The fourth regional consultation of the World Benchmarking Alliance (WBA) was held in Nairobi, Kenya on 26 February 2018, co-hosted by B-Lab. It brought together 20 participants representing companies, business associations, civil society organisations, research institutions, investors, entrepreneurs and sustainability experts.

The roundtable was opened by Olivia Muiru, Executive Director at B-Lab East Africa, who stressed that while governments and civil society will be important in delivering the SDGs, they cannot solve these problems alone and the private sector has a crucial role to play. She also emphasised the need to consider what tools can be created that will enable businesses to start thinking about, and creating impact, over and above what might be expected of them.

Laila Macharia, a serial entrepreneur and angel investor in Kenya, followed up this introduction with an inspiring speech that helped to frame the conversation of the roundtable in the East African context. She spoke about the significant proportion of the East African population who are still living in poverty, and the issues the region is facing in terms of health, hunger, and the environment. She went on to highlight the big population of despondent youth, who urgently want action to be taken on these issues, and the need to involve youth as a driving force of change in Africa.

Laila stressed that when thinking about businesses in East Africa, participants should not only think of the large multi-nationals but also about the “mama mboga” - the women selling vegetables on the roadside. These women, and other informal sellers are representative of the small, informal businesses that make up a large part of the Kenyan economy and should remind us that there is very little divide between businesses and the people. Because of this, we must be very clear on who ‘bears the burden for change.’

Laila explained that the private sector in East Africa is still quite nascent and while there is a big potential for impact, there is also a need for mutual accountability. Ultimately, she stressed that it is essential to break down the barriers that exist between the private sector and other parts of society. Moving away from a ‘them versus us’ mentality and recognising the complementarities that exists between the private sector, the government, civil society and other stakeholders is what is needed to bring business to the table, move the conversation forward and create a movement for social change.
With these thoughts in mind, the consultation aimed to lay out the general rationale and concept for the WBA, as well as explore the following strategic questions:

- What kind of global and regional institutions need to be part of the alliance to help ensure the WBA is credible and legitimate? And what value does the WBA need to create in return for these institutions?

- How can corporate SDG benchmarks be designed to ensure they create value for stakeholders as well as the companies being assessed?

- What are important intersections between SDGs and industries for Eastern Africa?

To build relationships and promote open dialogue between the different stakeholders, the above issues were explored in two ways. The first consisted of discussions in small groups on the first two questions, enabling participants to have in-depth conversations as well as meet and share views with other participants. The second consisted of a fishbowl conversation focusing on the third question. This set up allowed the entire group to participate in an open and in-depth discussion on relevant intersections between SDGs and industries for East Africa.

This summary document outlines the main themes and insights that emerged from the consultation meeting.
Business associations

Participants strongly emphasised the importance of involving business associations in the WBA. Important business associations in Kenya include KEPSA (Kenya Private Sector Alliance), KAM (Kenya Association of Manufacturers), KFC (Kenya Flower Council), the Kenya National Chamber of Commerce, and the East Africa Business Council. Their members consist of both smaller and large players, and they represent large numbers of companies. KEPSA, for example, currently has over 500,000 members and is a well-respected association in the country. Participants indicated that these associations have an important role to play in both representing and aggregating the views of their members. In addition, they have considerable influence – in general, but also in driving the adoption of sustainable business practices among their members, regardless of their size. Participants discussed how companies that align themselves with these associations are viewed as being more credible, which improves the marketability of their products, making the associations, and their agendas, attractive to support. Participants also considered the symbiotic relationship that exists between large and small companies within these business associations as an important advantage. One participant noted that “big companies keep the market open with their volumes – smaller ones can contribute to that.”
Differentiating contributions from multiple stakeholders

Civil society and academia
As in many other consultations, participants stressed the importance of engaging civil society organisations, such as those that represent the interests of workers and that actively push for better standards. Some participants noted that as these discussions happen on such a high level, the community perspective often fails to be represented. The work of civil society organisations is very focused on community impact and these organisations can therefore help ensure that these views are taken into account. Participants stressed the importance of engaging local organisations and not just international ones, in order to achieve this plurality of viewpoints. Other participants highlighted the fact that civil society organisations can play an important role by acting as an accountability mechanism and encouraging evidence-based approaches. This was aligned with the role participants felt academics and think tanks could play as stakeholders in the WBA. Participants noted that academics, particularly those working in business schools and/or focused on teaching and research, would benefit from being part of the dialogue as it would increase their access to information and expand their research opportunities.

Consultants
Participants considered consultants as important stakeholders to involve in the WBA process as they are often an important source of information for companies and other organisations. One of the participants noted that “the first stop is often to go to consultants to get the information required.” One participant noted that the large, international consulting, accounting and audit firms do a lot of work on impact and value creation for their clients that would be useful for the WBA to consider. It was highlighted that these firms are connected to a number of different industries and can be very influential by acting as an intermediary that provides thought leadership, ‘connects the dots,’ and helps companies translate the sustainability agenda into a coherent business context.

Political institutions
The government was viewed by participants as a key stakeholder, alongside other political and regional institutions such as the Kenyan Revenue Authority, the Kenyan Bureau of Statistics (KBS), the East African Community, the African Union, and various United Nations agencies that are active in the region. Participants highlighted that a number of these institutions are already working on ways to implement the SDGs, particularly with regards to data collection and expanding available data on SDG progress. It was suggested that the WBA would benefit from working alongside these existing efforts. Participants emphasised that benchmarks
Differentiating contributions from multiple stakeholders

should not undermine the local contexts in which companies operate as each country has its own frameworks that have been set to measure or to work along the SDGs. However, the WBA could help improve country-level reporting and progress by focusing on corporate contributions to SDGs.

Governments have a big role to play in terms of policy design and creating an enabling environment for initiatives, such as the WBA, to be successful. Some participants also noted how, in the Kenyan context, separation between government and business is not always clear as the government can often be a major shareholder in big Kenyan companies. Although many of these businesses operate as private companies, they are largely publicly owned. This introduces a new dimension for how the WBA should engage the government and the significance of their role.

Regulatory and standards bodies

Participants discussed how regulatory bodies and standard bodies could be an important stakeholder in terms of shaping a new narrative around the SDGs. Important bodies include the Nairobi Securities Exchange (NSE), the National Environment Management Authority (NEMA) and the Communications Authority of Kenya (CA). These bodies can be very influential in implementing huge changes. NEMA, for example, is credited with driving forward the ban on all plastic bags in Kenya. Participants felt that this example highlighted ways that standards and regulations can contribute not only to behaviour change in businesses, but society as a whole. Similar to other consultations, participants felt that the WBA could play an important role in harmonising standards and definitions. One of the participants noted that currently there is “a lot of confusion for companies on what they should report on.”

Collaboration between the WBA, regulators and standards bodies

“There is an incredible hunger on the side of impact investors to talk about the SDGs and how they can meaningfully contribute to the SDGs.”
Differentiating contributions from multiple stakeholders

could facilitate this harmonisation and expand the potential impact of the WBA. Participants also discussed how the WBA has an opportunity to demonstrate value through facilitating increased adoption of standards by the private sector.

Investors

Investors were also considered a key stakeholder group to include in the WBA as they can push companies towards more responsible and sustainable behaviour and can tie specific criteria to their investments. Benchmarks could be an important addition to the landscape in this regard. Participants discussed in depth how the WBA can have a positive impact from an impact investing perspective, and concluded that it is very important for the WBA to have the buy-in of impact investors. Key points of discussion for participants where that investors in the region are often key in creating demand and directing the flow of capital. They can therefore be very influential in incentivising companies to adopt certain practices and seriously take part in sustainability efforts. Participants discussed how the WBA can ensure investors have access to comparability mechanisms so that companies are pushed to go beyond minimal compliance and actually focus on performance. Participants believed that the WBA could provide the accountability platform for corporate performance on the SDGs that would enable this push.

All voices heard

Given the number of different stakeholder groups that were discussed and the variety of contributions they can make, some of the participants questioned whether involving so many different stakeholder groups – each representing different interests and views – would not jeopardise the neutrality of the WBA. However, one of the participants noted that Participants believed the WBA’s role could therefore also be to help facilitate partnerships between different stakeholders.

“The point is not to be neutral, but to representative. If you have representation of all voices, all voices are heard.”
Participants discussed what would incentivise companies to participate in the benchmarking process to ensure that it is “not just about them giving.” Companies should not be expected to give the WBA data, without any clear benefit to them. A number of different incentives and benefits were discussed by participants, outlining reasons why companies would choose to engage in the benchmarking process.

**Engaging the public while attracting and retaining talent**
Participants discussed how benchmarks can bring value to people working in the companies that are assessed. Access to talent and skills development is a big topic nowadays, and companies are often competing for the same talent. Differentiating a company from others on sustainability would help to attract and retain this talent by making it clear to consumers and the wider public what constitutes sustainable business practices and which companies are employing such practices. Benchmarking offers an opportunity for brand building, reputation management and public engagement that could ultimately make companies more attractive to future and current employees. Participants felt that civil society could play a role in creating this value for companies as the sector plays an important role in building community awareness on social and environmental issues, and advocates for best practice. Additionally, participants discussed the issue of corruption in East Africa and its effect on lowering public trust in government and eroding perceptions of accountability. One participant argued that providing tools for holding the private sector accountable would encourage the public to believe there were better ways to hold the government accountable, and that the prospect of this could be a strong public engagement tool.

**A learning opportunity for companies**
Participants also saw value in the learning element that benchmarks could bring. For example, specific solutions and practices could be suitable for other parts of the world or other sectors. Benchmarks could have a role in disseminating this information and sharing best practices so companies can learn from each other and their better performing peers. Engaging companies in the design of benchmarks was considered very important by participants. One of the participants stated “Learn from their ideas. Understand how decisions are made within companies”. Benchmarks can in turn help companies to get a better understanding of their operations and impact and can also lead to a more efficient use of internal resources. Participants believed that the analysis produced by benchmarks is inherently useful to companies as it provides them with knowledge and insights for
Incentivising companies to engage

“You can spend hundreds of millions of dollars on CSR without having much of an impact.”

improvement. One participant noted that progress tracking and measurement done by an external organisation such as the WBA may relieve pressure on companies to develop their own methodologies and internal initiatives, which could then allow resources to be directed towards ensuring impact rather than producing reports.

**Market value, competition and risk**

Participants thought benchmarks would be extremely valuable if they could show how integrating the SDGs into business practices would translate into economic value. One of the participants noted that “companies only engage if it affects the bottom line”. Another participant raised a challenge in that managers are taught how to make profit in school, not how to measure impact. Benchmarks and their methodologies would allow managers to assess this impact and “help to avoid business decisions which, in terms of interest for the company, are good decisions, but in reality, are very careless decisions”. This would also help companies to better understand the impact of their CSR investments, or as one of the participants noted, In this regard, participants felt that the competitive edge created by benchmarks would be very important, and who companies were being compared to would have a big impact on how effectively they engaged with the benchmark.
Incentivising companies to engage

One of the participants mentioned that it would be particularly valuable for companies if benchmarks help them to improve productivity by acting more sustainably and responsibly. Other participants believed that benchmarks could help to highlight another dimension of value. Whereas companies now compete solely on the basis of price, benchmarks could help companies distinguish themselves from competitors and show customers their values. Participants saw this as particularly important for smaller companies as they cannot always compete with the larger ones, as well as for companies that export their products as buyers “want to see that profile”. Another participant believed that the importance of showing societal value beyond economic value depends on the competitiveness of the market: the higher the competitiveness, the more this can help to differentiate a company from the rest. Other participants confirmed that benchmarks could provide companies with proxies on how to measure their performance on social and environmental issues. Some participants highlighted that benchmarks should focus on risks as these are tangible for companies and can destroy value.

Supply chains, local relevance and impact

Over 70% of the businesses in Kenya are small to medium-sized. Whereas benchmarks usually focus on the largest players in a sector,
Incentivising companies to engage

one of the participants asked, “If you go for impact, do you go for the 30, the 70, or for a hybrid model that links the small, medium and large?” Different participants stressed that benchmarks should address issues in the supply chain in order to make this link between the big and smaller companies and ensure local relevance and impact. Benchmarks could help companies to look at their supply chains and their responsibility along the way as large companies often have considerable influence over smaller players in the chain. For example, larger companies can apply minimum standards for their suppliers. However, participants felt strongly that big players should not push down the costs and responsibilities to SMEs. In addition, participants noted that the knowledge creation that will occur through the development of benchmarks could also benefit smaller and local companies who want to independently track their own performance.
Designing corporate SDG benchmarks for maximum value

Ensuring relevance
Participants discussed how the design of the benchmarks would be directly linked to whether or not companies found it relevant or useful. Relevance was viewed as being a key factor of engagement. To ensure relevance the WBA must take into account how the SDGs translate to the various stakeholder groups, and there is a need to localise the SDGs and put them into a company’s specific context. Participants felt that it would be important for the benchmarks to dive deep into each SDG and look at the underlying indicators to reveal to businesses where they can truly have an impact on the goals. To enable this, companies must understand, through the design of a benchmark, why their industry is significant to a particular SDG and why certain intersections were chosen. This would require high levels of transparency and strong communication from the WBA not only in terms of methodology development, but also with regards to which stakeholders were involved in the development process.

Building capacity
Participants discussed how allowing for capacity building should be an integrated part of benchmark design. Questions were posed around whether or not there was a way to evidence the true price of inaction, and how companies that were underperforming could be motivated and guided to improve. It was viewed as critical that good performances were recognised and rewarded as a way to create incentives for action. If the WBA is able to facilitate partnerships where information flows both ways, this will enable capacity building in companies in the corporate social responsibility teams, as well as greater employee engagement with sustainability issues. An issue that repeatedly came up was the exclusion of SMEs from the WBA benchmarks, and participants noted that in order to be truly valuable, benchmarks would need to be designed in a way that allowed for spillover benefits leading to positive performance along the entire value chain. If the WBA’s benchmarks can act as a translation tool between the SDGs and business, this would add to the wider body of knowledge on how to improve corporate sustainability performance that would have an impact far beyond just the companies in scope.

Streamlining data collection and existing initiatives
Participants highlighted that any WBA benchmark must be designed to complement or be aligned with other SDG reporting processes and existing sustainability initiatives, including at a country, regional and global level. One participant stated:
Companies must not feel as though efforts are being duplicated, requiring them to deliver different data and reports to different organisations. Benchmarks must be designed in such a way that they bridge the gap between ESG and SDG reporting for investors and for companies. Companies should be credited for positive ESG performance even if their actions don’t address a specific SDG target. As one participant noted, “companies cannot focus on impact if they feel overwhelmed” so the WBA must be cognisant of other reporting initiatives and data collection efforts. The collection, verification and analysis of data will therefore be very important in ensuring the WBA’s credibility and impact, and participants highlighted a need for mechanisms to ensure that this is done efficiently. Participants concluded that data must be standardised, verifiable and easily available. Aligned with this point on streamlining efforts, some participants stressed the need to avoid a siloed approach; for example, companies should not be ranked well because their climate change efforts are commendable if their human rights performance is weak. Some of the participants felt that there is a need for company performance to be evaluated against the whole SDG framework, not just specific goals or targets, while others emphasised the need for a focused approach. As one participant commented “no-one has got it right yet,” so if the WBA can that would be extremely valuable.

“If the WBA can help countries figure out how they assess corporate performance on the SDGs, that would be of great value.”
Critical industry – SDG intersections in Kenya and Eastern Africa

The extractives industry was highlighted as being one of the most important industries for Kenya: there are already considerable mining activities and oil and gas extraction is growing rapidly. These activities tend to take place in rural and remote areas that lack access to basic services such as access to healthcare (SDG 3), clean water and sanitation (SDG 6) and education (SDG 4). There was some debate among participants about the role that these companies play in these communities and whether or not the long-term impacts of their involvement would be positive.

Participants noted that water and sanitation is greatly impacted by the activities of these industries (SDG 6), and that the extractives industry often negatively affects access to clean water for communities they operate in. The extractive industry uses a lot of water resources while many of these communities are struggling with water supply. Therefore, a few participants felt that there should be a push for this industry to use water more responsibly.

Some participants noted that companies in the extractives industry have been effective in providing medical insurance for employees, which improves access to healthcare in the wider community (SDG 3). Participants also highlighted that due to the lack of education, companies often cannot hire from local communities, which limits the extent to which these communities can benefit from the presence of extractive companies. Other participants felt that these companies could therefore go even further by investing in education (SDG 4) for the local community in order to expand the pool of potential employees and recruit locally (SDG 8). However, others were concerned about expecting companies to take on the role of government. Although company investments can lead to positive community impacts, quite a few participants felt that communities would be worse off when these companies leave, and that long-term provision of services like health and education should be the responsibility of the government.

There was a lot of discussion on the responsibilities of governments versus the responsibilities of the private sector. Whereas some felt that businesses might be more efficient and effective in addressing particular development challenges, others felt that companies shouldn’t play the role of governments. One of the participants noted that companies themselves have to take responsibility: It was noted that while people still talk about CSR, the narrative needs to change to make sustainability an integral part of the business. Participants also noted that while the role of the government is to impose minimum standards if they are not in place, effective enforcement is often a challenge. One participant noted that if companies took more responsibility over
their business practices this would reduce the need for governments to design new policies and regulations to hold them accountable. Another participant noted that a key part of what it means to do ‘responsible business’ is to be a good corporate citizen, which includes paying your taxes so that the government has the income needed to provide public services. As one of the participants put it, “Businesses should pay governments so they can do what they are supposed to do.”

Agriculture was also mentioned as a key sector in Kenya as about 70% of the population is engaged in some form of farming. However, participants highlighted that not enough has been invested in agricultural development. While agriculture is responsible for over 20% of GDP and is the country’s third largest foreign exchange earner, only 4 to 7% of agricultural produce is exported. Due to this lack of investments, productivity of Kenya’s agricultural sector is one of the lowest in the region. There is much potential to learn from other parts of the world that have significantly increased production while unlearning some of the bad agricultural practices in other parts of the world. A key feature of the agricultural sector is migrant labour (SDG 8). The movement of workers between different parts of the country allows for investment not

“Fundamentally, the new business mind-set should be that you are responsible for your full business impact.”
only in the communities where workers move to find employment, but also their home towns where they send remittances to their families (SDG 10).

SDG 5 (gender equality) was considered a very important SDG for Kenya by participants, who noted that considerable attention from the government and SDG funding have been directed towards improving gender equality. One participant noted that progress in this area can be limited if, due to increased resources being directed at women and girls, people start to question whether or not boys are being ‘left behind.’ Another participant addressed this point by highlighting that often times discontent arises because the wider benefits accrued to all in society are not communicated effectively. “If you empower a woman, you are empowering a home” one participant noted. Another participant commented that Kenya is still largely a patriarchal society and boys and men benefit from this in ways that they are not always aware of. Participants discussed the need to move beyond talking about gender equality as just being about women's empowerment and to think more widely about a need for ‘gender-responsive budgeting.’ Unconscious bias means that government budgets and/or company priorities are largely influenced by a male perspective - leading to a focus on investments in infrastructure (SDG 9) and business development. Participants believed that bringing more balance to the table would entail a larger focus on issues such as health (SDG 3), education (SDG 4), and water and sanitation (SDG 6).

SDG 1 (no poverty) was highlighted as a goal where the impact of industry is big but largely unrecognised, with one participant stating that “businesses think they don’t have a lot to do with the goals around poverty”. However, one of the participants noted that the SDGs call to ‘leave no one behind’ which cannot only be the government’s responsibility as “it is everyone’s responsibility.” Companies should consider how they incorporate and mainstream poor communities in their strategies. The fishing industry and the fisheries supply chain was highlighted as an example of where companies can have a significant impact on poverty (SDG 1) without directly realising it. Participants highlighted small scale fisherman who earn the majority of their incomes by selling catch to the international market as a critical illustration of the community implications that business practices of the sector have on poverty. Participants also stressed that even though companies might not focus explicitly on the SDGs, they can still make important contributions. For some companies, acting responsibly and sustainably has become part of their company cultures, informed and driven by market demands and the environments in which they operate.
A recurring theme that came up during the discussion was the importance of good governance as “corruption undermines all the SDGs in the country”. Participants believed business can make important contributions to good governance by paying taxes, being (environmentally) compliant and demonstrating good corporate citizenship. In addition, participants noted the potential of good governance to reduce the need to engage negatively with governments, which can create opportunities for bribery. Other participants emphasised that engagement with the government can also contribute to solving, rather than creating problems.

Whereas both companies and countries tend to focus on financial indicators, one of the participants noted that “so many things are not captured in that” as “GDP is not saying anything about how the people in Kenya are doing”. While Kenya is categorised as a middle-income country, participants noted that many people are still living in poverty and on the brink of hunger. Understanding and measuring impact from diverse perspectives is important and benchmarking methodologies should reflect this diversity.

Participants also expressed a need to balance expectations and implications. The concept of shared value and shared responsibility was viewed as being an important consideration, and participants felt this perspective should be integrated into thinking around benchmarking. As one participant noted, “Whatever you are working on, look at it in an integrated perspective, the progress of one should not negate the progress of another.”
The Nairobi consultation – the fourth formal WBA regional consultation held – provided key input and ideas on the WBA concept, including its added value and business model, helped identify critical Industry-SDGs intersections for East Africa, and identify important considerations for the development of WBA benchmarks. The conversations during the Nairobi consultation also reinforced the value of multi-stakeholder dialogues on the role of the private sector in sustainable development, which has also been revealed in other roundtables.

Key considerations from this consultation included:

> The country and regional context will provide the WBA with an insight into the key stakeholders to engage. In Kenya, business associations are highly respected and influential in representing the views of companies, and regulatory and standards bodies can be powerful drivers of change.

> Facilitating a multi-stakeholder dialogue that enables a plurality of perspectives to be taken into account will ensure that this discussion is relevant to all members of society.

> The WBA will need to evaluate the role of government not just as a key stakeholder group but also as a shareholder or owner of companies.

> It will be important to differentiate between the responsibilities of government and the responsibilities of private companies, particularly regarding the long-term provision of basic services such as those related to health and education.

> To ensure credibility and engagement, the WBA will need to be open and transparent in terms of methodology development, data collection and analysis. Communication of these processes to and engagement of companies will be key.

Over the course of the coming months, the WBA will build on the insights generated from this consultation as it continues to convene regional and global consultations with key stakeholders around the world.

Continued feedback is welcome. We look forward to comments, questions and suggestions to ensure that the World Benchmarking Alliance consultation is inclusive and builds on stakeholder input.
List of participants

BCTA/UNDP
B Lab
Eco2Librium
Greyfos
Independent (2x)
Kenya Association of Manufacturers
Kenya Flower Council
Oxfam Kenya (2x)
ROAM
Safaricom
Shining Hope for Communities
SIB Kenya
Strathmore Center in Law and Policy
Swedfund
The GIIN
UNDP
UN Global Compact
WWF Kenya