



ICCO and the private sector

***Starting points and priorities in relation
to corporate social responsibility and
collaboration with companies***

ICCO is working towards a world in which people can live with dignity and well-being. We do so in close cooperation with organisations in the global South and North. To achieve a world free from poverty and injustice, global knowledge, wealth and power must be distributed equitably. Governments,

civil society organisations and the private sector can all contribute towards this goal. ICCO is keen to collaborate with enterprises committed to socially responsible management, a sustainable chain and the will to contribute to the realisation of the Millennium Development Goals.



Example: Enhancing sustainability of fruit and vegetables from Africa

For a number of years, ICCO has been engaging with Albert Heijn (AH) – a leading Dutch retailer – to promote the supply of Fair Trade certified fruit from Africa.

When AH decided to enhance the sustainability of the large flows of fruit and vegetables from Africa and to support local communities, the company looked to ICCO as a partner to team up with. A partnership was set up, which also includes Fair Match Support.

AH established the Albert Heijn Foundation to finance community development projects such as in housing, education, safe drinking water and medical care. These projects are aimed at the farmers and labourers producing fruit and vegetables for Albert Heijn, their families and their immediate environment. Projects may include child care for labourers or a secure water supply for communities comprising a high proportion of labourers.

In addition, the three parties strive to have the production of fruit and vegetables for AH in Africa meet internationally accepted basic social standards. Besides, small farmers are being supported to help them sell their fruit and vegetables to African suppliers or AH supply chains. ICCO is helping Albert Heijn with the development of the Albert Heijn Foundation and fund-management. ICCO and Fair Match Support are monitoring the projects and improvement processes and advising which small farmers are eligible for supplying Albert Heijn.



1 Corporate social responsibility

Observance of social, economic and political human rights is a prerequisite for sustainable development. This is what motivates ICCO to promote corporate social responsibility (CSR). We do so by engaging with various actors, lobbying to influence corporate and government policy and awareness-raising activities. ICCO takes the international standard for corporate social responsibility (ISO 26000), which is still being developed, as its starting point. The core principle is to strike a balance between people, planet and profit. ICCO supports the case argued by MVO (CSR) Netherlands and others to add poverty alleviation to this list.

ISO 26000

"Social responsibility is the responsibility of an organization for the impacts of its decisions and activities (including services and products) on society and the environment, through transparent and ethical behaviour that:

- is consistent with sustainable development and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour; and
- is integrated throughout the organization and practiced in its relationships."

2 Working with companies

When entering into collaboration with companies, ICCO's primary concern is whether turnover and profits are being realised in a socially responsible manner, rather than whether a company is putting its profits towards supporting social causes. Ideally, CSR is an integral part of a company's core activities.

ICCO is ambitious where the projected results of working with businesses are concerned. First and foremost, the efforts must lead to economic independence for small producers, improved circumstances for workers, poverty reduction and a sustainable method of production. ICCO always acts in the interests of the 'weakest links', so that the rights of people are upheld. Generally, these comprise small agricultural producers or workers. There is a special focus on the position of women as well as on households whose immediate living and working conditions are influenced by the company's presence.

With whom? We work together with individual companies (from SMEs to multinational corporations and their foundations) and with private sector organisations in North and South, including business associations, networks of female entrepreneurs and Chambers of Commerce. ICCO also cooperates with social enterprises (generally smaller enterprises specifically engaged in poverty reduction).

ICCO aims to realise its ambitions foremost by engaging with trend setters and trend followers in the field of sustainability and CSR in their sectors.

Companies may contribute to a world without poverty and injustice through different ways and means and at different levels, each yielding their own specific results. ICCO encourages companies to:

1. Incorporate the positive effects on poverty reduction and observance of human rights in management, core activities and investment decisions, and/or;
2. Demonstrate commitment by sharing knowledge, know-how, experience and finance for development and sustainable local entrepreneurship, and/or;
3. Raise awareness on poverty alleviation in relation to corporate social responsibility and acting upon it.

Our focus in doing so is on those components, activities and competences that have a direct influence on development processes in the Global South. This requires an innovative and proactive approach in order to effectuate best practices which may be followed.

When, above all, minimum standards for sustainability and CSR are raised, the sector as a whole improves: when norms are tightened and laggards are kept accountable for undesirable practices in relation to upholding minimum requirements. This creates the desired level playing field for all companies. This is why ICCO also works on awareness-raising, preferably in concert with private sector associations and engages in influencing corporate and government policies.



3 Basic principles for collaboration with individual companies

Few companies will be operating in a fully sustainable manner across the board. Being well aware of this, ICCO primarily looks at a company's willingness to engage in enhancing operational sustainability when it comes to potential partnerships. In order to raise the chances of success, ICCO works from a number of basic principles. These are an integral part of ICCO's deliberation whether or not to engage in collaborations with a specific company and engage in discussions on progress, desired outcomes and positive or negative developments influencing the partnership:

- **Transparency, trust and respect:** openness and respect for each other's points of view, objectives and autonomy. This comprises, among other things, transparency, trust, reciprocity, flexible attitudes, a willingness to learn and invest in the relationship;
- **Focus on results:** a joint long-term vision with clear and time bound objectives;
- **International standards:** companies adhere to internationally accepted business standards and are not guilty of deliberate violations of international treaties or violations of human rights¹;
- **Chain responsibility and demonstrable sustainable entrepreneurship:** companies that ICCO works with on core activities demonstrably wish to engage in operational sustainability and recognise their supply chain responsibility. This implies that they are willing to take action to effectuate improvements throughout their supply chain: an equitable distribution of profit margins throughout the supply chain, fair prices for small producers, a living wage for workers, economic independence for local actors and a sustainable use of natural resources;
- **Market conditions:** partnerships are based on market based modes of operation;
- **Gender equality:** within their sphere of influence, companies promote equality between men and women; they take corrective measures when their activities lead to greater gender inequality;
- **Local partnerships:** international companies are willing to cooperate with local actors. Where possible, they engage local businesses, advocate improvement of the local investment climate and take care to avoid that local businesses are crowded out;
- **Benefit sharing:** when partnerships generate results to which intellectual property rights apply, rights will be granted for the use of knowledge, methods or natural resources of local actors, including NGOs, sections of the population or communities. This may take the form of an equitable price or a fair share in the products or services developed.
- **Ambassadorship:** companies that ICCO works with on increasing public support and effectuating their commitment are prepared to act as ambassadors for development cooperation;
- **Formalising commitments:** joint activities are formalised and laid down in a written agreement. Communication regarding the partnership will take place on the basis of a collectively agreed communication plan.

¹ See for example the CSR Frame of Reference, including an inventory of standards, agreements and operational aspects of CSR in an international context developed by Dutch civil society organisations; www.mvplatform.nl

4 Opportunities for the private sector and ICCO

ICCO is active in three main fields of activities: Fair and Sustainable Economic Development, Access to Basic Services (including water, health care and

education) and Democratisation and Peace-building. ICCO has identified opportunities for collaboration with the private sector in each of these fields.

Dutch, international and local companies can actively contribute to structural improvement of socioeconomic conditions for small producers, self-employed persons and workers.

Examples of how socioeconomic conditions may be improved

- Companies enhance sustainability of their operations and their part in the supply chain, and involve stakeholders;
- Companies invest to meet international labour standards and sustainability requirements in their sector;
- Through value chain cooperation, companies purchase produce from small producers based on fair conditions, thus enhancing their access to local and international markets;
- Companies develop affordable products and services including energy supplies, which improve living and working conditions for poor producers and consumers;
- Companies train local producers, organisations and small businesses to help them improve their operations or meet international quality standards;
- Companies advise on the introduction of improved techniques and processes to improve yields for small producers;
- Companies engage in certification, policies and standard setting to strengthen the position of small producers in international markets;
- Companies measure, reduce, alter and compensate for their CO₂ emissions.

Through their operational and investment decisions, local and international companies can also contribute to the right of poor people to basic services, including water, health care, food security and education, and the fight against HIV/AIDS.

Examples of support to access to basic services

- Employers provide a healthy work place, an HIV/AIDS policy and a company health service. Where needed, medical facilities are also accessible for family members of workers or local inhabitants;
- Companies train local staff, offer internships and engage with vocational training centres;
- Companies measure their impact on sweet water supplies in their region and ensure sufficient supplies remain available for the local populace;
- Companies invest in innovative business models which enhance people's access to basic services at the 'Base of the Pyramid'.



Through responsible behaviour (accountability), companies can contribute to the observance of universal human rights, international treaties and the rule of law. This contributes to a democratic and safe society.

Examples of observing human rights & the rule of law and doing business in fragile states

- Constructive consultation between governments, local producers, NGOs and corporate enterprise enhances a benevolent, fair and consistent investment climate;
- In situations in which governments do not enforce compliance with national rules and regulations or have not signed up to international treaties, companies may independently decide to implement these;
- Doing business in conflict areas is crucial to the reconstruction of these areas; at the same time, this is a complex matter, because of underlying tensions, violence or lawlessness. Companies can enter into a dialogue with ICCO and local partners to explore opportunities and solve related problems;
- Companies are crucial in the abolition of child labour by means of guaranteeing labour rights and decent work for parents and promoting -vocational- training for youths and children. Companies may collaborate with ICCO and its local partners to achieve such ends.

5 What does ICCO offer?

As a **strategic financier**, ICCO issues subsidies, participations, loans or guarantees within partnerships with companies that have an explicit objective to contribute to poverty reduction. This is done according to market-based conditions in order to prevent market distortions. Subsidies are not intended for regular corporate activities.

As a **broker** with an extensive network in over 50 countries, ICCO creates contacts between actors throughout the value chain, support organisations, civil society organisations and public authorities. ICCO has expertise in, among other things, organic and fair trade cotton, tropical fruit and vegetables, and timber and non timber forest products. ICCO is also a 'fair broker' in CO₂ rights (Carbon Credits) through its Fair Carbon Fund.

As a **capacity developer**, ICCO promotes organisational and institutional strengthening of local (producer) organisations, micro-credit institutions, cooperatives and social enterprises. ICCO also works on improving working conditions for employees by means of exchanges

and vocational training schemes, programmes for improvement, networking and research.

Through **communication and lobbying** ICCO promotes market development for fair trade, equitable competitive conditions for small producers and fair terms of international trade.

ICCO is keen to share its successes, including those effectuated through cooperation with companies

Through **Impulsis** ICCO works at raising awareness about development cooperation and corporate social responsibility among entrepreneurs and companies in the Netherlands. Impulsis has an extensive corporate network. Companies that ICCO collaborates with have the opportunity to participate in events and workshops organised by ICCO/Impulsis for the benefit of this network.

ICCO's alliance partner **Share People** puts Dutch companies and their staff in touch with SMEs in developing countries in order to effectuate mutual enhancement of competences and management development.

Final remarks

As a matter of course ICCO maintains its responsibility as a civil society organisation. When a cooperation has been initiated and a company is touched by controversy, ICCO will discuss and further investigate such matters when necessary. ICCO does so in close consultation with its Southern partners, who are best positioned to judge the local context.

And finally, ICCO as an organisation is keen itself to operate in a sustainable and socially responsible manner. For this reason, ICCO is developing an internal CSR policy, and has a 'Code of Conduct and principles for good donorship'. This position paper on private sector cooperation is a complementary effort.



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