



**Accelerating Corporate Social Responsibility (CSR) Practices in the new EU Member States
and Candidate Countries as a Vehicle for Harmonization, Competitiveness, and Social
Cohesion in the EU**

Impact Evaluation of the Regional Corporate Social Responsibility (CSR) Project

Final Evaluation Report

Prepared by Stuart Black

September 2008

Table of Contents

Preface and Acknowledgements	3
Executive Summary	4
Glossary of Acronyms.....	9
1.0 Introduction and Background	10
1.1 Purpose of the Evaluation.....	10
1.2 Objectives and Scope of the Evaluation.....	10
1.3 Key Issues.....	11
1.4 Approach and Methodology.....	12
1.5 The Evaluation Team.....	14
2.0 The Project and its Development Context	15
2.1 Description of the Project.....	15
2.2 Activities.....	16
2.3 Expected Results.....	16
3.0 Findings: Project Assessment and Impact.....	18
3.1 Review and Analysis of Component 1: Situational analysis.....	18
3.2 Review and analysis of Component 2: Multi-stakeholder dialogue.....	28
3.3 Review and analysis of Component 3: Capacity strengthening.....	46
3.4 Complementary Activities.....	61
3.5 Review of Project Formulation, Management and Implementation.....	64
4.0 Conclusions and Recommendations.....	75
Annexes.....	81
Annex I: Documents Consulted	
Annex II: List of People and Organizations Interviewed	
Annex III: Terms of Reference for Impact Evaluation	

PREFACE

This evaluation report provides findings, lessons learned and recommendations for UNDP's Regional CSR Project, "*Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness and social cohesion in the EU*" funded by the European Commission and UNDP. The report conforms to the Terms of Reference developed by the Project Management Office for this assignment (UNDP-Lithuania). The evaluation has been based on a review of project reports and reference materials coupled with interviews and site visits to all eight project countries during May – September 2008. The conclusions and recommendations provided are solely those of the evaluator and are not binding upon the Project Management Office or stakeholders.

The evaluation was financed by the European Union and UNDP. The views expressed in this report reflect the author's opinion and do not necessarily represent the official opinion of the European Union or the United Nations Development Programme.

ACKNOWLEDGEMENTS

The author of this evaluation report would like to thank the five national evaluation experts who undertook the country evaluation interviews in Macedonia, Slovakia Bulgaria, Turkey and Hungary, as well as the UNDP focal points in all project countries, and particularly the team in the UNDP Office in Lithuania – namely, Ms Indre Kleinaite and Dr Lyra Jakuleviciene – for their contribution to the impact assessment. We would also like to thank the CSR stakeholders in companies, NGOs, governments and academic institutions and the media in the eight project countries, whose input made a valuable contribution to the final outcome.

EXECUTIVE SUMMARY

“Participation in such a diverse peer group taught me to see CSR in a wider context than in the context of our company. Never before had I thought about the government’s point of view, for example. Participation helped me to put on ‘their shoes’ and recognize the constraints they have to face”.

Quote from an interview with a company executive

The evaluation was carried out as one of the final activities on the Regional CSR Project, “*Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness and social cohesion in the EU*”, funded by the European Commission and UNDP. The evaluation covers the period of project implementation (December 2006 – May 2008), but does not include activities during the project extension (August-September 2008) – although these activities are mentioned throughout the report because they represent important aspects of the impact of the project.

The project was managed by UNDP Lithuania and implemented in partnership with UNDP Country Offices (COs) in the eight project countries: Poland, Lithuania, Slovakia, Hungary, Croatia, Macedonia, Bulgaria and Turkey, as well as the UNDP Regional Centre in Bratislava.

The main aim of the evaluation was to assess the impact of the project on its stakeholders, the strategy used for implementation and the sustainability of results. Fieldwork and interviews for the evaluation was undertaken during July and August 2008 by a team comprised of an international consultant, who was responsible for overall guidance and coordination, and a series of national evaluation experts recruited for their local knowledge and experience with CSR in project countries. This report provides the findings, conclusions, lessons learned and recommendations of the team’s work interviewing project stakeholders and undertaking an analysis of the impact of the UNDP/EU project on businesses, governments, civil society organizations, academia and the media in each project country.

The CSR initiative was needed to consolidate the fragmented understanding of CSR-related activities among companies, governments and civil society organizations in the region. New member states were facing integration challenges as their companies attempted to adapt to the new developments associated with building a common social, political and economic European space. Providing support to CSR held the promise of helping companies to compete within a regional common market that was dominated by global corporations, as well as helping governments to re-define the traditional boundaries of social, environmental and economic responsibility by formulating “national CSR agendas”.

The main goal of the project was to accelerate the implementation of CSR practices in the new EU member states and candidate countries, with the underlying objective of adding

value of EU harmonization, competitiveness and social cohesion to the transition process – which was to be achieved by facilitating cross-sectoral cooperation and social dialogue between various stakeholders, building trust, understanding and integration as well as sharing good CSR practices by building on existing networks of the UN Global Compact network facilitated by UNDP offices. The project was designed around three components:

1. Undertaking a situational analysis (baseline study) of CSR status and engagement of actors in each project country
2. Promotion of multi-stakeholder dialogue at the strategic level to enhance awareness and exchange good practices for CSR advancement in the region
3. Developing and strengthening capacities of CSR stakeholders at the national/local level to promote and implement CSR

Summary of Findings

The regional CSR project was a timely initiative that has demonstrated the many possibilities for promoting increased private sector participation in development projects using UNDP's partnership approach coupled with the UN Global Compact networks. Prompted by the process of EU integration and the accompanying higher labour, environmental and social standards, the regional CSR project provided guidance in helping to integrate NMS into EU institutions and agendas, while at the same time encouraging the introduction of higher management and production standards within private companies, including new business models that incorporate CSR into company strategy.

The project has significantly enhanced the awareness and understanding of CSR throughout the region by working in close partnership with the main CSR stakeholders, including the most influential private companies, business associations, government departments, civil society organizations, academic institutions and the media in each project country. More than this, it has increased the capacity of stakeholders to promote and implement CSR as a practical tool of modern business practice. In addition, through the establishment of CSR “peer groups” under the umbrella of governments, the project has significantly improved the enabling environment for CSR.

The project's lead activity, the Baseline Study, provided an opportunity for a group of countries to establish a fairly clear snapshot of their CSR status and engagement at a particular point in time. In this respect, the baseline study was a remarkable achievement because such a study had never been done in Central and Eastern Europe – nor had it been done in the west. It provided a comprehensive situational analysis of CSR status and actors in each country, it supplied an important analytical tool that will enable companies to measure their CSR progress and it stimulated project stakeholders to undertake further research on their own – prompting discussion, debate and in depth research by national peer groups. As such, the baseline study can serve as a “best practice” model for other countries in the region that are going through a similar transition process. Indeed, the baseline process has already been acknowledged as a major lesson learned and has been replicated in a similar UNDP project being executed in the Western Balkans.

The second component, promoting multi-stakeholder dialogue, was one of the most significant accomplishments of the project because it created a starting point for breaking down traditional communication barriers between companies, governments and NGOs. More than this, through the formation of CSR peer groups, it succeeded in establishing a partnership approach that could be maintained beyond the life of the project – complete with networking forums for creating intersectoral partnerships and establishing national CSR agendas. The process of formulating national CSR strategies enabled the project to create a platform comprising the main CSR stakeholders that was able to influence the national policy agenda. Establishment of national CSR agendas was the most highly prized outcome of the project because they succeeded in bringing governments into the CSR debate – whereas at the beginning of the project, government involvement in CSR activities was virtually non-existent.

The third component, capacity building interventions, provided support to the business sector, NGOs and governments in such a way that each of these sectors is now more aware of their needs in the area of CSR promotion and implementation. In this sense, project activities fueled the need for further interventions as these organizations realize how much work they have to do in order to catch up to their Western European counterparts. The need to sustain these capacity building measures has been acknowledged by some CSR peer groups, which have included capacity building mechanisms in their future work-plans.

UNDP's role during the project was to provide guidance and advice to governments and CSR stakeholders on the CSR issue at the national, regional and international levels. The project was built on the foundation of UNDP's policy support and advocacy role to governments – which is one of the cornerstones of UNDP's mandate, and one that is especially valued by new EU member states and candidate countries in Central and Eastern Europe as they graduate from traditional UNDP support. UNDP has developed a niche for itself in this transition process by supporting the needs of governments in the face of EU accession priorities and membership agendas. This new role has changed the nature of UNDP's work in these countries – it is no longer a donor, but a partner, transferring its knowledge through projects and advice. In many cases, governments are funding these projects and paying for the advice themselves – through new project-based models – primarily because these countries value UNDP's role in facilitating exchange of knowledge and expertise, bridging national experts between countries, etc. This new role places UNDP in the forefront of the sustainability issue, where UNDP is valued for bringing together various partners and playing a catalytic role where social or other dialogue is lacking, building capacity and providing institutional support to a variety of social initiatives where international expertise is needed or local actors lack capacity or do not cooperate, as well as when issues need to be brought to a national strategic level. Governments need a framework for sustainability, and the UN's Global Compact network, for example, provides such a framework – it is recognized by companies, accepted by civil society and appreciated by governments; and UNDP has positioned itself in a facilitating role.

At the conclusion of the UNDP/EC project, there is optimism for sustainability, as comprehensive CSR approaches and policies are emerging in project countries among business, governments and NGOs – a factor that is helping to accelerate CSR developments throughout the region. Through lessons learned, the regional CSR project is providing an influence for other countries in the region that are going through a similar transition process. Indeed, the regional CSR project is already providing a “best practice” model for a similar UNDP project in the Western Balkans.

Summary of Best Practices and Lessons Learned

Several “best practices” emerged from the project, which are highlighted in the main findings of the report in text boxes. A summary of these best practices is presented here in a few descriptive sentences:

Best Practice – Baseline Study

The baseline study can be considered a “best practice” model for other countries in the region, as it provided an opportunity for project countries to establish a fairly clear snapshot of their CSR status and engagement at a particular point in time. This process is being replicated in a similar UNDP project being executed in the Western Balkans.

Best Practice – Multi-stakeholder Dialogue & Partnership Approach

One of the most significant achievements of the project was its ability to implement a partnership approach between business and civil society, and perhaps more importantly, to bring governments into the multi-stakeholder dialogue. Through the establishment of national and local forums, CSR peer groups and perhaps most importantly, through the process of formulating national CSR strategies, this component was able to create a platform that was used to influence the national policy agenda involving the main CSR actors and stakeholders.

Best Practice – CSR Peer Groups

The peer group format was assessed as one of the most significant and highly valued benefits of the project, as it provided a networking platform for interacting with representatives of various sectors, comparing CSR practices between companies, and provided an opportunity to establish a dialogue with stakeholders in government and NGOs. One CSR manager in a corporation stated: “participation in such a diverse peer group taught me to see CSR in a wider context than in the context of our company. Never before had I thought about the governmental point of view, for example. Participation helped me to put on ‘their shoes’ and recognize the constraints they have to face”.

Best Practice – Broker between NGOs and Business – Pontis Foundation

Slovakia's Pontis Foundation acts as a broker between the business sector and small grass-roots NGOs by administering several corporate philanthropy funds and by coordinating the Business Leaders Forum. As such it is a fairly unique organization with strong connections to the business sector, a wide portfolio of social activities and access to philanthropic funding.

Best Practice – National CSR Agendas

The development of national CSR agendas can be considered a “best practice” because it involved the establishment of peer groups and the commencement of multi-stakeholder dialogue on CSR through a series of national consultations. Some countries went beyond the expectations of the project – by initiating formalized processes of government public policy on CSR.

Best Practice – National CSR Promotion and Coordination

Lithuania's Commission for CSR Promotion Coordination can be considered a “best practice” in national CSR promotion and coordination, as it was composed of representatives from government, NGOs and civil society, and acted as a forum for multi-stakeholder dialogue. It resulted in the adoption of a Ministerial Action Plan with concrete measures to promote CSR for 2006-2008, the Draft Programme on CSR promotion for 2009-2013 and the plan of its implementation for 2009-2011 with funding of approximately € 3 million earmarked for CSR promotion for 2008-2013 under the European Social Fund programmes.

Best Practice – Role of UNDP as Partner and Catalyst

Among countries in Central and Eastern Europe, UNDP acts more as a catalyst and partner than a traditional donor, providing a partnership model and facilitation skills in a neutral space, and enabling countries to share experiences. This reflects the changed nature of UNDP's work in the region – transferring knowledge and advice through projects, building partnerships across sectors, and providing guidance through a crucial catalytic role.

GLOSSARY OF ACRONYMS

BRC	Bratislava Regional Centre
CO	Country Office
CEIB	Confederation of Employers and Industrialists (Bulgaria)
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
DEX	Direct Execution
EC	European Commission
EU	European Union
GC	Global Compact
GRI	Global Reporting Initiative
MFA	Ministry of Foreign Affairs
MNC	Multinational Corporation
MS	(EU) Member States
NMS	New (EU) Member States
NEX	National Execution
NGO	Non-governmental Organization
SF	EC Structural Funds
SME	Small and Medium Enterprise
TRAC	Target for Resource Assignment from the Core
UNDP	United Nations Development Programme

1.0 INTRODUCTION AND BACKGROUND

1.1 Purpose of the Evaluation

The UNDP Project Management Office in Lithuania initiated a final evaluation of its Regional CSR Project in order to assess the impact the project has had on its stakeholders, the strategy used for implementation of project activities and the sustainability of project results.

Within the original project document, the final evaluation is listed as an activity under the Monitoring and Evaluation component of Management Arrangements. Annual project reviews were scheduled to occur within the annual cycle internally, and in the final year the review was to be a final assessment for external evaluation (independent review). Responsibility for the final evaluation is shared between BRC and the Project Management Office in Lithuania.

The evaluation results will be used for reporting to the European Commission (EC) on the impact of the project, and in addition they will be used as lessons learned for similar initiatives taking place outside the project region (e.g. Western Balkans, the Black Sea region). Hence the evaluation will provide an assessment of the “replicability” of the project in other countries in transition in the region.

1.2 Objectives and Scope of the Evaluation

The main objective of the evaluation is to assess the impact of the project on creating an enabling environment for CSR implementation at the company level, together with enhancement of capacity among civil society organizations for CSR promotion and development of Government policies.

The evaluation covers the period of project implementation (December 2006 – May 2008). Project activities were scheduled to be completed by 30 May 2008, although UNDP applied for and received a four-month extension until 30 September 2008 in order to carry out additional activities such as an extra regional conference and national forums to support the process of official approval of the national CSR agendas. The evaluation does not cover these activities, however they are mentioned throughout the report because they represent important aspects of the impact of the project.

The evaluation comes at a strategic point in the integration and transition of project countries into the European Union (EU), as five of the eight participating countries are new EU member states, and three are heading towards EU membership. The evaluation also comes at a strategic point in the process of CSR development in Central and Eastern Europe. A variety of donor agencies have been providing support to project countries in CSR promotion and implementation since 2001, and UNDP Country Offices have been involved in promoting CSR through the launch of the various Global Compact networks, which began as early as 2001 in some countries (see table on page 61). Also, UNDP has

started activities on a sister CSR project in the Western Balkans, and an application for a follow up CSR project involving five of the project countries was submitted to the EC in June 2008.

From an evaluation point of view, these previous and overlapping initiatives make it difficult to attribute benefits and results to any particular project. As a result, the scope of the evaluation has been confined to assessing the impact that the Regional CSR Project has had on coordinating a growing momentum of activity in CSR promotion and implementation. The evaluation is structured to assess project performance by concentrating on the *impact* of the project on the main stakeholder groups:

- (a) The business sector
- (b) Civil society organizations
- (c) The public sector

The evaluation also assesses the *relevance* and *effectiveness* of the project design, *sustainability* of results and *lessons learned*:

- (d) Project design, strategy and management
- (e) Project sustainability and lessons learned

1.3 Key Issues

The key questions that the evaluation was designed to answer include the following:

- Has the project provided a comprehensive situational analysis of CSR activities and actors in the region, across a wide representation of stakeholders with a view to determine the extent of dialogue on CSR between various actors and their level of understanding, awareness and engagement in CSR activities, as well as identifying the key drivers motivating companies to become involved in CSR activities?
- Has the awareness about CSR among companies and CSR stakeholders in the Project countries been enhanced; has support been provided to experience sharing and exchange of good practice on CSR; has CSR promotion and implementation been enhanced by actively engaging local media?
- Has trust (social capital) has been built between various stakeholders and the businesses engaged in CSR, stemming from a better understanding of respective objectives as well as the challenges and opportunities of collaboration?
- Has capacity of national/local stakeholders engaged in CSR been strengthened to enable them to contribute efficiently to CSR promotion and implementation, actively participate in national multi-stakeholder forums and to network on experience exchange in Europe?
- Has CSR been promoted and adopted as a practical tool for local business that integrated them into the EU market and accordingly, built their competitiveness on the world market?

- Has a database on available CSR materials and tools in Europe been created to serve as a capacity building tool at the national, local and European level?
- Have National CSR Agendas in Project countries been established?
- What impact did the project have on supporting the creation of enabling environment for CSR implementation at country and company level?
- What impact did the project have on harmonisation of CSR developments in the region?

In addition, the evaluation was designed to answer two additional questions:

- Are achieved project results sustainable?
- What could be done in a better way and how (project strategy, activities, etc.)?

1.4 Approach and Methodology

The evaluation employed a variety of methodologies to ensure that all review indicators and strategic outcomes were examined. These included the following:

- 1) Desk review of relevant documents and websites
- 2) A data collection exercise, meeting and exchanging information with the project management team and finalizing the work plan and review indicators
- 3) Meetings and discussions with UNDP project management officials in Lithuania and Bratislava to discuss the evaluation objectives and the evaluation timetable
- 4) Preparation of the field mission: logistics, persons and organizations to meet, travel plans, etc.
- 5) Field mission to eight project countries: The evaluation team visited each of the eight project countries and undertook face-to-face interviews with representatives of the following organizations or sectors:
 - CSR representatives in businesses (both foreign and domestic)
 - Civil society organizations: business and professional associations, trade unions, NGOs, academic institutions, the media
 - Government officials in the Ministries of Economy, Social Security & Labour, and Environment
 - UNDP representatives and/or project focal points
- 6) Comparative analysis of findings and preparation of the preliminary evaluation, conclusions and recommendations
- 7) Debriefing with the UNDP Project Management Office in Lithuania
- 8) Finalization of the report

Interview process

Interviews were conducted in all eight project countries with a representative sample of companies and national stakeholders according to a standardized questionnaire developed in close consultation with the UNDP Project Management Office in Lithuania.

The interviewees were identified based on recommendations from project focal points in project countries with the selection covering participants from the business sector, government, civil society, academia and the media. Most interviewees had participated in the project in some form, for example as a member of a national CSR peer group or a study visit (see Annex II for a list of interviewees).

The identified candidates were approached directly by the evaluators and asked to participate in the evaluation, and in spite of the short notice, most made themselves available for the interviews, except for a few who had health complications or were out of country. Most of the interviews in project countries were conducted within a one-week period, although because of availability or travel schedules, some interviews had to be arranged outside of the designated time slot (see table in Section 1.5).

Each interviewee was provided with a set of questions at least two days in advance of the meeting. However, during the interview the questionnaire was not followed entirely – rather, a method of semi-structured interview was used – and the questions were used mainly to inform the interviewee about the scope and character of the evaluation meeting. In spite of the variety of organizations involved in the evaluation, the frame of each interview was always the same. The main topics of each interview were as follows:

- A brief introduction of the interviewed organization and information about the scope of the organization's involvement in the project
- Their perception of the quality, relevance and effectiveness of project activities as proposed in the project document
- The quality of cooperation among stakeholders involved and an assessment of the performance of the operational components of the project (the baseline study, multi-stakeholder dialogue, the peer group, capacity building, etc.)
- The sustainability of the initiative and the project's exit strategy

In each case a set of additional questions was incorporated into the list of questions, which were usually introduced on the spot and were asked in order to get additional information or to encourage the interviewee to express his/her thoughts further. This approach enabled the evaluation team to undertake assessments at two levels:

- a) The output level: Compiling the data and verifying the project outputs at the national and regional levels
- b) The impact level: Assessing the impact of the 3 project components on the three main stakeholder groups (business, civil society and government).

During the analysis and review process, UNDP's standardized rating system was used to assess the impact of the project's major outputs and activities based on the evaluation criteria outlined in the following table:

Rating	Impact of Component
Highly Satisfactory (HS)	Project component is expected to achieve or exceed all its major objectives, and yield substantial regional and national benefits, without major shortcomings. The component or activity can be presented as a “good practice”.
Satisfactory (S)	Project component is expected to achieve most of its major regional and national objectives, and yield satisfactory benefits, with only minor shortcomings.
Marginally Satisfactory (MS)	Project component is expected to achieve most of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project component is not expected to achieve some of its major regional and national objectives or yield some of the expected benefits.
Marginally Unsatisfactory (MU)	Project component is expected to achieve some of its major regional and national objectives with major shortcomings or is expected to achieve only some of its major objectives.
Unsatisfactory (U)	Project component is not expected to achieve most of its major regional and national objectives or to yield any satisfactory benefits.
Highly Unsatisfactory (U)	The project component has failed to achieve, and is not expected to achieve, any of its major regional and national objectives with no worthwhile benefits.

1.5 The Evaluation Team

The evaluation team was composed of an international consultant, providing overall guidance and coordination, and a series of national evaluation experts recruited for their local knowledge and experience with CSR in project countries. The national evaluation experts coordinated evaluation activities and undertook interviews in the following countries: Slovakia, Hungary, Macedonia, Bulgaria and Turkey, while the international consultant covered Poland, Lithuania and Croatia. There was some overlap in Slovakia and Hungary as the international consultant participated in some interviews in those countries (see table below).

All together more than 80 project stakeholders and organizations were interviewed and the team met with representatives from UNDP Country Offices and project focal points in each country. Without exception, the evaluation team received excellent cooperation from the UNDP Country Offices and project stakeholders in each project country. The evaluation team is satisfied that all information needed was made available.

Evaluation Team

Country	Interviewers	Dates
Poland	Stuart Black	July 7-11, 2008
Lithuania	Stuart Black & Egle Blekaityte	July 14-18
Slovakia	Ms. Zuzana Polackova & Stuart Black	July 21-25
Hungary	Dr. Cecilia Szigeti & Stuart Black	July 21-25
Croatia	Stuart Black	July 29 – Aug 1
Macedonia	Mr. Aleksandar Nikolov	July 21 – Sept 1
Turkey	Ali Ercan Ozgur	July 21-25
Bulgaria	Boriana Dimitrova & Elitsa Barakova	July 29 – Sept 1

2.0 THE PROJECT AND ITS DEVELOPMENT CONTEXT

The concept of assisting new EU member states (NMS) to develop CSR agendas and policies came out of the transition process associated with EU accession around 2004 as these countries were preparing to become part of the New Europe. UNDP Country Offices in Lithuania, Slovakia, Croatia and other project countries recognized that new member states would face integration challenges as their companies attempted to adapt to the new developments associated with building a common social, political and economic European space.

This was a time of transition¹ for corporations in new member states and candidate countries, and a project providing support in the area of CSR held the promise of benefits at two levels. On the one hand it would help companies compete on an equal footing within a regional common market dominated by global corporations. On the other, it would help governments to re-define the traditional boundaries of social, environmental and economic responsibility and formulate a new “social contract”, thus preparing them for harmonization with EU’s labour and social policies by increasing private sector participation in development projects – something that had been limited to corporate philanthropy under the countries’ previous socialist regimes.

This was also a time of transition for UNDP, as the fully funded Country Offices in NMS were being phased out, downsized and in some cases closed. As a result, the project was not implemented using traditional UNDP delivery models. Rather a new “project model” was used which did not receive core funding from UNDP headquarters, and which relied heavily on the human resources, enthusiasm and ingenuity of the UNDP “country teams” in each project country – which had to raise much of their own funding – while the Project Management Office in Lithuania and the Regional Centre in Bratislava provided support and guidance to the country teams and ensured quality control over the project results.

The total budget for the project was € 775,636, of which the EC contribution amounted to € 620,199 and UNDP financed the remaining € 155,437. Although this was not a traditional UNDP project, management in UNDP Headquarters recognized the value of assisting NMS and candidate countries, and approved the use of regional budgetary resources. As such, it can be characterized as a case of low financial investment but high investment in knowledge building.

2.1 Description of the Project

The United Nations Development Programme (UNDP) was responsible for the implementation of the regional project, “Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness

¹ Transition here refers to the CSR process among companies and is not meant to refer to “countries in transition”

and social cohesion in the EU”, which was carried out in eight countries of Central and Eastern Europe. The project started in December 2006 and was funded by the European Commission (EC) and UNDP.

The main goal of the project was to accelerate the implementation of CSR practices in the new EU member states and candidate countries, namely Bulgaria, Croatia, Hungary, Lithuania, Macedonia, Poland, Slovakia and Turkey. The underlying objective was to add value of EU harmonization, competitiveness and social cohesion to the transition process, which was to be achieved by facilitating cross-sectoral cooperation and social dialogue between various stakeholders, building trust, understanding and integration as well as sharing good CSR practices by building on existing networks of the UN Global Compact facilitated by UNDP offices.

2.2 Activities

The project was designed around three components:

1. Situational analysis of CSR status and engagement of actors in the region and in each project country (baseline study)
2. Promotion of multi-stakeholder dialogue at the strategic level to enhance awareness and exchange good practices for CSR advancement in the region
3. Develop and strengthen capacities of existing and future CSR stakeholders at the national/local level to promote and implement CSR

The main characteristics included addressing the CSR practices of companies (both local and foreign), and intermediaries such as business associations, local and national governments, trade union, academia, NGOs and the media. The project built on existing networks of the UN Global Compact facilitated by UNDP offices in project countries, and best practice exchanges were arranged with Global Compact/CSR networks in the UK, Spain and Germany.

2.3 Expected Results

The expected results of the project were:

- A comprehensive situational analysis of CSR activities and actors in the region, across a wide representation of stakeholders with a view to determining the extent of dialogue on CSR between various actors and their level of understanding, awareness and engagement in CSR activities, as well as identifying the key drivers motivating companies to become involved in CSR activities
- Enhanced awareness about CSR among companies and other stakeholders in Project countries through the sharing of good CSR practices, and by engaging the local media
- Stronger trust (social capital) between various stakeholders and the businesses engaged in CSR, stemming from a better understanding or respective objectives as well as the challenges and opportunities of collaboration

- Stronger capacity of national/local stakeholders engaged in CSR to enable them to contribute effectively to CSR promotion and implementation, actively participate in national multi-stakeholder forums and to network experience exchange in Europe
- Promoting and adopting of CSR as a practical tool for local business enabling them to integrate into the EU market accordingly and building their competitiveness on the world market
- Creation of a database on available CSR materials and tools in Europe, to serve as a capacity building tool at the national, local and European level
- Establishment of National CSR Agendas in project countries.

3.0 FINDINGS: PROJECT ASSESSMENT AND IMPACT

The following section provides an assessment of the performance of the operational components of the project. The outline of the assessment follows the structure of the project's main outputs and activities: Section 3.1 reviews **Component 1**, the situational analysis and baseline study; Section 3.2 evaluates **Component 2**, the awareness-raising activities; and Section 3.3 examines **Component 3**, the capacity building activities. Apart from undertaking a broad assessment of the relevance and effectiveness of each component, the focus of these sections is on the impact the project had on the three main beneficiaries and stakeholders: business, civil society organizations and the public sector. Other complementary activities such as the relationship to Global Compact are assessed in Section 3.4. Section 3.5 reviews the management component of the project including design, strategy and implementation by UNDP. Conclusions, recommendations and lessons learned that are linked to the regional level and country level summaries from the Country Evaluation Reports are included in Section 4.0.

3.1 Review and Analysis of Component 1: Situational analysis of CSR status and engagement of actors in the region.

This section assesses the impact of Component 1, which involved undertaking a situational analysis (baseline study) and providing an enhanced understanding of CSR issues among the main actors in project countries.

a. Background and Context

The importance of undertaking a comprehensive situational analysis as the lead activity was recognized in the project design. Prior to the baseline study there had been no comprehensive analysis of the situation regarding CSR uptake in the region. Individual projects and surveys had been undertaken, which covered a limited set of issues, the results of which were shared with a very small audience, and whose methodology did not offer the possibility for making international comparisons. But there had been no mapping of actors and activities and there was no basis for measurement of CSR progress. This lack of information had made the task of creating CSR policies quite difficult – both at the company and national levels.

The data gathered from the Regional CSR Project's baseline study was to be used to complement the findings of the 2004 World Bank survey on CSR understanding implemented in 3 countries in the region² and was to be followed up with a tracer study to measure progress on CSR awareness and engagement two years afterward (in 2009).

b. Project Activities Completed

The primary activity of Component I was the completion of a baseline study, which was comprised of a series of eight (8) individual studies undertaken in each project country as

² “What Does Business Think about Corporate Social Responsibility? A Comparison of Attitudes and Practices in Hungary, Poland and Slovakia”, World Bank (2004)

well as an overall assessment of the entire project region through a Regional Baseline report. The expected output was an enhanced understanding of the main CSR issues, actors, tools and trends in Central and Eastern Europe.

The baseline study on CSR was carried out between February and May 2007. The analysis of secondary sources included a review of existing documentation and materials related to CSR, identification of stakeholders, their activities and good practices. Primary data was obtained through interviews with managers and officials in charge of CSR-related activities in hundreds of companies and dozens of stakeholder organizations. The sampling for the company interviews was semi-random and based on criteria of size-class, ownership (international, national), sector and geographical location (all main sectors and regions were represented).

The Regional Baseline report was published in English, while the individual country studies were published in each country's language and translated into English with copies being distributed to all key stakeholder organizations, and handed out at regional, national and local meetings and events.

c. Assessment of Performance

i. Relevance

By all accounts the baseline study was a highly relevant activity and was well appreciated by companies, governments and civil society organizations throughout the region. It helped governments to identify policy areas offering opportunities for increased competitiveness and stimulation of investment; NGOs considered it a much needed step in the process of promoting CSR; and companies found the type of comprehensive analysis contained in the report very useful because it provided information that was not normally provided in the market surveys that are usually undertaken in this sector – information such as the extent of dialogue between the various actors involved in CSR, their level of understanding, awareness and engagement in CSR activities, as well as identifying the key drivers motivating companies to become involved in CSR activities. Hence, the study provided a mapping of actors and their activities – a starting point or “baseline scorecard” for the region, from which measurement of CSR progress would be possible in the future.

Also, the timing of the study was good, as companies and NGOs had been experimenting with various CSR practices and awareness-raising activities for a number of years without any standardization or comprehensive analysis of the baseline situation.

ii. Effectiveness and Efficiency

General comments about the study were highly positive and the assessment of its quality was very good – as it was considered to be the first basic resource document describing the current status of CSR in the region. Also, apart from providing an inventory of CSR actors and their activities for the region, the baseline study provided a snapshot of the level of CSR activity and implementation in each project country. And while there were some criticisms about the process and methodology of the survey, the final result of this

component was a great success in many ways. It was highly relevant, effective and timely and succeeded in achieving its intended objectives, listed below:

- Identify the actors/entities who promote CSR at the country level
- Assess the level of engagement in CSR actors/entities promoting CSR at the country level
- Assess the level of dialogue between different actors promoting CSR
- Identify the level of foreign/domestic business engagement in CSR implementation at the country level and provided good “business case” examples
- Identify capacity gaps/constraints faced by CSR promoters and business entities in engaging CSR activities
- Identify widely used CSR tools for companies
- Formulate recommendations and suggested specific activities to feed into Components 2 and 3.

Criticism of the baseline report tended to focus on the process of the study, which was negatively affected by the pressure of time and the complexity of having to coordinate 8 different country teams, each of which had different levels of CSR competences. In the end, some interviewees did not feel that their company and/or country was well represented and some stakeholders were not happy with the individual assessments in the final matrix of the Regional Baseline report. Also, at the time of the evaluation, one country (Croatia) had not approved its National Baseline study for publication. Some Croatian participants had difficulty accepting the baseline data because they did not think it provided an accurate picture of Croatia’s level of CSR activity and because there was currently no existing measurement tool in Croatia to verify the findings.

However, even though there were some shortcomings in the process and some limitations in the methodology, which were acknowledged by the authors themselves in the report, the baseline study served its purpose and most participants were satisfied with the final result. The study made a surprisingly strong argument for CSR, and the publication of the individual country studies significantly elevated the relevance of CSR in the region. As such, the baseline survey succeeded in providing a starting point for promoting discussion. Moreover, at the inception of the baseline study, most governments had very little involvement in CSR activity. Thus, one of the project’s most significant achievements was to bring governments into the process. In the final analysis, this component achieved one of the key evaluation criteria: providing a “comprehensive situational analysis of CSR activities and actors in the region, mapping a wide representation of stakeholders with a view to determining the extent of dialogue on CSR between the various actor and their level of understanding, awareness and engagement in CSR activities, as well as identifying the key drivers motivating companies to become involved in CSR activities”.

Based on opinions expressed in the interviews, it was generally agreed by all project countries (except Croatia) that the performance and impact of Component 1 was **highly**

satisfactory (HS)³, and that activities were carried out relatively effectively and within the projected resource estimates. The table below also indicates that there was adequate involvement from the business sector and civil society in this activity.

Review of Activities and Achievements: Component 1

Output	Bulg	Croat	Hung	Lith	Mace	Pol	Slov	Turk	Participants/Involvement			
									Gov't	Business	Civil Society	
Component 1 – Situational analysis of CSR status and engagement of actors in the region												
1. Baseline Study	HS	MU	HS	HS	HS	HS	HS	HS	Some	✓	✓	

iii. Impact: (a) on the Business Sector

Companies confirmed that the baseline study provided a good starting point for focusing their CSR activities, providing clarity in terms of a working definition of CSR, a common understanding of the roles of the different actors and a benchmark as a starting point for CSR activities in Central and Eastern Europe. Among the business sector there was general agreement on three main benefits of this component:

- 1) It provided clarity and standardization and unified the understanding of CSR in Central and Eastern Europe
- 2) It identified actors, gaps and made recommendations
- 3) It provided a model for assessment of their CSR practices

Clarity and Standardization

Prior to the publication of the baseline study, there was a general feeling that CSR activity had been haphazard, unstructured and even chaotic in some countries. Domestic companies were resisting CSR because it reminded company executives of outdated socialist ideas. Some foreign-owned multinational corporations (MNCs) had made various attempts to clarify descriptions of CSR and began integrating CSR practices into their business processes and social investment activities based on practices adopted from their parent companies abroad. However, there was no standardization and there was a wide variety of information on different CSR approaches which seemed to generate uncertainty. As a result, companies were very receptive to the standardized approach and expert guidance that the UNDP project offered on CSR issues.

Actors and Gaps

For company representatives both the national and the regional baseline studies offered an opportunity to see what other companies and stakeholders were doing in CSR and to consider what needed to be done within their own companies to catch up with the leaders in this area. Even the questions that were asked during the interviews for the study stimulated thinking and ideas among managers on changes they could introduce in their

³ For each component, a series of evaluative designations have been awarded, ranging from highly satisfactory (HS) to highly unsatisfactory (HU). These ratings are based on a general impression gathered at interviews in each country. For example, a rating of *Marginally Unsatisfactory* was recorded for Croatia for this component (see Section 1.4, Approach and Methodology, for a description of the rating system)

companies. Thus the baseline study provided an initial awareness-raising exercise. The AccountabilityRating™ framework, used to present the engagement of companies in CSR, was perceived as being comprehensible for managers, and offered a roadmap for implementation of CSR at the company level. Thus the baseline study provided guidance to companies on where to start their practice on CSR and what CSR strategies to pursue.

Model for Measurement

Companies recognized the value of the baseline study because it provided a degree of standardization, a benchmarking exercise or starting point for CSR activity and a tool or methodology for measuring CSR performance. Prior to the publication of the study, there had been a lack of tools, studies, documents and an overall methodology to assess CSR performance. By having a way to measure performance, company executives found it easier to raise awareness about CSR among their corporate stakeholders.

In this sense, the baseline report had an indirect impact on company CSR practices: Not only were companies motivated to be included in the report as a “best practice”, but publication of the report seemed to stimulate an increased demand for the preparation of company CSR and sustainability reports. Companies declared their intention and readiness to support the preparation of independent reports to reflect the CSR situation in project countries. Thus, apart from being accepted as a learning tool on the current status of CSR issues, the baseline study established an expectation among company executives to begin the process of reporting on CSR practices. In effect, it enabled companies to start creating a “home-grown” variety of CSR that would be more relevant to the country context by prompting companies to start combining their ad hoc CSR practices through a comprehensive situational analysis at the national level.

UNDP Value Added

The UNDP-commissioned baseline study enabled companies to accept the document as a basic guideline and reference on CSR. Companies whose CSR activities were presented in the study as examples of good practice considered this recognition as an additional incentive for them to expand their engagement. Also, the fact that two high profile and independent organizations such as UNDP and the European Commission were paying attention to CSR made managers perceive the issue as increasingly important. Moreover, the presence and availability of UNDP’s staff and international experts were much appreciated, as they acted as mentors and facilitators, providing guidance, solutions and expertise. Many companies had been developing relationships with leading business associations and networks such as the UN Global Compact, Business Leaders Forum, Responsible Business Forum and CSR associations. UNDP approached these organizations to help promote and distribute the baseline study through their networks, which helped to raise awareness on CSR issues in project countries and generated further momentum among the business community, while at the same time helping to develop the multi-stakeholder relations that would be needed for Component 2.

Croatia: Special Case

There was one exception to the positive feedback received on the baseline study. Representatives from some businesses and the Croatian CSR Association at the Chamber

of Economy had difficulty accepting the results of the baseline study. These company leaders, who participated in Croatia's peer group, did not think the report reflected the true state-of-the-art for CSR in Croatia and particularly the level of achievement of several companies. This strong reaction from Croatia raises an issue about the different levels of CSR competences in project countries. Croatia's rejection of the results of the baseline study appears to have been precipitated by a number of events. First, some company representatives on the peer group were of the opinion that Croatia was a special case partly because of the country's involvement in a previous CSR project "Promoting CSR and Quality Workplace", implemented by UNDP and funded by Norway between 2004 and 2007. As a result of this previous national CSR project, some company representatives had a higher level of expectation from the regional CSR project, and they expected a higher level of competence and continuity from the visiting CSR expert and the UNDP Country Team. Secondly, a change of management occurred at the UNDP Country Office in Croatia which resulted in a change in priorities and a turnover in staff. The new team was focused on priorities in local government, energy and environment, social inclusion and justice and security – which resulted in increasing UNDP's delivery to US\$ 12 million from US\$ 1 million three years earlier. In spite of the importance of the CSR initiative to Croatian businesses, UNDP's business support portfolio was not able to generate the resources required to sustain the staffing levels. As a result, the business support staff were let go and the CSR initiative was delegated to staff handling the local government portfolio.

These events in Croatia occurred at a critical juncture – during the transition between two CSR projects – which resulted in what can perhaps best be described as a missed opportunity for Croatia. Nevertheless, in spite of the shortcomings from the UNDP Country Office in Croatia and the peer group's refusal to accept of the results of the baseline study (which was the lead activity in the regional CSR project), some important strengths, weaknesses and results can be gleaned from these events, as far as the Regional CSR project is concerned. First of all, the Croatian CSR Association appears to have taken ownership of the initiative and are intent on ensuring the baseline study is completed according to the standards that they think are required – which is commendable in terms of project "impact" because ownership is one of the key indicators for sustainability. Secondly, the CSR Association has gone as far as developing a CSR index for social responsibility in an attempt to correct what participants thought was a shortcoming in the Regional CSR project's baseline study. Thirdly, the CSR Association feels that this index could be used as a "best practice" throughout the region, because it was developed by companies in the region for companies in the region.⁴ Finally, these events have revealed certain characteristics of the multi-stakeholder dialogue in Croatia, where neither government, civil society nor UNDP were able to intervene to ensure the outputs of the Regional CSR project remained on track, in spite of any perceived limitations.

⁴ The index will be launched in December 2008, and its practical application will take some time to evaluate

Impact: (b) on Civil Society

Civil society organizations also benefited from publication of the baseline report. Representatives found that it provided a much needed step in the process of promoting CSR, as efforts in this area had been under way for a number of years, but there had been no comprehensive analysis of the situation.

The interviews confirmed that the baseline report provided three main benefits to civil society organizations:

- 1) It provided a key tool for establishing a dialogue with companies
- 2) It helped to raise awareness among their constituency
- 3) It helped to build internal capacity on CSR issues and practices within their organizations

Dialogue with Business

Most countries had made some progress on raising awareness about CSR issues through civil society organizations. In some countries, the driving force was academic institutions (Poland) while in other countries the lead organizations were environmental NGOs (Hungary, Lithuania), consumer awareness associations (Hungary, Croatia), and business associations (Slovakia). However there had been little opportunity for dialogue with business and there had been a shortage of resources to enable NGOs make the leap forward to influence or guide companies on CSR issues. In this respect, the baseline study provided a common tool and language for civil society organizations to approach companies. It opened the door for business associations, environmental NGOs, trade unions, etc. to establish a dialogue with companies. Also, it improved the perception of NGOs in the eyes of businesses – which used to perceive CSR as corporate philanthropy for the development of social projects for the community.

Raising Awareness

The baseline report provided a rallying point for NGOs to raise awareness about CSR issues within their constituency and it helped to focus their services on particular CSR issues relevant to their mandate. For example, the Investors Forum in Lithuania began to produce brief reports on CSR for their members; the Chamber of Commerce in Poland began to promote their “Fair Play” practices as CSR; the Chamber in Croatia established a CSR Association; the Banking Association in Croatia began rolling out CSR to their members; and KALDER, the Quality Association of Turkey, published the baseline report for their members via a special magazine reaching more than 10,000 companies. As a result, business associations found that awareness among the business community was much higher after the publication of the baseline study, and their members appreciated the inclusion of figures and tables on CSR developments and practices in each country which provided the opportunity to make comparisons with other European countries.

Internal Capacity

The study assisted NGOs to complement their understanding of CSR and offered valuable insight regarding the present status of CSR in the region – for example on the

roles that NGOs, the media, trade unions and academia were playing in other project countries. The baseline study helped to build the internal capacity of civil society organizations to be able to approach and support businesses needing guidance. Business associations in particular began to focus on providing CSR reports and services to businesses. The Institute of Labour and Social Research in Lithuania, for example, thought the baseline study could be used as a jumping off point for investigating the “business case” for CSR by undertaking a follow-up data collection survey to illustrate the economic effect of CSR, which they felt was a true measure of the real gains for companies.

The academic, independent and comprehensive nature of the report provided a dependable source document for NGOs. Hence, one of the main achievements of the report was in establishing the “literature basis” for CSR in project countries and influencing the different stakeholder groups to investigate CSR and conduct research on CSR issues in their own country. For example, the CSR Association at the Chamber of Economy in Croatia proceeded to develop a CSR index as a way of improving the validity of the baseline data. Also, by providing analysis and suggestions for particular sectors (textiles, banking), the report motivated associations that represent those sectors to strengthen their CSR capacity. For example, ITKIB in Turkey and the Croatian Banking Association established special CSR units, which were designed to increase their capacity to promote essential CSR practices to particular sectors. In Bulgaria, a CSR committee will be officially established within the Confederation of Employers and Industrialists (CEIB) in 2009; and the Association now has a Director of Projects and CSR (the “CSR” part was added to the title at the beginning of 2007) and its Board has approved a programme for its involvement with CSR, and plans to increase CSR related topics within its various training activities. Also one of the key business associations in Turkey, TÜSIAD, established a special CSR Committee among its members who are the leading industrialists and businessmen in Turkey.

Cooperation among Stakeholders

Finally, the report provided a learning process for NGOs, which had been hampered by a lack of cooperation – by promoting stakeholder engagement among civil society organizations, providing a mechanism for working with government and providing tools to assist business improve CSR practices. However, although the baseline report provided a context in which to view the full range of relationships involved in CSR, NGO cooperation is still at an embryonic stage in most project countries. Thus, the project’s attempts at promoting multi-stakeholder dialogue will require more time and effort to improve the level of trust to enable stakeholders and beneficiaries to attain a higher degree of cooperation and collaboration.

Impact: (c) on the Public Sector

Government officials expressed support for the project in general and appreciation for the baseline study in particular. They found the suggestions on government’s potential role in CSR promotion useful as presented in the study and found the examples of government involvement in other countries inspiring. The study assisted governments to identify policy areas providing opportunities for increased competitiveness and stimulation of

investment – two key economic priorities – and an overlooked area for government intervention in the process of accession to the EU, which is one of the main objectives of governments in candidate countries. The study also produced valuable research that governments needed in the area of CSR. In Macedonia for example, the government stipulated in its Programme for Stimulating Investment (2007-2010) that it wanted to undertake a comprehensive analysis of CSR by 2008, including identification of key drivers and establishing basic indicators for monitoring CSR. Thus, the baseline study fulfilled this objective.

While government officials recognized the importance of the baseline study, governments have been slow to put its recommendations into practice. The baseline study made four recommendations to governments, only some of which have been achieved:

Summary of Government Achievements of Recommendations in the Baseline Study

Baseline Recommendations	Achievements
➤ National governments should identify a named department to lead on CSR issues	✓ Responsibilities are split between Economic and Social ministries, although several governments are in the process of consolidating CSR under one of two ministries (either the Ministry of Economy or the Ministry of Social Security)
➤ National governments should consult widely with interested parties on CSR	✓ Consultation is occurring but governments have yet to take the lead role
➤ National governments should develop National CSR strategies	✓ National agendas have been developed by all countries except Croatia. Although no National Agendas have been approved by governments, informal approvals were received during national level forums
➤ National governments should lead by example – producing government level reports, integrating CSR issues into public procurement and adopting relevant legislation	✓ Very little activity in this area

Despite what appears to be a lack of achievement on the part of governments, the work being done on national CSR agendas is a good indication of the intention of governments to get involved in the CSR process and can be seen as a stepping stone along a path that is fraught by burgeoning agendas and capacity weaknesses that are preventing government officials from moving ahead as quickly as they would like.

In the interviews, government officials indicated that they were preoccupied with meeting various EU membership agendas as well as the overall accession process, which were

taking priority over all other matters, especially in candidate countries where officials were stretched to the limit meeting deadlines on a daily basis. Within the realm of CSR issues, government officials were most concerned about the employment agenda, which is a combination of external and internal factors – where workers are being tempted abroad by higher wages and better working conditions in neighbouring countries, and where there is an internal need to produce an entirely new crop of entrepreneurial workers able to compete against workforces from the more advanced countries of Western Europe.

In the final analysis, although governments have not had enough time to research the implications of the CSR baseline data, they have all expressed support for the National Agenda process and now appear ready to provide formal approval of the Agendas. In some countries (Lithuania and Macedonia for example), the project initiated formalized approval of a National Strategy and Action Plan, which in a sense, went beyond the expected result.

iv. Sustainability/Lessons Learned

Considering that the context of CSR in project countries is subject to rapid change, it is to be expected that the baseline study will soon be outdated. Nevertheless, by providing a comprehensive situational analysis of CSR status and actors in the region, it has served its purpose. More than this, it has stimulated project stakeholders into undertaking further research on their own: prompting discussion, debate, in-depth research, etc. In Croatia, stakeholders are developing a CSR index which will provide a basis for measurement. In Lithuania, the government is evaluating CSR indicator systems all over Europe to design something that will reflect the needs of the Central and Eastern European region. In Macedonia, the Ministry of Economy has requested funds for 2009 to prepare a review of the laws and regulations regarding certain aspects of CSR, which would provide a better understanding of the obligations and incentives for companies. Also in Macedonia, the work-plan of the National Coordinative Body on CSR (the multi-stakeholder peer group established with assistance from the Regional CSR project), envisages the preparation of a national report on the implementation of CSR in 2009. Such analysis will provide an updated overview of the situation with regard to CSR and will allow for evaluating the progress made between 2007 and 2009. However, funding for this report has not been secured. In Lithuania, funding for CSR activities has been secured from the state budget and from EU structural funds (2007-13).

Best Practice – Baseline Study

In terms of replication, it is clear that the baseline study and the process surrounding its preparation can serve as a “best practice” model for other countries in the region that are going through a transition process. Indeed, the baseline process has already been acknowledged as a major lesson learned and has been replicated in a similar UNDP project executed in the Western Balkans, the launch of which was presented at the Vilnius conference on CSR public policies (9-10 September 2008).

The ultimate test of the applicability of this methodology as an appropriate model for CSR measurement has yet to be determined. Because this type of baseline study has never been done in Central and Eastern Europe, nor has it been done in the West. In fact, there is no established framework for evaluation or measurement of CSR nor is there an appropriate regulatory framework for companies – which are all mechanisms that the Global Reporting Initiative (GRI) and other international CSR-related reporting frameworks are struggling with at the moment.

In this respect, the Project’s baseline study is a truly remarkable achievement that has provided an opportunity for a group of countries to establish a fairly clear snapshot of their CSR status and engagement at a particular point in time. Mark Line of Csrnetwork (UK) and Professor Robert Braun at Braun & Partners (Hungary) developed the methodology according to the terms of reference outlined by the UNDP CSR Regional Project.

The baseline study has also provided these countries with an important analytical tool which will enable companies to measure the progress of CSR. The next logical stage will be to measure the economic effect, which as far as companies are concerned, is a more quantitative measure of the value of CSR. For this, it may be necessary to undertake a follow up survey to collect data to further illustrate the economic rationale, the “business case”, for adopting CSR strategies. Because, although some business leaders are interested in CSR (largely MNCs), those influenced by the project’s activities represent a small minority of companies in Central and Eastern Europe. The majority of business leaders in the region will respond to economic reasons much more readily than they will to social or environmental effects. Companies are interested in business case scenarios. In this sense, being able to determine the impact on business is vitally important for demonstrating the benefits of CSR to companies. This is especially true for the SME sector, where more assistance and support will be needed if SMEs are to participate effectively in the various supply chains that bring the promise of improved competitiveness and prosperity.

3.2 Review and analysis of Component 2: Promote multi-stakeholder dialogue at the strategic level to enhance awareness and exchange good practices for CSR advancement in the region

This section provides an assessment of Component 2, which involved raising awareness and promoting dialogue among CSR stakeholders.

a. Background and Context

The low level of awareness of CSR in the region was recognized in the project design as a weakness that first needed correcting if the capacity strengthening activities that were envisioned for Component 3 were going to stick. The intention was to promote dialogue between the different “CSR stakeholders” – which included companies (both local and foreign), business and professional associations, local and national governments, trade unions, academia, NGOs, and the media – with the intention of enhancing their

awareness, improving their knowledge and encouraging joint CSR activities as well as providing a multi-stakeholder platform to discuss and exchange views on business cases, tools and reporting.

Prior to project activities, while project countries had been conducting some “social dialogue” through various tripartite committees involving government, trade unions and business, participants did not feel these discussions had been particularly fruitful – primarily because the committees had not included all the relevant organizations, most of the discussion was centered on wage related issues and there was little practical outcome from the discussions.

Furthermore, the activities of the different stakeholder organizations surrounding CSR promotion in some countries were reported as uncoordinated, overlapping and chaotic, as they were being supported by different donors with different objectives and overlapping time-frames. For example, at one point in Macedonia there were three on-going initiatives on creating a CSR rating system for companies. This resulted in competition among the donor-supported initiatives and company managers complained that such parallel projects were taking up too much of their time.

b. Project Activities Completed

The main activities in this component included holding a regional conference in Brussels, organizing national and local forums in each project country and formation of CSR peer groups designed to establish partnerships between stakeholders and draft national CSR agendas and strategies (see table below). The expected result was an enhanced awareness of CSR among the main stakeholders.

Table of Activities Under Component 2

Activity	Place & Date	Description
1. Regional Conference: “CSR in the New Europe: Challenges and Solutions”	Brussels, June 26, 2007	Networking and discussion of the main findings of the Regional Baseline study; 150 participants from project countries in attendance
2. National multi-stakeholder Forums on CSR	Project countries, June 2007 – June 2008	One national forum held in each project country to raise awareness on CSR, discuss the results of the individual country baseline studies and focus on particular issues relevant to project countries, eg responsible labor practices and standards
3. Local multi-stakeholder Forums on CSR	Project countries, June 2007 – August 2008	At least two local forum held in each project country to raise Awareness on CSR and discuss the results of the individual country baseline studies
4. Formation of and support for national CSR peer groups to develop national agendas on CSR	Project countries, June 2007 to August 2008	Coordinate multi-stakeholder dialogue, identify joint actions for CSR promotion and implementation and preparation of national strategies
5. Website	Lithuania, February to May 2007	Design and development of project website: www.acceleratingCSR.eu

Based on the output targets listed in the project document, each project country established CSR peer groups which were designed to create draft national CSR agendas. Peer groups were established as an informal task force working on a voluntary basis to discuss the national vision for CSR. The role, structure and membership of these groups was agreed through consultations among the main stakeholder groups and facilitated by UNDP country teams with feedback received from persons and organizations recognized for their involvement in the area of CSR. In general, the peer groups consisted of representatives from the following stakeholder organizations:

- Business (local and foreign)
- Business associations (such as chambers of commerce, Responsible Business Forum);
- Professional associations such as employers' organizations
- Labor unions
- Academia and independent experts
- NGOs or other civil society organizations
- The media
- Government ministries (Ministry of Labor and Social Policy; Ministry of Economy; Ministry of Environment).
- International organizations (UNDP)

The establishment of these groups was intended to improve the relationship between CSR stakeholders in the public, private and civil sectors and to highlight the effectiveness of partnerships, which was a central element in establishing an enabling environment for CSR. A number of presentations on CSR were organized by UNDP and other development agencies to initiate dialogue among members of the peer groups and to provide guidance and direction in the development of national CSR agendas. Some of the peer groups established operational rules and regulations, elected a president and a secretary, prepared annual work-plans, and formed working groups for implementation of activities. As a result, the groups ended up being the main vehicle for coordinating the multi-stakeholder dialogue and identifying joint actions for CSR promotion and implementation.

With assistance from various international and national consultants, peer groups prepared draft national CSR agendas using the knowledge obtained from the baseline study and from the forums and study visits. The drafts were then presented to a wider audience consisting of companies, business associations, government officials and development organizations. This constituted the start of the public consultation process, which was designed to gather feedback and opinions from organizations that were not involved in the CSR peer groups. After the extension of the project (June to September) some countries held consultations with a wider circle of stakeholders. Feedback and suggestions were then incorporated in the final versions of the draft national CSR agendas, which were presented at the Vilnius conference on CSR public policies (9-10 September 2008).

c. Assessment of Performance

i. Relevance

Targeting multi-stakeholder dialogue was highly relevant because this activity had been the main missing ingredient in previous attempts to introduce CSR to the region. There was a strong tendency in the region toward isolation among the different sectors and a general lack of cooperation in the creation of cross-sectoral partnerships. In this respect, the relevance of each activity in Component 2 varied for each sector. For example, raising awareness was perhaps less relevant to large companies than to governments and NGOs, as governments had been doing very little in this area and civil society organizations had been struggling to raise awareness among consumers, investors, the media and other stakeholders. Some companies had developed a certain degree of CSR awareness through directives from head offices, local Global Compact networks and the efforts of donor projects in the region. Nevertheless, by promoting multi-stakeholder dialogue, this component promised something that was highly relevant for Central and Eastern Europe at the time: it created a starting point for breaking down traditional communication barriers between companies, government and NGOs. More than this, it succeeded in establishing a process that could be maintained beyond the life of the project, complete with forums for creating intersectoral partnerships.

ii. Effectiveness and Efficiency

This component managed to achieve a high level of efficiency by providing a significant impact in eight project countries. This is true of both the financial and human resource contributions made by the UNDP country teams in each project country, which raised much of their own project funding – approximately € 18,000 each – and managed to achieve a great deal with very little budget.

Best Practice – Multi-stakeholder Dialogue & Partnership Approach

The interviews confirmed that the awareness-raising activities involved in this component were **highly satisfactory** (HS). Activities were relevant, effective and timely and had a significant impact on stakeholders. While there had been previous CSR projects and complementary initiatives (eg. Global Compact, Business Leaders Forum), the most significant achievement of the Regional CSR project was its ability to implement a partnership approach between business and civil society, and perhaps more importantly, to bring governments into the multi-stakeholder dialogue. Because while companies had been practicing some CSR, and NGOs had been doing some advocacy around CSR issues, governments for the most part had been left out of the picture.

The cross-sectoral approach and multi-stakeholder dialogue was rated the most significant accomplishment of the project because it involved representatives from various institutions coming together and learning from each other's point of view. Also, UNDP's role was highly regarded, as it was the only institution to come up with such a comprehensive partnership approach, and project stakeholders recognized this as a unique opportunity to penetrate the "reality" of other sectors. Through the establishment of national and local forums, CSR peer groups and perhaps most importantly, through the

process of formulating national CSR strategies, this component was able to create a platform that was used to influence the national policy agenda involving the main CSR actors and stakeholders.

The website was reportedly under-utilized by project countries and under-resourced in the budget to ensure proper maintenance. As a result, we have given this activity a **Marginally Unsatisfactory** (MU) rating, which is applied when an activity is expected to achieve only some of its major objectives (see table below). These shortcomings may have been overcome if the website had been incorporated into an overall communication strategy integrating the website, the database and the media component. Nevertheless, it is widely accepted that the website needs to be redesigned to serve current needs, and responsibility for the upkeep and maintenance will have to be transferred from UNDP to an appropriate organization – preferably one that has a CSR focus, has the in-house technical capabilities and that can provide services to the full range of countries in transition in Central and Eastern Europe.

Review of Activities and Achievements: Component 2

Output	Bulg	Croat	Hung	Lith	Mace	Pol	Slov	Turk	Participants/Involvement		
									Gov't	Business	Civil Society
Component 2 – Promote multi-stakeholder dialogue at the strategic level to enhance awareness and exchange good practices											
1. Regional Conference	HS	HS	HS	HS	HS	HS	HS	HS	✓	✓	✓
2. National and Local Forums	HS	HS	HS	HS	HS	HS	HS	HS	✓	✓	✓
3. CSR Peer groups	HS	HS	HS	HS	HS	HS	HS	HS	✓	✓	✓
4. Website	MU	MU	MU	MU	MU	MU	MU	MU	✓	✓	✓

iii. *Impact: (a) on the Business Sector*

The interviews revealed that there were several positive outcomes from the activities in this component:

- 1) Multi-stakeholder dialogue
- 2) Draft national CSR agendas
- 3) Company CSR practices

Multi-Stakeholder Dialogue and Increased Awareness in Business Community

The business sector was appreciative of the dialogue that had been established through the multi-stakeholder platforms, particularly the improved relations with government and NGOs, which helped to develop their stakeholder engagement strategy. Company officials indicated that they benefited from the awareness-raising activities within the peer groups in terms of networking and by participating in the preparation of national agendas. Interviewees felt that they were able to obtain up-to-date information on recent

developments of CSR practices in Eastern and Western Europe through the peer group forums, which contributed to an increased awareness of the necessity for CSR and increased the appreciation for CSR among the business community. As a result, they felt that CSR was becoming a generally accepted concept in the business community, which was receiving increased attention, and in time would become a routine way of doing business in the local environment.

While acknowledging that the broad awareness-raising activities and the facilitation of multi-stakeholder dialogue created an improved environment for their own efforts, company representatives felt that corporations were in greater need of direct training on implementation of CSR at the company level – which was beyond the scope of this project. Nevertheless, the project did manage to create a solid base and lay a strong foundation that would enable companies to identify the direct training requirements they would need in the future. This was a significant achievement from the baseline situation where in many companies were not interested in CSR and would not participate in direct training.

As contributing factors to this improved outcome participants mentioned three related trends: 1) the knowledge transfer from foreign shareholders; 2) the legacy of the socialist system, through which the business sector had been heavily involved in undertaking good deeds and making contributions to the community; and 3) the influence and involvement of UNDP and the UN Global Compact, which garnered support from a rising tide of CSR activities world wide.

Peer Groups and National CSR Agendas

Prior to the CSR project, there was a complete absence of national frameworks for promoting CSR, and indeed little pressure from national stakeholder groups such as consumers, the media, NGOs and investors. In this respect, the national CSR agendas were accepted by many as a common action plan for the entire CSR community. Company officials appreciated the opportunity to participate in the process of formulating national CSR agendas because it provided a key learning mechanism for them to reflect on CSR issues at the corporate level, as well as directing their efforts towards a common national strategy.

Best Practice – CSR Peer Groups

The peer group format was useful as a networking platform for sharing information and comparing CSR practices among companies. Representatives from the peer groups found that the forums were a good example of a well-functioning economic-social-environmental dialogue between stakeholders which provided opportunities for cooperation and undertaking joint activities, and which provided an opportunity to improve relations among business, government and NGOs.

The peer group format, which offered possibilities for interacting with representatives of various sectors, was assessed as one of the most significant and highly valued benefits of the project. As mentioned by the CSR manager of one corporation: “participation in such a diverse peer group taught me to see CSR in a wider context than in the context of our

company. Never before had I thought about the governmental point of view, for example. Participation helped me to put on ‘their shoes’ and recognize the constraints they have to face”.

Regarding the composition of the peer groups, several participants thought that the membership should be expanded to include groups that had been left out, such as consumers, journalists, SMEs or chambers of commerce. And, interviewees expressed the need for more participation and leadership on the part of government.

Company CSR Practices

One of the key outcomes of the awareness-raising component was an increase in the preparation of CSR and/or sustainability reports by companies. Some foreign companies reported that they had started to prepare CSR and sustainability reports as a contribution to their parent companies’ global reports. While national companies, encouraged by their participation in Global Compact networks, had started preparing national reports. The rationale for preparing reports was partly to reflect the company’s CSR practices, as a function of their PR and marketing efforts. However, some companies declared that the preparation of CSR reports was a reflection of their desire to report and monitor their competitiveness, transparency and accountability efforts. So to some degree the project encouraged both MNCs and national companies to start preparing reports, undergo internal CSR training, adapt international social standards, seek CSR performance indicators, research best practices, develop networking relations with CSR stakeholders, establish special departments or recruit special staff to work on CSR.

However, these companies are still very much in the minority and the sample of companies interviewed was made up of those involved in project activities. Due to a lack of shareholder interest, consumer pressure and media coverage, companies are not being pressured to report on their CSR practices – so they are not, and probably will not until they are required to do so by their consumers, shareholders and other stakeholders. In general, CSR performance among the majority of companies in Central and Eastern Europe is still at an elementary level and in many cases companies do not differentiate between corporate philanthropy and corporate social responsibility. Similarly, the shift to strategic CSR is still very rare. Also some company officials were not convinced that CSR could be used as a tool to increase business competitiveness.

Impact on Different Companies (MNCs vs SMEs)

Within the business sector, we have to distinguish between the impact of the project on participating versus non-participating companies. Understandably, the impact was greater on companies involved in project activities, peer groups and Global Compact networks. The majority of these private sector representatives tended to be members of multinational corporations whose headquarters have relatively clear and strategic CSR approaches. As such, they are not a representative sample of the business sector in Central and Eastern Europe. The evaluation process involved undertaking some “counterfactual” interviews with representatives of the business sector that were not included in the peer groups, and in general these representatives felt that their relationship with government ministries and agencies involved in CSR promotion was still weak.

There tended to be more receptivity to the project ideas among foreign MNCs as opposed to local SMEs. This is understandable because the project used the structure and influence of the Global Compact network in each country (except Slovakia where the GC was launched in September 2008), which for the most part included MNCs. Several participants felt that the reason for the lack of participation by SMEs was that the chambers of commerce tended to be resistant to CSR (as CSR was considered a limiting factor on business performance) and were generally unwilling to support policies or initiatives promoting CSR. Nevertheless, targeting chambers of commerce would have expanded the reach of the project beyond the “converted” – large MNCs and Global Compact members that tended to be receptive to CSR issues because of the influence from their parent company.

Questions were raised about the project’s strategy of supporting SME involvement in CSR through the internal supply-chain policies of multinational companies because SMEs have limited capacity to implement CSR activities. In this sense, it was felt that the CSR project should have paid more attention to SMEs, particularly the awareness-raising and capacity strengthening activities. Another criticism was that project activities tended to focus on the capital cities, whereas SMEs are more prevalent in the outlying regions. As a result, the level of awareness and appreciation of CSR among the rest of the business community was relatively low.

In an attempt to reach out to SMEs and rural areas, the project organized two local forums in each country outside of the capital cities. However, the resources allocated to these local forums were not sufficient to do much more than raise awareness about CSR, get companies talking about it, experiment with practices, and to spread the word to make it easier for future work. Some interviewees reported that the holding of local forums in outlying areas enabled SMEs to work on CSR, and in doing so, found out that SMEs already have many CSR-related practices.

Greater SME involvement is an opportunity for follow up activity because while the chambers of commerce may not be promoting CSR in the western sense, their SME members are very much aware of the social benefits of corporate philanthropy and community engagement, and some have been implementing ethical business training, “fair play” employment programs and educational programs targeting CSR strengthening among their membership. In Bulgaria, the CEIB has a collective membership of 6000 individual companies and sectoral business associations and networks, which makes it a primary target for building awareness and CSR capacity at the national level. The CEIB plans to make CSR one of three major themes in its long-term projects and CSR will be an important element in CEIB’s application for EU funding.

Lingering Lack of Cooperation

In spite of the improved mechanisms for social dialogue, businesses admitted that there was still a lack of trust and respect for NGOs, which was generally attributed to a lack of “professionalism”, consistency and aggressive engagement strategies exhibited by NGOs. Some company officials still held onto outdated beliefs and practices – thinking that

NGOs were mainly interested in donations, and lacked the capacity to offer business many benefits. Several company representatives stated that they prefer to implement their CSR activities independently, or in cooperation with the business community. Others acknowledged that the project offered the first opportunity to make contact with NGOs through UNDP-organized events – however, these initial contacts were not followed through with the initiation of a cooperative relationship, and business officials tended to offer suggestions that NGOs should create a “communication center” so that they could be reached through a common interface. From these comments, it appears there is still a significant amount of work to be done in the area of multi-stakeholder dialogue.

Impact: (b) on Civil Society

Interviewees felt that activities under this component assisted beneficiary NGOs to create linkages and relationships, consolidate differing opinions and strengthen their commitment to CSR. Apart from appreciating the opportunity of comparing similar experiences and practices with other stakeholders at the regional conference in Brussels and the national and local forums, participants indicated their support for three aspects:

- 1) The multi-stakeholder dialogue
- 2) The opportunity to participate in the process of formulating national agendas
- 3) Enhanced opportunities for cooperation.

Multi-Stakeholder Dialogue

One of the key outcomes of this component was the increased opportunity for civil society organizations to work on CSR related issues. Most civil society organizations had been struggling to establish a dialogue with business for some time. NGOs maintained that businesses had not been responsive to their efforts to encourage adoption of CSR practices, particularly SMEs who cited cost issues as the main reason for their reluctance. Thus, the project created opportunities for networking as well as increasing awareness of CSR issues, and other organizations’ positions. NGO participants were unanimous in pointing out that the greatest contribution that the UNDP project made to the CSR process was the promotion of the multi-stakeholder dialogue among the different sectors (government, civil society and public sector). NGOs, and particularly business associations, found that because of project activities, companies began to ask more questions about CSR requirements. However, NGOs admitted that they had limited knowledge, information and capacity on CSR-related issues. To this extent, the awareness raising component of the project enabled NGOs to work on CSR-related issues and provide assistance to their members. Moreover, it provided an opportunity for some NGOs to learn about and participate in the national CSR agenda.

National Agenda

All participants agreed that the establishment of peer groups to work on national agendas was a valuable process involving multi-stakeholder groups and international experts. This was a very focused activity – production of a national policy statement – and it involved a broad spectrum of stakeholders. As a result, NGOs were encouraged and motivated to participate and contribute to the development of a national CSR agenda with a common purpose. Through the peer group platforms, some civil society organizations were able to

exert a significant amount of influence on the process for establishing the national agendas. For example, Hungary's environmental groups and consumer awareness associations managed to get their major topics on the discussion table and into the draft national strategy.

Opportunities for Cooperation

The project offered significantly enhanced opportunities for cooperation with business and government through the multi-stakeholder process and the peer group forums. The activities behind this component managed to start NGOs and business talking, appreciating each other's perspective. Prior to this, NGOs were seen as "troublemakers" in the growing green and consumer awareness movements that were becoming an irritant for businesses and governments. NGOs were seen as confrontational and dialogue and cooperation was not possible. However, with UNDP's partnership approach, dialogue and cooperation became possible.

Some sectors appeared to be making greater progress toward cooperative relationships than others. For example, environmental NGOs reported the existence of good relationship-building activities with both companies and government agencies. This is perhaps due to the heightened awareness about environmental issues among the general public in Central and Eastern Europe, and because of this pressure, governments and especially companies have recognized the importance of establishing good relations with NGOs involved in this area. In Lithuania, Croatia and Hungary for example, companies and governments made extraordinary efforts to appease environmental groups and conscious consumer associations.

In spite of the potential for relationship-building through project activities, there was a noticeable lack of on-going collaboration between companies and NGOs. One constraint perceived to hinder business-NGO cooperation was the lack of understanding on how the other sector operates. The perception among businesses was that NGOs are interested in establishing relationships with companies mostly for donations. Among NGOs, there is still a great deal of skepticism about the motivations of the business sector; and most NGO representatives remained under confident and even skeptical of their role and the impact they could have on CSR practices and process, as they believed they had insufficient awareness and understanding of CSR.

NGO representatives noted that they did not feel NGOs were considered a valued partner by governments. There was little sense in the public sector of the importance of engaging NGOs, and positive NGO awareness existed among a limited number of government officials. Businesses noted the poor cooperation with media, which "lacked awareness" on the CSR issue and tended to focus on negative stories while overlooking positive ones. NGOs were said to lack rules and principles of fundraising, and especially failing to define from which donors they would and wouldn't accept funds in order to protect their image and mission.

While some NGOs have commenced initial activities in the area of CSR promotion very few have created a network that would allow them to join the resources and efforts of

civil society. There are exceptions, and Pontis in Slovakia is a prime example where they act as a broker for corporate donations, matching these with the needs of civil society. This is a model that should be considered a best practice for business-NGO cooperation in the region. Other examples include Bulgaria's Partnership for CSR – an NGO that was established as a result of the regional CSR project – which gathers together like-minded companies to help each other.

Best Practice – Broker between NGOs and Business – Pontis Foundation

Slovakia's Pontis Foundation is recognized as the strongest promoter of CSR with solid links to the business sector. More importantly, the Foundation acts as a broker between the business sector and small grass-roots NGOs by administering several corporate philanthropy funds and by coordinating the Business Leaders Forum.

Within the Slovak environment, the Pontis Foundation is a fairly unique organization – because of its strong connection to the business sector, its wide portfolio of activities and expertise as well as its unique funding role. No other similar organization exists, although there are 2 or 3 other organizations focused on inter-sectoral cooperation and on providing services to companies relating to their philanthropic activities. However none of these organizations can be compared with Pontis because it acts as broker between the business sector and NGOs, providing funding for the latter through pooled funds donated by companies.

Impact on Different Civil Society Organizations

It is necessary to put the project's achievements in perspective: The impact of this component tended to vary with each type of organization. Prior to the project, civil society groups had been working in a vacuum trying to raise the level of understanding and motivation behind CSR. Although some business associations had developed strong ties to businesses and some NGOs had achieved success working with environmental and consumer awareness issues – areas in which the general public has a high degree of respect – most were struggling to raise awareness of CSR issues among their constituencies, and were encountering a lack of consumer awareness, employer and employee resistance, etc.

Following project activities (and in some cases motivated by other CSR initiatives), the leading business associations had established special CSR departments or working groups for the benefit of their members. While Global Compact networks were responsible for establishing the CSR concept in project countries, the Regional CSR project was instrumental in strengthening cooperation between stakeholders through various CSR associations that tended to focus on providing CSR-related services to the business community. In Turkey for example, the Turkish Businessmen Association (TUSIAD) established a CSR working group to spread the CSR concept to other companies. Likewise, the Bankers Association in Croatia encouraged the participation of its members in project activities. The Quality Association of Turkey, KALDER, developed a special training programme on CSR in response to an increased need for CSR training and capacity development on CSR. ITKIB in Turkey found the awareness raising activities to

be a key networking mechanism for presenting CSR experience to stakeholders. In Bulgaria, two of the Confederation of Employers and Industrialists' (CEIB) training projects were amended to include CSR topics in their plans, and the feedback from participants indicates that they are clear now that CSR is more than just safe and healthy work conditions; in their way of doing business they are able to include more and more considerations related to environmental protection, anticorruption, etc. Responsible consumption NGOs and environmental organizations in Lithuania, Hungary and Croatia benefited from participation in the peer groups. Also, the project seemed to have a positive impact on academia by helping to move CSR beyond an academic focus and toward a more broad-based appeal involving business studies. This was partly due to the attention paid to the topic of CSR by an international institution such as UNDP, and partly to the growing need for modern business studies curricula. However, for the most part, trade unions were criticized for holding onto outdated ideas.

Although it was not the intention of the project to target consumers directly, some participants would have appreciated more guidance on consumer issues. The project did try to improve the media's coverage of consumer issues through journalist training (study visit). However, activities in this area were dependent on the initiative and resources available in each country and each UNDP Country Office. The UNDP focal point in Hungary, for example, made consumer awareness and the environment high priority issues by inviting two active consumer awareness and environmental NGOs (TVE and KOVET) to participate as two of the project's main implementing partners. As a result of this participation, these groups were able to provide a significant amount of influence over the content of the draft national agenda – promoting the use of a number of innovative sustainability indicators and instruments such as the “ecological footprint”, green state budget, carbon based tax system, etc.

As consumers are considered to be one of the main drivers for CSR acceleration, future activity in this area should be targeted toward the general public. As things stand now, consumers and investors remain passive, and the media has not developed the investigative techniques that can put pressure on corporations to change their business strategies. NGO representatives admitted that, due to financial constraints, their corporate watchdog function was still not developed, even among human rights and environmental NGOs. Only a few consumer awareness organizations and certain civic activists were performing such monitoring of corporate activities. Nevertheless, the project provided a start. It has given NGOs the confidence to engage business, and it has provided a platform for business to listen.

Impact: (c) on the Public Sector

While it was anticipated that governments had the greatest need for the activities under this component, there appeared to be a general lack of capacity to promote or coordinate CSR-related matters. Although senior government officials in all project countries voiced support for the CSR initiative, and while some government officials displayed a keen awareness of and appreciation for CSR, some participants felt that the topic of corporate social responsibility has yet to resonate in the public sector – which may explain why there has been little decisive action or clear direction provided by political leaders in

project countries. Participants noted two main drawbacks to government's leadership and participation:

- 1) Governments are unclear about which ministry has the lead responsibility
- 2) Governments lack capacity to take a leadership role.

Capacity Weakness

Senior government officials recognized that the project's awareness-raising activities had created a watershed of activities, a change of attitudes, new business processes and an open dialogue with stakeholders where NGOs and business associations have become proactive. But they admit that government officials lacked the capacity to take the lead on the CSR issue. Most of their time and energy was being consumed by their priority issue – EU membership deadlines and the accession process. Part of this EU agenda includes the existence of EU structural funds, which is having a significant influence on the atmosphere in particular ministries, where according to one interviewee, “structural funds are the alpha and omega of the ministry's current operation. Our priorities are limited by the use of this money”.

Also, government officials indicated that they were preoccupied with the approaching period of economic difficulty, prompted by rising oil and food prices, increasing inflation and a mobile workforce. Some government officials appear to be taking a wait-and-see approach to CSR, as they fully expect there will be some backsliding on CSR issues during an economic downturn.

In addition to capacity constraints and new priorities, government officials cited lingering public sector issues as a problem hindering progress in this area, whereby individual ministries were constrained by their traditional mandates. For example, the ministries of labour and social affairs find it difficult to stray too far from their social mandate, where the traditional priority issues are employment and pensions – whereas CSR is a cross-cutting issue that includes, the economy, the environment, employment, etc. Governments have tried to overcome this problem by establishing inter-ministerial groups and tripartite committees. But there is a lack of leadership on these interdepartmental committees and officials remain unsure about which ministry has the lead role.

In response to these challenges, some governments are in the process of reorganizing their portfolios. Government officials are considering appointing a single ministry as the lead focal point on the CSR issue (some are transferring responsibilities to the Ministry of Economy while others are using the Ministry of Social Affairs). In Croatia, the government has been reorganizing the Ministry of Economy into a more operational structure, combining economy, entrepreneurship, employment and labour under one roof. This structure is based on the Irish model, and is considered an ideal model for a small state to combine the current needs of the labour market with long term planning in entrepreneurship and vocational education. It was also felt that the cross-sectoral nature of CSR would fit naturally into this combined portfolio.

Lack of Leadership

The limited leadership and participation of public authorities in awareness-raising activities and peer group platforms was considered by all participants, including government officials, to be a disappointment. There are only limited examples of governments taking a lead role by appointing a national CSR coordinating body, establishing a ministry as a focal point for CSR, or spearheading the National agenda process. Business leaders and NGO representatives expressed concern that governments were not more involved in these processes and did not exhibit more leadership. Although business is considered to be the driving force behind CSR in the region, governmental approval and support is required.

Participants agreed that the peer groups were able to undertake a considerable amount of activity in a relatively short timeframe. However, government participation in peer groups tended to be lacking, as many lower level government representatives were asked to participate as a replacement for their supervisors. As a result, one of the highest rated concerns identified during the interviews was the role of government employees who found participation useful for themselves personally, but with little possibility to accommodate the strategy or CSR principles within their ministries. As mentioned in one interview, “I am happy I had a chance to participate, but if I were not tasked I would not go. We – governmental employees – do not incorporate the information gained into any strategic or conceptual document, thus possibilities to share the information gained are fairly limited.” Also, despite attempts to build strong peer groups focused on CSR advocacy, the meetings were seen as educational events that did not demand active participation. Some interviewees maintained that the peer groups lacked a natural leader, an individual able to link all the members and bring their points to the table.

Also, in spite of their participation in the multi-stakeholder dialogue, there is still some reluctance among governments to get involved with business and there is still the lingering impression among government officials that business can look after itself and NGOs are too weak to be of much use.

Impact on Different Government Ministries

This component of the project had a different impact on different government ministries, departments and individuals. For example, individual government officials from the Ministries of Economy and Social Affairs & Labour gained a greater awareness about CSR issues by attending the national and regional forums and kick-off events, and from participation in peer group activities. Officials from the Ministries of Environment were involved in some project activities, but to a lesser degree, and their involvement tended to be confined to corporate environmental issues, such as the promotion of biodegradable bags or green procurement, recycling, etc.

As a result of the project’s awareness-raising activities, various officials are pursuing initiatives related to promoting various aspects of CSR. However, because CSR is still not included in the work program of governments and these initiatives are not part of a comprehensive CSR agenda, these initiatives are fairly isolated and awareness about their existence is low. Nevertheless, government officials indicated that the awareness-raising

component of the CSR project had started to build awareness on the issue among government officials, whereas previous projects targeted businesses and civil society organizations. So, because of the focus of the Regional CSR project, for the first time government officials have accepted the notion that promoting CSR falls within their sphere of influence, and have taken on the responsibility for establishing national peer groups and coordinating bodies on CSR under the umbrella of government.

Participants also felt that there was too much mobility within government ministries to establish much continuity, and that the constant changing of portfolios created a high degree of instability. In order to make a more effective impact on governments, there will need to be a concerted effort aimed at imbedding CSR concepts and approaches throughout the civil service.

Enabling Environment

One of the main objectives of the evaluation was to assess the impact that the project had on creating an “enabling environment” including the “development of government policies for CSR promotion”. While Macedonia was the only project country to officially approve its National CSR Agenda (in autumn 2008), the approval process is underway in all project countries. Draft national CSR agendas have been developed by all countries except Croatia and governments have established inter-ministerial working groups comprised of representatives from project stakeholder groups, NGOs, academia, private sector. Also, most national CSR agendas received informal approval during the national consultation process in project countries. Furthermore, work on the final approval of national CSR programmes/strategies for all project countries was gaining momentum, and all countries (except Croatia) presented drafts at the Vilnius conference in September 2008. For example, in Bulgaria the project’s CSR peer group was expanded into a national working group that is currently working on drafting the future national CSR strategy, which is regarded as one of the key positive practical outcomes of the project.

Best Practice – National CSR Agendas

One of the main expected results of Component 2 was “establishment of National CSR Agendas in Project countries”. Based on expectations at the inception of the project, activities surrounding the development of national CSR agendas can be considered a “best practice” that warrants a **highly satisfactory** rating. At the beginning of the project, government involvement in CSR activities was non-existent in most cases. Within less than 9 months, peer groups were established, multi-stakeholder dialogues were commenced, and national agendas were developed and endorsed by national forums. Draft agendas were developed by peer groups, and expert advice was provided through national and international consultations with the purpose of defining a broad spectrum of issues that could be included in the national agendas and relevant for development of public policies on CSR promotion.

Although most project countries are still waiting for formal government finalization and approval of the national agendas, informal approval was obtained through a series of national consultations. However, some countries went beyond the expectations of the

project – by initiating formalized processes of government public policy on CSR. Lithuania for example, established a Draft National Strategy and Action Plan.

Although government officials felt that this component contributed to the forging of national policies on CSR, there was a general lack of ownership over the awareness-raising activities by governments, and in most cases the draft national agendas were seen as UNDP-initiated documents. Perhaps if more project resources had been devoted to supporting government efforts directly, the ownership and approval processed could have been formalized sooner. Nevertheless, the fact of the matter remains that governments still rely on UNDP for coordination of policy initiatives and for the provision of expert advice – which points to a need for continuing UNDP’s presence in the region.

Summary Review of Activities and Achievements: National CSR Agenda

Output	Bulg	Croat	Hung	Lith	Mace	Pol	Slov	Turk	Participants/Involvement		
									Gov’t	Business	Civil Society
Component 2 – Promote multi-stakeholder dialogue at the strategic level to enhance awareness and exchange good practices											
Development of National Agenda	H□	MU	H□	H□	H□	H□	H□	H□	✓	✓	✓
Informal approval	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
Draft Strategy/ Action Plan				✓	✓		✓				

UNDP Value Added

Senior politicians indicated their support for project initiatives as UNDP was seen as the most important player in the CSR arena in Central and Eastern Europe, providing advice, international experts, raising awareness, leading the Global Compact initiative and providing a formal framework for multi-stakeholder dialogue. As an international organization that is considered impartial and neutral, UNDP commands a high degree of respect among governments in the region.

This was an important factor in being able to initiate and facilitate “multi-stakeholder” dialogue between business, government and civil society. Participants felt that no other institution had been able to implement such a comprehensive partnership approach, and they recognized this as a unique opportunity to be able appreciate the “reality” of other sectors.

Governments have been quite willing to let UNDP take the lead role in the awareness-raising activities and the facilitation of peer groups. Because of this, however, there has been little consideration of an exit strategy for the project or for UNDP and little consideration of the government taking a leadership role. The general feeling among

public officials is that government needs more time, it needs more CSR training, and it needs more advice and support from UNDP. Indeed, government officials were quite worried about the prospect of losing UNDP's advice and support. When UNDP Country Offices were downsized and in some countries closed after accession, some governments in the region began providing their own financing to maintain a UNDP presence in the country.

iv. Sustainability/Lessons Learned

Raising awareness through multi-stakeholder dialogue was a vital component in the project that was needed to sustain the CSR initiative in Central and Eastern Europe. Companies are participating in more CSR networks and the number of networks is increasing. The relevance of and membership in the Global Compact networks has increased, and more companies are participating in CSR working groups, CSR platforms, and CSR networking activities. In effect, sustainability of the various business networking mechanisms has been established – although this outcome cannot be attributed to the Regional CSR project alone. Civil society groups are more aware of their role in promoting CSR among their membership. Various countries are applying for follow up projects, which can also be regarded as a key multiplier effect of the Regional CSR project. For example, the CSR Association of Turkey was recently awarded an EU Project to enhance CSR practices in Turkey, which will enable it to maintain the awareness-raising and capacity building activities in Turkey; In April 2008, the Agency of the Directors for Investors Relations and the Agency of Industrial Capital in Bulgaria began implementing a project funded by the European Social Fund entitled “Improving corporate governance and developing CSR”. And UNDP has launched a sister CSR project in the Western Balkans.

As far as sustainability of results on the Regional CSR project is concerned, the sustainability measure envisaged was the development of national CSR agendas – which has been achieved. These national agendas will enable CSR stakeholders in project countries to set priorities, establish actions, identify actors and raise funding for several years to come. There can be no better institutionalization of efforts to create an environment for CSR than ownership by a variety of committed national stakeholders – as opposed to government alone or NGOs or business alone. Establishment of the multi-stakeholder dialogue through UNDP's partnership approach, therefore, was part of the sustainability process.

UNDP Added Value

There had been previous attempts to establish multi-stakeholder dialogue between business and NGOs, primarily through business associations. But these associations lacked credibility because they were too closely associated with business. Added value appeared to be needed to create permanent forums, and UNDP was able to provide this added value, primarily because of its international reputation and access to international experts. UNDP was able to service the multi-stakeholder dialogue through its partnership approach and catalytic role, which is presented as a “best practice”.

Best Practice – Role of UNDP as Partner and Catalyst

UNDP's role is different in new EU member states, where it acts more as a catalyst and partner than a traditional donor. UNDP brings a partnership model and facilitation skills, allowing partners to meet and discuss matters in a neutral space. In addition, UNDP provides a special coordination and cooperation role in Central and Eastern Europe, enabling countries to share experiences, especially for the benefit of new accession countries and the Western Balkans. Finally, UNDP's DEX modality of project execution provides allowances for this role, where UNDP Country Offices are being transformed into country teams that are assembled on a lean, project-based model.

Governments want UNDP to continue to provide assistance and guidance. These countries find UNDP's presence useful for addressing certain issues that are not traditionally known to these societies, or when there is a need for catalytic role to be played by a neutral organization. This reflects the changed nature of UNDP's work among these countries – transferring knowledge and advice through projects, acting as a partner. As such, UNDP has developed a very specific niche in the region, building partnerships across sectors.

Interviewees felt that UNDP brought a value added role to the project by “giving weight” to the CSR issue, which increased the relevance of the initiative among stakeholders, as UNDP is recognized as having profound experience in development issues and being a global leader in promoting CSR. Therefore, it was stated that UNDP has had and should continue to have a strong advocacy role, promoting CSR among companies and government officials. Also, UNDP was said to have offered additional possibilities for networking between local and foreign stakeholders, contributing to the creation of opportunities for joint activities, pooling of resources and exchange of experiences. As a conclusion interviewees expected UNDP to continue to take the lead in this direction by further developing and promoting the Global Compact network in project countries, which is the only business-led association devoted exclusively to promotion of CSR.

In view of UNDP's continuing role, several questions remain unanswered: How will the multi-stakeholder process be institutionalized? Has the project generated enough momentum to enable civil society groups to follow through on their own initiative (consumer awareness, media, etc.)? Who will take over UNDP's leadership role? It is clear that no exit strategy was developed for the project or for UNDP's role. The peer groups were not being groomed to take over the awareness-raising activities, the government has not stepped in to take a leadership role, and civil society organizations and business have not built up enough trust in each other to continue collaborating without a mediator. In fact, it appears that all stakeholders would like to see UNDP continue its role raising awareness and facilitating the multi-stakeholder dialogue.

Peer Groups

Even though the peer groups were designed to create draft national CSR agendas and self-destruct after they had served their purpose, the project needs a sustainable exit strategy and the peer group structure may provide the answer. The establishment of

national peer groups proved to be a good mechanism for initiating and coordinating CSR promotion activities and maintaining multi-stakeholder dialogue on CSR. Also, the peer groups have received technical support from UNDP experts and other donor supported projects. As such, they provide a good institutional base for continuing the CSR coordination activities started by the project.

However, certain changes will have to be made if the peer group format is going to be sustained. First, an enabling environment will have to be created within government. Second, the national networking forums will need a clear agenda, active participation of its members and a strong leader for the group. Third, they will have to sort out the administrative and financial aspects of their roles, because the peer groups as they stand now place a huge burden on its members, and in the case of Lithuania on the rotating president. These groups will need to be institutionalized in such a way that they don't compete with existing CSR associations and Global Compact networks. Some interviewees indicated that the work-plans of the peer groups were quite ambitious, leading to doubts that its members can continue expending time and money to attend meetings and events on a voluntary basis. Others have suggested that these groups need a paid secretary to coordinate operations, organize meetings, prepare action plans, etc. Still others think these groups need to be institutionalized under the umbrella of a government framework as formal "CSR coordination bodies" which would enable them to engage government and stakeholders. Until these groups are formalized and become administratively and financially sustainable in terms of being able to initiate and implement activities and to mobilize funding from public and private sources, they will remain dependent on foreign funding and drive.

Also, membership issues will have to be sorted out, as there was some concern that civil society groups were underrepresented in some countries, and that more effort should have been made to involve more and varied NGOs as regular members, or external members of the working groups (such as the media). Several suggestions were made regarding consolidating NGO representation in order to create some kind of civil society "alliance" that would increase the relevance and capacity of NGOs to get involved in a balanced dialogue on CSR.

Finally, in order for the institutionalized peer groups to maintain contact with local and grassroots problems and to avoid getting tangled in highly politicized national issues, more effort will be needed in replicating at local level some of the activities that were conducted at the national level.

Public Awareness

Public awareness needs to be improved as consumers are considered to be one of the main driving forces behind CSR. While the project contributed to raising awareness among leaders in the Government, the business sector and NGOs, more effort will be needed to increase the understanding and awareness among the general public.

3.3 Review and analysis of Component 3: Develop and strengthen the capacity of existing and future stakeholders at the national and local levels to promote and implement CSR

This section provides a review of Component 3, which included capacity building activities for CSR stakeholders.

a. Background and Context

Prior to the Regional CSR project, the most comprehensive set of capacity building measures with regard to CSR were those undertaken for the establishment of the Global Compact – this was true for most project countries apart from Croatia which had a three year CSR project. The establishment of Global Compact networks created a small but committed group of company representatives equipped with a sufficient knowledge to tackle the most pressing issues. The rest of the business community, with several exceptions, tended to equate CSR with corporate philanthropy.

The capacity of civil society in each project country was limited to several knowledgeable individuals. As a result, there was very little room for the development of NGO-company cooperation. Media representatives had a very narrow view of the concept, mostly confusing it with philanthropy and public relations exercises, and focusing on negative issues. And government officials generally lacked the will and capacity to get involved in CSR promotion activities.

b. Project Activities Completed

Component 3 was designed to produce an improved capacity among stakeholders to promote and implement CSR as a practical tool and to inculcate modern business practice into the corporate community. This output was to be carried out through a number of capacity building activities including practical consultations for national stakeholders, study visits, the creation of information materials and tools on CSR (online database) and training for journalists. The intention was to build a critical mass of CSR-competent actors among the various stakeholders. The table below illustrates the activities, dates and area of focus of each activity.

Table of Activities Completed under Component 3

Capacity Building Activity	Place and Date	Number of participants and Area of Focus
1. National consultations/training for CSR Peer Groups		
	Lithuania (March 20, 2008)	Overview of CSR policies in Europe and the role of government in promoting CSR, work on the agenda
	Macedonia (March 2-8, 2008)	Country's vision for CSR promotion and goals, challenges and roadmap for the ongoing work of the Coordinative Body

	Bulgaria (April 2008)	Overview of CSR policies and practices in the EU, discussion on CSR perceptions and trends in Bulgaria, outline of future CSR programme for Bulgaria
	Croatia	Not reported
	Hungary (local expert)	Continuous coordination of CSR agenda during the project
	Slovakia (April 3-4, and May 13, 2008)	Best practices in CSR public policies, formulation of Slovakia's strategy, vision, key goals and activities
	Poland (March 7, 2008)	Workshop on CSR and public policy options for the country
	Turkey (24 April 2008)	Not reported
2. Study trips	UK – January 27-29, 2008	13 Peer Group members
	Spain – February 25-27, 2008	17 Peer Group members
	Germany – March 12-14, 2008	14 Peer Group members
3. On-line database	Launched at the end of 2007	
4. Practical training for journalists	UK – October 21-23, 2007	21 journalists

1. Consultation/training for peer groups included several presentations on the concept of CSR, recent global developments, the current situation and efforts being undertaken in each project country. In addition, UNDP provided an international consultant on CSR to work in each project country with the overall objective of assisting the members of the peer group to understand the role of government in CSR promotion through international experience and guidance on steps to develop and implement CSR policies in cooperation with different stakeholders (Hungary used a local consultant). During their visit to project countries these consultants held meetings with various stakeholder organizations in order to better understand the context, and to elaborate on approaches that have worked in other countries in the region. Stakeholders were consulted and discussed the approach and views on how to promote CSR and how CSR should be understood and promoted in the local context. Policy discussions were also undertaken with senior government officials on taking a lead role in CSR promotion and on government policies affecting CSR development. The international consultants also made presentations on CSR promotion approaches to the members of the Global Compact, the members of the peer groups and students of corporate governance. In some countries consultants received draft

- agendas, reviewed, commented on measures and provided further comments after missions to the countries.
2. Forty-four nominated members from the CSR peer groups on were sent on study visits to UK, Spain and Germany.
 3. National stakeholders were informed of the regional on-line CSR database offering them methodologies on how to integrate CSR into business strategy, examples of good CSR practices and available courses on CSR.
 4. In October 2007, twenty-one representatives of the media were sent on the journalist visit to UK to get familiarized with the concept and reporting on CSR issues and to get inspired to pay more attention to the issues of corporate responsibility and sustainability.

c. Assessment of Performance

i. Relevance

Capacity building activities were included in the project design because it was recognized that all stakeholders (private sector, government, NGOs) had a low level of competence, capacity, tools, practices, etc. in CSR. Project stakeholders, particularly government officials, perceived this component to be very relevant to their needs, as governments' capacity and willingness to get engaged in CSR promotion was virtually non-existent. As such, these activities can be considered a starting point for developing national CSR policies on behalf of the peer groups.

Interviewees from some companies did not consider this component as relevant to their needs, because they felt the focus was more on governments and on the development of a national level policy, whereas companies were more interested in receiving practical training for implementing CSR at the company level – which was outside the scope of the project. Nevertheless, several company representatives thought that involving the government might indirectly be good for the engagement of companies, as the business sector was “waiting for a signal and incentive from the government in order to get involved”.

Other stakeholders involved in practicing and promoting CSR stated that this component was designed to assist their efforts, and it helped them to identify their needs and deficiencies in the area of CSR.

ii. Effectiveness and Efficiency

The interviews revealed that the capacity building activities achieved mixed results. Some were **satisfactory** (S) while others were **marginally satisfactory** (MS). The study visits, for example, were seen as valuable for exchanging experience among participants from Central and Eastern Europe as well as with those from Western Europe. However, some of the international training sessions were not fully appreciated, and the media training event was disappointing for some journalists involved – who felt that there was some skepticism among participating journalists, and even more exhibited by the UK mentors.

Selection of practical consultation sessions involving international CSR experts was left up to the individual peer groups to identify and organize with input and guidance provided by the Project Management Office in Lithuania. There were varied levels of CSR expertise among members of the peer groups and many participants indicated that at the time they were not ready for some of the training sessions that were provided to the group. For example, some company participants felt that the training sessions on reporting and CSR audit (assurance and reporting) were too advanced for their CSR competence at the time as their companies were not yet reporting on CSR.

Some project participants may have misunderstood the objective of the peer group consultation/training activity, which was meant to define a broad spectrum of issues that could be useful for inclusion in the national agendas and that would be relevant for the development of public policy on CSR promotion. Nevertheless, participants are now beginning to appreciate these lessons as the process of drafting national agendas is being finalized and as companies begin to prepare sustainability reports – so in the end the consultation sessions proved useful.

Summary Table of Activities and Achievements: Component 3

Output	Bulg	Croat	Hung	Lith	Mace	Pol	Slov	Turk	Participants/Involvement			
									Gov't	Business	Civil Society	
Component 3 – Develop and strengthen capacity of CSR stakeholders at the national/local level to promote and implement CSR												
1. Peer Group Consultation Sessions	S	S	S	S	S	S	S	S	✓	✓	✓	
2. Study Visit	S	S	S	S	S	S	S	S	✓	✓	✓	
3. On-line Database	MU	MU	MU	MU	MU	MU	MU	MU	na	na	na	
4. Media Event	MS	MS	MS	MS	MS	MS	MS	MS	na	na	na	

iii. Impact: (a) on the Business Sector

Impact of capacity building activities on the business sector was concentrated in three main areas:

- 1) Improvement in corporate capacity in CSR
- 2) Internationalization of CSR practices
- 3) Employee relations and stakeholder engagement

Corporate Capacity Building Efforts

While component 2 can lay claim to having increased corporate awareness of CSR and participation in the national multi-stakeholder dialogues, component 3 raised company expectations in terms of internal capacity building and reporting on CSR and sustainability. Company representatives acknowledged that they made progress during the implementation of project activities by developing CSR policies, codes of conduct,

and adopting new guidebooks on CSR issues. For example, the Bulgarian Code on Corporate Governance was adopted in October 2007. Some participants noted that the project contributed to creating basic awareness on CSR, but admitted that the progress was not necessarily “codified”, as it is sometimes reflected in changes in attitude and behavior of employees. Companies reported that they were using CSR as a practical tool for business, and more specifically as a marketing tool to publicize their involvement in various forms of company presentations.

However, only a few corporations can claim that this progression is the direct result of participation in the Regional CSR project – those participating in the peer groups. The majority of others were influenced by their parent companies. Nevertheless, the capacity-building exercises helped those companies to gain confidence and acquire the necessary training. For example, Hansabankas in Lithuania had a highly developed CSR policy in place, largely due to pressure from the parent company in Sweden. However implementation of this policy had been a challenge, a problem which was overcome by their association with the Global Compact network and the CSR peer group – both of which helped them to build the necessary capacity.

The capacity building activities of the project helped to establish CSR networks, which provided influence to companies through discussions on the problems, needs, strengths and weaknesses of CSR. In addition, participation of leading business companies in the project was considered a strategic accomplishment that facilitated the establishment of a dynamic, strong and sustainable CSR network and community in project countries. This established capacity was accepted as a strength among companies which can further the dialogue among themselves and between other stakeholders through their supply chains and business networks.

Internationalization

Companies participating in the capacity building activities reported valuable benefits from the study visits because they were able to see some good first hand CSR practices from other countries, which provided valuable inputs for the development of their own corporate capacity. In addition, companies participating in panel discussions and training activities found significant benefit in being updated on recent CSR developments, getting to know foreign specialists on CSR, learning from other companies’ CSR practices and sharing experiences.

It was also determined that companies visiting international practices focused on adopting good experiences, planned actions and partnerships on CSR. In addition, these activities also provided the opportunity for local companies to focus more on their EU counterparts. One interviewee stated that their improved CSR activities had facilitated a partnership with foreign shareholders, who were expecting high CSR standards in relation to human rights and the environment. Thus, the project helped this company improve its competitiveness by establishing a drive for achieving and maintaining higher standards of work – instead of relying on basic compliance.

For most corporations this transformation process is the inevitable result of participating in a common market. As national companies begin to compete on a European-wide basis they will start to change their strategy and structure. This trend is already beginning to happen with retail chains like Maxima in Lithuania and holding companies in Turkey, who are putting in place the necessary organizational and strategic changes to enable them to remain competitive in a growing common market. Part of these capacity building efforts are spilling over into CSR, as companies establish CSR units to meet the rising tide of pressure that is being put on them by their parent companies, EU companies in their supply chains, and inevitably consumer and investor awareness in new Europe.

Future Prospects: Stakeholder Engagement and Employee Relations

Companies stressed that the capacity building activities were particularly useful for learning about CSR issues. However, companies also recognized the strategic approach, which suggests that CSR is a mechanism that needs to be embedded into all levels of the business operations, including linking sustainability with strategy and stakeholder engagement. Thus, training for employees, stakeholders, supply chains, and customers was seen as essential for the CSR needs of companies.

In this regard, it was observed that the project helped achieve a level of CSR capacity among companies, and companies are now attempting to further develop their CSR efforts to improve their competitive edge. Most companies interviewed were attempting to focus on improving their responsible business practices, complying with international standards, developing the capacity of their staff, etc. Some companies were even focusing on capacity building for customers and stakeholders. These efforts may be seen as the beginning of a momentum which was facilitated by the project's capacity building efforts, training, roundtable discussions and panels – in which companies interacted.

Most corporations in Central and Eastern Europe are focusing their attention on the important area of employee relations – more so than CSR. Employee retention is becoming an important issue in Lithuania, Hungary and other project countries where employees are being lured abroad by better opportunities and higher wages. However, this trend may correct itself now that the economies of Central and Eastern European countries have begun to improve and Western Europe heads into an economic downturn. Recent figures indicate that the biggest wave of immigration in modern British history has passed its peak, with the number of Eastern Europeans seeking work in the UK now at its lowest since 2004 – where applications from Poland, Lithuania, Hungary, Slovakia and other former Soviet bloc countries have dropped to 40,000 (down from 60,000 last year)⁵. Nevertheless, according to some companies interviewed, it may be employees (not consumers) that become the driving force behind CSR in Central and Eastern Europe in the short term. By focusing on the employee component of CSR first, companies could be convinced to buy into the full CSR package. This makes sense from two perspectives:

- 1) From an external perspective: future employees are looking for value-based companies to work for
- 2) Internally, companies have to focus on providing motivational structures, and CSR

⁵ Times, 22 August 2008, Richard Ford, “Lean times bring sharp fall in East European work migrants”.

can provide such internal structures

Interviewees felt that the commitment of businesses had increased in general, but some were still not satisfied with the level of engagement relative to the size of their companies. Thus employee relations may provide a good strategy for follow-up capacity building and training initiatives – focusing on how to move from employee relations to CSR.

Impact: (b) on Civil Society

In general representatives of civil society organizations found this component's activities vital for developing the capacity of their NGOs. In addition, the training, roundtables and discussions under this component increased NGOs' efforts to provide training, panel discussions, sector CSR training. Three areas deserve particular mention:

- 1) Capacity building versus training
- 2) Transition from corporate sponsorship to CSR
- 3) Consumer awareness

Capacity Building versus Training

The impact of the capacity building component on civil society organizations differed depending on their involvement in project activities and depending on how well their mandate lined up with the project objectives. For example, this component contributed to capacity building among those NGOs that participated in the study visits, CSR consultation sessions and peer group meetings. As the intention of the project's consultation/training activities was to support the development of CSR agendas, these activities acted more like a guide or signpost pointing organizations in a particular direction for future support, and were not intended as intensive capacity building activities designed to strengthen capacity among NGOs. As a result, capacity among NGOs for CSR promotion was described as "still insufficient". In contrast, representatives from business associations and academic institutions evaluated the capacity of their organizations as strong, not only on a national but also on an international level. Apart from their involvement in training and research on CSR, these organizations reported that they now possessed the capacity and willingness to support the government in CSR promotion and the private sector in implementation of CSR – however, obtaining seed funding for such activities was still a constraint.

So we can make a distinction between CSR-focused organizations that are able to finance their own capacity-building (for example, those that are funded by corporate membership fees), and those organizations on the fringe of CSR activity that are dependent on donor or government funding (environmental groups, consumer awareness, etc.). A number of NGOs in the former category have begun to specialize in providing CSR services to the private sector, and business and professional associations have established CSR departments or recruited CSR officers.

Most NGOs in the second category have limited sources to mobilize funds for CSR promotion and training on CSR. In this sense, the project enabled these NGOs to be

trained and temporarily integrated into CSR networks, and to establish closer relations with companies and governments. For example in Turkey, KALDER thought that the capacity building activities satisfied a need for CSR education and proposed the development of special funds to support the CSR vision in Turkey. However, these activities are not financially sustainable without donor or government support, as groups like TÜSIAD emphasized the need for further donor funded training activities to develop their capacities.

Transition From Corporate Sponsorship to CSR

Civil society organizations (CSOs) emphasized the importance of including “broker” organizations such as Slovakia’s Pontis Foundation in the project, because broker organizations are perceived as key facilitators in the process of helping companies develop CSR projects using NGOs, and this arrangement was thought to be part of the transition process between corporate sponsorship and CSR.

In this respect, the capacity building activities reinforced the outputs of the baseline report, which provided a clear description of CSR, such that NGOs now realize there is a clearer understanding of CSR that is quite different from corporate sponsorship or public relations. In this sense, NGOs thought the capacity building activities of the project were the key to converting the corporate perception of “CSR” from a project-based public relations approach to a comprehensive CSR approach.

Consumer Awareness

According to market research surveys conducted by companies in Central and Eastern Europe, very few customers and shareholders appreciate CSR issues, and as a result companies are not motivated to implement CSR-related products and services. The surveys indicate that a few customers are concerned about ecological issues, but CSR and other related issues do not show up on the radar. In order to stay ahead of the game, some Eastern companies are coming up with home-made “eco-labels” and organic products (grains, certified meat, etc.) that are designed to appeal to customer loyalty. Maxima grocery chain in Lithuania is a prime example where it is promoting private labels such as “Premium Maxima” and “ekologiska Maxima” as part of their CSR strategy. However, these locally branded campaigns are not “true CSR” and are more of a marketing gimmick designed to give their customers what they want: optimal price, quality products and organic foods. This is an indication that these companies are not yet being pressured to use internationally recognized “fair trade” labels or adopt other CSR practices. However, these such short-term marketing strategies may backfire, as consumers will soon begin to distinguish between these home-made labels and internationally recognized ones, and they will realize that CSR is being “green washed” by these companies. The danger is that consumers may end up rejecting local products in favour of foreign ones if they feel they have been misled by flashy marketing campaigns that have little substance.

This is one of the consequences of the low level of consumer awareness in Central and Eastern Europe – where companies are using brand awareness research to stay ahead of customers interest. Until there is greater consumer awareness and shareholder interest in CSR, company priorities will be confined to small environmental initiatives

(biodegradable bags, etc.). As it stands now, company “CSR” is focused on the following 3 areas:

- 1) Local community shops: “good neighbourhood” policy: roads, parking, convenience, philanthropic ventures (renovating bus shelters, etc.)
- 2) Youth generation: contests, school committees, scholarships, contests for “best” of everything,
- 3) Employees: feel good schemes; well being: communication, summer camps, etc.

Consumer awareness appeared to be more advanced in some countries, for example in Hungary and Croatia. In the case of Croatia, this was attributed to the fact that they have developed a relatively freer media. Apart from this, Croatia benefited from a 3 year CSR project that resulted in the establishment of two dynamic organizations providing CSR services – the CSR Association at the Chamber of Commerce and the Croatian Business Council for Sustainable Development. This has led to the development of active consumer awareness groups who attend conferences and demonstrate at hospitals, etc, and who are considered quite vocal by government and business.

The project’s intervention in this area focused on journalist training, where following a study visit to the UK a number of journalists produced articles on various CSR themes which ended up educating the public. For example, in Lithuania journalists prepared an in-depth TV program on responsible consumption; and a journalist from Croatia filmed Wholefoods in UK for a consumer education program. As a result, many “ecological” initiatives and social corporate actions are becoming fashionable themes in the media. In this sense, the regional CSR project helped to break the resistance and to popularize these themes.

However, discussions with journalists who participated in this activity revealed that the participants themselves felt they were unprepared for the visit. They felt that journalists in Central and Eastern Europe are not used to investigative media techniques and rely more on stories that are “spoon fed” to them. Moreover, whereas the participants may have benefited from the media visit in the short term, they found it difficult to sustain the interest of their editors who were not interested in publicizing CSR-related topics. The feeling among the media was that consumers in Central and Eastern Europe are more interested in shopping, fashion, etc. than where products are made, and they are more interested in the products themselves than in the PR messages that companies may spin around their production practices.

Impact: (c) on the Public Sector

Governments have not been the driving force behind CSR issues in project countries, and most government officials were unclear about which department should take the lead role in CSR promotion. In most project countries, responsibility for CSR issues has been shared between several ministries (Social Security and Labour, Economy and Environment). In the absence of a crucial focal point in the coordination of CSR-related issues, there appeared to be a lack of leadership from government.

The interviews revealed that this was not so much a lack of political will but rather a matter of competing priorities and a general lack of capacity. As a result, the capacity-building activities were welcomed by government officials, who rated the study visits as the most useful activities, while the CSR consultation sessions and journalist training activities received a lower mark, but were still valued as “important”.

Government officials indicated they were trying to cope with the changing demands by reorganizing departments, establishing inter-ministerial committees and CSR working groups and formulating national CSR strategies. But as stated above, their internal agendas were dominated by EU membership priorities and officials were struggling to cope with the new economic and labour problems that are on the horizon: rising inflation, rising oil and food prices and outward migration of workers. Also, governments were seriously concerned with the fact that their SMEs are struggling to survive. In many cases, 95% of local companies are SMEs and those SMEs provide 50% of GDP. So understandably, this is where governments will be concentrating their efforts in the near future. Only recently have governments begun to think about providing incentives for SMEs, and CSR issues are being factored into those equations. However, they lack capacity and knowledge to move ahead with any speed or decisiveness.

In the final analysis, governments benefited from the process of formulating a national CSR strategy through multi-stakeholder dialogue and capacity building activities. In the end, the adoption of national agendas on CSR will be a fulfillment of much needed policy measures on CSR as NMS become part of the New Europe. Still, interviewees pointed toward the lack of legal incentives for CSR as one of the major constraints for increased engagement by companies. The draft national CSR agendas envisage a number of incentives that governments should create – such as measures that the Lithuanian government has begun to undertake involving the legal analysis for stimulating and preventing factors on CSR legislation. Other project countries may require further technical assistance to develop and implement these mechanisms.

iv. Sustainability and Lessons Learned

This component provided valuable capacity building interventions to the business sector, NGOs and governments. Each of these sectors is more aware of their needs in the area of CSR promotion and implementation. Also, project activities have fueled the need for further interventions as these organizations realize how much they have to catch up to their Western European counterparts. The need to sustain these capacity building measures has been acknowledged by some CSR peer groups, which have included capacity building mechanisms in their future work-plans. Also some draft national CSR agendas have included specific measures for achieving the necessary capacity building needs. However, identifying funding sources for the implementation of these measures may prove problematic, and peer groups may have to approach the business sector and foreign donors, but more importantly governments themselves. This is already happening in several project countries which have applied for EU funding to continue these initiatives – and more importantly, governments themselves are allocating Structural Funds for CSR follow-up activity. The State Planning Organization in Turkey, for example, allocated US \$ 1 million to CSR projects, and Lithuania has preliminarily

earmarked approximately € 3 million for CSR promotion for 2008-2013 under the European Social Fund programmes.

Capacity and funding issues aside, ownership of the process appears to be firmly in place as national CSR networks are beginning to consider alternatives for sustaining these initiatives. For example, many networks are considering ways of transforming the draft national agendas into national CSR strategies and action plans. Furthermore, various government ministries are starting to get involved in CSR activities, with the ministries of environment promoting eco-labeling campaigns, preparing sustainable development strategies and looking at sustainability issues related to the operations of the business sector. Also there are indications that various other government ministries are getting involved in CSR promotion activities, which in some cases is leading to the creation of inter-ministerial “CSR promotion teams” and consultative bodies formed under the umbrella of governments.

Best Practice – National CSR Promotion and Coordination

Lithuania’s experience with its Commission for CSR Promotion Coordination can be considered a “best practice” in national CSR promotion and coordination. Operating since 2006 under the Ministry of Social Security and Labour, it is composed of representatives from government, NGOs and civil society, and acts as a forum for multi-stakeholder dialogue.

This “permanent” CSR Coordination Commission was established under the Ministry of Social Security and Labour, and resulted in the adoption of a Ministerial Action Plan with concrete measures to promote CSR for 2006-2008. Following activities under the Regional CSR project, a Draft Programme on CSR promotion for 2009-2013 and an Action Plan for its implementation have been prepared for submission to the Government for approval. The Draft Programme and Action Plan lay out a three-pronged approach to implementing the national programme for the development of CSR during the period 2009-2011:

- a) Create a favourable legal and institutional environment for the development of CSR
- b) Promote better awareness of CSR and raise social and environmental consciousness
- c) Strengthen the competence of enterprises and other interest groups in CSR

In addition, Lithuania has preliminarily earmarked approximately € 3 million for CSR promotion for 2008-2013 under the European Social Fund programmes.

Questions remain on who should take over leadership of the national CSR peer groups. It was acknowledged in Lithuania, for example, that the current format of rotating chair did not provide for permanent leadership, and created a large administrative burden on one individual (the president) who was performing the duties on a voluntary basis. Other countries, such as Poland, have suggested the establishment of “centres of excellence” on CSR. Nevertheless, in order to sustain these CSR networks and to ensure their suitability to manage the national agendas, it is clear that there has to be more focus and more effort put toward recruiting local SMEs through the chamber of commerce networks and small

business associations. A summary of the on-going CSR networking activities underway in project countries is presented in the table below.

Sustainability of CSR Networking Groups

Country	Main CSR Institution (date established)	Membership	Assigned Task (Deadlines)
Bulgaria	Expert Working Group on CSR National Strategy , a network of expert-representatives of stakeholders formed under an inter-ministerial working group led by the Ministry of Labour and Social Policy (Sept 2008)	44 members: 22 representatives of ministries and 22 represent social partners, trade-unions, NGOs, business associations and organizations, private business and academia	Draft a national CSR strategy as an instrument for social and economic development: <ul style="list-style-type: none"> - Initial draft (January 2009) - Consultations (Feb- March) - Submission to the Council of Ministers for approval and adoption (April-May)
Croatia	CSR Association at Croatian Chamber of Economy, and Croatian Business Council for Sustainable Development		Development and pilot implementation of a corporate responsibility index, which is to serve as reporting, ranking and benchmarking instrument for interested companies.
Hungary	CSR peer group was formed in early 2008	78 participants: business and associations (28), government (19), NGOs (19), academia (9), international (3)	<ul style="list-style-type: none"> - 9 January 2008: meeting on environment, - 16 January 2008: meeting on consumer protection - 29 January 2008: meeting on labour and equal opportunities - 26 February 2008: meeting on economic development
Lithuania	<ul style="list-style-type: none"> - CSR peer group - Permanent CSR Coordination Commission established under Ministry of Social Security and Labour (2005) 	<ul style="list-style-type: none"> - 14 members from business, government and NGO sectors. - Composed of the main CSR stakeholders 	<ul style="list-style-type: none"> - Meetings: 21 February 2008, 20 March 7 April, 28 April 2008 - Adoption of a Ministerial Action plan with concrete measures to promote CSR for 2006-2008 - A formal government strategy has been prepared (Draft Programme on CSR promotion for 2009-2013) and the plan for its implementation for 2009-2011 has been pending submission to the Government for approval

Macedonia	National Coordinative Body on CSR , established by the Ministry of Economy as a permanent working group within the Government's Economic-Social Council (November 9, 2007).	19 members from 3 business associations, 3 organizations of employers, 3 labor unions, 2 academic and independent experts, 2 NGOs, 3 rotating media representatives, 3 government ministries	Promote multi-stakeholder dialogue and identify joint actions for CSR promotion and implementation. - Programme for Stimulating Investment (2007-2010) stipulated that by 2008 a comprehensive analysis of CSR activities should be conducted. - The Ministry of Economy has requested funds for 2009 to prepare a review of the laws and regulations regarding aspects of CSR to provide a better understanding of the obligations and incentives for companies Government approved the National CSR Agenda in autumn of 2008.
Poland	No formal decision on establishing a CSR platform in the country. UNDP organized six sectoral working meetings in November and December 2007.	- NGOs - Trade unions - Media - Business - Academia - Government	- 26 November 2007 - 27 November 2007 - 28 November 2007 - 29 November 2007 - 13 December 2007 - 17 December 2007 Recommendations were presented to the Ministry of Economy on 7 March 2008
Slovakia	Peer group created in 2007	Business assns (9), business (6), media (3), Government (4), NGOs (2), UNDP (2)	- 20 June 2007 - 18 December 2007 - 19 March 2008 - 3-4 April 2008 - 13 May 2008
Turkey	- State Planning Organization (SPO) signed a technical assistance partnership with UNDP and is supporting the expansion of CSR by establishing a special 1 US \$ million CSR Trust Fund to promote CSR activities with UNDP - UN Global Compact Turkey Network perpetuates its activities - TÜSIAD– Turkish Industrialists and Businessmen Association established a CSR Working Group - CSR Association of Turkey gathers CSR Stakeholders through project activities	- NGOs - Trade unions - Media - Business - Academia - Government	- SPO's pilot project supporting CSR will address Turkey's CSR needs involving law, education, CSR strategy, single CSR authority, etc. These initiatives are also expected to develop better working relations among CSR stakeholders. - Regular CSR peer group meetings during 2009 - October 2009 CSR Marketplace Turkey event - September 2009 CSR training for media - March 2009 CSR training for SMEs 22 January 2009 CSR Adding Value Conference by CSR Association - 17 October 2008 CSR Adding Value Conference by CSR Assn - Richard Howitt Panel on CSR July 2008 by CSR Association

In order to enhance the capacity for implementation of CSR in future generations, various representatives have suggested the need to include CSR education in primary and secondary schools, as well as including CSR issues in the curriculum of business courses at colleges and universities. This would start the process of introduction to CSR at an early age.

Among companies, interviewees stated that lack of in-house human resources was one of the major constraints for becoming more active in CSR activities. This leads to the conclusion that there may be opportunities for the development of consultancy and business support services on CSR – both by CSR associations and by international organizations like UNDP.

EU Leadership

A number of stakeholders have suggested that there should be more leadership coming from the EU on the CSR issue, which they feel is too important an issue to wait for popular demand to increase. There were certain expectations in the EU's communication policy of 2006 which involved centralizing CSR initiatives. However, after 2006, the Lisbon Strategy came into favour, which transferred responsibility to national governments. Now there appears to be less pressure coming from Brussels and more inspiration coming from UNDP which, with its in-country experience and international connections, is regarded as an important link in coordinating the CSR strategy – supporting governments in policy development, multi-stakeholder dialogue to ensure a role for consumers associations, employee associations, environmental organizations, etc.

With respect to the Regional CSR project, several participants were of the opinion that the most effective tool to encourage greater involvement from governments in Central and Eastern Europe would be some form of official communication from the European Commission to the governments on the importance of establishing a CSR policy. This official communication, it was felt, would be needed to stimulate the process within government circles.

It was felt that the EU could lead by example by establishing standard procurement systems based on CSR qualified companies. Establishing this requirement (or at least awarding points for CSR compliant companies) would set a standard for national governments to follow. Also, the EU could limit the amount of tax concessions that a company like Mercedes can negotiate with Hungary, for example, or set standards on CSR performance, and require visible performance on state-owned enterprises as a start. In addition, one of the surest ways of obtaining government compliance from NMS on CSR would be for the EU to issue a directive as part of the accession process. Many countries require a good scorecard of CSR practice for entry into the EU. Romania's entry into the EU, for example, is being affected by the poor environmental record of mining companies there, and Bulgaria is running into difficulty with its use of EU funding.

While Western companies are beginning to integrate CSR and sustainability reporting into mainstream financial reports, the emerging consensus is that the lack of consistency

in CSR reporting and the absence of international standards will renew the impetus for regulations and formal guidelines – which governments should be providing⁶. The feeling is that companies need an international standard for reporting, which does not exist at the moment.

3.4 Complementary Activities

The Regional CSR project was implemented at a strategic time in Central and Eastern Europe. Companies were being required to begin preparing sustainability and CSR reports to align with parent company reporting practices; governments were being required to harmonize their agendas with EU regulations; and civil society organizations were distributing more and more information on responsible corporate practices to their constituencies in environmental groups, consumers awareness associations, business associations, employer organizations, investors, the media, etc. The Global Compact networks were providing further guidance for companies on CSR practices in Western Europe and throughout the world. These and other complementary CSR-related projects and studies helped to prepare the ground for the multi-stakeholder and partnership-oriented activities under the Regional CSR project.

These complementary initiatives were not included in the evaluation. However, because the regional CSR project attempted to consolidate many of these CSR initiatives into a multi-stakeholder, policy-focused effort involving governments, businesses and NGOs, it will be important to provide an acknowledgement of the role played by these initiatives as part of a growing momentum in CSR in the region that included inter-ministerial programmes, company strategies and NGO advocacy campaigns. These complementary initiatives included coordinating activities with the Global Compact networks and various activities in project countries included after the project extension (the Vilnius Conference, extra local forums, etc.).

Global Compact

The Regional CSR project was designed to build on existing networks of the UN Global Compact which had been established in each project country (except Slovakia until September 2008). As these networks were facilitated by UNDP offices in each project country, it was natural to involve Global Compact members in the activities under the Regional CSR project. For example, representatives of the Global Compact networks were included in the CSR peer groups; and international consultants hired under the project made presentations to Global Compact members on the approaches in promoting CSR and how CSR should be understood and promoted in the national context. Also, the project held workshops on preparation of communications on progress in implementing the ten principles of the Global Compact, where the audience consisted of interested Global Compact members.

Global Compact Networks in Project Countries

Country	Global Compact Network
Bulgaria	120 members, launched in January 2003. In order to strengthen

⁶ Financial Times Special Report, “Countries Face up to Green Beans”, Robert Bruce, 1 Sept 2008.

	and enhance the role of the Global Compact network, a governance framework was established in 2006, consisting of Advisory Board and Secretariat
Croatia	77 members, launched in March 2007. At present, the UNDP Croatia/Business Partnerships Program is serving as network secretariat. No steering committee is currently in place, but its establishment is envisaged for the next year.
Hungary	18 members, launched in November 2006. The network has created three working groups on environment and energy, equal opportunities and anti-corruption.
Lithuania	56 companies and organizations as members, launched in April 2005 with 12 initial members. Rotating leadership by one of the companies for six month period, supported by UNDP.
Macedonia	25 members (largely Macedonian companies), launched December 2004. In 2006, an Advisory Board and Secretariat was established
Poland	60 members, launched in March 2001. UNDP acts as coordinator, in conjunction with a Steering Committee established by the Ministry of Social Affairs, supporting the preparation and implementation of CSR projects, facilitating the process of building private-public partnerships and assisting companies to integrate GC principles into their operations.
Slovakia	13 members, launched September 17, 2008. The Slovak National Strategy for CSR Support was presented publicly for the first time at the Global Compact launch.
Turkey	150 members, launched in October 2002. UNDP has established a National Steering Committee consisting of a wide variety of societal stakeholders, including the private sector, public sector, labour representatives, NGOs and relevant UN agencies.

By building on the Global Compact networks, UNDP tried to motivate companies and civil society organizations to take further action on CSR. In this way, NGOs were introduced to comprehensive CSR issues while at the same time a forum for dialogue was created around their acceptance of and support for the companies participating in the UN's Global Compact networks. The baseline report, for its part, complemented the GC efforts by presenting a comprehensive country context for CSR. Other project components were designed to develop the capacity of stakeholders, for example by arranging best practice exchanges with Global Compact/CSR networks in the UK, Spain and Germany.

Finally, in trying to institutionalize the results of the regional CSR project, it will be important to maintain the integrity of the GC networks in such a way that any new institutional framework created as a result of the project would avoid duplicating what the Global Compact networks are already doing. Nevertheless, it will be important to build on the momentum created by the peer group networks and their multi-stakeholder engagement approach – which will involve creating CSR “coordination groups” under a government framework in each project country.

Project Extension

In order to carry out additional activities such as an extra regional conference and national forums to support the process of official approval of the national CSR agendas, UNDP applied for and received a four-month extension until 30 September 2008. During the extension of the project (June to September), some countries held consultations with a wider circle of stakeholders, which allowed them to incorporate feedback and suggestions into the final versions of the draft national CSR agendas that were presented at the Vilnius Conference.

Vilnius Conference on CSR public policies (9-10 September 2008)

The main objective of the conference was to share country specific experiences in the development of national policies for CSR promotion through presenting national CSR agendas and discussing the challenges and merits of the process. Additionally, the conference was used as the final wrap-up event of the CSR project and a forum to discuss and agree on further cooperation among the countries. Representatives of governments and stakeholders of fifteen European countries met in Vilnius on 9-10 September 2008 to discuss public policy on CSR developments in the region. The conference recognized that the main challenges in public policy development on CSR often related to a lack of leadership, low consumer awareness, weak civil society organizations, and the capacity of the governments, but recognized that it would now be important to move to implement the national CSR agendas.

Other Activities

Additional activities that were not funded directly by the project deserve mention as they demonstrate the degree of commitment exhibited by some COs in furthering the underlying objectives of the project. Some COs, namely Bulgaria and Poland provided additional media activities involving writing articles and publications, etc. Bulgaria's Agency of the Directors for Investors Relations hosted a 6 month long specialized TV programme on *Economica TV* where the subject of CSR was presented and discussed regularly, and a special issue was dedicated to the UNDP project. Lithuania organized a special competition to select journalists for the study visit, which involved writing articles on CSR.

Other events that went beyond the scope of project activities included communication of the project objectives and outputs to the business community nationally and at the regional level, such as the Project Coordinator making presentations at various conferences in Germany and France (invited to present the situation on New Member States in October 2008 by the French Presidency). These activities are recorded for information purposes in the table below.

Summary Table of Activities and Achievements: Other Activities

Output	Bulg	Croat	Hung	Lith	Mace	Pol	Slov	Turk	Participants/Involvement		
									Gov't	Business	Civil Society
4. Complementary Initiatives/Activities during the project extension period (May to Sept)											

Additional Media Events, Publications	✓					✓					
Vilnius Conference	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
New Local Forums	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Global Compact Network	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other CSR Projects		✓		✓		✓	✓	✓			

3.5 Review of Project Formulation, Management and Implementation

This section includes a review of project strategy, design, management and implementation by UNDP, including the Bratislava Regional Centre (BRC), the Project Coordination Office in Lithuania and individual UNDP Country Offices and country teams.

3.5.1 Conceptualization and Design

The Regional CSR project was a timely initiative that had the potential to make great strides toward achieving UNDP’s high-level goals of promoting increased private sector participation in pro-poor development projects using UN Global Compact networks as well as other CSR initiatives in Central and Eastern Europe. Prompted by the process of EU integration and the accompanying higher labour, environmental and social standards, a project strategy was needed to help integrate NMS into EU institutions and agendas, while at the same time encouraging the introduction of higher management and production standards within private companies, including the new business models that incorporated CSR into company strategy. Under these two overarching UNDP and EC frameworks, the Regional CSR project was designed to consolidate the fragmented understanding of CSR-related activities that existed at the national level.

It was universally agreed among project stakeholders that the sequencing of project activities was well thought out – starting with a baseline study to gather information, progressing to awareness-raising and then involving capacity building, national consultations and policy support. The utility of undertaking a comprehensive situational analysis as the lead activity was recognized in the project design. The project document indicated the importance of gaining a “thorough understanding of the status of CSR awareness and engagement among the various targeted stakeholders concerned prior to putting in efforts and formulating activities to accelerate CSR promotion and implementation in the region.” This was followed by multi-stakeholder dialogue and capacity-building activities where national and local forums were designed to build on recommendations presented in the baseline study and focus on reaching agreement on taking action and putting recommendations in practice.

Thus, the project was designed to engage the main CSR partners in each project country to produce national CSR agendas under the umbrella of multi-stakeholder working groups, which included participation from governments, business and civil society

organizations. These national agendas were to be endorsed through a series of national consultations involving multi-stakeholder dialogue. In this respect, the project was built on the foundation of UNDP's policy support and advocacy role to governments – which is one of the cornerstones of UNDP's mandate, and one that is especially valued by countries in Central and Eastern Europe as they graduate from traditional UNDP support.

In this transition process, UNDP has developed a niche for itself by supporting the needs of governments in the face of EU accession priorities and membership agendas. This new role has changed the nature of UNDP's work in these countries – it is no longer a donor, but a partner, transferring its knowledge through projects and advice. In many cases, the governments are funding these projects and paying for the advice themselves, primarily because these countries find UNDP's input useful for addressing certain issues that are not traditionally known to these societies. As such, this new role has changed the relationship of UNDP and its delivery modalities in the region – where funding is raised in a project-based framework.

3.5.2 Execution and Implementation Modalities

The direct execution modality (DEX) was used because some of the project countries were new EU member states that did not have traditional UNDP TRAC allocations. The EC contributed 80% of the funding and 20% was raised by UNDP Country Offices and BRC. Direct execution – where management is by UNDP itself – is normally permitted only in exceptional circumstances, for example when:

- Governments do not have the capacity to manage and implement programmes
- UNDP has the capacity and it takes the final accountability for the use of resources
- UNDP has the final responsibility for production of outputs, achievement of project objectives

Under normal circumstances, the DEX modality would involve capacity building activities designed to strengthen government capabilities to enable UNDP to phase out of DEX mode and return to NEX (national execution) mode after completion of the project. However, the management structure of this project was different from normal UNDP projects and was indicative of UNDP's new role in Central and Eastern Europe – where it acts more like an implementing partner than a donor. As a result, various implementation arrangements and resources were put in place to ensure success of the project:

- 1) **Three levels of management** were put in place to deliver the project, one executive and two operational:
 - a. **The Bratislava Regional Centre (BRC)** was responsible for project execution and retained a supporting role in relation to policy advice on CSR/GC related issues as well as overall responsibility for monitoring, final evaluation and quarterly reporting, through the Poverty Practice Manager. The BRC allocated some regional TRAC resources to the project.
 - b. **UNDP Lithuania** was the lead office, with the Project Manager (Head of the UNDP Office in Lithuania) responsible for overall project management,

oversight and backstopping including maintaining the project's conceptual clarity and standards, financial management of the project, advice to governments and partners in the region, knowledge management at regional level: coordination exchange of information, knowledge and good practice, codification of knowledge and support for cooperation between the countries, consultancy and expert support necessary at various phases of the project implementation, and communication and marketing of the project to business community at regional level, etc.

- c. **UNDP COs** in project countries were responsible for national level project implementation and support services for the national components: maintaining working contacts with the national partners, and application of the commonly agreed standards and procedures.
- 2) A **Project Board** was established to take responsibility for strategic direction, project assurance, monitoring and evaluation, and executive management decisions when guidance was required by the Project Manager, such as approval of project revisions. The Project Board was comprised of representatives of the RBEC HQ Bureau (EU Cluster), Bratislava Poverty Practice Leader, and representatives of Croatia and Poland Country Offices.
- 3) At the country level, **project Focal Points** were assigned from UNDP CO staff, financing was raised from a variety of sources (including TRAC, EC Structural Funds and government contributions) and implementing partners were used to provide services and carry out project activities. Project partners were accountable to the individual UNDP COs for the services and activities. (See table in Section 3.5.3.6 for a list of implementing partners).

3.5.3 *UNDP Implementation*

UNDP has been an appropriate implementing agency for the Regional CSR project, bringing several comparative advantages as described in the project findings: It provided an appropriate partnership model, brought a multi-stakeholder approach and focused on capacity building for the development of national policies on CSR. UNDP has long played a pivotal role in supporting structural and policy changes that involve partnership-building across sectors and multi-stakeholder dialogue.

In the field of private sector development, UNDP is considered an ideal institution to coordinate pro-poor development and transition activities, and particularly activities involving the CSR agenda – largely because of its catalytic role among all sectors, its independence, neutrality and international reputation, and its role in facilitating the UN Global Compact networks in Central and Eastern Europe.

As part of the new relationship with project countries, some UNDP Country Offices have negotiated implementation arrangements with various ministries. In Lithuania, for example, a cooperation agreement was signed between the Ministry of Social Affairs and UNDP in August 2007 with a view to implementing the measures envisaged for CSR promotion resulting from the adoption of the Ministerial Action Plan and the creation of Permanent CSR Coordination Commission. Hungary negotiated a deal whereby the

government pays for a UNDP Liaison Officer to coordinate UNDP activities out of an office in the Ministry of Foreign Affairs (MFA), and the UNDP Office in Poland is in the process of negotiating a similar arrangement in order to maintain a UNDP presence there. In Turkey, the State Planning Organization is supporting the expansion of CSR in Turkey and has signed a technical assistance partnership with UNDP establishing a special CSR Trust Fund to promote CSR activities, providing 20 percent co-financing to CSR projects developed by UNDP in Turkey.

3.5.3.1 Project Coordination and Implementation

One of the key elements in the project management structure was the dual level implementation and management structure represented by a Project Coordination Office in Lithuania and individual country teams in project countries, which were responsible for implementation of the majority of project activities occurring at the national level. This dual-level operational structure entailed using a combination of proactive and responsive or iterative management approaches depending on the activity and implementing partner involved. For example, the Project Coordination Office (UNDP Lithuania) applied a proactive approach to activities under its sphere of responsibility by determining the overall sequence of events and by offering various international experts, advice, and templates for the individual Country Offices to follow. The individual country teams tended to employ a more responsive approach, leading to a more iterative management style that was dependent on the resources and ingenuity of the in-country project partners, the capacity of the UNDP focal points and the initiative and drive of the CSR stakeholders.

This structure works well with the DEX modality, where it is necessary to rely on the strengths of a particular country (and to build on the weaknesses). However, an iterative management approach can be quite demanding, as it is difficult to plan very far in advance and it compels management to make quick decisions. Thus, implementing the project through individual COs posed some challenges because, as explained below, each of the UNDP Country Offices and “country teams” had varying levels of capacity, staffing and financial resources available.

Executive Function of the Project Board

The project document is vague about the role, function and frequency of meetings of the Project Board, which was established to perform an oversight role with representation from the RBEC HQ Bureau (EU Cluster), Bratislava Poverty Practice Leader, and representatives of Croatia and Poland Country Offices in the following roles:

- (a) Executive role: to be performed by the BRC Poverty Practice Leader
- (b) Senior Supplier role: to be held by the representative of RBEC HQ Bureau (EU Cluster); and
- (c) Senior Beneficiary role: to be held by the Country Offices (Croatia and Poland).
- (d) Project Assurance role: to be performed by BRC’s Private Sector Engagement Policy Analyst

There was insufficient management information available to undertake an in depth review of the Project Board, however, in practice, we were informed that the Executive function was delegated to the Project Manager (Head of UNDP in Lithuania) and the Senior Supplier function was delegated to BRC's Director. The Senior Beneficiary function initially involved Bulgaria and Poland when the project was submitted to LPAC, however this function was later spread among all COs whose focal points were regularly updated and whose advice was integrated into all strategic issues. Finally, the Project Assurance role, performed by the BRC Private Sector Engagement Policy Analyst, involved monitoring progress through face-to-face meetings in Bratislava, irregular phone discussions, and participation at major events, such as the CSR Conference in Brussels in June 2007.

Project Coordination at the Regional Level

Because of the previous work done by UNDP Country Office in Lithuania on CSR projects and the Global Compact, as well as initiation of the Regional CSR project, it was decided to base the Project Coordination Office in Vilnius. The project was approved in December 2006 and activities began in January 2007, suggesting that there were no delays in project start-up. During the following 9 months, the Project Coordination Office in Lithuania tried to ensure project activities were started on time, and implemented according to the project plan.

Management by the Project Coordination Office in Lithuania was seen as a pillar of strength in the implementation of the project. The Project Manager was able to establish excellent relationships with the country teams and responded adequately to their needs. The Project Manager exhibited the leadership and enthusiasm needed to drive the project deliverables toward their intended outcomes by the deadlines.

There is no doubt that the Project Manager and her team in the Lithuania Office established a solid credibility among all stakeholders in the region and, with the support of the UNDP focal points in project countries, delivered far beyond expectations. Furthermore, the Project Coordination staff in Lithuania performed well: they developed a financial reporting system and funding distribution template to ease the technical burden on country office reporting, budget revisions, etc., and they tried to ease the workload of COs by providing common design templates for publications and suggesting experts for CSR consultations.

At the end of the original implementation period (May 30), savings had accrued on some project activities, so the Project Coordination Office applied to the EC for a four-month extension to undertake additional activities between June 1 and Sept 30 (namely, completion of national CSR agendas, a regional conference to share the experiences of CSR policy development among project countries and a few national forums to support the process of official approval of national CSR agendas in project countries).

Implementation at the Country Level

While each Country Office was provided with equal opportunities for project implementation, some COs performed well and others lagged behind. Those that

performed well did so because of the drive and initiative of the country team and in-country resources, such as Hungary, Lithuania, Poland and Macedonia. Where COs fell behind on project activities, the Project Coordination Office in Lithuania tried to be proactive by offering various implementation solutions to the country teams or exerting moral pressure on the project focal points. However, there was little recourse for underperforming Country Offices because the UNDP Resident Representative in each country holds ultimate responsibility for determining the activities for a particular Country Office. As a result, in Country Offices where CSR was not deemed a priority, project deliverables tended to lag behind on implementation of important activities and reporting responsibilities. In Croatia, for example, after the completion of the previous CSR project, very little was accomplished on the Regional CSR project: the national baseline report was not completed, there was little evidence of constructive dialogue with partners, partners were reluctant to perform project activities, there was little engagement with the government, and the peer group did not develop a national agenda. This poor performance by the Croatia country team was due largely to a change in senior management at UNDP Croatia, which resulted in the replacement of the CSR team that had been responsible for implementation of the previous project, and a change in CO priorities that saw the CSR initiative being dropped in all practicality. A similar situation had developed in Macedonia, but the team managed to deliver the necessary results – primarily because the Macedonian team had established a strong CSR Coordinative Body, received support from the Ministry of Economy and had a few committed individuals (and companies) in the Global Compact network.

Judging from these few difficult cases, it would appear that the project coordination component was under-resourced, particularly as the individual Country Offices were concerned. In Hungary, for example, the level of staffing for all UNDP activities including the Regional CSR project was limited to one full time UNDP Liaison Officer and a volunteer. In Slovakia, although the Bratislava Regional Centre supports a staff contingent of over 80 people, most of the activities under the CSR project were organized by a single Project Officer who did not have enough funding to contract a local partner organization. In Macedonia and Croatia, changes in staff and priorities at the UNDP Country Office left the project in a precarious position.

Based on the amount of financial resources available through the project, some focal points thought there was an undue amount of responsibility placed on the Country Office teams. In order to compensate for the lack of staff and resources, Country Offices had to rely on the ingenuity of the project focal points, on the resources of the project partners and on the initiative and drive of the CSR stakeholders.

In view of the scant resources available for project implementation at the CO level, it is remarkable what the project teams were able to achieve. Because some budget lines for some country offices were underutilized at the end of the original project period (May 30), some focal points suggested that an iterative project such as this should have had an iterative budget – one that would expand or contract with the particular needs of a country. However, this would have required more of a proactive approach at the regional

project coordination level, whereas the aim of the project was to transfer ownership and sustainability to the project countries.

3.5.3.2 *Financial Planning and Co-Financing*

The total budget for the project was € 775,636, 80 percent of which was contributed by the EU (€ 620,199) and the remaining 20 percent by UNDP (€ 155,437), as indicated in the table below.

Breakdown of Project Financing

EC Grant	620,199	80%
UNDP contribution	155,437	20%
Project budget	775,636	100%

The breakdown of costs in the original budget appeared to be well balanced between staff costs (24%), travel (21%), services (39%), administration costs (9%), and overhead (6%), as outlined in the following table.

Project Budget Showing Categories, Amounts and Percentages

Category	Amount	%
Staff costs	189,580	24.4 %
Travel and subsistence allowances	165,774	21.4 %
Costs of services (external expertise)	301,010	38.8 %
Administration costs	68,530	8.9 %
Overheads	50,742	6.5 %
Project Total	775,636	100 %

UNDP country teams in each project country raised approximately € 20,000 in co-financing from UNDP resources. Because Lithuania, Poland, Slovakia and Hungary did not have access to TRAC funding, these countries were supported by the Bratislava Region Center, which used special regional TRAC funds to finance their contribution to the project. In addition, a variety of other sources including EC Structural Funds, government contributions and private sector funds were mobilized for the project, but are not calculated in the UNDP contribution here.

UNDP Co-Financing Contributed by Countries

Croatia	€ 18,859
Macedonia	18,859
Bulgaria	18,859
Hungary	20,000
Slovakia	20,000
Poland	20,000
Turkey	18,859
Lithuania	20,000

Total € 155,437

3.5.3.3 *Financial Management*

The CSR project used UNDP rules for procurement and contracts, which was accepted by the EC. However, EC regulations were used for reporting on the budget. UNDP used its Atlas system for financial management and reporting, developing a special template for reporting on achievements, planned activities risks, and incurred and planned expenditure according to EC specifications. Each CO was responsible for tracking and recording project expenditures and receipts at the CO level, except Hungary, which did not have access to Atlas. Country Offices were required to submit detailed expenditure reports that would satisfy EC financial reporting guidelines, complete with supporting documents proving that payments were made under this project (both from TRAC and EC funds).

There was insufficient financial and management information available to undertake a detailed assessment of the financial management system or project expenditures. However, based on information obtained through interviews and monitoring reports, the Project Coordination team appeared to perform all financial disbursements on a regular and timely basis, and to collect, organize and present all the necessary financial information in a rigorous way. The coordination team was also responsible for setting up the project in Atlas, monitoring expenditure, preparing requests for and distributing installments of EC funds, making budget revisions for all countries, and ensuring risk management.

Some Country Offices had difficulty reporting on expenditures because they had to be converted from local currencies into US dollars and again into euros for reporting to the EU. Also, some Country Offices lagged behind the spending targets and needed to be prodded to accelerate spending in order to reach the planned levels of project expenditure (80 percent of the first installment).

On the whole, the resources for undertaking the project were considered adequate, although budget revisions were necessary because certain components were under funded – the travel budget, for example. Also, more resources could have been devoted toward project coordination in project countries, as some focal points were hard pressed to finance in-country project activities, while budget lines for other country offices were underutilized at the end of the original project period.

There was no provision for a financial audit of the project in the Annual Work Plan Budget Sheet or the Project Results and Resources Framework.

3.5.3.4 *Cost Effectiveness of Achievements*

The cost effectiveness of achievements on the Regional CSR project can be considered based on completion of planned activities and meeting of objectives within the original time frame.

The project managed to achieve a high level of efficiency and effectiveness by providing a significant degree of impact in eight project countries. This is true for both the financial

and human resource contributions made by the UNDP country teams in each project country, which managed to achieve a great deal with very little budget – supporting the process of establishing national CSR agendas, strategies and action plans. As such, the project can be characterized as a case of low financial investment but high investment in knowledge building.

Significant savings were made in managing some project activities – savings that were attributed to negotiating lower fees from experts, using expertise from the region, using common design in publications and negotiating lump sum contacts. These savings were reallocated to finance additional activities during the project extension period (June 1 to Sept 30).

In April 2008, the Project Coordination Office realized that all project activities would not be completed within the original project timeframe (30 May 2008). The major reason for the delay involved governments needing more time to approve the national CSR agendas. UNDP applied for a four-month “no-cost” extension, which was financed from funds within the existing budget that had been generated from savings or had not been spent, taking the project to September 2008. The extension was approved in May 2008, and UNDP used the opportunity to carry out additional activities in support of the original objectives, involving a reallocation of € 59,320 – the majority of which was allocated for a regional conference in Vilnius (€ 37,400), with the remainder allocated to national forums in project countries and project administration.

3.5.3.5 *Monitoring, Evaluation and Reporting*

The project document is fairly explicit on the subject of Quarterly progress reports, which were to be submitted by the Project Manager to the Project Board through Project Assurance; and EC progress and final reports were to be submitted to the EC after 12 months and 6 months after completion of project. The first report to the EU was several months early because UNDP submitted a budget revision.

The Project Coordinator undertook a number of monitoring missions to project countries to discuss the progress of project implementation, possible constraints and planning of project activities, advise project teams on outstanding financial and other project management issues, mobilize government commitment to the development of national CSR agendas and commit resources within the EU Structural Funds (SF), as well as explore possibilities for further cooperation in the area of CSR. During the missions the Project Coordinator met with programme and finance officers of UNDP COs directly responsible for implementation of project activities, representatives of project partners and government officials dealing with European affairs and CSR, as well as with Operational Programmes (OP) for EU SF. The missions were undertaken between July 2007 and April 2008 as indicated below:

Warsaw, Poland: 30-31 July 2007
Budapest, Hungary: 13 August 2007
Bratislava, Slovakia: 14-15 August 2007
Sofia, Bulgaria: 3-5 September 2007

Ankara, Turkey: 5 November 2007
 Zagreb, Croatia: 6-7 November 2007
 Skopje, Macedonia 9-11 April 2008

Regarding project evaluation, although no logical framework was developed for the project, a “project results and resources framework” was included in the project document, which provided the essential information and indicators needed for undertaking an evaluation.

3.5.3.6 Ownership and Sustainability of Results

In the project design an extensive list of local project partners was included which provided an excellent framework for building ownership and sustainability of results (see table below). Most of the partners remained engaged for the duration of project implementation by undertaking baseline studies, participating in study visits, establishing CSR peer groups and formulating national agendas.

Project Implementing Partners

Country	Partner Organization	NET	Main Gov't Partner
Bulgaria	Business Leaders Forum; Confederation of Employers and Industrialists	Alfa Research	Ministry of Labour and Social Policy
Croatia	CSR Association, Croatian Business Council for Sustainable Development	CSR Association	Ministry of Economy
Hungary	KOVET and Association of Conscious Consumers	TARKI/Corvinus University	Ministry of Social Affairs
Lithuania	Investors Forum	Public Policy and Management Institute	Ministry of Social Affairs
Macedonia	Agency for Promotion of Entrepreneurship; Chambers of Commerce	Ss. Cyril and Methodius University and St. Clement Ohridski University	Ministry of Economy
Poland	Lewiatan	Responsible Business Forum	Ministry of Social Affairs
Slovakia	Pontis, Business Leaders Forum	IET	Not reported
Turkey	Corporate Social Responsibility Association	Corporate Social Responsibility Association	State Planning Organization

Engaging these national partner organizations has gone a long way toward sustaining the results of the project. However, more input will be required at the government level, as the national agendas will need a coordinating body that is capable of continuing the multi-stakeholder approach. At the start of the project, governments were reluctant to make the bold moves necessary to provide the required level of leadership on the CSR issue. However, by building the capacity of governments to develop a national CSR strategy – in conjunction with their CSR stakeholder groups – the project has provided a mechanism that will ensure sustainability of the results. In the words of one person

interviewed, “This is where UNDP is needed – this is the ‘accelerating’ part of the project”.

In this sense, UNDP’s role during the project was to provide guidance to governments and CSR stakeholders on the CSR issue at the national level. Furthermore, UNDP has also tried to secure on-going funding for CSR-related initiatives at national level – for example, in the case of Lithuania, through EC structural funds. As most of project countries have graduated (or will soon graduate) from UNDP’s traditional role as “donor” to one of catalyst and partner, the mechanism for providing this guidance on a continuing basis will be through establishing agreements with government ministries. In Lithuania’s case, UNDP has signed an agreement with the Ministry of Social Affairs and Labour that is specific to CSR promotion. In Turkey, the State Planning Organization has signed a technical assistance partnership with the UNDP office in Turkey for the provision of co-financing on CSR Projects. Other countries are considering similar arrangements.

This new role places UNDP in the forefront of the sustainability issue, where UNDP’s function involves coordinating activities and providing advice in two main areas. First, **donor coordination**, which involves providing links and mechanisms among traditional donor organizations through a new project-based model; bridging national experts with other countries in transition (Balkans, Uzbekistan, etc.); and facilitating exchange of expertise as part of the EU’s “Good Neighbourhood” policy. Secondly, **institutional weakness**, which involves providing support to a variety of institutions. Capacity weaknesses have been revealed to be a major stumbling block where, for example, Governments do not have the manpower to promote CSR, the chambers of commerce are mainly concerned with the interest of their SME members and NGOs lack capacity. This is where UNDP plays a valuable role. Governments need a framework for sustainability and the UN’s Global Compact network provides such a framework – it is recognized by companies, it is accepted by civil society and it is appreciated by governments.

Another example of this role in providing institutional support is Lithuania’s Structural Fund project, where the objective is to strengthen dialogue across sectors. In this case, UNDP is providing support to a whole basket of social components where the government sees added value in UNDP’s participation. Other countries are dealing with similar situations, for example, integration of the Roma people in Hungary and cross border activities in Poland.

4.0 CONCLUSIONS AND RECOMMENDATIONS

The Regional CSR project was implemented at a strategic time in Central and Eastern Europe. While previous CSR projects and studies had begun to point the way forward, the Regional CSR project consolidated these initiatives into a policy-focused initiative.

One of the main findings in the evaluation is the realization of the challenges associated with developing public policy on CSR in Central and Eastern Europe where countries are constrained by a lack of leadership, low consumer awareness, weak civil society organizations and the capacity of the governments. In spite of these constraints, these challenges can be overcome given the right project design, strategy and resources – as the Regional CSR project has demonstrated.

The project played a pioneering role in using the baseline survey as the lead activity in helping to identify the state-of-the-art in CSR in Central and Eastern Europe. The baseline survey helped business, governments and civil society organizations to think about their future roles, responsibilities and actions. The other two components of the project followed systematically from this baseline analysis and provided measurable impacts within the three main stakeholder groups – the business sector, governments, and civil society organizations – by encouraging a multi-stakeholder partnership approach. Through this mechanism, the project started and maintained a vibrant public discussion about the responsibilities surrounding CSR development and practice among the different stakeholders (government, business, NGOs, academia, business associations, media, etc.). Moreover, the training, study tours, networking amongst different partners, etc. helped them all to build capacity to develop CSR activities as modern business tool.

The project operated on three intermediary levels of activity in an attempt to create a more conducive policy environment and to encourage companies to mainstream CSR by incorporating its principles into their core business strategy. Broadly speaking, the results in each area are as follows:

1. Private sector: The private sector is now more fully integrated into the social agenda and able to build trust and social cohesion within fragmented, post-communist societies
2. Governments: Governments have recognized their roles and responsibilities in coordinating national CSR agendas and are starting to think about introducing packages of economic and other incentives and regulations to promote CSR at the national level
3. Civil Society: NGOs, trade unions, business associations and academic institutions are playing a more important role in promoting CSR practices and values to their constituencies, and monitoring the up-take of CSR throughout the public and private sectors.

Impact on the Business sector

The project contributed to a better understanding of the scope, meaning, content, tools and approaches involving CSR – correcting the contradictory perceptions and interpretations of CSR throughout the region. As a result of the seminars, study visits and peer group networks organized through the project, business has a better understanding of CSR. Within a period of 18 months, the project helped expand the knowledge of CSR, providing a more mature understanding about the role of business in society – involving economic, social and environmental considerations (the triple bottom line). The impact of the project has been more visible on large multinational companies involved in Global Compact and peer group networks throughout Central and Eastern Europe, which now have a more pragmatic definition of CSR. However, SMEs have started to show some interest in CSR, yet they still have concerns about the costs and effects of CSR on their financial bottom line.

Primary among the benefits that the project has brought is the broad awareness of CSR issues. For example, stakeholders now recognize the difference between corporate philanthropy, CSR and sustainable development, and appreciate the role of cross sector partnerships in achieving societal goals:

- Sustainable development is a strategic development concept
- CSR is a way to achieve sustainable development in the business sector (a tool), with its activities (employment, philanthropy, etc.)
- Cross sector partnerships are a way to implement CSR in society

Impact on the Public Sector

The project helped the public sector to focus its attention on its CSR responsibilities. Prior to the project, there were no institutions, bodies or units in the public domain that had responsibility for CSR. As a result of the project, a number of multi-stakeholder working groups, led by government ministries were established (in some cases by Ministerial Order) and tasked to draft future national CSR strategies for project countries. To a great extent the project's activities helped government officials to establish contacts with units/departments from other ministries, dealing with CSR – ministries of Education, Finance, Economy, Regional Development, Public Works, Labour and Social Affairs, as well as business organizations, NGOs and the private sector. These ministries now have representatives on the national CSR working groups responsible for formulating the national CSR strategies. Government officials now have a better understanding of CSR based on a multi-sectoral approach. Moreover, this common understanding has helped to establish common (national) visions and to set realistic goals in applying and assessing CSR policies and practices for the future.

Impact on civil society organizations

Within civil society organizations, the project had its greatest impact on business associations and business-related NGOs, whose understanding of CSR has been crystallized through the project. Project activities led to tangible capacity developments that can be clearly identified – the establishment of networking platforms and the emergence of a network of NGOs, trade unions, business organizations and companies that were previously involved with particular aspects of CSR activity on their own but now who, through the project, have been able to participate in and strengthen these

networks and to multiply the effects of their work. The role of these CSR promotion organizations was supported and strengthened through the project's activities. CSR associations are now much more aware of their ability to influence the CSR agendas of both companies and national governments. There are also indications that the project had some influence on the practices of other sectoral NGOs in the environment or responsible consumption and other fields – although they were not the direct target for this project. In essence, the project accelerated the emergence of a critical mass of people and organizations that now interact jointly on the basis of a common understanding of CSR.

Sustainability and Lessons Learned

Project countries are demonstrating a strong desire to sustain the initiatives created by the Regional CSR project. For example, several governments are establishing national CSR coordinating bodies or networking groups, like Lithuania's Permanent CSR Coordination Body, Macedonia's National Coordinative Body on CSR and Bulgaria's Expert Working Group on CSR National Strategy. In other countries, the momentum is being carried by CSR associations, such as Croatia's CSR Association in the Chamber of the Economy. In others, the torch is being carried by NGOs, like Slovakia's Pontis Foundation.

The establishment of these multi-stakeholder working groups was the direct result of UNDP's Regional CSR project and was preceded by an increasing number of events and initiatives related to CSR awareness raising, training and capacity development over an 18 month period. The overwhelming characteristic of these events and initiatives was UNDP's partnership approach and multi-stakeholder engagement strategy, where public institutions, NGOs, business associations, private companies and international organizations were able to mutually reinforce their CSR promotion efforts through multi-stakeholder dialogue and joint projects.

As a result of these activities, comprehensive CSR approaches and policies are emerging in project countries at levels that are helping to accelerate CSR developments throughout the region. The upcoming adoption of countries' first National CSR and sustainable development strategies are part of this approach – as is the work being undertaken with the support of UNDP in other related areas:

- Climate change and clean energy
- Sustainable transport
- Sustainable consumption and production
- Preserving and management of natural resources
- Public health
- Social inclusion and demography
- Good governance
- Regional cooperation
- Municipal level activities
- Strategic planning
- Environmental projects (GEF)
- NGO funds
- Social mechanisms

- HIV/AIDS

These activities are creating a degree of harmonization and alignment in national policy. In Bulgaria, for example, the future national CSR strategy will be harmonized and aligned with other key policy framework documents – the National Strategic Reference Framework. And all relevant national policy documents and existing national strategies will be taken into consideration when elaborating the CSR strategy. This will include current laws and regulation (including soft law) where issues related to CSR are regulated.

Governments still have some challenges and concerns in adopting national CSR strategies. For example, they are concerned about adopting and adapting examples from old and new EU member states and formulating appropriate national approaches to CSR according to their country context. Also, business and NGO representatives are concerned about the lack of internal capacity within governments and other public bodies to lead and participate in efficient and effective work processes involving national CSR strategies and action plans. Despite the support provided, the belief is that the capacity is very low and their preoccupation with EU membership priorities are raising concerns about the leadership that is needed to spearhead future actions and effectively replace the previous role of UNDP. In this sense, it is clear that the role of UNDP in providing support, guidance and advice is still very much needed by project countries.

In the final analysis, large corporations are well on the way to improving their CSR practices as part of the regional common market; civil society organizations are beginning to reflect the desires of a citizenry that is being integrated into the European Union with the promise of a new social contract; and governments are keen to move the process forward. However, because of its catalytic role, governments still value the advice and expertise that UNDP has to offer.

Recommendations

Recommendations on Component 1: Situational Analysis (Baseline Study):

- Governments, UNDP and the EC should consider undertaking a follow-up study to reassess the context and the uptake of CSR, to monitor the progress being made, to establish the “business case” for CSR and to re-examine any policy measures required.
- UNDP/EC should undertake an in-depth examination of CSR indexes and CSR indicator systems being developed by Croatia and Lithuania to determine whether they can be replicated in other countries in the region.

Recommendations on Component 2: Multi-stakeholder Dialogue to Enhance Awareness and Exchange of Good Practices for CSR Advancement:

- In order to take over from the Peer Group networks, formal national CSR “coordination bodies” should be established in each project country under the

auspices of a government framework, similar to those established in Lithuania and Macedonia.

- National CSR coordination bodies should have formal responsibility for implementation of national agendas/strategies.
- Governments should ensure participation of decision-makers in CSR coordination bodies as an indication of their commitment to the initiative by appointing a senior representative. Also, these groups should ensure full stakeholder engagement, expanding the membership by inviting more representatives of sectors and themes that were not covered in the original peer groups (e.g. transparency, consumers, media).
- In order to build capacity, maintain ownership and ensure sustainability, the national CSR coordination bodies should be the focal point for follow-up projects or activities in CSR promotion involving international or regional organizations such as UNDP or EC, and follow-up activities involving exchange of experiences with other similar groups in other countries (in terms of organization, management, sources of funding, activities, etc.).
- Countries should focus their follow up activity on engaging more local SMEs. National CSR coordination bodies should initiate cooperation with Chambers of Commerce and SMEs and establish a social dialogue in several pilot municipalities in order to further develop the CSR dialogue at the local level.
- National CSR coordination bodies should initiate awareness-raising campaigns on CSR among the general public to build consumer awareness as a base for responsible consumption, fair trade, human rights, environmental packaging and other issues affecting responsible corporate behaviour.
- National CSR coordination bodies should develop and maintain instruments for sharing information on activities, including developing and updating web-sites and newsletters. This should be part of an overall communication strategy integrating websites, databases, a media component and registries on certain aspects of CSR that would allow for continuous tracking of progress. This could include:
 - Publicly accessible register of companies with implemented/certified CSR related standards and management systems;
 - Database of CSR reports of companies;
 - Good practice examples in the area of CSR from companies in the Central and Eastern Europe region;
 - Continuously updated legislative review of obligations and incentives concerning aspects of CSR;
 - Business support organizations and partners in implementing CSR activities.
- National CSR coordination bodies in each country should establish a web-site devoted to CSR and related issues such as the Global Compact, in order to

- provide current information on members, membership status (new, active, non-communicating, inactive, de-listed), communications on progress and activities.
- Governments should finalize the process of approving National Agendas, Strategies and Action Plans for CSR, and draft the analysis on the legislation obstacles for CSR.
 - Governments should deepen the process of awareness-raising on CSR by cooperating with schools and other educational institutions (high school, business school, training associations) in order to achieve better distribution of CSR issues throughout society.
 - As UNDP makes the transition away from its traditional role as a donor organization, its advice and expertise are still required by governments, NGOs and corporations in Central and Eastern Europe. As a result, UNDP's business model for the region, where countries in transition continue to pay for a UNDP presence (either on a project basis or by funding a UNDP Liaison Officer), is highly valued and should be continued.

Recommendations on Component 3: Capacity Building Initiatives

- National CSR coordination bodies should be providing capacity building support to governments for establishing CSR coordination function within the public sector.
- National CSR coordination bodies should take a lead role in securing on-going funding (through Structural Funds) in order to implement the incentives envisaged under the National CSR Agendas; and ensure better and more active promotion of and use of the European Social Fund to develop companies' socially responsible practices.
- National CSR coordination bodies should initiate training programs for SMEs on preparation of company level CSR policies and strategies, and preparation of annual corporate CSR reports.
- National CSR coordination bodies should encourage exchange of knowledge on promoting and implementing CSR with countries possessing a similar context (Eastern Europe, Balkans, etc.).
- National CSR coordination bodies should initiate consultations in order to upgrade National CSR Agendas into National CSR strategies and action plans, as in the case of Lithuania.
- National CSR Networks should initiate dialogue with governments and the civil sector on introducing CSR education in primary and secondary schools.
- Local consultants, business support organizations and academia should be encouraged to develop CSR services for the private sector and governments.

ANNEXES

Annex I: Documents Consulted

What Does Business Think about Corporate Social Responsibility? A Comparison of Attitudes and Practices in Hungary, Poland and Slovakia”, World Bank (2004)

“Lean times bring sharp fall in East European work migrants”, Richard Ford, Times of London, 22 August 2008.

“Countries Face up to Green Beans”, Financial Times Special Report, Robert Bruce, 1 Sept 2008.

Baseline Study on CSR Practices in the New EU Member States and Candidate Countries, Mark Line and Robert Braun, UNDP, 2007

National and European Identities in EU Enlargement: Views from Central and Eastern Europe, Edited by Petr Drulak, Institute of International Relations, 2001.

Corporate Social Responsibility In Bulgaria – The New Challenges, UNDP 2007

Baseline Study on Corporate Social Responsibility Practices in Hungary, UNDP, 2007

Strategic proposal for the Government of the Republic of Hungary on accelerating Corporate Social Responsibility, Government of Hungary/UNDP, 2008

Baseline Study On Corporate Social Responsibility Practices in Lithuania, UNDP 2007

Draft National Programme for the Development of Corporate Social Responsibility for 2009-2011, Government of Lithuania, April 30 2008

Draft Action Plan for the Implementation of the National Programme for the Development of Corporate Social Responsibility for 2009-2011, Government of Lithuania, 2008

Baseline Study On Corporate Social Responsibility Practices in Macedonia, UNDP 2007

Draft National CSR Agenda for Macedonia, Vladimir Petkovski, Prof. Dr. Aleksandar Nikolov, Working group of the National Coordinative Body on CSR on the National CSR Agenda, April 2008

Corporate Social Responsibility in Poland. Baseline Study, UNDP, 2008

Baseline Study on Corporate Social Responsibility Practices in Slovakia, UNDP, 2008

Draft Strategy of Corporate Social Responsibility Support in Slovak Republic for years 2008-2018, UNDP, 2008

Turkey Corporate Social Responsibility Baseline Report, UNDP 2008

Progress Report, Regional CSR Project, 1 December 2006 – 30 May, 2008

“Corporate Social Responsibility: Do it right”, The Economist, Jan 17th 2008

Annex II: List of People and Organizations Interviewed

Country/Organization	Individual	Position
Poland		
UNDP Office	Anna Darska, Kamil Wyszowski	Head of Office, Project Development Coordinator, Global Compact
Business		
PricewaterhouseCoopers	Ms. Agnieszka Rum	Audit and usługi Directorate
Government		
Ministry of Labour and Social Policy	Mr. Marcin Palutko	Chief Specialist
Ministry of Economy	Mr. Mateusz Gaczynski	Deputy Director
Ministry of Environment	Ms. Agnieszka Szczepinska	Specialist
Civil Society Organizations		
Polish Chamber of Commerce	Mr. Mieczyslaw Bak	Deputy General Secretary for Public Policy
Responsible Business Forum	Mr Boleslaw Rok, Ms. Iwona Kuraszko	Member of the Board, Research and Development Manager
CSR Info	Ms. Liliana Annam	Manager
Rzeczpolita	Mrs. Aleksandra Bialy	Starszy Reporter
Lithuania		
UNDP Office	Ms. Lyra Jakuleviciene, Ms. Indre Kleinaite	Head of Office, Regional Project Assistant
Business		
Hansabankas	Ms. Milda Kuliesiute	Project Manager, Marketing and Public Relations
Maxima Group	Mr. Pranas Smaizys	Head of Strategic Management Centre
Government		
Ministry of Social Affairs and Employment	Ms. Natalija Ziminiene	Chief Specialist of Labour Market Division
Ministry of Environment	Dr. Vidmantas Adomonis	Director of Common Affairs Department
Prime Minister's Office	Mr. Mantas Nocius	Adviser to the Prime Minister
Civil Society Organizations		
Investors' Forum	Ms. Ruta Skyriene	Executive Director
Institute of Labour and Social Research	Dr. Boguslavas Gruzevskis	Director
Trade Union of Lithuanian Food Producers	Ms. Grazina Gruzdiene	President
ECAT (Environmental Centre for Administration and Technology)	Ms. Audrone Alijosiute	Director

Country/Organization	Individual	Position
Slovakia		
UNDP Office/ Bratislava Regional Centre	Ms. Danica Viznerova, Ms Pascale Bonzom	Public Private Partnership Officer, Private Sector Engagement Policy Specialist
Business		
Citibank	Mr. Branislav Cehlarik	
Holcim	Mr. Robl	
Orange	Ms. Hlavcakova	
Government		
Ministry of Economy	Mr. Peter Ondrejka	
Ministry of Environment	Mr. Brnak	
Civil Society Organizations		
Pontis Foundation	Mr. Michal Kissa	
Confederation of Trade Unions	Mr. Milan Buso	
Economic University	Ms. Dubcova	
Hungary		
UNDP Office	Ms. Krisztina Kiss	UNDP Liaison Officer for Hungary
Business		
KPMG	Tamás Hegedus	
MOL Rt (Oil & Gas Plc)	Pál Kapusy	
Cerbona Inc	Ágnes Lukácsné Gerstmár	
Government		
Ministry of Social Affairs and Labour	Dr Melinda Horvath	Tanacsos
Ministry for National Development and Economy	Sándor Lakatos	CSR director
Civil Society Organizations		
Association of Conscious Consumers (TVE)	Emese Gulyás	
Budapest Public Employment Service Non-Profit Company	Luca Koltai	
Hungarian Association for Environmentally Aware Management (KÖVET)	Ida Petrik	
Pannon University	Gergely Tóth	Faculty Georgikon
Other		
Braun & Partners	Robert Braun	CSR Consultant
Croatia		
UNDP Country Office	Mr. Alessandro Fracassetti, Ms. Lana Bozic	Deputy Resident Representative, Project Assistant, Business Partnerships
Business		
Ericsson Nikola Tesla	Ms. Snjezana Bahtijariom	Director of Communications

Country/Organization	Individual	Position
Croatia Air	Ms. Dubravka Turkalj	Sustainability Director & President of the CSR Association
Janaf (international oil pipeline)	Mr. Ricardo Marelic	Manager, Environmental Protection and Stakeholder Engagement
Government		
Ministry of Economy, Labour, and Entrepreneurship	Ms. Ivana Sucic	Director of Foreign Economic Relations and Trade Policy Directorate
Civil Society Organizations		
Croatian Banking Association	Mr. Zoran Bohacek and Ms. Ms. Martina Etlinger	Managing Director, and CSR Advisor
CSR Consultant	Ms. Ela Kuresevic	CSR Consultant
Other		
Embassy of Norway	Andreja Kocijan	Former UNDP Focal Point
Macedonia		
UNDP Country Office	Ms. Thuy Ha Bui	Programme Officer
Business		
EuroComputer Systems AD	Goran Lazarevski y (member CSR Coordinative Body)	Chief Operating Officer
Makpetrol AD	Nikolina Manova	Assistant marketing manager
Stopanska Banka AD	Sonja Nikolovska	General Manager's office
Duna Computers		
Government		
Ministry of Economy	Beti Popova	Advisor, Sector on Investments and Industrial Policy
Civil Society Organizations		
Confederation of Employers	Mile Boshkov	President
Connect	Nikica Kusinikova	Assistant in corporate community involvement
Institute for CSR		
SS. Cyril and Methodius University	Prof. Dr. Vladimir Pekovski	Faculty of Economics
Bulgaria		
UNDP Country Office	Ms. Maya Nyagolova	Project Officer
Business		
MONBAT AD	Ms. Daniela Peeva	Director, Investor Relations
BASSCOM-ESI Center	Mr. George Sharkov	Co-chairperson, Director
TNT Bulgaria	Ms. Maria Kuneva,	Corporate Communications Director
Government		
Ministry of Labour and Social Policy	Mr. Vesselin Ilkov LL. M	Head of Unit, Euro Coordination on Social Policy and Employment

Country/Organization	Individual	Position
		Issues
Civil Society Organizations		
Confederation of Employers and Industrialists (CEIB)	Ms. Irina Yordanova,	Director, Projects, CSR activities and communications
Business Leaders Forum (BBLF)	Mr. Stamen Tassev	Executive Director
Partners for CSR Association	Ms. Valia Chilova	Co-founder and co-chairperson
Confederation of Independent Trade Unions	Ms. Ekaterina Ribarova	
Other		
Strategies Consult	Ms. Marina Stephanova	CSR Consultant
Turkey		
UNDP Country Office	Hansin Dogan, Gulum Eralp	Programme Manager, Programme Support Associate
Business		
Eczacibasi Holding	İlkay Yıldırım Akalın	Corporate Communications Manager
Dogus Holding	Deniz Bayel Feyzioğlu Başak Gürtuna Koçer	Corporate Communications Manager Corporate Communications Specialist
Turkcell	Aslı Ünlü	Corporate Sponsorships Manager
Borusan Holding	Erkin Erimez	Corporate Relations Manager
Government		
State Planning Organization (SPO)	Hacı Mahmut Arslan	Technical Cooperation Department Specialist
Civil Society Organizations		
KALDER – Quality Association of Turkey	Samih Yedievli	Executive Committee Member
TÜSIAD – Turkish Industrialists and Businessmen Association	Ümit İzmen Melda Çele	Deputy Secretary General Member Company Relations Specialist
ITKIB – The General Secretariat of Istanbul Textile & Apparel Exporter Association	Erbil Cihangir	Education Department Manager
CSR Association of Turkey	Serdar Dinler	President
Other		
CSR Network, UK	Mr. Mark Line	Managing Director
International Finance Corporation, World Bank Group	Mr. Philip Armstrong	Head, Global Corporate Governance Forum
Canadian Business for Social Responsibility	Ms. Melissa Whellams	CSR Advisor

Annex III

Terms of Reference for Impact Evaluation of the Regional Corporate Social Responsibility (CSR) Project

Background

United Nations Development Programme (UNDP) is completing the implementation of Regional CSR project “Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness and social cohesion in the EU”, which was carried out in eight countries of the Eastern and Central Europe (Bulgaria, Croatia, Hungary, Macedonia, Lithuania, Poland, Slovakia and Turkey – Project countries) from December 2006. The project is funded by the European Commission (EC) and UNDP. The main objective of the project was to accelerate the implementation of CSR practices in new EU Member States and in candidate countries as the vehicle for EU harmonization, improving competitiveness and social cohesion. In order to assess the impact of the strategy used for implementation of project activities, as well as project results achieved, the Project Management Office (UNDP Lithuania) is aiming to carry out the Impact Evaluation of this project (Evaluation). Evaluation results will be used for reporting to the European Commission on the impact of this project, as well as will be used as know-how for similar initiatives to take place outside the project region (e.g. Western Balkans, the Black Sea region).

Objective and Scope of Evaluation

The main objective of this evaluation is to assess the impact that this project has had on enabling environment for CSR implementation at company level, capacity enhancement and development of Government policies for CSR promotion. The results of evaluation should respond to the question if the project results have been achieved. More specifically, the key evaluation questions are:

- Has the project provided with a comprehensive situational analysis of CSR activities and actors in the region, across a wide representation of stakeholders with a view to determine the extent of dialogue on CSR between various actors and their level of understanding, awareness and engagement in CSR activities, as well as identifying the key drivers motivating companies to become involved in CSR activities?
- Has the awareness about CSR among companies and CSR stakeholders in the Project countries been enhanced; has support been provided to experience sharing and exchange of good practice on CSR; has CSR promotion and implementation been enhanced by actively engaging local media?
- Has trust (social capital) has been built between various stakeholders and the businesses engaged in CSR, stemming from a better understanding of respective objectives as well as the challenges and opportunities of collaboration?

- Has capacity of national/local stakeholders engaged in CSR been strengthened to enable them to contribute efficiently to CSR promotion and implementation, actively participate in national multi-stakeholder forums and to network on experience exchange in Europe?
- Has CSR been promoted and adopted as a practical tool for local business that integrated them into the EU market and accordingly, built their competitiveness on the world market?
- Has a database on available CSR materials and tools in Europe been created to serve as a capacity building tool at the national, local and European level?
- Have National CSR Agendas in Project countries been established?
- What impact did the project have on supporting the creation of enabling environment for CSR implementation at country and company level?
- What impact did the project have on harmonisation of CSR developments in the region?

In addition, the Evaluation should respond to two supplementary questions:

- Are achieved project results sustainable?
- What could be done in a better way and how (project strategy, activities, etc.)?

The main stakeholders of the Evaluation are Governments, business, NGOs, trade unions in eight project countries.

The evaluation should start once all project activities are finished (30 May 2008) and should cover the period of the project implementation (December 2006-May 2008). A few new project activities may be carried out after 30 May (regional conference to share the experiences of CSR policy development among project countries and a few national forums to support the process of official approval of National CSR Agendas in project countries), however the evaluation will not cover these activities (unless it proves feasible in terms of timetable).

Methodology of evaluation

The project impact assessment will employ a variety of methodologies including desk review, stakeholder meetings. The Evaluation should be conducted in all eight project countries and involve face to face interviews with UNDP focal points designated for the project and national stakeholders according to standardised questioners developed in close consultation with the project manager (no telephone or email interviews should be employed). Further details of evaluation methodology will be outlined with the involvement of the selected evaluator(s) Available project related materials are placed on the website: www.acceleratingCSR.eu and include, but not limited to, the European Baseline Study report and national Baseline reports, agendas

and conclusions of national and local forums in all eight project countries, agendas and reports on working visits to London, Madrid and Berlin, reports from reports on consultations for peer groups, the texts of National CSR Agendas, as well as internal UNDP materials (like Regional Project Manager monitoring mission reports to project countries) that will be made available for the purpose of evaluation.

Expected results of evaluation

It is expected that by the end of the Evaluation, a report will be produced by the expert (s), which will include, but not limited to, the executive summary, the conclusions on above mentioned questions, as well as recommendations for future actions. The Report should also identify and codify good practices for learning and replication and draw lessons from intended and unintended results where possible. The conclusions should be linked both to the national level of each project country, as well as regional level. These conclusions and recommendations will serve as input into the final project report to the European Commission, as well as will be used for planning and implementing a similar exercise carried out in the Western Balkan region and any further follow up activities in this area. Guidance on the structure of the Evaluation report will be further agreed with selected expert(s) and quality control checklist for its content will be developed.

Composition, skills and experience of the evaluation team

- The expert(s) are requested to have proven project impact evaluation experience and be able to suggest a methodology for evaluation sought for this project. Evaluation experience in Central and Eastern European region and the Baltic States will be strongly pursued.
- The expert(s) should be based in the European Union and have either branches or partners/identified contractors in each of the project countries in order to limit travel of expert(s) to the minimum, thus relying on local resources (1-2 business trips are envisaged to Lithuania, where Project Management Office is based, in the beginning and end of the evaluation, while no travel is envisaged to other project countries), as well as rely on local languages (given that a number of materials for desk research will be available in project country language only).
- Excellent communication and writing skills in English, openness and attitude of cooperation;
- Ability and commitment to deliver the expected results in a short period of time.

The evaluation team may be composed of individuals or company(s). Expert/s' compliance with the principles of Corporate Social Responsibility in their regular activity will be considered as advantage.

Plan for evaluation implementation

The evaluation is expected to start on 1 June. A proposed methodology for evaluation to be developed and presented to the Project manager for comments by 15 June, 2008; interim evaluation report worked out by 1 August, 2008, the final report – by 15 September 2008.

Timeframe and requirements for bids

Bids to carry out evaluation should be submitted by email: indre.kleinaite@undp.org by 15 May 2008.

Prepared by UNDP Lithuania
30 April 2008