

Harnessing Private Sector Capabilities to Meet Public Needs:

The Potential of Partnerships to Advance Progress on Hunger, Malaria and Basic Education



World Economic Forum
91-93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland
Tel.: +41 (0)22 869 1212
Fax: +41 (0)22 786 2744
E-mail: contact@weforum.org
www.weforum.org

© 2006 World Economic Forum
All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, or by any information storage and retrieval system.

REF: 080106

Contents

Preface	5
Executive Summary	6
Introduction	10
Applying Core Business Competencies to Help Halve Hunger	11
Applying Core Business Competencies to Help Reduce the Incidence of Malaria	22
Applying Core Business Competencies to Help Achieve Universal Primary Education	31
What Works: Effective Partnership Models	41
List of Interviewees	44
References	45

Preface

The World Economic Forum is pleased to issue this report, which examines how core industry capabilities can be applied to three of the most pressing development challenges of our time: hunger, malaria and basic education. This project builds on previous work by the Forum regarding public-private partnerships (PPPs), including its 2005 *Global Governance Initiative Report*, which elaborated four fundamental modes of business engagement to advance progress toward the Millennium Goals; the 2005 Global Corporate Citizenship Initiative report, *Partnering for Success: Business Perspectives on Multistakeholder Partnerships*, which distilled lessons drawn from PPPs in developing countries; and the Financing for Development Initiative's report, *Building on the Monterrey Consensus: The Growing Role of Public-Private Partnerships in Mobilizing Resources for Development*. The latter, which was released at the September 2005 UN World Summit in cooperation with the UN and the Swiss Development Cooperation Agency, presented the results of consultations with more than 200 PPP practitioners on the potential role of PPPs in delivering development assistance. This report also reflects considerable learnings that the Forum has drawn from its role in the Jordan Education Initiative, a PPP aimed at education advancement launched in partnership with the Government of Jordan, and the Global Health Initiative, which advises and engages in a range of PPPs related to HIV/AIDS, TB and malaria.

A recurrent theme in the Forum's growing body of work on PPPs is that companies are often far more prepared to apply their business expertise or assets to a problem they see in their operating environment than to issue a one-off charitable cash grant. Yet development institutions have not traditionally viewed the engagement of core business skills and other in-kind resources as an explicit element of their strategy. As a result, neither they nor other parts of the international community have taken the necessary first step of systematically analysing the possible intersection of the core capabilities companies possess and the so-called 'value chain' of development assistance needs in areas such as infectious diseases, basic education, water and sanitation, and so on. This report is a first attempt to do so with respect hunger, malaria and basic education, drawing upon the communities of experts within the Forum's existing initiatives and participating companies. It is intended to be a practical tool that companies, governments and others can use to identify new areas of public-private cooperation in development partnerships.

The project was coordinated by Lisa Dreier, Associate Director, who helps manage the Forum's portfolio of public-private initiatives. She drafted the chapter on hunger, using as a starting point the framework for action defined by the UN Millennium Project Hunger Task Force in its 2005 report, *Halving Hunger: It Can be Done*. Several Task Force members contributed significantly to this chapter, including Hans Eenhoorn, retired from Unilever, and Robert B. Horsch of Monsanto Company. A number of other colleagues provided valuable and substantive inputs including Ludo Oelrich of TNT, David J. Spielman of the International Food Policy Research Institute, Simon Winter and Steven Londner of Technoserve, Berangere Magarinos of the Global Alliance for Improved Nutrition, Bjorn Wille and Ulla Holm of Tetra Pak, and Kathleen Kurz and Nata Duvvury of the International Center for Research on Women.

The chapter on malaria was drafted by a team at the Boston Consulting Group, including Lisa Carpenter, Dave Matheson, Adrian McKemey, Ruchi Warriar and Wendy Woods, with input from Lisa Dreier, Francesca Boldrini and David Kim of the Forum's Global Health Initiative. We thank the reviewers, Girindre Beeharry of the Bill & Melinda Gates Foundation, Awa Marie Coll-Seck of Roll Back Malaria, Phil Davis of Sumitomo Chemical (UK) plc, Chris Hentschel of Medicines for Malaria Venture, Paul Herrling of Novartis, Shiva Murugasampillay of WHO, Steven Phillips of ExxonMobil, and Chris White of the African Medical & Research Foundation. We also thank all those who provided interviews for this chapter, who are listed individually in the Annex.

The chapter concerning primary education was drafted by Julie Kennedy of Millennium Promise and Lisa Dreier, with inputs from Andreas Cox and Alex Wong of the Forum's Global Education Initiative. We thank Tom Cassidy of the Harvard University School of Graduate Education; Kristin Ehrgood of Sapiientis; Michelle Selinger of Cisco Systems; Tim Unwin of Royal Holloway, University of London; and Jim Wynn of Microsoft for their valuable review and inputs on the chapter.

We thank all of these colleagues for collaborating with us on this important analysis. We hope that it provides a sense of the larger possibilities for meaningful public-private partnership in the development arena.

Richard Samans
Managing Director
World Economic Forum
January 2006

Executive Summary

A wide range of core business capabilities are highly relevant to the Millennium Development Goals, a framework agreed to by the world's governments to make major inroads into eradicating poverty by 2015. A recent Forum study involving more than 200 practitioners of development partnerships concluded that progress could be accelerated if the international community were to integrate private sector capabilities into development assistance efforts on a more systematic basis.

Many firms have already discovered that compelling opportunities exist to apply core competencies to public-private partnerships (PPPs) in ways that clearly benefit their business. This report builds on the previous work of the Forum's Global Corporate Citizenship, Global Governance, Financing for Development, Jordan Education and Global Health initiatives to examine in greater depth the private sector competencies that are particularly relevant in three development areas: hunger, malaria and basic education.

There are four main ways in which businesses typically engage in the process of economic development :

- Through **core business practices**, for example by creating employment, developing innovative new products and finding efficient, profitable ways to deliver affordable goods and services.
- Through **public-private partnerships** – usually a combination of business and philanthropic activity that has an economic rationale but does not generate a market rate of return.
- Through strategic corporate **philanthropy and social investment**, using cash donations or in-kind contributions of products or expertise to catalyse and complement business engagement, or fill gaps in public financing to address fundamental human needs.
- Through transparent and responsible business engagement in **public policy dialogue**, rule making and institution-building – operating individually, through industry and trade associations, or in partnership with non-business actors.

The greatest leverage for society and the company is often found through the application of the company's tangible assets (such as

equipment and distribution networks) or intangible assets (such as management expertise, branding and marketing strength) rather than through issuing a cheque. Indeed, some of the most successful partnerships have involved the in-kind application of such core company competencies, which have often resulted in a larger corporate commitment than would have otherwise been possible.

Applying Core Business Competencies to Help Halve Hunger

Hunger affects more 850 million people – the majority living in Asia (particularly India and China) and sub-Saharan Africa. Famines form a small part of this picture, however the vast majority of hungry people suffer from chronic malnourishment, which undermines the health of both individuals and national economies. The impact is particularly severe on the young, causing 6.5 million child deaths per year; lifelong health and cognitive impacts; and significant losses in national economic productivity.

Eliminating hunger requires an integrated approach that addresses poverty, builds markets and infrastructure, boosts agricultural production and nutrition, focuses on health and enables women's empowerment. Collaborative private sector efforts to reduce hunger are rare, but have tremendous potential to bring both practical solutions and political action to hungry communities. Key opportunities for applying core business competencies to the fight against hunger include:

1. Increasing food production and strengthening market systems in hungry regions

- **Sourcing from small-scale producers.** (e.g. food and beverage manufacturers and retailers; agribusiness)
- **Developing small and medium enterprises (SMEs) for producing, processing and distributing food and agricultural products.** (e.g. financial, information technology (IT), food and agriculture, and extractive industry companies)
- **Expanding farmers' access to new and existing products and technologies.** (e.g. agricultural input, food and beverage, engineering and energy companies)

Executive Summary

- **Extending essential services and infrastructure to hungry areas.**
(e.g. telecommunications, water, energy, transportation and financial service companies)
- **Acting to reduce the spread of HIV/AIDS.**
(e.g. transport, mining, agricultural, media and pharmaceutical companies)

2. Improving nutrition through fortified products and consumer education, particularly for mothers and young children

- **Fortifying food and beverage products for the bottom of the pyramid.**
(e.g. food, beverage, retail and consumer goods companies; biotechnology and seed companies)
- **Empowering and educating women and girls.**
(e.g. retail, food, beverage, agribusiness, IT, financial service and media companies)

3. Strengthening governments' commitment and capacity to act against hunger

- **Building public and political support for increased investment in hunger reduction.**
(e.g. media, public relations, retail and consumer companies)
- **Partnering with public agencies and NGOs to strengthen their capacity.**
(e.g. professional and financial service companies, law firms and others with technical skills)

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

Between 350 and 500 million clinical episodes of malaria occur each year, with a death toll exceeding 1 million – primarily among children under five years of age. The disease is endemic in parts of Asia and Latin America, but Africa is worst affected, suffering more than 80 % of worldwide fatalities. Despite existing preventive, diagnostic, and treatment options, malaria deaths have increased since the 1970s. There are three broad incentives for the private sector to apply its competencies to malaria reduction: to enable market opportunities; to address the risks to human resources and assets or capital; and to enhance intangible assets such as corporate morale, reputation and goodwill. Key opportunities for applying business competencies include:

1. Innovation of new technologies and products to prevent, diagnose and treat malaria

- **Discover and develop new vaccines and drug treatments.**
(e.g. pharmaceutical and biotechnology companies)
- **Invent less expensive, easier to use technologies for diagnosis.**
(e.g. diagnostics and medical supply companies)
- **Develop innovative integrated vector management solutions.**
(e.g. consumer goods, energy and chemical companies)
- **Transfer technology and build local capacity to reduce costs and delivery time**
(e.g. healthcare companies producing malaria commodities)

2. Operations and project management for supply chain and logistics

- **Share tools and skills with the public sector to improve efficiency, for example in the areas of forecasting demand and project management.**
(e.g. logistics and consumer goods companies)
- **Leverage distribution networks and retail channels to increase access.**
(e.g. food and beverage and logistics companies)
- **Implement malaria control programmes for the workplace and surrounding communities.**
(e.g. all companies operating in malaria-endemic areas, such as mining and tourism)

3. Advocacy for public support and facilitation of multistakeholder cooperation

- **Build public and political support for advance purchase agreements and subsidizing malaria commodities.**
(e.g. pharmaceutical companies, media and public relations companies)
- **Provide a forum to convene shareholders to address policy issues.**
(e.g. healthcare and energy companies)
- **Leverage distribution networks and retail channels for community education.**
(e.g. food and beverage, energy and retail companies)

Executive Summary

Applying Core Business Competencies to Help Achieve Universal Primary Education

More than 100 million school-aged children do not attend school; 60% of them are girls. The vast majority (96 %) are in the developing world, particularly sub-Saharan Africa and South Asia. Among children who do enrol, many drop out before completing primary school. Developing-country education systems face significant challenges. The cost of reaching the education MDG is estimated at between US\$ 7 to US\$ 17 billion per year, which is unlikely to be attained by public funding alone. An effective education system is critical for economic growth and for the development of a thriving private sector, thereby increasing productivity while raising incomes and purchasing power. Key opportunities for applying core business competencies include:

1. Establishing the basic conditions for effective learning

- **Improving school infrastructure.**
(e.g. construction, engineering, energy, telecommunications and banking companies)
- **Developing and supplying appropriate supplies and equipment.**
(e.g. information technology (IT), telecommunications, pulp and paper, and transport companies)
- **Providing school meals and health services.**
(e.g. food and beverage, agribusiness, healthcare and pharmaceutical companies)
- **Expanding access to affordable, quality education.**
(e.g. all companies with an interest in philanthropic support of educational opportunities)

2. Improving educational content and skill building

- **Strengthening curriculum, content and teacher training.**
(e.g. IT, telecommunications, media, publishing, scientific and technology companies)
- **Enabling appropriate 21st century skill building for employability.**
(e.g. IT, telecommunications, professional services, financial and engineering companies)

3. Fostering effective education management

- **Promoting performance-oriented, results-driven management and innovation.**
(e.g. IT, logistics and transport, media and professional services companies)
- **Developing financing mechanisms and planning.**
(e.g. financial, professional services, IT and telecommunications companies)

4. Engaging in advocacy

- **Building public support and political commitment to improve education.**
(e.g. all companies, particularly those requiring high skill levels such as technology firms)
- **Creating new models that engage all stakeholders in collaborative PPPs.**
(e.g. all companies, including both multinational and national firms)

What Works: Effective Partnership Models

For many companies, public-private partnerships among business and governments, NGOs, or development agencies provide an effective avenue for tackling hunger, malaria or education issues. Such partnerships, when structured and managed well, can combine business competencies with the local knowledge, technical expertise and public reach of other groups. PPPs are highly diverse and can focus on the design and delivery of pro-poor solutions or strategic in-kind contributions of personnel, expertise, equipment or services.

The involvement of business personnel in a partnership project often produces management efficiencies, innovation and a performance culture that can be as valuable as the financial resources committed. However, broader use of the PPP approach is constrained by financial, informational and cultural barriers. More outreach, information-sharing, brokering and financing is needed to overcome existing obstacles and scale up effective partnership models. Significant investment in fostering and growing local capacity is essential in order to sustain such initiatives over the long term.

Table 1

Hunger, Malaria and Education Interventions Relevant to Industry Competencies					
			<table border="1"> <tr> <td>Indirect Fit</td> </tr> <tr> <td>Strong Fit</td> </tr> </table>	Indirect Fit	Strong Fit
Indirect Fit					
Strong Fit					
Industry	Hunger-related Competencies	Malaria-related Competencies	Education-related Competencies		
Engineering/Construction	Develop and market low-cost, efficient water pumps, cook stoves and energy sources	Build mosquito-proof structures; vector control at breeding sites	Build school infrastructure; develop technical training and curricula		
Energy	Implement small-scale energy generation for water pumping and food processing	Malaria safe reservoirs; public advocacy; workplace programmes	Electricity and connectivity for schools		
Food, Beverage and Agribusiness	Expand agricultural input distribution; produce and market fortified foods; source from small farmers; invest in SME development, local food processing and supply chains	Apply marketing expertise, retail and distribution channels to expand malaria commodity usage; workplace health programmes	Fortified home-grown school meals and take-home rations for girls; promote best practice among growers (e.g. quality, sustainability)		
Health	Provide health and nutrition extension services; clinical care for malnourished children	Develop new drugs, diagnostics and vaccines; medical infrastructure and training; advocacy	Basic health care and education in schools; health extension services		
Information Technology	Provide information access for improved nutrition, agricultural techniques and market prices	Surveillance systems to track and predict outbreaks; health management systems	IT equipment, electronic curricula, teacher training, teaching effectiveness		
Media and Entertainment	Expand public awareness and undertake advocacy on hunger issues	Global/local malaria awareness and education	Educational content in popular media; extending educational reach		
Mining and Metals	Implement community nutrition and health programmes	Workplace and community malaria intervention programmes	Investing in community education; skills development		
Professional Services	Conduct institutional capacity building for government and NGO hunger alleviation efforts	Strategic approaches to health systems and multisectoral initiatives	Institutional capacity building for education management; skills development		
Financial Services	Provide microcredit and banking services for small farmers and SMEs	Provide microcredit for health costs; support workplace interventions in SMEs	Finance school infrastructure; advise on school management and student skill development		
Retail and Consumer	Buy and process food locally; distribute nutritive/fortified foods to hungry communities	Packaging for consumer education; distribution networks for malaria products	Educational supplies; business skills training		
Telecommunications	Provide service in rural/poor areas; collaborate on mobile-based market/health systems	Mobile-based health management systems; remote data capture	Provide wireless telephone and Internet connections; national broadband networks		
Logistics and Transport	Expand transport networks to link hungry regions to markets; deliver food aid	Transport for commodity distribution; Supply chain logistics training	Improve delivery of essential supplies		
Aviation, Travel/Tourism	Increase public awareness and advocacy in hungry areas	Malaria control programmes in the workplace and community	Invest in education and training for future workforce		

Introduction

This report reflects the emerging thinking of a broad community of stakeholders and experts linked to the World Economic Forum's work on hunger, malaria and education. The general consensus is that there is significant, untapped potential for greater application of business skills and competencies to development issues. This is paired with a strong belief that such competencies can be most effectively applied in partnership with other stakeholders, such as governments, civil society groups, development agencies and experts.

There are certain things that the private sector does extremely well. These include operating efficiently at a large scale, delivering essential products and services where markets are functioning, developing innovative solutions to technical or operational obstacles to meet customer needs, and taking a performance-oriented, results-driven approach to management. All of these competencies are needed to deliver development solutions on a large scale. The private sector also has the ability to tap additional financial resources for development through direct investment, loans or philanthropy, which can help close the finance gap for meeting the MDGs.

Other types of organizations have different and complementary strengths. Governments provide national and local leadership, political commitment and the necessary legal frameworks, together with the infrastructural, administrative and funding authority for programme and service delivery. Development agencies and private donors have convening power, financial resources and technical expertise, often acting as a catalyst for new approaches. Non-governmental organizations (NGOs) are best equipped to operate at the community level, developing solutions and implementation strategies appropriate for the local context and mobilizing public support to meet development goals.

There are four main ways in which businesses typically engage in development-related activity:

- Through **core business practices**, for example by creating employment, developing innovative new products and finding efficient, profitable ways to deliver affordable goods and services.
- Through **public-private partnerships** – usually a combination of business and philanthropic activity, which has an economic rationale but does not generate a market rate of return.
- Through strategic corporate **philanthropy and social investment**, using cash or in-kind donations to catalyse and complement business engagement or fill gaps in public financing to address fundamental human needs.
- Through transparent and responsible business engagement in **public policy dialogue**, rule-making and institution-building, operating individually, through industry and trade associations or in partnership with non-business actors.

The greatest leverage for society and business is often found through the application of a company's tangible assets (such as equipment and distribution networks) or intangible assets (such as management expertise, branding and marketing strength) rather than through issuing a cheque. Indeed, some of the most successful partnerships have involved the in-kind application of company resources, which have often resulted in a larger corporate commitment.

Public-private partnerships are highly diverse and can focus on design and delivery of pro-poor solutions or strategic in-kind contributions of personnel, expertise, equipment or services. PPP practitioners have noted that the involvement of business personnel in a partnership project often produces management efficiencies, innovation and a performance culture that can be as valuable as the financial resources committed.

Public-private partnerships are not a cure-all, but when applied effectively to certain development needs they can bring significant gains in both business and development terms. This report identifies high-leverage opportunities where such win-win benefits may be realized.

Applying Core Business Competencies to Help Halve Hunger

I. Introduction

In 2005, one-seventh of the world's population is unable to access the food and nutrients needed to live a healthy and productive life. Hunger affects more than 850 million people, the majority of whom live in Asia (particularly India and China) and sub-Saharan Africa. Famines form part of this picture, however, the vast majority of hungry people suffer from chronic malnourishment – a silent tragedy that devastates the health of both individuals and national economies. The toll on young children is particularly devastating, leading to 6.5 million deaths per year and for those who survive, a lifetime burden of impaired cognitive development and reduced immunity. World leaders have repeatedly pledged to eliminate hunger, but the problem persists and is worsening in much of sub-Saharan Africa. The Millennium Development Goal on hunger calls for halving the proportion of underweight children and undernourished adults by 2015.

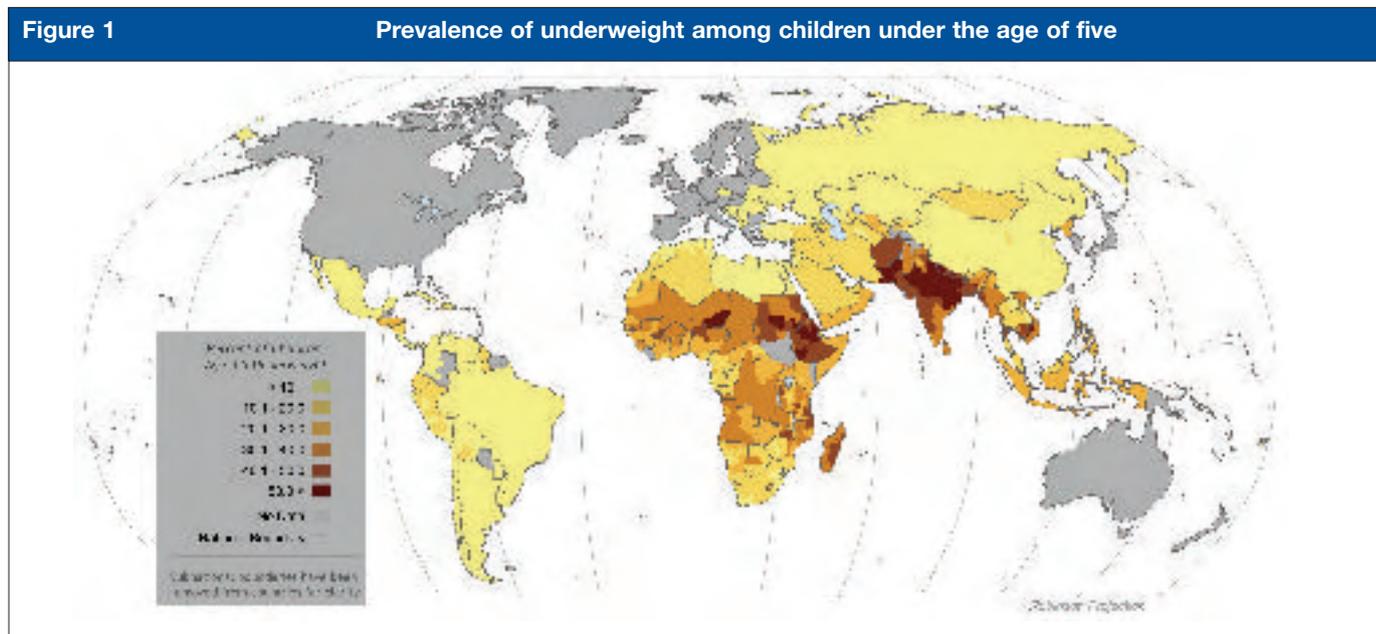
Hunger is complex. It is more a symptom of economic, social and governance failures combined with agro-ecological constraints than a force in itself. People go hungry when they cannot grow or buy enough nutritious food; when mothers and girls lack education; when communities lack adequate health services and clean water, and when climate, conflict or natural

disaster disrupt food systems. People also go hungry when they lack the bargaining power to access government welfare services; when they lack the education to obtain paying jobs, and when competitive markets, particularly for agricultural products, do not function efficiently.

These problems, while enormous in their scope, can be solved. Most are not technically complex, but they are systemically complex. As a result, eliminating hunger requires an integrated approach, addressing employment creation, markets and infrastructure, agricultural production, nutrition, health and women's empowerment, public policy and institutional capacity.

The Business Case for Action against Hunger

Business plays a vital role in the systems that sustain healthy communities, reduce poverty and prevent hunger. By generating employment opportunities; creating markets; growing, manufacturing and distributing food; providing health and nutrition-related products and services; building and maintaining infrastructure, and educating producers and consumers, the private sector is an essential player in sustaining and nourishing healthy communities. It is no coincidence that areas with widespread chronic hunger often have little private sector activity.



Applying Core Business Competencies to Help Halve Hunger

The vicious circle of poverty and malnourishment keeps business out and hunger in. However, by working with local partners business can make inroads that bring needed opportunities, goods and services to these areas.

The 'business case' for companies to engage in hunger-reduction efforts varies by industry, by company, and by the company's activity. It can include accessing new and emerging markets, building brand recognition and reputation, stimulating consumer demand, motivating employees or enacting corporate values of social and civic responsibility. For companies with developing-country operations, working to reduce hunger can help develop a healthy and productive local labour force, strengthen community and government relations and contribute to economic development.



The opportunities for business engagement outlined below are similarly varied and can be applied across a range of industries. The bottom line is that there is something every business can do to help reduce hunger that builds on its own unique goals and competencies.

II. Top Opportunities for Applying Business Capabilities

The food production and nutrition value chain (illustrated in Figure 2, page 21) encompasses a complex range of activities from farmland to food consumption. Beginning with the farm and the inputs needed to produce food and other agricultural commodities, the chain extends through agricultural processing, distribution, retailing and ultimately, preparation and consumption. Effective operation of the value chain requires that certain vital factors be in place, including a viable natural resource base, input and credit markets and technical capacity among farmers.

Also key are roads, transportation services and market intermediaries to move commodities to and from the farm; agro industries and related services to process, package and market food products; health and education services for farmers, workers and consumers engaged throughout the chain; and good governance to encourage growth and development. The status of women, and women's ability to access productive assets as well as public health and education services, is vital across the chain.

Nearly every step in the food production and consumption process offers opportunities for some type of business involvement. These include developing new technologies; adapting business models to better distribute existing products; using companies' human, operational

Box 1

Hunger: Top Opportunities for Applying Business Capabilities

1) Increasing food production and strengthening market systems in hungry regions

- Sourcing from small-scale producers.
- Developing and supporting small and medium enterprises (SMEs) for production, processing and distribution of food and agricultural products.
- Expanding farmers' access to new and existing products and technologies.
- Extending essential services and infrastructure to hungry areas.
- Acting to reduce the spread of HIV/AIDS.

2) Improving nutrition through fortified products and consumer education, particularly for mothers and young children

- Fortifying food and beverage products for the bottom of the pyramid.
- Enabling and educating women and girls.

3) Strengthening governments' commitment and capacity to act against hunger

- Building public and political support for increased investment in hunger reduction.
- Partnering with public agencies and NGOs to strengthen their capacity.

Applying Core Business Competencies to Help Halve Hunger

and economic assets to benefit poor communities; and engaging strategically in philanthropic and advocacy activities to complement those activities. Through public-private partnerships companies can also help strengthen essential features of the enabling environment, for example in the areas of public policy, public institutional capacity and infrastructure.

There exist many potential opportunities for involvement in efforts to end hunger. Those where private sector engagement could leverage the highest potential impact are highlighted below. They fall under three broad categories, outlined in Box 1 and summarized in the following text.

1. Increasing food production and strengthening market systems in hungry regions

1.1 Sourcing from small-scale producers in hungry regions

Because approximately half the world's hungry people are small-scale subsistence farmers, a good opportunity for business engagement is to use supply chains to procure produce from small farmers to boost their incomes and production levels. Such efforts are usually constrained by high costs and difficulty in ensuring that product quality standards are met. Companies can overcome this obstacle by partnering with farmers' organizations, NGOs and extension

agencies to develop marketing associations that aggregate small farmers' produce and strengthen their capacity to meet product quality standards.

This approach works for high-margin niche products, such as organic coffee, nuts and other horticultural products, where customers are often willing to pay an extra premium that covers the additional transaction costs. Where companies are not directly engaged in procurement, they can still encourage their suppliers to buy from smallholders or to engage in procurement practices that support smallholder agriculture, rural agro-enterprise and development in rural communities.

Women grow, process and prepare most food in hungry regions. In Africa, women produce 80% of food supplies, yet they own 1% of the land, receive 7% of agricultural extension and access 10% of available credit. To be effective, efforts to link markets to small producers must provide access and support to women producers. Key industries with the capability to leverage demand from small producers through their supply chains include:

- *Food and beverage manufacturers, retailers, packaging companies and agribusinesses can buy agricultural products from small producers.*

Box 2

Examples of Sourcing from Small-Scale Producers

In South Africa, **Pick 'n Pay** and the Black Economic Empowerment fund provided funding and expertise to a community project growing fresh produce, to assist growers in meeting Pick 'n Pay quality standards. The Shoshungove Pick 'n Pay Family Store provides a guaranteed market for the produce, plus ongoing mentoring.

In Nigeria, **Tetra Pak** is working with state and federal government and local entrepreneurs to expand cassava, maize and sorghum production to replace imported ingredients in its heavily fortified NutriSip drinks. The drinks are distributed to 75,000 children through a school feeding pilot programme, fully funded and administered by the Nasarawa state government. The project plans to reach 450,000 children by the end of 2006.

In Uganda, **SAB Miller's** subsidiary, Nile Breweries, has partnered with the government to assist local farmers in producing sorghum, from which it produces a new low-cost beer. In 2006 Nile Breweries plans to spend US\$ 1 million on sorghum – 60% of which will go to the farmers, with the other 40% going to transport, procurement and processing.

Nestlé provides free technical assistance to over 300,000 farmers supplying fresh milk to its factories in Chile, China, Colombia, India, Mexico and Pakistan. The company also assists coffee producers to implement environmentally socially and economically sustainable farming practices.

Applying Core Business Competencies to Help Halve Hunger

1.2 Developing and supporting SMEs for production, processing and distribution of food and agricultural products

Developing small and medium enterprises (SMEs) by providing financing, communications access and business education opportunities can help strengthen market systems and create a thriving private sector to drive improvements in food production, nutrition and economic development in hungry regions. In Africa and India, rapidly growing urban food markets present an opportunity for rural producers. If this demand is not captured, external suppliers will fill the gap.

A major constraint to increasing food production is farmers' lack of access to agricultural inputs such as fertilizer, improved seeds and adequate water supplies, as well as training on how to effectively use them. Producers of fortified foods and agricultural inputs can benefit from expanding their distribution networks to underserved markets in hungry regions by supporting the development of rural agro-dealers, small-scale retailers and franchise distribution models.

To assist farmers in marketing their produce, companies can help provide storage facilities, telecommunications services with market price information systems, and business development training. Companies can also invest in local agro-processing facilities to capture more added value at the local level, while increasing production capacity. In some cases this requires innovation

to be economically competitive. Investing in local production is particularly cost-effective for products with high transport or refrigeration costs, such as milk or fresh produce. Industries with the capabilities to advance small business development include:

- *Financial services companies* can develop new business models to provide credit and banking services to SMEs.
- *Telecommunications companies* can develop applications useful to SMEs, such as SMS-based market price information systems.
- *Information Technology firms* can provide Internet access, rural telecentres, low-cost hardware and software applications useful to small-scale rural entrepreneurs.
- *Companies with rural distribution networks (producers and retailers of food, beverages, energy, agricultural and medical supplies)* that benefit from expanded distribution networks and aggregated points of sale in rural and underserved regions and can actively help develop them.
- *Food processors and producers*, who can invest in local food processing businesses.
- *Extractive industry companies* can develop small suppliers in remote areas and provide distribution outlets, for example in petrol stations.
- *All companies with managerial, technical or business-development expertise* can assist in SME development as a philanthropic or PPP activity.

Box 3

Examples of SME Development for Food and Agricultural Products

In Brazil, **Nestlé's** Nutri program combines business and social inclusion by recruiting and training residents of very low-income communities to sell nutritious, low-priced food products.

In Kenya, **Safaricom** worked with the Kenya Agricultural Commodity Exchange to develop a market price information system to assist farmers in finding the best prices for their crops using mobile phone networks.

Olam, Technoserve and Global Trading collaborated to develop 14 SME cashew processors in rural Mozambique that sell to global markets.

ExxonMobil's strategy of distributing anti-malarial bed-nets and medicines through its gas stations could be adopted by other energy, retail or food and beverage companies using their distribution networks to distribute agricultural or nutritional products and information.

In India, **Hindustan Lever's** Shakti initiative trains underprivileged rural women to become distributors and salespersons for low-cost personal care and hygiene products, securing market share in India's large rural market while creating economic empowerment for the women involved. The i-Shakti initiative provides villagers with information on health, agriculture, education and other relevant topics that can be downloaded from computers in small kiosks.

Applying Core Business Competencies to Help Halve Hunger

1.3 Expanding farmers' access to new and existing products and technologies

Farmers need effective tools and technologies to produce their goods, yet in many hungry regions it is prohibitively costly or difficult to access basic supplies such as improved seeds, fertilizer or small-scale water pumps. In many cases, public policy, targeted education and capacity strengthening programmes are key to broader distribution and adoption of farming technologies. Particular attention must be paid to encouraging women producers to adopt such farming technologies. Private sector innovation and technical skills can be directed towards developing new low-cost, accessible products that serve the essential needs of hungry and food-insecure people. Of particularly high priority are technologies that increase yields, enhance the nutritional content of food crops and improve the environmental sustainability of cultivation. These include drought-resistant and/or nutrient enriched foodstuffs, water management technologies such as harvesting and micro-irrigation, as well as energy-efficient processing and cooking technologies. The need for new products represents opportunities for innovation to tap emerging markets. Key industries with the capabilities to develop such new products include:

- Agricultural input companies can develop improved or nutrient-rich varieties of staple crops, such as hybrid maize, improved wheat and soybeans.
- Food and beverage companies can use their buying power to help increase demand for improved crops.
- Engineering and energy companies can develop and market efficient, small-scale energy generation technologies for use in agricultural production, agro-processing and food preparation.

1.4 Extending essential services and infrastructure to hungry areas

Hungry and food-insecure regions often have little or no access to essential infrastructure, including transportation, communications and energy. A number of companies are experimenting with new "bottom of the pyramid" business models that extend infrastructure and services to underserved markets. For example, several companies are investing in telecommunications services to rural areas through low-cost handsets, prepaid calling cards, community radio and shared leasing of radio towers.

Other companies are exploring opportunities in the financial services sector, such as wireless electronic transaction networks and other approaches. In energy and engineering, companies are innovating with off-grid energy sources based on solar, wind, biomass and small-scale hydro facilities. New products for low-cost home lighting – such as rechargeable battery lamps – are being developed. However, most of these activities are still at experimental or pilot stages, constrained by technology, transaction costs or poorly developed markets. Large multinational companies could create significant gains by developing and scaling up effective business models, using their economies of scale. Women often face greater economic, social and educational barriers in accessing markets and new products, which can be overcome by appropriate business models.

In areas with inadequate health and nutrition services, companies can sometimes find ways to extend such services through their operations. Employee health and nutrition programmes can be extended to the community through co-

Box 4 Examples of Expanding Access to New and Existing Products and Technologies

The Rockefeller Foundation invested in developing vitamin A-enriched rice and has brokered IPR-sharing agreements for staple crop varieties, establishing the African Agricultural Technology Foundation to facilitate technology transfer and humanitarian product development. It also successfully expanded rural input markets in East Africa by linking large agri-input businesses to small-scale rural stockists, using credit guarantee facilities to lower risks to the private sector.

BASF partnered with Western Seed Co. (a Kenyan firm), the Kenya Agricultural Research Institute (KARI) and the International Maize and Wheat Improvement Center (CIMMYT) to develop insect-resistant seed coatings for maize cultivated by Kenyan smallholders.

Monsanto Company is developing drought tolerant maize varieties that will be provided on a humanitarian basis to sub-Saharan Africa. It has donated rights to staple crops such as golden rice, virus resistant cassava and sweet potato, and insect resistant cowpea.

HarvestPlus provides challenge grants to fund development of nutrient-rich staple crop varieties.

Applying Core Business Competencies to Help Halve Hunger

investment with other partners. Locally based companies can also invest in water purification and land and watershed restoration to recover environmental assets that are essential to local food security. Key industries with the capability to extend essential services and infrastructure include:

- Telecommunications, water, energy and transportation companies can develop new business models and adapted technologies to provide accessible and affordable services to hungry regions.
- Financial services firms can transform their business models and adopt new technologies to extend credit and banking services to underserved areas.
- Engineering and construction companies can develop new approaches to enable access to pro-poor products and infrastructure.

1.5 Acting to reduce the spread of HIV/AIDS

In parts of sub-Saharan Africa, on-farm labour capacity is being devastated by HIV/AIDS. Because the virus tends to strike adults of prime working age, areas with HIV prevalence rates of 30 % or more may lose an even higher percentage of their labour capacity. At the same time, hunger weakens human immune systems and can accelerate the onset or progress of AIDS. The result is a vicious circle of HIV/AIDS and hunger that can drive entire communities and regions into severe food insecurity. The private sector can play an important role in both prevention and treatment of the disease. Key industries with the capability to reduce the spread of HIV/AIDS include:

- Transport, mining, and large-scale commercial farming companies have mobile or migrant worker populations that often serve as vectors for spreading HIV/AIDS. They can implement workplace or community programmes for prevention, diagnosis and treatment of the disease.
- Media and public relations companies can advise public health agencies on effective public awareness campaigns for prevention.
- Pharmaceutical, medical supply and health administration companies are directly engaged in HIV/AIDS treatment.
- All companies operating in endemic regions can implement workplace or community programmes for prevention, diagnosis and treatment of the disease.

2. Improving nutrition through fortified products and consumer education, particularly for mothers and young children

A total of 700 million people worldwide are at risk of micronutrient deficiencies. In Africa, 350 million women and children suffer from deficiencies in iron, vitamin A and folic acid. Such deficiencies bring enormous societal costs: throughout the continent, iron deficiency alone causes US\$ 1.5 billion in productivity losses per year and puts 2 million newborns at risk of death due to maternal anaemia. Among survivors, it lowers average intellectual capacity by 10 to 15%. Vitamin A deficiency kills more than 600,000 children under five years of age each year. Subtler forms of vitamin and mineral deficiencies – often with no clinical symptoms –

Box 5 Examples of Extending Essential Services and Infrastructure to Hungry Areas

In Tanzania, **Ericsson** worked with the United Nations Development Programme's Growing Sustainable Business initiative to develop a new business model to expand its telecommunications infrastructure to rural areas. Cashew farmers in the area, who currently hike to distant hilltops to use their mobile phones, are eagerly awaiting the service.

Visa established a partnership with the nonprofit Foundation for International Community Assistance (FINCA), which provides loans, savings programmes and technical support to small-scale entrepreneurs. and the United States Agency for International Development (USAID). The partnership is working to expand and increase the efficiency of microfinance services to the poor.

In a post-conflict area of Angola, **BP Solar** developed the Paranhos Solar Pilot Project with support from BP Angola and the UK Government. It provides solar energy to the community school and medical centre, as well as for household and other uses. The program trains local technicians on maintenance, and is being evaluated as a model for nationwide application in rural areas.

Applying Core Business Competencies to Help Halve Hunger

can impair cognitive development, compromise immune systems and cause birth defects. Food fortification is widely recognized as a highly cost-effective solution, yet in many developing countries its implementation is limited. Without regulation and high public awareness, many firms choose to avoid the cost and complication of fortifying their products.

2.1 Fortifying food and beverage products for the bottom of the pyramid

In hungry regions, there is a major need and opportunity for production and marketing of food and beverage products fortified with essential vitamins and minerals. Commonly consumed and available foods are the best targets: flour can be fortified with folic acid, iron, and B vitamins; edible oil with vitamin A; and condiments (such as bouillon cubes) with iron and zinc.

Lack of nutrition education and awareness is a significant factor in malnutrition, particularly among mothers and children. Consumer education campaigns can raise awareness about nutrition and sanitation issues, stimulating consumer demand for fortified food and beverages. Unilever has successfully stimulated demand for its soap and fortified food products through public education campaigns. In some cases, however, changing consumer habits and creating sustained demand can be a

"Probably no other technology available today offers as large an opportunity to improve lives and accelerate development at such low cost and in such a short time."

The World Bank¹

challenge, as P&G found with its fortified powdered drink mix, NutriStar, which generated excellent medical results but insufficient market demand. Broad partnerships with public health groups and sustained social marketing can make a difference in building sufficient demand for such products. Multistakeholder engagement can also help promote breastfeeding rather than using breast milk substitutes, a practice codified in international marketing codes. Key industries with the capabilities to fortify food and beverage products for the bottom of the pyramid include:

- Food and beverage manufacturers can develop, distribute and market fortified products.
- Retail and consumer goods companies can sell fortified products, marketing them effectively to poor and hungry populations.
- Biotechnology and seed companies can develop and distribute vitamin-enriched crop varieties to malnourished regions.

2.2 Empowering and educating women and girls

Mothers' health and education are essential to providing adequate care and nourishment to infants and young children, particularly in the vital window from birth to 24 months. As the primary producers and processors of household food, they are key to addressing hunger. Many of the strategies above will particularly benefit women by expanding their access to technology, market opportunities, adequate nutrition and services. Expanding women's access to credit and financial services, commercial distribution networks, information and training services also supports them to become consumers.

Box 6 Examples of Fortifying Food and Beverage Products for the Bottom of the Pyramid

The **Business Alliance for Food Fortification** (BAFF), co-chaired by Unilever, Danone and Coca-Cola, encourages business leadership in eliminating vitamin and mineral deficiencies. Facilitated by the Global Alliance for Improved Nutrition, BAFF encourages voluntary fortification by food and beverage producers based on international guidelines, while working with governments to develop national fortification plans.

In Ghana, **Unilever** worked with the national government to develop and market Annapurna iodised salt, capturing half the refined salt market within three years. In Cote d'Ivoire, the company worked with the National Fortification Alliance to fortify oil with vitamin A.

Tetra Pak is involved in school feeding programmes in 45 countries, providing packaging for over 1 billion litres of fortified milk.

¹ UNICEF and the Micronutrient Initiative, "Vitamin & Mineral Deficiency: A Damage Assessment Report for Nepal," 2004.

Applying Core Business Competencies to Help Halve Hunger

Women's education levels are one of the leading factors in successful efforts to reduce hunger. Investing in girls' education has proven to be a highly cost-effective investment, not only for hunger alleviation but also for broader community health and development. One way to improve girls' educational outcomes and nutrition is through home-grown feeding programmes, which improve performance and increase school attendance (particularly for girls). Providing take-home rations to girls can also provide a strong incentive for families to keep them in school, delaying marriage and gaining knowledge that will help improve their future children's nutritional status. By purchasing school lunch and ration supplies from local producers, these programmes can help stimulate local agricultural production. Some countries, such as China and Thailand, have successfully used school milk programmes to catalyse the development of thriving dairy industries. By working with others along the value chain, agricultural and food companies can initiate a similar approach. Some companies also provide school lunches on a charitable basis.

"Our experience in Thailand and China confirms that school milk programmes can catalyse the commercial growth of dairy products."

Ulla Holm, Tetra Pak

The private sector can also play an important role in building public support for women's empowerment. Promoting women role models inside and outside the business, practicing and advocating for equal treatment of women and engaging in partnerships to improve public policy and institutions to serve women are all avenues of potential engagement for committed companies. Key industries with the capabilities to empower, nourish and educate women and girls:

- Retail companies can distribute products important to women, such as labour saving technologies. They can also promote and advocate for women's empowerment.
- Food, beverage and agribusiness companies can develop products and distribution models that meet the needs of women as both mothers and farmers.
- IT and financial service companies can provide access to information and finance for women, while fitting local cultural contexts.
- Media companies can increase public awareness of gender issues and promote positive role models for women.
- Education and professional services firms can expand education and professional training opportunities available to women.

3. Strengthening governments' commitment and capacity to act against hunger

3.1 Building public and political support for increased investment in hunger reduction

The hungry are among the most politically disempowered members of society, often lacking organized political representation or a unified political voice. As a result, a lack of political will, poorly constructed policies, legislative and regulatory barriers, weak institutions and insufficient public expenditure often exacerbate their plight. These governance failures contribute greatly to food insecurity.

Coordinated advocacy on hunger issues is rarely seen in the private sector, but it has potential to significantly influence global and national actions. On other issues such as health, business alliances have proven to be an effective vehicle for the private sector to coordinate advocacy

Box 7

Examples of Empowering and Educating Women and Girls

In India, **the World Economic Forum's** Rajasthan Education Initiative has engaged a group of IT companies (including Microsoft, Cisco, AMD, Infosys, Wipro and Intel) and the state government to provide improved curricula, teacher training and schools meals in 100 girls' schools.

In several states in India, **Infosys**, through the Akshayapatra Foundation, funds school feeding for more than 300,000 children, based on a belief that improving education contributes to developing a skilled workforce and improves national economic competitiveness. School meals are known to improve girls' enrolment rates.

The **Nike Foundation** makes grants to projects promoting adolescent girls' empowerment in developing countries.

Applying Core Business Competencies to Help Halve Hunger

efforts, establish common priorities and principles, exchange best practices and engage governments in pro-poor policy reform. A business alliance against hunger could make significant advances in raising the public profile of hunger issues and advocating pro-poor solutions in food and agriculture in cases that correspond to business interests.

Committed, individual leadership from the business community can also have a significant impact. By targeting key issues and audiences through public and peer-to-peer advocacy, business leaders can use their knowledge and credibility to leverage change at the highest levels. This includes advocacy for pro-poor trade policy reform, funding for girls' education, elevating the status

of women, increasing investment in agricultural research and agro-industry, and establishing legal property rights for the poor.

Many of these topics receive insufficient attention from policymakers and could significantly benefit from greater private sector advocacy. Businesses can also tap their marketing skills to craft compelling messages, gain public and media exposure and call for action by political leaders to end hunger. Key Industries with the capabilities to build public and political support include:

- Media and public relations companies have targeted communications skills and outlets that can be applied to raise awareness and catalyse action on hunger on an in-kind or partnership basis.

"Corporations have the communications capacity to advocate on a large scale; we need to do more of that."

Ludo Oelrich, TNT

- Food, beverage, retail and consumer companies can use their marketing expertise to deliver key messages on hunger to a broad public audience.
- All industries can potentially engage in policy dialogue and advocacy efforts, individually or collectively.

3.2 Partnering with public agencies and NGOs to strengthen their capacity

For the food production and nutrition system to work, an enabling environment must include infrastructure, health services, education, sound environmental management and concern for the status of women. Most of these essential underlying factors are extremely weak in hungry regions. The public sector normally bears the primary responsibility for addressing these issues, but it often has neither the capacity nor the resources to do so effectively. The private sector can engage in public-private partnerships to address these weaknesses, applying its core competencies to strengthen public institutions and service delivery.

Collaborative capacity building efforts often take the form of PPPs among companies, government or public agencies and/or NGOs. The application of private sector technical and managerial skills to strengthen the capacity of public agencies and NGOs can often bring greater long-term value than cash or in-kind donations. For example, TNT estimates that the technical advice it has provided to improve the World Food Programme's supply chain efficiency and accounting has a benefit-cost ratio ranging from 5:1 – 20:1, in dramatic comparison to cash donations (1:1) and in-kind donations of transportation equipment and services (2:1), making it by far the highest-leverage activity within the partnership.

Box 8 Examples of Building Public and Political Support for Hunger Reduction

Globally, **TNT** helped found and is a primary sponsor of the UN World Food Programme's annual Walk the World event, involving its 161,000 employees. The company also engages in outreach to promote public-private partnerships to address hunger.

Ernst & Young is piloting a staff fellowship programme that offers high-performing North American managers an opportunity to work for up to three months with Technoserve, a US non-profit organization that designs and implements business solutions to problems of rural poverty.

Applying Core Business Competencies to Help Halve Hunger

For public agencies, business partnerships can serve as a vehicle for catalysing efficiency improvements and use of performance-based metrics, potentially leveraging much broader change within the development system. Such collaborations provide professional and leadership development opportunities for all involved and can serve as an additional incentive for staff recruitment and retention at companies. Key industries with the capabilities to strengthen the capacity of public agencies and NGOs include:

- *Professional consulting and accounting firms* can advise on strategy development, operational and organizational improvements, management and transparent accounting techniques. They can also advise governments and other public sector bodies on policy and regulatory issues, benchmarks and best practices;
- *Law firms* can advise on policy design, regulatory frameworks and judicial systems.
- *A wide range of other companies* willing to work with partners on transferring specialized technical expertise (in engineering, logistics, marketing, or nutrition, for example) or general management advice (improving efficiency, communications or accounting).

III. Conclusion

Hunger encompasses many issues, but also many business-related opportunities to engage in solving the problem. In rural areas with high levels of hunger, the distribution of agricultural inputs and improvement of market linkages is the essential first step towards boosting food supplies, nutrition and incomes. Second, the high impacts and low costs of micronutrient fortification make it a priority across the board in both rural and urban areas. Finally, advocacy and strengthening public institutions is a relatively underused opportunity for the private sector to make a significant impact upon hunger. These actions, together with a focus on empowering women, local communities and developing country institutions, will create sustainable solutions to end world hunger.

Box 9 Examples of Partnering with Public Agencies and NGOs to Strengthen their Capacity

The global mail, express and logistics provider **TNT** partnered with the UN World Food Programme (WFP), dedicating professional support to improve the efficiency of WFP's emergency food aid delivery systems, and to improve accounting practices to increase transparency of agency operations. The company estimates that such knowledge transfer projects are by far the highest-leverage activities within the partnership.

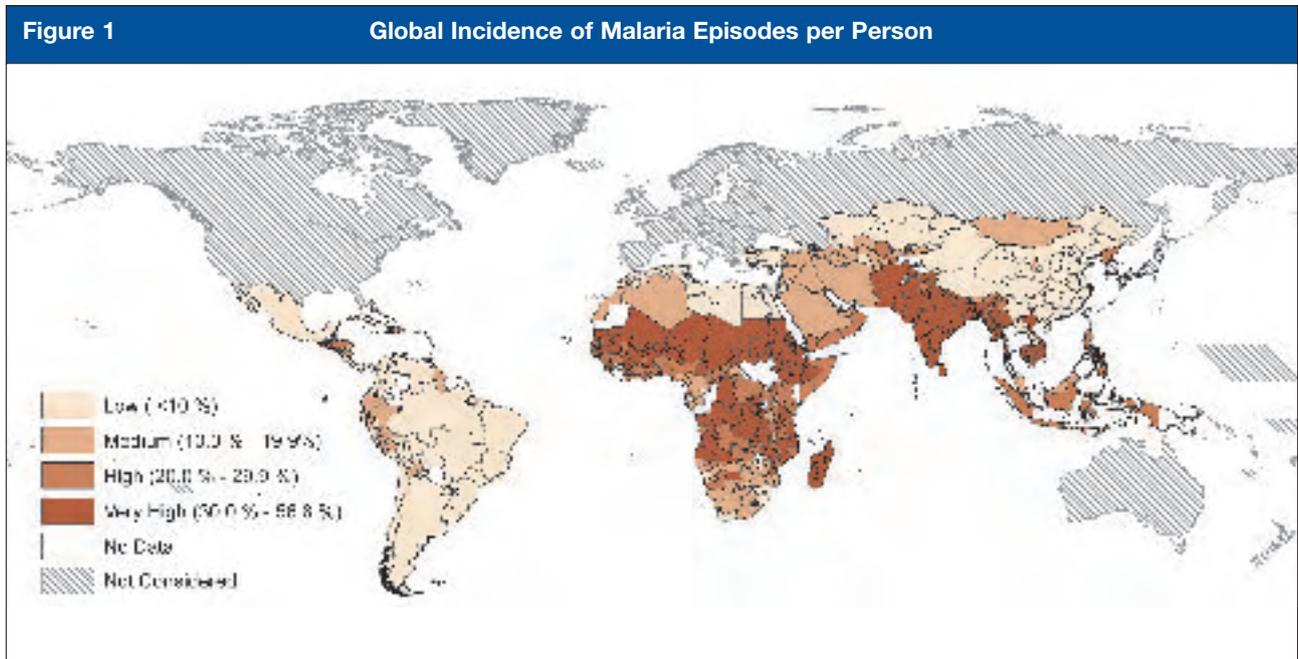
Accenture sponsors a not-for-profit group, Accenture Development Partnerships (ADP), to provide business and technology consulting expertise to NGOs in international development. It offers unique professional development to Accenture staff while providing high quality capacity-building services to NGOs at accessible rates. ADP has worked with a number of organizations in the international development sector on a variety of projects including strategy and planning, supply chain and logistics, ICT, organizational development, change management and operational effectiveness.

Applying Core Business Competencies to Help Halve Hunger

Figure 2 The Food Production and Nutrition Value Chain

Environmental Assets	Agricultural Inputs	Production and Processing	Food and Agriculture Markets	Food Consumption and Nutrition
<p>Climate regularity (temperature, rain)</p> <p>Soil health (fertility, topsoil)</p> <p>Biodiversity (plant, animal, insect)</p> <p>Water resources (rainfall, groundwater, aquifers)</p> <p>Land access (tenure, lease, co-ops)</p> <p>Policy (environmental, land tenure and inheritance)</p> <p>Community practices (environmental management; land/resource access)</p>	<p>Crop varieties and quality Seeds (suited to climate and purpose)</p> <p>Fertilizer (natural, chemical)</p> <p>Water (rainfall, irrigation, pumping, no-till, harvesting)</p> <p>Crop protection (IPM, herbicides, pesticides, etc.)</p> <p>Market access (retailers, transport)</p> <p>Financial access (income, credit, vouchers)</p> <p>Knowledge (training, extension, education)</p> <p>Policy (public finance, regulation)</p>	<p>On-farm labour (capacity, availability, productivity)</p> <p>Paid labour (finance, access, skills)</p> <p>Animal labour (access, finance, training)</p> <p>Technology/ Mechanics (access, finance, policy, information)</p> <p>Processing facilities (commercial, small-scale)</p> <p>Knowledge (education, extension, training, information)</p> <p>Infrastructure (transport, energy)</p> <p>Policy (labour, import/export)</p>	<p>Producers associations (price information, training, storage, wholesaling)</p> <p>Access to buyers (consumers, brokers, retailers, manufacturers, exporters)</p> <p>Financial services and credit (rural banking, credit access)</p> <p>Transportation infrastructure (local, regional, international transport networks, hubs, storage)</p> <p>Education (literacy/numeracy, business development training)</p> <p>Communications infrastructure (telecom, price info systems)</p> <p>Policy and regulation (policy and public finance; legal and regulatory frameworks, product quality standards)</p>	<p>Access to food (physical, financial, social access; food aid and safety nets when needed)</p> <p>Adequate nutrition and quality of food (access to necessary foods and nutrients; product quality and safety)</p> <p>Consumer information/ education (nutrition programmes, education, media)</p> <p>Ability to use food (safe water, cooking fuel, adequate health status)</p> <p>Mothers' health and status (nutrition, education, health care access, breastfeeding support, access to productive assets)</p> <p>Child nutrition and care (education and nutrition programmes)</p> <p>Policy and regulation (trade, food safety, women's rights, community nutrition programmes)</p>

Applying Core Business Competencies to Help Reduce the Incidence of Malaria



Source: World Malaria Report 2005.

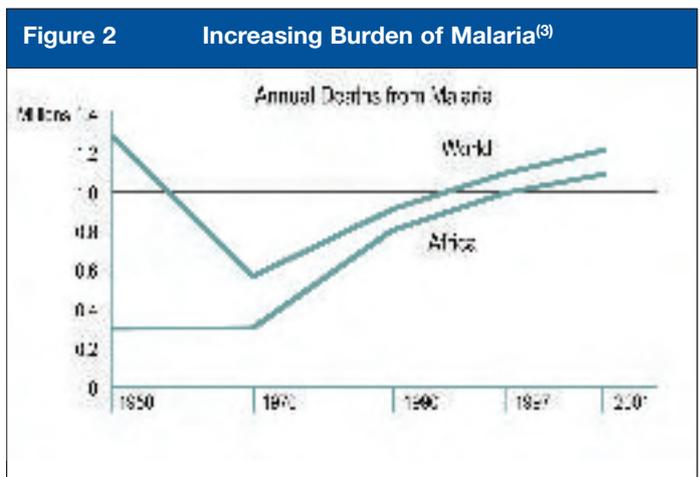
I. Introduction

Between 350 and 500 million clinical episodes of malaria occur each year, with a death toll exceeding one million, primarily among children under five years of age.¹ The disease is endemic in parts of Asia and Latin America, but Africa is worst affected (Figure 1), suffering more than 80% of worldwide fatalities.² The impact on both health and economic output is severe. Yet the burden of disease is actually rising as resistance to the drugs used for treatment has increased sharply in the last 30 years. Despite existing preventive, diagnostic and treatment options, malaria deaths have increased since the 1970s (see Figure 2)³ and the Millennium Development Goal of halving its incidence by 2015 will be difficult to attain.⁴

Malaria is caused by a parasite carried by the female *Anopheles* mosquito and injected into the human bloodstream by the insect's 'bites' during its nightly feeding forays. The parasite invades the patient's liver and red blood cells and proliferates to the point where it infects another feeding mosquito, thus continuing the cycle of disease transmission. Malaria produces severe fever, vomiting, headache and other flu-like symptoms and can eventually lead to death. Young children and pregnant women are especially vulnerable.⁵

Multiple events and initiatives have brought the disease back to the centre stage of global concerns. Examples include: creation of The Global Fund for AIDS, TB, and Malaria;⁶ recent press coverage of the grants made by the Bill and Melinda Gates Foundation to malaria initiatives; activities of the World Bank's Global Strategy and Booster Program;⁷ and creation of the US President's Malaria Initiative.⁸

The staggering human cost of malaria provides an overwhelming case for public sector interventions. This next section explores the business case for the private sector to help reduce the burden of malaria.



Applying Core Business Competencies to Help Reduce the Incidence of Malaria

The business case for action

Envisage a situation where a company plans to invest US\$ 2 billion dollars to add another plant to an existing site in Southern Africa. However, the investment is compromised by low productivity due to malaria absenteeism. Suppose that corporate leadership decides not to abandon the project but to improve the business case by addressing the public health issue. Imagine that this intervention succeeds in increasing productivity to a level that more than justifies the investment and that the new plant reduces overall costs to the company, adding materially to the bottom line while also enabling a tourist industry in the region.

This is not a hypothetical example. It is the real story of an aluminium smelter operated by BHP Billiton in Maputo, Mozambique. A partnership with three governments made it possible, and resulted in reducing malaria incidence by nearly 80 % within a 100,000 square kilometre area over a five-year period.⁹

Incentives and capabilities to intervene in malaria control differ across sectors. Examples from industries as diverse as energy, chemicals, pharmaceuticals and travel and tourism provide evidence that intervening against malaria can be the 'business of business'. From an incentives perspective, tackling malaria can:

- Address the risks to human resources and assets/capital.
- Enable market opportunities.
- Enhance intangible assets such as corporate morale, reputation and goodwill.

Address the risks to human resources and assets/capital

For companies with operations in malaria-endemic regions, malaria is a risk to employee health and to the health of workers' families.

This translates into significant costs associated with acute healthcare expenses and depressed productivity.¹⁰ By implementing workplace programs to roll back malaria, companies can protect themselves from these direct and indirect costs.

"When people are not well or are absent because of malaria, we have to hire temps, train them and bear the medical costs of treatment and insurance. That gets to be expensive. We have found prevention to be a cost-effective way to protect our employees."

**Ursula Lebuso, HR Officer:
Employment Equity and HR
Projects, Sun International**

Enable market opportunities

Malaria is a key barrier to economic development. It perpetuates a vicious cycle of poverty and disease that negatively impacts productivity and investment. The disease is estimated to slow economic development by up to 1.3% each year.¹¹ Interventions can increase productivity, encourage market expansion, boost household spending and change consumption patterns.¹² In particular, companies participating in the market for prevention or treatment of malaria have the incentive to not only enhance their brand and/or support corporate values, but also to facilitate market growth and profitability. Key products include insecticide-treated mosquito nets, insecticides and antimalarial drugs. Serving this market requires expansion of existing infrastructure and better use of both public and private channels.

"As with any consumer goods company, we recognize that controlling malaria can be good for our bottom line. Alleviating the malaria burden improves economies and opens up a broader range of choices for our existing and potential future customers."

**Dr Murray Coombs, Business
Group Doctor, Unilever.**

Enhance intangible assets such as corporate morale, reputation and goodwill

As the corporation has become a dominant global and national institution, society's expectations have changed. Companies that are able to contribute to global health are expected to do so. Companies with the unique capability to directly impact malaria are expected to do so, and not taking action creates the potential for reputational risk. For example, pharmaceutical companies currently face significant public pressure to engage in neglected disease solutions.

"Our commitment to a core principle of 'Zero Harm' enhances our license to operate, discover and add value to resources. Proving the concept of responsible mining generates goodwill which has translated into stakeholder value."

**Andre van der Bergh, Regional
Advisor, Southern Africa Health,
Safety, Environment, and
Communities, BHP
Billiton**

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

Current malaria interventions

Most stakeholders believe that the effective control of malaria requires a multi-pronged approach that includes intervention in the three areas of prevention, diagnosis and treatment.

- Prevention can be achieved either by inhibiting the mosquito, so-called integrated vector management¹³ (involving reducing water pools that serve as mosquito breeding grounds, indoor residual spraying, and insecticide-treated nets), or by the use of pharmaceutical products, including anti-malaria drugs and potentially vaccinations when they become available.¹⁴
- Diagnosis is an underutilized intervention. This is changing, particularly in Asia where expensive ACT drugs are making diagnosis more routine. However, symptomatic diagnosis remains dominant, which leads to a significant number of treatments of non-malarial fever. This in turn increases parasite resistance to treatment drugs.¹⁵ Laboratory smear tests are also used, but the equipment is expensive and requires sufficient infrastructure and proper training. Although rapid diagnostic tests have entered the market, they are relatively expensive.¹⁶
- Treatment typically involves a course of tablets. The World Health Organization now recommends artemisinin-based combination therapies of two drugs as first-line treatment to delay malaria parasite resistance.¹⁷ Severe cases of malaria can require hospitalization and intravenous drug treatments.

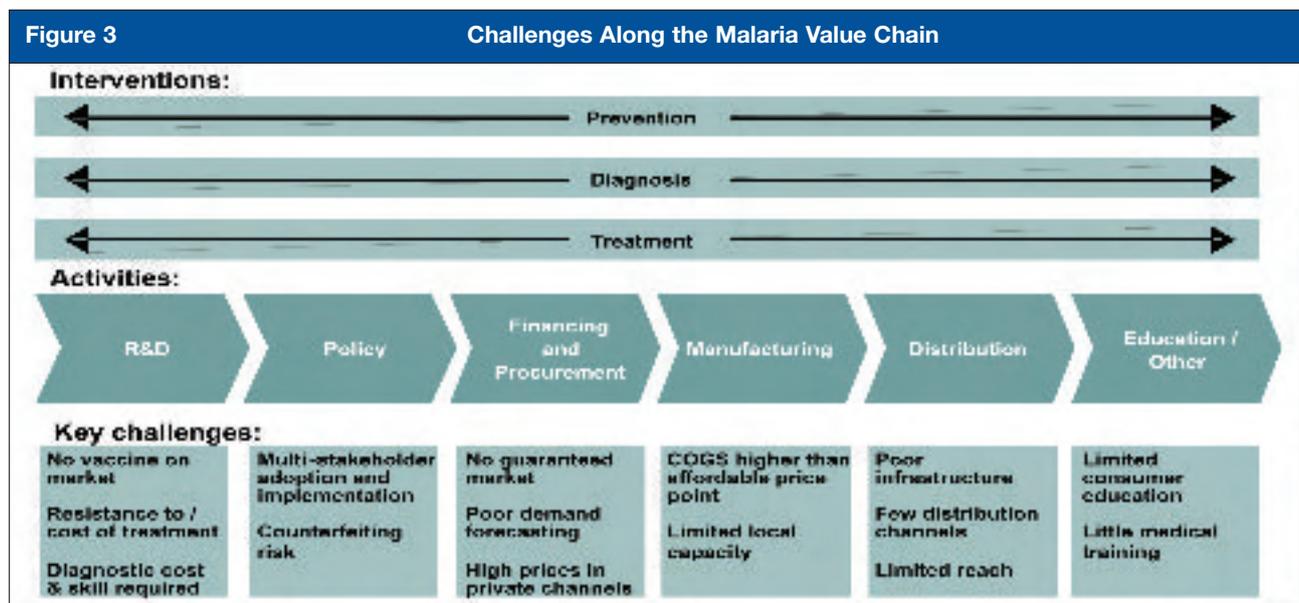
Interventions need to be managed as a collective portfolio through coordinated effort among private and public sector stakeholders. Public-private partnerships (PPPs) have made considerable progress as a vehicle to align capabilities, incentives and needs. For example, the Medicines for Malaria Venture (MMV), the Foundation for New Innovative Diagnostics (FIND) and the Malaria Vaccines Initiative (MVI) with substantial support from the Bill and Melinda Gates Foundation, have significantly advanced the R&D agenda on malaria interventions.¹⁸

Private sector interventions in malaria will be most effective where business incentives and capabilities coincide with activities required by the value chain, as described in the next section.

The public health value chain for malaria

Employing malaria interventions requires a set of underlying activities – an effective 'value chain' (see Figure 3) ranging from research and development to marketing and distribution. Activities in the malaria value chain seek to ensure the availability, affordability and accessibility of effective interventions. Each step of the chain has a unique and complex set of challenges that must be addressed to ensure optimal impact.¹⁹

As the malaria parasite continues to develop resistance to prevention and treatment options, effective interventions will increasingly depend on the invention, development and delivery of new technologies such as vaccines, long lasting mosquito nets, new drug therapies, and so on.



Applying Core Business Competencies to Help Reduce the Incidence of Malaria

For example, securing a sufficient number of new therapeutics will cost hundreds of millions of dollars in research and development alone. Sustainable mechanisms are required to cover these costs and thereby enable the application of private sector innovation.

Just as crucial are timely and well-informed policy decisions to ensure the availability of the most appropriate technologies and to protect against counterfeits. Adopting and implementing effective policy requires coordinated stakeholder engagement, global and local advocacy for change, and information sharing on new product characteristics.

Financing, procurement and manufacturing have a direct impact on the affordability of interventions. While accurate demand forecasting is needed to ensure a sufficient supply of affordable options, it is difficult to make such forecasts in data poor environments. Reducing the cost of goods sold (COGS) through efficient supply chains and establishing economies of scale can drive down new intervention costs. Affordable prices, particularly in the private sector, require a competitive market environment and, in some cases, consumer subsidies, such as vouchers for insecticide-treated nets.²⁰

Current distribution infrastructure for malaria interventions is often insufficient to reach those most in need, particularly in remote communities. Effective health service delivery systems require building local capacity, extending distribution reach and supporting logistics coordination to ensure access to prevention, diagnosis, and treatment.

Finally, education activities are needed to optimize uptake by increasing awareness and acceptability, stimulating demand and ensuring proper training of healthcare providers. Global advocacy to increase awareness of malaria needs is also critical to securing continued international commitment to the malaria agenda.

Each link of the value chain represents an opportunity for private sector engagement. Below, Section II identifies and illustrates examples of the ways in which the private sector can effectively leverage its core capabilities to meet some of the most pressing challenges in malaria intervention.

"Its key to understand first what's needed, then what your company would consider a competitive advantage in this space, and then join the dots to determine what can actually be done."

Dr Steven Phillips, Medical Director,
Global Issues and Projects,
ExxonMobil

II. Top Opportunities for Applying Business Capabilities

Business has three main sets of capabilities that can be deployed to address the needs along the malaria value chain: innovation, operations and project management, and facilitation and advocacy.

As with any business decision, malaria interventions require that a corporation consider how its core competencies can be leveraged. Business has three main sets of capabilities that can be deployed to address the needs along the malaria value chain: innovation, operations and project management, and facilitation and advocacy. Box 1 maps these capabilities against the needs identified in Section I.

Box 1

Malaria: Top Opportunities for Applying Business Capabilities

1) Innovation of new technologies and products to prevent, diagnose and treat malaria

- Discover and develop new vaccines and drug treatments.
- Invent less expensive, easier to use technologies for diagnosis.
- Develop innovative integrated vector management solutions.
- Transfer technology and build local capacity to reduce costs and delivery time.

2) Operations and project management for supply chain and logistics

- Share tools and skills with the public sector to improve efficiency, such as in forecasting and project management.
- Leverage distribution networks and retail channels to increase access.
- Implement malaria control programmes for the workplace and surrounding communities.

3) Advocacy and facilitation of multistakeholder cooperation

- Build public and political support for advance purchase agreements and subsidizing malaria commodities.
- Provide a forum to convene stakeholders to address policy issues.
- Leverage distribution networks and retail channels for community education.

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

By directly associating business capabilities with needs across the value chain, it is possible to identify value-creating scenarios where, for instance, courier companies support distribution and the bio-pharmaceutical industry develops vaccines. This section highlights some of these direct associations and also demonstrates, through case studies, that companies can contribute beyond their intrinsic strengths by creating synergistic partnerships across the private and public sectors.

"To make a difference, you have to be smart in picking projects that support your strategy and core business. Success comes through operational partnerships where benefits and risks are shared across the stakeholders."

Phil Davis, Managing Director for Environmental Health, Sumitomo Chemical (UK)

1. Product Innovation

The new product development capabilities of corporate R&D (fostered by intellectual property protection) are required to create new solutions. Examples of key industries leveraging innovation capabilities are:

- *Bio-pharmaceutical companies* can discover and develop vaccines and therapies.
- *Diagnostics companies* can invent simpler, cheaper technologies.
- *Insect control companies* can improve current technologies for integrated vector management, such as spraying and mosquito nets.

1.1 Case Study: Enabling early adoption of innovative insecticide-treated net technology for vector management

This case study describes how a consortium of organizations joined to innovate and deploy a novel insecticide treated net technology. Conventional insecticide treated bed-nets provide protection for up to six months and then must be re-treated. The short lifetime and the effort required to re-treat the nets limits their effectiveness at preventing malaria transmission.²⁵

"One has to constantly adapt the model for innovation. Royalty free technology transfer worked on a small scale of three million nets, but expanding to a global capacity of 23 million is requiring a joint venture approach."

Phil Davis, Managing Director for Environmental Health, Sumitomo Chemical (UK)

A partnership between ExxonMobil, whose operations in Africa are almost entirely in malaria-endemic regions; Sumitomo Chemical, a Japanese chemicals company; Acumen Fund, a venture philanthropy fund; A to Z Textile Mills Ltd., an African bed-net manufacturer; WHO and UNICEF, resulted in the introduction of a new mosquito net technology with a lifetime of up to five years - the long lasting insecticidal treated net (LLIN). The A to Z plant now has the capacity to produce three million Olyset LLINs per year.²⁶

Box 2

Examples of Private Sector Product Innovation

Becton Dickinson developed the Quantitative Buffy Coat (QBC) apparatus for malaria diagnosis, which acted as a catalyst to create a tropical diagnostics industry.²¹

ICI, a British chemical company, led the development of the pyrethroid family of insecticides and established a unit for low-cost distribution of the compound.²²

Companies such as **Bayer CropScience, Syngenta, Siam Dutch and BASF** are involved in developing insecticide treated nets (ITNs) for vector management.²³

Novartis has developed an artemisinin-based treatment therapy that has been approved as a first-line treatment by the World Health Organization. **GSK** has a vaccine in development, and **Ranbaxy** is developing a synthetic version of an artemisinin-based combination treatment therapy.²⁴

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

The key elements of private sector involvement in this case include:

- *Incentive:* ExxonMobil and Sumitomo Chemical set an internal standard that a malaria death should be considered as unacceptable as any other safety-related fatality, thereby putting malaria on an equal footing with other operational business issues. As one of the largest and lowest-cost manufacturers of bed-nets in Africa, A to Z wanted to establish and later expand its capacity to produce the Olyset LLIN.
- *Innovation:* Sumitomo Chemical transferred the Olyset LLIN technology to A to Z royalty free and delivered the raw materials. Acumen Fund provided US\$ 325,000 of initial debt financing to fund the technology transfer to A to Z and to build manufacturing capacity. It has also invested an additional US\$ 675,000 to establish alternative channels to develop a commercial market, for example using direct sales agents.
- *Operations and project management:* To assist with technology transfer, ExxonMobil contributed technical and project management assistance and granted US\$ 250,000 to UNICEF to support purchase and distribution of LLINs to the most vulnerable populations. Sumitomo continues to support A to Z's quality control programme, which is critical to ensuring global standards.
- *Advocacy and facilitation:* ExxonMobil and Sumitomo Chemical supported advocacy and awareness activities, such as staging a high profile music concert focused on rolling back malaria that raised funds to buy 50,000 insecticide treated nets. Vouchers have been introduced by several partners, including UNICEF, Population Services International (PSI), NetMark and GFATM to generate market demand for insecticide-treated nets.

Today, A to Z and Sumitomo Chemical are leveraging their distribution networks across the continent to extend LLIN reach to the most remote communities and most vulnerable populations. Vouchers reducing the cost of LLINs by US\$ 2.75 to US\$ 3-5 are distributed at prenatal clinics to pregnant women and can be redeemed at local retail outlets. Additionally, ExxonMobil has leveraged its network of retail gasoline service stations to distribute some of the voucher-subsidized Olyset nets. Currently, more than one million lives are protected by Olyset LLINs manufactured in the A to Z factory.²⁷

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

2. Operations and Project Management

Many malaria-endemic regions suffer from weak infrastructure, not only in medical services, but also in areas such as supply chain management, forecasting and tracking tools and distribution capabilities. Some specific opportunities to leverage private sector operations and project management capabilities are:

- *Food and beverage companies* can promote malaria products, stock channels and track usage.
- *Energy companies* can leverage their fuel distribution infrastructure and network of retail outlets (e.g. petrol stations) for malaria product distribution and/or education.
- *Healthcare companies* can educate and train health workers in medical competencies, such as good laboratory practices and effective use of treatment options.

“One of the most important things we do is training around good laboratory practice. The return may not be immediately measurable, but the training facilitates building infrastructure and capabilities for future markets.”

Krista Thompson, Vice President/
General Manager, HIV/AIDS of BD
(Becton, Dickinson and
Company)

2.1 Case Study: Productivity gains at a smelting plant

This case study describes how a company leveraged its operations and facilitation capabilities to strengthen regional vector management initiatives through a public-private partnership.

In 1999 malaria was one of BHP Billiton’s most formidable enemies. Their Mozal smelter had more than 6,000 recorded cases of malaria, 13 fatalities, and falling productivity through absenteeism and sickness. Construction timelines were at risk and the future of the smelter, an investment of more than US\$ 2 billion, was threatened.³⁰

At about the same time Mozambique, South Africa and Swaziland signed an agreement for joint economic development and promoting tourism in the Lubombo area.³¹ Key malaria intervention activities for the partnership included indoor residential spraying (IRS) of insecticides and ensuring early effective treatment of malaria cases by implementing rapid diagnostic malaria tests (RDTs) and highly effective artemisinin-based combination therapy (ACTs)³². BHP Billiton recognized the connection between malaria and economic development and decided to join the Lubombo Spatial Development Initiative (LSDI) in 2000.

BHP Billiton brings core business capabilities to the partnership, including robust financial controls and oversight, metrics to track performance and project management skills. The Regional Malaria Control Commission provides technical management, training and IRS, RDT and ACT deployment across the three countries, working in close collaboration with each country’s ministry of health.³³ As it grew, the unit costs of running the programme declined and overall quality increased. For BHP Billiton, malaria control was a cost-effective investment

Box 3

Examples of Operations and Project Management

Novartis is partnering with the Tanzanian Ministry of Health, Swiss Development Cooperation, the Swiss Tropical Institute and NGOs to improve access to comprehensive anti-malarial services for poor communities in sub-Saharan Africa.²⁸

DHL worked with the **Roll Back Malaria Partnership** (RBM) to transport testing equipment to support the delivery of 780,000 insecticide-treated mosquito nets for a nationwide campaign in Togo.²⁹

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

which enhanced their bottom line and the long-term sustainability of the plant investment.³⁴

Key elements of private sector intervention in this case include:

- **Incentive:** Malaria is a threat to human resources and physical asset productivity. BHP Billiton's actions at regional level were to protect not only its own workers, but also the community in which it had invested.
- **Innovation:** A novel trilateral public-private partnership facilitated regional development through massive scale indoor residual spraying, covering more than 1.8 million structures³⁵. The partnership included BHP Billiton, The Business Trust and multiple public sector partners including the South Africa, Mozambique and Swaziland Ministries of Health; The South African Medical Research Council and the University of Cape Town.³⁶
- **Operations and project management:** BHP Billiton provided cornerstone funding of US\$ 480,000 in the first year to support the trilateral initiative. It has continued to increase financial support over the last five years and has also supported project management for the large scale spraying operation. The GFATM has also provided financial support to the initiative.³⁷
- **Advocacy and facilitation:** Together with LSDI, BHP Billiton provides support and a neutral forum to convene local and regional government bodies.

Today, the LSDI has completed indoor residual spraying (IRS) over 100,000 square kilometres of contiguous control area, protecting a population of 4.7 million people. Malaria prevalence in the Mozal region has been reduced by nearly 80% allowing construction of second smelter which considerably decreased incremental operational costs.

"For us, the role of business is more than charity and a bottom line; it is to be a catalyst for economic development through real action and a sustainable development agenda. This is about more than malaria control – by addressing malaria, we are removing a key obstacle to human and economic development in the region."

Andre van der Bergh, Regional Advisor,
Southern Africa Health, Safety,
Environment and Communities, BHP
Billiton

Small business development, mainly in tourism, has created about 1,000 jobs.³⁹ The initiative has also engaged in local capacity building, which is of critical importance in Africa. This has included building research, technical and other competencies required for locally driven effective malaria intervention. The initiative's success derives from a fully integrated approach which requires countries to work together to harmonize intervention strategies.

3. Advocacy and facilitation

The convening and coordinating power that corporations bring to bear on governments and NGOs to lobby for favourable legislation and trade rules is a valuable asset in addressing policy and regulatory issues. For instance, corporations have taken up the cause of highlighting the shortage of medical expertise, technology transfer, consumer education and the dangers of counterfeits. Examples of the kinds of companies with core capabilities for advocacy and facilitation are:

- **Media and public relations companies** can advise public health agencies on effective public awareness campaigns for malaria prevention.
- **Energy and pharmaceutical companies** that can provide support to NGOs and governments to help shape policy.
- **Any company** with a strong brand that can be leveraged to raise awareness of the humanitarian and economic burden of malaria.
- **Companies with marketing expertise** that can be used to create demand for and ensure proper use of malaria interventions such as insecticide treated nets.

"We have developed great lobbying, coordinating and marketing skills and have applied these core competencies in our efforts to increase consumer awareness of malaria as well as other life threatening diseases."

Jenni Gillies, HIV/AIDS Specialist,
SABMiller

Applying Core Business Competencies to Help Reduce the Incidence of Malaria

Box 4

Examples of Advocacy and Facilitation

GlaxoSmithKline's African Malaria Partnership committed US\$ 1.5 million in 2005 to the Malaria Consortium to expand international malaria advocacy to increase resources for prevention and treatment.³⁵

Unilever has initiated workplace programmes providing education, preventive care and treatment to employees on all of their agricultural plantations in Africa.³⁶

Sun International promotes a Malaria-Free Zone highlighting its malaria-free gaming resorts, which receive more than 1,000 tourist visits every month. Accompanying integrated vector management programmes have sprayed almost 31,000 households in a 17-kilometre radius.³⁷

Since 2000, **ExxonMobil** has focused on advocacy for increased international awareness and resources through its Africa Health Initiative. To date, it has spent more than US\$ 11.5 million on R&D, advocacy and field malaria control projects and is continuing to invest with a focus on African countries with major ExxonMobil operations and employee presence.³⁸

III. Conclusion

Even given appropriate incentives and capabilities, private sector interventions in malaria are not without risk. Demand scenarios can be volatile, break-even projects can easily sustain losses and under-delivery can recast the best intended actions as part of the problem rather than a solution, creating PR challenges. Activities must also be carefully coordinated to avoid replicating work already being done. Best practices from successful interventions suggest 10 key questions for companies to ask to strategically determine opportunities for action on malaria:

- What is our credible self-interest? (How do we benefit?)
- What is the value proposition? (How do others benefit?)
- How will we establish sufficiency? (How much is enough?)
- How can we manage our involvement to create a measurable result in business terms?

- What is the overall roadmap?
- How can we appropriately set expectations?
- Where can we contribute uniquely?
- Where can we partner complementarily?
- How can we start small and scale up based on key learnings?
- Who will provide credible, sustainable leadership for the corporation?

A structured and systematic approach to answering these questions can provide corporate leadership with actionable strategies to effectively engage in efforts to control malaria.

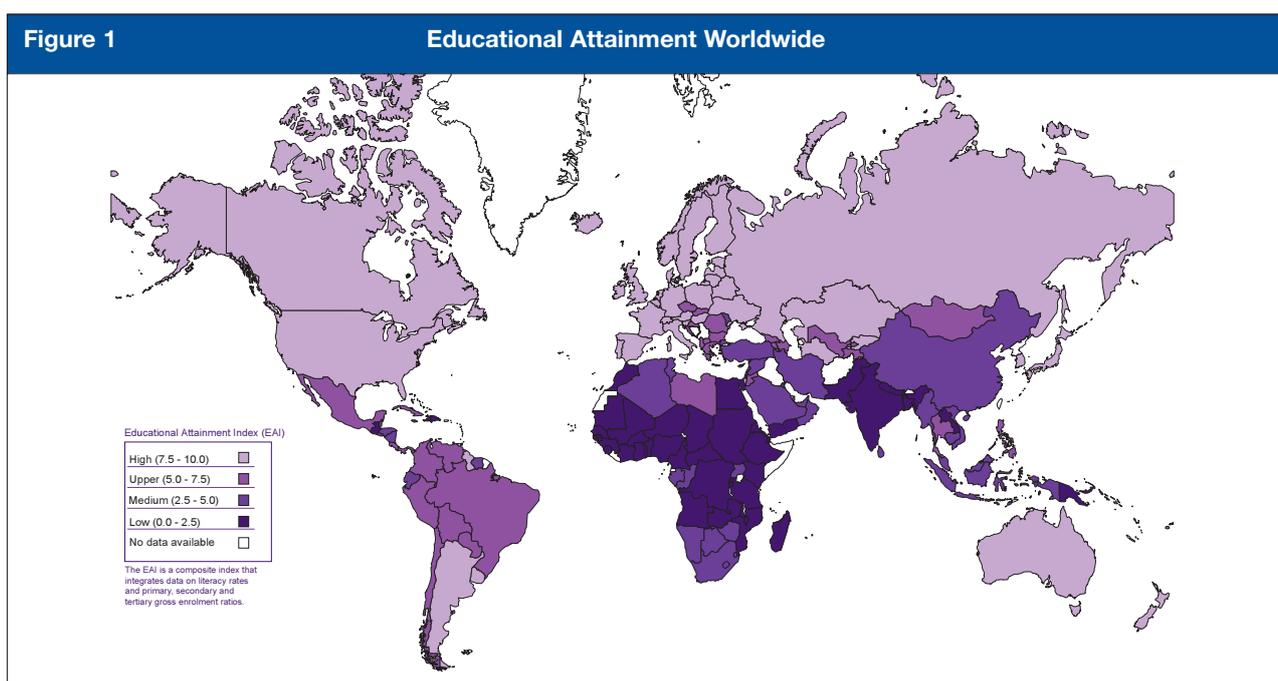
Applying Core Business Competencies to Help Achieve Universal Primary Education

I. Introduction

The Millennium Development Goal (MDG) on education pledges to ensure that by 2015 children everywhere – boys and girls alike – will be able to complete a full course of primary schooling. However, since 2000, much of the world is not on track to meet this goal. More than 100 million school-aged children do not attend school; of these, 60% are girls. The vast majority (96%) are in the developing world, particularly sub-Saharan Africa and South Asia. Among children who do enrol, many drop out before completing primary school. In sub-Saharan Africa, primary school enrolment is 58% and the completion rate just 33%.⁴⁰

Developing countries addressing education challenges fall into two distinct groups. Many growing or middle-income countries have seen major improvements in enrolment rates in recent years. These schools are still under funded; they lack supplies and modern curricula and need additional resources to provide quality education. However, the more severe challenge is in some least developed countries where enrolment rates are very low. These schools also lack essential supplies, but the first priority is to create an environment suitable for learning by addressing basic needs for school infrastructure, as well as students' health and nutrition.

The cost of achieving the education MDG is estimated at between US\$ 7 to US\$ 17 billion per year⁴¹ – figures unlikely to be attained by public funding alone. In poor countries, challenges extend across the education system. Developing country education systems face significant challenges. One of the most visible is the lack of sufficient funding, which reflects weak political commitment at national and global levels and frequently poor management of existing funds. Additionally, many schools lack basic amenities, including teaching materials, electricity and sanitary facilities. There is an acute shortage of teachers, and existing educators may be poorly trained or frequently absent. Curriculum may not meet national or international standards or effectively prepare students for skilled jobs, especially those in technology-focused industries. Transforming attitudes and expanding opportunities to raise the perceived value of education is often needed in poor countries. For example, many poor children do not attend school because their household or work responsibilities represent a more immediate imperative for the family than potential future income that may be gained through education. Girls in particular often miss school due to home responsibilities or because the school does not offer them a safe or culturally appropriate environment.



Source: Maplecroft (2006), <http://maps.maplecroft.com>

Applying Core Business Competencies to Help Achieve Universal Primary Education

Education is critical to all countries and is recognized as a necessary condition for sustained economic growth. Education is closely linked to health by reducing HIV/AIDS infections, maternal and child mortality. Educating girls and women was a major factor in reducing hunger from 1970 to 1995. There is also a moral imperative to provide children with the opportunity for education, which is recognized as a fundamental right in the 1948 Universal Declaration of Human Rights.

"For India to maintain its competitive advantage in the global knowledge economy, we need people with strong technical, business and communication skills. This requires industry-academia partnerships to help prepare students to meet the demands of the industry and integrate their theoretical knowledge with practical experience."⁴²

Nandan Nilekani, Infosys Technologies

- *Increasing purchasing power.* Well-educated children are more likely to have higher paying jobs as adults, giving them more purchasing power and boosting the country's economic growth.⁴³
- *Improving productivity.* Primary education is a key factor in manufacturing productivity in least developed countries, while post-primary education is necessary for innovation.⁴⁴

Improving education around the world is in the long-term interest of every business. Individual firms may benefit from engaging in education projects in a variety of ways, including:

- *Enhancing skills of workers.* Firms operating in a developing country can invest in the future of its workforce by helping to improve the country's education system.
- *Developing new markets.* By collaborating with local partners, companies can test new business models or products and gain access to new markets. Education partnerships can also help facilitate new business relationships.
- *Enhancing brand reputation and strengthening community relations.* Corporate engagement in educational programmes can build brand recognition. Long-term investments in education infrastructure can solidify the firm's presence in the community.
- *Employee motivation.* Engaging in education-related projects can bolster employee morale and retention.

The Business Case for Improving Education

An effective education system is critical to economic growth and developing a thriving private sector. Improving education benefits the private sector in several significant ways by:

- *Building a skilled labour force.* Education expands the pool of qualified workers, which attracts foreign investment and leads to job creation.

Box 1

Basic Education: Top Opportunities for Applying Business Capabilities

1) Establish the basic conditions for effective learning

- Improve school infrastructure.
- Develop and distribute appropriate supplies and equipment.
- Provide school meals and health services.
- Expand access to affordable, quality education.

2) Improve educational content and skill building

- Strengthen curriculum, content and teacher training.
- Enable appropriate 21st century skill building for employability.

3) Foster effective education management

- Promote performance-oriented, results-driven management and innovation.
- Develop financing mechanisms and planning.

4) Engaging in advocacy

- Build public support and political commitment to improve education.
- Create new models that engage all stakeholders in collaborative PPPs.

Applying Core Business Competencies to Help Achieve Universal Primary Education

II. Top Opportunities for Applying Business Capabilities

The education value chain (shown in Table 1, p. 40) presents opportunities for involvement among a wide range of industries. These range from helping to meet infrastructural and educational supply needs to improving management systems at local and national levels. Even if their core business does not directly relate to the education sector, many companies find their core competencies can add significant value. For education, the most sustainable private sector interventions are often through public-private partnerships, although there is also significant scope for philanthropic support. The high leverage opportunities for business engagement outlined below are those where a significant private sector competency can be applied effectively to high need areas in the education system.

1. Establishing the Basic Conditions for Effective Learning

1.1 Improve school infrastructure

In extremely poor regions, many schools lack basic infrastructure, such as weatherproof buildings, sufficient classroom space, clean drinking water, sanitation facilities, electricity and furniture. Providing basic facilities can have far-reaching effects. For example, a study in Uganda concluded that the lack of separate latrines for girls was a major factor forcing girls out of schools.⁴⁵ In these countries, capital investment is urgently needed before capacity can be increased in other areas of the education value chain.

Box 2 Example of Improving School Infrastructure

Shell has invested in improving Nigeria's education system by funding infrastructure and equipment (science supplies and textbooks), teacher training and adult literacy programmes. It awards 2,600 secondary school and 850 university scholarships annually. To involve the community, local authorities conduct the tests for the scholarship.

Philanthropic contributions, although not sustainable over the long term, can provide funds for basic school infrastructure. Expertise and resources from the private sector deployed within a public-private partnership can help accelerate progress, particularly in regions where there has been little recent improvement.

Industries with particular competencies on these fronts include:

- *Banking companies* can establish financing mechanisms for capital investment.
- *Construction and engineering companies* can assist in the design, construction and maintenance of new or upgraded facilities.
- *Energy companies* can provide generators so schools can have electricity.
- *Logistics and transport companies* can distribute supplies necessary for capital improvements.
- *Telecommunications companies* can connect schools to communications networks to allow for telephone and Internet access.

1.2 Develop and distribute appropriate supplies and equipment

Many developing country schools lack the most basic traditional supplies such as textbooks, notebooks and blackboards, not to mention computer, laboratory or other equipment. Both as manufacturers and as philanthropic supporters, private sector firms can play a role in providing sufficient supplies to prepare students for 21st century economies. Industries with capabilities in this arena include:

- *Information technology and telecommunications firms* can produce lower-cost equipment that meets the educational needs of a developing educational market.
- *Logistics and transport companies* can deliver supplies and equipment.
- *Pulp and paper companies* can provide resources for books that meet the requirements of local curricula.
- *Retail and consumer companies* can contribute and deliver school supplies and/or equipment through their rural distribution networks.

Applying Core Business Competencies to Help Achieve Universal Primary Education

Box 3

Examples of Providing School Meals and Health Services

Infosys Technologies helped found and lead the Akshaya Patra foundation, an NGO that serves midday meals to hundreds of thousands of children per day in several Indian states. The programme, which targets poor and food-insecure populations, has improved student enrolment, retention and participation, while dramatically reducing nutrition related problems such as skin infections, anaemia and underweight. It plans to serve 1,000,000 children daily by 2010. Its operations are audited by KPMG.

ExxonMobil employees volunteer at the Mukuru Promotion Centre, which provides services to slum children in Nairobi. Run by the Sisters of Mercy, the Centre includes schools that provide daily hot meals to over 4,200 students. Attendance increased with the provision of clean sanitary and washing facilities for students. The Centre also serves as a “front line” provider of community health services, giving medicine and meals to students’ family members if they fall ill.

1.3 Provide school meals and health services

In many poor countries, students’ health and nutrition levels are an essential need that must be addressed in order to make further progress in the classroom, in terms of both attendance and performance. Schools offering basic meals, healthcare and health education may become the “front line” providers of such services in the community. In least developed countries, school feeding programmes are one of the most effective methods for significantly increasing enrolment, particularly for girls. As one expert noted, “A hungry child can not concentrate...Hungry children are unlikely to stay in school. School-based feeding programmes have proven effective in encouraging enrolment, increasing attention spans, and improving attendance.” Studies in Pakistan, Cameroon, Morocco, Jamaica, Niger and other countries have confirmed these conclusions.⁴⁶ Schools can also provide micronutrient supplements such as iron and iodine to significantly improve students’ nutritional status at very little cost.

Providing basic health services and education can also increase attendance. Annual de-worming costs just US\$ 0.20 per child and can dramatically improve attendance. For example, in Kenya a school based treatment of hookworm reduced absenteeism by 25%.⁴⁷ Health education and training are critical components of a poor student’s education and should be integrated into the everyday curriculum. Many private sector industries can play a role in improving student nutrition, for example:

- *Agribusiness, food and beverage companies* can provide fortified food, supplements and set up school meals programmes sourced from locally produced food.
- *Healthcare and pharmaceutical companies* can support the provision of basic services, medicines and basic health education for children through extension workers.

Box 4 Example of Expanding Access to Affordable Education

The **Bradesco Foundation** is Brazil’s largest private provider of free education. The Foundation’s 39 schools across the country provide kindergarten, elementary, high school and technical education to nearly 50,000 students, with another 50,000 attending adult education classes each year. Dropout rates are lower than 3%. Half a million students have been through the schools in the last 50 years.

1.4 Expand access to affordable, quality education

Reducing the cost of education can dramatically increase educational access and enrolment. This can be achieved through providing scholarships, eliminating school fees or providing cash transfers conditional on school attendance. Often the greatest increase in enrolment is seen among girls. For example, when Uganda eliminated school fees, total enrolment nearly doubled in two years and enrolment among the poorest girls rose from 46% to 82%.⁴⁸

Scholarships to post-primary educational institutions also offer both incentives and opportunities for students. By producing more highly educated students, scholarships may also expand the pool of potential teachers.

All industries can support scholarships on a philanthropic basis. Companies with long-term fixed investments – such as energy firms – increasingly are investing in education as part of their community relations building activities. This contributes to a skilled workforce, improved community relations and enhanced company reputation.

Applying Core Business Competencies to Help Achieve Universal Primary Education

2. Improving Educational Content and Skill Building

2.1 Strengthen curriculum, content and teacher training

In many countries, schools are already able to provide the most basic needs to create a suitable learning environment. However, significant barriers to learning remain, including inappropriate or insufficient textbooks, outdated curricula and teachers who lack required skills. For many schools, increased use of ICT is the best way to improve educational content and quality, while at the same time building essential employment skills. Where teaching expertise is low, ICT can be used to improve learning and understanding for both teachers and students. It can also be used to develop a collaborative and personalized approach to learning, which remains uncommon in many developing countries, or to reach students outside the classroom. Curriculum improvement efforts need to be adapted to local cultural contexts and should be designed for both social and practical relevance. Support is also needed to develop curricula and assessment frameworks appropriate for 21st century and local needs.

Teacher training institutions often need significant support to undertake effective curriculum design and execution. Many education systems in developing countries also have to contend with major shortages of qualified teachers; new models of teaching through electronic resources and community involvement may be required to overcome this shortage on a large scale. A number of industries have specific capabilities that can be applied to improving educational content and training:

- *Information technology and communications companies* can provide equipment, software and staff time that can be used by teachers for training and by students in the classroom.
- *Media and publishing companies* can develop updated educational materials suitable for the local market.
- *Science and technology firms* can collaborate with local partners and educational experts to develop appropriate and updated curricula.

Box 5

Examples of Strengthening Curriculum, Content and Teacher Training

China has faced severe environmental challenges as a result of its rapidly growing economy and its traditional dependence on coal. **BP** is part of the Environmental Educators Initiative, a partnership with the World Wildlife Fund and the Chinese Ministry of Education, to develop environmental content for the national curriculum. After a pilot phase that reached 1.5 million people, the Ministry of Education developed National Environmental Education Guidelines, which it estimates will have an impact upon 200 million students by the end of 2005.

In 2005, **Sun Microsystems** co-founded the Global Learning Portal (GLP), a free network of online education-related communities and tools designed to improve education quality through connectivity, exchange, teacher empowerment and innovation. GLP allows educators to find colleagues, content and communities online. Successful pilot programmes have been run in Brazil, Ethiopia, Nicaragua and Uganda; there are members in 78 countries. GLP was founded with public and private seed capital and is run as a PPP to ensure flexibility and innovation, with financial and technical support from governments, multilateral agencies, corporations, NGOs, higher education institutions and others.

Microsoft partnered with the Government of Namibia on the African Pathfinder Initiative, to incorporate computer technology into schools and teaching curricula. The initiative developed a blueprint for incorporating ICT into the curriculum based on four components: leadership, 21st century skill development, digital inclusion and innovative software solutions. It also undertook teacher training to develop local capacity and sustainability.

Through the Jordan Education Initiative, **Cisco Systems** and the Cisco Learning Institute partnered with the Government of Jordan and a local technology company, **Rubicon**, to develop a progressive, interactive mathematics curriculum for grades 1-12 that is now being rolled out to all of Jordan's 3,200 schools. It has catalysed broader efforts to improve infrastructure, classroom technology and teacher training. Several other countries are considering adapting the curricula for use in their education systems.

Applying Core Business Competencies to Help Achieve Universal Primary Education

2.2 Enable appropriate 21st century skill building for employability

One of the most significant challenges in school systems in the developing world is enabling digital inclusion, to ensure low-income students access to IT-based skills and technologies. In addition to basic skills such as reading, mathematics and science, technological literacy is becoming essential for long-term success in creating a more skilled workforce. Private sector firms can provide the tools and training for such learning, as well as coaching and mentoring to strengthen students' career development skills. These can include softer "process" skills such as collaborative work, time and information management, all of which are important for employability. The suite of skills needed varies necessarily with the cultural and economic setting; modern skills needed in rural areas are often quite different than those applied in urban and technologically developed job markets. Industries with core capabilities in these areas of skill development include:

- *Information technology and telecommunications companies* can provide equipment, software and training to foster IT-based skills.
- *Professional services, financial and educational firms* can provide training on technology applications, skill building training and coaching on career development.
- *Engineering and construction firms* can provide scientific and technical training to students.

3. Fostering Effective Education Management

3.1 Promote performance-oriented, results-driven management and innovation

Many developing country education systems are woefully under funded and often poorly managed. Improving the management of education systems can bring significant gains and at the same time ensure that new investments are effectively used. Many private sector firms have management expertise that can be of significant value to schools in improving resource allocation, human resource policies, transparency and operational efficiency. Companies can assist school administrators and local, regional and national authorities in adopting performance oriented, results driven management practices. This includes ongoing monitoring and evaluation of educational performance and teaching methods, as well as data-driven decision-making at the administrative level. Strategies to retain high-performing, skilled teachers are important for systems already struggling with severe shortages of qualified teachers. Driven by improved dissemination of information, multistakeholder partnerships can give local communities more direct oversight of school policies, which can engage parents and lead to improved educational performance.

New management practices inevitably bring new challenges to education administrators. Currently, the *ad hoc* nature of management and decision-making in many education systems in developing countries is a major constraint to more efficient use of resources. Private sector advising and partnerships can encourage

Box 6

Examples of Enabling Skill Building for the 21st Century

Recognizing the gender gap in the information technology field, **Cisco Systems** established the Institute Gender Initiative in 2000. This project seeks ways to increase girls' access to IT training and career opportunities, beginning with the Cisco Networking Academy Program, which has operated in more than 160 countries. Cisco is working to collect and disseminate information on best practice recruitment and retention strategies and is developing recruitment tools and resources designed to attract more women into IT-oriented careers. The company has partnered with numerous trade associations and NGOs to extend its reach.

In 2000, **Coca-Cola Romania** brought a career orientation programme for high school students to major cities across the country. Students received coaching from professionals on how to choose a career that matches their skills, write a resume and apply for a job. After a successful test phase, the programme was extended to 150 high schools and reached 23,000 students. An extensive public relations programme was created to support the initiative and to build brand awareness and goodwill.

Applying Core Business Competencies to Help Achieve Universal Primary Education

innovation, help administrators manage change and promote discipline in work routines and processes throughout the supply chain. Developing the capacity of local management to make decisions within a country-wide framework is also important. Industries with capabilities to contribute on this front include:

- *Information technology and communications companies* can build information systems for improved efficiency and transparency of education system management.
- *Logistics and transport firms* can work with schools and suppliers to develop business models that use distribution networks for school purposes.
- *Media and publishing companies* can disseminate basic information about school performance to increase accountability.
- *Professional services firms* can develop human resource policies and management practices for national, regional and local education authorities.
- *All firms* can fund scholarships and study tours for education administrators to attend professional development programmes and visit model education programmes.

3.2 Develop financing mechanisms and planning

An important component of education management is effective financial oversight and planning. Schools often face considerable financial shortages to meet basic operational needs. In addition, administrators often lack the capacity to efficiently manage or innovatively leverage available resources. Decentralization of

education funding can lead to more effective use of funds, but only if adequate training and capacity are available at the local level. Private sector firms with core competencies in these areas can make significant contributions by partnering with education authorities and local NGOs to help modernize financial systems and encourage transparency, efficiency and innovation.

New revenue streams to supplement public financing and philanthropic contributions can help close existing financial gaps. Using school facilities and equipment to generate revenue is one option that has shown promise, but care needs to be taken to ensure that such strategies do not undermine the school's educational quality or physical infrastructure.⁴⁹ The private sector can add value both by generating new revenue and, more importantly, by helping to manage existing and new finances. Industries with applicable capabilities include:

- *Banks* can develop financial management strategies for new and existing revenue.
- *Information technology and communications companies* can provide equipment and software needed to update financial accounting systems and partner with schools to rent facilities and computer equipment for revenue generating purposes.
- *Professional services firms* can collaborate with local, regional and national administrators to create systems that encourage transparency in budgeting and reporting and to teach rigorous accounting practices.

Box 7

Example of Developing Financing Mechanisms and Planning

In 2002, **Accenture**, a global management consulting, technology services and outsourcing company, formed a partnership with WorldLinks, a non-profit organization. In India, the partnership increased students' access to technology by converting existing school computer labs into revenue generating community access centres when schools were not using them. With funding from Accenture, five labs were transformed. Individualized business models helped schools meet the monthly expenses of their computer labs, which sometimes turned a profit. Accenture helped develop a business and operational model, a school selection process and training materials. Local Accenture staff assisted throughout the implementation process. Based on lessons learned, this model has been applied to schools elsewhere in India, as well as the Dominican Republic and Uganda.

Applying Core Business Competencies to Help Achieve Universal Primary Education

4. Engaging in Advocacy

4.1 Building public support and political commitment to improve education

Organized private sector advocacy efforts can make a significant impact upon government decisions on educational resource allocation and policy. Strong leadership is critical to bring about effective education reform, and sustained private sector advocacy can help strengthen political will to provide such leadership. Companies can be powerful allies in advocating for and supporting government development of a comprehensive, nationally owned education strategy that includes curriculum development and teacher training, as well as guarantees credible budget transparency.⁵⁰ Private sector leadership can also help change public attitudes about the purpose and modality of education.

Advocacy efforts by a broad array of stakeholders – local communities, NGOs and the private sector – have potential to bolster national strategies and can drive “a new paradigm for effective partnership”.⁵¹ All industries can play a role in advocacy by:

- Supporting bold political leadership, government transparency and reform.
- Advocating for increased public financial support for education.
- Acting as a convener for public-private partnerships and business coalitions.
- Developing awareness campaigns to build public support for education.
- Mobilizing parents and communities to become involved in local education.

4.2 Creating new models that engage all stakeholders in collaborative PPPs

Collaborative PPPs – those engaging a wide array of different stakeholders – can provide the broad public support and range of expertise that is needed to strengthen entire educational systems at local or national scales. The private sector can play a key role in such collaborative PPPs. An important requirement is strong political commitment, best evidenced by the existence of national reform frameworks and existing public-sector efforts to improve education. Through collaboration, stakeholders recognize that by combining the strengths of government, the private sector and development community partners, greater impact is achieved. A key element of success is a joint commitment, among partners, to create innovative and robust models for education advancement that are both scalable and sustainable in the long term to meet the community’s specific development needs. Successful “win-win” PPP models involve partners who both contribute value and reap benefits through their engagement. Companies with core capabilities to contribute to collaborative PPPs include:

- *Multinational companies in the IT and other technical sectors* can bring technical skills, government access and financial resources to partnerships, and have a strong incentive to contribute to an educated workforce.
- *Local companies* in various professional sectors, which have a strong understanding of the local markets, policy and cultural contexts, as well as a strong investment in the value of education.
- *Stakeholders in other sectors* who play vital roles in leading and facilitating education PPPs, including government, donors and civil society. These are outlined fully in Table 1 of the following section.

Box 8

Example of Building Public Support and Political Commitment

In February of 2005, **Sun Microsystems** hosted its annual Worldwide Education and Research Conference, a gathering of more than 600 education leaders from 45 countries to discuss technology innovations in education. The Conference was followed by Sun’s second annual Lifelong Learning Forum, a gathering of industry and government leaders from 20 countries to discuss best practices and technologies for global education and research. At the conference, a global network of thought leaders in education discussed online tools and technologies for improving education, research curriculum and teaching methods.

Applying Core Business Competencies to Help Achieve Universal Primary Education

III. Conclusion

There are many intervention points within the education system where highly valuable private sector competencies can be applied. Achieving the goal of universal primary education requires an integrated approach to ensure that the entire educational value chain develops in parallel and that capacity is increased in all areas. The

challenge for committed private sector firms is to match their core competencies to specific needs within the education system. Private sector intervention can be as simple as providing direct financial assistance to education related charities, but for many businesses the most valuable contribution is the application of core skills and knowledge through public-private partnerships.

Box 9

Example of a Collaborative PPP Involving All Stakeholders

The World Economic Forum's Global Education Initiative

The World Economic Forum's Jordan Education Initiative (JEI) is a multistakeholder partnership of more than 45 partners working to support the government of Jordan's efforts in education reform. Initiated in 2003 by Forum member companies in the Information Technology and Telecommunications industries, with the support of His Majesty King Abdullah II of Jordan, it looks at every element of educational practice, from curriculum design, pedagogical processes and student assessment to lifelong learning needs. It has helped teachers and government officials to develop a new approach to the education system reflecting worldwide best practice. The initiative will ultimately reach 100 Discovery Schools with more than 50,000 students, with plans to scale up proven approaches to all Jordan's public schools in future. Partners in the JEI – including 17 global corporations, 17 local firms and 11 governmental and non-governmental organizations – have contributed more than US\$ 25 million to the initiative to date.

In partnership with the Forum, the JEI approach is now being adopted for use in other developing countries according to their specific needs. In the Palestinian Territories, the initiative will support grade 1 to 12 education in more than 148 schools, adopting a decentralized approach led by individual districts with strong participation from community based organizations and NGOs. In India, the Rajasthan Education Initiative will focus on empowering young girls to participate in the knowledge sector through ICT skills and e-curricula. At the same time, it will address important enabling factors such as school construction, health and sanitation and midday meal programmes.

Applying Core Business Competencies to Help Achieve Universal Primary Education

Table 1 The Primary Education Value Chain

Public Policy & Engagement	Infrastructure	Administration	Curriculum & Teaching	Student Performance	Monitoring & Evaluation
<p>Policy design and reform (national frameworks)</p> <p>Appropriations (public & private investment)</p> <p>Education standards (testing, evaluation, licensing)</p> <p>Administrative standards (transparency, meritocracy, efficiency)</p> <p>Leadership (local, national & global level)</p> <p>Community empowerment (leadership and support of local education through input, engagement and oversight)</p>	<p>Finance (funding, procurement)</p> <p>Site procurement (land access, permits, security of access / location)</p> <p>Design (economic, practical, and cultural appropriateness; community multi-use options)</p> <p>Services (energy, water, internet)</p> <p>Facilities (sanitation, kitchen, science, athletic, vocational, arts)</p> <p>Security (physical security of students, teachers and property; information security)</p>	<p>Management Structure (national, district and school level leadership; community engagement; decentralization)</p> <p>Management Efficacy (efficiency, capacity, performance- and data-driven decision-making)</p> <p>Management Innovation (goal setting; innovation; partnerships; change management)</p> <p>Financial Management (financing models; transparent budgeting and reporting)</p> <p>Human Resources (recruiting and retention; capacity building)</p>	<p>Curriculum Content and Design (design of content appropriate to local standards, culture and employment opportunities)</p> <p>Partnerships (input from new partners, and sharing of resources, to foster innovation in curriculum development)</p> <p>Teacher Availability (budget availability; licensing; recruiting; retention)</p> <p>Quality of Teaching (training and capacity building; gender and cultural awareness; outcomes-based methodology curriculum and IT training)</p> <p>Supplies and Equipment (funding and procurement; student and teaching materials; IT hardware and software; science / technical equipment)</p>	<p>Nutrition (school meals, nutrition supplements, clean water, nutrition education, take-home rations)</p> <p>Health (health monitoring; de-worming; physical activity; health and hygiene education)</p> <p>Access (physical security and cultural factors affecting girls' attendance; economic access to schooling)</p> <p>Community Support (parental involvement in schooling and homework; community input to curriculum and school management)</p>	<p>Goal Setting (establishing performance goals and standards relevant to all stakeholders)</p> <p>Testing (ongoing evaluation to measure performance)</p> <p>Monitoring (monitoring of budget expenditures and administrative efficacy; benchmarking progress toward educational goals)</p> <p>Reporting (transparent metrics; public reporting; community consultation/feedback)</p> <p>Dissemination (exchange of effective models and lessons learned)</p>

What Works: Effective Partnership Models

I. Think Globally, Partner Locally and Build Local Capacity

Development efforts have often failed because their sponsors, though well meaning, lacked sufficient knowledge about the local context or did not design their programmes for long-term sustainability. Companies engaging in the types of opportunities outlined in this report have generally been most successful when working in collaboration with local organizations. By partnering with governments, NGOs or other agencies, companies can access local knowledge, which allows them to more effectively assess opportunities, risks and potential markets. They can then develop new business models suited to the environment and engage effective implementation partners. Ensuring sustainability also requires investing in community leadership – involving the community in decision-making from the start, then building local capacity to carry the work forward as other partners disengage.

"Partnership is critical to effective problem solving of the challenges facing business and the developing world."

Jane Nelson, Harvard University

Another important element of success is aligning private sector efforts with broader policy frameworks and strategies. At the national level, this can mean a specific strategy (such as Kenya's "Njaa Marufuku Kenya" hunger strategy), departmental policies or the Poverty Reduction Strategy Paper. At the global level, this can mean broad campaigns or commitments, such as the World Declaration on Education For All or the Millennium Development Goals.

Principles of Effective Partnerships

Companies that have been successful in public private initiatives often begin by assessing their own interests, goals and assets, then think creatively about how those could be applied to best meet development needs. Learning from others' experiences is key to success; much can be gained from sharing success stories and principles of effective PPP management. In consultations with the World Economic Forum, PPP practitioners recommend the following key guidelines (Box 10):

"For a PPP to be sustainable in business terms, the company should get a measurable benefit out of it."

Ludo Oelrich, TNT

Box 10

Guidelines for Successful PPPs

- Find motivated partners and agree on common goals, acknowledging different competencies and approaches.
- Choose the partnership model best suited for the goal.
- Identify a well-connected "champion" to ensure continuity and success of the partnership.
- Create a win-win partnership with measurable benefits and results.
- Define partners' roles and responsibilities clearly from the onset and build capacities to fulfill them.
- Develop strategies for sustainable PPP financing and management in the early stages of partnership planning.
- Focus on meeting the needs of customers and stakeholders, rather than external actors such as donors.
- Represent and include all stakeholders in the planning and life cycle of the partnership.
- Agree on clear targets, monitor progress, and agree on an exit strategy where appropriate.
- Manage PPPs as a business unit within the company.
- Provide strong coordinating mechanisms and effective governance for collaborative PPPs.
- Convene public and private stakeholders to catalyse and broker partnerships, share best practices and guidelines, and identify funding sources.
- Conduct consistent and long-term monitoring and evaluation studies to evaluate PPP outcomes.

What Works: Effective Partnership Models

Collaborative PPPs: Building Multistakeholder Commitment

Diverse, multistakeholder PPPs can foster cross-sectoral collaboration and resource sharing that yields significant benefit. Collaborative PPPs have the advantage of bringing together a broad range of partners to pool their competencies and resources towards a common goal. The Jordan Education Initiative, described in Box 9, is one example of such a collaborative approach, involving 45 partners from the private sector, government and civil society. Table 1 illustrates the range of stakeholders that engaged in this collaborative PPP, outlining what each brings to and gets out of the partnership.

II. Securing Financing for Partnership Activities

Despite the growing number of promising examples, progress in scaling up PPP approaches continues to be hampered by information gaps and divergent perspectives that

make it difficult for potential partners to find and engage with each other. The costs of initial negotiations and feasibility studies also create a barrier. Greater brokering and financing services, together with broader fora to share effective practices, can help scale up workable PPP approaches.

Financing public-private partnership activity is often a challenge. Multilateral development banks and bilateral aid agencies are increasingly dedicating seed funds to help catalyse PPP activities, but often have difficulty identifying good projects. Commercial loans can be unattractive if the PPP activity generates little or no revenue to cover interest costs.

For poor communities in particular – where basic infrastructure, services and market activity are scarce – philanthropic, donor or public investments in community production levels and health are often needed to kick-start market systems. The traditional approach to corporate philanthropy, involving direct funds transfer to

Partner	Inputs Contributed	Benefits Gained
Global private sector	Core business competency Strategic philanthropy Policy advocacy Project leadership	Local access Implementation experience New skills
International donors	Resources Development expertise	Fulfilling institutional goals
International NGOs	Global networks Implementation experience	Exposure to PR and partners Best practices learning
Academic institutions	Education expertise Monitoring capabilities	New experience Knowledge
Local industry	Local leadership Entrepreneurship Execution on the ground	Global expertise New business relationships
Local government	Vision and leadership Open the door to innovation	Access to resources
Local NGOs	Development expertise Local networks	Global knowledge Access to resources

Source: Adapted from McKinsey & Company, JEI, 2005.³

³ McKinsey & Company, "Building Effective Public Private Partnerships: Lessons Learnt from the Jordan Education Initiative," May 2005.

What Works: Effective Partnership Models

local organizations (usually NGO) can be highly valuable in filling financing and capacity gaps for urgently needed programmes. This represents a growing funding stream for development programmes, and amounts to several billion dollars per year globally. However, direct philanthropy is not sustainable at a large scale over time.

An alternative that is increasingly being applied is strategic philanthropy, that is, using philanthropic funds to catalyse and complement business activity around a certain goal. An example would be a food manufacturer or retailer that uses philanthropy to increase small farmers' productive capacity and improve their business organization, then buys their produce for business purposes. In such cases, philanthropic investments can include financing training programmes, providing business development and technical assistance services, developing market associations and providing free or subsidized inputs. Another example would be companies that make in-kind donations of products (such as water purification powder) or services (such as mobile phone market price information systems) as part of their philanthropic efforts to improve health and incomes. The key concept is investing cash or in-kind philanthropic resources in building capacity and catalysing self-sustaining systems.

"To unleash the power of the private sector to serve the rural poor, we need to lower the high risks and transaction costs they face in working with poor farmers. This is where strategic philanthropy can play a major role, by supporting new institutional arrangements and investments."

Akinwumi Adesina, The Rockefeller Foundation

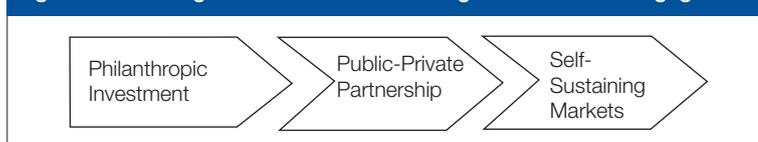
III. Maximizing Synergies to Advance Progress on Hunger, Malaria and Education

Hunger, malaria and education are linked. Hunger and malaria reinforce each other, particularly among children whose immunity is compromised by malnutrition, creating a downward cycle of child health. Both malnutrition and malaria also reduce school enrolment and performance. On the positive side, education – particularly for girls – is part of the solution, improving communities' health and nutrition status. Taking an integrated approach to these three interlinked issues can leverage resources and extend programme impacts. One intervention that targets all three issues is investment in girls' education through direct educational programmes, provision of home-grown school meals to improve enrolment and performance, or through community health and agricultural extension to reach those who are not in school.

IV. Leveraging Enlightened Self-Interest for the Public Good

The strategies for private sector engagement in hunger, malaria and education initiatives which have been outlined in this report vary widely from market development to philanthropic and advocacy oriented initiatives. Yet they all have a common theme: they engage the core competencies of business and yield some type of benefit to the company, in the course of advancing progress toward public goals. Such intersections of public and private interests hold tremendous untapped potential for development. Unleashing that potential requires careful investigation to identify potential matches, together with greater public and private support for scaling up proven models when they are found. The end result has the potential to be transformative, changing the management and performance of health, education and food production systems while empowering poor communities with the tools they need for a self-sustained future.

Figure 1 Financing Models for Different Stages of Business Engagement



List of Interviewees

We thank the following individuals for their contributions in providing thoughtful input to the respective report chapters through interviews.

Hunger

Gareth M. Ackerman, Deputy Chairman, Pick 'n Pay Holdings, South Africa

Akinwumi Adesina, Associate Director, Food Security, Rockefeller Foundation

Glenn Denning, Director, MDG Centre, UN Millennium Project

Hans Eenhoorn, Retired Senior Vice President, Unilever

Ulla Holm, Global Director, Tetra Pak Food for Development Office

Eusebius Mukhwana, Executive Director, SACRED Africa

Herbert Smorenburg, Director, Unilever Health Institute Africa, Middle East and Turkey, Unilever South Africa Foods (Pty) Ltd

Bengt Wattenstrom, Business Development Director, Ericsson

Bjorn Wille, Programme Director Africa, Tetra Pak Food for Development Office

Malaria

Andre van der Bergh, Regional Advisor, Southern Africa Health, Safety, Environment and Communities, BHP Billiton

Dr Murray Coombs, Business Group Doctor, Unilever

Phil Davis, Managing Director for Environmental Health, Sumitomo Chemical (UK) plc

Jenni Gillies, HIV/AIDS Specialist, SABMiller

Zaiton Idrus, Regional Head of Corporate Affairs, Africa, Standard Chartered

Ursula Lebuso, HR Officer: Employment Equity and HR Projects, Sun International

Melinda Moree, Director, The Malaria Vaccine Initiative

Dr Shiva Murugasampillay, Malaria Country Operation Support, WHO - RBM Department

Dr Steven Phillips, Medical Director, Global Issues and Projects, ExxonMobil

Hans Rietveld, Global Marketing Manager for Tropical Medicine, Novartis

Anuj Shah, Chief Executive Officer, A to Z Textile Mills

Krista Thompson, Vice President/ General Manager, HIV/AIDS, Becton, Dickinson and Company

Brian Trelstad, Chief Financial Officer, Acumen Fund

Juan-Manuel Urrutia, Deputy Director, NetMark

Chris Weeks, Director, Disaster Response Team, DHL

References

- ¹ WHO, *World Malaria Report 2005* (Snow estimates a broader range, between 300 – 660 million clinical episodes of malaria. Snow, Robert. *et al*, *The global distribution of clinical episodes of Plasmodium falciparum malaria*, Nature: 434, 10 March 2005.)
- ² *Basic Facts on Malaria*, Roll Back Malaria Information Sheet, 2005.
- ³ Carter, Richard and Mendis, Kamini N., *Evolutionary and Historical Aspects of the Burden of Malaria*, Clinical Microbiology Reviews:15 to 4, October 2002 for 1950-1997 data; World Malaria Report 2005, Malaria-at-a-Glance, RBM March 2001 <http://rbm.who.int> for 1997-2001 data.
- ⁴ Unicef, Millennium Development Goals: 6. Combat HIV/AIDS, Malaria and Other Diseases.
- ⁵ WHO, *World Malaria Report 2005*.
- ⁶ GFATM, www.theglobalfund.org.
- ⁷ World Bank, *Rolling Back Malaria: The World Bank Global Strategy & Booster Program. Advance Edition*, 2005.
- ⁸ White House, News Release, 30 June 2005 <http://www.whitehouse.gov>.
- ⁹ BHP Billiton, *Case Study: Malaria*, 18 April 2004.
- ¹⁰ *Economic Costs of Malaria*, Roll Back Malaria Information Sheet 2004
- ¹¹ Sachs, Jeffrey and Pia Malaney, *The Economic and Social Burden of Malaria*, Nature: 415, 7 February 2002.
- ¹² Sachs, Jeffrey, *Macroeconomics and Health: Investing in Health for Economic Development*, Report of the Commission on Macroeconomics and Health, WHO, December 2001.
- ¹³ Centers for Disease Control and Prevention, *Malaria: Vector Control*, 2005.
- ¹⁴ MVI currently has 10 vaccine development projects. Malaria Vaccine Initiative, *Malaria Vaccine Development Projects*, 2005. www.malariavaccine.org.
- ¹⁵ *New Perspectives: Malaria Diagnosis*, WHO, 2000.
- ¹⁶ Ibid.
- ¹⁷ *Management Sciences for Health, Changing Malaria Treatment Policy to Artemisinin-Based Combinations: An Implementation Guide*, Roll Back Malaria, GFATM, USAID, March 2005.
- ¹⁸ Moran, Mary, *et al*, *The New Landscape of Neglected Disease Drug Development*, Pharmaceutical R&D Policy Project -London School of Economics, Wellcome Trust, September 2005.
- ¹⁹ Boston Consulting Group, Malaria Vaccine Initiative, *Medicines for Malaria Venture Analysis*, 2005.
- ²⁰ Juan Manuel Urrutia, Interview, 17 November 2005.
- ²¹ Spielman, Andrew, *et al*, *Industrial Anti-Malaria Policies*, prepared for the World Economic Forum, 2002.
- ²² Ibid.
- ²³ *Improving ITN and LLIN Supply*, NetMark Africa, September 2005, <http://www.netmarkafrica.org>.
- ²⁴ *Management Sciences for Health, Changing Malaria Treatment Policy to Artemisinin-Based Combinations: An Implementation Guide*, Roll Back Malaria, GFATM, USAID, March 2005; Chemical and Engineering News, *Fighting Malaria*, Vol. 83, No. 43, 24, October 2005.
- ²⁵ *Africa Malaria Report*, WHO, 2003.
- ²⁶ Anuj Shah, Interview, 16 November 2005.
- ²⁷ Phil Davis, Interview, 21 November 2005.
- ²⁸ *Novartis Corporate Citizenship Overview*, www.novartis.com
- ²⁹ *DHL and the IFRC*, DHL Corporate Citizenship, 2004.
- ³⁰ Andre van der Bergh, Interview, 16 November 2005.
- ³¹ Lubombo Spatial Development Initiative: Malaria Control Program, www.malaria.org.za.
- ³² Ibid.
- ³³ Andre van der Bergh.
- ³⁴ Lubombo Spatial Development Initiative: Malaria Control Program, www.malaria.org.za.
- ³⁵ Ibid.
- ³⁶ Readhead, Pamela, *Report from the Field*, Humanitarian Affairs Review, Summer 2004.
- ³⁷ Ursula Lebuso, Interview, 18 November 2005.
- ³⁸ Ibid.
- ³⁹ Ibid.
- ⁴⁰ Center for Global Development, www.cgedv.org.
- ⁴¹ UN Millennium Project, "Toward Universal Primary Education: Investments, Incentives and Institutions," 2005.
- ⁴² Nilekani, Nandan, President, CEO and Managing Director, Infosys Technologies. World Economic Forum interview, November 2005, www.weforum.org.
- ⁴³ Bloom, David E. , Craig, Patricia H., Basic Education and Competitiveness in Central America, June 1998
- ⁴⁴ Papageorgiou, Chris, *Distinguishing between the effects of primary and post-primary education on economic growth, date?*
- ⁴⁵ *Toward Universal Primary Education: Investments, Incentives, and Institutions*, UN Millennium Project, 2005.
- ⁴⁶ Ibid, p. 57.
- ⁴⁷ Ibid, p. 57.
- ⁴⁸ Ibid, p. 54
- ⁴⁹ Building on the Monterrey Consensus: The Growing Role of Public-Private Partnerships in Mobilizing Resources for Development, World Economic Forum, 2005.
- ⁵⁰ Herz, Barbara, Sperling, Gene, What works in Girls' Education, 2004.
- ⁵¹ Ibid, p. 54.

Photo Credits:

Children's education project (India):
Photograph by Lisa Dreier.

Malaria health education (Africa):
Courtesy of GlaxoSmithKline Africa Malaria
Partnership Photo Library.

Women hulling cashews (Mozambique):
Courtesy of the United States Agency for
International Development.

Agricultural fields (Kenya):
Photograph by Martha Stack.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

Incorporated as a foundation in 1971, and based in Geneva, Switzerland, the World Economic Forum is impartial and not-for-profit; it is tied to no political, partisan or national interests. (www.weforum.org)