



Project title: “Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU”¹

11 January 2007

TERMS OF REFERENCE
Baseline study on CSR in new EU member states² and candidate countries³

International Expert Team

I. Background

Context

The new Member States (MSs) of the European Union are facing integration challenges to adapt and internalize the most progressive developments of the EU. Moreover, new MSs and candidate countries have to unfold their capacity to respond rapidly to unprecedented global environmental and social threats, as they become integrated members of the global community, especially through economic and business connections.

Corporate social responsibility (CSR) represents one of the most progressive developments in the private sector, urging private companies to evaluate their operations differently from what they are accustomed to and to stretch the borders of their responsibilities. Narrow shareholder value approach is no longer valid under current environmental and social challenges and a more open stakeholder model is paving the way into the business world as a tool for creating more innovative, competitive and sustainable business that benefits both business and society.

As business-to-business relationships are increasingly becoming based on CSR principles in the EU, the MS's businesses supplying other EU companies will eventually be asked to demonstrate their commitments to social and environmental values. Also, as investment foundations start to evaluate investment projects taking into account social and environmental criteria and with the increasing emergence of green/social/ethical funds, there is strong incentive for companies to comply with these new criteria and take advantage of the pool of these funds.

However, low awareness of CSR coupled with lack of trust between social partners is making this process cumbersome. Also, several companies in the region perceive the lack of a conducive environment with appropriate economic incentives as impeding further engagement of companies in CSR activities.

To make CSR practices sustainable and responsive to local needs would require a number of complementary efforts, namely (a) a shift in thinking on the part of both businesses and stakeholders to acknowledge their respective role as partners in sustainable development; (b)

¹ This project is carried out with funding by the European Union.

² Lithuania, Poland, Hungary, Slovak Republic, as well as Bulgaria as of 1 January 2007.

³ Croatia, Macedonia and Turkey

raising awareness and knowledge on CSR; (c) creation of a business-friendly environment to support and encourage CSR practices and (d) strengthen capacity of both existing and future CSR stakeholders.

Regional Project

In the context described above, the United Nations Development Programme (UNDP) has prepared a project proposal in 2006 and received funding from the European Commission to work on addressing some of CSR challenges persistent in the new MSs and candidate countries. The main objective of the project *“Accelerating CSR practices in the new EU member states and candidate countries as a vehicle for harmonization, competitiveness, and social cohesion in the EU”* (Project) is to accelerate the implementation of CSR practices in new MSs and in candidate countries through mapping out the CSR activities and actors and identification of capacity gaps and corresponding areas of intervention, exchange of experience and good practices, awareness raising and capacity building of national stakeholders. The target countries of the project are: Poland, Lithuania, Hungary, Bulgaria, Slovak Republic, Macedonia, Croatia and Turkey (Project countries). Spain, Germany and the United Kingdom will be involved in the Project by contributing to exchange of experience and good CSR practices with the Project countries. The target beneficiaries are local (small, medium and large sized) and foreign enterprises, business and professional associations, local and national governments, trade unions, academia, non-governmental organizations and the media in the Project countries. The Project will comprise 3 main components:

1. Diagnosis of CSR status and mapping out the actors' engagement in CSR in the project countries through research and consultations;
2. Promoting multi-stakeholder dialogue at the strategic level to enhance awareness and knowledge on CSR, contribute to the creation of social trust and discuss the establishment of a business-friendly environment for CSR promotion and implementation;
3. Support to development and strengthening of capacity of existing and future CSR stakeholders at the national/local level to promote and implement CSR.

II. Objectives and Scope of the Assignment

The Assignment under this TOR will involve the implementation of the first component of the Regional project – to undertake Baseline Survey on CSR in the Project countries. A baseline situation analysis of CSR issues is critical to understand the status of CSR awareness and engagement among the various targeted stakeholders in the region concerned prior to putting in efforts and formulating activities to accelerate CSR promotion and implementation in the region. Furthermore, any future benchmarking on CSR in the region requires the availability of a baseline data.

The main aims of the Baseline Survey are to:

- Identify the actors/entities who promote CSR at country level (further-CSR promoters).
- Assess the level of engagement in CSR of actors/entities promoting CSR at country level through mapping their past (not earlier than for the past two years) and present CSR promotion activities.
- Assess the level of dialogue between different actors promoting CSR (e.g. through joint activities).
- Identify the level of foreign/domestic business engagement in CSR implementation at country level and collect examples of good practices (in particular those that are linked to business case).
- Identify capacity gaps/constraints of CSR promoters and business entities in engaging in CSR activities.
- Formulate recommendations and suggest specific activities based on the findings of the survey.

The survey will be carried out among all relevant stakeholders (local and foreign businesses, business and professional associations, trade unions, local and national governments, non-governmental organizations, media and academia) in all Project countries.

The findings of the survey are expected to generate data at 2 levels:

1. At the level of actors involved in CSR promotion (business associations, NGOs, media, government bodies and others) a study will inventorize who does what in which area of CSR and how their actions translate into a better understanding/awareness of CSR as well as practical actions on CSR by companies. The survey results will indicate how these actors influence the CSR development at national/local and company level and also, a capacity needs assessment in achieving this objective with the ultimate aim of having a greater impact on CSR implementation.
2. At the company level the study will provide:
 - a. a snapshot of the level of CSR implementation (according to sector, area of CSR and other parameters determined by the international experts) ;
 - b. good practices in CSR implementation (focusing on business case);
 - c. an indication of their CSR implementation/engagement capacity.

It is expected that the baseline survey will be carried out in each Project Country by a National Team of Experts (NET), who will carry out desk review and consultations with national stakeholders, prepare and present national baseline report at national level. The assignment of the International Expert Team (IET) will cover:

1. Development of methodology and a questionnaire for the Baseline study to be undertaken at national level in the 7 Project countries (this questionnaire will be developed in close consultation with national expert teams and will be later used by them in carrying out national surveys);
2. Carrying out one field visit to all Project countries with the purpose of discussing with the National Expert Team the results of the desk review and meeting with most important national CSR stakeholders;
3. Providing guidelines to the preparation of national reports (in order to ensure consistency of structure and content and the comparability of data);
4. Providing advice to the National Expert Team on the process, methodology, conclusions/recommendations of national report and other aspects related to the Baseline study as needed, during the period of the assignment.;
5. Preparation of a European synthesis report on the basis of national reports that will provide diagnosis of CSR status and mapping out of actors' engagement in CSR in a particular Project country;
6. Presenting the European synthesis report during a regional conference in Brussels in second half of June 2007.

III. Methodology

The Study will employ a variety of methodologies and will include qualitative and quantitative methods (desk reviews, stakeholder meetings, survey, and selected visits). While National Expert Team will be responsible for conduction of the fieldwork in the Project countries and preparation of the National Baseline Reports, International Expert Team will be responsible for overall quality assurance of the survey implementation and the regional conclusions through a European synthesis report.

In consultation with the European Commission as well as the project partners involved in the Regional Project, the Commission's definition of CSR will be used as the main basis against which CSR status in the project countries will be analysed, as well as internationally agreed instruments such as the ILO core labour standards, OECD guidelines for multinational enterprise, Recommendations of European Multi-stakeholder Forum on CSR, EU Charter of Fundamental

Rights, Rio Declaration on Environment and Development, Johannesburg Declaration and its Action plan for Implementation, the EU Sustainable Development strategy and Aarhus Convention, UN Global Compact Principles and others, as appropriate.

The international expert team will be responsible for preparation of more detailed description of methodology (including sectoral approach, numbers of respondents, etc.).

IV. Expected Outputs

The main expected output is a comprehensive European Synthesis Report based on the Baseline Study of the 8 Project countries, produced in English, including relevant annexes with detailed data. Also, a power-point presentation in English should be prepared on the report that could be used for its' presentation during the regional conference in Brussels in second half of June 2007. The European synthesis report will compile the results of the Baseline study at the regional level (comparing the status of CSR in Project countries against indicators based on European Commission CSR definition) and provide recommendations for the advancement of CSR in the region (including drivers of CSR and obstacles in the region, interaction among actors, good practices, concrete actions to be undertaken at regional level).

The final Report by the IET, should at the very least contain, but not restricted to, the following:

- Executive Summary (including main conclusions and recommendations);
- Background with analysis of the regional context;
- Analysis of actors in CSR promotion in the region (governmental bodies, international organizations, civil society, private sector, etc.), key areas/activities of their involvement, relationship between these actors and their input to CSR promotion in the region, if any;
- Good practices of CSR implementation in the region;
- Analysis of CSR implementation capacities in the region (at the level of CSR promoters and companies).
- Findings and Recommendations for further activities in the region (in particular capacity building, elimination of obstacles and establishment of regional approach to CSR agenda);
- Annexes (TOR, abbreviations, persons met, documentation reviewed or references, statistics, etc.).

V. Management Arrangements

Overall coordination of the assignment and liaison with contacts at the national level (discussions with UNDP Office in the country, national actors and NET) will be ensured by Regional Project Coordinator based in Vilnius, Lithuania. At the country level, IET will work closely with NET in carrying out the assignment, while UNDP Office in the country will provide support throughout the process in dialogue and interaction with national stakeholders, as necessary.

VI. Requirements for the International Expert Team

Two international experts are envisaged to carry out the assignment of the IET described above. The basic requirements for both experts are explained below:

- 1) Senior expert with at least 7 years practical experience in CSR issues in business context and in the European environment (preferably EU); excellent writing skills in English;
- 2) Assistant expert with at least 5 years practical experience in CSR issues in business context and in the European environment (preferably EU); excellent writing skills in English.

VII. Timeframe

The assignment will start on **1 February 2007** and will end on 30 June 2007 with the following interim deadlines (preliminary):

1. Development of methodology (including guidelines for the preparation of national reports) a questionnaire together with countries involved for the Baseline study by **15 February**;
2. Field mission to 8 selected Project countries (one expert) by **1 April**;
3. Preparation of a draft European synthesis report on the basis of national reports (which are to be prepared by 30 April) by **30 May**;
4. Presentation of the report will take place in the second half of June during a regional conference in Brussels;
5. Providing advice to the NET throughout the whole period of the assignment.