

CORPORATE SOCIAL RESPONSIBILITY: BUSINESS AND CIVIL SOCIETY WORKING TOGETHER

Background paper prepared for the Enabling Environment Conference by:

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I. EXECUTIVE SUMMARY

Opportunities for civil society organisations (CSOs) and businesses to achieve shared goals and individual aspirations by working together are unprecedented. Such collaborations, from initial dialogue to active and operational partnerships, are increasingly expected to deliver solutions to some of the world's most pressing developmental problems.

This paper examines the scope and nature of such potential partnerships in the Afghan context and aims to lay out key issues and recommendations for discussion and debate. The recommendations are based on a field survey in Afghanistan and an analysis of international experiences conducted to determine the possibilities and best course of action for promoting an enabling environment for philanthropy and private initiative in Afghanistan.

Partnerships will occur if:

- ◆ Businesses see it as being in their interests to work with civil society organisations for the public good
- ◆ CSOs are trusted by businesses as being reputable and competent
- ◆ There are institutions and organisations that promote and build capacity in such partnerships

- ◆ The government puts into place the legal and fiscal environment that encourages both parties to work in partnership

The study found that the notion and practice of philanthropy in Afghan society is well established, evident in its traditional, religious and modern forms. However, the potential of philanthropy has so far been under-recognised and philanthropic engagement in social development mostly remains sporadic and unstructured due to various hindering factors such as the lack of:

- ◆ An enabling regulatory environment
- ◆ Trust, accountability and transparency
- ◆ Organised institutional mechanisms
- ◆ Effective coordination and partnerships
- ◆ Organised research and capacity building institutions

Mobilising the potential for private sector contributions to the economic and social development of the country could help Afghanistan overcome its heavy donor dependency and support a sustainable and self-determined development path.

There is a visible and encouraging willingness

amongst locals and the diaspora to increase philanthropic giving for social and economic development, if a more enabling, facilitative and conducive environment for private-civil society partnerships were provided. Ideally, such an enabling environment would be characterised by:

- ◆ Political stability and confidence in the future
- ◆ Mutual trust and understanding, democratic dialogue and collaboration amongst stakeholders
- ◆ Rule of law, protection of the rights of citizens and a diversity of stable democratic institutions
- ◆ A streamlined legal, fiscal, regulatory and administrative framework governing all spheres of private initiative, which is predictably, consistently and impartially applied

This paper identifies some concrete steps to move toward such an enabling environment:

For **civil society and business** this includes:

- ◆ Building structured, facilitative and synergistic partnerships amongst the primary stakeholders by creating institutional mechanisms, such as the establishment of a dedicated organisation to promote philanthropy
- ◆ Building trust, transparency and accountability through the introduction of credibility and quality assurance ISO and NPO certification
- ◆ Engaging in concerted capacity building, research and coordination by creating a dedicated capacity building/training and research organisation

Government has a crucial role in providing incentives and creating an enabling fiscal and regulatory environment for the promotion and growth of multi-sector partnerships. This is so that not only philanthropy flourishes and is effectively channelled toward the development effort, but so that business and civil society are also strengthened to achieve the overall aim of economic and social development.

The paper has been divided into five parts:

- ◆ Case studies and issues
- ◆ Examples in Afghanistan and internationally
- ◆ Suggestions for Business/CSO partnerships
- ◆ Issues that need to be addressed
- ◆ Recommendations

II. CONTEXT, DEFINITIONS AND ISSUES

Prevailing Environment

Since the 1980s, a large section of the CSO community has been re-examining its basic strategies, based on the realisation that by acting on their own they cannot hope to benefit more than a few favoured locales, and that self-reliant local initiatives are only likely to be sustained if local public and private organisations are linked into a wider support system. At the same time, the process of economic globalisation has been accompanied by the increased concentration of resources and economic power within the business community. Whatever the cause “it is now obvious to many CSOs that most of the world’s resources are owned by the private sector (Phillips, 2000).” This refers not only to economic but also to knowledge resources.

Today it is generally recognised and reflected in development planning that social development cannot be achieved by government alone and requires broad-based public and private partnerships, which involve the citizens at all levels. The role of philanthropy and philanthropic resources as a complementing factor in social investing and development is a widely acknowledged fact across the globe. The potential for a healthy private philanthropic sector in every country is strong, even more so in Muslim societies.

Context

For business and civil society to work together for development, the government is an important and vital actor, which actually makes for a triangular relationship in the context of providing an enabling environment. A government can choose to foster a climate that is hostile or supportive not only for CSOs or business, but also for active collaboration between CSOs and business for effective development. The Government of Afghanistan is hard-pressed to meet basic needs and to perform basic functions. Fostering alliances for development with and between business and civil society through a supportive policy framework therefore becomes all the more important. The two sectors have their own characteristics.

Civil Society in Afghanistan is unique and diverse in its manifested traditional and modern forms:

- ◆ **Traditional Civil Society** includes a variety of indigenous groups for social action that are deeply embedded in society. These groups are based on

traditional, quasi-traditional and quasi-modern values formed around family, tribe, location or profession. These include shuras, jirgas and councils of elders, peace committees, community councils and informal professional associations such as those of traders, barbers and carpet workers.

- ♦ **Modern Civil Society** includes modern social groups stemming from Western concepts of social action. The diversity and range of modern civil society includes mutual benefit organisations such as CBOs; ethnic and political organisations; professional associations; employees and trade unions; cooperatives; women, youth and students groups; chambers of commerce & industry; business associations; and public benefit organisations such as non-governmental organisations, non-profit organisations, private or public philanthropic organisations, civic organisations, advocacy and human rights organisations, research organisations and different collaborative development forums including networks and CSO coalitions.

The distinction between traditional and modern civil society largely reflects rural-urban differences which over time may become less pronounced. Due to the displacement and exile experience of rural Afghans who have been exposed to modern values and procedures, traditional and modern forms of social action are becoming increasingly integrated.

In this process, traditional civil society, largely built around “family” and “clan” structures, is adopting some of the more formal structures and configurations characteristic of modern civil society. This is encouraging as it enhances civil society’s potential as a vital catalyst and engine of economic and social development.

Business: Afghanistan’s business fabric is special in that the private sector mainly comprises traders and small farm agriculture. In the last few years, new sectors have emerged as a result of the reconstruction efforts, particularly in the areas of physical infrastructure and human capacity building/education. New sectors are expected to grow including banking, telecommunications, food processing and mineral extraction. However, not only are business concerns mainly family-run, but 80 to 90 percent of economic activity is informal.¹ The manufacturing sector which is weak, but has seen some recovery since 2001, is dominated by textiles, carpet manufacture, leather goods, semi-precious mineral and marble production and dried fruit production. Policies and actions aimed at enhancing organised philanthropic contributions need to take the special features of the economic landscape of Afghanistan into account and target

both traditional as well as emerging business sectors.

Scope for Collaboration

In Afghanistan, most people deem it part of their Islamic religious obligation to give to those in need and, as Muslims are motivated by their belief in social equity, manifested by *zakat*, *sadkas*, *fitranas* and *wakfs* etc. Mostly, giving is faith based but directed to social causes. This study has found that there is great scope for philanthropic Muslims in Afghanistan to be the drivers of citizen-led initiatives for social development.

Today there is a growing recognition within Afghan society that social development is not the responsibility of Government alone; there is a space for social activism on the part of citizens and there are social development needs that business and CSOs together can address successfully. Within an environment of extremely scarce human and capital resources, it is particularly important to channel and structure the good intentions of prevalent philanthropy effectively around business and civil society partnerships for development.

International examples clearly indicate the advantages to all actors involved in economic, social and cultural development endeavours and provide important lessons of partnerships based on the principles of reciprocity, mutual needs and benefits. These lessons include:

- ♦ Through partnerships with business, **CSOs** are able to extend their outreach, learn new skills and disciplines and find new, innovative and more efficient ways of carrying out their mandates and missions. They also have increased financial access to support their programmes.
- ♦ **Businesses** too have a wide variety of reasons for working with and through CSOs. They can generate goodwill for their firms through supporting social activities, have a more loyal workforce when the business is seen as socially responsible, and express the personal philanthropic impulses of their leaders.
- ♦ **Governments**, acting as the catalysts to help such partnerships flourish, derive extra resources for development, and increases in skill and experience in social development issues which they can draw on for their own programmes.
- ♦ **Business-CSO affiliations** can provide Afghan communities with an alternative method of addressing community problems without having to wait for Government.

III. CASE STUDIES

Afghanistan

Most money that is being sent by Afghan expatriates is channelled toward families. Some money is also given to community development work, but this is not institutionalised. Much of this mostly undocumented giving comes from a new class of successful Afghan businessmen and women that has emerged as a result of trading.

The following Afghan case studies look at examples which have moved from personal or family charity to more professional and organised philanthropy.

The **Bayat Foundation** is one example of large-scale, institutionalised corporate giving in the country. It channels parts of the corporate profits of the Bayat business group toward development works across the country. The Foundation is mainly involved in the reconstruction of damaged schools and clinics. As one of its largest projects, the Foundation has not only sponsored construction of a 100-bed hospital in Mazar-e-Sharif, but also runs it on a non-profit basis. This hospital is equipped with modern medical facilities and provides medical services to people on cheaper and subsidised rates. The inauguration ceremony of the hospital was attended by government officials, politicians and philanthropists, which speaks of their contemporary interest and support to such social causes. The Foundation has also sponsored the library of the American University in Kabul.

Apart from investing its own revenues into the development ventures, the Foundation also generates significant philanthropic revenues from diaspora individuals and businesses operating in the United States of America, Pakistan and from local businesses and philanthropists. Bayat has a strategy of trust building and informing the public of not only its own social ventures but of highlighting other philanthropists' endeavours and public messaging services through the medium of its Ariana Television. Ariana is aired internationally and particularly attracts Afghan diaspora communities. Expatriate Afghans respond generously to calls for funding by the Foundation.

The example of the Bayat Foundation demonstrates the importance of the media in promoting and informing the public about philanthropic giving. Since **Roshan's** launch in July 2003, giving back to the community has been a high priority, providing access to mobile telephony, training and employment opportunities. In addition, Roshan's Social Programmes Division has identified four sectors for development: Commerce, Health, Social

Welfare and Education. Through partnership and direct grants in these key sectors, the aim is to improve the quality of life of Afghans, reduce distress and provide opportunities for a better future. These efforts will also help build human potential and capacity to drive the reconstruction of Afghanistan.

The initial philanthropic activity of Roshan focused on assistance to street and working children and their families in Kabul. In 1995, ASCHIANA, with the initial assistance of Terre des Hommes, opened its first centre for street and working children in Shar-i-Naw district of Kabul to provide meals, health education and medical treatment.

ASCHIANA is now established in Kabul, Mazar-e-Sharif and Parwan Province and more recently has been functioning with the support of Roshan and others. Roshan has concentrated its support on the provision of soup kitchens to feed the children, health promotion training and sponsorship to ensure that as many children as possible can enter full-time education. The main aim of ASCHIANA is to bring change and improve the social, economic, cultural, physical and mental situation of the vulnerable groups of children. The Roshan Social Programme has invested resources in technology and brought on other technology partners (such as Cisco) for the groundbreaking telemedicine programme which links doctors in Afghanistan to doctors in other countries for expert advice and ongoing professional development. The number of beneficiaries of Roshan's philanthropic and social development efforts is increasing with the expansion of services.

While there are many worthy projects that are in need of assistance, the criteria set by Roshan for the selection of projects are: the identification of needs that affect their constituents; addressing the mission that falls within one of the identified target sectors; clearly defined, deliverable objectives that secure real benefits to the target communities; and ensuring the ability to monitor and measure outcomes and synergy with Roshan values of social responsibility and ethical conduct. An overall policy of Roshan is to be involved with the initiatives it supports, to share its expertise and learn from its partners.

Afghan Women's Business Association (AWBA) was set up by Ms Mina Sherzoy, who returned to Afghanistan five years ago after having lived in the United States as a refugee. As head of the forum, she demonstrates a strong interest in socially and economically uplifting women, and works both in an individual capacity and on behalf of AWBA as part of the process to promote philanthropy in Afghanistan. AWBA's main goal is to alleviate poverty and generate philanthropic resources from

both local and international sources. The association has a wide network of women entrepreneurs (over 780 members) and helps build the capacity of destitute women to start their businesses. The Association also tries to raise awareness about women's issues, empower women, and also undertakes research.

A few other examples of sporadic social work being done by individuals and business groups that are not well-known are included below. These examples may not be completely representative; however, they reflect a range of giving practices which were documented during the field survey conducted and corroborated by local newspaper stories:

- ◆ The Dawee group which has built several schools and has renovated the Eid Gah mosque in Kabul
- ◆ Al-Khuzay Tea has offices in 52 countries and has grown very rapidly. The owner started as a small trader in tea and used to trade small quantities of tea from Pakistan. Al-Khuzay has recently donated to the American University in Kabul along with other philanthropists such as Habib Gulzar (Coca-Cola) and Najib Zarab.
- ◆ Businesses in Herat joined together to provide philanthropic support for the development of Herat province. Working with Government, the business community contributed toward developing the Bagh-e-Millat, a 25-acre park in the heart of the city. Similarly, roads, clinics and schools were also developed. Traders provided certified seed to farmers for developing agriculture in the province.
- ◆ The Afghan Times, in Kabul, Kandahar and Mazar-e-Sharif prints information on philanthropic initiatives of Bayat Foundation, Dawee Centre and others. The newspaper plans to establish a school for Afghans providing high quality English language teaching, which would be free of cost and would develop the linguistic potential of promising individuals.

These examples of passion from businesses and individuals for philanthropy and development are on the one hand very encouraging, but on the other hand, they also point toward certain gaps and inadequacies.

Observations

Corporate social responsibility is generally irregular and not financed by a certain percentage of profits. It does not derive from a professional scan of the social needs and problems, or a scan of existing implementing organisations, and is not well known to the general public, or for that matter, to the business sector.

International Experience

The following paragraphs provide some successful international examples of corporate philanthropy with important lessons for the Afghan context. They are drawn from India, Pakistan, the Philippines and multinational contexts and illustrate:

- ◆ The scope, scale and impact institutionalised corporate giving can attain
- ◆ How the private sector's potential for innovation and know-how can help address complex social development problems
- ◆ That intermediary institutions can have a catalysing role in mobilising and channelling philanthropic giving

Scope, scale and impact of institutionalised corporate giving

As one of the largest companies in the world, **Coca-Cola** takes seriously its ability and responsibility to positively affect the communities in which it operates. Coke India's Corporate Social Responsibility (CSR) initiatives are both community and environment-focused and are good examples of business, CSOs, government and community partnerships for social and economic development. Priorities include education, where primary education projects have been set up to benefit children in slums and villages; and health, where Coke India partners with local CSOs and governments to provide medical access to poor people through regular health camps. In addition to outreach efforts, the company has committed itself to environmental responsibility through its own business operations in India.

The company's support for community-based rainwater harvesting projects to restore water levels and promote water conservation could be used as a model. Coca Cola is partnering with the Central Ground Water Authority (CGWA), welfare associations, local governments and communities to set up Rainwater Harvesting structures all over the country. Local government and local CSOs identify

critical areas and mobilise community participation, while Coca Cola facilitates the project and serves as the principal funding agency. The partnership with CGWA ensures availability of technical expertise. Coca-Cola employees also play an active role, helping with project coordination, selection of vendors, execution and maintenance. The projects are designed in a way that they require minimum recurring expenses and involve community residents from the start.

Two examples are given below:

- ◆ The Thar region of Rajasthan is one of the world's most densely populated arid zones, with a human population of more than a million and a still larger population of livestock. Along with Jal Bhagirathi Foundation (JBF), Coca Cola is supporting water harnessing projects in this area through the revival of traditional structures with proactive community participation. Local communities contribute 25 percent of the cost with voluntary labour, with Coca Cola India providing the balance of 75 percent.
- ◆ In Varanasi the unit partnered with the local CSOs and village communities to augment the water resources and facilitate better availability of potable water by repairing and cleaning community wells, supporting the digging of bore wells and installation of hand pumps. Similarly, in Wada, Maharashtra the unit supplied potable water during the dry season.

Bharat Petroleum, India: BPCL's first corporate responsibility activities were initiated in 1986 in Mahul, a village located in the neighbourhood of its Mumbai refinery. The inhabitants of Mahul were a wealthy fishing community, but as far as education, health and other basic necessities were concerned, they needed help. BPCL volunteered to provide these services and the initial success brought such gratification that BPCL extended its initiative to a second village, Karjat. Today, 37 villages across India have been adopted. This includes making substantial and long-term investments in local communities with the aim of fostering self-reliance. The company is providing fresh drinking water, and sanitation and medical facilities. It also has a strong focus on enhancing income levels through education, including vocational training and agricultural innovations, as well as providing grants for opening schools and adult literacy camps.

Several factors contributed to making BPCL's social responsibility endeavours work:

- ◆ **The successful mobilisation and motivation of its own employees:** There is a high level of trust between the company and its employees, which ensures a high level of participation in BPCL's

corporate social responsibility activities from the start. Employees are made equal partners in carrying out activities and decisions are transparent. BPCL successfully involves people of all cadres, from the managers to the workers of various departments in the different unions. Employees are kept motivated by colleagues' success stories.

- ◆ **Need-based activities:** Projects are undertaken as and when people demand, including BPCL's own employees or people from the communities.
- ◆ At the community level, all the people are involved right from the planning level. People take decisions together.

Apart from these outreach activities, BPCL has also been one of the first companies in India to help employees suffering from drug addiction. A successful long-term partnership has been undertaken with Kripa Foundation's De-addiction Centre (Kripa Foundation is one of the largest NGOs in India helping people suffering from chemical dependency and HIV infection). The recovered addicts in turn help others with similar drug addiction problems.

Pakistan Petroleum Limited's community development and welfare activities are aimed at enhancing the quality of life of the people living in the vicinity of its areas of business operations. For this purpose it has set up a PPL Welfare Trust (PPLWT). Services are organised in consultation with all stakeholders, particularly the local community. The fully equipped Sui Field Hospital, a mobile dispensary with regular organisation of free medical camps has been instrumental in treating thousands of patients. The provision of free medicines and the donation of hospital equipment and ambulances has remained a regular feature in PPL's welfare plans. Realising the additional medical need of the Sui population, PPL Welfare Trust is also setting up a 50-bed Welfare Hospital at a cost of US\$ 1.66 million on over 10 acres of land.

Providing and improving educational facilities run parallel with health care programmes. Sui Model School is providing education to over 2,700 students in two shifts, at a very nominal fee. School buildings have been expanded and renovated. Books, furniture and science laboratory equipment are provided on a regular basis to different institutions. To encourage education, yearly scholarships are provided to deserving students.

Construction and repair of roads and culverts on a regular basis facilitate easy access to adjoining areas to fulfil commuters' day-to-day requirements. Laying and maintenance of water and gas pipelines have immensely benefited locals. PPL has

constructed several mosques and installed a number of water hand pumps in the villages, built badminton and squash courts, and donated fire fighting trucks to municipal committees. Its welfare project includes supply of one million gallons of water per day to Sui Toem from Khewali Pump Station (65 kilometers away) near Guddu through a 90-kilometre pipeline distribution network. Construction of a metalled airstrip and an impressive airport terminal building with related amenities provides express and uninterrupted air travel facilities. PPL also makes substantial donations to different education and health institutions every year. A hallmark of the design and nature of PPL's various public welfare initiatives is the consultation with local communities and responsiveness to these needs.

Observations

The examples of the Indian and Pakistani oil companies can be a replicable model for the involvement of Afghanistan's mineral and extraction industry in the development of village communities based in their area of exploration and production.

Private sector innovation and know-how for social development

Johnson & Johnson's (J&J) commitment to social responsibility is exemplified by a number of key community initiatives. Through the contributions programme, a worldwide social responsibility effort, Johnson & Johnson aligns philanthropic initiatives with its expertise in four key platforms: access to health care, children's health, professional development and education and community responsibility. J&J sponsors a number of programmes including the Vatsalya Trust, voluntary health services, a rural midwives training programme, and mobile AIDS counselling.

Engro Chemical Pakistan Ltd. was awarded the prestigious Asian CSR Award in the Concern for Health category for its "Project Hope", a telemedicine intervention that provides state-of-the-art tertiary health care to poor rural communities in the interior of Sindh province. Started in August 2005, Project Hope links rural patients via video conferencing to a hub in Karachi, where specialist doctors assess x-rays, ECGs and other diagnostics in real time. The project covers some of the least developed areas in the country, with low literacy and high poverty rates, and with a ratio of doctors to population of 1:2,915. Fifteen medical specialists ranging from neonatology to cardiology are available on a daily basis to rural

communities located hundreds of kilometers away. Engro also financially supports CSOs through various philanthropic initiatives. In 2005, Engro's philanthropic contributions exceeded US\$ 0.86 million and directly benefited over 130,000 individuals at the grassroots level. The focus remains on health, education and infrastructure development. This is an inspiring example of the business sector's approach to social problem-solving.

The role of intermediary institutions

In many cases, businesses are unaware and/or inexperienced in how to make valuable contributions to the public good. At the same time, CSOs are unused to working with businesses and are sometimes distrustful of them.

There is a need for an intermediary form of organisation which can carry out the following functions:

- ◆ Help to educate businesses about CSR and how it can be practiced
- ◆ Help businesses to implement a CSR policy for their own company, or look at the possibility of combining with others
- ◆ Introduce businesses to relevant CSOs
- ◆ Research, certify, and if necessary, train CSOs to be worthy partners for businesses
- ◆ Organise publicity about these multi-sector partnerships and encourage these practices

In many countries of the world, such an intermediary organisation is seen as being a very vital component in the process of business/CSO partnerships, and it is something that Afghanistan could consider carefully.

In some cases the intermediary organisation originates with the CSOs – an example is the Pakistan Centre for Philanthropy (PCP). In other cases, it originates with the businesses – the best example being the Philippines Business for Social Progress (PBSP). Both are described below:

The Philippines Business for Social Progress (PBSP) was set up as a response to social unrest and economic downturn by the Philippines Council for Economic Development, the Philippines Business Council and the Philippines Association for Social Action. PBSP is a means by which the Philippines business community could rationalise

and coordinate its funding and technical support to socio-economic projects and programmes across the country.

Although PBSP is a corporate programme, it is essentially community-group focused using the community development model to reach its clients. It has a primary commitment to foster the establishment and improvement of local community organisations, such as cooperatives; marketing groups; village-level NGOs involved in delivery of community services; education bodies; and civic and local professional groups. PBSP's credit-based income generating programme (CIGP) is largely implemented through loans and grants. PBSP sees itself as being able to play an important part in poverty alleviation in the Philippines as a broker between micro-entrepreneurs and those domestic and foreign agencies in the formal modern economy that have resources which are currently denied to the poor. In both the brokering role and as a direct lender to community-based groups, PBSP channels resources that are on-lent for income-generation purposes.

Extension activities include CIGPs plus a range of training, expert consulting services and administrative support designed to improve the prospects of successfully establishing institutions and community structures that can ensure the viable continuation of the programme after PBSP is no longer involved. PBSP has the distinction of being a self-reliant indigenous NGO. Its major sources of income are contributions from member companies (67 percent) and interest income from funds loaned to PBSP's poverty programme (28 percent).

The Pakistan Centre for Philanthropy is an independent, non-profit support organisation. It was established in August 2001 to lead philanthropy promotion in Pakistan. Central to this promotion remains the effort of mobilising resources from the private sector, in particular the corporate sector for development initiatives. In doing so, the Centre also supplements the Government's poverty reduction agenda.

The Centre does not engage in direct philanthropy. Instead it seeks to facilitate such efforts of others through support services. These services include action research, policy and legislative reviews and focused strategies to ensure meaningful collaboration among stakeholders in the philanthropic arena. Key stakeholders are corporate and individual philanthropists, citizen organisations, communities and the Government.

The Public Private Partnership (3Ps) initiative implemented by the Pakistan Centre for Philanthropy (PCP), mobilises Corporate

Philanthropy for education with the objective of improving physical infrastructure in government primary schools and enhancing access to and quality of primary education. Eight publicly listed companies (Engro, Unilever, Pakistan Petroleum Ltd, English Biscuits Ltd, Petronas Carigalli Pakistan Ltd, Tullow Developments Pakistan Ltd, Dewan Mushtaq Group and Thatta Cement Company) have used PCP's 3Ps programme to channel their corporate contributions toward education in their areas of operations. To date, US\$ 0.88 million have been generated through the adoption of 74 government primary schools in rural districts of Sindh province (Thatta, Ghotki, rural Karachi, Kamber-Shahdadkot and Kashmore). Corporate contributors support physical infrastructure and human capital. Physical infrastructure ranges from provision of utilities like water and electricity, to boundary walls, lavatories and learning aid materials. The human capital side includes recruitment of new teachers and provision of teacher training.

This is a good example of how a non-governmental, intermediary institution can leverage and structure support to the Government's social development efforts.

IV. SUGGESTIONS FOR BUSINESS / CSO PARTNERSHIPS IN AFGHANISTAN

Although the above examples from Afghanistan have shown that philanthropic practices have to date remained largely unorganised, unstructured and informal, the fact that the culture of philanthropic giving is deeply rooted and widespread suggests that there is potential for a much larger contribution of business to social development.

Business-CSO collaborations could be particularly successful in the following areas:

As most of the business money comes from trading, economic centres like Mazar-e-Sharif, Herat, Jalalabad and Kabul's emerging market have the greatest immediate economic potential for launching such collaborative initiatives in Afghanistan.

Field-based survey/interviews and analysis of the above examples allow us to additionally identify and suggest the following priority areas for business-CSO interventions:

- ◆ **Health and Education:** The review of international business-CSO collaborative experiences indicates that interventions in the health and education sectors are the most prevalent; these can be replicated and expanded in Afghanistan in line with the goals of universal primary education, vocational/technical education and skill building centres by relevant businesses. Similarly, the goals of alleviating sufferings of masses and eliminating diseases can be achieved by establishing free, subsidised or low-cost health facilities.
- ◆ **Community Physical Infrastructure:** In light of the damaged infrastructure and wide-scale poverty in Afghanistan, one area where businesses could provide support is in infrastructure development, i.e., rebuilding schools, hospitals and clinics, and providing financial assistance to communities.
- ◆ **Human Resource Development:** This is an important area for collaborative intervention, demonstrating successes worldwide through capacity and competence building and professional and skills training. Examples include handicrafts and cottage industry in Afghanistan where businesses and CSOs have collaborated to make their employees more productive and products more marketable.
- ◆ **Environment:** There are great opportunities for collaborative efforts in the domain of sustainable environment. Successful examples of Pakistan's oil and gas sector (such as obligated spending by such business concerns on the welfare of local communities through CSOs) could be followed by the Afghan mineral industry.
- ◆ **Power:** Generation of electric power in unserved areas is beneficial to communities as well as to business. By providing access to power in these areas, business itself expands the options for where it can set up manufacturing concerns as factories are normally located outside city limits. As the development process continues, more manufacturing businesses will open.
- ◆ **Advocacy and awareness raising:** Most of the work of businesses and CSOs either goes unnoticed or is not perceived positively because both businesses and CSOs suffer from credibility, transparency and image issues. The media plays an important role in this regard, and can be tapped as a support mechanism for partnerships.

V. ISSUES THAT NEED TO BE ADDRESSED

Issues around business-CSO collaboration include but are not limited to:

A lack of trust in CSOs by the business community and Government

The lack of mutual trust amongst all actors is very evident in Afghan society and has proven to be one of the major impediments in any collaborative development effort. This is a result of a number of factors:

- ◆ **Difficult operating conditions** for both business and CSOs often stifle their individual and collaborative efforts.
- ◆ **CSOs are perceived to be politicised**, particularly since funds to the *mujahedeen* movement were channelled through CSOs. This factor, coupled with the fact that CSOs and businesses performed state functions in times of state collapse has made people associate them with political goals.
- ◆ Past experience with CSOs in Afghanistan has shown that many conducted themselves as private businesses, with some in fact transforming into private for-profit initiatives. As long as **CSOs are perceived as for-profit endeavours in disguise**, businesses will not want to partner with them.
- ◆ **Government in many cases perceives civil society to be working in competition with it** – particularly since Civil Society has taken over state functions during the prolonged conflict as highlighted before. An example of the Government's suspicion of CS is a clash that occurred between the Ministry of Trade and Commerce and local businessmen who were attempting to create a lobby group for trade and investment at a workshop engaging the private sector and Civil Society. The organising body was accused of placing foreign ideas into the minds of Afghans.
- ◆ A large segment of society views CSOs as an extended **administrative arm for the UN and other international agencies** rather than as "genuine civil society organisations fostering popular participation and social organisation or being representative or advocates of the local communities and groups."²

A lack of coordinating structures for CSO/ business/ government collaboration

Although a tradition of faith-based individual and corporate philanthropy is strong and there are anecdotal examples of philanthropy and business-civil society collaborations, the modalities, processes, scale and scope of these endeavours are not documented. Neither is there any documentation on the efforts organised, channelled or formalised on modern professional practices.

This situation is compounded by the absence of a dedicated institution/organisation to fill the gap focusing on philanthropy promotion and building effective business-civil society linkages/partnerships, coupled with a lack of sustained institutional operational frameworks. Institutionalised structures to promote CSO/ business collaboration could help to unleash the full potential of philanthropic support to development in the country.

Promoting collaboration based on mutual commitments to common goals, ensuring transparency, building in mechanisms for reporting and monitoring, and demonstrating delivery can build trust between the two sectors. Moreover, communities seeing the trust that businesses place in CSOs through collaborations will view CSOs less negatively. Both parties will see a broadening of perspectives along with increased access to research and viewpoints. They will both experience increased access to advocacy networks. Such collaboration will also increase the understanding of emerging issues and trends leading to synergistic efforts for development.

Stronger collaboration between CSOs and business would also support a process of overcoming the current lack of financial sustainability and donor dependence. The sustainability of a large number of CSOs created solely through donor funding is questionable. Lacking self-generating capacity, it is likely that once donor funding is withdrawn, these CSOs will cease to exist. Increasing the share of indigenous philanthropic resources for development is therefore a prerequisite for the long-term sustainability of the sector.

CSO operations to date in Afghanistan are responsible for the weak links between communities and local administrators as the number of CSOs working closely with local authorities is very low. Thus, what we see is a lack of coordination with local authorities who are major players in the social development agenda. This problem needs to be addressed for any collaborative framework to be implemented successfully.

Apart from weak inter-sector coordination between government, business and civil society, within the CS sector coordination between traditional and modern civil society is also lacking. As a result of the current “modernisation” agenda, traditional civil society has been largely excluded, particularly by the international community. Experience of the last five years has shown avoidance of engagement with traditional civil society as it is perceived to be backward and undemocratic. This implicitly ignores the larger part of Afghan native, indigenous and traditional civil society, and drives home that the views of traditional segments are not given the same value as views of modern civil society.

Lack of public awareness about the development work of CSOs and businesses

Development agencies, CSOs and businesses generally do not realise the importance of reporting their philanthropic or collaborative initiatives through the media to create awareness about their activities. There is very little public awareness of the existing efforts of philanthropy and collaborations between CSOs and businesses. Also, community involvement in these efforts seems to be limited. The media could play a much larger role in creating awareness, promoting philanthropy and informing the public about CSO–business collaborations and opportunities. The CSOs and businesses can also opt for modern tools such as establishing their websites, making their annual reports public, publishing and disseminating informative pamphlets and brochures highlighting their social investment activities, and having mutual interactive dialogue on both CSO and business forums etc.

Lack of organised research and capacity building institution: The importance of evidence-based research in any sector pertaining to development is essential for informed policy formulation and for the creation of an enabling environment. Examples from international experience, especially from neighbouring countries, show that they have not only realised the importance of research on philanthropy related issues, training and capacity building, but have established specialised institutions to serve the purpose and fill in the gaps. In Afghanistan, the absence of these enabling provisions proves to be a stumbling block in the promotion of philanthropy and business-civil society collaborations.

A lack of a well structured enabling fiscal and regulatory environment both for business and CSOs

Despite the fact that the government has recognised the increasing supportive role of business and civil society in development in its policy papers (such as the Afghan National Development Strategy (ANDS) and Poverty Reduction Strategy (PRSP)), and has even partnered with them, there is a lot more to be done. Since there is no social security or health insurance in the country, philanthropy through partnerships can be acknowledged as a viable source for social safety nets.

The Government can encourage formalising philanthropy and business-CSO partnerships for economic and social development by providing an enabling legal and regulatory framework which considers the following points:

- ◆ The importance of democratic dialogue, fair rules of play for all actors, expeditious grievance-setting mechanisms and adjudicatory systems
- ◆ The endorsement of quality and credibility standards by promoting ISO certification for businesses and non-profit certification for CSOs
- ◆ Tax rebates on donor/philanthropist/business income; rebates on import of vehicles, machinery, and equipment; and concessionary rates on land allotment and utilities for CSOs etc.
- ◆ The official recognition of philanthropic endeavours for social causes through, for example, national philanthropy awards

VI. RECOMMENDATIONS

A few relevant recommendations are presented here to generate more fruitful discussions at the Conference so that a way forward can be unanimously agreed upon for future concrete action.

Recommendations for Government

Create an enabling environment through the adoption of action-oriented ground-based policies for both business and civil society. This could include:

- ◆ **Adding fiscal and regulatory provisions to laws,** and providing incentives for CSOs and businesses. Incentives could include tax rebates (such as the provision of land at subsidised rates); donor status

to philanthropists (giving them tax concessions on their incomes); tax exemptions to businesses for social giving; and tax exemptions to CSOs on income, machinery, vehicles, utilities etc.

- ◆ The development (with stakeholders' consultations) of a **guiding and enabling operational policy framework for collaborations.** For example, at the Enabling Environment Initiative (EEI) in Pakistan, stakeholders reached a consensus after extensive dialogue on the drafting of a non-profit law for the Government of Pakistan on governance and support of CSOs.
- ◆ **Granting recognition.** For example the establishment of an award system, such as an Annual Philanthropy Award, for top individual or corporate philanthropists. This would serve as an incentive for businesses to raise their company profiles as socially responsible businesses.
- ◆ **Formalising the collection and distribution of *zakat*.** With no state-guided system for *zakat*, people calculate their *zakat* voluntarily and give it privately to individuals. Formalised state-guided *zakat* collection and distribution systems (prevalent in Pakistan and Malaysia) may be looked at as examples. This could be a source for an indigenous informal social safety net and could provide a good opportunity to channel *zakat* through non-profit institutions for social development.
- ◆ **Matching grant funds by donor agencies, Government and business** may also be considered where CSOs generate and commit a certain percentage of money for a project and donors/Government/business give a matching contribution for projects of private initiative.

Foster a climate of mutual trust amongst stakeholders through the promotion of good governance, transparency and accountability.

Government should encourage and promote collaborative partnerships through a structured institutional approach. This could include:

- ◆ Introducing legislation that encourages businesses to adopt practices of documentation and disclosure
- ◆ Introducing and promoting quality assurance through business-related ISO certification
- ◆ Establishing corporate social responsibility principles and practices that businesses should follow
- ◆ Introducing a system of certifying "good practice" and credible CSOs. A transferable successful example would be an NPO Certification

programme akin to the one used by the Pakistan Centre for Philanthropy or the Philippine Council for NGO Certification. This could build upon the code of conduct for CSOs in Afghanistan, so that credible and effective partners for development could be identified and partnerships built.

Recommendations for CSOs and Business

Create an institutional infrastructure to promote philanthropy.

International experience has shown that permanent institutions dedicated to promoting and facilitating effective philanthropy can have a strong positive influence on the scale and impact of philanthropic contributions to development. It is suggested that the establishment of the following institutions be considered:

- ◆ **A Centre for Philanthropy** (or similar institution) that would synergise and catalyse the efforts of all private development actors; enhance the volume and effectiveness of philanthropy; and provide facilitative linkages and support services to ease business-CSO collaborations. The Pakistan Centre for Philanthropy (PCP) may be examined as a model. Such an organisation would be able to tap into the potentially vast philanthropic resources within Afghanistan and channel them institutionally as is done by the Indian Centre of Philanthropy or the Canadian Centre of Philanthropy and their equivalents in many other countries. A key approach would be to work through diaspora organisations, business and civil society, with the pre-condition that those institutions to/through which the money is channelled should themselves be credible and enjoy a good reputation in the country.
- ◆ **Trusts for key sectors** such as Education, Health, and for vulnerable people (such as orphans and widows) need to be established. Trusts could offer costed options of public welfare programmes toward which philanthropists could contribute according to their economic ability.
- ◆ **A dedicated research, training and capacity building institution**, similar to the NGO Resource Centre (NGORC) in Pakistan, needs to be established. Systematic research on individual, corporate and diaspora philanthropy could lead to better policies and would inform efforts to raise more indigenous resources for development and overcome the current extreme donor dependency.

Recommendations for Government, CSOs and Business working together

Better coordination and institutional networking amongst the various stakeholders is of prime importance and needs to be built. This includes:

- ◆ **Developing an enabling regulatory framework that encourages coordination with local authorities.** International examples show that successful business-CSO collaborations always need support and assistance of local authorities to facilitate processes, e.g. district governments are involved in the Corporate Philanthropy for Education programme in Pakistan. CSO-business collaboration should also involve Government in order to be open to wider scrutiny and also to deter the practice of politically motivated policies.
- ◆ **Bringing traditional civil society into the loop** of all development efforts.
- ◆ **Afghan CSOs being prepared to collaborate visibly with business** and assisting business in achieving visibility for their efforts. For CSOs to think in these terms though requires a paradigm shift, from “fundraising” to “partner-raising”, and to partially subordinating themselves to businesses with purposes considerably different from their own. In order for this to be accomplished, capacity building and strategic planning is required.
- ◆ **Raising awareness about the benefits, procedures and processes of business collaborating with civil society** requires the participation of all stakeholders - the business sector, civil society, policymakers (particularly those involved in the legal and regulatory framework) and communities. Information and awareness-raising sessions which bring people from various backgrounds together could bring new perspectives and focus, whilst also having an impact on how various groups perceive each other. Such sessions could also build the capacity of CSOs by bridging the information gap. Moreover, the presence of businesses at these sessions would not only help businesses learn about effective ways to partner with CSOs, but would also elevate the credibility of the process by demonstrating the trust businesses place in communities and Civil Society. The **media** could play an important role in the facilitation of linkages between local Afghan associations in the social sectors.

ANNEX A: KEY PLAYERS, PARTNERS AND FORUMS

- ◆ The Afghan Rehabilitation and Environment Agency (AREA) has offices in Kabul, Jalalabad, Mazar-e-Sharif and Herat. The organisation has offered its services to promote philanthropy in Afghanistan and has also asked for certification from the Pakistan Centre for Philanthropy to raise its profile and enable itself to play this role effectively. AREA supports a vast network of Shuras of which 150 are found in Kabul alone.
- ◆ Other NGOs that could serve as potential partners are the National Program Office/Afghan Reconstruction and Rehabilitation Agency (NPO/RRAA) and the Afghan Development Agency (ADA).
- ◆ The Afghan Civil Society Forum, formed in late 2001 parallel to the Bonn Conference process, represents Afghan civil society at the annual Afghan Development Forum.
- ◆ The Afghan NGO Coordination Bureau was founded in 1991 and aims to build capacity and coordinate activities of Afghan NGOs. At present, 330 NGOs are registered with ANCB. ANCB membership is restricted to Afghan NGOs. In 2004 and 2005, ANCB was involved in coordinating draft NGO legislation and an Afghanistan NGO code of conduct. ANCB is a member of the International Council of Voluntary Agencies ICVA and is actively involved in the activities of the Afghan Civil Society Forum.
- ◆ The Agency Coordinating Body for Afghanistan Relief (ACBAR) includes all local and international agencies; the advocacy group meets every two weeks. It has a strong information sharing role and has offices in Kabul, Jalalabad and Peshawar.
- ◆ There are also business associations which help generate philanthropy e.g. the Afghan International Chamber of Commerce, Afghan Chamber of Commerce, Afghan Women's Business Federation and Afghan Women's Business Association.
- ◆ An example of a partnership between the business community and an autonomous government agency is the Afghan Investment Support Agency (AISA). AISA manages to cover all of its conference costs through sponsorships. The cost of one such international conference was US\$ 70,000. The major contributors were Kam Air, Azizi Bank, Kabul Bank and Siemens. A lesson from AISA's experience is that skills, contacts and trust building are critical elements for the success of such initiatives. Another lesson is giving due promotion and recognition to businesses that do well. Many

Afghan businessmen will contribute only at public gatherings or through media channels in order to enhance their public profile. AISA could formalise its collaborative interventions on the model of the Philippines Business for Social Progress (PBSP).

ANNEX B: PUBLIC PRIVATE PARTNERSHIPS FOR EDUCATION

“A public-private partnership is defined as any arrangement between a government and a private sector (inclusive of CSOs) in which partially or traditionally public activities are performed by the private sector” (Savas, 2000).

Education is the prime catalyst for national development. Despite the high importance attached to it (reflected in a multitude of policy packages passed by successive governments), the state of affairs is far from desirable. The present Government fully realises that the public sector alone cannot meet the myriad challenges to providing the necessary resources, services and expertise to effectively address educational issues. There has been a clear realisation on the part of the Government of shifting its role from being the sole provider of resources and education delivery to also acting as a facilitator of the private sector and of civil society’s efforts in Pakistan. Public Private Partnerships (3Ps) have been expanding over time and it has been estimated that the private sector (including non-profits) contribute about 0.7 percent of the GNP in education.

There has been an increasing recognition of the Pakistan Centre for Philanthropy’s (PCP) role in supporting public sector institutions through private providers, especially through the Adopt-a-School (ASP) modality. PCP’s role remains facilitative: bringing together NGOs, corporate donors and district governments in a productive partnership with effective management of cost and time. In July 2003, PCP initiated a project known as “Public Private Partnerships – Facilitating Corporate Philanthropy for Quality Education”. The project aims at creating linkages between the public sector primary schools, corporate philanthropists and non-profit organisations.

There are three types of investments involved in 3Ps: capital investment from the Government and the corporate sectors, social investment by civil society and technical cum catalytic investment from a professional body like the Pakistan Centre for Philanthropy. Each participant gains from the partnership. Skills and assets of each sector (public and private) come together in delivering a service or facility for civic benefit, thus multiplying inputs to achieve sustainable development outcomes. Bureaucratic procedures are minimised by the use of tested template agreements to accelerate the process. At the same time, partnerships are formed only where the community identifies a need and expresses willingness for the private sector to become an active social investor. This translates

into a healthy corporate-community relationship and builds company goodwill. Most importantly, the arrangement ensures long-term success, by engaging the coalition of partners including the beneficiaries in planning, implementation and monitoring.

The most common 3Ps programmes being delivered by Education Foundations, NGOs, CBOs, the private sector, the corporate sector and other providers include:

- ◆ Contracted management of public schools by NGOs
- ◆ *Afternoon Institutions System*: upgrade of institutions through the Community Participation Programme (CPP) in Punjab and Public-Private Collaboration (PPC) in NWFP
- ◆ Adopt a School/School Improvement Programme (SEF, PCP)
- ◆ Community School
- ◆ Capacity Building of School Management Committees (SMCs)/Parent Teacher Associations (PTAs)/School Councils
- ◆ Community Learning/Literacy Centres (using school premises and facilities)
- ◆ Education Extension and Enrichment Programmes
- ◆ Teacher Training
- ◆ Volunteer teachers or other individuals sharing skills, donating time etc.
- ◆ Individuals donating funds to provide missing infrastructure and educational materials

¹ Country Profile (2006): Afghanistan. Accessed from www.eiu.com/schedule on October 3, 2006

² Harpviken, K.B, A. Strand, K. Ask (2002): “Afghanistan and Civil Society” Commissioned by the Norwegian Ministry of Foreign Affairs, Peshawar/Bergen