Making Positive Social Impact an Everyday Part of International Business:

How the Private Sector Can Use International Development Companies to Improve Their Triple Bottom Line

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COUNCIL OF INTERNATIONAL DEVELOPMENT COMPANIES
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Preface

This paper is the second publication produced by PSC's Council of International Development Companies (CIDC). The first – *Fifty Years in Development: How Private Companies Adapt and Deliver by Tony Barclay*[1] – provided much-needed documentation of the changing role of International Development Companies (IDCs) in the history of U.S. foreign assistance implementation. This volume focuses on a key aspect touched upon by Tony – the agility of IDCs and their ability to evolve in an ever-changing marketplace. As Barclay noted, IDCs have shifted over time from constructing large infrastructure projects such as dams and highways to training teachers, doctors, journalists, etc. as the United States moved away from the realm of physical deliverables to building capacity in education, health, financial services, governance and more.

The authors of this second volume – Creative Associates International's Brad Strickland and Charito Kruvant – continue this theme of evolution. They provide insight into the ways in which multinational corporations have directed substantial capital investment in locations and industries previously shunned and ignored for reasons of geographic isolation, security and financial risk. While the motives for recent investments range from the purely altruistic to the more self-interested creation of future markets, the fact remains that many multinational firms lack the expertise to participate in development in a sustainable way. As a result, in their view, IDC's must engage more with international businesses – a key and growing donor and client base – and lessen their reliance on the U.S. government for project funding.

Multinationals clearly have the scope and scale to build factories and finance roads, but ramping up local educational systems to provide a broad pool of trained workers is generally not what their boards of directors and stockholders expect them to do with their capital. As Brad and Charito correctly argue – that is where IDCs come in. The expertise that IDCs have accrued over years of working overseas assisting USAID in implementing projects creates a ready transition from servicing the U.S. government to corporations who are trying to achieve the same results – stronger free-market economies that are integrated with other nations through trade and international laws and norms.

This pivot, the authors urge, is also smart for IDCs as the dollar levels of direct foreign assistance continue to be assailed by U.S. legislators, many of whom are reflexive to their constituents who, mistakenly in our opinion, see the spending overseas of U.S. taxpayer money as frivolous charity that has no domestic benefit. Meanwhile, as documented within, the level of direct investment overseas has continued to grow each year – improving the lives of citizens in those countries and expanding export markets for American goods. These export markets have a huge and direct impact on literally millions of Americans. According to the Department of Commerce, from 2009 to 2013, the number of jobs in the United States supported by exports rose from 9.7 million to 11.3 million.[2]

At the same time, USAID's recent Power Africa and Global Development Labs demonstrate a shift towards more market-focused and technology driven forms of traditional Official Development Assistance (ODA). And, in spite of the somewhat overuse in government these days of "Public-Private-Partnership" as some sort of Holy Grail, it is important to remember that International Development Companies are part of the Private Sector. They have the same economic pressures as better-known multinational corporations: profit/loss, shareholder concerns, and corporate boards of directors. As such, IDCs are perfectly positioned to provide the needed interface between multinationals and emerging markets because they "speak both languages" – development and free enterprise. As this paper demonstrates, the more all parties recognize this reality, the more all stand to benefit.

Stan Soloway, President & CEO
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Introduction

During the past two decades, more governments and donor agencies have seen the benefits of involving the private sector in the delivery of international social services, such as education, workforce development and health. Momentum continues to grow within government, development agencies and private foundations to scale up the role of partnerships with the private sector in international development work. This increased role for business in development work is advantageous for everyone – for the beneficiaries, for private sector businesses, for the public sector (donor/development agencies as well as the host country's public sector), and for private foundations delivering international development.

Development partnerships with businesses increase the effectiveness, affordability, creativity and sustainability of program implementation in international development by diversifying the variety of implementing partners and fostering host country participation. Businesses may also work successfully with host country governments without the participation of the U.S. government, in which case the sustainability may be optimal, *if* there is continuing corporate investment and growth. It is also true that this trend toward development has motivated businesses, along with consumer pressure, to incorporate positive social impact into everyday business practices.

Involving the private sector in international development has become an important part of all major government statements and strategies related to international development, but this trend is neither new, nor does it originate from any one place in government or society. It is part of a growing societal movement characterized by changing views about capitalism, and awareness and concern about the relationship between business and positive (or negative) social outcomes.

This paper:

1. Reviews key aspects of the rationale, from the perspective of government and business, for the private-sector role in international development;
2. Reviews some aspects of the evolving role of the private sector over the past 30 years based on our own experience; and
3. Suggests some practical considerations for businesses when moving into the fragile and emerging markets that have been the traditional domain of international development.

The Rise of the Private Sector in Development

There are several key documents and major government statements promoting private sector partnerships to reach development outcomes:

- The U.N.'s Millennium Development Goal Number 8, emphasized working with the private sector to increase access to technology and pharmaceuticals.[3]
- President George W. Bush called for engaging the private sector in development in his 2008 policy statement on transformational diplomacy.[4]
- President Barack Obama in 2010 (in the U.S. Global Development Policy) called for the private sector, philanthropic and NGO communities, as well as diaspora communities, to address common development goals with a coordinated strategy.[5]
- The 2011 Busan Declaration of Partnership for Effective Development Cooperation was signed by 160 nations and more than 60 international organizations, and specifically stressed the role of the private sector in advancing innovation and creating wealth and economic stability.[6]
- In the September 2013 United Nations Leaders' Summit on the Global Compact, speakers called for a new private sector architecture for corporate sustainability.[7]
- The U.N. Secretary General's High Level Panel on the post-2015 development agenda stresses the role the private sector will play in the future of poverty reduction and international development.[8]

All of these official statements emerge in part due to the complex economic and political realities of globalization, and demonstrate broad acceptance that a diverse mix of development tools will be the most effective way to accomplish the goals of international

development – maximizing the variety of resources available to benefit diverse stakeholders in developing countries. The rationale for partnership is clear: the private sector is huge when compared to government institutions and official development assistance (ODA). But whereas private business can bring enormous resources such as capital investment, private voluntary donations, trade incentives, and a volunteer corps, the advantages of governments' ready-made bilateral relationships cannot be underestimated for facilitating access to markets.

From the perspective of some development professionals, engaging the private sector is integral to the transformation of ODA to meet the demands of a globalized economy. Still other development professionals say that such partnerships with the private sector are an experimental alternative to ODA, and have not yet been proven as effective ways to deliver lasting outcomes.

Critics sometimes point to the long-term time frame development assistance often requires in order to see a transformation in cultural norms that need to accompany economic transformation. Corporations motivated

foremost by providing returns for shareholders may not have the patience for the time frame required by development. Both of these perspectives contain elements of truth and point to the reality that continued progress toward eradication of extreme poverty, and an improved quality of life for the world's most vulnerable, will require ongoing reflection about the consequences of business practices and the variety of ways we can tailor them to increase the likelihood of positive impacts on people. Private sector engagement in delivering social impacts in international development is a trend that seems to be here to stay. It is a positive transformation of business we need to build on, and not detract from.

Q: Why Does the Private Sector Invest in International Development?

A: The Triple Bottom Line: Benefitting People, the Planet and Profits

From the perspective of many businesses, development agencies and host country stakeholders, private-sector participation would seem to have already changed the landscape of international development. It has changed the nature of how businesses enter into emerging markets in developing countries. Socially attuned consumers in communities around the world place increasing pressure on businesses to demonstrate socially and environmentally conscious business practices. Internal to the private sector, the business case for involving the private sector in development is clear. Recent research articles by McKinsey and PriceWaterhouseCoopers point out that most companies working in international development expect their businesses to benefit through improved public relations and image enhancement, increased demand for a company's products and services, and providing a mechanism for joint investment or risk sharing for creation of new markets or products.[9]

But benefit for revenue is not the only thing driving this business momentum toward international development. Recent research by Deloitte[10], also reiterated in discussions in CSR Wire (August 2013[11]), described **five important global trends that are accelerating corporate involvement in environmental, social and governance activities in international development:**

1. Loss of trust by the public in large institutions (businesses as well as government);
2. Stakeholder pressure from a growing middle class in emerging markets in China, Brazil, and India;
3. Growing demand and constraints on natural resources;
4. Supply chain risks in globalized production of goods; and
5. Increasing visibility of corporations due to the increasing presence of social media (nowhere to hide).

Under such pressures, private-sector business has come to rethink the final objectives of business, not excluding revenue generation, but adding other objectives as well. Corporations have come to view themselves as making social investments that help to build new markets, thus achieving social and business aims simultaneously. Within the context of this transformation of business, in recent years there has been a trend in businesses and international development away from talking about "corporate social responsibility" (CSR) or "social give-back." While CSR continues to be used as a convenient short-hand term to refer to corporate activities in social development (with some corporations having structured their employee and community relations

around the term), the notion of "shared value" is a term increasingly used in corporation boardrooms[12] and marketing divisions to describe the process of using business assets to advance what is known as "The Triple Bottom Line" advancing the:

1. Revenue aims of businesses (profits for business);
2. Environmental sustainability (benefits for the planet); and
3. The social needs of governments and/or its citizens (benefits for people).

Supporters of the triple bottom line argue that revenue generation is impossible or meaningless in an over-populated world that is unstable and ungovernable, in an ecosystem that is collapsing – or has collapsed. Indeed, it would seem that private sector business investments and practices are in the process of a transformation to produce shared value outcomes that simultaneously benefit host communities, shareholders, and the environment.[13]

Don't Reinvent the Wheel: How Implementing Partners Help Corporations Do Good by Doing Business

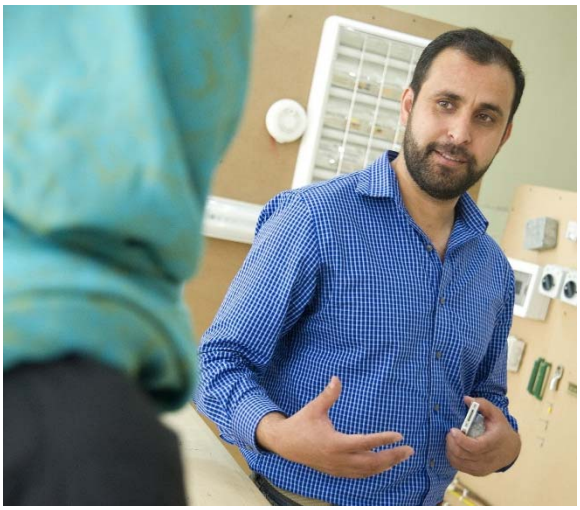
While the terms "shared value" and "triple bottom line" become increasingly common in business circles to describe a transformation in business that foster positive social impacts, the institutions and expertise that drive development strategy often seem to be housed outside of corporate businesses. Given the specialized nature of international development expertise, subcontracting development work to gain access to outside organizations has become an important method for corporations to participate in development. This may be one of the most, if not the most, cost-effective and efficient way for corporations to participate in development.

The "community of practice" that has evolved over the past 50 years of modern international development has witnessed the increasing professionalization of a field sometimes called international development or development studies, with sub-disciplines such as international education, comparative education, international health, economic growth, or democracy and governance, the expertise of which is housed within and outside of U.S. government agencies, including USAID and State Department and their implementing partners. The many professionals that participate in international development share common concerns and passions for the work they do, have often studied professionally to gain and learn to apply specialized skills in development settings, and have learned from interacting

with one another and with their stakeholders how to best accomplish the goals of international social and economic development. This essentially constitutes the definition of a "community of practice," in which the competence of practitioners has been honed through regular focus on common problems and careful experimentation with a variety of solutions. Corporations seeking to increase their involvement in international development need the benefit of strategy guidance as well as program design – strategy guidance that may come from the U.S. government or host governments, as well from implementing partners external to, or working with, these same governments.

It is a very complex and big world, with endless need for professional experience to solve vexing social and economic problems. No one doubts that. And it cannot be reiterated enough that to fail to learn from past experience, to ignore the competence accrued in an existing community of practice, while experimenting anew with corporate models to affect positive social outcomes, would be

nothing less than a thoughtless use of corporate capital. It would represent the opposite of what this new generation of shareholders expects of corporate leaders – a judicious use of capital to affect responsible social outcomes that contribute to the triple bottom line – increased revenue, improved social impacts, and sustainable environmental practices. Indeed, in order for a corporation to engage responsibly in social investments in international settings, they often need to access expertise in international development from outside the company. Well known examples of corporate contracts held with outside organizations include: Chevron's partnership with Development Alternatives International; Hess Oil's partnership with FHI360; and Caterpillar's partnerships with the International Youth Foundation. Decisions within the company may be to advance the company charter through a shared value approach to profitability, but the expertise usually does not exist within the company to design or implement a desired activity promoting lasting social change.



This is why the U.S. government and agencies like USAID, working to foster partnerships with corporations for international development, have often encouraged a private-sector corporation to co-fund and partner with an international development company, or host country NGO, in order to implement and sustain an on-the-ground program. It is usually the case that, in order for a corporation to benefit from social investments in international development, external technical design and implementation assistance in some form is necessary and beneficial. Most development firms have been working in the field for years and learned over time what works and what doesn't in various countries, which ministries in a particular country are most effective, how fastest to clear items through customs. In short: how to turn the vision of a program into a reality. **Without such real-world experience and expertise, interested corporations are likely to lose interest rapidly as their funding and equipment gets tied up in bureaucratic red tape and squabbling ministries. While the tasks of international development may be daunting, it is together – combining financial and technical resources – that the positive changes we seek become possible on a sustainable scale.**

The most well-known mechanisms by which the U.S. government and USAID seek to build relationships between corporations, planning offices and international development implementers, whether for-profit or not-for-profit, have evolved during the past 40 years specifically to help design and implement programs in international development that were the objectives of the U.S. government. The technical expertise housed in the for-profit firms is described in detail by Tony Barclay, in his paper *50 Years in Development: How Private Companies Adapt and Deliver*, in which he argues that this community of practice is uniquely positioned to facilitate partnerships with private capital, corporations and foundations. He describes the professional resources in these organizations – all private sector – as providing the critical technical skill and capacity building that allows transfer of program, business and management practices to host country organizations and individual stakeholders.[14]

The technical expertise of all of these international development companies, as well as their business practices, have evolved together to deliver effectively the goals of

Official Development Assistance while meeting the regulatory and fiduciary demands of government procurement. **And the business practices of for-profit development companies are often well aligned with corporations seeking development outcomes, potentially making the for-profit international development companies especially well-suited to partnerships with private sector corporations for delivery of outcomes aligned with Official Development Assistance.**

Daniel Runde of the Center for Strategic and International Studies (CSIS) has described how the development resources accumulated in the international development companies (IDCs) have evolved with USAID during the past 40 years, and argued that they represent a strategic resource that is unique to the history of U.S. development assistance and the national interest.[15] Runde's observations extend to private sector corporations, too – IDCs can play a strategic role for corporations seeking to make positive impacts in the developing world.

Personal Experience in Social Innovation

As CEO and co-founder of an international development company in Washington, D.C., I (co-author Charito Kruvant) know something about the professional community of practice Barclay and Runde are referring to. I also know something about how it relates to the issues we are talking about here today. In 1977 when I joined with three other women to found Creative Associates International as an international development company helping to deliver USAID outcomes, we knew several things about our new business:

- We wanted our business to be mission-driven, seeking to help the world's most vulnerable affect the positive changes they sought.
- We knew our business would have employees and a payroll, meaning to us that it should be for-profit, well-managed with strategic vision to provide stability to employees and beneficiaries, and transparent so that all knew its charter and its mission.
- We knew our business would be small, and would be eligible for 8(a) business set aside contracts.
- We wanted our business to be an inspiration to women and disenfranchised people everywhere – that they could make a positive difference in the world.
- And finally we knew we needed optimism to believe our business could achieve all these goals and thrive.

What we did not know then was that more than 30 years later there would be a new generation of innovators to drive establishment of novel instruments for business incorporation. When we started Creative there was nothing like a corporate "social enterprise;" there was no mainstream conversation about "impact investing" or "social investing." There was no movement yet to rethink corporate for-profit charters such that a CEO was accountable for delivering on "shared value" and a "triple bottom line." We have built Creative Associates International as a for-profit international development contractor whose goal, like other USAID contractors, is to help local beneficiaries achieve positive development outcomes through USAID-funded programs; whose staff participate in

the community of practice we would call international development and are driven by their passion for helping others improve their lives through education, economic growth and improved health and community development.

The competence of Creative's staff, like other for-profit contractors, is supported by our strategic business management practices, which provide the security and stability for staff to grow as professionals. These business practices may be quite different from government management practices, but not so different from not-for-profit management practices, where professional competence and growth also requires stability and security. Key differences in business practices in a for-profit company revolve around the strategic alignment of management planning with

revenue objectives and, of course, a for-profit company pays taxes on its proceeds – often aligning its business practices with the time- and revenue-bound contract objectives of its clients. And Creative is not alone. The Council of International Development Companies, of which we are a proud member, is replete with for-profit development companies – both large and small – that are experts in the field.

The Government Case for Private Sector Engagement in Development

The U.S. Government, as well as the EU and its member governments, developing country governments, the World Bank and other regional development banks, and the UN system agencies have all built upon collaborations between private-sector businesses and governments in infrastructure projects to make a case for the role of business in development. The term Public Private Partnership (PPP) originated to describe infrastructure projects, and was extended to apply to the private sector role in international development. Such collaboration is known under various labels – most notably at USAID through Global Development Alliances (GDA).[16]

USAID introduced the GDA concept in 2001 to reorient how it would work with partners in the context of international development. Capitalizing on changes in resource allocations for international development, the GDA model promotes collaboration with businesses to maximize the impact of international development while also advancing the overlapping interests of businesses and development agencies.[17]

The case is made by USAID that involving the private sector through its GDA mechanism:[18]

- Distributes risk among partners in ways that are more equitable.
- Builds long term sustainability of development investments.
- Increases development program impact by gaining access to businesses' consumer and distribution networks.

- Promotes access to technologies that may be well suited to address complex problems;
- Uses cutting-edge business practices in developing country settings to solve development problems in a way that recipients are better equipped for a global economy;
- Leverages the reputation of the U.S. government to support private-sector business goals to enhance the impact of development programs;
- Taps the availability of the U.S. government (and other) treasuries to underwrite credit risk; and
- Supports emergence of business environments that improve social indicators of developing countries for the long term.

A 2013 USAID and DEVEX Impact report on private sector collaborations in international development with USAID, stated that USAID by 2013 had participated in over 1,600 partnerships with over 3,000 entities, with a total combined investment of nearly $20 billion since 2001.[19]

If the GDA has been the dominant modality by which USAID promoted private sector involvement in development, it is not the only way that businesses have been encouraged by governments over the years to get involved. The list of descriptive terms, mechanisms and institutional offices associated with engaging the private sector in development has grown over the past decade (some would say "overgrown"), as many corporations, development institutions and contractors have experimented with various models. As we said earlier, there is growing acceptance about the importance of the role of private enterprise in international development, and consensus that a diversity of development instruments is good for sustainable international development, especially given the diversity of content and capacity among the developing economies involved. But broad vision does not mean blurry vision, and one of the purposes of this paper is to help simplify the most common categories used to describe private sector participation in development – especially those relevant to Washington-based implementing partners (including not-for-profit as well as for-profit contractors). Below are some of the most prominent mechanisms by which governments have engaged private sector business in international development, seeking to increase the variety, motivation and scale of private-sector partners.

U.S. Government Contracts and Grants

The most obvious way that the U.S. government engages the private sector in international development is through its contracts and grants made to international development implementing partners. Whether put to tender by USAID or another U.S. government agency, most of the international development work delivered on behalf of the U.S. government is through direct agreement with private sector implementing partners. As described in Dan Runde's CSIS paper, and Tony Barclay's CIDC paper (both cited above), these implementing partners, whether for-profit or not-for-profit, comprise much of the international development expertise that is accessible to and through the private sector.

Public Private Partnerships (PPP)

The term Public-Private Partnerships is a high-level categorical term to describe all variety of collaborations between the public sector and private sector working to accomplish common economic and social goals. USAID's Division of Global Partnerships, within its IDEA Office, states that one should think of PPP as a

broad umbrella under which fits USAID's Global Development Alliances. This remains the normative term for many institutions and organizations referring to partnership work in international development, including PEPFAR, U.S. State Department (and its Global Partnership Initiative), Global Alliance for Vaccines and Immunization (GAVI), and the Global Alliance for Clean Cook-stoves (GACC). Many major global partnerships for development continue to refer to themselves as PPPs.[20]

Development Credit Authority (DCA)

The DCA is an office within USAID's Bureau for Economic Growth, Education and Environment (E3) that utilizes credit guarantees to unlock private-sector capital for development. Its focus is not specific to any country or region, but instead applies to all 80 plus missions. Programs using this mechanism are examples of private sector partnership.[21]

USAID's Global Frameworks

Since at least 2011 USAID developed collaboration agreements with several global corporations, agreeing to seek opportunities to work together in different parts of the world where common interests and outcomes could be identified. These corporations include Cisco, Hewlett-Packard, Starbucks, Coca-Cola, Intel, Evensen Dodge, Global Sustainable Tourism, Rotary International, Seaboard, and Microsoft. These frameworks do not negate the GDA model, but provide as it were a MOU to seek relationships where possible, including GDA.[22]

Overseas Private Investment Corporation (OPIC)

OPIC is a U.S. government corporation whose purpose is to make low cost loans available to U.S. businesses to enter high-risk economies. The programs of OPIC are similar to those of the International Finance Corporation (IFC). OPIC programs have sought to increase the access of small and medium sized enterprises (SMEs) to credit in host countries.[23]

Millennium Challenge Corporation (PPP terminology)

As a U.S. government agency, the MCC's most common mode for engaging the private sector is its standard procurement processes through which it contracts with program implementers to delivery outcomes at the international and host country levels. MCC supports development of the private sector at the country level through PPPs, and also engages small and medium enterprises at the country level. It encourages host country governments to enter into PPPs and helps to build their capacity for selection and management of PPP projects. The traditional model for delivering foreign assistance through private-sector partners/contractors, however, does not reference the development alliance model in the manner of GDA at USAID.[24]

Each of the terms above may describe an important way that the U.S. government or other government entity seeks to engage the private sector in international development, and clearly they often overlap. All of the richness of these terms and the variety of mechanisms they represent, does not provide much guidance, however, about how corporate partners could enter new markets in the developing world without the U.S. government. The crucial role of the technical expertise located in international development companies (the historical implementing partners of U.S. and other governments) is minimized in many of the newest categories and terms related to partnership above. Another way of saying that would be to note that "the strategic resource" of international development expertise Runde refers to in his CSIS paper risks being minimized in the excitement to draw new private sector partners into the delivery of "shared value" outcomes in international settings – growth in revenue, improved social services, and environmental sustainability. To overlook such a strategic asset, the expertise comprising an international development community of practice, would be a strategic mistake by corporate leaders

wanting to enter new markets in bold and innovative ways.

Conclusion

We close this paper with a reminder for all of us to be ambitious but humble about the tasks we are undertaking, no matter where we work in this international development community of practice. Sustainability of programs in international development also means building the capacity of the people whose lives are to be changed in positive ways. The way we go about this over the next 30 years will play a significant role in how women, men and youth around the world are able to transform themselves, their livelihoods, and private enterprise in general to meet the very complex social, economic and environmental challenges that they face. If we engage every resource and strategy at our disposal, and all voices that want to be heard, we stand a good chance at helping empower many around the world to improve the quality of life for all.

Appendix: Additional Issues for Private-Sector Corporations to Consider about Engaging in Business in Emerging Markets

The following explores additional considerations that may be helpful for private sector businesses interested in pursuing positive social impact in developing countries. The landscape of development is changing for the good of everyone, and the long-term goals of development become increasingly attainable when those with resources and expertise who are interested in participating are encouraged to partner.

Universalization of Values

In the past few decades as a result of U.N. declarations and charters, and as one of the effects of globalization, there are human values shared today by more members of a global society than ever before. This is not to say that there are not many conflicts born of resistance to such social values, but the increasing universalization of values such as a rights-based approach to women's empowerment, the rights of children, and assumptions about the importance of diversity of all kinds, makes for a much easier time striving for social and economic change that benefits the world's most vulnerable. Significant progress has been made in international development since the 1960's, which makes for a much more level playing field for corporations to operate and accomplish shared value outcomes (or their triple bottom line).

Emergence of Specialized Contracting Firms

Rather than channeling work through a Corporate Social Responsibility (CSR) department, corporations seeking to affect positive change are using new products and services that are helping to build social impact into their everyday business practices. This includes services and products from for-profit and not-for-profit firms, web-based monitoring and evaluation firms, as well as consultants with specialized skills in development of "shared value" strategies and partnership opportunities.

Corporate Contracts Directly with Implementing Partners

There is an increasing trend among corporations to contract international development services directly to companies and NGOs specializing in international development. Some corporations report that they prefer to contract directly with implementing partners in developing countries without the

participation of the U.S. government, due to differences in management practices and time horizons for outcomes. It may be a direct relationship with an NGO, or with a for-profit contractor in business-to-business service provision. In both cases the relationship may deliver outcomes for the funding corporation that exemplify the concept of shared value described above.

Increasing Awareness of the Need for Experimentation

There seems to be an increasing awareness among corporations of the need for innovation and experimentation in development models that would contribute to economic growth and stability. Part of the awareness is due to the demands of business unable to wait for the pace of government-led development, and part is due to cross-regional fertilization of business practices. As corporations experiment with technologies in new markets they may see unexpected applications emerge.

Emergence of Innovative Corporate Instruments

There is a continuing growth in the emergence and evolution of novel instruments that relate to how corporations and consumers participate in international development. Some of these innovations are financial instruments to raise funds for a new venture or infrastructure project, such as Social Impact Bonds, Social Development Notes, diaspora funds, crowd sourcing, and Social Yield Option Notes. Other instruments are designed to allow corporations and businesses of different sizes to participate in social impacts, including the social enterprise, and revision of corporate charters to allow for pursuit of shared value outcomes, and not revenue generation alone. Another important way for corporations and individual investors to participate in development goals is through social impact investing, in which investment funds provide return on socially driven investments. Major coalitions such as the Global Business Coalition for Education are actively experimenting with such innovative instruments to support education development and reform in developing countries.

More and Better Communications and Use of Social Media

There is an increasing number of newsletters, networking organizations, blogs, corporate mission statements and other communication outlets promoting the role of social responsibility in private sector corporate business, targeting employees and customers of corporations alike. The Harvard Business Review Blog (July 2013) stated the clear and growing impact of social media attention on CSR, and made a case for proactive engagement in social issues before consumers brought negative attention through social media.[25]

Let Business Do Business

There is a growing voice in international development that business contributes best to social development when it integrates social contributions with its core business practices, and then is allowed to “do business.” These advocates of corporate involvement in development argue that business *qua* business makes strong contributions toward society and social development, and if social objectives are integrated into business practices it would unleash massive contributions by the private sector to sustainable social, economic and environmental development.[26]

Increasing Demand for Consistent Impact Evaluation

The relative newness of a corporation's role in international development, and the reluctance of corporations to publicize their market investments – combined with inconsistency in how development outcomes are measured, means that there is no consistent long-term evidence on which to base decisions about private sector delivery of development outcomes. The lack of public data for corporations to make decisions about their work in international development will fuel niche businesses that serve corporations and governments seeking consistent and comparable data on development outcomes.

The Importance of Technology and Innovation

One of the key justifications for involvement of the private sector in development outcomes is to encourage innovation and application of new technologies. The importance of partnerships that facilitate application of new technology and data analysis will continue to increase with the emergence of new business models, practices, and new technologies.

Emphasis on Green Building and Climate Change

The U.S. Green Building Coalition (USGBC) has been at the fore of a global trend for new construction to address the impacts of climate change. Energy companies also are very sensitive to consumer pressures related to ongoing reports from the U.N.-sponsored Inter-Governmental Panel on Climate Change (most recently September 2013). Private sector firms face growing pressure from consumers to incorporate shared value outcomes into their corporate practices that would accommodate environmentally sustainable practices.

Endnotes

[1] "Fifty Years in Development: How Private Companies Adapt and Deliver" by Tony Barclay, Former CEO DAI; http://www.pscouncil.org/c/c/InternationalDevelopmentTaskForce/InternationalDevelopmentInitiative/50_Years_in_Development__How_Private_Companies_Adapt___Deliver.aspx

[2] "Jobs Supported by US Exports: An Update" February 14, 2014, International Trade Administration, Department of Commerce: http://www.trade.gov/mas/ian/build/groups/public/%40tg_ian/documents/webcontent/tg_ian_005313.pdf

[3] See http://www.un.org/millenniumgoals/global.shtml

[4] "A Call to Action: Report of the Advisory Committee on Transformational Diplomacy," Department of State, Office of the Secretary (January 2008) p. 11.

[5] Fact Sheet: U.S. Global Development Policy," http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy.

[6] See Busan Partnership Declaration, 2011, paragraph 32, http://www.oecd.org/dac/effectiveness/busanpartnership.htm.

[7] http://www.un.org/News/briefings/docs/2013/130905_Guest.doc.htm

[8] See "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development," May 2013, http://www.post2015hlp.org/the-report/.

[9] McKinsey working document, *Public-Private Partnerships: Harnessing the Private Sector's Unique Ability to Enhance Social Impact* (December 2009); PWC paper on PPP, *Delivering the PPP Promise: A Review of PPP Issues and Activity*; Personal communication with Western Union CSR representative Talya Bosch (October 2012).

[10] For a concise brief description and links to the full Deloitte report *Business Trends 2013* in PDF see http://www.syntao.com/CSRNews/CSRNews_Show_EN.asp?ID=16344

[11] See *CSR Wire* August 2, 2013 "Talkback" discussion of the Deloitte research at: http://www.csrwire.com/blog/posts/959-five-global-trends-leading-a-growing-corporate-interest-in-esg-issues

[12] Ross, Susan Rea, *Expanding the Pie: Fostering Effective Not-for-profit and Corporate Partnerships*, Kumarian Press (2012) pp. 80-83.

[13] Landman, Robert, "Developing Local Economies: Creating Shared Value through Inclusive Value Chains," unpublished paper, Creative Associates (2013), pp. 1-2.

[14] Barclay, *op. cit.*

[15] Runde, Daniel and Savoy, Carter, *The Ecosystem of U.S. International Development Assistance: A Development and Foreign Policy Strategic Asset*, Center for Strategic and International Studies, Washington, DC (October 2012).

[16] Personal communication with Global Partnership Team, USAID (August 23, 2013); see also McKinsey and Company, *Public-Private Partnerships*, working Document (2009), passim.

[17] Lawson, Marian Leonardo, "Foreign Assistance: Public-Private Partnerships," Congressional Research Service (June 2011) p. 1-3

[18] See USAID GDA link at http://www.usaid.gov/gda

[19] Kulenovic, Z. Joe, "Data Reveal Trends in USAID's Global Partnerships for Development", DEVEX Impact Blog (May 8, 2013)

[20] See http://www.usaid.gov/gda; Lawson, ibid; *Public-Private Partnerships: Harnessing the Private Sector's Unique Ability to Enhance Social Impact*, McKinsey and Company Working Document (2009); Urio, Paolo, *Public Private Partnerships: Success and Failures for In-Transition Countries*, University Press of America (2010) pp. 32-35; Farquharson, Edward, et al, *How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets*, World Bank (2011) pp. 1-3, pp. 16-23.

[21] Personal communication with Global Partnerships Team, USAID (August 23, 2013); see also http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work

[22] Personal communication with Office of Development Planning, Bureau for Africa, USAID (August 23, 2013); personal communication with Global Health Fellows representative (September 23, 2013).

[23] http://www.opic.gov/.

[24] Consult the MCC website for language and reference to its approach to private-sector engagement at http://www.mcc.gov/pages/business/engagement. An excellent toolkit has been developed and is available on the website providing guidance to host-country governments for building and managing successful PPPs.

[25] For discussion about communication and social media's role see *Sustainable Business Forum*, January 2013, at http://sustainablebusinessforum.com/craneandmatten/78596/top-5-csr-trends-2013. See also the *Harvard Business Review Blog* at http://blogs.hbr.org/2013/07/how-the-voice-of-the-people-is/.

[26] See Bernstein, Ann, *The Case for Doing Business in Developing Economies*, Penguin Books (2010) pp. 313-321, pp. 363-367; Brainard, Lael and LaFleur, Vinca, "The Private Sector in the Fight against Global Poverty," in *Transforming the Development Landscape: the Role of the Private Sector*, edited by Lael Brainard, Brookings Institution Press (2006) pp 1-19; Garriga, Elisabet and Mele, Domenec, "Corporate Social Responsibility Theories: Mapping the Territory," in Journal of Business Ethics, Vol. 53 (2004) pp. 51-53; Nelson, Jane, "The Private Sector and Aid Effectiveness: Toward New Models of Engagement," in *Catalyzing Development: A New Vision for Aid*, edited by Homi Kharas, Koji Makino and Woojin Jung, Brookings Institution Press (2011) pp. 83-95; Nelson, Jane, "Leveraging the Development Impact of Business in the Fight against Global Poverty," in *Transforming the Development Landscape: the Role of the Private Sector*, edited by Lael Brainard, Brookings Institution Press (2006) pp 41-51. See also a recent paper released by the Brookings Institution (September 2013) *Investment in Global Education: A Strategic Imperative for Business*, that proposes an untried concept for businesses and securities firms—trading in Social Yield Notes (SYN)— that would accrue and be traded by businesses much like another model - trading in Carbon Credits. See pp. 31-34.

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