World Vision

The Post-2015 Agenda:
POLICY**PAPER**

REACHING THE UNREACHED: Cross-sector partnerships, business and the post-2015 development agenda

Reaching the unreached, those left behind in the MDG era, is a mission-critical issue for the post-2015 project:

- **The 'Means of Implementation' need to focus collective resources and to encourage innovation to meet the needs of the unreached**
- **Cross-sector partnerships have the potential to deliver the innovation that is needed**
- **Business has a critical contribution to make to these cross-sector partnerships to ensure that the benefits to the most vulnerable are maximised.**

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Contents

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List of governments, companies, organisations and networks interviewed for this study

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Unless otherwise stated, the recommendations made throughout this paper are World Vision's and do not necessarily represent the views of the individuals or organisations interviewed (as listed above).

* In addition to these organisations, Michelle Wu Yoon, an independent consultant, was also interviewed.

Abbreviations and acronyms

CSR	Corporate Social Responsibility
EITI	Extractive Industries Transparency Initiative
MDG	Millennium Development Goal
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
SUN	Scaling Up Nutrition
UN	United Nations

Executive summary

This paper is part of a short series by World Vision on the subject of business and post-2015.[1,2]

The post-2015 development agenda must not only build on the MDGs (Millennium Development Goals) but go much further and finish the job. This means that the most vulnerable – those who have been left behind in the MDG era – need to be reached. A business-as-usual approach is insufficient and will not deliver the kind of development gains that are essential to reaching *zero targets* in areas such as ending preventable maternal, new-born and child deaths and eliminating hunger and malnutrition.

Cross-sector partnerships – between government, business (and other private sector actors), civil society and/or UN agencies – are one of the primary modalities through which the necessary innovation could be created and delivered. Given this, it is surprising that there is so little in the post-2015 dialogue, or in the broader literature, that intentionally considers how cross-sector partnerships can be used to address this mission-critical issue (for the post-2015 project) of reaching the unreached. World Vision decided, therefore, to undertake a qualitative research study, consisting of over 30 interviews with key informants from government, business, civil society and the UN, to explore two questions. The first question was how targets for cross-sector partnerships could be captured and articulated in the post-2015 framework. World Vision's recommendations in response to this question are reported in 'Getting Intentional: Cross-sector partnerships, business and the post-2015 development agenda'. The second question explored in the study was **how cross-sector partnerships can help to meet the needs of the most vulnerable (and so help further the goal of ending poverty).** This policy paper includes the main feedback from the interviews on this second question and World Vision's reflections and recommendations.

There was strong support amongst interviewees for affirming the importance of cross-sector partnerships (including those with business amongst the partners) in reaching and positively affecting development outcomes for the most vulnerable.

Where interviewees differed in their views was on whether 'market-based' cross-sector partnerships are realistic and/or appropriate for reaching the needs of this 'most vulnerable' group. Across the interviews with those who felt this *was* feasible, there was a clear view that such solutions are only viable at this *very bottom* of the pyramid[3] – the most vulnerable living in Fragile States – if there is an element of subsidy to offset the short- to medium-term market entry/development costs (a number of interviewees defining 'market-based' as the ability to achieve profitability within approximately three years). Interestingly, those interviewees who did *not* see market-based cross-sector partnerships as being viable for reaching the *most vulnerable* were not, in principle, against the concept of market-based solutions in a development context. Rather, most made positive comments about the value that market-based approaches can bring, but only at higher strata of the pyramid (see Figure 1, page 10).

The challenge of reaching the most vulnerable is most acute in Fragile States. It is perhaps not surprising that none of the interviewees felt that market-based cross-sector partnerships were a viable option for reaching the most vulnerable in fragile contexts. This is by no means to say, however, that business (operating within a cross-sector partnership) cannot make a significant contribution in these places. Improving physical access to the poorest communities (through development of infrastructure) and capacity building within both the government and the broader economic environment are important examples. Business can also partner with civil society to exert its influence with governments, advocating (directly or indirectly) for action on poverty and injustice – indeed the development/delivery of the post-2015 framework provides an important opportunity for such conversations. Of course, a company's first responsibility (and contribution) is to set an example with its own behaviour. In Fragile States in particular, World Vision strongly encourages companies to do more than just comply with existing domestic legislation and, as well as not exploiting governance gaps, to apply the same good standards of governance that they are obligated to follow elsewhere.

World Vision believes the post-2015 framework needs to ensure that the financial, political and technical resources of the international community are directed to the most vulnerable, to those places and people who are missing the benefits of broad-based growth. To the same end, World Vision recommends that companies, also, take a holistic, portfolio view of their investments to ensure they are aligned in a way that maximises the benefits to the most vulnerable. This could include, for example:

- Focusing any philanthropic spending on those of the world's most vulnerable who live in Fragile States, and ensuring alignment with national strategies and global coordinating mechanisms so as to support donor harmonisation and the capture of scale benefits
- Increasing their investments in inclusive, sustainable business models, within market-based cross-sector partnerships, for the upper levels of the base of the pyramid (and above), with a medium-term view to facilitating the release of more government and donor funds to serve those at the lowest levels of the base of the pyramid

- Where needed, contributing seed funding for their inclusive business model pilots from their own philanthropic or 'Foundation' funds
- In Fragile States, and working within cross-sector partnerships, increasing their investment in (1) infrastructure projects that benefit the poorest, and (2) capacity building interventions that strengthen civil society, local business and governments to meet the needs of the most vulnerable citizens, including children
- In particular, in Fragile States, using their influence to advocate for pro-poor government policies and practices – as well as acting as role models in their own behaviour.

Finally, it is noted that all of the above must be set in the context of the continuing need for the promised levels of ODA (official development assistance) and the primacy of domestic funding. Increasing the domestic revenue base of poorer nations is essential to achieving a sustainable end to poverty. World Vision supports the momentum that is building on addressing tax avoidance and recommends that the post-2015 framework include measures to ensure companies make full and proper contributions of tax – and noting that developed countries also have responsibilities on this issue.

World Vision will be submitting all the recommendations in this paper to the post-2015 dialogue and calling on Member States to support them.

1. Introduction

World Vision conducted a qualitative research study, on the subject of cross-sector partnerships, business and the post-2015 development agenda, seeking to develop recommendations on two questions. The first question was how targets for cross-sector partnerships can be captured and articulated in the post-2015 framework. World Vision's recommendations in response to this question are reported in the first paper in this series, 'Getting Intentional: Cross-sector partnerships, business and the post-2015 development agenda'.[4] In this first paper World Vision recommended three targets for inclusion in the post-2015 framework to ensure an enabling environment (post-2015) in which cross-sector partnerships can flourish: these recommendations can be found in Section 6 below.

(Note that the word partnership *in this paper, unless otherwise stated, refers to cross-sector partnerships*[5]*. It does not mean the Global Partnership: rather, cross-sector partnerships are one of the 'Means of Implementation' within the Global Partnership.)*

The second question addressed by the study, and the one explored in this second paper, was: **How can cross-sector partnerships help to meet the needs of the most vulnerable (and so help further the goal of ending poverty)?** The 'most vulnerable children' are defined by World Vision as those whose quality of life and ability to fulfil their potential is most limited by extreme deprivation and violation of their rights.

Disability can add to vulnerability, Zambia
© 2014 Kwenda Paipi/World Vision

The post-2015 development agenda must not only build on the Millennium Development Goals (MDGs) but go much further and finish the job. This means that *the most vulnerable* – those who have been left behind in the MDG era – need to be reached. Despite global progress in the last 15 years, extreme poverty persists, with millions of children continuing to die from preventable causes and others failing to reach their potential. Rising levels of inequality, both within and between countries, are highlighting the egregious consequences of poverty more and more starkly. World Vision, amongst many others, is calling for zero-based targets in the next development agenda, including the elimination of preventable maternal, newborn and child deaths and of hunger and malnutrition. A business-as-usual approach will not be sufficient and will not deliver the kind of development gains that are essential to reaching these zero targets.

Cross-sector partnerships – between government, business (and other private sector actors), civil society, and/or UN agencies – can deliver much-needed innovation. Within cross-sector partnerships, partners typically leverage their respective core knowledge, skills, resources and assets to create solutions which none of the partners could have developed on its own. For example, governments might provide technical, policy and regulatory expertise; businesses their product and/or service development, delivery competencies, and value chains; and civil society organisations their understanding of, relationship with and 'last-mile access' to local communities.[6] And where such partnerships are truly effective, these contributions will be combined in such a way that recognises the different roles and responsibilities that each partner has, including (perhaps most importantly) placing the necessary emphasis on the role of government as the primary duty bearer for its citizens.

Business can contribute a range of values to cross-sector partnerships from cash, gifts-in-kind and services-in-kind through to leveraging their core competences, influence, operations and value chains. However, to meet the needs of the most vulnerable, it is perhaps the potential innovation that business can bring to help address hitherto seemingly intractable challenges which is of most interest. Given that cross-sector partnerships are one of the primary modalities through which such innovation is expected to be created and delivered, it is surprising that there is so little in the post-2015 dialogue, or in the broader literature, that intentionally considers how cross-sector partnerships can be used to address this mission-critical issue (for the post-2015 project) of reaching the unreached. We believe it is important, therefore, to explore this issue.

Philanthropy and corporate social responsibility (CSR) in a variety of modalities are now commonplace in business, as increasingly is a sustainability focus on core business operations. Leading companies are also engaging with concepts such as 'shared value' (where economic value is created in a way that also creates value for wider society)[7] and establishing a track record in newer areas such as inclusive, sustainable business models and aligning these activities with their core business. World Vision welcomes all these positive contributions from business assuming that they support the full realisation of human rights and are delivered in a way that takes an integrated view of the country's needs (and of the government's responsibilities). World Vision also encourages companies to use their influence to advocate, where necessary, for pro-poor government policies and practices – as well as acting as role models in their own behaviour. Although business is increasingly viewed, by itself and others, as a development actor – in addition to its critical role as an economic actor – it is still a relative newcomer to this space. As such, whilst this paper touches on the role, contribution and responsibilities of all three partners within cross-sector partnerships (government, civil society and business), its main focus is on the issues raised by business's participation.

World Vision believes that business[8] will be an essential contributor to the effort to achieve the sustainable end to poverty that is necessary if the needs of the most vulnerable are to be met, but it is important to view that contribution within the broader impact that companies have, both good and bad, on the international development space – impact which is multifaceted and wide reaching. At its simplest, a healthy and responsible business sector is critically important to the economic development of states, increasing the national resource base and the potential to improve the well-being of citizens. These benefits (and the good that individual companies try to do) can be very quickly eroded, however, if companies do not fulfil their basic societal responsibilities; and any failure to 'Do No Harm' can be particularly damaging to the poorest and most disenfranchised in societies. These social responsibilities (of companies) include:

- ensuring that their operations and investments 'do no harm' in a country. This includes the need for careful mitigation of the particular risks associated with interventions in fragile contexts
- respecting universal human rights (regardless of country context), including those of the child
- complying with both domestic legislation and with international standards, such as the UN Guiding Principles on Business and Human Rights and the UN Global Compact's ten principles
- taking responsibility for practice within their supply chains, including addressing child labour issues
- committing to transparency and anti-corruption practices, including making full and proper payments of tax and not employing tax avoidance measures
- continuously *earning* their 'social licence to operate' (and not 'buying' it or 'taking' it)

- taking a ‘sustainability’ view of their operations and investments in a country, including proper reporting
- providing employment and skills development for the local workforce.

If all the above were consistently fulfilled by all companies, then this in itself would result in a substantial positive impact on the worldwide ills of poverty and injustice – particularly for the most vulnerable. It should be noted that all of the above also apply to civil society actors.

Governments also have a critical role to play, not only in creating and enforcing the necessary regulation, but also in developing an environment that (a) ensures that the corporate sector contributes effectively to economic development (including, amongst other things, contributing fully to the tax base); (b) supports corporate social responsibility; and (c) encourages healthy investment in their country (a number of interviewees also suggested that developing country governments provide incentives, such as export guarantees). Further, governments are also an *actor* in their own right; for example, World Vision is currently calling on G20 governments to develop a common approach to the reform of public procurement policies in order to address the issue of child labour in global value chains.[9] Finally, just as there is (rightly) pressure on companies regarding their governance and behaviour, governments (and other stakeholders) must also address their own internal issues. In some countries corruption related to government activity is perceived by many to be the most foundational barrier to development.

As a final word of introduction, it is important to stress that World Vision does not, in any way, consider the increased contribution of business as mitigation for the continuing responsibility of developed countries to provide financial support. World Vision calls on all donors to honour the commitment of 0.7 per cent of gross national income as ODA to developing countries first made (but not yet met by most donor countries) in a 1970 UN General Assembly resolution[10] and subsequently reaffirmed in the Monterrey Consensus.[11]

Please note that, unless otherwise stated, the recommendations made throughout this paper are World Vision’s and do not necessarily represent the views of the individuals or organisations interviewed for this study.

Methodology

The study consisted of over 30 interviews with key informants from government, business, civil society and the UN; a list of the organisations that participated is provided at the start of this paper. The interviews were semi-structured, meaning that flexibility was applied to the question set dependent on the flow and focus of each discussion. The interviews were conducted by World Vision staff; each one was typically an hour in length, and the large majority of them were conducted over the phone.

World Vision's reflections from the initial interviews were first published in a discussion paper,[12] after which consultations were held to test the proposed recommendations. This phase included four additional interviews.

To provide a focus for the interviews, and some coherence across them, the study was placed in the context of the health and nutrition space, with interviewees being selected, in part, because of their organisation's involvement in that sector. However, it is believed that the large majority of the following findings and proposals are equally relevant across most development sectors and issues.

This policy paper builds on the first paper in this series, 'Getting Intentional: Cross-sector partnerships, business and the post-2015 development agenda'. It includes not only feedback from the interviews and the later consultations, but also World Vision's reflections and proposals, based on the data generated by the study and also its experience as a development actor. Specifically, this paper puts forward a number of recommendations for the post-2015 framework that World Vision will be submitting to the post-2015 process and calling on Member States to support.

'I know many children in my community who are neglected.... Abandoned children receive less attention, and most of the time they are not loved.'

— Bridget, aged 10, Malawi (from a World Vision community survey of children's voices)
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2. Using cross-sector partnerships to reach the most vulnerable

The MDGs catalysed significant improvements in the lives of millions, but there are many millions more who are yet to be reached. In part, this is because not every goal will be met by 2015 – for example, the international community urgently needs to address the shortfalls in MDGs 4 and 5 (child and maternal health). However, even if MDGs 4 and 5 were met, there would still be four million preventable child deaths every year, with the majority of these deaths concentrated in the poorest communities and amongst the most vulnerable children. Indeed, even under the best-case scenario of all the MDGs being fulfilled, the overall job will still be left unfinished after 2015, because the MDGs aim only to *halve* world poverty. The focus of the MDGs on global aggregates and 'one size fits all' global targets has allowed many states to meet their MDG targets without addressing the needs of the poorest and most vulnerable.

The group that suffers most from the stark inequities in the world is children.[13] The 'most vulnerable children' are defined by World Vision as those whose quality of life and ability to fulfil their potential is most limited by extreme deprivation and violation of their rights. These children often live in catastrophic situations and relationships characterised by violence, abuse, neglect, exploitation, exclusion and discrimination. The most at risk are defined not only by depth of economic poverty, but also typically include those living in remote rural locations or urban slums; those in highly vulnerable groups such as

Life on the streets: a young girl searching for items she can sell. Cambodia
© 2005 Jon Warren/World Vision

refugees, trafficking victims, child labourers, child soldiers, orphans and child-headed households; and/or those discriminated against on the basis of gender, race, ethnicity, caste and sometimes religion, language or other characteristics like disability.

The so-called base (or bottom) of the pyramid was defined by C. K. Prahalad (in 2010) as those who live on less than US$2 a day.[14] 'The four billion people who constitute the bottom of the pyramid are not a monolith.'[15] For the purposes of this paper, the bottom of the pyramid is conceptualised as consisting of three sections, as shown in Figure 1 below, with 'the most vulnerable' defined as suffering from multiple dimensions of vulnerability, some way below the upper threshold of the bottom of the pyramid and, further, within *that* group, and at the *very bottom* of the pyramid, are those who find themselves also living in Fragile States.

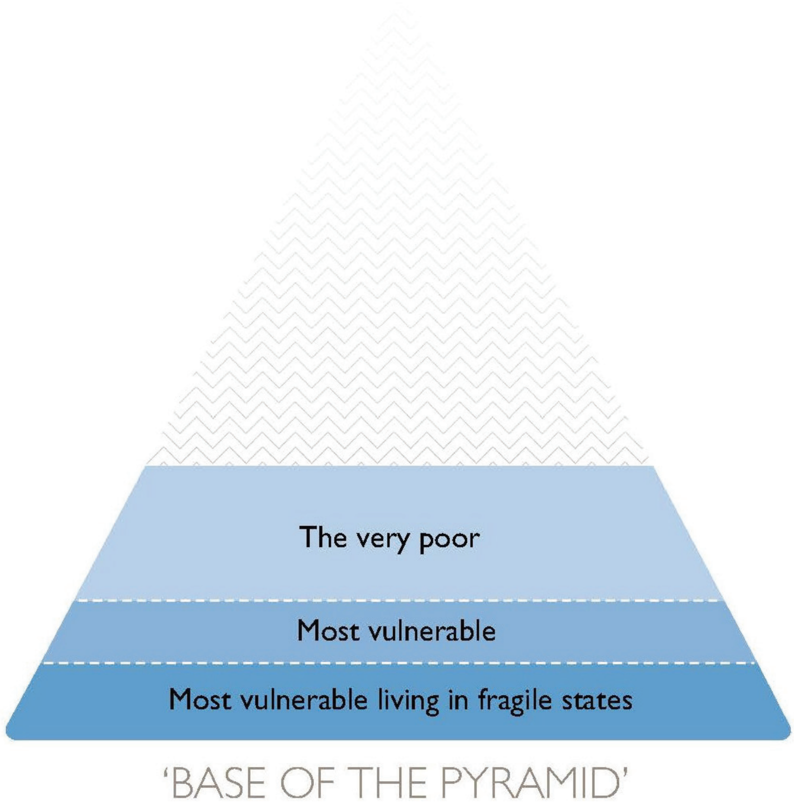

Figure 1: *Different levels within the base of the pyramid*

It is important to remember that the government is the primary duty bearer with regard to the needs of its most vulnerable citizens, and there will always be a need for safety nets and instruments of social protection. However, there are also valuable ways that business can contribute.

Improving physical access to the poorest communities (through development of infrastructure) and capacity building within both the government and the broader economic environment are important examples.

Interviewees strongly affirmed the importance of cross-sector partnerships (which include business as partners) in reaching and positively affecting development outcomes for the most vulnerable. Many different examples were given of successful interventions of this type, including service delivery, awareness raising, capacity building and emergency response. However, the interviewees had differing views on whether *market-based* (see section below) cross-sector partnerships are appropriate for reaching the needs of the most vulnerable.

The challenges of 'market-based' cross-sector partnerships for meeting the needs of the most vulnerable

From a development perspective, if a cross-sector partnership intervention is to be highly effective, it needs to have the following inherent characteristics:[16]

- Be *Scalable*: As noted above, there are millions of people still in need. There are some very encouraging cross-sector partnership initiatives emerging, but one of the key challenges currently is lack of scale. If partnerships, as a mechanism, are to make a meaningful contribution to a challenge of the magnitude of ending global poverty, they need to move more quickly out of pilot format, into replication, and on to affecting populations of significant size
- Be *Sustainable*: Interventions need not only to be responsible in their use of natural resources and in social impact, but also to be fundable in the long term. Interventions that are self-funding within a reasonable time period have the obvious advantage of not being dependent on uncertain and limited aid flows (public or private)
- Result in *Systemic Change*: To deliver tangible and enduring benefits, interventions need to get beneath the immediate problems or symptoms and tackle underlying causes.

Cross-sector partnerships are more likely to be scalable, sustainable and result in systemic change if they are market based – for example, when the business partner's contribution is focused on increasing the social impact of its core business or the development of new inclusive and sustainable business models (with profitability being achieved within approximately three years).[17] Looking at the characteristics of vulnerable populations, however, it is clear that there might be significant barriers to entry and growth for market-based interventions:

- For example, whilst there may be a market at the bottom of the pyramid, the most vulnerable are at the very bottom of that base economically (see Figure 1 above) and may not be able to engage in a market in any substantive way. (Although Prahalad states that 'even here our goal should be to build capacity for people to escape poverty and deprivation through self-sustaining market-based systems.'[18])
- To take another example of a potential barrier, how high might the costs be to create market access for people in remote rural areas where there is little or no public infrastructure?
- A further barrier that cross-sector partnerships often have to overcome in reaching the most vulnerable populations is lack of data. Those people who have been 'left behind' are often invisible: children whose births and deaths are never registered[19] and individuals and communities who have no voice. Without an understanding of the size and characteristics of the population to be served,[20] it is extremely difficult to build a solid business case, and this, in turn, is a very shaky foundation on which to build a market-based initiative. 'A lot of multi-stakeholder partnerships set out with the aim of reaching the bottom of the pyramid, but limited good-quality data on household income means it is often overestimated and eventually the economics prove unworkable' (interviewee from the Government of the United Kingdom).

'Companies themselves are rarely best placed or best suited to address such structural constraints and must usually collaborate with those outside the private sector'[21] to address them – which can be a healthy driver for working in partnership.

Given these challenges, we asked the interviewees in all the sectors (government, business, civil society and the UN) how realistic they thought it was for cross-sector partnerships to use market-based approaches when targeting the needs of the most vulnerable. In the first instance (even though this wasn't a quantitative study) it was interesting to note that all the government representatives interviewed felt that it should be possible, with the right support (see comments below), for market-based cross-sector partnerships to work even at the very lowest levels of the base of the pyramid. Civil society interviewees, on the other hand, felt the opposite: that such a proposition was neither realistic nor, for some of those interviewed, desirable. Those participating from the business sector were split equally between the two views.

The different responses from the business interviewees were coloured to some degree by their experiences – as one might expect. The interview data suggested that there might also be differences in viability of such market-based partnerships for the very poorest across industry types. For example, a market-based approach may be more viable in the field of mobile communications industry, given the existing widespread access to cell phones in developing countries. And access to the lowest points of the base of the pyramid may be a more realistic proposition if the solution incorporates products at a lower price point (such as some fast-moving consumer goods) and/or for those leveraging industries with existing in-country supply chains. It is clearly not possible, however, to draw any solid conclusions on this from a qualitative interview base.

> 'We can make some products affordable for householders at and above the US$1.50–2.00/day income level but struggle to achieve affordability for those below the US$1.25/day income threshold with a for-profit market-based approach.'
>
> — Interviewee from Novartis

Across the interviews with those who felt that market-based cross-sector partnerships were feasible for the base of the pyramid, there was a clear view that such solutions are only viable at the *bottom* of the base of the pyramid if they include an element of 'subsidy' to offset the short- to medium-term market entry/development costs. 'Where the level of risk of entering new markets or developing new products is too high, but the development benefits are high, financial support – in the forms of grants, loans or loan guarantees and even equity stakes – from governments, international donors and foundations might reduce or mitigate that risk to make it a viable investment.'[22] Several of the interviewees stressed that it is important to recognise that these subsidies are, or should be, a necessary component of a project design and not a financial inducement to secure a company's involvement. 'For example, market guarantees provide a necessary (interim) surrogate for the market, where a market would not otherwise exist' (interviewee from Becton, Dickinson & Co.).

It is not difficult to see the potential public-relations challenges in donor governments or multilateral agencies being perceived as giving funding to companies to create markets for their products – regardless of the underlying development narrative. 'Donor governments want to see business contributing in this way, but there is great sensitivity about giving funding to the private sector' (interviewee from SUN Business Network) – although alternative funding models such as loans and equity,[23] rather than straight grants, are perhaps more palatable. It is important to note that there are also ways in which a company may be able to carry a large proportion of this subsidy requirement itself. For example, cross-subsidisation, or differential pricing, enables companies to use the profits from products sold at a relatively high price point to middle- and upper-income households to subsidise much lower-priced products for the poor. World Vision also encourages companies to cross-subsidise, at least in part, their market-based development interventions from their own funds – including their philanthropic funds – as well as product cross-subsidisation, rather than leveraging government or donor money.

Interestingly, those interviewees who did not see market-based cross-sector partnership as viable for reaching the *most* vulnerable were not, in principle, against the concept of market-based solutions in a development context. Rather, most made positive comments about the value that market-based models can bring, *but only* at the higher strata of the pyramid, seeing reach to the most vulnerable still being a purely philanthropic approach. A number of interviewees also related their experience or observation that leveraging market-based solutions above the US$2/day income level (perhaps at the US$3–5/day income levels) can 'free up' government and other resources to address the needs of those at the base of the pyramid.

3. Cross-sector partnerships in fragile contexts

The discussions above with interviewees about addressing the needs of the most vulnerable were largely grounded in the context of middle-income countries and stable low-income countries. As middle-income countries are now home to the largest number of people in poverty in the world, the potential of cross-sector partnerships to make a difference in these countries is very important, particularly if these new market-based solutions can release international funding to address the very particular problems of Fragile States.

Fragile contexts

Fragile contexts are those where a government cannot or will not act on its responsibility to protect and fulfil the rights of the majority of the population, particularly the poor. These responsibilities include territorial control, security, public resource management, service delivery and livelihood support. Conflict, violence and disaster have severe effects on economic growth, and so the most affected fragile contexts have growing levels of extreme poverty, which is counter to the trend in most low-income countries.

The MDGs have failed to create momentum in Fragile States; it is estimated that 1.5 billion people have missed out on a decade of concerted international action on poverty reduction and on the progress experienced in more politically stable countries. Up to one-half of all global infant deaths occur in Fragile States; a child born in a Fragile State is twice as likely to die before age 5 as a child born in a more stable low-income country[24] (this is life at the lowest level of the bottom of the pyramid – see Figure 1 above). Addressing the challenges in Fragile States is no small task, but it must be taken up in the new post-2015 framework.

Given that many of the desired characteristics of an enabling environment for market-based cross-sector partnership[25] interventions will be absent in fragile contexts,[26] it is perhaps not surprising that none of the interviewees felt that these models were a viable option in Fragile States. This is by no means to say, however, that cross-sector partnerships cannot make a contribution in these places. Contributions to the development of infrastructure are obvious but important examples – although major public-private partnerships require rigorous levels of transparency and accountability if they are truly to benefit the poorest. Another area in which there is huge need in Fragile States (and other low-income countries), and in which World Vision would encourage much more cross-sector partnership activity, is capacity building at all levels. There is significant potential for cross-sector partnerships

UN Protection of Civilians Area in Malakal, South Sudan
© 2014 Nadene Robertson/World Vision

(including those with business partners) to make strong contributions here, building capacity in government as well as in the local business sectors. Such investments can have important long-term returns for business, for example, through the development of supply chains, employee skills and the regulatory and financial environment (and, because of this, interventions of this type might even be argued by some to fall within the market-based 'spectrum').

As well as limited capacity and poor infrastructure, many of the challenges in Fragile States are caused by weak governance and/or lack of political will on the part of government to address the needs of its most vulnerable citizens. In these cases it can be very difficult to partner directly with government. However, whilst usually and perhaps ideally conceived as a three-way relationship amongst government, business and civil society, it is important to note that cross-sector partnerships can also be formed successfully between just business and civil-society actors. In such cases, for example, global, multilateral donors or UN agencies can 'stand in the gap' to provide some of the necessary financing or even to act as liaison between the cross-sector partnership and the host government. (One of the interviewees stressed the value of the Global

Fund and the GAVI Alliance currently playing this role in countries where it is difficult for companies to deal with the government directly.)

Civil society and UN agencies play a critical role in Fragile States, particularly in areas such as service delivery, emergency response, building capacity and space for social accountability, and in holding governments to account as the primary duty bearers for essential services and the protection of human rights. Business can partner with civil society in these areas: for example, multi-national companies and large national corporations can choose to exert their influence with governments, directly or indirectly, to advocate for action on poverty and injustice – and the development/delivery of the post-2015 framework provides an important opportunity for such conversations. Of course, a company's first responsibility (and contribution) is to set an example with its own behaviour. In Fragile States (in particular) World Vision strongly encourages companies to do more than just comply with existing domestic legislation and, as well as not exploiting governance gaps, to apply the same good standards of governance that they are obligated to follow elsewhere.

> 'Thank God we have civil society to raise the voices of the vulnerable.'
>
> — Interviewee from the Government of the Republic of Sierra Leone

4. An equity perspective on business contributions to meeting the needs of the most vulnerable

The more innovative contributions of business and of other new modalities of financing are very welcome developments but should be recognised as *additions to, not substitutes for*, the more traditional donor sources of ODA (and debt relief) – at least, in the medium term – and to the critical importance of domestic resource mobilisation (see Section 5 below). In all cases, however, it is more important than ever that these resources are used to make a real difference to the lives of *the very poorest*.

World Vision believes that the post-2015 framework needs a built-in equity lens[27] to ensure that the collective efforts of the international community are focused on the most vulnerable, channelling combined resources to those places and people who are missing the benefits of broad-based growth. (Although not a topic explored in this paper, it should be noted that the support and facilitation of the global financial and investment communities will be needed if this change is to be achieved fully). Working in partnership with NGOs, the UN and the host government can help companies ensure that their investments will indeed reach the most vulnerable.

To this end, World Vision encourages companies to view their development activities through an equity lens and to take a holistic, portfolio view of their investments to ensure they are aligned in a way that maximises the benefits to the most vulnerable. The ability to do this will be dependent, in part, on breaking down organisational silos (a problem that, of course, affects not just companies but also governments, NGOs and the UN). Whilst the most progressive business leaders see no distinction between their core business and their 'philanthropy' activities, several of the interviewees reported that this was far from the norm, saying, for example: 'In theory, these different groups work together, but in practice they don't'; 'There is still a big internal divide between the "Foundation" and CSR bits of businesses and their core operations.'

> 'The Unilever Foundation and consumer brand programmes focused on WASH [water, sanitation and hygiene] and nutrition sit within our core business; this is a reflection of our overall corporate philosophy and strategy… and helps us to develop and fund sustainable and inclusive solutions, for example through cross-subsidisation.'
>
> — Interviewee from Unilever

In order to maximise the impact of their development activities on the most vulnerable, World Vision encourages companies to consider:

- Focusing any philanthropic spending on those of the world's most vulnerable who live in Fragile States and coordinating more of these funds with existing global fund mechanisms so as to support donor harmonisation and the capture of scale benefits
- Within cross-sector partnerships, increasing their investments in inclusive, sustainable business models, and other market-based approaches, for the upper levels of the base of the pyramid (and above), with a medium-term view to the ability to release more government and donor funds to serve those at the lowest levels of the base of the pyramid (see Figure 2 below)
- Where needed, contributing seed funding for their inclusive business model pilots from their own philanthropic or 'Foundation' funds
- Working within cross-sector partnerships, increasing their investments in infrastructure projects that benefit the poorest and in interventions that build the capacity of, for example, civil society, local business and governments (with regard to the latter's capacity to meet the needs of their most vulnerable citizens, including children) (see Figure 2 below).

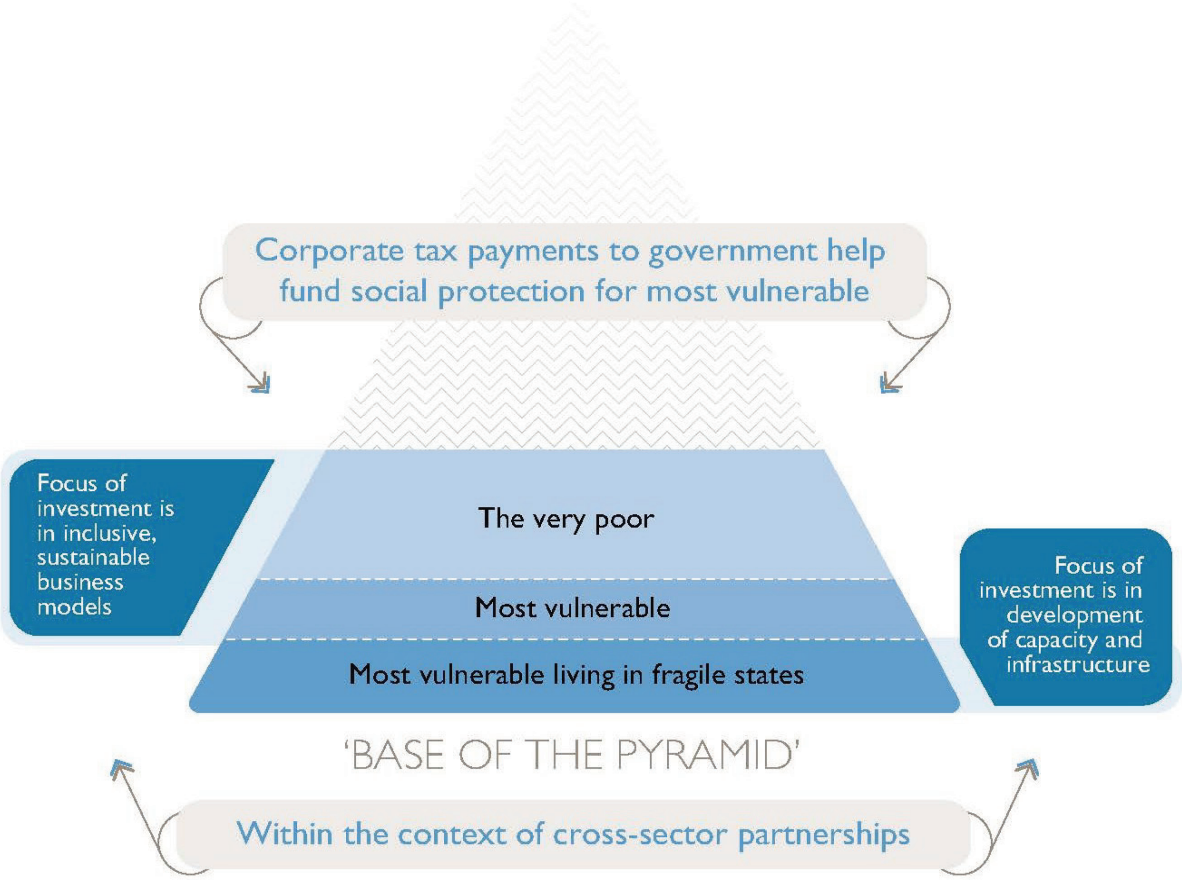

Figure 2: *Adjusting the contributions of business to cross-sector partnerships so as to maximise the impact for the most vulnerable*

5. Business and domestic resource mobilisation

It is important to close with a reminder that all of the above must be set in the context of the primacy of domestic funding. National development is the responsibility of governments, and increasing the domestic revenue base of poorer nations is essential to achieving a *sustainable* end to poverty. World Vision welcomes the emphasis to date on domestic resource mobilisation in the post-2015 narrative.

In particular, World Vision supports the momentum that is building on addressing tax avoidance.[28,29] Governments (*all* governments) and companies both have responsibilities to address this injustice; companies have a responsibility to make full and proper payments of taxes, and governments (and civil society) must ensure that they are held to account on this. Critical to this, of course, is political will. In many low-income countries, however, greater government capacity is also needed, and donors can make a critical contribution here by providing support to low-income countries for capacity building of their tax authorities.[30]

The Extractive Industries Transparency Initiative (EITI) is a global standard – implemented by individual countries – that was established to ensure transparency of payments from natural resources. Under this methodology, extractive companies disclose the payments they make and governments disclose receipt of payments, with both being independently verified, reconciled and published in an EITI report.

An area in which the issue of transparency of payments is particularly acute – and where experience, such as the establishment of the EITI[31] (see text box), might usefully be leveraged for broader application – is in the area of extractives. Some of the countries in most need of more domestic funds for basic services also have some of the world's richest endowments of natural resources.[32,33]

Critical to achieving a *sustainable* end to poverty in such countries is addressing any issues of corruption, ensuring that all extractive companies are making fair payments, that these are ending up in government funds, and that the wealth is then being used for pro-poor development. For example, governments could 'earmark' natural-resource revenues to fund specific post-2015 goals and commitments. World Vision calls for the post-2015 discussions to consider the very particular needs of these poor but 'resource rich' countries.

6. Recommendations

World Vision–recommended targets for the post-2015 framework to ensure an enabling environment for cross-sector partnerships

- Particularly in developing countries, by 2020, a single, government-led, multi-stakeholder platform covering all of the new post-2015 goals is in place enabling the establishment and execution of cross-sector partnerships in support of the government's development priorities.
- By 2020, accountability mechanisms are in place for all cross-sector partnerships.
- A global, multi-stakeholder issue platform is in place by 2017 for each of the new post-2015 goals, to convene diverse stakeholders and to support alignment with (and link to) national-level platforms.

World Vision recommendations for the post-2015 framework to ensure that the needs of the most vulnerable are met

- That the framework ensures that no one is left behind and that the efforts of the international community are specifically directed to the most vulnerable.
- That the 'Means of Implementation' include mechanisms that will ensure the combined resources of the international community are focused on those places and people that are missing the benefits of broad-based growth.
- That ODA, business and other private sector donor funding, and foreign direct investment are channelled to Fragile States and the most vulnerable groups, including children.
- That within the national level platform described in the target above, governments work with business and civil society to determine how cross-sector partnerships might be used to meet the specific needs of the most vulnerable.[34]
- That the post-2015 framework include measures to ensure companies make full and proper contributions of tax, so as to increase the domestic resource base in developing countries – and noting that developed countries also have responsibilities on this issue.
- That all countries which are rich in natural resources sign up to and achieve compliant status on EITI; further, that all these governments have budget allocation and accountability mechanisms in place that ensure that natural-resource revenues fund post-2015 priorities benefiting the most vulnerable.[35]

Additional World Vision recommendations for companies

- That they take a holistic, portfolio view of their investments to ensure they are aligned in a way that maximises the benefits to the most vulnerable.
- That they focus any philanthropic spending on those of the world's most vulnerable who live in Fragile States and coordinate more of these funds with existing global fund mechanisms, so as to support donor harmonisation and the capture of scale benefits.
- That they increase their investments in inclusive, sustainable business models, within market-based cross-sector partnerships, for the upper levels of the base of the pyramid (and above), with a medium-term view to the ability to release more government and donor funds to serve those at the lowest levels of the base of the pyramid.
- That, where needed, they contribute seed funding for their inclusive business model pilots from their own philanthropic or 'Foundation' funds.
- That, working within cross-sector partnerships, they increase their investments in infrastructure projects that benefit the poorest and in interventions that build the capacity of, for example, civil society, local business and governments (with regard to the latter's capacity to meet the needs of their most vulnerable citizens, including children).
- That they use their influence to advocate for pro-poor government policies and practices – as well as acting as role models in their own behaviour.

Child labour, Mozambique
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Endnotes

[1] World Vision International (2014), 'Getting Intentional: Cross-sector partnerships, business, and the post-2015 development agenda', Post-2015 Agenda Policy Paper. <http://www.wvi.org/united-nations-and-global-engagement/publication/getting-intentional-cross-sector-partnerships-0>

[2] World Vision International (2013), *Business – A Vital Contributor to the Post-2015 Agenda*, Post-2015 Agenda: Policy Brief no. 7 – Private Sector. <http://www.wvi.org/justice-children/publication/post-2015-policy-brief-7-private-sector>

[3] C. K. Prahalad (2010), *The Fortune at the Bottom of the Pyramid* (New Jersey: Wharton School Publishing).

[4] World Vision International (2014), 'Getting Intentional: Cross-sector partnerships, business, and the post-2015 development agenda'.

[5] For the purposes of this study, we are using the following working definition (from The Partnering Initiative): 'A cross-sector or multi-stakeholder partnership is an ongoing working relationship between organisations combining their resources and competencies and sharing risks towards achieving agreed objectives while each achieving their own individual objectives.'

[6] For more on cross-sector partnerships, see Business Action for Africa, Harvard Kennedy School CSR Initiative and The Partnering Initiative (2013), *A New Global Partnership with Business: Building a Post-2015 Development Framework to Achieve Sustainable Prosperity in Africa.* <http://www.hks.harvard.edu/m-rcbg/CSRI/CSRI_BAA_TPI_New_Global_Partnership_With_Business_Sept2013.pdf>

[7] Michael E. Porter and Mark R. Kramer (2011), 'Creating Shared Value: How to Reinvent Capitalism – and Unleash a Wave of Innovation and Growth', *Harvard Business Review* (January/February).

[8] Note that this study focuses primarily on the role of 'big business': multinationals and large, national companies.

[9] World Vision International (2014), Policy Report, *Creating Markets for Child-Friendly Growth: Addressing Child Labour through G20 Public Procurement*. <http://www.wvi.org/sites/default/files/Child%20Labour%20in%20Procurement%20G20%20FINAL.pdf>

[10] UNGA (1970), 'Resolution Adopted by the General Assembly 2626(XXV): International Development Strategy for the Second United Nations Development Decade'. <http://www.un-documents.net/a25r2626.htm>

[11] United Nations (2003), 'Monterrey Consensus of the International Conference on Financing for Development'. <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>

[12] World Vision International (2014), *Reaching the Unreached: Cross-Sector Partnerships, Business and the Post-2015 Development Agenda*. Post-2015 Agenda Discussion Paper. < http://www.wvi.org/united-nations-and-globalengagement/publication/reaching-unreached-cross-sector-partnerships>

[13] World Vision International (2013), Post-2015 Policy Paper, *Reaching the Most Vulnerable Children through Addressing Inequalities*. <http://www.wvi.org/http%3A//wvi.org/beta.wvi.org/justiceforchildren/post2015policy3>

[14] Prahalad (2010), *The Fortune at the Bottom of the Pyramid*.

[15] Prahalad (2010), *The Fortune at the Bottom of the Pyramid*.

[16] See also John Humphrey, Stephen Spratt, Jodie Thorpe and Spencer Henson (2014), 'Understanding and Enhancing the Role of Business in International Development: A Conceptual Framework and Agenda for Research', IDS Working Paper 2014/ 440 (Brighton: Institute of Development Studies).

[17] 'Inclusive and sustainable business models' are defined for the purposes of this paper as those that expand access to products, services and livelihoods for those at the base of the pyramid in a manner that is commercially viable, scalable and within environmental limits.

[18] Prahalad (2010), *The Fortune at the Bottom of the Pyramid*. 8.

[19] World Vision International (2014), *Creating Markets for Child-Friendly Growth*.

[20] World Vision would welcome the need for these types of data being reflected in any post-2015 proposals related to the 'The Data Revolution'.

[21] D. Prescott and D. T. Stibbe (2014), *Unleashing the Power of Business: A Practical Roadmap to Systematically Engage Business as a Partner in Development,* The Partnering Initiative. <http://thepartneringinitiative.org/w/wp-content/uploads/2014/05/Fullreport.pdf>

[22] Prescott and Stibbe (2014), *Unleashing the Power of Business*.

[23] UNGA (2014), *Report of the Intergovernmental Committee of Experts on Sustainable Development Financing*. <http://sustainabledevelopment.un.org/content/documents/4588FINAL%20REPORT%20ICESDF.pdf>

[24] World Bank (2011), *World Development Report 2011*. <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:23252415~pagePK:478093~piPK:477627~theSitePK:477624,00.html>

[25] See World Vision International, 'Getting Intentional: Cross-sector partnerships, business, and the post-2015 development agenda'.

[26] M. Beisheim (2012), SWP Research Paper, 'Partnerships for Sustainable Development: Why and How Rio+20 Must Improve the Framework for Multi-Stakeholder Partnerships', 23). <http://www.swpberlin.org/fileadmin/contents/products/research_papers/2012_RP03_bsh.pdf>

[27] World Vision International (2013), *Reaching the Most Vulnerable Children through Addressing Inequalities*.

[28] See also World Vision International, *Business – A Vital Contributor to the Post-2015 Agenda*.

[29] UNGA (2014), *Report of the Intergovernmental Committee of Experts*.

[30] UNGA (2014), *Report of the Intergovernmental Committee of Experts*, para 65.

[31] See the EITI website. <http://eiti.org/>

[32] For example, the Democratic Republic of the Congo, currently ranked joint lowest (of 187 countries) on the UN's Human Development Index and with one of the worst rates of under 5 mortality in the world, is sitting on an estimated 24 *trillion* dollars of mineral wealth. World Vision International, *Business – A Vital Contributor to the Post-2015 Agenda*.

[33] UNGA, (2014), *Report of the Intergovernmental Committee of Experts*, para 68.

[34] See World Vision International, 'Getting Intentional: Cross-sector partnerships, business, and the post-2015 development agenda'.

[35] See the Publish What You Pay website. <http://www.publishwhatyoupay.org/>

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