

**BUSINESS CALL TO ACTION**

**MANAGEMENT ACTION PLAN IN RESPONSE TO UNDP ADMINISTRATOR ISSUE DECISION AND  
RECOMMENDATIONS OF UNDP'S SOCIAL AND ENVIRONMENTAL COMPLIANCE UNIT REVIEW REPORT  
ON CASE SECU0002**

**FEBRUARY 28, 2017**

## BACKGROUND

The Business Call to Action (BCtA) is a multilateral alliance among the Dutch Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the UK Department for International Development, the US Agency for International Development, the Finnish Ministry of Foreign Affairs, as donors, and the United Nations Development Programme (UNDP) which hosts the BCtA Secretariat.

The BCtA is governed by its Donor Steering Committee (DSC) which provides strategic oversight for the Alliance and its Secretariat, including approving project documents, the annual work-plans and donor coordination on guidance on use of funds, financial reporting, funding mobilization and evaluation, and approval of new companies' commitments.

By the end of December 2016, BCtA had 182 member companies. These are established leading private sector companies ranging from social enterprises and innovative small and medium enterprises, to large national companies and multi-national enterprises.

The BCtA is currently completing the implementation of its Phase II by end of June 2017. The BCtA is currently finalizing its new ProDoc for Phase III (2017-2019). The ProDoc will be submitted for approval by UNDP's Project Appraisal Committee in March/April 2016.

On **18 February 2016**, the [Social and Environmental Compliance Unit](#) (SECU) within the UNDP Office of Audit and Investigations (OAI) registered a complaint from the Bugala Farmers Association (BFA) of Uganda relating to the BCtA project. The complaint asserted that BCtA's admission of Bidco Africa (Bidco), a Kenya based multinational consumer-goods company, onto the BCtA platform violated UNDP's Social and Environmental Standards (SES). The grievances expressed against Bidco largely relate to Bidco's involvement in a palm oil farm in Kalangala, Uganda; while Bidco's commitment to BCtA is in Kenya.

On **February 10, 2017** SECU shared the Final Compliance Review report for this case (case # SECU0002), which is available on SECU's case registry [here](#).

In response to SECU's recommendations mentioned in Section VI of the aforementioned report, and following UNDP's Administrator issued Decision on February 13, 2017; the following section details the Business Call to Action Management Plan.

**BCtA Management Action Plan in response to Administrator Decision of Case SECU0002**

<b>Administrator Decision on case no. SECU0002 Issued February 13</b>	<b>Key Actions</b>	<b>Deliverable</b>	<b>Deadline</b>	<b>Additional Remarks/ Implementation Context</b>
<p>1. To ensure that UNDP's standards are strictly followed in all partnerships to which UNDP is a party, I have called on BCtA to adopt UNDP's <i>Policy on Due Diligence and Partnerships with the Private Sector</i> in screening all existing and new applicants, the ongoing review process already addressing relevant recommendations of the SECU report</p>	<p>BCtA Secretariat confirms that it has already adopted UNDP's <i>Policy on Due Diligence and Partnerships with the Private Sector</i>. In line with the policy it will update any due diligence conducted more than two years ago on all active commitments. Finally, it will make sure that all companies with active commitments have a risk assessment tool report in place</p>	<p>Identify Risk Assessment Profiles of existing BCtA member companies with active commitments that require update to comply with full Risk Assessment Tool, consistent with UNDP Policy on Due Diligence and Partnerships with the Private Sector. (For companies that as per the policy do not require full RAT, provide justification for limited due diligence and identify how key ESG concerns will be addressed).</p>	<p>April 30, 2017</p>	
		<p>Conduct full due diligence process and complete updated RATs for the identified companies, consistent with UNDP's Policy on Due Diligence and Partnerships with the Private Sector, and share with UNDP Development Impact Group (DIG) for their review.</p>	<p>July 31, 2017</p>	
		<p>Update Risk Assessment Profiles of BCtA member companies with active inclusive business initiatives whose due diligences exceeded 3 years, consistent with UNDP Policy on Due Diligence and Partnerships with the Private Sector.</p>	<p>August 31, 2017</p>	
<p>2. To fully respond to all the recommendations of</p>	<p>Develop and submit to UNDP a detail implementation plan</p>	<p>Plan is approved by UNDP</p>	<p>March 10th</p>	<p>Plan will be submitted to UNDP</p>

<p>SECU's final report, the BCtA Secretariat is requested to present by end-February 2017 a plan with time-bound key actions that will ensure compliance with UNDP's corporate policies and Social and Environmental Standards and will strengthen risk mitigation throughout the engagement with private sector partners.</p>	<p>to execute the recommendations in the SECU final report</p>			<p>for approval by the required deadline of February 28, 2017</p>
<p>3. In line with the recommendation of SECU's report, UNDP commits to conducting by 31 March 2017 a full due diligence process of Bidco in accordance with UNDP's Policy on Due Diligence and Partnerships with the Private Sector, Risk Assessment Tool and Guidance to inform the decision of the BCtA Donor Steering Committee regarding future engagement with Bidco</p>	<p>To address this recommendation, and as per the final decision of the Administrator, BCtA will proceed with completing a full updated due diligence process by March 31<sup>st</sup>, 2017. This due diligence will be consistent with UNDP's full Policy on Due Diligence and Partnership with the Private Sector, and RAT.</p>	<p>Full updated due diligence of Bidco Africa consistent with UNDP's full Policy on Due Diligence and Partnership with the Private Sector, and complete RAT, technically reviewed by UNDP's Development Impact Group (DIG)</p>	<p>March 31<sup>st</sup>, 2017</p>	

**BCtA Management Action Plan in response to Recommendations of the  
Compliance Review Report of Case SECU0002**

<b>SECU Recommendation (Quoted from Compliance Review Report)</b>	<b>BCtA Management Response</b>	<b>Deliverable</b>	<b>Deadline</b>	<b>Additional Remarks/ Implementation Context</b>
<p><i>134. Screen the BCtA Phase II project to identify: (a) social and environmental risks and potential impacts associated with providing a platform for inclusive business and with downstream engagements of UNDP with private sector entities; and (b) measures to avoid and mitigate these risks and impacts;</i></p>	<p>BCtA agrees to screen the project using UNDP’s Social and Environmental Screening Procedure (SESP) for both the current Phase II ProDoc and its new Phase III ProDoc which is currently being finalized (2017-2019).</p>	<p>SESP for BCtA Phase II and Phase III will be completed</p>	<p>April 30, 2017</p>	<p>SESP for Phase III will be part of the Phase III ProDoc UNDP approval process by the Project Appraisal Committee (PAC), which is expected to take place in March/April 2017.</p>
<p><i>135. Relatedly, for prospective members of the BCtA, require use of the Policy on Due Diligence and Partnerships with the Private Sector complemented by the complete Risk Assessment Tool (RAT). If the full RAT is not applied, explain in writing and in detail why it is not, and indicate how key concerns, e.g. human rights, environment, and labor, will otherwise be addressed.</i></p>	<p>The BCtA Secretariat will continue to use the Policy on Due Diligence and Partnerships with the Private Sector as it has and as stated in the current ProDoc. In addition, after realizing it had been using the old UNDP private sector due diligence form, BCtA has corrected that and has been using the complete RAT, since October 2015. Furthermore, since February 2016, BCtA has been sharing all of its draft RATs with UNDP’s Bureau for Policy and Programme Support’s Development Impact Group (DIG) for their comments and technical</p>	<p>Due Diligence and RAT completed for all prospective BCtA members, and sent to UNDP’s Development Impact Group (DIG) for their technical compliance review.</p> <p>For those cases where, as per UNDP policy, limited due diligence can be conducted, BCtA will provide written justification and consideration for key ESG concerns.</p>	<p>On-going, since February 2016</p>	<p>Since October 2015 BCtA has used the correct RAT form; and since February 2016 BCtA has been sharing all prospective BCtA members due diligence documentation with UNDP’s DIG for their review.</p>

	<p>review, as another layer in the risk management process. As a final risk management step, aligned with the Prodoc, BCtA submits a summary of the company application and due diligence results to its Donor Steering Committee which takes the decision of accepting or not companies' commitments into BCtA.</p>			
<p><i>136. For Bidco's membership in BCtA, provide documentation consistent with UNDP's full Policy on Due Diligence and Partnerships with the Private Sector, the complete Risk Assessment Tool, and Guidance, to ensure that due diligence with respect to Bidco's membership in BCtA is adequate and outcomes of the due diligence support Bidco's continued membership in BCtA.</i></p>	<p>To address this recommendation, and as per the final decision of the Administrator, BCtA will proceed with completing a full updated due diligence process of Bidco by March 31<sup>st</sup>, 2017. This due diligence will be consistent with UNDP's Policy on Due Diligence and Partnership with the Private Sector, and will use the RAT.</p>	<p>Full updated due diligence of Bidco Africa consistent with UNDP's Policy on Due Diligence and Partnership with the Private Sector, and complete RAT, reviewed by UNDP's Development Impact Group (DIG)</p>	<p>March 31<sup>st</sup>, 2017</p>	
<p><i>137. Ensure attention to the correct definition of 'risk' during the screening process, and, in particular, change consideration of 'risk' from risk that exists after possible mitigation measures to risk as it exists prior to mitigation measures, e.g., risk as corresponding to a future event</i></p>	<p>Business Call to Action Secretariat will ensure the use of the correct definition of risk as it exists prior to mitigation measures.</p>	<p>During the companies' screening process; BCtA will ensure the interpretation of 'risk' as it exists prior to mitigation measures. All completed RAT forms will explicitly mention the potential concerns identified considering the correct</p>	<p>On-going, effective immediately</p>	

<p>that may impact the achievement of UNDP's objectives.</p>		<p>interpretation of risks prior to mitigation measures.</p>		
<p>138. <i>Revise the Prodoc to specify how key stakeholders, including individuals/communities potentially supported through BCtA-related activities, can know about, and be involved in, initiatives, i.e., describe how the primary beneficiaries of BCtA initiatives will have adequate information and opportunities to engage in BCtA initiative-related processes and to share their thoughts on how the project and initiatives can best support them and/or not impact them.</i></p>	<p>It is important to note that BCtA does not implement community-level initiatives itself. Rather its member companies, who make voluntary inclusive business commitments, design and implement such initiatives with the communities. Therefore, in the new Prodoc, BCtA will introduce the requirement for potential members to clarify in their proposals how stakeholders were involved in the process of defining the initiative and will be involved in implementation. In addition, BCtA will also introduce a new publicly available mechanism for affected people to raise any concerns about member company commitments.</p>	<ul style="list-style-type: none"> <li>• BCtA revised membership application requires companies to describe how BoP communities have been engaged in the design of the inclusive business initiative; and how they will be engaged during the implementation of the initiative.</li> <li>• BCtA revised reporting template also requires companies to describe how BoP communities are being engaged in the implementation of the inclusive business initiative.</li> <li>• Please also refer to deliverable on recommendation 144 on having a public mechanism for affected people to raise any concerns about member company commitments.</li> </ul>	<p>March 1, 2017</p>	<p>Both application and reporting forms have been revised and will be uploaded on BCtA's website by March 1, 2017. Companies report on a yearly basis, and therefore the revised reporting template will be applicable for the next request for reports from companies by end of December 2017.</p>

<p><i>139. Revise the Prodoc to ensure that when the BCtA Secretariat relies on affiliations with other entities, e.g., the UN Global Compact, to partially allay potential concerns related to social and environmental risks, documentation related to a potential member's admission into the alliance indicates how the affiliation supports membership and indicates the full extent to which the member is complying with standards of that entity.</i></p>	<p>BCtA will ensure that due diligence documentation provides details into how potential members comply with such standards.</p> <p>Please note that UNDP's RAT specifically asks whether a company is a member of the Global Compact and whether it reports on its Global Compact commitment. It also asks about other known certifications and standards.</p>	<p>When the BCtA Secretariat relies on affiliations to other entities; RAT forms will explicitly indicate how such affiliation supports eligibility to BCtA membership and adherence/compliance with ESG standards.</p>	<p>On-going, effective immediately</p>	
<p><i>140. BCtA membership criteria is revised to ensure attention to social concerns (including fundamental human rights concerns, e.g., fair pay/wages, healthy working conditions and non-exploitation in the supply chain, etc., in addition to 'integration into company value chains'), and environmental concerns in the context of each initiative.</i></p>	<p>Please note that already BCtA's application form explicitly includes as a requirement to companies' commitment and adherence to sustainable business practices, including gender equity, universal principles on human rights, labor, environment and anti-corruption.</p> <p>In addition, BCtA is developing a code of conduct for its members outlining adherence to social, human rights and environmental standards.</p>	<p>Explicit mention of adherence to sustainable business practices as a criteria to eligibility for membership in BCtA Application Form</p> <p>Code of Conduct approved and publicly available on Business Call to Action website and explicitly mentioned in BCtA Application Form</p>	<p>On-going since October 2016</p> <p>July 1, 2017</p>	<p>BCtA draft code of conduct is already included in the BCtA Phase III ProDoc currently under review for approval. Once approved, the Code of Conduct will be uploaded on BCtA's website.</p>



	Furthermore, and in line with the above, BCtA's new draft ProDoc places an emphasis on the assessment of new members and initiatives and support to responsible inclusive business practices.			
<p><i>141. The process for assessing eligibility is clear and robust. More specifically, describe in greater detail how eligibility decisions are made. Is UNDP the primary decision maker? How much time do DSC members have to ask questions and receive information? Is silence clearly acquiescence? etc.</i></p>	<p>This is more explicitly clarified in BCtA's draft Phase III ProDoc, explaining in more detail every step of the eligibility assessment, due diligence process used, and criteria used to assess the inclusive business commitment. The decision-making roles will remain as described on the DSC TOR included in the ProDoc.</p>	<p>Approved ProDoc explicitly outlining in more detail every step of the eligibility assessment, due diligence process used, and criteria used to assess the inclusive business commitment.</p>	<p>April 30, 2017</p>	
	<p>More detail on the DSC approval process, including interpretation of silence as no-objection will be presented to the DSC for discussion and approval.</p>	<p>Updated DSC membership approval process</p>	<p>May 15, 2017</p>	<p>The draft updated process will be submitted for approval at the next DSC virtual meeting which will take place in April 2017</p>
<p><i>142. Separation exists between staff involved in developing relationships with private sector companies and staff making recommendations and</i></p>	<p>Separation currently exists between the team involved in conducting due diligence (Secretariat) and those involved in</p>	<p>Already accomplished.</p>	<p>On-going</p>	

<p><i>decisions relating to membership in BCtA (consistent with RAT Guidelines).</i></p>	<p>the decision-making process (Donor Steering Committee). Furthermore, since February 2016 the BCtA team shares all due diligences to UNDP Development Impact Group, before sending to the DSC.</p> <p>UNDP will be initiating a review and update of the Private Sector Due Diligence Policy in 2017. As part of this process, further clarifications on application of the policy in contexts of multi-partner initiatives will be considered.</p>			
<p><i>143. Membership benefits and tenure are tied explicitly and closely to the initiative. Membership in BCtA is focused on the capacity and willingness of the member to advance inclusive business in the context of a specific business initiative proposed by the member. Benefits of BCtA membership, including, particularly, BCtA 'verification and validation' should be tied the initiative - including on the member website and in member materials and presentations. Additionally, the criteria and</i></p>	<p>An updated memberships policy on this will be presented to the DSC for discussion and approval by end of February, and upon agreement with the DSC it will be incorporated in BCtA's draft Phase III ProDoc.</p>	<p>Updated policy on BCtA membership benefits and tenure approved by DSC and incorporated to BCtA Phase III ProDoc.</p>	<p>March 30, 2017</p>	<p>Draft updated policy will be shared by February 28, 2017, with DSC for review, comments and approval, subsequently incorporated in BCtA Phase III ProDoc.</p>

<p><i>process for continued membership in, and benefits from, BCtA after the considered initiative has ended should be more explicit and in writing. Such an action would respond to the Policy requirement to maintain impartiality and provide 'no implied endorsement' of any private sector organization 'which might lead to unintended consequences....' Additionally, create formal standards for how a member would be delisted.</i></p>				
<p><i>144. A formal grievance mechanism exists within the BCtA for receiving and responding to complaints alleging that a given company's membership or related initiative may harm communities. This mechanism should be prominently advertised on the BCtA website.</i></p>	<p>The new draft BCtA ProDoc (2017-2019) includes a new publicly available mechanism to raise any concerns communities may have on BCtA member company commitments.</p>	<p>Formal mechanism available on BCtA Website</p>	<p>July 1, 2017</p>	