

# RESPONSIBLE ENTREPRENEURS ACHIEVEMENT PROGRAMME

UNIDO'S CSR PROGRAMME – REACHING OUT TO SMES WORLDWIDE



“OUR GOAL IS TO MAKE CORPORATE SOCIAL RESPONSIBILITY OPERATIONAL  
FOR SMALL AND MEDIUM ENTERPRISES”

# reap

# DEVELOPEMENT AND BACKGROUND OF REAP

UNIDO Business Partnership Programme (Phase I): Productivity upgrading of small and medium automotive component suppliers in India

*Substantive research activities in the field of CSR and SMEs*

**Triple Bottom Line (TBL) Demonstration Project in Southeast Asia based on productivity improvement methodologies applied in the UNIDO Business Partnership Programme (India) and the UNIDO Cleaner Production Programme – invention of the name “Responsible Entrepreneurs Achievement Programme” and development of the REAP Software as an assessment and reporting tool**

UNIDO publication on “Corporate Social Responsibility: Implications for Small and Medium Enterprises in Developing Countries”

UNIDO Business Partnership Programme (Phase II): Productivity upgrading of small and medium automotive component suppliers in India

*Improvement of the REAP Software, the accompanying CSR training methodology and the approach as such, based on experiences and lessons learned in the TBL Reference Project in 2001 and the Business Partnership Programmes*

**Project on the “Development of CSR in Croatia” – pilot testing of upgraded REAP Software and approach carried out in cooperation with the NCP, a productivity enhancement expert from the UNIDO project in India and a Swiss expert in social issues (SA 8000 background)**

UNIDO became the fifth UN core agency of the United Nations Global Compact, with the mandate to specifically support the uptake of CSR among small and medium-sized enterprises and increase its participation in the network

UNIDO publication on “Corporate Social Responsibility and the Development Agenda: Should SMEs Care?”

*Improvement of REAP by integrating feedback and results from pilot testing in Croatian SMEs*

Publication on “Sustainable Supply Chains - The Global Compact Case Studies Series”: analyzed and explained the implications of productivity upgrading activities (including the 5S methodology) on CSR including two case studies from the UNIDO Business Partnership Project in India as examples.

**Development of REAP training material for business consultants with the assistance of UNIDO CP experts, productivity experts from the UNIDO Business Partnership Programme in India, and an expert in social issues participating in the CSR project in Croatia**

Official launch of the UN Global Compact’s Operational Guide for Medium Sized Enterprises at the GC Leaders Summit in July – UNIDO was appointed as coordinating agency of the international task force in charge of developing this Guide

**1st REAP Training Conference for consultants from business support and advisory institutions in Central and Eastern Europe (official launch)**

Expert Group Meeting on “CSR and Public Policy – Supporting Governments in Reaching out to SMEs”

**THE WAY FORWARD: SETTING UP A WORLDWIDE NETWORK OF TRAINED AND LICENSED UNIDO CSR CONSULTANTS TO SUPPORT SMES IN THEIR UPTAKE OF SOCIALLY AND ENVIRONMENTALLY FRIENDLY BUSINESS PRACTICES**

# INTRODUCTION

*“Corporate Social Responsibility (CSR) is a **management concept** that integrates social and environmental concerns in business operations and a company’s interactions with its stakeholders.”*

The reason why CSR has been taken up primarily by larger companies so far has to do on the one hand with their stronger media presence and their high reliance on reputation and brand protection, and on the other hand with the way CSR was promoted and introduced to the business world. Many companies still relate the concept of CSR to large-scale philanthropic investments or donations. While these make a valuable contribution to the wellbeing of communities and relieving poverty, it is obvious that those activities are far beyond reach for many smaller companies that are frequently faced with financial or human resource constraints. As a consequence, **small and medium enterprises (SMEs)** often take up a rather skeptical position when it comes to CSR. Therefore, it is important to show that the CSR concept equally works for smaller firms and that it can constitute an excellent business case.

The **Responsible Entrepreneurs Achievement Programme (REAP)** was developed by UNIDO based on these considerations. It is a practical CSR based management and reporting tool that helps smaller companies to implement CSR concepts, thereby aligning economic, social and environmental aspects of business (also referred to as “Triple Bottom Line Approach”). Based on the ten principles of the UN Global Compact, as well as international standards in the social and environmental domains, such as ISO 14001, SA 8000, or OHSAS 18001, it provides a structured framework in combination with an analytical software, which can be used to gather, process, evaluate and report data to track progress in implementing CSR in SMEs.

Against the background of the philosophy “**Enhancing Responsible Competitiveness through 1-to-1 Assistance**” the Programme is based on a UNIDO cooperation with qualified local CSR consultants who are trained and certified by the Organization.



## OBJECTIVES

Based on the UNIDO Business Partnership Approach and the UNIDO Cleaner Production Programme, REAP specifically aims at:

- Creating a worldwide system of trained and certified UNIDO CSR Consultants
- Helping SMEs to practice responsible entrepreneurship, by translating CSR principles into a commercially viable management approach
- Combining best practices on environmental, social, and financial management, based on engineering principles
- Creating continuous improvement management processes as the base for successful CSR implementation
- Focusing on implementation of CSR principles, standards and requirements rather than on reporting.

### WHO CAN WORK WITH REAP?

- UN Global Compact Networks
- Public and private CSR business advisory institutions
- Business, environmental and technology management consultants
- SME development agencies
- Business associations
- Chambers of commerce
- Supplier development experts of large companies (responsible supply chain management)

# WHAT IS REAP?

The 'Responsible Entrepreneurs Achievement Programme' (REAP) is a **CSR-based management and reporting tool**. It was developed by UNIDO to assist Small and Medium Enterprises (SMEs) in their efforts to implement CSR-based management approaches and operation methods.

REAP is being disseminated to SMEs worldwide, via a network of trained and qualified **UNIDO CSR consultants**. These certified experts come from various types of public or private business support and advisory institutions with a strong background in environmental, social or productivity upgrading issue, and have undergone a one-week training on the REAP methodology carried out by UNIDO.



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## REAP allows for:

- Effective assessment of SMEs' CSR performance
- Implementation of CSR principles using a concept that is in line with a company's core business strategy, productivity considerations, operational costs savings and enhanced market access
- Marketing and positioning of SMEs in global value chains
- Standardized reporting for global benchmarking and assessment of SME suppliers and partners worldwide
- Thorough implementation of Responsible Supply Chain Management on local supplier level

## REAP is based on the following approaches:

- **Triple-Bottom-Line (TBL) Approach**, which combines economic, environmental and social data in an assessment of a company's achievements
- **5S methodology** for enhancing workplaces and process efficiency (productivity upgrading)
- **Total Employee Involvement (TEI)** Concept to

- allow for continuous improvement
- **UN Global Compact** (10 principles of responsible business conduct), covering Human Rights, Labour Standards, Environment and Anti-Corruption
- Other **international standards** such as ISO 26000 (upcoming), ISO 14001, SA 8000, OHSAS 18001, etc.
- Best practices in **Responsible Supply Chain Management**

## REAP comprises two complementing elements:

- **REAP software** (analysis, measuring and reporting)
- **REAP consulting process** (implementation)

The REAP consulting process is where the real value-added benefits SMEs. While the software provides the information required for planning CSR activities to be implemented, the REAP consultant will be the one able to analyze the data and turn that information into useful recommendations for action to improve CSR performance. While a REAP consultant may be able to perform an initial assessment of a SME in a few days, the process of improving a company's CSR performance may take months.

## BACKGROUND OF REAP

Many difficulties appear when smaller businesses are asked to implement 'highly sophisticated' CSR concepts – in particular if linked to substantial investments. Hence, the enthusiasm accompanying the enormous potentials of engaging SMEs into the global CSR movement is linked to a whole set of new problems and challenges. Those result mainly from the fact that general approaches to CSR cannot be simply transferred to (or imposed on) smaller companies. SMEs do not share many of the concerns underlying calls for enhanced ethical business standards of larger companies, and in addition they face considerable human, technical and financial resource constraints. Therefore, there is a need to modify approaches in a way that they fit their respective needs and capacities, and do not adversely affect the economic viability of those firms.

It was in this context that UNIDO started to explore what tools could be made available to SMEs in the developing countries to assist them in meeting social and environmental standards without losing their competitiveness. Such a tool has been found in the Triple Bottom Line (TBL) approach, which is used as a framework for measuring and reporting corporate performance against economic, social and environmental performance, and forms the underlying basis of REAP.

It is an attempt to align private enterprises to the goal of sustainable global development by providing them with a more comprehensive set of working objectives than just profit alone. The perspective taken is that for an organization to be sustainable, it must be financially secure, minimize (or ideally eliminate) its negative environmental impacts and it act in conformity with societal expectations.

This approach is of particular relevance to SMEs. While large corporations

give relatively higher weight to reputation and image benefits, for smaller businesses the bottom line of short-term economic survival is more pressing. They tend to be more vulnerable to losses and will thus be more dependent on direct economic benefits of CSR-oriented strategies.

UNIDO has started to use this approach already in 2001 as a standardized methodology, which can be made available to SMEs in developing countries to assist them in meeting social and environmental standards. The TBL approach has been conceived as a natural extension of the approach that UNIDO has always taken in its Cleaner Production projects. Here, through the use of a tailor-made assessment methodology, enterprises are brought to identify options for change that can reduce their impacts on the environment but that can also reduce their costs. This is in recognition of the fact that pollution and waste is a sign of inefficiency in the use of material resources and energy. As such, UNIDO developed a TBL approach that extended the consolidated Cleaner Production assessment methodology into the social area.

*“Once SMEs recognize by evidence that TBL is not a cost but a concrete help in planning and tracking environmental and social improvements that bring financial benefits, they can then be engaged in the virtuous cycle of continuous improvement, which has the survival of companies as a starting point.”*



# CORE ELEMENTS OF REAP

## COMPONENTS OF REAP:

- Software for assessment and reporting
- Workplace & process improvement methodologies linked to CSR (5S – productivity enhancement)
- CSR issues that can be tackled through REAP:
  - Environmental domain: environmental management (basics), water, energy, waste, and raw material management, requirements for ISO 14001
  - Social issues: employee satisfaction, working hours, wages, disciplinary measures, health and safety, child labour, forced and bonded labour, freedom of association, discrimination, harassment and abuse
  - Anti-Corruption
- UNIDO support system for consultants working with REAP

## REAP SOFTWARE

The REAP **assessment and reporting software** is at the heart of the REAP consulting process. It was developed by UNIDO as a tool to support companies in documenting their **Triple Bottom Line status** and improvements, as well as to generate a UN Global Compact **Communication on Progress (COP)** and CSR reports for other interested stakeholders, such as existing and potential business partners, NGOs, financial institutions or government offices. It allows for a **CSR-related risk assessment**, internally as well as along supply chains, and supports strategic performance improvements. Moreover, it offers space for recording companies 5S achievements and comes with a table that enables consultants to enter measures taken to solve a particular problem or trigger improvements in a database.

The REAP software allows the UNIDO CSR consultants to:

- Provide the SMEs with management information regarding their CSR performance (documenting financial, social and environmental performance as well as implemented measures for improvement)
- Develop an action plan for SMEs to implement CSR or improve their ethical performance in specific domains
- Track achievements during the consulting process by creating a picture to the situation before and after the intervention (track changes in various CSR domains periodically)
- Create CSR reports and other marketing and positioning documents to help SMEs gain access to global supply chains (provide information on CSR performance improvements to relevant stakeholders)

Also the REAP software is based on best practices in responsible supply chain management, the 10 principles of the UN Global Compact in the field of human rights, labour standards, environment and anti-corruption, and the TBL approach including financial, environmental and social data to measure a company's performance.

The screenshot shows the REAP software interface with a navigation menu and a table titled 'Energy Input' under the 'Company Input/Output' section. The table lists various energy sources used in production, their quantities, units, and associated costs.

	energy quantity per year	units	energy totals in kWh	costs per unit	costs total	%-total/year
<b>Production</b>						
electricity	100	kwh	100	100	10000	3.3
gas (natural)	200	m3	2140		0	0
diesel fuel	300	liter	3120	200	60000	59.41
petrol	300	liter	2880	20	6000	5.94
fire wood	1		0		0	0
gas (LPG) propane		liter	0		0	0
gas (LPG) butane	500	liter	3600	60	25000	24.75
coal brown		kg	0		0	0
coal		kg	0		0	0
oil (light)		liter	0		0	0
oil (heavy)		liter	0		0	0
<b>Energy total</b>			12000		101000	100

# LEAN BUSINESS PRACTICE AND 5S – THE BASIS FOR CSR IMPLEMENTATION IN SMES

*“Lean is.....a mindset, or way of thinking, with a commitment to achieve totally waste-free operations that are focused on your customer’s success. It can be achieved by simplifying and continuously improving all processes and relationships in an environment of trust, respect and total employee involvement. It’s about people, simplicity, flow, visibility, partnerships and true values as perceived by the customer”.<sup>1)</sup>*

A unique contribution by UNIDO has been to embed in REAP a methodology for **continuous improvement**. The immediate reason for doing this was that it gives rise to a TBL-focused approach that is acceptable to many SMEs in developing countries, which are predominantly focused on short-term survival. Unlike some “code-driven” initiatives, this has the further advantage that it makes the implementation of CSR principles an open-ended process – one that starts from the point of ensuring survival but leads over time to ever greater improvements and longer-term sustainability.

In order to achieve this, REAP foresees the implementation of a “**5S system**” of proper workplace organization – as one of the principle lean management tools – before actually dealing with “core CSR issues” in the environmental and social domains. The 5S Process can be seen as a structured approach to develop workplace discipline and prepare the workplace as well as a company’s employees for adopting socially and environmentally responsibly business practices on a sustainable basis.

5S was pioneered in Japan within Toyota, and was based on the idea that untidy workplaces are neither productive nor inclined to make employees satisfied or their working environments safe. A **well-organized workplace** results in an uncluttered, safe and efficient working environment, which also portrays a great image to visiting customers. It further motivates employees, fostering teamwork and the sense of pride in their work needed for improvement, innovation and growth.

Understandably, businessmen tend to focus first on costs related to processes, and lean operations in

fact lead to **overall cost reductions**. However, the basic idea behind lean is not cutting costs or even people - it’s about cutting waste, referring to all activities that do not add value. Lean tools, such as 5S, Value Stream Mapping, Total Productive Maintenance (TPM) or Kaizen, can help companies to significantly improve in terms of **productivity** and **overall effectiveness**.<sup>2)</sup> From an operations perspective, lean can result in costs and inventories reductions that rapidly free funds a company can use for more productive activities such as market research, R&D, innovation, training or consulting services. It also supports growth by improving productivity and quality, reducing lead times and freeing resources (office and plant space; productive time of employees, etc.).

However, 5S is more of a people process than it is a manufacturing technique. Establishing a lean culture starts with changing the way managers and employees think about how processes, e.g. manufacturing, logistics, clearance procedures, or distribution, are supposed to run, and about how they perform everyday tasks. By taking this entry to CSR, REAP aims at creating a mindset in SMEs that will pave the way for a **sustainable CSR culture**. Lean in general, and 5S in particular, require that all employees adopt a whole new way of thinking and constantly apply it in their jobs and working environment. In this stage, REAP can be used to guide SMEs on how to make processes more efficient, streamline process flows, eliminate all forms of waste and increase value-added of their activities.

## PILLARS OF 5S:

1. **Seiri (Sort)**: Sort out all unneeded items in the workplace
2. **Seiton (Set in order)**: Set all items that remain in proper place for quick retrieval
3. **Seiso (Shine)**: Keep the workplace clean
4. **Seiketsu (Standardize)**: Create rules and standard operating procedures for maintaining cleanliness
5. **Shitsuke (Sustain)**: Maintain the system and continue to improve it

1) Ref: David Hogg, High Performance Solutions

2) Through its Business Partnership Projects in countries like India, South Africa, or Serbia, UNIDO has acquired extensive experience in the field of productivity upgrading methodologies. For more information – see our website: [www.unido.org](http://www.unido.org)

# CSR ISSUES THAT CAN BE TACKLED THROUGH REAP

## Environmental domain:

Environmental management is an integral part of any CSR programme in a company. In this domain, REAP aims at reducing the negative environmental impacts of SMEs' business activities. The REAP methodology foresees the implementation of an introductory programme introducing business solutions like **Cleaner Production (CP)**, incl. Energy Efficiency, and **Environmental Management Systems (EMS)**. Both are established and powerful strategies that reduce costs and generate profits by reducing waste, improving a company's operations, or eliminating inefficiencies.

Depending on the needs and objectives of the respective SME, more in-depth work can be done as a follow-up in the areas of **water, energy, waste, and raw material management**. More specifically, REAP assists SMEs in managing these issues and bring them into balance with economic considerations, following the strategy of minimizing input while maximizing output. With the help of the REAP training guides consultants will be able to develop a **policy for pollution prevention** that goes hand in hand with process optimization.

For very committed companies, REAP contains a guide highlighting briefly the requirements for obtaining an **ISO 14001** certification. After companies have gone through the activities suggested by REAP in the environmental domain they have already covered most of what is expected by this ISO standard and it will be relatively easy for them to go one step further towards a certification if they chose to do so.

### ENVIRONMENTAL ISSUES IN REAP:

- Environmental Management (Basics)
- Water Management
- Energy Efficiency
- Waste Management
- Raw material (green purchasing)
- Towards ISO 14001

## Social domain:

Some of the issues tackled in this REAP domain address the needs to change the social consciousness of a company's management and to provide **decent working conditions**, while others refer more to the **productivity (value-added) side of human resources**.

In order to understand on which domains to focus, REAP foresees an initial assessment, including a questionnaire distributed to employees. Depending on the results of this assessment and the visions of management, a variety of issues in the field of human rights and working conditions can be tackled through REAP.

### SOCIAL ISSUES IN REAP:

- Employee satisfaction
- Working hours
- Wages
- Disciplinary measures
- Health and safety
- Child labour
- Forced and bonded labour
- Freedom of association
- Discrimination
- Harassment and abuse

## Anti-Corruption:

In this domain, REAP helps smaller businesses to create an environment of support and trust, conducive to eliminating corruption. While raising awareness of what constitutes corruption is an initial and necessary step, REAP also includes elements on data collection and analysis, training of employees (reference to global and national standards and legislation), design of anti-corruption policies and codes of ethics, and their implementation. The anti-corruption methodology embedded in REAP has been developed with the support of the United Nations Office on Drugs and Crime and is based on the private sector related elements of the **UN Convention against Corruption (UNCAC)**.

# UNIDO SUPPORT SYSTEM FOR CONSULTANTS WORKING WITH REAP

## Training and licensing

In order to be able to work with REAP, consultants have to go through a 1-week training course organized by UNIDO. In those five days participants will be made familiar with the Programme and its elements through a mixture of discussion rounds, interactive exercises and lectures delivered by acknowledged experts in the respective areas:

- 5S/lean manufacturing expert (engineer from UNIDO Business Partnership Programme)
- Environmental management expert (UNIDO Cleaner Production Network)
- Expert in Social Issues (trained in SA 8000)
- Expert in CSR Consulting techniques
- Anti-Corruption expert (Global Programme against Corruption - United Nations Office on Drugs and Crime)
- UNIDO staff

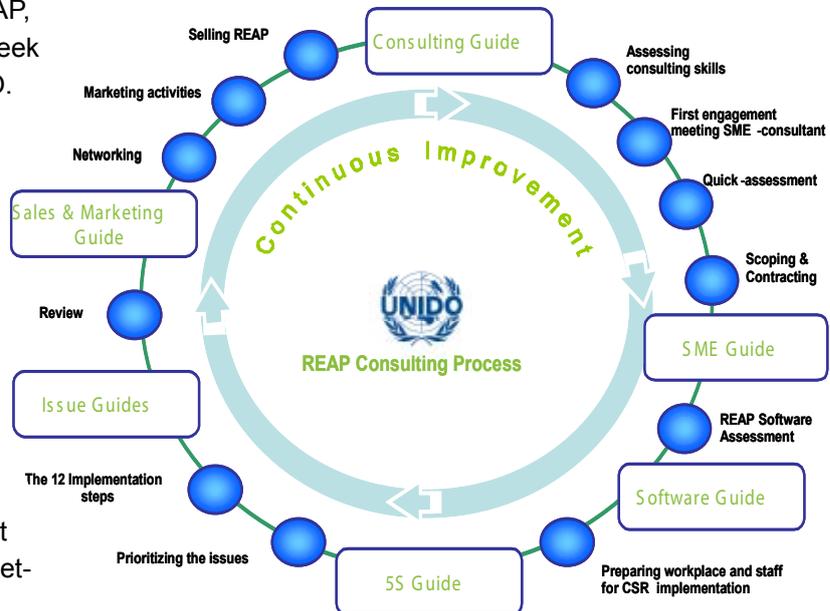
After having gone through the training, the participants will receive a license to consult businesses based on the REAP methodology. UNIDO will continue to provide advise and technical support to consultants if needed.

## Training material

At the training course, consultants will be handed out a comprehensive set of REAP Training Material, which will help them to follow the CSR implementation cycle. Following guides are included:

- Consulting Guide
- SME Guide (given to companies)
- REAP Software Guide
- 5S Guide
- CSR Issue Guides (based on the Ten Principles of the UN Global Compact)
- Sales & Marketing Guide

The REAP consulting process and accompanying REAP training material (guides) for consultants



## Central data management and on-line support

- Main **REAP Website** with detailed information on the programme and updates
  - Entry of requests for training courses
  - Regular postings of UNIDO CSR events & activities
- **REAP Web-portal for UNIDO CSR Consultants**
  - Closed forum to communicate to peers around the world working with REAP and exchange experiences
  - Q & A portal administered by UNIDO headquarters drawing on expertise of a network of practitioners in various fields
  - Space for suggestions for improvement of REAP
  - Database of measures adopted by REAP consultants to counter specific problems in various CSR domains
- **Data Management**
  - Collection of case studies
  - General aggregated statistics on CSR implementation amongst SMEs through REAP software

# WHY REAP?

While there is no universally agreed definition of CSR, many see it as the private sector's way of integrating the economic, social and environmental imperatives of their business activities – and this can be perfectly in line with a firm's quest for facilitated market access, enhanced productivity or decreasing operational costs. In the end it all comes down to how a company realizes CSR within its individual business operations and processes.

The long-run benefits companies can realize by adopting CSR strategies through the REAP approach can indeed be significant and involve the following key dimensions:

- **Cost savings:** REAP leads to operational savings (less waste, energy and material inputs, higher efficiency in resource use, etc.) resulting from environmental and productivity improvements within an eco-efficiency perspective.
- **Enhanced staff loyalty:** Companies that offer advanced human resource development programmes, and safe and conducive workplaces enjoy higher levels of loyalty and lower levels of absenteeism, and will also find it easier to recruit, develop and retain staff.
- **Enhanced reputation:** In particular for companies with a high-value retail brand, the positive image effects of CSR (demonstrated in the reports generated by REAP) can be a decisive actor for future market development. For MNCs aiming to implement CSR across supply chains, REAP is an excellent tool for benchmarking the performance of business partners in different areas and documenting the efforts undertaken in that respect.
- **Improvements in productivity and quality:** Greater efficiency and better management encouraged by REAP can help companies to improve the quality and productivity of their output.
- **Consumer response and**

**customer satisfaction:** While responsible consumer behaviour is still somewhat confined to niche markets, it appears to be growing rapidly. In the field of customer satisfaction, the REAP approach will improve companies' performance in particular with respect to lower defect rates and delivery on time through the 5S activities.

- **Better alignment access to new markets:** SMEs will find it easier to enter into specific contracts or trading relationships with Transnational Corporations (TNCs) or companies in OECD markets with demanding supplier codes. However, export-oriented CSR can only succeed if it is matched by product quality and service, which meet international market standards – a factor which is carefully taken into consideration in REAP.
- **Partnership opportunities:** SMEs can establish closer links with TNCs with which they share values but also through business associations and the closer involvement of multilateral organizations.

## ORIGIN OF REAP – UNIDO CSR PROJECT IN CROATIA

In 2004, UNIDO launched a first technical assistance project on the "Development of Corporate Social Responsibility in Croatia". Then REAP was pilot tested in local SMEs.

This project was built on 3 pillars:

- UNIDO Business Partnership Programme
- UNIDO National Cleaner Production Centre Programme
- UNIDO's conceptual work on CSR

Through the integration of these 3 pillars UNIDO supported local com-

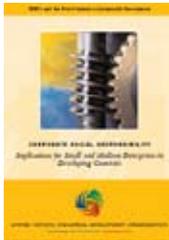
panies in applying CSR principles and becoming more productive and competitive at the same time.

Results achieved in SMEs:

- ↓ rejected product rate
- ↑ Delivery on time
- ↓ customer complaints
- ↓ machine breakdowns
- ↓ noise levels on the workplace
- ↓ overtime
- ↓ accidents
- ↓ work days lost
- ↑ employee satisfaction rates
- ↓ quantities of waste
- ↑ production capacity
- ↓ energy & water consumption

# UNIDO CSR PUBLICATIONS

## Corporate Social Responsibility: Implications for Small and Medium Enterprises in Developing Countries (2002)

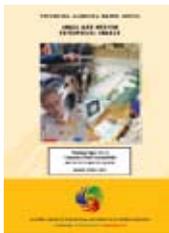


This study looks into the implications of CSR approaches for developing countries and, in particular, for SMEs in these countries that, further down the value chain, can be critically affected. What are the determining factors of CSR practice? What regional and sectoral patterns can be observed? How are developing-country SMEs affected? Is there a business case for smaller companies to adopt good CSR practices? Does it make sense for SMEs in developing countries to tackle the CSR challenge proactively rather than regarding it defensively as a threat, as a new development constraint? These are some of the questions this study addresses.

*Download at:*

[www.unido.org/file-storage/download?file%5fid=29959](http://www.unido.org/file-storage/download?file%5fid=29959)

## Corporate Social Responsibility and the Development Agenda: Should SMEs Care? (2004)



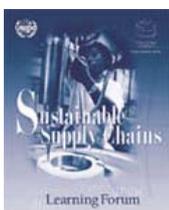
This study reviews recent trends in CSR theory and practice and, in doing so, places special emphasis on their relevance for SMEs and on the context of economic development in developing countries. It argues that at the end of the day, CSR will only prevail and remain an important force

if SMEs can be effectively engaged and if CSR has a positive impact on the development agenda, i.e. first and foremost on enhancing productivity as a long-term determinant of economic growth.

*Download at:*

[www.unido.org/file-storage/download?file%5fid=29500](http://www.unido.org/file-storage/download?file%5fid=29500)

## Sustainable Supply Chains: The Global Compact Case Studies Series (2005)



Global Compact participants quickly identified supply chain management as a key challenge facing companies in global markets. This publication is a first step toward answering some of the questions relating to the complexity of many global supply chains

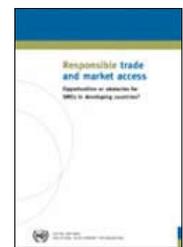
representing a major obstacle to a consistent implementation of the Global Compact principles. It also highlights the linkages between CSR and productivity enhancement approaches (lean manufacturing).

*Download at:*

[www.unido.org/file-storage/download?file%5fid=42219](http://www.unido.org/file-storage/download?file%5fid=42219)

## Responsible Trade and Market Access: Opportunities or Obstacles for SMEs In Developing Countries? (2006)

This UNIDO study intends to contribute to the debate on the equity, fairness and inclusiveness of globalization. It examines both the opportunities and the obstacles faced by small and medium enterprises in developing countries as they seek to gain access to international markets.



The study provides a thorough analysis of various approaches to responsible trade and studies their role in poverty reduction and entrepreneurship development in developing countries.

*Download at:*

[www.unido.org/file-storage/download?file%5fid=56036](http://www.unido.org/file-storage/download?file%5fid=56036)

## Building Linkages for Competitive and Responsible Entrepreneurship (2007)

In many developing countries, partnerships are essential in helping SMEs to upgrade and integrate into broader production networks and value chains and to improve their labour and environmental practices.



These partnerships include brokerage mechanisms, business linkage initiatives, hybrid commercial and social business models, innovative financing instruments, enhanced enterprise support services, and new types of alliances between companies, trade associations, governments, donors, academic institutions and non-governmental organizations. This report provides a framework for categorizing six of these different models of multi-sector partnership and collective corporate action. It illustrates examples of existing initiatives and offers recommendations for increasing their scale and effectiveness.

*Download at:*

[www.unido.org/file-storage/download?file%5fid=69447](http://www.unido.org/file-storage/download?file%5fid=69447)



# United Nations Industrial Development Organization

*The United Nations Industrial Development Organization (UNIDO) helps developing countries and countries with economies in transition in their fight against marginalization in today's globalized world. It mobilizes knowledge, skills, information and technology to promote productive employment, a competitive economy and a sound environment.*

UNIDO's assistance is delivered through two core functions:

- **Normative function as a Global Forum:** As a global forum, UNIDO generates and disseminates knowledge relating to industrial matters and provides a platform for various stakeholders to enhance cooperation, establish dialogue and develop partnerships.
- **Operational function providing Technical Cooperation:** As a technical cooperation agency, UNIDO designs and implements programmes to support the industrial development efforts of its clients.

UNIDO has sharpened its technical cooperation activities by focusing on three themes, which directly respond to international development priorities:

- **Poverty reduction through productive activities:** Distinctively different from other agencies and institutions, UNIDO addresses poverty reduction by focusing on enabling the poor to earn a living, rather than providing help to deal with the symptoms of poverty. As such, UNIDO focuses on micro, small and medium scale enterprise development; rural and agro-industrial development (as well as "rural energy for productive use"); and women in development.
- **Trade capacity building:** In this domain, UNIDO opted for an approach that combines building-up the technical infrastructure needed to participate in

international trade (i.e. standards, quality, metrology, accreditation and certification) while strengthening key export sectors that require support services in upgrading productive and export capacities.

- **Energy and Environment:** Energy has been a central theme of UNIDO's work for over 30 years, with its programmes addressing both the supply (provision of energy for industry, use of renewable energy resources) and the demand sides (improving industrial energy end-use efficiency). In that context, UNIDO also works in close cooperation with other international bodies, including the Global Environment Facility (GEF), the United Nations Environment Programme (UNEP) and the Montreal Protocol.

## UNIDO's CSR Programme:

Recognizing the need of meeting the specific requirements of SMEs with regard to CSR, the United Nations Industrial Development Organization (UNIDO) became the fifth core UN agency in the Global Compact in 2003. It is within this context that UNIDO has formulated its approach for the promotion of CSR as a means towards increased productivity and competitiveness of developing economies.

The Organization's association with the SME sector is a result of the recognition awarded by the UN system to the Organization's prior operational efforts in developing partnerships through its Business Partnership Programme, Investment and Technology Promotion Network, SME Cluster Development Programme and the Subcontracting and Supply Chain Management Programme. In addition, UNIDO has a leading role within the UN system in terms of supporting environmentally and socially responsible entrepreneurship through its training capacities and support tools for enterprises and through the UNIDO/UNEP network of National Cleaner Production Centres (NCPCs).

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