

## Helpdesk Research Report

# Promoting social development and human rights in private sector engagement

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### Question

*Identify how donor agencies promote private sector engagement in ways which are informed by principles of social development in general and human rights in particular (with reference to key policies, prevailing practices and notable case studies)*

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## 1. Overview

The private sector is often regarded as the driving force for job creation, economic growth and poverty reduction (See for example IFAD 2007). For donor agencies, engaging and working with private sector actors offers a number of potential benefits, including improving the delivery of basic services (DFID 2011). As the business community is directly involved in many of the core activities of international donors (such as anti-corruption, climate change, and labour rights issues), collaboration and strategic engagement is often vital.

Donors' engagement with the private sector typically involves two approaches: first, supporting the development of the private sector in partner countries by working with national governments to create a business environment that is conducive to investment; and second, collaborating and developing partnerships with private sector actors in the delivery of programming.

This paper identifies donors' key policies, prevailing practices, and notable case studies of private sector engagement. Where possible, this paper identifies if, and in what ways, donors' policies towards the private sector have been informed by principles of human rights and social development. Although much policy literature refers to issues of human rights and social development, the extent to which these are discussed varies significantly. Relatedly, much of the literature **lacks specific detail on how guidelines and principles are employed or enforced**. From the literature that was identified, some of the notable approaches to private sector engagement that incorporate human rights and social development considerations include:

- Sida's **Innovations Against Poverty**: This is a funding instrument that targets businesses based or operating in developing countries. It aims to promote the development of goods and services that benefit people living in poverty through the provision of grants and guarantees. Businesses that receive funds are required to meet certain human rights and social development standards, such as international labour standards (Sida 2011b). Sida also mainstreams issues of Corporate Social Responsibility through its support for '**Business for Social Responsibility**' (BSR). BSR is a membership organisation that advocates sexual and reproductive health and rights issues in a business environment (Sida 2011b).
- Danida's **Business Partnerships** programme links Danish companies to local partners to improve competitiveness and corporate social responsibility (Danida 2013). The agency requires partners to incorporate human rights, labour rights, anti-corruption and environmental standards in their daily operations (p. 4). Partners are obliged to undertake a '**risk-based Corporate Social Responsibility due diligence**' assessment of business operations which is facilitated by the Danish Embassy and guided by the **UN CSR Self-assessment tool** (p. 29).
- JICA's **Base of Pyramid (BOP) Business Programme** provides funds to 'pro-poor' companies whose activities have direct development impacts. JICA's involvement in this mechanism includes the promotion of sanitary products for women in India and support to businesses producing sustainable packaging in Zambia (JICA n.d.).
- CIDA's **Equality Policy** provides guidance on the development and implementation of private sector activities involved in development projects (CIDA 2003). This includes considering and addressing gender differentials in decision making processes and access to resources.

In addition, a number of donor policy documents make reference to international guidelines and mechanisms for private sector engagement. These include the **UN Global Compact** - an initiative to encourage businesses to adopt socially responsible and sustainable policies (See for example DFID 2011) – and **OECD Guidelines on Multinational Enterprises** (See for example Danida 2013).

## 2. Bilateral donor approaches to private sector engagement

### Swedish International Development Cooperation Agency (Sida)

Sida's approach to the private sector combines supporting private sector development (including working with national governments to 'create efficient market forces' and a business environment that is conducive to private sector investment) with working directly with private sector actors (to 'leverage the positive impact' businesses can have on development) (Sida 2011a, p. 2). The agency notes that as businesses are directly involved in many of Sida's core activities (for example human rights, poverty reduction, anti-corruption, and climate change) collaboration and strategic engagement with the

business community is vital (p. 4). Such partnerships should be '**commercially and environmentally sustainable**, create '**development results**', and contribute to '**poverty alleviation**' (p. 4).

The **Business for Development Tool Box (B4D)** provides the framework for Sida's collaboration with companies. B4D focuses on the direct cooperation of the business sector as a development actor (p. 5) and emphasises the role of business in various sectors of development cooperation including education, infrastructure, human rights and health (p. 8). Principles that govern Sida's B4D Tool Box include: activities should be characterised by a '**rights perspective**' that includes the principles of participation, transparency and responsibility, and prevents dependency on the 'goodwill of business' for development aims (p. 9); agencies should **influence investors** to increase their investments in developing countries and ensure that investments improve the conditions of people living in poverty (p. 9); and agencies should **avoid distorting markets** (p. 9).

## Examples of programmes, projects and practices

Examples of Sida's engagement with the private sector include:

- **Public Private Partnership programme (PPP):** The PPP approach involves cooperation with large companies either in complementing value chains or through the joint financing of significant or large-scale projects, such as infrastructure development (p. 11). Sida argues that PPP can be used to 'seek solutions to problems encountered' in the delivery of programming (p. 11).
- **Innovative Finance:** This refers to 'new forms of financial solutions that are needed to mobilise private capital and address market failures' (p. 11). An example of this approach is in the health sector, where Sida has developed instruments that combine grants, loans, and guarantees with various types of private capital (p. 11).
- **Innovations Against Poverty:** This instrument targets businesses based or operating in a developing country. It aims to support the development of goods and services that benefit people living in poverty through the provision of small and large grants, and guarantees. Businesses who apply for funds must satisfy ethical considerations, including human rights and international labour standards (Sida 2011b).

The B4D Tool Box mainstreams issues of **corporate responsibility (CR)** in private sector engagement. This is defined as a concept that encompasses a company's duty 'to strive for economic, social and environmental sustainability' (p. 10). Examples of Sida's engagement in this area include support for the '**Business for Social Responsibility**' - a business membership organisation which works on Sexual and Reproductive Health and Rights (SRHR) issues in business (p. 10) - and an emphasis on collaborating with Swedish companies who place corporate responsibility demands on their suppliers (p. 10). Sida also works to develop the systems of procurement by partner countries and multilateral organisations to be more in line with CR requirements and anticorruption (p. 17).

Some of the projects Sida has cooperated with the private sector on include:

- '**A Working Future**<sup>1</sup>: A Uganda-based programme that targets youth unemployment through creating partnerships between young people, the private sector, and government. Activities include: facilitating training and internships; establishing partnerships where skilled workers are matched with employers; and providing support on business development and

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<sup>1</sup> See: <http://www.sida.se/English/Countries-and-regions/Africa/Uganda/Programmes-and-projects1/A-working-future/>

entrepreneurship. The project also aims to develop a model of how the private sector, government, civil society, and unemployed youth can work together, initially at the village level but with the view toward scaling this up to the national level.

- **Swedish Workplace HIV and AIDS Programme (SWHAP)<sup>2</sup>**: The SWHAP programme was initiated in 2004 jointly by the International Council of Swedish Industry (NIR) and the Industrial and Metal Workers' Union of Sweden (IF Metal) in South Africa. The programme focuses on raising awareness of HIV and the provision of testing, counselling and access to treatment for employees. Companies that partake in the SWHAP scheme have an average uptake in counselling and testing of over 70%, which is notably higher than the national average in the participating countries.
- **HERproject<sup>3</sup>**: The HERproject is an education programme operated in collaboration with Business for Social Responsibility. It is a factory-based education programme that targets young women working in factories in Asia and Africa. The focus is on topics such as hygiene, family planning, maternal health, and sexually transmitted infections.

## Norwegian Agency for Development Cooperation (Norad)

Norad has two funding schemes to support private sector development in developing countries. First, the **Application-based Support for Private Sector Actors** aims to assist businesses and commercial companies with feasibility studies and training related to private sector investment projects. Priority is given to least developed countries and those in Sub-Saharan Africa<sup>4</sup>. Second, the **Cooperation on Framework Conditions in the South** aims at building and strengthening private sector actors in developing countries by providing technical assistance and capacity building<sup>5</sup>.

### Examples of programmes, projects and practices

Norad's (1998) 'Strategy for Norwegian support of Private Sector Development in Developing Countries', notes that 'support for private sector development is to be promoted while paying due regard to issues concerning human rights, environmental issues, women, and gender equality' (Gibb et al. 2008, p. 27). The agency has developed a number of human resources tools that help mainstream human rights and social development issues in its private sector programming. The '**Handbook on Human Rights Assessment: State Obligations, Awareness and Empowerment**', provides a checklist for officials to avoid programming that might violate human rights standards and a checklist for human rights impact assessments (p. 28). The Handbook states that programmes operated by private sector actors and NGOs are subject to human rights assessments similar to state-led programmes (p. 28). In particular, Norad requires private sector actors to discuss human rights considerations in their applications and demands that they comply with the ILO treaties (Norad 2001, p. 37).

In addition, the Norwegian Ministry of Foreign Affairs has also produced guidelines on the role and responsibility of companies operating abroad (Norwegian Ministry of Foreign Affairs 2009). These include

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<sup>2</sup> See: <http://www.sida.se/English/Countries-and-regions/Africa/Botswana/Programmes-and-projects/HIV-prevention-makes-business-sense-for-Swedish-companies/>

<sup>3</sup> See: <http://www.sida.se/English/Countries-and-regions/Global-development-interventions/project-examples/Female-factory-workers-get-health-education/>; Also: <http://herproject.org/>

<sup>4</sup> See: <http://www.norad.no/en/support/private-sector-development/application-based-support>

<sup>5</sup> See: <http://www.norad.no/en/support/private-sector-development/cooperation-on-framework-conditions/cooperation-on-framework-conditions-for-private-sector-development-in-the-south>

issues of corporate responsibility with respect to human rights, good practices, and transparency. The Confederation of Norwegian Business and Industry (NHO), in collaboration with Amnesty International, have also produced a checklist of key questions relevant to human rights and business. This includes questions such as ‘does the company have guidelines that prohibit discrimination based on race?’ and ‘does the company have procedures that prevent slavery?’ (p. 32).

## UK Department for International Development (DFID)

The UK’s DFID has one of the most comprehensive policies toward private sector engagement, particularly in the use of public-private partnerships for the delivery of development outcomes (Conley & Dukkupati 2012, p. 5). In a strategic document, produced in 2011, DFID outlines its approach to private sector engagement. At the outset the document notes that business is the ‘primary driver of rising incomes and wealth’ and contends that by working with private enterprise, development agencies can ‘improve the reach and delivery of basic services’ and the opportunities that are available for poor people (DFID 2011, p. 6). Promoting wealth and job creation is additionally referenced as a beneficial outcome of donor engagement with the private sector (p. 6).

### Examples of programmes, projects and practices

DFID’s approach to working with private sector emphasises partnerships, evidence, value for money, and measuring impacts (for example the availability, quality and cost of services) (p. 8). Examples of DFID’s approach include:

- **Public Private Partnerships (PPP):** DFID has engaged in various PPPs to maximise the impact of its development assistance. Conley and Dukkupati (2011, p. 5) observe that this makes DFID ‘unique among European donors’. Case study examples include the delivery of education in Pakistan and in addressing capacity constraints in malaria treatment supply chains in Africa (p. 17).
- **Technology enhanced service delivery:** The agency is supporting a variety of ventures that make use of mobile phone technology to improve services in various fields. An example of this is in Uganda where the UK government has partnered with UNICEF and mobile phone companies to pioneer the use of text messaging to provide real time feedback on the quality of health services (p. 17).
- **Increasing support to community enterprise:** DFID provides support to communities to raise finance to fund basic services in ways that are suited to their needs. The Community Led Infrastructure Financing Facility, for example, assists urban communities in India, Kenya and the Philippines to raise funds for affordable housing and improved sanitation (p. 16).

Human rights and social development issues are identified in the principles which guide DFID’s work with the private sector. The strategic document notes that the UK government is committed to ‘encouraging the private sector to invest and operate in developing countries in a way that is socially responsible, environmentally sound and legally compliant’ (DFID 2011, p. 9). They also call for ‘businesses to respect human rights’ (p. 9) and identify a number of international guidelines that inform such considerations (p. 9). The particular guidelines that DFID identify and draw from are:

- **OECD Guidelines on Multinational Enterprises:** The OECD guidelines are voluntary standards and principles for business conduct in areas such as human rights, environment, labour and industrial relations, and taxation (See OECD 2011).

- **UN Global Compact:** This is a UN initiative to encourage businesses to adopt socially responsible and sustainable policies<sup>6</sup>. The initiative centres on ten principles in the areas of human rights, labour, environment and anti-corruption<sup>7</sup>. The UN Global Compact provides a practical framework for the development and implementation of sustainability policies and practices, including a range of management tools and resources.
- **CDC Investment Code:** The CDC is the UK's development finance institution (DFI), and is owned by DFID. Its investment code sets out the environment, governance, and social standards that it demands of companies benefiting from CDC investment (DFID 2011, p. 9).

## Japan International Cooperation Agency (JICA)

JICA's private sector engagement focuses on enhancing the capacity of the private sector in the developing world, particularly through improving the investment climate and building the capacity of local industries<sup>8</sup>. Activities the agency engage in include: supporting the developing of physical infrastructure to promote business activities; supporting legislation, regulations, and policies that promote private investment and trade; and supporting the development of human resources to contribute to industrial development (JICA n.d.).

### Examples of programmes, projects and practices

The '**One Village One Product (OVOP)**' programme supports the development of small and medium enterprises (SME's). Originally implemented in the Oita province of Japan, and popular in Asia, JICA has cooperated with Malawi and Ghana on OVOP programmes (Kurokawa et al. 2008, p. 25). The main objective of the OVOP approach is to **promote and export locally produced goods with government assistance** (p. 25). In 2003, the Malawian government institutionalised the OVOP as part of its national development plan (p. 33). Here, the OVOP aims to 'develop products and services through value adding by communities using locally available resources in a designated area' (p. 37). As of 2008, the scheme had 46 projects and over 12,000 beneficiaries in various areas such as vegetable production and processing, human production, and rice milling (p. 37). In an analysis of the OVOP programme for the Overseas Development Institute (ODI), Kurokawa et al. (2008, p. 40-41) note that OVOP programmes often fail to consider environmental impacts, such as soil erosion and deforestation (p. 41).

Experts indicate that JICA is trying to include social development issues in its private sector programming by introducing the '**BOP business**' mechanism<sup>9</sup>. BOP, or 'Base of Pyramid', is a financing scheme which provides funds for 'pro-poor' companies whose activities have direct development impacts (JICA n.d.). Collaborations exist in such areas as assistance to microfinance, and consumer and business regulations (JICA n.d.). A list of identified projects announced in 2011 included a business on the promotion of sanitary products for women in India and a business that focuses on sustainable packaging in Zambia<sup>10</sup>.

JICA also works in collaboration with the business community to support **Corporate Social Responsibility** activities. These range from providing technical assistance on social development issues in supply chains,

<sup>6</sup> See: <http://www.unglobalcompact.org/AboutTheGC/index.html>

<sup>7</sup> For details on the ten principles see:

<http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

<sup>8</sup> See: [http://www.jica.go.jp/english/our\\_work/thematic\\_issues/private/overview.html](http://www.jica.go.jp/english/our_work/thematic_issues/private/overview.html)

<sup>9</sup> Expert comments

<sup>10</sup> See: [http://www.jica.go.jp/english/news/press/2012/pdf/120416\\_01.pdf](http://www.jica.go.jp/english/news/press/2012/pdf/120416_01.pdf)

such as improving working conditions for employees, to helping businesses to develop social development programmes relevant to the local communities within which they operate (JICA n.d.).

## United States Agency for International Development (USAID)

USAID's approach to private sector engagement combines partnerships with actors from the private sector, with the promotion of the private sector in developing countries (Kindornay & Reilly-King 2013, p. 35). In a report produced for the Centre of Strategic and International Studies, Wise (2012) assesses US government engagement with the private sector on international development issues. The author identifies a number of relevant instruments. These include:

- **Public-Private Partnerships and the President's Emergency Plan for AIDS relief (PEPFAR):** PEPFAR is an initiative that targets people affected by HIV/AIDS and other diseases 'across the global health spectrum' (p. 7). In 2010, PEPFAR invested US\$50 million in public-private partnerships (PPPs) in various areas relating to prevention, care and treatment (p. 8). Expanding and integrating health programmes in the workplace is an additional area of focus, with the aim of reducing HIV-related stigma (p. 8). Private companies have been involved in the delivery of HIV testing and counselling, voluntary male circumcision, and education in HIV prevention (p. 8). Wise (2012) notes that **monitoring and evaluation of PPPs has remained a challenge** as PEPFAR lacks both metrics and a systematic approach to evaluation (p. 9). In addition, PPPs are implemented through seven implementing agencies, each with their own guidelines, regulation, and means of implementation (p. 9). The author contends that harmonising approaches across agencies would be beneficial (p. 9).
- **The Global Development Alliance<sup>11</sup> (GDA):** The GDA was established in 2001 with the intention of increasing the number of partners, resources, and technologies available to address international development issues (p. 6). GDA is now USAID's '**premiere model**' for PPPs (p. 6). The focus is on alliances that 'spur private sector development and investment' (p. 6).
- **Development Innovation Ventures (DIV):** DIV works with partners to test and upscale potential developmental initiatives (p. 6). An example of a DIV funded scheme is the 'Solar Sister' programme operating in Uganda, South Sudan, and Tanzania. This programme which aims to improve clean energy uptake and address energy deficits through social lighting and mobile phone charging technologies. Solar Sister has recruited and trained 3,000 entrepreneurs who sell solar lights and mobile phone chargers across East Africa<sup>12</sup>.

To foster private sector development, USAID also engages in: skills and capacity building; access to finance; and advocating for a 'favourable legal and regulatory climate'<sup>13</sup>. Drawing from the literature, some of the identified lessons learned from USAID engagement with the private sector include: the need for a wider understanding of how the private sector operates; and the need to improve communication within and between agencies to address parallel or overlapping partnerships with private companies (p. 7).

The literature identified **does not clearly specify the extent or ways in which USAID considers human rights concerns** in its engagement with the private sector. Holly Wise, a research associate from the

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<sup>11</sup> For further details see: <http://idea.usaid.gov/organization/gp>

<sup>12</sup> See: <http://www.usaid.gov/div/portfolio/sector#ge>

<sup>13</sup> See: <http://www.usaid.gov/what-we-do/economic-growth-and-trade/supporting-private-enterprise>

Centre of Strategic and International Studies, observes that USAID policy documents ‘do not contain much that speaks directly to issues of human rights’<sup>14</sup>.

## Danish International Development Agency (Danida)

The ‘Strategy for Denmark’s Development Cooperation’ identifies the need for flexible partnerships with the private sector in areas of common interest and where there are opportunities to solve global and cross-border challenges, such as climate change (Danida 2012, p. 7). The agency’s overall approach to private sector engagement aims to contribute to poverty reduction by promoting economic growth and social development in developing countries (Danida 2009, p, 6). Two mechanisms that mainstream issues of social development and human rights in private sector engagement are:

- The **Business Partnerships** programme, which aims to create jobs, strengthen competitiveness, and promote corporate social responsibility in the developing world<sup>15</sup>. The focus is on the ‘transfer of knowhow and technology’ from Danish companies to local partners in order to strengthen competitiveness and to improve CSR (Danida 2013, p. 3). To meet their CSR obligations, business partners are required to incorporate human rights, labour rights, anti-corruption, and environmental concerns into their everyday operations (p. 4).
- The **Strategic Corporate Social Responsibility Facility**: This supports business partnerships that promote better working and living conditions for employees, their families, and wider communities<sup>16</sup>. The CSR Facility can provide assistance in three different phases: in the contact phase, where partners are identified; in the study phase, where the business plan is developed and training needs are assessed; and in the project phase where partnership activities are implemented<sup>17</sup>.

Danida’s CSR policy draws from the frameworks provided by the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the ILO’s Decent Work Agenda, the OECD Guidelines for Multinational Enterprises, and the International Organisation for Standardisation’s ISO 26000<sup>18</sup> (p. 4).

Danida have produced a number of guidelines and toolkits which apply social development and human rights principles to their private sector engagement. The **Guidelines and Conditions for Support** document identifies the requirements and expectations of businesses wishing to partake in the Danida Business Partnership scheme (Danida 2013). The agency obliges all partners to undertake a **risk-based CSR due diligence** of business operations and activities within the first quarter of the Implementation Phase (p. 28). Facilitated by the Danish Embassy, this process is guided by the UN CSR self-assessment tool<sup>19</sup>. The outcome of the assessment is a **CSR action plan**, which identifies activities and milestones that are approved by the Embassy (p. 29). If the partnership experiences complaints or disagreements, Danida

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<sup>14</sup> Expert comments

<sup>15</sup> See: <http://um.dk/en/danida-en/activities/business/partnerships>

<sup>16</sup> See: <http://um.dk/en/danida-en/activities/business/partnerships/partnerships-for-development/facilities/strategic-csr-facility/>

<sup>17</sup> See: <http://um.dk/en/danida-en/activities/business/partnerships/partnerships-for-development/facilities/strategic-csr-facility/>

<sup>18</sup> This provides guidelines for businesses and organisations to help them operate in a socially responsible way. See: <http://www.iso.org/iso/home/standards/iso26000.htm>

<sup>19</sup> See: <http://globalcompactselfassessment.org/>

recommend **frameworks for mediation** provided by the **Mediation and Complaints-Handling Institution**<sup>20</sup> (p. 29).

## Canadian International Development Agency (CIDA)

CIDA's policy on private sector engagement recognises that economic growth is 'essential to achieving meaningful development outcomes that raise people out of poverty and put them on the road to prosperity'<sup>21</sup>. Engagement predominately takes two forms: helping developing country partners to create economic environments that enable private sector led growth; and engaging and collaborating with the private sector in the delivery of development assistance.

### Examples of programmes, projects and practices

CIDA's **Sustainable Economic Growth Strategy** has three paths: building economic foundations; growing businesses; and investing in people<sup>22</sup>. Examples of CIDA's engagement with the private sector include:

- **Conflict-Affected and Fragile Economies Facility:** CIDA is a contributory partner to this World Bank implemented Facility which aims to promote sustainable economic growth through providing companies access to insurance against political risks in fragile and conflict-affected countries. The Facility supports investments in a variety of sectors, such as agribusiness, manufacturing, and infrastructure<sup>23</sup>.
- **Canada Investment Fund for Africa** provides risk capital to support investment in Africa across various sectors<sup>24</sup>. Areas that are particularly targeted include financial services, consumer businesses, natural resources and telecommunications.
- **Canada Technical Assistance Account:** CIDA contributes US\$19 million over three years to this IMF implemented fund. The Account promotes sustainable economic growth by providing technical expertise to help recipient countries increase their capacity to manage debt, fiscal policies, and economic crises<sup>25</sup>

CIDA's policy document lists a variety of instruments that guide the agency's engagement with the private sector (CIDA 2003). The policy notes the agency is committed to supporting the implementation of the **OECD Guidelines for Multinational Enterprises** and encourages partners to become familiar and adopt them. This is assisted by the **Canadian National Contact Point (NCP)** - an interdepartmental committee that promotes awareness of the OECD guidelines<sup>26</sup>. The NCP manages queries and complaints of private sector behaviour in relation to the guidelines.

CIDA also supports the implementation of the **Platform for Action**, which was established at the 1995 Beijing Fourth World Conference on Women (CIDA 2003). The Platform identifies twelve areas of concern for **advancing the status of women and girls**. Particularly relevant to private sector engagement are poverty reduction and enhanced opportunities for females. CIDA's own internal **Equality Policy** provides additional guidance on the gender dimensions of planning and implementation private sector

<sup>20</sup> See: <http://businessconduct.dk/>

<sup>21</sup> See: <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/JUD-1118141247-QJJ>

<sup>22</sup> See: <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAD-611142352-PKY>

<sup>23</sup> See: <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/ANN-61112024-LSB>

<sup>24</sup> See: <http://www.cifafund.ca/en/>

<sup>25</sup> See: <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/ANN-61112024-LSB>

<sup>26</sup> See: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/ncp-pcn/>

development projects. This includes having an awareness of and supporting greater equality between men and women in decision making processes, access to resources, and benefits of development (CIDA 2003). CIDA can also draw from Canada's **Corporate Social Responsibility Strategy** for the management of the extractive industry in Africa and South America<sup>27</sup>. Guidance on environmental issues relating to private sector engagement is provided by the various **multilateral environmental agreements** to which Canada is a signatory. These include the United Nations Framework Convention on Climate Change and the Stockholm Convention on Persistent Organic Pollutants (CIDA 2003).

A consultation document produced by the Canadian Labour Congress and the Canadian Council for International Cooperation, recommends that CIDA should promote close collaboration with other government departments to develop a range of measures to facilitate and incentivise the human rights standards of Canadian companies operating abroad (Hutchinson 2003, p. 21).

### 3. Multilateral approaches to private sector engagement

#### International Fund for Agricultural Development (IFAD)

IFAD recognises that its target groups – small farmers, agricultural traders, rural-wage earners and female headed households – represent 'a large part of the private sector in developing countries' and interact daily with other private sector actors (p. 2). The agency's 'Private Sector Development and Partnership Strategy' is organised along three broad lines: policy dialogue for local private sector development; investment operations to support local private sector development; and partnerships with the private sector to leverage additional investments (IFAD 2007, p. iv). Particular areas of interest including: **establishing partnerships with International Financial Institution's** to help promote rural small and medium enterprises through microfinance and the creation of an 'appropriate agribusiness environment' (p. 18); improving the access of rural poor to private technical and advisory services (p. 26); supporting the development of **private rural financial institutions** (p. 27); and **strengthening the business capacity** of the rural poor and their organisations (p. 26).

In terms of social development and human rights considerations, IFAD notes the importance of mainstreaming the agency's broader developmental objectives in its engagement with the private sector. The policy document references and draws from the UN's '**Unleashing Entrepreneurship: Making Business Work for the Poor**' (UN 2004). This publication, produced for the Commission on Private Sector and Development, makes a number of recommendations on how programming involving the private sector can have positive development impacts. These include: **fostering public-private partnerships for sustainable development**, particularly in the areas of energy production and water management; **improving corporate governance** by encouraging the development of self-regulating or voluntary codes and engaging with local business associations (p. 34); and **advancing corporate social responsibility standards** by promoting the development and uptake of international standards (p. 34).

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<sup>27</sup> See: <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/CAR-929105317-KGD>

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## Key websites

- Business for Social Responsibility: <http://www.bsr.org/>

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