

# **Developing Effective Business–NGO Partnerships**

*A Project Conducted Under the Auspices of the  
New Directions Group*

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### The New Directions Group

The New Directions Group (NDG) provides an informal and neutral forum for leaders from progressive Canadian businesses and NGOs to debate potentially divisive sustainability issues. In addition to advancing policy, the purpose of the NDG is to enhance capacity building, mutual learning and collaboration on significant sustainability issues.

The NDG is a virtual entity that operates with a core group of sponsors and supporters, including Suncor Energy, Alcan, Falconbridge, Dow Chemical Canada, Pollution Probe, and the Pembina Institute for Appropriate Development. The NDG is administered through Pollution Probe. While these organizations provide the NDG's foundation, specific project teams comprise individuals from the business and NGO communities who are recognized as thought leaders on the issue to be addressed. In recent years, NDG initiatives have benefited from the input of leaders from the agricultural, chemicals, energy, forestry and mining sectors, to name a few, as well as from conservation, environmental, health and academic NGOs.

Over the years, NDG initiatives have had a direct impact on environmental policy in Canada. For example

- its inaugural report, *Reducing and Eliminating Toxic Substance Emissions: An Action Plan for Canada*, became the basis for the Accelerated Reduction/Elimination of Toxics (ARET) partnership administered by Environment Canada;
- the report, *Criteria and Principles for the Use of Voluntary or Non-regulatory Initiatives to Achieve Environmental Policy Objectives*, provided the foundation for Environment Canada's Environmental Performance Agreement Policy Framework and for the Cooperative Agreements of the Ontario Ministry of Environment and influenced the design of numerous voluntary programs in Canada and internationally;
- another report, *Developing Credible and Effective Covenants for the Management of Greenhouse Gas Emissions*, had a clear influence on the Draft Model Covenant proposed by the Large Final Emitters group of Natural Resources Canada; and
- the NDG's latest report, *Applying Precaution in Environmental Decision-Making in Canada*, was highlighted by the External Advisory Committee on Smart Regulations in its report to the Prime Minister.

In addition to dedicated projects, the NDG conducts a variety of experts' workshops and networking initiatives. NDG projects are well received because the resulting reports reflect the current thinking, if not a consensus, of leaders of Canada's business and NGO communities on topical sustainability issues. This provides valuable guidance to other businesses and NGOs, but more specifically to governments, in understanding the range of views on the issues and formulating effective policy and strategic responses.

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### Introduction

Partnerships between businesses and NGOs, ranging from marketing campaigns to program or service delivery to public policy initiatives, have become an established method of addressing sustainability and corporate social responsibility (CSR) issues and are increasing in popularity. Many observers have evaluated the pros and cons of these approaches but most critiques to date have tended to be general and have not differentiated among the various possible forms of partnerships.

The attributes of, and risks inherent in, an agreement centred on marketing to consumers may be very different from those associated with a partnership established to contribute to policy development. Businesses and NGOs each face capacity and cultural issues in negotiating partnerships; in most situations, the parties to an agreement will be charting new territory. The risks to both sides can be substantial with the extent of risk and the party that bears it varying according to the type of partnership and its objectives.

Since 1990, the New Directions Group (NDG) has been convening leaders of the business and NGO communities in Canada to debate sustainability issues that are potentially divisive or in which there may be a common interest. This experience in interfacing directly with the business and NGO communities provides the NDG with a unique perspective on how to make the interaction between the two communities effective.

To provide guidance to businesses and NGOs contemplating a partnership, the NDG thus undertook a study of the critical factors for success and key areas of risk in six different forms of business–NGO partnerships. This report is a preliminary summary of the findings and is intended to stimulate further debate within the business and NGO communities.

The NDG appreciates the input of an expert team that reviewed drafts of this report comprising  
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This report should not be interpreted as a consensus of the expert team, nor should any endorsement of the findings by any member of the team be implied. All views and conclusions expressed in the document are those of the authors.

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### I. What is a Business–NGO Partnership?

Since the inception of the New Directions Group (NDG) in 1990, the nature of business–NGO relations has changed substantially in Canada. Growing recognition of both the complexity of sustainability and the interconnectedness of many environmental issues has revealed the stereotypic adversarial approach to be too one-dimensional and thus ineffective in influencing environmental policy. This is not to say that conflict has been eliminated between the business and NGO communities; indeed conflict will always be an important strategic approach to certain issues. Rather, while certain members of the business and NGO communities will continue to employ conflict as their dominant strategy, for most it will remain a strategy that is pursued on only some issues or in certain situations.

Businesses and NGOs in Canada have developed a range of mechanisms for interacting with one another and for pursuing their environmental policy objectives in a constructive manner. Some of these involve direct interaction, through partnerships between individual companies or sectoral associations and one or more NGOs to address specific issues. Others are broader processes, such as the NDG and the Clean Air Renewable Energy (CARE) Coalition, that bring together multiple companies and NGOs to find common ground on issues where there is a mutual interest. Further, there is a range of innovative environmental governance projects in Canada, such as the Clean Air Strategic Alliance of Alberta (CASA), that provide participating businesses and NGOs with direct input into the development of environmental policy.

Another trend has been a blurring of the lines between businesses and NGOs on certain issues. The so-called “greening” of business has meant that a wide assortment of new entities is now engaged in environmental issues across Canada. These entities are focused on developing or exploiting market opportunities associated with societal concerns about the environment. Some are businesses, either subsidiaries of larger companies or independent ventures, exploring opportunities in renewable energy, such as wind power. Others are consulting companies that work with businesses to help them fulfill their evolving environmental responsibilities. Still others are businesses involved in marketing environmental programs to the public, such as energy audits or the replacement of appliances. There are also NGOs that have been established — not to influence environmental policy, but to implement environmental solutions. And some of these businesses and NGOs may operate in more than one of these areas.

This evolving landscape is challenging for traditional policy-oriented NGOs. In terms of helping businesses to improve their environmental performance or stimulate behavioural change in the public, traditional NGOs now face an array of competitors. And businesses may be more attracted to working with those competitors. While these new partners may lack the brand recognition of high profile NGOs, there may be less risk in dealing with organizations that do not have a policy focus.

Still, there remain significant benefits to partnering with a well-known NGO; many of the more recognizable NGOs enjoy numerous opportunities to engage with businesses in this way. The problem is that even some of Canada’s largest NGOs do not have the

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capacity to either negotiate more than a few partnerships or to deliver on the commitments they are asked to make. For these reasons, business–NGO partnerships must be considered very carefully to ensure that they are a good fit and that the application of the NGO’s resources to the partnership will result in tangible results — either a financial benefit to the NGO, a demonstrated improvement in the environmental performance of their business partner(s), significant public outreach, or a direct influence on government policy.

A principal motivation for this initiative of the NDG, then, is to provide guidance to leading businesses and NGOs to ensure that any partnerships they engage in with one another are both credible and effective.

## 2. Benefits and Risks of Business–NGO Partnerships

Each partner enters a partnership expecting to receive some benefit, yet at the same time, each also takes on certain risks. A brief review of the literature in regard to business–NGO partnerships suggests the following benefits and risks.

### Benefits

- NGOs offer influence, innovation, reputation and trust, expertise in environmental and sustainable development issues, and networks;
- NGOs can benefit from increased resources and an increased understanding of the drivers of business;
- businesses bring resources and expertise in management and marketing issues;
- businesses can benefit from increased levels of trust, development of new products and services, and avoided confrontation; and
- both businesses and NGOs are able to draw on a wider pool of expertise and experience, than if they were to act individually, bringing diverse perspectives together for creativity and innovation.

### Risks

- NGOs risk compromising their reputation, spending a lot of time and money on the start-up phase (impacting both human and financial resources), suffering a perceived conflict of interest, potentially losing the ability to be critical of the business, and imposing discomfort on employees and stakeholders as a result of the partnership;
- NGOs may also face risks with their constituencies, such as being ostracized by their peers for working collaboratively or losing support from traditional funders that may not see immediate benefits from long-term, behind-the-scenes work;
- businesses risk not recouping a return on their investment of human and financial resources, information leakage, and accusations of “greenwashing”; and
- both businesses and NGOs face a loss of credibility and potential legal and financial risks if the partnership does not work.

### 3. Typology of Business–NGO Partnerships

Partnerships between businesses and NGOs can vary in intensity, depending on the mutual objectives, level of commitment, level of interaction, number of joint activities and expected results — all of which affect the level of benefits and risks to each of the partners. Business–NGO partnerships range from philanthropic relationships designed to allow businesses to support the work of NGOs to “innovation partnerships” defined by the Canadian Business for Social Responsibility (CSBR) as partnerships “designed to help the business achieve its goals in a more socially and environmentally responsible manner.”<sup>1</sup> The level of benefits and risks will vary in relationships; generally both will increase as a partnership moves from philanthropy to a relationship that encourages strategic alliances.

James Austin, in *The Collaboration Challenge*, developed a collaboration continuum for thinking strategically about business–NGO partnerships. At one end of this continuum is the philanthropic relationship (businesses provide tangible resources in exchange for intangible benefits), in the middle is the transactional relationship (there is an exchange of resources through specific activities, such as service contracts and cause-related marketing) and at the other end is the

integrative relationship (characterized by joint activities or ventures perceived as having major strategic value by both the business and the NGO).<sup>2</sup>

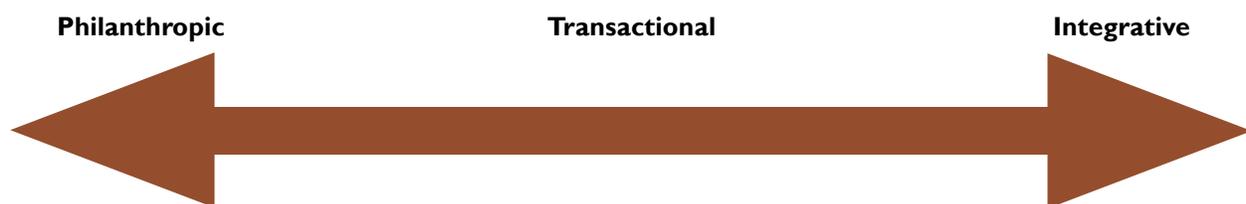
For the purposes of this paper, six categories of business–NGO partnerships have been identified and are listed below according to where they sit on the collaboration continuum, moving from philanthropic to transactional to integrative. It is recognized that some partnerships could fall into several categories.

**1. Promotional** — Partnerships intended to raise awareness of, or funds for, NGOs (e.g., Pembina’s Wind Power initiative).

**2. Community Service Delivery** — Partnerships to implement a program on behalf of the NGO or business to provide public benefits, such as stream restoration on corporate property or tree-planting programs (e.g., Polaris Minerals and Evergreen).

**3. Consumer Marketing** — Partnerships intended to influence customers or the public (e.g., the Clean Air Foundation’s work with Home Depot, Toronto Hydro and others).

**Figure 1: The Collaboration Continuum**



<sup>1</sup> CSBR. 2005. *Partnering for Innovation: Driving Change Through Business/NGO Partnerships*. p. 25.

<sup>2</sup> James E. Austin. 2005. *The Collaboration Challenge: How Nonprofits and Business Succeed Through Strategic Alliances*. pp. 20–39.

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**4. Task Forces/Collaboration** — Partnerships to develop mutual understanding of, or solutions for, specific problems (e.g, NDG).

**5. Implementing Corporate Social Responsibility (CSR)** — Partnerships intended to directly influence operations of the business (e.g., Tembec and WWF Canada working towards Forest Stewardship Council certification).

**6. Public Policy** — Partnerships intended to influence government (e.g., the Clean Air Renewable Energy Coalition founded by the Pembina Institute and Suncor Energy, which currently has five NGOs, 13 corporations and the Federation of Canadian Municipalities as members).

## 4. Criteria and Principles for Assessing Potential Business–NGO Partnerships

In 1997, the New Directions Group developed five criteria and eight principles to govern the design of voluntary, or non-regulatory, initiatives ([www.newdirectionsgroup.org/projects/voluntary.php](http://www.newdirectionsgroup.org/projects/voluntary.php)), which have been broadly accepted by proponents of such programs in Canada. These criteria and principles were established to ensure the credibility and effectiveness of voluntary approaches to environmental protection and to secure public trust. Business–NGO partnerships are a form of voluntary approach to environmental protection and, as such, the NDG criteria and principles are presented here, with annotation, as a starting point for a discussion of the characteristics of successful business–NGO partnerships.

### 4.1 Criteria for Establishing Effective Business–NGO Partnerships

1. *Business–NGO partnerships should be positioned within a supportive public policy framework that includes appropriate legislative and regulatory tools.* In the context of business–NGO partnerships, this should be interpreted to mean that the potential partners have the internal mechanisms and policies in place to support the proposed partnership. The public policy framework is also relevant to community service delivery, taskforce/ collaboration and public policy partnerships in which the partners may need to interact with government (e.g., to engage government in a policy discussion) or require government sanction for the activities (e.g., to gain approvals for tree planting projects on public land). Government may or may not have a role to play in supporting these and other business–NGO partnerships depending on the nature of the relationship; however, in some cases it may be advantageous to

government to endorse the partnership or provide support for convening and facilitating meetings.

2. *Interested and affected partners should agree that a business–NGO partnership is an appropriate, credible and effective method of achieving the desired objective.* Obviously, all parties should accept the partnership as an effective method of moving forward and should not feel coerced, and all parties should agree to and accept the goals and objectives of the partnership. It should be emphasized that not all partners need share the same value proposition. Not every partner needs to be concerned about an overall end-point, but all must understand and support in principle the value that each party contributes as well as the value that each party derives from the partnership. Depending on the type of partnership, each partner may have very differently articulated goals (e.g., secure more store traffic, move more product, raise more funds, build the chain of custody relationship, increase efficiency of products, remove old polluting products from active use, and so on). The challenge is for each partner to feel it is deriving enough value for its contribution, without needing to be too concerned with all program elements.
3. *There should be a reasonable expectation of sufficient participation in the business–NGO partnerships over the long term to ensure its success in meeting stated objectives.* Parties must have the resources to stay the course over the life of the agreement. This does not necessarily mean an equal contribution of resources, but that each devotes the resources necessary to enable it to fill its agreed upon role.

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4. *All participants in the design and implementation of the business–NGO partnerships must have clearly defined roles and responsibilities.* Each party should know what is expected of it and when.
5. *Mechanisms should exist to provide all those involved in the development, implementation and monitoring of the business–NGO partnerships with the capacity to fulfill their respective roles and responsibilities.* All parties must have the internal mechanisms and commitment in place to support the partnership and should have processes in place for incorporating the learnings of the partnership into both the agreement itself and their own operations. Where necessary, mechanisms to help develop the capacity of the NGO to fulfill its commitments under the partnership need to be considered.

### 4.2 Principles Governing the Design of Business–NGO Partnerships

Again, drawing on the work of the NDG on voluntary initiatives, business–NGO partnerships should address, at least, the following eight design principles. Each of these principles will be of differing importance depending on the type of partnership being implemented.

1. *Be developed and implemented in a participatory manner that enables the interested and affected parties to contribute equitably.* Partners should be equally involved in decision making and should be able to participate in an equitable manner. This does not mean an equal contribution of human and financial resources.
2. *Be transparent in design and operation.* The terms and conditions of the partnership should be clearly understood and available for scrutiny (respecting confidentiality).
3. *Be performance-based with specified goals, measurable objectives and milestones.* A clear purpose for the partnership should exist along with agreed upon indicators for evaluating progress. In recognition of Criterion #3 above, each party should understand it they will measure progress towards its own value proposition.
4. *Specify the rewards for good performance and the consequences of not meeting performance objectives.* Each party should know what it will receive for fulfilling its responsibilities and provisions should exist for redress/grievance and exit should one or more parties fail to do so.
5. *Encourage flexibility and innovation.* The partnership should focus on ends rather than means and encourage flexibility to adapt the partnership according to experience.
6. *Prescribe monitoring and reporting requirements, including timetables.* A timetable for reviewing the performance of all parties should exist with clear reporting requirements to both internal and external stakeholders.
7. *Include mechanisms for verifying the performance of all participants.* Provisions for periodic evaluation of the partnership (e.g., internal or independent external audits) should be included where appropriate.
8. *Encourage continual improvement.* Provisions for mutual learning and development should exist, and expectations, and potentially the partnership itself, should evolve based on the experience gained through implementation, including the developing relationship between (or among) the partners.

## 5. A Framework for Developing Effective Business–NGO Partnerships

Experience suggests that successful business–NGO partnerships depend on both the NGO’s and the corporation’s ability to carefully identify potential activities around which collaboration can be built, mobilize internal support, and develop criteria for selecting an appropriate partner.<sup>3</sup> Partners must, together, develop procedures for collaborating and for defining problems and exploring feasible solutions. For many, this will be new territory and therefore patience must be exercised around decision-making processes, as different organizations will “find their way” through the process of developing a partnership at varying speeds.

Each of the criteria and principles noted in Section E offers guidance in developing effective business–NGO partnerships. Table 1 expands on these, noting possible partnership risks associated with each criterion and principle, and providing a preliminary assessment of risk as noted in the literature.<sup>4</sup> The level of risk associated with each principle and criterion takes on different importance in the six categories of business–NGO partnerships, a preliminary analysis of which is included in the table.

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<sup>3</sup> Rondinelli & London. 2001.

<sup>4</sup> The following documents were consulted in developing the framework: Austin, 2000; CCSR, 2005; Cohen, 2003; Monday Morning, 2003; Pollution Probe, 2004; Rondinelli & London, 2001; Schiller, 2005; Tholke, 2004.

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**Table 1: Preliminary Identification of Possible Risks and their Relevance in Business–NGO Partnerships**

This table outlines the possible risks associated with each criteria and principle presented in Section 4, and provides preliminary risk management strategies for consideration. Also provided is a rough assessment of which criteria and principles are likely to be the most relevant (or the most risky) to the six categories of partnership. H = High Risk; M = Medium Risk; L = Low Risk

NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/Collaboration	Implementing CSR	Public Policy
<i>Supportive public policy framework</i>	<p>The internal policies and decision-making mechanisms of both business and NGO partners may not support what the partners intend to do.</p> <p>The partnership may lack legitimacy or credibility in the eyes of the government or stakeholders, which could negatively impact on its ability to gain support from or influence government.</p>	<p>While some partnerships may be forged in a setting in which the interface with public policy is important, for all categories of partnership this criterion should be interpreted to mean that partners must have the internal mechanisms in place to enable them to enter into and support a partnership.</p> <p>The public policy aspect will be most relevant for partnerships designed to influence government as government support could help the partnership reach its goal. It may also be relevant to Community Service Delivery and Task Force/Collaboration depending on the degree of interaction with government required.</p>	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.  The partnership could be influenced by the public policy framework if government approval is required for planned activities.	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.  Depending on the solutions sought by the group, the partnership may be influenced by or attempt to influence public policy.	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.  Depending on the objectives of the partnership, public policy frameworks may influence or constrain operations of the business and the extent of the partnership.	H – Internal policies and mechanisms need to be in place to enable the partnership to be developed and implemented.  Government endorsement or support may assist the partnership in attaining its goal of influencing public policy.

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NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/Collaboration	Implementing CSR	Public Policy
<p><i>Agreement that the partnership is an appropriate means to achieve goals</i></p>	<p>Partners (particularly NGOs) could be coerced into accepting an agreement (perhaps because of resource implications).</p> <p>There may be a lack of understanding of each partner’s value proposition. Differing corporate cultures may mean a lack of mutual goals despite a stated common objective. NGOs and businesses often understand and see the world in different ways.</p> <p>Partnerships may be counter to the culture of the organization and there could be internal resistance.</p> <p>The partnership may not address a core business need affecting internal support.</p>	<p>This likely will be of relevance for all partnerships as different objectives may exist for the business (e.g., to cultivate allies in the environmental community) and the NGO (e.g., to acquire new sources of funding). In the case of Task Force/Collaboration, Implementing CSR and Public Policy partnerships, businesses and NGOs are more likely to have a common objective when they enter the partnership (e.g., to develop an image of social responsibility, to diversify perspectives, to achieve environmental goals), although the desired outcome of each partner may differ.</p>	<p>H — A common understanding is required as different objectives and risks may exist for the business and the NGO.</p>	<p>H — A common understanding is required as different objectives and risks may exist for the business and the NGO.</p>	<p>H — A common understanding is required as different objectives and risks may exist for the business and the NGO.</p>	<p>H — A common understanding is required as different objectives and risks may exist for the business and the NGO.</p>	<p>H — A common understanding is required as different objectives and risks may exist for the business and the NGO.</p>	<p>H — A common objective (e.g., to effect change in public policy) may be a driver to enter the partnership, although the outcome desired by each partner may differ.</p>

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NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/Collaboration	Implementing CSR	Public Policy
<p><i>Expectation of participation over the life of the partnership</i></p>	<p>Partners (particularly NGOs) may lack the resources, time and money to effectively maintain the partnership over the long term.</p> <p>In the short term, the costs involved in the partnership might not always “pay off” as there could be high start-up costs.</p> <p>If the champions of the partnership are no longer involved (either partners themselves or key decision makers in those organizations) it may lead to a lack of support for the partnership.</p> <p>There may be a lack of time committed to front-end relationship building (e.g., agreeing on goals and priorities).</p>	<p>This will be of lesser importance in Community Service Delivery, Task Force/Collaboration and Public Policy partnerships, where the partnerships aim to support a specific or time-limited initiative. This criterion is more important in Consumer Marketing and Implementing CSR partnerships. These are likely to be more long-term in nature and the development of trust is key to these partnerships and takes time to build.</p>	<p>M – If the partnership is unsuccessful in raising awareness and/or funds for NGOs, these organizations may lack the resources to maintain the relationship over the longer term.</p>	<p>M – As the partnership aims to support a specific program, there may be limited expectations for the partnership to last over the longer term.</p>	<p>H – The higher-level strategic collaborations expected out of these partnerships indicate that long-term relationships are a key to success.</p>	<p>M/H – If such a group is brought together for a specific issue, the partnership may not be expected to last over the longer term.</p>	<p>H – The mutual learning and higher-level strategic collaborations expected out of these partnerships indicate that long-term relationships are a key to success.</p>	<p>M – If such a group is brought together for a specific issue, the partnership may not be expected to last over the longer term.</p>

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NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/ Collaboration	Implementing CSR	Public Policy
<i>Clearly defined roles and responsibilities</i>	<p>Time and money could be wasted if roles and responsibilities are not clear. Partnerships could be a drain on resources that could be used more effectively for other purposes.</p> <p>A partnership may be costly and may put a company at a competitive disadvantage to a rival.</p> <p>There may be general uncertainty as to what the partnership really implies</p>	<p>The roles and responsibilities of all parties should be explicit in all partnerships, and actions to be taken should be clear. All parties should understand their own responsibilities and how other parties will contribute. The need for more formal arrangements is higher in partnerships that have greater public visibility. This is important in all categories and there will likely be little variability among the partnerships under this criterion.</p>	<p>H — There is a need to clearly communicate the nature and intensity of the relationship to prevent public backlash. Formal arrangements are required.</p>	<p>H — There is a need to clearly communicate the nature and intensity of the relationship to prevent public backlash. Formal arrangements are required.</p>	<p>H — There is a need to clearly communicate the nature and intensity of the relationship to prevent public backlash. Formal arrangements are required.</p>	<p>M/H — The number of participants and possible dynamic nature means that formal agreements may not be required. However, a clear understanding of roles is necessary (e.g., who manages; expectations of partners).</p>	<p>H — There is a need to clearly communicate the nature and intensity of the relationship to prevent public backlash. Formal arrangements are required.</p>	<p>M/H — The number of participants and possible dynamic nature means that formal agreements may not be required; however, a clear understanding of roles is necessary (e.g., who manages; expectations of partners).</p>
<i>Mechanisms to ensure all partners have the capacity to fulfill their roles and responsibilities</i>	<p>There is a potential for power imbalance as business often contributes a larger share of resources and may resent NGOs if they are not seen to carry their weight.</p> <p>Relationship maintenance may require time and resources beyond the scope of the partners.</p>	<p>This is of greater relevance in the more strategic partnerships, as NGOs may lack the resources to support the partnership. Businesses may be expected to make a greater financial contribution to the partnership, but all partners should be expected to contribute skills and expertise. In some cases, NGOs may need to develop the technical capacity to support their work on an issue.</p> <p>This will likely be of less importance in the Promotional and Community Service Delivery partnerships, where businesses may enter into the partnership to make a financial contribution to a specific cause or initiative.</p>	<p>L — The NGO partner may be chosen because of a particular expertise or reputation, with little expectation of the business beyond a financial contribution.</p>	<p>L — The NGO partner may be chosen because of a particular expertise, with little expectation of the business beyond a financial contribution.</p>	<p>H — The public nature of the agreement means that reputation and credibility may suffer if roles and responsibilities are not fulfilled.</p>	<p>M — The nature of the partnership means that participants are selected because of their expertise. Support may need to be provided to NGOs to allow them to participate as full partners over the longer term.</p>	<p>H — If partners do not have the capacity to fulfill their role (e.g., financial resources), the reputation and credibility of the partners could be questioned.</p>	<p>M — The nature of the partnership means that participants are selected because of their expertise or influence. Support may need to be provided to NGOs to allow them to participate as full partners over the longer term.</p>

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NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/ Collaboration	Implementing CSR	Public Policy
<i>Developed and implemented in a participatory manner</i>	<p>NGOs may lack the resources to participate in an equal manner and should not feel coerced.</p> <p>Similarly, business should not feel coerced into a partnership to avoid dealing with the NGO in another forum.</p> <p>Changes in personnel could lead to a lack of high-level commitment.</p> <p>Internal splits and disagreements could arise if the partnership is contentious and not well-understood within the organizations.</p>	<p>This is an area of high relevancy in the design of all agreements. High-level support is critical, and buy-in at all levels of the organizations is required through the life of all successful partnerships but particularly in the design stage.</p>	<p>H – At the design stage, but may be lower during implementation as there may be little need for additional consultation between partners.</p>	<p>H – At the design stage, but may be lower during implementation as there may be little need for additional consultation between partners.</p>	<p>H – Extensive consultations will be required to develop and ensure buy-in at all levels of the organization.</p>	<p>H – Appointees to a task force need to remain engaged over the life of an agreement, or for the duration of discussions of a specific issue.</p>	<p>H – Ongoing consultation will be required to develop and share learning throughout the partnership.</p>	<p>H – An inclusive, participatory approach and high-level commitment is required at all stages of these partnerships.</p>
<i>Transparent in design and operation</i>	<p>NGOs risk legitimacy and independence if the terms of the partnership are not clear.</p> <p>Businesses risk divulging sensitive information which could be misused.</p> <p>Businesses and NGOs risk potential fall-out in the press and damage to their reputations if the terms of the partnership are not clear.</p> <p>There is the potential for abuse of partnerships for “greenwashing” or unethical business behavior.</p>	<p>This is an area of high relevancy in Promotional, Consumer Marketing, and Implementing CSR partnerships. NGOs may be accused of “selling out” and businesses of “greenwashing” if the terms of the partnership are not clear and understood. The terms of agreement should be focused on a specific, clearly identified issue to allow NGOs the ability to continue their watchdog role on other issues. This is less important in Task Force/ Collaboration and Public Policy partnerships because of the number of partners involved.</p>	<p>H – NGOs may be accused of fulfilling the role of appeaser. They may also be accused of selling out, which could lead to splits in the organization.</p>	<p>M – As projects in these areas generally result in an identifiable benefit (e.g., environmental cleanup) the arrangements between the partners may be subject to less scrutiny than might otherwise be the case.</p>	<p>H – NGOs may be accused of fulfilling the role of appeaser. They may also be accused of selling out, which could lead to splits in the organization.</p>	<p>M – The number of partners may diffuse the risk in this type of partnership, as one partner or participant will not necessarily be held accountable for final results and decisions.</p>	<p>H – NGOs could be accused of selling out, which could lead to splits in the organization. As confidentiality is likely to be a prime consideration in these partnerships, full disclosure of actions and results may not be possible. Businesses risk divulging sensitive information which could be misused by the NGO in other campaigns.</p>	<p>M – The number of partners may diffuse the risk in this type of partnership, as one partner or participant will not necessarily be held accountable for final results and decisions.</p>

**Developing Effective Business–NGO Partnerships**

NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/ Collaboration	Implementing CSR	Public Policy
<p><i>Performance-based with specified goals, measurable objectives and milestones</i></p>	<p>The partners may lack a common goal affecting how performance is assessed.</p> <p>NGOs risk losing the capacity to criticize if the agreement is not restricted to an identified issue.</p> <p>Businesses may lose interest if results are not achieved in a timely manner.</p> <p>Legal risks may occur if something goes wrong.</p> <p>A common understanding ensures that both partners work toward the same goal; if one moves more quickly without establishing the necessary understanding, the partnership is likely to fail.</p> <p>May focus on discussion and high-level generalities without achieving real change.</p>	<p>All partnerships should have a specific minimum target and timelines for achieving all targets set. This is of greater relevance for Community Service Delivery, Consumer Marketing and Implementing CSR partnerships, which may have a very public face and where most factors for success lie within the partnership. This is less important for Task Force/ Collaboration and Public Policy partnerships, where outside factors can play a strong role in determining success, but measurable objectives and milestones can help to ensure the partnership works toward real change. It may be of lesser importance in Promotional partnerships, where business may attain its goal by making a financial contribution and expect little in return.</p>	<p>L – Businesses may achieve their goals by making a financial contribution.</p>	<p>H – As the partnership may involve a one-off program, goals and objectives set out in a formal agreement are important to ensure delivery of the initiative to the satisfaction of all partners.</p>	<p>H – Branding exercises may not pay off for businesses. There is a risk of not meeting objectives and of the partnership being exploited in the press (e.g., airing “dirty laundry”).</p>	<p>M – Participants in this collaborative-type partnership are likely to support the goals, indicating that a formal agreement may not be necessary. Goals and objectives of the project should be clear to ensure the partnership works toward real change.</p>	<p>H – Clear goals and milestones in a formal agreement are necessary to ensure that results are achieved in a timely manner. There is a risk of not meeting objectives and of the partnership being exploited in the press (e.g., airing “dirty laundry”).</p>	<p>M – Participants in this collaborative-type partnership are likely to support the goals, indicating that a formal agreement may not be necessary. Goals and objectives of the project should be clear to ensure the partnership works toward real change.</p>

**Developing Effective Business–NGO Partnerships**

NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/ Collaboration	Implementing CSR	Public Policy
<p><i>Specify the rewards for good performance and the consequences of not meeting performance objectives</i></p>	<p>The wrong partners may have entered into a partnership, resulting in a lack of interest in meeting objectives or a lack of capacity to meet objectives.</p> <p>The partnership may lack a clear exit strategy.</p> <p>If one partner has difficulty fulfilling its commitments, the lack of a dispute resolution process could cause the partnership to founder.</p>	<p>Each partner will have different incentives for engaging in the partnership according to its own value proposition. The specific incentives and consequences will depend on the circumstances of the partnership. Incentives attractive to NGOs may be insufficient for businesses, and vice versa. Dispute resolution mechanisms and exit strategies are of greater relevance in Consumer Marketing and Implementing CSR partnerships than in other types of partnerships.</p>	<p>L – A business may be satisfied with provision of support to an NGO and may not require incentives and consequences beyond this.</p>	<p>L – A business may be satisfied with provision of support to an NGO and may not require incentives and consequences beyond this.</p>	<p>H – Dispute resolution processes and exit strategies should be built into partnerships.</p>	<p>M – Exit strategies may be important, especially in the event that goals are not achieved, or become unachievable due to a changed environment.</p>	<p>H – Dispute resolution and exit strategies should be built into partnerships.</p>	<p>M – Exit strategies may be important, especially in the event that goals are not achieved, or become unachievable due to a changed environment.</p>
<p><i>Encourage innovation and flexibility</i></p>	<p>Partnering could bring increased bureaucracy and formality, and possibly stagnation to an organization.</p>	<p>This is of high relevance in Task Force/Collaboration, Implementing CSR and Public Policy partnerships, which offer opportunity to work together to find creative solutions. This is less important in Promotional and Community Service Delivery where the partnerships strive to deliver on specific identified issues, often in a time-bound manner.</p>	<p>L – Innovation should be encouraged in marketing campaigns, although businesses may only be interested in the benefits (e.g., reputation, PR) of contributing to the partnership.</p>	<p>L – The partnership may encourage innovation within the specific program, although the funding partner may only be interested in the end result.</p>	<p>M – Innovation will be more important in the design of the partnership.</p>	<p>H – The aim of finding solutions and encouraging dialogue to find solutions should benefit from the skills and expertise of all partners.</p>	<p>H – The agreement should allow creativity in the means used to meet the goal of environmental sustainability.</p>	<p>H – The need to find solutions should benefit from the skills and expertise of all partners.</p>

**Developing Effective Business–NGO Partnerships**

NDG Criteria and Principles	Possible Risks	Comments/Rationale	Level of Risk by Partnership Category					
			Promotional	Community Service Delivery	Consumer Marketing	Task Force/ Collaboration	Implementing CSR	Public Policy
<i>Prescribed monitoring and reporting requirements</i>	<p>NGOs have traditionally been subjected to less scrutiny in operations than have businesses, and may find it difficult to meet tighter monitoring and reporting requirements than they are used to.</p> <p>There may be a failure to communicate the benefits/ results of the partnership to employees of all partners and to their constituencies.</p>	<p>This is of relevance to all partnerships, where clear auditing and reporting systems are needed to document accountability and create clear lines of communication (e.g., communicating the partnership to the outside world; reporting to staff). This will rise in importance in Task Force/Collaboration and Public Policy Partnerships when a business is responsible for significant financial contributions to the partnership.</p>	H – Clear monitoring will assist in ensuring the campaign is achieving results.	H – All partners will want assurance that the program is meeting goals and milestones.	H – Clear lines of communication are necessary to ensure consistent messaging to the public and to staff. Effective monitoring can also demonstrate the penetration of the program.	H – Reporting is important to the broader stakeholder community.	H – All partners will want assurance that the program is meeting goals and milestones, and results should be communicated internally and externally (respecting confidentiality).	H – Reporting is particularly important to the broader stakeholder community that may be impacted by changes in public policy.
<i>Mechanisms for verifying the performance of all participants</i>	<p>Evaluation is often inadequate, and fails to include both qualitative and quantitative measures.</p> <p>Lack of proper monitoring and evaluation could mean that the partners fail to recognize when the arrangements/terms of the partnership are no longer aligned with goals.</p>	<p>All partnerships should report to stakeholders on a regular basis (e.g., annual reports). All partnerships must have value for the participating organizations and the full costs and benefits should be understood. Verification processes also build trust and assist partners in learning how to collaborate more effectively in the future. There will likely be little variability between the partnership categories.</p>	H – Evaluation will be required to determine the success of the partnership (e.g., the success of a promotional campaign determined by the amount of funds raised).	H – Businesses are increasingly demanding accountability for funds used by NGOs for specific projects and programs.	H – Evaluation is necessary to ensure that the goals are attained. Funders want assurance that money has been well spent.	H – Evaluation is important to ensure that the partnerships stay relevant and aligned with the stated goals. Funders of specific initiatives will want assurance of value for their money.	H – As these involve the engagement of NGOs in the internal affairs of businesses, there will be greater accountability for the funds expended and the results achieved.	H – Evaluation is important to ensure that the partnerships stay relevant and aligned with the stated goals.

**Developing Effective Business–NGO Partnerships**

<b>NDG Criteria and Principles</b>	<b>Possible Risks</b>	<b>Comments/Rationale</b>	<b>Level of Risk by Partnership Category</b>					
			<b>Promotional</b>	<b>Community Service Delivery</b>	<b>Consumer Marketing</b>	<b>Task Force/ Collaboration</b>	<b>Implementing CSR</b>	<b>Public Policy</b>
<i>Encourage continual improvement</i>	<p>Working in partnership must provide the opportunity to learn how the other side operates – or it may risk providing ammunition for future scrutiny and criticism.</p> <p>NGOs may lack an understanding of business issues and culture and businesses may lack the same understanding of NGOs.</p>	<p>This is of high relevance in Task Force/Collaboration, Implementing CSR and Public Policy partnerships, which offer the opportunity to work together to find solutions. This is less important in Promotional and Community Service Delivery where the partnerships strive to deliver on specific identified issues, often in a time-bound manner.</p> <p>NGOs are increasingly faced with demands to improve accountability, and partnerships may offer learning opportunities.</p>	L – The philanthropic nature may not encourage continual learning within partnerships, but partners should ensure lessons are used in the development of new alliances.	L – The one-off nature does not encourage continual learning within partnerships, but partners should ensure lessons are used in the development of new alliances.	M – Continual learning is necessary for these partnerships to remain relevant and timely for the public.	H – The nature of the partnership encourages continual learning by a sharing of expertise and experience.	H – Respect for others’ culture and style/method of business can be encouraged.	H – The nature of the partnership encourages continual learning by a sharing of expertise and experience.

## 6. Risk Management Considerations

Each type of partnership carries different risks and different levels of risk. Table 1 provides an overview of the risks associated with the development of partnerships and their key design features. Those areas noted as high risk in the table should be highlighted by businesses and NGOs considering the development of a partnership opportunity, and risk management/mitigation considerations and strategies should be put in place during project design. Suggested ways in which the identified risks may be addressed are set out below.

### 6.1 Criteria for Establishing a Partnership

#### A. Supportive public policy framework

*Partnership Categories of High Risk:* All Categories

*Risk Management Considerations:*

- in a business–NGO partnership the interpretation of this criterion principally refers to the internal policies and mechanisms of the partners themselves, which should enable them to engage in an effective partnership; and
- where the partnership is intended to influence government, or requires government approval for actions to be taken, governments can play a role as potential partners or as facilitators of a stronger business-NGO interaction.

#### B. Agreement that the partnership is an appropriate means of meeting the objective

*Partnership Categories of High Risk:* All Categories

*Risk Management Considerations:*

- all parties should accept that the partnership is an effective method of moving forward;
- all parties should aim for partnerships that have clear links to strategic objectives;

- the partnership should allow both the NGO(s) and the business(es) to achieve their overall strategic objectives, and all parties should understand how the partnership can help the others accomplish their objectives;
- expectations must be managed carefully to prevent one partner from moving ahead without the necessary understanding;
- all parties need to understand the differences between them and communicate in a straightforward manner;
- no party should be coerced into entering the agreement; and
- partnerships are not the solution to everything.

#### C. Expectation of participation over the long term

*Partnership Categories of High Risk:* Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- these partnerships are long-term commitments requiring a high level of trust, and attention must be paid to the long-term objectives and benefits;
- building trust takes time and patience, and the partnership should encourage an understanding of and respect among all parties;
- partnerships need to be “personnel proofed,” in that the partnership should continue even if someone leaves the business or NGO;
- the initial stages to establish objectives and develop a plan may require considerable time and resources, and will probably take longer than anticipated; and
- an arm’s-length principle must be maintained in regard to activities outside the boundaries of the partnership to prevent loss of integrity or co-optation.

### D. Clearly defined roles and responsibilities

*Partnership Categories of High Risk:*

Promotional, Community Service Delivery, Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- each party knows what is expected and when;
- a clear timetable should be agreed to;
- all parties understand the staff and resource requirements of the partnership;
- detailed and formal partnership agreements are developed with specific and measurable levels of achievement, and clear exit strategies;
- rules of engagement and methods for settling disputes are developed; and
- clear lines of accountability between the partners need to be established.

### E. All involved have the capacity to fulfill their roles and responsibilities

*Partnership Categories of High Risk:* Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- who pays for what should be clearly established, and the partnership should have an adequate, consistent financial base. This helps to develop legitimacy in regard to gaining resources from partners;
- the contributions of each partner, recognizing the strengths and assets of each partner, should be clearly established;
- appropriate personnel should be assigned to oversee the collaboration;
- provisions should be made for NGOs to develop technical capacity, should it be required to support the partnership's objectives; and
- internal mechanisms and commitment should be in place to support the partnership.

## 6.2 Partnership Design Features

### A. Developed and implemented in a participatory manner

*Partnership Categories of High Risk:* All Categories

*Risk Management Considerations:*

- partners are equal and can participate in an equitable manner;
- partners interact often, discuss issues openly and communication channels are open at all times; and
- necessary information is conveyed to internal staff members and external stakeholders.

### B. Transparent in their design and operation

*Partnership Categories of High Risk:*

Promotional, Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- terms and conditions should be clearly understood and available for scrutiny (respecting confidentiality); and
- internal policies and guidelines, if required, are in place to guide partnering decisions.

### C. Performance based with specified goals, measurable objectives and milestones

*Partnership Categories of High Risk:* Community Service Delivery, Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- a clear purpose for the partnership and indicators evaluating progress should be established recognizing the value proposition of each partner; and
- the partnership should have a unique purpose, which is different from the mission of the partners.

## Developing Effective Business–NGO Partnerships

### D. Specify the rewards for good performance and the consequences of not meeting performance objectives

*Partnership Categories of High Risk:* Consumer Marketing, Implementing CSR

*Risk Management Considerations:*

- each partner knows what it will receive for fulfilling its responsibilities and provisions exist for redress/grievance should one or more parties fail to do so; and
- exit strategies should be established at the design phase.

### E. Encourage flexibility and innovation

*Partnership Categories of High Risk:* Task Force/ Collaboration, Implementing CSR, Public Policy

*Risk Management Considerations:*

- focus on ends rather than means, and encourage partners to adapt based on experience; and
- ensure that the partnership remains open to change and has varied ways of meeting its objectives.

### F. Prescribed monitoring and reporting requirements

*Partnership Categories of High Risk:* All Categories

*Risk Management Considerations:*

- a clear timetable for review of the performance of all parties should be established;
- processes for ongoing monitoring should be included;
- auditing and reporting systems to document accountability should be clearly established;
- reporting to internal staff on a regular basis on progress/results of the partnership should be included; and
- communication to the outside world should be clearly defined (e.g., lines of accountability for media releases).

### G. Mechanisms for verifying the performance of all participants

*Partnership Categories of High Risk:* All Categories

*Risk Management Considerations:*

- monitoring and evaluation processes should be built into the partnership, with full feedback mechanisms.

### H. Encourage continual improvement

*Partnership Categories of High Risk:* Task Force/ Collaboration, Implementing CSR, Public Policy

*Risk Management Considerations:*

- incorporate learning into the partnership, i.e., determine what each partner has learned during the partnership and use this to strengthen the collaboration;
- develop adequate provisions for mutual learning and development.

## **7. Conclusion**

The relationship between businesses and NGOs in Canada is evolving rapidly as the focus on environmental and sustainability issues has moved from pointing fingers to finding solutions. Partnerships between businesses and NGOs can be an effective way of working together towards common objectives, but they are fraught with risks. This report has presented a typology of business–NGO partnerships along a spectrum from purely philanthropic activities to truly integrated attempts to work together to influence public policy. Clearly, the risks associated with each type of partnership differ and it is inappropriate to make generic assumptions about the value or potential for success of all business–NGO partnerships by comparing different types of partnerships with one another.

By interpreting its criteria and principles for credible and effective voluntary initiatives in the context of business–NGO partnerships, the NDG has provided a framework that can be used by prospective business and NGO partners to structure their partnership. This includes identifying the major areas of risk in each type of partnership as well as suggesting strategies for dealing with risk management.

This report is intended to stimulate a dialogue on business–NGO partnerships, provide guidance to those seeking to enter into a partnership and, it is hoped, to contribute to further investigation of the evolving relationship between the business and NGO communities in Canada.

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