

HARMONIZING DEVELOPMENT & BUSINESS INDICATORS TOOL USE CASE: GAP INC.

HARMONIZING DEVELOPMENT & BUSINESS INDICATORS

The Harmonizing Development and Business Indicators (HI) tool seeks to highlight the existing alignment between USAID objectives and private sector objectives. It was created for USAID Relationship Managers¹ who seek to engage private sector enterprises, which might include multi-national (MNC), national or regional organizations.

The HI tool maps existing business-relevant indicators to Foreign Assistance Framework Standardized Program Structure and Definitions (SPSD) indicators. To represent indicators for private sector objectives, a number of well-known environmental, social, and governance (ESG) indicator frameworks were used, such as Global Reporting Initiative (GRI) and SASB, as well as the Global Impact Investing Network's (GIIN) framework, IRIS+.

While the Sustainable Development Goals (SDGs) do not act as an ESG framework, companies often use the SDGs as a guide for their ESG strategies. As a result, the SDGs were added to the HI tool.

Relationship managers can use the tool to better understand partner motivations, recognize common monitoring needs, and identify engagement opportunities. To learn more about ESG frameworks along with why and how the private sector is using them, please refer to the Guidance Document.

1. Relationship managers is used throughout the document as a substitute for program officer or implementing partner relationship manager.

CONTEXT & BACKGROUND

The Gap, Inc., commonly known as Gap, is a leading global retail manufacturer with subsidiaries and divisions including, but not limited to, Gap, Banana Republic, Old Navy, and Athleta. According to the August 2019 SASB Case Study, "Gap Inc. issued its first corporate responsibility report in 2003, adopted the Global Reporting Initiative (GRI) framework in 2004, and today produces a robust, multi-faceted sustainability report each year. The company's 2017 Global Sustainability Report followed the GRI Standards (core option) and addressed the UN Global Compact's 10 principles, six relevant Sustainable Development Goals (SDGs), and—for the first time—included the SASB standards. The company also separately discloses to the CDP in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

This publication was produced for review by the United States Agency for International Development. This work is a partnership between USAID, the University of Notre Dame, and Purdue University. It is funded under grant #AID-7200AA18CA00009. For an overview of ESG uses, definitions, and reporting frameworks, please refer to the ESG Guidance Document. For a step-by-step guide on how to search for harmonized indicators using the HI Tool, please refer to the HI Tool How-to Guide.

Our Brands

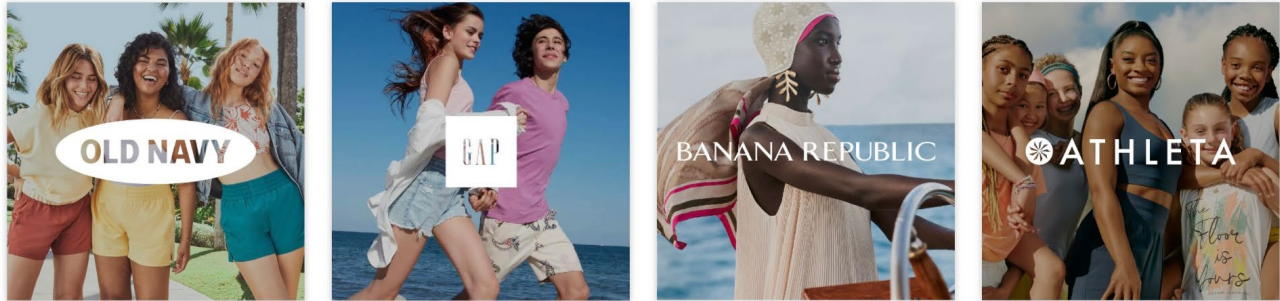


Image 1: Screenshot from Gap website showing their brands and accompanying photographs for each.

USE CASE PRIMARY SCENARIO

How and why might the USAID relationship manager search the HI tool for harmonized indicators?

- System: HI Tool
- Primary Actor: USAID Relationship Manager

The USAID relationship manager wants to understand if there is harmonization between their own impact objectives and that of Gap Inc.'s sustainability reporting, as well as the monitoring and evaluation of these objectives. The relationship officer believes that Gap Inc., may be interested in the training program, given the increasing need to expand supply chains due to market and climate-related volatility, as well as increased scrutiny involving labor. Before engaging a company like Gap Inc., however, the Relationship Manager will want to review to gain a basic understanding of Gap Inc.'s commitment to social responsibility.

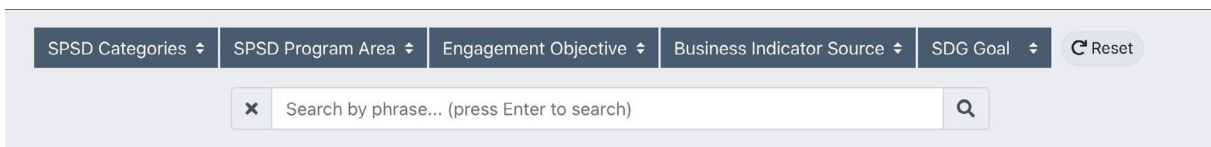


Figure 1: HI Tool indicator categories and search bar.

A desk review will reveal that Gap Inc. is managing and reporting on ESG issues related to human rights, energy, labor, and economic benefits to name a few. Gap Inc.'s extensive sustainability reporting reassures the program officer – at least on a surface level and in advance of initial dialogue – that Gap Inc.'s sustainability goals are aligned with USAID. The HI Tool can be utilized to search for harmonized SPSD indicators by filtering on Engagement Objectives, such as Economic Benefits; the Business Indicator Source, such as GRI; or the SDG Goal, such as Goal 8, Decent Work and Economic Growth.

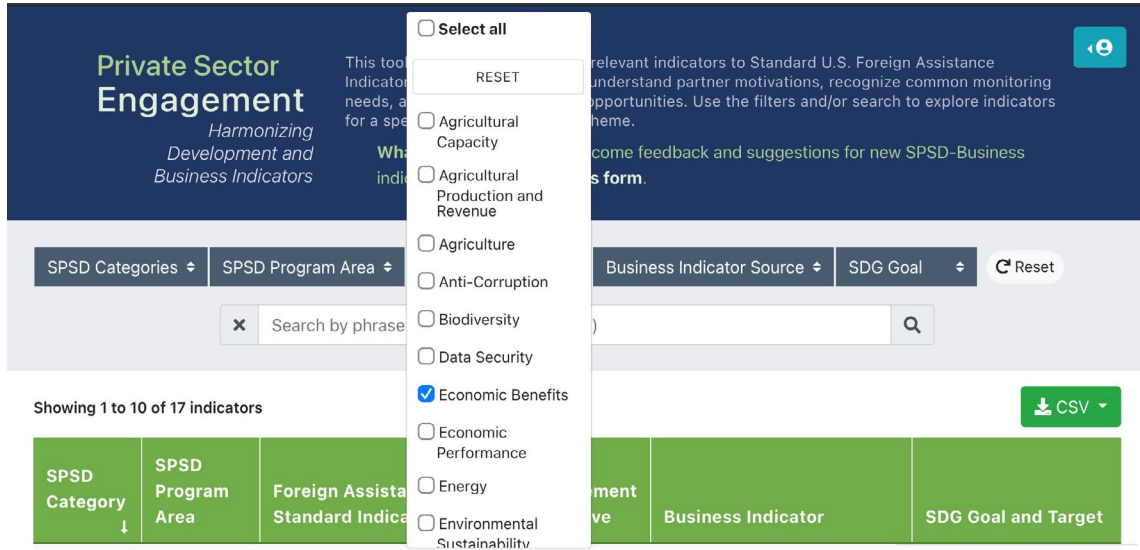


Figure 2: Filtering based on 'Economic Benefits', under 'Engagement Objectives'.

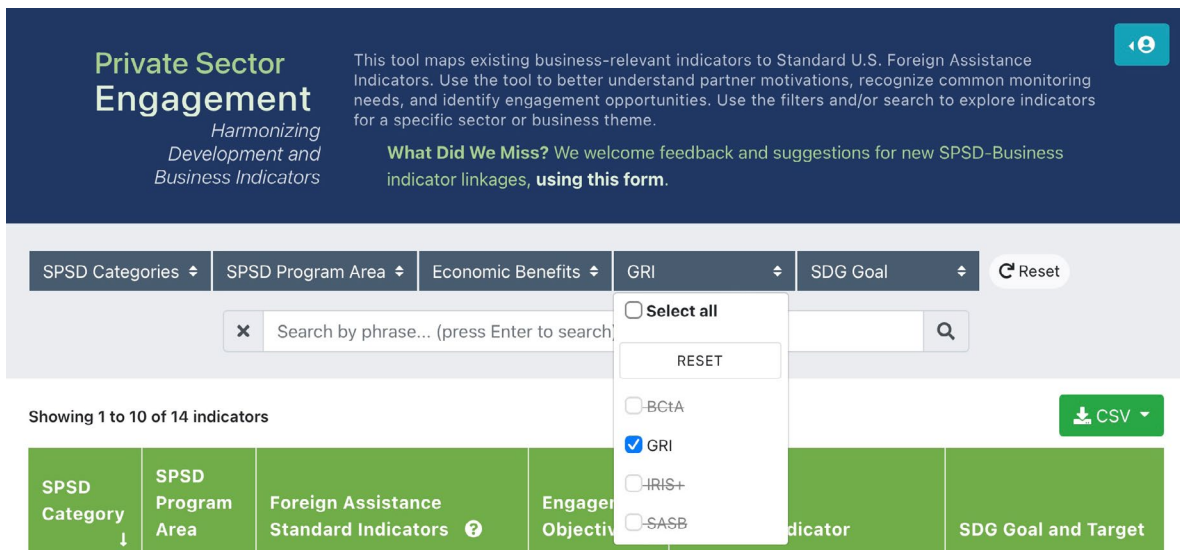


Figure 3: Filtering based on 'GRI', under 'Business Indicator Source'.

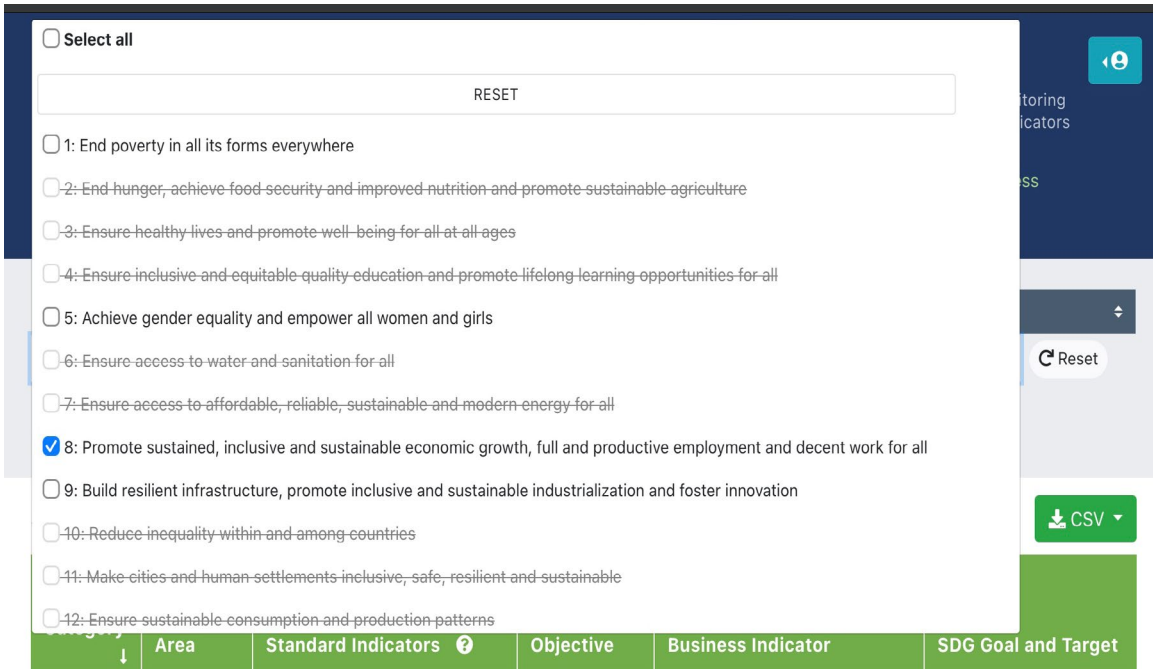


Figure 4: Filtering based on Goal 8, under 'SDG Goal'.

This search criteria will produce results for 2 potentially relevant indicator matches. Based on these results, the USAID Relationship Manager may identify one or more indicators which are well aligned between USAID and Gap Inc.'s objectives. Alternatively the Relationship Manager may include additional criteria specific to the retail industry. The USAID Mission is already engaged in developing garment manufacturing. The Relationship Manager may therefore envision Gap Inc. participating in a training and education program for the garment industry, knowing that such a company may be interested in becoming a first mover, which will help to stimulate jobs, exports and economic opportunity.

SPSD Categories ▾ | SSPD Program Area ▾ | Economic Benefits ▾ | GRI ▾

8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all ▾ Reset

Showing 1 to 2 of 2 indicators CSV



SPSD Category	SPSD Program Area	Foreign Assistance Standard Indicators ?	Engagement Objective	Business Indicator	SDG Goal and Target
EG: Economic Growth	Private Sector Opportunity	EG.5.2-2: Number of private sector firms that have improved management practices or technologies as a result of USG assistance	Economic Benefits	GRI 202-1.B: Market Presence: Ratios of standard entry level wage by gender compared to local minimum wage - When a significant proportion of other workers (excluding employees) performing the organization, 's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage ?	 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
EG: Economic Growth	Private Sector Opportunity	EG.5.2-2: Number of private sector firms that have improved management practices or technologies as a result of USG assistance	Economic Benefits	GRI 202-1.A: Market Presence: Ratios of standard entry level wage by gender compared to local minimum wage - When a significant proportion of employees are compensated based on wages subject to minimum wage rules. report the	 8.5: Achieve full and productive employment and decent work for all women and men. including

Figure 5: HI Tool indicator categories and search bar showing 9 indicators after 'Economic Growth', 'Agricultural Sector Capacity', and 'Agricultural Production and Revenue' subcategories have been added to the search.

FUTURE IMPACT

The Relationship Manager can use this information as a starting point to negotiate a collaboration with Gap Inc., to develop an education and training program with their support (funding and expertise), including examples of harmonized indicators that both USAID and Gap Inc. can incorporate into each of their sustainability reporting efforts. In this regard, the HI Tool facilitates the identification of existing alignments between development indicators and business indicators that are relevant for reporting commitments on socio-economic impacts. As a result, USAID internal, technical officers might better foster private sector engagement with joint monitoring and mutual understanding of the results each organization aims to achieve.

Source: <https://www.gapinc.com/en-us/>