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Motivation of CSR orientated Public Private Partnerships in fisheries and agriculture development

1. Introduction

With its 8th goal, the Millennium Development Goals call for a global partnership, vital to reach economic, social and environmental development goals. Partnership appears to be a major theme in current development assistance, not only in between governments. Taking into account, that not only governments, and that involving the private sector is crucial to fill in gaps to reach the goals, the General Assembly of the United Nations resolved in its Millennium Declaration "to develop strong partnerships with the private sector […] in pursuit of development and poverty eradication."[1] Following this request, multilateral and bilateral development agencies have developed new while strengthening already existing programmes for public private partnerships: projects for mutual benefit, developed and conducted in cooperation of public and private actors, that also concern agriculture. Additionally international businesses increasingly take a global perspective and show interest in managing their impact in developing countries. This voluntary commitment to include social and environmental concerns into their operations has become popular in recent times under the label of corporate social responsibility (CSR). The Global Compact, a compact between the United Nations and private business, shows the close connection that can exist between these two topics. It shapes the responsibility of companies in development by calling for commitment to responsible business operations and engaging in partnerships, to reach the goals of development as a common interest.

2. Corporate Social Responsibility

The interest of civil society and development agencies on CSR is the orientation of management towards economic, environmental and social issues, which constitutes the triple bottom line of sustainable development. Development agencies now realize the overlapping of CSR projects and development objectives and support CSR due to its close connection to sustainable development. Similar to other development agencies, the government of the UK characterizes CSR therefore as "the business contribution to our sustainable development goals."[2] The possible contribution of multinational business to development via CSR can be detected within the three spheres of CSR. These include CSR as core business, community investment and policy dialogue, as illustrated in figure 1. Often driven by strategic motivation CSR aims at maximizing benefits by the business case. This aspect assumes a positive correlation of social activities and especially long-term profits, win-win situations for company and society can be reached. The potential for development results from interferences of content between CSR and international development, including fields of environmental improvements, human rights, education and fair working conditions. Although topics of corporate responsibility and international development are closely linked, the actual impact of CSR initiatives in developing countries is often doubted, and CSR criticized as concept. Different levels of criticism can be observed, and are illustrated in table 1.

[1] UN General Assembly (2000), §20
[2] UK Government (2008)

Tab. 1: Limitations of CSR for Development
(Own table)

	Specific	Systemic
Micro	*Selection and implementation of projects* - no strategic approach - greenwashing	*Business case and requirements for development do not overlap* - no investment in regions with missing preconditions for businesses - no targeting at vulnerable people
Macro	*Lacking scale of CSR activities*	*Diverging objectives of companies and development policy* - no integration into development strategies

3. Public Private Partnerships

Where official development assistance does not lead to effective results due to government failure or financial gaps on an international level, PPPs can be chosen as a solution. Together, synergies for reaching development goals can be created. PPPs therefore describe a "cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products."[3] The partnership allows for the potentials of the private sector regarding productive efficiency, without giving away control of allocative efficiency for the provision of the global public good development assistance from the government.[4] At the same time the disadvantage of transaction costs arises. These include costs for preparing, concluding, monitoring and enforcing contracts. Synergies as well as transaction costs are influenced by attributes of project and contracts, success factors are a need of the project for the comparative advantages that can be used by synergies, limited opportunistic spaces by common goals, and a clear definition of objectives and responsibilities.

PPPs for development cover a whole range of purposes, infrastructure projects especially for basic needs such water and sanitation are as important as investment in research or human resources such as education and health.[5] Economic development in different sectors, including agriculture, is a further field of application. Innovative entrepreneurial partnerships involve multinational companies, local partners and development agencies, for addressing issues of sustainable economic and social development by capacity building.[6] Partnerships are characterized by different motivations, contents, purposes, outcomes they seek, and are organized in different partnership models.[7] Motivations are a driving force for the partners. These determine potentials and limitations of cooperation, as they affect contents, contracts, power and contact of the partners and constitute an important influence factor on success of a partnership. A classification following motivations is illustrated in figure 1. Following this classification, a partnership will be motivated from companies' side by the opportunity to *obtain investment support* or to *improve operational environment*.

[3] Van Ham, Koppenjahn (2001), p. 598
[4] Sørensen, Petersen (2006), pp. 16-17
[5] Steward-Smith (1995), pp. 987-988
[6] The inclusion of further partners such as civil organisations is possible.
[7] Kaul (2006), p. 220

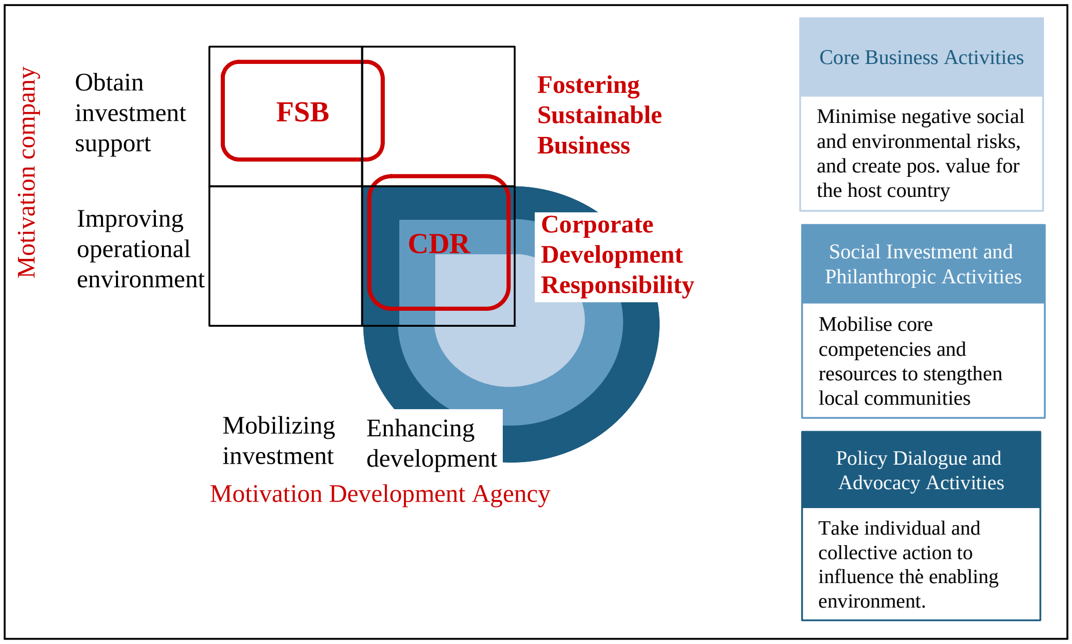

Fig. 1: Integration of CSR in Public Private Partnerships for Development (Based on Binder et al. (2006), p. 14, Nelson, Prescott (2003), p. 6)

PPPs for development cover a whole range of purposes, infrastructure projects especially for basic needs such water and sanitation are as important as investment in research or human resources such as education and health.[8] Economic development in different sectors, including agriculture, is a further field of application. Innovative entrepreneurial partnerships involve multinational companies, local partners and development agencies, for addressing issues of sustainable economic and social development by capacity building.[9] Partnerships are characterized by different motivations, contents, purposes, outcomes they seek, and are organized in different partnership models.[10] Motivations are a driving force for the partners. These determine potentials and limitations of cooperation, as they affect contents, contracts, power and contact of the partners and constitute an important influence factor on success of a partnership. A classification following motivations is illustrated in figure 9. Following this classification, a partnership will be motivated from companies' side by the opportunity to *obtain investment support* or to *improve operational environment*. Binder et al.[11] thereby accentuate the clear business orientation of companies: They will only engage, if they expect a short- or long-term positive rate of return on their investment. *Investment support* can be an incentive to companies, if it enables them to invest into a product or technology in developing countries that normally would be refused. A second category of motivations concerns the *improvement of the operational environment*, which is often related to CSR activities. Development agencies will be interested in reaching development goals, either by spill-over effects of *additionally mobilized investments* or directly by enhanced *development impact* of existing projects. Opportunities for cooperation arise, where motivations intersect. This can mainly be found in two different situations: Fostering Sustainable Business (FSB) partnerships provide investment support for mobilizing

[8] Steward-Smith (1995), pp. 987-988
[9] The inclusion of further partners such as civil organisations is possible.
[10] Kaul (2006), p. 220
[11] Binder et al. (2006), p. 14

investment and reaching spill-over effects on sustainable development, and Corporate Development Responsibility (CDR) partnerships enhance development impact by improving the operating environment in cooperation.[12] While FSB is directed at strengthening the main function of the private sector in development, goals in CDR partnerships are broader and reflect more a modern understanding of poverty and human development. Differences do not only occur in respect to contents, but as well to the relationships between partners. Due to closer values and ideas in CDR partnerships, these offer a basis for lower transaction costs, an important obstacle in PPPs. Limitations of CSR can be attenuated by the cooperation. The motivations and values at the same time lead to an important trade-off. While in FSB projects due to business interests a high sustainability is given, but accompanied by constrained objectives, conflicts of interests and higher transaction costs, philanthropic activities do not lead to conflict of interests, have wide objectives and lower transaction costs – but do not offer the economic sustainability of business interests. The challenge is an effective use of programmes. But although FSB programmes are attenuating investment risks in developing countries, the influence on selectivity is limited, as well as their influence on basic infrastructure. Philanthropic activities offer these improvements, but no economic sustainability. CDR projects based on the business case are in between, increased selectivity of investments following existing needs, and a certain degree of economic sustainability by long-term business linkages. A further important trade-off exists between flexibility and inclusion into development strategies, which is not given at the moment. To assess how to handle this trade-off a systematic evaluation of projects would be necessary, but is not given. Furthermore, for reaching theoretical possible impacts strong governance has to be reached. Weather advantages will be reached is strongly influenced by project, partners, sector, country and development challenges.

The importance of these programmes for agriculture should not be underestimated. Between one third and two third of projects of portfolios from actual programmes, include agricultural supply chains. To explore which influence on development partnerships can take, this paper draws on the example of fisheries. In the CSR debate in the seafood industry at the moment, especially environmental concerns are accentuated, certification for sustainable fisheries as a main topic does not address social concerns in developing countries. Furthermore, the certification is limited to wild caught, with still no general guidelines existing for aquaculture, which would be important for scaling up, and give security to consumers and producers, as happened with responsible fisheries. FSB partnerships address an absolutely different topic than CSR, difficulties of access to international markets due to high standards. They reduce risks, and therefore increase income. Effects can be regarded for achieving goals of economic growth, income and employment. CDR partnerships are connecting both directions. Their projects also include environmental and social concerns as a focus on international markets. Especially in agriculture, the inclusion of small-scale farmers as poor and vulnerable groups into global value chains has a high potential to reduce poverty and is possible by cooperation.[13] Therefore partnerships fill gaps that are not yet addressed by CSR. Community development projects increase the direction towards social factors, but at the same time lose the long-term perspective through business orientation.

[12] Binder et al. (2007), p. 16
[13] Zammit (2003), p. 58

4. Critical Assessment and Conclusions

Nevertheless, all approaches show targeting towards emerging countries and not low developed countries or regions, although this effect is stronger in FSB projects. Furthermore, the trade-off between profit-orientation implying productive efficiency and strategic philanthropic orientation implying higher allocative efficiency appears in fisheries. A judgment on the allocative efficiency is therefore necessary for each project. An inclusion of farmer associations can thereby enable market access for small scale farmers; improving the living situation of subsistence fishers and fish farmers until now is only possible in community development projects. Influence on preconditions for business and the enabling framework has not taken place within the analysed projects, but would be necessary for spill-over effects. Also integration into further development programmes addressing challenges for fisherfolk such as education and health has not been observed, but should be aimed at to support a broader range of development goals. The perception of transaction costs and different objectives makes efficient and proven processes for contracts and implementation necessary. To reduce transaction costs despite ex-ante assessment of impacts makes scaling-up and orientation on successful projects necessary. If these factors are considered and worked on, private initiatives as well as hybrid projects can complement development assistance in fisheries and agriculture effectively.

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