

An aerial photograph of a wind farm. In the foreground, a large white wind turbine blade is visible, extending from the bottom left towards the center. The rest of the image shows a vast green field with numerous other wind turbines scattered across it. A road or path runs through the field, and the sky is overcast with grey clouds. The overall scene is a mix of natural greenery and industrial infrastructure.

**NEW PARTNERSHIPS AND NEW ACTORS  
IN DEVELOPMENT COOPERATION**

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## INTRODUCTION

This report consists of three papers discussing different issues under the heading of new partnerships and new actors in development cooperation. The papers were commissioned by the Ministry of Foreign Affairs and drafted by researchers at DIIS. The analyses and views in the papers are the responsibility of the authors and do not implicate the Ministry of Foreign Affairs in any way.

### THE FIRST PAPER

**Engaging with the private sector for development** discusses the increasing importance of private financial flows in development cooperation and their implications for the role of the public sector. Official development cooperation is looking more and more to the private sector because of its resources, its innovative approaches and the increasing development challenges in terms of climate change, epidemics, refugees, etc. which constrained public budgets cannot solve. For its part, the private sector is not without an interest in cooperation since, as the paper argues, there is a growing recognition among both the public and private sectors of their mutual dependence and of the long-term need to establish environmental and social global public goods.

While the public sector so far has sought to create enabling conditions for private sector development, it may now increasingly set objectives for its activities. This is in itself a challenge, but it cannot be done without collaborating with private actors requiring public-private partnerships of a more intimate nature than the traditional arms-length relationship. The paper identifies four roles for the public sector (coordinator, catalyser, match-maker and contractor) which are likely to interact in specific partnerships, and it discusses briefly the extent to which these roles characterise new development policies in the Netherlands, the UK and the US.

## THE SECOND PAPER

**Engagements of Danish foundations in international development: from application driven to strategic action?** deals with the role of Danish philanthropy in relation to development and global issues. As elsewhere, Danish foundations have developed over recent years by increasing their focus on activities outside Denmark. The paper is based on interviews and documents from thirteen of the largest foundations and is the first attempt to create an overview of this sector in Denmark and its development activities.

The paper focuses on changes in three respects. First, many foundations have started to hire professionals, reflecting a more proactive approach through which they want to set well-defined goals for their activities and develop strategies for how to achieve them. They have also stepped up the communication of their results. Secondly, foundations engage with development and humanitarian issues in different ways. Some prefer to respond to applications, but others have started undertaking their own activities abroad, and yet others engage in networks dealing with global issues affecting poor countries. Thirdly, the thirteen foundations have started cooperating with a variety of different actors, including public authorities, civil-society organisations, private companies and other foundations. From cooperation mainly with Danish actors, some foundations have become much more global and collaborate with actors from all over the world in multi-stakeholder initiatives.

## THE THIRD PAPER

**Innovations in partnerships? Global multi-stakeholder initiatives** takes up these initiatives as an institutional innovation at the global level. Multi-stakeholder initiatives (MSIs) come in very many different forms. They are typically voluntary arrangements with diverse participants focusing on relatively specific issues. Their functions can, however, be quite different, with some seeking to set norms and standards, while others mobilise resources and finance activities.

The paper discusses two cases of MSIs, the Global Compact and Sustainable Energy for All (SE4ALL). They both combine high-level political support with the mobilisation of a multitude of stakeholders around the world and can be seen as a new mode of collective action to solve global challenges. The paper identifies the significant role of business in these initiatives and notices that this entails both opportunities and risks. Another cause for concern is the strong focus on particular

issues relegating other issues worthy of attention to oblivion and underfinancing. Moreover, MSIs are being criticised for institutionalising existing power asymmetries and silencing dissenting views. The risk of fragmentation through MSIs and of undermining international organisations and binding agreements between national authorities may constitute a significant challenge for international cooperation, but as long as nation states pursue short-term interests rather than the long-term collective good, any kind of institutional innovation may be worth trying.



**ENGAGING WITH THE PRIVATE  
SECTOR FOR DEVELOPMENT**

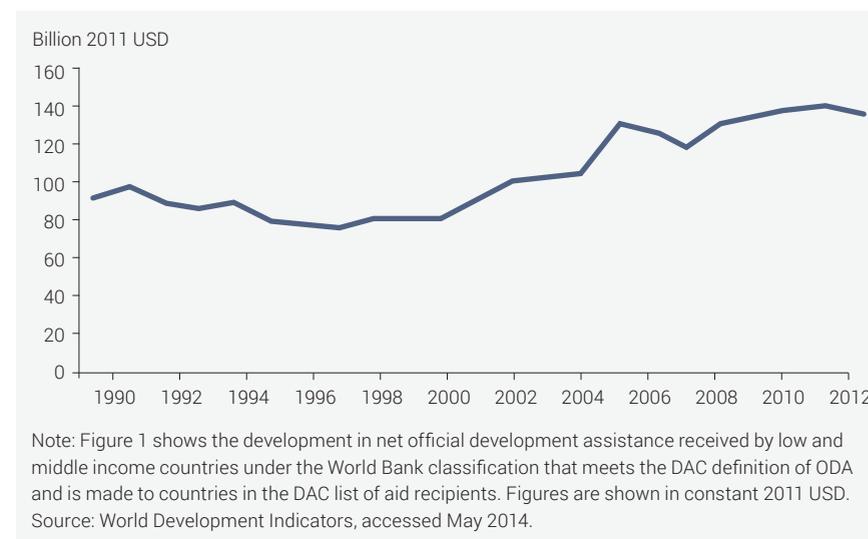
## INTRODUCTION

In recent years, the challenges of establishing global public goods and generating sustainable economic growth to reduce poverty have stimulated an interest in how to engage the private sector for development. This paper examines how this is changing the role of the public sector in traditional donor countries<sup>1</sup> and how that role can become more efficient when the public sector engages with the private sector.

**The focus on raising additional funding recognizes that the current level of official development assistance (ODA) is not sufficient to achieve the future development goals and tackle the question of global public goods.**

The increased focus on engaging with the private sector for development should be seen in the context of some significant changes in the aid landscape in the last few decades. Since the financial crisis in 2008, there has been an increased focus on how to raise additional development funding and on how to use the existing funding in an effective and efficient way. The focus on raising additional funding recognizes that the current level of official development assistance (ODA) is not sufficient to achieve the future development goals and tackle the question of global public goods. According to the World Bank, ODA was already falling short of the level required to successfully reach the millennium development goals when they were introduced in 2000 (World Bank 2013). Even though there has been an increasing trend in ODA disbursements within the last couple of decades, with ODA reaching an all-time high in 2011, as seen in Figure 1, the budget constraints faced by many traditional donors after the financial crisis make a substantial increase in ODA in the near future unlikely<sup>2</sup> (World Bank 2013).

**Figure 1. Official Development Assistance received by low and middle income countries**

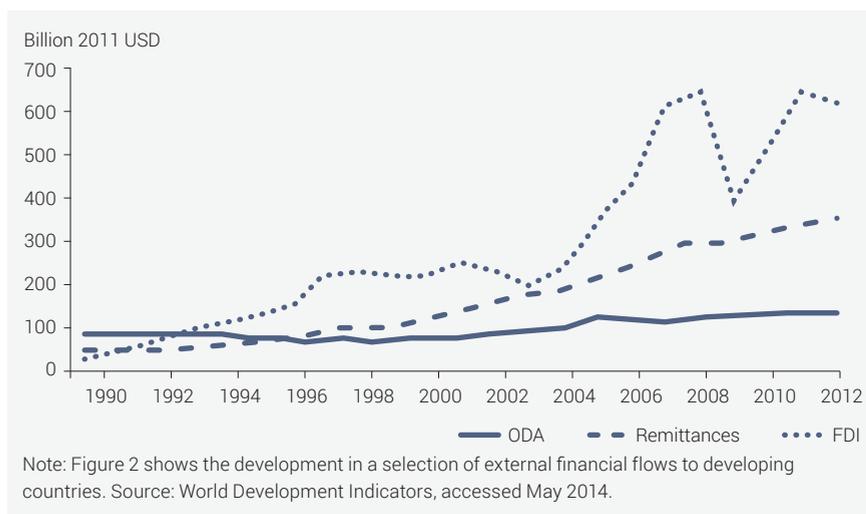


The composition of financial flows to developing countries has already changed significantly, and ODA flows provide only a partial picture of total flows. Flows from the private sector and non-traditional actors such as emerging market economies, philanthropists, and social impact funds are increasing rapidly. ODA from non-traditional partner countries still remains a relatively low share of total ODA, but this is partly due to the lack of data. The relatively low volumes of reported ODA from BRICS reflect the different approaches and methodologies regarding aid delivery rather than the actual volume and influence of financial flows from the BRICS to developing countries (World Bank 2011). Financial flows to developing countries from philanthropic foundations, social impact funds and non-governmental organisations (NGOs) have expanded extensively within recent years. One estimate puts the amounts of private aid at approximately 60-70 billion USD per year, equivalent to nearly half the net ODA disbursements by all the DAC members in a year (World Bank 2013).

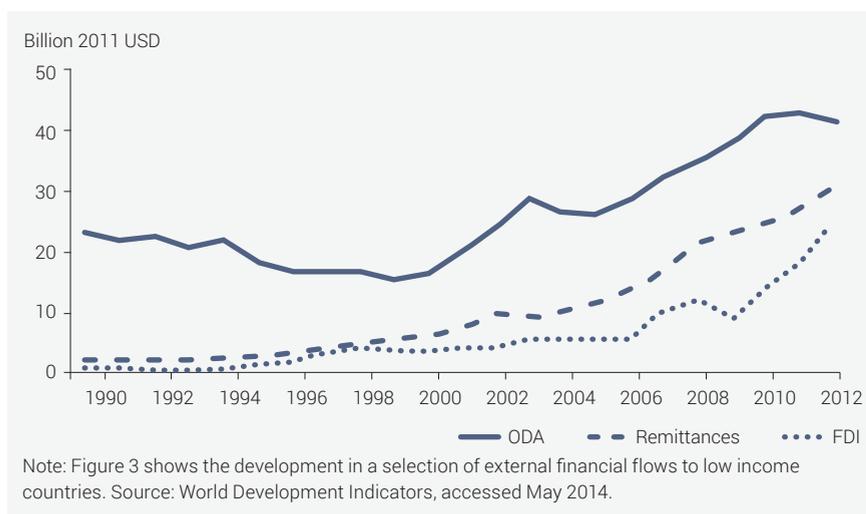
**ODA no longer accounts for the largest share of financial flows to developing countries. Rather, private financial flows (including foreign direct investment and private grants) and worker remittances now constitute the largest flows.**

These changes mean that ODA no longer accounts for the largest share of financial flows to developing countries. Rather, private financial flows (including foreign direct investment and private grants) and worker remittances now constitute the largest flows, as seen in Figure 2. However, there are large differences in the composition of financial flows between low income countries (LICs) and middle income countries (MICs). As seen from Figures 3 and 4, ODA remains the largest financial flow to LICs, while it represents a diminishing share of the financial flows to MICs.

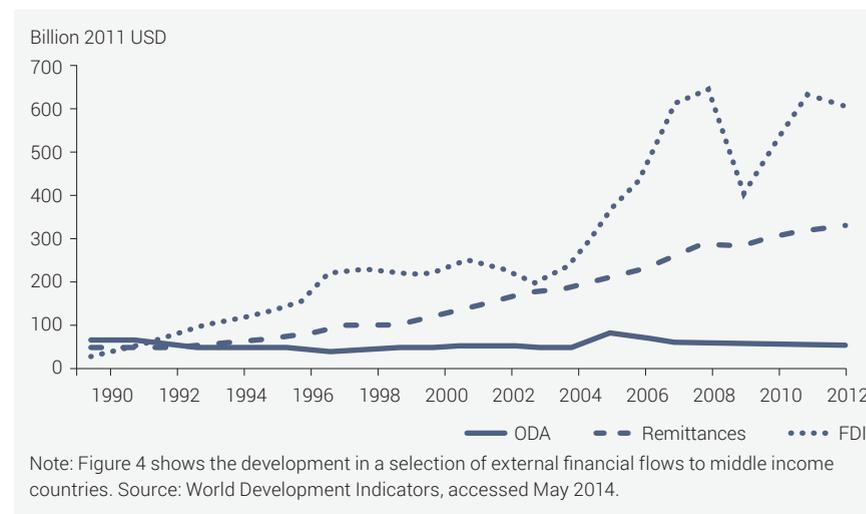
**Figure 2. Development in selected external finance to developing countries**



**Figure 3. Development in selected external finance to low income countries**



**Figure 4. Development in selected external finance to middle income countries**



Non-traditional actors have brought not only additional funding, but also new initiatives and new ways of doing things. Many of them follow a South-South approach focusing on mutual beneficiary cooperation, where aid is typically delivered as part of a trade and investment package; the focus is primarily on investments in infrastructure and the production sector, and aid is generally tied to the purchase of goods and services (World Bank 2011). Thus, South-South cooperation typically involves the private sector both as a means and, to a large extent, a goal of development cooperation.

**Non-traditional actors have brought not only additional funding, but also new initiatives and new ways of doing things.**

The increasing complexity of the aid landscape and the additional need for development funding have also increased the focus on aid efficiency and effectiveness. The Busan Global Partnership for Effective Development Cooperation (GPEDC) further recognises a broader approach to inclusive partnerships, one that recognises diversity and the distinct roles of all development actors, including traditional donors, South-South actors, civil-society organisations and private actors. In the Busan declaration there is a strong recognition of the private sector's role in generating innovation, wealth, income and jobs, as well as in mobilising domestic resources, and thus the private sector's role in reducing poverty (Busan 2011). The increase focus on engaging with the private sector for development changes the future role of the public sector.

## THE PUBLIC SECTOR'S ROLE WHEN ENGAGING WITH THE PRIVATE SECTOR FOR DEVELOPMENT

Traditionally, the role of the donor agencies has been to work with recipient governments to establish enabling 'frame' conditions for domestic private-sector development. This has been done, for example, by assisting recipient governments with technical assistance, research and policy work in order for them to design and implement policies that improve the business environment.

However, the changes in the aid landscape have led to an increased focus on engaging with the private sector *for* development, instead of focusing on securing enabling frame conditions for private-sector development. The rationale for this, as already mentioned, is the need to raise additional funding and the hope of tapping into private-sector innovation, effectiveness and efficiency.

From the private sector's perspective, there are likewise a number of motives or rationales for engaging in partnerships with the public sector. The underlying motivation for engaging with the public sector is of course profits, as well as utilising the new opportunities to enter the emerging markets. By engaging in a partnership with the public sector, the private sector can reduce some of the risk associated with entering a new market. The private sector can benefit from the public sector's experience, knowledge and networks with the partner country, obtained through many years of development cooperation. Collaboration with the public sector can also enhance the legitimacy of company activities, which may be perceived as important given the increased focus on business images and brand profiling. Furthermore, there is an extensive interest in how the public sector can help absorb some of the financial risk associated with entering an emerging market through risk-sharing. This point may be particularly important to institutional investors concerned about long-term stable returns to their investments. From the perspective of philanthropic foundations, engaging with the public sector can provide valuable knowledge of the circumstances in a given country and help in scaling the impact of their intervention.

### From frame to goal

All in all, the distribution of roles between the public and the private sector in developing corporation has evolved from the public sector securing the frame for private-sector development and leaving the rest to the private sector, to the public sector engaging with the private sector for development as an instrument to reach development goals. There is an increasing recognition among both the public and private sectors of their mutual dependence and the possible long-term gains of securing environmental and social global public goods.

This new relationship between the public and private sectors implies two principled changes in the public sector's role:

- The public sector is increasingly setting objectives for the private sector. This is done to secure the public goods necessary for long-term development and stability, and it requires a more interventionist approach on the part of the public sector.
- The public sector cannot set these objectives independently of the private sector, basically because it does not have the financial resources to do so. Thus, the public sector has to engage in closer cooperation with the private sector.

The two changes taken together require the development of a culture of negotiation where both parties have to understand and accept the new role of the counterpart. This raises the need for mutual accountability. The public sector is strong due to its democratically based legitimacy, but weak in terms of financial resources. The private sector is strong on the latter point, but struggles to legitimise its political influence. Both, however, are required to deal with the challenges of the world, and this calls for closer cooperation.

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Denmark has long experience with close cooperation between the public and private sectors in many different economic domains. Some have described Danish society as a negotiated economy managed in public-private partnerships. This tradition has to be developed further in order to establish heavily needed global public goods, and it could be introduced and strengthened at the international level as well.

## FOUR ROLES FOR THE PUBLIC SECTOR

The public sector can take on a number of different roles when engaging with the private sector.<sup>3</sup> Below, we present an attempt to categorise them into the four roles of coordinator, catalyser, match-maker and contractor. The focus is on the public sector's new and old roles when engaging directly with the private sector, and therefore its frame role for private-sector development is not included.

## PUBLIC SECTOR ROLES

### Coordinator role

The public sector has a coordinating role for setting the agenda of the overall global development goals and for creating binding commitments on how to reach these goals. The coordinating role includes mobilising private-sector actors to work together to achieve these goals and organising forums for sharing knowledge, information and ideas on how to tackle particular development challenges. Further the public sector has a coordinating role for advocating ethical business practices in the private sector.

### Catalyser role

In order to reach the overall development goals, the public sector can also take on a catalysing role, where it proactively tries to involve the private sector in using its expertise and financial funding in specific projects. The aim is to encourage the private sector to participate in projects with a high development value, but where private sector investment does not occur by itself because of market failures, for example, due to a lack of information or the project being considered too risky. By, for example, providing initial start-up finance, risk-sharing mechanisms, technical assistance and information on political processes, the public sector can absorb some of the risk associated with the projects and stimulate innovation and investment incentives.

### Match-making role

The public sector can assume a match-making role, where it links local and international private businesses together in order to generate mutually beneficial commercial partnerships. The match-making can be supplemented with technical or financial support by the public sector. The underlying assumption is that the partnership will generate jobs and economic growth with relatively little public-sector involvement and that it would not have taken place without public-sector involvement because of a lack of information, trust or capacity.

### Contractor role

The public sector can have a contractor role, where the public sector outsources the management and implementation of a specific development project to a private firm. When the public sector seeks to implement a particular project, it may engage with the private sector and benefit from the business's specific skills within a given development field to achieve higher efficiency.

## Challenges when engaging with the private sector for development

There are a number of challenges when engaging with the private sector. An important question is whether the public-sector intervention promotes additional activities, which is often difficult to assess. When public money is being used as a catalyser for private investment, the underlying assumption must be that the private-sector investment would not have taken place without the additional public funding. Another challenge is to measure the results and evaluate the developmental impact of the public intervention (Bilal et al. 2014). Further assessing the right balance of risk-sharing is often challenging and requires strong 'business' skills.

Choosing the right private-sector partners is another challenge. Partners need to be capable of adapting to the different circumstances, and care needs to be taken not to create non-competitive business, not to give a company a competitive advantage over others and not to favour companies where government officials or their relatives have financial interests (HC 334 2014).

**In order for the public sector to be attractive to the private sector, increasing the speed and streamlining the bureaucratic mechanisms in donor agencies are important. The challenge is to maintain accountability and transparency while doing so.**

Choosing partner countries is another challenge. As described above, there are great differences between LICs and MICs on current FDI flows. Thus, the challenge for the public sector is to attract private investors to countries that struggle to attract FDI, and not only to countries with strong emerging markets. In order for the public sector to be attractive to the private sector, increasing the speed and streamlining the bureaucratic mechanisms in donor agencies are important. The challenge is to maintain accountability and transparency while doing so. So far, the competitive secrecy in the private sector has been allowed to influence private/public partnerships, but this will have to be challenged if the public sector should engage more thoroughly with private-sector actors. A certain level of transparency must be required in public efforts to achieve development goals. Finally, it is a significant challenge to maintain a strong focus on the development goals in partnerships with the private sector.

All in all, engaging with private-sector actors requires significant skills and capacities for the public sector. Most of the challenges described above require a better

understanding of how the private sector works. In his appearance before the UK House of Commons International Development Committee, the Director of the Shell Foundation, Dr Chris West, argued that DfID needs to acquire more 'business DNA', defined as the ability to assess and take risks, to look at a market opportunity and provide the best form of product or service to satisfy it, so as to escape subsidy dependence and create something that can stand on its own feet (HC 334 2014: Ev 42).

### **The recipient countries' perspective**

As noted above, countries differ substantially in terms of the amount of private financial flows they receive, and an increasing challenge for individual countries is to be attractive to private-sector financial flows and donors (World Bank 2013). Recipient governments will often focus on multinational corporations due to their technological capacities and access to the world market, though ministers may also have personal and political reasons for doing so. Ideally, donor agencies should exploit converging interests to achieve development goals. Yet, with the increasing number of development partners with different commercial interests, poor recipient countries struggle to establish ownership of development priorities, and the challenge of furthering the Paris principles is by no means minor.

### **HOW ARE OTHER DONORS ENGAGING WITH THE PRIVATE SECTOR FOR DEVELOPMENT?**

This section focuses on some of the new trends in engaging with the private sector for development by examining the thinking in a few selected contexts.

#### **The Netherlands**

In 2013 the Netherlands launched a new strategy for aid, trade and investment, A World to Gain (MFAN 2013). The strategy combines aid, trade and investment, emphasising that aid and trade should be mutually beneficial. The new strategy emphasises the role of business in development. The strategy includes three aims: first, to eradicate extreme poverty in a single generation; secondly, to establish sustainable, inclusive growth all over the world; and thirdly, to stimulate success for Dutch companies abroad.

One of the approaches in the strategy is to engage with the private sector through The Dutch Diamond Approach (DDA). DDA is defined as a Public Private Partnership between the government, the private sector, research institutions and civil-society organisations. The role of the Dutch public sector is to bring the parties together and co-finance the partnership.

The strategy also promotes a matchmaking facility that puts companies in developing countries looking for reliable business partners abroad in touch with Dutch businesses, with the goal of stimulating joint investments.

A new Dutch initiative is The Dutch Good Growth Fund, scheduled to be launched on 1 July 2014. The aim is to promote trade and development-related investments in developing countries. The focus will be on small and medium-size enterprises in both developing countries and the Netherlands. Further, the Dutch embassies in LICs and MICs have a package of instruments at their disposal, including the Private Sector Development Instruments and the Trade and Investment Instruments for Dutch companies wanting to do business in developing countries.

### **The Dutch strategy seems not to push the public/private relationship significantly in new directions.**

All in all, the Dutch strategy seems not to push the public/private relationship significantly in new directions. It is mainly built on a conventional understanding of the public sector framing and facilitating private-sector initiatives to create growth and employment. It does, however, have elements of a coordinator role, given its attempt to stimulate cooperation between diverse actors in the Diamond Approach.

#### **UK**

DfID recently announced a shift of resources towards economic development, concentrating on economic growth and jobs. The aim is to bring private-sector ideas, innovation and investment into the heart of DfID (DfID 2011). DfID will carry on with traditional aid programmes as they continue to play a critical role. International Development Secretary Greening recently announced that economic development must be DfID's top priority in the future as it is in the interests of developing countries and in Britain's interest, too. This includes a doubling of the budget spent on economic development in 2015/16 compared to 2012/13 (DfID 2014).

The new strategy includes an emphasis on providing Smart Aid, where DfID assumes a catalysing role co-investing with commercial and non-for-profit partners offering loans and equity instead of traditional grants. The underlying assumption is that the successful business will return the money, which will then be redeployed, multiplying the development impact (DfID 2014). One of DfID's new initiatives is a partnership with the London Stock Exchange to provide training for financial sector executives, regulators and government officials (DfID 2014).

CDC, UK's development finance institution, will remain a key instrument.<sup>4</sup> Its mandate is to be a pioneering investor, stimulating the private sector and demonstrating the power of enterprise and private capital to reduce poverty in the poorest places of the world.

The UK presented some new initiatives for engaging with the private sector for development at the GPEDC in Mexico 2014. First, DfID has taken a coordinator role to develop a Roadmap for how to engage business as a core partner in development. The Roadmap builds on broad consultation with developing countries, aid agencies and businesses around the world. It sets out practical actions that governments and businesses can take to build more effective partnerships and drive more investment into developing countries (GPEDC 2014). Secondly, DfID announced a new way of catalysing private investment into developing countries through Development Impact Bonds, where investors will be paid on the basis of results delivered. The idea is that the Development Impact Bonds will bring together investors, governments and aid agencies to design new investments and set up new online 'open source' knowledge platforms to share the findings to inform further investment (GPEDC 2014).

**The UK seems to be moving the public/private relationship in new directions by trying to involve private-sector actors, innovation and funding more thoroughly in activities aimed at development goals.**

The thinking in the UK seems to be to move the public/private relationship in new directions by trying to involve private-sector actors, innovation and funding more thoroughly in activities aimed at development goals. Moreover, it appears that the government acknowledges the need for new capacities in the public sector if this stronger cooperation is to be achieved. Both the coordinator and catalyser roles are visible in the British thinking.

#### **USA**

With a new administrator of USAID, Dr Shah, there has likewise been a shift in how to engage with the private sector for development in USAID. USAID divides the engagement with the private sector into three different approaches: solicitations for a specific program; bring us your ideas; and Global Development Alliances. Solicitations, where USAID's role is simply that of a contractor, account for the vast

majority of engagements with the private sector for development (USAID 2014). However, this might be changing. Dr Shah has announced that USAID "is no longer satisfied with writing big checks to big contractors and calling it development, (...) there will still be a role for these contractors, just different than what it was in the past" (Nixon 2014).

**As in the UK, the move towards closer cooperation between USAID and other partners is visible.**

Instead, USAID wants to focus more on having a catalysing role, for example, through their public-private partnership model Global Development Alliances (GDAs). The idea is to combine private-sector business interests with USAID's strategic development objectives. GDAs combine the assets and experience of private-sector corporations, foundations, NGOs, universities, local businesses and diaspora groups to leverage capital and investments, creativity, and access to markets, and to solve complex problems facing governments, businesses, and communities. GDAs are co-designed, co-funded, and co-managed by all the partners involved, so that the risks, responsibilities, and rewards of partnerships are shared. One of the criteria is at least a 1:1 leverage of private resources, meaning for every USAID dollar spent partners must contribute at least 1 USD.

The third approach, 'Bring us your ideas', has been developed in recognition that new ideas and innovations for addressing global development challenges can come from anywhere. USAID invites individuals, organisations and the private sector to share their ideas on how to address challenges in areas such as food security, global health, and climate change. This mainly takes place through two approaches: Development Innovations Ventures (DIV) and Grand Challenges for Development (GCD). DIV is an open competition supporting breakthrough solutions to developing challenges around the world. In GCD USAID defines a challenge and calls for solutions.

As in the UK, the move towards closer cooperation between USAID and other partners is visible. The co-management of GDAs is interesting and will require the development of new capacities in USAID. How to ensure accountability and a focus on the strategic development objectives in these partnerships will, however, most likely be a significant challenge.

### **Other new initiatives**

At GPEDC 2014, Germany announced that it would launch the Inclusive Business Action Network in the autumn of 2014. The network will be aimed at unleashing the potential of the private sector for greater development impact by supporting the scaling up and replication of inclusive business models, facilitating peer-to-peer learning among companies and Business-Business linkages, and promoting public-private dialogue (GPEDC 2014).

At the same venue, the UK, Sweden and the Netherlands announced that they are supporting new Business Hubs in developing countries. The aim of the Business Hubs is to bring together businesses, national governments, donors and civil society to agree on practical steps to support private-sector investment. Hubs are already being developed in Mozambique, Zambia and Colombia, and the said countries will explore opportunities for new hubs in Nigeria and Kenya (GPEDC 2014).

### **World Bank**

The World Bank's vision is to be a global connector of Public-Private Partnership practitioners. The aim is to provide accessible knowledge and global best practises. The strategy of the World Bank Institute's PPP practice is to work with public-sector agencies and partner institutions to identify and address high-priority needs for learning on PPPs. Specifically, the institute provides help to establish legal, regulatory, and institutional frameworks for PPPs; develop a realistic project pipeline in order to take the projects successfully to the market; build the capacity of the public and the private sectors; and evaluate and monitor the performance of the projects. The programme includes knowledge exchange through practitioner networks and South-South learning. PPP solutions provide practical analysis and descriptions of new or emerging approaches in finance, regulation, legal market structuring, contract and transaction design, policy frameworks, and the environmental and institutional sustainability of PPPs (WBI 2014).

- 1 Traditional donors are defined here as the OECD Development Assistant Cooperation (DAC) donors.
- 2 In 2013 only five DAC donors (Norway, Sweden, Luxemburg, Denmark and the United Kingdom) reached the UN target of distributing 0.7% of GNI to development assistance, and the DAC total was only 0.3% ([www.compareyourcountry.org/](http://www.compareyourcountry.org/)).
- 3 The categorisation of the different roles for the public sector builds on Smith's (2013) list of modalities for the public sector to engage with the private sector.
- 4 CDC is wholly owned by the government, but operates independently.



The involvement of Danish foundations in international development:  
**FROM APPLICATION DRIVEN  
TO STRATEGIC ACTION?**

By: Christel Vincentz Rasmussen, DIIS, June 2014

## SUMMARY

Internationally, private foundations constitute a growing part of the increasing role of non-state actors in global governance, including development issues. This paper examines the specific role of Danish foundations in development and global issues. While the bulk of their activities are focused on Denmark, foundations ARE increasingly involved in international issues. Some foundations intervene in response to the demands of Danish not-for-profit organisations, while others have specialised in development or global issues since the 2000s. In parallel with their increasing international involvement, many foundations have undergone changes in organisation and approaches which have affected the division of labour between actors and opened up new avenues for the role of foundations in both society and development. These changes include the adoption of more specialised, strategic and catalytic approaches, and the recruitment of additional permanent staff to fulfil the new roles.

## Acknowledgements

I would like to thank the permanent staff of the foundations I interviewed for providing their time and sharing information about the functioning and evolution of the world of Danish foundations.

## INTRODUCTION

'The world of Danish foundations is undergoing changes, and a strong focus is emerging on the role of civil society, including the role of the big foundations, in solving the challenges of the future. This demands that the foundations are visibly present in relevant environments, not only with information about possibilities for financial support, but also with clear visions and positions in the areas and sectors where the foundations work and provide grants'. (Family Foundation 2013: 8)

Internationally, private foundations constitute a growing part of the increasing role of non-state actors in global governance, including development issues (Weiss 2013: VII). However, very little is known about how and to what extent Danish foundations engage in development and global issues. This study contributes to filling this gap through a mapping exercise of the activities and approaches of these foundations. The study has been conducted as part of a broader examination of new partnerships in development cooperation financed by the Danish Ministry of Foreign Affairs.

## THE PRESENT PAPER ADDRESSES TWO MAJOR QUESTIONS:

- How do Danish foundations engage in international development and global issues? In particular, what are their approaches, areas of action and partners?
- What are the implications for the division of labour and for relations between actors involved in development cooperation?

The study is focused on actions which are relevant to the field of 'development cooperation'. In this respect, some foundations directly support actions that take place in developing countries, while others support actions on global issues affecting these countries.

The study started out by focusing on certain major Danish foundations that were potentially involved in international issues. However, other funds were rapidly added to the list during the mapping process because of their specific involvement internationally. The documentation of the foundations<sup>1</sup> has been analysed and complemented with interviews with staff. Table 1 below provides an overview of the foundations.

The following analysis of Danish foundations is organised into three thematic sections. First, the foundations' organisation and approaches are described, including a reflection on recent changes in the Danish philanthropic sector. The specific activities of the foundations relating to development and global issues are identified and concrete examples of projects and programs presented. Finally an overview of trends in partnerships is provided.

**Table 1. Overview of selected Danish foundations and their involvement in development**

FOUNDATION	YEAR OF CREATION	DONATIONS 2013 (DKK million)	INVOLVEMENT IN INTERNATIONAL DEVELOPMENT
<b>AP Møller and Chastine Mc-Kinney Møller</b>	1953	900	Core activities on Denmark and the Nordic countries; contributions to causes in the public good, which have included activities in developing countries, e.g. demining.
<b>Augustinus</b>	1942	163	A broad range of activities for public utility purposes in the social sector, science and art. Has involved some support to humanitarian action in developing countries.
<b>Bestseller</b>	1995	6.6	Has developed core activities on development issues, with a strategy covering the areas of entrepreneurship, agriculture and children's access to basic services in China, India and Africa.
<b>Carlsberg</b>	1876	221	Awards grants in natural and social research as well as the humanities in Denmark; may include research on development and global issues.
<b>Cowi</b>	1973	5	Supports research and projects at research institutions which have a long-term effect, and makes a contribution within the COWI Group's fields of activity, including a few activities in developing countries.
<b>Fabrikant Mads Clausen (Danfoss)</b>	1960	11.7	Broad public utility aims, including education, culture and charity. The statute includes the possibility of working internationally and in developing countries, but in practice most activities concern Denmark.
<b>Lego</b>	1986 (revision in 2009)	126.1	Global strategy on learning through play in line with the core activities of the LEGO company. International actions include support to children's learning in developing countries.

FOUNDATION	YEAR OF CREATION	DONATIONS 2013 (DKK million)	INVOLVEMENT IN INTERNATIONAL DEVELOPMENT
<b>Novo Nordisk</b>	1951	800	Core activities on research in Denmark on biomedicine in line with the core activities of the NOVO company. Support to social and humanitarian causes involving developing countries, e.g. diabetes education.
<b>Obel Family</b>	1956	158	International strategy, "human rights in health" in East Africa representing around 5-10% of annual grants.
<b>Poul Due Jensen (Grundfos)</b>	1975	15	Focused on the core competency of water technology, the foundation supports activities in the field of natural science, innovation and environment, including development projects in Africa and South East Asia.
<b>Realdania</b>	2000	903	Focused on the built environment, including sustainability and innovation, mostly in Denmark; contributes to international exchanges.
<b>Rockwool</b>	1981	34.9	In addition to being a research organisation, the foundation has developed strategic activities in four areas directly concerning developing countries: 1) food security and poverty alleviation; 2) social capacity building; 3) peace building; and 4) health interventions.
<b>Villum (VKR group, Velux)</b>	1971	942	Scientific, cultural, artistic and social projects, and honorary prizes. Activities are mostly oriented towards Denmark, with some social activities in Eastern and Central Europe. The environment program has an international component with a global perspective.

## ORGANISATION AND APPROACHES OF DANISH FOUNDATIONS

Denmark has a large number of foundations, exceeding 10,000 in total.<sup>2</sup> The functioning of foundations is based on a statute or charter and managed by a board that awards donations. Donations for public utility purposes are covered by different tax exemption measures. Commercial foundations<sup>3</sup> play a central role in the organisation of the Danish private sector, as many of the largest Danish companies have chosen this model (Deloitte 2012).<sup>4</sup> Under Danish law, commercial foundations may own companies (or shares in companies), conduct business activities and distribute grants to fulfil long-term objectives. The fortunes of the founder are irrevocably separated from the fortunes of the foundation. Free reserves may be donated to public utility purposes (Folketinget 2014).<sup>5</sup>

Among the motivations for giving are 'to give back to society' and to secure long-term favourable conditions for business.

These foundations have diverse purposes and organisations. In general, their statutes or charters provide the basic guidance for donations for public utility purposes. Some of the foundations that were interviewed support long-terms goals in the sector of the backing company, while others work on issues of public utility, which are completely separated from the companies. Among the motivations for giving are 'to give back to society' and to secure long-term favourable conditions for business (for instance, through education, research, the environment, etc.). For example, a fundamental principle guiding the Novo Nordisk foundation is that permission to produce insulin in the Nordic countries was given to August Krogh in Canada in 1922 under the condition that a proportion of the profits would be given back to society. The foundations and their backing companies sometimes share values which are important references for behaviour, as in the case of the Villum Fonden, the Villum Kann Rasmussens model company, which has the aim of exercising exemplary conduct towards employees, partners and society as a whole (Villum and Velux 2013: 9). Other guiding values, depending on the vision of the founder(s) and culture of the company, are those of charity, creativity, discretion and thoroughness.

The composition of the boards, which decide on strategies, approaches and donations, is varied. In many cases members of the founders' families sit on them, while some boards include representatives of employees. A committee under the

Ministry of Commerce has developed a set of initial recommendations for the good management of commercial foundations, which includes guidelines for the boards: for example, at least a third of members should be independent of the company, the foundation and the founding family, and members should be selected for periods of from two to four years and chosen because of their personal and professional competencies. The boards have to prove to the authorities for foundations that they fulfil the recommendations of the committee according to a 'comply or explain' principle (Folketinget 2014, paragraph 60).

Three major and interrelated transformations have taken place in recent years (or are currently taking place) in the organisation and approaches of the foundations. From discrete foundations providing an opportunity for applicants to have their actions or ideas financed, foundations are becoming increasingly active in defining their goals and methods and in communicating their results.

The first change concerns permanent staff. From a situation of none or very few permanent staff (for instance, one permanent assistant), many foundations have increased their staff in both quality and quantity within their fields of action. The Bestseller Fund, for instance, recruited new staff qualified in development issues in 2011-2012. The Lego Foundation has increased its staff and opened a second office in Switzerland to match new strategies on global play, and the foundation has around thirty employees at present. The Novo Nordisk foundation started employing permanent staff in 1992 (a secretariat) and currently has twenty employees. The foundation has just started recruiting staff specialised in measuring impact.

From discrete foundations providing an opportunity for applicants to have their actions or ideas financed, foundations are becoming increasingly active in defining their goals and methods and in communicating their results.

Secondly, the chosen approaches are also undergoing changes. To some extent Danish foundations have been influenced by new international trends and ideas, including shifts in strategies in international foundations during the 2000s. Many foundations have undertaken strategy processes or are just about to start one. Diversity is again important. Some foundations have decided to specialise and apply catalytic approaches. Others have opted to keep an approach based on a light organisation driven to a large extent by applications, for instance, the AP Møller and

Chastine Mc-Kinney Møller foundation and the Augustinus foundation. Some foundations combine both, working strategically in some areas and less so in others, such as the Novo Nordisk foundation. Several foundations, such as the Cowi foundation and Poul Due Jensen foundation, stimulated to a large extent by applications, have recently started to define new strategies. As an example of a catalytic approach, the Rockwool foundation seeks to address complex societal problems by developing social interventions and practical methods that can be taken over by other institutions if they prove successful. Since 2013 Realdania has chosen a 'problem-driven approach', adopting a new strategy in order to address complex societal challenges, including encouraging better cooperation between public and private actors.

Finally, these foundations have also developed new means of communication, including websites, information to potential applicants, annual reports and accounts, and not least the results and impacts of the initiatives they support. These changes are linked to the catalytic approaches mentioned above. In addition, the extent to which foundations are transparent has been debated in the Danish media and political sphere, contributing to a perception that some foundations need to reinforce their communication practices in order to avoid criticism. Recently, legal changes have also been made in this sense.<sup>6</sup>

#### **DIFFERENT FORMS OF INVOLVEMENT IN INTERNATIONAL DEVELOPMENT**

Areas of the involvement of Danish foundations in developing countries are diverse, including social and humanitarian causes, the environment, agriculture, education and economic development. As a general rule, foundations support smaller innovative or social projects in developing countries, but do not intervene in major infrastructural projects, sector reforms or governance.<sup>7</sup> Many foundations have the bulk of their activities in the domestic Danish environment. Three main forms of involvement have been developed: foundations working with development and humanitarian issues based on applications, mainly from Danish organisations; foundations that have developed strategies concerning specific development issues; and foundations working strategically with global issues that affect developing countries.

Some foundations support a range of sectors in Denmark but intervene in developing countries occasionally, in particular supporting the activities of organisations with a connection to Denmark. For example, the AP Møller and Chastine Mc-Kinney Møller foundation supports four main areas: the Danish cause north and south of the

border; co-operation between Denmark and the other Nordic countries; Danish shipping, industry and science, particularly medical science; and, finally, contributions to causes in the public good. The foundation has supported some initiatives in developing countries, such as three Danish-led demining programs in Afghanistan (DKK 12.8 million), Vietnam (DKK 10 million) and Angola (DKK 18.38 million) respectively. The foundation also recently decided to support a Danish-Somali initiative in Somaliland to create a new, sustainable fisheries industry (DKK 3 million).

The activities of the Augustinus foundation are mainly oriented towards culture and social sectors in Denmark. However, the foundation contributes to the activities of Danish organisations for social purposes in developing countries. In 2013, it provided support to humanitarian action in developing countries worth approximately DKK 1.5 million covering eight separate projects in Benin, India, Syria, the Philippines and Somaliland.

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Other major foundations are mainly concentrated on support to research in Denmark. The Carlsberg foundation is primarily concerned with basic research in the humanities and social sciences and occasionally finances programs with an international perspective. The Novo Nordisk foundation supports a cluster of research centres with the aim of making Copenhagen an international hub for bioscience research. The foundation supports some activities in support of social and humanitarian causes, including actions in developing countries, in particular the STAR and REACH programs (DKK 22.5 million) on diabetes education. The STAR program supports activities in Brazil, China, India, Indonesia, Mexico, Tunisia and Turkey, while the REACH program is oriented towards Malaysia. In addition, since 2002 a stand-alone grant has financed the Bandim Health Project in Guinea-Bissau (DKK 14.25 million), which takes the form of a demographic monitoring system analysing the effects of health interventions on women and children. The project also receives support from the Danish Ministry of Foreign Affairs and other partners.

Several foundations have developed specific strategies for intervening in developing countries. The Obel Family foundation, which mainly concentrates on supporting social development in Denmark, supports international projects with up to 5-10% of annual grants. In 2013 the foundation adopted an international strategy focusing on the promotion of human rights in health and countering marginalization in East African countries. The foundation aims to focus on less visible areas that do not draw the attention of the larger organizations and development programs, including sexual minorities and mental health issues. In line with the new strategy, in 2014 the project 'LGBTI<sup>8</sup> rights are human rights' was financed for a four-year period to promote empowerment and equal access to health care in Kenya (DKK 6.8 million).

Along the same lines, the Rockwool foundation has developed a strategy with four intervention areas. The practical intervention projects are aimed at generating new knowledge and techniques. As far as possible, the foundation evaluates all interventions, both qualitatively and quantitatively. Intervention areas include food security, social capacity-building, international peace building<sup>9</sup> and health interventions. Since 2006 the 'RIPAT intervention' has involved four pilot projects in Tanzania following a learning-by-doing process, with the aim of finding the best way of promoting development and alleviating poverty among impoverished rural farmers. Based on a qualitative and quantitative monitoring system that has been integrated into these projects since 2010, the foundation conducted an impact assessment in 2013. The foundation also supported a village savings and loans project in Malawi from 2009-2013 using a monitoring system to measure improvements in food security and welfare.

The Bestseller Fund initially supported social and cultural initiatives in Denmark, but since 2004 it has engaged in broader development work in developing countries. In 2012, the foundation developed a strategy geographically focused on Eastern and Southern Africa, China and India with three strategic lines: employment and entrepreneurship; engaging in agriculture and food production to enable small-scale farmers to increase food production; and supporting children's livelihoods by improving their access to basic services. The foundation works with a variety of public and private partners. In Kenya, it has entered into a partnership with a business incubator supporting young entrepreneurs in agribusiness (DKK 1.5 million). The foundation has recently engaged in a major project in partnership with the Chinese government worth DKK 40 million in order to alleviate poverty in Hubei province, especially addressing the conditions for children left behind and abandoned in eighty villages.

Other foundations have adopted strategic approaches with a global perspective in specific sectors and have developed strong international networks. The Lego foundation has developed a long-term strategy towards redefining play and re-imagining learning understood as a complex, global, systemic challenge. While continuing to build organisational capacity, in 2014 the foundation is focusing on strengthening the so-called 'Capital of children' (Billund, birthplace of the LEGO group) by establishing play as a form of pedagogy, including scaling up a successful project in South Africa (see below) and sparking a new global dialogue on learning through play. The foundation organised an international 'Ideas Conference' in April 2014 and focuses on positioning the concept of learning through play centrally in global discussions on education. Since 2009, the foundation has supported the first phase of a program in South Africa providing creative tools to find solutions through play in elementary schools and related projects in Ukraine, Mexico, India and other countries. 2013 also saw the Lego Foundation contribute USD 3 million to UNHCR and its 'Educate a Child' initiative to improve access to quality education for refugee children.

The Villum Fonden funds scientific, cultural, artistic and social projects, and award honorary prizes. Since 2008, it has developed an environmental program with an international component. The foundation does not directly finance activities in developing countries but contributes to global initiatives. It supports the United Nations Intergovernmental Panel on Climate Change (IPPC) through a partnership with the UN foundation (DKK 49.1 million). The project includes communication courses for climate researchers in China, India, Brazil, Mexico and South Africa with the aim of reinforcing their capacities to communicate research in their own language and country context. In addition, the foundation supports the World Resources Institute in order to develop communications capacity regarding low-carbon economies to support global action on climate change, focusing on a range of countries, including India, Brazil, Indonesia and Mexico (DKK 11 million).

Realdania, together with other foundations, has supported the C40 Cities Climate Leadership Group (C40), a network of the world's megacities that is taking action to reduce greenhouse gas emissions (DKK 60 million in 2013). Thus, while working mostly in Denmark, the foundation also engages in and supports international exchanges of experience concerning sustainable development in the world's biggest cities.

The Poul Due Jensen foundation (Grundfos) awards honorary prizes and is involved in development projects in developing countries and charity work in Denmark. The foundation has a general preference for projects related to water in line with the core activities of the Grundfos company and engages in areas such as research and innovation, the environment and sustainable development, humanitarian assistance and social responsibility. The foundation has supported development projects in South-East Asia and East Africa, for instance, a project for village development, including the supply of drinking water in Malawi (DKK 1.5 million). Most projects involve digging boreholes to obtain clean ground water instead of polluted surface water and installing solar-driven submersible pumps.

## PARTNERSHIPS

Danish foundations have developed partnerships over time with public and private actors, for example, supporting the programs of public organisations, including local authorities, and providing grants to not-for-profit organisations working with charities and the social sectors. Foundations also have networks and work in partnerships to co-finance activities. Recent changes in approaches and organisation have two major aspects: the foundations are developing a broad range of international partnerships, and they are participating in actions and policy dialogue.

**Recent changes in approaches and organisation have two major aspects: the foundations are developing a broad range of international partnerships, and they are participating in actions and policy dialogue.**

Historically, when acting internationally, Danish foundations mainly support Danish organisations or organisations with a Danish connection, but some of them have started working directly with a broad range of international actors and organisations and governments from developing countries.

Foundations not only receive and support applications: they are to varying degrees actively involved in conception, implementation, evaluation and learning. Several foundations also noted that, instead of sending written applications, many Danish NGOs interact directly with foundations when designing projects and programs.

Danish foundations are used to working with the Danish government and public institutions. Partnerships, sometimes long term, are many, such as the Augustinus foundation working with the National Museum in Denmark, the Novo Nordisk foundation with Danish Universities, and the AP Møller and Chastine Mc-Kinney Møller foundation with a range of Danish municipalities and ministries. Recently, the independent 'Danish Environment Fund' has emerged as a major public-private partnership, with the government contributing DKK 500 million, the Villum foundation DKK 250 million and the Aage V. Jensens Nature foundation DKK 125 million.

**Several Danish foundations stated that they play an active role in creating partnerships within their sectors of engagements, for instance, promoting communication and joint actions between public and private actors.**

Partnerships between Danish foundations and the Danish government on international issues take place on an ad hoc basis. These include the co-financing of specific initiatives, exchanges on sector issues between advisors in the Ministry of Foreign Affairs and the permanent staff of foundations. Danish Embassies also support foundations in mobilising their knowledge of the local context and partners. Some foundations note that their activities in developing countries are often minor in financial terms compared to those of Danida.

Several Danish foundations stated that they play an active role in creating partnerships within their sectors of engagements, for instance, promoting communication and joint actions between public and private actors. Due to the foundations' long-term experiences in the same sectors, their staff develop know-how that they can share with stakeholders.

As noted above, foundations are highly diverse, with different focuses and approaches. However, they do interact, network and coordinate. For instance, they co-finance the same organisations or activities in social sectors, art, research, etc. in Denmark. Foundations may also start joint initiatives at the ideas stage.

The foundations also participate in and support international networks. The Villum Fonden and Poul Due Jensen foundation are founding members of the Carbon War Room, an international network mainly of foundations and businesses aiming to

help decrease CO2 emissions. Together with the King Baudouin foundation and other partners, the Lego foundation is a founding member of the Transatlantic Forum on Inclusive Early Years, sharing knowledge, exploring policies and projects supporting the early childhood development of children from migrant and low-income families.

## CONCLUSIONS

The bulk of the activities of Danish foundations take place in Denmark. However, these foundations have developed a range of international activities directed at developing countries and development issues. Some foundations support applications from Danish organisations working in developing countries, mainly on humanitarian and social causes. Others have developed specific strategies for engaging in developing countries since the 2000s and have recruited staff matching these new areas of intervention. Finally, a group of Danish foundations is involved in global issues, using strategies to influence global agendas and coalitions, as well as scaling up successful activities. As a general rule, the foundations support smaller innovative or social projects in developing countries, but do not intervene in major infrastructure projects, sector reforms or governance.

**The future will show to what extent and how the approaches and solutions to complex societal problems proposed by the foundations have added value compared to previous experiences.**

Since the late 2000s, these foundations have been undergoing changes, opening up new perspectives for their role in society and development. These changes include the adoption of more specialised, strategic and catalytic approaches for some foundations and the recruitment of additional permanent staff to fulfil the new objectives. The future will show to what extent and how the approaches and solutions to complex societal problems proposed by the foundations have added value compared to previous experiences (Edwards 2008: 8; Bishop 2008: 7).

Lastly, foundations potentially constitute a partner for the Danish Ministry of Foreign Affairs in development cooperation, in addition to more conventional partners such as NGOs, private companies, partner governments, other donors and international organisations. These potential partnerships not only concern co-financing but also knowledge exchange and coalition-building on global issues. Currently, although Danish foundations have international engagements, the sums available for development purposes are relatively limited. Some of the foundations are still in the process of consolidating their approach and are not yet oriented towards involvement in major joint frameworks. Some have expressed an interest in collaboration in order to scale up initiatives and successful projects.

- 1 Many foundations describe their histories, objectives, and approaches and put their annual financial and activity reports on websites.
- 2 The Danish register for foundations was closed in 1991, and the exact number is not known; see Lund and Meyer 2012.
- 3 'Erhvervsdrivende fonde' in Danish.
- 4 Including nine foundations covered by this study: AP Møller and Chastine Mc-Kinney Møller, Augustinus, Bestseller, Carlsberg, Cowi, Lego, Novo Nordisk, Obel Family, and Poul Due Jensen. Realdania is defined as a membership organisation. Villum and Fabrikant Mads Clausen are defined as not-for-profit organisations, while the Rockwool foundation is defined as an independent private institution. Although a not-for-profit organisation, the Villum foundation still has a responsibility to contribute to ensuring the survival and sustained reputation as a model company of VKR holding as laid down in the statute, and it has an important shareholding in the company (Villum and Velux 2013: 9).
- 5 One of the potential advantages of this foundation or company model is to secure and stabilise ownership of the companies.
- 6 One of the initial recommendations of the committee for the good management of foundations concerns external communications. The board has to develop a strategy for external communication which reflects the need for transparency and the ability for involved actors to obtain relevant and up-to-date information about the foundation. The boards have to prove that they are fulfilling these conditions to the authorities for foundations (Folketinget 2014, paragraph 60).
- 7 Parallel to the activities of the foundations, some of the companies invest in corporate social responsibility activities, which are sometimes important in developing countries. These are not covered in this study, as they are conducted and financed by the companies, independently of the foundations.
- 8 Lesbian, gay, bisexual, transgender and intersex.
- 9 The foundation is currently revising its strategy, linking the issues of peace and food security through a new approach to resource scarcity and conflicts.

Innovations in partnerships?

## GLOBAL MULTI-STAKEHOLDER INITIATIVES



By: Christel Vincentz Rasmussen, DIIS, 2014

## INTRODUCTION

Multi-stakeholder initiatives have become a major approach to addressing global challenges, and it is predicted that these will multiply in the architecture for the post-2015 development agenda. Global UN-related initiatives facilitate actions at different levels and provide forums for mobilising commitments around shared objectives and learning. In this context, the UN acts as a builder of bridges between member states and various stakeholders (UN General Assembly 2013: 3).

The objective of this study is to identify new trends in global partnerships and provide reflections on approaches to multilateral cooperation. The study is part of a broader analysis of new partnerships in development cooperation financed by the Danish Ministry of Foreign Affairs.

The study, mainly based on a literature review, covers two selected initiatives with different functions and areas of intervention. The UN Global Compact from 1999 is mainly about setting standards and conducting advocacy for corporate behaviour. Over time, the initiative has also started playing a cross-cutting role in the UN system on UN–business relations. Sustainable Energy for All is a major recent initiative from 2011 having broad system-organising functions, which include mobilising commitments and coordinating efforts towards global energy transition from a range of public and private stakeholders.

First, the paper introduces the context and the different types of global multi-stakeholder initiative. Followed by an examination of the two selected initiatives, the paper provides reflections upon the role of the UN and the implications of the new partnership trend for development cooperation.

## CONTEXT

While international initiatives that involve governments, civil society and the private sector are nothing new, until the late 1980s such collaborations tended to be one-offs, while international politics remained dominated by inter-governmental cooperation.<sup>1</sup> Since the Second World War, three broad phases have occurred (Martens 2007: 11):

- **1940s-1960s:** the reconstruction and creation of state structures; international politics essentially concentrated on states, decolonialisation and the Cold War. In 1945, the UN was established as a state organisation.
- **1970s-1980s:** the growing importance of non-state actors such as global social movements for the environment, women's rights, disarmament and democratisation. At the same time, multi-national corporations were gaining power and influence. The term 'partnership' was a foreign concept in international politics.
- **1989-ongoing:** coinciding movements, such as the end of Eastern European state socialism and the rise of neo-liberal ideology, deregulation and privatization, together with overwhelming global problems, have opened the way for the increasing integration of non-state actors into international politics. In this context, the partnership approach has experienced a boom, including the creation of multiple global multi-stakeholder initiatives involving new forms of collective action and modes of regulation.

**Global multi-stakeholder initiatives broadly have in common that they are voluntary and collective initiatives addressing global issues.**

Global multi-stakeholder initiatives broadly have in common that they are voluntary and collective initiatives addressing global issues.<sup>2</sup> In general, initiatives have been developed in several areas of major concern in relation to development cooperation and the millennium development goals, including health, the environment, education, water, agriculture, food security and information technology.

## EXAMPLES OF GLOBAL MULTI-STAKEHOLDER INITIATIVES WITH RELEVANCE FOR DEVELOPMENT COOPERATION

**The GAVI alliance** was created in 2000 as a response to decreases in immunisation coverage in Africa. The alliance, which has legal status as a foundation, brings together UNICEF, the WHO, the World Bank, and the Bill and Melinda Gates Foundation, as well as governments, academia, pharmaceuticals and NGOs. The alliance has a coordinating function in that it contributes to common approaches, and it has an important financial arm with a focus on vaccinations and the boosting of health systems in low-income countries.

**The Global Education Partnership** has had the status of an international organisation since 2002 and covers close to sixty developing countries, as well as donor governments, international organizations, the private sector, teachers, and local and global NGOs working towards improving education. The partnership is oriented towards advocacy and the coordination of global efforts. It includes a fund which allows support to country-level efforts to develop and implement education sector plans.

**SUN (Scaling up Nutrition)** is an international effort to address under-nutrition responding to identified gaps in the existing institutional architecture. Since 2010, it has involved governments, multilateral organisations, NGOs, business and academia and is organised as a voluntary movement without legal status under the aegis of the UN Secretary General. The movement catalyses support to improved nutrition through advocacy, knowledge-sharing and the coordination of efforts.

**The Global Partnership on Waste Management** is an open-ended partnership initiated by UNEP in 2010, which includes international organizations, governments, businesses, academia, local authorities and NGOs. Functions include advocacy and knowledge-sharing in the field of waste management. The International Environmental Technology Centre (UN) acts as its secretariat.

**Every Woman Every Child** was launched by the UN General-Secretary in 2010 at the summit on the Millennium Development Goals and aims to save the lives of sixteen million women and children by 2015. It is defined as a global movement that mobilises and intensifies international and national action by governments, multilaterals, the private sector and civil society to address the major health challenges facing women and children around the world. The UN Global Strategy for Women's and Children's Health constitutes a roadmap for action. The organisational structure includes a multi-stakeholder accountability commission, as well as expert and working groups.

The new wave of global initiatives displays significant variation, which is linked, among other things, to the characteristics of the sectors concerned and their institutional trajectories. Allowing for similarities and differences to be identified, Callan and Koechlin suggest an approach based on four analytical categories, namely functions, areas of intervention, momentum and composition (Callan and Koechlin 2009).

### The functions

The functions cover advocacy, standard-setting, financing, implementation, coordination and learning/knowledge exchange. One common broad activity is 'global system organizing', which means creating a framework for meetings and exchanges that bring diverse stakeholders into contact and build the ability to work together. Potentially, this framework will lead to growing coordination, synergies and new norms and procedures of varying formality (Waddel and Khagram 2007: 276). Many initiatives are process-oriented, and functions may shift over time as a result of dynamics among the stakeholders (Callan and Koechlin 2009: 91).

### The areas of intervention

While these partnerships address global issues, many are linked to a specific sub-sector or cross-cutting issue. With the multiplication of global initiatives, it is common for different global initiatives to have closely related areas of intervention and to undertake joint actions.

### The momentum

The momentum is extremely important for an initiative. It may be specific events or specific actors that take the decision to drive an initiative. The primary drivers may be very important in order to kick the process off and sustain momentum. In some cases the UN system is a primary driver, in others it may be international organisations, governments and/or non-state actors.

### Status and composition of members

There is great innovation and variation in governance structures (legal status, boards, executive organisation, thematic groups, etc.). Members are often grouped into categories on the basis of geography and stakeholder groups. Often, members are formally equal, but in reality they undertake a multitude of formal and informal roles which may be influenced by asymmetric resources and modes of operation (Callan and Koechlin 2009: 91). Some of the initiatives aim at broad participation, while others are more exclusive and apply varying criteria for membership.

## THE GLOBAL COMPACT

Within the UN system, the Global Compact was one of the first global initiatives to lead to a new hybrid network organisation with the participation of non-state actors.

‘This year, I want to challenge you to join me in taking our relationship to a still higher level. I propose that you, the business leaders gathered in Davos, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market’. (Kofi Annan, Davo 1999, launching the Global Compact in 1999)

The initiative to create the UN Global Compact was taken by the UN Secretary General in 1999. In this period the UN was consolidating partnerships with business, and the initiative was constructed on a voluntary basis to work together on shared goals.

One of the main functions of the Global Compact is about setting standards for business: companies participating in the initiative commit themselves to the application of ten principles in business strategy and operations concerning human rights, labour, the environment and opposition to corruption (see below). Another major function is advocacy, including a learning forum on corporate sustainability. The initiative operates with two main objectives: mainstream sustainability principles among businesses, and catalysing business action in support of UN goals and issues.

## THE TEN GUIDING PRINCIPLES OF THE GLOBAL COMPACT

### Human Rights

- Principle 1: businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

### Labour

- Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- Principle 10: businesses should work against corruption in all its forms, including extortion and bribery.

The Global Compact became operational in 2000. It was situated within the organisation of the Secretary-General and was rapidly supported by an office with a modest but growing staff (around fifty), specific premises, funding and functions. Over the years it has significantly expanded outreach activities to the private sector, including local networks, issue platforms, working groups and knowledge sharing.<sup>3</sup> The UN General Assembly has recently renewed the mandate of the Global Compact, emphasizing that it plays a vital role with regard to strengthening the capacity of the United Nations to partner strategically with the private sector and to advance United Nations values and responsible business practices within the United Nations system and among the global business community (UN General Assembly 2013: 3). The initiative has developed a major network over the years, which includes businesses in BRIC and other emergent countries where experiences of and mechanisms for corporate social responsibility were limited at the outset.

The initiative takes the form of a hybrid non-bureaucratic network organisation, linked to the UN, but financed and managed to a large extent by business.<sup>4</sup> The Global Compact brings together business, civil-society organisations, the UN system and a government group. The board is chaired by the UN Secretary-General, with two thirds of its members having extensive business experience, and civil-society organisations are also represented. The initiative is co-financed by governments and businesses<sup>5</sup> organised by the Foundation for the Global Compact.

**Participating companies are required to follow a transparency and accountability policy, including the annual posting of a communication on progress in relation to the ten sustainability principles.**

Currently, the initiative has around 8,000 corporate participants and also around 4,000 members from civil-society organisations. While large companies with more than 5,000 employees made up the bulk of corporate participants in the Global Compact in the first years, a shift has occurred. In 2013, of the nearly 8,000 companies that participate in the Global Compact, the majority (56%) are small- and medium-sized enterprises with fewer than 250 employees (UN Global Compact 2013a: 16).

Participating companies are required to follow a transparency and accountability policy, including the annual posting of a communication on progress in relation to the ten sustainability principles. These self-assessments are a main constituent of the Global Compact's integrity measures, and the Global Compact has expelled more than 4,000 companies for failing to communicate progress in two successive years (UN Global Compact 2013b: 13).

The global compact also comprises local networks in more than a hundred countries currently. These networks are organised by corporate actors and in some developing countries by UN offices. While the work on global issues platforms has mostly attracted larger companies, the networks include many small and medium-size enterprises. Expanding and consolidating these local networks is one of the main challenges for the years to come, potentially allowing the increased involvement of businesses in middle- and low-income countries. In addition, the development and expansion of these local networks are seen as strategically important for UN-business partnerships more broadly (UN General Assembly 2013: 6).

The motives of businesses with regard to participating in the Global Compact show a large spectrum according to research on the Global Compact (Hoessle 2014: 40). For businesses working outside their home country, it is an advantage that the initiative is global. For some companies participation stands for a commitment to shared international, ethical values, and the Global Compact offers opportunities for sharing experiences and networking. It is important that the Global Compact is a UN initiative for several reasons: some businesses hope for business opportunities with the UN, while others expect better access to the UN's expertise. The UN's reputation also plays a crucial role, as the organisation has the credibility as a norm-setter for acceptable business practices (ibid.).

The current strategy of the Global Compact (2014-2016) emphasises a transition from incremental progress implementing corporate sustainability to 'transformational action with significant impact across the financial, environmental, social and ethical realms' (UN Global Compact 2013a: 3). Four overarching goals have been defined (ibid.: 11-12). First, growing to scale involves increasing the participant base to a critical mass (13,000 business participants by 2016) and enhancing levels of reporting and transparency among participants. Second, empowering local networks involves work to improve capacity, formalisation and expansion, launching new networks in underrepresented areas such as Africa. Third, ensuring coherence of the global portfolio of issues and the quality of implementation refers to the consolidation of global issues platforms and working groups. Fourth, engaging responsible business in support of UN goals and issues focuses in particular on the post-2015 development agenda, in respect of which the Global Compact has been responsible for organising business consultations and will support the architecture for the participation of businesses in implementation.

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Business practices are monitored through surveys, which are published in an annual report. The 2013 corporate sustainability report points to overall progress in implementing the ten Global Compact principles on the basis of a survey of 1712 companies. However, the challenges ahead include reducing the gap between formulating policies and strategies and proceeding to implement, measure and communicate these. Of the four areas covered by the Global Compact principles,

corporate sustainability is the most advanced in that the environment and labour rights have been regulated by governments for decades, while human rights and corruption are lagging behind (UN Global Compact 2013: 12-14). The Global Compact does not assess the impact of business practices on development (see further discussion, below).

The UN inspection unit made an evaluation of the Global Compact published in 2010. However, disagreement occurred over the criteria for evaluation. The report concludes that 'ten years after its creation, despite the intense activity carried out by the office and the increasing resources received, results are mixed and risks unmitigated' (UN inspection unit 2010: IV). In particular, the report pointed to the lack of a clear mandate and strategic guidance on the part of the General Assembly,<sup>6</sup> reputational risks, and the lack of adequate entry criteria or of an effective monitoring system to measure actual implementation of the principles by corporate participants. The particular organisation of the Global Compact was criticised for circumventing existing rules and procedures of the UN (ibid.). The Global Compact Office strongly criticised the report, arguing that the evaluators had not taken into account the fact that the 'initiative was conceived as a learning tool rather than as a regulatory instrument' and that 'the Global Compact does not police companies, nor measure their behaviour and actions, nor enforce its principles' (UN Global Compact 2011: 1). The vice-chair of the UN Global Compact board also criticised the evaluation for wanting to transform the Global Compact into a conventional UN body.<sup>7</sup>

Along the same lines, views are also divided in the academic literature. Some stress that, despite contributions to setting standards for business behaviour, the Global Compact suffers from the omission of delicate issues in business ethics and insufficient critical analysis of the role of business (Utting and Zammit 2009: 52; Hoessle 2014: 52-53). Others point to the overall positive impact, as the Global Compact has contributed to 'globalising the conversation about how business can play a positive role in society' (Bendell 2010: 12).

#### **SE4ALL: SUSTAINABLE ENERGY FOR ALL**

Sustainable energy has recently become a major focus of the UN. 2012 was declared the international 'Year of Sustainable Energy for All', and in addition, in 2013, the UN General Assembly declared 2014-2024 the 'United Nations Decade of Sustainable Energy for All'. The Sustainable Energy for All initiative, launched in 2011 by UN Secretary-General Ban Ki-Moon, constitutes a major part of the framework for action of the UN decade on sustainable energy (UN Secretary-General 2013b: 8).

Sustainable Energy for All has been designed as a multi-stakeholder initiative to support global energy transformation in the direction of sustainable energy. The initiative has broad global system-organising functions, which include mobilising commitments, coordination, lobbying (including learning and knowledge sharing), monitoring and dialogue between stakeholders. The ambition is to support and facilitate a range of different partnerships and to constitute a platform for other initiatives in sustainable energy, as well to reinforce one another.<sup>8</sup> Three objectives in relation to sustainable energy have been defined: ensuring universal access to modern energy services, and doubling the global rate of improvement in energy efficiency and the share of renewable energy in the global energy mix, all by 2030. The initiative attempts to address interconnected challenges related to modern energy services. In regions and areas of scarcity, people live without electricity and use wood, coal, charcoal or animal waste to cook their meals and heat their homes. Where modern energy services are plentiful, emissions of carbon dioxide and other greenhouse gases from fossil fuels are contributing to climate change (UN Secretary-General 2011: 2). As a consequence, the initiative promotes actions in a variety of thematic areas including 1) modern cooking appliances and fuels, 2) distributed electricity solutions, 3) grid infrastructure and supply efficiency, 4) large-scale renewable power, 5) industrial and agricultural processes, 6) transportation, and 7) buildings and appliances.

**Sustainable Energy for All has been designed as a multi-stakeholder initiative to support global energy transformation in the direction of sustainable energy.**

A three-tier structure is supporting and overseeing implementation of the initiative. The advisory board, co-chaired by the UN Secretary-General and the President of the World Bank, has around forty members from the private and public sector. The executive committee, chaired by the chairman of the Bank of America, comprises eleven members from international organisations, private foundations, research institutions and private companies. The global facilitation team is located in Vienna, supported by the Austrian government. The UN Special Representative for Sustainable Energy is at the same time the chief executive officer of Sustainable Energy for All. Several UN organisations are partners of the initiative, namely UN energy, the United Nations Environmental Programme (UNEP), the United Nations Development Program (UNIDO), the UN Food and Agriculture Organisation (FAO) and the UN Industrial Development Organisation (UNIDO).

The approach includes mobilising the commitments required for energy transformation and for facilitation, monitoring and learning. An accountability framework has been developed that specifies the process from commitment to action (Sustainable Energy for All 2014: 4-5). The framework states what is to be included in a commitment (e.g. a promise to take action, time-bound goals, committing resources to reporting) and in the commitment cycle, from developing a commitment to action, reporting and learning.<sup>9</sup> A global tracking framework has also been defined by the World Bank and the International Energy Agency in collaboration with other international organisations. Indicators and methods for monitoring have been developed for the three objectives and include household surveys and statistical analysis.

**The initiative involves a range of stakeholders, in particular governments in developing and developed countries, local governments, donors and international organisations, private businesses, civil-society organisations and research institutions.**

Sustainable Energy for All mobilises commitments from various actors but does not provide or manage funds. A system of 'country action plans' was put in place in March 2014 which will include country engagements in the future. Ghana is one of the first countries to have made a sustainable energy action plan. Currently, the stakeholders have made more than 170 commitments which are published on the Sustainable Energy for All website. They cover a range of geographical areas, scales and areas of intervention, such as multi-billion global investments in energy finance, interventions in one district or country, and business corporate sustainability engagements. The initiative has not yet published a monitoring report.<sup>10</sup>

## EXAMPLES OF COMMITMENTS

### International organisations and donors

- US 'Africa Power' will provide more than US\$7 billion in loan guarantees and financial support.
- The EU will make investments in sustainable energy of around €3 billion.
- OPEC has created the 'Energy for the Poor' initiative and will provide US\$1 billion.

### Private companies

- The Bank of America will invest US\$50 billion to finance energy efficiency and renewable energy over a period of ten years (financial tools include lending, equipment finance, capital markets and advisory activity, carbon finance, and advice and investment solutions for clients).
- Bloomberg will achieve a 30% emission efficiency reduction between 2012 and 2020.
- Enlogic in Brazil will provide 5000 systems of solar home lightning in the Caribbean, Central and South America.

### NGOs

- The Korba Anti-Pollution Group from India will arrange conferences in school, colleges and public forums to build awareness of sustainable energy.
- Sustainable Development for All Kenya will train young people to make solar lamps locally, mostly from recycled materials, and to distribute the lamps to communities through women's groups.

The initiative involves a range of stakeholders, in particular governments in developing and developed countries, local governments, donors and international organisations, private businesses, civil-society organisations and research institutions. A core aim of the efforts of public-sector stakeholders is to stimulate commercially viable investment in sustainable energy (Sustainable Energy For All 2012: 13). The private sector is considered a key partner concerning changes in core business functions and supply chains, investments in sustainable projects and advocacy for improvements in public regulation (ibid.: 14). Civil society plays an important role in effecting changes, including encouraging greater transparency among governments and businesses (ibid.). The role of the UN is defined as a 'convening platform' for key stakeholders from both developed and developing countries (UN Secretary General 2013b: 8).

## TRIANGULAR COOPERATION WITHIN THE FRAMEWORK OF SUSTAINABLE ENERGY FOR ALL

Triangular cooperation within the framework of Sustainable Energy for All Focused on promoting the UN's Sustainable Energy for All initiative, UNDP has facilitated two cooperation projects between China and Ghana and China and Zambia with financial support from the Danish Ministry of Foreign Affairs. Preparation has taken around a year and a half from 2013 and has included a series of government meetings and consultations on the contents and approaches involved. The projects not only focus on the transfer of hardware but emphasize the institutional frameworks and capacities required to make the transfer of renewable energy technologies more effective in the long run. The projects have integrated business cooperation from the beginning. The projects will contribute to meeting Ghana and Zambia country commitments in the context of Sustainable Energy for All. In addition, the ambition is to develop successful partnership models that can be expanded to other countries.

Sustainable Energy for All is a huge organisation with a large number of participants. The first years have been concentrated to a large extent on defining questions of status, composition and priorities, while it must be expected that the years to come will be focused on scaling up the actions. Currently, the proposed post-2015 development goals on energy correspond to those of Sustainable Energy for All. The challenges ahead include sustaining the momentum, ensuring the coordination of various investments and initiatives in sustainable energy, and, in the field of development, sustaining positive linkages with other efforts to combat poverty.

## OPPORTUNITIES AND CHALLENGES

Global multi-stakeholder partnerships initiatives such as the Global Compact and Sustainable Energy for All represent new modes of collective action and opportunities for addressing global challenges. They combine high-level political support with outreach to a multitude of stakeholders in developing and developed countries. Arguments for expanding multi-stakeholder arrangements include financing and coordinating functions, as they are considered to contribute to increasing the resources available for action and better policy and operational coherence (UN Secretary General 2013a: 11)

The involvement of business is a major trend in these initiatives. Indeed, since the 1990s, the UN has increased its partnerships with the private sector. UN-business relations building on shared objectives include three broad categories of

partnerships: core business and value chains, social investments and philanthropy, and advocacy and policy dialogue (UN 2009: 7). The Global Compact constitutes a strategic interface with business and forums for learning in UN-business relations. Working with business also entails risks. Debates on UN-business relations have led to a renewed focus on measures to ensure integrity and risk management. In this respect, measures include the UN guidelines on cooperation with the business sector (UN 2009) and a shared due diligence provider in order to screen companies (UN Secretary-General 2013c: 10). Some knowledge of the impact of business practices on development, including new public-private partnerships, is available and has been produced through various reporting mechanisms and case-studies,<sup>11</sup> but it tends not to be comprehensive (Callan 2012: 13; Lucci 2012: 12-13). Given the increasing role of the private sector in development cooperation, strengthening monitoring and evaluation seems a priority for the coming years in order to inform strategic reflections by businesses and other actors. One of the proposals of the Global Compact, in collaboration with the Global Reporting Initiative and the World Business Council for Sustainable Development, is to develop a joint toolkit to support corporate measurement and goal-setting in line with the post-2015 development agenda (UN Global Compact 2014:10).

**Given the increasing role of the private sector in development cooperation, strengthening monitoring and evaluation seems a priority for the coming years in order to inform strategic reflections by businesses and other actors.**

Sector-specific global initiatives contribute to changing the development aid architecture. Whereas the field of development used to be organised on a country-specific basis, the emergence of sector-specific principles has now become one of the main ways to address global issues (Severino and Ray 2009: 6). As the size of the largest global programs has increased, for instance in health since the 2000s, issues have been raised about the relative under-funding of other, related parts of national systems. In addition, scarce human resources in the public sector may be attracted to these areas of global focus when salaries and conditions are better (World Bank learning group on global programs 2008: 8). Massive investments in specific sectors with a high international focus, such as sustainable energy in the future, may contribute to imbalances in developing countries. In addition, multiplying the number of multi-stakeholder initiatives may contribute to further fragmentation of the development aid landscape, leading to new challenges for coordination.

Civil-society organisations in particular have pointed to weaknesses in the new UN-related multi-stakeholder initiatives, stressing that these arrangements are based on consensus principles and reflect rather than challenge existing power structures (Adams and Pinget 2013: 7). In this context, it is important to build an institutional environment that allows the expression of dissent and alternative views, for instance, recording these in official proceedings and documents. It is also essential to identify and address power imbalances among stakeholders so that more space is given to people on the ground and social movements to develop their positions (ibid.). While global initiatives provide a framework for exchanges between various stakeholders, 'the devil is in the detail' regarding how stakeholders acquire opportunities to express their views and influence the agenda for action.

The UN has worked with multi-stakeholder partnerships for decades, but in recent years these partnerships have increased remarkably in their importance for approaches to development and global issues, including the post-2015 development agenda. Against this backdrop, the General Secretary has suggested a partnership facility to provide backstopping and support. One of the challenges concerns the linkages between the new hybrid networks and existing procedures, organisations and mandates of the UN, including the oversight functions of the General Assembly. The voluntary nature of these initiatives may blur the lines of accountability between actors and contribute to side-lining governments (Martens 2007: 41; Adams and Pinget 2013). In this connection, the UN General Assembly has stressed that, while voluntary partnerships contribute to internationally agreed development goals, they remain a complement that is not intended to substitute for government commitments (UN General Assembly 2013: 4).

**While voluntary partnerships contribute to internationally agreed development goals, they remain a complement that is not intended to substitute for government commitments.**

Considering the above, it remains a central question how these multiple and voluntary network organisations, which are likely to expand in the future, will affect development cooperation, including the ability to coordinate various efforts and address the underlying causes of poverty. While country-level donor coordination has been a major issue in development cooperation since the 1990s, the coordination of efforts at the global and the country levels is likely to become a new priority.

- 1 The International Labour Organisation had already been formed in 1919 as a multi-stakeholder institution involving employers, trade unions and governments.
- 2 In this paper, the term 'global multi-stakeholder initiatives' is used (Martens 2007; Callan and Koechlin 2009). The term 'global private-public partnerships' is sometimes used to account for similar arrangements, but these may be more time-bound programs involving only a few partners.
- 3 Business and education, Business for peace, Caring for climate, CEO water mandate, Children's rights and business principles, Global compact business partnerships hubs (promotes contact between potential partners), Global compact LEAD (specific action with most committed participants), Global working groups, Sustainable agriculture and food, Women's empowerment principles, etc.
- 4 One of the ideas behind the organisational design is to develop non-bureaucratic global action networks to facilitate change and collective action (Waddel 2011: 1).
- 5 In 2013, government finance was around US\$ 3.6 million and private finance around US\$ 7.2 million. The government group attends board meetings as an observer.
- 6 After the evaluation, in 2013 the mandate of the Global Compact was renewed (UN General Assembly 2013).
- 7 [http://www.unglobalcompact.org/docs/news\\_events/9.1\\_news\\_archives/2011\\_03\\_24/Sir-Mark\\_LetterJIU110325.pdf](http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2011_03_24/Sir-Mark_LetterJIU110325.pdf)
- 8 Ongoing initiatives include Energy for All (Asian Development Bank), the Clean Energy Ministerial, the Low-Emissions Development Strategies (LEDS) Global Partnership, Lighting Africa (World Bank Group), Energy+ (Norway), Energy for the Poor (OPEC Fund for International Development), the Paris-Nairobi Climate Initiative, the Africa-EU Energy Partnership, the Small Island Developing States Sustainable Energy Initiative, the Global Alliance for Clean Cookstoves, and the EU's decision to make access to sustainable energy a development priority through its 'Agenda for Change' (UN Secretary-General 2011: 9).
- 9 As a result of collaboration with the Global Compact, business commitments will be monitored in the annual communications of progress on corporate sustainability.
- 10 See the PMNCH 2012 Report (World Health Organisation and the Partnership for Maternal New-born and Child Health) for an example of the monitoring of similar multi-stakeholder commitments in the health sector.
- 11 For instance, cases studies by Oxfam in the series 'Exploring the links between international business and poverty reduction'. Studies include UNILEVER in Indonesia (2005) and Coca Cola in Zambia and El Salvador (2011).

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#### SEMINARS:

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**'Aid for Private Sector Development in Africa: What Works and What Can Be Achieved?'**, public seminar, DIIS, 2.12.14

**'Anti-gay Laws in Africa; Rights and Challenges'**, public seminar, DIIS, 12.12.14

**'Udviklingspolitiske Tendenser'**, final seminar, Danish Ministry of Foreign Affairs, 17.12.14

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- Rasmussen, Christel Vincentz: The involvement of Danish Foundations in International Development: From Application Driven to Strategic Action?
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