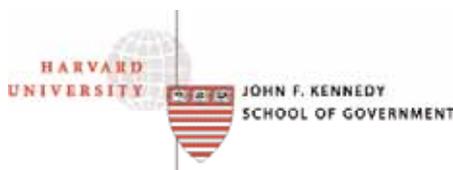


Partnering for Success



Business Perspectives on Multistakeholder Partnerships

World Economic Forum
Global Corporate Citizenship Initiative
in cooperation with



January 2005

"...We believe we have an important role to play, in partnership with others in the public and private sectors and civil society, to help spread the benefits of development more widely."

CEO Statement on Global
Corporate Citizenship
World Economic Forum

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Preface



Partnering for Success is the fourth annual report of the World Economic Forum's *Global Corporate Citizenship Initiative*. In January 2002, a taskforce of World Economic Forum members, consisting of the CEOs and chairmen of over forty companies, from 16 countries and representing 18 industry sectors, signed a joint statement on global corporate citizenship. They recommended the following *Framework for Action*, which offers practical steps that chief executives, board directors, and executive teams can refer to in directing their company's impact on society and its relationships with stakeholders:

- 1. Provide leadership:** Set the strategic direction for corporate citizenship in your company and engage in the wider debate on globalization and the role of business in development.
- 2. Define what it means for your company:** Define the key issues, stakeholders and spheres of influence that are relevant for corporate citizenship in your company and industry.
- 3. Make it happen:** Establish and implement appropriate policies and procedures and engage in dialogue and partnership with key stakeholders to embed corporate citizenship into the company's strategy and operations.
- 4. Be transparent about it:** Build confidence by communicating consistently with different stakeholders about the company's principles, policies and practices in a transparent manner, within the bounds of commercial confidentiality.

Each year, the Global Corporate Citizenship Initiative (GCCCI) surveys examples of leadership, innovation and good practice in one or more of these areas of action. Previous reports looked at how business leaders are mainstreaming corporate citizenship initiatives into their core business activities, and how they are communicating with investors about corporate citizenship issues. This year's report focuses on some of the innovative approaches that GCCCI companies are taking to build partnerships with other private enterprises, government bodies and civil society organizations to address key international development challenges. The companies have shared examples of alliances that they are engaged in, as well as their perspectives on key development challenges, lessons and obstacles of building effective partnerships and recommendations to governments and business leaders on how to encourage increased collaboration between business and other sectors.

The report is produced in collaboration with The Prince of Wales International Business Leaders Forum and the Corporate Social Responsibility Initiative at the Kennedy School of Government, Harvard University. Special thanks are due to the principal authors of the report, Jane Nelson and Dave Prescott, as well as the executives of Forum member companies who have participated in the survey on which this report is based. Appreciation is also due to Stefanie Held and Valerie Weinzierl, Senior Project Manager and Project Manager, respectively, of the GCCCI.

The Global Corporate Citizenship Initiative is an important example of the work being undertaken by the Forum's Global Institute for Partnership and Governance, whose mission is to engage the private sector in multistakeholder partnership initiatives in three modes: catalysing action; improving governance; and bridging perspectives through dialogue. We salute the exemplary commitment of GCCCI member companies to the spirit of public-private cooperation, and we hope their example will inspire others to take up the challenge of partnering for success in developing countries.

Richard Samans, Managing Director
Global Institute for Partnership and Governance
World Economic Forum

Geneva, January 2005

Executive Summary

“...We believe we have an important role to play, in partnership with others in the public and private sectors and civil society, to help spread the benefits of development more widely by the manner in which we pursue our business activities. A commitment on our part to listen to and work with these other groups makes sound business sense and will enable us to better serve the interests of our shareholders and other key stakeholders, especially over the longer term.”

Joint statement, CEO Task Force on Global Corporate Citizenship, World Economic Forum

We live in an era of immense wealth creation, technological innovation, and political emancipation. Yet, almost two-thirds of the world’s population still lacks access to basic services, efficient markets, and good governance. This lack of opportunity condemns millions of people to abject poverty. It undermines economic growth and environmental sustainability. And it underpins conflict and instability. It also represents billions of dollars’ worth of untapped business opportunities – for micro-enterprises, small businesses, national companies, and multinational corporations alike – to help deliver solutions that spread the benefits of development more widely.

One of the key leadership challenges of our time is to find new ways to harness the innovation, technology, networks, and problem-solving skills of the private sector, in partnership with others, to support international development goals. And to do so in a manner that makes sound business sense and does not replace or undermine the role of government. Business leaders have a growing interest, both in terms of risk management and harnessing new opportunities, to get engaged.

There are already pioneers. Some of the world’s most successful companies are recognizing the potential to turn innovative solutions to development challenges into profit-making ventures and new forms of social investment. They are also acknowledging the growing risks of inaction. Developing economies represent important future markets. Yet, in many cases there are market failures or failures in governance and weak public administration or infrastructure in these economies. New types of partnerships aimed at expanding economic opportunity, serving unmet social and environmental needs, and improving governance structures are becoming an important approach to address such challenges. These partnerships range from global coalitions to nationwide initiatives and local community projects. They include mainstream business alliances, strategic philanthropy activities and public policy dialogues.

In the following pages we look at some of these innovative approaches. Based on this year’s survey of participants in the World Economic Forum’s *Global Corporate Citizenship Initiative* (GCCCI), the report profiles over 40 diverse partnerships – all of them involving one or more members of the GCCCI. Between them, these alliances have engaged thousands of different partners around the world, and leveraged millions of dollars in cash and in-kind resources. The most effective initiatives have mobilized core corporate competencies and are focused on addressing the development challenges that create the greatest risks and opportunities for the participating companies.

The message is clear. Multiple stakeholder partnerships are neither easy nor a panacea. They often have high transaction costs and are difficult to establish and sustain. Many are new and untested. Yet, they offer an important new approach that has the potential to drive innovation, improve governance, raise living standards, and provide opportunity to millions of people. They deserve continued support, engagement, and evaluation from business leaders.

Key Survey Findings

BOX 1:

COMPANY RANKINGS OF TOP DEVELOPMENT CHALLENGES

- 1 Promoting good governance and tackling corruption
- 2 Alleviating poverty
Education
- 3 Achieving sustained economic growth
- 4 Peace and security
- 5 Energy
- 6 HIV/AIDS
- 7 Water
Human rights

The 2004 Global Corporate Citizenship Initiative (GCCI) survey focused on how its signatory companies are building partnerships with other companies, governments and inter-governmental organizations, non-governmental organizations and other bodies to address key international development challenges, including leadership, innovation and good practice in corporate citizenship. Seven key survey findings are listed below.

1 Companies rank top development challenges

Companies were asked to rank the three most important and consistent development challenges they face in the developing countries in which they operate. Promoting good governance and tackling corruption was the most commonly listed challenge, with over 60% of respondents ranking it among the top three. Full results are provided on page 9.

2 Getting “it right” in big emerging markets will be critical

Not surprisingly, many of the respondent companies listed China as their most important emerging market. The other emerging markets most highly ranked were India, Brazil, Russia, Southern Africa, South East Asia, and the Middle-East. The rapid economic development and growing geopolitical significance of these markets offer enormous long-term business potential, but pose a variety of leadership challenges and risks for most private enterprises. These include the challenges of dealing with fundamental economic restructuring and uncertainty, political transition, evolving governance structures, poor working conditions, human rights concerns, environmental stress, and high levels of inequality. All of these have important implications for business success and survival, but none of them are issues that the private sector can – or should – address alone.

3 Development challenges cannot be met without partnership

Over 90% of the respondents felt that partnerships between business, government and civil society would play either a major role or some role in addressing key development challenges. Although the GCCI is a self-selected group of companies that are committed to being good corporate citizens, their views reflect a growing consensus in business and development circles of the importance of new types of non-traditional alliances and funding mechanisms. The challenges we face are too complex and interdependent, and the resources and legitimacy for tackling them too dispersed between different sectors for any one group to have all the solutions.

4 The business case for partnership

The two most common reasons that respondents gave for getting engaged in partnerships were: committing to the company’s own values, principles, policies and traditions; and protecting corporate reputation and brand. Meeting project financing, investor and other funding requirements, investing in a sound and secure operating environment, and entering into untapped or underdeveloped markets were also listed as key reasons. In many cases partnerships are a response to dealing with market failures and governance failures. The CEOs who support the *Global Corporate Citizenship Initiative* emphasize that the most important contribution they can make to development is through the way they run their own businesses. They also recognize, however, that engaging with stakeholders inside and outside their companies can help to leverage the resources, skills, competencies, technology and networks of these business operations, thereby increasing the contribution that business can make to development.

5 High leverage potential of partnership

Each of the GCCI companies was asked to provide two examples of partnerships in which they are currently engaged, many of which are profiled in the following pages. We have categorized these examples, and in Box 2 we list 15 practical ways in which companies can engage in partnership with other sectors to address some of the key development challenges identified in the GCCI survey. One of the most notable facts about this small selection of examples is their high leverage and catalytic potential. Between them they have engaged literally thousands of other business and non-business partners, from governments to civic organizations and trade unions, and have mobilized millions of dollars worth of cash and in-kind investments. This cannot – and should not – be a substitute for government-led action. But the wide diversity, scope and scale of these multistakeholder partnerships illustrate their potential to engage new actors and to mobilize new resources for development as a complement to government efforts.

BOX 2:
INNOVATIVE
SOLUTIONS
THROUGH
PARTNERSHIP:

Fifteen concrete and practical ways for companies to engage in partnerships for development

The partnership examples identified by the GCCL companies include collective efforts to address systemic challenges, such as improving the quality of public education, reforming healthcare delivery, strengthening the financial sector, and building mechanisms to tackle corruption. Other examples support specific projects, such as the training of Venezuelan judges on human rights issues, logistics support for disaster relief in Morocco, the provision of credit, advice and mentoring to small-scale enterprises and youth entrepreneurs in India, South Africa and the Middle-East, the supply of clean energy to rural communities in Madagascar and Tanzania, e-learning in Pakistan, the Philippines and Malaysia, technical assistance for small-scale farmers in Kenya, and efforts to tackle malaria and HIV/AIDS throughout Africa.

We have attempted to categorize this wide diversity of examples, and the following list offers 15 concrete and practical ways that companies can engage in partnership to address development challenges. All of them are based on existing partnership examples that GCCL companies are already actively supporting:

Building the framework conditions for good governance

1. Spread industry-wide or global standards for accountability, transparency and responsible business practices.
2. Help to strengthen public institutions and administrative capacity

Expanding economic opportunities

3. Ensure that local communities benefit from major development projects
4. Support small and micro-enterprise development
5. Invest in youth entrepreneurship and employment
6. Engage in integrated approaches to poverty reduction

Investing in physical infrastructure – water, energy, and transportation

7. Preserve and provide access to clean water
8. Provide access to clean energy
9. Leverage logistics and transportation competencies

Improving access to and quality of education

10. Build national business coalitions for education
11. Mobilize private resources and technology for education
12. Prevent child exploitation

Providing better healthcare and affordable treatments

13. Help to build capacity and infrastructure in public health systems
14. Support global and national alliances for health

Building partnership skills

15. Invest in training and experiential learning programmes

6 Seven success factors of effective partnership

There is no simple checklist or blueprint for successful partnership building. It is often an intuitive and constantly evolving “voyage of discovery” based on organizational and individual learning, trust and experimentation. From the survey responses, however, it is possible to identify success factors that underpin many effective partnerships. These responses reflect the findings of a number of other practitioner and academic research projects on multistakeholder partnerships:

- 1 Openness, transparency and clear communication to build **trust** and **mutual understanding**;
- 2 **Clarity** of roles, responsibilities, goals and “ground rules”;
- 3 Commitment of **core organizational competencies**;
- 4 Application of the same **professional rigour and discipline** focused on achieving targets and deliverables that would be applied to governing, managing and evaluating other types of business alliances;
- 5 **Respect** for differences in approach, competence, timeframes and objectives of different partners;
- 6 Focus on achieving **mutual benefit** in a manner that enables the partners to meet their own objectives as well as common goals;
- 7 Understanding the **needs of local partners and beneficiaries**, with a focus on **building their own capacity and capability** rather than creating dependence.

7 Recommendations for governments and business leaders

Respondents were asked to list key recommendations for governments and the private sector on how they could encourage greater corporate engagement in partnerships for development. We summarize the key recommendations in the box below:

<p>BOX 3: RECOMMENDATIONS FOR ENCOURAGING BUSINESS ENGAGEMENT IN PARTNERSHIPS FOR DEVELOPMENT</p>	<p>RECOMMENDATIONS TO GOVERNMENT:</p> <ol style="list-style-type: none">1. Ensure good governance Commit to ongoing efforts to improve enabling frameworks for private investment and partnerships, especially ensuring rule of law and measures to tackle corruption and unnecessary red tape and bureaucracy.2. Provide better funding and incentives Encourage business involvement in development partnerships through better access to funding, including tax incentives, seed capital, risk guarantees, challenge funds, co-investment funds and other innovative public-private funding mechanisms, as well as awards and public recognition.3. Engage business in policy dialogue and planning Be more proactive in engaging private sector leaders and business organisations in policy dialogues, public commissions and aid projects, and in planning national, regional and local poverty reduction strategies.4. Provide better information and coordination Help business leaders to better understand the government's development priorities, ensure more coordinated and consistent messages from different government ministries, and share examples of existing partnerships. <p>RECOMMENDATIONS TO BUSINESS LEADERS:</p> <ol style="list-style-type: none">1. Provide leadership Champion and demonstrate the case for partnership with employees, peers and other leaders through engaging in dialogue and debate and sharing good practices.2. Define what it means for your company Identify the development challenges that create the most strategic opportunities and risks for your own industry's or company's values, stakeholders and operations, and focus partnership efforts on addressing these challenges.3. Make it happen Leverage core corporate competencies, skills, resources and business disciplines to support and evaluate partnerships. Define objectives clearly from the beginning, but be flexible and prepared to adapt to the changing needs of the partnership.4. Be transparent about it Engage actively and openly with peers, intermediary organizations, critics and other stakeholders to share experiences, remedy mistakes, identify new partnership opportunities and scale up or replicate existing initiatives.
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I A GROWING CONSENSUS ON DEVELOPMENT



“Private firms are at the heart of the development process. Driven by the quest for profits, firms of all types – from farmers and micro-entrepreneurs to local manufacturing companies and multinational enterprises – invest in new ideas and new facilities that strengthen the foundation of economic growth and prosperity. They provide more than 90% of jobs – creating opportunities for people to apply their talents and improve their situations. They provide the goods and services needed to sustain life and improve living standards. They are also the main source of tax revenues, contributing to public funding for health, education, and other services. Firms are thus central actors in the quest for growth and poverty reduction.”

World Development Report 2005: A Better Investment Climate for Everyone, The World Bank

The 2004 survey for the *Global Corporate Citizenship Initiative* asked the signatory companies to rank what they consider to be key development challenges in the developing countries where they operate and their reasons for engaging in partnerships to support development goals. They were also asked to provide examples of some of these collaborative efforts, the key lessons and obstacles they have encountered in building such partnerships, and recommendations on how governments and business leaders can encourage increased business engagement in partnerships for development.

1. Our shared global challenge

The start of the twenty-first century has proven to be a time of great paradox and complexity, with unprecedented opportunities for human progress and business success seriously challenged by persistent poverty, inequality, instability and insecurity.¹ As Martin Wolf from the *Financial Times* commented in his book *Why Globalization Works*: “Never before have so many people – or so large a proportion of the world’s population – enjoyed such large rises in their standard of living.”² Yet, at the same time, almost two-thirds of the world’s population still lacks access to basic services, efficient markets, and good governance. Contradictions and difficult choices abound.

Transformational technological innovations and scientific progress, for example, are improving the quality of life and longevity for those that can afford them. At the same time, preventable disease and environmental degradation are lowering life expectancy and creating untold misery for millions of those less fortunate.

Economic restructuring, in both developed and developing economies, is creating new jobs and wealth for those with the necessary skills and education, and increased economic insecurity for those without.

Increased physical and virtual connections between nations are offering unprecedented potential for governments and non-state actors to create a sense of shared humanity, greater racial, religious and cultural tolerance, and more cooperative approaches to problem solving. Such connections are also creating the potential to facilitate international crime and terrorism.

Aging populations are creating looming pension and healthcare crises, as well as new market opportunities in most OECD countries. They are matched by a youth bulge in many developing countries, where about half the population is under the age of 24 and far too many young people face an immediate future without job prospects, opportunity or hope.

One of the greatest leadership challenges of our time is finding new models of development that overcome these limits to human progress by harnessing the interests, competencies, and resources of all sectors. It is a challenge primarily for governments in both developed and developing countries, but increasingly also for leaders in business and civil society.

“The world – its peoples, its governments, its markets – and its problems are becoming increasingly complex and interactive. Effective leadership requires a more integrated approach than ever before. ... Integrative leadership requires collaboration on many fronts: business, public policy and philanthropy.”

Marilyn Carlson Nelson,
CEO and Chairman of
Carlson Companies

2. Prioritizing key development challenges

Respondents to the annual GCCI survey were asked to rank the three most important and consistent development challenges that they face in the developing countries in which they operate. Tackling corruption and ensuring good governance was the challenge most commonly listed by the companies, followed by alleviating poverty. Achieving sustained economic growth and education were the other two challenges ranked most highly. The overall results are shown below:

Key development challenges faced by business



Source: GCCI participants' survey, 2004

Although drawn from a small sample of companies, these results reflect the findings and recommendations of other surveys and research. A November 2004 World Economic Forum/Gallup Poll, for example, surveyed more than 50,000 people in over 60 countries. 44% of those surveyed listed the eradication of poverty and hunger as the most important development goal. The International Monetary Fund and World Bank's *Global Monitoring Report 2004*, which assesses progress towards the Millennium Development Goals, listed the following four priorities for action by developing countries:³

- Improving the enabling climate for private sector activity;
- Strengthening capacity in the public sector and improving the quality of governance – which the report cited as the biggest challenge for many countries;
- Scaling up investment in infrastructure and ensuring its effectiveness – especially water and sanitation, and transport;
- Enhancing the effectiveness of service delivery in human development – by better targeting education, health, and social assistance services toward poor people.

All of these have direct and important implications for the private sector and few of them can be addressed without partnerships between business, government and other sectors.

Cutting across each of these areas, the IMF and the World Bank identified the need to ensure environmental sustainability and empower women by removing barriers to their fuller participation in the development process. These are challenges not only for government, but also for business. Why business?

“Today, billions of people in developing countries are deciding who to follow. Those people hunger for more than food. They want good health and a safe environment. They want work, a decent wage and respectful working conditions. But, for some time now, the question for all of us has been clear. Will developing nations continue to give globalization a chance – especially if unprincipled economic conduct enriches the wealthy at the expense of the poor? Governmental institutions, non-governmental organizations, and, yes, multinational corporations – all of us are in this together, and all of us must be part of the solution.”

Bill Parrett, CEO, Deloitte Touche Tohmatsu

3. The growing role of the private sector

One of the most important trends in international development over the past two decades has been a growing awareness of the crucial role that a productive, competitive, well-diversified and responsible private sector plays, not only in underpinning economic growth and wealth creation, but also supporting other key pillars of development.

“We have to recognize that society has changed its view of what companies are responsible for. And society’s expectations will continue to change. Business now has greater accountability to a wider range of stakeholders: shareholders, employees, customers, communities, and governments.”

**Paul Skinner, Chairman,
Rio Tinto**

The process of globalization has transformed the economic landscape of almost every country, bringing private enterprise to the heart of the development process. The UN estimates that the number of transnational corporations has increased from about 37,000 in 1990, to well over 60,000 today, with some 800,000 foreign affiliates, and millions of suppliers and distributors operating along their global value chains.

This process has conferred new rights and opportunities on global companies, but also created new competitive pressures and risks, and led to increased demands for greater corporate responsibility, transparency and accountability. It has increased the reach and influence of the private sector, at the same time that it has exposed weaknesses in national and global governance structures.

Within this evolving context, business leaders face relentless pressure to grow their markets and to remain competitive and profitable. Some of the key markets for future growth lie in today’s developing countries and in innovative and profit-making solutions that meet social and environmental needs. This ranges from the development of new markets for carbon emissions trading, to the production of affordable products for the estimated 3 billion people who still live on less than US\$ 2 dollars a day.

At the same time, in the wake of recent corporate scandals and increased suspicion of the power and influence of large corporations, business leaders need to restore public trust and credibility. They also face the challenge of managing new and unfamiliar risks and meeting growing societal expectations from more stakeholders in more places and on more issues than probably ever before. These are leadership challenges that need to be addressed at the most senior levels in every major company, regardless of industry sector or country of origin. They are also leadership challenges that often require new types of partnership and new ways of thinking. But business cannot – and should not – be expected to address all these challenges alone. The role of governments and other stakeholders such as NGOs, academia and the media is crucial.

4. The importance of good governance

Even the most efficient, innovative and responsible companies can accomplish little in the absence of good governance. Rule of law, respect for human rights, freedom of speech and association, appropriate macroeconomic and microeconomic policies, anti-corruption measures, private property rights, fiscal and market incentives, effective institutions, and more efficient administration and delivery of public goods are all essential for both achieving international goals and creating an enabling environment for private investment and enterprise. So too, are global intergovernmental efforts such as lowering of trade barriers, more coordinated and generous official development assistance, ongoing efforts to address developing country debt burdens, and the creation of innovative international financing mechanisms.

“Some observers on globalization have remarked that governments are finding it more challenging to deliver social development. This is especially the case in developing countries, where there is a growing demand for companies to expand the boundaries of their responsibility. Corporate social responsibility is not a substitute for the rightful role of democratic governments to set up regulatory frameworks and social welfare programmes for the benefit of society. But it can be argued, in developing countries particularly, there is a need for business to be aware of some of the broader implications of an investment decision, and to address these responsibly at both the local and global levels through partnerships, responsible business practice and constructive engagement.”

Uwe Dörken, Managing Director, DHL Worldnet

5. The need for partnership

Partnerships between companies and their key stakeholders are not new. As Jaime Zobel de Ayala, the Chairman of the Ayala Group, has observed in discussing the company’s 170th anniversary, “Since 1834, Ayala has survived two world wars, foreign occupation, revolutions and numerous political and social upheavals. ...Any which way one looks at it, 170 years is a long journey, with every year a process of constant renewal. We have been through both good times and some pretty rough patches. Throughout it all, the partnerships we have built – with our stockholders, business partners, customers, employees, and ultimately the Filipino public – have sustained us on this journey.”

“There are many positive ways for business to make a difference in the lives of the poor – not through philanthropy, though that is also very important, but through initiatives that, over time, will help to build new markets.”

Kofi Annan, Secretary-General, United Nations, Davos 2002

What is new, however, is the scope, scale, reach and diversity of partnerships between business and other sectors, and the range of issues that these partnerships are trying to address. Many companies are engaging in new types of alliances with non-traditional stakeholders. These alliances often reach far beyond a company’s own immediate operations and locality. Many of them have implications not only for the achievement of the company’s own goals, but also for the achievement of broader development objectives.

Partnerships can be particularly important as mechanisms to help address market failures or failures in governance and weak public administrative or infrastructure capacity – where neither the market nor government is able, on its own, to deliver public goods or meet crucial social and environmental challenges. In such situations it is often necessary to mobilize both public and private resources, and this is often done through partnership. Yet, partnerships are only one tool. They are not always the most appropriate approach. Nor are they easy. They often have high transaction costs and are difficult to establish and sustain. Many of them fail, or at least fail to meet the high expectations that are created when they are first established.

There is also the challenge of defining partnerships with much debate as to what actually constitutes a public-private or cross-sector partnership. Many types of cooperation between business and other sectors are contract-driven, transaction-based or one-off promotions, events, or dialogues – all of which make an important contribution, but tend to be limited in scale and scope. Others are fully-fledged partnerships, where the companies share risks, costs and benefits, and play an active role in governance of the relationship. In this report, we draw on the following definition:

BOX 4:
DEFINING
PARTNERSHIPS

True partnerships are about shared agendas as well as combined resources, risks and rewards. They are voluntary collaborations that build on the respective strengths and core competencies of each partner, optimize the allocation of resources and achieve mutually beneficial results over a sustained period. They imply linkages that increase resources, scale and impact.

Source: Public-Private Partnerships: Meeting in the Middle. United Nations Foundation and World Economic Forum

Despite all the challenges associated with building partnerships, they offer an important tool for addressing key international challenges. As President Clinton observed at the Annual Meeting 2004 in Davos, “We know what the problems are. What we lack are systemic and collective efforts to tackle them.”

“There is a growing understanding that solving the world’s toughest problems will not be done by one sector – public, private or nonprofit – on its own. But much more can be achieved by drawing on the capabilities of different sectors, in true partnership. Business must look for the right way to rise to this challenge and find innovative ways to channel the skills, experience and energy of our people into such partnerships, to tackle the problems of sustainable development.”

Vernon Ellis, International Chairman, Accenture

In the absence of such systemic and collective efforts, it will simply not be possible to increase economic growth, alleviate poverty and hunger, and ensure environmental sustainability. It will not be possible to improve access to healthcare, education, energy, water, sanitation, new technologies, credit and markets – all of which are vital to providing people with the opportunities and resources that they need to improve their quality of life. Nor will it be possible to tackle the conflict, crime, corruption, cultural intolerance, and religious violence that all too often feed off lack of hope and opportunity among marginalized communities and young people. Failure to achieve these objectives will have serious ramifications for long-term business growth, success, and in some cases even survival.

In response to these challenges, more and more business leaders are answering the “call to action”. They come from all over the world and from a wide diversity of industry sectors. Some are engaging in global multistakeholder alliances, others in industry-wide or national coalitions and many are supporting local partnership projects on the ground. Business participation in the UN Global Compact provides a useful example of the multidimensional role of the private sector as a partner in achieving international goals. At the Annual Meeting of the World Economic Forum in 1999, UN Secretary-General Kofi Annan challenged business leaders to support and implement a set of nine universally agreed principles in the areas of environment, labour and human rights, all of which were based on intergovernmental agreements. Corporate CEOs responded to this challenge by supporting the creation of the Global Compact in mid-2000.

Over the past five years, the Global Compact has evolved into an extensive multistakeholder network, with active participation from almost 2,000 companies, six key UN agencies, labour unions, civil society organizations and governments. In 2004, its participants adopted a tenth principle aimed at tackling corruption. The Global Compact’s overall goal is to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalization, working with other sectors to achieve a more sustainable and inclusive global economy. Participating companies are called on to mainstream the ten principles in their business activities around the world and to undertake actions in support of UN goals. In addition to spreading responsible management practices and catalysing a variety of development projects, some of which are profiled in the following pages, the Global Compact has also led to the establishment of over 40 national networks, many of them in developing countries. Together with other partnerships profiled in this report, it offers practical examples and lessons for all business leaders to follow.

In conclusion, there is now broad consensus that successful development requires strong and effective governments and public institutions, which harness the competencies and contributions of all sectors, including the resources, productivity and innovation of the private sector. The challenges we face are too complex and interdependent, and the resources and legitimacy for tackling them too dispersed between different sectors, for any one group to have all the solutions.

Ongoing efforts to explore new types of partnership that actively engage the private sector offer one of the most innovative paths for moving the global agenda forward. An important challenge for leaders in both the public and private sectors is to develop partnerships that make sound business sense, harness the core competencies of business, address the development issues that create the greatest risks and opportunities for business, and do not replace, undermine or let governments “off the hook” for meeting their own responsibilities to citizens and society.

II HOW CAN BUSINESS PLAY A ROLE?



“The greatest contribution we can make to development is to do business in a manner that obeys the law, produces safe and cost effective products and services, creates jobs and wealth, supports training and technology cooperation and reflects international standards and values in areas such as the environment, ethics, labour and human rights. To make every effort to enhance the positive multipliers of our activities and to minimize any negative impacts on people and the environment, everywhere we invest and operate. A key element of this is recognizing that the frameworks we adopt for being a responsible business must move beyond philanthropy and be integrated into core business strategy and practice.”

Joint statement, CEO Task Force on Global Corporate Citizenship, World Economic Forum

1. The roles and responsibility of business

The key leadership challenge for many companies with investments and operations in developing countries is no longer a question of “if” but “how” to get engaged in supporting development goals. Linked to this is the critical challenge of building mutual understanding, trust and respect between different sectors, and defining the appropriate boundaries between business and government responsibility.

As Statoil pointed out in their response to the GCCI survey, “public agencies need to believe that we are not after the ‘bluewash’, and companies need to believe it is possible to cooperate with governments without being hit with regulatory actions or given full responsibility for what lies primarily in the realm of the authorities.”

It is important to keep emphasizing that the core role and responsibility of business is to create wealth through producing products and services that people want to buy in a manner that is legal and profitable. Linked to this, the core impact that most companies will have on development results from the way in which they conduct their core business activities, and the impact on and contribution of these activities to the countries and communities in which they operate.

As Bruce Klatsky, CEO and chairman of Phillips Van-Heusen, sees it, “As businesspeople we must continue the evolution of capitalism and rapidly fill the void left by the collapse of communism. We must create opportunities for people all over the world, similar to what we have enjoyed here in the United States. ... Profit is at the core of whatever success we will have in fulfilling this mission. We make money. We hire people. That is the key equation. But we must also understand that, as we seek to do business around the world, our responsibilities do not stop at the doors of our factories. We must understand that if we are to benefit from the communities in which we do business, then those communities must benefit from our presence.”

In addition to the manner in which they conduct their core business activities – from corporate governance standards, to supply chain management and operations in the workplace and marketplace – most companies can also impact development through their strategic philanthropy and through their engagement in public policy dialogue, advocacy and institution-building.⁴ In all these areas, there is the potential to move beyond compliance and control of risks and negative impacts, although these actions are crucially important, to explore ways in which the companies can create new value both for shareholders and society. This can be achieved through the development of new products, services, technologies and even business models, which meet key economic, social or environmental needs. Partnerships with other companies and other sectors can be an effective tool in helping to achieve some of these goals.

“The world’s most respected companies know the importance of regulatory compliance and demonstrably sound corporate governance. But they also keep these requirements in perspective. They do not forget that the real reason for being in business is to create wealth – and that a continuing focus on innovation in all its forms is pivotal to a company’s ability to build value and reputation.”

**Kieran Poynter, Chairman,
PricewaterhouseCoopers,
Financial Times, Nov. 2004**

“Arab business, like business anywhere else, should not remain indifferent to the environment in which it operates. Fairer societies are inevitably more stable – and more prosperous. And if business does not embrace such responsibilities of its own volition, it will, in future, be obliged to do so.”

Mohamed Ali Alabbar,
Chairman, EMAAR Properties

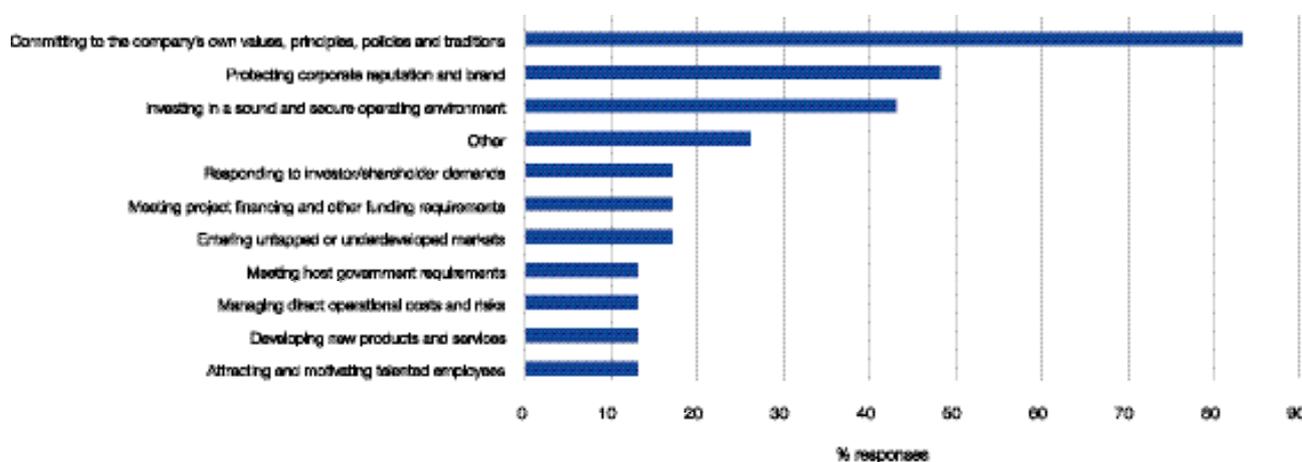
2. The business case for engagement in partnership

There is a growing business case for companies, as well as morals and values-driven reasons, to be part of the solution in addressing development challenges – both through their own business operations and through engagement in partnership and dialogue with other companies, governments, trade unions and civil society organizations. Companies responding to the GCCCI survey were asked to rank the three most important reasons for their company to get engaged in partnerships to support sustainable development. The results are summarized in the graph below.

(i) Corporate values, principles, policies and traditions

The most commonly listed reason for engaging in partnerships, ranked in the top three by over 75% of the respondents, was “committing to the company’s own values, principles, policies and traditions.” This illustrates the crucial importance of leadership within individual companies in determining how actively they will be engaged in broader economic, social and environmental issues beyond their most immediate business operations.

Business reasons for engagement in partnership



“Other” reasons for engagement were as follows: sharing risk; meeting sustainable development or corporate social responsibility expectations; community development; creating win-win solutions; committing beyond business boundaries.

Source: GCCCI participants’ survey, 2004

(ii) Protecting corporate reputation and brand

This was the second most commonly listed factor influencing corporate engagement in partnerships to address development challenges. Reputation and brand management is obviously particularly important for companies with valuable consumer brands. It is also important for companies whose products or operations are linked to “hot” development issues and public debate. These issues include: corruption; labour conditions along global supply chains; health concerns in the food industry; access to essential medicines in the pharmaceutical sector or for companies operating with large workforces in countries with high levels of infectious diseases; responsible drinking and road safety for the alcohol and auto industries; digital divide concerns for the ICT sector; access to water and energy for utilities companies; social, human rights and environmental impacts for major infrastructure companies and the banks that provide them with project finance; and climate change for the energy, auto, and financial sector.

Companies that are deemed by the media or campaigning groups to have created negative impacts in any of these areas run the risk of facing damage to their reputation or brand. Yet, individual companies can rarely tackle these issues acting alone. This calls for new types of collective action on an industry-wide basis, or partnership between business and other sectors.

“We view the need to engage in public-private partnerships from the perspective of a long-term investor. The ability to maintain and extend markets from the developed world to emerging markets, and on to all the nations of the world, will be impossible unless we create the foundation of political and economic stability that can only come by addressing the economic and social needs of the world’s poorest nations.”

Raymond V. Gilmartin,
President and CEO, Merck

“If we take nine countries – China, India, Brazil, Mexico, Russia, Indonesia, Turkey, South Africa, and Thailand – collectively they are home to about 3 billion people, representing 70 percent of the developing world population. In dollar purchasing power parity terms, this group’s GDP is US\$ 12.5 trillion. ...This is not a market that can be ignored.”

C.K. Prahalad, The Fortune at the Bottom of the Pyramid, 2004

(iii) Investing in a sound and secure operating environment

Most legal enterprises benefit from operating in stable and secure societies, with rule of law, respect for human rights, sound institutions and a fair and predictable regulatory framework. They benefit from having access to a healthy and competent workforce, to prosperous consumers and investors, and to open markets, within non-discriminatory trading and financial systems and non-corrupt and well-governed economies. Failure to achieve these conditions is likely to undermine business success, and most of them cannot be achieved without alliances.

(iv) Responding to investor demands and meeting project financing and other funding requirements

In a growing number of industry sectors – especially those that require access to project finance, public funds or risk guarantees – banks, insurers, and investors are increasingly looking at the social and environmental risks of these industries and requiring that companies take measures to address them. For some companies, engaging in partnerships is a good way to share or spread such risks.

(v) Entering untapped or underdeveloped markets and developing new products and services

In a growing number of industries, some of the key opportunities for future growth and market development lie either in innovative new technologies that meet economic, social and environmental needs, or in expansion into today’s developing economies, especially those with large populations, natural resources and good governance. Many of these new product and market opportunities call for different approaches to doing business, including new business models and partnership-based commercial ventures.

(vi) Meeting host government requirements

A growing number of developing country governments are also factoring pro-poor clauses and broader social, environmental and community investment requirements into public tenders and public procurement processes. In certain countries and industries – most notably energy, water and other infrastructure – governments also explicitly require funding and management arrangements to be structured as a partnership.

(vii) Managing direct operational costs and risks

Business leaders face a growing variety of operational risks and costs. These include the challenge of working in countries where there is weak or bad governance, under-resourced public administration, high levels of bribery and corruption, poor records on human rights, inadequate implementation of environmental, safety and labour standards, and high levels of poverty, inequality, disease and illiteracy. Engaging in partnerships with other businesses and with governments and civil society actors can help companies to better identify, manage and mitigate at least some of these costs and risks.

Business case findings of SAM Sustainable Asset Management Survey

In their 2004 survey of 554 companies around the world, SAM Sustainable Asset Management asked the respondents to indicate which aspects of their corporate sustainability strategies are a key focus in terms of their company’s future value generation and competitiveness enhancement. The following percentage of companies listed these factors as strategically important:

- 57% – talent attraction
- 53% – innovation triggers
- 48% – developing future business
- 43% – licence to operate
- 42% – reducing environmental footprint
- 29% – improved access to capital

Source: SAM Sustainable Asset Management, 2004

III INNOVATIVE SOLUTIONS THROUGH PARTNERSHIP



This section focuses on brief examples of partnerships that have been established by members of the *Global Corporate Citizenship Initiative* and others to address the following key development challenges:

- 1 Building framework conditions for good governance
- 2 Expanding economic opportunities
- 3 Investing in physical infrastructure – water, energy, and transportation
- 4 Improving access to and quality of education
- 5 Providing better healthcare systems and affordable treatments.

Clearly, there are no neat divisions between these different challenges and their solutions. A virtuous circle of development is often formed when effective partnerships are established in one area. For example:

- Improving access to water and sanitation is likely to have positive spin-offs for health, due to lower risk of water-borne disease, and for education and economic opportunity, because time spent collecting water can be spent in school or on income generating activities.
- Investment in education, especially girls' education, can lead to better long-term healthcare and nutrition, smaller families, improved economic performance, and poverty reduction at the family level and beyond.
- Improving access to clean energy for the two billion people who currently rely on biomass fuel has implications not only for the environment, but also potential health benefits in tackling respiratory diseases.

Although cross-sector partnerships are an important tool for tackling key development challenges, it is important to emphasize that they are only one of the mechanisms that companies use to engage with their external stakeholders on business and development issues. In the SAM Sustainable Asset Management 2004 survey of 554 companies, 45% of the respondents stated that they have ongoing long-term partnerships and project teams that engage with their external stakeholders. The other most commonly used methods of engaging with external stakeholders were listed as follows: regular briefings and meetings in the form of stakeholder dialogue (69% of respondents); feedback from stakeholders to the company board/supervisory board, and/or senior directors, and/or compliance department, and/or communications department (61% of respondents); and identification, prioritizing and mapping of key stakeholders for input into corporate strategy (59% of respondents).

Although they are only one approach to addressing business and development needs, and despite the challenges associated with their establishment and implementation, there is little doubt that cross-sector partnerships can be an important and strategic tool. They can play a key role in responding to market failures and failures in public governance and administrative capacity, as well as in leveraging private resources and increasing legitimacy for private sector investment.

The examples of cross-sector partnerships profiled in the following pages provide only a cursory overview of the wide range of possible partnerships between different companies, and between the private sector, government, trade unions and civil society – all of which offer potential benefits for business and benefits for development. The vast majority of the examples profiled in this report did not exist five years ago.

Most are still at an early stage of development; too soon to fully assess their impact and effectiveness, or to weigh their transaction and opportunity costs against those of other more traditional approaches to development. One thing is certain, however, cross-sector partnerships are increasing in number, scale and scope. At this early stage of experimentation, many are worthy of continued analysis, support and investment.



1. Building framework conditions for good governance

“There is a fundamental difference between interfering in government and working with others to create sound governance structures. But if we operate profitably in a country for a number of years and as a result of poor governance there is no sign of local benefit, our activities are called into question and our business becomes untenable. We still have no mandate to interfere in government, but we do have a problem. As businesses, we cannot and should not try to address this issue on our own. But we can join in an effort with civil society organizations, with labour unions, with international financial institutions to try and build the governance structures which can address this issue.”

Mark Moody-Stuart, Chairman, Anglo American

A. What’s the challenge and why does it matter to business?

Efforts to strengthen capacity in the public sector and improve the quality of governance are essential to creating the framework conditions for productive and competitive private enterprise. Their absence – whether as a result of bad governance such as corruption and repressive regimes, or weak governance such as inadequate public administrative capacity – creates direct and indirect costs and risks for the vast majority of legal and responsible companies. In terms of bribery and corruption, for example, the World Bank estimates that US\$ 1 trillion is spent on bribes annually, some 3% of global GDP. Many billions of dollars and business opportunities are also lost as a result of inadequate financial, judicial and institutional capacity.

B. Innovative solutions through partnership

At a minimum, private sector companies can support improved governance by ensuring that their own corporate governance and ethical standards are not contributing to problems, and that their engagement with public authorities is non-corrupt and accountable.

In its 2004 survey of 554 companies, SAM Sustainable Asset Management found that 85% of respondents claim to have a group level Code of Conduct to address corruption and bribery. According to 84% of the respondents, this Code of Conduct covers the activities of all their employees. In 62% of companies, it also covers their subsidiaries, 33% their contractors, and 25% their joint ventures.

In addition to what companies do to support good governance at the individual firm level, they can also have an important impact by engaging in collective action across industry sectors and in partnerships with other sectors. Two key areas where companies involved in the *Global Corporate Citizenship Initiative* are playing a proactive role in partnership with others, and where more companies can get engaged, are briefly described on the following pages.



SOLUTION ONE: SPREAD INDUSTRY-WIDE OR GLOBAL STANDARDS FOR ACCOUNTABILITY, TRANSPARENCY AND RESPONSIBLE BUSINESS PRACTICES

At a global or national level, many companies are joining industry-wide alliances or multistakeholder partnerships to support voluntary principles for good governance, accountability, transparency and responsible business practices. Many of these initiatives have the dual purpose of mobilizing companies and other key partners around a commonly agreed set of global principles, standards or guidelines, and then working on the ground to implement these in different countries. Some examples of initiatives that are achieving growing scale and momentum in their own industry or country are profiled in Box 5.

BOX 5:
**IMPROVING
ACCOUNTABILITY &
RESPONSIBILITY
ALONG VALUE
CHAINS**

The following initiatives all involve one or more of the companies that are participants in the *Global Corporate Citizenship Initiative*:

Extractive Industry Transparency Initiative (EITI) – Anglo American and Rio Tinto are both partners in the EITI, which was announced by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in September 2002. Its aim is to make the embezzlement of revenues generated by extractive projects more difficult and, through greater transparency, to stimulate wider dialogue within developing countries about public expenditure priorities. Other partners in the Initiative include governments, the World Bank, oil, gas and mining companies, and civil society organizations. Pilot projects are being pursued in Nigeria, Azerbaijan and Ghana. Increasing transparency will empower citizens and institutions to hold governments to account and make mismanagement or diversion of funds away from development purposes more difficult. It should also help to improve the business environment, and attract more foreign direct investment. Responsible companies stand to benefit from a more level playing field and a more predictable operating environment.

International Council on Mining and Metals (ICMM) – Anglo American and Rio Tinto are also members of the International Council on Mining and Metals, a leadership organization established by the CEOs of the world's leading mining companies. Its aim is to improve industry-wide performance through working with its members to implement a Sustainable Development Framework in their own operations, and through work with the Global Reporting Initiative to develop a more harmonized public reporting system for the industry. ICMM is also working in collaboration with industry associations to inform international policy discussions, and with a variety of UN agencies, the World Bank and environmental NGOs to catalyse sector-wide action. In 2003, for example, ICMM members issued a landmark “no-go” pledge not to explore or mine in the 754 United Nations World Heritage Sites.

The Equator Principles – Aimed at decreasing the social and environmental risks of major infrastructure projects through stricter guidelines and criteria for project financing, the Equator Principles celebrated their first anniversary in June 2004. Initiated by the International Finance Corporation and a group of 10 banks, including ING Group, the number of signatories has expanded during the past year to over 20 financial institutions in 14 countries, creating a group that now accounts for around 80 percent of major project financing.

The Wolfsberg Group – This is an association of twelve global banks, including UBS AG, which aims at developing financial services industry standards and related products for Know Your Customer, Anti-Money Laundering, and Counter Terrorist Financing policies. Initiated in 2000, with input from Transparency International, the group has published a series of principles and statements and a collaborative network for addressing these challenges.

Trade Union Framework Agreements – Some multinational companies have started to establish “framework agreements” with trade unions to enable them to deal with each other on a global basis, as well as nationally and locally. Since 1998, for example, Statoil has adhered to a framework agreement with the International Federation of Chemical, Energy, Mine and General Workers Union (ICEM) and its Norwegian affiliate, NOPEF. The agreement covers core labour rights, health, safety and the environment, and information and training in all operations over which Statoil has direct control.

National Corporate Governance Frameworks – A key challenge in many developing countries is to implement corporate governance frameworks that take into account local conditions, while ensuring that national companies adhere to international standards. India is one country that has taken a lead on this issue. GCCI signatories Rahul Bajaj, Chairman of Bajaj Auto, and N.R. Narayana Murthy, Chairman of Infosys, have both played a leadership role individually through their own companies and as chairs of national committees, in spearheading the development and implementation of corporate governance norms and standards within India.



SOLUTION TWO: HELP TO STRENGTHEN PUBLIC INSTITUTIONS AND ADMINISTRATIVE CAPACITY

Companies are engaging in partnerships at a national, regional or city level to share their skills and resources in helping to strengthen public institutions and administrative capacity. This is being done in areas such as the judiciary and financial architecture, or in supporting governments to implement more integrated approaches to regional and city planning. Some examples of such partnerships that involve GCCI participants are profiled below:

Strengthen judicial capacity

A fair, efficient, and accountable justice system, with well-trained officials, is fundamental to providing the necessary safeguards and rights for people to benefit from development. Two business supported partnerships in Venezuela and South Africa offer examples of how companies can support institution building in this area, beyond paying taxes and obeying the law in their own operations.

■ **Human rights awareness raising project in the Venezuelan judiciary:** This project involves Statoil, the Venezuelan UNDP office, the Venezuelan branch of Amnesty International and the Venezuelan judicial administration. In three stages, judges have received a training course in international human rights and how these should be upheld in a national legal system. First, 25 high court judges were trained, then the original 25 participated in training all the judges in two states, and the project is now in its third stage, where all the judges currently holding a position in Venezuela will receive training. After this, the programme is intended to become a permanent part of the official training of all judges. This illustrates how an individual company playing an initial support role, and working in partnership with others, can catalyse an initiative that reaches national scale.

■ **Strengthening the criminal justice system in South Africa:** A number of GCCI signatories are members of South Africa's *National Business Initiative*. Among other programmes, NBI has been working in partnership with the South African government to undertake a national project involving the sharing of technology, financial support, managerial expertise and planning skills, to help the country's criminal justice system become more modern, efficient and integrated.

Build financial institutions and architecture

A healthy financial sector, including well-functioning banks, insurance companies and a broad range of financial products such as micro-credit for small businesses, is crucial for sustainable development and often lacking in developing and economies in transition. ING and Deutsche Bank, provide examples of two groundbreaking partnerships that address this challenge:

■ **The Netherlands Financial Sector Development Cooperation:** In July 2004, the Dutch government's Ministries of Foreign Affairs, Economic Affairs and Finance, entered into a unique cooperative agreement with ABN Amro, ING, Fortis, Rabobank and the Netherlands Development Finance Company (FMO), to combine their expertise to stimulate the financial sector in developing countries, emerging markets and economies in transition. The cooperation fits with the Dutch government's aim to involve the business community more in the execution of Dutch development assistance. The government and banks will each bear half of the costs of the initiative.

■ **United Nations Environment Programme Finance Initiative (UNEP FI):** The UNEP Finance Initiative, works with over 230 financial institutions in the banking, insurance and asset management sector to develop and promote linkages between sustainability and financial performance. GCCI signatory Deutsche Bank co-chairs the initiative, which also includes another GCCI signatory UBS AG. UNEP FI engages with a growing number of banks in developing countries, and has been instrumental in establishing the *African Sustainability Banking Task Force*, in partnership with the African Institute for Corporate Citizenship, the International Finance Corporation, Finmark Trust, Nedbank and Deutsche Bank.

"ING wants to contribute to society through its role in financial services. ... We believe that developing markets have much to gain by combining the policy expertise of multilateral institutions and government ministries with the practical expertise of financial institutions. In 2003, we took (sic) initiatives with the Dutch Ministries of Development, of Finance and of Economic affairs, for example, to create a platform for financial sector development in developing countries."

Ewald Kist, Chairman of the Executive Board, ING Group

Support integrated regional and city development plans

Government planners are recognizing the importance of undertaking more integrated and holistic approaches to development planning that address economic, social and environmental factors, and involve the participation of different stakeholders. Companies can play a lead in such planning initiatives as these two very different examples from Rio Tinto and Infosys illustrate:

■ **Integrated regional development in Madagascar:** Rio Tinto's local subsidiary, QIT Madagascar Minerals (QMM), has worked with leading NGOs, including CARE International, and government departments, for over five years to assess biodiversity conservation and use in the project area. This has included setting up conservation zones, establishing agreements with local communes and government departments for the sustainable management of natural resources in the mining areas, and setting up sustainable fuelwood and charcoal plantations. Activities were originally funded solely by QMM, but the company has now embarked on a two-year alliance with USAID, in which each partner will contribute US\$ 450,000 to continue the following activities on a regional level: regional planning; sustainable resource management; aquaculture development; and prevention of HIV/AIDS.

■ **Bangalore Agenda Task Force (BATF):** The BATF was set up at the initiative of the Chief Minister of Karnataka State as a partnership between the government and the information technology companies in Bangalore, to help make the city a world-class player. Chaired by Mr Nandan Nilekani, CEO of Infosys, BATF brought together seven civic stakeholders having a maximum impact on citizens – city management, water, power, public transport, police, and telecommunications – and set up a platform to help them increase accountability and transparency. It employed private sector characteristics including setting targets, implementing plans, and reviewing progress on a regular basis. Formal citizen surveys were also conducted at regular intervals to understand citizens' needs and their assessment of the performance of BATF and government departments, and to integrate this into setting goals.



2. Expanding economic opportunities

“The objective of poverty alleviation leads us to focus on developing businesses that create domestic employment and wealth – by unleashing the capacity of local entrepreneurs.”

Paul Martin, Prime Minister of Canada & Ernesto Zedillo, Former President of Mexico
Co-Chairs of the UN Commission on the Private Sector & Development,
Unleashing Entrepreneurship: Making Business Work for the Poor, 2004

A. What’s the challenge and why does it matter to business?

Providing poor people with economic empowerment and opportunity – in the form of access to jobs, training, credit, technology, markets, and business opportunities – is a crucial foundation for building prosperity and driving economic growth and development. In its groundbreaking survey *Voices of the Poor*, which surveyed 60,000 people in 60 countries, the World Bank found that, “next to illness and injury, the scope for entrepreneurial activity and the availability of jobs is the most important factor determining the fate of poor people – for better or worse.”⁵

It makes sound business sense for companies to work with development agencies, governments, business associations, training institutions, and NGOs, to help provide economic opportunity to people who are currently marginalized or excluded from the formal economy. Doing so can lead to the development of new markets, build future workforces, and ensure more productive and reliable suppliers. It can also support more prosperous and stable societies where people have a stake in economic development and progress.

BOX 6: LOST ECONOMIC OPPORTUNITY AND HOPE

On aggregate the number of people living below US\$ 1 a day has been reduced by just 126 million in the last decade – leaving over 1 billion people in thoroughly abject conditions. Over 70% of these people are women (World Economic Forum Global Governance Initiative and Calvert Women’s Principles).

As 75 percent of poor people in developing countries live in rural areas, productivity gains in agriculture, which will boost rural incomes on and off the farm are critical (World Economic Forum Global Governance Initiative).

Globally, microfinance institutions reach only about 11 percent of the 500 million people who could benefit from these services (Deutsche Bank).

About half the world’s population is under the age of 24. More than 50% of young people of working age cannot find a job (World Bank).

B. Innovative solutions through partnership

There are clearly many things that companies can do on an individual basis to increase economic opportunity – for example by employing people directly in jobs, especially those who may be marginalized or disempowered such as women and ethnic minorities, providing training and personal development opportunities to employees and business partners, and building commercial business linkages with small and micro-enterprises (SMEs) along company value chains.

A growing number of companies are also using partnerships to spread economic opportunities and livelihood options more widely beyond their own immediate profit-making objectives and value chain.

Three key areas of action where cross-sector partnerships can help to increase scale, scope and leverage are profiled below:



SOLUTION THREE: ENSURE THAT LOCAL COMMUNITIES BENEFIT FROM MAJOR DEVELOPMENT PROJECTS

Multi-million dollar infrastructure, resource development or tourism projects are often located in areas surrounded by poor communities. In theory, at least some of the public revenues resulting from these projects should find their way back to these communities in the form of public spending and economic multipliers from the project. In practice, this does not always happen, creating increased inequality and resentment. Companies

can try to address this by structuring community participation agreements into project planning and official agreements with the host government:

■ **ABB and the Kruger-Mpumalanga International Airport (KMIA):** In a major infrastructure development in Southern Africa, ABB has worked with the government and local stakeholders to enter into a unique social contract with the local Mbuyane community of 30,000 people. In terms of the agreement, the community has secured a 10% stake in the airport. A representative community structure has been established to hold the investment and manage the resources that accrue to the community.

■ **Rio Tinto and Community Participation in Diavik:** Prior to construction of the Diavik mining project in Canada, the company entered into five Participation Agreements with local Aboriginal groups with an interest in the region. Their intent is to contribute to the building of sustainable communities through opportunities for community-based training, business development and employment. These also feature activities to support cultural and social sustainability through close collaboration with community elders to preserve and protect traditional knowledge. A separate Environmental Monitoring Advisory Board has been established to address any community environmental concerns. Although this partnership is not based in a developing country, it offers a useful model.



SOLUTION FOUR: SUPPORT SMALL AND MICRO-ENTERPRISE (SME) DEVELOPMENT

Larger companies and business associations can be a powerful collective voice in advocating governments to improve property laws, tackle unnecessary bureaucracy and red tape, undertake anti-corruption efforts, and remove other obstacles that impede small-business development and prevent millions of entrepreneurs from entering the formal economy. They can also provide a wide variety of support services to SMEs in the form of training, business advice, market linkages, technology agreements, equipment donations, brokering deals, provision of market information and the provision of credit. Even along their own supply chains, it is sometimes difficult for companies to provide this support on an individual basis, and partnerships can be a useful mechanism to leverage necessary skills and resources. Numerous GCCI companies are engaged in such efforts – our examples below focus on different approaches in this area being undertaken by Deloitte, SC Johnson, Deutsche Bank, Accenture and Transnet.

“Environmental and social responsibility is so much a part of our legacy – what we have done for well over 100 years at SC Johnson and what we continue to do today. In fact, it remains a top priority for the company as it is one of our seven key corporate strategic objectives. Focus on economic development, environmental and community stewardship continue to be the three key elements of our global plan and remain part of the family company’s enduring values. We have always operated this way and we will always operate this way.”

Dr. H. Fisk Johnson, Chairman and CEO, SC Johnson

■ **SC Johnson and ApproTEC in Kenya:** Kenya produces two-thirds of the world’s supply of pyrethrum, and SC Johnson (SCJ) is the largest buyer of the crop. The company has partnered with ApproTEC, a local social enterprise that develops low-cost technologies, and the Pyrethrum Board of Kenya (PBK) to give pyrethrum farmers better access to appropriate irrigation technologies, in this case small pumps. The programme objective is to raise household income levels of small-scale growers while ensuring the long-term availability, quality and lower cost of natural pyrethrum for SCJ products. The pilot, which was launched in July 2004, will run for 12 months to straddle two growing seasons and will measure the impact that micro-irrigation and clonal seeds have on improving the quality and quantity of pyrethrum being grown. ApproTEC’s staff will measure and record the true economic and social impacts of the pump, looking at measures such as net household and diversity of income, pump sales and usage patterns, household food security, health and nutrition, and market awareness of the pump. The PBK will also monitor crop production of some of the farmers who have purchased a pump, focusing on both quantity and quality.

■ **Deloitte and Business Beat in South Africa:** Business Beat, a project of the Deloitte Business Equity Initiative (BEI), is focused on the development of the small and medium-sized enterprise (SME) sector, especially among South Africa’s disadvantaged communities. Business Beat supports corporations, franchisors and public sector programs that encourage the development of SMEs by identifying profitable business opportunities and connecting them with suitable entrepreneurs from the disadvantaged communities. The initiative provides support by assisting the entrepreneur to manage her or his business efficiently – and by connecting independent service providers with those entrepreneurs requiring their services. Deloitte has made available both current and retired partners/staff, as well as some funds to support Business Beat.

“From rural villages in Asia to urban centres in the United States, small loans to emerging entrepreneurs create opportunities for self-employment and lives of dignity for millions. Loans to small businesses and individual entrepreneurs foster self-reliance and community-wide economic benefits. The success of microfinance is redefining development policies that increasingly embrace bottom-up strategies to effect economic change.”

Josef Ackermann, Spokesman of the Board of Managing Directors and Chairman of the Group Executive Committee, Deutsche Bank

■ **Deutsche Bank Microcredit Development Fund (MDF):** This fund seeks to alleviate poverty by helping microfinance institutions (MFIs) in different countries to reach scale and self-sufficiency. Instead of lending money direct to small businesses and individual entrepreneurs, the fund lends to the MFIs, which in turn use the money as collateral to leverage at least double the amount loaned by the fund from local banks. The bank has recently decided to establish a separate US\$ 50m facility, the Global Commercial Microfinance Consortium, in an effort to attract commercial investors to the sector. USAID committed a US\$ 10m guarantee to the consortium and the UK’s Department for International Development provided a US \$1.5m grant to the fund. These contributions are central to minimizing the risks to commercial investors and illustrate the leverage potential of innovative public-private funding mechanisms.

■ **Multi-purpose business and community centres in South Africa:** Transnet has worked with the government’s Department of Social Development to establish multi-purpose business development and community centres using old containers as buildings. Among other activities, these centres focus on job creation for women with children under five years old, through small businesses such as poultry farming, fence making, bakeries, agriculture, arts & crafts and building (civil) skills development.

■ **Enablis and Accenture:** Enablis is a new global non-profit organisation helping small and medium-sized enterprises that can enable the power of information and communications technology to encourage sustainable businesses and increase access to technology. The founding partners, Accenture, HP and Telesytem, provided the start-up human and capital resources to make Enablis a reality. The Government of Canada provided seed funding and this has been followed by additional financial and in-kind funding from the Government of South Africa and the private sector. Operating on commercial principles, Enablis provides intensive business guidance and support combined with critical early-stage business financing in the form of guaranteed loans. At the same time, Enablis entrepreneurs become part of a close-knit business network with access to wider local and global business expertise, opportunities and funding. The first Enablis regional hub is in South Africa for southern Africa. Enablis has plans to expand its global reach in many other developing countries.



SOLUTION FIVE: INVEST IN YOUTH ENTERPRISE AND EMPLOYMENT

“Over the next decade about 1.2 billion young people will enter the global labour market – the largest entry pool in history. Experts predict, optimistically, that no more than 300 million new jobs will be created during this same period. Furthermore, approximately 70% of young people in developing countries are not in school past age 14. If they are not in school and there are no jobs in the formal economy, what are their options? Developing innovative new partnerships that provide young people with access to credit and business coaching will be absolutely essential to securing a more peaceful, prosperous and hopeful future.”

Rick Little, President, The ImagineNations Group and Co-chair UN Youth Employment Network

There are high levels of unemployed or under-employed young people in many developing economies. In 2001, the UN established a global Youth Employment Network to raise awareness and mobilize resources from different sectors to address this challenge. It has identified the following four top priorities for supporting youth employment, all of which the private sector can help to support:

- **Employability** – invest in education and vocational training for young people, particularly those who are disadvantaged;
- **Equal opportunities** – give young women the same opportunities as men;
- **Entrepreneurship** – make it easier for young people to start and run enterprises and/or engage in other forms of self-employment;
- **Employment creation** – place employment creation at the centre of macroeconomic policy.

Two of the GCCI companies engaged in partnership projects that support youth enterprise and training are Diageo and Larfarge, which we profile below.

■ **Diageo and Youth Business International (YBI):** Diageo has a long-standing focus on youth development and enterprise. One of its strategic partnerships in this area is with Youth Business International, a global network of in-country programmes aimed to help disadvantaged young people to become entrepreneurs by providing business mentoring and a variety of funds. The combination of business mentoring, from an experienced business-person, and access to seed money is crucial to the success of these youth enterprises. Diageo has worked with YBI, development agencies, and governments at both the global level and through on-the-ground projects in countries such as India, Mexico and China, providing a combination of funds, expertise and marketing.

■ **Lafarge and the Institute of Engineers in India:** High unemployment in rural areas, combined with a lack of skilled and qualified masons in the construction market, is a key issue for cement producers in India. Lafarge is working to alleviate these problems in areas where it is active through its “Project Employability” programme. By providing professional training to youths as masons and helping them gain employment in the construction sector, Lafarge aims to increase income levels, and combat the social challenges of high levels of youth unemployment, while supplying the construction markets with skilled and trained masons, which benefits the customer by lowering costs and benefits Lafarge through increased sales volumes. To implement the initiative, Lafarge has created a partnership with the Institute of Engineers, and allocated a number of corporate volunteers drawn from various disciplines to run the project.



SOLUTION SIX: INVEST IN INTEGRATED REGIONAL APPROACHES TO POVERTY REDUCTION

Effective poverty reduction calls for multi-faceted and integrated “on-the-ground” approaches that actively engage the poor themselves in finding cost-effective and sustainable solutions to raising household income and providing public services. It is no good, for example, spending millions on educating young people if there are no jobs available when they leave school. Likewise, many small businesses will struggle to survive without access to reliable energy and transportation, even if they have access to capital. One response to this challenge is to adopt more integrated planning and poverty reduction strategies at a regional level. As illustrated on page 20, the private sector can make a useful contribution to such planning and implementation.

Another useful approach is the implementation of pilot or demonstration projects, that can help to convince other business leaders and donors of the business potential and development benefits of increased investment. **Growing Sustainable Business** is one example and is profiled in Box 7. The World Business Council for Sustainable Development’s **Sustainable Livelihoods** project and the **Bottom of the Pyramid Learning Laboratory**, also provide interesting models and ideas for expanding economic opportunity in a more integrated manner.

BOX 7: GROWING SUSTAINABLE BUSINESS FOR POVERTY REDUCTION (GSB)

The GSB initiative grew out of a Global Compact policy dialogue on business and sustainable development in 2002. Its aim is to broker multi-stakeholder partnerships, which help to reduce investment risk and enable foreign and domestic companies to invest in specific pro-poor, commercially viable business opportunities and linkages in developing countries. Coordinated by the United Nations Development Programme (UNDP) and its country office network, GSB focuses on facilitating business activities that are commercial and not philanthropic, which have positive economic, social and environmental impacts, ensure employment creation and local economic development, and promoting business linkages, especially with small- and medium-sized enterprises. Pilot projects are already underway in Tanzania, Madagascar, Ethiopia and Bangladesh, with plans for Cambodia, Kenya, Zambia and El Salvador.

In Tanzania, for example, a group of domestic and multinational companies have established a GSB Coordinating Group. They have worked with the UNDP country office and other donors to provide substantial business input to the Tanzanian Government’s review of the country’s Poverty Reduction Strategy paper. Different participants, such as Ericsson, Unilever and Tetra Pak are undertaking socio-economic impact assessments and feasibility studies to invest in a variety of integrated agri-business and information and communications technology projects. In Ethiopia, Shell is working with the government, donors and local entrepreneurs and cooperatives to develop a rural irrigation project. In Madagascar, GCCI signatory EDF is partnering in a rural electrification programme, as described in the next section.

Although still at an early stage of development, GSB offers great potential for developing country-level alliances and models that other donor and developing country governments and companies can assess and adapt to their own circumstances.



3. Investing in physical infrastructure – water, energy and transport

A. What's the challenge and why does it matter to business?

In the *Global Monitoring Report 2004*, the World Bank and IMF list one of the four key priorities for developing country governments as “scaling up investment in infrastructure and ensuring its effectiveness, according priority to infrastructure services closely linked to human development goals – water and sanitation, and transport.”⁶

BOX 8: INFRASTRUCTURE NEEDS

The *Global Monitoring Report 2004*, states that compared to the 1990s, infrastructure spending (investment plus operation and maintenance) will need to rise by 3.5 to 5 percent of GDP in low-income countries.

International Energy Outlook 2004 states that world marketed energy consumption is projected to increase by 54% between 2001 and 2025, with the strongest growth among developing countries. It estimates that some 1.6 billion people still lack access to electricity, four out of five whom live in rural areas of developing countries.

The World Bank estimates that each year some 80 million additional people will tap the world's water, requiring billions of dollars in water infrastructure investment.

“Working in partnership with others is often the most effective way to deliver what our customers need, and to make a positive contribution to the communities we serve. Our role is to provide practical solutions, innovative thinking and sound management. Our partners bring a wide range of differing skills and experience that complements our own contribution.”

Bill Alexander, Chief Executive Officer, RWE Thames Water

Governments will increasingly need to partner with the private sector to ensure that sufficient investment, technology and management expertise are available for meeting these growing needs in a cost-effective and environmentally sustainable manner. The biggest problem in infrastructure projects in emerging markets is usually access to finance and unblocking government funding.

The provision of clean and reliable water, energy and transportation services is not only crucial for providing people with access to basic services and alleviating poverty, but is also essential for the effective operation of the vast majority of companies and industries. Ensuring fair and efficient allocation of these services between industrial, commercial and household users is a key challenge for governments, calling for a combination of effective regulation, fiscal incentives, market mechanisms, and partnerships.

B. Innovative solutions through partnership

The most important contribution made by the private sector in infrastructure development is clearly through the core, profit-making operations of major utilities, water, energy, engineering, construction, transport and logistics companies. The business models through which these companies operate, however, span a wide variety of partnerships and contractual arrangements – all of which have different implications for development.

Second are the companies that make extensive use of water, energy and transportation services in their own core business operations. The efficiency with which these services are used and their environmental impact are issues of growing relevance in terms of what it means to be a responsible corporate citizen.

Third is the role of the financial institutions, banks, insurance companies, and credit-guarantee agencies that provide project finance to infrastructure development.

Fourth, a number of companies, both those with commercial operations related to infrastructure and others, operate social investment and strategic philanthropy programmes to deliver affordable water, energy and transport services to meet development needs. This can be on an ongoing basis, but is especially important during humanitarian crises and natural disasters.

The following examples offer some brief “snapshots” of how GCCI companies are engaging in a variety of water, energy and transportation partnerships.



SOLUTION SEVEN: PRESERVE AND PROVIDE ACCESS TO WATER

The efficient, equitable, safe and sustainable use of the world's water resources and watersheds is a challenge that touches almost every other dimension of development, from conflict prevention and economic growth, to poverty eradication, health, the environment, human rights and good governance. In recent years many industrial and developing country governments have devolved the management and development of water resources to private companies. While such a process has been important in mobilizing necessary investment and technical and managerial expertise, it has been politically controversial and operationally difficult. A number of partnerships in the water area have resulted in major financial losses and reputation damage for the participants. Leaders in both the private and public sector are continuing to explore different models of governance, financing, risk guarantees, community participation, and service delivery to meet water needs in a way that is politically acceptable and economically viable.

Two of many water initiatives that GCCI companies are engaged in are profiled below:

■ **Thames Water – Water and Sanitation for the Urban Poor (WSUP):** Established in September 2004, WSUP is a partnership between the private, public and civil society sectors to identify and deliver sustainable services providing safe water and basic sanitation in low-income urban and peri-urban communities. It works at two levels: the *International Alliance*, which identifies and develops projects on a not-for-profit basis, and on-the-ground *Project Consortia*, which will deliver these projects. Contractual arrangements will allow individual partner organizations in each Project Consortium to make a margin of up to 10% on the resources they commit. Current WSUP members are CARE International UK, WaterAid, WWF, Halcrow Group, RWE Thames Water, Unilever, the Institute of Water and Environment, and Cranfield University. The first potential WSUP project has been identified in Bangalore, India. Currently in its development phase, the objective is to provide 70,000 residents of urban slums with safe water and effective sanitation.

■ **Diageo – Water of Life:** Water of life is the English translation of the Gaelic “uisge beatha” which is the origin of the modern word “whisky”. Given its importance to all Diageo's products and manufacturing processes, water became a natural choice for an environmental and humanitarian community initiative. The programme supports specific projects, which vary according to local needs. Projects range from the construction of drinking wells in India and Africa to employees joining conservation projects in such diverse locations as the Pantanal wetlands in Brazil, and the lakes of the Rift Valley in Kenya. Over 70 projects have been undertaken on five continents, in partnership with local governments and non-profit organizations, since the programme was first launched in 1995. The programme has, so far, given half a million people in developing countries access to clean drinking water for the first time and supported preservation of over 20 species. In Africa, in particular, the company's business units have been able to harness the *Water of Life* framework, to help communities build and maintain effective water systems.



SOLUTION EIGHT: PROVIDE ACCESS TO CLEAN ENERGY

Access to clean and reliable energy has important economic, health and environmental implications. From an economic perspective, ABB argues that, “electricity plays a critical role in the development process, as a domestic necessity, but also as a factor of production whose cost directly affects prices of other goods and services and the competitiveness of enterprises.” Lack of access to electricity is a particular challenge in rural areas. GCCI participants ABB and EDF are both actively engaged in a variety of rural electrification partnerships such as the World Bank and UNDP's Global Village Energy Project, and the initiatives described below.

■ **EDF and the Growing Sustainable Business for Poverty Reduction initiative:** Through its involvement in the UN Global Compact and e7, EDF is playing a lead role as one of the corporate pioneers in UNDP's *Growing Sustainable Business for Poverty Reduction* initiative, which was described in Box 7. e7 is itself an innovative partnership, composed of the world's nine largest utilities companies – major competitors that have joined forces to promote sustainable development. Among its projects is the e7 Fund for

“Private enterprises, major international corporations, and local enterprises can provide technical skills, economic expertise and some funding for implementing the goal of universal access to electric power. But they alone will not be sufficient. A global, proactive coalition is necessary, involving a wide variety of public-private partnerships.”

François Roussely, Chairman and CEO, Electricité de France

Sustainable Energy Development, through which the e7 companies leverage their own and external funds, technologies and management expertise, to implement renewable energy, rural electrification and greenhouse gas reducing projects in developing countries. The Lokoho Project in Madagascar is one example where EDF is planning to invest in partnership with the e7 Fund, a local investor, UNDP, and the government of Madagascar, to support an autonomous and self-sufficient energy area based on a mini-hydro power plant. Launched in October 2004, the aim of the project is to improve access to energy, support local economic development and tackle deforestation.

■ **ABB’s Access to Electricity initiative:** This is a multi-dimensional initiative through which ABB aims to work in partnership to electrify poor rural communities, and in doing so, provide the preconditions for more sustainable development in these communities – enabling them to operate schools and hospitals, provide communication services, modern healthcare, safe water supplies, and support the creation and growth of small businesses. A key goal of the initiative is to approach other companies that are specialists in infrastructure activities, such as roads, transportation, telecommunications, water and sanitation, as well as development agencies, financial institutions, national and regional government authorities and NGOs. Such rural electrification projects are currently underway in South Africa, Mozambique, Tanzania, Senegal and Uganda. In Tanzania, for example, the company is partnering with the World Wildlife Fund (WWF) to run some pilot projects in remote rural communities. In one village, in addition to financing, the company has supplied the generator, installed underground cables and low-voltage equipment and trained local people to run the power supply. WWF provided guidance on issues ranging from reducing deforestation, to healthcare and environmental education.



SOLUTION NINE: LEVERAGE LOGISTICS AND TRANSPORTATION COMPETENCIES

The provision of safe, cost-effective, reliable and environmentally sustainable transport and logistics services is another key driver of sustained economic growth and poverty alleviation. It is also essential in times of humanitarian crisis and natural disasters, often meaning the difference between life and death for thousands of people. Two of the many transport-related partnerships that GCCI members are involved in include:

■ **Providing Emergency Logistics Support:** As the world’s largest express and logistics network, which serves over 220 countries and territories and delivers more than one billion shipments a year, DHL has made a strategic decision to harness its core competencies to support international development efforts. One of its key commitments is to provide transportation and logistics services to assist the International Federation of the Red Cross and Red Crescent Societies (IFRC) in disaster response. Recent events include the Bam earthquake in Iran and Al Hoceima earthquake in Morocco. DHL works with the IFRC to share expertise to improve processes, both in emergency situations and in day-to-day operations. Its resource contribution includes in-kind shipping and the sharing of expertise. From the company’s perspective, the success of this partnership is evaluated in terms of volume moved, numbers of communities supported and lessons learned to improve efficiency for subsequent joint operations and similar activities. At the same time, it has contributed to improved efficiency, cost-reduction, and better, faster logistics for IFRC and its on-the-ground emergency operations.

■ **Establishing industry-wide sustainability criteria for transport providers:** Hong Kong based MTR has played a leading role in partnership with others to develop the UITP (Union of International Transport Providers) Charter on Sustainable Development, which was launched in May 2003, with 19 signatories. These signatories commit to foster leadership on sustainable development through: dialogue and exchange of best practices with all stakeholders; training and mentoring activities; adherence to a set of indicators for regular sustainability reporting; and influencing international and national government policy to develop a responsible balance between social, environmental and economic considerations.



4. Improving access to and quality of education

“Without the establishment of good quality schooling, building human capital will continue to be costly and inefficient. Further education and training, tertiary education and on-the-job development have to constantly compensate for inefficiencies in public education systems.”

Brian Whittaker, COO, The Business Trust, South Africa

A. What’s the challenge and why does it matter to business?

Almost half of the world’s population is below the age of 24. These young people not only hold the key to future prosperity and stability, but from a business perspective they are also the employees, customers and leaders of the future. Yet, far too many of them have their aspirations and opportunities crushed at an early age by poverty, poor health, discrimination, child labour, exploitation, armed conflicts, and lack of education.

It is now widely accepted that investment in quality universal basic education, especially girls’ education, delivers high returns for economic growth. It also has benefits for poverty alleviation, women’s empowerment, better health and nutrition, smaller families, more active participation in political and community life, and human security.

Despite the obvious benefits of education, especially for the poor who have limited access to other assets, the challenge is a complex and multidimensional one. It is not only a case of increasing access and affordability of education, but also the quality of the education provided and the learning achievement attained once children actually get to school.

BOX 9: THE EDUCATION CHALLENGE

Improving access and affordability includes a focus on: mobilizing more funds; ensuring the right number of schools in the right locations with appropriate timetabling to meet local needs; efforts to decrease or eliminate school fees; the creative use of technology and community learning centres to increase outreach and out-of-school education opportunities; programmes to tackle child labour; and a wide range of efforts to improve access for girls.

Improving quality and learning achievement calls for: improvements in school administration and planning; teacher training and support; the provision of books, technology and other teaching equipment; support for tackling HIV/AIDS in the education system which is a serious hindrance to both teacher and student attendance and ability; school-feeding and nutrition programmes, given that so many poor children have their learning impaired by poor health; the development of locally appropriate and relevant curriculums; better coordination of donor funding; and more integrated education policies.

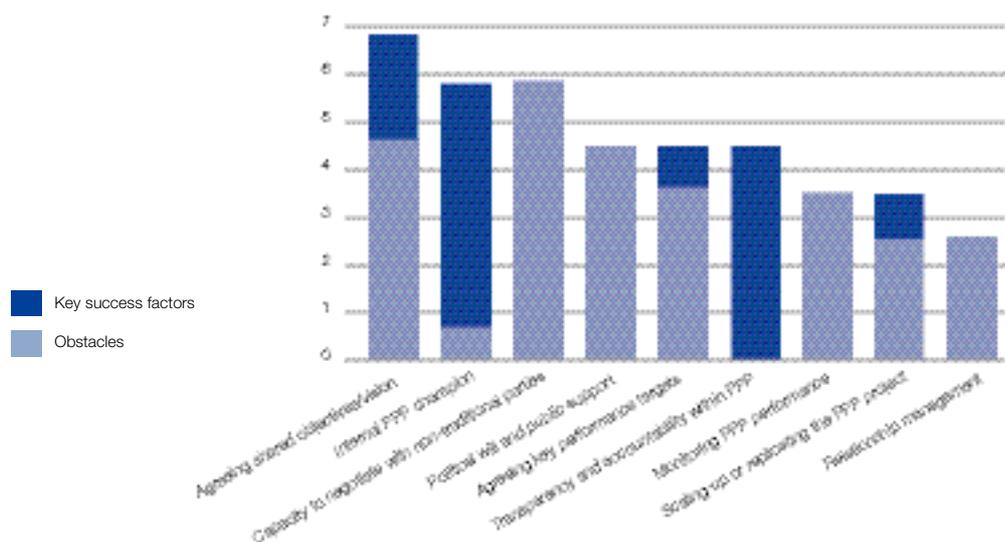
B. Innovative solutions through partnership

Donor and developing country governments clearly have the major role to play in mobilizing sufficient funds and undertaking the necessary policy reforms and resource allocations to address most of these issues. Although there are many examples of privately run schools – either by businesses, NGOs or religious groups – the public sector will remain the foundation for ensuring decent education, especially universal primary education. It is unlikely that the private sector will mobilize large amounts of funds for basic education – either as a commercial proposition or through philanthropic programmes. Companies can have a valuable and significant impact, however, by targeting specific education challenges, and working in partnership with education ministries, donors, parent and teacher associations, foundations and education NGOs, to address these. The World Economic Forum’s Financing for Development Initiative held an education roundtable in Brazil in November 2004, which concluded that partnerships in basic education could play a role in:

- Leveraging discretionary funding (small volume and high impact);
- Contributing to innovation;
- Investing in demonstrator projects and pilots; and
- Strengthening institutional capacity and improving efficiencies and quality in public education.

During the education roundtable participants were asked to list what they consider to be the highest priority obstacles and key success factors for public-private partnerships in basic education. Their responses are illustrated in the following graph:

Highest priority obstacles and key success factors for public-private partnerships in basic education



Source: World Economic Forum, Financing for Development Initiative, Education roundtable, Brazil, November 2004

Three key ways in which GCCI participant companies are engaging in partnerships to have an impact on education and children's welfare in one or more of these areas are outlined below. These examples offer useful models of engagement for most companies and industry sectors.



SOLUTION TEN: BUILD NATIONAL BUSINESS COALITIONS FOR EDUCATION

One of the most interesting models of business partnerships in the education area is the use of national business coalitions to mobilize funds, other resources and political influence for working with government to address specific, carefully targeted and evaluated education challenges. These coalitions may be specially created leadership groups, such as South Africa's *National Business Initiative* and *Business Trust*, or existing chambers of commerce, business roundtables, and employers associations that establish initiatives dedicated to supporting national development goals.

■ **Education Quality Improvement Programme (EQUIP) in South Africa:** Initiated by the National Business Initiative (which includes GCCI signatories Accenture, Anglo American, Deloitte and PwC), EQUIP works with education ministries, individual school administrators, parent-teacher associations and NGOs to improve the quality of education in government schools. Since 2000, the work of EQUIP has been further supported by the establishment of South Africa's *Business Trust*, an initiative of 145 companies working in partnership with government to support job creation, human capacity development, and the reduction of crime. In clearly targeted and carefully evaluated interventions, the *Business Trust* has leveraged every Rand spent by the corporate sector by a factor of 2.5 and invested in teacher training, materials provision, and school improvement projects.

■ **Instituto Qualidade no Ensino in Brazil:** This initiative is focused on providing a framework for the business community to develop partnerships with educators in Brazil, with the aim of improving the quality of education, especially math and language skills, at a low cost. Established in 1994 by the American Chamber of Commerce, more than 3,000 companies in Brazil now use the framework to support education projects, which reach close to 5,000 schools.



SOLUTION ELEVEN: MOBILIZE PRIVATE RESOURCES AND TECHNOLOGY FOR EDUCATION

Individual companies are partnering with other organizations to support a variety of more strategic philanthropic programmes aimed at reaching large numbers of students and achieving national, and sometimes even global scale. The spread of the *Cisco Networking Academies* to over 150 countries around the world, with measurable results in terms of levels of education achievement and gender equality offers one well-known example of what can be achieved by one company taking a leadership role, but building strong cross-sector partnerships with many others. Cisco Systems is working with hundreds of different partners from other companies, government bodies, international agencies and non-profit organizations around the world.

“We at Pakistan State Oil believe that the benefits of our progress and financial gains must flow down to the grassroots levels, among the truly underprivileged and deprived sections of our populace irrespective of ethnicity, cast and creed.”

Tariq Kirmani,
Managing Director and CEO,
Pakistan State Oil

Most of the GCCI signatories support education projects. We outline just four different approaches below. Two from companies headquartered in developing countries – the Ayala Group in the Philippines and the Pakistan State Oil company. A third from one of the world’s most famous global brands, The Coca-Cola Company, illustrating its focus on building local, country-level partnerships, and the fourth from Siemens, another leading global brand, illustrating a partnership with UNICEF in Germany aimed at mobilizing awareness and resources for children’s issues:

■ **The Ayala Group in the Philippines:** Ayala and its corporate foundation support a number of innovative education projects that bring international projects and best practices to the Philippines. It has worked with Nokia, for example, one of its key business partners, and with Pearson Education and the US-based International Youth Foundation, to provide science videos to over 80 under-resourced public schools. The initiative has also engaged local partners such as the Department of Education, local authorities, parent-teacher associations, Ayala’s own subsidiary companies and other business partners. Ayala has also piloted a project to put computers in over 170 schools across the country, with the aim to now scale up through a partnership with USAID, the Departments of Education and Trade and Industry (which sourced computers from a grant from the Japanese government), Mitsubishi Corporation, Senator Ramon Magsaysay, and a group of individual Filipino-American donors.

■ **Pakistan State Oil (PSO) in Pakistan:** Under the umbrella of PSO’s Life Long e-Learning Programme, PSO sponsors 10,000 e-learning cards to promote training and self-sustaining skills in chosen individuals at selected institutions. The initiative, which is run in collaboration with the United Nations Industrial Development Organization (UNIDO), offers access through scratch cards to 400+ training courses. The scratch cards are being donated to local institutions, universities, NGOs, etc. Users can access the courses easily through the PSO website, from any location in the country at any time, either through their own PCs or from the Internet kiosks at PSO retail outlets.

■ **Coca-Cola supporting E-Learning in Asia:** In Malaysia, Coca-Cola and the United Nations Development Programme (UNDP) have teamed up with the Malaysian Ministry of Education to provide e-learning opportunities and ICT training and access to more than 10,000 students as well as their teachers and local communities. Six ICT “hubs” have been set up in secondary schools in peri-urban and rural areas, and are equipped with Internet connectivity, hardware and software. A core group of students and teachers is being trained as “peer trainers” who can transfer their ICT skills to others in the hub area. Similar learning centres are being established elsewhere, with local partners and based on locally identified learning needs. In all cases, the initiatives are using a partnership-based approach, bringing together the company’s local operations with host government bodies, schools, youth groups, and other local partners.

■ **Siemens and UNICEF:** To mark the 50th anniversary of UNICEF in Germany and to invest more in the future of children, Siemens entered into a strategic partnership with UNICEF in 2003, aiming to raise awareness and gain as many new sponsors for the UN children’s fund agency as possible. The company has promoted the cause among its employees, customers and shareholders and recruited over 1,500 new sponsor members for UNICEF.

“Crucial to our perception of ourselves as a company is our ability to balance business success and benefits for society – benefits from the contributions made by our technologies and innovations toward meeting the world’s challenges; benefits through education, training, knowledge transfer, and partnerships with schools and universities in many of the world’s countries.”

Heinrich v. Pierer,
President and CEO,
Siemens AG



SOLUTION TWELVE: PREVENT CHILD EXPLOITATION

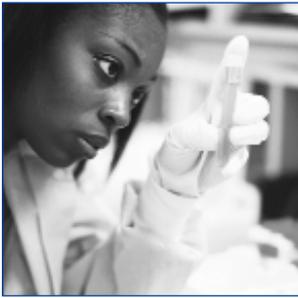
The need to eradicate harmful child labour defined by *Save the Children* as “work that is harmful to children because it prevents them from getting an education, damages their health, subjects them to physical, sexual or emotional abuse, or exploits them in other ways”, remains a major issue. Once again, governments must take the lead, but companies can play a role – both individually and working collectively – to make every effort in ensuring that their own activities do not contribute to child labour. This is a difficult challenge, especially along global supply chains, and partnerships with government bodies and NGOs can prove to be invaluable.

■ **Abrinq Foundation in Brazil:** The Abrinq Foundation for children’s rights is a non-profit organization originally established by the Brazilian Toy Manufacturers Association, which works with the government, UNICEF, the International Labour Organization, national business associations, NGOs and the private sector in a variety of innovative partnerships to promote children’s rights. Its programmes include an initiative to eradicate child labour and a certification system for responsible “child friendly companies”. More than 1,500 companies have been certified since the initiative was launched in 1995.

■ **The Fair Labor Association (FLA):** In the retail sector, GCCI signatory Phillips van Heusen is a member of the FLA, a US-based non-profit organization combining the efforts of industry, NGOs, colleges and universities to promote adherence to international labour standards and improve working conditions worldwide. Established as an independent monitoring system, the FLA holds its participating companies accountable for the conditions under which their products are produced. It enforces an industry-wide Workplace Code of Conduct, based on the International Labour Organization’s core labour standards, including the issue of child labour, and supports regular monitoring, reporting and remediation activities.

■ **Protection of Children from Sexual Exploitation in Travel and Tourism:** GCCI signatory Carlson Companies has joined forces with over 40 other leading travel and tourism companies, UNICEF, the International Hotels and Restaurant Association, the World Tourism Organization and the children’s rights group ECPAT, to endorse and promote a code of conduct aimed at stopping the exploitation of children. The company has put its name and the support of the chairman’s office behind the cause, attracting leaders of tourism companies to study the issue and become interested and engaged.

■ **The World Childhood Foundation:** Carlson Companies and Marilyn Carlson Nelson were founding members with Her Majesty Queen Silvia of Sweden in the World Childhood Foundation. Supported by a number of individual and corporate leaders from around the world, the foundation’s mission is to defend the rights of the child to a secure childhood and, in particular, to work for better living conditions for children at risk all over the world. It identifies, reviews and supports existing projects and efforts that are aligned with its mission. The Foundation also works actively to raise public awareness about children’s rights and how vulnerable and exploited children are suffering in various parts of the world. Current activities are being undertaken in places as diverse as Eastern Europe, Brazil and the United States. Other corporate partners include ABB, Skandia, DaimlerChrysler, Axel Johnson Group, SAP, TeliaSonera and Oriflame.



5. Providing better healthcare and affordable treatments

“Increasingly, economists agree that the healthier people are, the greater their opportunities to generate personal and national wealth. People who are healthy can work productively and earn more. They and their children are better able to learn, and, in time, to use that learning to find creative ways to earn and boost their standard of living. When people get regular wages or paychecks, they can put some of their earnings aside for a rainy day. Then, with capital to build on, the whole country profits from each wage-earner’s savings.”

Global Health and Economic Development. International Perspectives on Health Care and Biomedical Research, The Pfizer Journal, Number 2, 2002

A. What’s the challenge and why does it matter to business?

Health conditions have generally improved during the 1990s, with average life expectancy increasing, child mortality rates declining, and notable achievements made towards the elimination of some major diseases such as polio and river blindness. Despite this progress, poor health resulting from preventable causes continues to be a major constraint on development in many countries and a harsh and debilitating daily reality for millions of families.

The impacts of disease go far beyond economics, creating high human costs, social problems, and security risks. Even viewed in purely economic terms, however, poor health has a number of major consequences. It makes people unproductive, it increases workplace absenteeism, it poses a cost to public health services, it represents a health insurance cost to business, and it is a drain on family resources. The HIV/AIDS epidemic, in particular, is having a devastating impact on entire economies and poses a major threat to national health and education systems in a number of countries. There is no better area, or more urgent need for governments, the private sector and civil society to work together, than in addressing global health challenges.

BOX 10: SOME OF THE ECONOMIC AND SOCIAL COSTS OF DISEASE

Diseases affecting the poor attract few of the world’s health research dollars. According to the WHO, every year the public and private sectors spend more than US\$ 56 billion on health research and development. Less than 10% of this is used for research into 90% of the world’s health problems.

Under-nutrition, defined as underweight or low-weight-for-age, is responsible for more than 53% of child deaths each year, more than infectious diseases, pneumonia, diarrhoea, measles and malaria, yet the technical expertise exists to provide food to feed the world several times over.

It is predicted that at current rates, by 2005 more than 100 million people worldwide will have been infected by HIV. Its human and economic costs in certain African countries have been already been horrific. The National Intelligence Council estimates that the next wave of infections will be driven by increases in Nigeria, Ethiopia, Russia, India, and China. Six million people in emerging markets currently need access to antiretroviral therapy to survive, but only 400,000 have such access.

About one-third of the human population – roughly 2 billion people – are infected with TB, often in latent form. In the most heavily infected countries, TB decreases GDP by 4-7% as affected households lose an average of 3-4 months of wages for each episode.

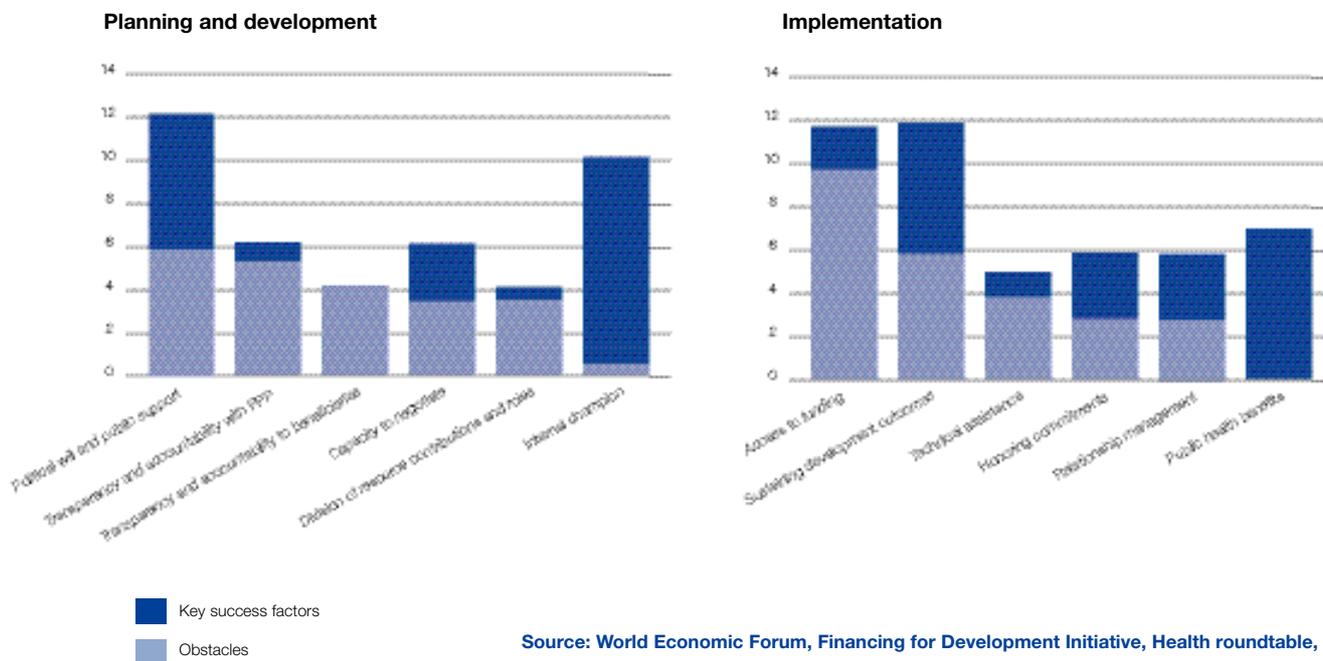
Malaria kills one million people a year, i.e. 3,000 people a day. There are ten new cases of malaria every second, 90% of which occur in Africa. Malaria is believed to account for up to 40% of Africa’s health expenditures and the continent loses US\$ 12 billion in GDP per annum due to malaria. Deaths from malaria could be halved with currently available interventions. A bednet and a year’s supply of insecticide cost less than an hour’s parking in New York or London.

Key emerging markets such as China, India, Brazil, and Indonesia are predicted to be among the 10 countries most seriously hit by diabetes in the next 25 years.

Sources: World Economic Forum’s Global Health Initiative and the WHO

The World Economic Forum's Financing for Development Initiative held a roundtable on public-private partnerships in India in December 2004. Participants were asked to list what they consider to be the highest priority obstacles and key success factors for public-private partnerships in health. Their responses are given below:

Clustering of obstacles and success factors in health public-private partnerships (PPPs)



Source: World Economic Forum, Financing for Development Initiative, Health roundtable, India, December 2004

“At Abbott, we are as committed to doing pioneering work in our communities as we are in our laboratories. We realize that we cannot solve all of the world’s problems. For some stakeholders, what we do will never suffice; and for others, it will be too much. We strive to balance multiple interests and obligations, and to be open to opportunities where our products, expertise, and influence can help solve social problems and improve people’s lives.”

Miles D. White, Chairman and CEO, Abbott Laboratories

B. Innovative solutions through partnership

There is growing evidence that targeted and well-managed corporate interventions in protecting the health of employees, customers and local communities in developing countries offer a worthwhile return on investment relative to the potential risks and costs, both reputational and operational, of not taking action.

Different industry sectors will respond to health issues in different ways, depending on the direct risks and costs that these issues represent for their company or country of operation, or on the commercial viability or business opportunities in the case of healthcare and pharmaceutical companies. The pharmaceutical sector is obviously playing a central role in a wide variety of health partnerships, and faces ongoing demands and expectations that it will do more. Companies that employ large numbers of people in developing countries are also key participants, as increasingly are food and beverage companies, travel and tourism companies, chemical, water, energy, and transportation companies.

The most effective types of intervention will also vary from industry to industry and situation to situation. In some cases, especially pharmaceutical, healthcare and food and beverage companies, the most strategic interventions and partnerships will be directly linked to their core business model and products. In many cases, especially with HIV/AIDS and road safety, the focus will be on workplace programmes. In others it will be a question of community engagement and philanthropic programmes.

There are also numerous opportunities for companies to play an advocacy role, at both a national and international level, to mobilize greater public investment and political will in support of some of the most serious diseases, especially those that are most easily and cost-effectively tackled.

Two key areas where partnership between business, government and other sectors is essential, and where GCCI companies are actively engaged, are outlined on the following pages:



SOLUTION THIRTEEN: HELP TO BUILD CAPACITY AND INFRASTRUCTURE IN PUBLIC HEALTH SYSTEMS

One of the greatest areas of need is to tackle some of the “governance and capacity gaps” in national public health systems and infrastructures. Many developing country health systems lack the necessary institutional, financial, skills, research, and communications capacity – all of which are essential to effectively meet public health needs. Building such capacity is a difficult, long-term process, often requiring multi-faceted interventions and a wide range of resources and competencies. In most cases, the private sector can only play a limited role – but working in partnership with others, companies can target and help to address specific capacity gaps and meet urgent needs.

BOX 11: SUPPORTING EFFORTS TO BUILD PUBLIC HEALTH CAPACITY AND INFRASTRUCTURE IN AFRICA

Merck

Merck has been a pioneer in experimenting with partnerships to deliver increasingly systemic and comprehensive solutions to major public health problems in developing countries. It is well-known for the *Mectizan Donation Programme*, which addresses the problem of river blindness. Launched in 1987, the programme now reaches more than 40 million people in 34 African and Latin American countries and Yemen annually. Over 300 million treatments for river blindness have been administered since 1987 and more than 1 billion Mectizan tablets donated by the company. In addition to providing medicine, the company has shared management, distribution and communications skills in order to build the capacity of public health systems and ensure the medicine gets to the people who need it and is correctly used. It has delivered the programme in partnership with a wide variety of international agencies, non-governmental organizations, local communities and governments. As the longest ongoing medical donation programme in history, the Mectizan programme has been able to demonstrate clear improvements in the quality of life, as well as the economic prosperity and prospects of many low-income communities – while providing useful lessons for others.

In 2000, Merck launched the African Comprehensive HIV/AIDS Partnership (ACHAP) in collaboration with the Bill & Melinda Gates Foundation and the government of Botswana. Its aim is to support and enhance the government's national response to the HIV/AIDS epidemic through a comprehensive approach to prevention, care, treatment and support. The Merck Company Foundation and the Gates Foundation are each providing US\$ 50 million to the initiative over the next several years. Merck also is donating its anti-retroviral medicines to Botswana's national ARV treatment program for the duration of the program. The initiative takes an integrated approach, focusing on a number of different interventions. These include: the provision of ARV treatment; implementation of care and support programmes; efforts to prevent HIV/AIDS through a wide variety of awareness, education and destigmatization activities at both the national and grassroots level; and investments to build institutional and physical infrastructure; and extensive training of local medical and non-medical health professionals. The programme had been slow to get going, illustrating the obstacles created by insufficient human resource capacity even in a small, and well-governed, democratic country, but measurable progress has been made as a result of the partnership's ability to leverage different skills and resources. With ACHAP's support, for example, Botswana's national AIDS treatment programme is the largest in Africa, reaching over 40,000 patients by the end of 2004.

Abbott

Through its Global Care Initiatives, Abbott and the Abbott Fund are investing US\$ 100 million over five years in the fight against HIV/AIDS in the developing world. Working in partnership with governments, NGOs and industry peers, the Global Care Initiatives are designed to make an enduring contribution to the fight against HIV/AIDS.

Strengthening health care in Tanzania – *Tanzania Care* is a partnership with the Government of Tanzania that is taking a comprehensive approach to improving healthcare management and infrastructure, and services and access to care for people living with HIV/AIDS and other serious illnesses. To date, Abbott and the Abbott Fund have invested more than US\$ 16 million in this multi-year initiative.

Key accomplishments include the construction of a modern outpatient treatment centre and the renovation and equipping of a state-of-the art hospital laboratory at Muhimbili National Hospital in Dar es Salaam, to be completed in 2005. Information technology (IT), security, waste management and other critical hospital support functions are being strengthened, and training programs are being implemented for healthcare staff. Voluntary counseling and HIV testing (VCT) services and facilities also are being introduced at 77 locations in urban and rural areas throughout Tanzania.

Advancing HIV testing – Abbott is the leading healthcare company driving the expansion of VCT in developing countries. Through the *Determine HIV Testing Donation Program*, Abbott donated more than 1 million tests to date for the prevention of mother-to-child transmission of HIV, and through the *Abbott Access* programme, the company provided more than 10 million Determine HIV rapid tests to 69 countries at no profit in 2004. In addition, the Abbott Access programme is broadening access to treatment by providing Abbott's HIV therapies at a loss to the company.

Supporting orphans and vulnerable children – Through the *Step Forward* programme, Abbott and the Abbott Fund have pioneered effective models for the care and support of children affected by HIV/AIDS in Burkina Faso, India, Romania and Tanzania. *Step Forward* includes community-specific activities such as education, healthcare, voluntary counseling and testing, and the provision of basic needs, such as clean water. In 2004, more than 100,000 children received services through *Step Forward*.

The *Step Forward* programme has reduced pediatric HIV mortality from 15 percent to 3 percent in Constanta, Romania, demonstrating for the first time that children can be successfully treated in resource-limited settings. This model is now being expanded to Botswana, Lesotho, Mexico, Swaziland and Uganda.

■ **Anglo American – from workplace practices to wider community action:** Anglo American is the largest private sector, directly-delivered operator of an anti-retroviral programme in Africa (with some 2,000 of the company’s employees on treatment as of October 2004). In addition to establishing comprehensive workplace policies to address HIV/AIDS, the company has recognized the importance of more integrated approaches that reach beyond its immediate business operations to the wider community. No company, however, can realistically address this wider challenge on its own, at least not on a sustainable and large-scale basis. Anglo American has therefore entered into a partnership with the South African HIV NGO, LoveLife, the Global Fund for HIV, TB and Malaria, and the Mandela and Henry J Kaiser Foundations, to develop a network of adolescent-friendly clinics in different parts of South Africa.

“The HIV/AIDS challenge is enormous. In tackling it, like so many other sustainable development challenges, the most important thing is to make a start. In conjunction with governments and others, we must build a shared vision of the future and work in partnership towards it.”

**Tony Trahar, CEO,
Anglo American**

Their goal is to encourage young people to become involved in the fight against the HIV epidemic, to be treated for other sexually transmitted diseases, to opt for Voluntary Counselling and Testing, and ultimately, having established their acceptability and accessibility, to be a conduit for delivering anti-retroviral therapies provided by the public health system. In addition to providing funding of US\$ 4.5 million, Anglo American operations will become involved in the development of LoveLife programmes and clinics through mobilizing their own management capacities and through engaging with their own younger members of staff.

A number of other GCCI companies with extensive operations in Africa have launched comprehensive HIV/AIDS workplace programmes to treat employees, stop the spread of the disease within their own operations, and support key business partners. They have also invested in a wide variety of national and community-level partnerships to fight against stigma and discrimination, support wider community outreach efforts, and advocate and encourage other companies and governments to tackle the HIV/AIDS issue. The Coca-Cola Company, Lafarge, Diageo, and Rio Tinto, for example, have all mobilized their core competencies and business networks to address these issues, in addition to engaging in partnerships with other companies, business associations and coalitions, government bodies, international agencies, and NGOs.

“The Coca-Cola system, defined as The Coca-Cola Company together with its bottling partners, is the largest private-sector employer in Africa. ...With approximately 1,500 employees and their families, and almost 60,000 bottling employees and their families comprising a community of around 300,000, our African operations are a significant asset to the Coca-Cola system. If left to fight HIV/AIDS alone, however, these assets can become a significant cost in both human and financial terms. As a result, we must be at the forefront of this battle – for the communities we serve, for the strength of our brands and for the value we build for our share owners.”

Alexander Cummings, President and COO, The Coca-Cola Company in Africa



SOLUTION FOURTEEN: SUPPORT GLOBAL AND NATIONAL ALLIANCES FOR HEALTH

Another area where companies are playing a growing role is in supporting global coalitions aimed at spreading good practices, and mobilizing financial resources, public awareness and political influence to address major health challenges. Examples include initiatives such as the *Global Fund for HIV/AIDS, TB and Malaria*, the *Global Alliance for Vaccines and Immunizations*, the *Global Alliance for Improved Nutrition*, which is mobilizing food companies with other partners to tackle nutrition issues, and the *Global Road Safety Partnership*, which brings together companies in the auto, drinks, and industrial products sectors to support national programmes aimed at improving road safety, a rapidly growing cause of death and injury in many developing countries.

Another global alliance that involves a number of the GCCI signatory companies is the Global Business Coalition on HIV/AIDS.

“For a world-class industrial group like Lafarge, addressing HIV/AIDS is a significant element of our business culture, reflecting our concern for our workforce and our wish to contribute to supporting the communities where we work. Our membership in the Global Business Coalition on HIV/AIDS illustrates the importance we put in this.”

**Bertrand Collomb, Chairman, Lafarge and Vice-Chair of the
Global Business Coalition on HIV/AIDS**

■ **The Global Business Coalition on HIV/AIDS (GBC):** Established in 1997 as a small peer-to-peer advocacy group consisting of CEOs from 17 companies, the Global Business Coalition has grown to include over 170 companies worldwide. Its aim is to help meet the challenges of the AIDS pandemic through access to the business sector’s unique skills and expertise. Members include GCCI signatories Abbott Laboratories, Anglo American, Bajaj Auto, The Coca-Cola Company, Deloitte, Diageo, Lafarge, Renault, Rio Tinto, RWE Thames Water, Siemens and Statoil. The Coalition is chaired by the chairmen of two GCCI signatories, Sir Mark Moody-Stuart of Anglo American, and Bertrand Collomb of Lafarge.

GBC initiatives are intended to achieve measurable goals in the fight against AIDS, and to increase the range and quality of business sector action against the disease. They include efforts to increase HIV/AIDS awareness, recruit more companies and senior executives, engage employees, fundraise, profile the business response to AIDS, and advocate for the GBC’s policy agenda. The GBC partners with a wide variety of business associations, international organizations and NGOs, and serves as a resource to the growing number of national-level business coalitions against HIV/AIDS. In 2004, it started to establish focused working groups to address industry-specific issues, regional issues, and cross-cutting themes such as accelerating access to HIV testing and supporting AIDS Orphans and Vulnerable Children.

Findings of SAM Sustainable Asset Management Survey of Pharmaceutical Companies

In its 2004 survey of pharmaceutical companies, SAM Sustainable Asset Management asked the following questions in relation to their engagement in partnerships in developing countries:

<p>If your company engages in any kind of partnerships to improve the accessibility of drugs in developing countries, which of the following aspects does your company consider in establishing such partnerships?</p>	<p>93% Priority health issues are addressed on a long-term basis 79% Integration into national health systems is assured 71% Non-drug solutions are considered where appropriate 71% Vulnerable sectors of emerging market economies are not excluded nor does the partnership place inappropriate burdens on existing health systems</p>
<p>Please indicate your company’s approaches to improve accessibility of drugs in developing countries.</p>	<p>86% Drug donations based on the WHO Guidelines for Drug Donations 86% Partnerships with international organizations 79% Differential pricing in different markets for relevant product ranges 36% Facilitating access to market information (e.g. disclosure of prices, sales and quantities delivered to public and private sectors in developing countries) 36% Not enforcing patents in certain least-developed countries (LDCs) 14% Facilitating licences for developing countries 21% Other</p>
<p>Please indicate how your company is influencing governments to address the public health crisis, especially in developing countries.</p>	<p>64% Developing solutions in cooperation with governments to avoid diversion 50% Encouraging government contributions to the Global Fund for HIV, TB and Malaria 50% Encouraging governments for higher healthcare infrastructure and education spending 14% Other 7% Influence is not used in this respect</p>

Source: SAM Sustainable Asset Management Survey of Pharmaceutical Companies

IV LESSONS OF PARTNERSHIPS



"...We welcome constructive and open dialogue with partners who can help us to deliver. This must include discussion and agreement about the principles of these partnerships, the best models to employ in developing and emerging nations, and how these will be effectively financed and regulated – not easy debates."

Bill Alexander, CEO, RWE Thames Water

The GCCI companies were asked to list what they consider to be the three most important lessons for creating successful partnerships between business and other sectors, and the three greatest obstacles to creating such partnerships. There was a high level of consistency and similarity in the responses, despite the diversity of industry sectors, nationalities, and types of partnership represented by the companies participating in the survey.

1. Overcoming operational and strategic obstacles

Few of the respondents had any illusions that building cross-sector partnerships is an easy process – they identified a number of operational and strategic challenges that need to be addressed. As one respondent commented, "Obstacles range from the micro-level issues (e.g. specific individuals involved in the partnership or organizational conflicts due to resource constraints, inadequate leadership support and competing conflicting priorities) to the macro-level (e.g. perceptions of the public at large and the social, political and economic climate).

Six obstacles that came through again and again in the survey responses were as follows:

1 Lack of trust and mutual understanding

These two themes of distrust/suspicion and lack of mutual understanding or respect were interwoven in most responses, often leading to other obstacles. As one respondent put it, for example, "there can be lack of information and discussion due to lack of trust – if nothing is shared in the partnerships, then they are not really partnerships". Another commented, "I think understanding of the other sectors is the biggest issue. One example is where NGOs are not able or willing to talk about the 'business case' or 'economic viability' and, in a similar vein, when they expect business to 'do good things' because they are worthy things, rather than by helping link through to key business issues, such as people retention, market development, corporate citizenship etc. ...if NGOs insist on thinking that business is 'evil' because of the profit motive, this can get in the way of practical cooperation! Of course, the reverse is totally true in terms of business understanding what makes NGOs and the public sector 'tick'. Perhaps business and NGOs find it easier to understand each other than the public sector, which from the outside seems opaque and difficult to navigate – and high changeable!"

2 Different *modus operandi*

Linked to lack of mutual understanding is the fact that there are often what one respondent described as "culture clashes" due to, "...different methods of working, different accountabilities, and divergent objectives."

3 Different timeframes

A number of the respondents spoke about the frustration of partners operating on different timeframes. As one respondent commented, "the 'lead time' is often so different between each of the sectors that this can lead to problems. For example, business tends to be slow to move up to the point that it has made a decision and then it wants action and delivery instantly. ...NGOs tend to be incredibly keen and/or demanding and then seem to be slow to deliver ...public sector often is quick to engage

but then gets stuck in bureaucracy and it can take a long time to get funding even when they are committed in principle and the funding is technically available.” Another respondent commented, “partners don’t always appreciate or have sufficient patience for the time commitment that is needed to make partnerships work effectively.”

4 Lack of clarity and communication

The lack of clearly defined or communicated goals, roles and responsibilities was another obstacle cited by many of the respondents. According to one, “failure to agree all the difficult details *ab initio*” can be a major obstacle. This lack of clarity can lead to differing analysis of what each partner can, or should, bring to the table, and unequal or unmet expectations.

5 Lack of skills and competencies

Insufficient or inadequate skills for building effective partnerships were cited as another obstacle. The necessary skill sets and competencies cited by respondents ranged from technical and managerial to behavioural and attitudinal. They included: cultural sensitivity, transparency, creativity, flexibility, willingness to compromise, diplomacy, commitment, patience, empathy, negotiation, mediation and facilitation abilities, analytical ability, results-orientation, good at risk analysis, collaborative mindset, strategic thinking, interpersonal communications, sound project management, ability to tackle unconventional problems, strategic thinking, coaching and capacity building skills, and broader understanding of politics, global issues and the environment.



SOLUTION FIFTEEN: INVEST IN TRAINING AND EXPERIENTIAL LEARNING PROGRAMMES

Several GCCI signatories, such as Rio Tinto, Diageo, PwC and Accenture, are working with the International Business Leaders Forum and other organizations to develop experiential learning programmes aimed, among other things, at enabling key employees to develop partnership building and brokerage skills and competencies. The IBLF is also working with the University of Cambridge and the Overseas Development Institute to provide academic and professional qualifications in this area. These initiatives are briefly described in Box 12.

6 Hostile context

Finally, there are the obstacles created by the broader enabling framework. As one respondent commented, “The context in which the partnership operates is critical. If the local environment – political, social, and economic – is not conducive to growing the partnership, it has little chance of succeeding. Moreover, since the challenge of sustainable development is a complex one, where results may take five to ten years to manifest themselves, a stable environment is important.” Other respondents spoke explicitly about corruption, demands from politicians, weak public governance and legal frameworks, constantly changing governments, and deterioration in macro-economic conditions, as major obstacles to building effective and long-term partnerships.

“Being a good corporate citizen balances acting responsibly with the right to trade freely, and is essential to the sustainability, or long term viability, of our businesses. For us, community involvement is a vital part of corporate citizenship and complements the important actions we take on responsible drinking. The key is ‘involvement’; it marks the difference between simply making charitable donations and taking action for positive and sustainable change within the community.”

Paul Walsh, CEO, Diageo

BOX 12:
TRAINING AND
EXPERIENTIAL
LEARNING
INITIATIVES THAT
DEVELOP
PARTNERSHIP-
BUILDING SKILLS

Rio Tinto and the Postgraduate Certificate in Cross-sector Partnership (PCCP): Rio Tinto has been a key supporter in the establishment of this programme, which is jointly run by the University of Cambridge Programme for Industry and the International Business Leaders Forum and is the first of its kind in the world. It comprises a one-year post-graduate course earning an academic qualification at Master's level from the University of Cambridge Programme for Industry and aims to provide opportunities for both knowledge and insights into partnership. Participants are key individuals from all sectors who take a lead in building cross-sector partnerships in their respective organizations, sectors and societies. The course has attracted participants from some 30 different countries representing the public sector, business and civil society, all of whom work on a practical partnership project as part of the course requirements.

Partnership Brokers Accreditation Scheme (PBAS): In recognition of the complexity of brokering partnerships, the Overseas Development Institute (ODI) and the International Business Leaders Forum (IBLF) have launched a professional Partnership Brokers Accreditation Scheme (PBAS). The scheme includes skills development during a one-week residential course; submission of a detailed logbook capturing experiences from a three-month period of professional practice; and a final project looking in detail at a specific aspect of the partnership brokering process. Written work is assessed by internal and external examiners. Those who successfully complete both parts of the programme and all elements of assessed work are awarded accreditation to the Scheme.

PricewaterhouseCooper's Ulysses programme: Under the Ulysses program, launched in 2001, the company sends small teams of partners into developing countries to apply their business expertise to complex social and economic challenges. The cross-cultural PwC teams work on a *pro bono* basis in field assignments for eight weeks with NGOs, community-based organizations and inter-governmental agencies in communities struggling with the effects of poverty, conflict and environmental degradation. In 2004, for example, 18 young partners from 17 different PwC territory firms around the globe were deployed in projects as diverse as landmine mitigation in Eritrea, reintegration of ex-combatants in East Timor, small enterprise development in Ecuador and strengthening community responses to HIV/AIDS in Uganda.

Accenture Development Partnerships (ADP): This initiative brings business and technology consulting to NGOs and donors in developing countries at a reduced cost. To-date, ADP has delivered 28 projects across 22 countries in Africa, Eastern Europe, Asia and Latin America; providing these organizations with access to skills, knowledge and methodologies that they would otherwise not have, either due to local availability or cost. ADP operates an innovative cost-covering model based on contributions from Accenture, ADP's clients and its consultants. All ADP consultants voluntarily accept a significant salary reduction; overheads are kept to a minimum and fees are thereby kept down. ADP's clients benefit from high calibre consulting experience, while employees are able to apply their skills and experience for the benefit of communities in developing countries, in a way that provides them with new and challenging work environments and personal and professional development.

The Diageo Foundation: This was established by Diageo to support the company's community involvement activities around the world. The Foundation provides kick-start funding and expertise in establishing local projects, some of which are run in partnership with its local businesses. Toolkits have been developed for Diageo businesses to help address challenges they may face in creating and managing community partnerships effectively, including guidance on: researching and understanding company impact and the local community needs and cultural sensitivities; striking a balance for mutual benefit between the company and its community partners; agreeing at the start of a project an exit strategy that will prevent overdependence and ensure that the project's benefits are widely sustainable; building an awareness of projects among its teams, external opinion leaders and community audiences, providing partners with communications support.

Alcan Prize for Sustainability: Alcan awarded its first prize for sustainability in December 2004 to the Forest Stewardship Council – a global cross-sector partnership with initiatives in over 30 countries. The annual prize aims to recognize outstanding contributions to economic, environmental, and social sustainability by civil society organizations, with a focus on organizations that work with others to achieve their goals. The International Business Leaders Forum manages the application and selection process to ensure the credibility and objectivity of the prize. In reviewing the 488 submissions received from 79 countries in 2004, the IBLF coordinated assessment panels in the UK, Poland, the Philippines, and Canada. A short list of 12 candidates was then reviewed by a panel of internationally renowned experts in sustainability issues. Alcan also awarded grants to a number of short-listed candidates. Worth US\$ 15,000 each, these scholarships are offered to a suitably qualified senior member of staff to participate in the one-year, part-time Postgraduate Certificate in Cross Sector Partnership accredited by the University of Cambridge.

“The philosophical underpinning of partnerships recognizes that companies often have specific skills and capacities to offer but have no desire to shoulder unsustainable responsibilities in areas beyond their core competence – like the provision of health and education. Companies are most likely to be able to leverage sustainable socio-economic outcomes where we can work in partnership with competent government authorities; where appropriate the international financial institutions; and credible civil society organizations. No one should underestimate the difficult of making such partnerships work – whether it is because of different agendas, accountabilities, ways of working or longer-term ideological agendas. Nonetheless, they provide a middle way for companies between being detached from the areas surrounding their operations and creating an unhealthy culture of dependence.”

Sir Mark Moody-Stuart, Chairman, Anglo American

2. Seven success factors for effective partnerships

There is no simple checklist or blueprint for successful partnership building. It is often an intuitive and constantly evolving “voyage of discovery” based on organizational and individual learning, trust and experimentation. It is possible, however, to identify success factors that underpin many effective partnerships.

Despite the wide diversity of their partnership examples and experiences, the respondents to the GCCI survey offered the following consistent and similar messages on what these success factors are. Their views reflect the findings of a number of other practitioner and academic research projects on multi-stakeholder partnerships and are summarized in Box 13.

At heart, partnerships succeed or fail on the strength of relationships between individuals. As such they are just as prone to misconceptions, misunderstandings and unchallenged assumptions as any other social connection. Before embarking on partnerships, therefore, it is crucial for all partners to be as open and transparent as possible about every aspect of the planned collaboration, including motivations, capacity to deliver, success factors, time commitment and leadership support. As Deloitte responded, “We have recently worked with the International Business Leaders Forum to develop a global approach to non-commercial cross-sector partnerships. Some of what we have learned through this work is what we consider to be the most important considerations for a successful partnership: the importance of upholding the principles of equity, transparency, and mutual benefit when engaging in cross-sector partnerships.”

<p>BOX 13: SEVEN SUCCESS FACTORS FOR EFFECTIVE PARTNERSHIPS</p>	<ol style="list-style-type: none"> 1. Openness, transparency and clear communication to build trust and mutual understanding; 2. Clarity of roles, responsibilities, goals and “ground rules”; 3. Commitment of core organizational competencies; 4. Application of the same professional rigour and discipline focused on achieving targets and deliverables, that would be applied to governing, managing and evaluating other types of business alliances; 5. Respect for differences in approach, competence, timeframes and objectives of different partners; 6. Focus on achieving mutual benefit in a manner that enables the partners to meet their own objectives as well as common goals; 7. Understanding the needs of local partners and beneficiaries, with a focus on building their own capacity and capability rather than creating dependence.
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V AN AGENDA FOR ACTION



The GCCI signatories were asked to list actions that governments and the private sector itself could take to encourage greater private sector participation in partnerships for development. As with the identification of success factors and obstacles, there was a strong commonality of views on what these actions should be.

1. RECOMMENDATIONS TO GOVERNMENTS

1 Ensure good governance
Commit to ongoing efforts to improve enabling frameworks for private investment and partnerships, especially ensuring rule of law and measures to tackle corruption and unnecessary red tape and bureaucracy.

2 Provide better funding and incentives
Encourage business involvement in development partnerships through better access to funding, including tax incentives, seed capital, risk guarantees, challenge funds, co-investment funds and other innovative public-private funding mechanisms, as well as awards and public recognition.

3 Engage business in policy dialogue and planning
Be more proactive in engaging private sector leaders and business organizations in policy dialogues, public commissions and aid projects, and in planning national, regional and local poverty reduction strategies.

4 Provide better information and coordination
Help business leaders to better understand the government's development priorities, ensure more coordinated and consistent messages from different government ministries, and share examples of existing partnerships.

2. RECOMMENDATIONS TO BUSINESS LEADERS

The number of companies actively engaged in cross-sector partnerships for development remains relatively small. Despite the scope and diversity of the partnership examples profiled in this report and the growing body of work dedicated to helping companies to manage partnerships, most companies are still at an early stage in considering or engaging in new types of multiple stakeholder or cross-sector alliances. In terms of level of engagement and experience in building these partnerships, three broad categories of business leaders and companies can be identified:

Leaders moving towards more systemic and strategic approaches:

A small group of leading companies with several years' experience in building cross-sector partnerships are now looking to institutionalize a culture of partnership in their own companies and more widely. These companies can take, in the words of Rio Tinto, "a leadership responsibility and proactively encourage others to follow. This can be done in many ways, including in particular the involvement of other companies in projects... they also need to share experiences, so that companies which are minded to be involved but are unsure about how to do so can learn from the experience of others".

This view is reinforced by Anglo American, which makes the following observations: "Companies that are already investing in developing countries need to continue to work with host and donor governments, international financial institutions and civil society organizations to improve standards of governance so as to reduce perceptions of risk. They can also work through industry associations to raise performance standards and be more active in promoting best practices and lessons learned in relation to partnerships."

These companies can use their influence to support governments in adopting the recommendations outlined above, as well as encourage other companies to form new partnerships, or replicate others. They also have an opportunity to replicate existing partnerships in different locations, to help articulate the business case for other companies and to address challenges of existing partnerships, for example by creating more effective accountability structures.

Companies looking to get more actively engaged:

A larger group of companies is convinced of the need for partnerships, and is looking at ways to increase their engagement, experiment with new approaches, and build employee skills. Several respondents to the survey cited the need to learn from existing good practice. Many business leadership organizations, such as the World Economic Forum, International Business Leaders Forum, Business for Social Responsibility, and World Business Council for Sustainable Development, are working with companies to do this – supporting a variety of opportunities for experiential learning, training and exchange of good partnership practices.

Companies that are yet to be convinced of the business case:

A third category remains sceptical about the benefits of partnership, or has yet to make a business case for involvement. Here there is still the need to demonstrate that partnerships can be an effective solution to development challenges while simultaneously bringing benefits to companies. The section on the “business case” earlier in the report provides some guidance on this.

What are some of the practical actions that business leaders can take if they are already convinced of the potential for cross-sector partnerships as an effective approach to managing their risks and opportunities in developing countries?

We outline four key steps, which build on the *Framework for Action* endorsed in 2002 by the World Economic Forum’s CEO task force on global corporate citizenship:

- 1 Provide leadership**
Champion and demonstrate the case for partnership with employees, peers and other leaders through engaging in dialogue and debate and sharing good practices.
- 2 Define what it means for your company**
Identify the development challenges that create the most strategic opportunities and risks for your own industry’s or company’s values, stakeholders and operations, and focus partnership efforts on addressing these challenges.
- 3 Make it happen**
Leverage core corporate competencies, skills, resources and business disciplines to support and evaluate partnerships. Define objectives clearly from the beginning, but be flexible and prepared to adapt to the changing needs of the partnership.
- 4 Be transparent about it**
Engage actively and openly with peers, intermediary organizations, critics and other stakeholders to share experiences, remedy mistakes, identify new partnership opportunities and scale up or replicate existing initiatives.

PUBLIC-PRIVATE PARTNERSHIP OPPORTUNITIES AT THE WORLD ECONOMIC FORUM

There is a growing need for places in the international system where business, government, academia, and civil society can work constructively together. The **Global Institute for Partnership and Governance** was created by the World Economic Forum to advance the spirit and practice of global citizenship by providing a platform for multistakeholder partnership in three dimensions: catalysing action, improving governance, and bridging perspectives through dialogue. Building on the Forum's independence and informality, it provides a conducive environment for leaders from varying backgrounds to engage in collaborative problem solving free from the constraints of inter-governmental protocol and corporate competitive pressures.

The **Global Institute** is itself a new concept in partnership – an institute without walls in two respects. First, its initiatives combine expertise from different regions and institutions in teams that span geography and profession. Secondly, its projects deliberately integrate the traditional thought leadership focus of research institutes with the practical perspectives and priorities of executives from business, government and civil society institutions. Following is a summary of its current partnership initiatives:

CATALYSING ACTION

- The **Global Health Initiative** is a partnership of Forum companies with UNAIDS, the WHO and the ILO designed to increase private sector engagement in the global battle against HIV/AIDS, tuberculosis and malaria. It develops business tools, stimulates partnerships and business coalitions, and is the private sector focal point for the Global Fund to Fight AIDS, TB, and Malaria, Stop TB Partnership, and Roll Back Malaria.
- The **E-learning/Jordan Education Initiative** brings nearly 30 companies together with the Jordanian government to strengthen basic public education through the development of world-class e-curricula, application of laptops and projectors in classrooms, and provision of teacher training.
- The **Global Greenhouse Gas (GHG) Register** is a partnership of eight business and environmental organizations that has created a platform for the internationally-standardized disclosure of worldwide corporate greenhouse gas emissions inventories and voluntary reduction actions.
- The Forum's **Water Initiative** stimulates multi-stakeholder cooperation in the management of watersheds through partnership, matchmaking water exchanges in Africa and Asia, and through the development and dissemination of best practice, business case, and business model analytical materials.
- The **Partnering Against Corruption Initiative**, in cooperation with Transparency International and the OECD, is working to expand implementation of a zero tolerance policy with regard to bribery and corruption by companies in three industries: engineering and construction; mining and metals; and energy.
- The **IT Access for Everyone Initiative** was conceived by Forum member IT and Telecom CEOs to research the relevance and feasibility of developing a simple, low-cost, wireless/Internet enabled device with the features of a PC that is truly affordable in the developing regions of the world.
- The **Global Corporate Citizenship Initiative** brings together over 40 companies to increase business engagement in corporate citizenship as an element of core business strategy. It concentrates on the leadership role of CEOs and boards of directors as well as the key drivers of such leadership.
- The **Financing for Development Initiative** is a partnership with the UN Department of Economic and Social Affairs that is organizing a series of multistakeholder deliberations to determine how PPPs could make a larger contribution to development and how multilateral development banks and aid agencies could use their resources more effectively to catalyse private investment.
- The **Pension System Readiness Initiative** has engaged private sector, academic, international organization, labour and senior citizen group experts in a comparative assessment of how well OECD countries are preparing for the impact of ageing populations on their retirement security systems and economies.
- The **Logistics and Transport Industry Corporate Citizenship Initiative** is developing a set of corporate citizenship principles for industry members, including specific key performance indicators.

BRIDGING PERSPECTIVES THROUGH DIALOGUE

- The **Council of 100 Leaders: West-Islamic Dialogue** is a community of senior political, religious, business, media and opinion leaders from Western and Muslim countries that seeks to foster a culture of respect and cooperation between the two traditions by conducting a series of discourses and sponsoring specific cooperative projects.
- The **International Monetary Convention Project** is a series of public-private roundtables organized in association with G-20 central banks and finance ministries that is collaboratively examining how specific aspects of the international financial architecture should be adapted to contemporary conditions and challenges.

IMPROVING GOVERNANCE

- The **Global Governance Initiative** assesses annually the degree of effort and cooperation by governments, international organizations, business, and civil society to achieve the United Nations Millennium Development Goals. Its work is conducted by six groups of over forty experts overseen by a distinguished multistakeholder steering committee.

Conclusion



Implementing new models of development that combine good governance and social entrepreneurship with the resources and innovation of the private sector is one of the greatest leadership challenges and opportunities of our time. It is first and foremost a challenge for governments – both donor and developing country governments. But, as we have demonstrated in the partnership examples throughout this report, business can play an innovative, meaningful and in some cases substantial role.

The forty examples profiled in this report – all selected because they involve one or more companies that participate in the *Global Corporate Citizenship Initiative* – between them leverage many millions of dollars of cash and in-kind investments, harness a wide diversity of competencies and skills from thousands of different partners, and reach low-income communities all over the world. In the absence of extensive research it is impossible to accurately evaluate their development impact – even individually, let alone collectively. Many of them are still at an early stage in their own evolution, the majority being less than five years old. There can be little doubt, however, that some of them are helping to address market failures or failures in governance and weak public administration and infrastructure. Most of them appear to be having some beneficial impacts in helping governments and citizens in developing countries to move closer towards the achievement of their development goals.

At the same time, many of these cross-sector partnerships are helping the companies involved meet some of their own business needs and objectives. These include: adhering to the company's own values, principles, policies and traditions; investing in a sound and secure operating environment; protecting corporate brand and reputation; meeting project financing and other funding requirements; responding to investor demands; meeting host government requirements; managing direct operational costs and risks; attracting and motivating talented employees; and developing new products and services or entering untapped markets in developing countries.

There is growing evidence that the most successful companies in the future will be those for whom engaging in new forms of partnership is a fundamental part of doing business – a key element of managing risk and opportunity and an area of business expertise alongside more traditional business skills and functions. This is likely to be especially important in the high potential, but complex and challenging big emerging markets such as China, India, Brazil, Russia, and South Africa.

Despite their potential these new forms of partnership are still the exception rather than the rule. Much work is needed to achieve the necessary scope and scale for real impact. Cross-sector partnerships will be unable to achieve such impact unless issues such as funding, incentives, better information provision, evaluation, sharing of good practices, and training are more systematically addressed.

None of these challenges is easy, but the partnerships profiled in this report offer useful models and ideas for the way forward. Building more of these alliances will be crucial for the mutually dependent achievement of long-term business success, economic growth, political stability, social cohesion and environmental sustainability. Business leaders and the companies and private sector associations that they lead, have a vital role to play.

Footnotes

1. This section of the report draws on the World Economic Forum's 2005 *Global Governance Initiative* report, and on *Building partnerships: Collaboration between the United Nations System and Business* by Jane Nelson, United Nations and International Business Leaders Forum, 2002.
2. Wolf Martin, *Why Globalization Works*. Yale University Press, 2004.
3. *Global Monitoring Report 2004*, The International Monetary Fund and World Bank, 2004.
4. The framework for business engagement in development is adapted from *Building partnerships: Collaboration between the United Nations System and Business*, UN and International Business Leaders Forum, 2002, and *Business as Partners in Development: Creating Wealth for Countries, Companies and Communities*. IBLF, UNDP and the World Bank, 1996, by Jane Nelson.
5. Narayan, Deepa with Raj Patel, Kai Schafft, Anne Rademacher and Sarah Koch-Schulte. *Voices of the Poor: Can Anyone Hear Us?* New York, NY: Published for the World Bank, Oxford University Press, 2000.
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References on Multistakeholder Partnerships

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The Public Role of Private Enterprise: Risks, Opportunities and New Models of Engagement. The Corporate Social Responsibility Initiative, Kennedy School of Government, 2004

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Launched in July 2001, the **World Economic Forum's Global Corporate Citizenship Initiative (GCCII)** has the objective of increasing business engagement in corporate citizenship as an element of business strategy. With over 40 company members representing a variety of regions and sectors, the Initiative concentrates on defining and facilitating the leadership role of CEOs and boards in integrating into business practice policies that respond to the evolving expectations of society regarding the responsibilities of companies in a global economy. Using the Forum's Annual, Regional and Governor meetings as platforms, Initiative members exert thought leadership and expand the market for enlightened corporate citizenship in cooperation with experts and other organizations around the globe that specialize in corporate responsibility. For further information, please go to <http://www.weforum.org/corporatecitizenship>

The International Business Leaders Forum (IBLF) is a non-profit organization founded in 1990 by HRH The Prince of Wales and a group of international CEOs. Its mission is to promote international leadership in responsible business practices – to benefit business and society. IBLF works directly with companies to develop the tools, frameworks and partnerships required to help business face the complex social challenges of operating in today's world and optimize the contribution that business makes to international development. IBLF also works with a range of partners, including government bodies and inter-governmental organizations such as the UN and the World Bank, NGOs and the media, to create an enabling environment in which business can have a positive impact on society. For further information, please go to <http://www.iblf.org>

The Corporate Social Responsibility Initiative at the Kennedy School of Government (KSG) is a multi-disciplinary programme that seeks to study and enhance the public role of the private enterprise. It focuses on exploring the intersection between corporate responsibility, corporate governance and strategy, public policy and the media. The initiative carries out research, education and outreach activities that aim to bridge the gap between theory and practice, encourage innovation, build leadership skills and support constructive dialogue and collaboration between different sectors. The initiative is a cooperative effort between the KSG's Center for Business and Government, Center for Public Leadership, Hauser Center for Non-Profit Organisations, and Joan Shorenstein Center on the Press, Politics and Public Policy. The initiative's founding donors are Walter H. Shorenstein, The Coca-Cola Company, ChevronTexaco and General Motors. For further information, please go to <http://www.ksg.harvard.edu/cbg/CSRI>.



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