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Development Inc.?

Public-private partnerships in development cooperation

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Abstract
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“Development Inc.? Public-Private Partnerships in Development Cooperation”

The overarching purpose of this study is to examine the role of the corporation as it expresses itself in a public-private partnership in development cooperation. The research purpose is expressed in the overarching research question: How does the role of the corporation express itself in a PPP in development cooperation? A further purpose of this essay is also to define the characteristics of a successful public-private partnership. Due to limited time and resources the study will be based on the empirical material from a case study on the Growing Sustainable Business initiative of UNDP. Three Swedish corporations participated in this program: ABB, Tetra Pak, and Ericsson. Through studies of ABB and Tetra Pak the essay sets out to answer the empirical research questions: (1) What is considered to be a successful PPP from the Swedish experience? And (2) How does the Swedish experience match the model (of a PPP) presented in the theoretical literature?

Stakeholder theory and the theory of corporate social responsibility will be used to explain the role of corporations in public-private partnerships in the context of development cooperation. Public-private partnerships in their theoretical conceptualization are hybrid organization between the state, the market and in some cases also civil society. In order to evaluate the success of such constellations this study draws on an article of Faranak Miraftab, in which not only the effectiveness but also the equity of a PPP is discussed. The material for this study was based on primary sources in the form of interviews conducted with ABB, Tetra Pak, and Sida.

Theoretically, the study shows that an increased legitimate power for the corporation comes with a PPP. However, in order for the PPP to be successful for all partners there is a need for increased governmental regulation. The success of a PPP also depends on the behavior of the corporation, and what its interests are. The conclusions drawn from the empirical study is that the role of the corporation changes from the traditional role of shareholder interest to a wider responsibility towards stakeholders. The study can be seen as an initial study for further research in the field of PPPs and development cooperation, but also for studies relating to the responsibilities of corporations as they gain greater political influence.
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ABBREVIATIONS

CC – Corporate Citizenship
CSR – Corporate Social Responsibility
GSB – Growing Sustainable Business
MNC – Multinational Corporation
OECD – Organization for Economic Co-operation and Development
ODA – Official Development Assistance
PPIAF – Public Private Infrastructure Advisory Facility
PPP – Public Private Partnership
Sida – Swedish Agency for International Development Cooperation
UN – United Nations
UNDP – United Nations’ Development Program
USAID – United States Agency for International Development
WWF – World Wildlife Foundation

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Appendix 1 Interview Schedule
1 INTRODUCTION

1.1 Choice of subject

The involvement of multinational corporations (MNCs) in developing countries has been a debated issue over the years, especially in the terms of economic but also social development (Meier & Rauch, 2005). The entry of MNCs into developing countries brings not only foreign capital, but also affects people and the environment. This has been seen in the case of UK-Dutch oil giant Royal Dutch Shell and its operations in Nigeria. In 2006 a Nigerian court ruling ordered Shell to pay € 1.3 billion for polluting the Niger Delta. Shell employees have been kidnapped by militant groups in the area, who demand a greater share of oil revenue and environmental compensation (Crane & Matten, 2007). It is clear that the actions of multinationals are not always positive, and that the consequences of these actions can be dire.

This leads to the question: What is the purpose of a corporation? Generating income for its shareholders might be one widely accepted view, but some might contest this statement and point to new areas of interest for the private sector. These new areas of interest can be found in the growing importance of business ethics, corporate social responsibility and the thoughts of stakeholder theory.

An area in which the question of corporate social responsibility is of special importance is collaborations between the public and the private sector. Is there a way for private corporations to do business and at the same time generate services for the public good? Theorists adhering to the school of New Public Management would claim there is, and that it can be beneficial for both the public and the corporations.

With this in mind, the focus of my essay will be public-private partnerships (PPP) in development cooperation, and especially the role of the corporation. Public-private partnerships in their theoretical conceptualization are hybrid organization between the state, the market and in some cases also civil society. A number of interesting questions arise concerning partnerships of this kind, especially since some argue that it is not in the nature of corporations to be “…in the development business” (Todaro and Smith, 2002: 636). What is the conceptual purpose of a corporation, and how can the goals of a corporation coincide with those of developing countries? Further, what are the experiences of such projects? These are the main questions which I hope to shed some light on in this essay.

Public-private partnerships as part of a development strategy dates back to the 1980s and the neo-orthodox economics of Thatcher and Reagan (Mitchell-Weaver and
Manning, 1992). To this date PPPs are being promoted by multilateral institutions (e.g. UNDP) and governments around the world (e.g. USAID). This essay will mainly deal with the use of public-private partnerships in the Swedish context of international development cooperation. Sweden and Sida, the Swedish Agency for International Development Cooperation, have not been using PPPs frequently in the past, but this might change as the Swedish Ministry of Foreign Affairs has ordered Sida to investigate the possibilities for PPPs in Swedish development cooperation (Utrikesdepartementet 2007).

1.2 Purpose of Research

The purpose of this essay is to examine the role of the corporation in a public-private partnership in the context of development cooperation. I will also attempt to formulate a model for public-private partnerships that is successful. Although “There is no magic formula that will produce successful public-private partnerships in all places under all conditions” as expressed by David Sears and Norman Reid (Larkin 1994:8, Sears and Reid 1992:301), one of the goals with this essay is to define characteristics of a successful PPP. Success will be measured according to how the project is organized and who benefits from it (see section 2.5).

In order to have an empirical base I have chosen to study the involvement of Swedish companies in the UNDP project Growing Sustainable Business (GSB). The reason as to why Swedish corporations have been chosen for this study is because of the easier access I would have to contact them (compared to foreign companies), and also because I want to study Swedish development cooperation. The motivation for choosing the GSB initiative is explained by the context I wish to examine, namely the Swedish involvement in public-private partnerships in international development cooperation. There has not been a gathered effort from the side of Sida to establish formal rules for such collaborations which I could have investigated otherwise. The GSB is a well-known project that even the Swedish State Department has chosen to examine to further investigate the possibilities of a Swedish program for PPPs in development cooperation (Utrikesdepartementet 2007). The three Swedish corporations involved are ABB, Ericsson and Tetra Pak.

With government pushing for increased private involvement the organizational form of PPPs could be worth investigating. Although the purpose of this particular essay is not to primarily investigate the consequences PPPs might have for e.g. democratic legitimacy, it is one among many interesting aspects with partnerships of this type. A closer cooperation
between public and private will be of influence to both sectors. Yet as previously mentioned, the main actor which will be examined in this essay is the corporation.

Stakeholder theory and the theory of corporate social responsibility will be used to explain the role of corporations in public-private partnerships in the context of development cooperation. In order to evaluate the success of such constellations this study draws on an article of Faranak Miraftab, in which not only the effectiveness but also the equity of a PPP is discussed.

Studies on corporate behavior are becoming increasingly important not only to studies of business and management, and the field of business ethics, but also to political science. As corporations gain greater economic and political leverage this affect both politics and the lives of people. Further, since close collaborations between the state and the business world are being initiated by governments, and government institutions, it would be of interest to investigate how this changes the traditional roles of the private and the public sector.

1.3 Research Questions
This essay will have research questions based on the purpose of research, with the overarching research question being:
* How does the role of the corporation express itself in a PPP in development cooperation?
In order to answer this question I need to find empirical evidence/data. To guide my empirical investigation I will use two further research questions:
1. What is considered to be a successful PPP from the Swedish experience?
2. How does the Swedish experience match the model (of a PPP) presented in the theoretical literature (see Chapter 2)?

These research questions will be operationalized in section 2.5, and the theoretical base for answering the questions will be presented in the theory chapter (chapter two).

1.4 Definitions
A number of terms have to be further defined in order to operationalize the research questions of this essay. Some key concepts will be further clarified in 2.5 Operationalization.

The term public-private partnership, or PPP, is essential to this essay. Simply put, PPPs are a “…hybrid organizational form in between state and market…” (van Tulder and van der Zwart, 2006:14). Any kind of public-private collaboration does not count as a
PPP, there are requirements for e.g. formality to be fulfilled. The concept of what a public-private private partnership is, and is not, will be explained further in 2.4.

“The Swedish experience” will in this essay be represented by the Swedish involvement in the GSB initiative with the two corporations ABB and Tetra Pak and the government agency Sida.

A corporation will in this essay be defined as a for-profit business entity, please see section 2.1 for further explanation.

One of the key concepts in this essay is development cooperation, and then specifically international development cooperation. There is no one widely accepted definition of development cooperation, but the OECD has a definition for official development assistance (ODA) which could help serve as a definition for development cooperation as well. ODA is according to the OECD “Flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective” (IMF 2003 http://stats.oecd.org/glossary/detail.asp?ID=6043). There is however a difference in meaning between ODA and the term development cooperation. The difference lies in that development cooperation points to a more active involvement from the side of the recipient country.

The term development in itself is worth a few words of clarification. According to Todaro and Smith the need for development implies a normative value judgment; it suggests the progress from a bad situation to something better: “The very concepts of economic development and modernization represent implicit as well as explicit value premises about desirable goals for what Mahatma Ghandi once called the ‘realization of the human potential’.” (Todaro and Smith, 2006:13)

1.5 Previous Research
Public-private partnership in the realm of development cooperation used to be a subject on which not much research had been conducted, although the PPP as a tool for development is increasingly being promoted by governments and intergovernmental bodies (Miraftab 2004). The lack of research on the subject is a problem which van Tulder & van der Zwart (2006) touch upon. They do not offer any new solutions to this problem, but do refer to other researchers in the field, such as the well-referenced Pauline Vaillancourt Rosenau.

Rosenau (1999) has studied the strengths and weaknesses of a public-private policy partnership. The article which I have referenced to in my own study deals with public-private policy partnerships, which are PPPs initiated for policy purposes. The overall notion
of theorists has been that PPPs decrease regulation, and are more efficient in terms of finance. The interesting point which Rosenau raises in her article is that this notion may be mislead, at least in the experience of the few PPPs there have been. The PPP typology is also discussed in Rosenau’s article, as in most other academic research on public-private partnerships.

One of the earliest research articles on PPPs in development cooperation is written by Brenda Manning and Clyde Mitchell-Weaver (1992). The purpose of that study was to give an account of the conceptual idea of the PPP, and to distinguish what can be said to be a PPP and what cannot. As with the typology of Rosenau, there has been research done in the area of defining the PPP. A question which might arise with the reader could be: “Why do they not know what they are studying?” The answer would be that many things claim to be PPPs, but there are some key features as to why PPPs are different from privatization. These key features will be dealt with in chapter two.

The research on PPPs in development cooperation has been accused of being biased, since it has been based on material from development cooperation agencies and the like (Manning and Mitchell-Weaver 1992; Miraftab 2004). It is also argued that most of the case studies which have been done have primarily chosen to re-tell the success stories (Jamali 2004). Researchers in the 21st century are seeking to steer away from that problem, and to investigate the underlying assumptions to promote PPPs for development.

Although more research has been done on PPPs, this research has mostly been focused on the typology of the partnership as mentioned by Faranak Miraftab (2004) in her article on PPPs and equity. I will in this essay combine these two areas of focus to determine success, with both the aspect of typology, and the aspect of equity in mind. Miraftab brings up with many valid points which I wish to incorporate in my study. Power and the relations of power between partners in a PPP are crucial to its success. This is particularly important when dealing with weak partners of negotiations, such as the case might be for host countries in the context of development cooperation. The state, Miraftab argues, is essential to regulate the PPP and keep the process fair to all participants.

An aspect of PPPs which is touched upon both by Manning and Mitchell-Weaver (1992), and Miraftab is the underlying development strategy for promoting PPPs: “The unexamined assumption here is that as partnerships create wealth they also distribute it equitably (Miraftab, 2004: 91)”. This discovery may not be shocking per se, but brings some of the difficulties with PPPs in development cooperation to light. PPPs in themselves do not promote equally distributed development.
Crane and Matten (2007) will be my primary source for theoretically investigating the corporation and its responsibilities. The two have written a book together on business ethics, which deals with the subject in-depth. Both the traditional role and new approaches are presented and argued for through the discussion of morality and law. It is from Crane and Matten that the models of stakeholder and shareholder theory are taken. These two theories will be used to analyze the actions of my chosen corporations (ABB and Tetra Pak).

1.5 Method and Material

1.5.1 Way of conducting research
The empirical data chosen for this essay will first most be based on a case study of UNDP:s Growing Sustainable Business and the involvement of Swedish companies in this project. My method will be mostly qualitative, an approach which add both positive and negative aspects for the scientific value of this essay. By focusing on a small number of cases one can investigate issues more deeply, yet the level of generalization is not as high as desirable. This is a limitation in general with previous studies on PPPs (as they have mostly been small case studies). Despite the limitations of my chosen method I argue that the qualitative approach is suitable for my study. Firstly, the number of Swedish corporations that have been involved in the GSB-project is small, only three. Secondly, the GSB provides a common denominator for the corporations and Sida, they have all participated in the project. Thirdly, the structure of PPPs is very different from case to case, and this makes it very hard to say that PPPs in general are good or bad. I will not be able to make generalizations of all PPPs in development cooperation, but I hope to distinguish tendencies relating to the GSB, and what benefits the poor people affected by development cooperation.

As previously mentioned my analysis of chosen literature and documents will be qualitative. I will not try to make any causal explanation through this study. Rather, from my findings (from the literature and documents) I hope to describe the form of a PPP and the theoretical approach for my model. Based in theory I could also have chosen a more quantitative approach of documents and statistics. The difference between qualitative and quantitative will mostly be noticed in the possible degree of generalization from the conclusions of the study. The possibility to make valid generalization is also dependent on the selection of study objects. The success rate of PPPs could be measured quantitatively from the revenues raised through the projects. However, there could be difficulties to obtain the information needed to conduct such a study, in the form of statistics. Not all companies might
be willing to provide financial information. I would argue that a deeper qualitative investigation could contribute to this essay is that it will give an overall overview of the conceptual PPP.

This essay, as many other qualitative studies, will to some degree have a normative aspect in the conclusion. I wish for the reader to be aware of this, but my ambition at the same time is that my essay could also be read as an account of the GSB experience (Esaiasson et al 2004).

1.5.2 Material

The basis for the empirical side of this essay will mainly be gathered from interviews and documents. The interviews will be conducted with Swedish corporations from the GSB, and Sida. The documents will primarily be government documents relating to Sida. The interviews and documents will serve as primary source material for this research, although secondary source material is also needed to be able to analyze the interviews and documents.

1.5.3 Delimitations

Due to the limited amount of time and resources at my hands, I have chosen to do a case study as mentioned earlier. The study is firstly narrowed down to dealing mostly with the Growing Sustainable Business-program of UNDP, and then further limited to the three Swedish corporations which have been participants.

The study will be limited in the scope of time and space that it examines. I will not examine how the PPP has evolved over time, but rather focus on a short period in time from which the GSB was initiated. The scope of space is also limited in that the essay deals with Swedish corporations. Furthermore, the GSB projects which will be studied are taking place in Tanzania. Growing Sustainable Business is not an initiative limited to Tanzania, but I have chosen to do this limitation since this was the country in which the three Swedish corporations all were involved.

Not a great deal of work has been written on the subject of GSB, but through firsthand information and documents posted on the website of UNDP and the corporations I have made the judgment that I will find sufficient data for my study.

At first, my ambition was to interview all of the three Swedish corporations which have been part of the GSB. Unfortunately I was not able to get an interview with Ericsson, so the study will have to be limited to two corporations, ABB and Tetra Pak. The reason for choosing these corporations has already been motivated by the context which I
wish to study, namely the Swedish context of development cooperation. I find this context to be of interest since there could be a change happening in that policy area with the broader cooperation with non-governmental actors.

1.5.4 Method for collecting data

In order to gather information about the subject of the essay I will use two methods: interviews and literature studies. Both of these methods will be analyzed in a qualitative way. The use of more than one method will help provide different types of information and could also evade some of the negative sides of the different methods (Burnham et al 2004).

My primary source for gathering information on the corporations and their projects will be through interviewing selected employees. These employees were selected on the grounds of their involvement in the GSB. Initially I contacted three companies to request an interview. The common denominators for these three corporations are that they are all Swedish, and they have all participated in the Growing Sustainable Business-program. Both Tetra Pak and ABB agreed upon an interview, but unfortunately Ericsson was not able to respond within the time frame of the essay, as was also mentioned in Delimitations section of this essay. I also conducted an interview with Sida, to get the public side of the question.

I consider the interview to be a suitable method for my study because it will provide me with first-hand information about the subject of this essay. Not much research has been done on the role of the corporation in PPPs, and the interview as a method might be one of the few ways I could obtain data. Through an interview I could ask specific questions formulated from the research purpose of this study, and gain an insight in the thoughts of the corporations themselves.

The interviews took place over the phone, a method which has both positive and negative effects on the outcome. The effect of the interviewer (that is me, the researcher in this case) can affect how the interviewee chooses to answer the questions. Body language and other factors could be leading, in that it would make the interviewee feel supported in his or her answers. The effect of the interviewer could therefore be said to be lower through a phone interview (Esaiasson et al 2004). What I did miss by not meeting my informants face to face was an opportunity to interpret their body language while answering the questions. The nature of this particular essay is not especially sensitive, but if it would have been, a more in-depth interpretation of their behavior might have been useful to determine for example whether they were telling the truth.
As discussed by Burnham et al. (2004) the interviews were conducted as semi-structured interviews. This means that there are a number of questions that will be the same regardless of who the respondent is; it also means that some questions will differ from interview to interview. I find this method to be relevant to my study since the corporations are active in different sectors of the economy, and that they are structured in different ways. The questions will be derived from the research study, as well as closely connected with the theoretical operationalization (see section 2.5).

1.5.6 Reliability and validity

The scientific value of this essay is determined by the reliability and the validity. Since there are a range of techniques available to the political scientist it is very important to articulate clearly what is to be investigated and to motivate every choice that will be made.

Simply put, reliability is the measure of whether the study is replicable in that it will produce the same results regardless of who conducts it. Considering the qualitative approach to this study there are some things that need clarification. The method for collection of empirical data will primarily be interviews. Some could argue that the interpretation of the interview could not be guaranteed to be the same for different researchers, but still, since the questions have been constructed with the research purpose in mind I consider the reliability to be good. Also, considering the theoretical basis on which the analysis is founded the question of reliability should not be a problem for the scientific value of this essay (Burnham et al. 2004).

The objective of validity is to ensure that the study is actually investigating what was articulated as the problem. It is a question of correctly “translating” the theoretical definitions to the operationalization which will guide the analysis of the empirical material. There is a separation of external and internal validity.

The internal validity is further separated into concept validity and result validity. The concept validity is concerned with the pairing of concept and operationalization within the actual study; does the operationalization represent the concept in a satisfactory manner? The operationalization of this essay will be based on the theories presented in chapter two, which have been chosen with the purpose of research in mind. The result validity will be considered to be high if the good concept validity is paired with good reliability. As previously mentioned, I consider the reliability to be sufficient for this study, since it is a case study, therefore making the result validity good, but of course it would be better with more cases.
The external validity deals with generalization. As previously recognized, drawing conclusions to generalize about case studies based on qualitative studies is not the most desirable situation. Yet as the Swedish experience of PPPs in development cooperation still is limited, the GSB experience is the best partnership to study which has involved more than one Swedish actor (Esaiasson et al 2004).

1.6 Disposition
Chapter one deals with the foundation of the study, containing the choice of research, with the research purpose. This is also the part of the essay in which research questions are to be found, as well as definitions, and previous research. Sections on method and material will also be included in chapter one.

Chapter two dives into the role and acting rationale of the corporation presenting theories to explain this behavior, and the chapter continues on with the concept of the PPP and its roots in New Public Management.

The empirical data is presented in chapter four, where the interviews are presented in one section per interviewee (ABB, Tetra Pak, Sida).

Chapter five presents the analysis of the empirical data with the help of the theoretical framework of chapter two. The data will be analyzed through the themes put forward in the section on operationalization.

The sixth and final chapter will contain conclusions and end discussion, as well as research questions.
2 THEORY

2.1 The Corporation – A discussion on business ethics and CSR

The overarching research question of this essay deals with the role of the corporation and how this role is expressed in a PPP. It would therefore be of relevance to determine what a corporation is before further theories are discussed. The corporation is a form of business entity, the most dominant form in the global economy. Not all businesses are corporations, and all corporations must not be for-profit businesses. According to Crane and Matten:

A corporation is essentially defined in terms of legal status and the ownership of assets. Legally, corporations are typically regarded as independent from those who work in them, invest in them, or receive products or services from them. Corporations are separate entities in their own light. (2007:42)

Crane and Matten also list the legal status of the corporation in order its legal responsibilities, which are presented below, slightly modified.

1. Corporations are typically regarded as ‘artificial persons’ in the eyes of the law.
2. Corporations are notionally “owned” by shareholders, but exist independently of them.
3. Managers and directors have a ‘fiduciary’ responsibility to protect the investment of shareholders. (2007:43)

These are examples of legal responsibilities – but legal is not the same as moral. Talking about business ethics is to discuss the morality of corporate actions. “Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed.” (2007:5). The discussion on what is morality and what is ethics is not easily dealt with in a few pages, but for a good discussion please see Crane and Matten (2007) chapter one, Understanding Business Ethics.

It is clear that a corporation has legal responsibilities, but not every one believes that the corporation has any moral responsibilities. In the words of Milton Friedman, “The social responsibility of business is to increase its profits.” (Crane and Matten, 2007:43). Today however, many corporations practice “Corporate Social Responsibility”, shortened CSR. CSR is the thinking that corporations have not only a financial but also a social responsibility. There can be both business reasons practicing CSR, which can be seen as profit-maximization posing as social responsibility, and genuine altruistic motives. Moral arguments for CSR differ, but many believe that since corporations cause social problems (pollution for example), they also have a responsibility to prevent further problems. Corporations are also increasingly powerful social actors in a global context, and this power
should be used responsibly. The moral argument on which this essay will continue to explain the corporate role in PPPs will be the stakeholders approach. Corporations have a responsibility to a wider set of stakeholders in society, as opposed to just shareholders.

Another term which has been gaining ground as a new way of addressing the social role of the corporation is corporate citizenship, or CC. CC will only get a short mention in this essay, but is increasingly appearing in academic literature. A widely accepted definition of CC is not yet agreed upon, since in some aspects, it is just a new term for existing ideas (Crane and Matten 2007).

2.2 Shareholders vs stakeholders

This essay will much deal with the acting rationale of the corporations, why do they choose to act in the way that they do? As mentioned in the previous section of this essay, the traditional role of the corporation has been one of strictly making profits for their shareholders. The shareholder theory can be compared to the new sense of responsibility expressed in the stakeholder theory. The interests of shareholders are still of great importance to corporations, but a new dimension of interest is added in the form of stakeholders. A good definition of stakeholder is found in Crane and Matten 2007:

A stakeholder of a corporation is an individual or group which either: is harmed by, or benefits from, the corporation; or whose rights can be violated, or have to be respected, by the corporation. (2007:58)

Who is defined as a stakeholder varies from corporation to corporation, and even depending on different operations by the same corporation. The differences between the two models of management are easily seen in figure 2.2. The most apparent difference is the larger number of groups in the stakeholder theory; more actors are regarded to be affected by corporate behavior. But also, the relationship between the corporation and its stakeholders change from one-way communication to an interdependent two-way interaction. As seen in figure 2.2 a) and b) the arrows between the different actors in the models represent responsibilities. Also to be noted, by civil society I mean non-governmental organizations, local communities and the like. In the shareholder model the most important interest (and responsibility) for the corporation is the shareholders’, since they own the firm. It is from this perspective that the corporation should be managed. This is different from the stakeholder theory, where the obligations of the corporation are extended. The main interest in shareholders is now contested by the interests of other groups.
Figure 2.2 a) Traditional management model (Crane and Matten, 2007:59, Figure 2.3 Stakeholder theory of the firm)

![Traditional management model](image)

Figure 2.2 b) Stakeholder model

![Stakeholder model](image)
2.3 The Global Compact

The Global Compact is a corporate citizenship-initiative presented by former UN Secretary-General Kofi Annan in 1999. The purpose of the Global Compact is to further a closer cooperation between the UN and corporations around the world, as well as advocate for responsible business practices. As previously mentioned the UNDP-program Growing Sustainable Business is a part of the Global Compact. The way the Global Compact works is that there are ten principles to which participating corporations sign on. These ten principles are derived from: the Universal Declaration of Human Rights; The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; the United Nations Convention against Corruption. The four declarations, or conventions, are all agreed upon in the UN, and they are also the base for the ten principles of the Global Compact (as listed below).

Human Rights

Principle 1 Businesses should support and respect the protection of international human rights within their sphere of influence; and
Principle 2 make sure they are not complicit in human rights abuses.

Labor

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 the elimination of all forms of forced and compulsory labor;
Principle 5 the effective abolition of child labor; and
Principle 6 the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7 Businesses should support a precautionary approach to environmental challenges;
Principle 8 undertake initiatives to promote greater environmental responsibility; and
Principle 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10 Businesses should work against corruption in all its forms,
including extortion and bribery.
(http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html)

As Thérin and Poulit (2006) states, the Global Compact marks a shift in development thinking. The relationship between the UN and the business world has previously been frosty, yet it seems that both parts have begun to acknowledge their shared responsibilities, or as Ruggie has expressed as well, should acknowledge (Held et al 2003). The change that has occurred is that global business no longer is seen as a part of the problem of development, but rather a part of the solution (Thérin & Poulit 2006).

Stakeholder theory is useful to apply to the actions of corporations who are signatories of the Global Compact, as well is thoughts of CSR. As seen in the ten principles of the Compact businesses have a wider responsibility if they choose to follow what they have signed on to.

2.4 Public Private Partnerships - the concept

In accordance with the stated scope of the research this chapter explores public-private partnerships (PPPs) as they apply to the development cooperation context. In general, PPPs can have different purposes and as seen through the empirical examples of this essay they can take place in different sectors of the economy. Broadly defined, a PPP is a form of administrative or managerial cooperation between the public and the private sector. This section of the essay will place the PPP conceptually and bring forward the defining features of the arrangement.

2.4.1 New Public Management

The public administration of the industrialized world has over the past decades entered a new paradigm. The traditional model of administration based on bureaucracy has given way to a more market-influenced approach of privatizations and deregulation. Although not embraced by all industrialized countries, it is safe to say that this approach has gained a great influence in the public administration of the Western world (Ostrom 1989; Hughes 2003). New Public Management (NPM) is a theoretical approach used to explain this development, and it is also the theory in which the PPP has its basis. The PPP is one example of the interaction between the public and the private which comes with the adoption of NPM in public administration. At least that is what some of the theory states. PPPs could be seen as a way for governments to detach themselves from responsibility, but it could also be seen as a way of increasing
government regulation. For the PPP to be a considered an NPM approach, an increased governmental role does not make sense. As argued by Faranak Miraftab and other theorists on PPPs in context of development cooperation the state needs to be involved for the PPP to be fair to all parties (Miraftab 2004). Vaillancourt states that the benefit of a PPP lies not in decreased government regulation. Reported cases have shown an increase in regulation and monitoring on behalf of the state (Vaillancourt 1999).

There is a big risk in discussing what works in “developing countries” and what does not work there. First of all, many varying kinds of countries can be said to be “developing countries”, but they have different political structures and administrative traditions (Hughes 2003).

There is however still a place for NPM in this discussion, as it leads to a distinction between administration and management. What is the difference between administration and management? Administration has traditionally been seen as the execution of political decisions, leaving the accountability to the politicians who made the decision in the first place. Management entails a sense of results based performance and accountability for whomever performs the task. This means that the accountability, although still present for the legislative, is extended to lower levels of governance (decentralization). Including the private sector in operations of the public will further extend the political accountability to non-governmental actors (Hughes 2003). This leads us back to the discussion on business ethics, since higher accountability for the private sector is the goal in that field.

For the Swedish context, NPM is not the dominant form of administration but in some policy areas this could be changing. The case of PPPs in development cooperation is one example of this change, depending on your take on NPM and PPPs (Hessling-Sjöström 2007).

2.4.2 What is a PPP?

The term public-private partnership has been mentioned numerous times in this essay, yet it is not until now that an in-depth explanation is given. The reason for this is that many constellations claim to be PPPs, but few really are. One of the criticisms that have been directed at the PPP is that the term is being used to disguise a privatization. Therefore, it is useful to properly define the PPP as an organizational form with sufficient foundation in the theoretical approaches of NPM and stakeholder theory.

In the context of development cooperation the PPP has been used as a tool for development since the 1980s. The background of this can be found in the increasing
importance of NPM in developed countries during the Thatcher and Reagan years. International financial institutions applied the same logic (lower public expenditure, privatization and etc) to the development strategy of developing countries (Mitchell-Weaver and Manning 1992). Public-private partnerships have been used by government agencies for development cooperation in countries such as Germany and the United States (Miraftab 2004).

The PPP is conceptually closer to corporativism than it is to privatization. The traditional form of corporativism is seen as the formal representation of different organizations. “The Swedish model” included both the labor movement and the private business sector in the formulation of the country’s economic policy. However, the order was set according to a state-centered hierarchy. Public-private partnerships can be seen as neo-corporatist in the sense that it is a close collaboration between the state and business. The difference should theoretically be that the structure is not strictly organized in a hierarchy where the state is at the dominant actor. This change of the power structure is also visible in the increased legitimate power for non-governmental actors in a PPP; this makes the PPP more pluralistic than corporatist (Mörth and Sahlin-Andersson 2006).

For the partnership to really be a partnership “The actors must be involved in some ongoing set of interaction which require real partnership on the part of all concerned (Mitchell-Weaver and Manning, 1992:48)”. The parties participating in the PPP have combined forces to accomplish a shared objective. If one party just acts like a silent partner providing necessary capital this would not count as a PPP. Government paying the bill for private development costs or vice versa does not constitute a partnership. All sides of the PPP must be involved in planning, building, and operating or implementing the project.

2.4.3 Parties to a PPP in development cooperation

A PPP brings many different actors and stakeholders together, all with their own agendas for the success of the project. As seen in figure 2.4 (Hybrid organizations) the number of parties to a PPP can vary depending on how the project is organized. One of the main parties is the public partner, which could be represented by a government agency of a developed country, or the province government in a developing country. The private partner, also called the profit partner in figure 2.4, is often represented by a corporation. Figure 2.4 is a slightly modified version of figure 1.3 from the book of van Tulder and van der Zwart. The figure presented by van Tulder and van der Zwart (2006) is helpful when conceptually placing the public-private partnership. The original figure puts the PPP in the area pointed out by arrow 1a, but it is also
common for PPPs to include a non-profit partner (arrow 1b), as in the case of ABB and the GSB in Tanzania, in which the World Wildlife Foundation played an important part (Nordström).

**Figure 2.4 Hybrid organizations** (Figure 1.3 van Tulder & van der Zwart, 2007: 12)

2.5 Operationalization

In order to answer the research questions put forward to guide this study, the theories presented in this chapter need to be operationalized. This includes the theory of the PPP, and the theories of the corporation (stakeholder theory, and shareholder theory). The research questions which my study sets out to answer are:

1. *What is considered to be a successful PPP from the Swedish experience?*
2. *How does the Swedish experience match the model (of a PPP) presented in the theoretical literature (see Chapter 2)?*

“The Swedish experience” will be operationalized as the participation of the Swedish corporations previously listed in the GSB-program and the experience of Sida. The interviews which I have conducted with ABB, Tetra Pak and Sida will serve as data for analyzing “the Swedish experience”.

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The corporation which this essay focuses on is the for-profit business entity presented in section 2.1. Key features are the three legal responsibilities listed in that section.

In order to operationalize the theory of the PPP we need to determine whether the cases presented in this study qualify as PPPs. This will be done by identifying the partners of the PPPs according to figure 2.4 (Hybrid organizations) and the themes mentioned in the literature. These themes include the aspect of hierarchy, common goals and how formalized the structure is. A project defined as a PPP according to these themes will be one where:

- the planning, implementation and operation of the PPP is a joint effort,
- consisting of an ongoing set of interaction between partners and;
- the parties actually partner, i.e. the government does not simply pay the bill

After having determined what constitutes a PPP, the issue of success will be dealt with next. Many times when the success of a PPP has been evaluated it has been in terms of effectiveness. From van Tulder and van der Zwart (2006:79):

… the number of operational PPPs remains very small and their actual effectiveness highly disputed. This is partly to do with the paucity of academic research: as Linder and Vaillancourt Rosenau (2000: 2) have noticed for instance, ‘to date, organized assessments of partnering performance have been piecemeal and incomplete. --- According to Pollitt (2003: 62), both the choice of projects and the initial conditions that have to be met strongly influence the success or failure of PPPs.

Success for PPPs in development cooperation cannot only mean that the project pays back the investments, but that it can serve the interests of the poor. The successful model for PPP addressed in this essay is a PPP where the partnership as an institutional form of organization is carried out, and a common goal is reached for all those involved. By evaluating the PPPs according to the three conceptual issues presented by Faranak Miraftab (2004) I consider the question of success to be answered.

(1) the definition of partners’ roles and responsibilities in the PPP process
(2) associated action – the achievement of horizontal power relations among partners
(3) the role of the state as a mediator, enabler and regulator

A quotation from Miraftab (2004: 92) further explains: “The possibility of a partnership benefiting a community’s poor depends on the nature of the associated action: how the partnership is conceived, why it is initiated and carried out, and whether the power imbalances amongst participants can be dealt with to secure equitable, horizontal power relations”. The sustainability of the PPP is also dependent on the goal to be mutually beneficial to those involved.

It would further be useful to explain how this operationalization relates to the rest of the essay. The purpose of research is tightly connected to the overarching research
question, which in its turn will be answered through the operationalization of shareholder and stakeholder theory. The interview schedule is also connected to the research purpose through themes: Motivation for participation in GSB, and Experience and formulation of public-private partnerships (see appendix 1, Interview schedule).

Through answering the two empirical research questions, the overarching research question for the essay will be examined; How does the role of the corporation express itself in a PPP in development cooperation? In this essay, the role of the corporation will either be expressed through shareholder theory, or stakeholder theory. Going back to figure 2.2 a) and b) the participation of the corporation in a PPP will be examined through a number of aspects. Firstly the motivation for the corporation to enter a PPP should be investigated. If the corporation enters the PPP simply for profit-maximizing motives, it will be said to act in the interest of shareholders. If there is a wider motivation to participate in the PPP, this behavior could be said to fall into the stakeholder theory. Second, the responsibilities of the corporation will be looked into. If the corporation only sees to the interest of profit making in the PPP this behavior will be classified as adhering to shareholder theory. A corporation which takes larger set of responsibilities into account (social, environmental and responsibilities to stakeholders) will qualify as practitioners of stakeholder theory, and CSR.
3 SWEDISH EXPERIENCES

3.1 Swedish corporations and PPP (UNDP:s Growing Sustainable Business)

Growing Sustainable Business (GSB) is an initiative from the United Nations Development Program for collaborations between the public and the private sector. There is no specific sector of the economy in which GSB programs can be initiated:

“GSB’s core deliverables vary depending on project focus, but they can be generally classified as market-based solutions to poverty that are both beneficial to society and to the business that is engaged in the programme (Befeki 2006:30).”

Corporations such as ABB and Tetra Pak became part of the GSB as a result of being signed up to the Global Compact and thereafter contacted by the UNDP. To be noted is that the abbreviation GSB will also be used as short for the projects.

3.2 Interviews

The corporations selected for this study do not work in the same economic sector, but was chosen for their participation in the GSB. As mentioned previously, the three Swedish corporations participating in the GSB were ABB, Tetra Pak, and Ericsson. Anders H. Nordström (ABB) and Katarina M. Eriksson (Tetra Pak) participated in my study, as did Ulrika Hessling-Sjöström (Sida). I was not granted an interview with the corporate responsibility department of Ericsson.

3.2.1 ABB – Access to Electricity

ABB is a global corporation with operations in a large number of countries, both developed and developing countries. Their operations vary from country to country, taking into consideration the different local situations. ABB has a program for driving the market in developing countries called **Access to Electricity**. I contacted the project manager, Ph D Anders H. Nordström and was granted an interview for the purpose of this study. Anders H. Nordström is a long time employee at ABB, and has worked in the field of R&D and is today involved in the formulation and realization of projects for **Access to Electricity**.

The motivation for initiating a program of this kind was the understanding that ABB should take further responsibilities in relation to the Millennium Development Goals of the UN. At the same time ABB has to ensure that the program was relevant to their operations,
and the area of energy poverty. As a corporation, the operations of ABB are for-profit. In the long run the GSB-project in Tanzania would be market driving on a commercial basis, although this has not been achieved yet. That particular rural electrification project is more of a development cooperation project at the present time. Nonetheless, the corporation sees a benefit in using the project as a way of raising awareness of energy poverty and new solutions to the problem in a sustainable way.

The goal of the PPP in the Tanzanian villages is partly fulfilled by the fact that there is a steady supply of electricity in the evenings, but the long term goal is to make the project stand on its own, without the support of NGOs or ABB. Six years ago, when the project started, WWF and ABB held village meetings to discuss the formulation of the rural electrification projects with the stakeholders. The village was part of the project, although both ABB and WWF had their say in areas of concern relating to them. It has been clearly communicated from day one that there will be phasing out of the responsibility of ABB, to make way for a greater role for the village itself. The villagers are also in charge of the generator through a committee.

Concerning the question of what development is in the eyes of ABB the general goals that Anders H. Nordström would list shortly are an increased economic standards, better social terms for living, and a possibility for the people to be economically independent and stand on their own.

In general, the experience of ABB coming into the GSB has been somewhat of a challenge, in terms of expectations on both sides of the partnership. Although ABB was not directly involved with district government concerning the formulation of GSB in Tanzania, they had a non-profit partner in the form of the World Wildlife Foundation (WWF). No project is the other alike, and there the level of influence on behalf of the private and the public partner also varies. In the GSB-project ABB seems to have entered later in the process of formulation, as opposed to e.g. their own projects in India. Since programs outside the GSB are fully based on an initiative from ABB, the corporation also has full control in those cases.

The collaboration with the UN in the case of the GSB is not the only cooperation between public and private that ABB is involved in. One of the countries in which ABB is operating in is India, a huge country with its own challenges and limitations.

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1 Poverty can be defined in many different ways, and in different areas. It could be a simply materialistic definition, or a wider. Energy poverty is the lack of energy in form of electricity, which is a hindrance to further economic and social development according to Anders H Nordström.
The partners in India have been a local NGO and the state province in concern. As a multinational corporation active in India, it is close to impossible not adding a social dimension to their work there. A very telling example of that is the company ambulance at one of the locations in India. Although the presence of ABB in India is based on commercial terms, issues of sustainability and social responsibility are taken into consideration. The impact of the corporate actions taken there could in terms of numbers be said to be greater than the impact of the GSB project. The villagers in Tanzania are a few hundred, as opposed to the 25,000 villages being electrified through the commercial programs in India. The gains from the project in Tanzania might be small in comparison to the other ABB operations in India, but increased access to electricity means that local businesses and schools can be open longer. As Nordström notes, the GSB has a value in itself, but has not yet reached the level of other ABB operations.

ABB partnered with WWF through the GSB, a project in which the Swedish International Development Agency was involved to some extent. The Access to Electricity project started in 2002, and at that time ABB approached Sida, with little positive response. Over the preceding five years the response had gradually become more positive for alternative forms of collaboration between Sida and ABB. Anders H. Nordström talks of a change in attitudes at the Swedish agency. The understanding is better, but what still lacks is a formal set of rules and regulations for such partnerships.

The stakeholders identified for the project in Tanzania are more limited than in the own operations of ABB. Anders H Nordström points out the villagers, the district government, WWF, as well as UNDP in Tanzania. Balancing the interest of shareholders and stakeholders in a situation like this can pose some difficulties; it is of importance to find support within the organization for the actions of the corporation. In general, ABB has been able to balance those interests, according to Nordström.

3.2.2 Tetra Pak – Food for Development

Tetra Pak is a multinational corporation with operations in nearly all the countries (more than 165 countries) of the world. Together with the two other independent industry groups, DeLaval and Sidel, Tetra Pak belongs to the Tetra Laval Group. Tetra Laval is a private industrial group of Swedish origin headquartered in Switzerland. The main business of Tetra Pak is food processing, packaging and distribution systems; especially focusing on the UHT technique and aseptic packaging. UHT, short for Ultra High Temperature, is a method of food sterilization. This treatment is needed to achieve commercially sterile food that is safe to eat
and drink. UHT products do not need cooling for storage and transportation and have a shelf life of 6-12 months with no preservatives added.

I was granted an interview with Katarina M. Eriksson, a Senior Analyst at the Food for Development Office of Tetra Pak. The Food for Development Office (FfDO) works like a resource for Tetra Pak and the other members of the Tetra Laval Group, as well as external parties such as local governments. The main task for FfDO is not making sales, but rather to develop programs that are developing markets and building up milk consumption in the long term.

Tetra Pak are signatories of the Global Compact and got introduced to the Tanzanian GSB project by fellow Swedish signatories Ericsson and ABB. Since both Ericsson and ABB are active in the field of facilitating technology, there was also an interest in a manufacturing partner in Tanzania, an area in which Tetra Pak works.

The GSB experience in particular was a way for Tetra Pak to get a foot in on the Tanzanian market. There had been previous attempts at breaking into that market from behalf of Tetra Pak. The corporation had a UHT dairy client located in Tanzania, but that project was standing still. Pre-packed milk was being imported into the country, in spite of a good supply of local resources. Tetra Pak found a credible match maker in UNDP for collaborations with local partners in the country. With the help from UNDP, Tetra Pak made a new attempt at business in Tanzania, looking at the whole value chain from agricultural aspects to facilities for processing. What they found was that there was a big potential to develop the value chain for milk. UNDP, Tetra Pak and Sida jointly funded a study, "Value Chain Analysis and Socio-economic Assessment of the Dairy Industry in Tanzania", which identified the needs for technical assistance and investments in the different parts of the value chain for milk. The study was well received by identified stakeholders and several dairy companies are now investing in Tetra Pak aseptic processing and packaging systems in Tanzania.

The PPP-approach has been integrated into the commercial operations of the corporation as an alternative business model. School milk has been and is a big part of the business of Tetra Pak, and school feeding programs are examples of public-private partnerships often initiated by the corporation. Not only the packages, but also the content is important to the school feeding programs. FfDO can also assist in the development of recipes of nutritious products as alternatives to milk based on available local commodities, e.g. cassava (a root rich in starch) in Nigeria.

In terms of numbers the success of different public-private partnerships can be measured as the 17 million children in developing countries drinking packed and processed milk.
school milk in Tetra Pak packages. These children benefit from improved health, which could in its turn improve their performance in school.

The best result is obtained if the local government finances the project, as opposed to school feeding programs funded as development cooperation projects, which tend to be restricted in time. The involvement of FfDO is not everlasting, but the ambition is to stay as long as Tetra Pak’s local market company and the implementing agency need assistance.

Tetra Pak is in need of partners to make school feeding programs work, mainly concerned ministries such as the Ministry of Education, Ministry of Health as well as Ministry of Agriculture, but also NGOs (non-governmental organizations), UN and development organizations, donors, customers and other private companies. On a more local scale the schools, parents and PTAs (Parent-Teacher Associations) are involved. Generally, no one protests against school milk programs, since children need nutrition.

As part of this humanitarian profile, Tetra Pak and the FfDO strive to take the interest of stakeholders into account when planning public-private partnerships. In the case of the GSB study conducted by the Swedish-Danish consulting firm (NIRAS ScanAgri), it was presented at a dairy conference. Participants included government agencies and ministries, dairy companies, dairy and farmers associations and others (it is to be noted that Tetra Pak does not own or operate the processing facilities and dairy farms, customers do).

The definition of development for Tetra Pak can be seen as the desired outcomes listed on the company website: job creation, capacity building, income generation for locals, hunger and poverty alleviation, improved health status, increased school attendance, improved labor productivity, proactive environmental activities.

Since Tetra Pak is not listed on the stock exchange, it does not have the same pressure to present constantly rising figures each quarter, although it still has to be profitable. The main difference that Katarina M. Eriksson noted was that Tetra Pak has the possibility to think long term about their operations and market development in particular. The main objective for Tetra Pak is to provide the market with packaged quality milk, products that people can afford. FfDO is still active in the core business of Tetra Pak, but with an alternative business model and a humanitarian profile.
3.2.3 Sida – the Swedish International Development Cooperation Agency

In order to evaluate the present situation on PPPs in development cooperation in Sweden I contacted Sida, the Swedish agency for development cooperation. I was granted an interview at Sida with Ulrika Hessling-Sjöström, who works at the newly formed division for actor driven cooperation, SESAM (Sidas Enhet för Aktörssamverkan). The division deals with among other things, the phasing out of development aid with a view to enhance long term, sustainable relations between actors in Sweden and actors in concerned countries. This includes developing new types of relationships, which could be of the commercial kind. Ulrika Hessling-Sjöström has a degree in business, and is primarily working with financing of project in infrastructure.

The Department for Infrastructure and Economic Cooperation, at which Ulrika Hessling-Sjöström works, has a long experience in collaborating with the private sector. This type of collaboration has not been evident for the other departments of Sida. Ulrika Hessling-Sjöström partially agrees to the statement that there has been a change in attitudes over the last few years at Sida regarding partnership with the private sector.

Sida has used public-private partnerships as one of the tools for implementing their development strategy. However, the procedure for PPPs has not been formalized through rules and regulations, and it is not a very common method. Ulrika Hessling-Sjöström believes this could be changing. After a long period of neglect of both public and private investments in infrastructure since the beginning of the 1990s, there is an increased need for big projects in various fields. Development agencies such as Sida may not be able to fund projects of that size alone, and sustain them. In those cases, the participation of a corporation could be a solution. In general, the idea of state owned infrastructure is not a ”modern” solution, and the current trend according to Hessling-Sjöström points to a greater involvement of private actors. The World Bank has created PPIAF, a facility for working with these types of public-private investments.

One PPP that Ulrika Hessling-Sjöström has been involved in is the restoration of a harbor in Mozambique. The project was based on a concept formulated by the World Bank. The state of Mozambique partnered with a number of commercial companies, among them Swedish Skanska. Sida got a request to stand as a guarantor for Mozambique, since the commercial business banks needed some sort of security for political risk. Sida were able to provide that guarantee.

One of the other roles that Sida might have in a public-private partnership could be to strengthen the government of the developing country in the structuring of PPP contracts.
If the government is not used to negotiating with large multinational corporations, Sida could act as a back-up and make sure that the partners are more equal. Although, when the commercial party of a PPP is the owner of the project it is they who have the last say in the deal. Sida could still participate and help strengthen a weak party. How large influence each partner has in the planning of a PPP is very dependent on the legal structure and laws in the concerned country. There is no set formal structure at Sida for planning and implementing a PPP. Sida abides by the laws and regulations they are bound to follow as a Swedish government agency. For example, they cannot participate in a project unless procurement is made according to internationally recognized standards. The structuring is different from case to case, country to country. Sida would prefer to enter the planning phase as early as possible, in order to ensure that Sida can go through with the deal.

Is there a place for public-private partnerships in development cooperation? Ulrika Hessling-Sjöström believes there is, at least in the sector of infrastructure. What is needed to make sure that the PPP is “good” for promoting development is the ability for the state and the population to benefit of the investments. For that to happen it is crucial that the country has a set of working rules and regulations. In the case of a PPP in water resources it is for example important to secure that the water company will have sufficient resources for current operations of the water facilities, maintenance and reinvestment. This implies that the government might have to review tariff structure and other reforms to ensure sustainability. In a situation like this Sida can act as a support to make the investments fair to all parties involved and sustainable for the affected country. As Ulrika Hessling-Sjöström mentions, today the market for commodities are booming in Africa, and countries are receiving big revenues in form of foreign exchange. The case nowadays may be that the government will invest in foreign stock exchange. Hessling-Sjöström would rather see these investments going into the country in order to promote development. Through a PPP, some of the revenues could be earmarked to flow back into the country instead of letting them slip out on foreign markets.

As previously stated, for a PPP to be beneficial in the eyes of Sida it must have the interest of all parties in mind. When assessing a PPP project Sida in particular looks at the impact the project may have on poor women and men and their possibilities to have access to the facility. But the nature of the PPP is also commercial, and it must pay its way and give revenue to the parties that have invested in it.
4. ANALYSIS
The analysis will be conducted according to the operationalization presented in section 2.5.

4.1 Parties and Partnership
ABB was involved in a project to supply electricity for a few hours per night to a small village in Tanzania through the GSB. The parties included in this project were UNDP, as initiators and the intergovernmental partner, ABB as the private party, and the World Wildlife Foundation as the non-for-profit partner. The village where the PPP took place was a part of the project, both as a partner and a stakeholder. This puts Access to Electricity in the field of public-private partnerships in figure 2.4, which is only relating to who participates a collaboration between public and private, and not in what way.

The way Tetra Pak has worked with the GSB is different from the way ABB did. Tetra Pak does not own or operate the processing facilities and dairy farms, rather, Tetra Pak sells its technology (packaging, processing) to customers, as was the case in Tanzania. Tetra Pak also has partnering experiences from its own school feeding programs. Through the GSB Tetra Pak partnered with UNDP to review the value chain of milk production and distribution in the country. As mentioned in the interview section of this essay, Tetra Pak and Sida jointly funded a study, which was later presented at a dairy conference for ministries, dairy farmers and companies. Tetra Pak does not only take a macro level-approach to such partnerships (discussion with the national government). On the more local scale the partners for a school feeding program would be the local government. Cooperation with a not-for-profit-party was not initiated for the GSB as seen from the information I gathered from my interview. The GSB experience of Tetra Pak also fits into the area of public-private partnerships of figure 2.4, where Tetra Pak is one private partner, its client the other and the local government will represent the public. As also pointed out, in the PPPs that Tetra Pak lead on its own initiative the partners could be different, and include NGOs.

Sida’s role in the GSB was as a co-financer of a study for Tetra Pak (as known through the interviews conducted for this essay). In other experiences that Sida has had of PPPs the involved parties include host country governments, and international financial institutions (PPIAF).
4.2 Power relations

In section 4.1 it was determined that the two cases in which Tetra Pak and ABB had been involved consisted of both public and private parties. This would be one criterion of a PPP, but an even more crucial one is the relationship between the two (or three in the case of private not-for-profit partners). This section of power relations will deal with the question of hierarchy in the PPP, and if the power relations are fair to those participating.

The GSB of ABB was initiated with the help of WWF, an NGO with which ABB had previously collaborated. WWF chose the location for the project, and the two parties got together to discuss what they wanted to do. Anders H Nordström states that ABB entered the process at a rather late stage. As mentioned in the previous section, the village was also part of the project. WWF and ABB held village meetings to discuss the formulation of the rural electrification project with the stakeholders. The villagers could have their say in what their needs were, but ABB and WWF also had a word in how the project turned out. It is hard to determine from the information that I have if the relationship between these partners were equal, or if someone had the upper hand.

The Tetra Pak-experience of the GSB differs from the rural electrification project, in that it was not just focused upon one or two villages. The participation in the GSB initiative is also different because Tetra Pak has a special office set up for this kind of partnership, the Food for Development Office (FfDO). Tetra Pak, or more specifically FfDO, enters a partnership through informing the host country’s national, regional, or local government about the products and services of Tetra Pak. In the case of the GSB Tetra Pak co-financed a study and held a dairy conference to spread information about the corporation. An example of how Tetra Pak works with local partners can be seen in the experience of the school feeding programs. The corporation works together with the local government and the local business to formulate a program which works for the school or schools concerned. The local governments, or schools, are the buyers of this product, and decide how much they want to purchase and for how long.

Both Tetra Pak and ABB have partnerships initiated by themselves outside of the GSB, where the power relation between parties might be more askew. For example the operations based on an initiative from ABB gives ABB full control in those cases. This does not mean that ABB will chose to abuse its power, but as Ulrika Hessling-Sjöström noted, it is important for the local governments to be supported in the negotiation process. Some governments may not be accustomed to negotiate with big corporations, and this is where Sida could assist. Miraftab and Vaillancourt discussed the need for an increased role of the
government as a regulator. In cases where the local government might not be strong or experienced enough to partner on equal terms with a big corporation an agency like Sida could be of help.

4.3 Motivation

The motives and motivation for joining the GSB can be different from company to company. For the PPP (here represented in the form of the Growing Sustainable Business program) to be beneficial to all partners the motives for the corporation cannot simply be to maximize their profits. The corporations may still want to be profitable, which is also what separates them from non-profit entities. There is however a difference in making as much money as possible, and to do “good” whilst at the same time raising revenues.

According to Anders H Nordström, the motivation for participating in the program was the understanding that ABB should take further responsibilities in relation to the Millenium Development Goals of the UN (as signatories of the Global Compact). This would be done in a way for the program to be relevant to the operations of ABB and the area of energy poverty. At the present the project in Tanzania is not driven on a commercial basis, although that would be the hopes of the corporation. The gains from the project in Tanzania might be small in comparison to the other ABB operations in India, but increased access to electricity means that local businesses and schools can be open longer. This sort of motive would fall outside of the traditional role of the corporation. If it should be seen social responsibility driven by business reasons is not clear, in order to determine that the other operations of the corporation would have to be examined.

Tetra Pak is also a for-profit corporation. The corporation makes profits from selling technology and encouraging consumption of their products. Whilst this is true, Tetra Pak also sees developmental gains from increased school milk consumption. Children benefit from the increased nutrition, which could in its turn improve their health and also their performance in school. This partnership approach (with school feeding programs) has been integrated as an alternative business model in the operations of Tetra Pak. What further makes Tetra Pak special from other corporations is that it is primarily a family-owned business. Katarina M Eriksson believes that this quality enables Tetra Pak to think long term about their operations and market development in particular.

The thoughts about motive and motivation are of importance to the success of the PPP. This is due to the centrality of the common goal and mutual benefit a PPP needs to have in order for the longevity of the project (Miraftab 2004). Why a PPP is initiated, and
how, will matter to the stakeholders. If the interest of the corporation were only to maximize profits, this would not be considered of mutual benefit for the local government (as an example). Both ABB and Tetra Pak show tendencies of a wider motivation, of development. How far they will be able to take that ambition in practice cannot be answered here, but the will of the corporations to have a wider set of interests would be beneficial to other partners of the PPP.

4.4 Responsibilities

The common denominator for the corporations participating in the Growing Sustainable Business initiative is that they have signed on to the Global Compact. This is a set of principles (listed in section 2.3) which take a larger set of responsibilities into account than what would be expressed in shareholder theory. One could say that if the corporations follow the principles in their actions, they could be seen as practitioners of stakeholder theory.

Yet it would still be useful to determine if there are any special stakeholders taken into account for the operations of the corporations, with a focus on the GSB experience.

For ABB, the stakeholders would be the villagers, which are also part of the project. The stakeholders identified for the project in Tanzania are more limited than in the own operations of ABB. Other stakeholders in that particular PPP which were identified by ABB were the district government, WWF, as well as UNDP in Tanzania.

The stakeholders of Tetra Pak vary depending on the project, but taking stakeholders’ interests into account is something that Katarina M Eriksson told me that they strive to do. Stakeholders in the context of the GSB could be said to be the participants, among them government agencies and ministries, dairy companies, dairy and farmers associations.

If it were not the case that ABB and Tetra Pak had a wider perspective for stakeholders the need for government regulation would be bigger than it might have been in the case of the GSB. The role of the governmental partners for the GSB in Tanzania has not been investigated in this essay, which means I cannot draw any certain conclusion of how much government regulation was needed in those projects. What can be seen from the theoretical part of this essay is that the behavior of corporations do not always work in the interests of the common good. Partnerships, which are not formulated with a basis in mutual goals, will need to be regulated in order to serve the interests of the poor. As mentioned in the section on power relations a donor and development cooperation agency like Sida could play the part as a mediator and regulator.
5. CONCLUSIONS AND FURTHER DISCUSSION

5.1 Conclusions

This essay set out to answer the overarching research question of *How does the role of the corporation express itself in a PPP in development cooperation?* To guide the study the research object were limited to the Swedish participation in the Growing Sustainable Business program in Tanzania. This section will answer the two empirical research questions with information from the interviews which were conducted for the purpose of this essay.

To begin with, *What is considered to be a successful PPP from the Swedish experience?*

The interview objects were both private for-profit corporations and Sida, the Swedish Agency for International Development Cooperation. One might think that the interests for ABB and Tetra Pak would be separate from those of Sida, but that was not the case in the context of the partnerships through UNDP. Rather the success of the projects could be seen in their longevity, both for business reasons and “development reasons”. In the case of ABB the experience from the GSB initiative had not yet reached the commercial stages, and was at the time of the interview somewhat of a altruistic development project. Tetra Pak saw a benefit from their operations in terms of increased health.

In terms of partnership the Swedish interviewees did not state that all partnerships had been initiated and operated on equal terms. ABB had more control in the formulation of their operations in India, as opposed to the experience in Tanzania. What the interviewees did agree on was the role of the government, which had to be active. The operations of Tetra Pak depended on the involvement of the local government. The notion of common objectives was also important to the success of the projects. The expectations of the public and the private are different, but reaching a mutual understanding was important to carry out the project for example ABB. The role of Sida was not one of a regulator or mediator in the case of the GSB, but the private parties in my study requested more collaborations with Sida. Sida have also shown tendencies for an increased interest for broader actor cooperation. The success of a PPP in the eyes of Sida would mean that the project benefited the poor. In order for this to happen the partners have to be equal in planning and implementation, both the big corporations and the host country government.
After having determined what the Swedish experience was, does the success as seen in the Swedish case correlate with the model of a successful PPP? *How does the Swedish experience match the model (of a PPP) presented in the theoretical literature (see Chapter 2)?*

The ambitions of the Swedish corporations match up well with the model presented in the theoretical literature. Considering the themes of partnership, power relations, motivation, and responsibility outlined in the analysis the Swedish experience has the majority of aspects in common with the ideal model of characteristics. As stated many times in the essay, the feature which makes the PPP unique as a form of organization is the horizontal power relations. These have not been fully achieved, yet the tendency is to work for a more level playing field. This may be done to create a project which will be sustainable in terms of business, by creating mutual benefits. The motives for initiating a PPP in development cooperation will be important for the outcomes and the process in general. A motive of strictly profit-maximization would not go well with promoting economic and social change for the poor (to the better). What I can make out of the motives and motivation for ABB and Tetra Pak there is an aspect outside of making money, although that is the main objective.

This discussion goes hand in hand with the conclusion for the overarching research question *How does the role of the corporation express itself in a PPP in development cooperation?*

I would argue that the role of the corporation in a PPP in development cooperation expresses itself in a way which deviates from the traditional role of the corporation as profit-maximizing first and foremost. The role which ABB and Tetra Pak plays in the PPPs of the GSB experiences correspond better with the stakeholder theory than the traditional theory of shareholders. I base this on the bigger amount of groups which the corporations consider that they have responsibilities to. These responsibilities can be seen in the identified stakeholders, and that the corporations themselves use the vocabulary of stakeholder theory. The goals of the PPPs in the Swedish experience was not only to increase the revenues for the corporation (and the state as well), but to contribute to social and economic development. ABB and Tetra Pak are also signatories of the Global Compact. If they apply the principles of the Global Compact to their operations this would further be seen as a sign of a wider sense of responsibility taking
5.2 Further discussion

The starting point of this essay was the increased importance of business in development cooperation. As expressed by Ulrika Hessling-Sjöström, and noted by Thérin and Poulit a shift can be seen in the relationship between the public sector and business in the realm of development cooperation. New types of sustainable relations between actors in Sweden and actors in concerned countries are being initiated by Sida, partly as a result of the phasing out of development aid. Public-private partnerships could be part of this strategy.

As expressed in the literature, the actual effectiveness of a PPP is disputed, and the value of the institutional arrangement would rather lie in the increased possibility of input from various actors (and stakeholders). For this to happen, all partners must be on the same page regarding the goal of the project, and work in the same direction. I would argue that a traditional shareholder approach from the side of the corporation would not fulfill those goals. A corporation cannot strictly focus on shareholder interests in order for the PPP to be successfully implemented, i.e. benefit a common goal for public and private. Also, if the PPP were to fit into the theory of state deregulation and NPM the corporation itself will have to start taking a wider responsibility in order to serve the public good.

The rationale for corporate actions to take CSR and stakeholder theory into account could use more research. This study concluded that there are corporations that have implemented alternative business models. If the actions of family-owned businesses such as Tetra Pak are partly driven by other interests outside shareholders’ would be the subject of a further study. Corporations of the type discussed in this paper are for-profit, an aspect which will not change. How corporations choose to make those profits is another issue to be discussed.
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Appendix 1 Interview schedule

History of the interviewee:

- What is your background, and how did you get to this position at company X?

Motivation for participation in GSB

- What made X participate in the GSB project?
- X is a for-profit corporation. But as seen from X’s collaborations, X also has an interest in promoting sustainable economic and social development. What is the primary motivation for X to participate in projects such as the Growing Sustainable Business initiative of UNDP: a development of X’s market, or an interest in contributing to social and economic development?

- The role of the corporation has traditionally been to increase profits for its shareholders, yet as we can tell from the actions of X and other corporations other interests are also taken into account. How do you (corporation X) balance the interests of shareholders with the interests of stakeholders in projects such as the GSB?

Experience and formulation of public-private partnerships

- What has X’s general experience of public-private partnerships in development cooperation been? Where in the process from planning to implementation have there been problems?

- In theory, the specific characteristic of a PPP is that the public and the private are equal partners. How much of the planning of the projects does X believe it can affect: Less than the other partner, as much as the other partner, or more than the other partner?

- Have the goals which X has set up for its PPPs been reached?
  - How does X measure success for PPPs?
  - How does X define development?
  - How has the PPPs which have been successful been formulated?

- There are a number of factors to take into consideration whilst planning a PPP. My question is how X acts to take care of the interests which stakeholders have in projects such as Growing Sustainable Business.
  - Who have been involved in the formulation and planning?
  - Who have X identified as stakeholders?
  - How have these stakeholders been involved?
  - How has the reception from these stakeholders been for X’s projects?

- As an example of public-private partnerships for this essay I have chosen to focus on the UNDP initiative Growing Sustainable Business. Has that process been different in comparison to X’s own projects?
  - How did X feel that it could affect the planning process as a corporation?
- A further question that is important is the question of sustainability:
  - Does X have a set time limit for involvement in projects?

- My essay will mainly deal with the Swedish context, both regarding corporations and development cooperation agencies. If X has cooperated with Sida: does X feel that its goals as a corporation match those goals of an organization like Sida?

Finally, is there something that you would like to add?