

United Nations Development Programme

**Country: Egypt
Project Document**

UNDAF outcome 2: By 2011 Unemployment and Underemployment are reduced and worst forms of child labour are eliminated.

Expected CPAP Outcome(s):

CP outcome 1: *Improved national capacity to design, apply and monitor pro-poor policies while addressing geographical disparities.*

Expected CPAP/Project Output(s): promote innovative approaches such as Business Incubators and Integrated Business Support Centres, promoting entrepreneurship and enhancing enabling environment for pro poor private sector interventions such as global compact and GSB initiative..

Implementing partner: Industrial Modernization Center (IMC).

Responsible Parties: Corporate Social Responsibility Program at the Industrial Modernization Center

Brief Description

This project embodies UNDP's strong conviction that the private sector is a great resource to achieve the millennium development goals. The Growing Sustainable Business initiative (GSB) facilitates business-led enterprise solutions to poverty. Using the GSB approach, UNDP brokers multi-stakeholder Partnerships in developing countries to foster pro-poor investment that:

- A) Develops new business models to reach the poor
- B) Extends value chains to reach small entrepreneurs

The initiative was designed to contribute to the achievement of the Millennium Development Goals (MDGs) through increasing the access to basic goods and services for the poor and to strengthen and create the small and medium enterprises (SMEs) by linking them with larger company value chains and external markets and thus growing a more inclusive market.

"The GSB focuses on MDG 1 as its objectives are working towards achieving full and productive employment and decent work for all, including women and youth."

Programme Period: 2007- 2011
 CPAP Programme Component: Poverty
 Project Title: "Growing Sustainable Business for Poverty Reduction"

Atlas Award ID: 00056483
 Start date: April 2009
 End Date: Dec 2010

PAC Meeting Date 28 December 2008

2009 AWP budget:	USD \$261,390
Total resources required	USD \$600,000
Total allocated resources:	USD \$600,000
• Regular: UNDP	USD \$300,000
• Other:	
o IMC	USD \$285,262.14
o General Management Support	USD \$8,737.86
o Total ISS	USD \$12,000
o Total IMC	USD \$300,000

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Agreed by: H.E. Ambassador Menha Bakhom, Deputy Assistant to Foreign Minister and Director of International Cooperation, Ministry of Foreign Affairs

Signature: *Menha Bakhom* Date: _____

Agreed by: Eng. Adham Nadim
 Executive Director,
 Industrial Modernization Center

Signature: _____
 Date: _____

Endorsed By IMC Chair: Mr. Helmy About Eish
 Chair of Management Council,
 Industrial Modernization Center

Signature: *Helmy About Eish*
 Date: _____

Agreed by: Mounir Tabet, Country Director, UNDP Egypt

Signature: *Mounir Tabet* Date: 10 May 2009

Situation Analysis

Background:

Progress towards the achievement of the Millennium Development Goals requires stimulation of greater economic activity in developing countries. In a world of liberalized markets in which the private sector is the driving force behind economic growth, this requires stimulation and support of responsible private investments and entrepreneurship which promote sustainable development.

While increased investments by the private sector will be important in themselves, it is critical that such investments catalyze local economic activity and develop domestic small SMEs. This can be achieved most effectively only through broad-based local enterprise and private sector development.

In addition to contributing to overall economic development, there is also a growing recognition that the private sector will be instrumental in addressing specific development challenges through creation of new business models that deliver sufficient, appropriate and affordable products and services in sectors such as telecommunications, energy and electricity, financial services, water and sanitation, biodiversity protection to illustrate just a few.

The UNDP has been developing its experience in engaging the private sector to help advance the Millennium Development Goals (MDGs) over the last few years. Since publication of report by the UN Secretary-General's Commission on Private Sector and Development in March 2004. The Commission's report highlighted the critical contributions of all levels of the private sector in reducing poverty and achieving MDGs around the world. A core principle of the Commission's findings is that development is optimized when private sector market-based incentives are maximized and commercial and development interests are brought to coincide. The Commission indicated that there are two main ways in which the private sector contributes to development, those being contribution to overall economic growth and job creation; and delivery of appropriate and affordable products and basic services which meet the needs of all sectors of society inclusive of the poor.

Consequently, private sector development also contributes greatly to the achievement of MDG1 through aggregate income and wealth creation and directly through employment creation and the provision of affordable goods and services for the poor.

The Egyptian Context:

Over the last three years, Egypt has made impressive economic progress maintaining an average growth rate of around 7%. Its pace of structural reform has proven faster and bolder than the international community anticipated. In fact, the Doing Business report of 2008 ranked Egypt as number one in implementing reforms. On the trade front, Egypt has signed significant trade agreements with several countries in order to increase preferential access to major markets such as the European Union and the United States. In the Doing Business Report of the World Bank of 2009, Egypt is among the top ten reformers.

While most of the macro-economic indicators have shown great improvements over the past nine years, much remains to be done to address persistent income inequality, poverty and unemployment. Recent analysis indicates that during the period 1991-2005, GDP growth did not translate into improved income distribution, lower poverty levels or higher per capita expenditure.¹ Rather, poverty measures in 2004-2005 were higher than for the 1999-2000 and 1995-1996 periods.² 42% of Egyptians live under 2 \$ a day or less. The major problem being disparity between the rich and the poor and between the north and the south (Delta and Upper Egypt).

¹ Kheir El Din, Hanaa and Heba El Laithy, "An Assessment of Growth, Distribution and Poverty in Egypt: 1990-91 to 2004-05," Egyptian Center for Economic Studies Working Paper No. 115, December 2006.

² Ibid. p. 8.

Important socio economic challenges remain and are recognized by the Egyptian Government and the UNDP as top priorities, among them:

- Reducing the significant level of poverty which is around 20%.
- Increasing the literacy rate and the vocational skills.
- Creating more employment in decent jobs as unemployment is at 8.7% in 2007.
- Diminishing regional disparities especially between Upper and Lower Egypt.
- Economic empowerment of women as unemployment among women is four times higher than among men.

The Private Sector in Egypt:

While the government of Egypt has been shifting its approach from a centrally planned economy to a more private sector driven economy, the private sector is increasingly perceived as the major engine for creating jobs and growth. However, its engagement in development activities has been low. The potential investments, innovations and opportunities that remain untapped within the private sector and specially the SMEs sector needs to be unleashed.

Further steps are still needed to really engage the private sector into poverty reduction, and expand their contribution to the realization of the MDGs. This engagement would go beyond 'pure' corporate citizenship and 'pure' corporate social responsibility. More precisely, what is needed is the promotion of such businesses that serve the poorest – through employment, source of income, low price products and services – and, at the same time, generate profits for the companies themselves.

UNDP Private Sector Strategy and the GSB:

Recently, the UNDP has been shifting its focus towards pro-poor focus for its private sector work. Accordingly, it will base its efforts on the concept of facilitating the development of 'Inclusive Markets' to ensure that markets work better for the poor while addressing their needs as active economic agents (entrepreneurs, wage employees and consumers) rather than passive 'beneficiaries' of aggregate growth and welfare services. *The term 'Inclusive markets' is defined as 'markets that result in expanded choice and opportunity for the poor and produce outcomes that benefit the poor.*

The new approach is considered an integral component of strategic approaches for the attainment of Inclusive Growth. It recognizes that conventional policies for market restructuring cannot be taken for granted to reduce poverty, rather it considers explicit methods which encourage and promote participation by the poor.

According to the UNDP PS strategy, the ongoing UNDP private sector portfolio consists of approximately 530 private sector development and private sector engagement programmes in more than 100 country offices.

UNDP has 3 major global private sector programmes namely the Growing Inclusive Markets (GIM) programme, the Growing Sustainable Business (GSB) programme and the Public Private Partnerships for Service Delivery (PPPSD). The design of these bottom-up programmes is unique in the sense that it can be replicable at the country level. Whenever implemented, it is 'localized' to fit the country context. So far, these programmes have been implemented in many countries and have proved great success.

The GSB project strategy:

The GSB is based on the concept introduced in the Growing Inclusive Markets (GIM) Initiative, led by UNDP Headquarters. Growing Inclusive Markets is designed to make a substantial contribution to both business strategies and human development by raising awareness on the concept of the poor as consumers, producers and employees. By applying the GIM methodology of heat maps, the GSB will help identify what the poor need in Egypt. An initial country analysis will be

undertaken to assess business landscape for potential GSB projects. The analysis will include mapping for business opportunities and sector analysis.

Based on the GIM, the Growing Sustainable Business for Poverty Reduction initiative (GSB) aims at facilitating greater private-sector contributions to poverty reduction and sustainable development through commercially viable activities. The overall goal of the project is to broker and facilitate linkages between large businesses, potential investors and local partners, to strengthen and expand the local SME sector and facilitate the development of new products and services which address the needs of the poor.³ To promote a market that is inclusive of the poor as producers, employees and consumers. In developing these partnerships and in selecting the partners, GSB will give priority to sectors creating jobs for women.

The GSB is the application of the GIM on the ground, GSB projects are now being implemented in 19 countries with more than 70 business partnerships in their portfolio. An important element of this project is to learn from these experiences which are documented by UNDP HQ and to exchange information as a basis for capacity development. Another element is to constantly consider and pay attention to empowerment of disadvantaged groups like women, youth the poor and the rural population working in the informal sector.

The GSB project has the following immediate interconnected objectives:

- Facilitate increased sustainable investments and business activities that link large companies to local small and medium enterprises, with a priority to Upper Egypt.
- Leverage UNDP's unique capacity to create a neutral "space" at country level where information can be shared, issues raised, and appropriate local partners brought together to attack a specific problem.
- Highlight innovative sustainable business projects that demonstrate how commercial business activities can contribute to poverty reduction and promote sustainable development.
- Encourage overall greater engagement and contribution of the private sector in the national poverty reduction strategies (PRS), aligning private investments more closely with development priorities without deviating from their core businesses.

With support and guidance from the project private-sector companies will cooperate closely with multi-stakeholder alliances in an effort to ensure the interests of all parties without privatizing gains and distorting markets. This cooperation should include upfront value chain analyses, use of participatory procedures to cross-check information and discuss proper strategies with different stakeholders, and employment of incentives aimed to ensure an active and supportive role of key actors in the private sector⁴.

This approach is the guiding principle behind GSB, a much needed mechanism to reconcile private-sector development with local development priorities associated with equity, poverty alleviation and micro & small enterprise (MSE) development. In a sense, GSB will attempt to bridge the gap between private business and pro-poor development.

GSB, through its broker and brokerage roles, will identify 3 to 5 pro-poor investment projects and will leverage UNDP's unique capacity to create a neutral "space" at the country level where information can be shared, issues raised, and appropriate local partners brought together to attack a specific problem. It is this capacity that makes UNDP well-placed for the "brokerage role" that lies at the heart of the GSB – linking private-sector investments and local development priorities through the design of new, cutting-edge business models that engage a range of local partners. The GSB will facilitate "enterprise solutions", where profit and incentives justify real investment and

³ Numerous examples of so called 'bottom of the pyramid' business models are contained in, C.K. Prahalad: *The Fortune at the bottom of the pyramid. Eradicating poverty through profits*, Wharton School Publishing, 2004

⁴ Altenburg, Tilman. *Donor Approaches to Supporting Pro-poor Value Chains*. The Donor Committee for Enterprise Development, January, 2007. (www.enterprise-development.org)

financial sustainability is embedded in the design. GSB will thus provide co-funding, when available for market research and feasibility studies as well as technical expertise and backstopping in the implementation of specific projects. The selection of specific sectors will be led by the Private Sector and will prioritize labour intensive sectors, income generating sectors and sectors with the most value added.

The Target groups and partner organizations:

Micro, small and medium sized businesses -	As sub-contractors to investors/lead companies (i.e. supply chain linkages)
Local and foreign investors -	Seeking new investments and markets
National Government and its agencies, including the ministry of industry and trade and the ministry of investment and GAFI.	To assist in the process of promoting greater diversification of the economy, improve the business environment and investment promotion, to foster sustainable local economic development and job creation
Non-governmental organizations, civil society organizations -	To facilitate dialogue between the private and public sectors To link MSMEs to the investors/lead companies
Donors, targeting organizations and institutions that are already working to support MSMEs and PS such as CIDA, IFC, Spanish and Italian cooperation	Interested in economic development in the region, broad based and inclusive economic growth

The initiative will be nationally implemented by the Industrial Modernization Center (IMC with technical support from UNDP.

The Industrial Modernisation Centre is a quasi-governmental organization that was created to promote growth in the local Egyptian economy through private sector business and, in turn, thrust the Egyptian Market into the global economy. The IMC’s definitive goal is “to create an enabling environment in which the private sector can lead growth and make Egyptian industries leapfrog into global competitiveness.” Partnering with over 24,800 enterprises in Egypt, the IMC has become a link between intergovernmental organizations.

Potentially, cost-recovery can be built in once pro-poor business investments have been mainstreamed and there are assurances that such payments will not influence objective decision-making.

Private sector contributions:

In implementing feasibility studies, the international /national companies will provide contributions to the cost of the studies, the size of the contribution will vary and this will be paid to IMC to channel to the firm doing the feasibility as a parallel fund. While for each model the project will contribute funds in relation to the amount paid by the company and its capacity.

Project Results:

The GSB project aims at achieving the following CPAP outputs:

- Creating opportunities for MSMEs to develop and grow by linking them to businesses and including them in the value chain.
- Increasing the skills and income of the poor leading to improved living standards.
- Improving the market environment by creating missing linkages between businesses and creating networks and partnerships

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The GSB project results will be:

- Viably extend existing business models and develops new ones to reach the base of the pyramid customers, the project will aim at reaching **five business models, two in the first year and three in the second year.**
- **Extend at least one Value chain** to include base of the pyramid suppliers.
- Establish partnerships between large businesses and local organizations for MSMEs development. **Two such organizations will be approached during the project implementation**
- Document lessons learned and communicate them to the stakeholders
- Develop national capacity by training IMC and project staff.

Risk Analysis:

The very concept of supporting pro-poor investments involves a variety of risks that should be carefully observed. These include among others:

1-Privatizing Gains:

Privatizing gains refers to the situation where the corporate/business partner is the sole beneficiary of the investment. In this case, public funds would have been used to further the private interest of the business partner, without due return going to the poor.

Mitigation:

The GSB broker's continuous involvement under guidance from the IMC, the UNDP and an advisory board of leading private sector and government figures, will ensure that a win-win situation for both the business partners and the poor is focused upon throughout the operations cycle of the project. Furthermore, in order to qualify for funding proposed investments must clearly demonstrate that their benefits go well beyond the private gains of the corporate/business partner. Partnerships shall be reviewed and approved by the GSB unit at UNDP headquarters.

2-Lack of Additionality:

This refers to a situation where the pro-poor investment was already planned to be undertaken by the business partner without a need for GSB assistance. In this case project funds might be used to support the regular operations of the firm.

Mitigation:

While GSB supported investments must stem from the core business of the corporate partner, proposals for these investments will not be funded unless the investment constitutes an additional activity that the firm would not have undertaken in the short term otherwise. The Broker in preparing the case for each partnership shall demonstrate this.

3-Unintended Effects

Modern supply/value chains are very complex indeed. Determining the net effects of changes in value chain organization (e.g. through linkages) is more complex than meets the eye, because it undoubtedly creates winners and losers. For example:

- shifting from in-house production to external suppliers may reduce relatively well paid wage labor in the lead firm and increase lower quality jobs in supplier firms;
- inducing foreign firms to adopt local small-scale suppliers may be favorable for local technological learning but lessen the efficiency of the supply chain;
- holding back concentration and internationalization in the retailing business may protect small enterprises but lead to higher consumer prices;
- increasing social or environmental standards in a given industry may lead to the exclusion of poor informal suppliers;
- increasing environmental and social standards may raise costs and jeopardize competitiveness vis-à-vis competitors with lower standards⁵.

⁵ A valuable account of this particular point can be found in Altenburg, Tilman. *Donor Approaches to Supporting Pro-poor Value Chains*. The Donor

Mitigation:

The research conducted for each investment project should explore, to the maximum possible extent, the effects of the proposed investments on the various social groups affected by the supply/value chain at hand. This will be part of the TOR of the firm conducting the research.

4-Conflicting Interests

Pro-poor investment is a relatively new tool which attempts to bridge the corporate world with development efforts. This attempt to bring disparate parties (sometimes with conflicting interests) together in a single process might not be problem-free.

Mitigation:

The GSB project, through its brokerage platform, shall intermediate between the various parties to facilitate pro-poor partnerships. The UNDP's reputation as an impartial and neutral, yet powerful, partner shall provide for easier facilitation.

Communication Strategy***The objectives of the communication strategy are:***

- 1-Raising awareness among the public of the role of the private sector in support of poverty reduction,
- 2-Informing the private sector of the value of working with and for the poor, promoting a societal dialogue about innovative solutions to support MSMEs and creating jobs and enhancing the corporate social responsibility.
- 3-Increase visibility of IMC and UNDP as supporters of poverty reduction programs through increasing visibility of the project activities.

The strategy:

- 1-A communication advisor shall be identified at the beginning of the project to deliver the following in the form of short term assignments:
 - draft the detailed communication strategy of the project,
 - help in developing the messages coming out of the project,
 - organize media events as needed.
 - help in documenting the experiences and lessons learned and human interest stories and media monitoring.
 - design a project logo, promotional material and brochures as needed and a project website.
- 2-To ensure visibility from the start a launch event will be organized where the project will be launched with high level government and private sector presence and good media coverage.
- 3-The UNDP communication officer and the regional UNDP communication advisor will also provide support as needed to the project.
- 4-The GSB unit at headquarters will provide support by sharing experiences of other countries in communicating the messages and results of the project.
- 5-An international Communication/PR Company could be approached to support the project as part of their corporate social responsibility work.

Results and Resources Framework

<p>Intended Outcome as stated in the Country Programme Results Action Plan (CPAP) and Resource Framework (CPAP): Improved national capacity to monitor poverty & to stimulate national debates towards policy action for human development and achieving the MDGs</p> <p>Outcome indicators as stated in the Country Programme Action Plan (CPAP) Results and Resources Framework, including baseline and targets:</p> <ol style="list-style-type: none"> 1. Increasing Government response in terms of supporting additional private sector involvement in achieving the MDGs in Egypt. 2. Advocating and implementing of the business model suggested by the report. Both the level of advocacy and implementation can be detected through measurement of the involvement of various business institutions that would lead the debate and encourage the implementation. 3. Triggering a public discussion on the role business in supporting the MDGs through various local media channels. 				
<p>Applicable Strategic Plan Focus Area: Poverty</p> <p>Partnership Strategy: The Project's main Counterpart is the Industrial Modernization Center. It will also establish strong partnership with other Private sector companies as well as Donors</p>				
<p>Project title and ID (ATLAS Award ID):</p>				
INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output 1: GSB center providing models to increase the inclusiveness of the poor in the market.</p> <p>Baseline: 0</p> <p>Output indicator : number of businesses developing BOP services or products</p>	<p>Targets (year 1)</p> <ul style="list-style-type: none"> - An equipped and staffed GSB centre functioning within IMC. - A project advisory board established. 	<p>Activity 1: Establish GSB Centre</p> <p>Actions:</p> <p>1-1 Recruit PM, broker and support staff.</p> <p>1-2 Prepare project premises within IMC.</p> <p>1-3 Launch event.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - center established. - staff hired. - media and business community informed. <p>1-4 train/orient broker</p> <p>1-5 monitor and evaluate.</p>	<p>IMC UNDP UNDP /GSB headquarters</p>	

<p>Baseline: 0 Indicators: number of companies including BOP suppliers</p>	<p>Target: (year 1) - two companies develop pro poor models Targets (year 2) - three companies develop pro poor models.</p>	<p>2-- Viably extending existing business models and developing new ones to reach the Base-of-the-Pyramid customers: 2-1 Develop list of potential sectors and companies 2-2 Sector Analysis 2-3 Sub contract firm/expert to develop the models 2-4 Launch five BOP business models.</p>	<p>National and international businesses Local firms Broker</p>	
<p>Number of women/men served Baseline: 0 Indicator: number of SMEs supported</p>	<p>Target: -at least one local business organization linked to the project. -increase quality and quantity of SMEs products due to link to value chains.</p>	<p>3-Establish partnerships between businesses and local organizations 3-1-introduce new regular SME suppliers to companies -3-2- Identify local provider of financial and non financial services organization to support work with SMEs. -3-3- Provide SMEs with technical assistance as needed. Indicator : - New suppliers' satisfaction level with doing business with lead companies. - Increased income of new suppliers as a result of GSB</p>	<p>IMC NGOs UNDP</p>	

Annual Work Plan

Year: 2009

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES List activity results and associated actions	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Funding Source	Budget Description
Output 1 Baseline: Indicators: Targets: Related CP outcome:	1. Activity Result -Activity action -Activity action							
	2. Activity Result -Activity action -Activity action							
	3. Activity Result -Activity action -Activity action							
	4. Activity Result -Activity action -Activity action							
Output 2 Baseline: Indicators: Targets: Related CP outcome:	1. Activity Result -Activity action -Activity action							
	2. Activity Result -Activity action -Activity action							
Output 3 Baseline: Indicators: Targets: Related CP outcome:								
TOTAL								

Management Arrangements

Project duration will be two years with possibility for renewal.

Modality: The project will be nationally executed (NEX) by the industrial Modernization Center (IMC), given their strong capacities and capability to implement the project activities and will follow UNDP rules and regulations in accordance with the NEX modality.

The implementing partner: The IMC: a quasi governmental organization:

The IMC was established by a presidential decree number 477/2000 as an independent body to implement and coordinate the modernisation of the Egyptian industry. Jointly funded by the European Union 250 million, the government of Egypt 103 million and the Egyptian private sector 73 million with a total budget of 426 million. Today IMC is part of the everlasting process of continuously bringing the Egyptian industry to international competitiveness with serious commitment from the government of Egypt for continued financial support for years to come. IMC's mission is to provide business development support to Egyptian industrial enterprises to reinstate them competitively in Egypt's global markets in the bid to enhance job creation and secure prosperity for all. Out of more than 26,800 registered enterprises in the Federation of Egyptian Industries (FEI), totalling 1.4 million employees in the industrial sector, IMC's mandate focuses on companies employing more than 10 workers or industrial clusters. IMC therefore aims at addressing the needs of about 12,300 enterprises. This unique positioning of a vital sector of the economy allows for concentration of resources, generation of impact, complementary and coordination with programmes contributing to sustainable economic development.

The following was agreed to be part of IMC role:

1. IMC will host the offices for the GSB during its tenure in Egypt.
2. IMC will match the UNDP's budget contribution of \$300,000 for a start-up fund.
3. IMC will provide logistical and administrative support
4. IMC will connect the broker to its network of private sector partners.
5. In case extra funds are needed UNDP and IMC will fundraise.

Additional to the USD 300,000 cost sharing, the IMC and UNDP will select project staff as required by the model. All project staff costs will be covered by IMC as well as all operational expenses comprising the following items:

- all miscellaneous including IT equipment, transportation and communications, .
- Communication and awareness.

UNDP country office: will

-In addition to its financial contribution UNDP will provide project assurance:

The Project Assurance role will support the Project Board by carrying out objective and independent project oversight and monitoring functions. This role of the Project Assurance ensures appropriate project management milestones are managed and completed.

-link with relevant national PS initiatives.

-link to UNDP global knowledge and networks and to PS HQ

-link to donors interested in supporting PS development such as, donor assistance group (DAG) and other forums.

-ensure national ownership and sustainability of GSB programmes

UNDP Private Sector Division (GSB HQ):

A unit within UNDP Bureau of Partnership in New York that has developed and successfully tested GSB projects in other countries **will provide overall support to ensure management standards, and to safeguard integrity and effectiveness of the project.** In particular, the GSB HQ team will provide general guidance to the broker, especially during the initial stages of the project, provide project assurance and appropriate monitoring and reporting tools for monthly tracking of progress provide technical assistance to the broker and tap UNDP global network of business partners. GSB is also expected to provide technical assistance, backstopping and

project, provide project assurance and appropriate monitoring and reporting tools for monthly tracking of progress provide technical assistance to the broker and tap UNDP global network of business partners. GSB is also expected to provide technical assistance, backstopping and training to the UNDP project officer in charge of quality assurance. The GSB HQ will also support the development of TORs of the broker, the experts and the evaluation.

The GSB will also facilitate the link with other UN relevant global initiatives such as The Business Call to Action and the Global Compact.

Project Board:

A Project Board will be established to guide executive management decisions and to provide guidance to the Project Manager, including approval of project revisions and of the project's annual work plans. Project assurance reviews by this group are made at designated decision points during the running of the project, or as necessary when raised by the Project Manager. The Board contains three roles: an Executive to chair the group, a Senior Supplier to provide guidance regarding the technical feasibility of the project, and a Senior Beneficiary to ensure realization of project benefits from the perspective of project beneficiaries

The Group will meet annually (or more frequently if necessary) and will possibly be composed of:

Chairman (Executive): IMC representative

- Senior Supplier: UNDP representative
- Senior Beneficiary: PS representative
- Government Representation from MOFA
- Representatives from Participating donor agencies in the project if any.

Ex officio: The Project Manager and/or Coordinator

Minutes: The Project Manager will act as secretariat for the committee, being responsible for convening the meetings, preparing the agenda, overseeing preparation of materials for presentation to the meeting and for preparing and distributing minutes of the meetings.

Project Coordinator: Will be assigned by IMC and represents IMC as the executing agency:

The Project coordinator supervises the project on behalf of the Project Board within the constraints laid down by the Project Board. The Project coordinator represents IMC in contractual obligations.

The Project Manager/Broker: The Project Manager responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. The Project manager will be responsible for implementation of all project activities, developing action plans and reporting progress to UNDP and IMC. He/she will also be responsible for coordinating, networking and soliciting the participation of all concerned. He will be responsible for regular progress reports, identifying bottlenecks and suggesting corrective measures when necessary. He will also play all the broker functions. The Project Manager is appointed jointly by the UNDP and IMC. The draft TOR for the Project Manager is attached. All project staff report to him.

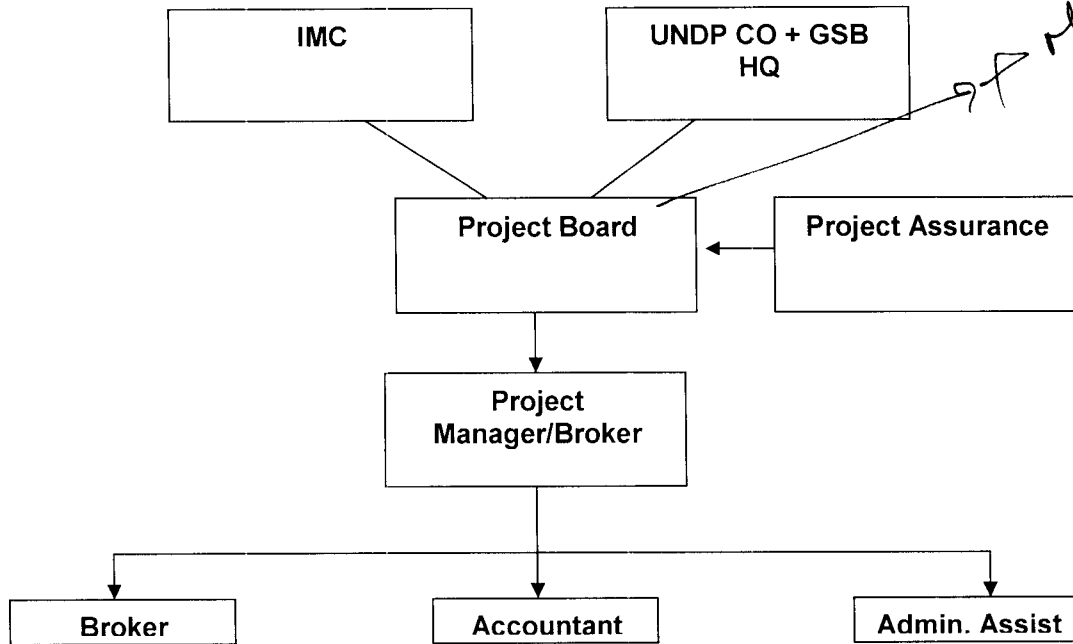
GSB Broker:

The Broker will act as an intermediary for business, Government, civil society, potential sources of finance, and development partners. S/he will help identify, develop and support specific sustainable business investment projects. The broker will create links with stakeholders, and provide them with a forum to forge partnerships, raise issues, solve problems and engage the Government. The broker plays a key role in problem solving, easing potential conflicts, and is the liaison with the UNDP country office. Once an investment has been decided upon, the broker will monitor and evaluate the investment project. S/he will report on all progress to GSB HQ as per GSB Operations Manual reporting requirements prepare M&E reports using UNDP modules.

Project Admin Support and finance officer/s:

The Project Support will provide project administration and management support to the Project Manager as required by the needs of the project or Project Manager. His role is also to support the broker with the day-to-day administrative and operational tasks related to project implementation,

GSB Project Proposed Organigram



Audit:

An annual audit of the project will be coordinated by UNDP and will be coordinated by UNDP, the audit costs will be charged to the project budget.

Financial Arrangements:

The schedule of payments from IMC to UNDP is annexed to the budget. IMC will transfer to UNDP year 1 contribution upon signature.

The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

The schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

All financial accounts and statements shall be expressed in United States dollars.

If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.

If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph []above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) 3%cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

Ownership of equipment, supplies and other properties financed from the contribution shall vest in IMC.

The project funds shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."

Monitoring Framework and Evaluation

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in UNDP Quality Management tables (to be completed following the signing of the project document).
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Reports (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

- A **Final Project Review** shall be conducted during the fourth quarter of the last year of the project by the Project Board as basis for assessing performance, contribution to related outcomes, and determining lessons for broader application. Using the final Project Review Report, the Lessons Learned Report and other documentation as appropriate, the Project Board should assess in this meeting the performance and success of the project, and its contribution to related outcomes.

Legal Context:

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of (country) and UNDP, signed on (date).

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the implementing partner.

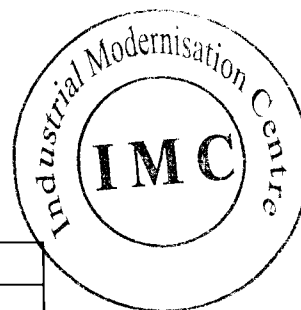
The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

Project Budget



	Description	Year 1	Year 2	
1 - Staff Costs *	Project Manager/Senior Broker	* all project staff costs', equipment and operational costs are fully covered by the IMC as a part of their in kind contribution to the GSB model.		
	Broker Salary (Facilitator)			
	Accountant			
	Administrative Assistant			
	Project Assistant's Salary			
	IT equipment, transportation and communications operational expenses			
2 - Capacity Development, Technical Assistance and Research	Capacity Development of target groups	\$50,000.00	\$50,000.00	IMC
		\$40,000.00	\$40,000.00	UNDP
	Socio-economic/Feasibility studies	\$60,000.00	\$125,262.14	IMC
		\$17,000.00	\$27,000.00	UNDP
3 - Advocacy and Documentation	advocacy material and events	\$20,000.00		UNDP
	Documentation & Dissemination	\$30,000.00	\$50,000.00	
4 - Miscellaneous	Training and Miscellaneous	\$20,000.00	\$20,000.00	UNDP
5 - Monitoring and Evaluation	Contractual Services for independent M&E, travel, other M&E related expenses and audit	\$15,000.00	\$15,000.00	UNDP
Sub-Total		\$252,000.00	\$327,262.14	
GMS 3%		\$4,368.93	\$4,368.93	
ISS (2%)	UNDP	\$3,000.00	\$3,000.00	
	IMC	\$3,000.00	\$3,000.00	
Total		\$262,368.93	\$337,631.07	\$600,000.00

Donor Contributions

Donor	Year 1	Year 2	Total
IMC	110,000.00	175,262.14	
IMC GMS (3%)	3,390.00	5,347.86	
ISS (IMC) (2%)	3,000.00	3,000.00	
UNDP	142,000.00	152,000.00	
ISS (UNDP) (2%)	3,000.00	3,000.00	

Total Budget	261,390.00	338,610.00
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Total UNDP contribution	145,000.00	155,000.00
Total IMC contribution	116,390.00	183,610.00

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ANNEXES

Risk Analysis. Use the standard Risk Log template. Please refer to the Deliverable Description of the Risk Log for instructions



OFFLINE RISK LOG

Project Title: Growing Sustainable Business for Poverty Reduction (GSB) Award ID: Date:

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Enter a brief description of the risk (In Atlas, use the Description field. Note: This field cannot be modified after first data entry)	When was the risk first identified (In Atlas, select date. Note: date cannot be modified after initial entry)	Environmental Financial Operational Organizational Political Regulatory Strategic Other Subcategories for each risk type should be consulted to understand each risk type (see Deliverable Description for more information) (In Atlas, select from list)	Describe the potential effect on the project if this risk were to occur Enter probability on a scale from 1 (low) to 5 (high) P = Enter impact on a scale from 1 (low) to 5 (high) I = (In Atlas, use the Management Response box. Check "critical" if the impact and probability are high)	What actions have been taken/will be taken to counter this risk (In Atlas, use the Management Response box. This field can be modified at any time. Create separate boxes as necessary using "+", for instance to record updates at different times)	Who has been appointed to keep an eye on this risk (In Atlas, use the Management Response box)	Who submitted the risk (In Atlas, automatically recorded)	When was the status of the risk last checked (In Atlas, automatically recorded)	e.g. reducing, increasing, no change, dead, no change (In Atlas, use the Management Response box)
2			Environmental Financial Operational Organizational Political Regulatory Strategic Other	Text P = I =					

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Annex A: Terms of Reference of the Project Manager/Senior Broker

The GSB Center will recruit 2 Brokers, one of whom will be the **Project Manager**. The Project manager will be responsible for coordinating the implementation of all the above mentioned activities, developing action plans and reporting progress to UNDP. He/she will also be responsible for

- Coordinating, networking and soliciting the participation of all concerned partners.
- Regular progress reports, identifying bottlenecks and suggesting corrective measures when necessary.
- Continuous identification, facilitation and support of development of specific sustainable business projects, matching interested enterprises with a range of other development actors.
- Facilitation of continuous and expanding cross-sector dialogue and cooperation on enabling environment related issues
- Liaising closely with global level brokerage team and brokers in other countries.
- Introduction and sharing lessons learned from other countries to encourage replication.
- Establishing a strategy to ensure transfer of the venture to local actors within a defined time frame.
- Funding raising from donors and private sector in coordination with UNDP and IMC.

Skills Qualifications:

Preferred skills, qualifications, experience, and language requirements

- 1) Degree in business, economics, international development or international relations, with strong academic performance
- 2) Ability to broker and convene productive coalitions between business, government and development partners
- 3) 7 – 10 years relevant business, government or international development experience preferably gained in Egypt
- 4) Excellent relationship management, communication and analytic skills
- 5) The ability to understand and provide critical analysis of business models
- 6) Sound understanding of economic and business development situation in the Middle East Region
- 7) Interest in understanding the roles and values of UNDP
- 8) Fluency in written and spoken Arabic and English is required
- 9) The following would be strong assets:
 - Distinctive experience in working in the private sector on issues of business strategy, operations or new business development
 - On-the-ground experience related to issues of economic development and entrepreneurship

Annex B: Terms of Reference of Broker (facilitator)

Background

The Growing Sustainable Business (GSB) aims to broker public-private partnerships that enable the private sector to engage in specific pro-poor investment projects that are both, commercially attractive and address the local development needs.

The initiative implements the recommendations of the *UN Commission of the Private Sector and Development*⁶, recognizing the critical contribution of the private sector, large and small, foreign and domestic, to poverty reduction. A core finding of the Commission is that the value of engaging the private sector is maximized where it is grounded in market-based incentives. Sustainable social impact is greatest when there is a convergence of commercial and development interests.

The overall goal of the project is to broker and facilitate linkages between large businesses, potential investors and local partners, to strengthen and expand the local MSME sector and facilitate the development of new products and services which address the needs of the poor.⁷

'Leading investors' will be approached individually and, jointly with networks of local partners to discuss and find innovative and efficient solutions to investment projects that align financial viability and promote equitable local economic development.

UNDP will play the role of a broker and facilitator, linking large companies, local entrepreneurs, government representatives, civil society organizations and other donors. The multi-stakeholder nature of the initiative will reduce the risks and transaction costs of specific investment projects. UNDP is well positioned to perform this role because of its convening power, development track record in the participating countries, impartiality, reputation, brand, political reach and access to regional and global development networks.

Duty Station & Reporting

- Duty Station: Cairo, Egypt

The broker will report to the GSB Project manager

Preferred skills, qualifications, experience, and language requirements

- 1) Degree in business, economics, international development or international relations, with strong academic performance
- 2) Ability to broker and convene productive coalitions between business, government and development partners
- 3) Minimum 5 years relevant business, government or international development experience preferably gained in Egypt
- 4) Excellent relationship management, communication and analytic skills
- 5) The ability to understand and provide critical analysis of business models
- 6) Sound understanding of economic and business development situation in the Middle East Region
- 7) Interest in understanding the roles and values of UNDP
- 8) Fluency in written and spoken Arabic and English is required
- 9) The following would be strong assets:
 - Distinctive experience in working in the private sector on issues of business strategy, operations or new business development

⁶ Report by the UN Commission on the Private Sector and Development: *Unleashing Entrepreneurships, Making business work for the poor*, UNDP, March 2004; <http://www.undp.org/cpsd/>

⁷ Numerous examples of so called 'bottom of the pyramid' business models are contained in, C.K. Prahalad: *The Fortune at the bottom of the pyramid. Eradicating poverty through profits*, Wharton School Publishing, 2004

- On-the-ground experience related to issues of economic development and entrepreneurship

Duration, Contract & Remuneration

- 10) 12 months with possibility of extension.
- 11) Start: immediate
- 12) Remuneration will depend on the experience and previous salary history of the candidate. Salary expectations to be preferably indicated in the application.

1) Broker new GSB investments:

- 13) Familiarizing him/herself with the overall development and business context in the country of assignment, including the existing cooperation in the field of private sector development, as well as with the findings of the assessment mission carried out by UNDP
- 14) Prioritizing potential companies and engaging in direct discussions, and negotiations with them, presentations to the highest priority targets, as well as selected intermediary organizations – this will likely include some research and customizing of materials for key meetings
- 15) Follow up, monitoring, and supplementary research and other actions required to pursue negotiations and bring companies into the GSB process (e.g. accepted by GSB steering committee)

2) Ongoing Operational Support for GSB

- 16) Engage and sensitize all major stakeholders while establishing and maintaining close relationships with relevant companies, NGOs, business associations, donors, and UN agencies
- 17) Establish and maintain the GSB programme in the country of assignment, including organisation of relevant meetings and a launch workshop, setting up the GSB Coordinating Group and project alliances, and provision of secretariat support
- 18) Provide continuous support to GSB project alliances in terms of facilitation and provision of needed knowledge and administrative support
- 19) Carrying out a complete update of the existing database of relevant stakeholders from Government, civil society, the private sector, and the donor community
- 20) Explore synergies between the GSB initiative and other relevant initiatives in the country of assignment, including work by the Government, private sector initiatives of multi-lateral and bilateral donors

3) Reporting and Communications

- 21) Regularly liaise with the GSB global team, and other national GSB coordinators in order to share lessons and resolve common challenges – it is expected that the Broker will contribute to the intellectual development of the GSB program with new ideas/suggestions based on field experience
- 22) Report on a regular basis on progress vis-à-vis a clear outline of duties and expected results on annual basis as well as work plans to the Resident Representative, the global GSB team, and other relevant staff
- 23) Preparation of various communication initiatives, including a regular GSB newsletter and input to the GSB website.

Annex C: Responsibilities of GSB HQ

The GSB General Manager holds ultimate responsibility for the implementation of the GSB programme at the corporate level. The role of GSB HQ is to provide overall guidance on development of the initiative and its strategic direction and focus. The GSB General Manager will play a key role in senior-level representation of the programme, especially in relation to resource mobilization and in relation to UNDP Senior Management.

The GSB-initiative is supported by a team of experienced UNDP staff at HQ. The support for the Country Operations includes the following:

- 1) Outreach to potential private sector partners at HQ-level to represent investment opportunities in the GSB-countries and generate ideas for BOP-innovations.
- 2) Support in knowledge development and creating a community of practice for the GSB. The GSB-HQ team actively engages in developing new business models in cooperation with companies, research institutions etc. The aim is to develop tools that help the GSB Brokers in country to facilitate new and innovative pro-poor investments.
- 3) Support of the CO in monitoring targets, strategic development and focus, problem solving, guidance, and financial oversight. All GSB Brokers have a monthly conference call with the Country Coordinator of the GSB after submitting the monthly report to discuss progress and receive further advice and guidance as necessary.
- 4) Provision of Operation Manual, templates, TOR for the Broker and Coordinating Group in order to support country operations.
- 5) Support in the recruitment of the GSB Broker through a network of private sector related institutions and the development community. Management / Support of the selection process (CV-assessment, interviews). Final decision is taken by CO together with GSB-HQ.
- 6) Outreach to new partners for the GSB initiative who can support country operations for example by provision of resources. New partnerships with schools and other volunteer programs will be encouraged.
- 7) Through a selective process co-funding with the Country Offices of feasibility studies subject to availability of resources
- 8) Representation of the program at the corporate level will be presented using the appropriate channels and platforms (conferences, reports, media etc.).
- 9) Provision of technical backstopping for GSB project development
- 10) Provide ongoing training and capacity building of brokers

Annex D: The GSB Pro poor business model:

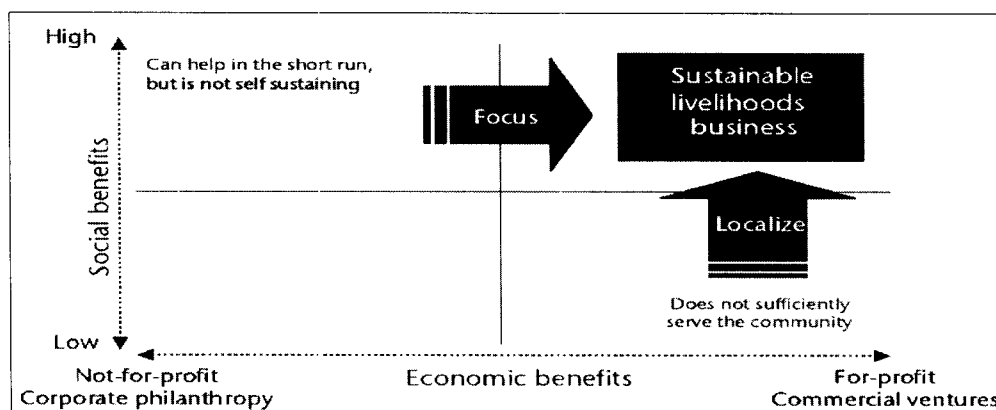
Pro –poor Business

Pro-poor business – also termed inclusive, base of the pyramid (BOP), or sustainable livelihoods business – refers to a business model which engages low-income communities and companies in mutually-beneficial initiatives.

Traditionally, corporate philanthropy and social responsibility programs in their strictest sense have been engaged in initiatives that benefit the poor, but which are inherently limited in scale and fall largely outside the scope of mainstream business activities. Conversely, the pro-poor business model presented here has little to do with philanthropy and goes beyond corporate social responsibility in that it incorporates the poor in corporate mainstream activities, thereby enabling a win-win situation for both the poor and firms, whereby the poor get income or consumption opportunities and firms still profit.

Pro-poor business is not about ‘targeting’ the poor, as customers or as cheaper labour. It is indeed based on a new approach and mindset that views the poor as important *resilient entrepreneurs* and *value-conscious consumers*⁸ throughout the corporate value chain even for multinational corporations. This strategy aims at providing a model where the business sector and the market become more inclusive of the poor.

In essence, pro-poor business models try to find synergies between development goals and the company’s core business operations. Sound pro-poor business models will therefore deliver higher socio-economic value for communities while opening new avenues of corporate growth.



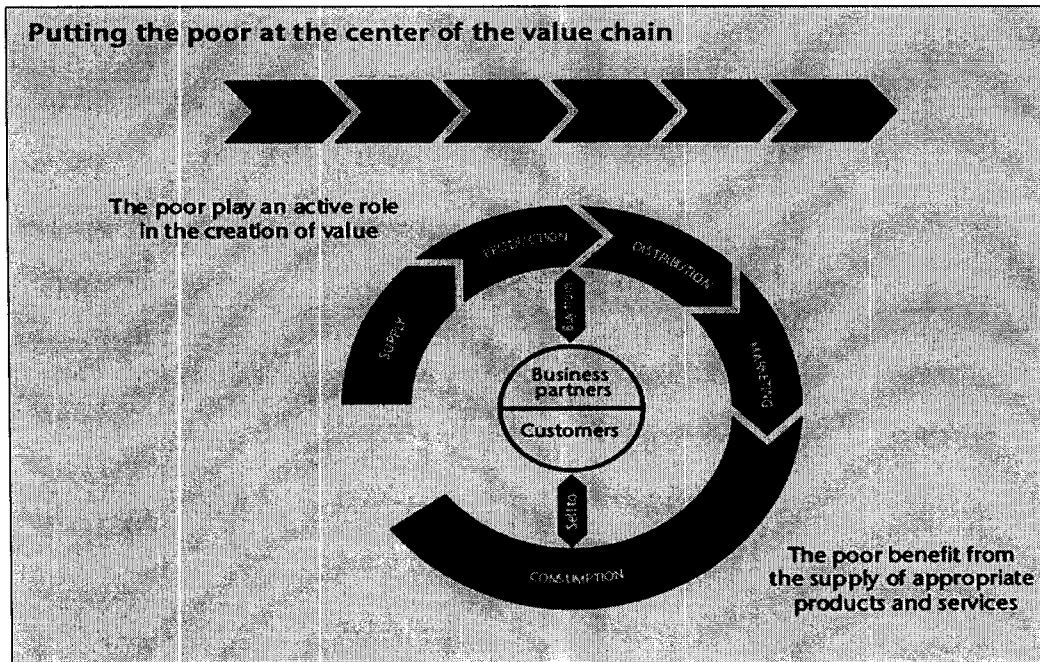
The focus on business, and therefore profitability, is critical in that it promotes mainstreaming and minimizes the risks of marginalization of the program. It also means that as profitability goals are realized, budgets for these programs may be increased. The new business can thus become ‘scalable’ and replicable, and thus lead to a much greater impact.

These efforts greatly expand the resources, skills and innovative firepower that can be brought to bear in addressing development challenges. Pro-poor business partnerships leverage valuable financial resources from the private sector and provide equally necessary technology and expertise. On the other hand, firms engaged in pro-poor business are doing so not merely for the sake of helping the poor but also in serving their own corporate interests. For private sector companies this means increased profits, new markets, piloting innovative technology solutions, and a host of other strategic advantages. Many farsighted companies in industrialized countries have already incorporated the necessity to deal with disadvantaged communities, particularly in developing economies, into their development strategies. “They realize that stepping up their company’s presence in developing countries by ‘doing business with the poor’ will be crucial to their long-term competitiveness and success”⁹.

⁸ “The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits”, C.K. Prahalat

⁹ “Doing Business with the Poor”, World Business Council for Sustainable

The expression 'doing business with the poor' covers a multitude of activities. The guiding principle, however, which cross-cuts all industries, is that companies should engage the poor in business relationships that relate directly to the companies' core commercial operations and place the poor at the heart of value chain. The poor can be engaged in the business supply chain at either end of the chain as customers for a new product and/or as partners in the creation of value-added delivery of a service/product.



The position of the poor in the supply chain is contingent upon the characteristics of each industry and the nature of the business relationship between a given company and low-income community. For some business activities, the poor will be customers, in which case the companies' main contribution to market development will be to supply appropriate products and services that meet local needs at appropriate prices. For others, the poor may be business partners, suppliers, employees and/or distributors. By engaging small entrepreneurs and local small and medium enterprises (SMEs) business can create employment and accelerate skill transfer.

Pro-poor business model's main characteristics include:

- Focus on core competencies: companies that concentrate on their key strengths are better able to innovate around those strengths. This helps guarantee consistency between the company's portfolio of activities and the pro-poor business, and will make it easier to mainstream successful pro-poor business in the future.
- Innovation. Companies need to have the capacity to innovate to be able to provide affordable quality products and essential services that improve people's lives; or to devise creative and innovative solutions for product distribution in potentially hostile environments.
- Partnership. The implementation of pro-poor investment projects requires partnering with other actors, including local NGOs which can be instrumental in both identifying needs and preferences, as well as educating the poor on the new product use. By involving development organizations with similar goals, companies can benefit from on-the-ground expertise and additional resources. Further, cross-sectors collaboration may lead to innovative partnerships which can facilitate an integrated approach to development needs.
- Localization. Firms have much to gain from tapping into local networks and local knowledge which will enable them to tailor products to local needs and wants, and provide them according to locally appropriate delivery mechanisms

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Annex E: General GSB Project Criteria

The broker should then work with the lead company to prepare a project proposal that allows for assessing the project along the following criteria (general criteria are laid out, followed by additional criteria for agri-business projects). The broker should be able to demonstrate that a given potential GSB project complies with all of the following:

Support for the MDGs

Outcome of the project shall be directly related to the MDGs. The project shall have a direct link to poverty reduction. Specific indicators to monitor progress and development impact shall be defined (e.g. in terms of number of smallholders affected, jobs created etc.).

Strong business model with potential for systemic impact Projects should focus on developing a financially viable business model that is replicable, innovative and scalable. From the outset, the business model must be clear, with evident commercial viability. The focus is on systemic impact rather than support for individual partnership projects. Outputs of the project are tools/information/lessons learned that will promote duplication of this model by other stakeholders and increase investment in the sector. There should be an initial assessment of the potential to replicate and/or scale the particular initiative, both within the country and in other GSB countries.

A strong commercial partner (investor) committed to leading and owning the project initiatives should be led by market demand and there will have to be a strong private partner capable of realizing the commercial potential involved in the project from the beginning (i.e. undertaking the investment). The private partner shall lead and own the project. The GSB broker acts more as a facilitator. The long-term commitment of the private partner is ensured and expressed in the project proposal. Clear intermediate results can be defined and are agreed upon.

Need for additional Technical Assistance and Capital identified an initial gap-analysis is undertaken to identify the need for TA/capital. Partners for the provision of capital/TA are identified (at least for an initial pilot) and have demonstrated their interest to support the project before it is endorsed. The private partner will be involved in the planning of TA in order to ensure that the support is targeted at supporting the commercial relationship, and as such, will lead the multi-stakeholder project alliance. In general, the project should demonstrate that any opportunities for multi-stakeholder linkages have been identified and explored in sufficient detail.

Direct link to UN / UNDP objectives, priorities and programs in the country The GSB project shall be conducted in accordance with UN / UNDP's strategic positioning in the country. Links / synergies with other UN / UNDP programs (especially those providing relevant Technical Assistance and looking for commercial links) shall be established wherever feasible. Wherever possible, the relevant host country public sector agencies (local or municipal authorities, regulatory agencies, government ministries) should be briefed on the proposed project.

Global Compact Principles

Partners/companies comply with Social and Environmental minimum standards based on Global Compact. If not, external help should be mobilized to facilitate such compliance. This criterion should not be underestimated given the wide perception that UNDP collaboration with a particular company implies a careful vetting and some form of endorsement of the company itself (see Company Pre-screening). Whenever possible, the Broker should encourage the company to sign on to the Global Compact.

Workplan in place for project monitoring Activities have been clearly defined and the project is likely to demonstrate some level of impact (e.g. in terms of a pilot on the ground) within six months of endorsement. While this is difficult to estimate, good indicators of likely implementation include the level of commitment of the private partner, the degree to which financing is in place, and the existence of a rational workplan with clear actions and responsibilities. The broker should in general make sure that the project portfolio comprises a mix of projects that allow for "quick wins" in terms of demonstrating impact and GSB value-addition, and more ambitious, longer-term initiatives that require more timing before implementation.

If one or several of these conditions are not fulfilled, the GSB broker needs to make sure that additional partners are identified who can close the gaps and provide the necessary support in order for the project to go into implementation as soon as possible.

Annex F: LPAC Meeting Minutes

Project Name: Growing Sustainable Businesses Project
Date: 28 December 2008
Time: 1300 – 1500
Location: UNDP Premises
Participants: Mr. Amr Essam, Cooperation Attache, Ministry of Foreign Affairs Mr. Mohamed ElHusseini, Corporate Social Responsibility Coordinator, IMC Ms. Sherine el Shorbagi, Deputy Director Technical Assistance Component (TA), IMC Ms. Rehab Fouad, IMC Ms. Ghada Waly, Poverty Team Leader, UNDP Ms. Naglaa Arafa, Governance Team Leader, UNDP, Chair Dr. Mohamed Bayoumi, Environment Team Leader, UNDP Ms. Nahla Zeitoun, Private Sector Focal Point, UNDP Mr. Mohamed El Kalla, Private Sector Expert
Regrets: Mr. James W. Rawley, UNDP Resident Representative Adel Iskandar, Operations Manager, UNDP Karim Ezz El Din, Communications Associate Noha Rifaat, RBM Officer, UNDP Sherif El Tokali, ICT for Development Specialist, UNDP
Introduction Ms. Naglaa Arafa, Chair, welcomed the attendees to UNDP and thanked them for their participation in the meeting. Ms. Arafa highlighted the point of the meeting was the need to be aware of the perspectives of the parties on the project document.
UNDP Presentation Ms. Ghada Waly, began by introducing and giving an overview of the project and how it relates to the broader UNDP's corporate private sector strategy. The GSB model was developed 2 yrs ago in the UNDP, GSB division in HQ, operationalizing the policy guidance of the GIM report . It is a report advocating for inclusive markets and involvement of the poor. GSB is implemented in 19 countries. A Scoping mission visited Egypt and decided Egypt had a private sector mature enough and strong capacity was found in a national organization: IMC since it has a huge network of Private Sector players. The project duration is two years.

IMC has the capacity to implement as NEX.

Due to the nature of the project, a team in HQ Private Sector division had to review the project document and approved it.

The total budget of the project is \$759,000, \$459,000 from IMC.

The project falls under the poverty outcome.

During the project lifecycle 5 models of partnerships with PS are to be developed. Two in the first year, three in the 2nd.

The aim of the project is to increase the private sector outreach. Training the poor and including them as employees and producers and bringing in BOP interventions.

The interest of private sector companies has been tested by UNDP and IMC.

Backstopping and technical assistance to be provided by GSB HQ, linking them to GSB network of brokers. They have to approve partnerships with private sector .

Government Presentation:

Mr. Mohamed ElHusseini followed by giving an overview of IMC's CSR program. It has developed and tailored services, which fit into the nature of this sector. The idea of creating business with the poor, to be nationally executed by an organization such as IMC is a first in Egypt. Many discussions over the objectives, outcomes, concerns of this project have taken place and we hope it will be a success.

IMC mission mainly revolves around serving as an interface with business community. IMC has active clients in its database, a big pool of consultants, business development non-financial, technical services. IMC has a network of almost 17 offices around Egypt, which will help in communication, in helping the businesses to reach the different regions.

The project has not specified governorates nor has gotten into formal discussions with the private sector. The whole idea should be lead by the private sector interests. GSB partnerships should be viable. GSB is not a classic CSR activity and not charity, but a business model. Possible sectors to begin with are FMCG, ICT, trade, industry, etc.

IMC also has a good inventory of up to date studies in many areas of Egypt on the most promising sectors in Egypt. IMC has a solid infrastructure, existing good relationships with the private sector. IMC will soon be launching CSR award for the first time in Egypt awarded to those with best practices. It covers three scopes, community initiatives, environmental policies, health and safety.

Comments and Questions

- 1) Mr. Mohamed El Kalla began by saying the project will benefit from the technical capacity of UNDP HQ based on experience in different countries. IMC is a good choice because they are a quasi-governmental organization in Egypt. However, he sees a need to analyze the sectors as one of the first deliverables of the project. Some sectors will be affected more than others, by the global financial crisis, and this won't show before February.
- 2) Mr. Amr Essam, MOFA Cooperation Attache, began my commending the project as a brilliant, innovative idea with a huge comparative advantage. It will transform CSR from a burden to a win-win partnership. Take it to the ground of sustainability which is the ultimate gain in 2 years time. 19 country experiences mean solid and concrete success stories. What are the lessons learned?
 - Ms. Waly responded by saying that no project has ended yet, but many have demonstrated results. Refer to the link to the GSB website in the project document and the operational manual and provided MOFA with a GSB brochure.
- 3) Mr. Essam required elaboration on why the GSB in particular as an approach in private sector engagement. It is only one dimension of the GIM. PPP is another. Why GSB in

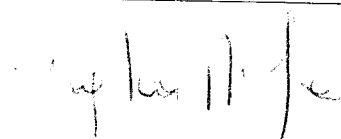
- Ms. Waly responded by explaining the scoping mission and that GSB has a PPP dimension .
- 4) Ms. Sherine El Shorbagi, Deputy Director Technical Assistance Component, added that IMC's CSR unit aims to integrate and synergize MNCs and smaller clusters. They have companies receiving technical support in different sizes , it's a win-win situation.
- 5) Mr. El Kalla added that the GSB should not be perceived as model but as a vehicle. Transform theory into actual ground. Blends models that provide something for the private sector, that makes it business oriented.
- 6) Ms. Nahla Zeitoun added that now that the market is saturated, this project may give companies access to input, to larger markets, distributors in Upper Egypt. Aware that 70% of the market is unpenetrated.
- 7) Mr. Essam also raised the question of the term "broker" and its negative connotations when translated in Arabic. The concept of brokerage might have its own definition in the GIM, but one should be concerned that with exposure to the media it will have negative connotations, public opinion, or the standard mind set.
 - Ms. Waly responded saying the TOR of the broker has been reviewed by HQ. To broker public-private relations. We can't change terms in the GIM in English, in Arabic we can explain if its translation doesn't sound right. Association of broker with IMC and UNDP will shield it from negative connotations.
- 8) Mr. Essam also suggested reaching other donors such as IFC. Ms. Waly responded that IFC were visited during the scoping mission and that this will be pursued with other donors and the SMEs donors's subgroup.
 - Ms. Shorbagy noted that \$300,000 is this year's budget. \$159,000 will be raised from donors if not provided for by donors though, it will be introduced to IMC CSR's program budget next year to be provided by IMC to the project.
- 9) Ms. Arafa commended the project and especially the sections on communication strategy and risks. Ms. Arafa mentioned the challenges facing women in the economy and the gap in technical education and requested introducing a gender mainstreaming dimension and giving priority to private sector employing and integrating women. Ms. Arafa inquired about cost-sharing vs. in-kind contribution of IMC.

Decisions:

- Include reference to the scoping mission.
- Include reference to gender issues in the project document i.e. gender economic empowerment. Refer to the gender gap and its economic dimension.
- **The LPAC recommends to RR project signature, it is also recommend that signature of the project document by IMC and MOFA within the week ending 01-01-2008 in order for IMC to disburse the \$300,000 allocated for the project.**
- **UNDP will share the minutes and the revised project document shortly with all participants.**

Signature

Naglaa Arafa :

 20/12/08



Annual Work Plan

Egypt - Cairo

Award Id: 00056483

Award Title: Growing Sustainable Businesses

Year: 2009

Report Date: 29/4/2009

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Fund	Donor	Planned Budget Budget Descr	Amount US\$
			Start	End					
00069144	Growing Sustainable Businesses	Advocacy and Communicati Cap Dev, TA & Research	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	74200 Audio Visual&Print Prod Costs	50,000.00
			1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	71300 Local Consultants	57,000.00
		Miscellaneous	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	71400 Contractual Services - Individ	110,000.00
					Egypt Industrial Modernizatio	30071	IMC	75100 Facilities & Administration	4,368.93
					Egypt Industrial Modernizatio	30071	IMC	74100 Professional Services	3,000.00
		Monitoring and Evaluation	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	74500 Miscellaneous Expenses	20,000.00
Egypt Industrial Modernizatio	04000				UNDP	71400 Contractual Services - Individ	15,000.00		
TOTAL									
GRAND TOTAL									
262,368.93									
262,368.93									



Annual Work Plan

Egypt - Cairo

Award Id: 00056483

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Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget					
			Start	End		Fund	Donor	Budget Descr	Amount US\$		
00069144	Growing Sustainable Businesses	Advocacy and Communicati	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	74200	Audio Visual&Print Prod Costs	50,000.00	
		Cap Dev, TA & Research	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	71300	Local Consultants	67,000.00	
						Egypt Industrial Modernizatio	30071	IMC	71400	Contractual Services - Individ	175,262.14
						Egypt Industrial Modernizatio	04000	UNDP	74100	Professional Services	3,000.00
						Egypt Industrial Modernizatio	30071	IMC	75100	Facilities & Administration	4,368.93
						Egypt Industrial Modernizatio	30071	IMC	74100	Professional Services	3,000.00
						Egypt Industrial Modernizatio	04000	UNDP	74500	Miscellaneous Expenses	20,000.00
		Monitoring and Evaluation	1/1/09	31/12/10	Egypt Industrial Modernizatio	04000	UNDP	72100	Contractual Services-Companie	15,000.00	
TOTAL											
337,631.07											
GRAND TOTAL											
337,631.07											