AUTHOR JENNIFER BARSKY

ACKNOWLEDGEMENT
A special thanks to all those UNDP staff and private sector partners who generously shared their time and insights for this report.

“'The views expressed in this report do not necessarily represent the policies of the UNDP, nor does citing of trade names or commercial processes constitute endorsement.'

“UNDP is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. We are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners.”
As the business case for social responsibility becomes more firmly established, the emphasis is shifting towards concrete action. With this transformation has come the growing recognition that the developing world is critical to future business success. Four out of five consumers already live there, and 82 million of the net 83 million people added to the planet every year are from developing countries. But growth in these markets will not come by itself. It will require sustained efforts to change the way in which business benefits are shared.

The United Nations and my own organization UNDP recognizes this, and we have spent the last few years remaking ourselves to meet the demands of a globalized world. While we already have decades of experience working with governments in the developing world, we now recognize the importance of working with other development actors, from grassroots civil society organizations to multinational enterprises, to ensure that the poor are not left behind.

This has meant looking more systematically at cross-sectoral partnerships to identify innovative ways of combining and channeling human and financial resources into sustainable strategies for poverty reduction and meeting the Millennium Development Goals.

As an organization, this has made us more responsive to exploring opportunities for engaging the private sector and to seeking innovative ways of translating over half a century of development experience into public-private partnerships that strengthen governments and local organizations, with inputs and tangible results on all sides.

Based on our initial experiences, we are now intensifying our efforts to tap into the tremendous potential that is created when development and commercial interests coincide.

The Commission on the Private Sector and Development, for example, hosted by UNDP, has brought together some of the world’s most influential thinkers to better understand the role of the private sector in achieving the Millennium Development Goals, both as an engine for local economic development as well as a provider of essential services and goods.

The recommendations and eventual initiatives to emerge from this Commission highlight the development impacts local businesses can generate when given the support they need to thrive, and point to the roles that various parties, including governments, development agencies and the private sector itself, can play in further supporting and encouraging commercially viable, sustainable enterprises that contribute to a more equitable global economy.

The Growing Sustainable Business for Poverty Reduction initiative is already helping to lead us in this direction. Spawned by a Global Compact Dialogue leading up to the Johannesburg World Summit on Sustainable Development in 2002, the initiative brings companies together in partnership with UNDP to identify and implement projects on the ground that bridge their commercial interests with these countries’ social and environmental development objectives.

These examples along with others contained in this publication provide but a glimpse of the range of possibilities for engagement. We hope it will stimulate and encourage a new generation of partnerships that better harness the power of the private sector to help meet our shared objectives.

Mark Malloch Brown
Administrator, UNDP
In July 2000, United Nations Secretary-General Kofi Annan launched the Global Compact, an unparalleled challenge to the private sector to harness its own resources in accomplishing broad international and societal goals. Less than three years later, the landscape of business-UN relationships has changed dramatically. Broad-based initiatives to support the private sector in developing countries and the individual partnership case studies contained in this report are a testament to this transformation, and to the gains that can result when governments, companies, UN organizations and civil society groups join forces to attain mutually beneficial goals.

Leadership
The Global Compact has provided the United Nations Development Programme (UNDP) a platform for accomplishing its mission in new and innovative ways. Under the leadership of Administrator Mark Malloch Brown, UNDP has created the tools to move together with governments to build bridges with a broad range of stakeholders. Partnerships with forward-looking companies committed to being responsible corporate citizens and respected civil society organizations are now recognized as an integral part of this strategy.

Getting partnerships off the ground requires a sustained effort, constant communication and a long-term commitment. The comprehensive internal reforms undertaken at UNDP over the last four years have facilitated the process. Many of our Resident Representatives are committed to investing the human and financial resources necessary to lead partnerships and provide the innovation that drives new and successful initiatives. By engaging our multidisciplinary teams, UNDP country staff is able to respond more quickly and effectively to the needs of multiple partners.

Many country offices also now have private-sector focal points. With their in-depth knowledge of UNDP activities, these individuals provide day-to-day support, share knowledge and negotiate with company partners. As the partnership champions at the country level, the focal points provide the dedication and continuity that ensure that policy leadership is translated into concrete development projects.

Responsiveness
These and other changes in recent years have helped transform UNDP into a more responsive, flexible organization capable of interfacing with a broad range of organizational cultures. A new cadre of young professionals, combined with experienced UNDP staff, creates a development consulting team capable of more effectively communicating with private sector and development counterparts.

Headquarters, too, has been streamlined to provide the leadership support that better ensures timely execution of projects. The Business Partnerships Division, created in 2000 as part of a broad new commitment to develop a range of partnerships, provides a capacity to share lessons learned, to support over 50 country offices and to continuously work to build new relationships and strengthen existing ones.

Trust
None of the partnerships highlighted here would have been possible without the long-standing relationships of trust UNDP offices have built over decades of work with national governments. In each case, our partners have praised UNDP’s ability to convene governments, businesses and civil society, set priorities and find commonalities among their diverse interests. Whether acting solely as facilitator for dialogues among stakeholders, translating priorities into concrete action or managing project funds, UNDP has earned its reputation as a neutral, dependable and respected partner.
**Knowledge**

For the private sector, UNDP has also proved valuable in helping it to better understand the environment in which it works, to more effectively tailor social projects and achieve results. With the eight Millennium Development Goals as their guide, UNDP offices help the private sector leverage its financial and professional resources to move beyond philanthropy toward a more sustainable approach to reaching out to the poor.

As one UNDP Resident Representative pointed out, companies often come to UNDP with an idea of what they want to accomplish. It is UNDP’s role to funnel those ideas into something tangible and achievable. For Statoil in Venezuela, this meant turning a broad goal – to work in human rights – into a landmark project to train judges in national and international human rights legislation in partnership with a local chapter of Amnesty International and the Venezuelan judiciary.

**Learning**

The accomplishments of these projects have been widely shared. Many UNDP country offices have expressed a change in their own approach to managing relationships and executing projects. In short, there is a heavy learning component to UNDP’s experience in partnering with the private sector.

**Commitment**

The primary lesson is that the work is well worth the effort. We are learning and we are changing. And the results are becoming tangible. The private sector is increasingly being perceived as an integral partner in accomplishing our development mission. And the progress and stability we help bring about together is a fundamental component of international business success.

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**Looking Forward**

Much remains to be done. The Growing Sustainable Business initiative, the Commission on the Private Sector and Development, as well as the individual partnerships highlighted here are but an indication of the overwhelming potential a long-term commitment to working together represents. We challenge companies to work with us at UNDP, to expand the venues of cooperation and to continue to find innovative ways that the private sector can contribute to achieving the Millennium Development Goals.

Bruce Jenks
Director
UNDP Bureau for Resources
and Strategic Partnerships
CASE STUDY

Growing Sustainable Business For Poverty Reduction
This UN-sponsored programme grew out of the February 2002 Global Compact policy dialogue on “business and sustainable development,” aimed at providing input to the World Summit on Sustainable Development in Johannesburg. Like the Global Compact, the initiative is founded in the understanding that economic development of the poorest countries is of fundamental long-term interest to the global community. It recognizes the urgent need not only to attract more investments and business to the world’s Least Developed Countries (LDCs), but also to align commercial interests more broadly with poverty reduction and sustainable development.

Four factors were taken into consideration in developing the programme. One was that the Global Compact companies could, given their capacities, look for innovative ways to channel business investments to build stable and prosperous societies even in the poorest countries. Second was that businesses should be encouraged to participate in pro-poor development by the prospect of long-term expansion of markets. The roughly 4 billion poor that make up the bottom of the economic pyramid represent an immense untapped market for creative companies with a long-term vision of commercial opportunity. A third was that by working together with civil society, governments and other development actors, companies could decrease operational risk, maximize corporate impact on local economic development, and realise synergies from each other’s strengths. Engaging in both cooperative action and dialogue could also provide the additional benefit of improving the enabling environment for both domestic and foreign investment as well as the development of small- and medium-sized enterprises.

The inability of the majority of developing countries, and especially LDCs, to attract significant levels of Foreign Direct Investment (FDI) is of primary concern. LDC’s represent 12.5% of the developing world’s population. But they account for less than 2% of the developing world’s GDP, and 1.5% of gross FDI inflows. Without the possibility of attracting the kind of FDI that stimulates growth and export through technology and knowledge, these countries will have little prospect of reducing dependence on primary commodities and donor aid.

The fourth rational was that of demonstrating that businesses can benefit from being responsible and from helping to achieve sustainable development objectives. GSB company participants are pioneers. They seek business alternatives to charity in order to deliver real and lasting benefits on the ground where they matter most for poverty reduction.

In short the GSB initiative seeks innovative public-private solutions that can mitigate the risks that are holding FDI back. It is about better utilizing the resources large companies already have in their arsenal to move sustainable development forward.

In the design stage participants identified certain parameters for corporate involvement that would enhance its likelihood of success: that it should not distort markets; that corporations should participate through enlightened self-interest; that development should be diversified, sustainable, socially and environmentally benign, and that it should focus on building small and medium-sized enterprises. But above all, building trust will require that all participants respect the Global Compact principles and act in a transparent and accountable way.

**GSB’s Progress So Far**

The groundwork laid during the Global Compact dialogue culminated in a high-level meeting chaired by Secretary General Kofi Annan at the Johannesburg Summit. There, UNDP Administrator Mark Malloch Brown led key business and civil society leaders, and dozens of heads of state and government ministers including British Prime Minister Tony Blair, and French President Jacques Chirac in a discussion on how to transform ideas into reality. In the end, an agreement was reached on the critical importance of growing sustainable business and economic capacity in LDCs, working in partnership, and developing a
strategy for execution. They also proposed a plan that would commit Global Compact participants to identifying, over the next year, relevant business opportunities in specific LDC’s.

With UNDP leading the initiative, an international working group was formed of business, NGO’s, labour and the UN. Throughout 2003, companies offered to take the lead in identifying and testing commercial projects in specific developing countries that help remove hurdles to sustained business growth and benefit local communities. Under the guidance of international coordinator Richard Sandbrook, the working group developed an initial framework and guiding principles. The first project was launched in Ethiopia with Shell taking the lead in partnership with UNDP.

In addition to Ethiopia, the project is now active in Madagascar and Tanzania and under consideration in Angola, Bangladesh and Cambodia.

In each of the participating countries, the GSB promotes two parallel and interlinked work streams. First, UNDP uses its convening power to bring together business, civil society, the host government, development agencies, and other relevant stakeholders to share experiences, and to address constraints in the broader enabling environment that might discourage business growth. Out of these meetings, the GSB members work to transform ideas into concrete business and investment opportunities that are not only commercially viable, but also are likely to contribute to long-term, sustainable economic development. Designing solutions that involve government and civil society, local business and donors reinforces collaborative solutions that maximise the special contribution each sector can make.

**Creating a Brokerage Service**

With the planning stage completed and several country programmes underway, the GSB will now be expanded. The chief issue identified so far is a strong need for a service to match company interests with country priorities and appropriate development partners.

This service is central because international and domestic enterprises trying to develop sustainable pro-poor business solutions are still challenged with finding business models to execute their good intentions. Secondly, it is becoming clear that participants will act more effectively if they can share experience place-to-place and actor-to-actor.

Building on these lessons learned, the GSB is now developing a brokerage concept that will link up enterprise, communities, NGO’s and governments to develop viable proposals and project workplans, identify potential funding sources to distribute financial risk, as well as to address broader enabling environment issues.

Using UNDP’s unique convening capacity, the service will work both on a global level – for example encouraging international businesses to take leadership positions, sparking country level activities, and sharing experiences to encourage replication – and at a national level to convene stakeholders, broker partnerships and to link with brokerage teams in other countries as well as build an exit strategy to transfer the venture to local actors.

It is hoped that as the initiative takes hold and expands so too will its network of partners at the global and country-level. Closer cooperation is also developing with umbrella business organizations such as the World Business Council for Social Development and coalitions of concerned NGO’s such as those working with the Global Compact.

As the model is further tested, UNDP is confident that the GSB initiative will become an effective tool for stimulating corporate activity in the world’s poorest places. If it can contribute to overcoming the real and perceived risks of investing in pro-poor solutions in some of the world’s poorest economies, it will have met the challenge.
CASE STUDY

The Networking Academy Programme
The Challenge
Access to information and communications technologies is becoming increasingly critical for participation in economic and political life at national, international and global levels. The Internet and enhanced telecommunications can be a powerful democratizing force, facilitating greater economic, political and social participation for marginalized communities and helping countries meet pressing development needs. As such, narrowing the digital divide, between those who can effectively use new information and communication tools and those who cannot, has been recognized as one of the millennium’s key development challenges.

Yet as we move into the 21st Century, many developing countries remain deprived of basic telecommunications services considered so essential in the industrialized world. According to the latest Human Development Report, published by UNDP, high-income OECD countries with only 14 percent of the world’s population account for almost three-quarters of its Internet users.

In an attempt to close this growing gap, UNDP’s Asia-Pacific Development Information Programme, based in Kuala Lumpur (Malaysia), and the global technology company, Cisco Systems, pioneered a regional partnership in 1999 that has since expanded to include UNDP offices in the majority of the world’s Least Developed Countries.

The Partnership
The Asia-Pacific Development Information Programme builds on links established through NetAid, a public-private partnership between UNDP and Cisco launched in October 1999 to raise public awareness and action in the fight against poverty. The heart of the partnership is the Cisco Networking Academy Programme, a well-established global initiative that provides students with information technology skills. Its objective is to create a new workforce with the skills to design, build and maintain computer networks capable of supporting national and global organizations, in order to generate opportunities for greater participation by developing countries in the global economy.

First Phase
Through a Memorandum of Understanding signed in 1999, the Asia-Pacific Development Information Programme provided roughly $250,000 to identify and assist training institutes in nine developing countries to transform themselves into Local Networking Academies capable of administering Cisco’s internationally recognized course. This includes online education with hands-on labs, with instructor training and support, and preparation for industry standard certification.

For its part, Cisco donated half the necessary equipment, a proprietary online 280-hour software curriculum and round-the-clock access to technical assistance. The training institutes...
provided a dedicated Internet connection, adequate class space and the staff necessary to ensure rigorous student certification standards.

**Project Expansion**
At the July 2000 meeting of G8 leaders in Okinawa, Japan, calls for bringing the benefits of information technology to the developing world were met by an expanded UNDP-Cisco partnership and the joint launch of the Least Developed Country Initiative. Under the new agreement, Cisco’s Networking Academies were to reach some of the world’s poorest people with an ambitious roll out to half the world’s least developed countries by the end of 2001.

Devolution of the programme to the country level has been a natural progression, helping to generate national ownership and ensuring the necessary continuity and commitment. As part of the Least Developed Country Initiative, Cisco and UNDP contracted UN Volunteers and UN Information Technology Services to deploy specially trained information technology specialists to strengthen programme management and provide additional support to the country offices.

As a testament to its commitment, Cisco and UNDP are exploring ways to expand the programme. For example, the UN Development Fund for Women (UNIFEM) will provide the required gender expertise to increase female enrolment in 10 women’s academies in Jordan.

**Impact**
The partners achieved Cisco’s target six months ahead of time, and in just three years have given 7,314 students and 486 instructors in Least Developed Countries access to industry training in 151 different Cisco Networking Academies. This is the equivalent to what is offered at any Academy in Europe or the United States. Today, Academies have successfully been established in 34 of the 49 least developed countries and operate in some of the world’s most challenging environments, including Haiti, the Democratic Republic of the Congo, Nepal and Bhutan. Over 80 percent of the 1,969 graduates have found jobs, helping to fill the tremendous gap in the supply of skilled information technology professionals and to provide trainees with skills that can produce high-income employment and entrepreneurial opportunities.

Lack of capacity in the information technology field has been a particular hurdle for sub-Saharan Africa, which has 10 percent of the world’s population but only one-tenth of one percent of global Internet connections. An important goal underpinning the partnership has been to address the shortage of skilled African human resources in new technologies. “For Africa to fully take part in the new economy it must have a prerequisite of people that can work in IT,” says Richard Kerby, private sector and information technology adviser for UNDP’s Africa Strategic and Regional Initiatives Unit. “It is not just a question of being able to compete, but whether they take part in trade and investment at all.”

Working in partnership with Cisco, African universities and governments, and UNDP country offices in Africa, Mr. Kerby says that the challenge is being met effectively through the Networking Academies. To date, 125 Academies in 33 African countries support almost 6,043 students.

“These Academies not only strengthen the information technology capacity of Africans, but provide a steady flow of an IT savvy workforce to the private sector,” he explains. As a result, African companies will be better equipped to participate in the global economy and to have a presence on the Internet.

Programme graduates are now working with companies, helping them to participate more effectively in global markets, in government offices to improve delivery of basic services, and in civil society organizations, where they are tapping into the wealth of information and financial resources beyond their borders.
“They are extremely enthusiastic and are setting up Internet cafés and gateways and finding innovative ways to make money on the Internet,” Mr. Kerby says. “The spillover effects of exponentially increasing people’s Internet access and countries’ visibility on the World Wide Web will be important in helping them move toward higher development levels.”

In part, he says, this is because by providing jobs, the partnership is helping to shift some of that burden onto the private sector and away from the government, the traditional source of products, services and employment in Africa.

And, as Erin Walsh, Cisco’s senior manager of international strategies and partnerships in worldwide education points out, an increasing portion of Academy graduates will be women. By focusing on gender from the outset, the project has made great strides in tipping the balance away from what was previously a male dominated field. Today, over a quarter of the people enrolled in the Academies are women, while in Africa, female enrolment has reached 30 percent.

“The special emphasis on women is important because it provides them with more employment and educational options,” Mr. Kerby says. Having the skill-set needed to compete has also been a distinct source of pride for women participating in the programme, since it contributes to reversing the current unequal access of women and men to new technologies. While some institutions still require UNDP’s assistance to maintain Cisco’s high standards, they are gradually decreasing their dependence. Increasingly, Mr. Kerby says, African institutions are embracing the networking academy concept and taking full ownership of the programme, increasing the chances of its long-term sustainability.

Business Benefits
In the short-term, the Cisco Networking Academy Programme has proved highly effective in technology training and in building a network of service technicians capable of supporting the company’s products with limited resources. It has also enhanced the company’s image and license to operate internationally and locally with the governments, academic institutions and community organizations with which it partners. The strategic thinking behind such a proactive approach to social investment is the opportunity to foster new markets while at the same time introducing the Cisco brand.

“We do not get an immediate financial return on our investment, and we have no projections when that will happen,” Ms. Walsh says. “But we are committed to this project because we see huge results for a small amount of money when an individual walks away with a certificate that enables them to work anywhere in the world and a country begins to build an IT trained workforce, prepared to meet economic and social development challenges.”

In this respect, she believes much ground has been broken. She also concedes her team now has a better understanding of development and the enormous challenges faced on a daily basis in developing countries. The cultural experience being gained from operating in these challenging business environments will be a useful commercial advantage as these new markets develop.

UNDP Role
Behind Cisco’s $3.5 million commitment, says John Chambers, president and chief executive officer of Cisco, is a corporate philosophy that the Internet and education are the world’s great equalizers, and the confidence that UNDP as its strategic partner would provide the commitment and know-how necessary to meet its target.
Larry Maramis, programme adviser for UNDP’s Regional Bureau for Asia and the Pacific, believes the alliance is a natural fit with the organization’s development mission: “Cisco is the world’s largest purveyor of networking equipment and has a real commitment to finding a place on the international map. Cooperating in the spread of its Academies means increasing the number of IT professionals regionally available and supporting the frontline effort in bridging connectivity and the growing divide.”

In UNDP’s case, this has meant a combination of development experience, contacts and relationships on the ground. “Cisco only partners where we don’t have a core competency,” explains Ms. Walsh. “UNDP was a perfect combination because Cisco can provide the networking skills and training, but it can’t just parachute itself into an LDC. We partnered with people that had the same goals in the hope we can help people.”

As the in-country presence, UNDP has taken the lead operational role. It works with governments to gain their support and trust and with the universities where the Academies are located to ensure a proper training environment is maintained.

“Our IT experience needed to be applied within a local country perspective and UNDP was able to support that,” Ms. Walsh says.

UNDP has also shared the programme costs by financing the training of instructors and by hosting Academies in its Benin and Nigerian offices. “This has been a partnership in the true sense,” Mr. Kerby says. “UNDP brought operational and financial support, and Cisco provided the expertise, training and equipment.”

Conclusion
Both partners agree that such a geographically diverse and time-consuming project would not have been possible without the strong field presence UNDP provides and constant, open communication. “This is not a programme you can do from halfway across the world,” Ms. Walsh says. “We are in so many countries together that there is constant communication between the UNDP Resident Representatives in the field, Cisco’s regional Academies, and headquarters.” As a result, she warns success is predicated on both the company and its partners ‘putting in the head-count’.

According to Ms. Walsh, implementing the programme has not always been easy given the different organizational cultures. “The speed at which Cisco works and our demand for measurable results was very challenging for many of the field offices at first, but every day we are finding ways to improve our effectiveness.”
3

CASE STUDY

Supporting Small Enterprises in Kazakhstan
The Challenge
Following the break-up of the Soviet Union, Kazakhstan suffered a major economic contraction in the first half of the 1990s that left almost a quarter of its population living below the poverty line. One strategy for economic recovery has been to attract foreign investment into the fossil fuels sector, to transform the nation’s enormous oil and gas reserves into tangible economic and social benefits.

As the leader of the Tengizchevroil consortium, created in 1993 to develop the giant Tengiz oil field in western Kazakhstan, ChevronTexaco (then Chevron) was required by the government to invest not only in the country’s oil fields, but also in its economic growth. Like other multinationals operating in Kazakhstan, contractual obligations stipulated that ChevronTexaco pay a mandatory ‘social tax’, direct funds into local development projects, or both.

To fulfill this obligation, ChevronTexaco sought partners that could serve as intermediaries with the government, assume responsibility for project design and implementation, and reorient its community investment philosophy towards sustainable solutions to Kazakhstan’s economic development challenges.

The Partnership
In 1998, ChevronTexaco forged a partnership with UNDP to help move these efforts forward. The UNDP entrepreneurship model, which linked credit, business planning, enterprise management and entrepreneurial training, was the instrument it was seeking. This model, based on UNDP’s experience in the Aral Sea region working with small- and medium-sized enterprises, had a proven track record of success in raising income and employment levels while simultaneously promoting government policy reforms and private sector development.

Over several months of negotiations in 1998, UNDP and ChevronTexaco focused attention on a partnership arrangement around the company’s operations in the oil-producing region of the Caspian Sea. With oil development, the region had experienced rapid economic change, but little trickle down effect. As a result, the area had been identified as a key focus of the government’s national economic growth strategy for small- and medium-sized enterprises, an important prerequisite for a successful and sustainable programme.

Though a small number of enterprises already operated in the new ‘oil city’ of Atyrau, UNDP research revealed they were severely lacking in basic business education and access to credit. For local businesses to realize the potential benefits of activities of new oil firms, they would require a wide range of information, advice and training. To meet these challenges, UNDP proposed a business development centre in Atyrau that could be linked to micro and small-scale credit services.

“In 1993, when ChevronTexaco signed the contract for development of Tengiz with the Republic of Kazakhstan, Tengizchevroil had to procure almost 100 percent of the necessary goods and services from outside markets. Today, over 38 percent of goods and services used by Tengizchevroil are procured locally. This is one of the significant additional benefits that our investment and partnership with UNDP brought to Kazakhstan.”
First Phase
According to the cost-sharing agreement, ChevronTexaco made a $400,000 investment with UNDP to establish and manage a business development centre. Once having secured the support of the local governor, UNDP brought in an international technical adviser to hire and train national business counsellors. Within months, the Atyrau Business Advisory Centre, which operates in the same building as ChevronTexaco, had four local staff specializing in different aspects of business administration and management. In addition to drop-in services, seminars, training and workshops were also provided to help entrepreneurs develop their businesses.

In 1999, the partners expanded the project to include the Atyrau Pilot Micro-Credit Programme. With an additional $300,000 from ChevronTexaco, UNDP targeted young adults and the unemployed through non-collateral peer lending. Virtually all the applicants for credit, ranging from $50 to $1,000, were graduates of the entrepreneurial training seminars offered by the Centre.

Project Expansion
Inspired by the success of the initiative, Citigroup’s Citibank Kazakhstan also sought participation. The new Citibank manager had been allocated a budget for community development work in Kazakhstan and, much like ChevronTexaco, wanted a reliable partner. Although the Caspian region lies nearly 1,200 miles from its Kazakhstan offices, Citibank was new to the market and wanted to develop goodwill among its large and foreign clients as well as the growing sector of potential retail clients engaged in the Caspian region’s promising petroleum development. With a small staff and little experience in making grants in Kazakhstan, it sought a collaborating agent to bear major responsibilities for operationalizing its initial in-country strategy. To that end, Citibank signed an agreement with UNDP to contribute $100,000 to the programme for loan capital.

The final link has been a business incubator, a natural extension of the business development and micro-credit programmes. With an additional $120,000 grant from ChevronTexaco and a $25,000 grant from Citibank as well as in-kind contributions from UNDP and the local government, the facility provides much-needed space and professional services to start-up businesses. For a relatively small cost, they have access to the services of a secretary, accountant and lawyer, as well as work space and necessary business supplies such as copiers, telephones and faxes.

Development Impacts
So far, the Atyrau Business Advisory Centre has counselled hundreds of local firms and helped to create some 300 business plans, over a quarter of which have been implemented. More than $2 million in loans has also been disbursed, generating over 530 new jobs. Among the new businesses started are a private ambulance service, bowling alley and the city’s first supermarket.

The income and employment created by the programme has had strong development impact in a country struggling to establish itself politically and economically. The much-heralded development of the country’s oil and gas reserves has been more difficult than originally anticipated, and the benefits will only be truly experienced in the long-term. In the meantime, the UNDP, ChevronTexaco and Citibank partnership, working in tandem with the government’s own economic agenda to strengthen small- and medium-sized enterprises, is improving the living standards of the local people. Already, the programme has helped reduce dependence on imports and supported the creation of a local supply of goods and services for the growing number of international investors, including ChevronTexaco. It has also contributed to building the self-esteem and self-reliance of communities, which is a prerequisite to achieving diversified and sustainable economic growth.
UNDP has encouraged the Centre to firmly embed financial sustainability into its own business model by developing income-generating projects. These include a yellow pages directory, paid for by advertising, and three textbooks on financial management and general business administration, currently being used in a number of national schools and sold at the Business Centre. In July 1999, the Centre was formally established as a non-governmental organization, Atyrau Business Contact, to generate alternative forms of sponsorship, secure its independence and ensure that the skills and capacity generated would continue to benefit local communities long after outside funding ends.

“The first Yellow Pages of Atyrau, Basics of Business textbooks, rapid popularity and sustainability of the Business Advisory Centre are just a few examples of how the projects branched out to serve local enterprises in other valuable ways and took strong roots in the economic fabric of Atyrau,” says Yerzhan Karymsakov, ChevronTexaco's former manager for small and medium-sized enterprises in Atyrau.

The micro-credit scheme, underwritten by ChevronTexaco and Citibank capital grants, has met with similar success. The project has already reached self-sufficiency and is registering with the government as an independent micro-credit organization. The local government has also voiced interest in supporting and replicating the scheme as a result of the high repayment rate, according to Natalia Maximchuk, UNDP economic transition adviser: “All the stakeholders recognize the project has been useful and successful in helping to develop a credit culture and the right attitude toward money, from borrowing and repaying to saving.”

Ms. Maximchuk hopes the success will encourage other partnerships with multiple private sector actors working together on a broader range of projects in a system-wide approach.

**Business Benefits**

ChevronTexaco has made a corporate commitment to being a constructive partner in the communities where it does business. By participating with UNDP in the Atyrau business development project, ChevronTexaco is able to enhance both its local and international reputation and brand image by proving its willingness and capacity to put these policies into practice.

Though the project components were developed and administered by UNDP, ChevronTexaco has been an inseparable part of the partnership execution. In addition to collaborating in the programme's vision and expected bottom-line outputs, ChevronTexaco participates in periodic tripartite review meetings attended by UNDP, local and central government officials and open to representatives from Citibank and other companies or NGOs interested in learning more about the programme. ChevronTexaco management also participated with UNDP and the provincial governor at the first graduation ceremonies for seminar participants, thus enhancing the company's local reputation and further ensuring its license to operate.

In this respect, says former UNDP Kazakhstan Resident Representative Herbert Behrstock, the initiative reflects a true programmatic and financial partnership. From the outset, the programme has been co-financed by the company and UNDP, with ChevronTexaco splitting its funding between overhead and management costs and operational capital for loans, and UNDP drawing from its core resources as well as a special allotment secured from the UN Volunteers programme to supplement staff.

“ChevronTexaco had clear ideas to generate goodwill and a positive reputation, but it also wanted to have a substantial impact on the people, the economy and ultimately, in creating social and political stability,” Mr. Behrstock explains. “The programme for small- and medium-sized enterprises is a clear illustration of what
a highly focused use of the company’s financial contributions can deliver to Kazakhstan’s impoverished when leveraged in partnership, rather than through direct grant funding."

The partnership has also had clear business benefits, according to Charles Stewart, government and public affairs manager of ChevronTexaco’s Eurasia Business Unit, based in Kazakhstan. Many of the businesses that participated in the enterprise development programme in Atyrau have become Tengizchevroil vendors. “In 1993, when ChevronTexaco signed the contract for development of Tengiz with the Republic of Kazakhstan, Tengizchevroil had to procure almost 100 percent of the necessary goods and services from outside markets. Today, over 38 percent of goods and services used by Tengizchevroil are procured locally. This is one of the significant additional benefits that our investment and partnership with UNDP brought to Kazakhstan,” he says.

Replacing imports with goods and services procured locally has reduced costs while creating more employment opportunities and raising local living standards. Over the long-term, ChevronTexaco expects this support to help improve community relations and contribute to a stable economic and political environment for the company’s operations.

For Citibank, reputational benefits have been supplemented by the long-term commercial advantage of an early positioning of its brand with local enterprises capable of graduating on to its banking services.

**UNDP Role**

Underlying the success of the programme has been a long-term perspective and strong partnerships with Citibank and ChevronTexaco. As long as partnership goals remained within the companies’ respective spheres of interest, UNDP had the freedom to develop projects in support of Kazakhstan’s own industrial policy of diversifying the economy away from overdependence on the oil sector. Over time, this alignment will contribute to meeting national development priorities and help to ensure sustainability of the various projects.

In addition to a tested project model, UNDP was also able to provide the administrative backbone to transform funds into a concrete programme to benefit the poor. This included project design, implementation and management, and government engagement. It also worked to build the capacity of the NGOs that would eventually take over the project and ensure its continuation and long-term sustainability.

“"We were fortunate to have gifted, energetic, and creative UNDP staff in charge of the Business Advisory Centre and Micro-credit Programme, which made our partnership a high-impact one," says Mr. Karymsakov. “Due to their committed work, we felt we were achieving high return for our investment in these two particular projects. Our funds were carefully managed and projects were making steady progress.”

Being a trusted and respected member of the community was also a necessary component for ChevronTexaco to successfully go beyond the more traditional forms of oil company philanthropy, such as building a clinic or a school. UNDP’s credibility and relationships with local governments enabled it to negotiate the best development project for all stakeholders and provide recognition to the deserving. "Collaboration made an impact on socioeconomic and even political development, while serving the mutual purposes and interests of our corporate partners," Mr. Behrstock says. “At the same time, UNDP was better able to fulfill its mission and mandate to reduce poverty.”
Conclusion
Success at each step was largely the result of a strong underlying commitment to development and the convergence of the project goals as well as government and partners’ priorities. Because ChevronTexaco had a long-term interest in remaining in the Caspian region, it wanted to make sure that its financial contributions would deliver clear results and contribute to the growth of local communities. “Over time, they wanted to be able to rely on the small- and medium-sized enterprises they supported to provide some of the local content and services their staff and operations would require,” Mr. Behrstock says.

The programme demonstrates that positive initial contacts and growing levels of collaboration and trust often form the foundation of larger, future projects. In this case, both ChevronTexaco and Citibank had earlier made smaller grants to other UNDP initiatives, including a UN booklet promoting human rights that was distributed to secondary school students and a UNDP-sponsored national Human Development Report for Kazakhstan.

In the future, the partners advise that projects take into consideration the cycles and systems of corporate donations to facilitate approval and processing, as well as to enhance the likelihood of sustainability at the end of the funding cycle.

The Angola Enterprise Programme builds on the experience UNDP and ChevronTexaco shared in Kazakhstan. With a Memorandum of Understanding signed in November 2002, just months after the peace agreement which ended Angola’s more than two decade-long civil war, the partnership is working to support micro and small enterprise development. At this critical transition from humanitarian emergency to economic and political development, the Angolan government has made building the local private sector a priority. The three-year programme supports this national priority through four interlinked components: vocational training, business development services, microfinance as well as research into the informal sector and development of policies that help micro and small businesses thrive.

UNDP and ChevronTexaco have worked closely throughout the development of the programme and are committing both the financial—US$1 million and US$3 million respectively—and human resources necessary to make it a success.

As the project moves forward, it will be led by a Steering Committee that will bring together government and civil society, together with UNDP and ChevronTexaco, to guide implementation, monitor results, build on lessons learned and continuously strive toward building a national vision for local private sector support.
Social Impact Survey of Gas Pipeline in China
The Challenge
The $8.5 billion West-East Pipeline Project is the backbone of China’s energy policy and its second largest infrastructure project, traversing some 4,000 kilometres to reach China’s major gas markets on the eastern seaboard. For Shell, the representative of the international group of companies that have signed a joint venture framework agreement with PetroChina, it represents a vast operational challenge from the environmental, social and technical points of views. Though not required by Chinese law, completing a social impact assessment of the project was a crucial internal factor in Shell’s decision to participate.

The Partnership
Following a series of discussions, Shell China Exploration and Production signed a cost-sharing-agreement with UNDP in early 2002, with the understanding that the international organization would oversee and manage the survey component of the assessment.

In partnership with the China International Centre for Economic and Technology Exchanges, UNDP engaged six national consulting institutions and NGOs, provincial and country statistics bureaux, the State Statistics Bureau, and a team of national and international consultants to complete the survey.

Despite enormous coordination and operational challenges, more than 10,750 people living along the 3,583-kilometre pipeline route were interviewed in less than four months.

Development Impacts
As the first of its kind in China – and the first in which UNDP has participated – the survey is unusual in many respects. First, it focused far more than traditional social impact assessments on capturing and analyzing the opinions and recommendations of affected households and stakeholders. Second, it revealed that much of the highly detailed information needed for a more conventional social impact assessment – a precise and detailed footprint of the project – was still not available at the time of the survey in five of the seven provinces. This in itself is an important finding which demonstrates the importance of long-term planning ahead of project construction. Finally, involving local institutions helped build capacity and set an important precedent for other large-scale investment projects.

“The social impact survey is innovative, forward-looking and we hope it will have a major impact on the way such large-scale investment projects are carried out in future,” says Kerstin Leitner, UNDP Resident Representative in China at the time of the survey.

UNDP expects the social impact survey will jump-start discussions on other issues as well, including the management of revenue and resource flows in a way that strikes a balance between local, national and international interests.
Business Benefits
Shell has made a strong commitment to engage with the people affected by its activities and in social investments that bring lasting value. It has also sought to fulfil its pledge to operationalize the Global Compact’s principles on sustainable development and human rights.

The social impact survey has been an essential first step in accomplishing these goals since it provides a solid information base on the conditions and priorities of communities living along the route. This will be critical in managing future expectations and mitigating risk as well as to mapping development priorities and areas of potential partnership with the communities, government and civil society.

“This is not a one-off project,” says Gordon Parry, former regional advisor for Shell Exploration and Production. “We would like to work with UNDP on implementing some of the recommendations contained in the survey, and to find ways of bringing sustainable development to the people along the pipeline route.”

UNDP Role
As a trusted and neutral development partner of the government for over 20 years, with close working relationships with many of its institutions, UNDP was able to coordinate government support at both the local and national levels and to obtain the census data necessary to complete the survey. It was also able to draw on its experience of funding and managing a large number of projects in China to quicken the process and help ensure the reliability and credibility of its findings.

“UNDP had a great deal of experience doing consultation in poverty alleviation and all the necessary civil society and government contacts,” says Albert Wong, who was Shell China’s external affairs manager for the West-East project at the time of the survey.

“A social impact assessment of this scale had never been done before in China, so UNDP’s coordination assistance for the survey was essential to getting a quality piece of work completed on very short deadlines.”

Conclusion
The partnership has demonstrated the mutual learning and long-term benefits derived from working together on issues of shared concern. “Completing the assessment with UNDP enriched our knowledge of China and the development context, while UNDP gained a greater understanding of oil and gas operations,” Mr. Wong says. “This understanding will be a great asset as we collaborate with UNDP and other organizations on development projects in China and elsewhere.”
CASE STUDY

Intellectual Property Rights Training in China
The Challenge
Since joining the World Trade Organization in December 2001, China has made extensive and highly visible reforms mandated by the organization, including in the area of intellectual property rights. Relevant laws have been updated and legal personnel have been trained to handle dispute cases.

Yet despite China’s concerted efforts to enforce compliance with such rights, unprecedented economic growth in that country has led to a surge in counterfeit activities that appears to have no parallel in history. Full implementation of laws and regulations are still far off, compounded by a general lack of awareness concerning such laws among local businesses and consumers. Enforcing national legislation will require a stronger role on the part of non-governmental organizations, including industrial associations and local chambers of commerce and industry.

Recognizing the importance of intellectual property rights to its international competitiveness, the Chinese government has declared counterfeiting a priority issue. UNDP China has supported the state’s efforts to combat the problem through broad-based engagement with both the private sector and civil society to raise awareness at the local level of new international property rights laws.

The Partnership
In close consultation with the Chinese Government and the Quality Brand Protection Coalition, which represents more than 83 multinational companies operating in that country, UNDP has initiated a partnership to encourage increased cooperation among all key players on intellectual property rights issues. The partnership involves the Quality Brand Protection Coalition, the China General Chamber of Commerce and Industry, the government and leading academic institutions.

This joint exercise aims at enhancing China’s credibility in the changing global economy and introducing respect and acknowledgment locally of the trademark concept. With financial support from UNDP, a survey was carried out at one of three anti-counterfeiting ‘hot-spots’ in Quanzhou, Fujian Province, to understand more fully the root causes of the illegal practice.

The study, conducted by two Chinese research institutions – the China Academy of Social Sciences and the State Development Research Centre – in close collaboration with other partners, revealed some important changes in thinking at the local level. It also yielded examples of compliance generated jointly by local business associations and the government.

Based on report findings, the Quality Brand Protection Coalition pledged $100,000 in 2001 in a cost-sharing agreement with UNDP to test the impact of training on intellectual property rights issues among Quanzhou’s businesses and related institutions. If it succeeded in diminishing counterfeiting activities, the experiment would be a model for replication in other Chinese cities.

### Corporate Partner
- Quality Brand Protection Coalition, a group of more than 83 multinational companies operating in China.

### Additional Partners
- Local and national governments, the China Academy of Social Sciences, the State Development Research Centre, the China International Centre for Economic and Technical Exchanges, the All China General Chamber of Commerce.

### Partnership
- The Businessmen’s Education on Intellectual Property Rights Project to train local entrepreneurs compliance with international standards.

### Lessons Learned
- Private sector can effectively contribute to closing the gap between laws and their implementation by building awareness among its peers.
- Engaging local organizations in public-private partnerships helps build capacity by transferring knowledge, skills and technology.
- Partnership negotiations are most effective when they revolve around concrete development initiatives of mutual concern and clear benefits for all partners.

Our strength is that we have the drawing power to bring multiple actors together, including the best known experts, and we know where we, as UNDP, can help make a difference.
The first pilot workshop was undertaken in Fujian with over 200 participants from local businesses, business associations, the government and academia; the second was carried out in Guanzhou, with 180 attendees. After more pilot tests, the training model will be handed over to All China General Chamber of Commerce and Industry.

**Development Impacts**
According to Luan Liying, senior officer for strategic partnerships at UNDP China, the consultation process has encouraged a conceptual change on the part of the Quality Brand Protection Coalition on the compliance issue and a new appreciation of the role of civil society in enforcing such changes. More importantly, it has shifted the focus from policing to prevention. “For the Coalition, it is now a question of effective corporate citizenship. The model has helped them to look at the issue from the perspective of other key stakeholders and to work with local partners to effectively deal with the issue.”

The initiative has also helped to develop the capacity of the participating Chinese research institutions by engaging them in dialogue and the survey exercise.

**Business Benefits**
Illegal activities associated with violations of intellectual property rights have seriously hit both domestic Chinese companies and many well-known brands, including multinationals in China, reducing their profits and destroying their trademarks. The primary goal of the Businessmen’s Education on Intellectual Property Rights Compliance Project is to develop the capacity of local businesses and associations to respect such rights and to increase their profitability. The work is expected to extend China’s enforcement capacity beyond the government, thus bolstering the effectiveness of national legislation and contributing to the rule of law.

**UNDP Role**
Cooperation among all key players – local, national and international – is crucial to address this complex issue. As a neutral and non-commercial partner of the government, UNDP has been a source of international experience and technical expertise on intellectual property rights issues. It has also provided assistance to local governments and businesses to help cushion the negative economic effects of anti-counterfeiting measures.

“Our strength is that we have the drawing power to bring multiple actors together, including the best known experts, and we know where we, as UNDP, can help make a difference,” says UNDP Resident Representative Kerstin Leitner.

**Conclusion**
Given that success lies in matching the needs of business, local communities and the national government, establishing strong, enduring alliances requires persistence, Ms. Leitner adds. She also says that the process must be managed through intensive dialogue around concrete development activities.
CASE STUDY
Human Rights Training in Venezuela
The Challenge
Statoil Venezuela, a subsidiary of the Norwegian oil company, has been a joint venture partner in Venezuela’s oil industry since 1997. Though grounded in Norway’s liberal social and political traditions, and keen that its policy of corporate social responsibility be reflected in concrete actions at the country level, Statoil’s direct influence on any single community in Venezuela was limited. The company had also made a firm commitment to the Global Compact and wanted to contribute concretely to its aims of promoting and implementing human rights. Subsequently it sought engagement in a project that would have local, regional and national impact.

When Statoil approached the UNDP office in Caracas as a potential partner in developing a suitable project, the organization tried to direct the company toward projects with a social development component, in keeping with its own mandate and expertise. When Statoil made clear its intentions to work on human rights issues, UNDP found a perfect fit in a newly developed collaboration with the local chapter of Amnesty International to train judges in human rights.

The Partnership
Discussions between the prospective partners began in May 1999, as Amnesty International and UNDP were formulating a basic structure for the project. The partnership between Statoil and UNDP was formalized that same year with a signed Memorandum of Understanding. The Training Programme in Human Rights for Judges, which subsequently evolved, consists of a four-way partnership involving Statoil, UNDP, Amnesty International and the Venezuelan Consejo de la Judicicatura (Judicial Council), the branch of government responsible for judicial training and administration. The intensive, one-week training course was designed by Amnesty International and is administered together with the Judicial Council. Its goal was to train up to 1,200 judges and 200 public defenders in human rights instruments. The objective was not only to increase judges’ ability to handle specific human rights cases, but also to apply human rights thinking to their everyday legal work.

Phase One
The project was planned in three modules, beginning in the fall of 1999. In the first phase, 24 criminal court judges from Caracas were selected by the Judicial Council and the Ministry of Justice, and trained in key international instruments, national legislation and practical examples of how to identify abuses and take human rights into consideration in their judgements.

The first module was successfully completed but immediately following his election, President Hugo Chavez embarked on a comprehensive review of the country’s legal system. This included a decision to rewrite the country’s Constitution as well as wide-ranging judicial reforms. The project was suspended temporarily while the changes were implemented.

Once the process of constitutional change ended in December 2000, the country had abandoned the inquisitorial system in favour of the Anglo-Saxon tradition of innocence until proved
guilty and Venezuela’s new Constitution was judged one of the most advanced in the world with respect to human rights. At the same time, hundreds of judges and public prosecutors either voluntarily retired or were suspended or dismissed.

The project was reinitiated based on the new legal framework and all the judges retrained. Fortunately, those formerly selected were still in position and eager to continue (a tribute to the high standards used in the original selection process).

In 2002, the second module began and the newly qualified judges were sent into the country’s two most populous states, Anzoátegui in the east and Zulia in the west, where Statoil operates as a joint venture partner. Drawing on logistical help from the Judicial Council, the original judges shared their human rights knowledge with over 60 more judges.

**Project Expansion**

With a positive evaluation of the pilot phase by an independent party, the third phase of the project is now being rolled out in the rest of the country. Because of the programme’s success, the final goal was expanded beyond the company’s operational areas, to provide training for approximately 1,200 judges around the country. Before the end of 2004, it is expected that all the 400 criminal court judges in the country will have received this human rights training.

The partners are now in discussion with potential funders, including the Norwegian Government, to help find sources of additional support. Regardless of the outcome though, says Ilse Castellanos, representative for public and government affairs at Statoil Venezuela, the company’s commitment is firm, and it will actively pursue alternative funding sources if necessary to see the project to completion.

**Development Impacts**

According to judges participating in the programme, the training has enabled them to translate the broad human rights commitments contained in the new Constitution into operational reality.

From the perspective of Richard Tichauer, the UNDP Resident Representative in Venezuela at the time the project was developed, this is a key indicator of success. “The goal of this project is for every judge in Venezuela to take human rights into consideration in their day-to-day rulings as a means of enriching both their decision-making power and independence. Whether judging a thief who stole a chicken or a man who hit his wife, the judge will have national and international human rights instruments in mind.”

By increasing overall awareness, the training has helped underscore the importance of Venezuela’s constitutional commitments and ratification of international human rights agreements. It has also enabled the judiciary to demonstrate the seriousness of its pledge to uphold these obligations by transferring to judges the skills necessary to implement domestic and internationally-agreed upon principles.

Fernando Fernandez, the Amnesty International representative for the project, says the partnership has been a success so far from his organization’s point of view but warns that NGOs working with oil companies in the field of human rights are treading a fine line. He admits, however, that the funding provided by private sector collaboration in a project like this is valuable to furthering the cause of human rights, as long as an organization such as UNDP is there to ensure the ‘checks and balances’ involved in Amnesty’s procedures are still observed.
“The most important long-term result is the partnerships’ contribution to a change in mind-set in the legal community,” Mr. Fernandez said. “A project and an alliance of this kind were unthinkable five years ago, the fact that different actors are now concentrating efforts in this direction is a very important step forward.”

Business Benefits
Statoil’s chief concern has been the promotion of its corporate values: it sees its commitment to social responsibility as an important part of its public image, one that moves beyond charitable philanthropy. By contributing financially and monitoring the project, it was able to promote its corporate values and positively influence social conditions without impinging on the role of government or exceeding its legitimate societal role.

“In the final account, a project of this kind helps to bring the different forms of legitimacy that all partners need to function because it strengthens institutions,” says Ms. Castellanos.

Within Venezuela, Statoil believes this contribution to good governance helps to create a more stable business environment. “A project like this with a capacity-building character can contribute to political stability and economic development, and therefore improve a company’s framework conditions,” said Staffan Riben, Statoil’s country manager for Venezuela.

The programme has also had positive spin-offs for the company’s external reputation, enhancing its legitimacy and demonstrating its commitment to operationalizing the Global Compact’s principles. It has also given the company a business advantage by enabling it to show future international joint venture partners the value that can stem from participating in multisectoral projects.

“This is the first time an oil company has been involved in a human rights project in Venezuela, which is important because it gives us a chance to reflect the social values of Statoil and Scandinavian and Norwegian society,” says Ms. Castellanos.

In addition to the benefits to the company’s reputation, the programme has also had unexpected internal benefits in terms of raising employee awareness and cultivating international understanding. Anne Kristin Sydnes, Statoil’s former vice president for national risk and human rights, says of the initiative, “This programme…represents a new model for collaboration between industry, the UN, Amnesty and the authorities. We hope to draw lessons from this, not least in enhancing the understanding our employees have about the society in which we operate.”

UNDP Role
From Statoil’s standpoint, Ms. Castellanos says that such a project would not have been possible without UNDP’s capacity to translate abstract ideas into operational reality. UNDP’s role as intermediary has also been critical to establishing and maintaining the integrity and independence needed in a project dealing with sensitive human rights issues.

Traditionally, the relationship between human rights organizations and oil companies has been an adversarial one. By acting as an honest broker, UNDP helped to promote dialogue with key government authorities and the transparency necessary to bring diverse groups together in a partnership to reinforce state judicial capacity.

“UNDP’s very particular advantage is the ability to be a trusted partner of government authorities,” Mr. Tichauer says. “For a government that has little confidence in the private sector, the fact that UNDP said it stood behind the initiative gave it the legitimacy that neither an NGO nor a private sector company could provide.”
Being a trusted partner was also critical to Statoil, the sole funding body, which has contributed $150,000 to the project so far, with a projected $700,000 to follow. “Since we knew UNDP was handling the funds, money was never a concern for us internally,” says Ms. Castellanos.

**Conclusion**

The real difference between this project and previous collaborations between NGOs and the private sector in Venezuela is the four-way partnership and the efficiency it has been able to achieve. With Statoil providing funding and oversight, Amnesty providing technical support and human rights training, and the Venezuelan state identifying the judges to be trained and making sure the training was in accordance with the Constitution, UNDP's task has been to lend credibility to the project by administering it transparently and efficiently while avoiding conflicts of interest. A well-defined division of labour has worked to everyone's advantage, with each partner able to concentrate on its own area of expertise without overstepping the legitimate boundaries of its influence.

“This project is achieving remarkable success due to the strength of collaboration between entirely separate entities, focused on a common objective,” Ms. Castellanos says. “Independently, we could not have accomplished so much.”

The partnership is also noteworthy since it has been able to have a significant impact with a relatively low level of funding. And, it is potentially self-sustaining, since judges are being trained to educate other judges. The judges have recommended that training be expanded to police and public prosecutors in the future, to achieve a greater awareness and expertise throughout the system.

Antonio Molpeceres, the current UNDP Resident Representative in Venezuela, admits that cultivating such active partnerships requires considerable personal investment. “We are a big organization with a lot of checks and balances others might see as stumbling blocks. But I think we are one of the most nimble and quick-reacting organizations for our size, and it is precisely our rules and regulations that allow us to work so effectively in partnership with the private sector.”

Statoil is currently exploring ways to expand the model to other Latin American countries where it has operations.
The India Partnership Forum
The Global Compact was formed to discuss a new concept of development for the world's poorest countries; one whereby businesses and NGO's would cooperate to create economic opportunities that are both sustainable and ethical, and capable of bringing stability and long-term business development to those nations.

As the overall coordinator of UN activities at the country level, UNDP has taken the lead in introducing and operationalizing the Global Compact through its offices in 166 countries. Today, about half of the over 40 local networks established through mid-2003 are sustained through UNDP.

For UNDP, the Global Compact is an important platform to both reach out to companies and in turn to help them reach out to other stakeholders such as government, civil society and communities. Through advocacy and outreach, policy dialogue, learning forums and concrete partnership projects and initiatives it helps companies to convert their commitment to the Global Compact's nine principles of responsible business into practice.

The Challenge
The combination of an active corporate sector and enormous development challenges in India has resulted in a sophisticated and extensive network of corporate philanthropy. Every year Indian businesses spend almost $2 billion on community development.

Meanwhile, the economic reforms of the last ten years have opened the nation's economy, presenting widening opportunities for development and prosperity, but also raising concerns about greater marginalization of the country's poor. Consequently, the private sector is now being challenged to move beyond philanthropy and to align itself more broadly with India's human development goals.

Since it was launched in 2000, UNDP in India has used the Global Compact as a platform to build on corporations' sense of responsible citizenship and to put to good use the tremendous potential of their financial and other resources. Today, almost every area of UNDP India's work involves some form of cooperation with the private sector.

The Partnership
The India Partnership Forum has been at the centre of this cooperation and the primary means through which UNDP is contributing to positive change in business attitudes and practices. The Forum was jointly launched in February 2001 in New Delhi by UNDP Administrator Mark Malloch Brown and Arun Bharat Ram, then president of the Confederation of Indian Industry, a business organization with a direct membership of over 3,900 small- and medium-sized enterprises and multinational corporations, and indirect membership of over 40,000 companies.

The Forum's mission is to promote and strengthen corporate social responsibility by connecting the private sector, civil society organizations and the government, and to help build trust and

| CORPORATE PARTNER | Confederation of Indian Industry, a business association with a direct membership of 3,900 private and public companies. |
| ADDITIONAL PARTNERS | Board of directors includes members from government, academia and civil society. |
| PARTNERSHIPS | The India Partnership Forum and the Social Code for Business, a multi-stakeholder framework to promote dialogue and concrete development initiatives in the field of corporate social responsibility. |
| LESSONS LEARNED | • Broad initiatives require strong personal commitment and focal points capable of managing day-to-day partnership operations.  
• Partnerships with industry associations can be an effective tool to mobilize broad-based support for corporate responsibility and sustainable development.  
• Moving companies from philanthropy to sustainable development requires a commitment at the highest levels of management and systems for a strategic approach to social investment. |
a cooperative framework that will ultimately benefit the poor. Guided by a board that includes corporations, NGOs, government, international agencies and the media, the Forum has a wide-ranging mandate. It includes advocacy and capacity-building, the sponsorship of conferences and workshops, along with media and experience-sharing missions to other nations, particularly in Asia.

One of the chief advocacy tools employed by the Forum is an indigenous version of the Global Compact, the Social Code for Business, which was launched together with the Forum. This voluntary Code comprises 11 main principles relating expressly to Indian business and development challenges. They range from the specific, such as the need for a senior executive in charge of corporate social responsibility, to the general, where the signatory agrees to “synergize all available opportunities to bring about holistic development of the local community.” While a company is not obliged to adopt all the principles at once, action on any one issue is likely to generate activities in another.

By the end of 2003, over 60 companies had signed on, a relatively small but important step toward the goal of full adoption of the Social Code by Confederation of Indian Industry members.

Going forward, the Forum will extend its mission to include capacity-building support to companies seeking to adopt and incorporate the Social Code principles into their core business practices. It will also work to mainstream education in corporate social responsibility in management and business schools and promote and strengthen corporate volunteerism.

“The Indian corporations have a tradition of philanthropy - donations and charity - stemming from their own good will,” explains Momin Jaan, UNDP India’s private sector focal point. “The Global Compact challenges them to move beyond philanthropy toward a more proactive and sustained development agenda.”

About 90 leading Indian companies have joined the Global Compact together with a number of industry associations such as the Confederation of Indian Industries, as well as employer agencies and professional bodies. Two Global Compact networks have also been established – one in Mumbai and one in New Delhi.

UNDP recognized that to effectively draw companies into reducing poverty would require a knowledge base of existing policies and best practices. To that end, UNDP brought together PricewaterhouseCoopers, the Confederation of Indian Industries and the British Council in a joint survey on corporate social responsibility. The 2002 survey, whose findings are now being shared with corporations across the country, explored perceptions of business leaders, current approaches, incentives for becoming socially responsible and barriers faced. Ten in-depth case studies were also undertaken as part of the survey.

Expanding the Initiative
As awareness grows and corporations begin to integrate social responsibility into their business models and practices, the Forum is shifting its focus to transform goodwill into concrete partnerships. Seed funding from the UK Department for International Development of $25,000, which helped launch operations, also allowed for consultations in various regions on partnership-building processes and identification of key interest areas. This led to the identification of several important themes, including capacity-building for community development, HIV/AIDS awareness and prevention, women’s empowerment (with a focus on information technology), and benchmarking corporate social initiatives and practices.

In response, UNDP has initiated a number of pilot projects under Forum auspices that are deliberately designed to contribute to learning and form a portfolio of potential partnership opportunities.
The effort in all cases is to link business with thematic areas under UNDP’s country programme and, more broadly, with Millennium Development Goals. This helps ensure that company efforts are in line with national development priorities and increases the likelihood of shaping an effective public-policy environment that fosters corporate social responsibility. “When corporations find it convenient and effortless to contribute to development, that is when we will see the potential realized,” Ms. Jaan says.

Impact
In the short time since its inception, the Forum has become an effective tool to engage companies in a wide range of development issues and to demonstrate the benefits of partnerships for both communities and business.

Among the first partnership initiatives is an HIV/AIDS sensitization programme for youth with NIIT (India’s leading software and information technology education company). Another is the creation of child-labour-free zones, a project that is being carried out with the support of Swedish furniture maker Ikea and India’s Anand Group, an auto spare parts manufacturer.

UNDP is also working with India’s Tata Group (a holding company that represents roughly 85 others) on a pilot project to systematically measure the impact of some 50 years of development contributions. Benchmarking programme outputs to such human development indicators as health, education and income will facilitate ‘triple-bottom-line’ reporting and increase accountability to outside stakeholders. It will also help companies such as Tata, with a strong tradition of community development, determine the value of their social investment dollars so as to formulate targeted, results-based approaches based on a long-term vision of what they want to accomplish.

Business Benefits
While immediate benefits are already being seen in the area of HIV/AIDS awareness and eradication of child labour, UNDP and the Confederation of Indian Industry are ultimately investing in the future. The Confederation hopes that institutionalized dialogue and interaction with civil society will evolve into a greater willingness and commitment to partnerships. At the same time, its goal is to build capacity and encourage companies to create systems and mechanisms for corporate social responsibility that will generate commitment from the highest levels of management.

Joint UNDP-Confederation efforts at sensitization have already borne fruit, says Parvati Krishnan, the Confederation’s deputy director. “We no longer need to explain to companies why they should take a proactive role in development,” she says. “They have money they want to invest for the community, but they don’t know how to go about it. The Forum is there to identify a credible partner and a suitable development project for them to become involved in.”

According to Ms. Krishnan, the Forum and the Social Code have become a driving force for responsible business practices. She points to the fact that corporate social responsibility was a topic of discussion at the recent India Economic Summit, which until 2001 addressed economic issues exclusively. “This is a major achievement, which shows that over a short period of time the India Partnership Forum has established the credibility to be taken seriously.”

UNDP Role
Both partners agree that the Forum has also been an important catalyst in bringing together representatives from government, business, civil society and the media, with UNDP in the role of facilitator.
Decades of working in partnership with the Indian Government to set and fulfill national development priorities has provided UNDP India a unique vantage point from which to spur and guide discussions on the most effective forms of collaboration among the various stakeholders. “One value added is that we can link companies to development causes, network with global communities and create linkages with various stakeholders in development, including central and state governments,” Ms. Jaan says.

Ms. Krishnan credits UNDP India for championing new initiatives and for commanding the respect necessary to develop relationships with partners that business could not engage on their own. This has been particularly true of the Confederation of Indian Industry’s work with government ministries, where the relationship with UNDP has greatly facilitated dialogue.

**Conclusion**

One of the most fundamental lessons learned so far is that there is no one approach to corporate social responsibility that can be applied universally, or even within a single company. As a result, UNDP is engaging with companies on multiple levels, through the Forum as well as on an individual basis. An important component of this multi-pronged approach is to establish concrete public-private partnerships at various levels of government.

Having a focal point on each side of the partnership has been essential in taking the social responsibility agenda forward, both Ms. Jaan and Ms. Krishnan say. The two women speak on a daily basis and commit up to 80 percent of their time to making the Forum a success. “You need personal leadership and full attention when you are trying to institutionalize corporate social responsibility,” Ms. Krishnan says. “We, and our members, take this responsibility and our partnership with UNDP very seriously.”

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**Objectives of the Forum**

- Provide a platform to facilitate dialogue, including on the role and responsibilities of business in development and policies and actions that support it.
- Exchange views and experience on issues related to corporate social responsibility.
- Build bridges across different societal groups: business, civil society organizations and government.
- Build a ‘shared social vision’ and create an environment for interactive discussions with new partners.
- Build ‘social capital’ to foster linkages for the creation and implementation of business and civil society partnerships with disadvantaged groups.
- Institutionalize interaction between the private sector and civil society.
The National Partnership Forum in Nigeria
The Challenge

Despite Nigeria’s transition to democracy in 1998, almost 30 years of military rule have left their mark. The State’s capacity to deliver social services and ensure the well-being of its people has severely declined in recent years. At the same time, development organizations and the private sector have expressed frustration at the less than optimal development outcomes of huge investments by the private sector.

Dialogues with government, civil society and the private sector which took place during UNDP Administrator Mark Malloch Brown’s visit to Nigeria in December 2000 underscored the urgent need to reorient corporate social investment toward support of government poverty reduction initiatives and policy commitments. It also highlighted the need to build trust between business and civil society. Among the various groups, there was common agreement that partnerships that align non-traditional financial support with sustainable development would be essential if Nigeria’s transition to democracy is to firmly take hold.

The Partnership

With these objectives in mind, UNDP established the National Partnership Forum in February 2001. Founded in the principles of the Global Compact, the Forum is a multi-stakeholder framework to facilitate dialogue on corporate social responsibility and to identify concrete partnership opportunities that will contribute to Nigeria’s sustainable development.

Members of the private sector including ChevronTexaco, the Nigeria-British Chamber of Commerce, Cadbury, Nestle and a number of prominent Nigerian banks, are expected to demonstrate their commitment to being good corporate citizens by participating in dialogues around issues related to the critical socio-economic problems facing Nigeria and advocacy around its development goals. They also share lessons learned through the Learning Bank, which highlights progress on development initiatives sponsored by the Forum and disseminates lessons learned through the UNDP website, television and print media.

Project Expansion

Since its launch, Forum members have developed consensus on the need to leverage and concentrate private sector contributions toward poverty eradication and community development in the country’s most deprived areas. To do this in a way that contributes to transparent financial management, access to technical resources and effective coordination of efforts, UNDP launched the Human Development Fund in January 2002. The Fund, which was created under a Forum sub-committee chaired by PricewaterhouseCoopers, is specifically targeted at providing Nigeria’s poor opportunities and integrated access to resources for their productive self-employment, income generation and human development. In practice this means projects which support basic social infrastructure in areas such as clean water and sanitation, health care, job creation for youth and rural communities, functional literacy and micro-credit.

CORPORATE PARTNERS

Over 60 national and international companies.

ADDITIONAL PARTNERS

A board comprising members of government, academia and civil society.

PARTNERSHIP

National Partnership Forum, a multi-stakeholder framework founded on the Global Compact principles to encourage dialogue around corporate social responsibility and sustainable development.

Human Development Fund, a coalition of development partners that includes the private sector, state, local and national governments, international donors, NGOs, communities and private individuals contributing to development projects.

LESSONS LEARNED

• The Global Compact can be an effective platform for UNDP to help build the trust, understanding and respect necessary for effective public-private partnerships.
• Sustaining voluntary member-based organizations requires the personal commitment of a trusted member of society like UNDP.
• Giving recognition to corporate contributions and ensuring ownership of the process encourages corporate citizenship.

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Already, $2.5 million has been pledged by a variety of government, international, private sector and individual donors. An additional $500,000 was promised by two states with more resources expected as the Fund is launched at the state level. For its part, UNDP has committed over $6.3 million in support of the initiative.

The funds are administered by a 12-member board of prominent Nigerians, drawn from the government, private sector, academia, labour unions and civil society and representing an array of competencies and experience. At the state level, the Fund is administered by a field unit with a state board answerable to the national board. UNDP serves as the Forum Secretariat and the UNDP Resident Representative acts as chairman and secretary, facilitating activities and ensuring a spirit of openness and transparency. UNDP state monitoring and evaluation units also provide support to the technical committees implementing projects.

The structure of the Fund enables donors to contribute amounts of all sizes to support its general mission or specify the project, state and locality where they want their donation directed. Full credit is given to those organizations and individuals sponsoring work, as a way to encourage social responsibility by the private sector and wealthy, philanthropic Nigerians. Communities across the country’s 36 states are potentially eligible for support under the Fund.

Among the projects already identified by various states and communities are computer learning centres, HIV/AIDS awareness campaigns and provision of clean water. UNDP has already begun working with Nigeria’s banking sector to help it fulfill its mandate of devoting 10 percent of its pre-tax profit to small- and medium-sized enterprise and micro-business development.

Development Impacts
Since the Forum’s inception, UNDP has capitalized on the various groups’ commitment to work together to advocate a partnership approach to tackling development challenges. So far, it has proved to be an effective way of sensitizing the private sector to UNDP’s work and the Global Compact mandate, and of mobilizing alternative sources of funding for poverty alleviation.

While many Nigerian NGOs continue to view any form of business-NGO collaboration with suspicion, dialogue is helping others to recognize the potential benefits.

“One of the greatest challenges we face in Nigeria is overcoming the climate of mistrust. That has been the first goal of the Forum,” says Mbaya Kankwenda, UNDP Resident Representative in Nigeria at the time it was established. “The Fund is a way of capitalizing on our accomplishments by pushing dialogue to the level of commitment.”

Success has been due in part to the multi-stakeholder board. In addition to becoming some of the strongest proponents of UNDP goals generally, and the Global Compact in particular, the board’s commitment has sent a signal to potential donors that funds will be administered in a transparent and accountable manner.

“As a result of the Forum, we now have a core of prominent private sector individuals aware of what UNDP is trying to accomplish and advocating on our behalf,” says Emmanuel Evbodaghe, UNDP’s private sector focal point.

It has also resulted in a Memorandum of Understanding signed by Chevron Texaco and UNDP to explore potential partnership opportunities.
UNDP expects contributions will begin to be disbursed into projects once the new government is firmly established in 2004. Discussions are also being finalized with Shell to formalize a partnership around strengthening governance capacity and human development in the Niger Delta.

**Business Benefits**

In Nigeria, as in other parts of the world, business is increasingly recognizing the negative impact of poverty on its activities. By providing an opportunity to begin assessing needs and priorities, and defining roles and responsibilities together with key stakeholders, the Forum is helping businesses take a more strategic approach to their corporate responsibility goals.

“This is not the first time groups have come together around these issues in Nigeria, but this is the first time we are seeing the private sector accept responsibility and commit resources toward poverty alleviation for their own self-interest,” says Cecilia Ibru, managing director of Nigeria’s Oceanic Bank and a member of the Forum’s board.

The Forum’s diverse membership has also created a dynamic network of contacts. Partners bring their specific skills, concerns and interests to the table. They can then seek solutions to common problems or opportunities on the basis of the competency they bring and the legitimacy and transparency afforded through the Forum.

For the oil and gas companies operating in the troubled Delta region, the ability to dialogue and share concerns within the framework of the Forum has been particularly welcome.

**UNDP Role**

UNDP leadership is seen as a great asset by Forum, including the government. Speaking at the Fund’s launch, Nigerian President Olusegun Obasanjo said his government is firmly behind the initiative: “The human development of Nigeria is a priority of this administration, and we value our partnership with UNDP toward this goal.”

Decades of work in poverty alleviation has helped UNDP build a track record of success based on the trust of Nigeria’s ethnically diverse communities. More recently, it has begun developing a reputation for brokering relationships among government, civil society and business that foster greater corporate social responsibility.

“UNDP has been successful in launching the Forum because of its reputation as a credible institution identified with success,” Ms. Ibru explains. “People from all sectors trust UNDP will take its commitments seriously, will be accountable and will follow-through. These components are critical for any successful project in Nigeria.”

As the Fund begins the work of implementing projects, UNDP will contribute its expertise in transferring knowledge, skills and technology. It will also design, manage and administer several projects on behalf of private sector donors.

**Conclusion**

Establishing the Forum has not been without challenges. Mr. Kankwenda says that one of the most difficult hurdles faced by UNDP was convincing business of its social responsibility. This has demanded a good deal of time on the part of UNDP, which uses the Global Compact principles to both encourage dialogue among members and one-on-one conversations with individual organizations. Giving recognition where due and ensuring ‘ownership’ of the process by the private sector has been essential in getting companies to take the first step.
Great strides have already been made in learning how to work together and in finding commonality among diverse stakeholders. With the National Partnership Forum still in the early stages of implementation, its long-term impact will be measured on how effectively it builds on this foundation to provoke changes in company and civil society perspectives, gather support, stimulate action, influence policies and pool resources toward poverty reduction.