Fighting hunger with investments

NEW DIMENSIONS ON CORPORATE SOCIAL RESPONSIBILITY
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New dimensions on corporate social responsibility
Summary

The question, "How can we survive in a time of globalisation" sounds very different depending on who asks it and where. In Denmark it is posed by Danish companies facing globalisation. In India it is asked by the many millions of poor and hungry people. However, the answer may prove to be the same.

Danish and European companies must increasingly survive in globalisation by investing and expanding abroad, investments that can also contribute positively to the fight against hunger and poverty.

In DanChurchAid we are happy whenever Danish and European companies move and outsource jobs to some of the poorest countries in the world. This should not be seen as an insult to Danes who may be losing their jobs, but as recognition of the potentially positive effect it can have in the fight against hunger and poverty. However, it does not happen automatically.

Investments and economic growth will help to reduce poverty in developing countries. But the World Bank shows, the distribution of income, land and opportunities is critical. For countries with low levels of income inequality, a one percentage point growth in mean incomes leads to about a four percentage point reduction in the incidence of dollar-a-day poverty. In countries with high income inequality, the effect is close to zero. Growth, distribution and poverty are closely linked.

It is therefore not only important for foreign companies to invest, but increasingly important where they invest, as well as how they invest and produce. The concept here is Corporate Social Responsibility (CSR).

In the debate on CSR policies, until now the focus has been on child labour, working conditions and the environment. Less attention has been given to the broader effects of CSR policies on the society as a whole. However, if foreign investments and transnational companies are to have significant positive effects in the fight against poverty and hunger, more must be done.

There are 74 Danish corporations with investments in India (annex 3). This report presents an analysis carried out by DanChurchAid of 34 of these companies. It demonstrates a solid commitment to socially responsibility policies. Out of the 34 companies, 25 had formulated and publicized a CSR policy. Of these 24 focused on the environment and 18 also took into account working conditions. Eleven companies included discrimination in their CSR policy, significant in a country like India, where untouchables (Dalits) are marginalised and poor. However, only four of the 34 companies in the analysis had considered impacts on hunger and poverty in their CSR policy.

As the report shows, poverty and hunger are closely related to inequalities in income, assets and opportunities. If Danish and European companies are to increase their contribution to combating poverty and hunger, therefore, they must include access to water, which is often a critical factor for the poor. They must also analyse whether their investments have any negative effects on the distribution of land or on access to land, and guarantee compensation to those who, whether legally or illegally, are occupying land which is used or polluted by investments and production facilities.

Companies must also guarantee affirmative action for some of the most marginalised and poorest people, not least Dalits in a country like India. This can even yield positive results, as research shows that Dalits perform just as well or even better than other population groups if they are given access and opportunities.

Companies must have an active employment policy in the communities in which they are located and aim at using local inputs and employing local workers. They must also have an active strategy to ensure the transfer of knowledge and technology. This can
be done through training and education, but also by a conscious strategy of providing the poor with increased access to the knowledge and technology, which is increasingly protected by patents and other intellectual property rights. Finally, companies must analyse the overall effect of their activities on poverty and hunger in the countries in which they invest and establish production.

These proposals are comprehensive and go beyond what companies are obliged, or indeed expected, to do. But if we wish to reach the Millennium Development Goals, including halving the number of people living in poverty and hunger, it is necessary for everybody to contribute, including the private sector.

The report argues that, if companies take these considerations into account in their CSR and investment policies, it will increase the impact of their investments on combating poverty and hunger. It will also increase understanding and support for outsourcing strategies, the movement of jobs to developing countries and globalisation generally in the host countries. Moreover, it will have a number of beneficial effects on the company itself in the form of a better relationship with the local communities in which they are investing, an improved image, and greater satisfaction among employers, customers and constituencies. This can be decisive at a time when being competitive increasingly relies on the ability of companies to attract and retain skilled, innovative and creative employers.

A strong CSR policy will thus yield benefits for both the host country, the recipient country and, importantly, the company itself. It is this positive correlation that will allow us all to survive and live in the future.

**DanChurchAid**

DanChurchAid is a development-oriented non-governmental organisation (NGO) committed to the working with the poorest of the poor, with a commitment to achieve the Millennium Development Goals as agreed by the UN General Assembly. Our support of development is implemented through NGOs and community-based organisations (CBOs). The role of the private sector, however, is acknowledged in the belief that sustainable development for the whole society can only be achieved if all actors work together.

Through its involvement in different parts of the world, DanChurchAid has experienced both the positive and negative effects of foreign investments. The quantity of investments and transnational corporate activities is increasing, and as a development NGO we are concerned about the effects. How can we ensure that the positive effects and best practises are maximised, and the negative ones eliminated?

In 2006 DanChurchAid has set its focus on India in connection with our annual Parish Collection, Campaign on The Silent Hunger. India is a country where foreign investments contribute to an impressive economic growth. At the same time, India is a country where more than 800 million people live on less than USD 2 a day and where 21% of the population are undernourished. Since the parish collection focuses on the fight against hunger, we have decided to examine the relationship between investments and hunger.
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Introduction

Globalisation is sometimes accused of taking jobs from the Western countries and moving them to developing countries such as India and China. Often forgotten in this debate is the potential for positive effects from this practice in developing countries. Corporations and foreign investments may play an important role in relation to the fight against poverty and hunger in the developing world. However, the effects on development of a foreign investment depend to a large extent on the behaviour of the corporation concerned. Corporate Social Responsibility (CSR) may prove to be the key to positive effects where investments contribute to both poverty eradication and the fight against hunger.

Investments may have an impact on poverty and hunger in many ways. Four important aspects have been identified: access to water, access to land, discrimination and social exclusion, and production policy. These aspects will be analysed and weighed against the CSR experiences of corporations. A survey of Danish firms investing in India has been conducted and constitutes the basis of this report.

The role of investments and corporate initiatives in relation to development has been acknowledged and emphasised over and over again during the last decade. A well-functioning market economy depends on the private sector, which is obviously also an important criterion for building a stable basis for development in the world’s poor countries. This is supported by the experiences of the ‘tiger economies’ in Asia, where capital, technology and knowledge through foreign investments have had an important impact on rapid economic development.

The potential of investments in a development perspective is huge. At the same time it should be acknowledged that investments may have limited or even negative affects on development at both the national and local levels. Numerous cases are documented continuously, and watchdog organisations raise their voices to draw attention to situations which are harming development.

Foreign Direct Investments (FDIs) will only contribute to the fight against hunger and poverty if the benefits of investments are greater than their potential harm. In order to estimate their total effects, CSR policies need to include a comprehensive assessment of the core production activity.

The report claims relevance for CSR in all countries where poverty and hunger may prevail. India is used as an example to illustrate the matter. As a country with a lot of investments and growth, simultaneously with vast poverty and hunger, differences become clear and the potential for improvement obvious.

The report is divided into four parts. First a background is provided to CSR, investments, poverty and hunger. Secondly the relationship between the four aspects of focus, investments, poverty and hunger will be discussed. Thirdly the result of the survey of Danish corporations investing in India will be analysed. Finally our conclusions will be presented in the form of a set of recommendations on how to make socially responsible investments in developing countries, taking poverty and hunger into consideration.
Background

Foreign Direct Investment (FDI)

The flow of FDI is increasing throughout the world. In 2004 36% (USD 233 billion) of world inflows went to developing countries, though only 5% of this went to the ‘least developed countries’ (LDCs), with five countries (China, Hong Kong, Brazil, Mexico and Singapore) receiving 60% between them.1 The FDI inflow is also becoming an increasingly important part of national Gross Domestic Product (GDP) in many developing countries. In 2004, 51% of capital inflows to developing countries came through FDIs.2

Corporations, not least transnational corporations (TNCs), are now becoming more important actors in relation to social and economic development in developing countries. In the early 1990s there were 37,000 TNCs with more than 170,000 affiliates in the world. In 2004 the same figures were 70,000 TNCs and 690,000 affiliates. The vast majority of these companies are based in Organisation for Economic Co-operation and Development (OECD) countries. TNCs have also been growing in size. If country GDP were compared with TNC capital using data from year 2000, 29 of the 100 biggest economies in the world were TNCs.3

Investments are regulated by national investment regulation and often also bilateral investments treaties (BITs) and international investment agreements (IIAs). The number of BITs and IIAs is increasing.4 This is important in relation to CSR in developing countries, as most international and bilateral agreements limit the possibilities for national regulation and thus create a larger space for CSR.

The fact that FDIs may contribute to national development has created a strong trend towards the increased facilitation of FDI inflows.5 For developing countries some scholars have called this ‘the race to the bottom’.6 Facilitation of inflow may be promoted through incentives like tax holidays, low environmental standards, and export production zones with positive investment climates. Some incentives, related to tax, for example, may limit the possibilities for the positive effects of investments, such as capital inflows. Some studies have shown how, although developing countries are producing and exporting more and more manufactured goods, their share of income and value-added is increasing much less, and sometimes even falling. The world’s poor countries are left with labour-intensive, assembly-type processes with little value-added.7 The impact on growth and poverty is too small. As the World Bank shows, the distribution of income, land and opportunities is critical. Investments and economic growth can nonetheless help to reduce poverty in developing countries. For countries with low levels of income inequality, a one percentage point growth in mean incomes leads to about a four percentage point reduction in the incidence of a-dollar-a-day poverty. In countries with high income inequality, the effect is close to zero. Growth, distribution and poverty are closely linked.8

This underlines the fact that, when regulations are liberalised, the potential for positive impacts on poverty- and hunger-reduction increasingly becomes a question for CSR.

Corporate Social Responsibility

CSR policies may differ greatly. One way of categorising them is to divide policies into:

1. not to do any harm,
2. to create a good working environment for one’s staff, and
3. to do good things for external actors and the neighbouring community.
This division is relevant as positive impact on society in terms of poverty and hunger, only will manifest itself in case two and three.

Another distinction is between policies which relate to the core production activities and initiatives which are implemented as side activities. Production-related CSR may, for example, cover stakeholder dialogues, employment agreements and environmental standards. Side activities include, for example, philanthropic activities such as donations, scholarships and financial support to community events and construction. These initiatives are valuable and should not be neglected, but their relevance for sustainable poverty eradication in relation to foreign investments and development is limited. This study is therefore focusing on CSR in the sense of codes of conduct related to production and corporate behaviour.

All investments, local or foreign, should follow national law and investment regulations. CSR policies are voluntary and are developed by corporations based on their needs, investment context and corporate vision. In this sense they are just additional and supplementary regulations adopted, implemented and monitored by corporations on a voluntary basis.

There are various international standards, organisations and cooperation protocols related to CSR. Most important is the Global Compact, initiated by the UN Secretary General Kofi Annan. Firms that join the Global Compact undertake to follow a set of principles related to a number of international conventions and agreements.

Today the great majority of all CSR initiatives, which have been initiated by states, international organisations or corporations themselves, focus on the environment and working conditions. These are, of course, areas of great importance, and the attention they have received in recent years has had a great deal of positive impact on the development related to corporate activities.

When foreign investments were mentioned at the World Summit of 2005 and the Finance for Development Conference in Monterey in 2002, the focus was a broad one. However, there is a clear link from investment to development in relation to poverty. As has been documented, and as was noted above, investments may have both positive and negative impacts on poverty. To ensure that the impact is positive, the role of CSR policies is becoming increasingly important.

### The corporate perspective

It is difficult to prove a direct correlation between CSR policies and economic benefits. There are, however, other effects, which may be just as important in a longer perspective.

One of the worst situations for a company is to find itself on the receiving end of bad publicity. This may turn profits into loss and, in the worst case, close down production. A good CSR policy will prevent the company from disasters and bad publicity. Good CSR can also contribute to an improved image and brand, which in turn may have positive impact on production and sales.

The effects of a good image are not only linked to sales figures. The profitability and even survivability of companies relies increasingly on knowledge and innovation, which in their turn depend on its ability to attract the most skilled and creative workers. This can be achieved by offering good salaries and other benefits, but it can also be supported by a positive brand with a focus on the social and environmental
achievements of the company. Creativity and innovation can thus be linked to corporate social responsibility.
A specific motivation for CSR in a developing country context, advocated for by among others the Danish corporation Novo Nordisk, is the potential market which may arise. Poor people lack financial resources to be a relevant consumer group, but if poverty is overcome and people get a more sound family economy, they may as well become potential customers. This perspective is of course long-term, but by investing in the future CSR may create profitability.
The key question is, of course, what is a good CSR policy? This report highlights certain aspects that are important in relation to poverty and hunger, but there are also some general points to be made:
• CSR policies, covering both “no harm”, “working environment” and “external benefits” should be developed
• CSR policies should be implemented, not just written down
• Implementation should be monitored, both in order to make sure that policies are correctly implemented, and to gather information and experiences which can be used to improve the CSR
• Codes of conduct should be developed and amended continually in order to adjust to changes and challenges in society

Poverty and hunger

According to UNDP estimates, 850 million people in the world lack access to sufficient food and nutrition. That corresponds to one seventh of the world’s population. The majority of the people affected by hunger live in Asia (particularly China and India) and sub-Saharan Africa. Famines are part of the cause but the majority of hungry people suffer from chronic malnourishment.
Poverty and hunger are closely interlinked. The poor often lack the financial means to obtain food, while the undernourished lack the energy and health to work and to produce food. Hunger is predominantly a rural problem, and it is estimated that 75% of all people facing hunger live in rural areas. Hunger in the countryside therefore leads to urbanisation, as people are attracted to the cities to find jobs. Nevertheless, in many developing countries development in urban areas has only a small impact on poverty in the countryside.
India is often described as a globalisation success. There are several indicators pointing in a positive direction. GDP growth and FDIs are both increasing. However, this growth has not translated into a proportionate decline in poverty. 79.9% of the population live below USD 2 a day, and it has been estimated that 21% of the population were undernourished in 2002. Even if the number of undernourished people shows a decline compared to previous years, the total population has increased. These findings indicate that growth in one sector of the society has limited effects on other, poorer sectors and regions.
The Millennium Development Goals point out a list of eight concrete areas where considerable development should happen before the year 2015. The first goal calls for the eradication of extreme poverty and hunger. The responsibility for reaching these goals lay within all groups of society. Resources for enabling the development may come through Official Development Assistance (ODA), private funds (e.g. through NGOs) and trade and foreign investments.
Four aspects of concern

In relation to poverty and hunger, we have identified four important aspects of concern where CSR and proactive action is needed to ensure a positive impact. These four aspects are access to water, access to land, discrimination and production policy. Hunger is complex. It may be linked to a variety of factors such as environment, health, education, poverty, discrimination and conflict. In order to grasp the full meaning of hunger, all of these factors should be considered. In this report focus is limited to the direct effects of hunger and to the link between poverty and hunger.

The first two aspects are important, as lack of CSR may cause harm, increased poverty and hunger, and because a positive impact on distribution may stimulate a positive link between growth and poverty reduction. The third aspect, discrimination, is important both in relation to avoiding doing harm, but more importantly because increasing the possibilities for some of the most marginalised population groups may yield important benefits in the fight against poverty and hunger. The fourth aspect, production policy, refers to the opportunity corporations have to contribute directly to the fight against poverty and hunger.

The four aspects discussed further below will have most impact on the local areas surrounding a particular investment. The location of the investment is therefore of great relevance. Nevertheless, poverty and hunger exist in many areas, both rural and urban, and the local situation should never be taken for granted.

Access to water and access to food are both covered by the International Covenant on Economic, Social and Cultural Rights. Article 11 states that everybody has the right to “adequate standard of living for himself and his family”. This individual right should always have the higher priority compared to investments, which may have negative effects on people’s lives.

The Food and Agriculture Organization (FAO) do not have any legal framework but they encourage corporations to develop CSR which supports the “progressive realization of the right of individuals to adequate food in the context of national food security”21. This challenge may be elaborated from the following four aspects of hunger and poverty related CSR.

1. Access to water

Water is essential for life. We need it for drinking, washing, watering crops and livestock and many types of industrial and semi-industrial production. In many developing countries water is in shortage, which may have affects on access to drinking water, sanitation and food security. In drought prone areas water is also a source of conflict. Limited access to clean drinking water results in consumption of dirty water, which promotes disease. Lack of water for agriculture may lead to food insecurity22 and food shortages, as many poor people depend on staple crops produced locally.

Water may be accessed in various ways. It may be taken from the groundwater through a well, surface water, or directly from rainwater, rivers and springs. Its quality and quantity differ, and in times of drought access to it will decline.

It is estimated that 60% of all agricultural production in developing countries relies on non-irrigated farming.23 However, rainfall in these regions is often limited to a few months. The rest of the year may still be dry, and farmers will depend on groundwater or water reserves. The wells of the poor are often shallow and will consequently be the first to dry out in times of drought.24 They will therefore be vulnerable to increased use of groundwater in the area because of industries and corporate demands.
Many types of production use water as part of the process. The amounts used of course differ, from beer production, which is based on water, to software development, where the only water used is in the office facilities. For a community close to a production site, the total impact of the former on its water sources is of interest. This includes both the amount of water used in production and the quality of the discharged waste water. Waste water is an increasing problem in many developing countries, and it is estimated that half the population of the developing world is exposed to polluted water.25

India
Estimates of industrial use of fresh water in India differ (from app. 6-13 % of total consumption), but all analyses point at an increase. According to Indian law, the persons who own land also own the groundwater below. In practice, this may cause problems as groundwater reserves are disconnected from land ownerships. Water is a shortage in big parts of the country and many urban areas are getting piped water from far off places. As water is a necessity for all sectors, farming, industry and domestic, shortage leads to conflict26.

Access to water may also have a cultural dimension. There are for example cases where Dalits are denied access to central water reserves and are forced to use water in less accessible and lower quality wells.

CSR considerations
Socially responsible investors in developing countries should consider their use of water in many ways. A thorough analysis of water availability in the area and of local needs should be completed. Existing conflicts related to access to water should be taken into account, and if people rely on groundwater rather than surface water, the effects of production in times of drought should be considered.

Waste water and pollution have received a lot of attention, also being covered in national law and by various international agreements and standards. The 7th to 9th principles of the Global Compact focus on the environment. Corporations are encouraged to use a precautionary approach, be environmentally responsible, and develop new and more environmental friendly technologies. For the poor, however, concern goes beyond the effects on the environment to include access to and the distribution of water. Environmental standards must be upheld and the total use of the local water supply must be considered in relation to the needs of others in the same area. These concerns should be made part of a new generation of poverty-oriented CSR policies.27

2. Access to land
In many countries access to land is a controversial topic, and for the poor it may be crucial. Land represents and symbolises an economic value, but for poor people in particular it is also closely linked to income generation and food security. Around two-thirds of the populations of developing countries live in rural areas and earn their income from agriculture or related activities. For poor farmers, food is often produced for consumption and possibly for sale on the local market. Farming is in many ways risky, as it depends on external factors, such as seed quality, rainfall and threats from diseases and animals.

Access to land and a more equal distribution of land has been shown to have a considerable positive impact on both growth and poverty reduction.28

Investments may have impact on access to land in three different ways: 1) through the forced displacement of people who own their land; 2) through the forced displacement
of people who live illegally on land; and 3) by disruption of peoples livelihoods. The effect will be the same in all three cases and should therefore be considered systematic.
People with legal rights to land have better possibilities for both compensation and influence in relation to the process. They can bring the case to court and often have resources to enter into a dialogue with the corporation.
In many developing countries, the poor lack legal rights to the land they are living on and using, even though they may have lived on the same plot of land for generations. In such cases land may be handed over by the municipality for industrial projects with devastating impacts on the families affected.
An investment may lead to land-related poverty and hunger in other ways than through physical displacement. Disruption of people’s livelihoods may be caused by investments on lands which other people depend on. For example, local enterprises outside the immediate area may lose their customers from within the location, or farmers may lose access to a spring where their animals drink. Even more seriously, investments may have negative impacts on land quality and use because of pollution. Depending on local legislation, displaced people may be compensated, but the level of compensation and how it is managed differ. The operational directives on involuntary resettlement, drawn up by the World Bank, state that displaced persons should be (i) compensated for their losses at full replacement cost prior to the actual move; (ii) assisted with the move and supported during the transition period in the resettlement site; and (iii) assisted in their efforts to improve their former living standards, income earning capacity and production levels, or at least to restore them.

India
In India land distribution illustrates the gap between rich and poor. A small number of farmers from the dominant castes own a large portion of agricultural land, while Dalit farmers’ relation to land is as tenants. There are even cases where Dalit landowners through discrimination and pressure have been forced to move. This implies that many of the poorest, and landless, people are most vulnerable to forced displacement where possible compensation often is in favour of the legal owners of the land.

CSR considerations
For a socially responsible investment to take effect, a thorough assessment of the settlements and entitlements in the area must be conducted. Are there any legal or illegal settlements which may be affected? Are pastoralists or others using the area? Will a settlement have negative effects on neighbouring communities or on the host community where displaced people are being resettled?
Displacement should always be avoided if possible. If, due to special circumstances, this is not possible, then compensation, including the costs of resettlement and engagement in new income-generating activities, should be guaranteed. This may also include re-training and support for host communities. It may also be worth considering if financial compensation is the best mean. For poor people, opportunities for sustaining their living may be more relevant than cash. It is always advisable to engage in a close stakeholder dialogue, as many issues and concerns will otherwise be difficult and costly to identify.
The beneficiaries of compensation may be difficult to identify. If compensation is only given to the legal owners of the land, many poor people, who have depended on the land as e.g. tenants or illegal settlers, will be forced into deeper poverty. A thorough assessment is therefore needed.
There are plenty of legal bases, both national and international, related to access to land. Articles 1.2 and 11 of the International Covenant on Economic, Social and Cultural
Rights refer to access as of right for everyone to an adequate standard of living. The International Labour Organisation's (ILO) Convention 169 is an important document which focuses specifically on the rights of indigenous and tribal people. Finally the International Investment Agreements (IFC) Handbook for preparing a resettlement action plan may be of use to any corporation planning an investment with resettlement as one of its consequences. Once again the issue of land distribution and use should be part of a poverty-focused CSR policy.

3. Discrimination and social exclusion

Poverty and hunger are often closely linked to discrimination and social exclusion. Inequality of opportunity, both within and among nations, sustains extreme deprivation, results in wasted human potential, and often weakens prospects for overall prosperity and economic growth. Groups facing discrimination may lack access to both the job market and the possible benefits of corporate investments. Discrimination may also appear at the work place for those having a job, for example, in the form of limited opportunities for promotion, a lack of influence, poor working conditions and redundancy through selected dismissals.

In countries affected by discrimination, investments may promote integration and an inclusive development for a broad spectrum of groups in society. A good CSR policy should not only be non-discriminatory but also include affirmative action to ensure a pluralistic and effective approach. Research from India has shown that public affirmative action programmes have led to improved representation in village governments and provided public-sector employment and higher education for many Dalit and Adivasi ('tribals') families, thus freeing them from subservient roles. Employment in a private firm may help to integrate and empower a culturally and socially excluded person. Positive development as such may help not only the person but the whole family.

India

In India special attention should be given to the casteless group, the so-called Dalits, as a culturally, economically and socially excluded group facing discrimination. Traditionally Dalits are bound to work within specific sectors of the job market. These jobs are often dangerous and have extremely low salaries. Research shows that underemployment and unemployment leads to indebtedness and poverty. Moreover, Dalits are subjected to widespread implicit discrimination. A recent experiment in India showed that low-caste children perform on a par with high-caste children when their caste was not publicly announced by the researcher, but significantly worse when it was made public. Discrimination can lead to a huge loss of human potential for both society and for individual companies.

The fight against poverty in India thus goes hand in hand with special attention being given to the Dalits. Unless the job market, especially jobs with better pay and improved working conditions, is opened up to them, they will continue to have only limited possibilities to lift themselves out of poverty. Women are also discriminated against in many cultures. In relation to the job market, this takes various forms in relation to both finding a job and while working. One example is responses to pregnancy. The absence of any policies for maternity leave may have adverse economic effects on women and their families. In parts of India, life opportunities per se can depend on one single predetermined characteristic: sex. In India the participation of women in the work force is extremely low. Studies show that increased opportunities for women can have a tremendous impact, extending to issues
of life and death. The lower survival chances of girls compared with boys tend to narrow only when adult women have greater opportunities for gainful employment. These huge inequalities of opportunity are often reproduced over time and not only affect welfare directly, but also act to stifle human development and economic growth. This is a vicious circle that foreign investments can help to break.

**CSR considerations**

Discrimination is widely acknowledged in the CSR debate. It is included in the principles of the Global Compact, the International Convention on the Elimination of All Forms of Racial Discrimination, the ILO Conventions 100 and 111, and it forms an important part of the Human Right Compliance Assessment of the Danish Institute for Human Rights. Nonetheless it is a recurrent problem in the job market, with great significance in relation to poverty and hunger.

The International Dalit Solidarity Network (IDSN) has adopted the so-called Ambedkar principles designed to assist foreign investors in India and other countries to address caste discrimination. The principles include, among other things, the need for affirmative action, recruitment procedures, monitoring and documentation. Another useful document is IFC Good Practice Note on Non Discrimination and Equal Opportunity, where guidelines take companies through a list of important considerations.

**4. Production Policies**

When investments are mentioned as important components in relation to economic development, the most common arguments relate to production, for example, the use of local supply networks, inflows of foreign capital, transfers of technology and knowledge, and increased employment. All of these aspects are of relevance, and they may contribute significantly to both national and local development. The actual impact, however, depends on how the production is carried out. As noted below, several studies show that positive results are not inevitable, but depend on an actively pursued policy.

The impact of production policies relates mainly to economic development and therefore poverty. The logic is that investments create further economic development through inflows of capital and positive side affects. The inflows are generally used for investments in labour, inputs and equipment, as well as for taxation. In a developing country context, where economic distribution systems are weak or non-existent, these effects may be limited to a small group in the society. To benefit from industrialisation and foreign investment, people need to have a relationship with the investment, whether as an employee in the production process, part of the supply network, or through kinship and family ties with someone who is employed. The latter should not be ignored, as many rural dwellers travel to the cities to work and send their salaries back to their families in the countryside. Nonetheless a large proportion of poor in the developing world will only benefit from foreign investment if the inflows are redistributed and invested in all parts of the country.

**India**

Most FDIs in India are concentrated to a few dynamic areas such as Mumbai and Chennai. These areas are experiencing a rapid growth as investments bring capital, technology and knowledge. At the same time other parts of the country are lagging behind and states such as Orissa and Bihar are struggling with poverty and economic challenges.
The service sector has an important role in the Indian industrialisation. This has created good opportunities for global competition, but from a poverty and hunger perspective the effects are more limited. Many service investments, such as the IT business, are mainly benefiting groups which are already well off. It is a knowledge and technology intensive sector where education is a must. The options for spin-off effects are also limited as the need for suppliers is low.

Spin-off effects
Spin-off effects cover both upstream effects such as supply networks and outsourcing, and downstream effects such as the retail trade. Relations with local enterprises may create employment, technology transfers and inflows of capital, which all contribute to economic growth and thus poverty eradication. However, not all types of investment lead to spin-off effects: some, such as market-seeking investments, may focus on direct contacts with the market, where no local middlemen are needed. Large transnational companies (TNCs) often use inputs from other parts of their supply chain, which are not necessarily located in the same country.

Small and medium-sized enterprises (SME) may face difficulties when it comes to ensure CSR policies within suppliers. Still, these local firms are of high importance as they may employ and reach out to many people in the local community. As foreign investor, the CSR responsibility reaches down to the furthest link in the supply chain. In order to enact this challenge, partnership with NGOs and the public sector may be an alternative.

CSR considerations
Spin-off effects are generally linked to the nature of the investment, not to CSR. It should be noted, though, that links to local firms were one of the tools which were actively used by the ‘Asian Tiger’ economies in order to benefit from foreign investments. This kind of performance requirement is declining, and it is anyway also prohibited by the agreement on Trade-related Investment Measures (TRIMs) in the World Trade Organisation (WTO) and in BITs and other IIAs, but similar policies may still be included in voluntary codes of conduct by corporations.

For a TNC the most convenient solution is to continuously look for and engage the best possible suppliers. However, long-term partnerships with local suppliers create better possibilities for capacity building, transfer of technology and knowledge, and local development. Such partnerships may also contribute to a higher degree of confidence and trust in the business relation.

Employment
Providing cheap labour is one of the main arguments in favour of TNCs investing in developing countries. By employing local workers, production costs may be kept down. This is, of course, good for employment and therefore for the national economy. However, foreign investments may also have a negative impact on total employment in a country. TNCs may out-compete existing corporations that are more labour-intensive. It should also be noted that in the past decade most foreign investments have in fact consisted of mergers or acquisitions, which do not necessarily lead to increased employment. On the contrary, new ownership often leads to re-structuring and efficiency plans, which in turn may lead to redundancies.

Employment may be linked to CSR in many ways, not least when talking about working conditions. With regard to poverty, the important question is unemployment and considerations with respect to discriminated groups. The latter were described above.
in the section on discrimination and social exclusion. The former will be discussed further here.
In developing countries, a lack of public social security makes unemployment a devastating situation for a family’s livelihood. Corporations need to focus on profitability, and workers are not employed as a form of social support. If redundancies are needed, people will have to go, but nonetheless they may be carried out in a more or less socially responsible manner.
In many developing countries child labour is common. Even if children contribute to the family income, their salaries are often extremely low, and their working conditions bad. As children, moreover, they should not work but instead go to school. A distinction can be made between children’s work, which does not negatively affect their health and development or interfere with education, and child labour, where these standards are contravened.

**CSR considerations**
In Western countries corporations are by law obliged to severance payment in limited period after retrenchment, and some companies offer replacement support. This should also be applied in developing countries. Counselling may, however, be a good supplement as large sums received as one payment may not be used for the best interest of the family. There may as well be a gender dimension worth to consider. Research has shown that money given to the women in a family is used for the household, while men use at least 25% for other purposes.
When large scale retrenchments are needed corporations should undertake a Social Impact Assessment (SIA). A SIA will provide information about possible impact on society and engage stakeholders in dialogue. This may help to limit any negative affects, especially on vulnerable and discriminated groups.
The IFC’s good practice note on managing retrenchment, ILO convention 158, and the OECD guidelines all provide guidance for creating redundancies. These documents may be valuable input for the development of codes of conduct with respect to employment.
In relation to child labour, there are plenty of resources at the United Nations Children’s Fund (UNICEF) and several NGOs. A useful legal document to refer to is the Convention on the Rights of the Child.

**Capital flows**
Investments are in general closely linked to growth. According to statistics from the United Nations Conference on Trade and Development (UNCTAD), 51% of capital flows to developing countries in 2004 came via FDIs. This figure is also impressive in relation to Western economies. It should be noted, however, that most cases relate to a lack of export earnings and that the inflows are concentrated on a few developing countries such as China and India.
Capital inflows through FDIs must be seen in relation to outflows, i.e. the repatriation of resources. The annual average of repatriation of FDI financial inflows in developing countries between 1991 and 1997 was 33.6%. Looking just at Africa during the same period, the ratio is 74.7%. Repatriation depends on various factors such as rents and the opportunities for obtaining qualitative input locally. TNCs have plenty of options for moving money around through their international networks.

**CSR considerations**
Different countries have used different investment regulations in order to ensure that capital inflows are retained and reinvested inside the country. For example,
requirements have been laid down concerning local content and local ownership. Today most of these measures are prohibited through the TRIM agreements in the WTO and in BITs. Questions regarding capital inflows are thus matters for corporations to decide. If poverty is considered in relation to CSR, the inflow of capital and how it is invested is of great importance.

An example of inflow which may be directly linked to CSR is public revenues to host counties. According to national legislation, corporations are obliged to pay their tax, but through their international network, TNCs have several possibilities to move resources and thus influence where the tax is being paid. Methods as transfer pricing and internal loans should therefore be reconsidered so that tax on income is paid where the income originates from.

**Transfers of technology and knowledge**

One positive effect of foreign investments is the transfer of technology and knowledge. Developing country firms generally lag behind Western companies and TNCs when it comes to technical capacity, marketing, management and innovation, all aspects which have an influence on competition and profit. A transfer of technology and knowledge within these areas may therefore have many positive effects such as increased employment, production and export, which in turn will have positive impacts on the economy and poverty.

Transfers of technology and knowledge are, of course, a welcome impact for developing countries, but for corporations there is a converse interest in maintaining corporate secrets and competitive advantages. The free diffusion of knowledge and innovations is increasingly being blocked by various means such as patents, contracts and limitations on the sharing of key knowledge and techniques.

Traditionally TNCs have located their research and development (R&D) facilities in Western countries while transferring assembly and production to low-salary developing countries. This does not constitute promoting the transfer of technology and knowledge, as skills that are valuable to acquire in relation to possible multiplication and side effects locally are linked to the more advanced parts of the production. It should, however, be noted that the number of R&D investments going to India, as to Asia in general, is growing.

**CSR considerations**

Transfer of knowledge and technology happens in different ways, for example, by making copies, knowledge acquisition by staff, instructions and trainings for suppliers, and joint ventures. The corporation may facilitate or hinder such transfers, depending on its policy. Again this is an area where CSR may play a role. Facilitation of the transfer of knowledge and technology may not be the most logical action from a competitive perspective, but it may have a greater impact on poverty and economic development than many other initiatives.
Danish Investments in India

India is a popular country for investments. In 2004 TNCs voted it the second best location for FDIs after China. The survey looks more closely at some of the Danish investments in the country.

Method

As shown in annex 3, 74 Danish-based firms are registered as investors in India. Of these, 34 firms were selected for the study based on type of investment and production, so that the sample included corporations with investments related to material production.

All the firms in the sample received a questionnaire and a follow-up phone call. The response differed considerably. In some cases, participation in the study was clearly a matter of different attitudes towards CSR, while it for others was a question of priority and time. It is clear, however, that the majority of the firms answering to the questionnaire had a CSR policy.

As an additional mean of research, the web pages of those corporations not answering the questionnaire were visited and analysed. This was done in order to obtain a fuller picture of CSR activities within the sample. The web pages will, of course, not give as reliable information as the questionnaires, but it can be assumed that a company presenting its CSR on its webpage will pay equal attention to the different parts of the CSR, for example, possible activities related to the environment or working conditions.

The complete sample

<table>
<thead>
<tr>
<th>Corporations answering the questionnaire (12)</th>
<th>Have a CSR policy</th>
<th>Lack a CSR policy</th>
<th>Coverage of poverty and/or hunger</th>
<th>Coverage of environment</th>
<th>Coverage of working conditions</th>
<th>Discrimination</th>
<th>Community support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Corporations not answering the questionnaire (22)</td>
<td></td>
<td></td>
<td>15</td>
<td>14</td>
<td>8</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>9</td>
<td>24</td>
<td>18</td>
<td>11</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

1) If CSR, ethical guidelines or text regarding social behaviour was presented on the webpage; this was registered as having a CSR policy.
2) There was no evidence of CSR or ethical guidelines presented on the webpage.
3) Coverage of poverty/hunger is based on the questionnaire question about considerations of these issues. For those firms analysed through their webpage, the result is based on text referring to poverty or hunger.

Analyses of the complete sample are weakened by the fact that the majority of the results are based on information from web pages, which may lack information. Having said this, the results indicate some clear trends.

As shown in the table, the majority of the corporations in the sample have some kind of CSR policy. This is a positive result which shows that Danish firms have a social commitment in respect of their activities. The most common CSR element invoked is the environment: of the firms having a CSR policy, only one did not include the environment. Working conditions, discrimination and community support follow, with 18, 11 and 9 indications respectively.
In relation to this study, the most interesting result refers to CSR policies relating to poverty and hunger. According to the survey, only four corporations from the sample have a special focus on these issues. It should be noted that some poverty- and hunger-related elements are more widely included in CSR policies. This is the case with discrimination, and also those parts of access to water and land which refer directly to environmental issues. Still, it is clear that in general the CSR policies of Danish corporations have not been developed by giving any special consideration to poverty and hunger.

The firms answering the questionnaire

Twelve firms answered the questionnaire. This makes the result more reliable and enables further analyses.

<table>
<thead>
<tr>
<th>Corporations indicating 'yes' to the following questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a CSR policy</td>
</tr>
<tr>
<td>Impact on poverty and hunger</td>
</tr>
<tr>
<td>Coverage of environment</td>
</tr>
<tr>
<td>Coverage of working conditions</td>
</tr>
<tr>
<td>Coverage of community support</td>
</tr>
<tr>
<td>Monitoring of CSR implementation</td>
</tr>
<tr>
<td>Consideration of poverty and hunger</td>
</tr>
<tr>
<td>Consideration of access to water</td>
</tr>
<tr>
<td>Consideration of access to land</td>
</tr>
<tr>
<td>Consideration of discrimination</td>
</tr>
<tr>
<td>Consideration of production policy</td>
</tr>
</tbody>
</table>

Ten firms indicated that they have some kind of code of conduct relating to CSR. The firms that did not have codes of conduct indicated that this was a deliberate decision, since behaving in a socially responsible way is a natural thing to do, and that ethical actions such as not discriminating against special groups in the workplace are happening, even if there is no policy.

It was also clear that the focus of the codes of conduct that do exist was on the environment and working conditions. Five firms indicated that they also have philanthropic programmes such as community projects and scholarships.

These answers correspond well to the present CSR debate, which focuses on the same areas.

All firms with existing CSR codes of conduct except one indicated that they actively monitor their activities in order to ensure that their CSR policies are being followed. This is, of course, very important, as polices that are not implemented will be of no use.

The impact on poverty and hunger

All firms answering the questionnaire except one indicated that their activities have an impact on poverty- and hunger-reduction in India. There were different explanations for this, and different understandings of the concepts of poverty and hunger. The main arguments are gathered together below:

- **Capacity-building of suppliers, in line with codes of conduct.** By sharing the CSR policy and actively strengthening local suppliers, production will have a better impact on the society. Capacity-building of suppliers is important and a good initiative, as the common procedure among TNCs is to choose suppliers which already fulfil their standards, rather than using weaker suppliers which need training and support. Good capacity-building may aid transfers of technology and knowledge, which may have positive impacts on both poverty and hunger. The impact will, however, depend on which elements are transferred and what the CSR of the TNC covers. One of the firms in the survey regularly invites suppliers to joint
dialogue. This creates opportunities for sharing of experiences, transfer of knowledge and peer pressure to improve CSR implementation.

- **Products will create better food security and living conditions because of their higher technical standard and lower energy use than existing products.** This argument has potential, but it depends on consumers. If they are poor, technical innovations may have an important impact, but if they are limited to the middle and upper classes, who are already well off, the impact on poverty and hunger will be weak. There is also the limitation that poor people often lack the financial means to acquire new products, even if they are cost efficient and will promote development.

- **Job opportunities.** Many of the investments covered in the study have created new jobs in India. This is an obvious channel for inflows of capital. The argument should nonetheless be critically analysed in relation to the comments in the section above about employment. Job creation may constitute an important impact in relation to poverty if it is implemented in a good way.

- **Philanthropic activities.** As noted above, these activities may also contribute to poverty- and hunger-reduction, and they were therefore also brought up in the questionnaires. These activities may be focused so that development becomes a primary rather than a secondary objective. They can also be linked to the core production in order to strengthen positive impact of the whole investment.

There was agreement regarding the effects on poverty and hunger, but when asked whether poverty and hunger were taken into account in the firm’s activities, only four answered positively. It seems that CSR discussions have been focused on other topics, even though positive effects on poverty and hunger can be identified.

### Access to water

Only three companies indicated that they had some kind of policy related to access to water. This is not much, considering that several investments include production processes in which water is used, and where the investment is located in an area with high levels of pollution. Even though several of the firms do have a policy regarding the environment, and thus most probably also water pollution, ‘access’ for the poor is not taken into account. Non-polluted wastewater will certainly increase access, but as noted above there are other aspects which should be considered, including hunger.

### Access to land

The survey showed that access to land was not a priority for the firms in the sample. Only two firms said that they took it into account. This may depend on the type of investment involved, as replacements will only be relevant for green field investments in areas where people already live. The survey does not cover any questions regarding pre-establishment, and conclusions may therefore be exaggerated. The lack of focus on access to land in codes of conduct is nonetheless still of relevance when the perspective is broadened. Several of the firms operate with factories using significant amounts of land, and a few use inputs from agriculture, which by definition uses a lot of land. Even if these inputs come from local supply networks, access to land should be a relevant element of concern in these cases in relation to poverty and hunger.

### Discrimination

Discrimination was illustrated in the survey by the situation of the Dalits in India. Seven firms indicated that they have a policy regarding discrimination and special consideration for Dalits. Taking the Indian situation into account, where cultural, social and economic discrimination against Dalits still exists, this is of great importance.
Among those who answered that the situation of the Dalits is taken into account, the most common comment was that people are employed on the basis of their qualifications, not their ethnic or social groups, and that everybody is welcome, no matter their background. This is an important first step, but in a segregated society such as India, more proactive actions may be needed in order to combat poverty and social exclusion.

**Production policies**

Nine of the companies said that they take into account the economic effects of their production on society at large. This is positive, as there may be several effects, such as increased employment, inflows of capital, and transfers of knowledge and technology. The survey does not show which considerations have been taken into account, or whether they have had any impact on actual decisions regarding production.
Conclusions and recommendations

Globalisation has strong effects on development at the global, national and local levels. A company moving its production from Europe to India may spur local development and contribute to the fight against poverty and hunger. However, the actual effect will often be determined by where and how the investments are located and by the implementation of CSR policies. Some CSR policies are developed in order to minimise potential harm, while others contribute to local development. If FDIs are to contribute to the fight against poverty and hunger, the positive external effects must be greater than the potential harm. This can only be ensured if a CSR policy includes an assessment of the total effects of the production.

The conclusions of the survey show that Danish firms are heavily engaged in developing and implementing CSR policies, but also that they still have some potential for improvement when it comes to poverty and hunger. As stated in the Millennium Development Goals, we have a joint, global responsibility to half the number of people living with hunger and in poverty before 2015. This obligation rests on all of us. To contribute to this goal, the report has argued that a new generation of CSR policies is needed attempting specifically to increase the impact of investments on the reduction of hunger and poverty.

The recommendations below are based on the research presented in the first section, as well as experiences drawn from the survey and the long-term international involvement of DanChurchAid.

Specific considerations regarding water

As noted in the above sections, access to water is an important aspect relating to hunger, although neglected by the corporations in the survey. Water use varies greatly between different types of investment. For those investments where water is used as an input, special considerations are needed.

Water assessment
A thorough assessment of the need and use of water in the area is required before an investment can be made. This includes considerations regarding agricultural methods, groundwater and surface water.

Cultural patterns
As shown in the section on discrimination, access to water may also be limited by cultural prohibitions and discrimination, such as is often the case for Dalits and tribals in India. A corporation may not be able to alter these patterns, but it can impact positively on access for excluded groups through positive measures within its area of operation. Hence policies should be considered, especially given that these groups already have limited access.

Capacity-building and compensation
If the investment will limit access to water in the area, compensation should be provided. Such compensation should be implemented in the form of long-term sustainable initiatives which ensure that the need for water for all groups in the community is foreseen.
The Environment
There are many environmental implications of corporate production. Wastewater coming from the production should always be considered in relation to its level of pollution and the possible effects it may have on both the environment and the people living in the area.

Specific considerations regarding land

Other alternatives
Before people are displaced, all other options should be considered. The costs, both personal and financial, of displacement are high, and people’s rights may be violated.

Existing settlements
If displacement is unavoidable, existing settlements should be compensated, and a complete substitute provided, including training and the reestablishment of income-generating activities. The phrase ‘existing settlements’ covers both legal and illegal settlers.

Disruption of people’s livelihoods
The effect on neighbouring communities and other parties should be assessed, and if necessary compensated. As with physical settlement, disruption of people’s livelihoods should lead to capacity-building to ensure that sustainable living can be carried on by other means.

Host communities
The effects on host communities may not be easy to identify at an early stage. Nevertheless these effects should also be taken into account and compensated if necessary. The increased pressure on land, water and other natural resources in an area because of forced displacement should also be considered.

Specific considerations regarding discrimination

Discrimination was highlighted in the survey with respect to the situation of Dalits and tribals in India. In other countries there may be other types of discrimination, of social, religious or ethnic groups, or based on gender, disabilities or sexual orientation. The fight against discrimination and the active maintenance of human rights should always be part of socially responsible corporate behaviour. In regions where discrimination against certain groups is apparent, affirmative action may be a relevant tool in relation to poverty eradication.

As noted above, various guidelines and standards exist relating to discrimination. These documents, such as the Ambedkar principles and the relevant ILO conventions, should be consulted and applied where appropriate.

Specific considerations regarding production policy

Spin-off effects
Possibilities for spin-off effects depend on the type of investment. If they are relevant, poverty and hunger should be kept in mind. It is often beneficial to engage local suppliers and to strengthen the capacity of local enterprises.
Employment
Even the smallest foreign investment will have some impact on employment. As noted above, this will call for several considerations relating to poverty and hunger. When employing new staff, or when the promotion of existing staff is relevant, considerations regarding discrimination and affirmative action measures should be included. If redundancies are needed, special attention should be given to the possible negative effects on employees and the community. We recommend that existing guidelines should be followed, as stressed in the report.

Capital flows
Use of capital is entirely a corporate decision, but it will still have important effects on society. Even though the question of inflows and outflows of capital must be based on the profitability and interests of the corporation's shareholders, the impact on the local economy should be considered. Investments where the net inflow turns into a net outflow may create a negative impact which will not be balanced even by good philanthropic activities.

Transfers of technology and knowledge
Even though transfers of technology and knowledge may occur by themselves, a well thought-out policy will be beneficial for both effective transfers and possible protection. The need to protect technology and knowledge should be considered carefully. Techniques and methods are often harmless to transfer where the R&D unit is continually improving existing methods, and in any case suppliers and local firms will not constitute any real competition for TNCS. A social responsibility policy should also include considerations with regard to patent policy and other means of protecting technology and new ideas. Improved access for specific groups should also be taken into account. Transfers can be facilitated in many ways, and this may be a strong tool in contributing to positive developments in developing countries.

Quick list regarding CSR and the fight against poverty and hunger
Corporate investments in developing countries may have a positive impact and make an important contribution to the fight against poverty and hunger. To achieve these effects, corporations should adapt a Corporate Social Responsibility policy giving special consideration to poverty- and hunger-reduction. The following areas are significant in such considerations:

- The availability, access and need for water in the region
- The effects of production on access to water
- The effects an investment will have on access to land for people living in the area
- The presence of socially excluded groups in the community
- Actions to ensure non-discrimination and to promote poverty-reduction in relation to employment
- Effects of employment policy on the community
- The inflow/outflow of corporate capital
- Use of local firms, both upstream and downstream
- Options for transfers of technology and knowledge
- The total effect of production on poverty and hunger (benefits and potential harm)

We recognise that this list is comprehensive and goes beyond what companies are obliged to do. However, we believe that taking these factors into account will increase
the impact of investments on combating poverty and hunger, and thus also increase understanding and support for outsourcing strategies and globalisation in host countries. A strong CSR policy will thus yield benefits for the host country, the recipient country and, importantly, for the company itself.

The way forward
A number of guidelines, standards, principles and best practices related to many of these areas are available today. A good CSR policy refers to existing standards such as the ILO conventions and the OECD guidelines, many of which have been referred to in this report. It is, however, important that CSR codes of conduct are developed based on the perspective and production of each corporation. If important considerations are lacking in existing guidelines, additional policies should be adopted. For any process of developing or applying CSR policies, there are a few important points to note.

Stakeholder dialogues
As local circumstances are always unique, there are no ideal and generalised solutions. Stakeholder dialogues therefore become important in understanding the local setting, including cultural, social and economic patterns. Stakeholder dialogues should always be as broad as possible. No organisations or community actors represent everyone, and it is important to collect as many perspectives as possible.

Implementation and monitoring
The implementation and monitoring of CSR policies have been mentioned throughout this study. These elements are obviously important in ensuring that CSR policies are actually being followed in practice. Monitoring should be conducted regularly and used actively to improve and develop existing practice.

Support to rely on
The development and management of good CSR practice may be both costly and time-consuming. As noted above, there are obvious benefits for firms to make commitments to CSR, but for small and medium-sized enterprises (SMEs) the costs may still be considerable if no assessments have been carried out previously. It is therefore important to note that there are plenty of resources available, through consultancy firms, corporate associations or NGOs. A list of such resources can be found in annex 2.

It is never too late
Changes in society, local, national and global processes, scientific research and technological innovations are all important. There may be many reasons for keeping a CSR policy up to date. Even though some of the issues raised in this report refer to pre-establishment and green field investments, it may still be relevant to take them into account in the ongoing development of an existing CSR policy. Access to land may not seem an important issue for a production facility which has been in the same location for ten years. Nonetheless changes may appear, at the core of the facility or within suppliers and affiliates, and it will therefore be advisable to have made the necessary assessments beforehand.
Lack of CSR, a weak CSR or lack of CSR implementation are all common. The survey presented in this report showed that while 25 out of 34 firms have a CSR policy, hardly any took poverty and hunger into account. This is disappointing, but the survey still showed that the firms actively involved in CSR have high standards and commitment. It is never too late to improve CSR policies or, if they are lacking, to develop one.
Annex 1

Abbreviations

CSR  Corporate Social Responsibility
CBO  Community Based Organisation
BIT  Bilateral Investment Treaty
FDI  Foreign Direct Investment
GDP  Gross Domestic Product
IDSN International Dalit Solidarity Network
IFC  International Finance Corporation
IIA  International Investment Agreement
ILO  International Labour Organisation
LDC  Least Developed Country
NGO  Non Governmental Organisation
OECD Organisation for Economic Co-operation and Development
R&D  Research and Development
SIA  Social Impact Assessment
SMEs  Small and Medium sized Enterprises
TNC  Transnational Corporation
TRIMs  Trade-Related Investment Measures
UNCTAD United Nations Conference on Trade and Development
UNICEF United Nations Children’s Fund
WTO  World Trade Organisation
Annex 2

Resources

Aidsfondet  www.aidsandtheworkplace.dk
Amnesty International   www.amnesty.org
DanChurchAid   www.dca.dk
Global Compact  www.globalcompact.org
Human Rights Compliance  www.humanrightsbusiness.org
Assessment Portal
IDSN   www.idsn.org
IFC   www.ifc.org
IFU   www.ifu.dk
ILO   www.ilo.org
OECD   www.oecd.org
UN Millennium Project  www.unmillenniumproject.org
**Annex 3**

**List of Danish corporations investing in India**

<table>
<thead>
<tr>
<th>Corporation Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akay Flavours &amp; Aromatics Limited</td>
</tr>
<tr>
<td>Alfa Laval Limited</td>
</tr>
<tr>
<td>Avestha Gengraine Technologies Private Limited</td>
</tr>
<tr>
<td>Baltic Control India</td>
</tr>
<tr>
<td>Barconet Private Limited</td>
</tr>
<tr>
<td>Bestsellers</td>
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<tr>
<td>CG-Mærsk Information Technologies Limited</td>
</tr>
<tr>
<td>Cheminova Limited</td>
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<tr>
<td>Chr. Hansen Private Limited</td>
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<tr>
<td>Cimbria Unigrain India</td>
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<tr>
<td>Cleanodan International A/S</td>
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<tr>
<td>d Line India Private Limited</td>
</tr>
<tr>
<td>Danfoss Industries Private Limited</td>
</tr>
<tr>
<td>Danisco Ingredients India Private Limited</td>
</tr>
<tr>
<td>DDE ORG Systems Private Limited</td>
</tr>
<tr>
<td>Degremont Limited</td>
</tr>
<tr>
<td>DHI Water &amp; Environment Private Limited</td>
</tr>
<tr>
<td>Disa India Limited</td>
</tr>
<tr>
<td>DLF Cement Limited</td>
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<tr>
<td>EAC Trading Private Limited</td>
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<tr>
<td>Eco-Chem Waste Control Private Limited</td>
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<tr>
<td>Egmont Imagination Limited</td>
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<tr>
<td>Engsko Kristones Private Limited</td>
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<tr>
<td>F.L. Smidth Limited</td>
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<tr>
<td>Ferring Pharmaceuticals Private Limited</td>
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<tr>
<td>Fibcom India Limited</td>
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<tr>
<td>Flexo Graphics Private Limited</td>
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<tr>
<td>Fowler Westrup India Limited</td>
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<tr>
<td>Global Wool Alliance Private Limited</td>
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<tr>
<td>Group 4 Falck India Private Limited</td>
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<tr>
<td>Grundfos Engineering India Private Limited</td>
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<tr>
<td>Grundfos Pumps India Private Limited</td>
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<tr>
<td>Gujarat Sidhee Cement Limited</td>
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<tr>
<td>Haldor Topsoe International A/S</td>
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<tr>
<td>IFU</td>
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<tr>
<td>Indo Dane Boards Private Limited</td>
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<tr>
<td>Indo Dane Textile Industries Private Limited</td>
</tr>
<tr>
<td>Intergroup Far East Limited India Liaison Office</td>
</tr>
<tr>
<td>Invensys India Private Limited</td>
</tr>
<tr>
<td>IT Factory India Private Limited</td>
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<tr>
<td>K E Burgmann Flexibles India Private</td>
</tr>
<tr>
<td>Kampsåx India (P) Limited</td>
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<tr>
<td>Kosan Crisplant</td>
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<tr>
<td>Kring Technologies Private Limited</td>
</tr>
<tr>
<td>L &amp; T – Niro Limited</td>
</tr>
<tr>
<td>L K India Private Limited</td>
</tr>
<tr>
<td>L M Glasfiber Limited</td>
</tr>
</tbody>
</table>
L & T – Rambøll Consulting Engineers Limited
L. Knudsen Maskinfabrik Limited
Lundbeck India Private Limited
Mærsk India Private Limited
Man B & W Diesel India Limited
Mango Software Limited
Missionpharma Logistics Private Limited
NEG Micon Private Limited
Novo Nordisk India Private Limited
Novozymes South Asia Private Limited
Pedershaab Millars India Private Limited
Pioneer Asia Industries Private Limited
Plant Lipids Private Limited
Prism Cement Limited
Procon Systems Private Limited
Pure Production India Private Limited
Roulunds Codun Limited
Sauer-Danfoss India Private Limited
TMI Associates Private Limited
Tumlare Software Services Private Limited
UB International
UC Gas Engineering Limited
Venkateshwara Hatcheries Limited
Vestas RRB India Limited
Vestergaard Frandsen (I) Private Limited
Widex India Private Limited
York Refrigeration India Limited
References

5 See, for example, www.swedwatch.org and www.norwatch.no
14 The Global Compact is a UN initiative to bring companies together with UN agencies, labour and civil society to support universal environmental and social principles. For further information, visit: www.globalcompact.org
17 World Bank 2005: World Development Indicators
20 FAO 2005: The state of food insecurity in the world, Rome. P 30
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