The Takeaway
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Leveraging Private Sector Capabilities for Sustainable Economic Development

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While public institutions represent the backbone of international development, their high visibility obscures the beneficial role occupied by private and non-profit entities. Private actors are leveraging their advanced logistics and supply chain management capabilities to deliver tangible results for international development, and several firms are making an impact by encouraging and fostering sustainable, safe, and humane supply chains.

Students focused on internships at marquee institutions like the United States Agency for International Development (USAID) or the World Bank may not realize that a vast network of private and non-profit entities actively supports public sector international development goals. As a summer 2022 intern for ISN Software Corporation, a global supply chain management firm in Dallas, Texas, I got a rare glimpse of the implementation of sustainability-related public policy as a business model.

WHAT'S THE TAKEAWAY?

Private actors are increasingly crucial in the implementation process of public policy.

Supply chain management firms are revolutionizing the impact of big data on salient issues of international development.

As scrutiny on supply chain sustainability increases via new government regulation, the importance of public-private partnerships in this space will only grow.

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EVOLUTION OF PUBLIC-PRIVATE PARTNERSHIPS

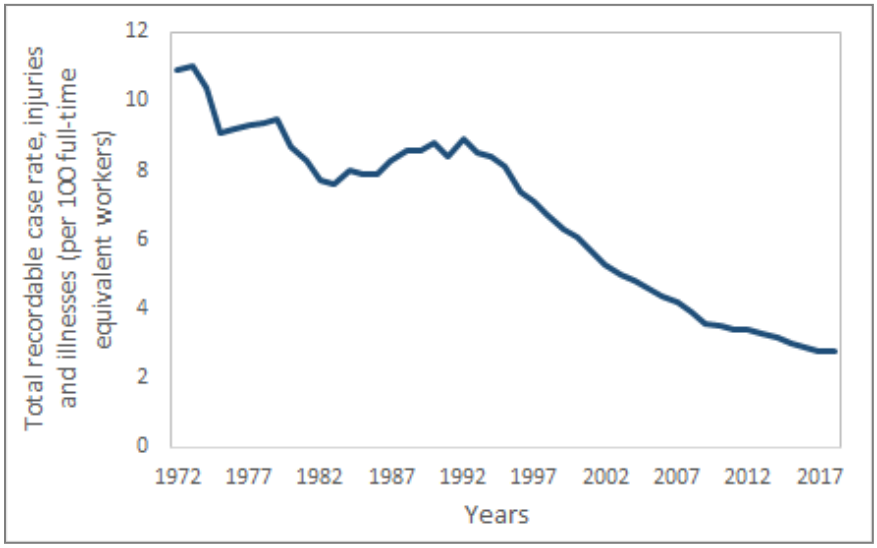
Private and non-profit actors are not new to the arena of international development. Private development assistance, consisting of financial flows from private entities in developed countries to developing countries, eclipsed official development flows in the 1990s.[1] Yet the role that private actors play in international development has evolved significantly beyond merely constituting a source of funds. The United Nations (UN) itself had adopted a sort of "institutionalized animosity" toward private industry in the latter half of the 20th Century, when many developing countries first entered the international organization and perceived the rise of large, powerful transnational corporations as a legitimate threat to future growth and prosperity.[2] It was not until the turn of the century with the introduction and eventual passage of the UN Global Compact that state actors began to recognize some of the profound benefits that public-private partnerships could bring to international development initiatives. The Compact opened the door for private industry partners "to embrace, support and enact…a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption."[3]

PROMOTING GLOBAL SAFETY MANAGEMENT VIA BIG DATA

The movement toward public-private partnerships at the UN was a natural parallel of already-ongoing innovation in private industry, which sought to increase global workplace safety via the use of emerging technology. The concept of "big data" was first used in the 1980s and early 1990s, when industries began to realize that improvements in their services could be accomplished with more data processing.[4] Big data paved the way for researchers in the safety management field to create new measurements and benchmarks for workplace safety, such as O'Donnell and Hoy's (1981) seminal steps for calculating the occupational casualty incidence rates using occupational injury data and production safety data.[5] Big data also allowed companies to pinpoint areas for improvement in safety and act accordingly. But who would compile this data?

Several software startups were founded to meet the rising demand for data collection and analytics, and some of these firms specialized in collecting and harnessing big data to conduct supply chain safety management. Notable key players in this space today include ISN Software Corporation and Avetta LLC, founded in 2001 and 2003, respectively. The work of these private actors has advanced the goals of landmark safety management legislation like the Occupational Safety and Health Act of 1970, which recognized the need for standardized workplace safety regulation and led to subsequent policy initiatives to address the lack of adequate statistics on workplace injuries and illnesses.[6] This public-private partnership between the Occupational Safety and Health Administration (OSHA) and supply chain management firms led to a more than 50% decrease in the total recordable incident rate (TRIR) between 2001 and 2018 (as illustrated in Figure 1). These private actors originally existed on the cusp of the big data revolution that would take place over the following two decades, yet they were pioneers in safety management and today represent a

Figure 1: Incidence rates of nonfatal occupational injuries and illnesses, private industry, 1972-1918



Source: U.S. Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses

poignant example of pioneers in private industry contributing to international development on a new front: sustainability.

PLAYING A CRITICAL ROLE IN SUPPLY CHAIN SUSTAINABILITY

ISN Software Corporation (ISN) has been focused on rolling out tools and services for major multinational hiring clients (e.g., Disney and Exxon) to begin monitoring the sustainability of their supply chains ahead of a new landmark rule taking effect. This proposed rule is called The Enhancement and Standardization of Climate-Related Disclosures for Investors; it was passed by a vote of 3-1 of the Securities and Exchange Commission (SEC) in March 2022. According to SEC Chair Gary Gensler, the rule was proposed in recognition that "investors representing literally tens of trillions of dollars support climate-related disclosures…and investors need reliable information about climate risks to make informed investment decisions."[7] It would require publicly traded companies to regularly report on a variety of sustainability and climate-related supply chain statistics and environmental risk mitigation strategies starting in the next few years.[8] Finalization of this rule has been pushed back due to a high volume of public comments, Republican backlash, and the Supreme Court's recent ruling limiting the power of agencies to regulate without permission from Congress.[9] New additional reporting rules from the European Union (EU) under the Corporate Sustainability Reporting Directive (CSRD) would apply even more broadly, impacting public and private non-EU companies and requiring more in-depth, non-financial reporting on sustainability topics than under the SEC's proposal.[10]

ISN recognized the need for new tools to give hiring clients better insight into the environment, social, and governance (ESG) practices of the contractors in their global supply chains. One of the most innovative tools is the ESG Insights Dashboard, released in 2022 with a primary focus on tracking comprehensive supply chain greenhouse gas emissions.[11] Hiring clients can easily use the tool to track these and other important sustainability metrics, collectively referred to as key performance indicators (KPIs), and they can apply filters to show more targeted data (e.g., by country or site). Not only can ISN collect data from a massive existing network of contrac-

tors worldwide, but they also present this data in a way that delivers maximum value and efficiency to hiring clients—a unique benefit of private industry's involvement in global supply chain sustainability and a primary driving factor of real, quantifiable progress in this area of international development.

CONCLUSIONS & LOOKING AHEAD

The importance of private industry in facilitating the rollout of public policy cannot be understated. While the UN and other international organizations did not warm up to the idea of public-private partnerships until the early 2000s, technological innovation in big data spurred a new set of tools championed and managed by private actors to solve pervasive global problems. Supply chain management firms successfully tackled the challenge of workplace safety by harnessing the power of big data to give organizations the ability to make more informed decisions, and they are now looking to pivot and do the same with sustainability. However, they are significantly ahead of the policy curve this time, and they are giving their hiring clients the ability to manage ESG reporting in advance of major sustainability regulations taking effect. This infrastructure built and maintained by private industry is a critical element of the successful rollout of international development policy now and in the future.

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Notes:

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[11] Sample ESG Insights Dashboard: https://www.isnetworld.com/vol/UploadedFiles/ISNPublic/ESG_Assure_One_Pager.pdf

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