



PARTNERING FOR DEVELOPMENT

– MAKING IT HAPPEN



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UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.

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*The authors have merely come up with bits and pieces of the puzzle whereas **Susan Struck** has masterly turned these pieces into a publication for which she deserves a very special recognition.*



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ISBN 87-991324-0-0



Layout & design: TeR / www.ddsdesign.dk

Production by Phoenix Design Aid, Denmark

Photo by Søren Petersen, UNDP,

except p. 38, 44 & 50 by Niels Ramm, IAPSO/UNDP and p. 52 by UNDP Turkey



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PREFACE

2015 and the Millennium Development Goals (MDGs) — A unique opportunity, a unique responsibility and a unique challenge.

There is no doubt that achieving the MDGs calls for extraordinary effort. The business-as-usual approach will simply not do.

To meet the challenges we need to come up with new and creative solutions and we need to identify solutions that have high impact and are measurable.

“Partnering for development” is one of the solutions which could help to gain and maintain the necessary momentum required to meet the goals. Pooling our resources, creativity and skills may enable us to reach better solutions.

We have started the process, but there is still work to be done. This booklet has been produced by the UNDP Nordic Office in cooperation with its Division for Business Partnerships as part of the Nordic Business Outreach and should also be seen as a follow up on the

publication: "UNDP and THE PRIVATE SECTOR: building partnerships for development".

Where the previous publication focussed on describing our partnership cases, this publication is meant to share some ideas and thoughts on the concept of partnering for development as such. The booklet will hopefully serve as an introduction to the topic, briefly describing the global context and the conceptual as well as concrete reasons for the public and the private sectors to engage in partnerships. The main focus is on attempting to answer the question of why different actors should engage in partnerships. Even though partnerships are mostly multi-sectoral our emphasis will be on the public sector interest and the private sector interest. In addition it will give some concrete examples of partnerships and summarize the lessons learned so far.

Development is a very broad topic and so is corporate social responsibility. Part of the overlap between the two concepts is covered by the term 'partnering for development'.

With an increasing public interest in the topic of partnerships but so far with rather limited experience with the concept, this booklet has been written for those interested in this overlap. Hopefully it will be found interesting both by the business community and the development community.

As to the big question of whether partnering for development is able to deliver on the hopes and expectations, still remains to be seen. It holds potential and therefore deserves our efforts — or to put it differently: The MDGs face us with a task on a scale that is truly unprecedented and they hold such potential that we owe it to the less privileged of this world make every effort to achieve them.

Jakob Simonsen
Director, UNDP Nordic Office



INTRODUCTION

For decades the international community has tried to improve the lives of people in developing countries. Sometimes it has been successful and at other times not. We have now reached the stage where good intentions and optimism have to be replaced by a development process which can bring about radical results – both qualitatively and quan-

titatively.

More than 1.1 billion people survive on less than \$1 a day, and more than half of the world living on less than \$2 a day. In most cases people are deprived access to energy, water, health or services, and they are left in a situation where they cannot do anything about it themselves.

The Millennium Development Goals (MDGs) provide a framework for action to address these issues and across the world the governments are committed to find new and more effective ways to ensure that we reach these goals.

Increasingly the private sector is integrated into the solutions and the private sector recognizes the needs and the opportunities presented by the world's poor people, who are also consumers.

The private sector thrives where society at large thrives, but in a world with so many poor people it can hardly be argued that the society is thriving.

This is the essence of the vast overlap of interests between the public and the private sectors. Indeed there are differences but being explicitly aware of the differences may pave the way for new and more creative partnerships that will drastically accelerate the process of reaching the MDGs.

'Let us choose to unite the power of markets with the authority of universal ideas. Let us choose to reconcile the creative forces of private entrepreneurship with the needs of the disadvantaged and the requirements of future generations.'

*Kofi Annan,
World Economic Forum, 1999*

There is a growing recognition in the private sector that the developing world is critical to

future business success. The growth in the number of consumers has huge market potential, which would be a great loss for the private sector if left unexplored.

The development community has also come to recognize that the development agenda must be driven by developing countries themselves; local economic development is the only way that self-sustainability and growth can be achieved.

According to the report of the Commission on the Private Sector and Development different actors bring with them specific resources, which can be used to enhance development through the contribution of different resources:

- 1) The private sector encourages the development of commercially sustainable business models that can be expanded and replicated;
- 2) The public sector promotes reforms of laws, regulations and other barriers to growth;
- 3) The public-private sector facilitates cooperation and partnerships between public and private players to enhance access to financing, skills and basic services.¹

When it comes to the distinction between the voluntary route and regulation this dichotomy is not as rigid as it may appear at first sight. As has been the case within the

¹ Unleashing Entrepreneurship, Making Business Work for the Poor, March 2004, p. 38

environmental area what started as voluntary initiatives taken by farsighted companies later on became mainstream and included in the regulatory system.

In the social area this journey started much later with a lot of activities still taking place in the voluntary and exploratory phase.

For UNDP bringing corporate social responsibility to the country level and stimulating business partnerships for development is a main priority.

Practically, this includes facilitating dialogues between business and other key develop-

ment stakeholders in particular governments and civil society, in order to build trust and social capital, and stimulate and develop concrete partnership activities.

Phrases like synergy and win-win situations are often mentioned in relation to partnerships but what do they in fact mean? When do we experience a situation in which something is both a benefit to the company as well as having a positive impact on the development situation? Introducing the thinking behind why there is an overlap of interests between the public and the private is what will be attempted in the following.



"It is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering."

*Secretary-General Kofi Annan
Financial Times, September 14 /2005*



THE GLOBAL CONTEXT

A Bit of History

Economic and political developments over the past decade — in particular globalization and the increased influence of markets and private investment in development — have spurred interest by governments and the United Nations to collaborate with the private sector. Efforts to meet the challenges of globalization would benefit from enhanced cooperation in order to ensure that globalization becomes a positive force for all.

In the process of long-term economic growth as a path out of poverty, private enterprises play a unique and irreplaceable role. Private

enterprise is far and away the largest source of employment and investment, and a significant source of tax revenues. In addition to these tangible contributions, private enterprise is an important source of less tangible, but critically important, factors such as openness to ideas, innovation, opportunity, and empowerment.²

There is a need for international cooperation to strengthen the participation of enterprises, especially small and medium-scale enterprises (SMEs), business associations, foundations and non-governmental organisations (NGOs) from developing countries and countries with economies in transition, in particu-

² "Paths out of poverty: The role of private enterprise in developing countries", IFC: Washington, D.D., 2000

Global Compact Principles

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Make sure they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,
4. The elimination of all forms of forced and compulsory labour,
5. The effective abolition of child labour and
6. The elimination of discrimination in respect to employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges,
8. Undertake initiatives to promote greater environmental responsibility, and
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Business should work against all forms of corruption, including extortion and bribery

lar in partnerships with the United Nations system.³

At the World Economic Forum in 1999, the Secretary-General, Kofi Annan, citing the fragility of the business-led globalization process, urged world business leaders to work with the United Nations and civil society to “embrace and enact” a Global Compact.

The Global Compact asks the private sector to embrace, support and enact a set of core

values within their sphere of influence in the areas of labour standards, human rights and environmental practices. This can be done through individual corporations and business associations.

Or as Kofi Annan expressed it four years later at the World Economic Forum: *“I called for a compact – not a contract; not a code of conduct; not a set of regulations, or new system of monitoring, but a concrete expression of global citizenship. I was looking for something that would strengthen the economic openness that business needs to succeed, while also creating the opportunities that people need to build better lives.”*

At the World Summit on Sustainable Development (WSSD) in Johannesburg 2002, the purpose was to generate a broad-based consensus for preparing an overall strategic framework for sustainable development.

The role of the private and public sector as key partners tackling problems on a global scale and improving the living standards of the world’s poor was strongly emphasized, along with the critical role of the private sector as a genuine development partner, especially with regard to the issues of capacity building, technology transfer and development financing.

Voluntary, non-negotiated partnerships were a key innovation of the World Summit on Sustainable Development. Over 200 partnerships were launched during the Summit process by a wide variety of stakeholders.⁴

3 Report of the Secretary General: “Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector”, United Nations General Assembly, 18/8-2003

4 Report of the Secretary General: “Enhanced cooperation between the United Nations and all relevant partners, in particular the private sector”, United Nations General Assembly, 18/8-2003

THE MILLENNIUM DEVELOPMENT GOALS

Goal 1. Eradicate extreme poverty and hunger	Target for 2015: Halve the proportion of people living on less than a dollar a day and those who suffer from hunger. More than a billion people still live on less than US\$1 a day: sub-Saharan Africa, Latin America and the Caribbean, and parts of Europe and Central Asia are falling short of the poverty target.
Goal 2. Achieve universal primary education	Target for 2015: Ensure that all boys and girls complete primary school. As many as 113 million children do not attend school, but the target is within reach.
Goal 3. Promote gender equality and empower women	Targets for 2005 and 2015: Eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015. Two-thirds of illiterates are women, and the rate of employment among women is two-thirds that of men. The proportion of seats in parliaments held by women is increasing, reaching about one third in Argentina, Mozambique and South Africa.
Goal 4. Reduce child mortality	Target for 2015: Reduce by two thirds the mortality rate among children under five Every year nearly 11 million young children die before their fifth birthday, mainly from preventable illnesses, but that number is down from 15 million in 1980.
Goal 5. Improve maternal health	Target for 2015: Reduce by three-quarters the ratio of women dying in childbirth. In the developing world, the risk of dying in childbirth is one in 48, but virtually all countries now have safe motherhood programmes.
Goal 6. Combat HIV/AIDS, malaria and other diseases	Target for 2015: Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases. Forty million people are living with HIV. Countries like Brazil, Senegal, Thailand and Uganda have shown that the spread of HIV can be stemmed.
Goal 7. Ensure environmental sustainability	<ul style="list-style-type: none"> • Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. • By 2015, reduce by half the proportion of people without access to safe drinking water. • By 2020 achieve significant improvement in the lives of at least 100 million slum dwellers. <p>More than one billion people lack access to safe drinking water and more than two billion lack sanitation. During the 1990s, however, nearly one billion people gained access to safe water and the same number to sanitation.</p>
Goal 8. Develop a global partnership for development	<ul style="list-style-type: none"> • Develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally • Address the least developed countries' special needs, and the special needs of landlocked and small island developing States • Deal comprehensively with developing countries' debt problems • Develop decent and productive work for youth • In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries • In cooperation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

The Millennium Development Goals which world leaders agreed on at the Millennium Summit in September 2000, set an ambitious agenda for reducing poverty and improving lives. For each goal one or more targets have been set, mostly for 2015, using 1990 as a benchmark. See the table on page 11.

Elaborating on the vital role of the private sector in reaching the MDGs, The Swedish International Development Cooperation Agency (SIDA) formulated four core areas it sees the private sector playing an active role:

1. As an engine of improved economic growth
2. A means to generate the required domestic resources for investments in human resource development through health, infrastructure and education
3. A potential provider of some of these essential services
4. A direct partner in trade and technology transfers

However, no one says it more forcefully than Kofi Annan: *"We cannot reach these goals (the MDGs) without the support from the private sector"*.

The MDGs can and should be business priorities, too, because they share a simple bottom-line premise. In a globalized world, our security and that of future generations depends on bringing a measure of prosperity and opportunity to all.

The fact is poor people are energy consumers and do pay for energy services. In many places they pay more per unit of

electricity generated from dry cell batteries, or per volume of heat from traditional fuels, than do people with higher incomes. Ensuring that (the much greater volumes and quality of energy required to reach the MDGs) are delivered, will require the full engagement of the private sector and the development of innovative private-public partnerships, incorporating both business and civil society".

*Mark Malloch Brown
The Shell Report 2003*

Partnerships – The Essence

A partnership could be defined in its very broad sense as:

a voluntary or collaborative alliance which implies cooperation between two (or more) actors be it public, private, non-governmental organisations (NGOs) or any group of individuals which could fundamentally have different objectives, values, cultures, structures, but are sharing risks, responsibilities, resources, competencies whilst committed to common tasks which would achieve their specific individual goals. The definition stresses the voluntary aspect, the reciprocity in contribution, the different types of actors and most importantly the individual and specific benefits to be gained for the respective actors.

The basic idea with establishing partnerships is simple and straightforward — to identify areas of common ground between the private and the public and to combine the enormous resources and drive found within private business with the public sector's legitimacy.

The very idea of a partnership does in no way undermine the authority and legitimacy of governments; nor does it assume overwhelming self-sacrifice from the private sector; instead it focuses on the many areas, where private sector actors and public institutions could engage in a win-win relationship. The key words are common interests and the challenges are 1) to find specific areas of common interest, and 2) to develop

and improve the structural frameworks for effective partnerships as part of the development strategy. This win-win situation does not even imply that partners have the same measure of a win. If they are explicit and transparent about their cooperation it would also mean a mutual acceptance of what each of the partners wants to get out of it. ■





THE UNITED NATIONS NEEDS THE PRIVATE SECTOR

Let us now look at specific areas of interest for UNDP.

Policy dialogue

Non-state actors' formal or informal participation in intergovernmental discussion, institutional governance, or normative and standard-setting structures within the United Nations system; or policy dialogue with United Nations entities outside official intergovernmental processes through global policy networks and voluntary initiatives desensitize policy discussion and bring new angles to discussions.

Advocacy

Cooperation between the United Nations and non-state actors raise public awareness of and support for United Nations goals and programmes through joint communications, product-licensing and cause-related or social marketing. Furthermore the private sector can help the UN in its efforts to advocate policy reform both at the national and international level.

Mobilizing private funds

Cooperation could mobilize public and private capital for United Nations programmes

and projects for development, including humanitarian funds or investment capital.

Knowledge and learning

Facilitating knowledge-sharing, research and joint learning between the United Nations, governments and/or non-state actors for capacity building and disseminating knowledge and know-how on critical development issues and methodologies.

Operational delivery

Collaborating on joint programmes and project design, implementation and evaluation, and the mobilization of financial, in-kind, technical or managerial resources enables effective delivery of country programmes.

Partnership promotion

Actions by United Nations organizations that encourage, foster and facilitate the development of partnerships help us to achieve United Nations objectives.

Commercial investments

Investments from the private sector contribute to the achievement of the MDGs, including jobs, provision of services, infrastructure.

The Private Sector Can Practice What We Preach

The private sector has know-how

The private sector could have specific knowledge on an initiative's area of focus, ideally already developed and applied in regular business activities, but which can also be applied to develop new models. The private

sector could also already have developed a concept through existing corporate programme.

Cisco Networking Academies programme applied in Least Developed Countries initiative.

The private sector has commitment

Private sector managers could be used as champions of an initiative.

We have common interests

UNDP and the private sector could have common goals to work towards e.g. the development of small and medium size enterprises.

The private sector has a potential for innovative funding

The private sector could finance an initiative. It could also enable financing, for example through guarantees to facilitate local credit or leasing schemes. It could potentially also mobilize or come up with innovative financing for investments that could help to meet UN supported development needs.

Together we can be more effective

The scalability and sustainability of projects are more reachable when we work together in a partnership and goals could be achieved quicker. UNDP can assist with project management, provide development expertise and policy advise, as well as giving access to relationships with governments, CSOs etc.

Together we can reach the MDGs

The private sector could extend the impact of UNDP programmes by enabling the development of new initiatives and mobilizing re-

sources for countries and regions as it was spelled out in the report from the Commission on the Private Sector and Development⁵.

By adding dynamism, entrepreneurship, know-how and managerial efficiency, the private sector can help filling a gap, and contribute to dealing with a wide range of problems facing the developing world. Furthermore, the engagement of the private sector – with substantial long-term investment – creates the necessary long-term perspective, which is vital and necessary as an alternative to the traditional short-term help of more charitable donations.

It is no longer either Public or Private

There used to be a strong division of labour between the public and the private sector – nowhere else as clear as within the Nordic welfare states. Gradually this distinction has disappeared. Creating sustainable develop-

ment requires that states and their development partners join efforts and resources for improving the delivery and quality of basic services to all citizens. Privatisation — the private provision of public goods — in some form or shape and typically taking place within the setting of a public-private partnership, has now been accepted more or less universally — also in the developing world, where the impetus for privatisation comes largely from the negative experience of state-owned enterprises and the lack of its sufficient supply of commodities (electricity supply, banking, petroleum, telecommunications, etc). This of course also implies an obstruction for economic prosperity and development for the business sector in general.

Many of these areas will continue to ultimately be the responsibility of governments, local governments etc. In other words, creating public-private partnerships still entails that the public part grants social responsible policies, protection of the environment, safe-

The Poor as a Resource Pool		Poor Communities as Consumers	
Business Benefits	Community Benefits	Business Benefits	Community Benefits
<ul style="list-style-type: none"> > Reduced labor costs > Shared risks > Local knowledge and capabilities > Better government relations > Fair trade branding 	<ul style="list-style-type: none"> > Job creation > Capacity building for local SMEs > Know how and technology transfer > Improved business environment and investment climate 	<ul style="list-style-type: none"> > New markets, revenue growth > Increased brand value, positioning to capture future market growth > Transfer product innovations to existing markets 	<ul style="list-style-type: none"> > Greater access to quality products and services > Lower prices > Improved quality of life > Improved productivity

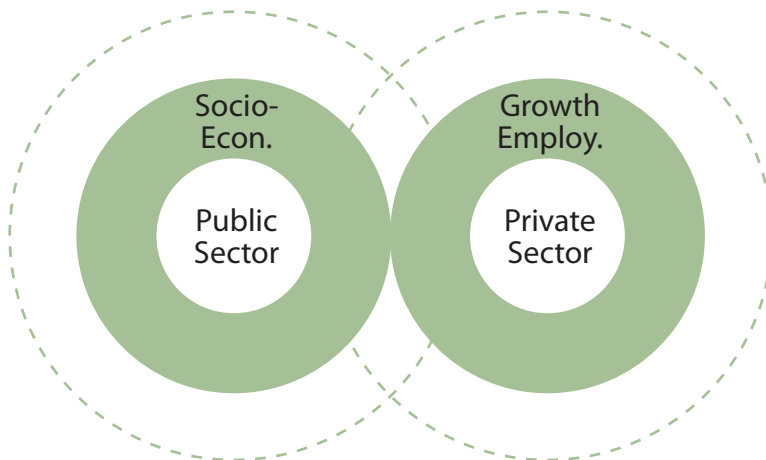
⁵ The report of Commission on the Private Sector and Development. Unleashing Entrepreneurship: Making Business work for the Poor. March 2004.

ty and job creation. Specifically with privatisation comes an increased responsibility for the state, not decreased, as it has to regulate the privatised enterprises to ensure social welfare as well as economic gain. In this sense, the public sector is still accountable to its citizens and one of the basic conditions for creating such a partnership is that the private sector can never substitute the role of publicly elected governmental bodies, but plays an important role in supporting them. At their best, public-private partnerships can combine the best of both sectors - the public sector's notion of public accountability and social and environmental responsibility and the private sector's values of managerial efficiency and entrepreneurship, as well as resources and technology.

The world's least developed countries struggle with inadequate legal frameworks and governance structures, weak, authoritarian, or failing public sector institutions, bribery

and corruption, human rights violations, high levels of poverty and inequality, lack of access to basic services, strict press controls, existing or potential civil conflict and maybe even antagonism towards foreign investors and western consumerism. Placed in this context as opposed to the context of a more classic welfare state, it becomes very difficult to have a definite opinion on where the responsibility of the private sector begins and that of the public sector ends (or vice versa for that matter).

The public sector clearly has a strong interest in a healthy and growing private sector which creates employment and supply affordable goods and services. There are basically two reasons for this increased interest. The first comes from the realization that growth is a precondition for poverty reduction (not thereby indicating that all kinds of growth will automatically lead to poverty reduction. We need economic and equally-dis-



tributed growth and it needs to be sustainable). The second reason comes from the realization that the public sector will not be able to supply the public goods in the needed quantity and quality.

The private sector's interest in a public sector lies in that the public sector is able to supply the governance structures and the enabling environment necessary for economic growth. Yet when looking at the private sector's interests in the broader public sector there has been a tendency in the past to focus on the differences rather than the many shared interests. These would include areas like sound economy, peace, political stability, healthy environment, active civil society, rule of law, fair and honest regulatory institutions and an accountable government.

This overlap of interests is nowhere more apparent than in the developing world. The shortcomings of the public sector make it the business of private sector to be concerned about public goods and the public sector.

For example, private sector activities, which are creating growth, productivity and wealth, including local jobs, incomes, tax, export revenues and economic opportunities are affecting the ability of the public sphere to conduct its core functions.

First and foremost by securing global security, stability and peace, the public sector core tasks also affect the well-being of private sector enterprise since companies investing globally have a growing interest in conflict prevention and resolution. Here are some examples of these activities⁶:



6 Nelson, Jane. Building Partnerships. Cooperation between the UN System and the Private sector, United Nations publication, 2002. p. 10-11

- Providing the “soft infrastructure” for the global economy by setting technical standards and norms in areas such as statistics, customs, intellectual property, and transport facilitates economic activity and reduces transaction costs.
- Tackling global environmental problems, where the UN negotiates agreements to tackle transboundary issues like climate change, toxic waste and biodiversity which cannot be addressed by markets, but are necessary for their viability.
- Meeting development challenges through efforts to eradicate poverty, protect human rights, and invest in education, health and livelihoods are increasingly important for business.
- Promoting good governance by supporting efforts for effective and responsible governance, tackling corruption and creating sound enabling environments, which are needed for long-term private investment.
- Addressing the down-side of globalization through the UN’s work on poverty

eradication and fighting transnational crime is important to the function of legal, legitimate business.

- Shaping global values, whilst UN advocates shared values that are crucial for a common global endeavour, be it social, political or economic in nature.

Here are some typical examples of activities located in the private sector, which interest the public sector due to their specific cross benefits:

- Developing human capital providing training and health benefits in the workplace and along the corporate supply chain.
- Sharing international business practices and standards in such areas as health, safety and the environment, ethics and corporate governance, human rights and labour, quality and process management, innovation and risk management.
- Creating physical and institutional infrastructure from telecommunications and transport to legal and financial frameworks.
- Supporting local business development, especially important with small, medium and micro-enterprises.
- Transferring technology, particularly in areas such as information technology, environmental and other locally applicable technologies.



- Providing goods and services that meet local needs and that offer increased access for poorer communities in the case of basic goods and services, such as medicines, energy, water and credit.
- Paying local taxes in a transparent and accountable manner and encouraging the wise use of these tax revenues.
- Innovative financing through the creation of public-private investment funds, social venture capital and other innovative financing mechanisms.

There is Also Something in it for the Private Sector

Gradually we are moving in the direction of not asking whether the public and the private sector are able to cooperate but rather what is the effect of such a partnership — Is it worth the effort?

There are direct, as well as indirect benefits for both the private sector and the communities in which they are involved. Some of the indirect benefits include capacity-building, improved productivity, better health and education not to mention the positive effects on the business environment and general governance.

Some of these social benefits are difficult to quantify, but nevertheless important for both the individuals as well as the larger society. Social capital is quite often mentioned as the “social glue” that makes it possible to think of a specific group of people and institutions as a society and is probably just as essential as it is difficult to define and measure.

And then there are the obvious benefits such as:

- New markets, revenue
- Greater cost efficiency (local production /distribution)
- Access to information innovation
- R&D opportunity – adapts products and services
- Understanding of local culture, needs and demands
- Improve trust and credibility, brand with local societies
- Employee development
- Access to dialogue with government and hence the opportunity to contribute to policy development
- Sharing of risks (particularly relevant for new private sector investments in risky investment climates.
- Access to socially responsible investments⁷

Which will be explained in more detail later. ■

⁷ Doing business with the poor: A field guide, World Business Council for Sustainable Development, <http://www.wbcsd.org/DocRoot/wddfPa1LhtP72aO68tsa/sl-field-guide.pdf>

UNDP AND PARTNERSHIP OPPORTUNITIES



This chapter is intended to show how the private sector may partner with UNDP and how such partnerships may support the achievement of the development goals.

UNDP as a Partner

The United Nations Development Programme (UNDP) advises governments on development and poverty alleviation through innovative partnerships with strategic development actors and aims to create an enabling environment in developing countries by working towards MDGs which will in the long run also assist the private sec-

tor to tap into new markets.

Partnerships also play a particularly important role with respect to the implementation of commitments made at the major United Nations conferences and summits, and to working towards the Millennium Development Goals. The United Nations has an interest as a partner in partnerships that contribute to the objectives of the United Nations. Partnerships also facilitate institutional change and help the Organization to become more effective. Strategic global partnerships around responsible corporate citizenship offer the additional opportunity to

combine advocacy of universal values with renewed efforts for practical solution-finding.

Putting the private sector to work in developing countries is a huge policy, legal and social challenge, not to mention the challenges of access to financing, but one with extraordinary rewards for the world, if we can accomplish it. UNDP is therefore looking at how we can demonstrate partnership



models of private sector development, including a major catalysing role for multinationals that will unleash domestic private sector activity, and then examine how this can be leveraged rapidly across countries.

Partnering for development is about pooling resources and sharing risks and rewards but first and foremost it is about achieving results that otherwise wouldn't have been possible. Financial resources are of course important in this regard. It is vital for our development activities and equally vital to the business of the private sector. That being said there has been a tendency in the past to overlook the vast development potential found in the non-financial resources of human beings and organisations.

In the following UNDP's core goals will be presented and within each goal there will be an illustrative list of partnership possibilities in the form of a menu.

The list of partnership possibilities is meant to be an inspiration. There are numerous other possibilities – most of them probably not even thought of yet. Many things are left out in this overview and just to mention a few:

- With respect to private goods many things can and should be accomplished by the private sector per se, either by the individual company or by business to business cooperation. Still there is a role to be played convening partners and with regard to scaling up or replication of best practices.
- Charity and sponsorships play an important role, whether it is from a foundation or a private company, and it would have fitted in under each and every heading.

“Corporate social programmes should support rather than bypass society’s own capacity building. It is a great mistake when we allow the corporate provision of education or health care to become a long-term substitute for government providing these services. Ultimately business and development organizations such as the UNDP have a common goal: to build up governments that are capable of providing for the schooling, health and human development of their people.”

*Mark Malloch Brown,
World Economic Forum, 2003*

1. ACHIEVING THE MDGS AND PRIVATE SECTOR DEVELOPMENT

Companies and UNDP have a common goal of developing local communities where businesses can prosper. UNDP can help companies for example in outsourcing and training local people to become entrepreneurs to provide services to companies. Or companies and UNDP can together influence the local government to enhance private sector development. Also ICT development is a common goal for everybody: ICT can help in poverty reduction and it is a precondition to many companies.

Businesses can cooperate with UNDP to:

■ **Support or facilitate the development of sustainable production.**

Developing new and innovative ways or methods to improve sustainable production, farming etc.

■ **Support local economic development as part of strengthening suppliers and/or markets.**

Increased economic growth reduces poverty and at the same time opens up new possible suppliers and markets. The voice of the private sector needs to be heard in local planning e.g. to improve the quality of public services.

■ **Support and facilitate the development of new business models in order to sell to the poor living at the “Bottom of the -Pyramid”.**

Companies can attain huge profits and markets in developing countries by using their creativity.

■ **Develop common strategies for attracting foreign direct investments.**

Taking part in multistakeholder forums for foreign direct investors, MNCs, donors, government, national business associations, labor unions, SMEs, NGOs etc.

■ **Develop and implement specific sectoral strategies and revitalize different industry sectors.**

Cooperating on technology development, its transfer and adaptation, and modernization as well as entrepreneurial assistance.

■ **Improve the legal and regulatory business environment.**

Creating enabling environment in general, issues e.g. intellectual property rights.

■ **Establish business advisory centers and incubators.**

Providing seminars, training, workshops, mentoring and various forms of drop in services to facilitate entrepreneurship; internships and apprenticeships can be provided.

■ **Facilitate the building of supplier relationships and other business linkages between MNC and local SMEs.**

These linkages might involve micro credits, training, technologies, mentoring, information sharing, productivity, quality etc.

■ **Put CSR and Global Compact on the national political agenda.**

Improving CSR practices and sustainability; setting up multistakeholder forums.

■ **Support ICT for businesses and development.**

Building national information infrastructure strategies; working to increase the internet connectivity and internet access points; training to build up the human capacity necessary to attain enabling environment for businesses; setting up local, national and international networks for sharing information and methods for instance within farming, medicine, etc.

■ **Advocate MDG-campaigns.**

Supporting and contributing to the design as well as the implementation on issues relevant to the company, which could include e.g. specific awareness raising activities; supporting World Business Awards; developing MDG company reporting standards.

■ **Mainstreaming gender.**

Developing policies and guidelines on equality and non-discrimination in national policies and in companies' policies; developing business linkages with women entrepreneurs.

2. DEMOCRATIC GOVERNANCE: ENABLING ENVIRONMENT FOR BUSINESSES

UNDP and companies can work together to improve the enabling environment. Democracy issues and free media are also in businesses' interest, because all those issues affect business behavior. When businesses are moving to new areas they need the capacity of local authorities to be ready and if it is not, UNDP can help to develop the capacity together with companies. Corruption and human rights issues are also very difficult and complex issues to tackle alone, so cooperation is needed.

Businesses can cooperate with UNDP to:

■ **Build up the capacity of local authorities.**

Training on how to handle decentralization strategies; building up the capacity on the fiscal, legal and administrative dimensions; facilitate and train local authorities to cope with the change and to improve basic services in local and municipal levels.

■ **Build institutional structures and promote good standards of transparency.**

Supporting the establishment of business associations and other support structures to enhance cooperation between different actors; organizing seminars and round-table meetings with government authorities about democratic governance, transparency, access to information etc.

■ **Support local civil society groups and media organizations.**

Training of media personnel emphasizing independence, ethics and media responsibilities in democratic societies.

■ **Enhance dialogue and awareness raising on justice and human rights.**

Implementing awareness-raising campaigns; strengthening or creating ombudsman offices; integrating human rights issues into business practices; organizing seminars and meetings to initiate dialogue on human rights issues and concerns for businesses. Providing pro-poor initiatives e.g. cooperate on the establishment of legal clinics where law students can practice their skills through their provision of free-of-charge legal consultations for the poor supervised by professionals. Training local businessmen and entrepreneurs on the role and value of intellectual property rights and how to comply with international standards.

■ **Harness the power of technology.**

Supporting the capacity building of the government as well as the design and implementation of ICT systems in the country. ICT training programs may be developed for serving development needs as well as business interests e.g. building telecentres and cybercafés. ICT can be developed and used as an enabler for learning with for instance more people having access to libraries, newspapers, etc.

■ **Prevent corruption.**

Establishing anti-corruption coalitions; training and supporting watchdogs; facilitating knowledge networking and active dialogue to develop a common platform for corruption prevention; implementing education campaigns. In public administration development of monitoring and enforcement as well as independent mechanisms is crucial (ombudsman, office of the Auditor General, introducing ICT etc).

■ **Having good business practices.**

Cooperating on setting clear company anti-corruption policies; promoting objective criteria in hiring and promotion; equal opportunity for women and minority groups.



3. ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

In the area of environment and sustainable development there are many reasons for companies to partner with UNDP. Sustainable business and land management is risk management for companies; for example oil companies can support governments' oil spill contingency planning with the help of UNDP. UNDP promotes sustainable energy and for companies at sustainable energy business awareness raising and capacity building activities within local government are in their business interest. Developing local areas by providing energy and water are in UNDP's development interest, and for companies that means new developing markets.

Businesses can cooperate with UNDP to:

■ **Build capacity.**

Cooperating to build appropriate policy frameworks and new institutional structures to address environmental and sustainability issues on a sector, thematic or geography specific basis; providing policy advice on sustainable development identifying concrete policy recommendations.

■ **Develop the skills of SMEs.**

Sharing information and training SMEs e.g. on strategic sustainable decision-making, efficient management systems through quality management models and tools, and energy saving technologies; establishing business incubators of environmental services; training for eco-tourism issues.

■ **Increase the distribution of water.**

Establishing business incubators. Building up the capacity of existing local private water delivery companies and the municipal authorities to improve effectiveness and efficiency of water delivery and to extend reach of existing systems into rural areas by facilitating SMEs for "last-mile" distribution, collection and maintenance functions.

■ **Improve access to energy.**

Improving access to sustainable energy services; promoting rural energy services e.g. establishing multifunctional platforms and cooperating to increase the accessibility of people to Liquefied Petroleum Gas (LP Gas); support the efforts to incorporate sustainable energy considerations into macro-economic reform, energy sector reform, and sustainable development planning.

■ **Use ICT to get efficiency.**

Cooperating by training the trainers. For example new agricultural technology can be introduced and business education can be given on how to better market products by cooperating together. Cooperating to find innovative ways how to benefit from ICT e.g. mobile telecentres can help farmers to get information on weather forecasts and drought-resistance technologies.

■ **Implementing impact assessments.**

When a company enters a new market or area an environmental and / or social impact assessment can be done in cooperation with UNDP. UNDP can also coordinate an audit of economic, social and environment concerns in relation to what kind of impact companies' activities have in the surroundings.

■ **Raise environmental awareness.**

Education campaigns for instance on best practices on sustainable development in communities; promoting clean technologies; engaging in global dialogue on biodiversity; educating sustainable land management; participating in Equator Initiative.

4. CONFLICT PREVENTION AS RISK MANAGEMENT

UNDP and businesses can work together for stable environment. Conflict prevention activities can decrease risks for businesses that they face in for example post-conflict countries. And natural disaster reduction strategies benefit both people as well as companies.

Businesses can cooperate with UNDP to:

■ **Build capacity.**

Giving technical assistance for capacity building within businesses' area of expertise. Strengthening the institutions and mechanisms that can prevent and resolve violent conflicts; developing comprehensive strategies and legal frameworks related to demobilization processes; building national capacities for weapons collection, management and destruction by contributing to e.g. logistics. Providing the government support to sustainable and integrated mine action strategies and facilitating the setting up of mine action centres.

■ **Raise awareness.**

Educational campaigns to promote peace building e.g. street children can be educated by volunteers to play theatre about peace; campaigns about the importance of small arms reduction for restoration of community life and sustained economic recovery; to raise awareness of landmines' dangers.

■ **Gain business opportunities.**

Facilitating meetings where businesses can meet local citizens and NGOs to discuss the needs of the local people in relation to what kind of services and products would be needed to decrease the poverty and how businesses can have an impact. Having discussions on the private sector needs and how government could facilitate increase in investments; facilitating business incubators to e.g. ex-combatants and give them training and skills to become entrepreneurs.

■ **Work for natural disaster reduction.**

Developing risk management strategies to help relieve the consequences of disasters, extreme weather events and other emergencies. Designing sustainable development plans to reduce vulnerability to natural disasters generally and in key sectors such as agriculture, tourism and fisheries. A roster of stand by experts can be created. Facilitate multi-stakeholder forums and knowledge networks to discuss best practices and how ICT can be used in natural disaster reduction. After natural disasters businesses can help plan how to deliver essential public services and administrative functions rapidly.



5. RESPONDING TO HIV/AIDS

The HIV/AIDS epidemic has an impact on nations, governments as well as businesses especially in developing countries. This is an area where cooperation between different actors is necessarily needed. Companies need to address HIV/AIDS issues in their work. By partnering with UNDP, businesses have access to advanced expertise in a number of HIV/AIDS related areas as well as to the actors in society that play a role in prevention, treatment and care.

Businesses can cooperate with UNDP to:

■ **Build capacity.**

Providing assistance to governments to strengthen their capacity to plan, fund, lead and manage national and community-level responses to the epidemic. Supporting the introduction of anti-discrimination laws to the government to protect people living with HIV/AIDS and addressing gender inequities that fuel the epidemic. Jointly developing teacher capacity building programs.

■ **Research.**

Evaluating the socio-economic impact of HIV/AIDS as well as developing strategies accordingly. Companies might also undertake studies on how public policies have affected HIV/AIDS awareness on treatment in their companies and undertake advocacy based on these findings.

■ **Establish business coalitions.**

Establishing national business coalitions to address business engagement in HIV/AIDS issues. Developing knowledge networks to facilitate information sharing and dissemination of best practice experiences.

■ **Address workplace strategies.**

Companies can partner with UNDP to address HIV/AIDS issues in the workplace. UNDP can help companies to develop HIV/AIDS strategies, non-discrimination policies and to establish HIV/AIDS programmes. Workshops can be organized for business leaders together with executives, human resource and medical personnel. UNDP can give advice on making arrangements for sick employees, ethical and human rights issues concerning HIV/AIDS, and means through which to implement HIV/AIDS programming. UNDP can train volunteers in companies in HIV/AIDS related issues so that volunteers would



be able to do counseling and educate people.

■ **Support entrepreneurs.**

Business incubators can be facilitated and training provided in partnerships to promote entrepreneurship and to create jobs for people facing HIV/AIDS.

■ **Increase awareness.**

Supporting the production of National Human Development Reports on HIV/AIDS, which can work as a powerful policy-oriented advocacy tool targeted to decision-makers. Disseminating knowledge for awareness raising and medical treatment. Training volunteers to educate households in high-risk townships. AIDS hotline services can be established in communities and companies can e.g. offer facilities. Cooperating to affect the media towards society-wide transformation of norms, values and practices related to HIV/AIDS. Organizing community campaigns to address the various needs of societies affected by HIV/AIDS.



THE BUSINESS CASE – WHY THE PRIVATE SECTOR SHOULD BOTHER

The argument that the public and the private sector are mutually affected by each other's actions and share an interest in supporting activities has been made numerous times by now. But, however convincing this point is, the question could still be asked – relevantly – as to why the private sector should bother. Selling the partnership idea on just the grounds of everybody's overall interest from a macro-level point of view hardly convinces anyone.

The crux of the matter is that there should be a business case to be made and this is what lies at the core of partnerships versus charity. If taking on a voluntary responsibility does

not contribute to the core objective of a company then it is charity and should be treated as such. Charity is indeed an excellent motive and very important as well as relevant to the way we deal with development challenges, but in this particular context we will focus on partnerships as an activity, which is integrated in the overall profit motive.

Thus, the core objectives of the company should have a central place in the partnership. Expanding markets and increasing earnings are valid motivations and real reasons for the private sector to want to partici-

pate in a partnership in support of United Nations goals. It is equally important to provide substantial evidence that engaging in development activities through partnerships actually does have real benefits for the private sector – and its core objectives.

Doing the Right Thing

“Social initiatives are usually associated with doing good and “doing the right thing”. Many leaders feel they have to contribute to this development. Many companies want to engage in philanthropic efforts because it will improve their reputation.” However, Michael Porter’s concern “is that companies are reacting to pressure rather than having their own affirmative strategies. The ‘giving’ is not integrated into strategic thinking and quite a few corporate leaders are not sure that the money they spend is well spent. If we want to make sure that companies are to maintain an interest in corporate social initiatives, we have to provide the rationale for them as to why they should be doing it. If companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders’ money. That is not sustainable in the long run and shareholders will quickly lose interest. Giving money away is easy, but if that is all, it is going to create cynicism – among shareholders, managers and employees.”⁸ IFC and Ethos Institute have argued that “Some people feel sustainability action is a fundamental responsibility and there should be no need for a business case. This is reflected in business people saying they took initiative simply because it was “the right thing to do”. Looking for the busi-

ness benefit can therefore be regarded as amoral. (...). The assertions made by proponents of the moral argument are not disputed. Our response is that it applies to fundamental principles, but there are many areas of corporate activity that are not matters of morality. The basic principles are usually enshrined in law – and certainly in United Nations declarations. But sustainability goes beyond legal minimum. Issues such as training and childcare, environmental innovation or responding to community concerns are not solely matters of morality. But they are areas where investment can help business success – and aid sustainability.”⁹ When building effective partnerships the motive is not “doing good”, but rather “defining common ground for doing the right thing”, where the latter defines the common basis for cooperative endeavour. As opposed to for instance foundations companies usually need a clear case as to why partnerships make good business sense.

Tapping Into The Bottom of the Pyramid

Four out of every five consumers already live in developing countries. 82 million of the 83 million people being added to the planet every year are in developing countries. This means that there is a huge market, referred to as the “bottom of the pyramid” market, and enormous profit potential for business. All poor people are consumers and billions of aspiring poor are joining the market economy.

8 Morsing, Mette: “CSR – a religion with too many priests?” interview with Michael Porter EBF issue 15, autumn 2003

9 IFC and Ethos Institute. Developing Value. The Business case for sustainability in emerging markets, 2002, p. 33

The vast emerging consumer market at the base of the pyramid – four billion people with a per capita income of less than USD 1,500 – provides multinationals and large local companies with an attractive market for their goods and services. This market is estimated to be in the area of USD 2 trillion per annum.

It is time for the private sector to look at globalization strategies through a new lense of inclusive capitalism. For companies with the resources and persistence to compete at the bottom of the world economic pyramid, the prospective rewards include growth, profits and incalculable contributions to humankind. Countries that still don't have the modern infrastructure or products to meet basic human needs provide the ideal opportunity for investment in developing environmentally sustainable technologies and products for the entire world.

Furthermore, investment in “the bottom of the pyramid” means lifting billions of people out of poverty and desperation, averting the social decay, political chaos, terrorism, and environmental meltdown that is certain to continue if the gap between rich and poor countries continues to widen.

So what does it take to sell to the bottom of the pyramid? Firstly, the realisation that the rules are different for reaching these markets. The link between existing products and the needs of millions of people may need re-

thinking. It means thinking in large quantities and low profits and costs per unit.



Low cost per unit selling water – by the bag!

It means looking at the investment in the long term and there will most likely be a strong need for setting up creative new partnerships where the local business partner does not necessarily need to be another private sector company, but could also be a public agency or an NGO. It also demands a new level of capital efficiency and new ways of measuring financial success. ‘Companies will be forced to transform their understanding of scale, from a “bigger is better” ideal to an ideal of highly distributed small-scale operations married to world-scale capabilities.’⁸

Business, working in a spirit of ‘enlightened self-interest’, can improve the developmental paths of billions of people by facilitating their access to the marketplace, by finding new ways to address the needs of the poor and helping them into mainstream economic activity.⁹

10 The Fortune at the Bottom of the Pyramid, C.K. Prahalad and Stuart L. Hart, <http://www.strategy-business.com/press/article/11518?pg=all>

11 Doing business with the poor: a field guide, World Business Council for Sustainable Development, <http://www.wbcsd.org/DocRoot/wddfPa1LhtP72aO68tsa/sl-field-guide.pdf>

Business Engagement

Millennium Development Goals	The Goal	Core Business	Philanthropy	Advocacy
	1. Eradicate extreme poverty and hunger	<ul style="list-style-type: none"> Providing affordable products and services Building local business linkages and employment opportunities 	<ul style="list-style-type: none"> Invest in social entrepreneurs Build local capacity 	<ul style="list-style-type: none"> Support public policy efforts to build the domestic private sector and attract foreign investment Advocate for fairer access to OECD markets
	2. Achieve universal primary education	<ul style="list-style-type: none"> Tackle child labour along the supply chains Deliver education services Harness technology for education 	<ul style="list-style-type: none"> Facilitate the education of employees' children Invest in local schools or support the work of education NGOs 	<ul style="list-style-type: none"> Advocate for education access, quality and reform
	3. Promote gender equality and empower women	<ul style="list-style-type: none"> Strengthening women's economic capacity as entrepreneurs, employees and producers Eliminating workplace violence against women 	<ul style="list-style-type: none"> Support womens issues Invest in women's leadership development beyond the company's own operations 	<ul style="list-style-type: none"> Raise public awareness of women's issues and promote women's voices Advocate for equal access to education and economic assets
	4. Reduce child mortality	<ul style="list-style-type: none"> Provide affordable products and services 	<ul style="list-style-type: none"> Support children's NGOs and awareness raising projects Support programmes for AIDS Orphans 	<ul style="list-style-type: none"> Advocate governments to support the Rights of the Child and to support children's issues
	5. Improve maternal health	<ul style="list-style-type: none"> Provide affordable products and services Improve working conditions and occupational health for women 	<ul style="list-style-type: none"> Support women's NGOs and community health services Combat stigmatization 	<ul style="list-style-type: none"> Encourage good public policy and public awareness on women's health issues
	6. Combat HIV/AIDS, malaria and other diseases	<ul style="list-style-type: none"> Provide affordable products and services Implement workplace HIV/AIDS programmes focused on education, prevention, treatment and care 	<ul style="list-style-type: none"> Provide product donations Support HIV/AIDS and other medical funds, NGOs or research institutes and AIDS Orphans projects 	<ul style="list-style-type: none"> Establish national business coalitions Participate in global public policy networks
	7. Ensure environmental sustainability	<ul style="list-style-type: none"> Understand and manage the company's direct environmental impacts Invest in product and process innovation and transform business models 'Green the financial markets' Address the challenge of sustainable consumption Tackle climate change 	<ul style="list-style-type: none"> Support International environmental NGOs and campaigns Mobilize core corporate competencies to support community-level environmental initiatives Support education courses in sustainable development Support environmental awards and media campaigns 	<ul style="list-style-type: none"> Negotiate international rules and develop voluntary standards Change market frameworks
	8. Global Partnership Target 12: International trading and financial system	<ul style="list-style-type: none"> Support the UN Global Compact 		<ul style="list-style-type: none"> Help build the 'soft infrastructure' for global commerce
	8. Global Partnership Target 13, 14 & 15: Least developed, landlocked and small island developing countries, and debt relief	<ul style="list-style-type: none"> Promote investment in least developed countries especially in Africa 		<ul style="list-style-type: none"> Advocate OECD governments for increased market access, official development, assistance and debt relief
	8. Global Partnership Target 16: Decent and productive work for youth	<ul style="list-style-type: none"> Give young women the same opportunities as young men Invest in education and vocational training for young people 	<ul style="list-style-type: none"> Make it easier for young people to start and run enterprises 	<ul style="list-style-type: none"> Place employment creation at the center of macroeconomic policy
	8. Global Partnership Target 17: Access to affordable drugs	<ul style="list-style-type: none"> Research and development, patent protection, intellectual property rights and pricing Providing workplace access to essential drugs 	<ul style="list-style-type: none"> Responsible drug donation programmes and guidelines 	<ul style="list-style-type: none"> Building a better policy environment
	8. Global Partnership Target 18: Access to technology, especially information and communications technology (ICT)	<ul style="list-style-type: none"> Providing low-cost technology to rural areas on a commercial basis 	<ul style="list-style-type: none"> Support NGO or community led projects through donating resources, expertise and technology Donate technology and expertise to more effectively manage humanitarian crises 	<ul style="list-style-type: none"> Advocating for and supporting better public policy on ICT issues to improve access, participation and governance

Good Reasons for Partnering

This list¹² on page 31 should be seen as illustrative rather than a comprehensive and mutually exclusive list of reasons or motives for getting involved.

At least three major factors are of importance here:

1. Enhancing the structural economic and financial settings in the developing countries
2. Supplying goods and services to the poor and thereby empowering people
3. Unleashing the potential of the SMEs as seedbeds for innovation and entrepreneurship and engines of economic growth.

Exemplifying the difference multinational corporations can make in unleashing entrepreneurship UNDP Administrator, Mark Malloch Brown, pointed to the role of Coca Cola in Africa:

"There is a very positive incentive for companies to see the difference they can make. I like to say that until very recently, Coca Cola spent more on development in Africa than USAID did. Because Coca Cola's investment in building the small service sector of its vendors, bottlers and distributors, building the capacities in small stores around Africa, to book-keep and manage their stock of Coca Cola in an effective way, added this up, and it was a bigger investment and certainly had a greater impact in creating entrepreneur-

*ship and modern business behaviours than America's official programmes in sub-Saharan Africa."*¹³

The Development Interest in the Private Sector

Fighting poverty is not coincidentally the first mentioned MDG. Poverty to a large extent is the prerequisite for many other problems to be solved in developing countries. Since solving these problems is dependent on reducing poverty, this area requires special attention. Sustained economic growth reduces poverty and the link is equally clear between economic growth and strong private investment. Thus, developing the local private sector and supporting the economy of local communities in developing countries enjoys large focus.

Furthermore, it is widely acknowledged that direct foreign investment in developing countries simply does not reach a scale which could effectively drive the local or national economies towards significant development, and official development assistance (ODA) cannot do the job either. Therefore effective means of channelling investment, resources and financial means are in high demand.

The primary responsibility for achieving growth and equitable development lies with developing countries. However, it is important to create the conditions that make it

12 The list draws heavily on the findings in Business Partners for Development: Putting Partnering to Work. Tri-sector Partnership Results and Recommendations. Business Partners for Development. 2002. pp. 4-5

13 Mark Malloch Brown, UNDP Administrator, Business for Social Responsibility. Annual Conference, Washington, D.C. 6 November 2002.

BUSINESS REASONS FOR PARTNERING

General cost saving	While measuring social costs remains difficult, there is growing evidence that there are cost savings to be made across a variety of activities – for example, avoiding delays in project start-up, maintaining a good reputation, and ensuring the smooth running of a project.
Save costs by treating employees well	Better wages, a safe working environment and health benefits are examples of enhanced human capital management which will boost morale and increase productivity among employees enabling companies to recruit and retain the best workers.
Increase revenues	Through certification, companies can earn premium prices for their products and by looking at by-products as potential sellable products, companies can further increase earnings. Investing in the local community e.g. by improving production facilities and involving local suppliers can fuel local economy benefiting the company. By investing in hospitals, schools, infrastructure, water facilities and other public goods in the local communities, companies are strengthening the very basis from which profit and performance improvement is likely to come.
Licence to operate	By entering into dialogue with various actors such as employees, costumers, NGOs and politicians, companies can gain a deeper understanding of the surrounding perceptions, opinions and expectations. It will help create common grounds and mutual understanding which could prevent resistance from the local community, the political system, pressure groups and costumers or “licence to operate”. The company will enjoy continuous feedback and information which enable it to adjust to change. Not having credibility with local communities could result in project delay or even cancellation.
Reputation	Although not an end in itself, reputation could be crucial to a company in terms of costumers, earnings, and the company’s ability to attract investment as well as obtaining licence to operate. As focus on reputation arises and valuation methods of companies performance are becoming increasingly sophisticated, more companies will become aware of how they are perceived locally, regionally and globally in terms of environment, engagement in local issues, supply chains, human rights, policies securing equal treatment regardless of gender and race etc.
Learning, Innovation and Improved Quality of Decision-Making	Partnering offers the private sector a unique opportunity to learn from the competencies of the public sector and civil society organisations, as well as how to work in difficult but promising markets. In situations where clear rules do not apply, solutions to new challenges can only be found through imaginative approaches and a willingness to implement such unconventional approaches. Involving community members in the decision making process is viewed as being vital to the decision-making process. Project design, implementation, and operation can benefit from the local, intimate knowledge possessed by affected communities. Access to this knowledge and insights also allows companies to devise strategies which appropriately and effectively meet the needs of the communities, so that they can foster and develop a sustainable capacity.
Creating the needed infrastructure to sell locally	Ensuring adequate physical infrastructure and human capacity make it easier to sell and deliver products and services.
Other opportunities	By familiarizing local stakeholders with their services or products through dialogue, consultation regarding capacity, needs, willingness to pay and training, companies can foster a supportive local user environment. By fostering local communities’ socio-economic development, companies can establish the conditions for a sustainable and long-term user base.

possible to secure the needed financial resources for investment.¹⁴

What Business Can Do for the Poor

Help secure Property Rights: The poor inhabitants of developing countries – the overwhelming majority – do have things, but they lack the process to represent their property and create capital. Formal property's role – protecting not only ownership but also the security of transactions – strongly encourage citizens in advanced countries to respect titles, honour contracts and obey the law. "The lack of legal property thus explains why citizens in developing and related nations cannot make profitable contracts with strangers and cannot get credit, insurance or utilities services: they have no property to lose. Because they have no legal property, they are only taken seriously as contracting parties by their immediate family and neighbours."¹⁵

Support for small, medium and micro-enterprise development is one of the most valuable contributions that large companies, working in partnership with governments and intergovernmental bodies, can offer to development and poverty eradication. Nelson found that for both men and women, self-employment business and income from wages and salaries, are among the most important factors leading to upward mobility.

Both in terms of self-employment and income generation, the development of small, medium and micro-enterprises is crucial.¹⁶

Private/Public Partnerships: As said before, all poor people are consumers. Across the world the story is the same – poor consumers pay proportionately more than rich consumers for basic services. With the right attention and regulatory requirements, privately provided services can help meet the needs of poor people.

In **Venezuela**, UNDP together with the government, Amnesty International and Statoil, have collaborated to build capacity within the national judiciary system on issues relating to international human rights law. A group of judges and federal prosecutors have received training on this topic in the first phase and will serve as trainers for their colleagues around the country.



14 The Report of Commission on the Private Sector and Development. Unleashing Entrepreneurship, Making Business work for the Poor. March 2004, pp. 1-2

15 De Soto, Hernando: "The mystery of Capital" in Finance and Development. A quarterly magazine of the IMF, March 2001, Vol. 38, No. 1,

16 Nelson, J. p. 54



In **Kazakhstan**, Citigroup and ChevronTexaco have teamed up with UNDP to support the delivery of micro-credit along with business support services to small entrepreneurs. The Foundation of the same commercial bank has also supported the development of a practical, hands-on manual for micro finance institutions, which is used in UNCDF/ UNDP's MicroStart programme.

Together with Cisco UNDP has established a number of "Networking Academies" in countries in **Asia, Africa and the Caribbean**. These academies offer high-tech training to students, teaching them how to install and operate local computer networks and link them to the Internet. The company is provid-

ing expertise and equipment to the initiative.

Two international companies are working with UNDP to help teachers and students in **the Republic of the Congo** in Africa to learn about the risks of HIV/AIDS and how to avoid the virus. Through workshops, peer-education, theatre groups, participatory research etc., the project has helped increase self-confidence and decision-making skills among young students, which helps to reduce their vulnerability to HIV. The companies are contributing financial resources along with computers and printers to the effort.

In **Pakistan**, UNDP-GEF has partnered with a local tourism company, which provides commercial advice on eco-tourism issues and contributes a share of its profits to the local Mushking-Dashkin Turbelin Valley Conservation Fund to protect the local natural resources.

In **Vietnam**, companies have worked with UNDP and Vietnam's Central Committee for Floods and Storms Control to help set up an information network for disaster manage-

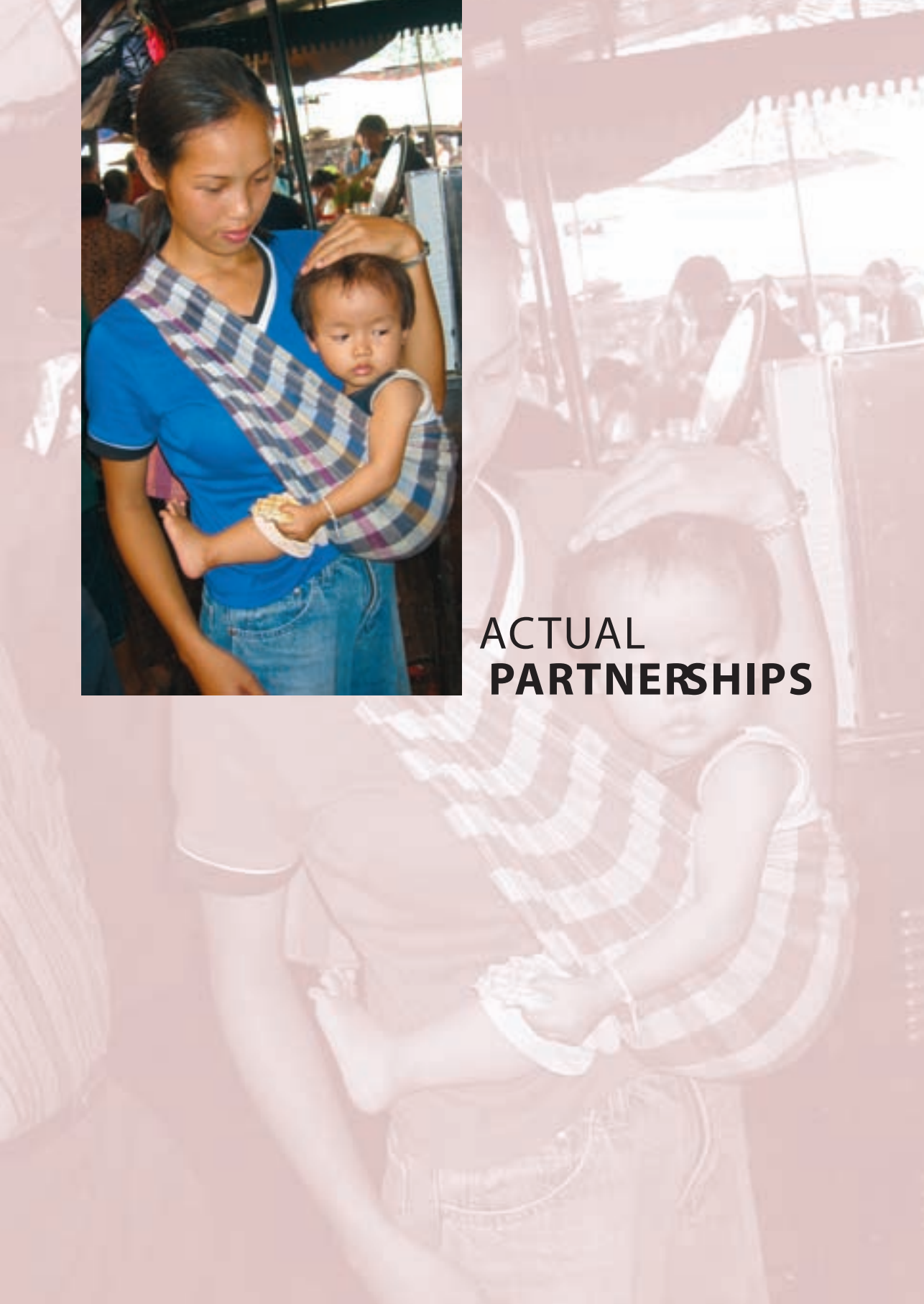
ment called the Disaster Management Net. This network links 11 provincial emergency communication stations in the Mekong Delta area and one central sub-station in Ho Chi Minh City, helping to improve early warning systems and manage the response to natural disasters.

A slightly more in-depth description of these kinds of partnerships is what will be attempted in the next chapter.





**ACTUAL
PARTNERSHIPS**



HENNES & MAURITZ AND UNDP INDIA



Type of partnership

Issue specific – improving living and working conditions for the poor.

Partnership aim

Improving conditions and safeguarding the rights of home-based workers.

Background

H&M approached UNDP in May 1999 to help design a programme to safeguard the rights of home-based workers associated with the company's product.

Common grounds

Having a substantial part of its products produced in 3rd world countries, H&M is potentially in the danger zone of somewhere down the line using child labour, compromising basic labour rights and prevent workers from obtaining literacy. By joining forces with UNDP India and developing tools to enhance workers rights on a corporate level as well as on a grass root level, H&M secured a severe upgrade of its employee staff.

Tools & actions taken

To identify and strategize interventions, a situational analysis of the production chain in India was done in order to obtain a better understanding, particularly vis-à-vis women and children, and create a platform for dialogue and planning. UNDP outsourced three parallel studies and based on the results of the studies, UNDP compiled a list of recommendations.

Recommendations of actions were made on two levels: A corporate level for which H&M was responsible and a grassroot level for which UNDP was responsible.

Recommendations at corporate level

– Responsibility: H&M

- Involvement and dialogue with Export Promotion Council for Handicrafts (EPCH).
- Streamline the production chain and reduce the number of middlemen.
- Strict enforcement of H&M's code of conduct which may call for pressure tactics on the part of H&M.
- A new code of conduct for home-based workers, including minimum wages, mode of payment and hours of work.
- Mechanisms in place for transparency in wages and regular and timely payment.
- Identification of a central work place, which will also be a place for distribution



and collection of material for those women who cannot work at the centre.

At grassroots level – (Responsibility: UNDP with funding from H&M)

- An integrated programme in a few selected villages with the help of an NGO (such as Action India) which will include the following:
- Need assessment survey to identify the specific interventions needed in these areas and to identify the villages where the programme will be implemented.
- Awareness campaigns on social issues such as child labour, workers' legal rights, etc.
- Mobilisation of women's groups.
- Skills and leadership training for the women and girls.
- Facilitation of micro-credit programmes for women's groups .
- Promoting literacy among the women.
- Legal literacy campaign for the women.
- Community-based health and basic services (including water and sanitation).
- Education for girls through community schools or through strengthening the curriculum.
- Setting up of crèches/day-care centres to facilitate the women's working in the work centres and to allow the girls to be enrolled in schools.



MÆRSK LOGISTICS AND UNDP CHINA



Type of partnership

Generally enhancing infrastructure, business and logistics.

Partnership aim

Arranging an international conference on modern Logistics and e-Commerce.

Background

The government of China came to UNDP asking for support of providing funding for a conference of government officials. UNDP came up with another alternative of managing the event by strengthening partnership among key actors in the government and the business community in order to share expertise, knowledge and best practice.

Common grounds

Securing effective structures for trade, investment and logistics is a vital prerequisite for development. This will benefit the business community at large, as well as assist the Chinese government and UNDP in reaching the MDG's.

Tools and actions taken

By joining forces and arranging a conference on modern logistics and E-commerce, private companies from the logistics and IT sectors such as Cisco Systems and Mærsk Logistics, the government of China and UNDP created a forum in which knowledge and experience could be shared and new contacts established. The conference was attended

by over 600 representatives from domestic and international businesses, the government and academia. A number of world leading co-sponsored the conference and shared their knowledge and experience. The conference was web-casted on a government website. A working group with over 70 companies was established after the event as a follow up to continue the dialogue.



NOKIA, INTERNATIONAL YOUTH FOUNDATION, PEARSON AND UNDP PHILIPPINES LAUNCH BRIDGEIT



Type of partnership

Issue specific – making information and communication technology work for the poor.

Partnership aim

To bring interactive, multimedia learning materials to local classrooms.

Background

Nokia, the International Youth Foundation (IYF), Pearson and the United Nations Development Programme (UNDP) launched Bridgeit on 16 May 2003 – an innovative ICT learning initiative that uses mobile technology to bring interactive, multimedia learning materials to local classrooms around the world.

A fast and easy-to-use service, Bridgeit combines existing mobile technologies to deliver these digital multimedia materials to teachers and students who otherwise would have no access to them.

Common grounds

Education is a central theme of the MDG's but at the same time a challenge for any third world country often lacking funds and at the same time fighting other problems such as mere survival. The innovative ICT learning initiative launched by Nokia, the International Youth Foundation (IYF), Pearson and the United Nations Development Programme (UNDP) provide an outstanding opportunity

to provide schools and teachers with cutting edge multimedia materials. To Nokia, besides the reputation value, having their products tested as well as placing a major awareness of the brand in the minds of initially 13,000 potential costumers.

Tools and actions taken

Bridgeit was launched in the Philippines, where more than 13,000 students living in rural and urban areas of the country are learning key science concepts through digital video material presented on a TV screen. The video content will be augmented by teacher training that will enable educators to weave moving images into existing curricula. The initiative in the Philippines focuses on equipping 5th and 6th grade teachers with highly interactive, multimedia and supplemental lesson plans in the natural sciences.

Speaking at an event attended by President Gloria Macapagal Arroyo, Nokia's Executive Vice President, Veli Sundbäck said: "Today's launch is truly unique, not only demonstrating how advanced mobile technology can be used for educational purposes, but also how the public sector, civil society and the private sector can cooperate successfully both at the global and local level."

"In this first implementation alone, Bridgeit has the potential to improve learning opportunities for more than 10,000 elementary school



children across the Philippines,” said Jaime Ayala, President of the Ayala Group and an IYF Board Member, speaking as a representative of the local support team.

IYF’s expertise in teacher training and overall project management, as well as the UNDP’s experience in process documentation is expected to ensure the successful implementation of both the pilot and a scaled program in the Philippines, as well as future replication in other countries and regions.



STATOIL & UNDP VENEZUELA PARTNERING FOR THE TRAINING OF JUDGES ON THE IMPLEMENTATION OF HUMAN RIGHTS



Type of partnership

Issue specific – justice and human rights.

Partnership aim

Enhancing human rights thinking within the Venezuelan legal system by training judges and public attorneys.

Background

Venezuela started its judicial reform several years ago, which required new legal instruments, revised structures and functions. In this context, Statoil Norway decided to support the efforts of the Venezuelan society in modernizing its legal structures particularly in those areas related to human rights.

When approached by Statoil, the local UNDP office first suggested that Statoil got involved in a traditional social development project. However, upon learning about Statoil's wish to support human rights, UNDP suggested that Statoil could participate in the training and awareness-raising program for judges already being planned in cooperation with the judiciary and Amnesty International.

Common ground

Promoting values as democracy, human rights, free speech as well as enhancing the business environment and attract foreign investment, which can be used to develop society at large, is fundamentally based on an effective, well functioning and comprehen-

sive legal system. To the Venezuelan government as well as UNDP, any effort to support and enhance the legal system would thus be welcomed. To Statoil – and any other business – lack of legal structures will bring business in jeopardy due to uncertainty and instability, and will ultimately result in the complete withdrawal from a given country. By supporting the legal system, Statoil has not only supported vital structures in the Venezuelan society, but also in the long run made a substantial effort to secure its own business interests in the country.

Tools and actions taken

The partnership was set up as follows: Escuela de la Judicatura's mission is to form and train judges, public defenders, court inspectors and the support staff of the courts. It organizes and conducts the training.

Statoil is supporting the efforts of the Venezuelan society in modernizing its legal structures, particularly in those areas related to implementing human rights. It is funding the training.

UNDP, seeking to strengthen national capacities in sustainable human development, is giving priority to work in the area of governance. Its administration of justice programme seeks to strengthen a participatory and representative democratic system. To this end it prepared, at the national level, a baseline study on the process of judicial reform and,

at the regional level, training tools in the areas of human rights. It administers Statoil resources and manages the resources, the technical and organizational aspects of the training.

Amnesty International (local chapter) provides substantive support in the implementation of the agreed upon Curricula.

The human rights training took place in three phases:

1. A first phase was successfully implemented in 1999, when 25 judges from the whole country were trained in human rights issues. These were intended to serve as instructors for training a further

group of judges from the various Venezuelan states.

2. The second phase (Pilot Phase) of the project took place in 2002 in the states of Anzoategui and Zulia.
3. In February 2003, an agreement was signed for the first part of phase three, which covers the training of all Venezuelan judges in human rights.

The sustainability of the project consists in the incorporation of this programme in the Escuela Judicial as part of the induction programme for all new judges entering the Venezuelan judicial system. ■



'GO GREEN', SCHRUMPF, TETRA PAK AND UNDP LEBANON



Type of partnership

Generally enhancing the awareness of environmental issues.

Partnership aim

Promoting social and environmental activities, knowledge and awareness.

Background

Over the past three years, Schtroumpf, a local Lebanese restaurant chain has actively raised awareness on environmental issues and has taken active measures to ensure that its operations are environmentally friendly. Activities such as a university contest, an environmental forum, corporate volunteerism river clean ups were included.

Common grounds

In 2002, after gaining further insight about strategic community involvement through multi-stakeholder partnerships, Mr. Omar Sakr, Schtroumpf's environment programme manager, wanted to enhance the impact of the company's environmental activities. As a result, he grouped a few of these activities and packaged them under the 'Go Green' project, which was proposed for UNDP/UNV's partnership through the project 'Enhancing Business-Community Relations' (EBCR), as well as other organizations.

Tools & actions taken

With the objective of promoting social and environmental awareness, the 'Go-Green' project was initiated by Schtroumpf, as a

symbol of its continuous support to environmental awareness. As a result, in 2002, Schtroumpf and UNDP/UNV became the main organizers of this project, while the FTML (France Telecom Mobiles Lebanon), Coca-Cola and Tetra Pak East Med became the official partners.

"Go Green" activities include

- A contest where students from different universities will compete in artistic creativity around the themes of Fresh Water, Organic Food, Forestation and Reforestation, energy Efficiency and Desertification.
- A Forum announcing the winners in each of the above categories.
- A Launch of the awareness campaign for the top Organic Food project.
- Celebration of the International Year of Fresh Water – launching of the awareness campaign for the best Fresh Water project.
- Celebration of International Volunteer Day.
- National Trees' Day; launching the awareness campaign for the winning Forestation and Reforestation project.

In addition to its environmental initiatives, Tetra Pak supports health and education through the development of the 'Captain Mike' school-feeding program that aims at providing better nourishment for children, as well as raising awareness on different health and environmental issues. ■

AARHUS UNITED AND UNDP BURKINA FASO



Type of partnership

Issue specific – combining supply strategy and poverty reduction.

Partnership aim

Supporting AARHUS UNITED's shea supply strategy and simultaneously alleviate poverty and improve the living conditions for women and girls in Burkina Faso.

Background

After the exposure of child trafficking related to cocoa plantations, AARHUS UNITED (leading producers of vegetable oils and speciality

fats to the food, cosmetics and dietary supplement industry) set up a task force to investigate whether child trafficking was used in their shea nut supply chain. The investigation showed that mainly women gather the nuts and that their children help in their spare time out of school hours. However, they decided to still do something to improve the living conditions of the locals. They proposed establishing a school in Burkina Faso. However, this project was based on 'charity' and before long proved not to be sustainable.



Common grounds

As part of its Nordic Business Outreach, UNDP Nordic Office provided a new angle on the project. A win-win partnership and cost-sharing agreement for the project entitled “National Multifunctional Platform Programme for the Fight Against Poverty” was established. It supports AARHUS UNITED’s shea supply strategy and simultaneously alleviates poverty and improves the living conditions for women and girls in the area, as well UNDP’s strive to meet the MDGs.

Tools & actions taken

Practically, AARHUS UNITED has provided multi-functional platforms which generate electricity. The platforms use a diesel motor to power various tools, which provide affordable, energy-related services such as crushing shea nuts, husking rice, grinding cereals, etc — hence the multi-functional. The electricity is also applied to power a water and lighting network.

One of the aims of the platforms is to relieve women and girls of some of their daily work duties in their homes. The incomes they are able to generate also improve the women’s economic and social status and alleviate poverty in the immediate community. Finally, the platforms also enhanced food hygiene and water quality, which improved the general health of the local community.

This economic growth and improved living conditions can initiate a positive cycle that motivates women to collect more shea nuts, which can subsequently also increase the amount of shea nuts purchased and ensures a steady supply of nuts.



Four hundred platform enterprises, mainly owned and managed by women, will be set up of which at least 40% will be upgraded with a water or lighting network, creating at least 4000 jobs and influencing the poverty level and access to energy of at least 500.000 people in that area.

NGOs will carry out structured interventions and support new platform enterprises, as well as creating networks between these enterprises, private suppliers of technical, financial and commercial services and public partners. The Ministry will also actively participate in the knowledge network established by the Regional Multifunctional Platform Programme.



DANFOSS AND UNDP CHINA



Type of partnership

Advocacy and private sector development.

Partnership aim

Raise the public awareness of critical development issues and promote entrepreneurial activity.

Background

Over the past 20 years, UNDP has been a trusted development partner of the Chinese government and its people, supporting its transition into a market economy and its efforts to alleviate poverty.

The MDG report prepared by the UN system in China in consultation with its government showed that the country is generally on target with regard to reaching the MDGs by 2015. However, the issues of equity and regional balance need to be addressed and there are in particular three goals where greater attention is required: gender equality and empowerment of women; combating HIV/AIDS, TB and other diseases; and, ensuring environmental sustainability as it relates to sustainable access to safe drinking water.

Given the complexity of the challenge, an International Conference on MDGs was held in



Beijing organized by the Chinese Government and the UN Country Team in China.

Common grounds

Danfoss, a world leader within refrigeration and air conditioning, industrial controls, heating and water and motion controls joined the Chinese MDG campaign and supported the International Conference on Millennium Development Goals in Beijing by taking active part in the public dialogue as the president of Danfoss China Mr. Carsten Lykke Sorensen participated at conference as a panelist at the environment session. Danfoss saw the importance of discussing some strategic issues for achieving the MDGs drawing from global, regional and country perspectives. Danfoss also financially contributed towards information material for the conference targeted at the business community.

Danfoss is a strong believer in the importance of entrepreneurs in the fight against poverty and is strongly committed towards supporting these kinds of activities globally.

Tools & actions taken

UNDP China has for quite some time focused on the role of entrepreneurs. It recently completed a pilot initiative in the Tianjin province on the re-employment and venture creation for laid-off women workers. By creating business incubators the project promoted prospective women micro-enterprise development. The incubation model reflects international best practice adapted to Chinese conditions. Since its establishment in October 2000, the project has incubated 50 women-owned businesses employing some 2,744 persons.

A new initiative in Beijing has now been designed and it involves the following partners:

- Danfoss
- UNDP China
- All China Women's Federation
- Tianjin Women Federation
- Beijing Women Federation
- Junior Achievement International, China



SAS AND UNDP



Type of partnership

Issue specific - outplacement.

Partnership aim

Additional utilization of existing human resources within SAS for development purposes.

Background

The SAS Group joined the UN Global Compact in 2003 displaying its commitment and

acceptance of corporate responsibility in reaching the MDGs.

Common grounds

If and when resources are temporarily available they may serve other non-core business purposes. The initiative illustrates the variety of interests served and the benefits enjoyed by all, whilst providing much needed and sometimes even critical support.

Tools & actions taken

The initiative primarily focuses on the following areas:

1. The out-stationing of operational personnel as part of SAS's human resource policy in partnership with UN Volunteers (UNV).
2. On behalf of all UN organizations present in Copenhagen an open and non-exclusive agreement is being negotiated with regard to passenger travel.
3. An emergency preparedness programme which will be planned in partnership with Swedish Civil Aviation Administration in Sweden.

With respect to the latter, the emergency preparedness partnership — which extends internationally — a number of potential areas has been identified:

- Cargo transport of equipment, humanitarian or emergency relief supplies.
- Charter-flights to missions for UN staff or other personnel.
- Arrangements related to equipment needed by UN/UNDP (planes, tools, communications etc).



- Emergency evacuation of UN or other personnel from a crisis area.
- Technical analysis and training for the starting or restarting a country's domestic airline.
- Providing airport management training (including governance/security) and related equipment.
- Evaluation of management of airline coordination.
- Airlift for delegates – that would require in-country flights (charter services to allow civil society's (individual and NGO) participation in major peace-building, constitutional, etc. efforts.
- Management training for fledgling domestic airlines, including maintenance.
- People-support in acute-phase at catastrophes.
- Medical aircraft fully equipped including medical, flight deck and cabin staff. Project was initiated and activated in conjunction with the Swedish Civil Aviation Administration.



COCA-COLA AND UNDP TURKEY



Type of partnership

Social mobilization and community empowerment

Partnership aim

To activate the youth in Turkey to contribute to community life by providing opportunities for the realization of their innovative ideas for increased collective well being, strengthening social capital and inclusion.

Background

In Turkey, close to 35 million people are under the age of 26. While this represents a tremendous opportunity, the youth also face

particular challenges related to employment, education and social inclusion in community life and decision making.

Coca-Cola Turkey and UNDP Turkey have established a youth fund amounting to \$1.5 million for five years to support the efforts of local youth platforms aimed at addressing development challenges including the promotion of key principles and values. This will be done by providing grants to youth groups to implement innovative projects related to environment, education, sports, culture and arts. The fund will be given through the Youth for Habitat and Agenda 21 Association, which has already established local



youth platforms in 75 cities throughout the country within the scope of the Local Agenda 21 program previously. The youth platforms bring together the youth organizations, as well as students and employed and unemployed youth in partner cities.

Common grounds

Noting that the ultimate objective of development is human development, the Project aims to address the need for supporting the youth platforms' motivation to achieve individual capacity building and mobilize youth for increased social responsibility and improvement of the quality of life, sustainability and participation in governance.

Tools & actions taken

The fund is being used for coaching young people for writing projects, prompting their participation, providing them with advisory solutions, implementing the selected projects, sharing best practices, and follow-up and evaluations.


A committee consisting of UNDP, Coca Cola, Youth for Habitat and government representatives select new projects each year in the priority areas of education, sports, environment, culture and arts. Those projects which are innovative, creative, environmental, participatory, and socially effective and - most importantly- aiming the enhancement of the quality of life are particularly supported. In the first year, 137 projects were submitted and 10 of them were granted. The se-

lected project teams were provided with a one-week training on project management at a summer school. The awarded projects are closely monitored and implementation support is provided promptly when needed. A strong communication strategy has been developed and implemented as an integral part of the Project, in order to reach wider audiences through youth networks, Local Agenda 21 local youth councils, media, and seminars in different cities. Project partners are also in efforts to benefit from any means to increase awareness on the Fund by integrating the project with other activities of the organizations. In one event, the Project was shared with 50,000 participants of the Rock 'N Coke festival whose social theme was Life +, and a large project tent was installed and used for various interesting activities related to youth.

The Project is also designed to increase its funding base through fund generating activities. A significant income was generated through marketing of souvenirs and promotional materials of the Project. Coca-Cola Turkey is also donating to the project the income from the sales of collectible bottles designed by famous fashion designers.

A designated Web site (www.hayataarti.org) provides information on the specifics of the Fund, application forms and announces the short-listed and awarded projects.





WHAT WE KNOW AND ARE LEARNING ABOUT PARTNER- SHIPS



In the late 1990s UNDP had limited experience with private sector partnerships, but now more than 50 country offices have initiated some private sector related activities. Efforts towards business partnerships are systematic and gaining momentum.

There are some descriptions of individual partnerships but when it comes to a more comprehensive description of a larger

number of cases based on comparable information the information available is limited.

As the researchers see the lessons learned

According to a Norwegian evaluation of partnerships, one is able to draw a few conclusions when dealing with tri-sectoral partnerships.

The observations are:

- Very high priority given by companies to the way in which they are approached.
- Companies are usually only asked for sponsorships as their contribution to a partnership.
- There is general agreement among the partners that the most important challenge for the partnership is to create the dialogue and to identify common interests.
- There is a clear need in companies for someone to spar with as partnering across sectors is a new and unfamiliar approach.
- When asked, companies do believe that they can make a positive contribution.
- Companies would like to contribute towards poverty reduction, human development etc.
- Companies engage in partnerships in order to economise and in order to achieve goals otherwise not possible.
- In all of the examined cases there were no examples of partnerships having been verified to ensure they were in accordance with the development objectives of the PRSPs or not¹⁷

What UNDP has learned from partnerships¹⁸

In a new publication from UNDP the lessons learned from some of the partnerships earli-

er mentioned in this publication are summarized and included the following:

- Employee participation in development projects generates internal appreciation of the value of corporate citizenship and greater cultural understanding, both of which can be applied to future market opportunities.
- Social investment can lay the foundation for commercial success in emerging markets by building brand recognition and a customer base.
- Small- and medium-scale businesses with suitable products can become important local suppliers to multinationals when given the appropriate advisory support and financial backing.
- Large project partnerships often derive from the trust built through smaller partnership initiatives.
- Partnerships require persistence and process management through intensive dialogue.



17 Siri Lange, Arild Spissøy and Marie Brudvik (2002). Fra motstander til medspillere: Partnerskap mellom norske frivillige organisasjoner og norsk næringsliv, Bergen: Chr. Michelsen Institute (CMI Report R 2002:18)

18 UN and enhanced cooperation with the private sector: Report of the Secretary-General, 18. August 2003 & Jenifer Barsky: "UNDP and the private sector: Building partnerships for development", UNDP: 2004



- Having a trusted and experienced local partner that can identify organizations and enlist government support is especially critical for projects with tight deadlines.
- Engaging local organizations in public-private partnerships helps build capacity by transferring knowledge, skills and technology.
- Another fundamental lesson that has been learned is that partnerships make an important contribution to organizational renewal. In order to maintain the interest and commitment of all participants, partnerships must prove their worth in a practical manner by the achievement of concrete results. Thus, partnerships are helping to introduce a new results-based, multi-stakeholder, synergistic operational paradigm that is enhancing the organization's efficiency and its capacity to achieve its goals.
- Partnerships present a challenge to established hierarchical structures. They usually operate horizontally and transcend institutional boundaries. Their philosophy and practice contrasts with established structures and often clashes with prevailing institutional arrangements. Reconciling the need for operational flexibility with existing organizational hierarchies is a major challenge and an invaluable opportunity for institutional change and renewal.

Measuring a partnership success

To measure and report on the advantages and the benefits of a partnership is essential, but it is not simple.

The direct benefits to the private sector may be measured in a relatively straightforward manner with indicators like increased sales, profits, returns on investment, and/or growth of market share. The more indirect benefits are e.g. improved brand and reputation, easier access to new markets etc., and they are more difficult to measure. Measuring the societal benefits is even more complicated and the relevant indicators are still being developed. They would include elements such as jobs created, capacity building, the transfer of technology, access to goods and services and social capital.

Initiatives are now underway to try to develop some kind of measurement tool that might be used by companies as well as development actors like UNDP country offices.

Such a tool will ideally measure the sustainability of partnerships when it comes to the business case and the development impact.

		MDG indicators			
CSR indicators					
		LEVEL OF SUSTAINABILITY			

Business case indicators can be drawn from the present discussion on key performance indicators within the corporate social responsibility discussion whereas development indicators would be closely linked to the Millennium Development Goals.

Race to the top!

Do partnerships with MNCs have a positive impact at all or is it just a race to the bottom? In a recent report from the World Bank entitled "Race to the top"²⁰ it was argued that corporate social responsibility issues increasingly are influencing the investment and purchase decisions of MNCs. It was argued that a majority of companies reported that CSR issues are at least as influential as traditional considerations in new venture assessment, and that this influence has grown in the last five years. Over 80 percent of the respondents reported that they look at the CSR performance of potential partners and locations before they close the deal on a new venture and more than half of the respondents reported that the review takes place while they are still looking at multiple partners and countries. Specifically on the relationships with local partners this was among the greatest CSR challenges and nearly all the participating firms had made a public commitment to require some level of CSR performance from their local partners, and furthermore that more than 80 percent reported that they are involved in social issues "beyond their factory gates" in which they

20 "Race to the top: Attracting and enabling global sustainable business. Business Survey Report", The World Bank Group, Corporate Social Responsibility Practice, October 2003

seek partnership from local government or civil society.

In this respect MNCs and foreign direct investment (FDI) have a vital role to play in raising standards, not just economically, but across business and society. FDI has proved to be the trigger for reform of tax systems, anti-corruption measures, as well as judicial and legislative reform, all of which improve the climate for investment.

This is not only just about the benefits reforms bring to foreign investors doing business in host countries. More important is the impact it has on the local business environment; when the ordinary small businessman is set free from unnecessary regulation, inefficient bureaucratic red tape and corruption.

Illustrating how FDI has the potential to introduce a virtuous cycle in bringing both economic benefits and social dividends to recipient countries the first picture is from a traditional pottery in Vietnam producing for



Traditional pottery in Viet Nam

the local market and still operating with the traditional social and environmental standards.

As opposed to these standards a newly established pottery is implementing standards required by the MNC buying the pottery. This particular pottery is part of the PECSME project, which is a GEF/UNDP initiative to address the barriers to widespread adoption of energy conservation measures and practices in Vietnam's SME sector.



Modern pottery in Viet Nam



READY, STEADY, ACTION



Within the UN system partnerships are seen to have the potential to complement the Organization's efforts to achieve its objectives, whilst contributing to its renewal by introducing new methods of work.

Efforts are under way to further develop and expand promising approaches and to learn from the experience gained so far. To succeed in this undertaking, governments and United Nations will need to continue to encourage and support these approaches and initiatives.

There is a need for both governments and United Nations organizations to develop their partnership-brokering skills. This requires the following:

- Providing incentives for the development of partnerships
- Encouraging experimentation and innovation
- Providing seed funding for innovative and promising approaches

The private sector and partnerships are not seen as a substitute for the public sector, but:

- Growth is a precondition for poverty reduction.
- The public sector will not be able to supply the public goods in the needed quantity and quality.
- The public sector is still accountable to its citizens and one of the basic conditions for creating a partnership is that the private sector can never substitute the role of publicly elected governmental bodies, but has an important role in supporting them.

In a lot of situations there will be an overlap of interests for instance in relation to effectiveness, efficiency and the sharing of knowledge and innovation.

Both sectors have an interest in:

- Providing “soft infrastructure” for the global economy by setting technical standards and norms in areas such as statistics, customs, intellectual property, and transport
- Promoting good governance, e.g. tackling corruption
- Developing human capital
- Creating physical and institutional infrastructure.



The concept of partnerships is simple and convincing in principle but when it comes to implementation and the actual partnerships across sectors, difficulties arise.

Overcoming these difficulties will require a set of skills which draws both from the ‘arts’ and ‘sciences’:

Skills needed for Partnering for Development

Art	Science
Insight, imagination	Knowledge, analysis, conceptualization
Vision, creativity	Understanding the past
“People skills”	Administrative, organised
Active listening	Precise communication
Personal engagement	Professional detachment

Even in cases where partnerships seem to make sense to one or even both parties, transaction costs may be too high, or they may require efforts to develop adequate capacity among the relevant stakeholders. By developing the right set of skills hopefully the number of instances with too high transaction costs will be minimized in the future.

Finally, UNDP is in the process of establishing a brokerage mechanism. The mechanism recognizes the need for and value of having a neutral intermediary that can act as a broker for different interests. The brokerage mechanism is based on the premise that the most effective way of engaging the private sector in working towards the MDGs is to fully harness the profit motive in those areas where commercial interests and develop-

ment priorities overlap. As such, a broker can take the necessary actions to help all parties reach agreement where both commercial and development objectives can be met.

It is envisaged that the broker can act on a number of levels, including closing information gaps between potential partners, convening partners, creating communication channels, investigating and proposing potential relationships.

The brokerage mechanism builds partly on UNDP’s experience with facilitating various types of partnerships. More specifically, lessons drawn from the UNDP-led initiative Growing Sustainable Business under the United Nations Global Compact demonstrated that UNDP can play a central role in convening all relevant stakeholders with a view to supporting pro-poor business development in developing countries.

Partnerships are still typically tailor-made, but we need to work towards more systematically setting up models that are scalable and cost-effective. Mainstreaming will be one of the next challenges – no matter whether we talk about the public or the private.

In the end what we are all looking for and what partnering is all about are win-win situations where the achievement of the MDGs goes hand-in-hand with profitable and responsible business.





ISBN 87-991324-0-0