



THE BUSINESS HUMANITARIAN FORUM ASSOCIATION

THE POSITIVE POTENTIAL OF THE PRIVATE SECTOR

Harnessing the Potential of the Private Sector for Development

Report of the Conference and the Ceremony
to Present the 2012 Russell-Whitehead
Business Humanitarian Award

Business Humanitarian Forum

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About the Business Humanitarian Forum

The Business Humanitarian Forum (BHF), established in 1999, encourages better understanding and cooperation between the public and private sectors, and works with partners to address humanitarian problems and promote sustainability, responsibility and equity in economic development. The BHF does this by arranging for direct private sector involvement and investment in areas where it is needed, and by providing training and facilitating dialogue between international organizations and private companies. The BHF builds awareness that business has a strong, long-term economic, political and social interest in supporting the work of the humanitarian community, and that private sector investment is the key element for economic development and overcoming long-term humanitarian problems. Both sectors are essential for the stabilization and social progress of developing and post-conflict societies. The BHF has initiated and carried out reconstruction projects in post-conflict areas and helped create partnerships between businesses, humanitarian agencies and local governments. The BHF has also sponsored many contact groups, workshops and conferences on responsible and sustainable business practices as well as on cross-sector cooperation for development. The BHF is a non-profit association based in Geneva and was founded with the encouragement of former UN Secretary General Kofi Annan.

For more information on the BHF, visit www.bhforum.org.

About the Russell-Whitehead Business Humanitarian Award

The Russell-Whitehead Business Humanitarian Award is named after the two Honorary Co-Chairmen of the BHF, George F. Russell, Jr. and John C. Whitehead. The award was established in 2004 to recognize outstanding achievement in the field of humanitarian affairs involving the private sector.

The first award was given to Mr. Rory O’Riordan, President of the European Generic Medicines Association, for his work in bringing the resources of the generic pharmaceutical sector to bear on providing essential medicines to post-conflict and developing areas. The next awardee, in 2006, was Mr. Farooq Kathwari, CEO of Ethan Allen Industries, for his humanitarian efforts to find a resolution to the problems of Kashmir. The 2007 award was presented to former United Nations Secretary General Kofi Annan in recognition of his continuing efforts to raise awareness globally of the need for the public sector and private businesses to work together to resolve humanitarian problems. The former President of the World Bank, Mr. James D. Wolfensohn, received the award in 2009 for his exemplary leadership in bringing about far-reaching institutional reforms and reshaping the Bank’s approach to development.

Executive Summary

On March 16, 2012, the BHF held a conference on “Harnessing the potential of the private sector for development” in Geneva. In conjunction with the event, the BHF presented its 2012 “Russell-Whitehead Business Humanitarian Award” to Professor Iqbal Z. Quadir, Founder and Director of the Legatum Center at the Massachusetts Institute of Technology (MIT) and Founder of the telecommunications operator Grameenphone in Bangladesh.

The goal of the conference was to showcase how the private sector can expand economic and social opportunity to local communities in developing countries and to learn about innovative cross-sector partnerships in this field.

In order to encourage frank exchange, the workshop was held under the Chatham House Rule of Confidentiality. For that reason, individual speakers and their organizations are not identified in the report except for the keynote address and the award ceremony.

The keynote address by Prof. Quadir on “Harnessing technology for development and democracy” well illustrated how new technology can improve the productivity of people, thus empowering and allowing them to hold government more accountable.

His inspiring personal story of creating a mobile phone company which now provides connectivity to millions of people in Bangladesh was a point in case for entrepreneurship and new technology as key drivers of economic development and social progress.

The second presentation elaborated on the theme of connectivity from the perspective of a UN agency that mainly implements trade-related technical assistance projects in as much as her organization enables SMEs to generate sustainable incomes and livelihoods for the poor by connecting them to global markets and in terms of supporting private-public sector dialogue, cooperation and implementation of joint export strategies.

A theme which ran through two sessions is the importance of an open, fair and rules-based multilateral trading system to continue supporting economic and social development. A leader from an international trade organization recalled the challenges to full market access faced by marginalized producers and communities and the head of an international organization representing global business interests spoke about the serious obstacles to on-going multilateral trade negotiations due to the financial crisis and potential implications for the world economy and developing countries in particular. He offered suggestions on what business and governments can do to break the current deadlock in negotiations and counter protectionist tendencies.

Another presentation discussed the benefits and complexities of public-private collaboration on development projects. Given by a representative of a Western European government's national development agency, the presentation gave the audience a first-hand account of the organization's experiences and current projects, as well as important lessons learned and best practices for partnerships.

Next, a panel of senior representatives from companies in the food, pharmaceutical and financial sectors discussed the theme of "Approaches to shared economic development". Their presentations focused on innovative strategies and projects that their businesses had adopted to create value for local communities beyond classical corporate social responsibility policies.



Group picture during award ceremony

Following the conference part of the event, the 2012 Russell-Whitehead Business Humanitarian Award was presented to Prof. Quadir for his visionary contribution to economic and social development in Bangladesh. The award is presented periodically to an outstanding individual or organization that has contributed in a significant way to facilitating private sector efforts to bring sustainable investment, job creation and economic development where they are needed most. The ceremony closed with a reception in honor of Prof. Quadir, where participants were

invited to reflect upon and further discuss the day's insights.

The conference and award ceremony, attended by some 50 senior-level attendees from the business community, non-profit organizations, UN agencies, missions and academia, provided compelling examples of innovative approaches, projects and new forms of collaboration on how to best harness the potential of the private sector for development and generated an informed and productive discussion among all attendees.

Opening Remarks

The conference was opened by the organizers who reminded the audience of the remarkable progress made in the fields of business responsibility and sustainability since the creation of the organization in the late nineties. While the definition of these concepts has undergone significant change over time and they still leave room for interpretation today, the organization has contributed through its work to raise awareness among its stakeholders and to highlight best practice approaches for the business community.

Moreover, there is a growing trend that investors are considering sustainability indexes when determining their investment strategies and institutional investors such as pension funds are more and more obliged to invest only in companies which feature prominently on sustainability rankings such as for instance the Dow Jones Sustainability Index. According to the speaker, the difference today is that it is increasingly market forces that are driving the process and companies ignore issues of responsibility and sustainability at their own peril.

The host organization's credo that entrepreneurship, job creation and economic development are the fundamental engines to alleviate poverty in developing and post-conflict countries in a sustainable manner has been recognized by a growing number of actors in the development community.

However, the speakers also emphasized that the private sector alone cannot solve the development challenges we face. Therefore, the private and public sectors must be encouraged to find ways to cooperate for the prosperity of people living in developing and post-conflict countries where investment is needed most. In that regard, the speaker continued, the organizers have managed a number of concrete economic development as well as humanitarian projects involving businesses, international organizations, governments and NGOs. In addition the organization has carried out a number of important training programs on cross-sector partnerships in different parts of the world.

With a reference to the keynote address, the speaker concluded by highlighting the special role of technology as a driving force for change in developing countries and whose enormous potential is just starting to be exploited.

Keynote Address: Harnessing Technology for Development and Democracy

The presentation by Prof. Iqbal Qadir, Founder and Director of the Legatum Center for Development and Entrepreneurship at MIT, examined the impact of technological innovations in general, and that of telecommunication in particular, on development. He described the work of the Legatum Center at MIT and explained its prospects through his own experience in creating Bangladesh's leading telecommunications operator, Grameenphone. In the process, he illustrated how technology can simultaneously promote economic advancement, empower citizens and strengthen the democratization process in low-income countries.

Prof. Qadir grew up in Bangladesh and went to university in the U.S. While searching for an appropriate university for himself 36 years ago, Prof. Qadir noticed that most of the great American universities were not concentrated in Washington D. C. He was surprised because most high quality institutions of Bangladesh were located in Dhaka, the capital city of his native Bangladesh. Over time, Prof. Qadir had observed that, on the one hand, there is a strong association between dispersion of economic resources and progress and productivity and, on the other hand, between centralization of economic resources and economic stagnation. In Bangladesh, most infrastructures (for example, telecommunications and power distribution) are centralized in the capital, leaving populations in rural areas disconnected¹ and without electricity, making it difficult for the rural people to boost their productivity.

At this point, Prof. Qadir pointed out a number of misconceptions about the poor and developing countries. First, the notion that poor countries are under-resourced leads us to misdiagnose their problem. In fact, they are very wasteful with the resources they already have, an example being the resource of time. While all people have 24 hours at their disposal during a day, some are far more productive with this time than others. According to Prof. Qadir, good telecommunications facilities can allow people to get more done with their time.

Another misconception of the problems poor people face is their lack of buying power. In reality, productivity tools, such as mobile phones or cars, create buying power. The widely held belief that it takes money to make money can also be overcome. For instance, microfinance, such as that provided by Grameen Bank, can give access to new technology and break this vicious cycle. Finally, one can also dismiss the notion that the poor are not capable of meeting their primary needs. In an enabling environment in which productivity flourishes, income becomes the ability to meet those needs.

1. In 1993, approximately one phone existed for every 500 people and virtually no phones were available in rural areas where over 100 million people lived.

With these misconceptions adequately addressed, the presentation returned to the understanding of how connectivity creates productivity. As prices for information technologies fall over time, so do the prices of digitally-powered telecommunications tools, as dictated by Moore's law². As a result, they can be made readily available to an increasing percentage of the population. And when the technology in question increases productivity and augments purchasing power, the demand for the technology will also increase. This was the context in which Grameenphone was able to operate and ultimately achieve its impressive results.

Grameenphone grew from a consortium organized by Prof. Quadir involving the Norwegian telecommunications company Telenor, Grameen Bank and his own company, New York-based Gonofone Development Corp. Gonofone (meaning "phones for the masses" in Bengali) in effect became the launchpad for the larger effort in Bangladesh through the creation of Grameenphone.

As a microcredit organization, Grameen Bank had branches set up across the country and a borrower network of two million in the early 1990s. Grameenphone used this extensive network to distribute telephone services throughout rural Bangladesh. Today, thanks to Grameenphone, one out of every two people in Bangladesh has a phone and the industry revenue is over \$4 billion. In addition, phones are distributed throughout the country.

In the context of developing countries where a number of basic needs often go unfulfilled and important infrastructure such as schools or electricity are not available, Prof. Quadir attributed the incredible success of Grameenphone to its contribution to people's productivity. Tools or services that make people more productive automatically increase their incomes and buying power. And when people are given a mechanism to purchase such tools or services, they advance and thrive on their own. As a result, not only will the GDP of these countries increase, but the economic power of ordinary citizens will also augment and ultimately better enable them to hold their governments accountable. This process empowers individuals and in turn strengthens democracy. Prof. Quadir went on to note, that this process represents a vast improvement over how the aid industry usually operates. Aid to central government necessarily centralizes power and contributes to creating overbearing government. By providing the poor with productivity tools, however, a win-win-win situation would emerge in which businesses sell more of the tools, people earn more by using the tools, and countries win with greater earnings of citizens.

Prof. Quadir also argued that sharing technology and knowledge is one of the best ways for developed countries to contribute to economic growth and democracy in low-income countries. This is the aim of his Legatum Center at MIT, which supports MIT graduate students who intend to create for-profit enterprises in low-income countries. Graduates of the Legatum Center, which first enrolled students in

2. According to this law, the same amount of money should buy twice the amount of computing power every 18 months, or four times the same amount every three years.

2008, are beginning to create businesses in their home countries and to contribute to a positive change through bottom-up development.

Prof. Quadir concluded his inspiring talk by reminding the audience of the one billion mobile phones - or “connected computers” – in South Asia, 600 million such “computers” in Latin America and another 600 million in Africa. This profoundly greater connectivity and productivity will pave the way to increased development and democracy in these regions, and that governments across the world should foster such progress.

In the question and answer session that followed, an audience member asked to know more about the calling patterns of Grameenphone’s rural subscribers. Prof. Quadir responded that surprisingly most calls are either international or rural to urban connections, and that rural-to-rural calls constitute a relatively small fraction of calls. He used this opportunity to emphasize the importance of remittances (both international and urban-to-rural) as an important source of income for many people in rural areas, and one that should not be ignored by businesses targeting this group.

Another audience member inquired whether the government itself could act as a provider of the initial seed financing for social businesses. Prof. Quadir argued that citizens should be the ones to take up the important roles in the economy, while governments focus on governance.

Another attendee inquired whether different governments, especially those that are generally un-democratic, have been impacted by the dispersion of power that technological innovation and economic forces have brought about. Prof. Quadir answered that even autocratic states eventually give way to reforms as increased economic power of citizens allows them to assert their priorities in the overall governance of the countries.

The last question from the audience centred on how developed countries could respond to the significant market competition from various emerging economies. According to Prof. Quadir, countries should focus on their competitive advantages rather than trying to outperform other countries on every aspect. The US, for example, is in a very good position to “export” higher education given its excellent universities. Increasing incomes of potential “customers” (e.g. students from China and India) means that the latter will be able to afford high quality and expensive education. Therefore, developed countries should focus on what they are good at instead of manipulating the global system.

Main Presentations

Connecting SMEs to Global Supply Chains: Solutions for Improved Market Access and Export-led Development

The second speaker at the conference was the head of a UN agency that mainly implements trade-related technical assistance projects to provide greater market access, especially for small and medium sized enterprises (SMEs). Both her organization and the BHF are dedicated to strengthening the role of the private sector in promoting sustainable development and alleviating poverty. Both organizations also recognize that joint public-private sector engagements have the potential for providing durable solutions.



Attendees at Conference

Just as technology empowers people to be productive economic and political members of a community, her organization enables SMEs to generate sustainable incomes and livelihoods for the poor by connecting them to global markets. This process is achieved by building mechanisms to promote trust and confidence among sector stakeholders so they can work together to become more competitive. Her organization, for instance, convenes stakeholders to develop export strategies. This approach is guided by the belief that market access must be anchored domestically, especially in

developing countries. In addition, the stakeholder approach gives the private sector the space to be competitive, and therefore bottlenecks to trade barriers can be reduced.

For the same reason, mechanisms that build private-public sector dialogue and cooperation should be encouraged, and enterprises, governments and trade support institutions should develop joint export strategies and implement them with a combination of public and private resources. Her organization has observed that where this type of engagement has been substantial, rather than superficial, results have been convincing and sustainable.

The speaker went on to give examples of such partnerships from three of its areas of work. One is an interactive web-based tool that enables companies, governments and other actors to benchmark, analyse, and compare various codes, standards and audit procedures addressing sustainability issues in global value chains. The organization is providing capacity building workshops to SME producers and exporters in Africa, Asia and Latin America to help them better understand the various standards and thereby make better decisions on which path to take to achieve more sustainable production and trade.

The second program focuses on increasing the participation of women in export trade, which is critically

important for economic development both because 70% of the poor are women, and since it has been shown that women typically re-invest 90% of their resources in their families as compared to men, who re-invest less, typically about 30-40%. This program offers a platform for companies to source from women producers and has thus far attracted companies with a buying capacity in excess of USD 700 billion of which currently only 1% goes to women, as well as created a sellers' network of over 50,000 woman-owned businesses and professional women through relationships with other international organizations.

The third program highlighted by the speaker aims to integrate micro-enterprises into regional and international trade. Its core project connects high-end international designers and large distributors to small producers in African communities, thereby allowing local artisans to participate in global value chains. To date, more than three million euros worth of products and 7,000 jobs in Kenya alone have been generated as part of this initiative.

The speaker concluded by underscoring the importance of supporting processes which simultaneously build leadership, increase market access for marginalized producers and provide opportunities for export-led development. She acknowledged that the challenges facing her organization in its ventures are substantial and for that reason, they welcome real, lasting partnerships with the private sector and government.

The Present and Future of Trade Connectivity

The third speaker was a very senior representative of an international organization that exists to promote global trade, mainly through facilitating negotiations. She began by noting that in order for her organization to fulfill its mandate, connectivity is critical.

The task of increasing connections through trade opening between sectors and between countries over the last decades has been enormous. In the last 60 years, there has been an explosion of growth, creativity, and dispersion of technology. These achievements, however, are now in jeopardy as an increasing number of countries are looking inwards as a result of the ongoing financial crisis.

An increasing number of politicians around the world, including those gaining popularity, are progressively pushing for measures to protect local industries and to heighten barriers for market entry of foreign competitors while condemning open markets as a danger to domestic jobs.

According to the speaker, however, the reality of trade today is that it is dominated by trade in intermediate goods where competitive advantage comes from the efficiency of an entire chain – that is, the efficiency of all the different producers along the chain together. She predicted that unless open “doors and windows” can be created for the poorest countries to connect to those chains, we will see their further marginalization.

She ended her remarks by engaging the audience to reflect on ways and means to help marginalized communities around the world to become creators of technology and thus participate more integrally in the global market, instead of only utilizing such technology and resist protectionist pressures to safeguard movement of goods and technology across borders which have contributed to wealth creation and dramatic poverty reduction in a number of developing countries.

Public Private Partnerships for Development: A National Development Agency's Perspective

The next presentation examined the role of the private sector in development from the perspective of a senior policy advisor working with a European development agency. Having worked with a number of major companies on development projects, he explained that it is a logical progression that the private and public sectors are increasingly converging and collaborating. The private sector not only brings innovative ideas, business rigor, and scale, but is also an important constituency for governments.

The speaker outlined the six criteria and indicators of future success that his agency typically considers



Main speakers of the morning program during Q & A session.

when evaluating participation in a Public Private Development Partnership (PPDP): 1) the project must be in accordance with overall development goals and strategies of the government and the agency, both in terms of geographic and thematic focus; 2) the private partner must be willing to make a substantial contribution either financially and/or in terms of human resources, knowledge or other; 3) the cooperation with private sector must demonstrate clear added-value and scalability; 4) inclusion of the local private sector as well as the local government and administrative system; 5) no direct subsidisation of specific partners can occur; and 6) the project must adhere to international conventions such as those of the ILO and OECD standards on human rights, anti-corruption and environment.

There are three different types of partnerships that his agency forms with the private sector. “Core business partnerships” are those PPDPs which meet all of the above six criteria and offer commercially viable products or services which deliver measurable, scalable development results. The agency also engages in “Corporate Social Responsibility” (CSR) programs if they can be shown to serve both business and development interests. The third type of partnership is the “Public-Private Policy Dialogue” which centers around issues of global and national importance such as the Millennium Development Goals, climate change, or enhancing aid effectiveness.

To illustrate the advantages of cross-sector collaborations between the public and private sectors, the speaker highlighted several examples of PPDPs that his agency has supported. The first was a crop-

insurance scheme in Asia aimed at reducing the vulnerability of smallholders engaged in rice production by setting up an easily accessible rice information system using new remote sensing technology from a Swiss company. This opens the way for involved public and private stakeholders to better manage domestic rice production for millions of people in a number of Asian countries, thus providing them enhanced security against crop losses. Partners include a firm that provides the remote sensing technology, an insurance company, another development agency to provide technical expertise, and an agricultural research institute.

The second example was another micro insurance scheme benefiting 1.7 million people, mostly in Latin America and involving a partnership between a multilateral organization and an insurance company. The insurance provides medical assistance, credit, funeral payments, and compensation for cattle and motor damage.

The third PPDP discussed a collaborative effort with a southern African government to reduce youth unemployment by providing vocational training. Since 2001, over 6,000 youth have enrolled, almost 400 youth-owned enterprises have been created, 1,500 jobs have been generated and several projects have been adapted and scaled up by education authorities. Private sector partners include a variety of companies and although the project started out as a CSR program, it is now shifting towards a core business engagement.

After pointing out the benefits of PPDPs, the speaker went on to describe the main stumbling blocks that the agency has faced within this context. One of the main challenges is the cultural and motivational differences between the private sector and public administrations. While the public sector strives for stability, the private sector is opportunity driven, and both often have different “target groups” and geographical areas of focus. It is also important to ensure that projects are aligned with national development agendas, especially when complex partnership architectures and additional partners are involved. Finally, impact measurement is often a challenge because partnerships have two levels of measurements: results of the project and the efficiency of the partnership.

The following question and answer session invited the three previous speakers to field questions from the audience. The first question from an attendee inquired about the scale of the impact that public-private sector cooperation could have on development efforts, and whether these were sufficient to outweigh some of the disadvantages. One of the speakers responded that what the non-profit and public sectors often see as deficits, the private sector sees as opportunities (e.g., underserved markets). Therefore, there is the possibility that so-called “collaboration” between governments and businesses actually ends up significantly favoring the private sector if the government is not able or willing to negotiate with companies on a basis that delivers results for development. One task of the international community should be to prepare governments of developing countries for the “private sector onslaught” that they might eventually face as they become seen as attractive investment targets for companies and economic growth.

An audience member then questioned the usefulness of trade to bring people out of poverty, given that for most of the least developed countries (LDCs) today, 10% to 30% of their GDP is provided by aid. In response, another member of the audience expressed the point that people should be viewed as producers and not as in need of aid only, since only beggars and children produce less than they consume. By changing this perspective, we can focus on creating tools that make people more productive. A speaker also responded that there is now a growing emphasis from the LDCs on foregoing aid dependency and becoming competitive producers, and that aid should be used as seed money for this transition.

Another audience member asked why the private sector was not already accomplishing pro-poor growth and recognizing such opportunities themselves. A speaker commented that while companies are more and more considering developing countries as potential markets and devising respective inclusive business models, many are still foregoing such opportunities due to unfavorable investment and weak public governance conditions. Another speaker added that it is important to reduce vulnerability by increasing access to information and also by reducing barriers to market access. She cited the example of rice, which is one of the world's least traded commodities. When India implemented an export ban due to an internal hunger crisis, for example, this sent shockwaves to markets around the globe as only three countries were producing 70% of the world's rice at that time.

A Business Contribution to Peace and Prosperity

The next speaker was the leader of an international organization representing global business interests. He began his remarks by giving a brief historical overview of the organization and highlighted that its members are now mostly small and medium-sized companies from diverse sectors, but that all are involved in global trade. For the last few decades, these members shared the expectation that ongoing negotiations would gradually improve access to a variety of markets.

Now, his organization and its peers are deeply concerned that there is a gradual disengagement with multilateral approaches to dealing with a wide range of issues, including climate change, disarmament and trade, as evidenced by the stalling of the Doha round. He argued that although the multilateral approach is sometimes “hit and miss”, it has given us real results including the global economic growth of the past 60 years. He continued by stating that the current situation is characterized by a multitude of bilateral trading arrangements where unequal power relations often lead to market distortions and forms of protectionism. As a consequence, he made the point that the architecture of the international trading system needed to be updated to take into account the current financial climate and to accommodate the growing influence of emerging economies.

In response, the speaker's organization is mobilizing the business community world-wide, including both small and large companies, to put forth what they think should be the priorities for business and governments in the future. These priorities should recognize that if developing and LDC economies are not part of the solution, no effective way forward will be found.

He acknowledged that the current political climate is not favorable and predicted a rather uneventful 2012 on the trade front. However, he is optimistic that in 2013, governments will re-engage in meaningful talks on opening trade negotiations. The speaker concluded by noting that we are witnessing a historic moment, but in a troubling sense since history has shown that when countries start to close themselves off, there are often frightening consequences.

In the question and answer session, an audience member asked about the dialogue that the speaker's organization has with governments and international organizations to change attitudes on trade. The speaker responded that they are very well connected with all important international actors involved in trade negotiations. However, he noted that this is not enough: going forward, they need to have a strong message to convey, rather than only having a presence.

Another audience member thanked the speaker for opening a central debate about whether the existing multilateral system can continue on the same path as up to now, and asked how businesses around the world were reacting to the rather frightening protectionist threats he had described in his presentation. The speaker expressed the view that there is a very palpable difference in the attitudes towards business and multilateralism in the emerging economies, versus in Europe and North America. In the former set of countries, the energy and excitement both over potential business opportunities and multilateral approaches to trade are very palpable, but much less so in the latter group of countries, with these divergences appearing to only be increasing.

Panel Session

Approaches to Shared Economic Development

The panel session was opened by the moderator who welcomed the opportunity to hear from the true actors of sustainable economic development, the companies themselves. He argued that development is a multi-faceted process, of which economic development is the most important one. In the current economic and technological environment, the aid industry must completely re-think its agenda, especially in terms of how it views and prioritizes the private sector's role in development.

The first speaker of the panel represented a multinational food company. With almost four million people directly or indirectly benefiting economically from its operations or integrated in its value chains, the company wants to positively impact the livelihoods of the communities in which it operates. In response to this goal, the corporate philosophy of creating shared value has been incorporated not just as a slogan or an add-on; it builds on a strong base of performance in environmental sustainability, and compliance with international laws and codes of conduct as well as its own business principles to create long-term value for shareholders and society alike.

One example of this can be found in its methods of sourcing certain agricultural raw materials directly from small-scale farmers rather than going through intermediaries, and often offering those farmers training, technical assistance and help with building needed infrastructure. This provides a more secure source of high quality ingredients for the company at lower procurement costs, while simultaneously building the capacity of producers and offering them increased economic opportunities. The speaker gave another example of the company's approach by discussing a network of micro-distributors with handcarts to reach consumers who would otherwise not have access to these products, thereby creating a larger customer base for the company, providing employment and delivering products where they were in demand.



Private sector speakers during afternoon panel session

The second speaker on the panel was from a biopharmaceutical company. Its CSR efforts center around improving access to healthcare in developing countries, and go beyond simple donations (of money or medicines) to encompass a more holistic approach. Aside from complying with local safety standards and codes of conduct, the company is investing in research and development of cures for neglected tropical diseases, implementing anti-counterfeiting measures, as well as donating to initiatives of the World Health Organization (WHO).

The company's central CSR program focuses on schistosomiasis, the second most devastating disease after malaria in sub-Saharan Africa, with more than 200 million people infected and 200,000 dying from it each year (85% of whom live in Africa). It launched a Public Private Partnership (PPP) with the WHO in 2007 to donate 200 million tablets by 2017, which are distributed by WHO in several African countries. Earlier this year, it also committed to increase the donation up to 250 million tablets per year and to work with the WHO to implement an education program in schools of some of these countries to eliminate the disease in Africa. The speaker also underlined the importance of thinking forward in conducting research and development, something the company is trying to do by improving the current drug formulation for the schistosomiasis medicine.

He also discussed the problem of counterfeiting of drugs, not only because it costs the pharmaceutical industry a lot of money, but also because the counterfeits are a public health concern, in that they are either dangerous or devoid of efficacy, which deprives patients from a chance to be cured. In response, the company has produced a mobile mini-lab to test the authenticity of drugs, especially priority essential medicines, with almost 400 kits supplied to 83 countries to date. It has also developed a process that is currently being trialled in Nigeria whereby a hidden number is printed on the drug packaging. Customers can scratch the surface to obtain the number and can then send an SMS to a 24h call center to verify the item's authenticity.

The third speaker of the panel represented a Swiss microfinance investment and advisory firm. He presented its partnership with a major development NGO to create a small enterprise investment fund with a focus on Africa, women's empowerment and food security. The fund is structured to attract socially responsible investors and with a targeted return on investment of approximately 5%. It selects and invests in small enterprise financing intermediaries, which distribute the money to small enterprises of between 10 to 100 staff. Depending on where the small enterprise is along its life cycle of growth, it will have different banking needs, any of which might constitute a good investment target for the fund. The fund also carries out rigorous evaluations of investment impacts, both in selecting its targets, quarterly reporting and in-depth impact evaluations every three to five years.

In the subsequent question and answer session, an audience member asked the speakers if they looked specifically at the job creation impacts of their initiatives. One of the panelists responded that this would be difficult to measure, as there is a huge amount of indirect employment generated from their programs. Another speaker commented that his company is still in the learning stages of how to best provide evidence of such impact. They are starting to integrate this aspect from the beginning of a project phase but still see it as a challenge. The moderator added that this is a real problem for aid agencies, to the extent that impact assessments are perhaps becoming more important than actual impact. He gave an example of an NGO that he is working with which is subject to a high number of evaluations a year – the cost of these in terms of time and other resources is suffocating.

Another audience member asked why models that have been shown to have significant positive impact, such as Grameen Bank, have not gone global – that is, what are the barriers to operating in different markets? One speaker responded that in fact, Grameen Bank and other similar models have gone global, with more and more such initiatives launched outside of Bangladesh in Asia, Africa and even North America. The biggest challenge for microfinance is the regulatory environment in terms of ensuring that borrowers are protected from unethical lenders. Another panelist added that it is usually better to have a nationally rooted model than one that is imposed from the outside.

2012 Russell-Whitehead Business Humanitarian Award Ceremony (Honoring Professor Iqbal Z. Quadir)

Following the conference part of the event, the Chair of BHF's International Advisory Board and former Secretary-General of the International Chamber of Commerce, Maria Cattai, together with John Maresca, President of the BHF Association Council, presented the 2012 Russell-Whitehead Business Humanitarian Award to Professor Iqbal Z. Quadir.

The award is named after two Honorary Co-Chairmen of the BHF, George F. Russell, Jr. and John C.



Presentation of award tray to Prof. Quadir

Whitehead. It was established in 2004 to recognize outstanding achievement in facilitating private sector efforts to bring sustainable investment, job creation and economic development where they are needed most. Past recipients of the award include distinguished personalities such as Kofi Annan and James D. Wolfensohn.

The 2012 Russell-Whitehead Business Humanitarian Award was presented to Prof. Quadir for his visionary contribution to economic and social development in

Bangladesh through the establishment of Grameenphone.

His business ventures have empowered those at the base of the economic pyramid to literally allow their voices to be heard. And as the founder of the Legatum Center at MIT, he has amplified his role as an entrepreneur by working with students who develop for-profit enterprises in their native developing countries.

In addition, Prof. Quadir has set up several other sustainable social businesses, notably in the field of decentralized energy production and mobile phone-based banking services and has also been involved in foundations working in his home country.

His work is an inspiration for all those who forge and renew partnerships for development, between sectors and across nations, based on mutual recognition, interest and support. For all of these reasons, the BHF decided to present the 2012 award to Prof. Quadir.

In his acceptance remarks, Prof. Quadir expressed his heartfelt thanks to the BHF for the award, and also for the day's event, which provided substantial encouragement for the private sector to tackle the problems of socio-economic development. He emphasized the need for business to be perceived as a problem solver and for competitive commerce to be perceived as giving rise to social progress. Further, he underscored that one of the roles of governments is to help competitive commerce to take hold.

Using his own venture with Grameenphone, Prof. Quadir highlighted some of the key benefits of the private sector's role in development:

- Scale – Since Grameenphone was a profitable enterprise it could continue to reach more people and spread the productive technology throughout the country.
- Scope – Economically sound solutions are not just sustainable and scalable, they are also forced to reduce prices for consumers as competition sets in. Setting arbitrary priorities or prices according to some political agenda limits the scope of projects and makes many infeasible.
- Shadow Benefits – Economic growth and commercial competition give rise to meritocracy and many positive social benefits.
- Mutual Accountability – Profit and competition lead to competition for employees, which leads to better treatment of employees; competition also makes it infeasible for a sales person to extort a customer desiring to purchase a service.
- State Accountability – No entity becomes accountable by itself and similarly, the state will not be accountable unless there are prosperous citizens' businesses to compel the state to be so.

Concluding Remarks and Key Takeaways



Attendees during reception

The conference on “Harnessing the potential of the private sector for development” brought together representatives from companies, governments, UN agencies, non-profit organizations and academia for a stimulating and constructive dialogue about the benefits of private sector engagement in achieving development goals. It also identified several challenges currently impeding such collaboration, helped to build awareness around these and offered some potential solutions on how they might be overcome.

Major themes throughout the conference involved:

- The importance of job creation and economic growth for alleviating poverty in a sustainable manner.
- The role technology can play to increase productivity, empower citizens and to hold governments accountable.
- The ways by which companies expand economic opportunity through their core business operations and beyond traditional CSR activities.
- The importance of good governance and a favorable investment climate to support economic development.
- The innovative role inter-governmental organizations can play to support local enterprises.
- The ways how national development agencies can further improve cooperation with companies for enhanced development success.
- The importance of trade for development and the necessity to influence negotiations favoring open trade at multilateral institutions.

Annex I: Agenda

Harnessing the Potential of the Private Sector for Development

A BHF Conference and Award Ceremony
(Event held under the Chatham House Rule*)

March 16, 2012
Geneva, Switzerland

- | | |
|-------|--|
| 09:30 | Registration and Coffee |
| 09:45 | Welcome & Introduction |
| 10:05 | Keynote Address: Harnessing Technology for Development and Democracy |
| 10:45 | Questions and Discussion |
| 11:00 | Coffee Break |
| 11:15 | Connecting SMEs to Global Supply Chains: Solutions for Improved Market Access and Export-led Development |
| 11:40 | The Present and Future of Trade Connectivity |
| 12:05 | Public-Private Partnerships for Development – A National Development Agency’s Perspective |
| 12:30 | Networking Lunch |
| 14:00 | A Business Contribution to Peace and Prosperity |
| 14:25 | Panel Session: Approaches to Shared Economic Development |
| | Food Sector |
| | Pharmaceutical Sector |
| | Financial Sector |

15:25	Question and Answer Session for Panel
15:45	End of Conference Part
	Coffee Break
16:00	Russell-Whitehead Business Humanitarian Award Ceremony
16:10	Introduction
16:20	Award Presentation
16:30	Acceptance Remarks
16:40	Short Video Feature
16:50	Reception

* In order to encourage frank exchange, the workshop was held under the Chatham House Rule of confidentiality. For that reason, individual speakers are not identified in this agenda.

Annex II: List of Attendees and their Organisations

Alam, Mohammed Nore | Counsellor | Permanent Mission of the People's Republic of Bangladesh to the United Nations

Aumonier, Alain | Senior Adviser | Dialog@Geneva

Bathija, Heli | Area Manager for the African and Eastern Mediterranean Regions, Department of Reproductive Health and Research, Cluster of Family, Women's and Children's Health | World Health Organization

Batruch, Christine | Vice President Corporate Responsibility | Lundin Petroleum

Beris, Gwynne | Director, Geneva Office | World Vision International

Bernhardt, Martin | Vice President Relations with International Institutions | Sanofi Group

Carrier, Jean-Guy | Secretary-General | International Chamber of Commerce

Cattai, Maria | Former Secretary-General | International Chamber of Commerce

Chater, Natacha | International Organizations MBA Candidate | University of Geneva

Chopard, Jean-Luc | Chef du Protocol | Etat de Genève

Desbiens, Pascal | Counsellor, Humanitarian Affairs | Permanent Mission of Canada

Dominicé, Roland | CEO | Symbiotics Group

Dotta, Roberto | Deputy Director | The Business Humanitarian Forum

Easter, Kris | Development Advisor to the US Mission | US Agency for International Development

Espinosa, Ricardo | Chief, NGO Liaison Unit | Office of the Director General, United Nations

Fontaine, Laura | Partnership Advisor, Natural Environment and Climate Issues | World Vision International

Francis, Patricia | Executive Director | International Trade Centre

Freymond, Jean | Executive Director | The Business Humanitarian Forum Association Council

Ginther, Carl | International Organizations MBA Candidate | University of Geneva

Guarino, Bianca | Director of Operations | STMicroelectronics Foundation

Jones, Meg | Senior Programme Officer, Women and Trade | International Trade Centre

Kaali, Rita | Project Assistant | The Business Humanitarian Forum

King, John H. | Director | The Business Humanitarian Forum

Lemos, Gabriela | Master Student in Humanitarian Action | Graduate Institute

Maresca, John J. | President | The Business Humanitarian Forum Association Council

Micong, Klimes | 1st Secretary | Permanent Mission of the Federal Republic of Germany to the United Nations

Mxakwe, Theo | Assistant Vice President Public Affairs | Nestlé

Noguchi, Michelle Barbeau | Deputy Director | The Evian Group at IMD

Poniatowski, Birgit | Manager, Partnerships | Global Alliance for Improved Nutrition

Quadir, Iqbal Z. | Entrepreneur, Professor of the Practice of Development and Entrepreneurship, Founder and Director Legatum Center for Development and Entrepreneurship | MIT

Rabolini, Arnaldo | Special Assistant | The Business Humanitarian Forum

Rombach, Meggi | Fmr. Global Brand Manager | Procter & Gamble

Roztocil, Tomas | Manager External Relations | Merck Serono

Rugwabiza, Valentine | Deputy Director-General | World Trade Organization

Sahnoun, Mohamed | Acting President | University for Peace Council

Sanders, Craig | Fundraising Officer | International Union for Conservation of Nature

Skidmore, Robert | Chief, Sector Competitiveness | International Trade Centre

Solari, Celia | Programme Manager | University for Peace

Steinhagen, Susan | Public Affairs Specialist | Nestlé

Studer, Meinrad | Manager External Relations | World Health Organization, Special Programme for Research and Training in Tropical Diseases

Tamminga, Philip | Humanitarian Response Index, Good Humanitarian Donorship | DARA

Terstal, Susanna | Deputy Permanent Representative | Mission of the Kingdom of the Netherlands to the United Nations

Tschumi, Peter | Senior Policy Advisor, Focal Point Employment and Income | Swiss Agency for Development and Cooperation

Tsitrinbaum, Yuri | Master Student in Humanitarian Action | Graduate Institute

Vasudevan, Raksha | Project Assistant | The Business Humanitarian Forum

von Hagen, Oliver | Associate Expert, Division of Market Development, Market Analysis and Research | International Trade Centre

Warren, Richard | Web Editor | International Trade Centre

Annex III: Short Bio on Iqbal Z. Quadir

Prof. Iqbal Z. Quadir

Entrepreneur, Professor of the Practice of Development and Entrepreneurship

Founder and Director of the Legatum Center for Development and Entrepreneurship

MIT

Iqbal Z. Quadir has been articulating, for two decades, the critical role of entrepreneurship and innovations in creating prosperity in low-income countries. In the 1990s, Quadir conceived and organized Grameenphone to provide telephone access throughout Bangladesh, including its rural areas. Grameenphone is now Bangladesh's leading telecommunications operator providing access to over 35 million subscribers irrespective of their geographic location or economic standing.

From 2001-2004, Quadir taught at the Kennedy School of Government at Harvard, focusing on the democratizing effects of technologies in low-income countries. He co-founded the journal *Innovations* (MIT Press) and, in 2005, moved to MIT where he founded the Legatum Center for Development and Entrepreneurship in 2007 and is a professor of the practice. Quadir founded Emergence BioEnergy to produce decentralized energy, and recently co-founded Money in Motion to provide mobile phone-based banking services. He sits on the Advisory Council of the World Wide Web Foundation.

Quadir holds an MBA and an MA from the Wharton School, University of Pennsylvania, and a BS with honors from Swarthmore College. In 2011, he received the honorary degrees of Doctor of Humane Letters from Swarthmore College and Doctor of Science from Case Western Reserve University.

Annex IV: Citation

The Russell-Whitehead Business Humanitarian Award

Is hereby presented to Professor Iqbal Z. Quadir, Entrepreneur, as well as Founder and Director of the Legatum Center for Development and Entrepreneurship at MIT, for his visionary contribution to economic and social development in Bangladesh through the establishment of Grameenphone and other enterprises.

We honor him equally for his personal engagement, teaching and leadership at the Legatum Center championing the role of entrepreneurship, technology and innovation as key drivers for lifting people out of poverty and empowering citizens in low-income countries.

We congratulate the Legatum Center on its programs that support students implementing for-profit enterprises in developing countries under the guidance of Professor Quadir and consider them to be innovative and meaningful ways to harness the potential of entrepreneurship for development where it is needed most.

Professor Quadir's admirable work and engagement are also an inspiration to all those who forge and renew partnerships for development, between sectors and across nations, based on mutual recognition, interest and support.

Geneva , March 2012

George F. Russell Jr.
Honorary Co-Chairman

John C. Whitehead
Honorary Co-Chairman

John J. Maresca
President, Association Council

Annex V: Press Release

Geneva – March 16, 2012

Professor Iqbal Quadir of MIT Receives Russell-Whitehead Business Humanitarian Award

The Business Humanitarian Forum Association (BHF) has presented its 2012 Russell-Whitehead Business Humanitarian Award to Professor Iqbal Z. Quadir, Entrepreneur, as well as Founder and Director of the Legatum Center for Development and Entrepreneurship at MIT, for his visionary contribution to economic and social development in Bangladesh through the establishment of Grameenphone, a telecommunications operator now providing access to over 35 million subscribers throughout that country. The BHF honors him equally for his personal engagement, teaching and leadership at the Legatum Center at MIT championing the role of entrepreneurship, technology and innovation as key drivers for lifting people out of poverty and empowering citizens in low-income countries.

The 2012 award has been presented to Professor Iqbal Z. Quadir in conjunction with a BHF conference on harnessing the potential of the private sector for development which brought together high-caliber speakers from key international organizations including the Secretary General of the International Chamber of Commerce and the Executive Director of the International Trade Center as well from multinational companies based in Switzerland discussing new ways how the private sector can expand economic opportunities in developing countries. Senior attendees from companies, governments, UN agencies, non-profit organizations and academia had the opportunity to engage in a constructive and frank discussion on the rationale, mechanisms and impact behind such initiatives.

The Business Humanitarian Forum (BHF), established in 1999, encourages better understanding and cooperation between the public and private sectors, and works with partnerst o address humanitarian problems and promote sustainability, responsibility and equity in economic development. The BHF does this by arranging for direct private sector involvement and investment in areas where it is needed, and by providing training and facilitating dialogue between international organizations and private companies. The BHF has initiated and carried out several economic development and humanitarian projects in different parts of the world and has helped create partnerships between businesses, humanitarian agencies, NGOs and local governments.

The Russell-Whitehead Business Humanitarian Award is named after the two Honorary Co-Chairmen of the BHF, Mr. George F. Russell Jr, and Mr. John C. Whitehead. The award was established in 2004 to honor an outstanding personality or organization for having made a significant contribution to facilitating private sector efforts to bring sustainable investment, job creation and economic development where they are needed most.

The first award was presented to Mr. Rory O’Riordan, President of the European Generic Medicines Association, for his work in bringing the resources of the generic pharmaceutical sector to bear on providing essential medicines to post-conflict and developing areas. The second awardee, in 2006, was Mr. Farooq Kathwari, CEO of Ethan Allen Industries, for his humanitarian efforts relating to the problems of Kashmir. The third award was presented to the former Secretary-General of the United Nations, Mr. Kofi Annan, in honor of his exemplary work in encouraging responsible business policies and private sector support for humanitarian agencies of the United Nations. In 2009, Mr. James Wolfensohn, Ninth President of the World Bank, received the award for his exemplary leadership in bringing about far-reaching institutional reforms and reshaping the Bank’s approach to development.

Further information:

More information on the Russell-Whitehead Business Humanitarian Award and the BHF can be found on www.bhforum.org or via the BHF Secretariat in Geneva at +41 (0)22 795 18 00 or info@bhforum.org.

Business Humanitarian Forum
Maison Internationale de l'Environnement II
7-9 chemin de Balexert, 1219 Chatelaine
(Geneva), Switzerland
Tel: +41 (0)22 795 1800
Fax: +41 (0)22 795 1809
email: bhinfo@bhforum.org
Website: www.bhforum.org