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[Globalization](#)
[Empire?](#)
[Iraq](#)
[Nations & States](#)
[International Justice](#)
[UN Financial Crisis](#)
[UN Reform](#)
[Secretary General](#)
[*Opinion Forum](#)
[Tables& Charts](#)

Business/NGO Partnerships -- What's the Payback?

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Here's a look at some high profile cases of business/NGO partnerships and the strategic benefits and challenges for both sides.

When Greenpeace shared a platform with Shell at the Johannesburg Summit, the contrast with the classic notion of business/NGO confrontation could not have been starker. A decade earlier, one of the oil giant's redundant platforms (such as Brent Spar) would have been the only kind to have interested the campaign group.

Johannesburg was the Partnership summit. It was built on the premise that governments cannot achieve sustainability on their own, that businesses can be part of the solution, and that NGOs have at least as good an idea what the solution is as anybody else. The business world is also formally engaged in pursuing the UN's Millennium Development Goals.

The joint call by Greenpeace and the World Business Council for Sustainable Development for action on climate change symbolized the growing feeling on both sides that NGOs working with businesses can often achieve more than by attacking from the outside. Many campaigners are still suspicious, and even those working with business reserve the right to criticize. But many partnerships were launched in Johannesburg; many more have flowered since -- from BAT on biodiversity to Coca-Cola on HIV/Aids.

The attractions are obvious, but so are the dangers. Most significant, perhaps, is the danger that the concept is used simply to get businesses to stump up money, which is more like taxation than partnership. Even within a more meaningful relationship, companies risk wasting time and money, and possibly divulging sensitive information which could be misused. NGOs risk reputational damage if a partnership goes wrong, and wasting scarce resources if the desired outcomes are not achieved. The risks can be worth it, of course. For businesses, an NGO can bring knowledge and expertise, but also

credibility and reputational gains -- "look how great we are; we're working with WWF/Rainforest Network etc." For an NGO, business brings money, but more substantially a chance to change the way that particular business, and possibly a whole industry, operates.

That highlights a key difference between a true partnership and a conventional project alliance. A shallow alliance can be little different to conventional philanthropy, with a company providing money to back an NGO project, like Nike's recent donation of \$275,000 to fund a micro-enterprise program run by the China Foundation for Poverty Alleviation and Mercy Corps. There's nothing wrong with such alliances, of course. They can make a difference, on some level at least. But it is perhaps glorifying the relationship to call it a partnership. It's not exactly a one-night stand, but it's not marriage either.

Building Lasting Relations

A deeper partnership implies a medium-term relationship, with both parties contributing skills, resources and expertise, and sharing the risks. It should help the business achieve something it otherwise couldn't, and the NGO should get a change of business practice, not just project funding. The relationships between the Rainforest Alliance and companies such as Chiquita are good examples. And they can involve NGOs which are otherwise fierce anti-business campaigners, as you can see in the UK venture between Greenpeace and Innogy to create the Juice wind power brand, which recently began to feed power generated by a huge offshore wind farm into the grid. In this case, Greenpeace has helped provide a marketing channel but also to lobby for planning permission for the site. And the risks to Greenpeace were demonstrated when its partner was taken over by the German group RWE -- which operates nuclear power stations in Germany. The campaign group also came a cropper in its anti-GM food alliance with the Iceland supermarket chain, when Iceland's management (and opposition to genetic modification) changed.

These deep partnerships are few and far between, according to Seb Beloe, director of research and advocacy at the consultancy SustainAbility, which last year published a study* on the future of NGOs. "Many partnerships are not really partnerships, just loose relationships or traditional sponsorship," he says. But he is convinced that there is huge potential, and that NGOs are increasingly interested. "NGOs are beginning to think more strategically about how to engage with companies. In some there is a sense that if you are helping a company be more commercially successful, that devalues what you are doing. But a new breed of NGOs are emerging which want to help companies to make money because they realize that has to happen or companies are not going to be interested."

Unlike some campaigning organizations, WWF has long recognized that it is possible to work with business without losing independence or the capacity to criticize. Its work with Unilever to create the Marine Stewardship Council is one of the leading examples of effective partnership. It created something new, which has achieved an independent existence and is helping to make a difference. More recently, a five-year alliance has been formed with HSBC is more like conventional funding. The bank's cash will finance work on protecting freshwater habitats. Of course HSBC is not immune from NGO's criticisms, and WWF got it in the neck last year from some fellow campaigners for getting into bed with cement company Lafarge, whose attempt to develop a quarry in Scotland was opposed by many NGOs (including WWF).

Dax Lovegrove, WWF UK's company relations manager, says it's a matter of judgement. "You can't always work with the cleanest companies, and there's no point just preaching to the converted. As long as your partners are willing to accept challenging targets, they are the ones you should be working with."

The nature of business/NGO links is evolving fast. Increasingly they bring together one or more businesses with one or more NGOs, possibly also including government agencies. For example, Hewlett Packard has helped to build a new public-private consortium in Uganda to provide microfinance, involving organizations as diverse as ACCION International, Freedom from Hunger, and the Grameen Foundation, and with some funding from the U.S. Agency for International Development.

The World Business Council for Sustainable Development (WBCSD) has been midwife to some of the most significant alliances which have built consensus in some of the most difficult industries. The International Institute for Environment and Development (IIED) brokered agreements in forestry and mining with groups of companies brought together by WBCSD. The mining initiative resulted in the creation of the International Council on Mining and Metals to take forward a sustainability strategy in the form of the Toronto Declaration.

The Nordic Partnership is another interesting example of these multi-member partnerships. Born shortly before the Johannesburg summit, it brings together leading Scandinavian companies with WWF and the Danish think-tank Mandag Morgen. Novo Nordisk and Volvo Car Corporation are the main corporate sponsors. Other corporate participants include Procter & Gamble, consultancies ERM and Cowi, the engineering group ITT Flygt and food manufacturer Danisco. The partnership aims to stimulate sustainable development. "By collective action, we aim to catalyze a new type of business culture," it says.

One early outcome of its work is a report** on business/NGO partnerships, published in January, which concludes that even in inclusive Scandinavia, progress has been slow. Michael Brinch Pedersen, the Partnership's managing director, says: "Despite a stated willingness to engage in partnerships, the practice of partnering in the Nordic region is still at a very early stage."

The report identifies ambitious targets, including "shared lobbying." It says such joint pressure could be a more effective way to get points across, but while that may be true, it is difficult to think of many companies and NGOs which could find much common ground to lobby on.

Risks of Partnerships and Engagement

The Nordic report also sees several dangers when companies and NGOs get into bed with each other. NGOs risk jeopardizing their legitimacy. Businesses risk wasting resources. But there are also risks for the partnership -- that the business simply reaps the reputational reward without making serious efforts to achieve progress. That could backfire on both partners, the report says: "For business, it's undeniable that partnering with NGOs has positive effects on their image. However, if this benefit is misused and not underscored by a willingness to actually work with NGOs towards shared goals, it will quickly lose its value, as NGOs credibility diminishes, along with that of business."

The odds are probably stacked against this kind of partnership really achieving dramatic changes rather than superficial success. But if both sides go about it in the right way, significant gains can be achieved, as the RMC, Starbucks and FedEx cases demonstrate. SustainAbility identified some key success factors:

- The company must be serious about changing its behavior, and should be able to drive change in its own sector and across the business community more generally.
- The NGO must be able to maintain clear accountability to its own key stakeholders, and must maintain its independence from the business partner.
- Each partner needs to benefit directly, and to understand the other's benefits.
- The "rules of engagement" need to be clearly agreed at the outset.
- Individual participants must be sufficiently senior to have their organization's mandate and be able to take difficult decisions without constantly having to refer back.
- The people involved must trust each other.

The difficulty of achieving all those conditions explains why effective partnerships are few and far between. But if it works, companies

prepared to take the risk can benefit in more ways than simply enhancing their reputations as good corporate citizens. They can also learn in ways which help them avoid or reduce risks, seize new market opportunities, and stimulate innovation.

"Some more enlightened companies can see quite a lot of potential in partnerships, if they have the capacity to run them effectively," Beloe says. But he has a warning for NGOs which shy away from the risks of being "contaminated" by getting too close to the corporate world. "If they don't exploit these opportunities they may become less relevant."

Organizations such as Pact, the U.S.-based organization with a history of capacity building, and the International Business Leaders Forum, are working hard to make sure that does not happen. They have collaborated to develop NGO understanding of and confidence in business partnerships in several countries. Pact has also developed skills in understanding which businesses and NGOs are capable of making partnerships work. Its successes include working with Coca-Cola in Indonesia to transform libraries into youth learning centers, with Chevron in Angola to build local business and civil society, and with Citibank on microfinance in Vietnam.

Like so many initiatives, though, most such projects essentially use the business partner solely to provide funding, and perhaps other resources. Deepening the relationship to challenge and change business practices, or work jointly to change government policies, seems to be more difficult -- but if it works it should also be more rewarding.

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