



Government of TURKEY
Municipality of Besiktas
and
United Nations Development Programme

Partnership for Development with the Business Sector
Second Phase

Brief Description:

This project builds on the achievements of the first phase of the "Partnership for Development with the Business Sector Project." It aims to promote partnership for development with the private sector in Turkey to achieve the Millennium Development Goals and meet country's development targets.

Part I. Situation Analysis

A. Background and Objectives of the Project

Globally, the UN began to engage the private sector as a valued partner in development initiatives, reducing disparities, and adhering to universal human rights principles with Kofi Annan's announcement of the Global Compact in 1999. This was followed by a series of initiatives that further informed the UN and its agencies on the benefits of engaging the private sector, including "unleashing entrepreneurship" and contributing to national and global efforts to achieve the Millennium Development Goals.

In Turkey, UNDP's Regional Bureau for Europe and the CIS (RBEC) in New York and the Country Office recognized the comparatively significant potential to develop a concrete partnership with the private sector. UNDP recognized the strong domestic private sector base including large holdings, a significant presence of SMEs, and an ingrained culture of entrepreneurship which far surpassed those of the neighboring countries in the region that were still emerging from decades of socialism or years of conflict. Furthermore, RBEC and the Country Office recognized the catalytic and influential role that Turkey's private sector could play in the region, given Turkey's historical, cultural, and business ties with countries in the Balkans, Central Asia, and Caucasus.

At a more "practical" level, the Country Office also recognized the potential role of the private sector as a source of resource mobilization. This source is especially relevant given the challenges facing the Country Office in a middle income country with a non-ODA funding environment.

On the basis of these factors, in 2003/2004 the Country Office sought to establish a project office in Istanbul in order to have a credible presence with the predominantly Istanbul-based private sector and to raise the visibility of the role of the private sector, including through such instruments as the Global Compact. The efforts resulted in the development of the Project on "Partnership for Development with the Private Sector in Turkey" to be implemented in collaboration with the Corporate Governance Association of Turkey (COGAT).

The Project, implemented between February 2005 and January 2007 enabled the Turkish private sector and the Turkish subsidiaries of the multinational companies to establish partnerships with the United Nations Development Programme as an international actor to assist concretely in the country's efforts to achieve the "Millennium Development Goals", i.e. important global and national targets related to poverty reduction, gender equality, maternal and child health, HIV/AIDS, youth and the environment.

At the request of the Resident Representative of UNDP Turkey, an evaluation of the Project was carried out by an independent consultant during December 8-25, 2006 in order to assess the achievement of the Project and to provide strategic input for and evaluate the potential for future engagement with the private sector.

Overall, the evaluation concluded that the objectives of the Project have largely been achieved. The project achieved its objectives by up-streaming the policy dialogue on the role of business in the development; advocating the corporate ethical values and responsibilities, including the principles of the UN Global Compact and brokering development partnerships, including regionally.

Through the work of the Private Sector Project Office, the UNDP's efforts with the private sector have materialized into concrete projects with financial flows, visibility, and a strategic platform on which to advocate the role of the private sector in development. Specific achievements include:

- Private sector partnerships totalling approximately \$10 million established with Coca-Cola Turkey (\$1.5 million); Coca-Cola EMED (\$7 million); Microsoft/Turkey (\$570,000); Cisco (\$40,000); Efes Pilsen (\$772,500) and others.
- A strong pipeline of potential projects with Turkish and multinational companies.
- A series of policy events and training, including a conference on public private partnerships, a symposium on information society, a conference on foreign investment in Turkey; an initial review of increasing competitiveness of SMEs in the Balkans and Turkey; and seminars on corporate governance.
- Realization of the UN Global Compact National Network in Turkey with over 80 Turkish participants including Koc, Borusan and Eczacibasi groups and promotion of corporate social responsibility principles through this network with the aim of strengthening the Turkish private sector to be globally competitive by engaging in such a global value based framework.
- Exploration and/or initiation of regional activities, including a regional water initiative with Coca-Cola; possible activities on corporate governance; and possible linkages between SMEs in the Balkans and Turkey depending on the CO interest.

The evaluation also found that the project office has laid substantive ground work for future partnerships and resource mobilization, and that there is improved recognition of private sector roles in development and UNDP's value added. The evaluation recommended sustaining the activities of the project office in light of increased advantage of private sector's desire to become more involved in Turkey's development.

Based on the findings of the evaluation of the project, as well as overall self-assessment, UNDP views the establishment of the project office in Istanbul as an important investment to further build and strengthen partnerships with the private sector. The specifically designated focus on advocacy has been essential to this, as can be seen by the growing number of publications and debates within the Turkish media regarding the Global Compact, corporate responsibility, and the role of the private sector in addressing Turkey's development challenges.

Additionally, the existing public private partnerships have also exemplified good practices of corporate responsibilities that provided a dimension among the private sector of potentials for partnering with UNDP to address the development challenges of Turkey.

Importantly, as many private sector partners have indicated, an added advantage in working with UNDP is its national and local network of partners (including civil society) in Turkey as our competitive advantage, as private sector companies often lack this network that is critical for project implementation and outreach. Partners have also commented on UNDP's professionalism by focusing on partnering around UNDP's core areas of business in which it has development capacity and experience that private sector companies often lack.

Building on the existing momentum, UNDP Turkey has seen increased values in moving into the second phase of the project by strengthening emphasis on building concrete development partnerships with the private sector. As also recommended within the evaluation report, the second phase will focus on engaging the private sector in Turkey in partnerships on practical and tangible activities that contribute to Turkey's development agenda and achieving the Millennium Development Goals. Existing partnerships with the private sector will also be fostered to develop larger scale and longer term project interventions. While providing support to the advancement of CSR principles in the country, Global Compact participant companies will be encouraged further to take over the lead role for the implementation of Global Compact's national network activities and achieve self sufficient management structures. The private sector project office in Istanbul will also look into solutions for improving the financial sustainability of operating the office in Istanbul.

B. Relevance to the Country Programme

The UN Development Assistance Framework – UNDAF (2006-2010):

UNDAF cites the partnership with the private sector as an important segment of the cooperation strategies of UN System in Turkey, both for the UN system's recognized role in contributing to overall development, as well as for resource mobilization. It also highlights the role of UN in providing support to the Government of Turkey in formulating and activating social and economic development policies in favour of the poor through partnership with the private sector.

The UNDP Country Programme Document – CPD (2006-2010):

CPD mentions about UNDP's increased emphasis on building partnerships with the private sector as an important player in achieving MDGs and provides various forms of UNDP's engagement with the private sector, including partnership in policy dialogue on issues central to private sector development, entrepreneurship, employment generation, corporate social responsibility and corporate governance; supporting efforts by Turkish companies and multinationals to participate actively in Global Compact; engage in public private partnerships that are geared towards achieving the MDGs; and identifying regional partnerships with SMEs and business associations in neighbouring regions. The CPD also mentions that UNDP's engagement with private sector partnerships will also contribute to Turkey's "partnership principle" as part of the EU accession process.

The UNDP Country Programme Action Plan – CPAP (2006-2010):

CPAP identifies UNDP's active role in providing increased support to business sector for the integration of the corporate governance and social responsibility principles in business processes, in line also with the EU accession process and the focus on integrating into internal market through market reforms, including strengthening corporate governance. CPAP draw attentions to the role of UNDP in addressing local economic growth by engaging the private sector in achieving the MDGs through a comprehensive private sector partnership initiative focused on public-private partnerships, the Global Compact, and regional partnerships involving the private sector and SMEs. It states that UNDP will place greater emphasis on building partnerships with the private sector as an important player in achieving the MDGs through the comprehensive Private Sector Partnership programme through PPPs, Global Compact, and regional initiatives.

C. Institutional Framework

Through this project UNDP will be working in partnership with the Besiktas Municipality to achieve the project's outcomes. UNDP Turkey and Besiktas Municipality in Istanbul agreed to cooperate in areas of the implementation of the Global Compact National Network activities and developing partnerships with the private sector. The Memorandum of Understanding of this collaboration had been signed by Mr. Ismail Unal, the Mayor of Besiktas Municipality, and Mr. Mahmood Ayub, UNDP Resident Representative on November 3rd, 2006.

The purpose of the collaboration is to establish and maintain the UNDP Private Sector Project Office in Istanbul, which will promote and generate partnerships for development with the business sector in Turkey and undertake selective and high priority advocacy and awareness-raising events to promote the engagement of the private sector in UN/UNDP promoted development principles, notably the Millennium Development Goals and the UN Global Compact.

D. Beneficiaries:

The beneficiaries of the project are Turkish companies and the Turkish subsidiaries of multinational companies that will improve their market integration, competitiveness and longevity through incorporating global principles (such as Global Compact) into their way of doing business and engaging in development partnerships to help achieve MDGs and address the development challenges of the country.

Part II. Project Strategy

The Project will promote partnerships for development with the business sector in Turkey at two different levels. Firstly, it is aimed to continue support to the development of the private sector through advocacy and policy dialogue related to corporate social responsibilities, the UN Global Compact, MDGs and an enabling environment for business including SMEs and entrepreneurs. Secondly, and more importantly in this second phase of the Project, the engagement of the private sector in development partnerships will be increased and strengthened through concrete partnership projects that contribute to Turkey's development agenda and achieving MDGs at local and national levels. Project partners will engage at these two levels within Turkey and also in seeking and supporting opportunities for regional collaboration and partnership.

The breadth and dynamism of the business community in Turkey requires to pursue multiple partnership avenues. Therefore, this Project is designed as an umbrella program, with each of the main activities corresponding to a specific partnership strategy. The project is also designed to be an umbrella program of UNDP Turkey framing its business partnerships in several areas of development cooperation. The coherence between each one of the UNDP core practice areas and their established teams at the country office will be obtained and the operations of the private sector project office will be mainstreamed into UNDP's operations within its core practice areas.

To achieve maximum impact from its engagement with the private sector, a Business Partnership Project Office will be established in Istanbul in a building allocated to the use of UNDP Turkey by the Besiktas Municipality, free of charge. This project office will enable to build partnerships with private sector organisations based in Istanbul and to serve as platform for establishing linkages with the business sector throughout Turkey. Through this office UNDP, with its partners, will also conceptualise and organise joint events that will further advance UN/UNDP's policy, advocacy, and partnership with the business community in the context of Turkey's development agenda. The project office will also facilitate efforts to further strengthen Turkey's private sector by identifying and realizing business-related opportunities with neighbouring countries in the context of the MDGs and Global Compact, as well as Turkey's path towards EU Accession.

The two entry points for the umbrella program are:

1. Building development partnerships with the private sector.

This component will aim at generating sound development partnership projects with private companies, civil society and public institutions to address the Turkey's priorities for achieving the MDG Goals.

2. Policy dialogue on the role of business in development.

This component will entail convening policy dialogues among business and other stakeholders on aspects concerning the private sector's role in development. In this connection, promotion of corporate social responsibility will be linked directly to the elements of an enabling environment for business, with the understanding that good CSR practices will allow companies to improve their competitiveness within Europe and globally, and gain increased

access to external markets through greater international market integration. The project will be the medium for project partners to consult with the private sector and business within the context of the Global Compact National Network.

Part III. Management Arrangements and Time Frame

The Project will be nationally executed by Besiktas Municipality as per UNDP Rules and Regulations. As indicated above, Besiktas Municipality has offered an office that will facilitate dialogue between business and other key development stakeholders in particular governments and civil society, in order to build trust and social capital, and stimulate and develop concrete partnership activities. The Municipality will also employ one of its staff member to be part of the execution team who will represent the Municipality during implementation of the activities. The project personnel will report to the Private Sector Programme Manager.

The UNDP Private Sector Programme Manager will ensure strategic and efficient management of the project activities and overall programme management, monitoring, and administration in a timely, effective and co-ordinated manner. The Programme Manager will coordinate channelling of all inputs and delivery of outputs and will be responsible of day to day management of the office activities. On behalf of the UNDP Country Office, s/he will liaise with the Besiktas Municipality on a routine basis for the efficient planning and implementation of activities that require coordination and collaboration.

The work-plan of the office will be programmed by UNDP annually and shared with Besiktas Municipality in order to incorporate the support and inputs of the Municipality to the implementation of the work-plan. The pertinent activities of the office are going to be coordinated in close cooperation between UNDP and Besiktas Municipality, to the maximum extent by engaging both organizations and other stakeholders including the private sector in support of the conduct of planned activities.

A **Local Project Appraisal Committee** (LPAC) will be convened by UNDP and will include the Ministry of Foreign Affairs, the State Planning Organization, Besiktas Municipality and UNDP. The Local Project Appraisal Committee meets only once to review and endorse the aim and activities of the project to be in line with country priorities and UN/UNDP development assistance cooperation frameworks. The LPAC consultation takes place during the formulation of the Project content and before the Project starts.

Upon project approval, the Project Appraisal Committee will act as the **Steering Committee**. The Steering Committee provides the overall guidance to the project; monitors project outputs and their contribution to overall national development goals.

The two entry points of the project require that UNDP establish and sustain partnerships with a variety of actors in the business, government and civil society. Therefore, while the project is overall under national NGO execution by Besiktas Municipality, the components of the project will utilize UNDP support whereby UNDP will directly manage project inputs in line with UNDP Financial Rules and Regulations.

UNDP will provide implementation support services for contracting purposes, notably for the recruitment and contracting of the Project staff in Istanbul, and the implementation of the project activities.

The project duration is 36 months.

Part IV. Monitoring and Evaluation

Monitoring and Evaluation will be in accordance with the UNDP Monitoring and Evaluation Handbook as provided in <http://stone.undp.org/undpweb/eo/evalnet/docstore3/yellowbook>.

The project will thus also be included under one or more outcome evaluation exercises that are budgeted under the Budget Line entitled "Overall Evaluation".

UNDP will prepare monthly progress reports for monitoring purposes.

Part V. Legal Context

This project document shall be the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto. The host country implementing agency shall, for the purpose of the Supplemental Provisions to the Project Document, refer to the government cooperating agency described in the Supplemental Provisions.

The following types of revisions may be made to this project document with the signature of UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objections to the proposed changes:

1. Revisions in, or addition of, any of the annexes of Programme Support Document (with the exception of Standard Legal Text for non-SBAA countries which may not be altered and the agreement to which is a pre-condition for UNDP assistance);
2. Revisions which do not involve significant changes in the Project Support Objectives, activities or outputs for the Project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to the inflation; and Mandatory annual revisions which rephrase the delivery of agreed project inputs or increased expert or other costs due to inflation or to take into account agency expenditure flexibility.

Section II Results and Resources Framework

MYFF: Service Line 1.5 Private Sector Development			
Outcome Indicator 1.2: Mechanisms for the implementation and monitoring of international norms and standards on human rights established and strengthened. Indicator 2.1: Pro-poor policies developed through partnership with civil society and private sector for social and economic development at all levels of society to achieve the MDG targets for all			
Output 1.2.4: Private enterprises engagement and adherence to the Global Compact and corporate social responsibility facilitated and strengthened.			
Output 2.1.4: Private sector competitiveness strengthened through alignment with the Global Compact and improved product standards.			
Output Indicator 1.2.4: Re-launch Global Compact at nationwide level. Indicator 2.1.3: A Global Compact manual issued and disseminated to guide associations wishing to implement the Global Compact principles Indicator 2.1.4: Working models adapted for businesses on how to integrate the principles of the Global Compact once they have enlisted			
Outputs	Output Targets	Indicative Activities	Inputs
1. Building development partnerships with the private sector	At least four new development partnerships signed with the private sector	Dialogues with the Turkish companies and the subsidiaries of multinationals on generating sound development partnership projects Joint project development activities conducted in close collaboration with business and other stakeholders Working discussions and joint actions initiated in close collaboration with UNDP teams for core practice areas	Project Assistant (1,500x36mn) Working discussions, seminars with business Travel and DSA Support to business for project development (ie feasibility studies, consultancies)
			54,000 15,000 120,000 15,000
Sub Total (1)			204,000

2. Policy dialogue on the role of business in development.	At least one policy dialogue event a year, among business and other stakeholders on aspects concerning the private sector's role in development	Dissemination of CSR and GC principles through national and international conferences, seminars, meetings, visual and printed materials Close communication and consultation internally with UNDP Turkey and UNDP RBEC/NY staff, as well as externally with broad stakeholder community for advanced mainstreaming of activities related to private sector's engagement with development work	Consultancies-PR and Communication for business development (half time)* (2,000x36 mn=72,000-36,000 c/s=36,000) Website maintenance Meetings, Seminars** Travel** Translations, visual and printed material**	36,000 1,000 0 0 0
			Sub Total (2)	37,000
		Equipment and furniture Automation Audit Sundries *** Misc. (ie taxi, hospitality)		13,000 5,000 9,000 12,000 18,000
			Sub Total (3)	57,000
			TOTAL	298,000
		In Kind Contributions of the Municipality	Office Rent Salary of support staff Transportation Utilities (telephone, Internet connection, heating, electricity etc.)	360,000 54,000 18,000 36,000
			TOTAL IN-KIND	468,000

**The cost of the project staff will be shared between this Project and the Regional CSR project. This framework matrix indicates only the cost of the staff for their part time activity within the context of this Project.*

*** Pertinent activities will be commenced within the context of the Regional CSR Project, financed by EC.*

**** The office maintenance costs including the heating, cleaning, security, electricity, and in-country telephone calls will be directly covered by the Besiktas Municipality*

ANNEX I – SUPPLEMENTAL PROVISIONS

STANDARD LEGAL TEXT FOR NON-SBAA COUNTRIES

The Project Document shall be implemented within the legal framework of, *inter alia*, the Revised Standard Agreement concerning technical assistance between the Government of Turkey and the United Nations Development Programme signed by the parties on 21 October 1965. In particular, the provisions of Article V, paragraph 1, obligating the Government to apply the provisions of the Convention of Privileges and Immunities shall be deemed to apply *mutatis mutandis* to technical assistance carried out in accordance with this project.

ANNEX II
Terms of Reference of the National Project Coordinator

- The National Project Coordinator ensures the coordination of project inputs and outputs between the Besiktas Municipality and the State Planning Organization (SPO), on the one hand, and UNDP on the other.
- Maintains close contacts with UNDP indicating foreseeable changes in work-plan and proposing realistic amendments and budget revisions.
- Ensures that suitable working conditions are maintained at the duty station for project management and that project manager performs in accordance with his/her job description.
- Monitors progress of the project according to the work-plan and informs UNDP in time of any foreseeable delays.
- Ensures that the respective interest, active involvement and contributions of all project partners are sustained through the project period.
- Ensures that project activities are conducted and concluded in a timely, satisfactory and coordinated manner.
- Ensures compliance with UNDP's NEX procedures.
- Facilitates procurement of goods and services and recruitment of project personnel in accordance with UNDP rules and regulations.
- Develops and oversees monitoring and evaluation efforts.

Country: TURKEY

Expected Outcome: Private Sector Development

Implementing partner: Besiktas Municipality

Budget \$ 766,000

Programme Period: 2007-2010
Programme Component:
MYFF: Service Line 1.5
Project Title:
Project ID:
Project Duration: 36 months
Management Arrangement: Government Execution

Allocated resources:
• Government (in-kind) \$ 468,000
• Regular (TRAC) \$ 298,000

Agreed by (Ministry of Foreign Affairs on behalf of the Government of Turkey):

R. Nihal CEVİK
Head of Department
Multilateral Economic Affairs

02.05.2007

Agreed by (Municipality of Besiktas):

Kemal ÇETİNER
Baskan Vekili

14.06.2007

Agreed by (UNDP):

Mahmud A. Ayub

10 MAY 2007