



B U S I N E S S A C T I O N F O R T H E M D G S

Private Sector Involvement as a Vital Factor in Achieving the Millennium Development Goals



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Millennium Development Goals**

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BUSINESS ACTION FOR THE MDGS

Private Sector Involvement as a Vital Factor in Achieving the Millennium Development Goals

HOW THE MDGS ARE UNIQUE COMPARED TO PREVIOUS DEVELOPMENT GOALS

When the U.N. Millennium Development Goals (MDGs) were first announced, many development professionals felt that the MDGs were simply another set of promises rife with rhetoric and set to form another set of broken promises to the poor. Upon further reflection, several key factors distinguish the MDGs from previous “commitments” to end poverty, and which are vital to the success of the initiative:

- Non-industrialized countries are involved in all aspects of realizing the goals, including strategic planning, implementation, and reporting.
- The goals are measurable, with reportable performance evaluation targets, dates and metrics identified and outlined for each MDG.
- Over 100 participating non-industrialized countries are involved in monitoring and reporting on those performance metrics.
- There is strong business interest and involvement.

BUSINESSES ARE INCREASINGLY INVOLVED IN ACHIEVEMENT OF THE GOALS

In 2005, the Corporate Social Responsibility practice at the World Bank Institute conducted a survey to identify examples of business’ involvement in achievement of the MDGs. Responses were received from over 30 organizations directly involved in the MDG campaign including the MDG task forces

on Childhood Education; Childhood Mortality; Technology Access; Hunger; and Safe Drinking Water; the Business Council for the United Nations; Center for Science, Technology and Society; Earth Council Alliance; Equal Access; Global Compact; Millennium Campaign; Sister Cities International; TIME International; United Nations Fund for International Partnerships; United Nations Development Program; United Nations Foundation; the World Technology Network, and several from the private sector. This survey revealed several examples of direct business involvement in partnership initiatives that are directly or indirectly related to the Millennium Development Goals. They include:

- AMD's 50X15 initiative to empower 50% of the world's population with basic Internet service and computing access by the year 2015;
- The privately-funded Akshaya Patra Foundation School Feeding Program that provides free meals everyday to poverty stricken school children in southern India
- Businesses are supporting multiple fellowship and capacity-building programs for micro-enterprise, social enterprise and other "strong hybrid" or "market-based solutions" to poverty and sustainable economic development that are innovative, effective, and scalable and which have measurable impact. Examples include:
 - Global Social Benefit Incubator (Santa Clara University, CA, USA), which brings together private sector Silicon Valley expertise to improve, fund and scale up inventions that benefit the poor;
 - Reuters Digital Vision Fellowship Program, a nine-month fellowship course that brings together 15 experienced technologists and social entrepreneurs from around the globe. Accepted fellows spend a sabbatical year in the heart of Silicon Valley, where they collaborate with faculty, students, commercial technologists, and—most importantly—each other as they work on their projects.
 - Ashoka, an organization that identifies and invests in leading social entrepreneurs—extraordinary individuals with unprecedented ideas for change in their communities—supporting the individual, idea and institution through all phases of their career.
- ChevronTexaco Nigeria YES Alliance utilizes corporate experience and expertise to emphasize business skills training among Nigerian in-school youth

- Coca-Cola Africa Foundation offers anti-retroviral drugs to employees, spouses, and children with UNAIDS;
- Freeplay Foundation provides wind-up and solar powered radios and life-saving information for some of the poorest people in Africa, with support from private sector companies in Silicon Valley;
- GlaxoSmithKline's Drugs for the Developing World forges public-private partnerships with pharmaceutical companies, philanthropists and governments to bring poor market performing drugs to developing countries;
- GLPNet works with private sector content providers to deliver targeted content to education professionals around the world in cooperation with Sun Microsystems that distributes free educational software to every new registrant;
- Grameen Foundation along with MTN Uganda trained over 1000 rural Village Phone Operators throughout Uganda, each earning enough money to repay their microfinance loan and make a profit.
- Through OrphanIT, students in the Philippines, India and Outback Australia receive free accelerated training and are then employed by the private sector to provide web site promotion/IT service for online businesses;
- The ResponsAbility Global Microfinance Fund is a social investment fund founded by Swiss banks and a social venture capital fund and is aimed at bringing microfinance to poor entrepreneurs worldwide;
- Micro-enterprise financing is available for Uganda entrepreneurs from the "energy fund" set up by the Shell Foundation, the charitable arm of Royal Dutch/Shell;
- TIME magazine has embarked on a 4-part special advertising series that puts the UN Millennium Development Goals in front of 21 million readers around the globe which will occur in monthly issues; and
- Unilever's Novella initiative aims to develop a sustainable supply chain of a non-wood forest product—the seed of the Allblackia tree—and establish a new industry of plant oil production in West Africa.
- The African Business Roundtable and NEPAD are actively engaging the private sector on the MDGs in Africa, and were responsible for establishing Bending the Arc (www.bendingthearc.com) to promote partnerships for the attainment of the MDGs in Africa. It is conceived as the public-private 'go to' place for facilitating partnerships in pursuit of the MDGs in Africa.

A full list of these partnerships is available by visiting a World Bank and InWent web-resource www.businessandmdgs.net and clicking on the link for Case Studies. There are, of course, many more good examples from around the world. Organizations are welcome to add more innovative partnership examples to this list by contacting dpetkoski@worldbank.org.

Upon review of these partnerships, threads of commonality appear: all are creative, strategic, focus on a clearly identified need, and are built on a shared vision between the private sector partner and the non-profit or non-governmental organization.

HOW THE PRIVATE SECTOR CAN BECOME INVOLVED

The private sector can become involved in development issues and in supporting the achievement of the MDGs in a variety of ways. Following are some typical ways the private sector contributes to development:

- Buy—locally produced products
- Provide—cost-effective services to the poor
- Donate—surplus, used, or earlier generation products
- Give—financial support to local organizations
- Hire—recruit local talent
- Invest—in education, infrastructure, R&D, technologies
- Promote—create awareness through marketing
- Volunteer—talent and time - core-competency and in-kind giving is a huge leverage point for developing economies and strong communities.

REASONS BUSINESSES ARE INCREASINGLY INVOLVED IN THE MDGs

Overall incentives for businesses to become involved in achievement of the MDGs include:

- New Markets—per capita income is rising, opening up markets at the “bottom of the pyramid”
- Vast Markets—as incomes rise for 4 billion people currently in poverty, market opportunities expand exponentially
- Investment—improved governance increases opportunities for investment
- Labor—a healthier workforce improves productivity and creates a more reliable workforce
- Advocate—firms can serve in a leadership position to change government policies

- Expansion—firms can provide affordable products and services while expanding into new markets
- Image—consumers increasingly want to buy from firms that care about development issues
- Lobby—firms engaged in Corporate Social Responsibility (CSR) often take the lead in regulatory and financial reform
- Responsibility—firms around the globe are being held more accountable for their actions—both in terms of their financial fiduciary responsibility but also to support and not denigrate communities, countries, and regions.
- Lower costs—lower production and transportation costs can be achieved by producing in-market

HOW COUNTRIES ARE ENGAGED WITH THE PRIVATE SECTOR

Many countries are focusing on how the private sector can become involved in achieving MDGs at the country level. For example, the Philippine Business for Social Progress (PBSP) produced a report entitled “Responding to the Millennium Development Challenge: A Roadmap for Philippine Business,” funded by the UN in collaboration with the Philippine Government.

The publication is based on several discussions with key business leaders in the Philippines who have created a strategy to engage business. Most are members and partners of PBSP (www.pbsp.org.ph), and most have an existing CSR program in their company.

As a result, businesses advised PBSP to cluster the eight goals into four: 1) Business and Poverty, 2) Business and Education, 3) Business and Health, 4) Business and the Environment.

They then concluded that to be able to help achieve the MDGs in the country, CSR programs should be addressed on three levels: core business, social investment, and policy. A copy of the publication is available by contacting pbsp@pbsp.org.ph

HOW THE MDG TASK FORCES ARE ENGAGED WITH THE PRIVATE SECTOR

The UN Millennium Project and its Task Forces act as an independent advisory board commissioned by the UN Secretary-General to advise the UN on strategies for achieving the MDGs. Headed by Jeffrey Sachs, the Project presented its recommendations and report, “Investing in Development: A Practi-

cal Plan to Achieve the Millennium Development Goals”, to the Secretary General on January 17, 2005. The research of the Millennium Project was performed by more than 265 development experts through the ten Task Forces. Each Task Force comprised independent experts drawn from academia, the public and private sectors, civil society organizations, and UN agencies.

Many Task Forces have been actively promoting their recommendations since then (e.g., the Hunger Task Force has been working with its many constituencies, including the private sector as described below) to help translate the recommendations into action. The Task Forces have completed their work and will formally complete their terms in September 2005. All of their reports and final recommendations are available online at www.unmillenniumproject.org, to see specifically what each recommends regarding the private sector.

MDG TASK FORCES

MDG Task Force on Poverty and Economic Development

- Mari Pangestu and Jeffrey Sachs, MDG Task Force Chairs

MDG Task Force on Hunger

- Pedro Sanchez and MS Swaminathan, MDG Task Force Chairs

MDG Task Force on Education and Gender Equality

- Nancy Birdsall, Amina Ibrahim, and Geeta Rao Gupta, MDG Task Force Chairs

MDG Task Force on Maternal and Children’s Health

- Mushtaque Chowdhury, Allan Rosenfield, Agnes Binagwaho, MDG Task Force Chairs

MDG Task Force on HIV/AIDS, TB, Malaria, and Access to Essential Medicines

- Jaap Broekmans, Josh Ruxin, Burton Singer, Awash Teklehaimanot, MDG Task Force Chairs

MDG Task Force on Environmental Sustainability

- Yolanda Kakabadse Navarro, Jeff McNeely, Don Melnick, MDG Task Force Chairs

MDG Task Force on Water and Sanitation

- Roberto Lenton and Albert Wright, MDG Task Force Chairs

MDG Task Force on Improving the Lives of Slum Dwellers

- Elliott Sclar and Pietro Garau, MDG Task Force Chairs

MDG Task Force on Open Rule-Based Trade and Financial System

- Patrick Messerlin, MDG Task Force Chair

MDG Task Force on Science, Technology, Innovation

- Calestous Juma and Yee Cheong Lee, MDG Task Force Chairs

The Private Sector's Role in the MDG Task Force on Hunger

Pedro Sanchez, chair of the Hunger Task Force, outlined how the private sector is taking an active role in shaping the recommendations and activities of the Hunger Task Force. Thirty individuals serve on the Task Force of which four are from the private sector including Richard Beers, formerly of Time Warner; Robert Horst, VP of Products and Technology, Monsanto Company; Hans Eenhoorn, Senior Vice President of Foods, Unilever; and Lars Wiersholm, retired Senior Vice President, Yara International.

Mr. Sanchez emphasized that the Hunger Task Force has moved from emphasizing political commitments to action, and that public awareness campaigns about how individuals can contribute to reducing hunger in the world—what Sanchez calls the “silent tsunami” in Africa—were key to achieving Millennium Development Goal # 1: Eradicate Extreme Poverty and Hunger.

The Task Force has established a number of partnerships with the private sector and also with NGOs to address issues such as poor soil quality, nutrition deficiency, and water deficiency. For example, the “No Child Left Hungry” program has been created in partnership with the World Food Program in partnership with several firms in the food sector. The Task Force also established a partnership with Monsanto to allow draught-resistant corn to be given free to Africa.

Sanchez says that the goal of many of these partnerships with the private sector is to bring “free IPR” (intellectual property rights) to the developing world by having patent right waived by large corporations, working with the private sector to create specific technologies, and bridging the gulf between agricultural and nutrition experts.

The Task Force is also working at the local level to work in partnership with local farmers. In collaboration with Unilever and the New Partnership for Africa's Development (NEPAD), the Task Force has established the Home Grown School Feeding program to encourage farmers to donate 10% of their crop production to local schools.

And in August 2005, Motorola Networks agreed to install equipment and train local staff on how to repair and use the equipment in UN Millennium Villages in Kenya and Ethiopia.

The Private Sector's Role in the MDG Task Force on Education and Gender Equality

The Millennium Project Task Force on Education and Gender Equality recognized the importance of involvement of the private sector in the development of effective, responsive primary and secondary education systems in low- and middle-income countries. Various roles were discussed, including: (a) the private sector as the primary employer of the products of the education system, and therefore crucial stakeholders in questions of education system quality; (b) the private sector as financier of improvements in education, particularly through special programs organized by large national employers and /or through the corporate social responsibility programs of multinational firms; and (c) the private sector as provider of education- and schooling-related services. The Task Force noted that the central responsibility for the education system lies with the government and households, but that the private sector can be a valuable partner, particularly in providing the resources for demonstration projects that introduce innovations in the provision of schooling. Even more importantly, the private sector can effectively advocate for improvements in the education system, which is central to a country's long-term economic development.

The Private Sector's Role in the MDG Task Force on Water and Sanitation

According to the Task Force on Water and Sanitation, it recognizes that providing sustainable access to water and sanitation services where they are needed most—the world's poorest communities—requires financial investment from a wide variety of partners, including the private sector. It also requires capacity building at different levels of human settlements, including rural communities, small and large towns, and in the mega cities. Private sector participation both in financial investment and in capacity building is indeed critical to meeting Target 10.

The Task Force also recognizes that there are certain conditions and reforms needed to create the right environment where privatization works and also benefits and serves those whose situations are most dire. This enabling environment is defined in the final report, *Health, Dignity and Development: What Will it Take?*, outlining specific recommendations for all actors involved. Against the backdrop of an ongoing and often heated debate about the appropriate roles for the private sector in water and sanitation, the Task

Force believes that an independent, balanced, multistakeholder assessment of the impacts of public and private sector participation would be useful. Such a review would glean lessons from past experiences and enhance decision-making on service delivery options.

The Task Force supports initiatives in the private sector aimed at achieving the water and sanitation MDGs. One such initiative has been developed by Thames Water, and is based on the idea of an international partnership between responsible private sector organizations and international NGOs. Additional donor aid garnered by the partnership would be used to carry out in-country projects working with local institutions and organizations to build capacity and deliver water and sanitation services in rural and semi-rural areas. So far WaterAid and CARE are on board. The Task Force has also initiated discussions with plans for further collaboration with the World Economic Forum, whose water initiative also sees the need for strengthening multistakeholder partnerships, but with a focus on sustainable water resources management. Another promising area is the possible application of private sector experience in franchising to the development and support of local service providers in small towns and rural areas for the sustainable delivery of reliable services at local levels.

RECOMMENDATIONS FROM THE PRIVATE SECTOR

The Millennium Development Goals offer a great opportunity to engage the private sector in specific goals that must be achieved in ten years. There are literally thousands of firms throughout the world that could be motivated to publicly commit to specific actions that they will contribute to the achievement of the MDGs. We have reached a point where it is time to partner with businesses large and small. In response, in the spring and summer of 2005, several one-on-one discussions were held with high-level executives from the private sector, and from July 11 through July 15, 2005, a business-only electronic discussion with leaders from a range of sectors and a variety of continents was hosted by the World Bank Institute, supported by InWEnt and the Prince of Wales International Business Leaders Forum.

These private and group discussions were intended to allow a small group of senior executives from the business sector the opportunity to candidly share their views and experiences with each other on how they felt the private sector could become more involved in the MDGs. Their comments helped deter-

mine the recommendations found below on how the private sector can more actively contribute to achievement of the MDGs. Following is a summary of their recommendations and opinions from these discussions:

Educate the private sector

Often the private sector is given a generic challenge or “encouraged” to become a partner in development and yet many medium- and small-sized businesses are not brought into the discussion. To have them more engaged, there is need to better educate more from the private sector to understand the challenges facing our world. For example, the Karolinska Institute has created an excellent overview of the global challenges the world has faced for the past several decades, the progress achieved, and the challenges that remain. Many in the private sector who are exposed to this overview are moved to action because many of them simply were not aware of the vast challenges to the environment, health, infant mortality, and the laundry list of development issues which development professionals are deeply aware of. Making businesses aware of the global development challenges we face is critically important.

Go beyond networking, lessons learned, and determining follow-up actions

Often meetings with the private sector involve networking to build relationships; identifying best practices and lessons learned; and creating an “action agenda” or ways of moving forward. Years have been spent identifying and analyzing innovative UN partnership approaches for development, networking, sharing lessons learned, and providing input on the way forward. Unfortunately, when participants return to their offices, there is a good feeling of goodwill, camaraderie, and even a shared vision about what should be done but there needs to be more time spent ensuring action is then taken toward a common goal.

Allow them to specifically respond

After these meetings, there is need to give the private sector an opportunity to specifically say how they will contribute to *x* challenge or *x* MDG. Presenting a menu of existing programs to which organizations would like the private sector to donate or participate is less effective than asking them how they plan to become involved or what they would like to do to help alleviate poverty.

It was also suggested that each year Chambers of Commerce throughout the world should focus on a specific MDG around which they rally businesses support in their local community.

Focus on sectors, not “the private sector” writ large

Hewlett-Packard’s former Senior Vice President Debra Dunn’s wrote that, “I definitely think there are opportunities to more effectively engage with the private sector around the MDGs, but I would advocate targeted engagement. By that, I mean *connecting with specific industry groups and discussing how they can be involved in a way that is specifically relevant to their business*. For example, the communications/media industry could find ways to broadly disseminate information about the MDGs and the progress in achieving them.”

Mr. Bulloch from Accenture Development Partnerships stated, “I liked the idea that some participants raised in terms of focusing on a specific sector. What is the analogous development challenge that [a sector’s] core competences can address and how can you align a business benefit with a social or economic development benefit? What can the big banks bring to microfinance? How can utility companies coalesce to address the challenges surrounding access to clean drinking water in the South? How can telecommunications firms bring ICT or wireless technology to bottom of the pyramid markets? How can food companies and other retailers apply fair trade practices in their extended supply chains?”

Appoint champions from the private sector to lead a particular goal

It was suggested that sector-specific strategies be created and led by representatives from the private sector. The strategies would focus on how specific industries or sectors will contribute to MDG achievement in the following key areas:

- Communication
- Energy
- Entertainment
- Environment
- Financial
- Food
- Manufacturing
- Media

- Medical Technology
- Pharmaceuticals
- Technology

Appoint ambassadors to lead a specific goal led by the private sector

Most ambassadors are well-connected to the business sector and therefore having them appointed to a specific industry to achieve the Goals would allow them to utilize their deep connections to the business and diplomatic community. It was suggested that Ambassadors of all nations do more for development in the South.

Embark on an awareness raising campaign—for example in the United States through the Small Business Development Centers that reach 25 million small businesses.

There is a need to build more business awareness of the MDGs, such as by having respected leaders speak at industry-specific annual meetings, connecting with national industry associations, creating industry-specific online discussion groups where development organizations have an ongoing dialogue with the private sector by industry. Engaging with national Small Business Development Centers that exist throughout the world to create a national “What are you doing for the MDGs?” could potentially reach 25 million small businesses, and there are many more potential ways of involving more from the private sector by industry.

Put the MDG logo on websites of businesses to encourage awareness, employee participation and donations

Hundreds of millions of people visit corporate websites every day, thus putting the MDG logo onto these websites would create much greater awareness of the MDGs. Google receives well over 200 million hits per day to their web site. In 2004, CNN received 33 million hits per day on a slow news day and 2.8 billion on a breaking news day. Yahoo—the 38th most recognized name in the world—received 237 million unique visitors to their portal site each month, and Hotmail drew 145 million people each month in 2004. The ability for the private sector to raise awareness on the Millennium Development Goals and communicate with millions around the globe in an instant is unprecedented in the history of mankind.

Consider if representatives of these global sites and several other national websites decide that they want to use their ability to directly communicate with millions of individuals, consumers, and citizens on a particular business, social or political issue. These sites have the ability to change the thoughts and actions of millions of people around the globe.

Push companies to do more

A retail sector commentator was candid that business is “not doing enough” for development and noted that the major hurdles limiting corporate involvement in development work are cost, limited resources, perception of limited benefit, and low priority in relation to commercial projects.

An interesting quote:

“Many employees within our organization would like to do a great deal more to provide a definable measurable contribution towards the MDGs. However, we are a business primarily. We must keep one eye on the horizon and maintain a balance with commerciality/profitability.”

The commentator was pleased with the United Nations Global Compact, stating that UNGC has acted as a catalyst for actions contributing to development within companies:

“Communications from the UNGC come to me and to our CEO, and often from the office of the UN Secretary General. I’m not sure about your companies, but here that means action (!) and letters filter down to my level covered in red pen instructions or questions from my CEO. “

Importantly, he noted that the major hurdles limiting corporate involvement in development work are the cost, limited resources, perception of limited benefit, and low priority in relation to commercial projects.

Establish a public-private “go to” place that provides advice to representatives of the private sector and UN organizations on how to make the partnership work over the long-term

Several from the private sector made recommendations on how to create better partnerships between organizations and the private sector. Throughout our discussions with the private sector, it was said often that it would be help-

ful for those seeking to build partnerships to rely on representatives from the private and public sectors to identify the right players; help negotiate the terms of the agreement; provide sample Memoranda of Understanding (MOUs), project planning and management tools; hold regular status meetings between partners; serve as a neutral arbiter for problem resolution when the partnership founders; and help to refine the partnership as it develops over the course of the initiative as needed. It has been suggested that a foundation or university undertake this role, allowing the foundation to serve as a neutral arbiter between the non-profit and private sectors seeking to collaborate.

Spend more time thinking strategically about exactly how a specific firm can become involved

Businesses often lamented that nonprofit and other organizations seek only financial donations from them but they would respond more positively when they are asked how to solve a specific problem. Thus, it is important to be more creative about the contributions the private sector can make rather than only seeking financial contributions.

Gib Bulloch, Director of Accenture Development Partnerships, opined that, “I strongly believe companies must go beyond being just the cheque book and seek to be broader partners bringing their other core assets such as brand, scale and certainly people (who I believe are a significant untapped resource for development impact within every organization). They need to determine which core competencies they can bring to the table and in what ways.”

Understand the private sector partner and their foundations

It was suggested that more time should be spent identifying the firm’s development priorities, motivations for joining the partnership, and financial and staffing constraints. What is the culture of the targeted firm? What are the ways that they have partnered with the nonprofit sector in the past? Why do they seek to only engage in their community or only in the United States? There are often considerable concerns for the private sector to focus on issues outside of their community or country.

Improve negotiation skills

If the private sector is lukewarm to partnering, organizations need to be skillful in determining what is expected of companies and be ready and able to

answer their questions and address their concerns. More time should be spent working with prospective private sector partners to create a shared vision and mutual agreement about the results all sides seek and the contributions that will be made.

Communicate more during the consensus-building process and identify ways to ensure a successful partnership

Several from the private sector felt that organizations often give up too soon on creating a partnership. By creating an open, ongoing, and long-term dialogue during the consensus and agreement building process, the agenda can be adjusted to build a shared vision and increase commitment to the initiative. Many partnerships falter because both sides are unable to resolve a rather minor sticking point, which then leads the whole process to founder.

John Banda, General Manager from JJ Enterprise in Malawi offered his keys to success of any partnership:

- Transparency and accountability to both parties
- Achieving the intended goal of the partnership
- Accept each others ideas if they are constructive
- Be flexible to change if there are unforeseen circumstances
- Communicate immediately all urgent matters

Dr. Andreas Bluethner works for the division of European Governmental Affairs for BASF, a global chemical company, responsible for International relations and UN-business partnerships. He suggested that partnerships work best when there is:

- Transparency
- Trust
- Management of expectations
- Partnership building and management skills
- Available resources
- A “business case” instead of pure philanthropy
- Sound internal and external communication
- Flexibility and alliance competence, but necessary level of formalization
- Ability to “translate” between different organizational cultures
- Agreement on a common goal
- Complementary resources, competencies and capacities

Edward E. Miller is President and General Manager of GTB in Santa Cruz, Bolivia. Mr. Miller wrote that for these partnerships to work, a top-down commitment from the highest levels of management has to be established with weekly reporting inside the organization required from the manager responsible for the project as well transparency and clarity on what can and cannot be done.

Dr. Ethel M. Cormier of the Procter & Gamble Nutrition Science Institute listed her keys to successful partnership:

- Taking time to define the objectives, goals, and measures
- Taking time to define the structure (e.g., decision making, communication, etc.), roles and responsibilities
- Taking time to develop more than surface relationships with partners so that trust and openness is possible
- Understanding the culture of the partnering organizations and supporting the partner based on this understanding
- Over communicating

Ways to ensure private sector partnerships are effective

What makes some partnerships more effective than others? What are the keys to success of partnerships? The following are a few key elements that were suggested for consideration when developing any partnership involving the private sector and non-profit or non-governmental organizations:

- Think strategically—Spend time understanding the roles of the organizations. Be creative about the key contributions the private sector can make as well as the contributions development organizations can make.
- Sell it—How can the proposed partnership be made attractive for business and development to want to engage and contribute? A solid draft of a memorandum of understanding is important to begin any discussion including clear communication about what the stakeholder seeks from the private sector. Be clear about what is to be achieved and the benefits the partnership will bring.
- Be flexible—If either party is lukewarm to the initiative that is being proposed, be direct in asking what they need in order to join the initiative. Work with your prospective partners to create a shared vision and agreement about the results all sides seek.
- Be clear about roles and timelines—The obvious importance of identifying who will do what and when it will be accomplished cannot be overstated.

- Seek their ideas—If the private sector approaches a development organization about their “pet project” or if the development organization approaches the private sector about a specific initiative, often the organization being approached feels sidelined. It could contribute more to the initiative, but is reluctant as its opinions and creative approaches were not sought. Inviting the private sector to donate funding to an existing initiative is traditional “philanthropy”, not a partnership. Asking a global organization to support a private sector development initiative is often perceived as simply using the good name of the organization to help the private sector achieve its goals, and this is also not a partnership. Thus, it is imperative to involve all partners in shaping the initiative.
- Understand—Seek to understand partners’ concerns, motivations for joining the partnership, the constraints they face, culture of the private sector, and traditional ways that they have partnered with the nonprofit sector in the past.
- Allow for new partners to join—Inviting private sector firms and organizations to join an initiative is often beneficial to the growth, dissemination, and effectiveness of the initiative. Creating a “closed club” atmosphere is counterproductive to any initiative that is just beginning to develop.
- Communicate during the consensus building process—Often organizations will give up too soon. By creating an open and ongoing dialogue during the consensus and agreement building process, you can adjust the agenda, build a shared vision, and increase commitment to the initiative

Focus more on identifying model programs and scaling them up

Several private sector representatives were well aware of the excellent work and success of specific United Nations, non-profit and non-governmental organizations. It was often suggested that there should be a stronger focus on nurturing those organizations that have met with success as an appealing way for the private sector to contribute to expanding the success of initiatives that could be of benefit in other regions or countries. For example, the Global Social Benefit Incubator at Santa Clara State University does an outstanding job identifying successful developing country-focused initiatives that could be brought to other regions or countries.

Reach out to medium and small firms

Many noted a pervasive lack of awareness among small and medium-sized firms about the Millennium Development Goals themselves and how specifically they can contribute to achieving them. Even those companies that do have awareness of the MDGs, the majority still don't know how to engage to help achieve them. For example, there are over 130 technology firms in Silicon Valley. Hewlett-Packard, Intel, Cisco Systems, Sun Microsystems, and Solectron are the top five publicly-traded firms in the Valley, but to what extent are we engaging Oracle, Calpine, Agilent, Applied Materials, Apple Computer, CNF, AMD, Maxtor, Sanmina, and JDS which round out the top fifteen firms? Unfortunately, we tend only to reach out to the top firms in a limited number of industries. There are many firms in many industries that are not aware of—or engaged in—development issues. When they are motivated and energized about how to respond to a development problem, often they want to engage. Our discussions found that many of these firms and others would readily engage with UN organizations around the MDGs if they were only asked.

Train the innovators and entrepreneurs within the private sector and NGO community who want to build partnerships

Unfortunately, many who want to “partner with the private sector” lack the fundamental skills to negotiate the partnership, plan it, fund it, and implement it. Many who attempt to collaborate with the private sector have not been trained in the following areas:

- Competitive analysis
- Negotiation—creating a shared vision
- Project planning and mapping
- Finance
- Budgeting
- Marketing and Communication
- Dispute resolution
- Reporting
- Evaluation

It was suggested that an online training program that focuses on these core areas is needed to turn bureaucrats into entrepreneurs, and to encourage more from the non-profit/NGO sector to collaborate with the private sector.

Build a joint strategy

Several organizations are attempting to collaborate more with the private sector on the Millennium Development Goals including:

- Clinton Global Initiative
- Corporate Council on Africa, African Business Roundtable, and NEPAD
- Global Social Benefit Incubator
- Prince of Wales International Business Leaders Forum
- Seattle Initiative for Global Development
- United Nations organizations including the Global Compact, Millennium Campaign, United Nations Children’s Fund, United Nations Fund for International Partnerships, United Nations Development Program, United Nations Industrial Development Organization, and World Bank

It was suggested that these groups and others form a joint strategy, hold joint conferences on the subject, produce joint papers—even highlighting differing opinions, and work together to form a shared vision on how to more actively engage with the private sector in achievement of the MDGs.

Emulate the successful programs developed by large corporations

Dr. Ethel M. Cormier of the Procter & Gamble Nutrition Science Institute emphasized that “what is important is the development of sustainable markets and growth.” Their philanthropic emphasis centers on the health and education of children in need from 0–13 years (e.g., water purification, school building, oral hygiene programs, preventive health care through regular medical checkups, and nutritional counseling). Dr. Cormier provided useful examples of United Nations and non-governmental organizations with whom they are partnering that could serve as a useful example for others who may be seeking potential partners to their initiatives.

Edward E. Miller, President & General Manager, Gas TransBoliviano SA in Bolivia highlighted the company’s “Building Trust” and “Collaboration not just Compensation” programs as well as the Kaa Iya Foundation that oversees the management of the Kaa Iya National Park, the largest in Bolivia. GTB formed the alliance with the state and non-profit/non-governmental organizations. “This is a unique relationship that has a long term sustainable impact and a type model for world wide applications.”

Chetan Sharma is Founder of the Datamation Group which has created more than 3500 jobs for rural communities and disadvantaged youth in the

knowledge and IT sector in India. The Datamation Foundation works with marginalized women in impoverished neighborhoods by equipping them with modern tools and gadgets for training on ICT skills, ICT enabled micro-enterprises, and health and skills development in more than 15 different trades. Mr. Sharma provided several excellent examples of how his firm and his foundation are touching the lives of thousands in India.

Mr. Abdul Wahab Lakhani is Chairman of Adamjee Enterprises, a textile manufacturing company employing 600 people in Karachi, Pakistan. Adamjee Enterprises is earmarking a certain percentage of its profit for charity, and they have allocated additional funds to promote education of their workers' children up to whatever level, including university education. The firm also has a fund to meet the marriage expenses of employees' daughters.

Gib Bulloch is Director of Accenture Development Partnerships (ADP), an organization based in London that allows Accenture's services to be provided to organizations that would not normally have access to international consulting services and to channel these to the parts of the world where there is a clear need. He writes, "In ADP, we have effectively tried to turn Accenture's business model on its head; getting our best performers to work at half salary, Accenture to accept cost neutral returns (i.e. non-profit making) and for the NGO clients to pay fees at a fraction of market rates."

"I think there may well be many opportunities for the private sector to join forces to address a particular generic challenge or non-competitive challenge to their business enabling environment. One such example is the Private Investors in Africa Initiative (PIA) which is trying to address HIV/AIDS, which affects all of these companies in equal measure; their workers, their families, and in turn the communities in which they live. In such cases, unilateral action may not be economically effective or certainly deliver less impact than a federal approach of this nature. The same thinking could be applied to the challenges around education in country or region, or developing vocational skills in a workforce. There may be many examples. The question then is, "Who should be the ring leader?" Businesses themselves, or is it a role best played by donors or indeed, a new type of NGO?"

Listen—really listen—to the experiences of the private sector trying to work with development organizations

Several spoke candidly about their frustrations in working with development organizations and often encouraged a candid evaluation and assessment of partnerships and alliances that perhaps did not achieve a shared vision or definitive results.

For example, Dr. Ethel M. Cormier of the Procter & Gamble Nutrition Science Institute indicated that their experience in working with government, nonprofit, NGOs and multilateral institutions has been mixed. She stated that diversity of strength is important in the partnership as well as not changing the players involved. Importantly, she writes “I have seen this work best when all players felt on the line and responsible for the end goal or outcome. This is either a self or top-down generated pressure.”

Also, she states that behavioral preconceptions that each group has about the other must be removed: “Governments assume that private sector companies are not appropriately concerned about consumers and the environment. The public sector believes that the private sector is focused only on profit, but has a useful deep pocket to fund their projects. The private sector thinks that governments and multilateral institutions have such complex and inefficient bureaucracies that getting anything accomplished and especially in a timely way is near to impossible. Or, they believe that changes in government administrations will lead to changes in leadership, focus and previous decisions. Of course, these are generalities that have been based on real events.”

“A second barrier is our preconceived and sometimes unrealistic expectations of each other. For example, NGOs, governments and multilaterals often want partnering private sector companies to focus only on the lowest economic groups. This normally translates to an unrealistic business proposition resulting in a consumer price for a product that not only does not cover the cost, but loses money for the company. Companies on the other hand with social initiatives want local governments to help them with reaching the public—manufacturing, marketing, awareness, distribution, etc—in unfamiliar markets. Again, this is not always the skill set of those entities.”

The following contribution was made by a representative of the private sector who participated in the July 2005 electronic discussion on businesses’ role in achievement of the MDGs:

“Our experience working with various development-work partners, particularly multilateral institutions in the UN system, has been consistently disappointing. I have met some people who seem wonderful and experienced and enthusiastic at the start of a partnership, but when actual hard, detailed work has to be done, they or their colleagues seem to disappear. This causes all sorts of problems including the deliverable we had hoped to achieve is less good than it might have been because we end up doing all the work without our partner(s), and the reputation of the UN and development work in general sinks even lower in the minds of the people we are trying to encourage to become involved.

The number one reason some partnerships are more effective than others is that “the key players/leaders have decided to devote whatever-it-takes resources of time and effort to get the project off the ground and to monitor it as it proceeds. It is that attitude that filters down through everything else that happens.”

Many emphasized that accountability of the key players/leaders is also paramount. “If a project fails to achieve its goals, a thorough investigation needs to occur and someone needs to be judged. Too often in the UN system, either a bad project is forgotten by everyone (by mutual agreement) or the project managers are simply found new jobs elsewhere in the UN system where they can be ineffective on someone else’s turf.”

Suggestions on what the private sector can do in concrete, practical terms

One day of the business-only electronic discussion was focused on what our representatives of the private sector felt needed to be done by the private sector to reduce poverty in the world and how the private sector could work together to achieve a particular initiative. We also asked what kind of help they needed to achieve their business’ “development priorities.” We asked: What opportunities exist for new alliances to make progress on specific goals, and how can specific sectors or industries collaborate to a common goal? Following are some interesting suggestions:

John Banda, Managing Director for JJ Enterprise in Malawi, opined that the private sector’s role in helping to reduce poverty is to play an active role in reducing illiteracy. The private sector can:

- Establish literacy classes either in churches or villages so that when people have basic education, their level of understanding can change.
- Be involved in HIV/AIDS education. “Most of the poverty is because of orphans who are kept by relatives after losing their parents.”
- Employ women who are usually the victims of poverty.
- Work together to achieve a particular initiative by joining their Chamber of Commerce as Chambers can coordinate global initiatives.
- Participate in conferences to learn from businesses that are doing something related to the MDGs.

Mr. Banda also noted that “the private sector needs education and training (a.k.a. capacity building) for them to be able to achieve development goals.”

Abdel Aziz El-Aguizy, Chairman and CEO of Quinsys in Egypt, felt that businesses can contribute to poverty reduction by being as profitable as they can be, thus creating more employment opportunities. “Of course there are issues of education, training and well developed compensation programs, but a country’s general business environment has a major impact on opportunities.”

“In Egypt, it is estimated that the informal sector constitutes a huge portion of economic activities that are vastly underutilized, but there are reasons for that—micro and small business cannot deal with a heavy-handed bureaucracy, and there is no benefit to deal with the banks since they are reluctant to lend to the micro and small. Providing education in entrepreneurship is also important versus the traditional model of education for the sake of getting degrees.”

Raul Martinez, Director of Institutional Development for CEMEX in Mexico, addressed the issue of the potential impact of businesses around the world to reduce poverty by noting that generalized and extreme poverty was the normal condition of human existence for thousands of years. Some 200 years ago, private enterprises—fueled by the Industrial Revolution—began to change things:

“The most important social responsibility task for the private sector is to manage our companies efficiently in order to grow, to create more jobs, to pay taxes religiously, and to create value for all stakeholders. To reduce poverty, companies must be encouraged to do what they do best: invest, produce, and grow everywhere....[and] if companies are to prosper, the most important condition is to have a government and a

social system that applies fiscal, legal, educational, security, and credit frameworks that strongly support business activities. If this had been done worldwide, I assume that over a billion people would not be living in extreme poverty.”

In answer to what the private sector can do to reduce poverty (the overarching goal of the MDGs) in the world, a retail sector commentator wrote that the most obvious steps to poverty reduction would be:

- Provide a living wage to all workers who produce goods for sale
- Make consumers aware of their responsibilities to the planet
- Bring an end to throw-away consumerism where most consumers want the cheapest goods possible
- Reverse the trend from the importance of cheap to the importance of value

The commentator suggested that a mentoring system be developed where “leading companies mentor or buddy up with those in the slow lane or off the radar completely to help them take small steps. I feel it is government’s role/obligation to identify ‘champions’ who are willing to mentor others at no cost (a dating agency for development) to match companies together. Governments need to be more active and involved than the traditional ‘encouragement’ model.”

“And we need to hear from consumers. Ordinary consumers are silent but companies claim to respond to their needs on this issue. The best help we could have would be raising awareness by governments on development issues and how they impact on ordinary consumers.”

And, finally, Edward E. Miller, GTB President and General Manager in Santa Cruz, Bolivia wrote that the world’s best minds have been struggling with the private sector’s role to reduce poverty for decades. He submitted that the private sector must help communities write their own business plans for improvement projects and provide corporate governance through the completion of the project. “Reducing poverty in the world does not require large amounts of cash when the private sector becomes an active partner that is fully committed to helping people help themselves.”

CONCLUSION

Many business leaders increasingly understand that contributing to development translates into the creation of new markets. Per capita income is rising in the developing world, opening up vast markets at the “bottom of the pyramid”—for as incomes rise for four billion people currently living in poverty, market opportunities expand exponentially.

At the same time, business can contribute to accelerating the rise in income and opportunity by investing in infrastructure, R&D and technologies for the developing world; hiring and developing local talent; buying from developing countries; volunteering talent and time toward a particular issue; donating surplus or used equipment; and making financial donations through corporate foundations—because it just makes good business sense.

To be sure, businesses are increasingly involved in achievement of the goals. But there is so much more that the private sector can do to contribute to poverty reduction and achieve the MDGs. This paper highlights practical ways in which the private sector can become more actively engaged in contributing to the achievement of the MDGs based on one-on-one, group, and electronic discussions in which thought-provoking questions were asked in order to foster a frank exchange of views among peers in the business sector. We feel that these discussions have led to a deeper understanding of how the private sector feels about the development challenge, and have exposed innovative new approaches suggested by the business community.

Without a doubt the private sector’s involvement is a vital factor in achieving the Millennium Development Goals. The purpose of this paper is to highlight the opinions and experiences of business leaders who are deeply engaged in global development and poverty reduction issues. We value their experience in building partnerships to reduce poverty and are grateful for their vision and insights on the role of business in global development, and in helping us to identify opportunities and challenges for the task ahead.

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