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Ms. Adele Liskov
Director, PVC Office/HRB
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Washington, D.C. 20523-7700

Dear Adele,

At the suggestion of Lou Mitchell, I am forwarding this brief Interim Report of the Partnership Activities undertaken by Pact and our partner The Prince of Wales Business Leaders funded by your office.

The project recently sponsored a very interesting and successful Partnership Seminar in Indonesia in compliance with the terms of our agreement with the PVC Office, and the findings are summarized in the attached report. We have subsequently learned that the Action Plans have resulted in Microsoft and two local Indonesian NGOs (Yayasan Griya Asih and Yayasan Dinamika Indonesia) developing a computer training and small business partnership for scavengers in Jakarta's largest dump site. A second partnership involves Indofoods (a subsidiary of Indonesia's largest national corporation) sponsoring 17 street children in their very successful street vendor program.

In addition to the recent Indonesia experience, you will learn that Partnership activity is taking root in Peru with the work of the NGO PROSIP and Cementos Lima partnering together in an environmentally protected area at Cochabambachayo and the establishment of an NGO Consortium fostering environmental partnerships with partial funding from the Fund of the Americas.

While the establishment of long-term partnership formation is impossible to measure given the project's current timetable, but you will see from the list of project accomplishments that significant progress has been made. We hope you find this report interesting and look forward to answering any questions you may have.

Kind regards,

Constance F. Kane, Ph.D.
Vice President: The Global Corporate Initiative

Cc: Louis L. Mitchell, President and CEO

MAR 20 2000



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NGO/BUSINESS PARTNERSHIP PROJECT UPDATE

March 2000

I. Overview:

The Partnership Project, a joint collaboration between Pact and the Prince of Wales Business Leaders Forum (the Forum), funded by USAID's PVC Office, has been working to strengthen local capacity for public private partnership development in three countries: Indonesia, Peru and Zimbabwe. Through training, seminars, workshops, focus group discussions, product development, needs analysis, site visits and action planning, local Pact offices and their NGO partners have increased their understanding of partnership development. Further, as a result of the Project partnerships have been formed in all three countries. In Indonesia and Peru these are direct partnerships between businesses and community groups and in Zimbabwe a consortium of NGOs, called AIDSCORPS, was established to market HIV/AIDS training services to local businesses.

Further detail will be presented below, however, the following is a brief listing of key Partnership Project accomplishments:

- Development of 7-10 corporate community partnerships,
- Hosting two Insight Seminars attended by a total of 100 representatives of the government, NGO and business sectors,
- Publication of "Managing Partnerships: Tools for Mobilizing the Public Sector, Business and Civil Society as Partners in Development",
- Translation of "Managing Partners" in whole or part into Spanish, Indonesian and Vietnamese,
- Conducting a series of "Breakfast Briefings" for 15 corporate leaders in Indonesia,
- Pilot testing the "Matrix Planning" system used to facilitate partnership planning,
- Implementation of an informal system for partnership tracking,
- Development of "Guidelines for Corporate Engagement for Local Country Offices"
- Preparation of "Participatory Assessment for Stakeholder Engagement," a tool for corporate community strategic action planning,
- Leveraging non-AID resources to develop partnership activity in Angola, Brazil and Viet Nam,
- Development of strategic professional alliances with: The Boston College Center for Corporate Community Relations, AccountAbility and the Ethos Institute,

- As of January 1, 2000, launching Pact's Global Corporate Initiative.

The following presents the results of the partnership Insight Seminars conducted in Indonesia and Peru, summarizes the Zimbabwe partnership experience and described the partnership activity in Brazil, Angola and Viet Nam.

II. Indonesia

The Insight Seminar:

The Indonesia Insight Seminar was held in Jakarta, January 26-28,2000, with 17 participants from business, 18 from non-profit organizations and several government and donor representatives. Presentations were made by our technical experts from the Prince of Wales Business Leaders Forum and the Philippines Business for Social Progress. Although the official program took place on the 26-28th, on the 25th, Pact/Indonesia hosted a press conference to ensure maximum coverage of the event. As a result, 6 local papers covered the press briefing and three had previously carried articles previewing the Insight program.

The Insight Seminar followed the standard Forum Insight format to which was added the new component of "Action Planning" on Day 3. The agenda was as follows:

Day 1: What is Partnership?

Shared Experiences from: PWBLF
 Philippines Business for Social Progress
 Pact, Inc.

Core Principles of Partnership
 Forming Partnerships
 Case Analysis Format for Site Visits

Day 2: Site visits

Citibank
 IndoFoods
 Proctor and Gamble
 Identification and discussion of Best Practices
 Analysis of site visits

Day 3: Feedback, sharing fact finding and Action Planning

Review of Strategic Program Matrix
 Partnership Action Planning 1
 Partnership Action Planning 2
 Closing remarks

Brief Description of the Site Visits:

Citibank:

Citibank focuses on education and community development for the poor and offer not only funds but also the active involvement of Citibank employee volunteers. Their Indonesia program was launched in February, 1999 and now has 813 volunteers out of a total staff of 1200. Each staff member is given 2hours of their working hours every two months by the bank to act as volunteers and the company also provides material and administration center that coordinates all volunteers and monitors the effectiveness of the programs. Citibank includes 'community support' as one of the criteria for its employee performance appraisal process. The main activities are:

- Cooperation with local foundations and NGOs that run schools for needy and street children,
- Big brother/big sister program,
- Cooperation with a local NGO that runs a mobile library for children and teenagers from all classes,
- Cooperation with a local NGO in assisting blind children through reading, writing and knowledge programs.

The Insight group visited a preparatory school for dropout elementary school students. The children are given a one year education so that they can return to a formal school at a class appropriate with their age. Most of the children's parents are unskilled laborers, street vendors and scavengers. After a year, the NGO staff help the students move to a formal school and continue to monitor their progress. For high performing students, the NGO continues to support them through high school.

Indofoods - Bogasari Flour Mills:

The Bogasari Flour Mills division is a subsidiary of Indofoods, and that in turn is part of the Salim group, the largest corporate group in Indonesia. 35% of Bogasari's production is sold to large suppliers, 15% to households with the remaining 40% to small and microenterprise companies. To strengthen the micro-enterprise sector Bogasari began work in 1995 to increase the number of street vendors supplying noodles and to improve the quality of their product. Thus, they developed a partnership with a local community group, Kelompok Pedagang Mie Bakso (KPMB) and now supply 5-600 sacks of flour each day on credit. Through the partnership with Bogasari, KPMB are able to provide soft loans for the purchase of noodle making equipment and push carts. Additionally, Bogasari provide training for the vendors on noodle production, food hygiene, safety standards etc.

Procter and Gamble:

Procter and Gamble has a community program focussing on children under the age of 5, to help detect and protect them from malnutrition. It is run in conjunction with UNICEF and local Posyandu (health clinics). The program is designed to reach those living in poverty in the communities near the P & G plants. The program provides a registration scheme for pregnant women, regular weighing and health programs for babies, group and individual counseling sessions on infant and general health and nutrition, and an immunization service. Food supplements provided by UNICEF and distributed through the P & G Posyandu ensure that babies have a healthy start to life. There are now 80 volunteers from the P & G staff plus a further 14 trained staff paramedics who work with community leaders and doctors in the centers. UNICEF has also provided training and guidance about maternal and child health to the P & G volunteers.

Action Planning:

As noted above, the Insight Seminar followed a standard PWBLF Insight format for Days 1 and 2, but diverged on Day 3, utilizing the Strategic Planning Matrix developed by Pact/Indonesia to guide the development of Partnership Action Plans. In all a total of 5 Action Plans were developed, to be followed up and assisted by the Pact/Indonesia office. The focus of the Action Plans is listed below. Pact's role is to reconvene the group in 3 months to review progress. Pact also committed to provide facilitators as necessary and available.

Family health and sex education: Convened by Pearson and including 9 NGOs, plus Coca-Cola and P & G local subsidiaries.

Staff volunteering program development: Convened by Citibank and Rio Tinto and including 6 NGOs.

Street children empowerment program: Convened by Coca-Cola and 4 NGOs.

Family health and low cost medication: Convened by P & G and Kalbe Pharmaceutical in conjunction with 5 local NGOs.

Nutrition awareness training: Group to be convened by P & G to introduce a nutrition awareness training program to run from March to May, to develop and train 120 nutrition advisors and trainers to work in poor areas of Jakarta.

Lessons learned from the Indonesia Insight Seminar:

- By all accounts this was an extraordinary Insight Seminar with high levels of participation, low attrition rates and keen engagement throughout. This is partly a result of very careful stage setting done by the Pact/Indonesia office, including initial meetings, breakfast briefings and serialized magazine coverage running up to the actual event.
- It was useful to have several site visits which were very different from each other: one run by a multinational corporation (Citibank), the second by a large national corporation (IndoFoods) and the third, a smaller branch of a large multi-national. Because the corporate identities of each were very different the examples contributed to the comparative aspect of the site visits.
- It is impossible to over-emphasize the importance of good facilitation. One of the key success factors in the seminar was the skills of the facilitators, particularly when it came to Day 3, and the matrix analysis and action planning.
- Whenever possible, steps should be taken move the process to Action Planning. The strategies of corporate community engagement are becoming better understood at the field level, which means that the stage is ready for the Action Planning that came out of the Indonesia workshop.

III. Peru

The Insight Seminar:

The Insight visit in Peru was held from September 15-17, 1999, with 66 participants from business, NGOs and governments. Initial results from the Insight were presented in the annual report of the project, and are summarized below. It is worth noting here that in addition to the official seminar activities, the Pact/Peru partnership staff organized a pre-conference press coverage attended by approximately 20 journalists. Six newspaper articles and radio coverage resulted from this important effort and highlighted the value of press coverage for such events. The Insight Seminar utilized the following agenda:

Day 1: Reception

Brief introduction on principles of partnership and purpose of the Seminar
Sponsored by CONFIEP (National Confederation of Private Business Institutions)
Press conference

Day 2: Site visits

Backus
IPES/Centro Papelero/Colegio Santa Rosa de Lima/CONAM

Day 3: Seminar - Topics

Presentation of the topic of inter-sectoral partnerships
Group exercise in sector analysis
Presentation of lessons learned from the site visits
Presentation of case study: Consorcio CIPDER, Compañía Minera Yanacocha, Municipio de Cajamarca

Mobilization and involvement of the business sector: global, regional and Peruvian perspectives
Next steps: addressing the issues of corporate social responsibility, developing partnerships and regulatory environment.

Brief Description of the Site visits:

IPES/Centro Papelero/Colegio Santa Rosa de Lima/CONAM

IPES is an NGO working on environmental issues that manages a project to involve school children in environmental protection by reducing, recycling and reusing materials. The original environmental activities of IPES began with recycling in 1992 when they conducted research into the issues of waste management and recycling. A few years later, in 1994, they formed several micro-businesses, which recycled plastic, organic waste and aluminum. During the same period, they developed environmental education materials to promote recycling and published technical guides for recycling textile waste.

It was in 1995 that IPES first approached the business sector and conducted environmental training for the petroleum business, hotel chains and generic businesses. They subsequently built up a formal training module complete with videos, facilitators guides, posters and recycling baskets which they began marketing to schools. At the moment, IPES is working with 500 schools in 6 cities in Peru, involving students in learning about the process of recycling, including sorting materials to be recycled, learning about ways to reuse materials and mechanisms to sell waste to businesses.

The Insight team visited one of the schools and the processing plant participating in the partnership between IPES and Gloria Foods. IPES coordinates the relationship between participating schools and businesses interested in buying materials, in this case the milk carton manufacturing company Centro Papelero, a subsidiary of Gloria Foods. The carton company purchases materials from the school, providing an income stream, and supports the educational programs of the school. CONAM, the government's National Commission for the Environment, has provided assistance for program scale up.

The IPES/Gloria partnership is a unique national and regional model. It represents a successful and systematic approach which targeted one major theme - the environment – and built a careful strategy of product research, small business development, education and training, and national policy dialogue. It also went from a small, local program and was scaled up to the current 500 schools. Additionally, it has shared promotional materials with 50 private sector corporations.

Backus

The Backus Corporation is a national beverage company. Backus has many different programs in social responsibility including a retirement home for former employees, sponsorship of a national soccer league, environmental preservation and school program sponsorship. The Insight participants visited the community health clinic, video library for schools, retirement home and sport center for children, and attended a presentation of Backus' work with environmental foundations. Through visiting these programs participant were exposed to a wide variety of possibilities for corporate community involvement and opportunities for more involvement with non-governmental organizations were identified.

Backus' community health clinic currently serves employees of its company and factories, retirees and families of employees with health services to improve employee health, reduce absenteeism and promote Backus as a leader in employee and society support. The clinic plans to scale up to provide affordable services to the surrounding community.

The Videoteca (videolibrary) program provides a series of videos produced by Backus profiling different career options for secondary school students. Career fairs are sponsored by Backus to expose students to

career possibilities. Backus also gathers videos and develops teacher guides on academic topics for teachers to utilize as teaching aids. The videoteca is provided free of charge to selected schools and includes training of teachers in how to use the library. The site visit included a trip to the Colegio Ricardo Bentín to meet with students and observe a teacher using one of the videos as a teaching aid. Backus also supports Colegio Ricardo Bentín with a dental clinic and improvements to the facilities.

Casa del Jubilado is a center for retired employees to give them a chance for group activities, volunteering with youth and generate income for themselves. A variety of activities are provided by the company, including farming plots, small animal raising and cultural and social activities. The Casa gives the retirees an opportunity to stay active and involved in the community.

Club Sporting Cristal is a sporting club that provides activities for youth, especially soccer camps. Students who participate in sports tend to do better in school and the club provides youth with a healthy activity. The club also provides soccer camps to low income children throughout the country.

Asociación Craside/ Fundación Pro Fauna. Backus supports the work of the Association Craside with technological support in developing wheat that is competitive on the global market and can be produced in an environmentally and socially sensitive manner. They also contribute to programs that develop alternative income-generation projects for communities that live in protected areas and rely on protected species for their livelihood. Backus also provides support to the Fundación Pro Fauna that works to protect endangered species, notably the white winged turkey, which was thought to be extinct.

Follow-up and Action Planning:

As a direct result of the Partnership project activities in Peru, the Pact Peru established important relationships with CIED (*Centro de Investigación, Educación y Desarrollo*) and SASE (*Servicios para el Desarrollo*). Both organizations are committed to fostering partnerships in Peru and are working with Pact to promote actual field-based partnerships.

Another important outcome of the Partnership Project in Peru is the change in organizational culture of the participants. After the pre-Insight workshops and the Insight itself, the NGOs that participated have achieved a clearer understanding of the benefits and challenges of forming alliances with business and government. The NGO participants also demonstrate an understanding of the important roles the private sector can play in development in areas that go beyond monetary contributions. As a demonstration of this understanding, included at the end of this document are profiles the NGOs Pact has been tracking that are interested in creating alliances with business and government to achieve shared development objectives.

Two partnerships that are being implemented in Peru have benefited as a result of the participation in the Insight Seminar. Reports from field staff emphasize that the process of partnership formation requires a high level of negotiation between the parties, sufficient lead-time to determine which activities will be implemented and the clear delineation of each party's responsibilities.

Pact has enhanced the emerging partnership between Valle Grande, a Peruvian NGO and Cementos Lima, a cement company, both participants in the Insight Seminar. The partnership activity involves evaluating and categorizing the protected area of Conchas Pachayo. While the Partnership Project cannot claim credit for the original idea of partnership between Villa Grande and Cementos Lima, both parties said that attending the Seminar sped the partnership along.

Pact also supports a partnership between IPES and several cooking/motor oil producing companies and recycling companies, participants in the Insight that are using skills and new ideas learned from the that experience. The companies are working with the environmental organization with expertise in recycling to develop environmentally sound methods for dealing with used oils. IPES believes that their participation in the Insight Seminar significantly enhanced their image and credibility with the private

sector partners they had been courting, and that the negotiation process was successfully completed more quickly as a result. Details can be seen in the following table:

Nº	Partnership	Project/Activity	Beneficiaries	Amount (US\$)	Comments
1	NGO PROSIP Valle Grande- business Cementos Lima	Evaluation for zoning and categorization of the reserved area of Cochas Pachayo	Communities of NorYauyos: approximately 2000 people	6,000	This activity is part of a larger project.
2	NGO IPES- Municipal government of Villa El Salvador- 60 oil producing companies and 2 recycling companies: Marte S.A. and Jabones (soaps) San Isidro	Environmental management of used oils and lubricants in Villa El Salvador Winner of the 2nd Competition of pilot projects of AGEP/SEMREM- USAID	Oil producing businesses: gas stations, auto oil- changing centers, chicken restaurants	75,000	The design and negotiation of this project had started before the Insight, but the event facilitated the consolidation of IPES' image in the area of recycling and environmental health

In addition, as part of the Partnership Project in Peru, with the goal of bringing NGOs to a better understanding of business practices, Pact initiated contact with the International Association of Students of Economics and Commercial Science (AIESEC) in Peru. AIESEC gave a presentation on their International Traineeship Exchange Program, focusing on finding NGOs interested in partnership. As a result of this presentation, during 2000, four Peruvian NGOs will receive foreign students with advanced levels of knowledge and practice to help with the development of their projects and programs. The NGOs receiving these students are TAREA, IDEAS, PRO NATURALEZA and CEDAL.

Lessons Learned:

- Local experience in partnership building exists and is vital to “bringing home” the idea of partnership to a particular context
- NGOs need support in articulating their value-added to business in bottom-line terms. NGOs are good at articulating their benefit to the community, but many need assistance in translating that to business terms.
- Businesses with long term interest in a country (local, national and long-term investment businesses) are the most interested in investing in their communities.
- Business association and organizations are vital to developing business interest in the idea of partnership. NGO convened activities need a business partner for legitimacy.
- Strong associations often form around a specific community or issue. Partnerships need clearly defined parameters to attract and sustain interest.
- NGOs understand that developing relationships with businesses necessitates a clear demonstration of their institutional effectiveness and technical and economic viability of proposed projects.
- Much of the state's involvement in partnership activities is out of necessity to reach areas outside of the capital in particular sectoral areas, such as microfinance and health. Nevertheless, the partnerships are more often formed because of individual initiative, not because of any will or policy of the government itself to engage other sectors.
- The legal framework is not conducive to partnership activity because there is no tax benefit to companies for donating funds or product. (SASE is currently working with other groups to influence policy change in this area).
- Partnerships are most often developed at the municipal level, because at the local level business, NGOs and government interests converge on priorities and solutions to community issues.

IV. Zimbabwe Update:

As noted above, Pact/Zimbabwe approached the concept of partnership somewhat differently and tailored the program to their unique approach. Thus they designed a project which would prepare a consortium of NGOs to market their services to businesses, specifically around HIV/AIDS prevention and training. Their underlying belief was that ultimate resource mobilization lies in having marketable products that could be packaged and sold to the corporate sector. HIV/AIDS was targeted as having significant economic consequences to both the corporate workforce and the wider community.

To that end, Pact/Zimbabwe's HIV/AIDS Prevention and Care Project approached its NGO partners with the concept of business-NGO-government partnerships and conducted a Baseline Study of the needs of NGOs and business in the development of such partnerships. The Study identified key business sectors affected by AIDS and identified the types of services corporations would need to respond to the HIV/AIDS challenge. The NGOs expressed a desire to offer their skills in HIV/AIDS prevention, care, education and outreach to businesses on a fee-for-service basis. For the NGOs to market their services to businesses they uniformly felt that they needed additional organizational strengthening and are currently in the process of doing this. Zimbabwe then, presents a unique three-step model for the process of building partnerships. Step one is the Baseline Study of corporate and community HIV/AIDS program needs. Step two is identification of services to be provided by the NGO sector and step three is preparing NGOs organizationally to deliver those needed services. This is a long-term process and extends beyond the time frame of the current project, but will be picked up in subsequent partnership program activity.

Lessons Learned:

The experience in Zimbabwe has provided Pact with several lessons about the creation of partnerships:

- The environment in Indonesia and Peru was more developed and prepared for the introduction of partnerships and more capacity building work with local NGOs in Zimbabwe is needed to prepare NGOs to market their services to the corporate sector,
- Developing partnerships is a time and energy consuming process—Pact's NGO partners in Zimbabwe had more pressing organizational needs to be addressed before they would be ready to embark on new product lines, business p or fee-for-service arrangements. NGOs felt that they needed to be able to more effectively manage and implement their mission before expanding their reach.
- NGOs need justification to work with business while maintaining their mission. Many of our NGOs in Zimbabwe felt the immediate needs of their communities facing the AIDS epidemic were too vital to spend resources on other areas of development.
- The business sector needs strong convening organizations to encourage business involvement in community activity. The business sector is tenuous in Zimbabwe and "selling" the idea of partnerships is much more difficult.

V. Leveraging Corporate Resources to Extend Partnership Activity:

As indicated above, the grant from the PVC office provided core funding for partnership activity in Indonesia, Peru and Zimbabwe, however Pact was eager to leverage corporate resources to extend partnership activity. To that end, Pact was able to double the number of "partnership countries" from three to six, by building upon local corporate contributions. Pact country offices in Angola, Brazil and Viet Nam have each accomplished considerable success as described below:

- Pact/Angola's partnership with Chevron began when Pact developed a proposal to USAID for microfinance funding. Chevron's Business Development Department agreed to provide the required "match" and to work with Pact's designated partner, ASSOMECA, a local Women's Business Association. Chevron's interests were to increase the business and management skills of local business associations so that an economic infrastructure to support the Chevron employees in Cabinda Province could grow. Pact wanted to leverage corporate resources to strengthen its capacity building

program in promoting civil society. Therefore, in this partnership of mutual interest, Chevron is supporting the training costs for 12 additional NGOs in the region in exchange for the training supplied by Pact/Angola.

- Building upon insight from the Partnership Project, Pact has entered into its first South American business partnership with the Ethos Institute of Business and Social Responsibility (ETHOS) in Brazil. This joint venture offers Pact an opportunity to work directly with business to understand and to stimulate partnership between the business and community sectors. Pact and Ethos are working together to define and test a series of activities to promote collaboration, including tools for evaluating corporate social responsibility and producing a social annual report, developing strategic philanthropy activity, structuring volunteer programs and social marketing campaigns and assuring effective participation of business in communities. Pact is helping another partner, Fundação Abrinq, to formalize and document their highly successful approach to mobilizing private sector support of children's rights.
- In Vietnam Pact works with Citibank and the Vietnam Youth Federation to implement "Banking on Youth" a program dedicated to small-business development for young entrepreneurs in Viet Nam". The long-term goal of the program is to stimulate the development of small and medium sized businesses among Viet Nam's young entrepreneurs who will become the future business and financial leaders of the country.

VI. Conclusions:

The Partnership Project has been a learning experience for Pact and our many business, NGO and government partners and participants. Funding from the PVC office has done many things: it has stimulated a broader understanding of partnership in the three core partnership countries and the three "leveraged" countries. It has resulted in 7-10 actual partnerships in the field that can be monitored, studied and documented. It has resulted in the development of critical tools and training materials such as Managing Partnerships, Participatory Approach to Stakeholder Engagement, the Guidelines for Country offices which will soon enter the pilot testing process. It has helped participating partnership countries develop their own local networks of corporations and NGOs interested in corporate community engagement. It has empowered local NGOs to enter into partnership planning and program implementation with local national and multi-national corporations. Further it has stimulated the development of a global corporate initiative which includes bringing best practices to a broad constituency in the field. It has also provided valuable lessons about the project's Insight methodology and its utility in stimulating partnerships. As Pact continues to track the participants in the partnership program and in Pact's other partnership work, we will continue to share experience with USAID/PVC and the ever growing community of partnership practitioners.