



# A New Global Partnership with Business: Delivering the Post- 2015 Development Agenda

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# A NEW GLOBAL PARTNERSHIP WITH BUSINESS



BUILDING A POST-2015  
DEVELOPMENT FRAMEWORK  
TO ACHIEVE SUSTAINABLE  
PROSPERITY IN AFRICA

# FOREWORD

Since 2000 and the launch of the Millennium Development Goals (MDGs), many of Sub-Saharan Africa's citizens have experienced growing stability and security alongside an increasingly widespread economic transformation that has lifted millions out of poverty. Strengthening national economies and improved governance in many countries are creating firmer foundations for sustained economic growth and poverty alleviation. Growth across the continent averaged 5.3% from 2005 to 2012, peaking at 6.6% in 2012.<sup>1</sup>

Despite the encouraging economic context and progress across a number of MDG indicators, overall progress on human development remains disappointingly slow and the region is struggling to translate economic growth into jobs, especially for its fast growing young population. Aid budgets are also under mounting pressure as a result of budget constraints posed by the global economic recession.<sup>2</sup>

In spite of these challenges, Sub-Saharan Africa's economic outlook remains relatively positive and stable. This creates a pivotal opportunity for the region to secure irreversible development gains and the goal of greater prosperity for its citizens. At the same time, there is also a growing consensus that this new era of economic progress will be unsustainable if more jobs are not created, if the rewards of growth are only shared by the few, and if environmental imperatives are not prioritised.

The private sector has been at the forefront of Africa's development. In addition to fuelling economic growth through investment and job creation over the past few decades, many recent investments and innovations to tackle development challenges, such as health, education, nutrition and food security, climate change, water scarcity, mobile communications and infrastructure, have been driven by private enterprises, ranging from large multinational and national companies to social entrepreneurs and small businesses. The story of this contribution is not new and has been well documented by our organisations and many others. What is perhaps less well understood is the vital role that new models of partnership are playing to catalyse, enhance and scale business's contribution to development.

Many of the most effective and scalable market-based development solutions are being developed and delivered through partnerships between business, governments, development agencies and civil society organisations. These range from project-based partnerships, between an individual company and other actors, to national or sector-based multi-stakeholder platforms involving a large number of companies and other actors. They include alliances that are mobilising long-term financial and technical resources; piloting and scaling innovative development technologies, inclusive business models and value chains; and improving both public and private sector accountability and transparency.

The growing focus by global leaders on the Post-2015 Development Agenda, which aims to build on the considerable progress made by the MDGs, creates an important opportunity to further mainstream and scale the role of cross-sector partnerships in development

practice. The recent report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, "A New Global Partnership", establishes a clear and compelling vision of eradicating extreme poverty by 2030 and ensuring "sustainable prosperity for all". Amongst the five "transformative shifts" identified in the report, the Panel has signalled a strong emphasis on the contribution of business to realising this agenda and the importance attached to forging a new global partnership underpinned by "a spirit of solidarity, cooperation and mutual accountability".

As part of the deliberations and outreach efforts of the High-Level Panel, its two business representatives – Paul Polman, Chief Executive of Unilever and Betty Maina, Chief Executive of the Kenyan Association of Manufacturers – engaged with national and international business associations and networks such as the UN Global Compact, the World Business Council for Sustainable Development, and the World Economic Forum to focus on the role of the private sector in helping to shape and deliver the Post-2015 Goals. Unilever supported a process of private sector outreach that consulted over 300 companies from diverse countries and industry sectors, with combined revenues exceeding US\$ 8 trillion and representing over 10 percent of global GDP. They concluded: "Many companies highlighted the importance of public-private partnerships as a delivery mechanism for the Post-2015 Goals. ... However it was widely accepted that whilst partnerships were easy to talk about they were hard to make work."

There is growing recognition of the need to better understand existing partnership models and their key success factors and challenges in order to scale up their number and impact.

This report aims to contribute to that process. As the Post-2015 agenda enters the inter-governmental process, the key question we set out to answer in the report is how best to harness business-led development partnerships in the delivery of a new development vision and framework. Drawing from a variety of Africa-focused partnership case studies led by companies that our organisations work with, the report aims to highlight the structures and processes that drive effective cross-sector collaboration, which should be further promoted and solidified as part of a Post-2015 framework. We hope the report will provide businesses, governments and development partners with knowledge and insights not only to inform policy deliberations but also, vitally, to drive the action necessary to unleash the power of business as a partner in development.

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**Jane Nelson**

Director, Harvard Kennedy School  
Corporate Social Responsibility Initiative

**Zahid Torres-Rahman**

Director, Business Action for Africa

**Darian Stibbe**

Executive Director, The Partnering Initiative

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# LEADERSHIP PERSPECTIVES

# 1



## Towards a smart partnership for transformation

**Dr. Donald Kaberuka**

President, African Development Bank Group

The idea that business and the state are two hands of a dynamic economy is not at this point philosophically controversial. What is perhaps a legitimate issue for discourse is the nature of this relationship and the need to strike the right balance over time. Inspired by the progress made by a number of emerging countries within a generation in lifting millions of people out of poverty and creating wealth, an interesting conversation has developed around the idea of 'a Developmental State' as opposed to the State as a 'night watchman'.

In other words, the belief that in the early stages of development the State will play an activist role to support the private sector, even take the lead, for some time, in a number of strategic areas and ceding them later, in part or as a whole, to private capital. This is the gist of the so called 'Asian Model'.

There is a growing consensus that since the new Millennium, Africa has turned a corner. Although there might be issues around data quality and their interpretation, the trends are unmistakable. But there is also agreement, overall, that sustainability remains a major issue due to the narrow range of growth drivers, and consequently, embryonic structural change, as well as limited gains in productivity and job creation.

There is little doubt that the challenges of inclusion, widening the production base, moving up the value chains and unlocking Africa's internal market will require strategic and innovative partnerships that need to be forged between the State and the private sector.

This entails not simply imitating the Asian models or choosing between a whole range of global experiences, but more crucially, learning from our own experience and asking the basic question - what is it that works for us?

Over the last eight years, and in line with our assessment of Africa's needs, the African Development Bank has ramped up its financing support to the private sector from slightly over \$300 million a year to \$2.8 billion. In the process, we have seen a shift in perceptions about Africa, where a very wide gap between perceived and actual risks has existed in the past, which is now fast narrowing.

But it was also obvious that for the ramped up private sector investments to succeed, the ability of business

to take a long-term view is pivotal. This requires that a mutually reinforcing partnership between business, governments and financial institutions such as the AfDB, based on trust, is nurtured.

One needs only to recall the experience with the telecoms sector in the late 1990s and early 2000s. This highly state controlled sector, once deregulated, exploded. It has continued to experience exponential growth, even afterwards, once the State has put in place a suitable policy and institutional environment, including independent regulators.

That is why in its initial five year strategy the African Development Bank opted to focus on the following interrelated areas which address the issues of risk, cost of doing business and market size/diversity: infrastructure; economic integration; governance and institutions; and support to fragile states.

As we did so, the costs of doing business have been driven down by better infrastructure, red tape has been reduced through seamless movement of people and goods across borders of the 54 African countries and trade facilitation, confidence has been instilled by better functioning institutions, and the spillover effects of fragile states minimised. Consequently, trade and investments are beginning to boom across the continent.

As public resources get tighter everywhere, leveraging private sector 'animal spirits' is the way to go. There is no doubt that private-public sector relationships, facilitated by international financial institutions, are the sustainable pathways way to the future.

As we move forward to close the \$45 billion infrastructure gap in Africa, such partnerships are vital and possible. That is why the Bank is championing a new financing vehicle, 'Africa50', to mobilise Africa's own internal private capital and leverage that with external institutional investors and the Bank's experience and track record in these types of project finance.

As Africa opens for business and business opens for Africa, this smart way of working together is what we need and the African Development Bank is playing its part in line with its mandate.

***'There is no doubt that private-public sector relationships, facilitated by international financial institutions, are the sustainable pathways way to the future.'***



## Fast-tracking a strong and responsible partnership between Africa and business

**Justine Greening**

Secretary of State, UK Department for International Development (DFID)

There's one thing economists don't argue about: economic growth is essential for sustained poverty reduction. China is the prime example – in 1981, 84% of China's population lived under \$1.25 per day. By 2008, this proportion had fallen dramatically to 13%. This was principally driven by the tenfold increase in per capita GDP over the period. Tackling poverty and ending aid dependency in Africa requires the same focus on jobs. That's why since joining the Department for International Development I have ramped up the focus on economic growth and job creation.

This isn't just the right thing to do, it's the smart thing. Africa has some of the most impressive growth statistics in the world economy. Its natural resources can – and are – powering the world. These are the emerging markets of the future and we all have an interest in seeing them develop faster. Today's aid recipients are tomorrow's trading partners.

So how can we fast-track a strong, positive, responsible relationship – a partnership – between Africa and the private sector? My department is already taking a number of actions to help dismantle barriers to trade, boost investment and improve the business climate. British development money is modernising ports in Kenya and Uganda, upgrading roads from Uganda to Rwanda and slashing start-up costs for businesses in Nigeria. I am also encouraging UK businesses to get involved in the development push. DFID is currently developing new ideas on how we work with businesses interested in responsible investment in developing countries.

But we – and others – need to do more to support Africa's efforts to be open for business. And in a way that reflects the diversity of Africa's countries – no one country has the same "private sector" as another. This is an issue I have been considering as co-chair of the Global Partnership for Effective Development Cooperation. The Global Partnership was set up in 2012 to help countries, businesses and organisations work better together to end poverty – now and in a post-2015 framework.

Through the Global Partnership, I think we should develop a comprehensive roadmap for a positive impact of the private sector on development that reflects Africa's diversity. I believe this roadmap needs three strands:

First, it needs to include commitments to responsible and sustainable business everywhere. In the extractive industry, for example, mining companies should welcome a robust tax system and governments should be building up their capacity to collect taxes so that they can invest that money in services that help everyone. As holders of the G8 Presidency this year, the UK has promoted greater transparency around how natural resources are managed and used. I think we can carry this agenda forward through the Global Partnership.

Second, the roadmap needs Ministers in Africa and elsewhere to commit to policies that support a vibrant private sector. Much of this is about strong institutions and good governance. But businesses also need a sound economic environment and effective public services to be able to invest. Open markets and regulatory environments that strike the right balance between protecting firms and individuals and encouraging trade and investment are also critical. DFID has already started to help countries build their own tax base, root out corruption through greater transparency, as well as providing technical advice so when economic growth does happen, countries are well placed to then reap and reinvest the gains.

Last but not least, this roadmap needs commitments from developing country leaders, donors, businesses, NGOs and others to help strengthen open collaboration and honest dialogue between public and private sectors. Business Action for Africa is a key partner – as well as challenger – in helping identify where new specific partnerships can be forged and leveraged.

The Global Partnership has a diverse membership but we all share a commitment to end poverty. Business will be key to helping us achieve this goal now and in a post-2015 world.

***'Through the Global Partnership, I think we should develop a comprehensive roadmap for a positive impact of the private sector on development that reflects Africa's diversity'***



## Opportunities and challenges for business engagement in the Post-2015 development agenda

**Betty Maina**

CEO of the Kenyan Association of Manufacturers (KAM) and a member of the High Level Panel on the Post-2015 Development Agenda

The past twenty years have witnessed a significant increase in business partnerships with governments and civil society in the pursuit of various aspects of the sustainable development agenda. As the international community engages in widespread dialogue on the framework to replace the MDGs, the energy, innovation and resources of the private sector are increasingly recognised to be one of the core drivers of the agenda for economic empowerment, and to redress the current mismatch between aspirations, capabilities and opportunities many countries – particularly but certainly not exclusively African ones – are confronted with.

This involves a much more comprehensive engagement by the private sector than “simply” that of successfully running business. Having had the honour to serve on the UN Secretary General’s High Level Panel of Eminent Persons on the Post-2015 Development Agenda, we had the opportunity to closely interact with many entrepreneurs and managers that are actively engaged in the search for strategies that could create the conditions for their business to thrive in more inclusive, equitable and sustainable economies and societies.

Such an enhanced business engagement in development comes with new opportunities as well as renewed challenges. The acceleration of development progress offers increased opportunities for business as it fosters sustained growth and expanding markets, stronger rule of law and political stability, social cohesion and an increasingly educated and healthy workforce. Beyond the production of goods and services, an expanded development engagement also offers opportunities in the provision of social services such as the delivery of education and health. At the same time, the innovation that drives entrepreneurship can contribute to finding novel ways to address societal problems that could help leap-frog the stages other economies had to go through in their past development paths.

The recognition of the role of the private sector in fostering growth, promoting innovation and providing employment also means that business now has a seat at the table – globally, regionally or nationally – where development policies are defined, with increased opportunities for advocacy on the conditions that facilitate entrepreneurial and market development.

***‘The frontline involvement by so many companies and business associations in the shaping of the Post-2015 development agenda shows that the private sector is definitely stepping up to co-lead the transformations that are required for these challenges to be tackled and prosperity to thrive.’***

However, these opportunities also involve new challenges and even short-term trade-offs. In this respect, it is necessary to unpack the private sector and recognise that there are very different ways of doing business, some more virtuous than others. It is time for business to set higher standards for its operations and move beyond the current understanding of corporate social responsibility into a new socially and environmentally sensitive business model. This requires action at various levels: the rethinking of corporate reporting standards, the fine tuning of global and national regulations, the strengthening of consumer education and association, and the nurturing of stronger business ethics at all levels. Rather than taking the back seat and waiting for these changes to unfold, the private sector should lead its own transformation in active dialogue with government and civil society. Doing so will also help a great deal in addressing the confidence challenge raised by many watchdogs and civil society networks with regards to the deeper engagement of the private sector with the development policy agenda.

Business increasingly realises that its long term prosperity is at stake if the challenges of poverty and marginalisation are not properly confronted, and economic development patterns do not provide for greater inclusiveness and increased equity of opportunities and outcomes. The frontline involvement by so many companies and business associations in the shaping of the Post-2015 development agenda shows that the private sector is definitely stepping up to co-lead the transformations that are required for these challenges to be tackled and prosperity to thrive.

The critical engagement of the private sector and a new responsible way of doing business are essential for the pursuit of sustainable and equitable development.

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*This article was co-authored by Stefano Prato, the Managing Director of the Society for International Development and Betty’s Adviser on the High Level Panel on the Post-2015 Development Agenda.*

# 2 EXECUTIVE SUMMARY

In 2000, Sub-Saharan Africa was deemed to be too risky for many to invest in. Today, the continent has entered the investment mainstream. Africa's growth is increasingly broad-based and domestically driven. Around a third of GDP growth is generated in the natural resources sector, with the rest coming from a range of other sectors such as manufacturing, construction and services. Growing domestic consumption and a burgeoning middle class are creating a boom across the retail, technology and financial services sectors, further enabling economic diversification, job creation and growth.

As policy makers and businesses intensify their focus on encouraging more inclusive and sustainable growth across the region, a growing number of businesses are moving beyond traditional philanthropic and social investment approaches to doing their core business in ways that directly benefit both the poor and their own strategic and competitive business goals.

For companies already well established in the region, there has been a long-held understanding that the primary contribution business can make to local development priorities is through core business operations. For newer entrants, the business case for engagement in Africa's development has never been stronger. Depending on the individual company, this may include: ensuring the sustainability of operations and supply chains; access to vital resources such as water and energy; accessing new markets and developing new base-of-the-pyramid products and services; and earning social and legal licenses to operate.

At the same time, businesses operating in Africa increasingly understand that growth opportunities will not be sustainable if they fail to create shared value through the provision of employment and livelihood opportunities; through social investment to foster healthy, educated and stable communities; through effective stewardship of natural resources and efforts to improve resilience to climate change; and, above all, through ethical and responsible operations.

*'Cross-sector partnerships to enhance and scale business impact are now an important part of the development landscape.'*

Cross-sector partnerships to enhance and scale business impact are now an integral part of the development landscape. The partnership case studies in the report provide leading examples, and share some important insights in to the factors that determine successful partnership action. These include:

- **Forging a shared vision and clear incentives:** Each partnership needs to be underpinned by clearly overlapping agendas, a shared vision and mutually agreed goals for change. Acknowledging the need for and putting in place clear incentives for each partner are also key elements in first attracting and then sustaining partner commitment.
- **Tapping into commercial drivers and business principles for project sustainability, scale and efficiency:** Tapping into core business and commercial drivers can help to reinforce project sustainability and drive scale. Applying business principles and encouraging an entrepreneurial partnership culture helps to foster effective solutions, efficiencies and innovation.
- **Ensuring strong alignment with local development priorities:** Strong alignment and engagement with both national and local government economic and social development priorities and programmes helps to ensure buy-in and ongoing commitment from the public sector.
- **Emphasising local ownership and investment in delivery mechanisms:** Where broad global commitments need to be translated into local action, up-front investment of time in understanding how a global idea can work nationally or locally is important. A flexible semi-independent governance structure enables greater responsiveness to local needs and more freedom to innovate.
- **Fostering innovation:** Partnerships should build on diversity and encourage organisations to think in new ways about how to address development challenges and pave the way for innovation.
- **Showing strong leadership support to build early momentum:** Strong leadership, political momentum and visible champions within each partner organisation are key to generating early partnership momentum and longer-term success. As partnerships develop, partner commitments and buy-in must go beyond any single individual.
- **Embedding clear accountabilities and strong governance mechanisms:** Partnerships must have robust legal and contractual underpinnings, as well as clear accountability and evaluation mechanisms. An emphasis on data and analysis also helps to drive good decision-making through a partnership project lifecycle.

The Post-2015 Development Agenda offers an important opportunity to establish the architecture necessary to embed potentially transformative partnerships like those featured in this report into wider development policy and practice. Their experience suggests five ways the Post-2015 process could play a pivotal role:

**1. International to national policy and integrated solutions:**

While international development meetings and processes are promoting a cross-sector approach to development, more work needs to be done nationally and locally by governments to identify the potential contribution of partnerships in their own context. This can be done by mapping their development priorities against the interests, resources and capabilities of all sectors in their country or region, including the private sector.

More broadly, a key priority for both businesses and development partners is to better understand and measure the impact of business models and operations, and to integrate the results into business performance management, where they can drive action and inform and shape cross-sector collaboration.

In addition, many of Sub-Saharan Africa's development challenges are interconnected, for example, water stewardship, food production and energy generation. As such, greater emphasis needs to be placed on tackling these issues collectively to ensure effective and sustainable solutions.

**2. Country-level mechanisms and platforms to make partnerships happen:**

Public and private sector leaders at the country-level or within key sectors should aim to establish multi-stakeholder platforms to drive partnership action, to make the case for the development and business benefits of collaboration, and to co-generate innovative ideas. Such platforms are essential to translate global partnerships into country-level action.

**3. Promoting partnership good practice:**

International good practice standards need to be built into partnerships, potentially through access to specialist support to help them develop as quickly and robustly as possible.

**4. Ensuring organisations are "fit to partner":**

Organisations need to adapt the way they are set up and operate to ensure they are 'fit to partner'<sup>3</sup>: which includes the right internal systems and processes, as well as staff capacities and culture to support, rather than inhibit, collaborative working.

**5. Strengthening partnership skills:**

The level of partnership literacy – the skills and understanding required for effective partnering – needs to be scaled up across all sectors. Specialist training courses, online and in person, should be made much more accessible; and business schools and public policy schools should include partnering within their standard curricula to help mainstream the concepts.

*'The Post-2015 Development Agenda offers an important opportunity to establish the architecture necessary to embed potentially transformative partnerships into wider development policy and practice.'*



## 3

# RECAPPING THE BUSINESS CONTRIBUTION TO AFRICA'S DEVELOPMENT

With private sector-led growth and investment on the rise across Sub-Saharan Africa, there is now a clear consensus, underlined by the recent High Level Panel Report, that doing more to harness the transformative power of enterprise to create meaningful jobs and prosperity offers the region the most sustainable long-term route out of poverty.

Economic growth, driven by markets and private enterprise, creates wealth and raises living standards, generates jobs and incomes, and enables the poor to access essential social and economic infrastructure and affordable life-enhancing goods and services.

It is broadly recognised that business can contribute to poverty alleviation and development in three ways through<sup>4</sup>:



## Core business by:

- Investing in specific countries, regions and key productive sectors, creating local jobs and livelihood opportunities, providing capital and expertise for domestic business development and supporting infrastructure development
- Doing business responsibly and sustainably, and in the process, driving efficiency and cheaper access to essentials from food to medicines, providing jobs and incomes, tax revenues, building human capital and enabling technology transfer
- Ensuring the sustainability of sourcing natural resources
- Building 'inclusive' business models that deliver products and services that address the needs of the poor, and/or create opportunities as suppliers, distributors or employees



## Strategic social investment and philanthropy by:

- Contributing to the strengthening of public services, civil society organisations and communities, including health and nutrition, education and skills, and infrastructure, particularly where the focus is on strengthening the delivery capability of country-level systems
- Sharing technologies to tackle development challenges in innovative ways



## Public policy engagement and advocacy by:

- Driving local improvements in governance, ethical, social and environmental standards
- Strengthening institutional capacity
- Supporting effective policy making that improves the overall enabling environment for business, attracting new investment and domestic business growth

A key point this report sets out to reinforce is that the primary contribution business can make to development is to 'do business' responsibly through core business, and that partnerships play a key role in helping to catalyse, enhance and scale that contribution.

Business' comparative advantage in development is rooted in its core business operations and value chains. A growing body of research on the economic contribution of business to Sub-Saharan economies shows that large businesses are significant providers of direct investment, jobs and taxes, and that they deliver even more significant impacts indirectly through their value chains by creating commercial opportunities and jobs amongst small and medium sized businesses.

A series of research studies undertaken by Kapstein et al. on the economic contribution of a selection of large companies to African economies show how linkages between large companies and small and medium sized businesses can create a value adding ripple effect of job creation and commercial activity through the wider economy. SABMiller has conducted a number of such studies with Kapstein, including one on its subsidiary Nile Breweries in Uganda,<sup>5</sup> which showed that the brewery and its operations support at least 90,400 jobs throughout the economy – a multiplier of 247 for every direct job. In Ghana, Standard Chartered directly employs 800 people and through its value chain supports a further 155,700 jobs in the local economy<sup>6</sup>. Guinness in Nigeria, a subsidiary of Diageo, is estimated to employ 1,423 people directly, but indirectly also supports a further 171,800 jobs through its value chain<sup>7</sup>.

Value chain linkages also help small businesses to build capacity to compete more effectively in local and international markets, and can help informal businesses to formalise.

Businesses also harness their core capabilities and resources to provide innovative and affordable goods and services for the poor, through what are increasingly known as inclusive, or base of the pyramid, business models. These new models span a wide spectrum of goods and service sectors, including financial services, mobile telephony and household consumer brands<sup>8</sup>.

Although there is growing evidence of the positive socio-economic impact of business, a key priority for both businesses and development partners is to better understand how different businesses and business models deliver development impact at the local level. Measuring that impact provides greater clarity for businesses, investors, governments and donors on how to invest and target resources most effectively, how to mitigate negative impacts and how to develop a supportive policy environment.

The World Business Council for Sustainable Development (WBCSD) has recently synthesised the challenges, experiences, and insights of its member companies into the new publication 'Measuring socio-economic impact: A guide for business'<sup>9</sup>. The publication profiles 10 tools designed for business, but points out that best practices will need to evolve even further if companies are to be able to measure impact, *for* impact. Impact measurement needs to be integrated into business performance management, where it can drive action; it needs to inform and shape cross-sector collaboration to improve results. This will not happen without greater dialogue about what is actually meaningful to measure – for companies and for their development stakeholders.

The private equity sector also increasingly recognises the need to measure and understand its impact. For example, leading private equity firm The Abraaj Group has developed a bespoke framework, the Abraaj Sustainability Index. Yearly impact is measured across six cluster indices ranging from financial performance and socio-economic impact to private sector development and management and governance.

*'Business' comparative advantage in development is rooted in its core business operations and value chains.'*



## 4

CROSS-SECTOR  
PARTNERSHIP  
IN ACTIONENHANCING AND SCALING  
BUSINESS IMPACT

While businesses increasingly look to align their core business models and operations to generate both business advantage and development impact, they can further enhance and scale-up their contribution when stakeholders in other sectors bring their unique resources and capabilities to the table in partnership with business.

The role of the private sector in development and the vital need for stronger public-private collaboration to leverage resources and ingenuity from all sectors of society has been repeatedly expressed in all relevant major international fora including the Rio+20 Summit in 2012, the 2011 aid effectiveness meeting in Busan (out of which came the concept of the Global Partnership for Effective Development Cooperation, which is promoting a partnerships agenda) and the High Level Panel on the Post-2015 agenda.

There is a complementarity of resources that each sector can bring to the table. Partnerships across the sectors can leverage and combine the different resources and competencies to achieve real innovation in tackling challenges along with the potential for more appropriate, implementable and sustainable solutions.

Successful development partnerships have at their core a commitment by all to contribute and sustain complementary capabilities and resources in support of a shared vision of change.

The word 'partnership' and the phrase 'public-private partnership' are used to mean a wide range of different collaborative arrangements, which can be quite different in character.

In this report, we focus on cross-sector partnerships (also known as multi-stakeholder partnerships, public-private partnerships for development, public-private-people partnerships): Businesses collaborate with one or more of government, NGOs and/or international development agencies, combining their resources to achieve specific development and business benefits. Cross-sector partnerships can vary significantly from highly specific time-bound and geographically focused partnerships to longer term, larger scale, partnerships bringing in a range of actors to take an holistic approach to fix and transform systems to ensure ongoing, sustainable and often self-propagating impact.

A further increasingly common form of collaboration is regulated public-private partnership (RPPP) in which companies deliver public goods, services or infrastructure on a commercial, for-profit basis, often after making an upfront investment. Globally, experiences of delivering quality and value for money through this form of partnership are mixed, and they are not included in this report.

The following case studies are drawn from our member companies rather than representing a broad-based sample of business organisations operating in the region, and are profiled in alphabetical order. They illustrate how partnerships amongst businesses, governments, donors, civil society and academia are helping to address inclusive growth and social development challenges across Sub-Saharan Africa.

They provide practical examples of how businesses can harness their core business capabilities, operations, and value chains, social investment resources and public policy expertise in a wide variety of combinations. They also provide insights on the key factors for successful partnerships and some of the challenges that need to be addressed to fully unlock their potential.

## PARTNER ROLES

**Governments**

Public policy and regulation; tax incentives; technical expertise; land, buildings and infrastructure; control of enabling environment to support business; public spending budget; legitimacy

**Businesses**

Business operations and value chains; problem solving and innovation; market/business approach; investment; technical knowledge; marketing capacity; skills and technology; support advocacy

SHARED  
VISION OF  
CHANGE**Donors**

Risk sharing support and financing to catalyse development initiatives; convening power; technical and capacity building expertise

**Civil Society**

Technical expertise, local knowledge, access to communities, capacity building, networks and aggregation necessary for scale

|                                                                                                                                                                                                   | <br>Core business | <br>Strategic social investment | <br>Public policy |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Abbott</b><br>Enhancing access to healthcare across Tanzania through a partnership based on sustainable, long-term improvements that build the capacity of organizations and individuals alike | »                                                                                                  | »                                                                                                                 | »                                                                                                   |
| <b>Actis</b><br>Embedding the principles of sustainability into urban development                                                                                                                 | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>Anglo Zimele</b><br>Creating jobs in partnership with government                                                                                                                               | »                                                                                                  | »                                                                                                                 | »                                                                                                   |
| <b>Chevron</b><br>Creating local clusters that link economic growth with conflict resolution, institutional strengthening, and new technologies                                                   |                                                                                                    | »                                                                                                                 | »                                                                                                   |
| <b>The Coca-Cola Company</b><br>Leveraging business expertise to improve access to essential health supplies and medicines in Tanzania                                                            | »                                                                                                  | »                                                                                                                 |                                                                                                     |
| <b>De Beers</b><br>Expanding local economic opportunity through beneficiation                                                                                                                     | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>Diageo</b><br>Aligning the Ethiopian government's agricultural development priorities and Diageo's local commercial objectives                                                                 | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>ExxonMobil</b><br>Engaging strategic partnerships in the fight against malaria                                                                                                                 |                                                                                                    | »                                                                                                                 | »                                                                                                   |
| <b>Microsoft</b><br>Empowering African youth with effective education and access to harness the Continent's growing opportunities for innovation, entrepreneurship, and economic diversification  | »                                                                                                  | »                                                                                                                 | »                                                                                                   |
| <b>Nestlé</b><br>Creating shared value through partnerships that improve the cocoa supply chain while being responsive to the needs of cocoa farmers and their communities                        | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>Pearson</b><br>Unlocking the full potential of teachers and learners in South Africa                                                                                                           | »                                                                                                  |                                                                                                                   |                                                                                                     |
| <b>SABMiller</b><br>Creating a market for cassava-based beer to boost farmer incomes and support agricultural development in Mozambique                                                           | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>Shell</b><br>Enabling access to affordable quality healthcare in Nigeria through partnership and a sustainable business model                                                                  |                                                                                                    | »                                                                                                                 | »                                                                                                   |
| <b>Standard Chartered</b><br>Investing in Zambia's farmers to improve livelihoods and food security                                                                                               | »                                                                                                  |                                                                                                                   | »                                                                                                   |
| <b>Yara</b><br>Focusing on business interventions to improve food security as well as the livelihoods of smallholder farmers                                                                      | »                                                                                                  |                                                                                                                   | »                                                                                                   |

Enhancing access to healthcare across Tanzania through a partnership based on sustainable, long-term improvements that build the capacity of organizations and individuals alike



Core business



Strategic social investment



Public policy

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## Partnership context

Resource-limited healthcare infrastructure and a lack of trained health workers in Tanzania have been key barriers to providing quality medical care. In addition, Tanzania has been one of the countries hardest hit by the AIDS epidemic, and its inability to respond in the epidemic's critical early years was greatly exacerbated by its weak health system.<sup>i</sup> To address the pandemic, it was crucial that the country figure out how to adapt its resource-limited health systems to meet the lifelong treatment needs of people with HIV/AIDS, which also would strengthen its ability to address other disease burdens. The Tanzanian government and its development partners commissioned several assessments that concluded that laboratory services were the weakest link to provision of quality health care, especially HIV/AIDS care. Additionally, in early 2003, Tanzania was among the first African countries to offer antiretroviral (ARV) drugs to its citizens. Key barriers to scaling up this effort were providing testing and counseling services to help with prevention and identify those in need of therapy, and building capacity to care for the people who would come in to seek these services.<sup>ii</sup>

### *Business context:*

Abbott's commitment to fighting HIV/AIDS began in 1985, when it developed the world's first test to detect the virus.<sup>iii</sup> Abbott also developed two antiretroviral (ARV) medicines that were used as part of combination therapy to treat HIV/AIDS. Beyond ensuring that its ARV treatments were broadly available, Abbott and its foundation, the Abbott Fund, also supported community programs to help address the pandemic in Tanzania and other countries. However, even from the beginning, Abbott Chairman and CEO Miles D. White saw that siloed HIV/AIDS interventions and programs would not work unless they were part of strengthening the underlying core health infrastructure and services that would upgrade testing, treatment and care for all Tanzanians.<sup>iv</sup>

## Partnership development

In 2001, Abbott, the Abbott Fund and the Tanzanian Health Ministry formed a public-private partnership to tackle health systems strengthening. The partnership aimed to deliver sustainable improvements to the underlying healthcare system, rather than simply addressing short-term needs; as such, it chose to focus on training and upgrading local capabilities, and strengthening management, IT and infrastructure systems to help establish a strong foundation for long-term operations.<sup>v</sup>

## Project scope

The partnership identified Muhimbili National Hospital, the country's leading teaching and reference hospital, as a starting point. Improvements included a new outpatient department with a training facility for students and hospital staff; a renovated Central Pathology Laboratory building; a modern IT system for tracking inventory, prescriptions, and patient health history; and trainings on finance and organization for hospital management. These improvements helped to increase hospital-generated revenues by more than 50 percent in the first two years of the partnership. The Muhimbili outpatient department was also among the first to integrate HIV treatment into its other outpatient services, helping to mitigate the stigma associated with HIV status.<sup>vi</sup>

After the initial work at Muhimbili, the Abbott/Tanzania partnership expanded its scope to help drive improvements across the country at both the regional and local level. This meant building new testing and counseling rooms and renovating clinics at more than 90 sites, creating local hospital HIV management teams, training healthcare workers across the country, and modernizing diagnostics laboratories at all 23 of the country's regional hospitals. The partnership has also created the first Emergency Medicine Department in Tanzania, providing critical care for more than

120,000 patients in the first three years (2011-13), and established the first residency program in Emergency Medicine in East Africa. Highly specialized Abbott experts also provided more than 10,000 hours of on-the-ground support. This includes lab technicians who provided extensive training and mentoring for lab staff in Tanzania, as well as contributions from experts working in engineering, IT and other areas.<sup>vii</sup>

Building on these systemic improvements, Abbott and the Abbott Fund are working closely with the government to develop innovative new models for healthcare financing in Tanzania. This includes new emergency medicine and laboratory business units that provide best-in-class medical care for all people; these charge fair prices to insured patients to subsidize care for the majority of patients who cannot afford to pay for care.

## Results

More than US \$100 million has been invested in this partnership effort. The partnership has yielded impressive results, including significantly increasing access to HIV testing, care and treatment. A 2007 government assessment found that nearly one in three people undergoing HIV treatment in Tanzania were receiving care at one of the more than 90 sites around the country that have benefited from Abbott Fund support. All 23 regional-level hospital laboratories are connected to the Central Pathology Lab at Muhimbili, which processes over one million tests per year, most in less than 24 hours; this Lab Information Network serves more than 40 million Tanzanians. More than 20,000 trainings have been conducted for health workers on testing, care and treatment, lab operations, and hospital IT and management. Lastly, and significantly, the outpatient department at Muhimbili is fully self-sustainable, and no longer requires ongoing support from the Abbott Fund.<sup>viii</sup>

## Key success factors

- Long-term focus: Both partners shared a commitment to training and strengthening core aspects of the healthcare system in a sustainable way. These improvements led to a solid foundation on which additional improvements could be built, benefiting not only patients with HIV/AIDS, but the entire health system.
- Well-matched partners: Abbott's core business aligned with the Tanzanian government's initiative to modernize its healthcare system. With Abbott's expertise in laboratory management and the Tanzania Ministry of Health's acute and well-analyzed need for assistance in this area, the partnership was a good fit from the start. Going forward, the healthcare financing projects will benefit from this strong relationship.
- Ability to scale: The successes at Muhimbili allowed for additional commitment by the partners to broaden the project to regional laboratories.



## Embedding the principles of sustainability into urban development



Core business



Public policy

## Partnership context

In 2020, it is estimated that nine African cities will have a population of more than five million people. Rapid urbanisation across Sub-Saharan Africa will see an influx of 58 million people into urban centres between 2010 and 2020. Another 69 million will join them in the following decade.

As a result, Africa's cities face colossal infrastructure challenges with the provision of energy, water and sanitation to cater for fast growing urban populations. Managing the environmental impact of urbanisation will be critical. For example, around 400 million people in 15 countries in Sub-Saharan Africa suffer from water scarcity; that number is projected to double to over 800 million by 2050 if resources are not managed efficiently.

Embedding the principles of sustainable development into Africa's urbanisation process is a key priority. For example, UNEP estimates that better harvesting rainwater could provide water for 520 million Africans.

With roots in the UK's Development Finance Institution CDC, Actis is a private equity firm with a strong track record of investing in businesses across Sub-Saharan Africa, with a particular focus on infrastructure. Actis launched the first Sub-Saharan African private equity real estate fund in 2006. Since then, the team has built up a portfolio of developments in Ghana, Kenya, Nigeria, Tanzania, Uganda and Zambia.

Sustainability lies at the centre of Actis's real estate investment strategy. With established design and construction guidelines for co-investors, architects, designers and builders governing all real estate investments, Actis ensures that all developments are certified to internationally recognised green rating standards such as LEED and Green Star, and will be at least 25% more energy efficient than existing buildings in the region.

This approach also makes business sense, as resources become increasingly scarce and expensive and demand grows for more energy and resource efficient office and residential space.

## Project scope

In East and West Africa, Actis is facilitating the adaptation of international green rating systems to locally specific climatic and socio-economic needs. With 70 million people in West Africa projected to move to cities over the lifetime of the properties that are currently being developed, Actis needs to make sure its buildings can continue to deliver value for money as resource scarcities mount.

In Ghana, Actis has partnered with the World Green Building Council, the African Union of Architects, and its local development team to establish an internationally recognised Ghana Green Building Council to localise international standards (such as Green Star) to address the region's environmental and social needs. For example, water shortages are a particular problem in Ghana and any relevant green rating scheme should give special consideration and weight to water conservation, recycling and reuse.

Through this approach, specific factors can be addressed, including site issues relative to urban growth, water efficiency, non potable water utilisation, energy efficiency, solid waste management, local availability of construction material, and sourcing of imported materials.

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Customised regional standards will provide investors and tenants with valuable information about how their buildings are performing against the critical environmental issues in their locality, thus helping to stimulate a stronger market for green buildings. They will also enable realistic investment appraisal as Actis seeks to ensure that its real estate investments are appropriately suited for the environmental risks facing the region.

## Results

Actis is adapting the Green Star rating system to Ghana. Actis's office development, One Airport Square, which will comprise about 20,000 square metres of Grade A office space. The building will be the first and only Green Star certified green commercial building in Ghana. Actis is aiming for the development to obtain a 4 star rating.

## Scope for project scale and replication

Actis is looking to replicate its model of creating local green building councils in other West and African markets.





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## Creating jobs in partnership with government



Core business



Strategic social investment



Public policy

## Partnership context

Currently, one in four South Africans of working age are unemployed (25%). Youth unemployment is particularly acute with an estimated 50% of young people out of work.

Anglo American established a dedicated commercially operated business unit in South Africa in 1989, called Zimele, to support economic growth, empowerment and job creation in local communities by addressing key barriers to enterprise development, including access to finance, business skills, mentoring and markets.

By focusing on enterprise development through Zimele, Anglo American also meets government requirements for community investment and targets set out by the South African Mining Charter and BEE legislation, which include progressively sourcing from previously disadvantaged businesses, increasing women's participation in mining operations, and investing in the sustainability of local communities, especially those in more remote rural areas.

## Partnership development process

Zimele interacts with many levels of the South African Government, from national level policy engagement to close collaboration with regional and local government entities and municipalities, to ensure enterprise development activities are fully aligned with local priorities, and where possible, build off existing foundations.

Zimele has also engaged with Business Call to Action (BCtA), a donor supported initiative hosted by UNDP, which aims to accelerate progress towards the MDGs through inclusive business models. Anglo American's commitment to BCtA was to create 25,000 new and sustained jobs through up to 1,500 new businesses by 2015, a target that has already been achieved on the jobs side.

## Project scope

Zimele takes a holistic approach to enterprise development. It combines access to loans at favourable rates (and in some cases minority equity investments) with business mentoring support, often delivered through a national network of 31 enterprise development hubs. The initiative also enables small businesses to access commercial opportunities in Anglo American's value chain.

Zimele applies strict investment criteria to fledgling entrepreneurs and businesses, focusing on economic viability and development impact. Each business application needs to be underpinned by a robust and realistic business plan. As many entrepreneurs have no credit history and may not have formal banking experience, Zimele undertakes detailed due diligence, with a strong emphasis on face to face meetings and business familiarisation to minimise the risk of loan defaults.



Anglo Zimele operates five enterprise development funds:

1. The Community Fund provides loans to entrepreneurs around Anglo American's mines, labour sending and poverty areas to support local economic diversification and sustainability post mine closure.
2. The Supply Chain Fund provides loans and takes minority equity stakes in companies looking to supply goods or services to Anglo American's supply chain.
3. The Anglo American Khula Mining Fund provides loans and takes minority equity stakes in small scale companies in the mining sector to support early stage commercial development, including proof of concept studies and technical due diligence required to secure a mining license.
4. The Green Fund invests in businesses developing environmental projects.
5. The Sebenza Fund has recently been established as a public private partnership between Zimele and Development Bank of S.A. (DBSA) to create 8,000 jobs over the next three years. The partnership is directly aligned with the South Africa Government's National Development Plan's 2030 Vision, which sets out detailed plans to drive sustainable and inclusive economic growth.

The Sebenza Fund is a matched funding concept, with both funders co-investing in enterprise development projects. The partnership aims to build off Zimele's tried and tested model and existing networks and infrastructure. The initiative will also see the establishment of a further 30 small business hubs in non-mining areas.

The Sebenza Fund will also scale its potential impact by engaging and leveraging additional business investment, creating opportunities for small businesses to access value chains not directly linked with mining, in sectors such as agriculture.

## Key challenges and solutions

- Lack of track record amongst entrepreneurs means that Zimele invests significant time and resources in building familiarity with the business plan and management team, and undertaking due diligence to ensure credit-worthiness and compliance with legal requirements and Anglo American's values.
- Typically Zimele will aim to exit the business within three to five years and will look for other anchor funders to take the business forward.

## Results

Over the past 24 years, Anglo Zimele's fund size has grown to R1.5b, and has since 2008 invested in 1,393 companies with a combined annual turnover of over R3.465b, and generated/sustained over 25,000 jobs. 49% of recipients are female entrepreneurs and 35% are young people. Repayments on loans granted averages 75% across range of funds.

## Scope for project scale and replication

Zimele's enterprise development model has been successfully scaled through a range of funding mechanisms, and has been adopted by other companies, including the IFC, which uses it as a best practice model.

## Key success factors

Anglo Zimele's success is built on the following key success factors:

- A clear focus on commercial viability of recipient entrepreneurs and businesses. Funding and support go hand-in-hand.
- Close alignment with Anglo American's core business and value chain has created sustainable opportunities and business benefits.
- Investment in enterprise development support is strongly aligned with both national and local government economic development priorities and programmes.



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**Chevron's Niger Delta Partnership Initiative created local clusters that link economic growth with conflict resolution, institutional strengthening, and new technologies**



Strategic social investment



Public policy



© CHEVRON

## Partnership context

With more than 32 million people (two thirds under age 30) and a 43 percent relative poverty rate, the Niger Delta represents one of the world's leading development challenges. Persistent poverty, high levels of conflict and corruption, and a lack of healthcare and access to education continue to plague the region. With few alternatives to provide for themselves and their families, many of its residents have sought retribution through militancy and violence, fueling intra-ethnic conflict and paralyzing economic growth.

Chevron, like many companies in the region, has grappled for years on how to safely conduct its operations in such a challenging and complex environment. In the past decade, as instability within the region grew, Chevron recognized it was time to try a new approach to development; one in which broader, socioeconomic issues were taken into account and a larger network of local partners engaged to address the root causes of instability throughout the region.

As a result, Chevron established the Niger Delta Partnership Initiative (NDPI) with a US\$50 million fund in 2010 as a Corporate Social Enterprise (CSE), designed to address systemic challenges to development across the Niger Delta. NDPI does not tackle these challenges through Chevron's efforts alone, but by working with a diverse network of individuals, organizations, and other companies. As a CSE, NDPI institutionalizes the power of social entrepreneurship – by pursuing innovative, private sector-led solutions to achieve development and business outcomes. Under the initiative, two organizations were established – the NDPI Foundation, incorporated in the U.S., and the Nigerian-based Foundation for Partnership Initiatives in the Niger Delta (PIND). Having two separate entities under the initiative has allowed NDPI to focus on strategic planning and project funding, while the PIND Foundation is responsible for operational planning and project implementation.

## Partnership development

Working through multi-stakeholder partnerships remains a core tenet of NDPI's approach. NDPI partners with a broad range of international and local organizations, including bilateral and multi-lateral donor agencies, federal and state governments, private companies, and local organizations. These include USAID, DFID, the US African Development Foundation (USADF), and the New Nigeria Foundation (NNF). NDPI views partnerships not merely as contractual agreements but as opportunities to discuss, strategize, and learn together to generate the innovation and creativity necessary for finding long term development solutions. Consistent collaboration with partners throughout the life cycle of projects, rather than simply sporadic engagement, has proven critical for NDPI in developing impactful and transformational partnerships.

## Project scope

The complexity of the social, cultural and economic environment of the Niger Delta means there is no single solution to the region's problems. For this reason, every NDPI program is built on interlocking elements of economic development, capacity building, peace building, and analysis/advocacy. Within those four program areas, NDPI is currently implementing 17 projects and 6 sub-projects that work together to promote broad-based economic growth across the region.

Inequality and relative poverty are at the root of much of the conflict experienced in the Niger Delta to date. To generate equitable economic growth, NDPI uses a market development approach to address key constraints in the Niger Delta's economy. By making markets – the building blocks of economies – more inclusive and efficient, NDPI is enabling a greater number of local entrepreneurs, producers, and employees to increase their productivity and earn higher incomes.



A lack of institutional capacity within the public and civil society sectors also plagues the Delta. To build the capabilities of local organizations, NDPI uses a layered approach to capacity building by requiring international partners to work through and collaborate with local partners rather than having these organizations implement projects on their own. The larger, experienced implementers increase their understanding of the local operating environment while local partners are provided the guidance and support they need to improve their technical knowledge and organizational capacity.

## Results and scope for project scale & replication

Since 2010, NDPI has built the capacity of civil society representatives through training programs, opened new market opportunities for business owners and farmers in the Niger Delta's aquaculture, palm oil and cassava sectors, and has built networks – both online and community-based – for individuals to better advocate for peace building and mitigate conflict within their communities. In total, NDPI has trained over 5,000 individuals, partnered with more than 65 organizations and agencies, and has leveraged 1:1 matching funding, thereby increasing donor partner resources committed to \$100 million.

NDPI's Economic Development Center (EDC), located in Warri, Delta State has received marked interest for potential replication outside the Niger Delta is its. Though still in its early phases, the EDC provides a broad range of economic development services to international donors, companies and government agencies, including USAID, DFID, the US Africa Development Foundation and Chevron Nigeria Ltd. It has become a center of learning and a useful hub for development programs and partners; it is where experts from different organizations, sectors, and projects come together to research, analyze, and pilot best practices and approaches for development. The concept is already being replicated in Port Harcourt, Rivers State, and can be adapted for other developing economies, particularly where there is a need for better collaboration and synergies among development actors.

## Key success factors

- **Structure:** NDPI's semi-independent structure has proven critical to the initiative's progress. It has allowed NDPI the flexibility and freedom to innovate, and to become more efficient and responsive in adjusting projects based upon current on-the-ground realities. Its unique governance, legal, and financial structures ensure that Chevron retains a significant degree of control over where and how NDPI funding is spent.
- **Applying Business Principles to Achieve Social Objectives:** NDPI applies elements critical for business success – innovation, efficiency, and a drive for finding solutions – to generate social value. NDPI seeks to create an entrepreneurial organizational culture by encouraging staff to generate new ideas for project proposals, and piloting projects to gauge their effectiveness before scaling up. Having fit-for-purpose internal systems and processes, including those for finance, procurement, and grant-making, has enabled NDPI to streamline costs and increase efficiency.
- **Data and Analysis:** NDPI emphasizes the need for data and analysis to drive decision-making, not only during the design phase of projects but throughout project life cycles. Taking an analytical approach to development has helped NDPI focus interventions more effectively based on present conditions and priority needs in the Niger Delta. NDPI seeks to share this data widely, through its publications, websites, and annual forum, for others to learn best practices..





**Leveraging business expertise to improve access to essential health supplies and medicines in Tanzania**



Core business



Strategic social investment



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## Partnership context

Despite significant investment and progress over the last ten years in strengthening health systems in Africa, challenges remain in the supply chains of essential medicines and medical supplies. The result is that medicines that could save lives, or prevent disease, are often not available when they are needed. At the same time, some private sector supply chains serving the same communities are operating far more efficiently and consistently.

In 2009, an innovative partnership idea was conceived that aimed to leverage the capability behind one of the furthest reaching supply chains in Africa, that of the Coca-Cola System (Coca-Cola). The idea was also to leverage the combined strength and experience of the private sector, public sector and civil society to address a key development need. A specific need was identified in Tanzania where the idea could be tested and Project Last Mile was born.

## Partnership development

Following high level dialogue between Coca-Cola, The Global Fund to Fight AIDS, Tuberculosis and Malaria and The Bill and Melinda Gates Foundation to identify ways to harness the Company's un-paralleled global reach to improve the distribution of essential health supplies and medicines, Coca-Cola was approached to transfer its core business expertise in supply chain management to the Medical Stores Department of Tanzania (MSD), where The Global Fund had identified supply chain bottlenecks. MSD, an autonomous entity under the Ministry of Health and Social Welfare in Tanzania, is responsible for procurement, storage and distribution of pharmaceuticals and health related commodities to public health facilities.

The project goal is to improve the availability of medical supplies in Tanzania through an innovative partnership that leverages Coca-Cola's strength in supply chain to support improvements at MSD. The Global Fund and the Bill and Melinda Gates Foundation have played an important facilitative role to engage the government of Tanzania and to mobilise resources. Additionally, Accenture Development Partners (ADP) subsequently has become an implementing partner, providing subject matter expertise and project management with their key role being to facilitate knowledge and expertise transfer from Coca-Cola to MSD. Yale University's Global Health Leadership Initiative has also joined the collaboration as a research and evaluation partner to help identify key learnings and facilitate project replication.

## Key challenges and solutions

Key initial questions focused on whether Coca-Cola would be able to convert its distribution knowledge to medical supplies, and if so, could the model be replicated?

Following a rapid assessment of opportunities, the project has been organised around three work streams:

1. *Last mile logistics*: In 2010, the Tanzania Ministry of Health and Social Welfare mandated that the MSD deliver directly to the country's health centres and dispensaries, significantly increasing drop points to delivery directly to over 5,500 facilities across the country. In order to implement this change, MSD was challenged to optimise delivery routes and modes of transportation to primary health facilities. Initially, a simple route optimisation tool was developed by the partnership to allow MSD to carry out its new mandate efficiently. This delivery strategy was initially rolled out in a pilot region and then to 10 out of 26 districts in Tanzania. For rollout to the rest of the country, assistance has been provided to secure more sophisticated network optimization software.



2. *Core planning:* A second work stream has focused on creating data-driven systems and processes for planning and procurement of medicines. Electronic tools have been created to help anticipate and avoid stock outs, improve inventory management, assist forecasting, manage operations and sales planning and track performance.
  3. *Talent management:* The third works stream has identified ways to train, evaluate and motivate MSD supply chain professionals through online training, site visits and mentorship. MSD personnel have visited Coca-Cola bottlers around Dar es Salaam to learn about Coca-Cola's distribution model. Additionally, a performance management system for MSD has been developed based on the local Coca-Cola bottler model. MDS has been given access to ADP's Supply Chain Academy, a web-based learning tool. A balanced score card has also been developed to track and manage supply chain personnel's performance effectively.
- Implemented a new performance management system and human resource management practices that have resulted in MSD winning a prestigious award recognizing professional HR practices.
  - Created a high level Balanced Scorecard that enables the MSD to track and measure its supply chain performance effectively.

## Scope for project scale and replication

Building on successes in Tanzania, the project has been expanded to Ghana. Working closely with The Bill and Melinda Gates Foundation and Ghana Health Services, this expression of the partnership focuses initially on the vaccines supply chain.

## Initial results

The project has demonstrated that private sector business practices can be applied to solving challenges in the public supply chain context. In summary, the project has:

- Reduced lead time for the procurement of medicines and reduced the risk of critical medicine stock outs by implementing professional planning and procurement processes within the MSD supply chain that mirror Coca-Cola bottler practices.
- Empowered MSD to reorganize and expand its distribution system to be able to deliver to more than 5,500 health facilities in an efficient and cost effective manner.



## Expanding local economic opportunity through beneficiation



Core business



Public policy

## Partnership context

In 1969, De Beers went into a 50/50 joint venture with the Government of Botswana to unlock the country's rich diamond resources. The joint venture, Debswana, is now the largest non-government employer in the country, employing approximately 6,300 people, 93% of them local. Diamonds account for 76% of Botswana's export revenue, 45% of government revenue, and 33% of GDP.

In recent years, De Beers has continued to identify ways to maximise the sustainable benefits of Botswana's natural resources through the process of beneficiation. Beneficiation seeks to ensure that beyond mining, as many of the diamond processing stages as sustainably possible take place in country.

In the diamond industry, post extraction, each individual stone passes through a variety of different stages before it is sold to a consumer. These include sorting, valuing, cutting, polishing and jewellery manufacturing. Each of these stages adds value as a diamond is transformed from a rough into a polished gem and moves from mine to retail. In doing so, greater short-term economic value is created from Botswana's existing resources, while simultaneously supporting the development of a sustainable post-mining economy, both within and outside the diamond sector.

De Beers sells and distributes the majority of its rough diamonds to independent customers, known as 'Sightholders', and has been doing so in producer countries like South Africa and Botswana for several decades. These sales promote in-country wealth creation and skills development by supporting the successful establishment of downstream diamond related activities.

De Beers formalised its beneficiation approach in 2006/2007 by establishing dedicated Sightholder sales operations in South Africa, Botswana and Namibia to supply rough diamonds directly to domestic Sightholders for cutting and polishing.

Subsequently, a 10-year Sales Agreement with the Government of the Republic of Botswana was agreed in 2011, which will see the relocation of all De Beers' London-based rough diamond sales activity, (including professionals, skills, equipment and technology) to Gaborone by the end of 2013. Once the transfer of the international Sight is complete, for the first time all of De Beers' Sightholder Sales (representing over 30% of the world's annual supply of rough diamonds by value) will take place in southern Africa, creating the conditions for southern Africa to become a truly global centre for diamond trading as well as manufacturing.

## Partnership development

The beneficiation process provides benefits for all stakeholders in Botswana. The region will benefit as diamond trading's centre of gravity moves to southern Africa alongside a significant inflow of diamond industry expertise, technology, personnel and leading businesses. The government benefits as beneficiation provides a major catalyst for meeting economic objectives and delivering its vision of becoming a major, global international diamond centre. De Beers benefits as it further strengthens its hugely successful partnership with Botswana, and Sightholders benefit through further continuity of supply.

De Beers recognises the fact that there is a broad and complex set of conditions for success in beneficiation and that there is a need for different industry stakeholders to play specific roles in the development of sustainable downstream diamond activities in diamond producing countries.

As such, De Beers has put a partnership approach at the centre of its beneficiation strategy, working closely with both diamond producing country governments and the Sightholder community to ensure that the method of delivery of beneficiation is appropriate for all stakeholders and geared towards sustainable success.

© DE BEERS

De Beers has undertaken extensive engagement both with governments in diamond producing countries and with international and domestic Sightholder businesses to ensure a shared understanding of the elements involved in developing an effective operating environment, including aspects such as access to a skilled citizen workforce; codified and consistent legislation; a cooperative regulatory environment; the existence of trade associations; the presence of local services and suppliers; and efficient and well defined import/export procedures.

De Beers views this partnership approach as the cornerstone for success in diamond beneficiation and will continue to work closely with the key industry stakeholders as the southern African diamond centre develops.

## Key challenges and solutions

The transfer of the international sales, aggregation and related functions to Gaborone has required a significant capital investment by De Beers. The DTC Botswana building, now the largest and most sophisticated diamond sorting and valuing operation in the world, was funded by De Beers at a cost of P 471 million (US\$83 m). A state-of-the art Sight floor has been created for the Sightholders and diamond brokers within the existing DTC Botswana building.

Many services and products, including a majority of furniture, art and decorations have been sourced through local companies, generating a further 10 million Pula benefit for the economy in Botswana. De Beers has also completed the refurbishment of its existing residential properties at a further investment of 24 million Pula and in addition, over 50 properties have been leased for those employees and their families relocating to Gaborone.

## Results

DTC Botswana now employs 402 staff, 100% of whom are citizens, and has the capacity to process more than 40 million carats per annum; it processed 22 million carats from Debswana in 2011.

DTC Botswana currently supplies 16 local Sightholders with factories in Gaborone employing 3345 people in total, of which 88% (2944) are citizens. From late 2013, 76 of the world's leading diamond businesses will travel to Botswana ten times per year to purchase their Sight goods to the value of around \$6 billion per annum. This will yield further opportunities for local businesses as demand grows for accommodation, catering, office facilities, transport, security and leisure facilities.

## Scope for project scale and replication

The transfer of international Sightholder Sales to Gaborone has created a strong platform for the southern African diamond producing region to grow its role as a leading international diamond centre, and will pave the way for increased economic activity, investment and skills development, while also providing further opportunities for economic diversification.

As well as maximising the value derived from diamond assets, beneficiation has been shown to stimulate inward investment in producer countries from international businesses involved in diamond and other support industries. Diamond laser cutting companies, specialised transport service providers and funding banks, such as the State Bank of India and ABN Amro, among others, have all established businesses in the region since 2007.



## Aligning the Ethiopian government's agricultural development priorities and Diageo's local commercial objectives



Core business



Public policy

## Partnership context

Diageo plc acquired the Meta Abo Brewery Company (Meta Brewery) in July 2012. Meta Brewery is the second largest beer company in Ethiopia, with a volume share of approximately 15%. From its brewery near the Ethiopian capital Addis Ababa, it produces and distributes flagship national lager brands Meta and Meta Premium. The beer market in Ethiopia is estimated to continue to grow at more than 10% per annum to 2015, driven by strong GDP growth and increased disposable incomes. Meta Brewery currently sources more than 30% (32% in 2013) of its grain inputs (local malt and barley) for beer locally. Diageo has the ambition to source 70% of all agricultural raw materials from Africa by 2015. This will continue to enable all value chain partners involved in the upstream supply chain to benefit from a resilient and growing local supply tailored to local requirements. Buying inputs in local currency also allows the company to hedge against foreign exchange risks.

Agriculture forms the backbone of the Ethiopian economy and supports the livelihoods of many of its most vulnerable population. Ethiopia's Five Year Growth and Transformation Plan (GTP) has established ambitious targets for the agriculture sector for 2011-2015. The Plan's objectives focus on enhancing productivity and production of smallholder farmers and pastoralists, strengthening market systems, improving participation and engagement of the private sector, expanding the amount of land under irrigation, and reducing the number of chronically food insecure households.

The Agricultural Transformation Agency (ATA) has been established to catalyse change in the agricultural sector and drive forward the interconnected goals of food security, poverty reduction, and human and economic development. By collaborating with a range of related partners, the ATA is committed to helping achieve the targets of the GTP through three primary focus areas: value chains, systems, and special initiatives.

The ATA's Value Chains work focuses on strengthening the functioning of the entire product cycle for the crops that are most important to Ethiopia's farmers and on the specific value chains that comprise the highest share of smallholder production and consumption. According to the 2010/2011 forecasts from Ethiopia's Central Statistics Authority, of the 12.0 million hectares under cultivation by smallholder farmers, cereal production accounts for 9.9 million hectares, 83% of the total.

Barley, which is used by Meta Brewery, has been identified as a high-opportunity crop, with great room for profitable expansion, particularly when connected with the country's commercial brewing and value-added industries.

## Partnership development

During the Meta Brewery acquisition process, Diageo engaged closely with the Ethiopian government and the ATA to explore scope for collaboration in the barley value chain. This relationship with ATA was initiated through the World Economic Forum's Grow Africa initiative, which was established as a partnership platform to accelerate investments and transformative change in African agriculture.

The project was given additional momentum by Diageo's participation at the G8 Symposium on Global Agriculture and Food Security held in Washington DC in May 2012, attended by President Obama, Secretary of State Hilary Clinton, African Heads of State and business leaders. Diageo signed a high-level declaration stating its commitment to economic growth and transformation in Africa through participation in local agriculture and food production. Meta's barley sourcing project in Ethiopia is a tangible expression of this commitment.

© DIAGEO

## Project scope

The Meta Brewery / ATA partnership was subsequently established to improve the productivity and capacity of smallholder farmers supplying barley to the Meta Brewery. From the beginning, close collaboration between brewery management and ATA personnel has characterised the partnership. Subsequently, additional project partners were included, each focusing its contribution around core competencies:

- Meta Brewery is directly financing the smallholder support activity and is providing a guaranteed market price for the barley produced. Meta has acquired a solid understanding of the opportunities and challenges in developing the upstream supply chain.
- Farm Africa, an NGO specialising in smallholder farmer capacity building, was appointed by Meta Brewery as an implementing partner and farmer intermediary, supplying and distributing seed inputs and providing technical training to improve farming practices.
- ATA is providing strategic and technical advice and project facilitation support.

The first year of the project was designed to test and evaluate the approach and process, involving around 760 smallholders, who collectively produced 225 metric tonnes of barley.

## Results and scope for project scale and replication

In its first year, the programme engaged farmers directly, supporting them with pre-financing inputs, capacity building and sustainable farming practices. Meta also had a guaranteed off-take agreement with individual farmers, engaging a total of 760 farmers, 11% of whom are women. A key ongoing priority for Diageo is increasing the level of participation of Ethiopian women farmers.

At the conclusion of its first year, the initiative yielded approximately 50% good-quality barley against post-harvest assessment, meeting the company's planned projections. In the coming years, Diageo is confident it can improve the collective performance of all project partners, with a view to building scale by leveraging its collective learning and improved engagement with smallholder farmers, primary cooperatives and cooperative unions. Diageo is also prepared to increase its output targets as it looks to increase the number of partner farmers engaged. The longer-term goal is for the project to provide the belief and foundation for commercial partners to invest in and scale up the barley supply chain, unlocking the enormous potential and willingness of Ethiopian farmers.

## Key success factors

- Early momentum and engagement provided by Grow Africa platform and participation in G8 Symposium on Global Agriculture and Food Security.
- Strategically aligned commercial and Ethiopian government agricultural development priorities.
- Strong local business case established, with project integrated in to local grain procurement strategy, ensuring potential for project commercial sustainability.
- Strong local project ownership by Meta Brewery management, supported by a cross-functional corporate relations team, ensured a broader global commitment could be effectively translated in to local action.
- Relatively few project partners during initial stages ensured fast and efficient decision making and action, ensuring the partnership platform was quickly established to meet farming planting and harvesting milestones.



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# The ExxonMobil Malaria Initiative



© MALARIA NO MORE

Working through a spectrum of strategic partnerships to fight malaria



Strategic social investment



Public policy

## Partnership context

Malaria mortality rates have fallen by 25 percent globally since 2000, due to more coordinated global efforts, more effective national control programs and the creation of public-private partnerships developed to deliver interventions. Despite this progress, an estimated 216 million cases of malaria still occur every year, resulting in some 655,000 deaths, mostly in Africa, and about US\$12 billion per year in direct economic losses. Almost half the world's population, 3.3 billion people in more than 100 countries, remains at risk.<sup>ix</sup>

In order to control and, over time, eradicate malaria, an ecosystem of private sector initiatives and public-private partnerships has emerged over the past decade.<sup>x</sup> Involvement by companies that have operations and supply chains in malaria-endemic countries is particularly critical. As the Roll Back Malaria Partnership states, for such companies: "Malaria hurts business, both directly, through its impact on a firm's workforce, and indirectly, by damaging the economic environment in which a firm operates."<sup>xi</sup> Recognizing both the business case and the human cost of the disease, ExxonMobil, through its ExxonMobil Malaria Initiative, has taken a leadership role in the fight against malaria in Africa.

ExxonMobil has supported efforts to combat malaria in order to improve the lives of its employees and community members. In 2000, as the company's business operations expanded in Africa, malaria became an increasingly significant risk to its workforce on the Continent. Through its Workforce Malaria Control Program for employees and contractors, the company promoted awareness, prevention tools, and early diagnosis and treatment. In 2012, ExxonMobil had only 10 reported cases of malaria out of the thousands of non-immune workers located or visiting endemic areas.<sup>xii</sup>

ExxonMobil's management also recognized the broader impact of malaria in the community, and, as such, founded the ExxonMobil Malaria Initiative (formerly the Africa Health Initiative) in 2000. Through the Initiative, ExxonMobil has given more than \$110 million in cash grants globally and has reached more than 83 million people in 17 countries in Africa and Asia Pacific through partnerships with local and international institutions, NGOs, universities and governments.<sup>xiii</sup> The initiative is multi-level, providing focused research and intervention locally while sponsoring research for vaccines and innovative treatments globally. ExxonMobil has identified the fight against malaria as one of three signature areas of philanthropic focus and a key community development goal.

## Partnership development

ExxonMobil's principle for engagement around the issue of malaria is to work with a variety of diverse partners to implement programs that consist of collaboration well beyond funding. ExxonMobil's programs recognize the importance of working with local partners, and the company has pursued initiatives using a variety of business approaches. Some **partnership examples** in Africa include:

- ExxonMobil partnered with Voices, Johns Hopkins University Center for Communication Programs and the World Bank to develop a 'Global Malaria Scorecard' for use by Roll Back Malaria partners to track data and show the correlation between resources spent and results achieved. The scorecard is now being used by major donors and program implementers across Africa.<sup>xiv</sup>
- ExxonMobil provided \$3 million in funding to Medicines for Malaria Venture (MMV), which worked with Novartis to develop the world's first malaria drug for children, Coartem Dispersible.<sup>xv</sup> The company also assisted with government relations and communications strategies in countries in which Coartem Dispersible was distributed.

- Starting in 2010, ExxonMobil partnered with Oxford University to establish a scholarship fund for health leaders from developing countries to obtain a master's degree in Global Health Science. Each year, five students participate in the year-long program and pledge to return home to improve the quality of health in their countries.<sup>xvi</sup>
- Working with Malaria No More, the Cameroonian government, and a wide variety of health and private-sector partners, ExxonMobil supported the founding of NightWatch in Cameroon. This health communications campaign features local celebrities in radio, television and SMS messages that are broadcast daily to remind people to sleep under their mosquito nets. The NightWatch campaign resulted in more than 500,000 sleeping under nets, including a 12 percent increase for children under age five.<sup>xvii</sup>
- Since 2010, ExxonMobil has partnered with the Benguela Consortium, comprising three Angolan NGOs, to reach nearly 180,000 people in targeted communities in Benguela province. Strategic interventions timed to coincide with government and partner efforts led to a 75 percent reduction of malaria incidence in the province from 2009 to 2012. Deaths from malaria dropped more than 90 percent, from 3,900 in 2009 to 230 in 2012.<sup>xviii</sup>

## Project scope

ExxonMobil's malaria initiative reaches populations throughout Africa and Asia Pacific. The company's many partners—from large donor agencies to small NGOs to local private-sector companies—allow for deeper impact both at the advocacy level and in communities.

## Results

Through its partnerships, ExxonMobil has:

- Provided 13.1 million bed nets;
- Administered 1.8 million treatment doses;
- Given 942,863 rapid diagnosis kits;
- Trained nearly 250,000 health care workers and counselors in malaria prevention and control;<sup>xix</sup>
- Developed an in-field diagnostic kit to ensure workers take malaria chemoprophylaxis;
- Provided technical assistance that leveraged \$218 million in malaria grants from the Global Fund – part of a \$791 million total grant package; and
- Assisted in funding three pediatric anti-malarial drugs.

## Key success factors

- Recognizes importance of national/local content: Engagement of local partners; ensuring programs meet local conditions, are culturally appropriate, and have specific national characteristics
- Uses a variety of business approaches: Works through collective action platforms, philanthropic and community investment programs, and core business activities and value chains



Empowering African youth with effective education and access to harness the Continent's growing opportunities for innovation, entrepreneurship, and economic diversification



Core business



Strategic social investment



Public policy



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## Partnership context

Of the more than 900 million people in Sub-Saharan Africa, nearly two-thirds are under 25 years old.<sup>xix</sup> Most of these young people face what the International Youth Foundation (IYF) has termed an “opportunity divide”: not only do they tend to lack access to quality education, but persistent poverty forces them to find work, largely in the informal sector, before they possess the knowledge and skills that are required for good-paying jobs—and for the region’s success.<sup>xxi</sup>

Education is the critical piece in solving this opportunity puzzle. Yet even children who have spent at least four years in the classroom emerge without functional literacy; in 23 of the 30 countries in Sub-Saharan Africa, more than half of the 15 to 19 year olds lack foundational skills.<sup>xxii</sup> Many factors contribute to this situation, including malnutrition, parental illiteracy, conflict, policy failures, and lack of training for teachers.<sup>xxiii</sup> This dismal education scenario undermines Africa’s prospects for sustained economic growth.

### *Business context:*

Since 1992, Microsoft has been working in Africa, where more than 146,000 jobs are tied to the company or to its approximately 10,000 local partners. The company’s products are available in 12 African languages, and at least 625 start-up companies have been supported by its BizSpark program for entrepreneurs. Microsoft innovation centers have opened in Botswana, Tanzania, Tunisia and Uganda.<sup>xxiv</sup>

Microsoft’s commitment to Africa was most recently demonstrated with the launch of the Microsoft 4Afrika Initiative (4Afrika) in February 2013. By 2016, the programs under the auspices of 4Afrika aim to help millions of African youth obtain smart devices, bring one million African small and medium-sized enterprises online, provide additional skills to 100,000 current workers across the continent, and offer employability skills training and job placement to

100,000 recent graduates. Fernando de Sousa, general manager of the 4Afrika Initiative, stated, “The 4Afrika Initiative is built on the dual beliefs that technology can accelerate growth for Africa, and Africa can also accelerate technology for the world.”<sup>xxv</sup>

## Partnership development

Befitting its goal to “help every student and educator around the world realize their full potential,” Microsoft had several major partnership initiatives for youth in Africa prior to the launch of the 4Afrika Initiative; these are now under the 4Afrika umbrella. These include **YouthSpark**, a global communications campaign in which Microsoft partners with governments, non-profits and private-sector firms to connect youth with greater opportunities for education, employment and entrepreneurship; **Partners in Learning**, a 10-year, \$500 million dollar global initiative launched in 2003 and aimed at improving teaching and learning; and **Shape the Future**, which has been building public-private partnerships since 2011, with the goal of universal technology access for all citizens. Under the auspices of Shape the Future, in 2011 the company announced a 5-year partnership with the British Council to improve quality and access in education and training. One specific initiative, Project Badiliko, is particularly demonstrative of the impact of this partnership.<sup>xxvi</sup>

For the initial phase of Project Badiliko, the British Council and Microsoft each committed US \$1 million, plus staff and in-kind resources. Badiliko, meaning “change” in Swahili, has been working in Ethiopia, Ghana, Kenya, Nigeria, Tanzania, and Uganda to create digital hubs in schools and community centers. These hubs are used by students and teachers during the day, and by the wider community for skills training after school hours; schools without access to electricity are supported by solar power and long-range WiFi. Using a “cascade” model, Badiliko also provides professional development for teachers and school administrators. Teachers at each digital hub



receive training in leadership and innovative teaching practices, particularly around best practices for using information and communications technology (ICT) for transforming student learning. Those teachers then go on to train their peers. Importantly, the project is tailored to the local context and needs of each area in which it operates.

Additionally, reflecting Shape the Future's goal of impact on policy and program development, Badiliko has held a series of policy workshops focusing on ICT in Schools with the host governments and other stakeholders in each of the six countries where the project currently operates. The project was expected to train over 20,000 school leaders and teachers, and provide over 100,000 learners and communities with digital access, while promoting literacy throughout the region.<sup>xxvii</sup>

## Project scope

Project Badiliko currently runs in Ethiopia, Ghana, Kenya, Nigeria, Tanzania, and Uganda, and is scaling up in each of those countries. Microsoft plans to replicate the model in other countries, including Mozambique and Zambia.

## Results

Since 2011, Project Badiliko has built 90 digital hubs and trained more than 3,500 teachers and school administrators. By the end of 2013, it is on track to provide over 100,000 learners and communities with digital access while making a significant contribution to the development of effective national ICT in Schools strategies in the six countries where it currently operates. A successor project, Spark a Child's Digital Future, created in cooperation with additional partners World Vision and Intel, will take the Badiliko model into even more remote communities, with a first project slated for Kenya in the summer of 2013.<sup>xxviii</sup>

## Key success factors

Common across all of Microsoft's partnership-based projects in Africa are three key success factors.

- **Comprehensive approach:** Microsoft's projects tap into its own expertise from its core business as a provider of technology tools and access. The company balances this with traditional philanthropy (both grants and cash), and it leads or belongs to multi-stakeholder alliances in which other private sector firms, NGOs and government partners each bring expertise.
- **Well-matched partners for tailored local impact:** Microsoft chooses its partners carefully and strategically to build strong local ecosystems. In the case of Project Badiliko, the company matched its expertise in ICT with the on-the-ground training and local content knowledge of the British Council to create a successful partnership.
- **Ability to scale:** Successes like Badiliko allowed for additional commitment by the partners to broaden the project beyond the original six countries, and to bring in new partners (such as WorldVision and Intel).



# Nestlé's Cocoa Plan

Creating shared value through partnerships that improve the cocoa supply chain while being responsive to the needs of cocoa farmers and their communities



Core business



Public policy



## Partnership context

Over the past 20 years, global chocolate consumption has doubled. Cocoa, the principal ingredient in chocolate, is grown by approximately 4.5 million smallholder farmers worldwide. Seventy percent of the world's cocoa is grown in West Africa, with more than 1.5 million farms in Côte d'Ivoire and Ghana alone.<sup>xxxix</sup>

Cocoa farmers face many challenges. Cacao trees, whose beans are the source of cocoa, are fragile; many cocoa farmers have limited knowledge of more efficient farming techniques and lack of access to improved seeds; literacy rates are low; and most farmers do not have the organizational skills to collaborate with others for efficiency.<sup>xxxix</sup> Additionally, the socioeconomic factors around cocoa farming are such that thousands of children have been forced into work on farms.<sup>xxxix</sup> These technical and social challenges require long-term solutions that involve the governments of cocoa-producing countries, the NGOs that focus on the crop's impact on the environment and on society, and the private sector firms whose products are reliant on a sustainable cocoa value chain.

### *Business context:*

Nestlé operates under the principle of Creating Shared Value; as the company describes it, this means "creating value for shareholders and society in a manner that is integrally linked to [the company's] core business strategies and operations."<sup>xxxix</sup> Nestlé identifies opportunities to link its core business activities to act on related social issues, specifically in the areas of nutrition, water, and rural development.<sup>xxxix</sup>

Cocoa plays a major role in Nestlé's shared value strategy. Nestlé buys about 10 percent of the world's cocoa supply, of which 37 percent is procured from Côte d'Ivoire.<sup>xxxix</sup> In October 2009, Nestlé announced a ten-year investment of CHF 110 million to promote sustainable cocoa under one company-wide banner, The Cocoa Plan, now the Nestlé Cocoa Plan.<sup>xxxix</sup> Nestlé works closely with a range of partners to achieve

three primary goals under the Nestlé Cocoa Plan: 1) enabling farmers to run profitable farms, 2) improving social conditions, and 3) sourcing sustainable, good-quality cocoa. The Plan is bolstered by the company's commitment to collaborate with independent partners to ensure transparency and credibility.

## Partnership development

To achieve the three primary goals of the Plan, Nestlé partners with NGOs as well as other private sector actors. Nestlé has also created new internal structures, and has founded or played a leading role in setting up collective action platforms. Some partnership examples include:

**Partnerships with cocoa suppliers:** Partnerships with cocoa suppliers provide the foundation of the Nestlé Cocoa Plan, and have transformed the way Nestlé sources its cocoa. Nestlé lacked transparency in its supply chain and, as such, was unable to evaluate its shortcomings. Nestlé has worked with the key actors in its supply chain – cocoa traders and cocoa processors – to transform their supply chains away from the commodity model to a model based on long-term relationships with stable partners, such as farmer cooperatives.<sup>xxxix</sup>

**Partnerships with certification organisations:** Nestlé has partnered with Fairtrade and UTZ Certified, two independent organizations that offer certification based on cocoa farms meeting specific environmental and social standards. Nestlé's work with Fairtrade includes ensuring that farmers receive fair payment for their crop and helping farmers organize themselves into cooperatives in order to have a stronger position from which to negotiate. UTZ Certified works with Nestlé to ensure a sustainable supply of cocoa by helping farmers to implement good practices and offering advice on how to build their businesses. Nestlé was a co-founder of the UTZ Certified Cocoa Programme.<sup>xxxix</sup>

**Partnerships with NGOs:** To improve social conditions on cocoa farms and in cocoa-farming communities, Nestlé works closely with the NGO community. Nestlé has partnered with the Fair Labor Association (FLA), a

non-profit collaborative effort that promotes adherence to international and national labor laws. As the first food company to join the FLA, Nestlé primarily works with FLA to identify instances of child labor in its supply chain.<sup>xi</sup>

Nestlé also partners with the International Federation of the Red Cross and Red Crescent Societies (IFRC) to improve water and sanitation infrastructure and promote good hygiene practices in its cocoa-growing villages.

#### Partnerships through collective action platforms:

Nestlé is a cofounder of the World Cocoa Foundation (WCF), an international membership organization which focuses on cocoa farming sustainability.<sup>xii</sup> Some of WCF's initiatives include CocoaLink, a text messaging service for farmers in West Africa; Empowering Cocoa Households with Opportunities and Education Solutions (ECHOES), which offers educational opportunities; and the African Cocoa Initiative, a public/private partnership that aims to bring sustainable productivity and improved food security to cocoa farms.<sup>xiii</sup> Nestlé is also a founding participant in the International Cocoa Initiative (ICI), set up in 2002 specifically to eradicate the worst forms of child labor along the cocoa value chain. ICI's focus is on community support projects, evidence building, knowledge-management and advocacy.<sup>xiii</sup> Nestlé has partnered with ICI to set up an innovative child-labor monitoring and remediation system in its cocoa supply chain.<sup>xliv</sup>

#### Partnerships to bolster research and development:

Nestlé is a leading researcher in plant science around cocoa. In spring 2009, Nestlé opened an R&D center in Abidjan, Côte d'Ivoire, which works in partnership with the company's R&D facility in Tours, France and which is one of few such investments by multinational companies in Africa. To further benefit local R&D, Nestlé is currently building a demonstration farm near Yamoussoukro, Côte d'Ivoire, which farmers will be able to visit to learn best practices first-hand. The company is also working with government agencies to improve the sustainability of cocoa farming.<sup>xlv</sup>

## Project scope

Nestlé's partnerships regarding the cocoa value chain extend across Côte d'Ivoire and Ghana to Ecuador, Indonesia, and Venezuela. Given that nearly 70 percent of the world's cocoa is grown in West Africa, Nestlé and its partners have piloted many of their cocoa-related technical and social improvement programs in this area. The success and impact of several of these programs has yielded the ability to scale up or expand the scope beyond the initial pilot phases or areas.

## Results

Under the auspices of the Nestlé Cocoa Plan, 27,000 farmers were trained in 2012 in good agricultural practices. Additionally, over 2 million higher yield plantlets were provided for farmers, more than 30 farmer cooperatives were certified by Fairtrade or UTZ Certified, 13 schools were built through the World Cocoa Foundation, and more than 11 percent of Nestlé's cocoa was sourced through the program.<sup>xlvi</sup>

## Key success factors

- The partnerships mirror the company's basic operating philosophy: Given that Nestlé's business is based on the Creating Shared Value framework, ensuring that the Nestlé Cocoa Plan is a core business initiative means the plan—and its impact—will be measured, supported, and brought to scale.
- Willingness to provide transparency in business process: By opening its value chain to external assessors—whether certification organisations or advocacy groups—Nestlé shows its commitment to increased transparency; the public nature of the assessors' results and the company's public response to improve on its performance give the Plan, and the company, increased credibility within the NGO community, within the wider agriculture and food community, and within the communities in which it works.
- "First in line" mentality: As the first food company to join the Fair Labor Association, and one of the first multinationals to open an R&D center in West Africa, Nestlé is demonstrating its commitment to sourcing cocoa responsibly, creating trust in its NGO partners and offering a way forward for its peers in the industry.



## Unlocking the full potential of teachers and learners in South Africa



Core business

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### Partnership context

Improving education access and outcomes is a national development priority for South Africa; with about 22 percent of public spending going to the sector, the country allocates a larger share of its gross domestic product to education than any other nation on the continent.

School for children ages 7 to 15 is compulsory, and policies such as the No-Fee Schools initiative, which has done away with fees across the country's most disadvantaged primary schools, aim to overcome educational inequality and provide even the most marginalised children with access to school.

Among other achievements, near-universal access to primary education and gender parity in primary and secondary schools are the result of the country's ongoing commitment and investment in education. Yet significant barriers still prevent many young people from reaching their full academic potential.

Poor school infrastructure, violence, teenage pregnancy and irregular attendance all contribute to learning outcomes far lower than those of other middle-income countries. The standard of teaching is often lower than required, and resource constraints make it difficult to provide educators with additional training to improve subject knowledge and understanding of teaching methodologies.

Language is another key barrier, as the majority of learners are taught in a variety of local languages and dialects during their early years (Grade 1-3), and despite a formal transition to English, many students are unable to follow basic instructions as they progress beyond Grade 3, when English becomes the primary language for learning.

The Gauteng Province, the country's economic hub, has seen particularly poor academic results: in the 2012 Annual National Assessments (ANA) in Mathematics only 36% of Grade 3 learners achieved over 50%, and at Grade 6 only 11% achieved scores of 50% and above.

### Partnership development

In response, and as part of the South African government's school improvement strategy - *Action Plan 2014* - the Gauteng Department for Education has developed the Gauteng Primary Language and Mathematic Strategy (GPLMS), to ensure that at least 60% of learners achieve scores of 50% or higher in the Mathematics ANA's.

To help deliver the strategy, the Gauteng Department for Education has partnered with a range of education service providers, including Pearson South Africa. Engaging external partners to support the education system is a relatively new approach for improving school performance in the country.

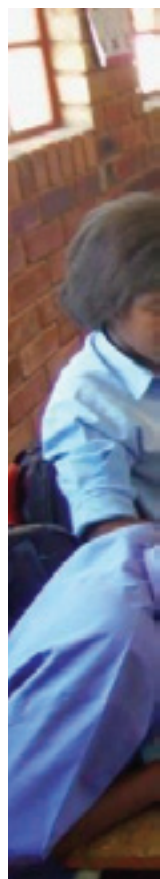
The shared goal is to measurably improve the level of Mathematics instruction in 830 underperforming primary schools across the province. Pearson's particular focus is to strengthen the capacity of Intermediate and Senior (Intersen) Phase Mathematics teachers (Grades 4-7).

Building on Pearson's global expertise in tailoring education solutions around specific learner needs and in partnering with governments to strengthen national education systems, the company is supporting 68 primary schools in Tshwane North and Tshwane West districts, by coaching 278 educators who are responsible for teaching 25,740 learners.

### Project scope

Pearson provides a full-time team of 11 coaches and 1 supervisor who move between all 68 schools on a daily basis, supporting teacher development.

Programme participants are equipped with specially developed GPLMS lesson plans as well as workbooks to use in class, and Pearson coaches provide educators with advice and instruction on how best to implement lesson plans in the classroom.



Building and maintaining solid links between coaches, district officials and educators is a vital component of the project. Coaches form trusting relationships with educators and become what is referred to as “critical friends”, providing training along with a strong support network.

#### Teacher Training Components

- *Just in Time* sessions enable participating educators to meet at central venues for training on the upcoming term’s lesson plans.
- *School Based Workshops* (SBWs) allow educators from each school to meet at the end of the day, to discuss challenges and solutions based on feedback from coaches.
- *Peer Learning Groups* (PLGs) comprising of all math educators from a cluster of schools facilitate additional problem solving.
- Coaches frequently provide further support over the phone.

#### Monitoring and Assessment of Efficacy

- Educators are regularly assessed on their progress through *Classroom Support Visits* (CSV).
- During visits coaches complete detailed *Teacher Progress Reports* (TPRs) and give teachers one-on-one feedback. TPRs allow coaches to continually track progress, identify strengths and areas for development and provide educators with specific goals to achieve.
- A *web-based* Teacher Progress Reporting tool enables all educator TPRs to be captured and accessible in one place.
- New internal tracking tools are used to measure progress made by both coaches and educators more comprehensively.

## Key challenges and solutions

The newness of the partnership approach as a means for improving academic performance was initially a challenge. In response, there has been constant emphasis on communication and engagement between stakeholders, including regular meetings to discuss each partner’s role and contribution. Building trust has proven to be the best means of breaking down existing barriers and achieving the desired partnership goals.

At the start of the project, the introduction of a brand new curriculum also proved to be challenging, however it has given coaches an additional opportunity to provide support to teachers who are working with the new content.

## Results

Teachers are showing improvement in their evaluation reports, and are increasingly using the new teaching techniques and methodologies. Eight months into the project, there has been a 10% increase in students’ Mathematics results across all 68 schools – a significant improvement comparing 2012 Annual National Assessment results and the 2012 end of year GPLMS exam results.

## Scope for project scale and replication

Pearson has been invited to extend its participation in the project through 2014. In the short time that the project has been running, it is already proving to be a highly successful intervention initiated by the Gauteng Education Department, which could lead to other provinces adopting a similar approach.

Innovative models such as the GPLMS partnership draw on the strengths of stakeholders from the public and private sectors, and have the potential to advance national education goals and improve academic performance in disadvantaged schools.

## Key success factors

- Putting the learner at the centre forms the foundation of the partnership and results in improved learning outcomes.
- All partners are strongly committed to the success of the project and to working together towards a clear goal.
- Service providers meet regularly to share their challenges and discuss lessons learnt.
- All stakeholders are flexible with regards to finding solutions to unexpected challenges.
- The strong emphasis on communication and relationship-building has helped to address key concerns among education officials and teachers.
- Transparency with Senior Management Teams and teachers has been essential in developing the trust needed to have a tangible impact on learning outcomes.



## Creating a market for cassava-based beer boosts farmer incomes and supports agricultural development in Mozambique



Core business



Public policy



## Partnership context

In Mozambique, beer is still an unaffordable luxury for some consumers. In order to offer low-income consumers a high quality, regulated but affordable alternative to illicit alcohol, beers need to be developed which are more affordable, which will in turn create growth in the market.

In November 2011, SABMiller announced the launch of the first ever commercial-scale cassava-based beer in Mozambique. The beer, 'Impala', is brewed by SABMiller's local subsidiary, Cervejas de Moçambique (CDM), using cassava sourced from local smallholder farmers.

The launch marked the latest step in SABMiller's ambition to create a portfolio of high-quality, affordable beers for lower income consumers in Africa, made from locally-sourced raw materials.

With 81 percent of the labour force involved in agriculture, the government of Mozambique is focusing on agriculture to drive the country's development. Currently, about 97 percent of production comes from some 3.2 million subsistence farms, farming on average 1.2 hectares. Mozambique has the lowest agricultural technology usage levels in southern Africa. Low usage of fertilisers and pesticides and limited levels of mechanisation has resulted in low productivity. It is estimated that just over half of Mozambique's population lives below the poverty line.

Cassava is the most widespread cultivated crop across the country and is a main source of food for over 50 percent of the population.

## Partnership development

In addition to CDM creating a market for cassava for smallholders to access, the project has been developed with the input of multiple partners:

- The Mozambican government, seeing the wider socio-economic opportunity in developing a market for cassava-based beer, worked with CDM to create a supportive policy environment by reducing the excise tax for beers brewed with locally sourced cassava.
- With cassava degrading quickly and requiring fast processing post harvesting, DADTCO (Dutch Agricultural Development and Trading Company) has pioneered an innovative solution in the form of a mobile processing unit (AMPU) which travels to the cassava growing regions and processes the root *in situ*, preserving the integrity of the starch and removing the need for the farmer to travel to market.
- To help with farmer capacity building, agricultural extension services have been provided to transfer technology and knowledge of agricultural best practices to smallholder farmers so they can increase the productivity of their land, grow more cassava and increase their incomes.
- The agricultural extension services are supported by funding from the Directorate-General for International Cooperation (DGIS) of the Netherlands.

## Project scope

DADTCO is responsible for organising and purchasing the cassava roots from smallholders, and once processed, sells the output – cassava cakes – to CDM for use in brewing.

This approach is creating an additional market for subsistence farmers growing cassava, increasing incomes with the intention of raising living standards. This multiplier effect through the value chain, from smallholders through to distributors and retailers, expands the formal economy and helps to facilitate socio-economic development.



From a pricing perspective, Impala is around 30% cheaper than mainstream beers. At this price, the product appeals to consumers who aspire to drink beer but, due to their economic circumstances, might consume various forms of affordable alcohol, including 'cheap' liquor, illegal spirits and home-brews. Informal alcohol is largely unregulated and pays little or no tax, in contrast to beer, where typically over 30% of the final selling price comprises taxes (excise and VAT).

Enabling access to more affordable beer creates further benefits in terms of a new revenue stream for the government from excise tax collection. It is currently estimated that the volume of the informal, unregulated alcohol market across Africa could be up to four times that of the formal market.

## Key challenges and solutions

### Commercial market for cassava

Mozambican farmers typically produce more cassava than is required for domestic consumption, but the surplus has never previously been used to brew beer because of the logistical challenge of collecting the roots from smallholder farmers who are widely dispersed. Cassava is an excellent source of starch for brewing, but starts to degrade almost immediately after it is harvested, which, together with its high water content, makes it unsuitable for transporting over long distances.

CDM's partnership with DADTCO to utilise its innovative mobile processing technology was a key breakthrough in overcoming these challenges and ensuring the commercial viability of the project.

### Affordability of beer

Affordability of beer has been a key barrier in the development of the market.

The Mozambican government approved a 10% excise regime for cassava-based beers in comparison with 40% for malt-based beer, ensuring that the product could be positioned at a significantly reduced price-point.

## Results

### Cassava growing communities:

With over 500 smallholder farmers participating in the scheme at the end of December 2012, the initiative delivers the following socio-economic benefits to cassava growing communities:

- A sustainable and growing market for cassava roots, driving new employment
- Agronomic skills development and significant yield productivity potential for smallholder farmers
- New source of income for smallholder farmers and their families

### Wider socio economic impacts:

The initiative is also expected to have a beneficial impact on the broader economy and the government's programme of rural social and agronomic transformation:

- The project will act as a catalyst and lend visible support to the government's agricultural transformation agenda, attracting other organisations to participate in the programme.
- The initiative will help support Mozambique's transition from a net importer to net exporter by unlocking the country's agricultural potential, leading to substantial forex savings and creating new opportunities for farmers.
- Significant new rural employment created and smallholder farmer income improved (leading to other beneficial socio-economic changes), also supporting the government's gender empowerment strategy.
- Contribution to regulating the informal alcohol market will bring in additional tax revenues and should lead to social benefits. The government received excise tax revenue of over US\$2m from Impala by end of December 2012.
- Commercialisation of cassava industry may lead to further commercial uses (e.g. bio-fuels, food, wood etc).

### For CDM:

- Creation of a new brand and, following a successful launch, sales are increasing month on month.

## Scope for project scale and replication

Cassava sourcing will continue to be scaled as the reliability of the supply chain grows and infrastructure becomes more established. With the roll-out to include Beira, a further 500 smallholder farmers will be added to the supply chain. It is estimated that within 5 years of launch over 3,000 smallholder farmers will be included.

The scope for replication is clear. Accra Brewery Limited, SABMiller's local subsidiary in Ghana, has recently launched Eagle, a beer brewed from cassava sourced from 500 smallholder farmers, expected to grow to 1,500.

## Key success factors

- Supportive environment created by government to overcome initial obstacles.
- A quality product that appeals to consumers and is affordable, ensuring a sustainable market for cassava roots.
- Unique technology (cassava processing and brewing) that unlocks the commercialisation of cassava by addressing the technical challenges of processing it.
- Strong project management and vision.



Enabling access to affordable quality healthcare in Nigeria through partnership and a sustainable business model



Strategic social investment



Public policy

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## Partnership context

Access to quality healthcare remains a significant challenge for most Nigerians, with the country's healthcare system currently ranked 187 out of 191 of WHO member countries. The maternal mortality and under-5 mortality ratios in the country are 800 per 100,000 and 197 per 1000 live births respectively. Nigeria has the world's second largest number of people living with HIV/AIDS. Life expectancy amongst the population is 48 years. Access to health care is limited and the majority (67%) pays out-of-pocket to access healthcare at the point of care.

Shell Petroleum Development Company of Nigeria (SPDC) has built and equipped twenty seven hospitals in six States across the Niger Delta as part of its community social investment activities.

SPDC's is increasingly managing its community social investment in the Niger Delta through a mechanism known as the Global Memorandum of Understanding (GMOU) Cluster of Communities, which brings together communities alongside local and state government and NGOs to form a decision making committee that decides how to prioritise and allocate local community investment provided by SPDC, based on their local development needs. This approach ensures much greater participation in local development decision making and creates a more open, transparent and effective means for SPDC to target local community investment.

The local GMOU committee in Port Harcourt identified increased local access to affordable quality healthcare as a key priority.

## Partnership development process

Following extensive local engagement and consultation through the Port Harcourt GMOU committee process, the concept of a low cost community health insurance scheme was developed with project partners SPDC, Shell Industrial Area GMOU Cluster of Communities, Obio Akpor Local Government and Health Care International, a private provider of managed insurance schemes.

The first of its kind in the Niger Delta, the Obio Community Health Insurance Program (CHIS) was launched in March 2010, focused around the Obio Cottage Hospital in Port Harcourt.



## Project scope

Local indigenes who enrol in the scheme pay the equivalent of US\$21 / annum, which is subsidised by the local GMoU board with funds from SPDC, and have access to a comprehensive health benefit package covering medicines, surgery and in-patient care. Non indigenes pay the equivalent of US\$42 / annum to join the scheme.

Each partner makes an essential contribution to the project:

- SPDC subsidises the premiums through the GMoU and also upgraded the Obio Cottage Hospital infrastructure, facilities and equipment. Wind and solar energy technology was installed to provide a source of renewable water and power.
- The government pays medical and support staff salaries and allowances, and has also provided significant local support for the project.
- Health Care International administers the scheme, collects premiums and helps to market the benefits of health insurance in the local community. Initially, it was the only HMO associated with the Obio Community Health Insurance Scheme. Two additional HMOs joined in 2012. Their involvement means that the scheme is financially independent from SPDC and is underpinned by a commercially viable business model, which ensures the project's long-term sustainability.
- NGOs Family Health International and Management Services for Health contribute capacity building support to the project.

To date, 15,000 community members have enrolled in CHIS and this number is increasing daily. Staff strength at the Obio College Hospital has increased from 15 to 90 across all departments of the facility.

The hospital also operates a volunteer programme, which enables individuals to gain work experience and to enhance basic skills and employability.

## Key challenges and solutions

In establishing the project, key challenges included:

- As a new concept, engaging communities around the rationale and benefits of health insurance was a significant early barrier for the project. This challenge was addressed through a sustained education programme to promote the benefits of health insurance, alongside the provision of the subsidy for indigenes that significantly reduced the cost of accessing the service.
- Within the hospital environment, a poorly managed operating culture led to some cases of hospital workers extorting money from patients to access medical services. This was addressed through a zero tolerance approach and a significant focus on changing the operating culture of the hospital.
- As the number of people enrolling in the service has grown rapidly, the hospital has had to quickly adapt to managing this growing demand through improvements in management systems and processes.

## Results

CHIS has made quality assured healthcare affordable and accessible to thousands of Nigerians. More specifically, access to quality health care especially in Maternal and Child health (MCH) improved significantly. Since the launch of CHIS, over 4058 babies have been safely delivered, with an average of 180 births per month versus only 10 births per month before CHIS. HIV transmission has been prevented in 150 babies through an "HIV Prevention of Mother to Child Transmission" Programme.

Feedback from customers shows that 81% of enrolees are satisfied with the service and 99% would recommend it to others.

The project has also helped to improved relationship between SPDC and the local community.

## Scope for project scale and replication

The CHIS model offers significant scope for replication and scale up, especially leveraging the GMoU mechanism provided by SPDC. A number of GMoU community groups are actively considering adopting the scheme.

## Key success factors

- Local community engagement and support ensured project was fully aligned with local development priorities.
- Key partners fully aligned around a shared vision of accessible quality healthcare.
- Social investment subsidy enabled business model to be established.
- Project sustainability is underpinned by a commercial business model.



## Investing in Zambia's farmers to improve livelihoods and food security



Core business



Public policy



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## Partnership context

Africa needs to develop a sophisticated agricultural sector to keep pace with its own fast growing population, as well as to provide an additional food source for the global population, which is expected to grow from today's 6.7 billion to more than 9.2 billion in 2050.

As it currently stands, Africa's agricultural sector presents immense development potential and if developed sustainably, Africa is well-placed to provide food security to numerous countries across the globe. Agriculture is already a vital economic sector in many African countries, for example in Zambia it accounts for 20% of the country's GDP, equivalent to \$4bn.

However, across the continent productivity averages 300 to 500 kilograms per hectare for maize, while in America the average is around 2,500 kilograms. By helping to bridge the financing gap, commercial banks such as Standard Chartered play an integral role in supporting the region's agricultural development, working in partnership with national governments, development organisations and local NGOs to help overcome challenges presented to the sector.

## Partnership development

The limited availability of basic food continues to be a challenge for Zambia's most poor and rural households. It's in these outlying areas where agriculture plays an important role in providing food security and income. Supporting the growth and development of small to medium scale farmers thus continues to be a priority for the Zambian government. This is demonstrated by Zambia's Sixth National Development Plan ('SNDP') which places agriculture high on the Government's agenda as an important driver for economic growth, and valuable tool in reducing poverty (SNDP, 2011 - 2015).

A broad range of policy reforms in the agricultural sector have been introduced to stimulate growth and improve the performance of the agricultural sector.

These include changes to land, fertilizer and crop markets that allow the private sector to increase their participation in the Farmer Input Supply Programme ('FISP').

The FISP was started in 2002 and in 2004, Standard Chartered ('SCB') started lending to one local fertiliser supplier that has now grown to become one of the biggest fertiliser companies within the sub region, and now supplies over 60% of Zambia's fertilizer demand.

Through this loan facility, SCB provides a USD150mn to facilitate the importation of over 200,000 metric tonnes of fertilizer, promoting healthy crops and increasing harvesting yields - ultimately improving the country's level of food security.

By assisting in the importation of quality fertilizer, Standard Chartered's facility indirectly benefits about 900,000 small holder farmers in Zambia (roughly 40% of the small holder farmers in the country) who produce about 80% of Zambia's annual maize/corn harvest.

As a result of the FISP Programme, Zambia's agricultural crop output has increased through a combination of improved yields and increased area of cultivated land. Over the past decade, Zambia has also benefited from the introduction of commercial farming expertise, which has seen corn yields double the Sub-Saharan African average of 1.85t/ha.

Government support in the form of new agricultural policies that favour the timely provision of the "inputs" under FISP, the supply of quality seeds and an increased application of fertiliser per hectare, amongst other initiatives, has been vital to the success of the sector.

Through FISP, Zambia has transformed itself from being a net importer of corn in 2006 to a net exporter in 2008.

## Key challenges and solutions

Poor agricultural productivity primarily results from a lack of availability of suitable financing solutions; a lack of skills in modern agricultural practices; and the inability to access the latest technology in terms of seed development and fertiliser optimisation.

Small scale farmers and commercial farmers often struggle to access the required finance to maintain sustainable and productive levels of output. Farmers who require loans to buy inputs, such as seeds and fertilisers, are often required to borrow against collateral such as real estate, which they may not have; or even where they have the land (as in most cases) they may not have the necessary title documents to allow a bank to achieve the creation of a security interest in the land.

As a result, they are unable to fertilise their land and are forced to use “seeds” held back from the preceding harvest to plant their new crop. These seeds are poor in quality and have degenerated over time and, combined with ineffective fertilisation and application of crop protection chemicals, leads to decreasing yields and poor quality crops.

Standard Chartered supports provides commodity finance across 15 countries in its African footprint. Where possible, the Bank uses traditional forms of collateral in the form of farmers' physical assets (land, infrastructure etc), but also differentiates the Bank's capabilities by using the commodity as collateral in select products, for example, 'Finance Against Warehouse Receipts'. In Zambia, the Bank provides finance to corporate entities which in turn provide support to small to medium scale farmers, leveraging the farmer's crop as collateral for the loan. Standard Chartered provides finance through farmer intermediary organisations which provide storage, handling facilities and brokering services for bulk agricultural commodities in Zambia.

Drawing on this finance these intermediaries can provide their contracted, local farmers with inputs including fertilisers, chemicals, fuel and extension services – as well as technical expertise. The intermediary organisations do not set the commodity price, rather they go to the market on behalf of the farmer to secure the best possible price for them – This assists the farmers to access a fair and transparent price for their crops. Once the crop is delivered to the warehouse, the farmer is paid immediately via Standard Chartered's customised product offering, 'Finance Against Warehouse Receipts'.

Keeping front of mind the long term sustainability of the sector, the Bank applies strict governance standards (e.g. Equator Principles) in evaluating and financing agricultural projects.

In 2010, Standard Chartered also helped Zambia secure a loan it needed to improve the country's food supply. With the loan, the Government bought around 470,000 tons of maize, providing Zambia with a reliable food reserve if faced with a drought or other natural disaster. The Bank also acted as an intermediary between the farmers, millers, traders and the deal brokers, to ensure a transparent market for 350,000 small scale farmers. This financial support has been hailed as a milestone facility in Zambia's agricultural sector, due to its size and the innovative approach.

The transformation and advancement of the region's agricultural sector is not a task which can be tackled alone, but demands strategic and relevant partnerships between governments, non-government organisations (NGOs) and the private sector.

## Results

Through Standard Chartered's finance capabilities, the Bank has been able to make a meaningful contribution towards economic development and growth within Zambia's agricultural sector. Some indirect benefits which have risen as a result of the Bank's support include:

- Farmer productivity has increased from an average of under 1t/ha (tonne per hectare) to 2.31t/ha, compared to the Sub-Saharan African average of 1.85t/ha
- Increased income for small to medium farmers
- Improved food security
- Enhanced quality of inputs made available, such as seeds and fertilizer, thus the quality and productivity of crops has improved dramatically
- Reduced need for government subsidies to agricultural sector
- Zambia is now a net exporter of corn

## Scope for project scale and replication

The Bank offers commodity finance products which support the entire agricultural supply chain, end-to-end – from importation of inputs, through to harvesting, storage, supply and on to exportation of excess commodities.

## Key success factors

Some of the key success factors have been the following:

- (a) The Bank's ability to support the Zambian Government's strategic ambition to grow and support the country's agricultural sector, a valuable tool in reducing poverty and supporting economic development.
- (b) The Bank has supported the implementation of good farming practices, including:
  - I. Provision of quality inputs in time for planting, and well before commencement of the rainy season;
  - II. Increase the amount of fertilisers applied from an average of two bags per hectare, to four bags per hectare, resulting in an increase in yields whilst maintaining the same land areas farmed.
- (c) The Bank has assisted in securing and structuring an integral role for intermediary companies and collateral managers to play in providing services to financiers and farmers.
- (d) As a result of the Standard Chartered's commitment to providing sustainable commodity finance products, the Bank has increased proactive engagement and effective partnerships with local and international development banks for the benefit of the local community.

**Yara's Ghana Grains Partnership focuses on business interventions to improve food security as well as improve the livelihoods of smallholder farmers**



Core business



Public policy



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## Partnership context

In July 2004, at the high-level seminar *Solutions to Hunger: Innovative Approaches to Meeting the Hunger Millennium Development Goal for Africa*, UN Secretary General Kofi Annan urged participation from all sectors to support the development of African agriculture and for a uniquely African Green Revolution. Norway's Yara was one of the first private-sector companies to heed this call, and has since followed up on its commitment to support an African Green Revolution with several business partnerships at multiple levels including initially leading on the development of the Agricultural Growth Corridors and subsequently playing a key business lead role in the establishment of the Grow Africa initiative. In Ghana, this has resulted in the Ghana Grains Partnership (GGP), which supports maize growers.

Agriculture remains a backbone of Ghanaian society, yet agricultural sustainability remains low, largely due to depleted soils and low productivity. Although the absolute number of poor people has fallen as a result of consistent economic growth, one third of Ghanaians still live below the poverty line. The great majority of growers are smallholders producing at subsistence level.

Ghana's agricultural sector suffers from historic low investments in areas such as basic infrastructure, market development, extension services and financial tools. It remains a challenge to include all parts of the agricultural sector in functional value chains, and to improve productivity levels in order to tap the potential of the country's farming sector.

## Partnership development

Yara initiated the Ghana Grains Partnership in 2008, inviting a bottom-up dialogue including local growers. Involved partners include Yara, local input trader Wenco, the Africa Enterprise Challenge Fund as a financing partner, and operational and analysis support partners TechnoServe and Prorustica.

After identifying the main challenges preventing Ghanaian farmers from producing better yields, work commenced with local government, donors, private-sector players, scientists and farming communities in a structured effort to strengthen and streamline the infrastructure for marketing, warehousing, logistics and input services. Roll-out began in 2009 with the establishment of the maize growers' association (the Association), Masara N'Arziki ('Maize for Prosperity' in the local Hausa language).

In the absence of initial external financing support, Yara has – together with the Ghanaian inputs trader Wenco – financed the initial input requirements and logistics by establishing a revolving fund for input credits and by granting two long-term loans of a total US \$3 million. Yara Ghana also coordinated the supply of fertilizers to the project. Several warehouses have been rented for storage. The Association purchases the farmers' entire maize crop, paying for the maize supplied minus the cost of inputs they have received.

## Project scope

The Ghana Grains Partnership intends to improve productivity and to make a significant and lasting impact on rural livelihoods and food security.

GGP encompasses political and commercial objectives at a national level. Its focus is on complete agricultural value chains, with a holistic approach to meeting the needs of the farmers with respect to efficient inputs and finance, as well as addressing constraints to more effective agricultural commodity output markets. A key objective of the partnership is to ensure that farmers have access to affordable inputs and profitable output markets through effective institutional arrangements and the establishment of a revolving credit fund acting as a catalyst for wider private-sector participation in rural agricultural finance. The program is currently being implemented in the northern districts of Tumu, Gwollu, Nakpanduri, Kintampo and Wa, as well as the sub-zones Damongo, Tamale and Chereponi.

In early 2009, the GGP ran a sensitization exercise to explain the benefits of joining the Association. The response to the marketing and sensitization drive was positive, with about 2,200 farmers signed up with Masara N'Arziki for the 2009 season; over 10,000 acres were cultivated. Through relevant training, extension and inputs distribution, average yields improved considerably in just the first year.

Farmers who join the program need to become members of Masara N'Arziki. There is a modest membership fee, which confers a number of benefits, including credit for inputs, guaranteed purchase price for outputs, quality extension services and training.

## Results

Entering 2013, more than 8,000 farmers had joined Masara N'Arziki, which has seen yield levels triple the Ghanaian average. Cultivated acreage was 28,600 acres, and 95% of farmers remained in the program from the previous year. Masara N'Arziki has scaled up its capacity, adding 25 new field officers during 2012, bringing the total staff to 73 employees. The debt recovery rate from the program was at 92% in the 2011 season, despite a drought affecting 1 in 5 farmers in the program.

The estimated revenues to farmers were about US\$4 million in 2012, or on average about US\$369 net cash return per hectare farmer (i.e. after input and other costs have been repaid). The baseline before the project was US\$142/ha net. This is a considerable additional cash injection into the participating rural economy, which has some of the highest poverty rates in the country, and where household size is 7 persons on average.

Yield levels have steadily been rising, and in 2012 the association was Ghana's biggest maize producer.

## Key success factors:

- Dedicated partners with complementary, supplemental skill sets, operational foundations and on-the-ground experience
- Thorough modelling of how to scale roll-out
- Financing model to fit a rural poor economy
- Comprehensive value chain approach, including understanding of end markets and the necessary logistics for support
- Agronomic knowledge to enhance input use, disseminated through the delivery model



## Business Partnerships for Development - Key Success Factors

The partnership case studies included in this report provide examples of the potentially transformational activity that could be driven and promoted through a Post-2015 development framework, and share some important insights in to the factors that determine successful partnership delivery and results:

### » Forging a shared vision and clear incentives:

Each preceding partnership case study is underpinned by clearly overlapping agendas, and a shared vision amongst partners of the change that they are seeking to achieve. For example, Shell and its partners fully aligned themselves around a shared vision of accessible quality healthcare for the residents of Port Harcourt. In each case, strong incentives for participation of each partner were identified up-front, along with the respective partner capabilities and resources that could be contributed. Ensuring on-going mutual benefit whereby all partners gain more than they invest helps to ensure long term commitment and sustainability of the partnership.

### » Tapping into commercial drivers and business principles for project sustainability, scale and efficiency:

Many of the case studies demonstrate that strong linkages with core business and commercial drivers can help to reinforce project sustainability and scale. For Anglo Zimele, the ability to access Anglo American's value chain has helped to underpin the programme's success. Microsoft's ability to tap into its own expertise from its core business as a provider of technology tools and access has also been a critical enabler of its partnerships. Clear alignment was established between Abbott's core business and the Tanzanian government's initiative to modernise its healthcare system.

In some cases, an initial social investment subsidy helps to establish a commercial business model that underpins the partnership going forward. Shell Nigeria's subsidy to cover health insurance premiums for local residents was critical for the insurance provider to establish a commercially viable business model.

Applying business principles and encouraging an entrepreneurial partnership culture helps to foster effective solutions, efficiencies and innovation.

### » Ensuring strong alignment with local development priorities:

From the beginning, each featured project has sought strong alignment and engagement with both national and local government economic and social development priorities and programmes. This helps to ensure buy-in and on-going commitment from the public sector. For Diageo, close collaboration from the start between Meta Brewery management and Ethiopian Agricultural Transformation Agency personnel has underpinned the partnership's success.

### » Emphasising local ownership and investment in delivery mechanisms:

Where broad global commitments need to be translated into local action, an up-front investment in time to ensure a full understanding of how a global idea can work locally is key. For Coca-Cola, it was important to ensure the concept of leveraging its distribution expertise would be relevant to the distribution of essential medicines. For ExxonMobil, taking the time to identify the right partners to ensure programmes meet local conditions, are culturally appropriate, and have specific national characteristics has paid significant dividends.

Local project ownership amongst partners also needs to be quickly established. A flexible semi-independent governance structure has given Chevron's Niger Delta Partnership Initiatives (NDPI) the flexibility and freedom to innovate, and to become more efficient and responsive in adjusting projects based upon current on-the-ground realities.



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Engaging all stakeholders through properly resourced and structured local delivery mechanisms is key to achieving buy-in and ensuring the most appropriate and implementable solution.

» **Fostering innovation:** Partnerships help organisations to think in new ways about how to address development challenges and pave the way for innovation. For SABMiller, partnership led to the utilisation of innovative mobile processing technology for cassava, which has helped to unlock the commercialisation of cassava for brewing.

» **Showing strong leadership support to build early momentum:** Strong leadership, political momentum and visible champions within each partner organisation have been key to generating early partnership momentum and longer-term success.

At the same time, as partnerships develop, partner commitments and buy-in must go beyond any single individual.

» **Embedding clear accountabilities and strong governance mechanisms:** Partnerships must have robust legal and contractual underpinnings, as well as clear accountability and evaluation mechanisms. Initial stages must feature fast and efficient decision making and action, ensuring the partnership platform is quickly established and momentum sustained. Chevron has emphasised data collection and analysis to drive good decision making through a project lifecycle. By opening its value chain to outside assessors –whether certification organisations or advocacy groups– Nestlé has demonstrated its commitment to the Nestlé Cocoa Plan.

» **Build partnering capacity:** There must be a strong emphasis placed on efficient project management, investment in building implementation capacity and on-going communication and relationship-building to establish trust between partners.

## Challenges to overcome

The case studies also reveal a number of challenges that hinder the mainstreaming and scaling up of cross sector partnerships.

» **A lack of awareness and clarity on 'partnership':** In international and national discourse, there is often a significant confusion over the word 'partnership'. The same word is used to describe a myriad of different arrangements with sometimes subtle and sometimes fundamental differences in understanding and meaning. Moving to a common language and definitions around collaboration and partnership would help set a stronger basis for moving forward.

» **The need to overcome mutual suspicion and mistrust:** Despite a widespread acceptance of partnering at the international level, there is often reticence and suspicion in-country, where a lack of trust and understanding between government and business inhibits efforts to build effective partnership relationships.

» **The fact that partnering is complex and difficult:** The main challenge, however, is that partnering across societal sectors is difficult to implement. It requires overcoming traditional mindsets, getting people to think differently and take risks; finding and convening organisations with different drivers, resources, timescales, values and cultures; agreeing on common objectives that fulfil all sides' needs; building trust and equity between the partners; and supporting the partners to operate effectively together outside of their usual comfort zones.

» **The importance of strengthening partnering capabilities:** The challenge is exacerbated by the fact that organisations are rarely well set up for partnership, and individuals often lack understanding of other sectors and the skills and experience necessary to partner effectively.

## 5

AN AGENDA  
FOR ACTIONESTABLISHING A PARTNERSHIP  
ARCHITECTURE FOR THE  
POST-2015 ERA

While a new global Post-2015 development framework will align and mobilise global stakeholders around shared development goals, it will be at the local level, as this report demonstrates, that real progress will be delivered.

The development of the Post-2015 framework provides an important opportunity to establish the architecture necessary to embed and mainstream potentially transformative partnerships into wider development policy and practice. This architecture should include longer term structures and/or processes capable of changing underlying framework conditions, and in so doing, enabling - possibly even actively catalysing - many more, and more effective, cross-sector partnerships. Despite a growing movement towards collaboration, some of it very successful as demonstrated in this report, cross-sector partnerships are often constrained by objectives that are too short-term, by limited resources and by fragmented, small-scale activities that can lead to high transaction costs and reduced impact.

This partnership support architecture should bring a critical mass of businesses, government and development partners together around a shared, long-term vision and objectives; establish a conducive policy, regulatory, and tax environment; and help all stakeholders build the assets, capabilities, and delivery mechanisms they need to make lasting impact at scale. And it must be resourced for the long-term.

At the country level, one example of such an architecture is the **Beira Agricultural Growth Corridor (BAGC)** initiative in Mozambique, which has brought together a wide range of businesses, the Government of Mozambique, donors and civil society organisations to collectively and holistically address inter-connected constraints that prevent the development of the region's agricultural potential, including access to farming technologies, infrastructure, finance and markets. A range of complementary public and private investments are being undertaken. Large commercial investments are taking place in the mining and agriculture sectors and in Beira Port itself, which are expected to drive a significant increase in goods volumes through the corridor. Major public sector projects are underway to improve transport infrastructure (port, rail) and irrigation infrastructure.

The initiative also includes a donor backed Catalytic Fund which supports early-stage businesses, helping to 'kick start' commercially-viable agriculture in the Beira corridor region. In addition, a Smallholder Support Facility

provides grants to Mozambican farmers' organizations, private companies, research institutions and NGOs.

In recent years, there has been a significant increase in the number of global partnerships to create the architecture for partnership in certain issue areas. Examples include the **Scaling Up Nutrition (SUN) Movement**, which is in the vanguard of integrating all sectors to drive global efforts to reduce stunting and chronic under-nutrition at scale in 41 countries. A key principle of the SUN Movement is that it is led by countries, which take ownership and responsibility for delivering solutions to improve nutrition in their countries. SUN is supported by four global Networks, Business, Civil Society, Donors and UN Agencies, which support SUN countries and their local partners in identifying the actors and resources needed, at the country level, to rapidly scale up specific nutrition interventions as well as implement cross-sector strategies that are nutrition-sensitive.

Together, SUN Countries and SUN Networks aim to develop innovative on-the-ground partnerships along the food value chain that tackle deeply entrenched systemic challenges, respond to the needs of local communities and leverage both public and market-based resources and channels to ensure long-term sustainability of solutions. Policies are put in place at a country level to ensure a coherent policy framework and partners agree common objectives and a framework of results around which to align actions.

Other global examples include the Partnership for Maternal, New-born and Child Health, Roll Back Malaria, the Global Fund and, recently, Sustainable Energy for All and the Global Business Coalition for Education.

The Post-2015 process can help to promote and establish the architecture for a greater number, scale, and effectiveness of cross-sector partnerships in five ways<sup>10</sup>:

» **1. From international to national policy and integrated solutions:** While international meetings and processes such as Rio+20, the High Level Panel's report on the Post-2015 development agenda and the Global Partnership for Effective Development Cooperation are promoting a cross-sectoral approach to development, the approach has not been mainstreamed into national policy<sup>11</sup>. Considerable work needs to be done by governments to map their development priorities against both the interests and resources of all sectors of society to understand the potential contribution of partnerships for development,

and to build understanding of that potential by ministries. More broadly, a key priority for both businesses and development partners is to better understand and measure the impact of business models and operations, and to integrate the results into business performance management, where they can drive action and inform and shape cross-sector collaboration. Additionally, in many cases work needs to be done on a stronger enabling environment, adjusting and developing new legislation to help the public sector partner with business.

In addition, as many of Sub-Saharan Africa's development challenges are interconnected, they need to be tackled collectively to ensure effective and sustainable solutions. For example, as natural resources become increasingly scarce, developing solutions that recognise the inter-relationship between water use, food production and energy consumption will become increasingly important<sup>12</sup>. Governments and businesses must start to address these issues collectively rather than in silos to ensure holistic and effective long-term solutions.

» **2. Establishing country-level mechanisms and platforms to make partnerships happen:** We need to see in all countries multi-stakeholder platforms that can drive partnership action and make the case for the societal and business benefits of collaboration; bringing together business, government, NGOs and international agencies to build trust and co-generate innovative ideas; and building capacity to partner and directly support the development of new partnerships. As the number of 'top-down' global partnerships such as *Sustainable Energy for All* help to align global interests on a particular topic, these global initiatives need country platforms as local counterparts to translate global commitments into local action.

» **3. Promoting partnership good practice:** Partnerships need to be built to international good practice standards, potentially through access to specialist support, to help them develop as quickly and robustly as possible. There needs to be stronger quality assurance of partnerships to ensure they are operating as efficiently as possible and new approaches to measuring the business and development benefits to allow proper cost/benefit analysis of the investments made.

» **4. Ensuring organisations are "fit for partnering":** Organisations need to adapt the way they are set up and operate to ensure they are '*fit for partnering*'<sup>13</sup>: that they have the right internal systems and processes, staff capacities and culture to support, rather than inhibit, collaborative working. Donor and development agencies should mainstream engagement with the private sector within their work rather than in separate partnership units; governments need to engage business in the consultation for and implementation of their development plans; companies need to better understand the landscape of development actors in the areas in which they work and where necessary help to build capacity of those actors.

» **5. Strengthening partnership skills:** We need to scale up the level of partnership literacy – the skills and understanding required for effective partnering – across all sectors. Specialist training courses, online and in person, should be made much more accessible; business schools and public policy schools should include partnering within their standard curricula to help mainstream the concepts. Funders of partnership projects should insist on a certain level of competency in partnering just as they do for financial or project management skills.

Taking forward these five areas is a significant undertaking. For this to happen at scale, we need to adapt and build on existing initiatives and structures and engage a range of interested actors on the ground – business associations, governments, NGOs and development agencies – to take on the role of 'brokering' or intermediary organisations and set up multi-stakeholder platforms in-country.

It also requires deepening an eco-system of enabling organisations: training providers and universities to build partnering capacity; professional consultants to help broker partnerships and provide support for organisational change; and research institutes to measure impact and gather evidence.

Although not officially part of the Post-2015 process, one promising approach with its origins in the aid effectiveness agenda is the Global Partnership for Effective Development Cooperation. This forum brings together donors, country partners, the private sector, civil society and multi-lateral organisations and is increasingly focussing on the 'how' of delivering the Post-2015 goals, specifically the essential role of cross-sectoral collaboration. Connected with that process, the OECD 'Building Block' on Public Private Cooperation is supporting the development of country-level platforms to engage business in development more systematically.

From an Africa perspective, as the region moves towards a new era of economic and social development, there is an unprecedented opportunity for the Post-2015 process to bring collaboration among business, governments and development partners to a new level of scale and impact to achieve the ambition of ending extreme poverty and securing sustainable prosperity for all.



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# Partner profiles

## Business Action for Africa

Business Action for Africa (BAA) is a network of businesses and development partners working collectively to accelerate economic growth and poverty reduction in Africa. Led by a board of multi-national companies, the UK Department for International Development and CDC, BAA aims to catalyse collective action, inform policy development and share best practice to enhance the contribution of business to Africa's development.

[www.businessactionforafrica.org](http://www.businessactionforafrica.org)

## Harvard Kennedy School Corporate Social Responsibility Initiative

The Corporate Social Responsibility Initiative (CSRI) at the Harvard Kennedy School's Mossavar-Rahmani Center for Business and Government is a multi-disciplinary and multi-stakeholder program that seeks to study and enhance the public contributions of private enterprise. Through its two primary workstreams, Governance & Accountability and Business & International Development, CSRI explores the intersection of corporate responsibility, corporate governance, public policy, and international development. CSRI bridges theory and practice, builds leadership skills of both students and practitioners, and supports constructive dialogue and collaboration among business, government, and civil society.

[www.hks.harvard.edu/m-rcbg/CSRI](http://www.hks.harvard.edu/m-rcbg/CSRI)

## The Partnering Initiative

The Partnering Initiative is a not-for-profit organisation dedicated to driving the use of effective cross-sector partnerships for sustainable development worldwide. Working with companies, NGOs, the UN, governments and donors, it conducts action research to progress the theory of collaboration; delivers partnering skills training; provides direct support to partnerships and organisations; and creates multi-stakeholder platforms in-country to systematise the engagement of business as a partner in development.

[www.thepartneringinitiative.org](http://www.thepartneringinitiative.org)

Design: [www.stevendickie.com/design](http://www.stevendickie.com/design)

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