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**Briefing
Notes**

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The Private Sector in Development Cooperation: Land Management, Climate Change and Social Development ^{1/}

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INTRODUCTION AND BACKGROUND

The private sector has been working internationally since a long time. Following World War II the pace of this involvement accelerated. In the 1980s a new phase began, in that the private sector began to get involved in international development efforts and investment operations, otherwise often referred to as “development cooperation”. Already by the mid 1990s the total private sector investment in developing and transition countries had become larger than the combined official bilateral and multilateral donor assistance. It follows that international development agencies felt compelled to increase work on standard setting and operational directives, making these known to the private sector, and securing their adherence to these new standards. As the focus of development cooperation broadened to include more and more specific issues and concerns, the importance of this work also increased. Perhaps nowhere has this work – and the inherent challenges – been felt more acutely than in the environment arena and its complex interactions with culture and people globally. The United Nations (UN) is at the forefront of this work, *inter alia*, in the areas of biodiversity conservation (UN Convention on Biological Diversity - UNCBD), climate change (UN Framework Convention on Climate Change - UNFCCC), and desertification (UN Convention to Combat Desertification - UNCCD). Likewise, the World Bank (International Bank for Reconstruction and Development - IBRD), together with regional development banks and bilateral donors, plays an important role in standard setting, and in operationalizing and applying this work.

The Sustainable Land Management Business Forum (SLMBF) under UNCCD is an interesting recent stakeholder on this global arena, in that it addresses the role of the private sector in the area of desertification, more generally land management. At the same it is an example of how complex the international development cooperation arena is becoming, with an increasing number of stakeholders that get involved.

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The purpose of this Briefing Note is to contribute to the discussion of the role of the private sector in the area of land management, as well as in climate change. This is done through addressing some issues in the nexus between private sector and civil society, as well as the SLBMF itself, as seen from the vantage point of social development.

ISSUES AND ARGUMENTS

The private sector has, through its activities, done mistakes. As well, it has learnt from these mistakes in its continuing engagement. However, the largely lacking coordination within the sector, to a large extent following from a lack of communication and sharing between companies, has meant – and continues to mean – that lessons from mistakes, as well as lessons from practices that do work, are not made available to other companies.

Below some general problematic issues are outlined. It needs to be made clear that these do not apply to all companies. When they do apply, in most cases one or a few will apply. Moreover, the issues that do apply will apply to varying degrees. The issues are not listed in any particular order. Finally, there are overlaps between the issues.

1. *PPP and civil society.* Public Private Partnership (PPP) is limiting in its approach and reach, in that civil society is not specifically included, targeted and/or addressed. The logic of how PPP functions can be understood such that the public sector indirectly represents the citizens. The distance down to the citizens is oftentimes too large for citizens to be properly represented. Depending upon the character of specific projects this may or may not represent a problem. Recently, a new model, Public-Private Community Partnership (PPCP), where also civil society is actively involved. This model is presently being applied in developing countries.
2. *Supply and demand.* In cases of products that target the individual consumer, there is a lacking focus on the importance of and relative relationships between supply and demand. That is, too often the demand is not problematized, for example, because of lacking purchasing power and/or lacking interest, and as a result the supply will be too high.
3. *Baselines.* Lack of baseline data, specifically as regards a number of important variables, including those relating to the target group.
4. *Target group.* There is a lacking understanding as to whom the target group consists of and what characterizes this group, and accordingly the appropriate strategy to follow.
5. *Profit-maximization vs. doing good.* The difference, connection, and balance between the inherent business rationale, on the one hand, and the overt effort to contribute meaningfully to fight desertification and support climate change activities are not problematized sufficiently, nor is it made clear, internally as well as externally. While being involved in *pro bono* activities, many companies likely have hidden agendas, including that owners feel better about what their companies are doing, because of possibilities for tax write-offs, to get new customers and/or to open new markets.
6. *Societal systemic issues.* Companies is largely not interested in learning about the integrated Culture-Nature systems they work in (or want to work in) for their own sake, and only in a narrow sense of what is understood to be relevant for their own company's strategies and goals.

As a result they do not understand the complexities of ecosystems and social systems, and the relations, synergies and feedbacks between them.

7. *Role of ICTs.* There is a general belief that Information and Communication Technology (ICT) can take care of any and all communication needs, including sharing of knowledge. While use of ICTs (including Internet, email, and various social media platforms) are useful and practical, they cannot substitute for direct face-to-face interaction.
8. *Nature of public sector.* The public sector is viewed as a black box. There is a lack of understanding and appreciation of the fact that the public sector is not uniform, but consists of entities (including organizations and individuals) with often differing views on important issues.
9. *Effects vs. causes.* If negative aspects or features in a society or culture are addressed, these tend to be the overt effects of more fundamental underlying factors. Such underlying factors, as a rule more difficult to understand and certainly to address, are not focused upon.

APPROACHES AND METHODS

There are a number of tools and methods that can be used to: (1) gather relevant information and data and (2) to analyze such information and data in order to address the above problematic issues. These methods operate at and address various societal levels. Likewise, they address various phases in the process of engagement in activities and investment operations that focus on land degradation and climate change.

Three such methods are addressed briefly below, namely: (1) stakeholder analysis, (2) willingness to pay and (3) social marketing. The methods are addressed below in a logical order.

1. Stakeholder analysis.^{3/}

Stakeholders are persons, organizations or companies which are likely to impact or be impacted by an activity or investment operation. They may affect the operation negatively or positively. Likewise, they affect the outcome of the operation negatively or positively.

Stakeholder analysis is a systematic methodology that uses qualitative data to determine the interests and influence of different groups. It provides external insights into relations and channels of communication.

There are three main reasons for doing a stakeholder analysis: (1) identify stakeholders' interest in, importance to and influence on a project or an investment operation, (2) identify local institutions and processes upon which to build, and (3) provide a foundation and strategy for participation. Stakeholder analysis provides a structure for the successful implementation of the project, including participation and collaborative approaches, participative planning, implementation and monitoring. Specifically, stakeholder analysis can help in understanding conflicts and in addressing conflict resolution.

Stakeholder analysis can inform about: (1) the nature of stakeholders' interest in the project or the investment operation, (2) the extent to which stakeholder interests converge or overlap, (3) stake-

^{3/} This section is based on Soeftestad (2011).

holders' importance to the project or investment operation, and (4) their influence over the project (see Table 1).

The four cells or quadrants refer to different categories of stakeholders, as follows (see Table 1):

Table 1: Stakeholders, Interest versus influence

| | | | |
|-----------|------|----------|------|
| Influence | High | C | D |
| | Low | A | B |
| | | Low | High |
| | | Interest | |

- A. *Low influence and Low interest.* Stakeholders who do not stand to lose or gain much, and whose actions cannot affect the project's ability to meet its objectives. They may require limited monitoring or informing of progress but are of low priority. They are unlikely to be the focus of project activities or be involved in project management. These stakeholders are not important and can be effectively ignored in design and implementation.
- B. *High interest and Low influence.* Stakeholders who stand to lose or gain significantly, but whose actions cannot affect the project's ability to meet its objectives. The project needs to ensure that their interests are fully represented. These stakeholders are the project's beneficiaries, and the strongest among them should be actively involved in the project.
- C. *High influence and Low interest.* Stakeholders who do not stand to lose or gain much from the project, but whose actions can affect the project's ability to meet its objectives. These stakeholders may be a source of risk, and it will be necessary to devise means of monitoring and managing such risks. It may be wise to build and nurture relationships with the most influential stakeholders.
- D. *High interest and High influence.* Stakeholders who stand to lose or gain significantly from the project, and whose actions can affect the project's ability to meet its objectives. The project needs to ensure that their interests are fully represented. Overall impact of the project will require good working relationships to be developed with these stakeholders. They are the project's most important stakeholders, and their interest should be represented in the project.

Stakeholder analysis is tailored to development cooperation projects, and may need some adaptation in order to serve the need of companies.

2. *Willingness to pay.*

An economic concept, willingness to pay (WTP) is the maximum amount or price an individual will be willing to pay for a good or a service. WTP can also be used to determine what an individual will be willing to pay to avoid something undesired, such as pollution.

In addition to the private costs and benefits, also social costs and benefits must be identified. The latter are often spread out across society, rather than being paid or accrued directly to the company or organization that undertakes a project. The social costs are therefore externalities, and must be included in the decision-making process to ensure maximum efficiency (Jesdapipat nd).

In the contest of the private sector, WTP is a useful tool to assess the interest and ability of a potential future target group to pay for a specific service or good. It is accordingly helpful in assessing and balancing the supply and demand equation.

3. *Social marketing.*

Social marketing is the systematic application of primarily marketing to achieve specific behavioral goals for a social good. It can be applied to promote goods, or to make a society avoid specific goods, and thus promote society's well being as a whole. The primary aim of social marketing is "social good", as opposed to in regular marketing where the aim is more narrowly financial. Social marketing is increasingly understood to be a combination of social science and social policy approaches, on the one hand, and more regular commercial and public sector marketing approaches, on the other hand (Wikipedia 2013).

As a social good approach, companies can use social marketing to inform target groups about their product or service, and in this way contribute to creating demand.

CONCLUSIONS AND THE WAY FORWARD

The above issues, followed by the outlined methods, are aimed at contributing to identifying innovative options for the future.

In order for companies to devise successful strategies, other related activities are equally relevant, including:

1. *Strategic knowledge.* Having correct and detailed knowledge of the geographic, environmental and socio-cultural areas in which a company wants to get involved, is a precondition for a successful outcome, in financial as well as social good terms.
2. *Networking.* Including between companies within the private sector.
3. *Partnerships.* Establishment of broad informal as well as formal partnerships between companies and relevant stakeholders.
4. *Communication.* Extensive communication strategies that involve face-to-face interactions.

For SLMBF, the following priorities and activities should be considered:

1. *Social development.* As a minimum threshold, the resulting situation for the target groups should be as least as good as before intervention.

2. *Diversity*. Activities should be build around the premises of inter-disciplinarity and cross-cultural collaboration.
3. *Resilience*. The concept of sustainability should be questioned, for these reasons: (1) the idea that one should strive to define and attain equilibrium runs counter to how most natural systems function, instead the focus should be on a healthy dynamism, and (2) sustainability offers few practical prescriptions for contending with systemic disruptions, precisely at a time when more and more of such disruptions are occurring. Thinking in terms of “resilience” (understood as the capacity of a system to maintain its core purpose and integrity in the face of dramatically changed circumstances), can provide a broader, more dynamic, and more relevant set of ideas, tools and approaches (Zolly and Healy 2012). With increasing complexities caused, among others, by a growing number of stakeholders that become involved, private sector companies should consider focusing on adaptive approaches to the implications of their engagement in local communities, instead of mitigation.
4. *Organization*. Finally, SLMBF seems ready to take a further step along the way to formalize its work and operation. The goal should be to devise such minimal formalization as to facilitate increased communication between Forum members, as well as to ensure visibility in between the meetings in connection with the COPs, including communication between the Forum and its members on the one hand, and external stakeholders, on the other hand. A dedicated website would serve these needs for internal and external communication.
5. *Knowledge management*. A dedicated website would also address the urgent need for devising a mechanism that serves the need for sharing experiences, positive and negative, with engaging with governments and people in developing and transition economies. This is the domain of knowledge management, and consists of ways and means to gather, store, disseminate and produce relevant knowledge to aid in this work.

Literature

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