



Strategy for Working with the Private Sector

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EXECUTIVE SUMMARY

Since the 2007 UNDP Private Sector Strategy, there have been significant changes in the external and internal environment which require a review of UNDP's approach. The recent economic crisis has raised fundamental questions about the market system and regulations of private sector activities. At the same time many countries have achieved rapid economic growth in recent years, fueled largely by open markets, trade and thriving enterprises. Developing countries increasingly see foreign aid as a short-term solution and as catalytic for trade and development driven by the private sector. It is widely acknowledged that the private sector is critical to drive economic growth, create jobs, develop and deliver needed goods and services and to innovate for more sustainable development solutions.

The development community at large is also increasingly focused on the role of the private sector for development, as illustrated in the recent LDC conference, the Busan High-level Conference on Aid Effectiveness, the Rio+20 Conference on Sustainable Development, and the UN Secretary-General's emphasis on strengthening UN – Business partnerships.

This private sector strategy aims to reposition and strengthen UNDP's work with the private sector in this new environment. Overall, the strategy proposes to align UNDP's private sector work more closely with its overall vision of contributing to "empowered lives, resilient nations" and focusing on how the private sector and markets can contribute to economic, social and environmental dimensions of sustainable human development.

While the private sector strategy of 2007 is still valid and relevant for UNDP's policy and capacity development work related to private sector, the private sector engagement part needs updating. This document therefore complements the 2007 strategy, rather than replaces it. The main objective for this revision is to accelerate progress by enhancing and focusing private sector engagement and development in support of UNDP's global medium term priorities as per the agenda for organizational change, with a focus on i) supporting countries to achieve sustainable and inclusive growth (with greater focus on key economic sectors, markets or regions) and ii) accelerating economic recovery with an emphasis on job creation in fragile states and regions.

To achieve this UNDP will:

- Enhance its engagement with the private sector by building relationships, partnerships and new alliances and coalitions at country, regional and global levels.
- Advocate with other development actors in support of private sector partnerships for sustainable human development and inclusive market development.
- In close collaboration with other UN organizations and development actors, provide policy advice and capacity development support at country and regional levels for inclusive market development.
- Implement a select number of strategic partnership initiatives (i.e. signature alliances¹) and programmes at country / regional level.

¹ Significant, "global partnerships" aimed at providing overall framework for country and regional level partnership interventions and advocacy around UNDP's core global priority areas that are relevant to the private sector. Examples of (not limited to) proposed signature alliances are highlighted in the annex 4

UNDP Private Sector Strategy Overview

UNDP Medium Term Priorities*

1. Key enabling conditions met for inclusive, resilient and sustainable development at country level

2. Governance improved, and crisis prevention response and recovery strengthened, to address short- and long-term development

UNDP 2012 Private Sector Strategic Priorities

1. Sustainable inclusive growth (with greater focus on key pro poor sectors and regions)

2. Economic recovery and strengthening in fragile states and regions

Strategic Approach:

Expanded engagement and outreach to the private sector

Enhanced policy and capacity building support for private sector development

In partnership with specialized UN organizations

In partnership with International Financial Institutions

In partnership with new development actors

Via implementation of select "Signature Alliances and Programmes" (*Multi-stakeholder alliances implemented in multiple countries in support of UNDP medium-term priorities*)

* From "Aiming Higher – Strategic Priorities for a Stronger UNDP", 2011

1. Introduction

1.1 Purpose of the document

As part of the “Agenda for Organizational Change”, UNDP is undergoing an organization-wide process to strengthen and build its external relations and advocacy function and rationalize its corporate partnerships. The corporate External Relations and Advocacy Framework (ERAF) was endorsed by the OPG and the EG at the end of 2011. As part of the ERAF, the organization has also committed to produce an updated corporate strategy for its engagement with the private sector.

1.2 Structure of the document

This strategy document is structured as follows: Section 1 provides an introduction, context and rationale for the updated strategy; Section 2 offers a background on UNDP’s work with the private sector, lessons learned and describes UNDP’s value proposition vis-à-vis the private sector; Section 3 outlines the main strategic objectives as well as proposed approach for how to achieve these objectives; Section 4 addresses operational issues and internal roles and responsibilities.

1.3 Context and Rationale for an updated Private Sector Strategy

Following the global economic and financial crisis, there has been persistent instability and sluggish growth in world markets. This has had negative macroeconomic repercussions and also significant and alarming impact on employment levels. As a result, employment creation and income generation are at the top of most countries’ agendas.

Despite the crisis and the backlash against financial and other markets in many parts of the world, there remains a strong recognition that sustainable, inclusive and equitable economic growth is needed to achieve broad-based development. In this context, market mechanisms and the role of the private sector will continue to be essential in generating this growth:

- The domestic private sector is rapidly expanding in many developing economies and international companies are increasingly interested in and investing in these economies, realizing that there are significant untapped market opportunities. The private sector is increasingly recognizing that it has a role, a responsibility and an opportunity to build these new markets and contribute to broader sustainable development challenges through financially sensible pro-poor investments.
- Private investment and capital flows (both Foreign Direct Investment as well as domestic private investments) outweigh ODA² and other development flows to the developing world;
- An accelerated shift in the overall development landscape with emerging economies playing a greater development role that focuses on South-South economic cooperation and is emphasizing a greater role for private sector in economic development;
- Among most developing countries, there is an increasing sense that foreign aid should be used more strategically as a catalyst to trade and development driven by the private sector;
- Among traditional donors there is also increased focus on the role of the private sector in development with greater interaction and coordination among like-minded donors and development organizations

Multiple high level global events have increasingly recognized the importance of public-private partnerships including the role of the private sector in advancing sustainable development and a greener economy as part of Rio+20 discussions. The post-Rio agenda is expected to further emphasize the need for public-private cooperation and solutions while the role of the public-private

² Official Development Assistance

cooperation in development effectiveness agenda was clearly mandated as part of the 4th High-level Forum on Aid Effectiveness in Busan in 2011.

UNDP has taken steps to recognize the need to adapt to these global changes through *The Agenda for Organizational Change* and the *2012 UNDP Annual Business Plan*. These include clear medium-term development priorities for UNDP, many of which require significantly strengthened engagement with the private sector (e.g. green economy, sustainable energy, and economic recovery in fragile and post-conflict states).

Since the 2007 UNDP Private Sector Strategy was adopted, there have been significant development implications for both the role of the private sector in the development arena as well as UNDP's engagement with the private sector.

The 2007 UNDP Private Sector Strategy does not fully reflect all of these external and internal changes. For example, it focuses primarily on developing and strengthening the private sector and inclusive markets for the purpose of economic development and poverty reduction but does not sufficiently articulate how the work with the private sector links to other UNDP focus areas. Furthermore, a balance between private sector engagement³ and private sector development⁴ is necessary in order to bring about paradigm shifts in the way business is done to encourage the creation of inclusive markets for sustainable growth.

Finally, while the 2007 strategy emphasizes cooperation with other UN agencies, it does not stress sufficiently the need to engage with other development organizations and new development actors, including emerging economies and decentralized cooperation actors in development. This updated invigorated corporate strategy aims to do just that.

2. Background

2.1 Status of UNDP's work with the Private Sector

UNDP has worked with the private sector for some two decades with a wide variety of experiences (ref: Annex 1). Since the 2007 strategy was adopted, the following progress can be highlighted:

- *Work with the private sector has increased*: ROAR figures from the period between 2008-2010 shows that UNDP had ongoing private sector activities in 98 countries with an approximate value of \$438m, compared to a portfolio of approximately \$298 million in 2004-2006⁵.
- Complementing these private sector development activities, UNDP also has a range of partnerships and engagements with private sector organizations and enterprises to support work in its various focus areas.
- Broadly, these can be distinguished as follows:
 - Resource transfer: Partnerships that primarily include a transfer of financial or in-kind resources from a company to UNDP (both at the global and country level with majority of financial and in-kind at the country office level). UNDP has been involved in 100+ such partnerships e.g. with Coca-Cola, Microsoft, IKEA, DHL, Cisco, Siemens etc.

³ Leveraging and engaging private sector in sustainable development through partnerships, advocacy and facilitating sustainable and inclusive core business activities.

⁴ Strategies and policies for developing and strengthening the private sector and market systems.

⁵ In 2011, according to ROAR data under Strategic Plan outcome 1.3 (private sector outcome), the total expenditure by thirty-five countries was \$147.4m. In addition, in 2011, the UNDP-Montreal Protocol, a private sector oriented programme implemented by UNDP/BDP/EEG, utilizing funds from the Multilateral Fund for the Implementation of the Montreal Protocol (MLF), delivered US \$40.3 million in grant funds in 57 countries.

- Technical and financial assistance: Partnerships that primarily include technology transfer and technical and financial assistance to developing country-based enterprises from UNDP. For instance, UNDP, with funds mainly from the Multilateral Fund for the Implementation of the Montreal Protocol (MLF), has delivered over US \$516 million in grant assistance to thousands of small and medium enterprises (SMEs) in over 100 countries in all regions since 1992.
- Facilitating or brokering innovative private investments, value chain linkages or “inclusive business” approaches⁶. For example, between 2005 and 2007, UNDP instituted a business linkage program in Uganda which helped to enhance Small Medium Enterprises (SMEs) productive capacity, efficiency and competitiveness through establishing linkages with prominent transnational corporations (TNCs). The project built 23 linkages between TNCs and SMEs, contributing to the development of the agribusiness, manufacturing, telecom, and real estate sectors. Also, UNDP through the Growing Sustainable Business⁷ (GSB) initiative brokered inclusive business partnerships in over 15 countries with over 75 companies from small- and medium sized enterprises (SME's) to multinationals (MNC's) between 2003 and 2010. Since 2010, the African Facility for Inclusive Markets (AFIM) has provided a multi-stakeholder platform facilitating inclusive market development in Africa.
- Advocacy: Examples include UNDP’s role in setting up Global Compact⁸ local networks in 40+ countries, the [Growing Inclusive Markets](#) research and advocacy initiative, the [Business Call to Action](#) which challenges companies to undertake inclusive business approaches, and the World Business and Development Awards etc.

2.2 Lessons Learned

The 2007 strategy and experiences since point to the following institutional and capacity challenges that need to be addressed in order for UNDP to fully realize the potential of engagement with the private sector:

- *Need to move from company led “one-on-one” partnerships to partnerships that are transformative and systemic.* UNDP has excelled at partnering with individual companies. However, the impact has often been limited when the interventions are designed without a thorough and broader analysis of the wider sector. A more holistic multi-stakeholder led approach is needed – one that brings the public sector, donors and NGOs together with several companies with the aim at transforming a specific economic sector, market segment or region. The new strategy proposes that UNDP continues to follow a value chain approach⁹. For example, in Africa, “Africa Facility for Inclusive Markets¹⁰”, is strengthening the capacity of the regional economic commissions and the UNDP country offices to develop multi-stakeholder platforms (engaging the governments, donors, private sector and the civic societies) to support the development of selective regional value chains (ref: annex 5).
- *Strongly focused initiatives with measurable performance indicators are attractive to the private sector.* Engagement that focuses on a specific development issue and that have clear

⁶ Markets that include the poor on the demand side as clients and customers and on the supply side as employees, producers and business owners at various points along value chains.

⁷ UNDP’s Inclusive Market Development (IMD) approach has evolved from UNDP's Growing Sustainable Business (GSB) initiative, which came into existence in 2003. GSB signified a new and innovative approach to work with companies on their core business while promoting development objectives.

http://www.undp.org/content/undp/en/home/ourwork/partners/private_sector/IMD/

⁸ The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.. <http://www.unglobalcompact.org;>

⁹ Value chain processes fosters backward and forward linkages among industries and sectors. Value chain tools and processes are one of the important ways of operationalizing UNDP’s private sector strategy on the ground

¹⁰ The African Facility for Inclusive Markets (AFIM) is RBA’s regional private sector development project commenced in 2010. It combines private sector engagement and private sector development in Africa (ref: annex 5)

implementation delivery modalities and performance indicators are more attractive to the private sector. For example, the new strategy proposes engagement of the private sector in the UN Secretary General's "Sustainable Energy for All" initiative. The SE4ALL was able to mobilize over 200 private sector commitments for the UN's Rio+20 events alone. These commitments aim to achieve concrete targets and milestones for sustainable energy by 2030.

- *Institutionalization of UNDP's relationship with private sector:* There is a need to move away from "stand-alone" or ad hoc private sector interventions and partnerships to ensure that work with the private sector is properly integrated and mainstreamed in UNDP practice areas and linked to local and national strategies and plans of governments. Work with the private sector is intrinsic to sustainable human development. This updated strategy proposes clear linkages between UNDP's private sector work and its medium-term strategic priorities. The newly established knowledge Centre (Istanbul Centre for Private Sector in Development¹¹) also emphasizes the aim to capture, build and institutionalize best practice cases and knowledge on engaging with the private sector in UNDP priority areas.
- *Limited investment in staff knowledge and capacities to work with the private sector across the organization.* Engaging the private sector requires capacity in technical expertise, business acumen and partnership negotiation. Scaling up work with the private sector and mainstreaming it across the organization requires upgraded staff capacities. Section 4 of the strategy makes concrete suggestions in this regard.
- *Streamlining tools and instruments for engagement e.g. due diligence systems:* Existing instruments and procedures view the private sector largely as a donor and there is limited flexibility for establishing genuine partnership arrangements. Tools need to be updated to become more flexible and to tap into new opportunities. A strengthened due diligence analysis of potential partners to minimize risks to UNDPs reputation is also required. Bearing in mind the constraints, the review of UNDP's due diligence systems is underway. Similarly, the upcoming UN Business Partnership Services (working title)¹² is envisioned to harmonize and strengthen the systems and procedures for engaging the private sector across the UN system.
- *Coordinated and joined up UN approaches in the spirit of Delivering as One / UN Reform* show potential for enhanced impact and more efficient use of resources and competencies in working with private sector. On the partnership side, there is a move towards broader "transformational partnership" approaches that often include several UN agencies around a thematic priority. Similarly, on the private sector development and inclusive market side, there are significant opportunities for more joined up UN approaches where various parts of the UN system can play complementary roles. For example, the Spanish MDG-Fund's private sector window demonstrates promising experiences in this regard. The UN Value Chain Development working group which includes nine UN organizations also demonstrate an interest in strengthened cooperation.

2.3 Defining private sector and public private partnerships

The private sector is not homogenous but composed of varying types of businesses and organizations. UNDP should engage with a wide spectrum of these private sector actors and depending on objectives and context, different approaches and instruments will be required. Thus, a clear understanding of what we mean by private sector is essential. Private sector and Public-Private Partnerships are defined as follows:

¹¹ The UNDP Istanbul International Center for Private Sector in Development (IICPSD) builds on Turkey's convening power and dynamic private sector as well as UNDP's global mandate and experiences to undertake research and advocacy on inclusive business and facilitate business partnerships for development.

¹² Building on the recommendations outlined in the UN Global Compact LEAD Task Force report "Catalyzing Transformational Partnerships Between the United Nations and Business" and a discussion at Davos among Heads of UN Agencies and CEOs

Private sector

The private sector is a basic organizing principle of economic activity in a market-based economy where private ownership is an important factor, where markets and competition drive production and where private initiative and risk taking set activities in motion.¹³

The private sector includes a wide range of market actors that may operate either in the informal or the formal economy. For the purpose of this strategy, the following actors will be considered as part of the private sector or as important market actors and their representatives that UNDP may work with:

- Multinational companies¹⁴ with global reach and operations (e.g. from the North and the South and with wide presence in multiple countries, including in UNDP programme countries).
- Large domestic companies¹⁵
- Micro, small and medium enterprises¹⁶ (MSMEs)
- Business intermediaries and interlocutors such as Chambers of Commerce and Industries, business associations, innovative alliances, business roundtables, stock exchanges and a new generation of cooperatives¹⁷.
- Social enterprises¹⁸ and other innovative constellations formed to address a specific development issue or cause
- Mutual organizations (such as Visa, MasterCard, asset management companies, cooperative banks, mutual saving banks, credit unions, mutual insurance/assurance and healthcare companies)
- State Owned Enterprises (SOE)¹⁹, i.e. either wholly or partially owned by a government and that engage in commercial activities as part of an open market system.

Sporadic, non-commercial income generating activities of individuals will not be considered as part of the private sector.

Public private partnerships

For the purpose of this strategy, public-private partnerships (PPPs) are defined broadly as voluntary and collaborative relationships between public and private actors that agree to work together to achieve a common goal or undertake specific tasks. It usually implies that partners share the risks,

¹³ Drawn from the following sources: <http://www.investopedia.com/terms/p/private-sector.asp#ixzz21eHsAAVs>; www.oecd.org/dataoecd/53/21/34055384.pdf; <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/REN-218124828-P9B>

¹⁴ A **multinational corporation** (MNC) or **multinational enterprise** (MNE)^[1] is a **corporation** enterprise that manages **production** or delivers **services** in more than one country. It can also be referred to as an **international corporation**. They play an important role in **globalization**.

¹⁵ This includes both local firms and subsidiaries of foreign corporations that follow and respects the UN Global Compact principles and that are capable of investing in and creating opportunities for multi-stakeholder engagement and collective action for sustainable development.

¹⁶ The statistical definition of SMEs varies by country, and is usually based on the number of employees or the value of assets. The lower limit for “small-scale” enterprises is usually set at 5 to 10 workers, and the upper limit at 50 to 100 workers. The upper limit for “medium-scale” enterprises is usually set between 100 and 250 employees.

¹⁷ A cooperative is a legally incorporated business arrangement that provides for the control of the business by its membership. A new generation co-op (NGC) is a type of cooperative that uses a system of delivery rights and obligations to encourage business loyalty and provide a form of vertical integration. NGC’s are particularly suitable to ventures involved in value-added agricultural processing and marketing

¹⁸ A **social enterprise** is an **organization** that applies commercial strategies to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders. Social enterprises can be structured as a **for-profit** or **non-profit**, and may take the form of a **co-operative**, **mutual organization**, a **social business**, or a **charity organization**.

¹⁹ A legal entity that is created by the government in order to partake in commercial activities on the government's behalf. A state-owned enterprise (SOE) can be either wholly or partially owned by a government and is typically earmarked to participate in commercial activities.

responsibilities, resources and benefits. PPP models vary considerably and may serve various purposes, including: advancing a cause; implementing normative standards or codes of conduct; sharing and coordinating resources and expertise. Increasingly UNDP will seek to engage in “transformational” partnerships²⁰ with business, i.e. partnerships that are able to address systemic and structural issues, that engage the appropriate set of stakeholders and leverage core competencies of the respective partners to achieve scale and lasting impact on poverty, e.g. creation of sustainable business models and bringing about transformative changes in the way business is conducted etc.

2.4 Why should UNDP work with the Private Sector?

The private sector is essential in development for a number of reasons. First, the private sector is the main driver of economic growth, represents the main source of employment creation in most countries and invests in human capital and workforce development²¹. Furthermore, it creates and delivers goods and services that can benefit society at all levels, develops and deploys new technologies and innovations, and has the capacity to levy scalable solutions through market-based approaches. It also represents the primary source of tax and other public revenues and directs social investment and philanthropic resources toward development²². The private sector also has the ability to apply norms and standards in its operations that have impact on important UN areas such as labor rights, environment, human rights and corruption. At the same time, the private sector sometimes also contributes to a negative impact on development, including on the environment, social conditions, labor rights, corruption and conflict to name a few. UNDP should work with and influence private actors to improve their performance and reverse such negative impact.

2.5 Why should the Private Sector work with UNDP?

A major barrier to scaling up sustainable private sector activities in developing countries has to do with the risks private investors and enterprises face, real or perceived. These risks include:

- Hostile or risky regulatory environments that discourage investment, policy uncertainty and corruption;
- Political risks, conflicts;
- Lack of capacities and skills among public and private partners;
- Lack of appropriate solutions and business models that can be tailored to engage local communities and build local partnerships.

UNDP, as a major multilateral development institution, with a key and unique role within the UN development system, has many key attributes (as highlighted below). Leveraging and building on these attributes can contribute to mitigate risks and reduce transaction costs that discourage private sector investments and engagement.

Key UNDP attributes include:

- **Impartiality**, which makes UNDP particularly suitable to convene and coordinate public and private actors around specific development topics or economic sectors, in particular at national and regional levels. UNDP’s ability to facilitate “public-private platforms” around key economic sectors allows for innovative public-private cooperation to address sustainable development challenges.

²⁰ Catalyzing transformational Partnerships Between the United Nations and Business, Global Compact LEAD task Force 2011.

²¹ CFED. 2004. “Desktop Study, SMEs and Poverty Reduction” Page 22

²² UNDP encourages philanthropic and CSR contributions to complement and improve core business practices, not simply to enhance a company’s marketing.

- An extensive **capacity development and policy advice mandate combined with technical expertise** in key areas relevant to the private sector and the role of markets, e.g. environment and energy; economic recovery in fragile states; public sector capacity development.
- A strong focus on **gender equality and women’s empowerment**, which is mainstreamed across UNDP’s work and is at the core of its support to inclusive market development.
- An **integrated approach to sustainable development**. UNDP promotes markets and works with the private sector in ways that address economic growth, social development and environmental sustainability in an integrated way. This is a role few, if any, other multilateral organizations perform.
- In depth understanding and knowledge of working with the poor combined with upstream public and economic governance advisory capacity, gives UNDP a unique ability to support development of bottom of the pyramid markets.
- UNDP’s **multi-country focus, global presence and convening role** places UNDP at an advantage to replicate and scale successful solutions in working with the private sector.
- UNDP’s focus and **experience in promoting local governance and local development** would provide ample opportunities for including the SME sector in territorial governance mechanisms for the promotion of Local Economic Development (LED).

2.6 Areas of common interest

Partnering with the private sector on development makes sense from both parties’ perspectives as illustrated in the Table below:

UNDP and the Private Sector		
UNDP interests & attributes	Common ground	Private sector interests & attributes
Strong focus on poverty reduction and sustainable development	Joint efforts to address sustainable development challenges	Growing recognition of business risks from resource scarcity, poverty, instability
Promotes inclusive and sustainable market solutions, especially for base of the pyramid markets ²³	Develop existing and new markets that are inclusive and minimize environmental impact	Interest and ability to find and develop new markets
Encourages pilots and innovations to find effective sustainable development solutions	Innovation to find new products, services, solutions, markets that meet development challenges	Drive to innovate, compete and constantly increase efficiency
Policy advisory functions; close cooperation with governments and donors; convening role	Public-private policy dialogue focused on specific themes / economic sectors important for development	Understanding of business and other regulations; require stable operating environment, reduction of regulatory, political risks
Technical expertise, operational and project delivery capacity, scale (multi-country)	Combining resources / partner to address major capacity and institutional constraints	Skills, technical expertise, financial resources

²³ In economics, the **bottom of the pyramid** is the largest, but poorest [socio-economic group](#). In global terms, this is the 2.5 billion people who live on less than US\$2.50 per day.^[1] The phrase “bottom of the pyramid” is used in particular by people developing new models of doing business that deliberately target that demographic, often using new technology. This field is also often referred to as the “**Base of the Pyramid**” or just the “**BoP**”.

3. The UNDP Strategy for Engaging with Private Sector

3.1 Goals, objectives and approaches

Based on UNDP’s Strategic Plan, its medium-term priorities and its Annual Business Plans, the goal of UNDP’s private sector strategy is to advance sustainable human development by deepening engagement with the private sector and supporting appropriate inclusive market-based solutions and approaches. In doing so, UNDP will seek to work with the private sector to integrate and find synergies between economic growth, social development and environmental sustainability, i.e. integrate the three pillars of sustainable development. Special attention will be given to inclusion and equity, with a clear emphasis on gender equality²⁴ and supporting women’s economic, political and social empowerment.

UNDP will engage with the private sector in two ways: 1) Facilitating private sector development at the country and cross-country levels, notably developing the local indigenous private sector and local markets as important contributors to economic growth and sustainable development, and; 2) At the global as well as at country and regional levels, promoting private sector engagement in the sustainable human development agenda, encouraging business practices that respect the principles included in the UN Global Compact²⁵, encouraging and facilitating sustainable and inclusive business approaches and leveraging private sector relationships for development cooperation.

In short, UNDP’s work with the private sector aims to contribute to UNDP’s medium term priorities²⁶ and programmatic objectives. Across its work with the private sector, UNDP will follow a set of guiding principles as presented in the following table.

Key corporate principles for UNDP’s engagement with the private sector	
<i>Sustainable human development, inclusion and equity</i>	All UNDP’s work with the private sector ultimately aims to contribute to the achievement of sustainable human development and more inclusive and sustainable markets, including the following key aspects of human development: <ul style="list-style-type: none"> • Social progress • Economic empowerment and equity • Gender equality • Resource efficiency • Participation and freedom
<i>Multi-stakeholder approach and civil society involvement</i>	UNDP’s engagement with the private sector will be based on a multi-stakeholder approach, engaging government, civil society as well as private sector.
<i>Results and measurability</i>	The private sector is results focused and UNDP is committed to being a results-based organization. The organization will follow the standards for results measurement developed by the Donor Committee on Enterprise Development (DCED) and other relevant Results Based Management (RBM) tools.
<i>Specificity and</i>	Achieving measurable results requires focus and specificity. In our work with

²⁴ 2009. “World Survey on the Role of Women in Development, Women’s Control over Economic Resources and Access to Financial Resources, including Microfinance,” UN

²⁵ <http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html>;

²⁶ As expressed in “Aiming Higher – Strategic Priorities for a Stronger UNDP”, 2011

strategic significance	business we will focus on UNDP's strategic priority areas where we offer expertise. We will avoid open-ended general engagements. We will take a pro-active and targeted approach in our outreach and will clearly communicate our priorities.
Relevance to core interests of the private sector	To ensure sustained engagement and in order to maximize development impact, UNDP will prioritize its work with the private sector in areas that are of relevance to the common core interests of both UNDP and the private sector partners.
Value for money	UNDP will ensure engagement with the private sector is of sufficient scale to deliver impact and value for money. We will seek to consolidate small or ad hoc projects and aim to engage with more strategic private sector coalitions, moving beyond one-on-one partnerships with individual companies that are of limited scope. Partnerships with potential for multi-country interventions will be encouraged to harness economies of scale and shared risks.
Limit global initiatives which do not closely link to country level results	Exceptions will be made when initiatives support the corporate agenda for change and/or leverage UNDP's leadership roles.
Visibility and branding:	We understand the importance to the private sector of visibility and recognition and will give due recognition to our private partners and highlight our work with the private sector, in line with our rules and regulations and in keeping with UNDP's impartiality.
Risks and due diligence	UNDP partner companies (particularly large and international companies) must comply with environmental, social and governance standards based on UNDP Guidelines for private sector engagement and the 2009 Guidelines on Cooperation between the United Nations and the Business Sector.

3.2 Desired development outcomes

UNDP will focus its work with the private sector on a limited number of UNDP medium-term priority areas where the role of the private sector is seen as crucial to accelerate progress.

Outcome 1: Sustainable and Inclusive Economic Growth (with special focus on key pro poor economic sectors, markets and geographic regions)

- More sustainable and inclusive economic growth achieved by promotion and development of sustainable enterprises in key pro poor economic sectors (e.g. climate resilient green agriculture commodities, sustainable energy and maximizing impact of the extractive industries etc.), markets and high risk geographic regions. Examples of some ongoing initiatives in contribution to the above are referenced in annex 3.

Resultant case: UNDP in collaboration with the Ministry of Agriculture, Kraft and IKEA are initiating a public-private partnership to support reform and improvement of the palm oil sector in Indonesia. The initiative is establishing a national palm oil platform within the Ministry, supported by provincial level platforms. The platforms will provide the space for public and private actors to define strategies for the sector, take coordinated action, share lessons and scale up successes to-date. The initiative serves to remove national barriers that limit adoption of sustainable practice by producers, governments and buyers.

Outcome 2: Economic Strengthening in Fragile States and Regions

Sustainable human development, inclusive growth and job creation in fragile states achieved through early engagement of and support to the private sector in reintegration, job creation and peace building processes.

Resultant case: As per 2008 data, Sudan produced 18 thousand tons of the worldwide best quality hibiscus tea. Hibiscus is the main cash-crops in Sudan and its primary producers are

mainly poor rural women. Half of the volume produced is exported— 80% of it to Germany. Together with two German companies, UNDP is strengthening the hibiscus value chain, including through establishing buy back guarantees and maintaining stable supply chain contracts. To ensure women’s economic empowerment and participation, UNDP is supporting formation of women’s local business associations and developing the capacity of women hibiscus farmers associations in collective bargaining. The main emphasis is on creating decent jobs²⁷, re-integration and on strengthening the peace building processes.

Anticipated Results

It is proposed that UNDP achieve the following results by the end of 2015:

- Enhanced positioning of UNDP as a preferred partner to the private sector in addressing key sustainable development challenges through UNDP’s ability to provide timely access to information, knowledge, expertise and partner networks, as well as its ability to develop concrete partnership initiatives that deliver results on the ground.
- Engagement with and development of the private sector “mainstreamed” across key UNDP focus areas with clear evidence of increased and more systematic results
- A portfolio of at least three major “signature alliances” or partnerships with the private sector established and underway in multiple countries that demonstrate clear evidence of how public-private collaboration can advance sustainable human development and UNDP’s medium-term priorities.
- Robust staff capacities, knowledge products (case studies, webinars, policy briefs etc.) tools and instruments for effective engagement with and support to the private sector in place, including strengthened due diligence procedures and updated POPP.

3.3 Strategic approach

To achieve the above mentioned outcomes UNDP will build on the lessons learned to date and adopt an approach that takes a dual overall focus on i) engaging and leveraging the capacities of the private sector for sustainable human development and ii) supporting the development of the private sector and inclusive markets to enable greater positive impact on development by the private sector. In support of this overall focus, UNDP will then establish strategic partnerships with other development actors to further leverage expertise and resources that allow for more effective engagement with and support to the private sector. In addition, UNDP will also engage in select global or regional “signature alliances and programmes”. Briefly the approach involves the following:

1. *Engaging with and supporting the development of the private sector*

First, UNDP will use a range of tools and approaches for engaging with, leveraging, and supporting the private sector as it develops and implements initiatives. These tools and instruments are grouped into two categories: 1) Private sector engagement and 2) Policy advice and capacity development for private sector and inclusive market development.

2. *Partnerships with UN organizations, IFIs and new development actors*

Secondly, UNDP will extend and deepen its partnerships with specialized UN organizations, centers of excellence, development institutions and new development actors to leverage additional technical capacity and resources and to foster innovation for its private sector engagement and development work.

²⁷ Work is central to people's well-being. In addition to providing income, work can pave the way for broader social and economic advancement, strengthening individuals, their families and communities (ref: <http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm>;))

3. Signature alliances and programs

Finally, UNDP will develop a few select strategic alliances and programmes that will be implemented in multiple countries and that will aim to ensure enhanced focus on and contribution to the organization’s medium-term priorities, while enhancing UNDP’s corporate positioning.

3.3.1. Engaging with and supporting the development of the private sector

UNDP will seek to both engage the private sector as a partner in achieving sustainable human development while also support development of the private sector and inclusive markets. These are often “two sides of the same coin”. For the private sector to be able to contribute to sustainable human development requires a strong and vibrant domestic private sector in the first place. In many countries the private sector is weak and unorganized, stifled by ineffective regulations, red tape and bureaucracy, lacks capacity, access to finance and access to market information.

A range of tools and approaches for engaging with and supporting the private sector will be deployed by UNDP as summarized in table 1 below:

Table 1. How UNDP works with Private Sector (tools, instruments and approaches)

Private Sector Engagement	Private Sector Development
<ul style="list-style-type: none"> Public-private policy dialogue and collaboration platforms 	<ul style="list-style-type: none"> Supporting the policy and institutional infrastructure for enterprise and inclusive market development
<ul style="list-style-type: none"> Partnerships directly between UNDP and companies/alliances/coalitions, including South-South 	<ul style="list-style-type: none"> Facilitating integration of poor producers/other market actors in key value chains / economic sectors
<ul style="list-style-type: none"> Advocacy and Awareness Raising 	<ul style="list-style-type: none"> Brokering private investments in pro-poor goods and services
<ul style="list-style-type: none"> Innovative use of finance and grants 	<ul style="list-style-type: none"> Supporting and stimulating entrepreneurship development

Sections i) & ii) below further highlight the key instruments and support areas which will be used by UNDP and which can be deployed flexibly in different combinations.

i) Tools and Instruments for Private Sector Engagement:

- Public-private dialogues and collaborative platforms: UNDP will facilitate and broker national, regional and subnational level public-private policy dialogue and cooperation mechanisms. These platforms will aim to catalyse and incentivize sustainable private sector solutions and investments and to build sustainable and inclusive markets. The platform approach will also contribute by strengthening inter-ministerial coordination and help governments adopt a “whole government” approach in managing key economic sectors, value chains and development themes.
 - Resultant Case 1: In Ghana UNDP is initiating a National Commodity Platform for cocoa, which will bring private sector actors together with farmers, cocoa communities, NGOs, government, and the Ghana Cocoa Board to convene and coordinate objectives, policy, and action for the sustainable growth of Ghana’s cocoa sector. The sector is fraught with social and environmental challenges and

collaboration with UNDP in this project has grown from the Cadbury Cocoa Partnership, which has already helped 10,000 farmers and their families improve their income through better cocoa production.

- Resultant Case 2: In Africa, UNDP established the African Facility for Inclusive Markets (AFIM) facilitating public-private dialogues and collaboration on priority issues such as agri-food value chains. The project since its inception in 2010 has already convened over 400 agribusinesses. Within Africa as a whole and its sub-regional context of regional economic integration there is significant untapped potential for closer collaboration between public and private sectors. For instance, in 2011 AFIM has brokered the first joint public-private declaration on agribusiness, food and nutrition through the Johannesburg Declaration. On the sub-regional level Project Facilitation Platforms have been established to advance specific agri-food value chains.
- Partnerships directly between UNDP and one or more companies/coalitions in the context of specific UNDP areas of work with the aim of leveraging resources. Specific partnership instruments currently include:
 - Memoranda of Understanding and Statements of Intent which define areas of collaboration, thought leadership and exploration of innovative approaches;
 - Cost-sharing agreements for resource mobilization;
 - Pro-bono arrangements for in-kind contributions/arrangements.
 - Resultant case: UNDP has numerous current agreements with private sector companies. For example, in India, UNDP is working with IKEA to empower 50,000 women in 500 villages in three districts of the Northern Indian state of Uttar Pradesh- making it a highly intensive undertaking in terms of both funding (USD 6,600,000) and coverage. The project is within the rights-based framework of empowering women socially, economically and politically.
- Advocacy and awareness raising to influence and encourage the private sector to take action through more sustainable and responsible approaches and by developing “inclusive business models” for base of the pyramid markets. In addition, the UNDP Istanbul International Center on Private Sector in Development (IICPSD²⁸), together with other UN agencies, will play a leading role in terms of relevant research, publications and advocacy. Initiatives such as the Business Call to Action²⁹ will also be leveraged further in this regard.
- Innovative finance and use of grants. UNDP will explore how it can better use financial instruments such as “challenge funds” “credit guarantees” and, “incentive system audits” targeting key pro-poor economic sectors and markets to stimulate more sustainable private investments in pro-poor enterprise development and in creation of resilient economies. This may require a review of UNDP policy and applicable instruments.
 - Resultant Case: In Central America, UNDP works with the Central American Development Bank CABEL to provide access to finance (products and services for sustainability financing) for small producers and enterprises engaged in sustainable production practices. Similarly, through its work on Access to Renewable Energy in Nigeria, UNDP successfully secured support from USAID to provide 50% Credit Guarantees to banks for funding renewable energy projects to improve renewable energy access in rural areas.

²⁸ The UNDP Istanbul International Center for Private Sector in Development (IICPSD) builds on Turkey’s convening power and dynamic private sector as well as UNDP’s global mandate and experiences to undertake research and advocacy on inclusive business and facilitate business partnerships for development.

²⁹ Launched in 2008, the Business Call to Action (BCtA) aims to accelerate progress towards the Millennium Development Goals (MDGs) by challenging companies to develop inclusive business models that offer the potential for both commercial success and development impact. UNDP houses the Secretariat for this multi-partner initiative.

ii) *Tools and instruments for supporting private sector development*

UNDP's key areas of support in this regard are outlined in the [2007 Private Sector Strategy and are still relevant for UNDP's capacity development and policy work](#). The 2007 strategy priority areas include a number of priorities and a combination of interventions at macro, meso and micro levels. Furthermore, UNDP's [Inclusive Market Handbook](#) provides further resources on the implementation of the strategy at the regional and country level. The role of UNDP is to promote equitable private sector development, which has a multiplier effect and benefits local/rural economies and marginalized communities and advocates for local economic value addition of goods and services and local job creation.

Specific areas of intervention in policy and capacity development include, but are not limited to:

- Supporting the policy and institutional infrastructure for enterprise and inclusive market development, especially as it relates to key sectors and development priorities as outlined in the key strategic priority areas of UNDP. In addition, UNDP will aim to create stronger synergies and linkages between its work with the private sector on one hand and trade policy advice and capacity building on the other. This will include incorporating social and environmental standards and dimensions in trade and market policies, supporting labour intensive industrial policies to increase local content and increase local economic value addition, promoting labour standards, anti-corruption, human rights and legal rights of the poor including sustainable management of the "global commons"³⁰.
 - Strengthening Local Authorities' capacity in managing and regulating Local Economic Development is another policy intervention area
 - Advise governments on alternative economic and market based "systems" to consider in the post-crisis and post Washington consensus era. UNDP's impartiality makes it well positioned to provide such unbiased advice
- Facilitating integration of poor producers/other market actors in key value chains / economic sectors across geographic regions. Building the capacity of local market actors and SMEs to access new market opportunities through backward and forward linkages in domestic and global supply chains, holds potential to promote economic inclusion and encourage markets to work for the poor. UNDP will continue to use a value chain approach to support strengthened coordination of key value chains, increased dialogue and cooperation between value chain actors (including national and local governments) to help identify and address key constraints that impact a given value chain. In line with the recent G-20 development working group recommendations on private investments in value chains³¹, UNDP will develop and join relevant alliances and partners to support countries to attract the most value adding and pro-poor investments to their economies.
 - Resultant Case: In Mexico, the Supplier Development Program helps local Small and Medium Enterprises (SMEs) access innovative technologies and expertise to enhance its competitiveness and productivity to access new supply chain opportunities with large firms. In the last four years, 461 SMEs have been linked with 56 lead firms. The program hosts a web portal consisting of 4200 companies. The average percentage increase in sales per supply chain was 15 percent and the highest job creating supply chain was agribusiness with 42 percent increase in employment. The program has been replicated by UNDP in El Salvador, Honduras and will start soon in South Africa.
- Brokering private investments in pro-poor goods and services. UNDP supports research and

³⁰ The term **Global Commons** refers to the earth's *unowned* natural resources, such as the oceans, [Earth's atmosphere](#), and [outer space](#).^[1]

³¹ Promoting Responsible Investments for sustainable development and job creation – final report to the G20 high-level development working group, 2012 (UNCTAD, OECD, ILO, UNDP, WB).

development that leads to the identification of viable “bottom-of-the-pyramid” investment opportunities and business models and then works with national and international private actors to realize these. UNDP will work closely with national governments and monitor these partnerships to ensure that they are beneficial for the poor and aligned with the country’s interest. As stated in the 2007 strategy,

- Resultant Case: UNDP has partnered with the government of Haiti and Digicel to enable Haiti’s earthquake-affected households to receive cash instalments through the first ever mobile money transfer mechanism. These mobile phone cash transfers are helping to boost financial inclusion in Haiti, where nearly two-thirds of the population has access to mobile phones but only 10 percent have bank accounts.
- Supporting and stimulating entrepreneurship development. Inclusive markets require the poor to take advantage of new opportunities and become agents in their own economic empowerment.
 - Resultant Case: The UNDP Bulgaria JOBS program built capacity of 43 business centers and 10 business incubators and oversaw creation of 30,100 long term jobs accelerating regional integration and Bulgaria’s accession to the European Union.

3.3.2 Partnering with UN organizations, IFIs and new development actors

As part of its focus on engaging and supporting the development of the private sector and inclusive markets, UNDP will seek to strengthen strategic collaboration with a range of other development organizations and strategic initiatives that can complement UNDP’s roles and help achieve greater scale and more coordinated approaches. Such collaboration will also help reduce transaction costs for private sector partners and partner countries in engaging with UNDP and its partners. The following should be specifically targeted:

- ***Relevant UN organizations*** – UNDP will need to continue to strengthen practical collaboration with specialized UN agencies in order to successfully deliver on its strategy. For example, the informal UN value chain development working group (10 agencies participating, co-chaired by ILO, UNDP) and the resource guide on value chain development, “*Approaches and activities by seven UN agencies and opportunities for interagency cooperation*”, could be used to explore concrete collaborative opportunities within the UN system.

Resultant Case: In Dominican Republic, UNDP, FAO, UNFPA, WFP and WHO are strengthening the Banana Value Chain with support from the Spanish MDG Fund. The objective is to boost competitiveness by installing new production technology, introducing R&D, ICTs, marketing and merchandising strategy and training managers and workers. The role of UNDP in this project is to develop the capacities of banana producers’ associations and promote the use of new irrigation technology to ensure rationalized use of energy. UNDP facilitated public private partnerships for the provision of social and financial services and established market linkages with exporters and distributors.
- ***Global Compact*** – UNDP should continue to strengthen its relationship with the UN Global Compact³².

Resultant Case: In Egypt UNDP works with the Egyptian Corporate Responsibility Center and the local GC Network to build the capacity of the Egyptian private sector by encouraging increased corporate social responsibility (CSR). This includes promoting respect for labor rights and

³² The Global Compact is the main UN initiative to engage the private sector in support of UN goals. It is the largest corporate citizenship initiative in the world and convenes companies together with UN agencies, labour and civil society to support fundamental principles in the areas of human and labor rights, environment, corruption. <http://www.unglobalcompact.org>;

environmental sustainability as well as increasing community outreach. To succeed in its approach, the UNDP fosters partnerships between the ECRC and the private sector, as well as between academia and the government.

- **Enhanced UN business partnership mechanism** – this new mechanism will be announced in 2012 by the UNSG, and UNDP is actively participating in its development. UNDP will seek to work closely with this UN wide effort to ensure that it benefits from its services and capacities in such a way that helps UNDP deliver on its strategy, in particular related to development of strategic, larger scale alliances. The mechanism will support issues such as due diligence, matchmaking, staff capacity building as well as accelerating “transformational partnerships”.
- **International Financial Institutions** – As part of UNDP’s effort to engage relevant actors that can leverage additional resources and expertise for working with the private sector, further cooperation opportunities should be explored with the IFIs, including Regional Development Banks. A particular focus of this engagement will be on issues of (innovative) finance for UNDP’s different priority areas, e.g. green and inclusive sectors / value chains, sustainable energy, enterprise development in fragile states etc. This would include exploring how to link the use of IFI instruments such as equity (venture capital), loans, guarantee facilities etc. to UNDP activities relating to capacity building, policy advice and convening and engagement. UNDP is already in dialogue with IFC about collaboration focusing on sustainability finance in agriculture value chains and on private sector in conflict countries. UNDP, the WB and other key institutions are also collaborating on job creation in fragile states with a few countries as pilots.³³
- **International donor fora that specialize in the role of private sector in development**, where UNDP is actively participating including:
 - [Donor Committee on Enterprise Development \(DCED\)](#),
 - The post-Busan follow-up work on the building block on public-private cooperation for development effectiveness.
 - Continued engagement in work streams of the G20 Development Working Group that are relevant to the role of the private sector.
 - The Global Green Growth Forum (3GF)
- **South-South Cooperation and New Development Actors**. Between 1996 and 2009 South-South trade grew 50% faster than North-South trade³⁴. In 2010, the share of developing and transition economies in the world’s total foreign direct investment reached that of developed economies for the first time. Linked to and part of these trade and investment flows, there are also growing flows of labor and technology. With this evolution of strong private sector growth and economic cooperation, trade and investments in the South, UNDP will, in line with the above strategic objectives, seek to facilitate further private sector related exchanges, skills and knowledge to broker economic cooperation between Southern countries, especially between middle income countries on the one hand and least developed and low income countries on the other hand. Through the Istanbul International Center on Private Sector in Development (IICPSD), UNDP will leverage its relationships with the Government of Turkey and other emerging economies to convene South-South and triangular dialogues, facilitate knowledge and innovation exchanges, broker linkages and advocate for trade, investment and CSR approaches that advance

³³ In Sierra Leone, in 2010, UNDP/UNILEVER partnership enabled the creation of 100 youth led franchises. On average 83% of the franchises reported profit making these new youth business owners’ lucrative clients for the micro banking services. In order scale up these initial successes, UNDP and IFC are working closely to build the capacity of business service providers to improve access to finance to SMEs in Sierra Leone.

³⁴ See: [Inclusiveness and sustainability in global trade – the South-South dimension](#)

Supachai Panitchpakdi, Secretary-General, United Nations Conference on Trade and Development, April 01, 2012.

sustainable development. Strengthened links to the work of the UNDP Special Unit on South-South Cooperation will also be pursued.

3.3.3 Significant Signature Alliances and Programmes

Finally, in order to ensure enhanced focus on and contribution to the organization's medium-term priorities, UNDP will develop and engage in selected "multi-stakeholder signature alliances and programmes". Such alliances and programmes (ref: Annex 3) will seek to engage multiple leading partners from the private and public sectors around key UNDP priority areas. The main objective with these alliances and programmes is to achieve scale, enhance organizational focus, and ensure transformational change and clear positioning of UNDP's work with the private sector.

In general, these signature alliances and programmes will seek to combine aspects of both private sector engagement and private sector / market development. Large international and domestic companies will be engaged as partners to explore how to make their supply chains, distribution mechanisms or operations more inclusive and sustainable and how they can increase their investments in ways that are commercially viable while benefiting sustainable development. Small domestic enterprises in the same sector or area will be supported with capacity building, access to markets, information and finance to provide them with greater opportunities. And both small and large companies will be engaged in dialogues around key policy and other constraints in a given sector or area.

The signature alliances and programmes will provide an overall framework for country, regional and global level partnerships with private and other actors, support interventions and advocacy around the specific priority issue. They aim to ensure coherent approaches, critical mass of countries involved and systematic quality assurance, learning and knowledge management on public-private cooperation and thereby help in accelerating achievement of UNDP's global business plan priority areas. The signature alliances and programmes will focus UNDP's engagement with the private sector on key priorities and also help build UNDP's reputation for having accumulated expertise in working with the private sector around specific development issues e.g. improving energy access, maximizing benefits from the extractive industries etc.

Criteria for the development of the signature alliances and programme are:

- Address systemic issues
- Encourage innovation driven by private sector solutions
- Pool resources and leverage core competencies of the private sector and other partners
- Involve the right mix of relevant private sector and other stakeholders
- Be established in such a way that can achieve significant and sustainable impact
- Have an inclusive governance structure and management unit to deliver the activities³⁵.

Potential signature alliances and programmes that UNDP could engage, replicate and/or strengthen include:

Outcome 1: Sustainable and Inclusive Economic Growth:

- **"Building Tomorrow's Markets"**: facilitate public-private platforms to advance the transition to greener and more inclusive economic sectors, with an initial focus on agriculture commodities.

³⁵ UN Global Compact LEAD report: [Catalyzing Transformational Partnerships between the United Nations and Business](#)

Resultant Case: The UNDP Green Commodities Facility launched a national project to create a public-private collaboration model for responsible pineapple production and trade in Costa Rica by reducing negative environmental impacts and increasing economic and social benefits from the country's major source of livelihoods- pineapple production. This initiative established a national public-private platform to bring together major pineapple buyers including Wal-Mart, Dole, and Chiquita, domestic producers, NGOs, development partners as well as the Costa Rican government. The private sector partners are incentivized to proactively participate in the partnership and engage in sustainable business practices since it addresses changes that will need to take place to ensure sustained supply of quality pineapple and sustainable sector growth.

- **Energy Access for Productive Use (linked to Sustainable Energy for All):** UNDP will play an important role in supporting countries to commit and take action to achieve the targets of the SE4All initiative. UNDP will define how it best can support public-private cooperation across countries in a systematic way and in support of select action areas in the SE4All Global Action Agenda³⁶.
- **African Facility for Inclusive Markets (AFIM):** A regional initiative that brings together an alliance of regional organizations, governments, donors and private sector. This UNDP pioneering effort is demonstrating promising initial results and could serve as a model for taking UNDP's private sector strategy forward in other regions³⁷.
- **Significantly strengthen and improve Sustainable Development Impact of Extractive Industry:** UNDP is currently defining a corporate strategy for its work in natural resource management and the extractive sector, which will identify UNDP's value-added services and propose a coherent set of policy, programme and operational options to be implemented. There are significant opportunities for the public and private to enhance dialogue and collaboration across the various stages of natural resource extraction, including around legislation, contract negotiation capacity, transparency and accountability, local economic development, conflict prevention, environmental and social issues.
 - *Resultant Case:* In Mexico, UNDP's Supplier Development Program is working with the government and Mexico's biggest local oil company PEMEX and the related Small Medium Enterprises (SMEs) to develop clusters of local suppliers to exploit the deep ocean oil extraction in major oil producing regions of the country. The focus is on technology transfer and upgrading of the local SME suppliers in the oil, gas and refinery value chains, helping the local SMEs graduate to the next level to ensure increased local value addition and role of the local enterprises in the supply chain.

Outcome 2: Economic Strengthening in Fragile States and Regions

- **Economic strengthening and employment creation in fragile states:** Building on the UN policy of employment in post-conflict countries, and also as part of the Busan "New Deal on Fragile States", UNDP will seek to develop an initiative that allows for engaging public and private partners in a more systematic approach. Furthermore, UNDP will develop partnerships and alliances as per the aspirations of the World Development Report 2011 (WB/UN/UNDP led joint initiative- the Global Facility), and as stipulated in UNDP's World Bank strategy, to seek innovative solutions for wage/self-employment creation for crisis affected households/communities; in particular women and youth in fragile/post conflict countries .
 - *Resultant Case:* In Burundi, UNDP has strengthened employment creation for post-combatants through a 3x6 approach that consists of three organizing principles (inclusiveness, ownership and sustainability) and six discrete steps (enrolment, rapid income generation, saving, joint-venturing, investing and expanding markets). After just

³⁶ [SE4All Global Action Agenda](#).

³⁷ UNDP African Facility for Inclusive Markets (AFIM): See Annex 5 and <http://www.undp.org/africa/privatesector>

one year of the project, around 13,000 women and men have engaged in short-term employment activities enabling them to earn a daily salary and deposit savings into a bank account at local micro finance institutions with improved access to formal financial markets.

- **“Better than Cash”** initiative with USAID and others. The Alliance activities will center on advocacy and support of the implementation of platforms that enable cash less transfers with donors, governments, private sector corporations and communities.

Further details on potential signature programs along with the concrete examples are highlighted in Annex 3 of the strategy.

A concerted effort will also be made to link the new and upcoming signature alliances and programs to existing initiatives of UNDP that could contribute to, and benefit from, the partnerships and networking opportunities in different ways, such as:

- *Istanbul International Center on Private Sector in Development (IICPSD)* - IICPSD’s mandate on research, advocacy, capacity development and partnership convening will be closely aligned with the focus of the signature alliances and programs. As such, IICPSD is expected to play a central role in supporting UNDP’s signature alliances and programmes.
- *The Business Call to Action* mobilizes inclusive business commitments from companies across a range of sectors. Synergies between BCTA and these signature programs will be explored in order to mobilize business engagements and solicit company commitments.
- Regional initiatives such as the *Africa Facility for Inclusive Markets* should be linked with the above mentioned signature programmes.
- Other key strategic alliances and networks of UNDP such as *the ART initiative* to foster greater national and subnational level engagement and local economic development.

4. Operations Management

4.1. Resolving Operational Bottlenecks

For UNDP to effectively and efficiently engage and partner with private sector companies in the future, careful attention to establishing clear governance and monitoring mechanisms for managing partnerships is critical to ensure smooth implementation and results. A review of existing instruments in the POPP³⁸ should be undertaken with a view of ensuring that UNDP has a set of clear and simple to use guidelines, instruments and processes that allow for innovative and cutting edge collaboration with the private sector while ensuring proper risk management. The guidelines must be applicable for both pre-partnership assessment as well as routine monitoring. Instruments need to better respond to the different engagement typologies mentioned above. This includes:

- A strengthened due diligence analysis of potential partners to minimize risks
- A revision of policy and guidelines to ensure streamlined processes.
- A review of modalities and the need to establish new mechanisms and modalities such as challenge funds and innovative finance as well as mechanisms that allows for genuine innovation.

³⁸ UNDP’s Programme and Operations policies and procedures (POPP)

4.2 Internal roles and responsibilities

In line with the UNDP medium-term priority³⁹ of ensuring that UNDP is fit for the 21st Century, UNDP will need to strengthen the way it manages its work with the private sector, thereby enabling the organization to scale up its work in the area and effectively deliver on the strategy.

This will require a focus on a culture and capability for strategic planning and management that matches resources and actions to strategic priorities. This will include ensuring i) that the roles and responsibilities between various parts of the organization are clearly defined and integrated and ii) that sufficient staff capacities and succession planning are in place at different levels of the organization. Furthermore, some of the ongoing regional initiatives should be used as means to operationalize the strategy. For instance, the African Facility for Inclusive Markets (AFIM) is pioneering establishment of regional signature alliances and national level multi-stakeholder projects around selective value chains e.g. agribusiness (sorghum, diary etc.).

Clearly delineated Roles and Responsibilities

At the global level, work with the private sector across the various instruments, support areas and signature alliances outlined above will have three basic dimensions where lead roles are proposed as follows:

- Private sector engagement and partnership management, including global advocacy and outreach to private sector and other partners that UNDP engages with in its private sector work: **Bureau for External Relations and Advocacy (BERA)**
- Private sector development policy advice and capacity development: **Bureau for Development Policy (BDP) / Bureau for Crisis Prevention and Recovery (BCPR)**
- Programming, implementation, engagement at the country level, monitoring, reporting and oversight: **Regional Bureaus and Country Offices.**

The new **Istanbul International Center on Private Sector in Development (IICPSD⁴⁰)** will play a key role in providing additional support and guidance across these areas, with a particular focus on catalyzing partnerships, supporting research and advocacy and coordinating the UNDP private sector Community of Practice. Clear arrangements for how the Center will interphase with central and regional bureaux, regional centers and COs will be established. See Annex 6 for further details on the mandate and role of IICPSD.

Furthermore, cross-bureau teams should be established to manage key Signature Alliances and partnerships including mobilization of resources for operationalizing these efforts. Such cross bureau and cross practice teams will ensure to fully leverage the expertise and competencies that exist within UNDP (at global, regional and national levels) and that are needed to engage in significant strategic partnerships. While cross-bureau collaboration is essential, for each Signature Alliance or Programme it will be important to appoint a lead unit and to clearly define the specific roles and responsibilities of various bureau and units.

In addition, an inter-bureau team should also be established to continuously monitor and report to senior management on the overall implementation of UNDP's private sector strategy. Such an inter-bureau team should also be utilized for providing recommendations about potential private partners based on due diligence and to identify opportunities for resource mobilization for UNDP's private sector work.

³⁹ See "Aiming Higher – Strategic Priorities for a Stronger UNDP", 2011

⁴⁰ Jun 12, 2012: UNDP and the Government of Turkey established. IICPSD to leverage private sector--led sustainable human development globally <http://iicpsd.org>;

Staff Capacities

As outlined in the section on lessons learned, staff capacity should ideally be in place at global, regional and national levels to support UNDP's private sector work across the dimensions of partnership, policy and programming, with a particular emphasis on inclusive market development policy advice. In addition, the following is proposed to strengthen staff capacities in working with the private sector.

- The UNDP Private Sector Community of Practice launched in 2008 (470 members) should be further strengthened and training workshops and seminars should be organized focusing on the various UNDP instruments and support areas.
- Work with the private sector should be further "mainstreamed" across UNDP areas of work. UNDP should systematically incorporate private sector focused sessions as part of training and retreats for staff working in specific technical areas or with regional responsibilities.
- Development of relevant guidance notes and case studies for how UNDP engages and works with the private sector to achieve its key priorities should be developed and shared.
- The incorporation of a private sector segment in senior management induction courses (RC, CD).
- Synergies with the enhanced UN business partnership mechanism and capacities should be explored in the provision of training and capacity building for UN staff and others on UN – business partnerships.

Moving forward - Plan of Action

A concise corporate action plan for immediate implementation with concrete indicators, milestones and targets is attached.

Annex 1: UNDP Examples of work with the private sector

Nigeria - Access to Renewable Energy (AtRE)

The UNDP AtRE Project established in 2011 focuses on increasing the national capacity to invest in and utilize renewable energy resources to improve MSMEs' access to modern energy services thereby strengthening production capacity of small scale entrepreneurs and increasing employment. While MSMEs are the primary beneficiary group, focus is also on developing financial services and policies. The project aims at a) fostering energy services by facilitating an expansion of renewable energy services accessible to MSMEs, b) supporting renewable energy investments by building up capacity within the financial sector as well as among users and providers of energy services and c) promoting policies and institutional frameworks for an inclusive renewable energy market development. A multi-stakeholder approach has been developed to promote inclusiveness on both informal and formal levels, engaging stakeholders on multiple levels.

Ghana – Cadbury Cocoa Partnership

Ghana produces some of the highest quality chocolate in the world, yet it is estimated that 720,000 cocoa farmers suffer low productivity and are highly vulnerable to poverty. Taking a three tiered approach, the Cadbury Cocoa Partnership is boosting productivity to meet market demand, thereby improving the income of Ghanaian cocoa farmers and their families. The partnership takes a three tiered approach by focusing on direct farmer outreach, financial assistance, and community-led development initiatives. UNDP has played a key role in bringing multiple stakeholders together to launch the Cadbury Cocoa Partnership. In addition, UNDP has provided seed funding and supports the partnership through facilitation and advice. As of February, 2010, the partnership has served over 10,000 farmers and their families. In addition, it has increased awareness outreach of prevailing social issues such as child labor and gender equality through its investments in community-led outreach.

Every Drop Matters

Around the world, 1.2 billion people lack access to safe drinking water, a result of environmental pollution, poor infrastructure, poor governance, and natural limitations of the water supply. Every Drop Matters (EDM) is a partnership between the UNDP and Coca Cola Company to improve water quality and resource management through outreach and awareness raising activities in Europe, CIS, the Middle East, and Asia-Pacific. The following provides a sample of the wide array of EDM projects:

- Croatia: Contribute to the development of the Gacka River area as a sustainable tourism destination
- Romania: Develop an integrated rural water and waste management strategy to be replicated across small rural communities country-wide.
- Ukraine: Demonstrate community mobilization for the restoration of the natural springs
- Turkey: Beypazarı rooftop water harvesting project to improve access to safe drinking water through rainwater harvesting technologies and improve general public awareness of better water management practices
- Kazakhstan: Rural water supply project to improve public access to safe drinking water and ensure effective water supply management.

Indonesia Sustainable Palm Oil Initiative

UNDP in collaboration with the Ministry of Agriculture, Kraft and IKEA are initiating a major public-private partnership to support reform and improvement of the palm oil sector in Indonesia. The initiative is establishing within the Ministry a national palm oil platform, supported by provincial

level platforms. The platforms will provide the space to share lessons and build on the successes to-date of NGOs and companies. The initiative serves to remove national barriers limiting adoption of sustainable practice by producers, governments and buyers. There will be a strong focus on improving the capacity, productivity and rights of small producers, whilst conserving forest habitat and peat lands. The initiative will build ministry capacity at the district level. It also links to the REDD+ programmes in Indonesia.

Uganda – Market Linkages

Between 2005 and 2007, UNDP instituted a business linkage program in Uganda which helped to enhance SME productive capacity, efficiency, competitiveness and relationship sustainability through establishing linkages with prominent transnational corporations (TNCs). The project built 23 linkages between TNCs and SMEs, contributing to the development of the agribusiness, manufacturing, telecom, and real estate sectors.

Haiti - Mobile phone cash transfer for housing repairs

Since March 2012, 5000 of Haiti's earthquake-affected households can receive cash instalments through the first ever mobile money transfer mechanism to support post-disaster housing reconstruction. Through subsidies, low-income families are able to purchase construction materials such as cement, iron and wood at selected project-certified stores for high-quality assurance at affordable prices from local merchants. The initiative developed in partnership with the Government of Haiti and Digicel, one of Haiti's largest cell phone companies, the mobile phone cash transfers are helping boost financial inclusion in Haiti, where nearly two-thirds of the population has access to mobile phones but only 10 percent have bank accounts. Beneficiaries can also access a mobile phone checking account, which is a safer method of storing cash that also reduces financial transaction costs, improves users' ability to save and helps bring more people into the formal financial sector. The project injected 12 million HTG into the local economy. The project was conceptualized by the the UNDP Haiti Country Office with support from the Growing Inclusive Markets initiative who also developed a report on partnering with private sector providers in the disbursement of cash transfers in Haiti. It will be showcased as part of UNDP's innovative practices in the Better than Cash Alliance.

Bulgaria JOBS: Creating job opportunities through business support services

The Bulgaria JOBS program has created 40,000 sustainable jobs as well as a network of 42 autonomous and financially viable support organizations. Over 40 JOBS Business Centers have provided services to 26,000 entrepreneurs. In addition, the JOBS Foundation and the JOBS Microfinance Institution are being established to preserve the JOBS program model and ensure a sustainable exit strategy for UNDP.

Egypt – Corporate Responsibility Center

The Egyptian Corporate Responsibility Center is building the capacity of the Egyptian private sector by encouraging increased corporate social responsibility (CSR). This namely includes promoting respect for labor rights and environmental sustainability as well as increasing community outreach. To succeed in its approach, the UNDP fosters partnerships between the ECRC and the private sector, as well as between academia, and the government.

Sierra Leone – Youth Entrepreneurship

In Sierra Leone, in 2010, UNDP partnered with UNILEVER on a youth entrepreneurship project that led to the creation of 100 youth led franchises. On average, 83% of the franchises reported profit making services. In order to scale up these initial successes, UNDP and IFC are working closely to build the capacity of business service providers to improve access to finance for SMEs in Sierra Leone.

Costa Rica - National Platform of Responsible Production and Trade of Pineapple

At the end of 2010 the UNDP Green Commodities Facility launched a National Platform-based project to create a model for responsible pineapple production and trade in Costa Rica. Over a 24 month period this initiative works with the established national platform to coordinate stakeholders and form a joint strategy to reduce negative environmental impacts and increase economic and social benefits from pineapple production, with an aim to institutionalize responsible production. This multi-stakeholder and inter-institutional dialogue has high-level government leadership from the Second Vice-presidency of the Republic and is co-directed by the Ministries of Environment, Energy and Telecommunications (MINAET), and the Ministry Agriculture and Livestock (MAG). Financial support is provided from the Dutch cooperation agency, ICCO. Major pineapple buying companies such as Dole, Walmart and Chiquita also participate.

Burundi – 3x6 Approach to Post-Conflict Reintegration

The 3x6 approach was created by UNDP Burundi as an innovative response to the challenge of socially and economically reintegrating ex-combatants and other conflict-affected populations in society. The approach builds both on traditional elements of socio-economic reintegration, i.e. putting people to work, injecting money into local economy, and providing alternative employment opportunities for ex-combatants, while introducing innovative dimensions i.e. promoting individual savings, enhancing social cohesion by encouraging collective economic activities (horizontal cohesion), and engaging other actors in joint economic ventures based on collective savings, outside investment, and risk sharing (vertical cohesion). In a post-conflict context, the need to generate quick results with visible impact needs to be balanced with a longer term perspective. The 3x6 approach consists of three organizing principles (inclusiveness, ownership and sustainability) and six discrete steps (enrolment, rapid income generation, saving, joint-venturing, investing and expanding markets).

Micro Enterprise Development Program: developing inclusive markets and sustainable jobs

In Nepal, UNDP's MEDEP program is adopting value chain tools and approaches to link with micro finance institutions, appropriate technologies, and higher value markets. MEDEP developed more than 8,000 micro-entrepreneurs in 10 priority products (Bamboo, honey, herbal soap, natural fiber and handloom, ginger, incense stick, lapse fruit and orange) and created 13,000 sustainable jobs.

Mexico – Supplier Development Program

In Mexico, the supplier development program helps the local Small and Medium Enterprises (SMEs) that are engaged in the economic sectors of national importance to access innovative technologies and expertise to enhance its competitiveness and move up the value chains. In the last four years, 461 SMEs have been linked with 56 lead firms. The program hosts a web portal consisting of 4200 companies. The average percentage increase in sales per supply chain was 15 percent and the highest job creating supply chain was agribusiness (amaranto) with 42 percent increase in employment. The program has been replicated in UNDP El Salvador, Honduras and will start soon in South Africa.

Sudan – Hibiscus value chain

As per 2008 data, Sudan Republic produced 18 thousand tons of the worldwide best quality hibiscus tea. Half of the volume produced was exported— 80% of it to Germany. Hibiscus is the main cash-crops in Sudan and its primary producers are mainly poor rural women. Together with two German companies, UNDP is establishing buy back guarantees and maintaining stable supply chain contracts with flexible margins to assure stable prices and working closely with farmers and traders to comply with international quantity and product specifications (meeting quality, traceability and documentation according to GACP guidelines) to ensure a strong hibiscus value chain development. In order to ensure women's economic empowerment and participation, UNDP is supporting formation of women and girls' local business associations and developing the capacity of women and girls hibiscus farmers associations in collective bargaining.

Annex 2: Examples of Roles and Responsibilities

BERA	BDP	BCPR	RBx / Regional initiatives	COs
<p><u>Relationship management, business outreach, advocacy and communications</u></p> <p>Overall outreach to global private sector and other partners, continuous relationship management</p>	<p><u>Policy advocacy and substantive thought leadership</u></p> <p>Global policy development and advocacy on substantive aspects to engage partners (joint with BERA)</p>	<p><u>Conceptualization and design</u></p> <p>In coordination with BDP and BERA, lead the conceptualization of early action on private sector engagement in fragile/conflict situations as part of the recovery agenda for UNDP</p>	<p><u>Country office support</u></p> <p>Country office support on programming and operational aspects.</p> <p>CO support on concept and project formulation,</p> <p>Lead relations with MICs/UMICs as new strategic partners and (re)emerging donors</p>	<p><u>Policy advocacy and relationship management and program implementation</u></p> <p>Manage high-level relationships with government, donors, private sector and other key strategic partners at country level.</p>
<p><u>Due diligence</u></p> <p>Due diligence, risk management of private sector and other partners</p>	<p><u>Technical Assistance</u></p> <p>Policy advice and technical guidance to COs (based on environmental expertise, capacity development, private sector development etc.)</p>	<p><u>Technical Assistance</u></p> <p>Provide technical and programme support to COs in fragile/conflict setting ensuring that the private sector work starts early on in support of entrepreneurship, reintegration, market access for crisis affected communities/households including combatants</p>	<p><u>Interlocutor</u></p> <p>Main interlocutor between COs and HQ; day to day backstopping of COs</p>	<p><u>Programme management</u></p> <p>Program management Recruit technical service providers / project staff, manage and guide and oversee project deliverables</p>
<p><u>Partnerships</u></p> <p>Define appropriate relationship modality and structure the overall partnership / alliance</p>	<p><u>M&E and knowledge management</u></p> <p>Monitoring and overall quality control of the global initiative</p>	<p><u>Partnership development and visioning</u></p> <p>Ensure road map for expansion of private sector work in medium to long term in collaboration with BDP and BERA</p>	<p><u>Regional coherence</u></p> <p>Ensure regional coordination and synergies between countries</p>	<p><u>Program management</u></p> <p>Lead project scoping and formulation exercise based on overall approach of the initiative</p>
<p><u>Defining partnership modalities and resource mobilization</u></p>	<p><u>Development of Tools and instruments</u></p> <p>Knowledge</p>		<p><u>Regional Advocacy</u></p> <p>Regional level advocacy with</p>	<p>Reporting through ROAR and other instruments</p>

<p><u>strategies</u></p> <p>Support to defining country level partnership structures, how to set up modalities and governance of platforms, Resource mobilization, Innovative finance</p>	<p>management, development of needed toolkits and guidance materials, analysis of experiences (lessons, good practice)</p>		<p>relevant regional partners</p>	
<p><u>Global advocacy and political intelligence</u></p> <p>Global overall advocacy and intelligence about private sector, donors, other partners interested in specific commodities / sectors; continuous outreach</p>	<p><u>Roster of expertise</u></p> <p>Develop and manage a pool of pre-qualified “technical service providers” that will deliver country platform</p>	<p>Collaborate closely with BERA/BDP on the development of technical expertise required in conflict and post conflict settings private sector work</p>	<p><u>Regional capacity building</u></p> <p>Support regional capacity building efforts as needed</p>	
<p><u>Lessons learned and communications</u></p> <p>Knowledge management of partnership experiences</p>	<p><u>Integrated policy support and coordination</u></p> <p>Coordinate coherent policy support from relevant practice / substance areas</p> <p><u>Policy guidance and support</u></p> <p>Lead the conceptual development of the initiative and the approach to be taken under the initiative; Guide concept and project formulation at country level</p> <p><u>Technical support to the private sector companies</u></p> <p>Working level relationships with private companies on technical issues</p>	<p>Support COP on private companies and other private sector initiatives in conflict and fragile states for fostering partnerships with BERA etc.</p> <p>Identification of private companies and other private sector initiatives in conflict and fragile states for engaging the private sector in early recovery.</p>		

Annex 3: Signature Alliances and Programmes

The following are potential signature alliances and programmes. Contributing to Strategic Objective 1: Sustainable and Inclusive Economic Growth:

- **Signature Alliance and Programme Area 1: “Building Tomorrow’s Markets”** to advance the transition to greener and more inclusive economic sectors. The signature program will initially focus on agriculture commodities through supporting national and subnational level public-private platforms. While convening UNDP will adopt conflict sensitive and gender equality approaches in market analysis and market based programming, develop policies to enhance the leadership of women in value chains and promote relationships within communities fragmented and marginalized by conflict to ensure sustainable inclusive market development. The aim will be to build on the experiences of UNDP’s [Green Commodity Facility](#) and other UNDP value chain initiatives and take the experience of sector specific public-private platforms to scale by establishing a broader initiative with an alliance of public and private partners that will engage with UNDP to expand work to more countries and sectors. A draft proposal is available. The UNDP Green Commodities Facility launched a National project to create a model for responsible pineapple production and trade in Costa Rica by reducing negative environmental impacts and increasing economic and social benefits from pineapple production. This project is made possible through partnering with major pineapple buyers including Wal-Mart, Dole, and Chiquita, as well as the Costa Rican government and ICCO.
- **Signature Alliance and Programme Area 2: Energy Access for Productive Use (linked to Sustainable Energy for All, SE4All)**. UNDP will play an important role in supporting countries to commit and take action to achieve the targets of the SE4All initiative. The role of the private sector will be instrumental to achieve the SE4All targets and there will be a need for country level mechanisms that enable the public and private sectors to come together on a sustained basis to dialogue, coordinate actions collaborate and monitor progress. UNDP should define how it can support public-private cooperation across countries in a systematic way and in support of select action areas in the SE4All Global Action Agenda¹.
- **Signature Alliance and Programme Area 3: Significantly strengthen and improve Sustainable Development Impact of Extractive Industry**: UNDP has experience of supporting over 30 countries with managing their extractive sectors to contribute to sustainable human development. This has often included engagement with the extractive industry. UNDP is currently defining a corporate strategy for its work in natural resource management and the extractive sector, which will identify UNDP’s value-add and propose a coherent set of policy, programme and operational options to be implemented. Collaboration with the private sector will be an integral part of this effort. Thus the far majority of UNDP country offices have worked on improving transparency and received many contributions from companies engaged in the extractive industries as part of the CSR activities. For example, UNDP partnered with Chevron in Angola to enhance local enterprise development, skill development and job creation. However, in Mexico, UNDP’s Supplier Development Program is working with the government and Mexico’s biggest local oil company PEMEX and the related Small Medium Enterprises (SMEs) to develop clusters of local suppliers to exploit the deep ocean oil extraction in major oil producing regions of the country. The focus is on technology transfer and upgrading the local SME suppliers in the oil, gas and refinery value chains, thereby helping the local SMEs graduate to the next level to ensure increased local value addition in the supply chain. Building on the above experiences, UNDP will shape its work with the private sector in the extractive industry.

Contributing to Strategic Objective 2: Economic Strengthening in Fragile States and Regions

- ***Strategic Alliance and Programme Area 4: Economic strengthening and employment creation in fragile states:*** Building on the UN policy of employment in post-conflict countries there is a need to better integrate private sector development at an earlier stage in fragile countries, linking better from humanitarian and cash for work support to strengthening entrepreneurship, organizing value chains and addressing basic business enabling environment issues. As part of the Busan “New Deal on Fragile States” and the increased interest in focus on private sector development in fragile states, combined with increased interest from the private sector itself to collaborate with the UN in fragile states, UNDP will seek to develop an initiative that allows for engaging public and private partners in a more systematic approach. Furthermore, in line with the aspirations of the World Development Report 2011 (with WBG/UN/UNDP - the Global Facility) UNDP will seek innovative solutions for wage/self-employment creation for crisis affected households/communities; in particular women and youth in fragile, post conflict countries. In Burundi, UNDP has strengthened employment creation for ex-combatants. After just one year of the project, around 13,000 women and men have engaged in short-term employment activities enabling them to earn a daily salary and deposit personal savings into bank accounts at local micro finance institutions. Similarly, in Nepal, UNDP’s MEDEP program is adopting value chain tools and approaches to link with micro finance institutions, appropriate technologies, and higher value markets. MEDEP developed more than 8,000 micro-entrepreneurs which led to the creation of 13,000 sustainable jobs in 10 priority products (including bamboo, honey, herbal soap, natural fiber and handloom, ginger, incense stick, lapse fruit and orange).

- ***Strategic Alliance and Programme Area 5: “Better than Cash”*** initiative with USAID and others. The Better than Cash Alliance aims to spur the use of cash-less transfers by development agencies, donors and corporations throughout the developing world. This alliance is led by USAID with substantive support by UNDP. USAID is accompanied by NetHope and is also seeking to engage other governments, foundations and companies. Some of these partners will act as resource contributors, while others will act as ‘programme’ partners (e.g. UNDP); engaged in advocacy and transforming operations. The Alliance activities will center on advocacy and support of the implementation of platforms that enable cash-less transfers with donors, governments, private sector corporations and communities.

Annex 4: Example of a Potential Signature Alliance / Programme

Taking Green and Inclusive Commodity Supply Chains to Scale: Public-Private Platforms to Build Tomorrow's Markets

Overall Description of Initiative

Agriculture is the largest employer in low-income countries, accounting for 60% of the labor force and producing 25% of GDP. More than half of the world's farmers are women. On the environmental side, agriculture generates 15% of all greenhouse gas emissions and expansion of agricultural commodity production constitutes one of the greatest threats to biodiversity – it is estimated that agriculture expansion causes an annual loss of 13 million hectares of forest cover. Additionally agricultural commodities are at major risk from climate change and require adaptation and strong ecosystem management. Many multinational companies rely on agricultural commodities produced in developing countries.

This initiative aims to build on the experiences of the UNDP Green Commodities Facility to support more systematic and wide-reaching support to countries to address critical issues of inclusion, sustainability and competitiveness in key agriculture commodity sectors (and possibly other sectors). This is expected to result in job creation and a transition towards a greener economy. This will be done by supporting enhanced public-private dialogue and collaboration through “platforms” that enable key government ministries and departments, relevant private sector actors in a target sector (from smallholder farmers to large international companies), development agencies and NGOs to come together to define coherent strategies and take concerted and coordinated action.

A global knowledge and coordination function will enable the transfer of effective approaches, and lessons learned across countries and commodities. It will also help link international and regional companies and investors with new opportunities in specific countries. *At the global level, a public-private alliance will be established* to support this effort. Over the full five year duration of the initiative, it is expected that twenty countries will be supported.

The initiative is expected to have a set of activities at both country and global levels (and possibly the regional level, TBC):

- Country level – establishment and facilitation of public-private platforms that bring together government, private sector, donors, civil society for dialogue, strategic planning and coordinated action.
- Country level – support selected programmatic intervention to address key barriers, as identified by the platform actors;
- Global level – knowledge management, quality control and oversight, global partner and relationship management.

Examples of country experiences to date from which to build on:

- **National platform of responsible production and trade of Costa Rican pineapple:** The project coordinates actions amongst all major stakeholders, including producers and manufacturers, exporters and corporate buyers of Costa Rican pineapple. The project also receives the highest level of support from government (Vice President, Ministers of Agriculture, Environment)
- **Sustainable palm oil in Indonesia:** UNDP engages with the government to change structural support and incentives to palm production for sustainability at scale by supporting national and provincial platforms for policy, planning and coordinated action for sustainable palm oil supply chains. Partners such as Kraft, IKEA and others are engaged and provide financial support.

- ***Greening the sustainable cocoa supply chain in Ghana:*** This project works within Kraft Foods (Cadbury) to deliver sustainable cocoa. Recently the Ghana cocoa authority (Cocobod) has agreed for UNDP to support a national “platform” focused on sustainable cocoa.
- ***Nordic Cocoa Initiative – Ivory Coast:*** The overall objective of this project is to contribute to the promotion of sustainable cocoa in IC. This project will work in collaboration with the Nordic chocolate companies, World Cocoa Foundation, IDH, UNDP and the private sector.

Annex 5: African Facility for Inclusive Markets (AFIM)

Overall Description of Initiative

The African Facility for Inclusive Markets (AFIM) is – RBA’s Regional Private Sector Development Project commenced in November 2010. It combines private sector engagement and private sector development towards inclusive growth and sustainable development in Africa applying UNDP’s Inclusive Market Development (IMD) approach. The project is led by RBA, implemented by its Regional Service Centre Johannesburg and supported by BERA.

AFIM focuses on developing private sector markets to make them more inclusive of and beneficial to low income groups as producers, consumers and employees. The objective is the stimulation of sustainable economic growth that creates jobs and income opportunities and thereby reduces poverty – primarily by ensuring that small enterprise owners and their employees take part in the growth of expanding markets.

Specific consideration is given to the development of value chains with growth, job and income generation potential such as agri-food, energy, finance, tourism and extractive industries. AFIM builds on the work of regional and national private sector initiatives in over 25 countries including Angola, Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Malawi, Madagascar, Mozambique, Nigeria, Senegal, South Africa, Uganda, Tanzania, Zambia.

AFIM is an excellent, innovative example of a regional Alliance Signature Project bringing together private sector, regional organisations, governments, country offices, donors, development banks and UN agencies. This project is demonstrating good initial results and the model should be supported and strengthened and replicated in other regions based on demand.

Expected Outputs:

1. Increased capacity of regional organizations, governments, and other stakeholders to support inclusive market development in the region;
2. Inclusive market development initiatives at sub-regional and country levels developed and supported
3. Alliance of partners for African inclusive market development established
4. Improved access to finance for small producers and enterprises facilitated

Levels of Activities:

AFIM has a set of activities at country, sub-regional and regional:

- Country level – engage local private sector, strengthen linkages between small entrepreneurs within value chains, build capacity of country offices and national governments.
- Sub-regional level – establish sub-regional Project Facilitation Platforms (PFPs) for East, West and Southern Africa facilitating selected agri-food value chains projects; build private sector related capacity of regional economic communities.
- Regional level – establish a regional Alliance for inclusive market development with key partners (including African Development Bank, AUC, NEPAD); knowledge management of best practices on inclusive business models and IMD.

Indicative Activities:

AFIM undertakes several activities to facilitate systemic market development in Africa:

- Engage Companies and Investors: Facilitate broad-based public-private partnerships for poverty reduction and achieving the MDGs.
- Strengthen Private Sector Initiatives: Build upon existing private sector and IMD initiatives on national, regional and global levels

- Foster Supply and Value Chains: Support integrated supply and value chains which allow multiple entry points for low-income groups to benefit as suppliers, producers, processors, distributors, customers etc.
- Build Capacity through Advocacy, Policy Dialogue: Undertake capacity building, policy dialogue and advocacy for IMD.
- Link with UN Agencies, Donors and Implementers: Coordinate and link with the various private sector related activities of other UN agencies, donors and implementers.
- Facilitate Knowledge Exchange & Community of Practice: Provide a regional platform for knowledge and information exchange to effectively implement private sector development strategies and sharing of best practices.
- Improve Access to Inclusive and Innovative Finance: Facilitate access to finance through knowledge dissemination of innovative means such as value chain finance, venture capital, warehouse receipts, etc.

Initial Achievements:

AFIM has delivered early, promising results which include the following key achievements to date (as of July 2012):

- Assisted 29 UNDP country offices and governments to develop their capacity to support value chain development in their countries.
- Produced and disseminated widely a study on the Roles and Opportunities of Private Sector in Africa's Agro-Food Industry.
- Produced and disseminated widely a comprehensive study of inclusive finance and a field guide on inclusive business finance on access to finance for MSMEs.
- Developed a capacity development programme for regional institutions which garnered a \$1 million grant from the Japanese Ministry of Foreign Affairs.
- Co-organized the AgriBusiness Forum 2011, the largest agribusiness conference in Africa, bringing together agro-business representatives and investors.
- Organized a continent wide and broadly supported public private dialogue (PPD) which led to adoption of the Johannesburg Declaration on "Engaging the Private Sector in Furthering Africa's Agribusiness, Food Security and Nutrition Agenda",
- Organized a very successful East Africa Project Facilitation Platform (PFP) advancing three strategic agri-food value chains for the region: dairy, sorghum and soy.
- Developed a catalytic funding programme to provide micro-capital grants and technical assistance for selected inclusive cross-border and regional value chain projects.

Annex 6: UNDP Istanbul International Centre for Private Sector in Development

In March 2011, the UNDP Administrator inaugurated the **UNDP Istanbul International Centre for Private Sector in Development (IICPSD)**, established in partnership with the Government of Turkey. The Centre's efforts build upon the work of UNDP in contributing to the MDGs and the post-2015 Agenda by focusing on the following objectives:

- 1) Support the development of inclusive and competitive markets and inclusive business models that engage poor people into value chains as producers, employees, consumers and entrepreneurs, with the end goal of poverty alleviation.
- 2) Foster private sector engagement and advocacy with for example, the UN system for achievement of MDG targets (especially on focus sectors like health, agriculture, education, housing and water and themes like youth, gender, environment) and other internationally agreed development goals (e.g. climate change) in follow-up to Rio +20
- 3) Become a center of excellence in terms of capacity development activities that harness Trilateral Development Cooperation and South-South partnership, and promotes skill-building, access to enterprise-related finance, entrepreneurship and assistance to enabling actors
- 4) Convene business and supporting actors to expand dialogue and create actionable partnerships between themselves, in support of a development agenda

These objectives will be achieved through research, advocacy, public-private dialogues, knowledge development and management, MDGs-based partnerships, capacity building and training. The Centre will act as a Southern-based International Centre of Excellence and will have a global mandate in terms of its focus, work, collaboration and outreach.

The new *Istanbul International Center on Private Sector in Development (IICPSD¹)* will provide support across all areas, with a particular focus on catalyzing partnerships, supporting research and advocacy and coordinating the UNDP private sector Community of Practice.
