

Global Agenda Council on Values (2015)

Toolkit on a New Social Covenant and the National Development Plan of South Africa



“
The World Economic Forum’s mission statement is: ‘Committed to improving the state of the world’. The New Social Covenant, which was created by the World Economic Forum Global Agenda Council on Values, is one way of fulfilling this mission: to remind all the stakeholders in business, government and civil society to base their decisions on values that serve human dignity, environmental stewardship and the common good.
”

Klaus Schwab, Chairman and Founder of the World Economic Forum



“
South Africa cannot afford a downward spiral that sharpens social tensions. Strong leadership is needed to promote the vision of the Constitution. A formal social compact may help to strengthen the alignment between growth, development and nation building, generating a virtuous circle.
”

National Development Plan of South Africa

Introduction

The New Social Covenant project of the World Economic Forum Global Agenda Council on Values aims to create global and local partnerships between business, government and civil society that are based on three core values: respect for human dignity, stewardship of the planet and a commitment to the common good. The project was created in response to growing concerns about rising inequality, jobless growth, social unrest and poor global governance.¹ It extends beyond discussions about organizational integrity or compliance, and addresses fundamental systemic issues about the future of the global economy, for example the trends identified in the Forum's Outlook on the Global Agenda 2015.²

The project is aligned with major global citizenship and reporting initiatives, such as the United Nations Global Compact, the Global Reporting Initiative and the International Integrated Reporting Framework. The New Social Covenant has been discussed at various World Economic Forum events, including meetings at Georgetown University (2013) and Stellenbosch University (2014).³ In particular, the New Social Covenant concept is closely aligned with the National Development Plan of South Africa.

Executive Summary of the New Social Covenant

There is growing distrust in the way the global economy operates and how decisions are made. Former assumptions about fairness, mutual benefits and social values have all but disappeared. The historic social contract between business, government and society seems to be broken.

Over the last 20 to 30 years, we have witnessed a massive breakdown in trust between citizens and their governments. We have economies that are widely seen as unsustainable, unfair, unstable and deeply unfulfilling. In addition, inter-class mobility is now blocked, even in countries like the US, which has always held out hope to the dispossessed that they could lift themselves out of poverty through hard work.

Inequality and loss of trust are weakening the foundations of global economic systems. It is proposed that a New Social Covenant between citizens, businesses and government urgently needs to be designed. By definition, this will require the engagement and collaboration of all stakeholders – governments, business, civil society groups, faith groups, etc. It is envisaged that there will be multiple covenants that will vary from country to country, and it is not possible to be prescriptive about either content or process. It is expected though, that certain universal values, such as the dignity of the individual, the primacy of promoting the common good and the responsibility for stewardship of the planet, will feature in all of them.

These ideas are presented by the World Economic Forum Global Agenda Council on Values to start a dialogue rather than to be definitive. A New Social Covenant cannot come from a document but, rather, will be the product of a conversation between citizens, businesses and governments. Such a dialogue will need to address aims, discuss barriers and, above all, build trust. The World Economic Forum – as the key convener of representatives of all three stakeholder groups – is ideally placed to host and catalyse such a dialogue.

Invitation to participate

South African corporations that support the National Development Plan and share a commitment to the values of the New Social Covenant are invited to participate in the next phase of the project: a 12-month action learning programme that will result in the co-creation of a formal publication as well as public disclosure by participants on how they embed values inside their organizations. This phase of the project is supported by Barclays and the University of Stellenbosch Business School.

Project in a nutshell

The formal output of the global project will be a publication, provisionally entitled "*Values Added: How to Promote the Common Good, Human Dignity and Stewardship of the Planet*", to be launched early in 2016. The document will comprise a values maturity model that will allow corporations to assess their current performance, practical guidelines for incorporating values into strategy and operations, as well as public reporting guidelines.⁴ The document will incorporate learnings from two action learning projects, one localized in South Africa (aligned with the National Development Plan of South Africa) and one with a small group of global companies.

The South African project

The National Development Plan identifies the following critical actions:

- A social compact to reduce poverty and inequality, and raise employment and investment: a strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes
- Steps by the state to professionalize the public service, strengthen accountability, improve coordination and prosecute corruption
- A boost to private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers
- An education accountability chain, with lines of responsibility from state to classroom
- The gradual introduction of national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care
- Public infrastructure investment at 10% of gross domestic product, financed through tariffs, public-private partnerships, taxes and loans, and focused on transport, energy and water
- Interventions to ensure environmental sustainability and resilience to future shocks
- New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps
- The reduction of crime by strengthening criminal justice and improving community environments

The purpose of the South African project would be to develop pilot projects in support of specific actions selected from this list, align them with the values of the New Social Covenant, and then to measure and publicly report on progress. Reporting metrics will be developed by the pilot group – these metrics will be fully aligned with existing international corporate reporting standards.

Project benefits

Participation in the project will enable corporations to interact with peers, including senior representatives from government and civil society. Participants will be exposed to best-practice examples on how to embed values within the governance and operational structures of the organization. It will also allow privileged access to an online version of the values maturity model. Recognition will be given to all participants in the final publication.

Participation

The three major requirements for participation in the project are:

- A formal commitment by the chief executive officer to the three core values of the New Social Covenant, as well as to the National Development Plan of South Africa⁶
- Participation in a learning platform where best-practice examples will be shared and collaboration investigated⁷
- Public disclosure in the participant's 2016 annual report, aligned with existing reporting standards, on how the three values and National Development Plan elements have been advanced and embedded within the participating organization⁸

Time frame and costs

The project will commence in the first quarter of 2015, and the learning platforms will be launched in the second quarter of the year. It is expected that there will be three one-day meetings in 2015. The publication will be launched in January 2016, and a final meeting in February 2016 will assess the project and discuss possible next steps. No costs are involved, but participants are responsible for their own travel and accommodation costs, where relevant.

More information

For more information, contact the project manager: Daniel Malan (+27 83 561 1292 or daniel.malan@usb.ac.za) or the manager of the Global Agenda Council on Values: Michèle Mischler (+41 (0)22 869 3679 or michele.mischler@weforum.org).

Endnotes

1. The original discussion document can be accessed at http://www.anewsocialcovenant.org/static/pdf/discussion_doc.pdf.
2. The trends identified, in order of importance, are: deepening income inequality, persistent jobless growth, lack of leadership, rising geostrategic competition, the weakening of representative democracy, rising pollution in the developing world, increasing occurrence of severe weather events, intensifying nationalism, increasing water stress and the growing importance of health in the economy.
3. For more information, visit <http://www.anewsocialcovenant.org>.
4. To be developed in cooperation with the Global Agenda Council on Anti-Corruption.
5. The National Development Plan identifies the following challenges for South Africa: too few people work; the quality of school education for black people is poor; infrastructure is poorly located, inadequate and under-maintained; spatial divides hobble inclusive development; the economy is unsustainably resource intensive; the public health system cannot meet demand or sustain quality; public services are uneven and often of poor quality; corruption levels are high; and South Africa remains a divided society.
6. This commitment can be in the form of a letter or email message to the chair of the Global Agenda Council on Values.
7. To be attended by at least one senior-level executive of each participating corporation (estimated time commitment: four to five days in total over a 12-month period).
8. This could be the annual report, sustainability report or integrated report.