MDG 1 – Eradicate extreme poverty and hunger:
this provides an opportunity for us to use our professional business skills to promote inclusive economic growth in developing countries, and to improve the organizational efficiency and effectiveness of NGOs and UN agencies working against poverty.

MDG 2 – Achieve universal primary education:
this enables KPMG to realize its commitment to developing people, in recognition of the fact that today’s children are tomorrow’s potential leaders.

MDG 3 – Promote gender equality and empower women:
this provides KPMG with the opportunity to use its commitment to diversity and inclusion to reduce gender disparity in education and employment.

In addition, our Global Green Initiative also contributes to MDG 7 – ‘ensure environmental sustainability’. Further, all our work also contributes to MDG 8 – ‘Develop a global partnership for development’.

Poverty and business

“Global citizenship in a business context [is] an outlook that recognizes the prosperity of one individual, company or nation depends on the prosperity of others.”

Dr Ángel Cabrerra, President, Thunderbird School of Global Management

“The sum of acts of local citizenship does not make a globally involved citizen; global issues must be addressed on a global scale…. Global corporate citizenship means engagement at the macro level on issues of importance to the world: it contributes to enhancing the sustainability of the global marketplace. Global corporate citizenship refers to a company’s role in addressing issues that have a dramatic impact on the future of the globe such as climate change, water shortages… extreme poverty… and disaster response and relief… . Companies can contribute in an appropriately balanced partnership with the public sector and relevant civil society groups… . Since companies depend on global development, which in turn relies on stability and increased prosperity, it is in their direct interest to help improve the state of the world.”

Professor Klaus Schwab, Founder and Executive Chairman of the World Economic Forum
Taking action
During FY2010, each of the 22 member firms represented on KPMG’s Global Board are expected to have global development as a component of their citizenship activity.

Many more KPMG firms are already participating in the GDI and all firms are strongly encouraged to get involved as soon as possible. We are asking firms to participate in one or more of three ways — choosing whichever option is most appropriate for their firm.

Ways to participate
Here are the three strategic options for how firms can participate in the GDI in pursuit of MDGs 1, 2, and 3:

1) Supporting private sector development
Firms can support the private sector to overcome market constraints in ways that increase investment opportunities, increase employment, and contribute to economic growth. The challenge is to promote growth which is ‘pro poor’, enabling a pace and pattern of growth that enhances the ability of poor women and men to participate in, contribute to and benefit from growth and which is environmentally sustainable.

2) Supporting NGOs and UN agencies
Firms can support NGOs and UN agencies to deliver services efficiently and effectively and (hence) help maximize the positive impacts of their activities. In order to enhance KPMG’s global impact, KPMG’s Global Board has resolved to primarily focus on relationships with five key global development organizations: Save the Children, Oxfam, UNICEF, World Vision and the Red Cross.

3) Supporting good public governance
Firms can support national governments to provide transparent and accountable governance. Good public governance, including an effective centre of government and a thriving public policy space, is essential for development.

In many cases there may be significant overlap between these three forms of support. Whichever strategy a member firm chooses to adopt, it is important that clear measurable objectives are set and reported against. These are likely to include quantitative and qualitative targets, which ideally measure KPMG’s contribution to Millennium Development Goals 1, 2 and 3.
Roles and responsibilities
The GDI is a flexible initiative that requires input from a range of stakeholders.

Global Citizenship team
The Global Citizenship team has overall responsibility for the global strategy, the promotion of GDI activity, continuous organizational learning, global impact measurement and international communications.

Global Lead Partners (GLPs)
Mirroring the approach for commercial clients, a GLP is responsible for each of KPMG’s five key global development relationships. GLPs perform overall management of the relationship, including resource allocation and communication.

Member firms
Every member firm is responsible for determining the way in which it will participate in the GDI, by deciding which type of involvement it will have, which organization(s)/networks it will collaborate with, and what its preferred forms of engagement will be. National Citizenship Partners, Directors and/or Managers are responsible for supporting national leadership to drive forward member firm participation in the GDI and for sharing success and lessons learned.

KPMG International Development Services (IDS)
Teams planning engagements with KPMG’s five key NGO and UN global development relationships can request technical assistance from IDS. Further, IDS reserves the right to challenge proposals to perform development projects on a pro-bono (no fee) or lo-bono (reduced fee) basis.

KPMG Global Sustainability Services (GSS)
Teams planning engagements with KPMG’s five key NGO and UN global development relationships can request technical assistance from GSS, where appropriate.

GDI Champions
In order to help increase employee engagement and participation, firms should assign GDI Champions to generate awareness and support for the program. GDI Champions will be KPMG people who show great enthusiasm and commitment to the GDI, and have (or will be supported to develop) significant influencing skills, a strong network of contacts, and good presenting skills.

This flow chart helps member firms decide how they can get involved with the GDI program.

Which of MDGs 1, 2 and 3 would your firm like to put its skills to work to pursue?

What issue(s) does a problem analysis lead your firm to use its skills to address?

What method of involvement does your firm consider most appropriate to work towards the target outputs?

Private sector development
Support NGOs/UN Agencies
Support good public governance

International: Ask Global Citizenship if possible to participate in the Millennium Cities Initiative
Local: Participate in local network organizations or other initiatives to promote pro poor growth
International: Develop collaborative relationship with Save the Children, Oxfam, UNICEF, World Vision and/or Red Cross
Local: Choose to support one or more local NGO
International: Liaise with Global Citizenship to participate in the World Economic Forum’s governance initiatives
Local: Participate in local public governance initiative, e.g. on public sector reform
Across the globe our people are getting involved in GDI projects. Here are five examples:

**Millennium Cities Initiative**
KPMG’s Transaction Services practices have been providing economic and commercial due diligence work to support the Millennium Cities Initiative’s investment reports. The reports on cities in Ethiopia, Ghana, Kenya, Malawi, Nigeria and Tanzania will be used to encourage investment to lift the local economy.

Member firms in Ghana, India, Japan, Kenya, Malawi, the Netherlands, Nigeria, Russia, Tanzania and the UK are engaged with the Millennium Cities Initiative to support the delivery of the reports. KPMG in the US has also provided a secondee to the Millennium Cities Initiative headquarters.

**Save the Children**
KPMG in the UK’s Advisory Team recently provided zero fee services to Save the Children’s global finance community on the development of implementation plans that will enable the Save the Children Alliance to harmonize core processes over 14 countries. This project will significantly increase efficiency that will allow Save the Children to maximize their efforts on improving the welfare of children.

**UNICEF**
A number of member firms have been working with UNICEF as part of the GDI. One of these projects required KPMG in Brazil, Portugal and Mozambique to work together to assist UNICEF on their social budgeting initiative by providing impact analysis of government spending on child poverty in Mozambique.

Another involves KPMG in the US, Switzerland and the UK working together to help UNICEF develop its Cards and Gifts business in Latin America. Also, KPMG in France and the Democratic Republic of Congo assisted UNICEF in the Congo with the implementation of the UN’s Harmonized Approach to Cash Transfers program, which is a more effective and efficient cash transfer system for UN Agencies and their partners.

**Oxfam**
KPMG Europe LLP advised Oxfam GB on loss prevention and whistle-blowing procedures. In addition, assistance was provided to develop an information management system which helps improve the collection, storage and use of data, especially for disaster response.

**World Vision**
KPMG in Ghana advised World Vision on the transformation of a microfinance institution in Ghana into a subsidiary of Vision Fund. Additionally, KPMG in India supported World Vision in India to design a knowledge management system.
The GDI Manual
The Global Citizenship Team has developed a manual to support the GDI, which is available to all KPMG professionals interested in becoming involved in the GDI.

The GDI Manual has been developed to assist member firms’ participation in the GDI. Firms are encouraged to use it as a framework for planning their GDI program. The manual is not a prescriptive set of rules and steps, but provides context, guidance and options from which firms can choose one or more approaches.

The manual comprises two sections providing detailed information about:

- What are the issues associated with extreme poverty, and why do they matter to businesses and to KPMG in particular?
- How can member firms put their skills to work in pursuit of the MDGs?

The manual then provides a step-by-step guide to developing a strategy and implementing it.

Some of the key features in the GDI Manual include the following:

- An overview of the GDI and the MDGs
- How extreme poverty impacts business
- The correlation between the GDI, our values, and our global skills and behaviors
- International development
- Private sector development
- NGO and UN relationships
- Good public governance
- Roles and responsibilities within the GDI
- Types of engagements and engagement procedures
- Flowcharts for developing a GDI strategy and a participation plan
- Reporting, monitoring and evaluation
- Lessons learned
- Sources of further information

Global Citizenship intranet site
The Global Citizenship team also offers an internal site for KPMG professionals interested in learning more. This site features the following:

- Specific information on global citizenship
- Tools for member firms, including guides, information and marketing materials
- Tools for individuals, including contacts and a carbon calculator
- News and information
- Inspiring content such as videos and case studies
Global Citizenship Team

The Global Citizenship team was formed in 2007 to act as a base for KPMG’s expertise and ideas on corporate citizenship issues. Its role is to communicate our thinking and to enthuse and motivate people throughout KPMG’s global network.

The team works with member firms to propose common agendas and initiatives. Each member firm has its own citizenship representatives and pursues local priorities, and additionally the team has established a network of regional hubs for Asia, Australasia, Europe, Africa and the Americas to make it easier for sharing knowledge and best practice and to deploy resources internationally.

Lord Hastings of Scarisbrick CBE
Global Head of Citizenship and Diversity
Tel: +44 (0)20 7694 8050
michael.hastings@kpmg.co.uk

Richard Hamilton
Director, Global Citizenship
Tel: +44 (0)20 7694 3874
richard.hamilton@kpmg.co.uk

Brad Sparks
Director, Global Green Initiative
Tel: +1 213 955 8653
bradsparks@kpmg.com

Jane Smallman
Senior Manager, Global Citizenship and Diversity
Tel: +44 (0)20 7694 8159
jane.smallman@kpmg.co.uk

Serena Brown
Senior Manager, Global Development Initiative
Tel: +44 (0)20 7694 8303
serena.brown@kpmg.co.uk

Kalyan Krishnan
Senior Manager, Global Citizenship
Tel: +91 44 3914 5333
krishnansubramanian@kpmg.com

Megan Haskell
Senior Associate, Global Green Initiative
Tel: +1 213 955 8357
mhaskell@kpmg.com

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