



UNDP for Europe and the CIS

Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness and social cohesion in the EU

Expanded with new component: Conducting CSR survey in Albania, BiH, Serbia, Montenegro and Kosovo

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1. The overall aim of the project is to:

- a. Prepare and carry out **a survey** that will be to assess the level of Corporate Social Responsibility (CSR) practices among companies operating in the countries in Southeast Europe. The Survey will map out CSR activities and actors and identify capacity gaps and corresponding areas of intervention (report electronic +web-based)
 - a. Survey will be carried out in Albania, BiH, Serbia, Montenegro and Kosovo¹
- b. Prepare a **synthesis report** for all countries involved and (report electronic +web-based)
- c. **Present findings** and recommendations during a regional conference and national seminars (one in each country)

2. Expected results:

- a. The survey will contribute to increased awareness about CSR among companies and stakeholders participating in the study through conducting deeper interviews (meetings with companies and their stakeholders on bi-lateral basis)
- b. It will be a first comprehensive CSR study aimed at providing not only facts but also deeper analysis at the regional level. Same methodology will be applied in all the countries (identical with one in Macedonia and Croatia) – to allow for regional comparison and benchmarking.

¹ Similar survey completed in Croatia and Macedonia http://www.acceleratingcsr.eu/en/articles/listing/?cat_id=11

- c. The mapping exercise will provide an entry point for further CSR and partnership work at country level: designing and rolling out Global Compact (GC), Growing Sustainable Business (GSB) and public private partnerships (PPP). In countries that have launched the Global Compact and promote CSR, it will help to strengthen its position *vis a vis* local partners. For countries intending to launch the GC, it will provide a base analysis and main entry points for CSR approach.
- d. It is envisaged, that the survey will accelerate mobilizing and consolidating CSR activities in the countries with a long term objective of using CSR as an effective vehicle for EU harmonization, improving competitiveness and social cohesion.

3. Expected outputs:

5 national reports (CSR baseline studies), 1 synthesis (regional) report (baseline study), 1 regional seminar and 5 national seminars to publish the results and open a public dialogue on CSR

4. Situation analysis

CSR context:

CSR represents one of the most progressive developments in the private sector, urging private companies to re-define their boundaries of responsibility vis-à-vis the society and environment and subsequently come up with a new 'social contract'. Traditional, narrower shareholder value approach is giving way to a broader stakeholder view, whereby companies are reaping higher economic profits through simultaneous contribution to social, environmental and governance objectives.

Demand for CSR is rapidly emerging from various sources, including:

- consumers who require transparency regarding production cycle for products and services;
- large companies (typically Multinational Companies - MNCs) with higher 'sustainability' demand from suppliers;
- governments who are increasingly more active in promoting CSR and sustainable purchasing;
- financial institutions that integrate CSR criteria into loans assessment; and
- competition where CSR potentially improves market positioning of companies.

Status of CSR in the Southeast Europe countries:

- CSR by companies is perceived as a mixture of compliance with law and charity. For a vast number of companies, CSR is still a very distant challenge, which falls outside their business priorities. The fragmented understanding of the CSR concept is frequently linked to piecemeal philanthropy, rather than to core business or market positioning. Under current circumstances, the private sector is more interested in focusing on the narrow benefits from Public Relations / marketing exercises. By doing so, they miss out on the significant opportunities that CSR can bring in terms of enhanced competitiveness, harnessing new markets and developing new business models.
- The countries are slowly attaining the Western European standards and market reforms have been successful, however many acute social problems persist and the legacy of transition and in particularly feeble public institutions still undermine transparency and accountability which subsequently hampers social cohesion and trust building. CSR can certainly assist in addressing these issues.
- Due to higher expected FDI, mostly from EU, as result of privatization of Greenfield investments, domestic companies will face increased pressure to adopt progressive business

practices (including CSR) in order to participate in European value chains and remain competitive².

- However, low awareness of CSR coupled with a lack of trust between social partners is hindering this process. Indeed, there was unanimity among participants of the EU Conference on CSR in Enlarged Europe that raising awareness among national stakeholders is essential for broad adoption of CSR standards in the New Member States.
- Global Compact networks that bring the most progressive domestic companies to support implementation of CSR are currently emerging in Albania, BiH, Serbia, Montenegro and Kosovo.

Links between CSR and economic governance:

CSR -- advocating for higher social, environmental and governance standards as well as public private partnerships among companies -- is an excellent approach which effectively contributes to improving good governance in countries. Responsible business practice can play a decisive role in combating corruption, enhancing transparency on the markets. Companies are main investors in human resources development, increasingly more investing in environmentally clean production, creating employment opportunities for marginalized groups. CSR is also increasingly more a source of social innovation and specifically, developing new products and services for lower income consumers. All these practices, if employed by business, can substantially improve social cohesion, and build healthy foundation of sustainable economy and society – to create better quality of life for all.

5. Strategy

Rationale behind the CSR survey:

- a. CSR surveys have just been completed in Macedonia and Croatia (as part of another UNDP regional project) which comprehensively maps CSR landscape, including main CSR actors, initiatives, tools for companies and recommendations for further action.
- b. UNDP RBEC experiences from the CSR project as mentioned above show such CSR mapping is critical to gain a thorough understanding of the status of CSR awareness and engagement among the various targeted stakeholders concerned prior to putting in efforts and formulating activities to accelerate CSR promotion and implementation in the region. An understanding of CSR status, supported by facts and a mapping of actors and their activities, will produce baseline data on CSR for the project countries, which will serve as basis for measurement of CSR progress. It will also provide data on the level of business engagement in implementing CSR practices with examples of practical implementation of CSR in the region.

Detailed content of the survey:

A Baseline Survey among all relevant stakeholders (local and foreign businesses, business and professional associations, trade unions, local and national governments, non-governmental organizations, media, trade unions and academia) will be undertaken in each Project country with an objective to:

- a. Identify actors/entities promoting CSR at country level (and CSR ‘multipliers’);
- b. Assess the level of engagement in CSR of actors/entities through mapping their past (not earlier than for the past two years) and present CSR promotion activities;
- c. Assess the level of dialogue between different actors promoting CSR (e.g. through joint activities);
- d. Identify the level of foreign/domestic business engagement in CSR implementation at country level and collect examples of good practices (in particular those that are linked to business case);

² EBRD Report in Transition 2006

- e. Identify capacity gaps/constraints of CSR promoters and business entities in engaging in CSR activities;
- f. Formulate recommendations and suggest specific activities based on the findings of the survey.

The findings of the survey will generate data at 2 levels:

- a. At the level of actors involved in CSR promotion
 - o The survey results will take stock of who does what in which area of CSR and how their actions translate into a better understanding/awareness of CSR as well as into practical actions on CSR by companies. The survey results will indicate how these actors (business associations, NGOs, media, government bodies among others) influence the CSR development at the national, local and company level and also, will provide a capacity needs assessment in achieving this objective with the ultimate aim of having a greater impact on CSR implementation.
- b. At the level of companies which implement CSR. The survey will:
 - o provide a snapshot of the level of CSR implementation (by sector, area of CSR and other parameters, as determined by the experts in consultation with the Project Partners and the EC);
 - o highlight good practices in CSR implementation (focusing mainly on the business case);
 - o indicate the implementation/engagement capacity of companies.
 - o Highlight other incentives for CSR as drivers for higher management standards
 - o show examples of how CSR practices and standards are integrated vertically along the supply chain
 - o provide examples of mentoring schemes between larger companies (buyers) and smaller companies (suppliers) on effective implementation of CSR

6. Management:

For the purpose of the baseline survey, a leading expert will be recruited to work together with a national partner (a local business association or NGO involved in CSR).

The leading expert will be responsible for overall quality assurance of the survey and its implementation, in the following areas:

- Design and finalise the questionnaire for the survey, together with the national expert team, to be undertaken at the national level;
- Assist the national partners in undertaking the national survey and in preparing a national report (including advice on methodology, consultation with national partners);
- Prepare the synthesis report, based on the findings of the national surveys carried out in all Project Countries and make a presentation during the regional conference on CSR; the synthesis report will compile the results at the regional level and provide recommendations for the advancement of CSR in the region

The role of the national partners is explained in Annex 1

- The overall coordination task for the project will be assumed by UNDP Albania , Marina Kaneti, GSB/GC broker. The regional coordinator will draw on advice from BRC Poverty Practice team leader (Jonathan Brooks).
- In each country, UNDP focal point will be appointed for national coordination, monitoring and quality assurance. Focal points will also make their network of companies, government agencies, NGOs, civil society, media and academic institutions available for the survey and preparation of regional/national conferences.
- Project finance assistance will be appointed in BRC for ATLAS management (working directly with Marina Kaneti)

- Regional quality assurance and monitoring will be assumed by Private Sector Engagement Analyst (BRC)

7. Timeframe:

5 months 1 October 2007– 31 March 2008

References:

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