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Sustainability Partnerships

The Manager's Handbook

Ulrich Steger, Aileen Ionescu-Somers, Oliver Salzmann and Stephanie Mansourian

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The Manager's Handbook

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Since 2001, as Deputy Director of CSM at IMD, Dr. Aileen Ionescu-Somers has managed CSM and overseen several large-scale research projects (on, for example, the business case for sustainability and stakeholder views of corporate sustainability performance). Before IMD, she headed an international projects unit at WWF International, overseeing financing and operations of conservation projects globally. She was also programme manager for the Africa and Latin America regional programmes while at WWF. She holds a BA, MA, Higher Diploma in Education and PhD (business administration) from the National University of Ireland, and an MSc (Environmental Management) from Imperial College, UK. Her book on the business logic for corporate sustainability (food & beverage sector) was published by Palgrave Macmillan in 2008.

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Foreword

In the last few years, there has been a dramatic shift within the business community to understand that it, too, must address the environmental and social challenges confronting people and the planet. As this latest report on sustainability partnerships suggests, this critical movement has not yet been achieved by all but the direction is clear.

Through WWF's many engagements with the private sector, we are encouraged by the change in attitude of many chief executives and senior managers, who are increasingly aware that the future profitability of their enterprise is inextricably linked to a healthy environment and a stable society.

Some companies are at the vanguard of change and already demonstrating that it is beneficial to include environmental and social considerations into their business activities. However, these companies are still relatively few and, if we are to create a future in which human beings live in harmony with nature, these few must become many.

This handbook is a useful compilation of tools, examples and specific approaches to help companies move towards sustainability in partnership with their stakeholders. The scale of the risks facing the planet and the complex nature of the issues make it impossible for one entity – or one type of partnership – to serve as the sole model for moving forward. NGOS, like WWF, are involved in many different types of partnerships. Moreover, NGOs in general, including WWF, need to scale-up their partnerships with business if we want to be serious about tackling the scope and scale of the problems at hand. It is by learning from these joint experiences that we can perhaps craft better partnerships for tomorrow.

Further research into how to unlock the potential of these partnerships to deliver greater impacts for our environment and society is still desperately needed. WWF fully supports the pioneering work of IMD in engaging business in the development of new paradigms for sustainability. It is hoped that this latest publication will be widely distributed and help to encourage other businesses to follow the example of the current industry leaders, who are striving to create a more sustainable future.

James P. Leape
Director General
WWF International

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It is our fervent hope that this book will find the same interested readership amongst managers, academia and the sustainability community in general as our previous efforts.

Ulrich Steger
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Oliver Salzmann
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List of Abbreviations

2°	ACHAP 2° – German CEOs for Climate Protection
ACHAP	African Comprehensive HIV/AIDS Partnerships
AIDS	Acquired Immunodeficiency Syndrome
ATM	Access to Medicine
BLIHR	Business Leaders Initiative on Human Rights
BRIC	Brazil, Russia, India and China
BSE	Bovine Spongiform Encephalopathy ('Mad Cow' disease)
CDC	Centers for Disease Control and Prevention
CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CER	Certified Emission Reduction
CIAA	Confederation of the Food and Drink Industries in the EU
CIAT	International Center for Tropical Agriculture
CL	Control Language
CSM	Forum for Corporate Sustainability Management
CSP	Corporate Sustainability Partnership
CSR	Corporate Social Responsibility
CSSP	Cross-Sector Social-Oriented Partnership
DTI	UK Department of Trade and Industry
EHS	Environment Health & Safety
EIA	Energy Information Administration
EISA	European Initiative for Development in Sustainable Agriculture
EITI	Extractive Industries Transparency Initiative
EPA	United States Environmental Protection Agency
ERU	Emission Reduction Unit
ETG	UK Emissions Trading Group
EU	European Union
EU CLG	European Union Corporate Leaders Group
EU ETS	European Union Emission Trading System
F&B	Food and Beverage
F4H	Food for Health
FIND	Foundation for Innovative New Diagnostics
FSC	Forest Stewardship Council

FTSE 100	Financial Times Stock Exchange 100 Index
FTSE 250	Financial Times Stock Exchange 250 Index
GAIN	Global Alliance for Improved Nutrition
GDP	Gross Domestic Product
G8	Group of Eight
GGFR	Global Gas Flaring Reduction
GHG	Greenhouse Gas
GHHP	Global Health through Hygiene Programme
GMO	Genetically Modified Organism
GNP	Gross National Product
GPMDG	Green Power Market Development Group
GRI	Global Reporting Initiative
GS	Gold Standard
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German Society for Technical Co-operation)
HIV	Human Immunodeficiency Virus
ICMM	International Council on Mining and Metals
ICRC	International Committee of the Red Cross
IETA	International Emissions Trading Association
IFPMA	International Federation of Pharmaceutical Manufacturers and Associations
IGO	Intergovernmental Organization
IMD	International Institute for Management Development
IPPC	Intergovernmental Panel on Climate Change
IPR	Intellectual Property Rights
JI	Joint Implementation
KPI	Key Performance Indicator
MDG	Millennium Development Goal
MMV	Medicines for Malaria Venture
MOU	Memorandum of Understanding
MSC	Marine Stewardship Council
MVN-A	Merck Vaccine Network-Africa
MW	Megawatt
NGOs	Nongovernmental Organizations
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OXFAM	Oxford Committee for Famine Relief
PACI	Partnering Against Corruption Initiative
PPP	Public–Private Partnership
PR	Public Relations

RBM	Roll Back Malaria
RCI	Responsible Commodities Initiative
R&D	Research & Development
SA	Sustainable Agriculture
SAI	Sustainable Agriculture Initiative
SAN	Sustainable Agriculture Network
SARS	Severe Acute Respiratory Syndrome
SFL	Sustainable Food Laboratory
SP	Sustainability Partnership
STRI	Smithsonian Tropical Research Institute
SUV	Sport Utility Vehicle
TFDA	Tanzania Food and Drugs Authority
TI	Transparency International
UK	United Kingdom
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
US	United States
USCAP	United States Climate Action Partnership
VCS	Voluntary Carbon Standard
VP	Voluntary Principles
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum
WHO	World Health Organization
WRI	World Resources Institute
WSSD	World Summit on Sustainable Development
WSUP	Water & Sanitation for the Urban Poor
WWF	World Wide Fund for Nature

Executive Summary

SUSTAINABILITY PARTNERSHIPS – A CASE OF THE EMPEROR'S NEW CLOTHES OR NOT?

The empirical research we present in this book is the last building block of an ongoing effort to 'crack the case' for corporate sustainability by the Forum for Corporate Sustainability Management (CSM), a research platform at the International Institute for Management Development (IMD) business school in Switzerland. The aim of CSM is, through rigorous empirical research, to shed more light on how global companies live up to social and environmental responsibilities expected of them by different stakeholders above and beyond their economic performance (whether you call this Corporate Social Responsibility (CSR), Triple Bottom Line, Corporate Citizenship, or any other of the many different labels that have been variously plastered on this area of corporate activity).

The 'Trilogy' kicked off during the 2002–2003 CSM research cycle, when our member companies (see Appendix B) asked us to look into the question of the business case for corporate sustainability: What is the economic logic behind integrating social and environmental criteria into the core business model? What 'room to manoeuvre' do companies have when it comes to corporate sustainability management and what are the key success factors? Moreover, what can be done to fully exploit the business case?[1] We carried out extensive interviewing of business managers and complemented this with surveys, which allowed us to put together an 'inside-out' perspective on corporate sustainability management. The key findings were relatively sobering: Apart from the fact that there were major mindset and knowledge barriers to rolling out sustainability strategies within firms, lack of interest in corporate sustainability by key stakeholders meant that corporate sustainability management (beyond compliance) still remained of relatively low importance in companies, and was regarded by managers as rather secondary to 'mainstream' concerns – relevant enough to be managed professionally, but certainly not a 'make it or break it' consideration for the foreseeable future.

In a logical progression from these findings, for the following research cycle in 2004–2005, our member companies asked us discover more about what key stakeholders were thinking about corporate sustainability, how they measure related performance, and how their perception of corporate sustainability performance was guiding their actions (and therefore, what we call more of an 'outside-in' approach). We looked at nine different stakeholder groups – from the investment community to non-governmental organizations (NGO) – and we even included a study on the media as a major transmission belt for stakeholder views and concerns. This project largely confirmed the bottom line learning from our first study on the business case[2]: Key promoting stakeholders, such as NGOs and consumer organizations, felt that they did not have the leverage to accelerate corporate action beyond the incremental steps currently being taken, and deterring agents continued to be customers/consumers and investors (although these environments are undergoing interesting and dynamic change in positive directions for sustainability development – the continued growth of responsible investment portfolios for example – it is still by far not enough to push mainstreaming).

Upon concluding this project, we felt that to cover the full waterfront, a key element was still missing. Since the World Summit on Sustainable Development (WSSD) in 2002, partnerships (particularly public–private partnerships) have become a fashionable, and often preferred, approach to tackling social and environmental issues. In both pieces of research mentioned above, we noted that the most proactive companies were embarking on all kinds of such partnerships: Industry coalitions, with public authorities and/or NGOs, and so on. Indeed, the term 'public–private partnership' and its acronym, PPP, have of late practically become buzzwords in their own right, just as prevalent nowadays in the corporate executive's vocabulary as the ubiquitous CSR. Bring the two together and you get what, exactly? This is the question we sought to answer in this book on corporate sustainability partnerships.

For the 2006–2007 research cycle, our CSM members wanted to learn more about the universe of partnerships involving companies which has been rapidly developing over recent years. What are the objectives? How are they working? What is the perceived impact of their activities by the participants in the partnerships? There are many books and articles with nicely illustrative examples of this relatively new generation of PPPs with a sustainability objective. And, the vast majority are full of praise. However, as we moved through a comprehensive literature review, we started wondering about the extent to which the literature about corporate sustainability partnerships was window-dressing (remember…'Oh, how splendid are the Emperor's new clothes. What a magnificent train!'). Because in the literature, there are virtually no works that comprehensively scrutinize the perceived effects across such important dimensions as organizational culture and knowledge management practices, entire business systems, and, ultimately, on the social and environmental dilemmas that the plethora of current partnerships are designed to address. Is there too much media hype and reporting about their successes?

The results of our efforts are now presented in this last book of our 'Trilogy'. What the reader will find herein adheres to a tradition for transparent methodology established by CSM research since 1995: A sober empirical approach, primarily focused on relevance for our member companies, trying to identify patterns, the 'big picture', emerging trends, and finally, framing it in a comprehensive book (luckily, at IMD we do not need to maximize the numbers of 'smallest publishable units'). The research presented in this book differs from previous efforts in only two ways. First, whereas in the initial case we worked with a team of doctoral students in addition to CSM's core team, this time we relied on extremely experienced interviewers from IMD's research staff, and one external interviewer with hands-on experience of working with NGOs and multilateral agencies. Second, whereas we complemented interviews with surveys in our two previous studies, for various reasons explained in the methodology section, we made this a fully qualitative study.

The book focuses on a number of partnerships identified under the broad themes of climate change, sustainable food, human rights/anti-corruption, and public health; all extremely topical and complex subjects. Note that climate change was one of the most newsworthy subjects of the year in 2007, and was still holding its own in 2008, although being rapidly supplanted by looming world hunger in terms of media attention intensity. Indeed, because of the relatively new struggle between food production for food or fuel, and the increasing demand for resources from up-and-coming mighty nations such as India and China (leading to food shortages worldwide), the issues of sustainable food and climate change are becoming even more intimately interlinked than before. We also ensured that we covered various types of partnerships; and thus, we looked at four partnership types: New business models, quasi-regulatory solutions such as certification initiatives, efforts to raise the bar by promoting best practices, and finally advocacy partnerships.

By directly interviewing multiple participants involved in corporate sustainability partnerships, we were able to examine perceived overall effects, be they social, environmental, tangible, intangible, or just simply unexpected. We also asked our respondents about the potential for rollout (for 'mainstreaming' of activities), and discussed promoting factors and barriers in achieving replication effects. We looked at structures and activities of partnerships, but also scrutinized what internal or external factors were preventing, or promoting, successful activities within partnerships. We also analyzed key events that may have had negative or positive influences on the capacity of partnerships to achieve their objectives.

To sum up our findings is a challenge – primarily owing to the sheer diversity and somewhat 'tailor-made' nature of partnerships, which renders making generalizations difficult. Clearly, all partnerships had problems and dilemmas that were specific to their issues, or their own particular set of circumstances or complexity. Although some comments can nevertheless be made on the highest level, the real value of our book is as a manager's handbook and guide for specific types of partnership. Interestingly, as we consolidated the research, we realized that what we had construed was a collection of 'do and don'ts' for managers of companies embarking on sustainability partnerships (the 'A to Z' of partnerships). As such, the results of this study are useful to managers from both an issue (how do partnerships help us to tackle this issue?), and a partnership type (which types of partnership are most effective?), perspective. This is no trivial offering; our research very clearly demonstrated that the area of corporate sustainability partnerships is not one where the average corporate executive feels within his or her comfort zone. Therefore, we encourage the reader to delve into the details of the book, in order to get fullest added value.

The bottom line: do partnerships perform?

As always, it depends on the benchmark being used. Having carried out the extensive research on partnerships presented here, we take a much more sceptical view than the many CSR/sustainability enthusiasts that present partnerships as a panacea for resolving complex sustainability issues. The limitations, as identified in this study and described in this book, are far too flagrant. However, if one takes a more realistic view and asks whether partnerships lower internal barriers and raise awareness of stakeholders somewhat, then the answer is clearly much more positive.

What struck us most of all was the seemingly opportunistic manner in which corporations generally approach partnerships. While global companies apply a highly strategic approach to all other areas of their business, the same does not always appear to be true for the corporate sustainability partnership. Opportunism may, in itself, lead to still more opportunities (multiplication effects), and can bring its own benefits in terms of 'jumping on the bandwagon' when there is optimum interest easing involvement of key players. However, for those partnerships that had not been stringently planned in advance of their formation, we found this to be the majority, or entered into as a result of strategic discussion and review, the ultimate realization of partnership ambitions is greatly hindered by a lack of a cohesive strategic approach, sometimes 'well down the road' into implementation. From composition of the partnerships, involvement of 'the right' partners (be they corporate, government, NGOs, or other institutions), and establishment of clear governance structures, even down to what should be a 'no-brainer' issue of having clear missions and objectives from the outset, many of the initiatives that we looked at were losing momentum because of failings in these areas.

We noted minor perceived effects on the corporate bottom line with strongest effects on the cost side (however, relative to the big picture, these savings were in most cases perceived as marginal). Only in cases where measurement was optimal, and involvement was long-term, did we find that significant implications on the bottom line had been felt, and duly documented. The business relevance of acting on sustainability issues through partnerships (that is, the clear effect, direct or indirect, on the corporate bottom line) is, therefore, not always significant enough to accelerate related corporate action enough for the achievement of a short-to-medium-term goal of truly sustainable development. Corporate approaches, therefore, remain incremental; steady and purposeful, it is true, but nevertheless inevitably leading to more long-term than short-term solutions.

The main bottom line of our research is that, by leveraging new managerial and technical capacity to improve management results, most partnerships primarily affect intangible areas, such as knowledge levels, mindsets of managers, and corporate cultures. And the good news is that this produces a knock-on effect on organizational behaviour. All partnerships studied were contributing to improved license to operate, brand and reputation; and to building trust with corporate stakeholders such as regulators, NGOs, etc. There were also knock-on effects on policy that should not be underestimated.

However, partnerships we studied were having very limited direct influence on corporate business strategies, organizational structures, or day-to-day operations. Other than in the best practices partnerships category, neither does involvement by companies in sustainability partnerships appear to bring technology payoffs. And even those as a result of best practices were still perceived as weak. The effects on the industry, and business systems as a whole, were generally not viewed as being significant by corporate players either. We found scant ground-breaking developments in new corporate business models (other than the growth of niche markets), or products. However, it may well be that a direct effect on mindset and culture within firms is influencing all these areas indirectly. This is difficult to assess, and we can only go on 'gut feel', as well as that of our interviewees. Overall, to put it bluntly, we came away from this research convinced that corporate organizations and executives were still at the lower end of the learning curve in this arena.

We observed relatively limited direct effect of sustainability partnerships on sustainability issues, per se. Although the objective of partnerships around sustainability is to have ultimate impact on the social and environmental problems they are addressing, practically no corporate participant told us that the primary effects were at this level. We noted that for many partnerships, activities are, for the moment, mainly about picking low-hanging fruits. We deduced this because companies were clearly not struggling to reach the targets they had set in many cases. We also noted that it was, in any case, difficult to demonstrate true causality in these areas.

Moreover, companies in general appear ill-equipped to deal more aggressively with these relatively new (for them), and complex sustainability issues. For companies, when it comes to corporate sustainability, it is often a question of setting the right priorities. Putting the requisite managerial and technical resources into the task of 'moving mountains', within a sustainability partnership, is a difficult move to explain to shareholders. Moreover, there is only so much that can be achieved at a grassroots level, since developing best practices and aligning organizations behind them is such a resource intensive exercise – involving a large and diverse network – that companies would require considerably more incentives from their stakeholders (including regulators) to dedicate that level of support.

Overall, we also found that, despite the hype around the subject, expectations of partnerships by companies remained relatively low, while the expectations of other stakeholders, such as NGOs, tended to be much higher, (this is primarily because NGOs are driven by single issues). Our NGO interviewees often expressed a frustration with the lack of significant progress; the only exception being the quasi-regulatory initiatives, where substantial headway had sometimes been made (although, it must be admitted, sometimes on an extremely local level – the Marine Stewardship Council being one of the exceptions to this).

Advocacy, we noted, has more far-reaching effects directly on issues. It is a step that in any case follows logically from capacity-building – a focus of all four of the partnership approaches that we looked at. Advocacy partnerships influence the public and political debates, and bring significant contributions to legislative processes; thus, when successful, they manage to change the rules of the game for all, and level the playing field. Also, participating in an advocacy initiative requires a minimum level of expertise dedicated to the task. As a result, dedicated resources in the case of advocacy partnerships appeared to be more adequate and appropriate, at least in the cases we examined.

While participants recognized measurement as a key element essential to the activities of a partnership, too few initiatives had, as yet, put into place a measurement apparatus that was considered credible and, above all, accessible to all participants. The area of climate change, as also the quasi-regulatory partnerships are considerably more evolved in this respect (in light of the available emission inventories, and third-party audited emission reductions or certification efforts). Establishing key performance indicators (KPIs) has been at times a very challenging prospect (reaching agreement not being an easy task). Overall though, many partnerships are so distracted by the process of gaining consensus on missions, issues, and objectives, that measurement is still a poor second. And, where it is a priority, measuring progress on certain intangible aspects (such as organizational culture and performance 'on the ground') is resource-intensive and complex. Also, where adequate measurement is in place in pilot initiatives, transmission of information is often an additional barrier. When participants do not have access to key data, and thus learning, in order to join in rollout strategies, moving closer to the aim of mainstreaming becomes an increasingly distant prospect.

This brings us to the matter of the activities and resources of partnerships. In some cases, we noted that it would be essential for some of the partnerships we scrutinized to 'get back to the drawing board', and to ask themselves whether they have everything in place to ensure that they can facilitate and accelerate the achievement of the partnership objectives. For partnerships in general, a constant questioning process is in order; partnerships must remain dynamic; and, as the external and internal framework changes, they must also change. How many times did we find a partnership that needed to question again whether it still had the right members on board, whether the governance system was effective or functional, whether there was a 'fit' between resources and objectives? Yet, often that same partnership was balking at the prospect of actually doing something concrete about what was generally a recognized problem. Overall, many partnerships we looked at were very substantially under-resourced, considering the very ambitious objectives they had set themselves. To return to The Emperor's Clothes analogy, 'cut the cloth according to the measure' is one simple message that we bring to managers and other stakeholders from our research on partnerships.

Internal factors that impede progress in partnerships are mainly related to the complexity of the issues under consideration (the issues being addressed by the Sustainable Food Laboratory (SFL) are testament to this), the diversity in the agendas of participants (thus shared interest and commitment is difficult to come by), and the degree of visibility – either internal or external – that the partnerships must have at different times in their maturing processes. From an external point of view, lack of government interest and involvement (and thus, lack of supporting regulatory regimes), lack of demand from key stakeholders such as customers/suppliers, and insufficient scale (relative to the objectives), are all contributing factors to the barriers that partnerships face. In best practices partnerships in particular, where coordination and information sharing is key, lack of inspired and dynamic correctly targeted leadership was a constant shortcoming that was holding partnerships back from achieving outreach with some of their most laudable pilot project initiatives.

All, however, is not entirely negative, by any means. On a few occasions, we came across partnerships that literally leapfrogged once one of these key barriers was broken down. But, for us it was interesting that each time, struggling partnerships looking to take a giant step forward had learnt virtually nothing from already existing partnerships (not only those outside their field, but also within); each time they had gone through the pain of a long-drawn out, hands-on learning process. This is in spite of the fact that much has been written about some of the most high profile partnerships. Could it be that the literature surrounding partnerships fails to 'show the leopard, spots and all', and does not illustrate the pitfalls, shortcomings, and real challenges of the initiatives – preferring instead to present a rather biased, optimistic view, aimed at attracting corporations by lauding them from all angles? This is why we feel our book might prove to be so useful.

Many in the field of sustainability/CSR point to partnerships as a sort of panacea to the world's sustainability problems. Our research indicates that although a panacea they are not, partnerships do bring a level of learning to all sides that eventually leads to internal changes in companies, and other organizations; and that makes much more open debate and experimentation possible in an increasingly complex world. They also promote a cross-fertilization of expertise and experience which would otherwise not be possible. As indicated, climate protection partnerships appear to play a very specific role in the universe of partnerships, mostly owing to the high public and political awareness around this issue, especially at the time of our data collection (most notably around the G8 in Heiligendamm, the latest IPCC (Intergovernmental Panel on Climate Change) assessment reports, and the Bali Climate Conference). Climate change is the only area in which we found a set of advocacy partnerships, for example. These partnerships have clearly contributed to resolving a catch-22 situation between the corporate sector and the public sector. In this sphere, it is very apparent that governments are uncertain about whether, and how, to introduce climate change policies, whereas companies are concerned about regulatory uncertainty and competitiveness.

For the vast majority of sustainability partnerships, a leading question remains. Primarily the lack of strategic corporate intervention in partnerships makes us wonder whether the objectives of many partnerships will ever be attained, as long as corporations do not 'put their money (and other resources) where their mouths are' and approach partnerships as they would any other corporate project. Although partnerships around sustainability concepts are a relatively new 'animal', the time will eventually come for most partnerships to ask themselves some hard questions about their continued existence. Our concern is that many partnerships are often loath to disband once objectives have been achieved, or have been proven not to be capable of achieving their objectives owing to various factors. The hesitation of participants in partnerships to be 'party poopers' is that there are different and interesting side-benefits to being a member of these initiatives (other than the achievement of the objectives, per se). For corporations, these might be improved stakeholder knowledge, increased awareness and learning within companies and, let's face it, improved reputation and image benefits. For NGOs, it might be the platform that partnerships provide to have a non-confrontational discussion with companies; once ground has been won at this level, it is difficult to sacrifice the fruits of a sometime hard-won investment.

At the end of the day, though, it will be necessary to break down the myths surrounding some partnerships and 'call a stone a stone'. Remember that little boy in the story who, after contemplating the perplexing scene of subjects raving about the naked Emperor's lavish 'clothes', finally cried out 'But he's not wearing anything at all ... !'

Notes

1. Steger U. (Ed.). 2004. *The business of sustainability: Building industry cases for corporate sustainability*. Hampshire, UK: Palgrave Macmillan.
2. Steger U. (Ed.). 2004. *Inside the mind of the stakeholder: The hype behind stakeholder pressure*. Hampshire, UK: Palgrave Macmillan.

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Part I

Sustainability Partnerships – Context and Key Findings

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1
Sustainability Partnerships – An Introduction

We live in a world of imbalances, or should we simply say contradictions? Twenty per cent of the world's population accounts for more than 80 per cent of total consumption. Less than 400 billionaires have as much wealth as the poorest 45 per cent of the world's population. In the developing world, more than 1.2 billion people currently live below the international poverty line, earning less than a dollar a day. Fully half of the world's population lives on less than two dollars a day. The regional distribution of poverty and its resulting negative effects (such as premature deaths and malnutrition) is also imbalanced, with most being centred in the Southern hemisphere where ecosystems are fragile and weather systems unreliable (and, it appears, becoming increasingly so).

In an intensely competitive global world, we all struggle for our fair share of the limited resources our planet has to offer, yet we have created a business environment where increased consumption of resources is a de facto prerequisite for economic stability and growth. Estimates for global population growth are projected to level off only in 2050, at about 9.2 billion individuals, an increase of almost three billion over the current 6.3 billion inhabitants. Practically all of this demographic growth will be in the world's developing countries (thus, countries least prepared to support dramatically increased levels of population), while its developed country populations are set to level off (and therefore age considerably) over this period.

This age-old human struggle for access to resources is thus set to intensify. When one considers how these population projections are likely to influence demand for water, energy, and food, Malthusian-like predictions boggle the mind. Because, we know we have problems here and now, and serious ones. Looking at the press in the last few months, it would have been difficult to avoid noticing the flurry over climate change, for example. As demography increases, so do carbon dioxide emissions, land use for production of food or for commercial exploitation (to the detriment of protected areas high in biodiversity), depletion of groundwater resources for agriculture, and so on.

Social problems such as poverty and, especially, malnutrition have of late become the focus of some the largest philanthropic efforts ever; the world's richest individuals devoting billions to accelerate efforts with the conviction that if we can deal more proactively with health and poverty, then we help resolve many of the other linked social and environmental issues. It also will not have escaped the attention of the ordinary consumer that food bills have dramatically increased over the last two years or so, a direct consequence of the increasing pressure on world resources. China and India are accelerating demands as they progress towards an understandable ambition of first-world-like development and, in the 'contradiction of contradictions', large amounts of world cereal supplies are being switched to subsidized biofuel production (however mistakenly in some cases) in an effort to find alternatives to non-renewable fuel and thus alleviate our climate change dilemmas.

Corporations have, in the last 20 years or so, been expected to take increasingly more responsibility for the contribution they make to exacerbating social and environmental problems, and to 'internalize their externalities' by incorporating these considerations into business strategy and models. Already in Europe, legislation has, to a large extent, created a sound business case for companies to act much more responsibly than in the 1970s and 1980s when we had an unprecedented set of environmental disasters attributed to industrial activities. We have witnessed the dawning of the 'goldfish bowl' era for global corporations as NGOs acquired a new and forceful credibility. But the increasingly borderless global business environment makes it difficult from the point of view of regional competitiveness to reach the 'Full Monty'. Therefore, there remains a large area of potential action not covered by legislation and for which companies are increasingly being pressured by their stakeholders to voluntarily take on an important role.

In the plethora of initiatives that exist around corporate sustainability today, IMD applies, as with all its activities, a 'real world, real learning' approach and as such, brings a reality check to this relatively 'fuzzy' area. IMD's research platform, the Forum for Corporate Sustainability Management (CSM) was created in 1993 with the express intention of helping companies that wish to integrate environmental and social issues into their individual business strategies. In the last few years, CSM has been looking at the subject of corporate sustainability management from many different angles. In some ways, CSM is an extremely fortunate group; it has the benefit of insight of a membership of some 30 global companies that are closely involved in choosing its research direction. This provides CSM with some much needed relevance in a world that is increasingly full of, oftentimes, rather useless information going back and forth and even lots of fairly irrelevant academic research. The latter, we regret to say is particularly true in the currently much hyped domain of CSR, or corporate sustainability.

CSM research on the business case for sustainability published in 2004 (with Palgrave Macmillan) clearly showed that most companies struggle with sustainability concepts in a competitive business environment. In the absence of a global 'level playing field', how each company interprets its voluntary role is highly dependent on the level of pressure received from stakeholders such as NGOs, and the like. Our business case research was based on managers' perceptions of the business case for sustainability (a firm-based 'inside-out' perspective). It was clear from this research that there were large knowledge gaps regarding sustainability issues and how to tackle them within companies and a host of culture and mindset issues that are intensified by the fact that key stakeholders, such as shareholders, customers and especially consumers, are not the ones placing strong pressure on corporations to act any differently to the current status quo. NGOs appeared to have an important early awareness function but their influence did not surpass or even equal that of shareholders and customers, by a wide margin. Moreover, we found little evidence across industries of work on, or plans to work on, the more radical innovation required to actually make a substantial impact on, for example, the climate change dilemma.

In a follow up project ending in 2006 (also published with Palgrave Macmillan) and focusing on the nine stakeholder groups that companies deem most relevant to their activities, we were able to confirm the observations of managers. The stakeholders themselves admitted that they lacked the leverage to stir corporations to accelerated action (thus, we accessed the 'outside-in' perspective). Governments were more concerned with national agendas, unions with job security, cities with attracting business, financial services with 'more of the usual' (meaning increased shareholder returns in the short term), consumer organizations with a plethora of other consumer concerns, and NGOs (the most vocal promoters) felt increasingly 'managed by companies' and were considering what strategic action they needed to take to make a bigger difference in the future. Global corporations were perceived, and perceived themselves, as being on a course of incremental improvement, good in itself (when corporations take such issues on, they at least get managed), but not adequate to address some of the world's major problems – such as climate change or poverty – so as to avoid further irreversible environmental degradation and loss of biodiversity globally.

But interestingly, in both pieces of research, companies and stakeholders alike pointed to one area where they saw potential for more radical breakthroughs; the sustainability partnership (SP). Such partnerships have been cropping up with increasing regularity because both companies and stakeholders have been realizing that some sustainability issues are so 'big' and complex that no one company, and often even no one industry or sector, can resolve them by themselves. Climate change, global malnutrition and problems with land use to assure the global food supply are just a few of the pressing issues, and there are many, many more. So 'getting together' is, in the view of companies and stakeholders, more likely than not to make a difference.

But will it? Are sustainability partnerships involving corporations really changing the landscape and making the difference they claim they will, as laid out in mission statements and established objectives? What are the real effects of these partnerships? How do they go about proving the effect that they are having? What are the promoting factors for successful sustainability partnerships and the barriers to moving forward with their agendas; indeed how might these barriers be broken down? These are some of the questions to which our corporate members were interested in having answers. This is the *raison d'être* of this book on sustainability partnerships involving corporations, as CSM delves further into fully understanding the dilemmas companies have in incorporating social and environmental issues into corporate agendas and business models.

1.1 Roadmap of the book

Our book is divided into two parts. Part I provides a comprehensive overview on the study, its setting and rationale, its design and method, as well as key findings (see Figure 1.1 for details).

In Chapter 1, we discuss existing literature, research gaps, and the resulting conceptual approach (see Section 1.3). We also describe our method (sampling, data collection and analysis) in more detail in Section 1.4. Finally, we provide detailed information about the partnership universe and our sample (see Section 1.5).

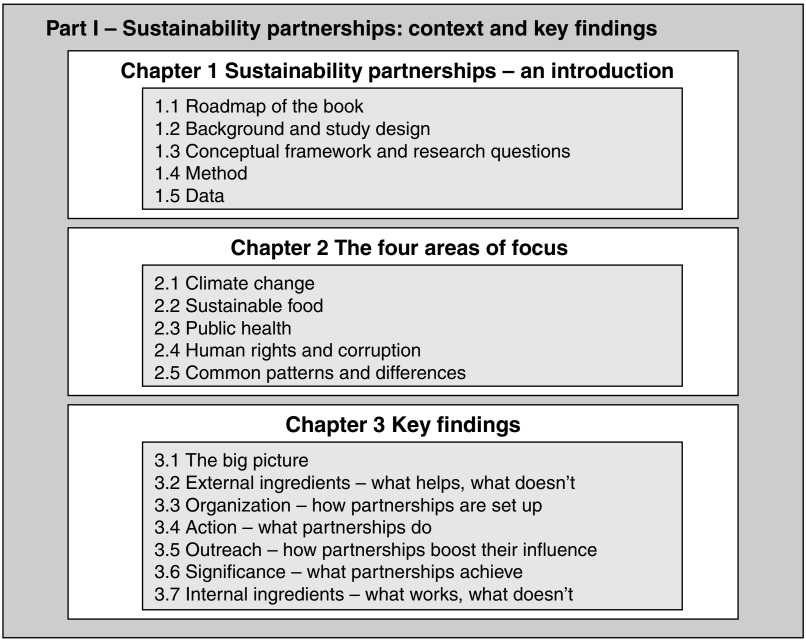

Figure 1.1 Roadmap of Part I

Chapter 2 features an analysis of areas 'our' partnerships focus on. We elaborate on causes and effects, responses to the underlying issues (by various actors) and the importance of partnership's role with regards to the issue. Finally, we compare the focus areas to discuss common patterns and differences (see Section 2.5).

Chapter 3 highlights the key findings from the data collected. It includes an analysis of:

- Partnership' external drivers and barriers; for example, regulation, industry context (see Section 3.2).
- How partnerships are set-up, their formation and structure, their focus (see Section 3.3).
- What partnerships do, in terms of various activities such as capacity-building, engagement, communication, and so on (see Section 3.4).
- How partnerships attempt to increase their outreach and influence, for example, through diversification, integration, and so on (see Section 3.5).

- Partnership significance, such as their effects on, for example, the public or political debate, companies' bottom line or intangibles. For more details, see Section 3.6.
- The success factors and barriers (see Section 3.7).

Part II of the book includes a much more detailed analysis of the four partnership approaches we identified, namely business development, best practices, quasi-regulation, and advocacy. More detail on Part II is provided at the beginning of the second section. Suffice it to say here that in this part of the book, we zoom in on at least one reference partnership for each partnership approach we researched. The reader will then access our conclusions about set-up, activities and effects of that particular partnership approach through the filter of a real life example.

1.2 Background and study design

In this section, we provide the necessary context for our study. We clarify our terminology in Section 1.2.1. We discuss research gaps and study focus in Section 1.2.2.

Section 1.3 describes our conceptual framework and research questions. Finally, we describe our method and sample in Sections 1.4 and 1.5, respectively.

1.2.1 Terminology

Various terms are meaningful in the context of this study. Hence, it is essential to clarify terminology, to provide important context and avoid misunderstanding. In the following paragraphs, we will discuss different concepts and their meaning, namely:

- Collaboration and partnerships; how are they defined, and to what extent do the definitions apply in the context of this study.
- Sustainability partnerships; what they are and what they are not.
- Partnership approaches; business development, best practices, quasi-regulation, and advocacy.
- The three sectors; corporate, public, and non-profit.
- Partnership structure and context.

1.2.1.1 Collaboration and partnerships

A good starting point is the concept of collaboration, which according to Wood and Gray,[1] 'occurs when a group of autonomous stakeholders of a problem domain engage in an interactive process, using shared rules, norms, and structure, to act or decide on issues related to that domain'.

This definition hints at several key characteristics that will be of great significance throughout our study. They include:

- The need to identify shared interest and build joint commitment for a common goal between autonomous organizations.
- A link between the partnership and a 'domain' (for example, a social or environmental issue).
- An interactive process directed towards change (for example, in the form of decisions, actions and so on).

The definition has no explicit focus on social and environmental issues. However, several other contributions discussed and defined the role of partnerships with this 'sustainability' focus.

For example, Selsky and Parker[2] defined the term cross-sector social-oriented partnership (CSSP) as follows: 'CSSPs occur when organizations jointly address challenges such as economic development, education, health care, poverty alleviation, community capacity-building, and environmental sustainability'. They additionally differentiate CSSPs in terms of their composition (business–non-profit; government–business; government–non-profit; and tri-sector, meaning business, government, and non-profit).

1.2.1.2 Sustainability partnerships

Literature also suggests that business involvement is essential as companies increase the scope and effectiveness of partnership activities – as they have greater financial resources and technical/managerial skills at their disposal. Increasingly, multinational businesses are so large that their influence on the global economy is perceived as potentially enormous. Indeed, NGOs such as the World Wide Fund for Nature (WWF) underline this fact by pointing out that some companies have larger turnovers than some nations' gross national product (GNP).

Hence, to ensure practical relevance of the study, and thus also to contribute to IMD's 'real life – real learning' approach, it seemed obvious to define the involvement of the business sector as one key selection criterion for our sample. Furthermore, we excluded partnerships with a philanthropic focus since partnership relevance comes with a (ideally clear) link to companies' business models. In addition, philanthropic partnerships are not (financially) sustainable in the long run. Finally, we ignored partnerships with participation from industry associations, since industry associations typically stand for the 'lowest common denominator' and hence, tend to have a stalling effect (the food industry's initiative to counter obesity, for example).

For the purpose of this study, we define sustainability partnerships as having the following characteristics:

- A non-philanthropic form of collaboration (as defined by Wood and Gray above)
- Between one or several corporate actors (excluding industry associations) and
- Any other combination of non-profit (NGO) and public actors (local, regional or national governments or other public authorities)
- Exhibits a clear focus area, such as one or several specific social or environmental issues

1.2.1.3 Partnership approaches

The partnership approach is determined by the mission and activities of the partnership, that is, one partnership may be involved in developing and promoting a quasi-regulatory standard or a label, another may intend to develop, test and eventually mainstream a new product or business model. We developed a typology of partnership approaches when screening the partnership universe (see Table 1.1).

Table 1.1 Partnership approaches

Partnership approach	**Mission/activities**
Quasi-regulation	Partnership develops a certifiable standard, for example, the Marine Stewardship Council (MSC); the Forestry Stewardship Council (FSC); to address social/ environmental issues. Complementary activities may include promotion of the standard, and certification
Advocacy	Partnership advocates the introduction of legislation to reduce strategic uncertainty and achieve a level playing field, for example, United States Climate Action Partnership (USCAP)
New business	Partnership develops, tests or uses new business (in the form of new technologies, new products or services, new business models, and new markets (geographically, vertically, horizontally), for example, Green Power Market Development Group; AIDS Technology Transfer
Best practices	Partnership establishes a platform to develop, test and apply best practices, for example, Sustainable Agriculture Initiative (SAI); Voluntary Principles on Security and Human Rights (VP). The term does NOT imply that the partnership itself represents best practices overall

Whereas new business partnerships tend to focus on getting 'ahead of the pack' (and hence could be seen as inducing more radical innovation), best practices partnerships aim to 'raise the bar' (such as for an entire industry) and hence, are more likely to incrementally innovate business-as-usual.

1.2.1.4 The three sectors

We will examine representative groups from three sectors (corporate, public, and NGO) that have very distinct properties: Each sector has different key stakeholders, foci, resources, and competencies. They also benefit and suffer from different strengths and weaknesses, respectively[3]:

- The corporate sector benefits from substantial financial resources, but does not function efficiently (from a macroeconomic point of view) in a monopolistic setting.
- The public sector has the authority to set the rules of the game, but is inclined to suffer from rigidity; it tends to formalize and implement rules, which is often detrimental to 'breaking new ground' since standards need to be internationally viable and parties often lobby to maintain the status quo or the lowest common denominator.
- The non-profit sector is able to build on substantial credibility and its voluntary energy: Its key weaknesses are financial constraints, fragmentation, and organizational inexperience.

In trying to attain a sustainability objective, partnerships enable – in the best case – the three sectors to pool their strengths and compensate their weaknesses. In the worst case, a stalemate emerges due to radical differences in interests and cultures.

1.2.1.5 Partnership structure and context

We define the partnership 'hub' as the location (possibly virtual), at which key activities such as bargaining between the individual parties and key decision-making takes place (see Figure 1.2). Additional support activities can include monitoring, communication and fundraising. The hub may in some cases be a fully established secretariat, while in others it is simply a loose team of volunteers or representatives from the different partners. The outsourcing of certain (in particular, support) activities is also a possible feature. This applies especially to small and virtual hubs, in light of their lower capacity and higher transaction costs.

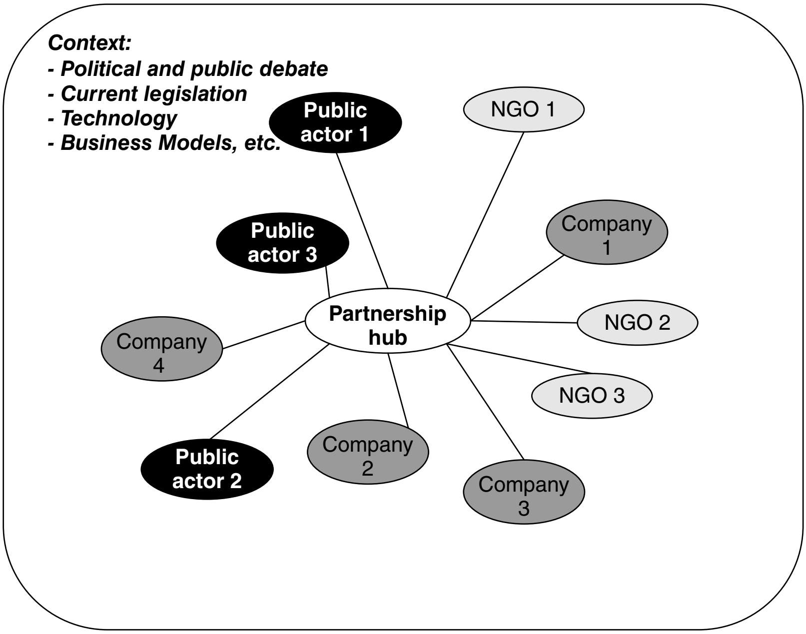

Figure 1.2 Partnership structure and context

The partnership operates within a given context determined by several factors such as the political and public debate around the area of focus, legislation, technology, and business model. Their importance varies depending on the partnership approach.

1.2.2 Research gaps and study focus

This chapter discusses existing research and how we set out to fill the gaps identified. We also provide a brief overview of the four focus areas we cover.

1.2.2.1 Research gaps

A literature review related to empirical studies in the area of sustainability partnerships and related concepts was carried out in advance and informed the choice of methodology and focus. We found that existing research is actually not well reflected in academic output, since most work done is found in company databases, websites, and conference publications. Furthermore, studies emerge from a variety of disciplines (organization studies, public policy and so on) using different theories and approaches. This lack of coherence calls for significant consolidation.[4]

Furthermore, we ascertained several significant practical barriers to empirical research, most notably the fact that partnerships differ greatly in size, scope, and purpose; for example, local to global level, short to long term, voluntary to mandated to name but a few differing levels observed.[5] Furthermore, partnerships are a dynamic and fluctuating universe, with some initiatives fading out but, particularly, new 'start-up' initiatives taking shape on a continuous basis.

Studies so far have largely concentrated on partnership building and maintenance, governance mechanisms, and managerial requirements such as the need to develop a common culture, as well as the establishment of determinants of partnership effectiveness. Several key contributions to the literature point to the need for a contingency approach since there appeared to be no 'one size fits all' solution.[6]

Overall, preconditions and set-up of partnerships/collaboration are significantly better researched than outcomes, to some extent because measurement is difficult (Gulati, 1998, p. 306ff). This applies in particular to outcome criteria for partnerships across different sectors due to the diversity of collaborating organizations.

We identified various research gaps such as:

- Scrutiny of the role of stakeholders (the public sector in particular) in partnerships, for example, as enablers.
- A systemization of partnerships, for example, based on different purposes and activities.
- A detailed analysis of partnerships effects and activities.
- Most importantly, a failure to take account of significant contingencies, which most likely affects the internal and external validity of most studies. For example, activities, effects and success factors are likely to differ – depending on, notably: (1) the approach the partnership is taking to address the social or environmental issue(s) under consideration, for example, developing new business, standards and labels, lobbying; (2) the focus area itself, for example, whether the underlying issue is global rather than local, whether it involves one or several industries, as well as other factors such as the partnership composition, its geographical focus and so on.

1.2.2.2 Our proposal to compensate for identified gaps

We decided to fill these gaps by:

- Examining the role of stakeholders in light of partnership composition (for example, the partners themselves, their interests, activities, and so on), as well as their importance as drivers and barriers of partnerships; we explicitly looked at public sector involvement.

- Screening the partnership 'universe' for most compelling subjects and developing a typology of partnership approaches.
- Focusing in particular on partnership effects and key activities such as measurement and roll-out.
- Taking account of several contingencies, such as the area of focus, the partnership's approach to address these, and the composition of the partnership.

1.2.2.3 Four key areas of focus

In light of the plethora of social and environmental issues currently targeted by partnerships, we decided to focus explicitly in our empirical study on certain key areas that encompass a range of social or environmental issues.

We have selected four key areas based on their current significance: Climate change, human rights/corruption, sustainable food and public health (see Table 1.2). In Chapter 2, we provide more details on the issues that are involved in each area and the potential they offer for partnerships.

Table 1.2 The four areas of focus

Area of focus	**Brief description**
Climate change	Increased concentration of greenhouse gases (GHG) (associated with energy production and economic activity in general) leads to climate change Focus on partnerships that mitigate climate change (adaptation to climate change is excluded)
Public health	Public health concerns are particularly acute in developing countries and have repercussions on the entire economy. Capacity of the public sector to deal with such problems is generally low, thus justifying the need for partnerships Focus on very different levels of partnerships (international to local) that address a public health issue (e.g., malaria or AIDS) in one or more developing countries
Human rights and corruption	Human rights abuses have been associated with some multinational companies, and particularly their security arrangements with local (generally, state-run) firms Corruption, be it small-scale or large-scale, has also been associated with some multinational companies, particularly in countries where governance is weak

Continued

Table 1.2 Continued

Area of focus	Brief description
	Focus on partnerships that revolve around better integrating the fight against human rights abuses and corruption in business practice
Sustainable food	Multinationals have been linked to both social and environmental issues in food and agriculture systems such as loss of soil fertility, diminishing water supplies, decreasing biodiversity, abuse of farm labourers and other actors in the value chain, waste discharges, greenhouse gas emissions, and negative impacts on public health and consumer behaviour
	Focus on partnerships created to mitigate these problems at different points in food supply and distribution chains

1.3 Conceptual framework and research questions

Our conceptual framework highlights the three main concepts that we will focus on, namely partnerships' key activities, success factors and barriers, and effects.

Figure 1.3 also illustrates different means of data collection and the different uses to which the data collected was put. We employed desk research to collect (also preparatory) data on partnership actors, mission, activities, and structures. Information on key events and key strengths or weaknesses (to create narratives), as well as the other remaining concepts, was primarily sourced from semi-structured interviews (for more details on our method refer to Section 1.4).

In light of the research gaps identified, we formulated the following set of research questions:

1. What are the effects of sustainability partnerships? How strong are the effects on the partnership and its stakeholders? What are the social and environmental implications?
2. How are partnership effects measured? How important is this measurement and why? How difficult is it and why?
3. What is the potential for roll-out, such as by strengthening partnership influence by growing the membership, broadening the set of activities, driving geographical outreach? How can this potential be exploited?
4. What are the key success factors and barriers – both internally and externally (meaning, those factors beyond the partnership's influence)?

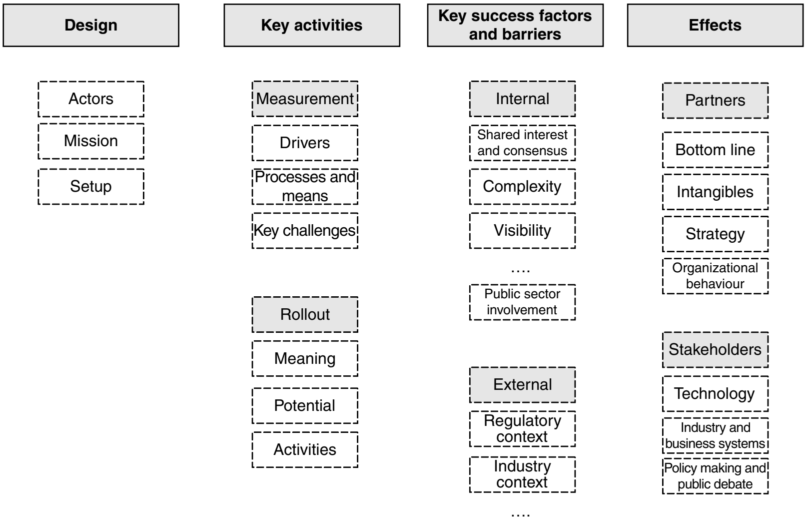

Figure 1.3 Conceptual framework

1.4 Method

In the following paragraph, we provide a detailed description of our method (data collection and analysis) and process.

1.4.1 Data collection

We collected data through semi-structured interviews (see interview guide in Appendix A) complemented with (largely web-based) desk research. Hence, we may lack the breadth of a large quantitative survey but confidently expect our data to be locally grounded. A qualitative approach appeared suitable for several reasons:

1. The research field is still at a largely exploratory stage.
2. The large variety of partnerships most likely renders a broad ('one size fits all') quantitative survey more or less useless.
3. A qualitative approach enabled us to identify and explain causal effects, and thus in particular the significance of key success factors and barriers.

We targeted several categories of individuals as potential interviewees (refer to Table 1.3).

Table 1.3 Type of interviewee selected

Interviewee	Description
Hub managers	Individuals at the partnership hub – both top and middle management
Managers in partner organizations	Individuals representing partner organizations (such as companies, public actors or non-profit organizations). Depending on how partnership and partner organizations are structured and managed, this can be facility managers, as well as top and middle management in public affairs, corporate sustainability, corporate communications, and so on
Experts	Scholars or external stakeholders familiar with, or influenced by, partnerships

Based on the literature review and an initial screening of partnerships in the four areas, we defined four sampling dimensions (see Table 1.4). The objective was to facilitate an informed and controlled sampling process in a rapidly changing setting to allow for a reasonable breadth in the study and thus, confidently draw conclusions on key contingencies. To a certain extent, it was necessary to employ convenience sampling: We intentionally relied on recommendations from experts and hub managers on appropriate interviewees.

We set out to examine five partnerships per area of focus – based on five to ten direct interviews (face-to-face or by phone) per partnership, plus complementary interviews with experts. Overall, we initially aimed to conduct roughly 200 interviews, that is, some 50 interviews per area of focus (see Figure 1.4).

The study is primarily based on self-perceived measures, that is, on how respondents perceive 'their' reality (partnership activities, successes, failures, and so on). This approach is effective as it generates rich and meaningful data; after all, perception is reality since individuals will inevitably act according to their perceptions. However, we cannot rule out typical biases (self-representation and social-desirability) – especially since corporate sustainability is a value-laden topic. This is why we complemented our study design with (1) desk research and (2) interviews with stakeholders and experts – to provide a meaningful benchmark against biased responses. We undertook to guarantee anonymity to our interviewees and, therefore, this allowed them to

Table 1.4 Sampling dimensions

Sampling dimensions	Characteristics
Area of focus	Sustainable food Climate change Public health Human rights and corruption
Approach	Quasi-regulation Advocacy New business Best practices
Composition	Business-only Business–NGO Business–public actor Tri-sector
Level	Pan-industry Industry Company
Region (of partnership impact)	Industrial countries Emerging and developing countries Global

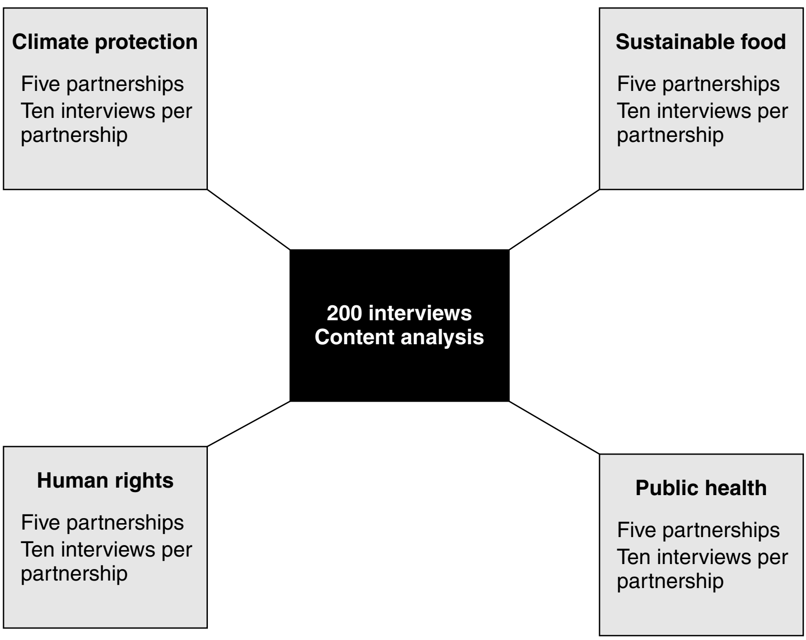

Figure 1.4 Projected number of interviews

deliver their frank personal opinions on the partnerships in which they were involved. For this reason also, all the quotes used in the text are disguised.

1.4.2 Data analysis

We analyzed our data using pre-structured cases. Pre-structured cases are an appropriate means if time is limited and both the conceptual framework and the research questions are well specified (see Figure 1.5). Alongside a cautious approach to drawing early conclusions, they require a significant amount of preparation in the form of:

- A clearly defined sampling plan to ensure advanced within-case sampling
- A case outline
- Specific data displays (matrices, organization charts, and so on)

Corrective tactics to avoid inadequate conclusions (in light of the speed and pre-determination of the process) include wide data sampling (from different informants and in different settings) and triangulation through different data collection methods, respondents and so on.[7]

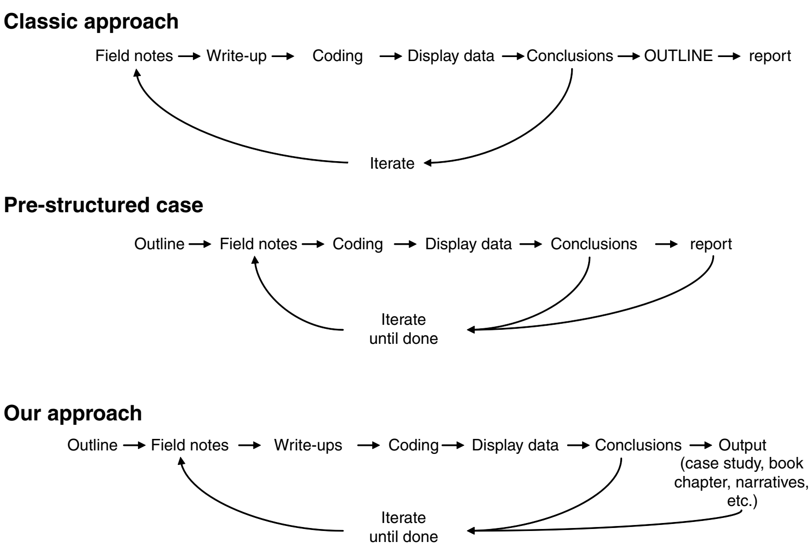

Figure 1.5 Study-specific approach to pre-structured cases

Data collection and analysis, as well as report writing, are collapsed into one recursive process in which the field worker, knowing the template, collects the data needed to complete it. Raw field notes are coded without the use of write-ups. This leads to a problem of raw data accessibility (for example, it may be difficult to read a field worker's handwriting). Data is then directly entered into data displays. The process is completed by drawing conclusions and writing the research output; it is then resumed with the next interview and field notes.

In addition, we created memos to document and discuss interesting findings such as recognizable patterns, to propose coding alternatives, to highlight puzzling results and so on. We also held research team meetings to discuss memos, individual cases and modifications in our coding scheme. Finally, we reported key questions and findings to our advisory council (high-level representatives from companies and NGOs) and incorporated feedback.

1.4.3 Roadmap and organization

We started in January 2007 by reviewing existing literature to identify significant research gaps and surveying the partnership universe to select our sample partnerships (see Table 1.5). The latter review focused on identifying major, essentially global partnerships (but not exclusively), and was primarily web-based, although a few experts were also consulted. It identified close to 100 partnerships and categorized them as follows: (A) Standards; (B) Innovation; (C) Outreach; and (D) New markets. We also sought to identify which sectors were engaged (for example, the automotive, oil and gas, energy, pharmaceutical, and food and beverage sectors). The review highlighted the proliferation of partnerships in the universe, but also the fact that, in reality, few were truly sustainable as per our definition. Since we were trying to identify partnerships that showed interesting results or were innovative, it proved difficult to collect more than 100 such partnerships. The research also highlighted inconsistencies in definitions (particularly with both the terms 'partnership' and 'sustainable'). Many 'partnerships' in the broad sense did not actually call themselves partnerships, but rather alliances, coalitions, networks, and so on.

Finally, this initial fact-finding phase was further endorsed by individual researchers carrying out their own research. The major part of data collection and analysis took place simultaneously between June and October 2007.

Table 1.5 Project roadmap

Time	Step
January–March 07	Reviewing literature and screening partnership universe
April–May 07	Sampling
June–October 07	Data collection and analysis
November–December 07	Research output

There were three field workers on the core team, two of whom conducted interviews in partnerships in one area each (climate change and sustainable food). The third field worker covered the remaining two areas of focus, namely human rights/corruption and public health. The field worker focusing on sustainable food also contributed to the work on public health by adding a food industry dimension to this research.

We benchmarked preliminary results with both corporate sector and stakeholder representatives at an IMD-run event at the beginning of October 2007. Some 40 managers provided feedback, which we incorporated into our research output.

In the summaries of research results throughout the book, we provide a range of quotes from participants in partnerships and also from our benchmarking interviews to underpin and qualify various findings. In several cases, the original quotes had to be modified slightly to ensure confidentiality of the corresponding individual or institution. However, the reader may be assured that such modifications never actually changed the meaning of any quote.

1.5 Data

In total, we conducted 163 direct interviews, and not 200 as originally planned, mainly owing to the fact that partnerships are extremely under-resourced (one of the empirical conclusions of our research) and it proved difficult to get more than a handful of interviews for some partnerships. At an approximate average duration of 45 minutes per interview, however, this amounts to a very substantial total interview time of some 122.25 hours. In the following sections we describe our final sample of sustainability partnerships across the sampling dimensions (areas of focus, approaches, and so on).

We begin with the sampling frames that emerged from desk research and expert interviews. Our final sample emerged from a process that was based on the following criteria:

- A balanced sample composition across the sampling dimensions (see Table 1.4)
- Innovativeness and significance
- Finally, and essential to success, the partnership's support to our study, which depended on top management's mindset, and the knowledge and availability of key personnel (particularly for interviews)

We have no means of asserting the extent to which the sample is representative of the partnership universe, simply because the universe is so vast. Furthermore – and this applies to the area of climate change in particular – it is in flux. For example, in 2007, several new and interesting climate change partnerships were launched:

- In January: The US Climate Action Partnership (USCAP), advocating the swift introduction of strong national legislation to require significant reductions of greenhouse gas emissions
- In March: 2° – German CEOs for Climate Protection, an alliance of eight German/European companies advocating a proactive approach to climate change and corresponding legislation
- In June: The Climate Saver Computing Initiative which promotes the development, deployment and adoption of smart and energy-efficient computing technologies

The number of interviews carried out per partnership varied significantly owing to a range of different factors:

- Staff resources: Potential respondents at sometimes under-resourced partnership hubs, and in partner organizations, simply lacked the time for an interview
- Partnership effectiveness: Representatives from successful partnerships were more open and eager to provide information than representatives from partnerships that were considered failures
- 'Seniority' of the interviewees: The more senior the potential respondents, the more difficult it was to conduct a structured interview
- Partnership 'age': Some of the newer partnerships were still struggling to demonstrate sufficient results to make it worthwhile participating in our research

Finally, since we had to rely on convenience sampling (largely 'snowballing', or asking individuals at the partnership hub, as well as partners themselves, to refer us to potential respondents), there were additional uncontrolled factors, such as the internal standing of the hub manager, and the individual involvement and commitment of the interviewee: The more strongly a person was involved in the partnership, the more empowered he or she felt, the more likely he or she was to agree to be interviewed. However, overall we are confident about the validity of our findings particularly since we used expert interviews, members of CSM, and our advisory council as a sounding board for benchmarking results.

1.5.1 Areas of focus

In the following paragraphs, we provide an overview of the partnerships that are active in addressing the four areas of focus, those we selected to examine in the course of this study. We will also provide a more detailed analysis of their approaches and missions.

1.5.1.1 The partnership universe and final sample

Climate change

To facilitate a solid sampling decision, we identified the most significant partnerships in the area of climate protection (see Table 1.6). The initial list is by no means an exhaustive depiction of the partnership universe; there is a wide range of climate protection partnerships, particularly if one takes the plethora of local initiatives into account.

Table 1.7 shows the final sample, including the individual focus (missions and activities) of the partnerships.

The fact that some organizations are members of several climate protection partnerships demonstrates the eagerness of some participants to cover the issue from several dimensions, but it also indicates the extent of the complexity involved in reaching some consensus on viable solutions. For example, Johnson & Johnson participates in Climate Savers, Climate Leaders, US Climate Action Partnership, the Green Power Market Development Group (US and Europe) and The Climate Group. The World Resources Institute takes part in the US Climate Action Partnership and convened the Green Power Market Development Group. WWF leads the Climate Savers Program and its UK arm supported and played a key role in the establishment of The Climate Group during 2004 to 2007 (funding and board membership). The Climate Group is now a beneficiary of The HSBC Climate Protection Partnership which includes WWF as one of its members. But also, the fact that some

Table 1.6 Sampling frame – climate protection partnerships (final sample in bold)

Asia Pacific Partnership on Clean Development and Climate
Carbon Disclosure Project
Carbon Mitigation Initiative
Centre of Excellence for Low Carbon and Fuel Cell Technology
The Climate Group
Climate Leaders
Climate Savers
CO_2 Capture Project
Corporate Leaders Group on Climate Change
Global Climate and Energy Project
Global Gas Flaring Reduction Partnership
Gold Standard
Green Power Market Development Group
International Climate Change Partnership
London Climate Change Partnership
Low Carbon Vehicle Partnership
Methane to Markets Partnership
New Iceland Energy
Partnership for Climate Action
PEW Center
Renewable Energy and Energy Efficiency Partnership
UK Emissions Trading Group (ETG)
United Nations Environment Programme (UNEP) Finance Initiative (Climate Change Working Group)
US Climate Action Partnership

Table 1.7 Final sample of climate protection partnerships

Partnership (Year of formation)	**Description**
Carbon Disclosure Project (2000)	Aims to achieve carbon disclosure to facilitate 'a rational response to climate change' Sends out questionnaires to companies around the world to collect climate-relevant data → quasi-standard Represents a growing number of institutional investors
The Climate Group (2004)	Promotes emission reduction targets, smart regulation, investments in energy efficiency, and public awareness around climate change Develops the Voluntary Carbon Standard – jointly with other parties such as the International Emissions Trading Association (IETA) Represents a group of global companies, municipal and regional governments

Continued

Table 1.7 Continued

Partnership (Year of formation)	**Description**
Climate Leaders (2002)	United States Environmental Protection Agency (EPA) led, and hence 'US only' program, that includes multiple industries Works with companies to develop climate change strategies (emission inventories and reduction goals)
Climate Savers (2000)	WWF-led program that includes companies from multiple industries (North America, Europe, Japan, etc.) Focuses on capacity-building (emission inventories, reduction targets – certified by third-party), and aims to create a limited number of 'model' companies (one per industry)
Corporate Leaders Group on Climate Change (2005)	UK-focused initiative of the University of Cambridge Programme for Industry and the Prince of Wales Business and Environment Programme Works with the UK government to strengthen domestic and international progress on reducing greenhouse gas emissions
Global Gas Flaring Reduction Partnership (2002)	Global World Bank-led initiative including governments of oil-producing countries, state-owned oil companies and major international oil companies Aims to overcome barriers to reducing gas flaring through country-specific programs, sharing of best practices
Gold Standard (2003)	Develops and promotes a standard for emission reduction projects – in terms of their social and environmental integrity Developed by NGO community, although the process was also open to stakeholder consultation (investors, governments)
Green Power Market Development Group (2000)	Three group activities and markets: US, Europe and the US State of California Convened by the World Resources Institute (WRI), it aims to develop the demand for green power through capacity-building
US Climate Action Partnership (2007)	Group of US businesses, and a few environmental organizations, which call on the US federal government to enact strong legislation on reducing greenhouse gas emissions Has formulated and issued a set of principles and recommendations on a mandatory economy-wide approach to climate protection

companies are involved in so many initiatives around climate change does beg a fundamental question; what are companies really looking for? Don't they risk losing focus and fragmenting efforts when attending to so many initiatives? The competitive landscape in partnerships around climate change (and yes, it may seem surprising but we would say there is one!) is becoming increasingly crowded and differentiated, and while working in several dimensions (political vs. economic influences, local vs. global orientation, intra- vs. inter-industry focus), it is difficult for any single partnership to 'stand out from the crowd', to become 'the' reference partnership for accelerating action on climate change by companies. Would unification of some efforts provide 'more bang for buck'? In the future, perhaps partnerships between partnerships might be on the agenda in this area.

The level of participation depends on various factors, not only the organization's technical and managerial capacity, as well as its commitment, but also whether partnerships are available for its industry and regions of operation. We will discuss the individual set-up and composition of partnerships further below.

For example, we found no compelling partnerships among electricity utilities organizations. This could be viewed as surprising since they are among the greatest emitters of greenhouse gases. We suggest several reasons for this: First, collaboration is impeded by a more regional business structure that also acts under varying legislative regimes, fuel mix and so on; this applies in particular to the US (where relevant legislation, for example, is at the state level). Second, developing best practices and business models to reduce emissions is clearly a competitive area for utilities. This contrasts with, for example, the electricity buyers in the Green Power Market Development Group for which changes in technology and business models have more minor implications on costs and competitiveness. Third, utilities are already relatively strongly regulated (for example, through mandatory emissions trading in the European Union (EU)), although individual frameworks do not necessarily strongly promote emission reduction, such as through increasing efficiency and decreasing demand through demand-side management. Fourth, a reactive mindset of a heavily regulated, and engineering-dominated, business may prevent a greater affinity for partnerships.

Table 1.8 displays the number of interviews and the institutions interviewed per partnership. In total, we conducted 37 interviews in the area of climate protection. As Table 1.8 also shows, the number of interviews

Table 1.8 Interviews in climate change partnerships

Partnership	Number of interviews	Institutions (number of interviews)
The Carbon Disclosure Project	3	The Carbon Disclosure Project (2) Caisse des Dépots (1)
The Climate Group	4	The Climate Group (4)
Climate Leaders	5	US Environmental Protection Agency (2) General Motors (1) United Technologies (1) Polaroid (1)
Climate Savers	8	World Wide Fund for Nature (2) Catalyst Paper (1) IBM (1) Johnson & Johnson (1) Nike (1) Polaroid (1) Fairmont (1)
Corporate Leaders Group on Climate Change	2	The Corporate Leaders Group (2)
Global Gas Flaring Reduction Partnership	4	The World Bank (2) Alberta Energy Utilities Board (1) Chevron (1)
The Gold Standard	3	The Gold Standard (1) Belgian Federal Ministry for Health (1) WWF International (1)
The Green Power Market Development Group	5	World Resources Institute (2) IKEA (1) Johnson & Johnson (1) Tetra Pak (1) Unilever (1)
US Climate Action Partnership	2	World Resources Institute (1) DuPont (1)
Total	**37**	

per partnership differs widely, which reflects varying levels of interviewee availability.

In addition, we carried out 15 interviews with experts and stakeholders to confirm (or disconfirm) the data collected in the partnerships and benchmark our key findings (Table 1.9).

Table 1.9 Interviews with experts and stakeholders (climate change partnerships)

Institutions/individuals	Number of interviews
International Energy Agency	1
UK Department of Trade and Industry (DTI)	1
Climate Action Network (Bonn)	1
World Energy Council (London)	1
European Renewable Energy Council (Brussels)	1
Energy Information Administration (EIA)	1
Shell	1
RWE	2
Rio Tinto	1
International Emissions Trading Association (IETA)	1
PG&E	1
The Seed Initiative	2
Government of Nigeria	1
Total	**15**

In total, this amounts to 52 interviews and – at an average length of 45 minutes per interview – to a total interview time of 39 hours.

Sustainable food

Consumers increasingly ask for food that is safe, healthy and creates environmental and social benefits. For a great number of people, organic products are the solution. These are foods that are grown without artificial pesticides and fertilizers, perceived by consumers as 'more natural' than non-organic, conventional foods. For others, the concept of fair trade[8] is the answer. Aware of this, many food companies have included at least one fair trade brand in their brand portfolios in order to provide consumers with choice. Indeed, we noted that there are many partnerships around fair trade and ethical products in the sustainable food universe. The partnership universe with regard to sustainable food is therefore made up of a myriad of different initiatives relating to mainstream, fair trade, organic products, only some of which are listed in Table 1.10.

However, organic and fair trade products are examples of niche products that make standards more important but that do not constitute a mainstream food sourcing solution. Research at IMD ending in 2004 reported management's view that organic or fair trade products would never provide the ultimate solution to the world's increasingly serious

Table 1.10 Sampling frame – sustainable food partnerships (final sample in bold)

Marine Stewardship Council
Partnerships for Water
Food for Development
Safe Drinking Water Alliance
Roundtable on Sustainable Palm Oil
EuropGAP
Food and beverage industry partnership on water
Global Water Partnership
Fairtrade Labelling Organizations International (FLO)
Conservation Coffee Program
Clean Water, Good Business
Operation Bumblebee
SOWAP – Soil and Water Protection
Global Alliance for Improved Nutrition
Common Code for the Coffee Community (4C)
AAA Sustainable Quality Program
Earthwatch/Cadbury Schweppes cocoa partnership
Sustainable Agriculture Network
International Coffee Partners
Utz Certified program
Max Havelaar
Sustainable Agriculture Initiative Platform
Rainforest Alliance partnerships with companies
Sustainable Food Laboratory
Round Table on Responsible Soy
European Initiative for Sustainable Development in Agriculture

food security problems. Currently, demand far outpaces what either organic or fair trade solutions can supply since this is currently a tiny percentage (although it is growing) of world trade volume in food.

Therefore in our study, we attempt to focus our attention on partnerships that may ultimately make a difference in influencing the mainstream of sustainable food sourcing, production, marketing and sales. We specifically focused on four partnerships (Table 1.11).

In total, we carried out 36 interviews and – at an average length of 45 minutes per interview – this comes to a total interview time of 27 hours (see Table 1.12).

In addition to the above-mentioned interviews, we carried out eight interviews with a range of experts and stakeholders to confirm (or disconfirm) the data collected in the partnerships and benchmark our key findings; a further investment of some six hours interview time (Table 1.13).

Table 1.11 Final sample of sustainable food partnerships

Partnership (Year of formation)	Description
Sustainable Agriculture Initiative (2002)	Created by the food industry to actively support the development of, and to communicate worldwide about, sustainable agriculture (SA) guidelines and standards involving the different stakeholders of the food chain. SAI Platform supports agricultural practices and agricultural production systems that preserve the future availability of current resources and enhance their efficiency. This increases agriculture's contribution to the optimal satisfaction of society's environmental, economic and social requirements
Sustainable Food Laboratory (2004)	The mission of the Sustainable Food Lab is to accelerate improvement in mainstream food and agriculture systems to sustain high quality life on earth
Marine Stewardship Council (1997)	The MSC is an independent, global, non-profit organization whose role is to recognise, via a certification program, well-managed fisheries, and to harness consumer preference for seafood products bearing the MSC label of approval
Rainforest Alliance/ Company – (with Chiquita in 1992, and with Nespresso in 2006)	Under the auspices of the Sustainable Agriculture Network (SAN), the Rainforest Alliance and its partner organizations work with farmers to bring their operations up to certified standards for protecting wildlife, wild lands, workers' rights and local communities. The SAN awards the Rainforest Alliance Certified eco-label to farms, not to companies or products

Table 1.12 Interviews in sustainable food partnerships

Partnership	Number of interviews	Institutions (number of interviews)
Sustainable Agriculture Initiative (SAI)	8	Hub SAI (2) Unilever (1) Nestlé (2) EFICO Green Coffee (1) Neuman Kaffe Gruppe (1) McCain Foods (1)
Sustainable Food Laboratory (SFL)	12	Hub SFL (1) OD Consulting (1) Kellogg Foundation (1) Starbucks (1) Oxfam (1) Alfenas Café (1) Nestlé (1) Unilever (1) Sadia (1) Green Mountain Coffee Roasters (1) General Mills (1) Agrofrontera (1)
Marine Stewardship Council (MSC)	8	Hub MSC (3) WWF-US (1) WWF-International (1) Unilever (1) At-sea Processors Association (1) Wal-Mart (1)
Rainforest Alliance/ Company (Nespresso/ Chiquita)	8	Hub Rainforest Alliance (3) Chiquita (3) Nespresso (2)
Total	**36**	

Table 1.13 Interviews with experts and stakeholders (sustainable food partnerships)

Institutions/individuals	Number of interviews
European Initiative for Sustainable Development in Agriculture (EISA)	1
LEAF UK	1
Syngenta	1
Weber Shandwick	1
Seafood Choices Alliance	1
Confederation of the Food and Drink Industry in the EU (CIAA)	1
Common Code for the Coffee Community (4C)	1
Public–Private Partnerships for Agriculture – (German Society for Technical Co-operation (GTZ))	1
Total	**8**

Human rights and anti-corruption

Issues of human rights and corruption affect all industries, particularly in an increasingly 'globalised' world where supply chains go far beyond a company's home country. In contrast to partnerships around, for example, climate change, the partnership universe for human rights and corruption was relatively limited and we opted to include in our research sample all those pre-selected. The reason behind the limited number of partnerships in this area can probably be attributed to the following factors:

- The partnerships that do exist have re-grouped the main multinational actors that are likely to be affected (by virtue of their size and the countries in which they operate).
- While the issue may be complex, the responses are ultimately not so complex as to offer numerous possibilities.
- Corruption, at the very least, is a sensitive issue which involves, by definition, illegal activities, and which touches in many instances on vested interests (including arms trade, drugs and so on) by major players from both the private and the public sector.

Two of the partnerships we chose focus on human rights, while the other two focus on anti-corruption (Table 1.14).

As in the case of the climate change partnerships, some of the same actors were present in more than one partnership, and the overlap was particularly obvious in the two human rights partnerships. Table 1.15 identifies the institutions interviewed.

In total, this amounts to *35* interviews and – at an average length of 45 minutes per interview – to a total interview time of 26.25 hours.

Public health

The public health sector has numerous ongoing partnerships (close to 100 according to some estimates). See Table 1.16 for a sample from the universe of partnerships that we looked at.

Many of these are philanthropic initiatives that do not qualify as sustainable for our purposes. Table 1.17 presents our final sample.

Table 1.18 identifies the institutions interviewed.

In total, this amounts to 34 interviews and – at an average length of 45 minutes per interview – to a total interview time of 25.5 hours.

Table 1.14 Final sample of human rights partnerships

Partnership (Year of formation)	**Description**
Business Leaders Initiative on Human Rights (BLIHR) (2003)	Leads and develops the corporate response to human rights Develops practical ways of applying the Universal Declaration of Human Rights within a business context Aims to inspire other businesses to do likewise Develops tools and promotes the sharing of experiences
Voluntary Principles on Security and Human Rights (2000)	Aims to collectively develop 'voluntary principles' to guide companies in maintaining the safety and security of their operations within a framework that ensures respect for human rights and fundamental freedoms Aims to support the implementation of the principles by companies
Extractive Industries Transparency Initiative (EITI) (2002)	Aims to strengthen governance by improving transparency and accountability in resource-rich countries Supports the full publication and verification of company payments and government revenues from oil, gas and mining Sets a global standard for companies to publish what they pay, and for governments to disclose what they receive
Partnering Against Corruption Initiative (PACI) (2004)	Aims to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness, and ethical conduct. Companies that commit to the PACI principles commit to adopting 'zero tolerance' on bribery and to developing a practical and effective program of internal systems and controls to meet that objective Ultimately intends to remove all forms of bribery from business practices, and make a positive contribution to business standards globally

Table 1.15 Interviews in human rights partnerships

Partnership	Number of interviews	Institutions (number of interviews)
Business Leaders Initiative on Human Rights (BLIHR) (2003)	10	BLIHR (1) ABB Ltd (1) Novartis Foundation (1) Novo Nordisk (1) Statoil (1) Barclays plc (1) National Grid plc (1) Hewlett-Packard Company (2) AREVA (1)
Voluntary Principles on Security and Human Rights (2000)	10	Amnesty International (1) Amnesty UK (1) Human Rights Watch (1) Business for Social Responsibility (BSR) (1) BP (1) ExxonMobil (1) Newmont Mining Corporation (1) UK Foreign Office (1) Anglo American (1) Expert (1)
Extractive Industries Transparency Initiative (EITI) (2002)	10	Anglo American (1) Shell (1) Statoil (1) World Bank Group (1) International Council on Mining and Metals (ICMM) (1) EITI Secretariat (1) BP (1) Calvert/ex-US State dept. (1) Rio Tinto (1) Publish What You Pay Coalition (1)
Partnering Against Corruption Initiative (PACI) (2004)	5	Transparency International (TI) (1) WEF (1) Rio Tinto (1) Alcan (1) Hilti (1)
Total	**35**	

Table 1.16 Sampling frame: public health partnerships (final sample in bold)

Access to Healthcare (2003)
African Comprehensive HIV/AIDS Partnerships (ACHAP) (2000)
African Malaria Partnership
AIDS Technology Transfer (2006)
Clean Water, Good Business (2004)
Food for Development (2001)
Global Alliance to Eliminate Lymphatic Filariasis (elephantitis) (2000)
Global Alliance for Improved Nutrition (GAIN) (2002)
Global Health through Hygiene Programme (GHHP) (2005)
Global Water Partnership (1996)
Heineken Care partnership in Cambodia (2003)
Merck Vaccine Network Africa (MVN-A)
Merck MECTIZAN Programme (1987)
Partnerships for Water (2002)
Partnership for Quality Medical Donations (1999)
Partnership for Child Nutrition (2005)
Responsible Care (1985)
Roll Back Malaria Partnership (1998)
Safe Drinking Water Alliance (2004)
Water and Sanitation for the Urban Poor (WSUP)

Table 1.17 Final sample: public health partnerships

Partnership (Year of formation)	Description
Access to Healthcare (2003)	Aims to determine access barriers to malaria drugs in Tanzania Aims to help overcome these barriers and better deliver the drugs
AIDS Technology Transfer (2006)	Aims to share the knowledge Roche has developed to manufacture second-line HIV medicine It seeks to provide hands-on guidance to local manufacturers from countries within sub-Saharan Africa or those defined by the United Nations as 'Least Developed'
Global Alliance for Improved Nutrition (GAIN) (2002)	Aims to reduce malnutrition through the use of food fortification and other strategies aimed at improving the health and nutrition of populations at risk (with a target of reaching one billion people by 2008) Creates operational partnerships based on technical, capacity-building, learning and advocacy-based joint initiatives Builds capacity for effective partnerships
Heineken Care partnership in Cambodia (2003)	Aims to help contribute to the improved health, general well-being and safety of women promoting beer in the workplace in Cambodia, through provision of health education, policy changes and better understanding of their situation in the workplace
Roll Back Malaria Partnership (1998)	Aims to halve the burden of malaria by 2010 To scale-up malaria-control efforts, coordinating activities to avoid duplication and fragmentation, and to ensure optimal use of resources

Table 1.18 Interviews in public health partnerships

Partnership	Number of interviews	Institutions (number of interviews)
AIDS Technology Transfer	4	Roche (3) WHO (1)
Access to Healthcare	5	Novartis Foundation (1) IFAKARA (1) Swiss Tropical Institute (1) Centers for Disease Control and Prevention (CDC) (1) Medicines for Malaria Venture (MMV) (1)
Heineken CARE Partnership	4	Heineken (1) Cambodia Brewery Ltd (1) Attwood (1) CARE Cambodia (1)
Roll Back Malaria	10	Novartis (2) Roll Back Malaria (RBM) Secretariat (1) GlaxoSmithkline (1) UNDP (1) FIND (Foundation for Innovative New Diagnostics) (1) Swiss Tropical Institute (1) Malaria Consortium (1) Global Forum on Health Research (1) International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) (1)
Tetra Pak School Feeding Program	11	Hub (1) Tetra Pak (5) The Solae Company (1) Good Hope International (1) Nasarawa School Feeding Program Committee (1) Helen Keller International (1) Global Alliance for Improved Nutrition (1)
Total	**34**	

1.5.1.2 Partnership approaches and missions

On a general note, all partnerships have two complementary objectives to their core mission, namely capacity-building and some form of advocacy. In this chapter, we discuss the specific missions of the partnerships surveyed. Partnerships significantly differ in the level of ambition of their mission objectives (see for example, Table 1.19 for the climate change example). This is indicative of the need for a study such as this one that systematically looks across different partnership approaches.

Climate change

Missions of climate change partnerships surveyed under the same partnership approach, exhibited several noticeable nuances (see Table 1.19). Furthermore, climate change is the only area covered where we found partnerships representing all four of the partnership approaches we elected to examine. This multi-pronged approach indicates an urgency to tackle this complex issue from several dimensions. It also illustrates the complexity of the issue itself and, to some extent, a level of 'issue maturity' (in spite of current hype around the issue of climate change, the issue has in fact been on corporate agendas for a very long time).

Table 1.19 Climate change partnership approaches and mission characteristics

Advocacy	**Best practices**
Policy demand: Demanding the introduction of a regulatory framework for climate protection (The Climate Group, Corporate Leaders Group on Climate Change) Policy design: Promoting the regulatory framework of a certain design (USCAP)	Develop and promote best practices, for example: Emission inventories (Climate Savers, Climate Leaders), emission reduction planning and implementation (Climate Savers, Climate Leaders), policies, technologies and management practices to reduce flaring (Global Gas Flaring Reduction Partnership)
Quasi-regulation	**New business**
Standard Development (Gold Standard): Quality standard for social and environmental integrity of emission reduction projects Standard Promotion (Gold Standard) Transparency: Facilitating a well-informed dialogue between companies and stakeholders by making responses to information requests on business opportunities and risks associated with climate change public (Carbon Disclosure Project)	New business processes (Green Power Market Development Group) New business and financing models (Green Power Market Development Group)

The sample partnerships cover several key areas of climate protection:

- Corporate emission inventories and strategies/principles to achieve effective and credible emission reduction (also through emission trading).
- Business processes and models to boost corporate demand for green power.
- Advocacy towards companies to disclose climate-relevant information.
- Advocacy towards governments to promote stringent and effective climate change legislation.

It is also important to note that several partnerships could be classified under more than one of our chosen approaches. This applies in particular to The Climate Group: It advocates 'aggressive medium and long-term targets for GHG reduction' and the introduction of 'smart' regulation to drive renewables. Alongside this advocacy approach, it works on best practices through its business leadership programs and on market development (jointly with the Green Power Market Development Group). Furthermore, Climate Savers engage in advocacy, for example, through joint public statements.

The significance of the national setting is also reflected in the different goals across the regional subgroups of the Green Power Market Development Group (EU, US and – soon to come – the state of California): The US Group (established in 2000) has – in contrast to the EU Group – a long-term goal of developing a corporate market for 1000 megawatts of new and cost-competitive power. The EU has very ambitious policy goals in place. This is a reflection of different timings of formation and different levels of regulation and market penetration between the two regions.

Even if the ultimate goal of climate protection partnerships is – also in light of our definition – the creation of social and environmental benefits, it appears that their primary focus at this juncture is on changing organizational behaviour. As one participant remarked:

> *The objective is to create an upside for better behaviour in model companies, which then pulls the rest of the industry. We only avoid a limited amount of CO_2 emissions; however the actual change takes place in corporate attitude, expertise and behaviour.* (Best practices partnership B, Hub)

The climate protection area is unique since it features a number of partnerships with a very specific advocacy mandate and focus: They lobby for legislation (rather than against legislation, which would be the more typical pattern) but in the case of the US Climate Action Partnership they have also even formulated detailed principles for future legislation. The Climate Group provides a less detailed input to the policy discussion for two main reasons: First, The Climate Group is a global partnership, which also means that its member companies operate under different regulatory frameworks. Second, there is a regulatory vacuum in the US on the federal level, which makes policy design a much more worthwhile activity than, say, in Europe. One of the experts we consulted suggested that the EU, on the other hand, was 'past the lobbying stage'.

Partnership missions are subject to change. A major tipping point is the introduction of legislation (cap and trade, feed-in tariffs for green power, carbon taxes, and so on) since it impacts on technologies and their commercial application (such as business processes and models). New climate change legislation has the most profound impact on advocacy partnerships focused on this issue; if newly developed frameworks meet expectations, then a shift in the partnership mission is called for in order to retain momentum in the partnership; alternatively, the partnership may dissolve if its goals are achieved. As our interviews suggest, this shift may take on different guises; a geographical shift (to countries with even wider legislative gaps), a stronger focus on policy design (including policy analysis), or as one of our interviewees proposed, adopting a quasi-regulatory role in developing countries by monitoring compliance with social or environmental standards and reduction targets. The shifting of partnership contexts and missions indicate that there are very definitely partnership life cycles (from development and introduction to decline), which we will introduce and discuss further in Section 3.1.

Sustainable food

The partnerships we researched under this theme are primarily focused on practices related to the production of sustainable raw materials (agricultural products and fish). The main goal of the partnerships is to achieve a situation whereby the sustainability of natural resources can be assured into the future through a harmonization of standards throughout the food supply chain, making food supply more secure. Although the food industry has substantial issues affecting its activities on the other end of the value chain (consumer-linked issues such as obesity), we note that partnerships had not yet evolved to address challenges of obesity and traceability. One reason may be that as yet,

Table 1.20 Sustainable food partnership approaches and mission characteristics

Quasi-regulatory	Best practices
Development of standards for certified fisheries (MSC) Development of sustainable agriculture standards for certified farms (the two Rainforest Alliance/company partnerships)	Developing and promoting best practice, and tools for sustainable agriculture (SAI, SFL)

sustainable agriculture issues are still considered to be outside of competitive considerations (although this was clearly stated by most companies, we found that in some cases, it is not always quite so 'cut and dried'), whereas health and wellness issues affect new product development, definitely an area of industry competitiveness.

We can split the four partnerships researched in this area, based on their missions, as follows (Table 1.20).

Through best practices partnerships, companies are seeking solutions to the environmental and social threats for which they are increasingly expected to take responsibility, and that threaten their raw material base, but without necessarily putting themselves at a competitive disadvantage (to increasingly 'level the playing field'). This 'raising of the bar' may happen as the result of a best practices partnership without necessarily raising consumer awareness to any great extent, although companies do report on their partnership involvements in annual and sustainability reports. On the other hand, in the case of quasi-regulatory partnerships such as the Marine Stewardship Council (MSC) and the partnerships between individual companies and the Rainforest Alliance (Nespresso and Chiquita), companies seek product differentiation and to actively raise awareness with consumers of this difference – through labelling and advertising, and the contribution that the product makes to sustainable development.

Human rights and corruption

Human rights and corruption partnerships surveyed focus on:

- Developing useful tools for companies to address human rights and corruption issues in their business practices (thus filling a regulatory/legal vacuum).
- Promoting the use of these tools.

Although fundamentally all human rights partnerships surveyed could be classified under the 'best practices' type, there are some with a greater

Table 1.21 Human rights partnership approaches and mission characteristics

Advocacy	Best practices
Policy design: Encouraging payments/ income transparency (EITI) Influencing sector: Promoting use of tangible tools in business practices (BLIHR, EITI)	Developing and promoting best practice, and tools for companies to eliminate human rights abuses and corruption (BLIHR, VPs, PACI, EITI)

emphasis in the advocacy area. We can thus split the four partnerships researched in this area, based on their missions, as indicated in Table 1.21).

We noted that human rights partnerships were often created reactively as a result of incidents where companies were facing widespread criticism (either for a particular event, or for the way in which the company dealt with it). For example, Shell's involvement in the Extractive Industries Transparency Initiative (EITI) was largely prompted by widespread international criticism, over a long period of time, regarding its social and environmental impacts in Nigeria).

Due to high profile incidents, either within the company or in the sector, many companies have developed, or attempted to develop, their own tools and best practices to handle human rights or corruption incidents in their operations. However, partly as a result of the complexity of the issues, and partly because of similarities in their experiences, companies saw added value in collaborating to develop standards in this area. There was, in any case, much room for development. Human rights and corruption issues have particularly affected major multinational actors operating in a variety of countries – many of which have poorly developed and/or enforced governance systems. In addition, it was felt that while the problems had common characteristics, the expertise to address them effectively and credibly lay outside of the companies (and often with NGOs). Thus, partnerships began to form (mostly from the year 2000 onward) between major international firms and other actors both from civil society and governments. The implicit aims of human rights partnerships were to 'level the playing field', and ensure that competitors and other major actors adhered to similar rules. Because the primary aim of partnerships in this area is the development of common standards, many of the partners involved perceive them more as coalitions or alliances rather than partnerships per se. This is, however, an issue of definition that we have touched upon earlier in this volume (see Section 1.2.1 on Terminology).

Since, for many companies, human rights and anti-corruption are relatively new areas of strategic focus which only emerged since significant human rights incidents became associated with large multinational companies in the late 1990s, corresponding partnerships appear to have evolved over two clear phases: The first to develop tools and then the second to implement and disseminate them within their companies, to their suppliers and beyond.

Public health

The fact that a plethora of partnerships in the public health arena revolve around donations or philanthropic activities is indicative of the relative lack of 'maturity' of this issue on corporate agendas. After all, contrary to other industries, 'Big Pharma' had largely escaped the attention of NGOs and other public pressure agents (media), until the new millennium when for the first time in centuries, a highly destructive disease was 'shared' between developing and developed worlds; the spread of AIDS in Asia and Africa rapidly reached epidemic proportions. It was thus probably inevitable, that, once more powerful drugs against this disease were found, the issue of 'access to medicine', vehemently pushed by NGOs, started to appear on corporate agendas. Attention to this issue further highlighted the reality that literally billions of dollars are ploughed into 'first world' diseases such as heart disease and obesity-related diseases such as diabetes and cancer, whereas other major killer but more 'third world' diseases (such as malaria) are grossly neglected. Obviously, the lack of a market is one major reason for this state of affairs, but NGOs are increasingly not allowing 'Big Pharma' to forget that the industry has a definite social responsibility in these difficult areas.

Whereas, for the already complex issue of climate change, for example, major GHG emitters are well-known and cover just a few sectors, public health presents still more complexity because of the sheer number of actors and sectors that must be involved in resolving dilemmas (such as water, education, sanitation, agriculture, health, as well as infrastructure). Entering all of these public domains sometimes simultaneously, and often in a complicated developing world context, was – and still is – unfamiliar ground for many multinationals. For some, it still often appears simpler to just donate either funds or gifts in kind (for instance, mosquito nets) rather than to attempt to deal with unfamiliar territory such as distribution of the said nets, educating people on their proper use, spraying breeding grounds for mosquitoes, and so on.

In discussions with experts, it was clear that the pharmaceutical sector is perceived by many as being in an earlier stage of applying a strategic response to the issue of public health in developing countries.

Since philanthropic partnerships (prevalent in the industry, as mentioned) are not the subject of this study, we focus on a set of partnerships that adopt a more sustainable approach. Those that we have chosen fall under three of our partnership approaches, namely best practices, advocacy and new business development. The mission of the partnership selected is principally to:

- Promote best practices in the health sector.
- Identify and overcome barriers to effective public health delivery.
- Identify innovative means of public health delivery.

Table 1.22 demonstrates that some of the partnerships identified could, in fact, be classified under more than one partnership approach. For example, the Roll Back Malaria (RBM) partnership has a strong advocacy component, as well as a best practices focus. Thus, it operates at both a political and practical (field-based) level. The best practices public health partnerships generally target the public sector rather than the private sector, unlike in the human rights/anti-corruption partnerships it is industry and business systems that are the primarily targets.

The reason for this is clear; few countries (developed or developing) can boast a fully efficient and functional 'ideal' public health care system that appropriately addresses the needs of their populations. In many developing countries the consequences of this are dramatic, since even diseases with known cures kill thousands unnecessarily owing to inappropriate or inadequate healthcare. Pharmaceutical companies, and other health-related actors (such as the World Health Organization – WHO) often step in to fill the vacuum to some extent. For companies, this also reduces the negative criticism they often receive as a result of such state inefficiencies.

Table 1.22 Public health partnership approaches and mission characteristics

Advocacy	
Policy influence: Promoting awareness of policy obstacles and necessary improvements (Access, RBM)	
New business	**Best practices**
Developing new business models (AIDS Technology Transfer, Heineken-CARE, Tetra Pak School Feeding Program in Nigeria)	Developing and promoting best practices in countries (RBM, Access)

1.5.2 Approaches

In this section, we provide a brief overview of the partnerships we surveyed by partnership approach. As a look across Table 1.23 below reveals, we examined:

- Four partnerships with a new business approach,
- Eleven partnerships with a best practice approach,
- Four partnerships with a quasi-regulatory approach, and
- Three partnerships with an advocacy approach.

Table 1.23 Final sample – partnership approaches

Composition	Name	Area of focus
Advocacy	The Climate Group	Climate change
	Corporate Leaders Group on Climate Change	
	US Climate Action Partnership (USCAP)	
Best practice	Climate Leaders	Climate Change
	Climate Savers	
	Global Gas Flaring Reduction	
	Business Leaders Initiative on Human Rights (BLIHR)	Human Rights and Corruption
	Extractive Industries Transparency Initiative (EITI)	
	Partnering Against Corruption Initiative (PACI)	
	Voluntary Principles (VPs)	
	Access to Healthcare (Novartis)	Public Health
	Roll Back Malaria (RBM)	
	Sustainable Agriculture Initiative (SAI)	Sustainable Food
	Sustainable Food Laboratory (SFL)	
New business	Green Power Market Development Group (GPMDG)	Climate change
	AIDS Technology Transfer	Public health
	Heineken-Care	
	Tetra Pak School Feeding Program in Nigeria	
Quasi-regulation	Carbon Disclosure Project (CDP)	Climate Change
	Gold Standard (GS)	
	Marine Stewardship Council (MSC)	Sustainable Food
	Rainforest Alliance/Company	

The relatively high share of best practice partnerships is not surprising. It reflects the high proportion of such partnerships we found in the overall partnership universe when we examined it. It seems that companies have an affinity for partnerships that aim to provide a platform to jointly develop and test new business practices on a pilot-project basis, share the learning with other companies, roll-out the model and 'level the playing field', and jointly promote incremental innovation of business-as-usual. In other words, sustainability leaders pool the resources available for tackling one and the same issue in order to ultimately raise the bar for the rest of the pack. Since resources can be scant, or inadequate, for any one company to make significant changes on its own, a partnership approach allows individual companies to get greater return on their investment (more 'bang for buck'). It is also an opportunity for these business leaders to engage with non-traditional partners and bring in external expertise around a punctual issue, access a platform for learning that can help them to tackle complex sustainability topics that they simply cannot hope to resolve on their own.

The relative abundance of best practices partnerships 'out there' is further underpinned by the fact that we found – contrary to the other three approaches – compelling research subjects (sample partnerships) in all four areas under review.

The four new business partnerships address climate change and public health areas of focus, respectively. This is also interesting since new business is, of course, focused on new markets and innovative changes to the industry models working around these issues that are critical in order to stop, or reverse, very significant global trends in these areas (malnutrition, short life expectancy, global warming). Furthermore, our sample includes four partnerships that take a quasi-regulatory approach to address climate change and the dilemmas surrounding sustainable food solutions.

Finally, it should be noted that advocacy partnerships surveyed focus essentially on climate change. As we will also discuss in more detail in Chapter 2, this is in line with a relative regulatory vacuum, and a strong sense of urgency associated with this area.

1.5.3 Other sampling dimensions

In the following paragraphs we provide additional details on our final sample, namely on the composition of the partnerships we researched, the level at which they operate and the countries/regions where they aim to make their primary impact.

1.5.3.1 Partnership composition

As mentioned above, we differentiate between four kinds of partnership compositions; business only, business–public, business–non-profit, and tri-sector. Classifying partnerships according to their composition is not always a clear-cut process, as the following examples illustrate:

- The core of the Green Power Market Development Group is business only; industrial electricity buyers. It is convened by WRI (non-profit) working in collaboration with The Climate Group which is a business–public partnership in its own right. WRI and The Climate Group cooperate on outreach (to the buyers), build network opportunities and communicate on partner successes. Hence if one 'sums up' the resulting network, it is ultimately a tri-sector partnership.
- The Gold Standard was designed by the NGO community. However, its promotion calls for a more inclusive approach involving both business (traders, project developers, institutions investors) and public actors (national governments); hence, it is featured under tri-sector partnership in the context of this study.
- The Carbon Disclosure Project (CDP) core is business only: The Carbon Disclosure Project acts as a secretariat or 'hub' seeking information – for institutional investors – about climate change related risks and opportunities of large companies around the globe. However, it also has a number of so-called 'partners' (consultancies, industry associations, NGOs) supporting outreach of Carbon Disclosure Project. Due the involvement of NGO partners, it could also be considered a business–non-profit partnership.

We have assigned the partnerships in our sample to the four different types of composition in Table 1.24.

There is no tri-sector advocacy partnership in our sample. Interestingly, we identified few tri-sector advocacy partnerships in the partnership universe in general, and we assume that this is because business and NGOs tend to be more proactive in lobbying for new legislation than public actors; furthermore, governmental institutions typically steer away from putting pressure on their governmental peers. Also, going by the extensive IMD research on stakeholders in 2006, governmental stakeholders are primarily concerned with national competitiveness and balk at introducing new legislation that may jeopardize this.

Our sample includes business–public-sector partnerships only in the area of climate change. We attribute this relatively strong public sector involvement to the global scope and the state of regulatory flux in the

Table 1.24 Final sample – partnership composition

Composition	**Name**	**Area of focus**
Tri-sector	Gold Standard (essentially NGO only)	Climate change
	Green Power Market Development Group (GPMDG) (also business–non-profit)	
	Extractive Industries Transparency Initiative (EITI)	Human rights/ corruption
	Voluntary Principles (VPs)	
	Access to Medicine (ATM)	Public health
	Tetra Pak Food for Development Program in Nigeria	
	Roll Back Malaria (RBM)	
	Sustainable Food Laboratory (SFL)	Sustainable food
Business only	Carbon Disclosure Project (CDP)	Climate change
	Corporate Leaders Group on Climate Change	
	Business Leaders Initiative on Human Rights (BLIHR)	Human rights/ corruption
	Partnering Against Corruption Initiative (PACI)	
	AIDS Technology Transfer	Public health
	Sustainable Agriculture Initiative (SAI)	Sustainable food
Business–NGO	Climate Savers	Climate change
	US Climate Action Partnership (USCAP)	
	Heineken	Public health
	Marine Stewardship Council (MSC)	Sustainable food
	Rainforest Alliance/Company	
Business–public-sector	The Climate Group	Climate change
	Climate Leaders	
	Global Gas Flaring Reduction (GGFR)	

area of climate change. The benefits of the public sector's involvement are significant from several points of view: For example, local and regional governments lobby for their preferred national legislation, and governments in general hope to get input from business to optimize national legislation, particularly in light of regional competitiveness.

1.5.3.2 Partnership level

As can be seen from Table 1.25, our sample is also relatively balanced in terms of the levels (pan-industry, industry, and company), at which the surveyed partnerships operate. In total, we examined 11 pan-industry

Table 1.25 Final sample – partnership level

Composition	Name	Area of focus
Company level	Access to Medicine	Public health
	AIDS Technology Transfer	
	Heineken-CARE	
	Rainforest Alliance/Company	Sustainable food
Industry level	Carbon Disclosure Project (CDP)	Climate change
	Global Gas Flaring Reduction (GGFR)	
	Green Power Market Development Group (GPMDG) → also business–non-profit	
	Extractive Industries Transparency Initiative (EITI)	Human rights
	Voluntary Principles (VPs)	
	Marine Stewardship Council (MSC)	Sustainable food
	Sustainable Agriculture Initiative (SAI)	
	Sustainable Food Laboratory (SFL)	
Pan-industry level	The Climate Group	Climate change
	Climate Leaders	
	Climate Savers	
	Corporate Leaders Group on Climate Change	
	Gold Standard	
	Green Power Market Development Group (GPMDG) → also business–non-profit	
	US Climate Action Partnership (USCAP)	
	Business Leaders Initiative on Human Rights (BLIHR)	Human rights
	Partnering Against Corruption Initiative (PACI)	
	Roll Back Malaria	Public health
	Sustainable Food Laboratory	Sustainable food

partnerships, nine industry partnerships and four partnerships at the company level. In our pre-study, the balance of partnerships identified was different, with 40 per cent being company level, 32 per cent industry level, and 28 per cent pan-industry level.

The pan-industry partnerships in our sample include partnerships from all four areas of focus. For sustainability issues, companies have evidently reached the general conclusion that they cannot 'do it on their own' as regards several key sustainability issues and need the buy-in of other industry and commercial players in order to 'level the playing field'.

We noted an absence of industry-level partnerships in the area of public health. We suggest that this could be due to the highly competitive nature of the pharmaceutical industry and a highly guarded approach to divulging product outreach information. In general, the pharmaceutical industry was defined by our interviewees as a highly conservative industry that, as mentioned, has been out of the limelight until relatively recently on sustainability issues. To some extent, the industry is thus less accustomed to the levels of transparency expected by NGOs of companies in other industries that have been under pressure for some time (such as Shell, for example).

Partnerships around climate change are visibly in considerable flux. HSBC has recently formed The HSBC Climate Partnership. Other than HSBC itself, it involves The Climate Group, Earthwatch Institute, Smithsonian Tropical Research Institute (STRI), and WWF. Among other things, it aims to create greener cities and conduct a large field experiment on long-term effects of climate change. While the partnership appears to have a largely philanthropic orientation, it nevertheless includes other coporate actors at least indirectly, through The Climate Group. Furthermore, Tetra Pak has entered a three-year program with WWF covering climate change and forestry. Simultaneously, Tetra Pak also joined WWF's Climate Savers program. This suggests that most partnerships in the area of climate change are likely to go beyond a mere company-level in the future (excluding perhaps some R&D focused activities), most likely due to the scope and complexity of the areas of focus.

1.5.3.3 Regional focus

As Table 1.26 shows, the majority of the partnerships we surveyed have a global outreach, meaning that they are active in both industrialized and developing countries. As shown, our sample includes partnerships with both levels of regional outreach in all four areas of focus.

Table 1.26 Final sample – regional focus

Composition	Name	Area of focus
Developing countries	Access to Medicine	Public health
	AIDS Technology Transfer	
	Heineken	
	Rainforest Alliance/Company	Sustainable food
Industrialized countries	Carbon Disclosure Project	Climate change
	Climate Leaders	
	Climate Savers	
	Corporate Leaders Group on Climate Change	
	Green Power Market Development Group (GPMDG) → also business–non-profit	
	US Climate Action Partnership (USCAP)	
Global outreach	The Climate Group	Climate change
	Global Gas Flaring Reduction	
	Gold Standard (essentially NGO only)	
	Extractive Industries Transparency Initiative (EITI)	Human rights
	Business Leaders Initiative on Human Rights (BLIHR)	
	Partnering Against Corruption Initiative (PACI)	
	Voluntary Principles (VP)	
	Roll Back Malaria	Public health
	Sustainable Agriculture Initiative (SAI)	Sustainable food
	Sustainable Food Laboratory (SFL)	
	Marine Stewardship Council (MSC)	

In our pre-study, we noted that a majority of partnerships were either operating in a restricted mix of developed and developing countries, or on a global level. A minority (18 per cent) operated solely in industrialized nations. To some extent, the geographical reach of partnerships is linked to their area of focus. For instance, public health and sustainable food partnerships are more likely to operate in developing country contexts. Focus on developing countries also reflects some of the global priorities set by governments, notably under the Millennium Development Goals (MDGs),[9] which are targeted at improving human well-being in developing countries. To meet these goals, a much greater effort will be required from all players – including industry – to reduce the rate of needless mortality from malnutrition or preventable diseases such as malaria.

It is not surprising to find a relatively large number of climate protection partnerships focused on industrialized countries since this is where the major emitters of greenhouse gases are based (see Section 2.1 for more details). However, several of these partnerships are currently expanding to also include emerging economies such as China and India – or are considering doing so – because these countries, currently under rapid development, are becoming increasingly more significant contributors to climate change. Against a background of poor environmental legal enforcement, according to recent statistics from the Dutch Environmental Assessment Agency in 2006, for the first time in industrial history, China surpassed the United States as the world's largest producer of greenhouse gas emissions.

The dearth of partnerships in public health and human rights focusing on industrialized countries is also rather self-evident: With development comes better protection of human rights and public health systems that operate much more effectively. In developed nations, social systems, and with that issues related to human rights, have been receiving focused attention since the industrial revolution. Developing nations still have some way to go both in terms of putting into place regulations and enforcement. For example, child labour is still widespread in developing countries but has largely been dealt with in the developed world. Even perception of the value of human life can differ greatly from one country to another, but certainly from developed to developing environments.

Notes

1. Wood, D.J. and Gray, B. 1991, 'Toward a Comprehensive Theory of Collaboration', *Journal of Applied Behavioral Science* 27(2), 146.
2. Selsky, J.W. and Parker, B. 2005, 'Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice', *Journal of Management* 31(6), 849–873.
3. For more information on the three sector refer to: Googins, B.K. and Rochlin, S.A. 2000, 'Creating the Partnership Society: Understanding the Rhetoric

and Reality of Cross-Sectoral', *Business & Society Review* (00453609) 105(1), 127. Jonker, J. and Nijhof, A. 2006, 'Looking through the Eyes of Others: Assessing Mutual Expectations and Experiences in Order to Shape Dialogue and Collaboration between Business and NGOs with Respect to CSR', *Corporate Governance* 14(5), 456–466. Waddell, S. 2000, 'New Institutions for the Practice of Corporate Citizenship: Historical, Intersectoral, and Developmental Perspectives', *Business & Society Review* (00453609) 105(1), 107.

4. Selsky, J.W. and Parker, B. 2005, 'Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice', *Journal of Management* 31(6), 849–873.
5. Ibid. p. 851.
6. See for example: Rondinelli, D.A. and London, T. 2003, 'How Corporations and Environmental Groups Cooperate: Assessing Cross-Sector Alliances and Collaborations', *Academy of Management Executive* 17(1), 61–76; and Berger, I.E., Cunningham, P.H. and Drumwright, M.E. 2006, 'Identity, Identification, and Relationship through Social Alliances', *Journal of the Academy of Marketing Science* 34(2), 128–137.
7. For more details on pre-structured cases and qualitative data analysis in general, refer to Miles, M.B. and Huberman, M. 1994, *Qualitative Data Analysis: An Expanded Sourcebook* (Thousand Oaks: Sage).
8. Fair trade is a principle whereby support is given to small farmers in developing countries to access an acceptable standard of living and more equitable distribution of wealth and income. Fair trade also works towards establishing fair production and trade structures in developing countries and on the global market.
9. The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all countries and leading development institutions in the world. See http://www.un.org/millenniumgoals.

2
The Four Areas of Focus

In this section we describe in more detail the issues related to the areas of focus chosen for our study. We first describe the respective social or environmental problems and then provide an overview of the type of responses designed to address them (whether through regulation, corporate action, and so on). Finally, we focus on the overall relevance of partnerships and the potential they have to resolve the sustainability dilemmas they are set up to address.

2.1 Climate change

Climate change is one of the most prominent sustainability issues of recent years; it will not have escaped the reader that press attention on this issue has been particularly intense of late. Extreme weather patterns, a series of the highest average temperatures ever recorded and increasing scientific evidence – most importantly provided by the Fourth Assessment Report, 'Climate Change 2007', of the Intergovernmental Panel on Climate Change (IPCC) – have brought the issue to the attention of governments, corporations, and society at large.[1] Moreover, the contribution of the popular film 'An Inconvenient Truth', followed by the awarding of a joint 2007 Nobel Peace Prize to Al Gore (the originator of the film), to raising public awareness, has also been significant.

2.1.1 Cause and effect

Climate change is caused by so-called greenhouse gases. Anthropogenic greenhouse gases include carbon dioxide, methane, nitrous oxide, ozone, and fluorinated gases; the Kyoto Protocol,[2] which entered into force in 2005, targets a reduction in GHG emissions. CO_2 emissions are responsible for most global warming effects and are closely linked to energy consumption which, in turn, is a direct consequence of economic activity and growth.

To date, countries in the Organization of the Petroleum Exporting Countries (OECD) – in particular the US – are responsible for the majority of CO_2 emissions. They account for roughly half of global emissions, followed by China (18 per cent) and the rest of Asia (9 per cent).[3] China and India currently display the strongest growth rates in emissions but although China overtook the US as the world's biggest producer of CO_2 in 2006, the per capita emissions of the US remain significantly higher.

The largest growth in global greenhouse gas emissions between 1970 and 2004 came from the energy supply sector (an increase of 145 per cent). According to the IPPC, the global energy intensity decreased by 33 per cent in that period, but was overcompensated by economic and population growth. Alongside electricity utilities, the industrial and transportation sector are significant emitters of CO_2.

Climate change has a broad range of mostly interdependent implications. Scientists expect effects on natural systems (such as glacial lakes, ground instability in permafrost regions, increased run-off, and earlier spring peak discharge), physical and biological systems, and the human environment (crop productivity, human health such as heat-related mortality and infectious diseases, coastal erosion, and flooding). Secondary effects also include migration and geopolitical tension. All of these effects will most likely implicate economies, energy production, and supply.

Costs and benefits for industry, settlements, and society at large will vary across regions. Coastal and river flood plains are most vulnerable; so are economies that are built on climate-sensitive resources (for example, agriculture). Effects will be particularly grave in regions with low adaptive capacity, namely Africa and various regions in Asia.[4]

2.1.2 Responses

There are two strategies to tackle global warming: (1) mitigation to avoid or reduce impacts; and (2) adaptation to address both short- and long-term implications. Both require technological developments and – most importantly – changes in the behaviour of business and private households. Various studies (including the very prominent Stern Review[5]) conclude that benefits of strong and early action (in terms of both mitigation and adaptation) outweigh the costs. For the purpose of this study, we concentrate on climate change mitigation only since it is the focal point of the current public, political and business debate. Furthermore, mitigation is the more compelling research subject, given that it includes a multi-regional and multi-actor bargaining and decision-making process, implying the innovation of entire business systems and the emergence of new regulatory frameworks. There is no doubt that a solution for the dilemmas of climate change must be sought within a global framework. Even the United States, initially sceptical and attempting to stall the process, has more recently evolved to understand the need for this:

> *The United States will be actively involved, if not taking the lead, in a post-Kyoto framework, post-Kyoto agreement. I view our role as a bridge between people in Europe and others and India and China. And if you want them at the table, it's important to give them an opportunity to set an international goal.* (President George W. Bush prior to the G8 in Heiligendamm, Germany, as quoted in the Guardian on 8 June 2007)

The Kyoto Protocol came into force in 2005 after its ratification by Russia. It primarily focuses on the developed countries (so-called Annex 1 countries) that accepted to aim for a five per cent reduction below 1990 levels by 2012. Developing countries have no restrictions. The Protocol features so-called flexible mechanisms (emission trading, Clean Development Mechanism (CDM), and Joint Implementation (JI)[6]) allowing Annex 1 countries to meet their targets by reducing emissions across the globe (since measures in less-developed countries tend to be more cost-effective due to a technological 'leapfrogging' effect), or buying emission allowances on financial exchanges.

The Kyoto Protocol has been criticized for many different reasons (and from many different actors), for compromising competitiveness, for lacking the necessary edge to significantly curb emissions, etc. Although one may question the environmental effectiveness of the Protocol, it can certainly be seen as a political precedent setting the scene for future – potentially more ambitious – politically-backed emission reductions gaining global support.

Developments in the US at the time of our research suggest that the tide may be turning: In 2007, a more responsive US President and Congress invited the world's most prolific emitters of CO_2 (industrialized and developing countries) to a climate change summit aimed at setting in place, by 2008, an agreement on long-term goals to cut greenhouse gases. The objective is to establish voluntary reduction targets, which could then feed into the UN-led process to establish a post-Kyoto agreement.

Consensus remains difficult to build – in particular when it comes to committed cuts in CO_2 emissions: The UN conference on climate change in Vienna (August 2007) could only agree on a non-binding target (25 to 40 per cent below 1990 levels by 2020) as a basis for future negotiations. Other current suggestions include:

- an 80 per cent reduction in greenhouse gases by 2020 by industrialized countries (put forward by the Group of 77, a group of developing nations)
- individual reduction targets to align per-capita emissions of industrialized and developing nations (as advocated by German Chancellor Merkel, for example)

The Bali Roadmap, adopted at the UN Climate Conference in December 2007, defines a two year process to finalize a successor agreement for the Kyoto Protocol in 2009. It remains to be seen whether a global consensus will emerge.

2.1.2.1 Regional and national frameworks

Several regional and national frameworks have emerged over recent years, also in the context of the Kyoto Protocol. They include climate strategies and action plans, as well as the introduction of certain policy instruments such as emission trading systems.

The EU climate plan calls for a reduction of GHG emission of 20 per cent (from 1990 basis) by 2020, a mandatory share of renewable energy of 20 per cent by 2020, a 10 per cent biofuel share by 2020, increased energy efficiency and unbundling of energy utilities. The UK government has established a stated target of reducing emission by 60 per cent by 2050. Norway's president has proposed a carbon-neutral Norway by 2050.

Emission trading systems have emerged as one of the key instruments of emission reduction. In light of the Bush administration's firm stance against the Kyoto Protocol and resulting national policies, the impetus for action is regionally based. Several regional initiatives are evolving in the US, namely in the Northeast (the Regional Greenhouse Gas Initiative) and California. Furthermore, the Chicago Climate Exchange has been facilitating voluntary trading between corporations since 2003.

The European Union Emission Trading System (EU ETS) is the largest multinational scheme. During its first phase (2005–2007), it was accused of generating windfall profits for utilities at the expense of consumers and having had little to no effect on business since the underlying cap was considered too generous. The European Commission has planned an overhaul so that more polluting gases (for example, methane from coal mines) may be included and so that airlines become both more accountable for emissions and focus more on how to capture and store CO_2.

2.1.2.2 Business

> *There are important changes taking place but only time will tell how many of the new corporate initiatives are really substantial and how much just brand enhancement.* (Tony Juniper, Executive Director of Friends of the Earth (England, Wales and Northern Ireland), as quoted in the Guardian on 6 June 2007)

According to the IPCC, the climate can actually be stabilized through currently or shortly available technologies. The question is whether companies are capable and willing – given their current and future business environment (consumer recognition, regulatory incentives) – to apply and commercialize them. IMD research ending in 2003 showed that although the business response to global warming had slowly gained momentum over the years, companies tended to opt for incremental improvements and there had been little radical innovation by global companies as a response to this challenge.[7] It remains to be seen whether more recent events will stir more accelerated action. Certainly, several extreme weather events (for example, a mild winter and significant flooding events in Europe in 2006/2007, and catastrophes such as the chaos surrounding Hurricane Katrina in 2005 in the US) and the latest scientific evidence triggered stronger public reactions in 2007.

Businesses have increasingly lobbied for regulation and greater transparency so as to have a more robust business case for making strategic decisions. More recent initiatives include, for example, the Climate Savers Computing Initiatives founded by Microsoft, Intel, Google, and some 20 other companies to reduce emissions from computers and computing equipment. Wal-Mart is intending to request suppliers to provide them with information on their energy use. Furthermore, several banks and other less carbon-intensive businesses have announced their intention to become carbon neutral. However, several have also been accused of green-washing (since, for example, some of these same banks have been ignoring their crucial responsibility for monitoring investments in carbon-intensive businesses) and of making little progress toward cutting emissions so far.

NGOs and environmental experts are questioning the scale of any proclaimed shift in corporate attitudes. According to a recent survey by the Carbon Neutral Company and The Forum of the Future, two-thirds of the largest German listed companies do not disclose their carbon emissions. Every FTSE 100 company produces a CSR report, 80 of them have identified climate change as a business risk; but only 38 of those have actually established targets for emission reduction. The majority of the FTSE 250 has yet to acknowledge the issue publicly. Furthermore, reduction targets are considered small, relative to the very real and urgent threat of climate change.

2.1.3 The importance of partnerships

> *No one sector or technology can address the entire mitigation challenge.* (IPCC report, 'Working Group III, Summary for Policy Makers', p. 12)

There are several reasons why cooperation between various stakeholders and industries is of particular importance in the area of climate change:

1. Local emissions have global effects. This results in several conundrums, namely around the accountability of the main contributors (so far, the industrialized nations), free-riding and equity, the feasibility and effectiveness of a global framework of targets, incentives (including penalization), and other mechanisms to facilitate, for example, technology transfer.
2. Scope and complexity of the issue: It will take a collaborative approach to more accurately assess climate change effects, to develop adequate mitigation strategies and ensure swift implementation. Although a lack of technology is a less-severe issue, costs will be major burden: McKinsey estimated that the implementation of the EU's new climate change goals could cost as much as € 1.1 trillion over the next 14 years. Innovative financing is needed – in particular in the developing world.
3. Interdependence of industries: The introduction of less carbon-intensive technologies and business models requires collaboration along an entire value chain. This issue is particularly critical in industries with long life cycles of products and facilities to avoid a long-term technological lock-in.

2.2 Sustainable food

2.2.1 Cause and effect

As mentioned in the introduction to this book, in the last century the world has been experiencing a veritable demographic explosion. Between

1960 and 2007, the planet's population more than doubled, to reach over six billion today. And it is expected that with current trends, global population will reach nine to ten billion by the year 2050, before levelling off. Almost two-thirds of this increase will be in currently underdeveloped countries. Owing largely to this increase in human population (and thus mouths to feed), worldwide nutrition requirements are expected to double by 2025, according to the OECD. There are mass movements of populations to urban centres, increasing reliance on food and beverage manufacturers for sustenance and provision of ever more consumer food choices. But along with accelerated development, large geographical zones such as China and India are experiencing vast and rapid changes in diet; their once mainly vegetarian consumers are increasingly adopting diets richer in meat, dairy, and processed products. While this is not a surprising trend (a logical progression owing to increased affluence), the 'down side' is that such switches in diet increase livestock rearing, generally agreed by scientists to be an inefficient and inequitable use of grain supplies. For example, consider just one incredible statistic alone; it takes 1000 to 2000 litres of water to produce a kilogram of wheat, while it takes 10,000 to 13,000 litres to produce a single kilogram of meat.

Recent economic developments and exploding demographics will thus place significant pressures on future agricultural productivity. In the past, when more food was required, land available for agricultural production was simply expanded. Today, this is increasingly not an option; owing to climate change, inefficient water use, competition with other forms of land use and a myriad of other factors, land devoted to agriculture is increasingly less rich and plentiful. As an example, even many former rice paddies in China have given way to more lucrative options such as real estate and golf courses. Yet, to ensure global food requirements, production and productivity increases are more than ever essential. Technological solutions such as genetically modified organisms (GMOs) are still shunned by many consumers, particularly in Europe. They are concerned about potential health and environmental impacts (as yet unproven), and have been strongly influenced by NGOs insisting on the precautionary principle or even condemning GMOs as 'frankenfoods'. Ironically, the surface of land dedicated to GMO production globally is nevertheless ever increasing and it seems that little will stop this trend.

The global food environment is thus subject to an array of paradoxes and discontinuities. Over the last few decades, food had been getting cheaper and cheaper. And while increasingly portly consumers in developed countries were struggling with food excesses, the numbers in the developing world that were either dying of hunger, or were severely malnourished, had been going up. In recent decades, consumers in the US and Europe have faced food gluts, wine and milk lakes, butter mountains, and so on. Subsidization of farming in both the US and Europe has lead to an untenable situation where developing countries that previously used to export food, have lost access to markets and have now even become net importers. Meanwhile, previously productive land has been laid to waste. The global agricultural industry has been one of the root causes of degradation of the environment and loss of biodiversity, soil erosion, water pollution and shortages, lack of available land, and the weakening of traditional social networks. It is simply not sustainable to keep yields high by continuously increasing inputs into the process, if the inherent productivity of the soil is being eroded.

The situation with the world's fisheries is even more short term; an example of the 'Tragedy of the Commons'[8] operating at its most destructive level. Since fish is a 'free' resource, governments and fisheries have a strong incentive to maximize their catch before anyone else can access the same resource. Clearly, if everyone continues to be 'on the bandwagon', it is only a matter of time before all fisheries are depleted beyond recovery. Although fish as a commodity is of prime importance to humanity, since it is relied upon by many nations as a prime source of protein, scientific experts have rung alarm bells; the current catch rate far exceeds supply for many species of fish. The United Nations Food and Agriculture Organization stated in 2004 that fully three-quarters of the world's commercial marine stocks were either fully exploited, overexploited, depleted, or in need of rebuilding. At the same time, demand from consumers for fish is increasing rapidly. Being one of the most heavily subsidized industries in the world, commercial fisheries have been able to use this money to modernize fleets, and to purchase highly sophisticated 'factory' ships that have literally emptied the oceans of not only the target fish species, but also of substantial 'by-catch' (secondary species caught by default in fishing nets, but often the very food sources for future fish populations, or endangered species in their own right, such as some shark species). Indeed, poor fisheries management is the single largest threat to ocean life and habitat, not to mention the livelihoods and food security of over a billion people. It is predicted that unless the current situation improves significantly, stocks of all species currently fished for food will collapse by 2048.

To compensate, some national governments have defined property rights and/or set fishing quotas, but, in general, there has not been a strong incentive to put into place strong regulations. Moreover, with few exceptions, fish stocks are found in international waters, or in areas with overlapping boundaries (the North Sea, for example), making it very difficult to assure international rule enforcement.

Overall, the situation as it stands throws up a number of serious considerations for food and beverage (F&B) manufacturers of processed food products, restaurant chains, and retailers. To do business, they rely on a steady supply of high-quality raw materials. On one end of the supply chain, renewable resources such as forests, soils, water, and fisheries are being pushed to their limits by overpopulation and industrial development, and on the other end, worried consumers complain about impacts of modern industrialized food systems on their health. Moreover, increasingly aware consumers are demanding that the F&B industry take responsibility for the negative externalities (impacts) of their activities outside the factory gates.

For a time after the passage into the new millennium, the global 'coffee crisis' hardly left world press attention. Victims of the 'boom and bust' cycles typical of agricultural commodity markets, hundreds of thousands of poverty-stricken farmers were at the receiving end of the consequences of less protectionism, more competition, and an ensuing glut of coffee pushing down the price of coffee worldwide. This had both environmental and social significance. The strength of public pressure on the industry to 'do something about' the coffee issue took the industry by surprise. But in the past few years there have been several other veritable 'tsunamis' linked to sustainability of food chains. 'Mad cow' disease (BSE) and the ensuing public paranoia around it was one. The GMO debate mentioned previously is another. Foot and mouth disease and 'bird flu' have left a trail of disasters in recent years and experts expect it is likely that in the future such threats will tend to increase overall.

Massive increases in the cost of grain supplies experienced in 2007 are an indication of several relatively new developments. In addition to the substantial increase in Chinese and Indian food demands as indicated above, US and EU subsidization of farm cereal production for biofuels has greatly compounded the resulting global shortage of grain on the markets. Interestingly, the issue of "cereals for food or biofuels" is, at the time of writing, an increasingly complex evolution juxtaposing several sustainability issues; climate change, energy security, sustainable agriculture, food security, malnutrition/hunger, and poverty, to name but a few.

2.2.2 Responses

Empirical work on the business case for sustainability in the food and beverage industry carried out by IMD, and ending in 2003, revealed that out of nine industry sectors, probably one of the strongest business cases for sustainability was the 'no resource = no business' risk that was facing the F&B industry.[9] Most managers recognized that potential threats to the raw-material resource-base of the industry were to be taken seriously and needed to be acted upon:

> *The balance sheet dimension relates to the protecting of the capital base on which our company draws. The food industry is a heavy draw on the raw material capital base and the economics of the business relies on the protection of this base.* (Senior sustainability manager, F&B industry, in 2003)

Major global companies have started to become proactive about trying to find solutions to some of the main sustainability dilemmas associated with raw material production. Balancing the need to protect the environment, and act in a socially responsible manner, while maintaining sustained economic growth, is not an easy matter in the highly competitive, low-margin F&B industry; and in the absence of a level playing field worldwide (from both a regulatory and enforcement point of view), it is no easy task.

Although most global companies in the food and beverage industry are not vertically integrated (owning their own production capacity) or are gradually becoming less so, an increasing number of large global companies want to influence how their suppliers behave from a social and environmental standpoint. They have thus taken steps to develop internal policies for sustainable agriculture based on more integrated farming methods, using carefully calculated amounts of agrichemicals focused on maximizing outputs while developing guidelines for minimizing environmental externalities. Companies have refined sets of practical sustainability indicators to allow themselves to monitor and report their activities. In contrast to mainstream agricultural systems, sustainable agriculture combines sound economics, environmental stewardship, and social development. Sustainable agriculture systems combine targeted technological and human capital inputs to produce crops with high yield and nutritional quality while keeping resource inputs as low as possible.

Huge global companies such as Unilever or Nestlé have some hundreds of thousands of suppliers. However, since the supply chain is not vertically integrated, the level of influence that companies have over suppliers can be rather weak unless tightly monitored and controlled. For a global company to monitor and control the activities of several hundred thousand suppliers is clearly unfeasible and unaffordable. A company such as Unilever, for example, may maintain standards (using a charter and guidelines) in its own palm oil plantations, but these supply only five per cent of the total production required for manufacturing its products. The balance is sought on the open market from an extremely fragmented supplier base. The food and beverage supply chain is already complex and as trade systems develop, it is becoming even more so. On the other hand, the consumer is expecting more information about the supply chains that deliver their products. However challenging and difficult it may be, the global companies are still striving for increased transparency and more traceability in their global supply chains.

2.2.3 The importance of partnerships

Partnerships focusing on sustainable agriculture and fish are daring attempts to bring stakeholders together with a view to 'levelling the playing field' around these crucial issues pertaining to sustainable raw material production for the food industry. By working with other stakeholders involved in food production, manufacture, and security, it becomes possible to know more about the products, for one, but also to apply acceptable systems to ensure accountability. Promotion of new policies with key stakeholders outside of a competitive framework is essential. The broad concerns of consumers about sustainable raw material production can be addressed to a considerable extent through internationally accepted standards for sustainable agriculture, or an international certification framework for fisheries, for example. Without the consensus of other stakeholders, including industry peers willing to share their knowledge and experience, such standards cannot be developed and their subsequent 'buy-in' would be nearly impossible to achieve.

Clearly, global partnership initiatives are complemented by many other more specific partnerships on the ground targeted at making improvements at the level of one company and its suppliers. These can have long lasting impacts within individual firms, or on social and environmental frameworks in specific countries and may serve as excellent pilot examples pushing the global initiatives towards more concerted action.

2.3 Public health

2.3.1 Cause and effect

There seems to be wide consensus among people throughout the world that health is among their primary assets.[10] However, the quality of public health systems and their application is hugely variable across the globe. Many developing countries suffer from dramatic public health dilemmas affecting large numbers of their populations. The reasons for such dilemmas can ultimately be traced back to poor capacity (both human and financial), poor governance, and inadequate infrastructure. At the same time much research and development (R&D) and significant funds are channelled towards 'lifestyle' illnesses, or developed-world diseases (such as obesity and its related complications – like diabetes – arteriosclerosis, Alzheimer's, and so on) since this is where the most profit can be reaped by pharmaceutical companies. For pharmaceutical companies either operating in developing countries, or that hold a possible solution to the problem, this is a considerable conundrum. Operating in developing countries without addressing critical public health problems risks affecting their productivity (since their own staff may be victims). Reputation is also increasingly a business risk (since they can be seen as not doing enough to address these problems in a country where they are doing business).

Yet, ultimately public health failures involve a complex chain of causality. Let's take a tangible example. To distribute free mosquito nets against malaria to local populations would only tackle a small part of a veritable cascade of interconnected problems. Without adequate infrastructure, many target recipients for the nets would not be reached. Without adequate education, many people may not understand the exact benefits of the nets and their use. Without a reasonable standard of living, many people will be tempted to re-sell nets on the black market in order to assure sustenance for their families. Without sufficient regionally based health officers, many remote villages may not be reached. Without adequate sanitation, many areas may become breeding grounds for the anopheles mosquito that transmits malaria. The list goes on.

Furthermore, there is a direct link between public health and economic productivity; therefore, businesses also get impacted directly on this level.

2.3.2 Responses

Solutions to public health failure are multi-faceted. As we have seen, the problems include a diversity of challenging issues and it is therefore logical that solutions will also have to be multifaceted, and include the consideration of diverse aspects such as funding, training, improved sanitation, better governance, improved infrastructure, and so on.

The donor community, mainly made up of developed country governments, NGOs, and international aid agencies, has focused much attention on public health. Three of the Millennium Development Goals (MDGs)[11] relate directly to health (MDG 4: 'Reduce child mortality', MDG 5: 'Improve maternal health' and MDG 6: 'Combat HIV/AIDS, malaria and other diseases'). In addition MDG 1, 'Eradicate extreme poverty and hunger', is also closely linked to public health. Thus, much government overseas aid is targeted towards achieving these goals. However, the passage of time has revealed that in many instances, aid can too often be 'inflicted' on countries with limited human and infrastructure resources to effectively deliver on aid-funded objectives, and there are frequently also profound corruption issues preventing the aid from reaching its original target. Alternatively, aid is delivered via specialized institutions, notably NGOs.

Increasingly, however, partnerships across various stakeholder groups are held up as an effective way of achieving results in the public health arena. This has led to a recent proliferation of public health partnerships as observed earlier in the book:

> *Between 1995 and 2005, 70–80 partnerships were launched in the field of health (compared with only 15 in the previous ten years).* (Expert in the public health sector – multi-lateral organization)

If companies operate in countries where there are serious public health challenges, the business relevance of acting on these issues 'comes home to roost' more tangibly since they affect employees, consumer bases, or core business (as is the case with pharmaceutical companies). But unfortunately, from a business point of view it is not possible to define guidelines (unlike in the case of human rights for instance) so that a company can say it has satisfactorily addressed public health issues in its operations. Because of the pervasiveness of the problem, many employees may continue to be vulnerable to different diseases in spite of a company's best efforts.

Thus, from both a CSR and practical point of view, companies will inevitably face diverse public health issues in many of the countries in which they operate. In order to be seen to be at least doing something in this area, companies have often responded by providing some type of philanthropic assistance. In our pre-study we found ample instances of partnerships revolving around donations in medicines or medical equipment. This may indeed be justified when dealing with such a critical topic as public health. Nonetheless, however well-intentioned, donations of this nature could hardly be described as a sustainable approach.

More sustainable responses are based increasingly on an oft-cited concept of 'teach a man to fish'. Capacity-building such as providing assistance in the manufacture of drugs or in the training of public health officials are good examples of more sustainable approaches. For instance, the AIDS Technology Transfer partnership is aimed at transferring technologies and capacities to drug manufacturers in least-developed countries so that they can produce drugs for local markets. Such capacity-building partnerships are more likely to be longer lasting. The Access to Healthcare partnership works closely with local health authorities in Tanzania in order to train local and regional health workers. Nonetheless, it must be stressed that even a plethora of similar initiatives would be unlikely to solve the profound public health crisis faced by numerous countries.

2.3.3 The importance of partnerships

> [Partnerships] *can benefit citizens by improving the standard of health, governments by reducing the investment burden, and industry by increasing profits.*[12]

Partnerships in the area of public health are fast multiplying, bearing witness to their emerging importance. They are an extremely valuable tool in such a complex yet vital area of development. Many countries simply cannot begin to address their public health crisis without external help. The partnership approach provides a framework for collaboration with local public health authorities (an essential, but often weak, partner) and an opportunity to include a range of external experts and partners (and naturally, resources) that can contribute to the very complex issues at hand.

Some partnerships are extremely large and ambitious such as the Roll Back Malaria partnership which has about 100 partners and has a lofty aim of 'halving the burden of malaria by 2010'. Others are on a much smaller scale and are much more focused, such as the Heineken-Care partnership in Cambodia that concentrates on a very specific target group: Women beer promoters. Smaller partnerships in this vast area tend to be very focused, for example, on a relatively small health-related issue, or more often on a specific target group (such as beer promoters in Cambodia or the Kilombero district in Tanzania). On the other hand, large partnerships such as Roll Back Malaria bring in a diversity of expertise in an attempt to tackle multiple angles of a given disease (or health issue). While it is extremely difficult to compare partnerships of such diverse scales and levels of ambition, including such diversity in our sample nonetheless allows us to understand how partnerships can be used in different ways to address a diversity of needs.

2.4 Human rights and corruption

2.4.1 Cause and effect

> *The business and human rights debate is where the environment was 15 years ago.* (Best practices partnership D, Partner, Private sector)

In the 'globalised' world in which we live today, with the possibility that manufacturing bases of global companies in the US or EU can move 'lock, stock and barrel' virtually overnight to places like India, Vietnam and China in order to retain competitive advantage over competitors, the issue of human rights is of increasing concern to the business community. Human rights are perceived and interpreted differently across countries and communities. Yet, for a global company to have irregular standards in its operations in the area of human rights is a true business risk. Increasingly, with the goldfish-bowl-like transparency expected of them, companies are also conscious of reputation risks related to human rights much further up in their supply chains and well outside the factory gates. Some companies have learnt this lesson the hard way over the last few years (Nike and Gap are glaring examples). Human rights violations or incidences of corruption may occur in diverse countries, in unlikely situations and at different links in a supply chain, and companies need to exercise care in any steps they take regarding employees on every level. For example, even giving evening cleaning staff in a developed country inappropriate work conditions can be considered a human rights violation (as per articles 22, 23 and 24 of the Universal Declaration of Human Rights). At the other end of the spectrum, violence from security staff seconded by government towards demonstrating indigenous people in a developing country is also considered a corporate human rights violation (as Shell has experienced in Nigeria).

Violations of human rights are more common in countries with poor governance. These countries often have minimal capacity (and sometimes not enough political will) to enforce laws and regulations. Unfortunately, in countries where the average wage is well below acceptable levels, fulfilling basic economic needs is a challenge for citizens and this opens the entire system up to potential corruption. Companies often find that in these environments they need to take on a quasi-regulatory role to minimize such violations, at least in areas within their remit.

Human rights issues pervade global business. Some companies, for instance in the utilities sector, may on the surface not appear to risk too much in terms of human rights violations. Nonetheless, even with these companies, there may be cases identified where their equipment sourcing, as an example, may be traced back to supplying companies with a poor track record in this area. Equally, degrees and perceptions of corruption may vary substantially. There are some practices that would be considered quasi-normal in certain countries, but that would undoubtedly qualify as 'corruption' in others. In today's world, supply chains are so complex that all companies can ultimately risk being associated with human rights or corruption dilemmas. Some events may receive more media attention than others, and it is difficult to forecast the degree to which such unwelcome attention will eventually affect the company's reputation.

We can safely say that in today's global 'goldfish bowl', with multiple and readily accessible communications tools (such as the internet), scandals of human rights abuses in a far corner of the planet are far more likely to impact on a company's global reputation than ever before. A number of significant human rights violations involving major companies have also hit the international headlines in the last 15 years or so, making consumers increasingly aware of these issues. These include taking on under-age employees, staff working abnormally long hours, use of 'sweat shops' with very poor working conditions – particularly in Asia – and inadequate worker protection.

At the same time, and partly thanks to active non-governmental organizations and other citizens' groups, communities in both developed and developing countries have been putting increasing pressure on companies that they feel are not respecting human rights or are benefiting from corrupt political regimes (or are corrupt themselves).

2.4.2 Responses

Human rights and corruption issues are incorporated in many companies' corporate social responsibility measures. Ultimately, although there are few instances to this day of human rights violations or corruption scandals making businesses go bankrupt, corporate reputation has in some situations been severely damaged by a company's real or perceived record in this area. Since global brands today are often of inestimable value, companies are concerned with limiting their business risks and often wish to take a proactive role when it comes to ensuring acceptable standards of human rights, certainly in their own operations, but now also increasingly in their supply chains.

Among the issues addressed by companies on human rights, we find[13]:

- Adherence to labour standards
- Guidelines for investments and/or operations in countries with poor human rights records
- Guidance on private and public security forces
- Issues relating to arbitrary detention of employees or others related to business operations
- Business impact on particular groups such as indigenous peoples
- Corruption and bribery serving to deprive persons of human rights

While there are global human rights standards, and while human rights and corruption issues are inscribed in national laws, for many companies the practical responses have not always been easy or clear, with a resulting diversity in corporate responses and in their quality. For this reason, many companies have felt it was worth collaborating with other major international corporate actors while engaging external expertise to help develop realistic common standards that could be applied by all.

Governments, particularly those in developing countries, are generally less enthusiastic about engaging in human rights and anti-corruption partnerships. In reality, if legislation worked effectively, then there would be no need for such partnerships and their very existence points to the deficiencies in some countries and thus government failures. Nonetheless, faced with the crisis surrounding some issues, governments are slowly beginning to embrace partnerships. For example, the vice president of Colombia has demonstrated a strong commitment towards the Voluntary Principles (VPs). While governments in the developed world have often been more proactive in developing and engaging in human rights partnerships, in some cases conflicting political interests have caused them to drag their feet.

The area of human rights leads countries into difficult terrain: It is generally not diplomatically acceptable for a country to be as outspoken as an NGO for instance, when attempting to address such critical issues. Specialized NGOs are focusing on improving human rights, and have also started to focus on the business sector. In order to achieve results in this area it also makes sense for the NGOs to engage in partnerships.

2.4.3 The importance of partnerships

> *Partnerships gives companies a 'social license to operate'.* (Best practices partnership D, Hub)

Partnerships are a useful means of overcoming difficulties associated with finding solutions in the complex area of human rights and anti-corruption, since they help diffuse the responsibility for 'taking a stand' in a softer, more politically acceptable manner. Indeed, there are a number of clear benefits to the partnership approach in this controversial and sensitive area that it makes sense to mention here.

The partnership approach provides a platform where the 'right mix' of expertise to address a complex issue can be brought together. It makes sense for governments to participate since they are often ultimately responsible for developing and enforcing regulation surrounding human rights and corruption. NGOs can contribute positively due to the fact that in the field of human rights they often have the technical expertise to improve performance in this area. Companies may wish to engage in partnerships to benefit from guidance offered but also to bring a corporate perspective and 'reality check' to the equation. Ultimately, if there is a human rights violation or instance of corruption, it is often the corporate partner (and thus inevitably a high profile brand) that bears the brunt of it (and to a lesser extent the government). Interestingly, in our sample most of the partnerships in this area are, to varying degrees, trilateral (Partnering Against Corruption Initiative (PACI) is the only one that is made up solely of companies, although the NGO Transparency International has a seat on its board).

Partnerships in human rights also provide an opportunity to bring in local communities (often the ones that suffer the most from abuses in this area), in some of the countries where human rights abuses may be more prominent. Thus, partnerships provide a platform and a framework for engagement with less traditional partners.

Another important role provided by partnerships in the area of human rights and corruption is that they serve to de-personalize sensitive issues. It may be difficult, even impossible, for some companies to address critical human rights concerns directly with their host government; while under the umbrella of a partnership, these issues can be more openly discussed and addressed.

Finally, in an area where knowledge and tools are in constant evolution, partnerships can be a cost-effective way for companies to learn about some of the critical issues they need to address and potential pitfalls to avoid:

> *It provides a non-threatening environment where we could discuss things with others and learn.* (Best practices partnership D, Partner, Private sector)

2.5 Common patterns and differences

On the basis of the above descriptions, we looked across the four areas of focus to detect and discuss commonalities and differences. These may also be reflected in missions and activities of the partnership surveyed.

2.5.1 Accountability

In comparison with the other three areas, climate change is unique with regards to its cause and effect relationship. In this area, local activities have global effects. Primarily for this reason, there are challenges in terms of establishing transparency, attributing responsibilities and having effective governance frameworks in place: Provided emission inventories are set up and monitored, a link between emitter and emissions can be established. However, without a functioning global regulatory framework, it remains impossible to hold key contributors to global warming responsible across different jurisdictions (whether industries or countries).

In contrast, the three other areas are characterized by a different setting. Responsibilities are probably most clearly allocated in the area of public health: Governments (primarily at the national level) are charged with providing elementary health service. However, in many countries, the capacity to provide sufficient and effective public health service is so low that corporations, NGOs, and others take on a quasi-governmental role by building health-related infrastructure, building capacity, providing health services (clinics, medication, vaccination and nutrition centres, and so on) and generally raising awareness in the population. It is also often difficult to apply clear responsibilities in this area, particularly, for example, when responding to an epidemic.

Companies in countries with a strong and outspoken media such as in Europe or the US also have a much stronger vested interest in protecting their reputation and brands from accusations of human rights abuses and corruption than do national governments. Consumers increasingly hold companies accountable on such issues and many will apply their power to boycott if a company is proven to have played a part in any human rights violations or corruption scandals. Coming into the new millennium, Gap faced significant public criticism resulting in calls for boycott because of its treatment of workers in its Southeast Asian factories.

Food production clearly also has a global dimension since there is only one planet to sustain the food supply of a rapidly increasing population. Also, commodity markets are linked globally. They are currently being dramatically affected by the fact that a rapidly growing newly wealthy group of consumers in Asia are switching away from almost uniquely vegetarian diets to meat-based ones (much less sustainable since they are highly demanding of both land mass and water supplies), as well as swings of cereal production in the EU and the US towards production of biofuels rather than food.

Discussion around food issues can have national, regional, or even local focus and the issue of sourcing is crucial to the debate. Both governments and corporations are accountable when it comes to securing a sustainable supply of food. At first sight, corporate activities have primarily local implications, for example, persistent overuse most likely damages the capacity to maintain food resources at existing levels, not to mention increasing levels in order to feed rising populations. However, the collapse of some key fisheries worldwide have shown the need to find a global solution to the dwindling marine resources dilemmas, for example, but also pointed to the fact that the world could face diminishing food resources in many other areas also. Also, competition and open conflicts on the access to fresh water between regions and nations clearly show that a more holistic (cross-regional or cross-national) approach is needed to address many issues associated with sourcing in the long term.

2.5.2 Drivers

There are also several nuances in the factors that motivate companies to focus on particular areas such as those we have selected for our study.

In food manufacturing, the primary motivation of companies to focus on sustainable agriculture or sustainable fish is because they wish to primarily sustain raw material supply in the long term, thus assuring food security and continued business. To a large extent, the focus is on developing countries since this is 1) where the vast majority of agricultural activities occur globally (while this is crop-specific, it also applies in terms of percentage of gross domestic product (GDP)), and 2) where the lack of best practices has most significant negative effects (for example, deforestation through slash-and-burn, monocultures, and so on, or erosion owing to poor land use).

Companies addressing public health issues are motivated by two factors: (1) achieving and improving access to new markets or sustaining markets by reducing the impact of competition from unlicensed products, and/or (2) protecting their reputation by providing new products and logistical systems at the bottom of the pyramid.

With regard to human rights and climate change, key motivating factors relate primarily to risk management (avoidance). A failure to address human rights violations and corruption issues may seriously threaten companies' license to operate – because of several factors; conflicts with residents and employees (arising due to, for example, forced labour and a failure to share revenues) and media coverage (although this tends to apply more at the home base rather than in the host countries themselves).

In the area of climate change, companies primarily aim to reduce their carbon footprint (thus, also cutting current and future costs by, for example, improving energy efficiency) and promote legislation so as to minimize their risk exposure and put them at a competitive advantage over laggards. This does not completely rule out initiatives that are more focused on opportunities (for example, new technologies and business models).

Finally, a number of motivators apply across the board, namely taking a proactive role in protecting and improving corporate reputation (by avoiding negative and striving for positive, media coverage). Reputation has a ripple effect on a company's capacity to attract and retain talent which is increasingly a significant factor for companies that compete for highly qualified professionals, such as Shell or Unilever for example. This factor has also become a significant driver in the pharmaceutical sector. A growing number of companies in different industries also claim that by acting on these issues, they can gain first-mover advantage and win local 'hearts and minds'. This can be an important long-term strategy for some fast moving consumer goods companies thinking about their future consumer markets; for many industries (food and pharmaceutical for example), growth markets in the foreseeable future will be in the currently poor groups in developing countries, and not in already heavily exploited saturated markets such as the US and the EU.

2.5.3 Geographical focus

The geographical focus of partnership initiatives is linked to questions such as who is accountable, and what resources are needed and available (and where?) to address the issue?

Key activities of partnerships in the fields of human rights, public health, and sustainable food focus on developing countries, essentially because this is where the hot spots are (due to inadequate legislation and enforcement, as well as insufficient managerial, technical, financial, and infrastructure capacity). Fisheries are somewhat an exception in the area of food since dwindling fish stocks is very definitely an issue in both developed and developing countries (for example, cod fisheries in the North Sea have been in danger of collapsing for the last ten years or so, and in 1992 the world witnessed the devastating collapse of the cod stocks off the east coast of Newfoundland).

In contrast, climate protection through partnerships primarily takes place in industrialized countries, as well as in Brazil, Russia, India, and China (the BRIC countries). This focus is in line with the major (past and future) sources of greenhouse gas emissions, as well as with the availability of financial and technical resources.

2.5.4 Urgency – business relevance

There are also noticeable nuances in perceived business relevance and urgency related to our four areas of focus:

- In Europe, climate change, in particular, is of relatively high relevance since the regulatory environment is in such flux and there is significant media exposure on the issue. The first round of the EU Emissions Trading Scheme was widely criticized, particularly because of the size of the defined cap. However, more recent regulatory developments (the EU climate plan but also trends in national policies) are likely to increase business risks and opportunities. The same applies to the US – in light of the Democratic party majority in Congress and upcoming US presidential elections that may lead to a more favourable political environment in the US around action on climate change.

- Human rights protection is part and parcel of companies' license to operate – typically in the rougher spots of this world. Even NGOs acknowledge – although not always openly – the proactive role western multinationals play at taking on a quasi-regulatory role. Ultimately, human rights protection is 'good house-keeping' for companies, with little upside potential. The issue of corruption is similar; it is a fundamental concern to companies. When things go well there is nothing newsworthy, but should a corruption scandal break out the repercussion on hard-won corporate reputation and on sterling brands might be very substantial, not to mention vulnerability to potential fines and loss of credibility.
- The business relevance of issues around sustainable food in supply chains is highly crop and product-specific. For example, business relevance can increase significantly when over-fishing is leading to the extinction of entire species and even the collapse of major fisheries, thus wiping out a raw material resource base within a short-term perspective. However, we see the overall importance ascribed to sustainable agriculture as only medium for the moment, given the limited consumer awareness around related issues but also given the fact that food and beverage companies (and companies in general) are themselves axed on a much shorter term business perspective than the threats to sustainability due to agriculture.[14] Although an increasing niche of consumers are aware of sustainability issues affecting agricultural production, research shows (including research at IMD on the perspectives of managers about stakeholders[15]) that most are still primarily focused on price and quality benefits. And the increases in food prices in 2007/08 for reasons already mentioned may mean that consumers will become ever more price conscious in the foreseeable future. Nevertheless, business relevance around this area will most certainly increase incrementally over time due to continued population growth, increases in GDP leading to changes in dietary habits, severely depleted resources, desertification, issues around the availability of fresh water, carbon footprint of food production, and so on. On the consumption end of the equation, business relevance around the issue of obesity is exceedingly high given the capacity this issue has to affect markets and consumption patterns; however, most probably for competitive reasons, companies have not

yet involved themselves in coalitions or networks around this issue.

- Finally, the business relevance of public health initiatives is still relatively low and is only very gradually increasing. While the plethora of mainly philanthropic activities in this area is for us the most obvious reflection of low attributed relevance, it is also a function of the fact that most of the geographical focus of public health partnerships is on developing countries, where purchasing power is low and markets are not lucrative. While there is some value to the argument that early access to these markets could turn into a first-mover advantage, the stronger business argument for concerted action is currently coming from an entirely different direction. Of late, the industry has been getting increasing exposure on the inaccessibility of patented drugs to developing countries (obviously because of cost factors). There is, therefore, a risk of unlicensed 'copycat' and cheaper drugs being produced by developing countries faced with health crises, with the further risk of these imitations challenging the industry's lucrative western markets. By joining in public health partnerships, companies can reap some strategic advantage by reducing the potential for such an evolution, and thus protect patent-based business. Some companies work in partnerships to make crucial drugs available to developing country markets for significantly cheaper prices (antiretroviral drugs to tackle AIDS for example), but specifically marking, or patenting, them for use in certain countries only. However, since the issue of intellectual property rights is proven to be a highly contentious issue in the health arena, philanthropic partnerships, essentially involving donations, are firmly the other (and more popular) avenue for providing expensive medication that is patented (an ironic twist is the fact that even donations of this nature can often make their way via the black market back to developed world markets).

2.5.5 Current stage in public and political debate

We ascertain a significant difference in the current stages and flux of the political debate around the different issues tackled in our research. The debate around climate change has recently been the most active (G8 discussions, Nobel Peace Prize, Bali Roadmap and the struggle around a post-Kyoto framework to name but a few developments) – and has even been referred to by some as 'hysteria'. Furthermore, the absence of binding regulatory frameworks in some countries, and at the global level, has rendered corporate lobbying much more worthwhile – be it the classical approach to forestall legislation, or the more proactive approach of advocacy (calling for ambitious and binding reduction targets in order to 'level the playing field').

Our other three areas of focus (human rights, public health, and sustainable food) are currently much less in the spotlight. For the moment regulatory development is significantly less dynamic in the areas of sustainable food and human rights. In fact, in most instances, the problem does not appear to be the absence of legislation but lack of capacity (in host governments, communities, and companies) and inadequate enforcement. However, as we write, it seems that issues such as the debate related to the sustainability of switching cereal production away from food to biofuels is set to supplant climate change in the public debate. Because of food shortages and rapidly rising food prices, malnutrition and even starvation are further threatening the developing world. As food security increasingly becomes critical, it will be interesting to observe the evolution of sustainable food as an issue in the public domain.

Many of the 'tsunamis' experienced in the areas of sustainable food, be they public hysteria around foot and mouth in cattle, 'mad cow' or 'bird flu', public rejection of genetically modified organisms (GMOs), as well as numerous food safety incidents (listeria, salmonella, e-coli), have also been highly publicized in the media. Newspapers literally fly off the shelves as a result of this coverage since the public generally feels personally implicated by threats to food supplies. However, industry stakeholders will comment that little of this has had a direct effect on changing existing business models in the industry.[16] The food and beverage industry is already highly regulated in Europe; there would be definite competitiveness issues involved in imposing ever more regulatory standards on just a European level. Rather, sustainable solutions for the future will have to be on a more global level, with an introduction of standards that level the playing field for all industry actors.

Moving to the current debate around the issues of human rights, the Universal Declaration of Human Rights was adopted by the UN General Assembly (and therefore all UN states) on 10 December 1948. It sets forth the human rights and fundamental freedoms to which all men and women, everywhere in the world, are entitled, without any discrimination. Article 1 illustrates the fundamental gist of the declaration which is:

> *All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.*

The individual conventions linked to the declaration (for example, the Convention on the Rights of the Child) are ratified by different governments. In practice, however, many governments have a long way to go. Instead, and in the absence of, national application of basic human rights legislation, companies, particularly large multinationals, are expected to fill the void, especially because they have enough clout to exert pressure on governments.

Corruption is intrinsically linked to human rights and environmental destruction since non-enforcement of legislation owing to corruption inevitably leads to human rights violations (disregard for worker protection and existence of child labour) and lack of environmental protection. Violation of laws and rights enables corrupt countries to gain an illegitimate economic advantage in the international market. Corruption undermines economic development by creating inefficiencies and increasing the cost of doing business through the price of illicit payments, the management cost of negotiating with officials, and the risk of breached agreements or detection. Where corruption inflates the cost of business, it distorts the playing field, protecting firms with 'the right' connections from competition and so sustaining inefficient firms. It is an indication of the global concern about corruption that the lesser-known United Nations Convention against Corruption (UNCAC) was adopted in 2005 (thus relatively recently) after being ratified by 30 countries. It aims to promote the prevention, detection and sanctioning of corruption, as well as the cooperation between countries on these matters. In practice however, once again, companies are generally expected to manage this problem appropriately themselves since they have substantial financial resources but also bear the greatest financial and reputation risk.

As noted earlier, public health is an important focus of several Millennium Development Goals (MDGs). The MDGs currently influence the direction of much of the industrialized countries' overseas development aid, and even that of the international community in general. Public health is an extremely broad topic, covering different diseases, as well as different sectors (not only the health sector, but also the education and agriculture sectors, as well as many others). Communicable diseases and pandemics, such as HIV/AIDS, and widespread killer diseases, such as malaria, are often in the public eye because of the alarmingly high mortality rates associated with them. These same diseases are most widely addressed in partnerships, and often as a result of considerable political and public pressure. In 2003, Brazil threatened to break the patents on three HIV/AIDS antiretroviral drugs[17] and begin producing generic versions of the medicines if drug makers did not cut their prices by 50 per cent. The Brazilian Health Minister issued an 'ultimatum' to pharmaceutical companies, suggesting that if they did not offer an 'acceptable' plan, Brazil would explore making generic versions of the drugs, or consider importing generic versions. As outlined above, the protection of intellectual property rights (IPR) is an area of major concern for pharmaceutical companies.

Notes

1. Over recent years, the understanding of global warming has increased substantially. Thus there is 'high confidence' about its anthropogenic nature (Working Group 1 to the 4th Assessment Report of the IPCC). The warming is unequivocal, as numerous long-term changes in climate such as 'increases in global average temperatures, widespread melting of snow and ice, and rising global average sea levels have been observed'.
2. The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change that has, as its stated aim, an objective of reducing the greenhouse gases that cause climate change.
3. International Energy Agency (2006): Key world energy statistics 2006.
4. For more information on economic implications, refer to the Stern Report, and the 4th IPCC Assessment Report.
5. The Stern Review on the Economics of Climate Change was written by economist Lord Stern of Brentford for the British government and was released in October 2006. It discusses the effect of climate change and global warming on the world economy.
6. Joint implementation is a project-based transaction system that allows developed countries to purchase carbon credits from a greenhouse gas reduction project implemented in another developed country or in a country with an economy in transition (specifically from the formerly communist countries of Eastern Europe; emissions from this project referred to as Emission Reduction Units (ERUs). Through the Clean Development Mechanism (CDM) industrialized countries can accrue carbon credits by financing carbon reduction projects in developing countries. Carbon offset originating from registered and approved CDM projects take the form of Certified Emission Reductions (CERs).
7. Steger, U. (Ed.). 2004.
8. Hardin, G. 1968. The Tragedy of the Commons. *Science*, 162, 1243–1248.
9. Steger, U. (Ed.). 2004.

10. 'The 10/90 Report on Health Research', Global Forum on Health Research Annual Report 2003–2004.
11. See www.un.org/millenniumgoals.
12. Thomas, A. and Curtis, V. 2003, *Public-Private Partnerships for Health: A Review of Best Practices in the Health Sector*, World Bank.
13. Adapted from UNHCHR *Business and Human Rights: A Progress Report*, 2000.
14. See Ionescu-Somers, A. and Steger, U. 2008, *Business Logic for Sustainability: A Food and Beverage Industry Perspective*. Hampshire, UK: Palgrave Macmillan.
15. Steger, U. (Ed.). 2006, *Inside the Mind of the Stakeholder: The Hype Behind Stakeholder Pressure*. Hampshire UK: Palgrave Macmillan.
16. See Ionescu-Somers, A. and Steger, U. (2008).
17. In the case of HIV/AIDS, antiretroviral drugs can at least slow the effects of the virus.

3
Key Findings

In this section, we highlight the key findings of our study. We begin, in Section 3.1, by examining the big picture emerging from our research. In Section 3.2, we outline external factors that drive and impede partnership formation and activities.

In Sections 3.3 to 3.6, we bring key patterns in our data to light by addressing the most interesting commonalities and differences we found across the four partnership approaches and the four areas of focus. We will report on:

- Organization – how partnerships are structured
- Action – what partnerships do
- Outreach – how partnerships boost their influence
- Significance – what partnerships achieve

In Section 3.7, we provide a comprehensive overview of the success factors and barriers of sustainability we were able to identify. Finally, we also provide an overview of the key trends we came across in our survey and describe how partnerships evolve over time (also as their external setting changes).

3.1 The big picture

As one can probably already sense from the previous chapters, while the concept of sustainability partnerships may be intuitively easy to grasp, the reality of the nature, purpose and activities of partnerships is much more complex. In the following paragraphs, we will attempt to systematically depict the nature and importance of these initiatives.

3.1.1 Partnerships have multiple purposes

None of the partnerships we came across had a single, unique purpose. It is self-evident that any kind of partnership or cooperation begins with engagement and dialogue around shared interests. All of them incorporate – implicitly or explicitly – a second element of capacity-building although a certain existing level of internal awareness is necessary when companies take those initial first steps towards or in a partnership. Some approaches (in particular best practices and new business) enable companies to learn and understand both issues and solutions (and how to apply them). The logical next step is conveying solutions to the outside (thus increasing external awareness), in other words, moving towards an advocacy stance.

Engagement/dialogue and capacity-building can be considered to be the two pillars (see Figure 3.1) supporting various activities subsumed under our four chosen partnership approaches of advocacy, new business, best practices, and quasi-regulation.

Some partnerships adopt more than one approach to address the issues under consideration. For example, the Global Gas Flaring

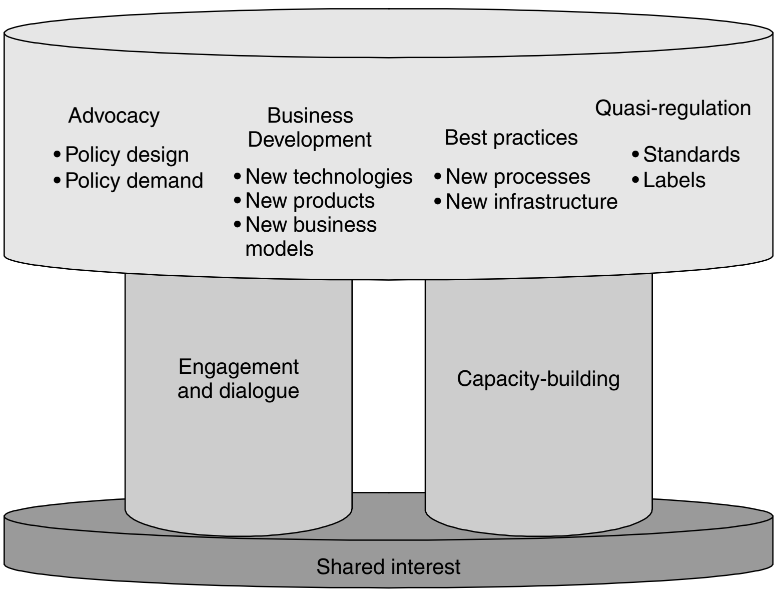

Figure 3.1 Partnership fundament and purposes

Reduction (GGFR) partnership has a three-pronged approach: Advocacy, best practices, and quasi-regulation. Its partners aim to improve both public and corporate infrastructure, *and* to promote effective regulatory incentives supporting such activities. In addition, the partnership developed a global standard for flaring and venting which is now endorsed by most partners. In the area of public health, the Roll Back Malaria partnership has an important research component (via different working groups and task forces), but the partnership also engages in advocacy and best practices.

3.1.2 Partnership life cycles

Given that partnerships have – like products – very specific 'tailor-made' purposes, they are bound to have a life cycle and to possibly become obsolete over time, when or after the purpose is fulfilled. It can also be assumed that their effectiveness and legitimacy will almost certainly change over the issue life cycle and vary depending on regulatory, market, and technological developments (see Figure 3.2).

Typically, partnerships only form once an issue has moved beyond an embryonic stage, thus when the necessity to take more concerted action

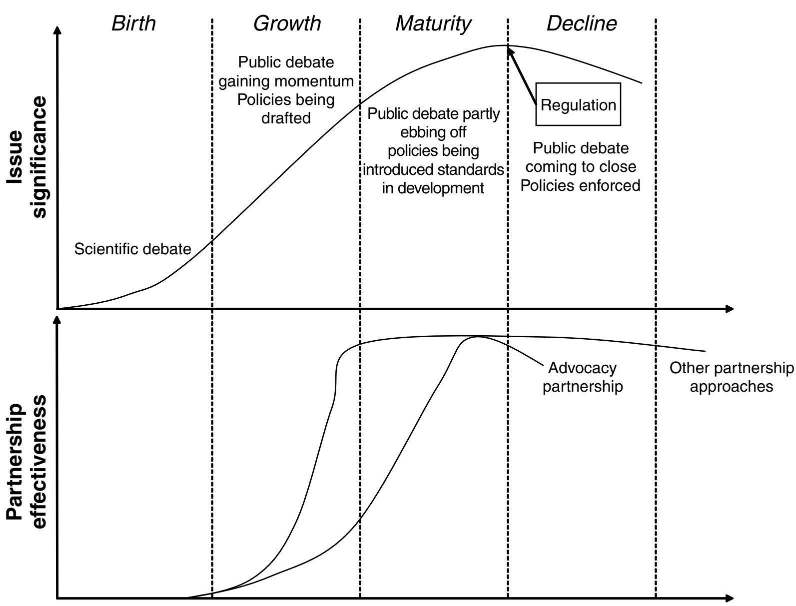

Figure 3.2 Issue and partnership life cycles

has become obvious, for example, as the result of an intensifying public and political debate.

Some partnerships evolve purposefully through different phases. Typically, these may include a preliminary buy-in phase (where outreach may be important), followed by a 'fact-finding' and/or development phase, where tools and expertise may be developed, and then a wider implementation phase, where best practices may be applied by partners. Finally, this may then lead to a further advocacy phase where best practices are promoted more widely.

Furthermore, we conclude that the partnership life cycle varies – relative to the issue life cycle – depending on the partnership approach (see Figure 3.2):

- The effectiveness of advocacy partnerships decreases once policies have been introduced. Furthermore, the more significant the regulatory vacuum, the greater the opportunity that advocacy provides. Also, a rigid regulatory status leaves much less room for advocacy than a state of regulatory flux.
- The remaining partnership approaches (quasi-regulation, new business and best practices) are also affected by policies (for example, the profitability of new business models can be drastically changed by new legislation). However, their risk of obsolescence owing to introduced legislation is lower.
- We also suggest that advocacy approaches typically emerge later in issue life cycles such as when the political and public debate is more advanced and business has familiarized itself both with the issue and potential solutions, and evolved a better grasp and deeper understanding of policies that can have the most effect.

Moreover, in the above diagram (Figure 3.2), the steep curve depicted for partnership effectiveness also shows that partnerships – in particular those with an advocacy approach – have to learn fast to 'catch up' with developments regarding the issue under consideration. The even steeper curve we depicted for the three non-advocacy approaches illustrates that these approaches build significant managerial and technical capacity that ideally later feeds into partnership-based advocacy:

> *We have gained significant knowledge through business development in our partnership. Now we feel confident about entering the political arena.* (New business partnership A, Hub)

> *The partnership needs to move from being a private exercise to something more universal.* (Best practices partnership D, Partner, Private sector)

3.1.3 Pre- vs. post-regulatory role of partnerships

Our evidence points to regulation as a major tipping point for partnerships since overall, partnerships are more important and effective in the lead up to regulation:

> *Without significant governmental control* [on greenhouse gas emissions], [partnership X] *may have a valid role to play for a long time to come*: (New business partnership A, Hub)

> *In Europe, engagement and dialogue will become less important once regulation is introduced. We may then have a role to play at a more technical implementation level of, for example, more detailed strategies on climate protection.* (Advocacy partnership A, Hub)

This is most blatantly obvious in the human rights and public health sectors, where the role of partnerships, their veritable *raison d'être*, is often to substitute for regulatory or policy failures. For instance, the Voluntary Principles were, to a great extent, set up to enable extractive companies to operate in certain countries with dubious human rights records by providing them with the requisite tools to ensure that they themselves addressed basic human rights and security concerns, regardless of local regulations (or lack thereof).

Nonetheless, our interviewees could see several post-regulatory roles for partnerships. Most importantly, they mentioned stakeholder management and implementation: For example, it was suggested that partnerships could monitor policy effectiveness by assessing policies and enforcement practices, and supporting companies in complying with new regulations (by adopting new practices, for example):

> *We are past the lobbying stage so, in the future, partnerships may provide feedback and input to legislation, but then they will move away from their aggregated approach and become more specific.* (Expert, Public sector)

This will typically include cross-regional transfer of knowledge and technology. It may also include joint research with government (to avoid redundancies and exploit new technology). Wherever policies are not formulated (or cannot yet be), partnerships can continue to play an important role in developing adequate quasi-regulation (or self-regulation) where needed.

3.1.4 Partnership duration and renewal

We observed that, generally speaking, partnerships tend to continue to exist for much longer than originally anticipated. There are several reasons for this:

- Over-optimistic expectations on changes partnerships can induce:

  We had initially envisioned a lifetime of five years to achieve our objectives. However, our advisory council recently acknowledged it would be more likely to take 20 years or more. (Advocacy partnership A, Hub)

- Vested interests of partners which are unrelated to partnership mission. For example, NGOs may want to hold on to corporate funding or to an established relationship with a given company, or companies would like to continue to be associated with a partnership for public relations reasons:

  Many NGOs refuse to scrap a partnership once it achieved its purpose. (Expert, Non-profit sector)

- Change in direction or new phase in the partnership; often as a result of its success and therefore, a desire to continue but with new targets or geographical mandates (for example, the Francophone branch of the Business Leaders Initiative on Human rights or the new satellites of the Sustainable Agriculture Initiative in Australia and the Philippines).

- Unexpected complexity leading to a longer lead time in achieving goals:

  We have a clear vision of where we want to go, but I am not sure if the whole supply chain shares our view. Also, there are too many people involved. If you ask everyone an opinion, you have to take each one into account. All my disappointments with our partnership revolve around the time it takes to accomplish things. (Quasi-regulation partnership A, Hub)

> *Why is it so time consuming? Because of fractured interest. Who does what, and who owns what, is not clear. Getting to the right people is difficult.* (Quasi-regulation partnership A, Hub)

Partnership effectiveness typically ebbs over time; in fulfilling the initial purpose, partners pool their resources, and learn from both each other and third parties. Ultimately, the learning curve will flatten for most long-term members. This happened in the case of the Voluntary Principles where, once the principles themselves were developed, the partnership suffered practical setbacks in implementation due to a consequent lack of engagement of some its members.

Late entrants can benefit significantly in partnerships since they are able to leapfrog the sometimes painful phase of partnership formation (building consensus, processes, and structures) and benefit from a 'well-oiled machine'. For example, Coca-Cola, the world's largest beverage company, only joined the Business Leaders Initiative on Human Rights in August 2007 – four years into the process – as the partnership was already into its second phase. The company also joined the Sustainable Agriculture Initiative platform relatively recently. Although Coca-Cola skipped the earlier 'teething problems' of these partnerships, it cannot be denied that there is also significant learning for companies in those difficult initial stages when partners engage in challenging consensus-building efforts (as this is unfamiliar territory for many). The consensus-building process in itself is invaluable in terms of raising awareness and establishing knowledge, as well as know-how within companies. In other words, there are both benefits and drawbacks in being a late entrant.

To keep the momentum and retain long-term members, partnerships can also evolve significantly over time, implying changes in membership, structure, and even mission:

> [Our partnership] *was originally seen as temporary; but now we have become a global institution, which may persist. We have two possible scenarios before us: Either integrate (meaning, involve policy-makers, include supply chains), or disappear.* (Advocacy partnership A, Hub)

For example, the Business Leaders Initiative on Human Rights partnership initially set out to find ways of incorporating human rights into business strategies. After an initial three-year phase of research and consultation, it was continued for a further three years to develop tools. Some partners are now predicting a possible further three-year implementation phase for tool dissemination.

3.1.5 Complexity and focus

Partnerships deal with different levels of internal complexity determined by a variety of factors:

- The number of activities the partnership engages in, for example, a partnership may deal with capacity-building, communication, and advocacy all at the same time.
- The number of regions the partnership covers. In many instances, local presence, and hence networks, are required. These networks need to be managed, which also increases transaction costs.
- The number and variety of actors involved. Every actor (individual partner, sector, or industry) brings a certain added 'flavour' to the partnership, which impacts processes (for example, language to ensure clear communication), structure (such as fair governance) and strategy (such as a mission to which all partners can relate):

  It is very difficult to manage a multi-stakeholder initiative where there is a huge amount of politics involved and there are very different interests, drivers, and priorities from each partner. (Best practices partnership G, Partner, Private sector)

- The complexity of the focus area, often with interconnectivity between related issues, sometimes at differing levels. Issues may also affect several parts of the corporate value chain, and in very diverse ways. For example, some issues (such as sustainable agriculture) call into question the significance of entire business systems, rather than just a part of them.

As already indicated, partnerships with a new business, best practices, or quasi-regulatory approach employ activities that address the issue under existing market conditions. But within this context, the focus of each of these approaches is highly differentiated:

- New business partnerships aim to develop and test new products or business models in the context of existing legislation (although possibly with a view to influencing legislative developments).

- Best practices partnerships aim for a more incremental innovation of 'business-as-usual'. The proliferation of the developed best practices, if at a global level, has the potential to raise the bar for the entire industry or value chain.
- Quasi-regulatory approaches have the same objective ('raising the bar') but adopt a different means, an explicit standard or label that creates more transparency for end consumers.

Advocacy partnerships have a clearly different focus; to change the legislative rules of the game, thus assisting businesses in addressing social or environmental issues.

3.2 External ingredients – what helps, what doesn't

In the following paragraphs, we briefly outline the most significant external factors that lead to the formation of partnerships, or are linked to partnership success or failure. They include:

- The status of regulation around an issue (and the policy framework in general).
- Level of demand from stakeholders.
- Industry context.

Although this topic was not central to this study, some interviews and other sources provided interesting insights which we felt we could share with the reader.

3.2.1 Regulation – a double-edged sword

So far, we have pointed several times to the importance of regulation for 'levelling the playing field' and, as long as well-targeted and sensibly thought out, facilitating corporate sustainability action without jeopardizing profitability and shareholder value. A lack of governmental action (for example, on climate change and human rights) is typically a strong driver for partnership formation:

> *Under the commercial terms originally negotiated with host governments (which ignored the cost associated with flaring reduction), investments would have become unprofitable. Hence, we had no choice but to engage with them.* (Best practices partnership C, Partner, Private sector)

> *In the US (compared to Europe), we have more room to manoeuvre: Politicians are less advanced, plus there was no political consensus on climate change.* (Advocacy partnership C, Partner, Non-profit sector)
>
> [Partner X] *realized that the government was not going to legislate on the problem of human rights; therefore, the only option was a set of voluntary standards.* (Best practices partnership G, Partner, Non-profit sector)
>
> *If a government agency thinks that our partnership is there to do their job, it can be very difficult. It takes a long time to build a relationship with the government. Since we do not have this time, we need to work with others that already have this established relationship.* (Quasi-regulatory partnership C, Hub)

In the area of climate protection, the EU emissions trading system has increased awareness within companies of emission avoidance and off-setting. Nevertheless, significant 'territory' for climate protection partnerships – in particular in the area of advocacy – was provided by the regulatory vacuum around the Kyoto Protocol (which came into force only in 2005), a potential, more ambitious, post-Kyoto agreement, and the continued resistance of the Bush administration against more stringent legislation.

But this regulatory vacuum not only creates opportunities for partnerships (albeit particularly for advocacy partnerships), it can also create strategic uncertainties, and a lack of incentives that will ultimately affect partnership effectiveness:

> *Overall there is a significant lack of regulatory/governmental capacity.* (Best practices partnership C, Partner, Public sector)
>
> *You cannot push a rope, you can only pull it. One has to be patient with some governments: You cannot tell them what to do.* (Best practices partnership C, Partner, Public sector)
>
> *It is essential to win the hearts and minds of local governments.* (Best practices partnership F, Partner, Private sector)

This is particularly true in developing countries, where new products and technologies (such as green power) are often at a competitive disadvantage (for example, where there are heavily subsidized fossil fuels).

Furthermore, the significance of the regulatory framework is underlined by the difficulties some partnerships experience because of fragmented regulation (for example, EU member states) and changes in government; the latter applies to developing countries in particular since governance is in these cases more volatile. These factors can greatly affect the continuity of partnerships:

> *Some of our regional workshops were triggered by political events (for example, a new government).* (Best practices partnership C, Partner, Private sector)
>
> *It was a race against time because of looming US elections in 2000.* (Best practices partnership G, Expert)

The importance of regulation is also underpinned by its effect on individual corporate partners, as well as other partners. For example, we noted that companies operating in different regulatory settings are at different positions on the learning curve:

> *There is a clear difference across member states in the US. Californian firms are much more advanced than their counterparts in other states.* (Best practices partnership B, Hub)

3.2.2 Demand from stakeholders

Obviously, participants in any given partnership must have a vested interest in what the partnership either is delivering, or could potentially deliver. Such interests will always differ across partners to some extent; for example, NGOs may be most interested in raising the bar while companies may be more concerned with internal capacity-building, establishing credibility, and protecting reputation. However, interests will also of necessity have to overlap: Partners usually engage because all of them expect to better serve the needs of their own stakeholders through the partnership. Therefore, the demand/pressure of the partners' stakeholders ensures the alignment/overlap of the partners' interests:

> *You need other players like Greenpeace to exert pressure. You need the stick to make them take the carrot.* (Advocacy partnership A, Hub)
>
> *In the late 1990s there was a lot of anti-globalization sentiment. A response to that was to create such private–public partnerships or multi-stakeholder dialogues around the subject of corporate social responsibility.* (Best practices partnership G, Expert)

Overall, empirical research has indicated that demand from companies' stakeholders to address social and environmental challenges is not sufficient to accelerate corporate action beyond step-by-step incremental improvements.[1] Interestingly, our respondents complained about a lack of awareness among several stakeholder groups such as:

- Financial institutions: for example, by failing to make use of the data collected by the Carbon Disclosure Project.
- Corporate customers: Unwilling to pay a premium for Gold Standard-certified emission reduction projects.
- Consumers: Always willing to claim that they will pay for sustainable products but when confronted with choices on the supermarket shelves, price and value for money becomes the overriding decisive factor.

However, the significance of stakeholder pressure becomes clear through a comparison of our four areas of focus. Public awareness on climate change is currently the highest of the four areas, and as we have mentioned has recently increased due to a range of different factors. We also noted that the political debate on climate change has also definitively picked up speed. Several advocacy partnerships such as The Climate Group (2004), the Corporate Leaders Group on Climate Change (2005), and the US Climate Action Partnership (2006) emerged during this period of heightening public awareness. In Europe (and particularly in the UK), The Climate Group, and the Corporate Leaders Group on Climate Change actually fostered the political debate and process by putting the position of proactive companies 'on the table'. In the US, the political debate – characterized by a reactive Bush administration, protectionist bargaining (since some regions/states had more to lose than others) and ideology – was even more strongly driven by proactive industry than in the UK:

> *US industry realized: We have to be part of this; we face legislation anyway, let's try to shape it to ensure competitiveness. So today's debate in the US is indeed driven by industry.* (Expert, Non-profit sector)

And what about food? Up to relatively recently – over a 50 year period in developed markets such as Europe and the US – food had been getting cheaper and cheaper. Indeed, consumers in these markets had come to regard cheap food as a given. The fact that the prices of all foodstuffs are currently on the increase is helping to focus minds on sustainable food issues to some extent. However, public awareness about sustainable food production is probably lowest among all the areas we explored (so there is a long way to go). In the public health (including food safety), and human rights areas, public awareness is somewhat cyclical with attention focusing on these issues mainly in the aftermath of food scandals or incidents.

3.2.3 Industry context

In the formation and effectiveness of sustainability partnerships, industry context is a highly relevant factor. It includes two dimensions, competition, as well as capacity and scale. The following paragraphs outline the issues associated with these two dimensions in more detail.

3.2.3.1 Competition

In partnerships, competitive issues need to be managed carefully; once they enter the equation on any level, corporate partners 'go into their shell' and become much more cautious about sharing information. Moreover, the stronger the competitive element, the stronger the incentive for individual partners to monopolize the partnership so as to, for example, gain superior access to partnership resources relative to other corporate partners. Ultimately, this defeats the rationale of forming partnerships:

> *We have a good working relationship within the partnership, also because we do not touch on core business issues.* (Best practices partnership B, Partner, Private sector)
>
> *Companies do not mind sharing key learning, because it is a non-competitive issue.* (New business partnership A, Hub)

In the case of climate protection partnerships, companies are willing to share information on emission reduction (for example, in best practices partnerships) since (1) their activities are not very carbon-intensive (2) energy costs are still comparatively low (energy costs tend to be of a competitive nature only in highly energy-intensive industries). This also goes a long way to explaining why significant partnerships between electricity utilities (as the primary emitters of greenhouse gases) do not exist.

We identified a 'fuzzy' area with regard to sustainable agriculture; it was clear that there were some perceived first-mover advantages to sustainable agriculture activities in a number of companies which, if shared, would render that advantage null and void. A few interviewees pointed to the fact that, in some cases, sustainability activities had started to border on the competitive; this could perhaps explain lack of willingness in some cases to share information with industry peers. There also appeared to be a view that the issue was regarded in more of a competitive light in the US than in Europe. Some of the approaches adopted by, for example, the Sustainable Agriculture Initiative platform would be considered competitive by the US food industry, whereas the European-based companies tend to take a much less protective view:

> *In the US, companies are unwilling to share blueprints. However, we take the view that you cannot implement a blueprint; it calls for technical capacity and know-how first. You can't have wonderful dishes without cooks; and it is all about cooks.* (Best practices partnership J, Partner, Private sector)

Obviously, the competitive element can be largely removed if partners are not peers and are from different industries (clearly this is not possible in the case of the focus area of sustainable food, but it is in others):

> *There is a lot of trust between the partners. Partly this may be due to the fact that the partners are not competitive as they are from a range of sectors.* (Best practices partnership D, Partner, Private sector)

According to several of our interviewees, this has been the key to the success of the Business Leaders Initiative on Human Rights partnership which is formed essentially of lead companies in distinct sectors. Equally, this may be an important stumbling block behind the Voluntary Principles (VPs) where all of the corporate partners are competitors in the extractive industry.

Competition in partnerships, however, can also have some positive effects, in particular if coherent measures on activities, and their individual outcomes, exist. Some of our corporate representatives indicated that they feel challenged by ambitious initiatives of other corporate partners since they do not want to lag behind:

> *You sharpen your pencil if your colleague from* [the company] *announces higher reduction targets.* (Best practices partnership B, Partner, Private sector)

> *It put our heads above the parapet!* (Best practices partnership D, Partner, Private sector)

3.2.3.2 Capacity and scale

Capacity – be it informational, technical, financial, managerial, or any other kind – can differ widely across regions or across the value chain. The issue of capacity is very much at the forefront of the more sustainable partnerships in the health sector. It is, for instance, a major element of the following partnerships we included in our research sample: Access to Healthcare, AIDS Technology Transfer, and Heineken Care. Where the activities of the partnership are based in developing countries (such as the Tetra Pak School Feeding partnership in Nigeria), capacity-building becomes a cornerstone; without it, the partnerships simply cannot be successful.

On the one hand, a lack of infrastructure opens up significant potential for partnerships to add value by, for example, pooling resources and jointly addressing the issue:

> *The partnership has brought significant funds to the health sector in Tanzania (in the provinces where it is working).* (Best practices partnership H, Partner, Research institute)

On the other hand, inadequate infrastructure can greatly impede or, at the very least, slow down partnership progress:

> *We are suffering from a lack of infrastructure (technology, markets, information, and so on).* (New business partnership A, Partner, Private sector)

> *With regards to green power, Africa is out of the picture due to a lack of infrastructure.* (Quasi-regulation partnership B, Expert, Public sector)

Unsurprisingly, this applies in particular to developing countries. For example, it is much easier for companies to bring natural gas recovered during oil pumping to European markets than to African markets. This is simply because the gas is much closer to the end market on the one hand, and on the other the highly cost intensive infrastructure to distribute the recovered gas is already in place. For this reason, gas flaring (and the environmental and social issues that it engenders) becomes much more of an issue in Nigeria than it could ever be in Europe. Equally, delivering public health services in developing countries inevitably encounters infrastructure challenges, and this is particularly true in areas where the needs are most dire:

> *The fragility of the health sector and local infrastructure in many countries is an issue when it comes to delivering the main aims of the partnership.* (Best practices partnership I, Expert)

Once partnerships are formed, they strive for scale and to build capacity. We ascertain that this can be more important for certain partnership approaches, such as quasi-regulation and new business, specifically. This is because these types of partnership face a classical vicious circle of 'no market – no supply, no supply – no market'. The Marine Stewardship Council, for example, encountered this problem soon after its formation and today the tables have turned in a different direction; it faces a problem of potentially not being able to meet demand with supply since there are not yet enough fisheries on board to meet the demands of a mega-retailer such as Wal-Mart (recently joined). This is also clearly a scale and capacity constraint.

The issues of scale and capacity are also strongly linked to the level of ambition of partnerships. For instance, the Roll Back Malaria partnership's ambitious targets (some have even called them 'unrealistic') will necessarily require a vast number of partners and significant resources. Scale is also impacted by the nature of the partnership purposes. By its very essence, the Partnering against Corruption Initiative (which aims to reduce corruption), for instance, has a stated objective of recruiting as many companies as possible. And in best practices partnerships, scale reduces competitive disadvantages:

> *It is important to widen the net and bring in more partners.* (Best practices partnership E, Partner, Private sector)

> *There is a snowball effect where companies that have joined PACI are only wanting to work with others that have also done so (also with their supply chains).* (Best practices partnership E, Partner, Non-profit sector)

> *The food industry is huge and fragmented. Even if we have the big ones on board like Nestlé, Unilever, Danone, McDonalds, we still do not have critical mass.* (Best practices partnership J, Partner, Private sector)

3.3 Organization – how partnerships are set up

In the following paragraphs, we will briefly summarize our key findings on how partnerships emerge and how they are set up. We will consider, in particular, organizational structure, composition, and focus.

3.3.1 Partnership formation

The formation of partnerships is mainly owing to recognition by the stakeholders involved (including companies) that 'solving' issues such as human rights, climate change, public health, and sustainable agriculture is such a formidable and complex challenge that no one entity can appropriately deal with them without buy-in from other groups:

> *The unifying factor is simply that we all have an understanding that we can't change things on our own. Moreover, in the partnership, we have a sense of addressing sustainability in an integrated manner.* (Best Practices Partnership K, Partner, Non-profit sector)

Partnerships can emerge in different ways. We found that many partnerships had materialized in an extremely informal way at their outset with, for example, a set of key individuals from different organizations (and/or sectors) 'bumping into each other' at conferences, or industry forums, while working in the same area of focus. In these cases, the partners had gradually evolved to formalize the partnerships into a more systematic approach.

In more exceptional cases, a highly systematic process had been followed:

> *There was a pretty systematic process in place – including a market and gap analysis. The conclusion was that an international partnership was missing. We then started with fundraising and recruitment.* (Advocacy partnership A, Hub)

We found considerable regret among the participants in several partnerships where members had not been more strategically selected, and pursued from the outset in order to maximize impact and outputs:

> *If we were starting all over again, we should improve qualitative evaluation of commitment before engagement. We would be more strategic in the selection, as well as more targeted in the objectives to achieve. In two years, half of the participants have changed; with this kind of turnaround you lose time and momentum. We had too open a process in the beginning.* (Best practices partnership K, Partner, Non-profit sector)

There are other interesting examples. Although there are several companies that can have considerable impacts on the issue of climate change among the members of the Climate Savers partnership, a strategic selection based on 'more bang for buck' had actually not been carried out in the very beginning of the partnership planning and formation. In the case of the Marine Stewardship Council, to have an important retailer on board with the initiative from the start would, in the view of the partners, have made a considerable difference to the speed and effectiveness of earlier outcomes although, as one partner argued, 'without an already existing market, you cannot engage the retailers'. Notwithstanding this argument, the contribution of a significant retailer, or group of retailers, for example, could potentially have been brought to the table at an earlier stage than was the case. In the case of anti-corruption partnerships we looked at, we observed that many partners joined but without a dedicated commitment to meeting the objectives of the partnership; this is bound to hinder developments further down the road. The result is that some partnerships have been obliged to retrofit stringent participation and accountability criteria.

Organizations, not only companies, but also NGOs, also criticized themselves for the non-strategic nature of their own participation in partnerships:

> *The process of engagement of our organizations was opportunistic and then delegated to one region rather than looking strategically. It was not based on proper assessment.* (Best practices partnership K, Partner, Non-profit sector)

And one prominent US company was consciously sending different staff members to each meeting of one of the best practices partnerships with the idea of 'giving the staff exposure to the partnership', while other members complained that different faces represented different organizations at each meeting, thus jeopardizing continuity and consistency of outputs. Several interviewees of the Roll Back Malaria partnership and the Sustainable Food Laboratory mentioned this aspect as a significant constraint impeding continuity of those partnerships.

The level of expertise and technical knowledge of staff members sent to represent organizations in partnership meetings and workshops was also deemed of great importance. In the area of sustainable agriculture, for example, it is difficult to move forward with a highly technical agenda if communications and public relations (PR) professionals are representing the members at workshops instead of people with more technical expertise. Thus, it is important that companies (and others) strategically select the type of participants that can contribute the most to the development of the partnership objectives (clearly supply-chain professionals in the case of sustainable agriculture, for instance).

But how do new corporate partners actually join up to existing partnerships? Again, there are various ways this can happen. Companies can proactively seek a suitable partnership to help them address a relevant sustainability issue, or to gain the company learning to enable them to act on the issue in a more effective way. We found this to be the case in the area of sustainable agriculture. 'Hubs' of partnerships may actively recruit companies in an effort to build critical mass and momentum behind the partnership's objectives. Furthermore, in many instances, there are previous networks (for example, local and unilateral partnerships) that can establish the necessary link. Some of these unilateral, and sometimes isolated, networks can even benefit directly when a company joins the partnership:

> *Before* [Company] *joined Climate Savers, some facilities had local partnerships with WWF. When we joined Climate Savers, some of these local partnerships actually became stronger.* (Best practices partnership B, Partner, Private sector)

Partners may also bring new partners on board through their own industry networks. We learnt that some companies may even join a partnership simply not to be left out. These partners may even be sceptical about the value of the partnership, and yet feel that they had to join in order to make sure that they can at least either influence the process, or 'keep an eye on it'. We found cases where companies joined a partnership because one or more of its most important customers were already partnership members. Clearly, for a supplying company to be perceived by its customers as 'playing the game' brings a certain level of competitive advantage for that supplier over competitors, and particularly in the eyes of those corporate customers that are actively trying to influence supplier behaviour as part of their own strategy.

3.3.2 Partnership structure

The typical constituents of a partnership include the partnership hub (core staff, steering committee), members/signatories, and donors. We found a range of different organizational functions and units in the partnerships we surveyed although analyzing partnerships from this point of view was not a primary focus of our study, except to the extent that the structure, and chosen functions, did or did not contribute to partnership effectiveness. Obviously, the longer a partnership exists, and the greater resources it has at its disposal, the more differentiated the design of the partnership hub. Alongside the hub manager (who, depending on the scope of the partnership may be nominated as a manager, director, or even chief executive officer (CEO)), it may include:

- High-level committees (referred to as steering committees, advisory boards/councils, for example) and teams responsible for acting as sounding boards and providing strategic guidance. They also further ensure implementation at the member level.
- Technical functions, committees, and working groups focusing on complex technical issues (discussing best practice, standard characteristics) at a detailed level.
- Typical support functions such as marketing and/or communications.

There were human resources overlaps across some of the partnerships. For example, we observed that the same individuals can sit on high-level/steering committees of different partnerships related to the same area of focus. In other cases, the same representatives of partners were active across two or more partnerships. We found, for example, that in some instances the same major food company representative would attend both the Sustainable Agriculture Initiative platform and the Sustainable Food Laboratory meetings. Since the Sustainable Agriculture Initiative is more of a Europe-based initiative and the Sustainable Food Laboratory is significantly more US-based, in this way the company can ensure that it covers the full waterfront of activities in as many zones as possible.

Overall, our interviewees considered the effectiveness of the partnership hub as critical to the success of a partnership since it takes on an important monitoring role, ensuring that the partners remain on track and in helping them to push the partnership along. The role of the hub includes setting and enforcing rules of engagement, convening and organizing meetings, responding to concerns, acting as the public face of the partnership, and so on.

Typically, partnership hubs we came across consisted of no more than a handful of people. This also hints at a potential resource weakness if the hub size does not correspond to the complexity of the task, and the number of members it has to satisfy. In fact, many of our interviewees identified this as a weakness:

> *Without a strong secretariat, it is very difficult to get things done. Our secretariat needs to be significantly strengthened; it needs more staff and more financial support. The problem with these associations is that they are consistently under-funded.* (Best practices partnership J, Hub)

> *There are too few resources being placed in this partnership in relation to the overall objective; CEOs just simply have to put in the necessary resources; we have now reached a critical make it or break it moment.* (Best practices partnership J, Partner, Private sector)

This evidence bolsters the importance of establishing strong operational networks so as to access third-party resources, and to be able to broker knowledge of experts. Moreover, not every partnership we surveyed actually had a 'physical' hub or secretariat. For example, the Voluntary Principles suffered a setback of at least 18 months owing to lack of an established secretariat. Without it, thorny issues, such as compliance to partnership objectives, were left unaddressed because no single partner was in a position to police the other partners. A steering committee was finally established in 2003, and a formal secretariat in 2004, with the tough initial task of bringing the process back on track.

Virtual hubs are not uncommon in the early phases (or even later) of a partnership since the focus of activities is often on supporting working groups and high-level committees, while administrative and operative functions (such as communications) can be outsourced. We noted that it is critical to the success of a partnership to recognize when it is time to establish the 'hub' more formally; we came across participants in partnerships that felt that in their particular case, the existing virtual hub urgently needed to have a more visible and established presence. In such situations, thought needs to be given at an appropriate stage as to whether it behoves the partnership to be more firmly established in one location. A virtual hub may end up reinforcing an impression among partners of a fragmented and rather ungrounded approach. The more sophisticated and ambitious the aims and objectives of the partnership, the more the validity of a virtual-hub approach must be called into question.

What we have gleaned from the various partners involved in partnerships with weak hubs was that this failing can significantly slow down progress in achieving the partnership goals. Also, as partnerships evolve, the constitution and framework of its hub needs continuous review to ascertain whether it still retains the capacity to fulfil its evolving facilitation and communication outreach roles, in line with the progression of partnership goals.

3.3.3 Partnership focus

Most of the partnerships we encountered, and surveyed, were operating either at the national (in the EU quasi-national) or international level, and not so much at the regional level. Some had adopted a mixed approach through the creation of national 'satellites' moving toward a more international centre. We observed that a national set-up facilitates a more focused mission since it can be based on more homogenous compliance levels, regulation, culture, and language:

> *Our group members have a cultural background from Nordic or Anglo-Saxon countries or the Netherlands. We would not work as well if we also had members from Germany and Mediterranean countries on board – due to different priorities and language barriers.* (New business partnership A, Partner, Private sector)

Operating across countries and regions adds to complexity, notably due to language, cultural differences, and various levels of development, organization, and infrastructure:

> *The perception of corruption varies in different countries; therefore it's a challenge to align everyone.* (Best practices partnership E, Partner, Private sector)

This applies, in particular, to policy design since detailed input to policy-making requires a national, or even regional, partnership focus. A global partnership such as The Climate Group, and perhaps (to a lesser extent) the Climate Savers, only makes sense if it focuses on a pattern, process, or output that applies across its wide range of members – for example, developing emission inventories, promoting a cap and trade system (without defining its details), setting emission reduction targets for facilities, products, and building the technical and managerial capacity to meet or exceed them.

A stronger national focus can also be linked to certain focus areas. According to our interviewees, partnerships in the public health sector, for example, appear to be more easily managed and meaningful at a national or regional, rather than at a global level. Some interviewees argued that working on both levels is necessary, noting that global level 'awareness raising' partnerships are important in the public health area. This is particularly true if complemented by local level 'hands-on' partnerships that help to deliver health care where it is needed. On the other hand, global partnerships in the areas of human rights, or sustainable food, are meaningful since the fundamental challenges are similar across regions and countries; levelling the global playing field may also mean that the competitive disadvantages of being proactive may be greatly reduced. However, in the case of the Sustainable Agriculture Initiative, the establishment of a handful of national chapters is indeed helping to build momentum behind the global objective.

Partnership missions and set-ups change over time, adjusting to changes in the political debate, in actual policies, the achievement (or non-achievement) of earlier objectives, or as a reaction to internal challenges. What became increasingly apparent during our research is the fact that partnerships go through a natural maturing process and may in fact decline if they do not remain dynamic and retain the capacity to adjust to changing circumstances. Adjustments may include vertical or horizontal integration, diversification, and so on (see Section 3.5 for more details) to accommodate increasingly diverging agendas and gradually reaching a critical mass.

3.4 Action – what partnerships do

In this section, we aim to shed more light on the key activities of the partnerships we focused on. While activities are closely linked to partnership missions, we established that all partnership missions have at their core two fundamentals: On the one hand, capacity-building, and on the other, engagement and dialogue. Fund-raising is also a key aspect of most partnerships, since resources are often scarce. In the following sections we explore the following key activities in more detail:

1. Generating, securing, and sharing technical and managerial knowledge (capacity-building) in order to formulate and employ best practice, to develop and test new business models, or to define new standards or labels. For example, partnerships develop corporate goals (such as emission reduction targets) and establish new processes (for instance, emission inventories, or best practices standards/guidelines for farming different crops). To enable accessibility of technical and managerial knowledge among partners, proper documentation and processes need to be developed around, for example, proliferation of partnership outcomes, or succession planning.
2. Engagement and dialogue ranging from the simple sharing of information in a partnership (via communicating partnership progress to key stakeholders in, for example, task forces or working groups, or on membership internet sites) to direct media-based lobbying (in most instances advocacy to call for climate change legislation).

3. Fundraising, which may occur in various ways: Membership fees, donations (private and/or public, members and/or non-members), and so on.

We noted that key activities shift over the different life cycles of partnerships. This is particularly obvious in the case of standards and labels partnerships. Once the standard or the label is developed, the focus shifts to marketing, fundraising, and to brand-building and maintenance.

3.4.1 Generating, securing and sharing technical and managerial knowledge

Partnerships generate and share technical and managerial knowledge using several platforms. For example, the credentials of a trustworthy, independent and knowledgeable institution, and/or skilful facilitation create a context in which partners are willing to share existing knowledge:

> *We are part of the World Bank, and hence, we are seen as a well-placed facilitator, as an 'honest broker'.* (Best practices partnership C, Hub)
>
> *The partnership acts as a forum where issues can be raised, a sort of convener and clearing house.* (Best practices partnership I, Partner, Private sector)

The multilateral aspect of knowledge sharing should not be underestimated, even if the partnership is convened and facilitated by an organization that is able to devote specific resources to knowledge generation:

> *Overall activities are more multilateral* [multiple companies] *than bilateral* [company with EPA), *the CL* [Control Language] *program is a network, EPA is convener, they offer certifiers.* (Expert, Private sector)

Some partners consider facilitation a first step – introducing them to key stakeholders, with whom they can then continue to cooperate on a bilateral basis as well:

> *The EPA brought the companies together: Facilitated peer learning, sharing of best practices. Many of our suppliers joined the program, the EPA provided the necessary platform; once you have a certain understanding,*

> *you can continue on a 'one to one' basis.* (Best practices partnership A, Partner, Private sector)

Bilateral (or trilateral) exchanges become particularly relevant in the case of larger scope partnerships such as Roll Back Malaria. But regardless of the concrete exchanges that may occur on a bilateral basis, many interviewees highlighted the importance and value of participating at annual (or quarterly) meetings as a means of remaining abreast of key developments in the particular focus area through this multilateral exchange.

If the required knowledge and expertise does not exist within the partnership itself, it can be brought in through brokering (bringing in a third-party that has the requisite knowledge) and research and development (either 'in-house' or contracted) to generate the knowledge. Brokering can be a highly efficient mechanism because by using this method, expert knowledge can be tapped rather than having to be generated by the partnership itself:

> *If we have no knowledge within the group about a certain technology or project for example, we will invite an external expert.* (New business partnership A, Hub)

However, it may require a broad and functioning network to identify and contract adequate experts.

Finally, partnerships employ research and development in various areas. They include feasibility studies (for pilot projects), market research (to identify key stakeholders and technologies, for example), and the development of new business models, processes and standards/labels backed up by market research, for example:

> *Internally we conducted research in green power markets, trends and issues, for example, the offering of renewable energy companies. We came up with a list of credible suppliers of green power.* (New business partnership A, Hub)

> *We developed our own methodology for the standard. We established a technical committee to do this and incorporated input from industry, trade unions, NGOs, and other administrations.* (Quasi-regulation partnership B, Stakeholder, Public sector)

> [A partner's] *role is to do the research and raise the issues with relevant institutions.* (Best practices partnership H, Partner, research institute)

Ideally, in best practices and new business partnerships, the generated knowledge is turned into practice rapidly. A successful implementation on the ground, and thus a high potential to replicate processes and business models elsewhere, is the ultimate litmus test:

> *The key activity in our view is project implementation (concrete action on the ground); once the feasibility study is completed, we'll take it to the Nigerian government and potential (local and international) investors.* (Best practices partnership C, Partner, Public sector)
>
> *BLIHR helps to join the dots on lots of things that we do relating to human rights.* (Best practices partnership D, Partner, Private sector)
>
> *We need a clear picture of challenges and meaningful outputs. When the pilot projects are finalized, we will have a sustainable practices manual and a toolbox; the elements of a strategy for wider application. Once this is done, there will be future needs where further research will be essential.* (Best practices partnership K, Private sector)

In theory, knowledge generated within the partnership is documented so that it can be used to its full potential. This means that it should be passed on where it is needed, spread throughout the individual partner organizations (and beyond). In this way, key learning points may also be used in other partnerships:

> I*t is important to document and promote success stories. In all success stories there are various parties affecting and affected by the success.* (Best practices partnership I, Partner, Private sector)

The stronger the emphasis is on capacity-building, the more critical this kind of knowledge management becomes. Naturally, it is therefore of greater importance to best practices and new business partnerships, and of less importance to advocacy partnerships:

> *When new ideas emerge they are widely and rapidly diffused within the partnership (it is a good way to find out about innovations).* (Best practices partnership I, Partner, Research institute)
>
> *We do things that we are proud of but can't continue doing only by ourselves; it is just not competitive if we don't get others on board. We want to share things that we have learnt...we have coffee guidelines, cocoa*

> *guidelines. We want feedback on the processes – we want cross fertilization.* (Best practices partnership J, Private sector)

3.4.1.1 A formidable challenge

Our interviews suggest that securing and transferring learning is a major concern, since it is largely based on soft factors and organizations often lack the necessary time and resources to assure this transfer (this is obviously a question of setting priorities against the daily business). At the end of the day, we observed that learning transfer does not rely so much on documenting systems and processes but rather on the engagement of experienced and well-connected individuals that provide the requisite continuity:

> *Securing and transferring key learning is a major problem and constraint for us, due to normal job fluctuation: Crucial people within the network leave. Naturally, the personal networks of departing personnel are, to some extent, lost.* (Expert, Non-profit sector)

> *We try to consolidate our learning through rough position papers and events. However, nobody documents success factors. There is little self-reflection, in particular if the partnership lacks continuity.* (Expert, Private sector)

> *This is a fairly informal process based on quarterly assessments, summaries for annual meetings. It is difficult to consolidate learning since almost any program is hero-driven.* (Best practices A, Partner, Private sector)

3.4.1.2 How to meet it

There is no 'silver bullet' to meet this challenge. However, our interviewees pointed to a range of options that may complement each other. They include: (1) the involvement of third parties (for example, consultancies); (2) a conscious decision (time- and staff-wise) to systematically document key learning, by creating, for example, 'centres of excellence' around the key learning; (3) regular reviews and contact with participants in, for example, pilot project initiatives; and (4) business relevance (that is, potential replication across other business units):

> *A comprehensive analysis ('meta-analysis') requires meta-institutions, such as consultancies, research institutions. Only they have the necessary overview.* (Expert, Private sector)

> *We set times for capacity-building and sharing knowledge; we create working groups (not just one person) to be able to document processes and results, and to have records.* (Expert, Non-profit sector)

> *My predecessor did a strategic review which was important and very useful. Furthermore, we have a continuous exchange with staff. Consolidated results are then fed into related programs and shared with other facilitators.* (Advocacy partnership B, Hub)

The level of expertise existing within the partnership is also very much a contributing factor. For instance, within the Access to Healthcare partnership, the presence of research institutes that have a strong empirical approach to the activities of the partnership helps to secure credibility and learning, but also ensure its eventual transferability.

3.4.2 Engagement and advocacy

Various activities fall under this category: Market outreach, event management, press releases, working with partners on internal and external communication, updating and expanding websites, and so on.

This core activity is also carried out at different levels of intensity and by using different means. Whereas it is the *raison d'être* of advocacy partnerships and quasi-regulatory partnerships (once the standard and label has been defined), it is less important in best practices and new business partnerships. In the latter two cases, communications outreach is seen as a means to recruit new members, get positive media coverage, and the like.

However, our interviews suggest that advocacy is being discussed as future strategy within partnerships in general since the proliferation of certain business practices and models can be sped up through new legislation. This can create first-mover advantage for partners (relative to their outside peers). We will provide more details on this activity in Section 3.5.

Thus, we detected a trend towards increased advocacy activities over the life of partnerships. This is plausible because a more outspoken approach requires building managerial and technical knowledge (and the resulting confidence) first and foremost:

> *Our partnership group focuses on capacity-building (80 per cent) and – increasingly – the policy debate (20 per cent).* (New business partnership A, Hub)

Advocacy includes various activities such as studies, press releases, interviews (indirect advocacy by, for example, naming and shaming), as well as hearings and consultation processes in which key individuals and institutions are approached directly (direct advocacy):

> [Company X] *responded to our request that* [the partnership] *was not representing any meaningful authority. We forwarded this e-mail to our key clientele – copying* [Company X] *on the e-mail.* (Quasi-regulation partnership A, Hub)

3.4.3 Fundraising

The importance of fundraising depends upon the size and activities of the partnership, and the potential access to secured funding; a membership fee scenario, for example, can greatly alleviate the need to divert scarce and valuable human resources to a search for ongoing funding. This applies, however, only as long as the fee corresponds to the requirements of activities related to the established goals:

> *Funding is not really an issue, since the partnership is funded by membership fees.* (Advocacy partnership B, Hub)

> *The initiative is heavily under-funded in relation to what the organization could potentially do. There are two alternatives, either increase the membership fee for existing members or increase the membership itself.* (Best practices partnership J, Partner, Private sector)

If membership fees inadequately cover financial needs, we observed that one of two things happens: (1) attention gets diverted to seeking alternative funding; or (2) the partnership begins to lose credibility owing to unaccomplished goals and slow progress:

> *But the partnership just simply has to deliver; otherwise, you will get companies backing out. This is happening as we speak.* (Best practices partnership J, Partner, Private sector)

Several interviewees acknowledged that they had underestimated the significance of financial bottlenecks and, in retrospect, would have put greater emphasis on fundraising:

> *We lack funding: GS generates revenues from GS-certified projects. At the moment, there are many projects in the pipeline, but only few have reached the stage of generating revenues for GS. Hence, we will overspend in the near future and we are only able to do that due to strong financial support from WWF.* (Quasi-regulation partnership B, Hub)

> *With hindsight we should have started fundraising earlier (2004–2006): I was without a salary for five months. I put a mortgage on my house and billed the interest to* [the partnership]. *The lack of funds clearly held us back.* (Quasi-regulation partnership A, Hub)

> *The biggest barrier for us is the uncertainty over long-term funding.* (Best practices partnership I, Partner, Private sector)

3.4.4 Homogeneity of partnership activities

We identified clear differences in the homogeneity/level of partnership activities:

- Human rights and climate protection primarily take place at the pan-industry level. This is because human rights issues are linked to certain locations (for example, in so-called 'failed states'), and climate change risks are linked to virtually any economic activity (since energy is required); in both cases, the specific industry involved is of lesser importance.
- While the majority of initiatives in public health tend to be driven by the pharmaceutical industry, some of the larger partnerships, such as the Roll Back Malaria partnership, are much more inclusive (location rather than industry is the most relevant factor). This is because some high profile public health issues are of relevance to all industries operating in countries where there are significant risks.
- In the case of sustainable food, we ascertain a logical industry approach that has a clear supply-chain orientation. This has two principle reasons: (1) a highly complex supply chain (for example, thousands of small farmers many of whom are poverty stricken and living and working in developing countries) implies that the issue of sourcing is the key challenge; and (2) the ability of almost every player along the value chain to decisively influence the outcome of the initiative (for example, the role of retailers as the gatekeeper).

The level of homogeneity is bound to have a strong influence on partnership activities and outcome. For example, the greater the complexity at the partnership level (for example, the number of actors, or the diversity of sectors involved), the more difficult it is to build consensus. Conversely, the more homogenous industry partnerships may suffer from a lack of trust – especially if the business relevance of the area of focus increases, and thus introduces a competitive element to the partnership. There is a great learning value in partnerships that bring together a mix of actors that would not necessarily have the opportunity to otherwise interact. This is the case for instance in the Business Leaders Initiative on Human Rights partnership where the partnership acts as a convener for unlikely partners. Nonetheless, the drawback is the steeper learning curve that implies more effort, time, and resources.

3.4.5 A look across the four partnership approaches

We have already pointed to some approach-specific nuances in the previous paragraph but would like to complement this with a more systematic comparison of the partnership approaches (see Tables 3.1 and 3.2).

New business partnerships focus on managerial and technical capacity-building. There is little external communication and advertising given that most projects of this nature are primarily still in a pilot stage (as is implied by 'new' business development). However, increased focus on advocacy – meaning engagement in the public and political debate – does appear to be on the agenda to leverage a new business partnership's pool of knowledge, and call for more supportive legislation. For example, in Tetra Pak's partnership involving a school feeding program in Nigeria, the company and the Global Alliance for Improved Nutrition have lobbied the Nigerian government to make school feeding programs mandatory across the country; such a move would greatly increase the corporate business case for rolling out involvement beyond the first test case of Nasarawa state. In Cambodia, the Heineken-Care partnership has actively sought to engage the government and local industry groups in order to ensure that its objectives of protecting the health of beer promoters is broadened to cover promoters of other

Table 3.1 Core activities – by partnership approach

New business	Advocacy	Quasi-regulation	Best practices
Focus: Capacity-building to develop new business Little communication and marketing since still in a pilot/business development mode	Focus: Communicating with key stakeholders Capacity-building to support informed discussion, particularly important to policy design	Switching focus: From research and development to marketing and brand-building	Focus: Knowledge transfer and capacity-building to define and implement best practices Complementary: Partnership advertising and advocacy

Table 3.2 Future focus – by partnership approach

New business	Advocacy	Quasi-regulation	Best practices
More external communication and advocacy	Uncertain; possibly monitoring policies and their implementation	Continued marketing and brand-building	More external communication and advocacy

beverages in the country; this would also clearly level the playing field for Heineken.

Advocacy partnerships focus on lobbying with key stakeholders (primarily governments and businesses). But capacity-building is needed to support informed advocacy. This applies, in particular, to *policy design* partnerships since they contribute to the policy discussion at a much more detailed level than *policy demand* partnerships. Thus, it follows that the introduction of adequate regulation ultimately makes advocacy partnerships obsolete. Our interviewees were uncertain as to the post-regulatory role of such partnerships; some envisaged the end of the partnership, whereas others foresaw a potential role in monitoring policies, and their implementation. At the time of data collection, we did not come across a partnership that had as yet reached this stage due to the fact that legislation was only emerging (particularly in the EU).

Quasi-regulatory partnerships start off with a clear focus on research and development in order to define a solid and credible benchmark. Once the standard or label has been introduced, the focus will inevitably switch to marketing and brand-building.

Finally, best practices partnerships concentrate on managerial and technical capacity-building, so as to define and implement best practices (sustainable agriculture standards, emission inventories, ambitious emission reductions, corruption checklists, and so on). However, compared to new business partnerships, external communication and, in particular, advocacy takes a more prominent role. This is essentially because best practices are somewhat closer to the mainstream, and thus hold greater immediate relevance to stakeholders in the short term:

> *For the partnership to survive, the most essential steps are to build a functioning secretariat with an adequate budget, and a program that includes public communication.* (Best practices partnership J, Hub)

3.4.6 Emerging trends

Partnership activities are clearly shifting – some in an accelerated manner, and others less so; it largely depends on the area of focus. In some areas, such as climate change, major strides are being made in research (notably in technical options to absorb carbon dioxide, or to reduce emissions) and this has implications for partnership objectives, and choice of new partners. For example, emission reduction currently focuses on manufacturing and logistics activities. It is clear to us that in the future, partnerships focusing on climate change will also look at embedded energy – emissions along the entire value chain. This will also imply, in many cases, a need for geographical expansion and for annexing expertise in new industries and regions. Other areas, such as public health or human rights, may also be driven by global milestones, such as the MDGs (for public health) that have a 2015 target, or the anniversary of the human rights declaration in 2008. Such milestones serve to provide renewed impetus, and possibly new focus, for partnerships.

3.5 Outreach – how partnerships boost their influence

In the following paragraphs, we highlight the activities, current and potential, around the challenges of strengthening partnership influence.

3.5.1 Communication and outreach

Some of the most fundamental activities supporting partnership roll-out are communications and marketing efforts. And in many cases, it is the partnership hub that organizes PR campaigns and lobbying activities.

We observed that communication and marketing hold varying levels of importance across the partnerships surveyed; this is obvious because communication is an integral part of an advocacy approach, for example, but only a support activity in other partnership approaches:

> *We do engage in media, but we have no need for a big communication program.* (Advocacy partnership B, Hub)

> *One of our key priorities to date is marketing and communication to promote our standard.* (Quasi-regulation partnership B, Hub)

The importance of communication activities not only varies across some approaches but it also tends to be partnership-specific. For example, communication is less important in the Green Power Market Development Group, a new business partnership, whereas Tetra Pak's

School Feeding partnership engages in stronger external communications primarily to get buy-in from the government (as an essential success factor). In this particular case, the higher the public profile the partnership has, the more politically risky it becomes for the Nigerian government to let the project drop off its list of priorities.

We also found a clear variation in the communication focus across partnership approaches: Advocacy and quasi-regulatory partnerships are more outward looking, whereas best practices and new business partnerships (notwithstanding the example of Tetra Pak mentioned above) tend to be more inward-looking:

> *Within companies, X is working with a number of in-company communications teams to contribute to raising awareness within companies.* (Best practices partnership E, Partner, Foundation)

Partners also engage in their own, tailor-made communication activities. While ideally communications should be a coordinated effort, not all partners are equally keen to achieve outreach themselves. It seems that companies have different preferences depending on a range of factors including organizational culture (outspoken vs. reserved) and level of confidence (based on their own perceived position on the learning curve). It also became very clear that some companies join partnerships for the primary purposes of communication and PR:

> *We are one of the founding partners of the program; most of the processes were already institutionalized. Hence, roll-out for us was more about reaching out to an external audience.* (Best practices partnership A, Partner, Private sector)
>
> *We currently have an internal focus. If we were more advanced, we would be more outspoken, and this would also improve our license-to-operate.* (Best practices partnership B, Partner, Private sector)
>
> *There is not a huge amount of communication: We only recently joined this partnership and we would not start shouting without actually having done something.* (New business partnership A, Partner, Private sector)

In fact, some companies may ‘use’ the partnership to do lobbying on their behalf because they do not want to do it unilaterally:

> [Our partnership] *provides a way of ‘de-personalizing’ the issues.* (Best practices partnership F, Partner, Private sector)

However, we point out that it is important to avoid inconsistencies between corporate and partnership communication, as stakeholders can pick up on this, and it may undermine the partnership's credibility. Such inconsistencies are more likely to happen when accountability criteria are unclear which leaves room for different interpretations by partners regarding their level of 'success' within the partnership. This has happened in the cases of both the Voluntary Principles and Extractive Industries Transparency Initiative, for example.

3.5.2 Internal vs. external roll-out

Roll-out can have very different meanings, depending upon partnership context. Roll-out may take place within the existing settings of partners, and then include activities to promote and advertise partnership activities to other players, for example, through rallies supported by the partnership hub, or through the corporate owner/standard bearer of the partnership:

> *Internally, we work with energy buyers and CSR people on green power affairs.* (New business partnership A, Partner, Private sector)

> *Internally, we aim to increase the amount of renewable energy being consumed. Externally we try to influence the 'three sectors': Industrial and commercial companies, suppliers of energy and component manufacturers, and market shapers (politicians and regulators).* (New business partnership A, Partner, Private sector)

> *There has been a ripple effect within* [Company] *with departments approaching things in a different way because of BLIHR.* (Best practices partnership D, Partner, Private sector)

In cases where some of the existing partners are not fully on board, roll-out may simply mean ensuring that those partners do adhere fully to the partnership. For instance, while the Extractive Industries Transparency Initiative has over 20 government members, during our interviews it became clear that corporate partners feel that many of these public sector partners are not fully engaged in the partnership. Therefore, rather than seeking to engage new partners, the Extractive Industries Transparency Initiative needs to ensure that the existing ones buy in more to achieving the mission and objectives of the partnership. As a result, and since our interviews were completed, the Extractive Industries Transparency Initiative has divided its country members into 'Candidate' and 'Compliant' countries and defined specific steps that must be completed in order to achieve compliance.

Partnership influence can also be strengthened through external expansion, that is, by recruiting new members (also in new geographical locations), and by taking on board new activities:

> *Roll-out is about engaging new countries. There are potentially about 50–55 countries where the extraction of natural resources is important. Of these, only about half are currently members.* (Best practices partnership F, Partner, Non-profit organization)
>
> *It needs to move from being a private exercise to something more universal.* (Best practices partnership D, Partner, Private sector)
>
> *Our partnership is replicating as we speak. We are setting up national entities but we will retain the global entity.* (Best practices partnership J, Partner, Private sector)

Our respondents had different views about the need to expand their partnerships. This is dependant on a variety of factors, such as the partnership approach and corresponding external barriers. As an example, one of our new business partnerships had discussed the possibility of establishing offices in Asia; national settings, however, may fail to provide significant incentives for new products and business models.

We identified three different external roll-out strategies, namely integration, internationalization, and diversification, and we expand on these strategies below.

3.5.2.1 Integration and internationalization

Integration can be an extremely effective means of achieving several goals such as leveraging partnership learning to date or increasing partnership size, thus strengthening legitimacy and power. The two integration strategies we came across were as follows:

- Horizontal integration. This could include, for example, upstream emissions (such as those embedded in products purchased), or downstream emissions (emissions associated with sales logistics and product disposal):

  To date, our emission reductions have focused on manufacturing and logistics. In the future, we will also look at embedded energy. (Best practices partnership B, Partner, Private sector)

- Vertical integration. The case of US Climate Action Partnership is an example of this where after a period of fast (and less controlled) partnership growth, the partners then moved to focus strongly on getting key industries, in particular automotive, on board:

> *Initially, we did not have enough time and focus; we lacked detail on key industries. Now that we have GM, Chrysler and Ford on board, we can do more in that area.* (Advocacy partnership C, Hub)

In the case of the Marine Stewardship Council, once a viable market for sustainable certified fish was created, it became possible to consolidate a partnership with a significant retail outfit such as Wal-Mart. This allowed for a 'giant step' forward in terms of the credibility and effectiveness of the partnership and also compensated for the fact that, by that time, Unilever had greatly reduced its fish business and was no longer such an active player. The sustainable agriculture initiatives were also trending towards being more inclusive so as to incorporate input industries and retailers as well as food and beverage manufacturers.

Similarly, one of our interviewees suggested that the activities and learning from the Extractive Industries Transparency Initiative partnership could easily be replicated in other natural resource industries such as fisheries and timber.

In many instances, integration – in particular if vertical – leads to internationalization since new geographical areas may have to be covered. This can be a substantial challenge in cases where the value chain is complex and suppliers in developing countries are lacking the requisite technical and managerial capacity.

But internationalization may also be a strategy of its own. This applies to advocacy and new business partnerships in particular; but also, we found, in certain best practices projects (such as those around sustainable food): By founding satellites in other locations, partnerships hope to be more effective through a location-specific approach tailored to the local legislation, culture, and capacity. Thus, for example, the Business Leaders Initiative on Human Rights partnership was emulated for Francophone countries and companies when the 'Entreprises pour des Droits de l'Homme' was founded in March 2007:

> *We formed the EU CLG to have better influence at the European level.* (Advocacy partnership B, Hub)

Once it had acquired substantial experience in business-driven school feeding programs in Asia, Tetra Pak made a conscious decision to transfer that learning to an African context. However, along the way the company found that while important lessons from their Asian experiences were indeed valuable for what they would do in Africa, the very specific conditions of Africa also called for a tailor-made approach.

A location-specific strategy also sets a partnership on to broader foundations. For climate change, this is a factor that may become much more significant in the future when it comes to developing a more stringent international legislative framework. An internationalization of advocacy partnerships may also occur without necessarily implicating the foundation of satellites; this can happen when the advocacy approach includes both a national and international dimension. For example, the US Climate Action Partnership is providing input to the US political debate on how to navigate towards international climate change legislation:

> *Our current focus is on national policies. But we also suggest how the US could navigate in an international legislative framework.* (Advocacy partnership C, Hub)

3.5.2.2 Diversification

Another option for external partnership roll-out is diversification. The US Climate Action Partnership, for example, has ventured into areas initially untouched by the partnership – such as policies on energy efficiency not to mention carbon capture and storage. Diversification may also result from forming subgroups that have special shared interests; we refer to this as 'spawning'. For instance, in the Green Power Market Development Group (Europe) only a subset of members decided to bundle their demand for green power to secure good prices. This focus also emerges as partnerships grow and consolidate. The Sustainable Food Laboratory is also a good example of diversification; the partnership is fashioned around six broad and highly diverse thrusts:

- **Responsible Commodities Initiative** (**RCI**): To provide tools to help system actors make better-informed decisions that support sustainable commodity markets.
- **Business Coalition Initiative**: To establish standards of excellence in social, economic, and environmental responsibility.
- **Fisheries Initiative**: To focus on the sustainability of fisheries policies, and fishing practices.
- **Food for Health (F4H) Innovation Initiative**: To focus on improving the health and education sectors of public and private institutional food systems in Europe and North America.

- **Framing Initiative**: To understand the thought processes around food and the consumer perception barriers to buying more sustainable options.
- **Sustainable Livelihoods Initiative**: Focused on improving the competitiveness and sustainability of small-scale farms, and farming cooperatives in Central America.

In this case, diversification is viewed as the only way in which difficult problems (such as consumer resistance and competitiveness of small farmers) along the supply chain can be tackled concurrently, in order to propel an accelerated and sustained move towards sustainable agriculture and fishing. As such, this is certainly a holistic approach, yet we came across participants that felt that with so many issues on the agenda, it is currently too easy to get diverted into areas that are not going to make an impact at the end of the day. Overall, partners interviewed believed, for example, that the business coalition of the Sustainable Agriculture Initiative was one that was likely to move the agenda most rapidly – given the strength of the players, as well as the fact that industry participants were solely involved in that initiative (thus no need to meet diverse agendas, as was the case with the Sustainable Food Laboratory initiative).

However, diversification may also be the only way to approach major tipping points in partnership development, for example changes in legislation, reaching a critical membership mass, eroding consensus, or flattening out learning curves. Such tipping points may call for changes in both mission and activities:

> *Once regulation has been introduced, we may enter other areas for example, facilitating implementation of measures and policy analysis; are climate change policies working is a question that could be asked, for instance?* (Advocacy partnership B, Hub)

3.5.2.3 Alliances

Overall, we found that the level of cooperation across different partnerships is far from overwhelming, even in the area of climate change, where a proliferation of partnerships has emerged in recent years. Cooperation tends to remain largely informal and ad-hoc, essentially due to personal relationships. The nature of cooperation may be limited to exchanging information, and writing letters of support for one another. In the area of sustainable food, we were surprised to discover the lack of awareness among partners involved in the more recently established US-based Sustainable Food Laboratory about the Sustainable Agriculture Initiative (more European-based but certainly more established and further along with some established objectives and activities that would interest, for example, Sustainable Food Laboratory's Business Coalition) and indeed, vice-versa. Nearing the end of our period of empirical research, we learnt that a Memorandum of Understanding (MOU) was on its way to being signed between both initiatives with a view to capitalizing on the obvious synergies. However, it was also interesting for us to find that corporate partners we interviewed from the Sustainable Food Laboratory had, for the most part, not reviewed the universe of sustainable agriculture partnerships before deciding to join the Sustainable Food Laboratory. This was an indication to us that there is an opportunistic, rather than strategic, nature of the approach to partnership alliances in food and beverage companies.

In a few instances we found a more formal collaboration, in which one partnership was virtually 'nested' in another partnership. For example, the Green Power Market Development Group (Europe) is convened by the World Resources Institute (WRI). The WRI and The Climate Group collaborate to achieve outreach to large energy users, build networking opportunities, and communicate successes of the partners. Also, some partnerships, such as the Extractive Industries Transparency Initiative and the Voluntary Principles, have very similar partners, and therefore, there is some natural cross-fertilization.

There are several reasons for the identified absence of collaboration. These include rapid partnership growth and lack of resources, but also intended demarcation so as to, for example, maintain focus and consensus, as well as credibility:

> *If you play in my sandbox, my sand changes colour. We collaborate with The Climate Group. This is sometimes difficult because we talk to different audiences. The Climate Group talks about moral duties of companies. We talk about the need for transparency for investors.* (Quasi-regulation partnership A, Hub)

> *We have no links to other partnerships. We prefer to operate totally independently.* (Advocacy partnership C, Hub)

> *When different people talk about different objectives, it is easy to lose the focus that the partnership should have.* (Best practices partnership K, Partner, Private sector)

However, it appears that cooperation and alliances will increasingly be a trend for the future. The Sustainable Agriculture Initiative/Sustainable

Food Laboratory MOU is an example. Another is the fact that the Corporate Leaders Group on Climate Change aims to build and strengthen links to other stakeholders (NGO community) and industry associations, but also to partnerships such as the United States Climate Action Partnership (US-CAP), the EU Climate Leaders Group, and the German initiative 2°.

Overall, it appears that partnerships with a focus on engagement and dialogue (advocacy) and best practices, are in general more inclined to cooperate with other partnerships. This is essentially because their *raison d'être* is to disseminate best practices, technology, or to influence the wider policy arena by reaching critical mass.

3.5.3 Quantitative and qualitative growth

There is a fine line between recruiting a vast number of partners (quantitative growth), and maintaining 'quality' in the partnership by limiting it to dedicated and responsible partners:

> *For us, quality of the participation is more important than quantity of participants.* (Best practices partnership E, Partner, Non-profit sector)

It is particularly important to some partnerships (for example, in the area of new business and, as mentioned above, best practices) to build up scale. For instance, the Partnering Against Corruption Initiative partnership has to a large extent sought to recruit a vast number of partners, as has the Extractive Industries Transparency Initiative. Some interviewees expressed their concern that the more numerous and diverse the players, the greater the risk of the partnership as a whole gravitating towards a 'lowest common denominator'. In the Sustainable Food Laboratory there is a large diversity of actors engaged in the partnership and this was a topic that was clearly creating significant discomfort among the Sustainable Food Laboratory interviewees. On the other side of the issue, some partners saw the main value of their partnership as being the engagement of as many partners as possible – the argument being that at a later stage, and once critical mass has been achieved, the emphasis can then move towards raising the bar.

Whether interviewees preferred a more qualitative than quantitative approach to partnership growth depended on what they were expecting from the partnership, which, as we said earlier, may differ from partner to partner. On one hand, for example, NGOs are highly concerned with qualitative outputs since they are primarily focused on the effects of the partnership on the issues at hand. Some companies may not only be concerned about this, but also on the impact that the partnership may have on corporate culture and behaviour. On the other hand, there are also companies expecting very definite technical outputs also (for example, in the best practices arena), and participants are likely to become frustrated quickly if more and more players likely to 'derail' a process come on board. These players consider it essential to the very survival of the partnership to ensure that there is strict accountability, and only those willing to respect a certain number of 'ground rules' should be permitted to join:

> *Initially, we were anxious and trying to identify how we got to where we were. It was impossible; some organizations were gone by the next meeting. We needed to see greater commitment with companies willing to give attention to equity in specific chains.* (Best practices partnership K, Partner, Non-profit sector)

Many interviewees noted that rolling out the partnership internally within existing partner companies was preferable to rolling it out externally by expanding to new partners. For instance, many interviewees criticized the Roll Back Malaria partnership for having prematurely expanded before consolidating its strategic focus and defining deliverable results. An increase in size may negatively affect the group's effectiveness; with size comes increases in diversity. At the very least, existing members may be thrown out of their 'comfort zone' and be unhappy with having to adjust the speed and focus of the partnership. Some partners may also find that there is a certain toll if new partners turn out to be 'free-riders'. This causes problems of accountability, and risks de-valuing the entire partnership. We certainly found this to be true in the case of the Extractive Industries Transparency Initiative, but also in other cases:

> *We never wanted a huge number of partners. We wanted to establish and promote one model company for carbon emissions reduction in every industry to demonstrate that absolute reductions can be made at reasonable cost, or even benefit.* (Best practices partnership B, Hub)

> *Our goal was to grow the partnership from 13 to 20–25 members. We had a strategic recruiting process to achieve a broad representation from key industries, and avoid 'nay-sayers'.* (Advocacy partnership C, Hub)

> *There are two options: 1) Get more members, but this will make it harder to reach consensus, and 2) Slightly increase to get other key sectors on board; this allows us to keep the focus which should enable us to remain 'cutting-edge' and to continue with 'bold interventions'. Obviously we will go for option two.* (Advocacy partnership B, Hub)

> *Partnership growth is not that important. Team size is good; there is no point in having twice as many companies. Once you have 20 companies, meetings turn from workshops into a series of presentations.* (New business partnership A, Partner, Private sector)

Another aspect of qualitative growth is strategic expansion into key geographical areas. We already mentioned the moves of the Sustainable Agriculture Initiative to establish country initiatives in the Philippines and Australia, and to sign a MOU with the Sustainable Food Laboratory to synergize with US initiatives. In the case of climate change, it is important to include areas that are either characterized by a high (also future) carbon footprint, or by a vast availability of energy resources. For example, Climate Savers were discussing a strategic move to bring more companies operating in China, even some national Chinese companies on board.

For human rights, increasing the partnership on a qualitative level inevitably includes actively engaging countries with a poor human rights record. This can be a double-edged sword for the reasons argued above: On the one hand, engaging them is the only way to begin to make some concrete changes but on the other, it can be seen to devalue the entire partnership:

> *In an effort to be overly inclusive, we may have diluted the value and effectiveness of the partnership.* (Best practices partnership I, Partner, Non-profit sector)

Overall, we detected a strong preference based on experience for strategic and qualitative (over quantitative) growth. Clearly, the primary reason is the downside of having to manage greater diversity, which over-compensates the upside of achieving greater leverage through sheer partnership size. The importance of the 'glue' emerging from long-standing personal relationships should not be underestimated either. Some individuals may not want to be taken out of that comfort zone.

A potential solution for managing diversity in large partnerships is the establishment of 'satellites' mentioned earlier. We remind the reader that these are subgroups of partners cooperating in a domain that other partners are unwilling to touch (such as those created by the Sustainable Food Laboratory or Sustainable Agriculture Initiative). However, the existence of satellites raises several questions about, for example, partnership structure. How are these satellites managed (also with regards to the hub), to what extent can information be shared, and are there processes in place to ensure that this happens? It also raises questions about cohesion (the emergence of first- and second-class partners):

> *You'll see mini-groups doing knowledge sharing (or joint purchasing), but you may need a different external person/party to push this.* (New business partnership A, Partner, Private sector)

3.5.4 Roll-out by partnership approach

We noted that roll-out had different meanings across the four partnership approaches. Whereas new business partnerships aim to mainstream products, technology, or business models developed, advocacy partnerships intend to strengthen their advocacy position and effectiveness. Standards and labels partnerships promote their respective standard, label, and so on more widely, and best practices partnerships aim to disseminate as widely as possible the best practices identified.

However, we also found some similar roll-out challenges being addressed by the various approaches, most notably integration and internationalization, improving access, and establishing links between key decision-makers. Most of our interviews saw significant unrealized roll-out potential in these regards, and for various reasons. For example, the Gold Standard is currently finding it difficult to meet demand for GS-certified projects. Some reported significant barriers, such as a lack of political endorsement, and inadequate regulatory frameworks (for example, to provide incentives for green power). This is exactly where the important role of advocacy partnerships lies. Finally, roll-out is also impeded by a lack of resources in partnerships. The Rainforest Alliance is finding it challenging, currently, to meet the demand from companies to engage in more certification programs. And although the results obtained by the Marine Stewardship Council are formidable, the size of the hub relative to the immensity of the challenge remains a key dilemma. The same is true of both the Sustainable Agriculture and the Sustainable Food Laboratory initiatives.

The notable shift we found in partnerships in general from capacity-building and pilot projects to more engagement and lobbying is largely the result of increased confidence in partnerships (in the capacity built), as established partnerships move towards more maturity and as they acquire more comprehensive knowledge about key stakeholders and adequate regulatory frameworks:

> *It is only once you know what works (as a technology, business model, or whatever), that you know what kind of legislation you shall call for.* (New business partnership A, Private sector)

3.5.5 Challenges

We identified several key challenges associated with roll-out activities, which are also interlinked. Most importantly, they include increased complexity, such as the need to gain knowledge (about new members, industries, regulatory frameworks, and markets), the monitoring of compliance, and a general lack of resources:

> *Up-scaling has been our main challenge due to lack of resources. We only draw 20 per cent of our income from our members, the rest comes from foundations.* (Advocacy partnership A, Hub)
>
> *Given the size of the partnership, it is not always easy to control compliance by all partners.* (Best practices partnership E, Partner, Private sector)

This applies in particular to partnerships that rely heavily on hard data, to assess, for example, key issues and to set priorities:

> *A well-established process (inventory side) is easy to replicate. However, benchmarking reduction goals and emissions data; now that's the difficult part.* (Best practices partnership A, Hub)

If roll-out is non-strategic, uncontrolled or, for example, mainly based around funding objectives, this increases the likelihood of free-riders coming on board who are likely to affect partnership effectiveness and cohesion. It then becomes much more difficult to build consensus and to be cutting-edge since the weaker members can more easily create a lag on the partnership:

> *It may be more difficult to maintain the consensus arrangements as the VPs expand.* (Best practices partnership G, Partner, Public sector)
>
> *In hindsight, the members should have been listened to more. But a partnership is only as strong as its members – if I had known how things would develop, maybe I would have taken a more proactive role myself,*

> *but then it has to be said that if more was expected of me, maybe I would not have joined to begin with.* (Best practices partnership K, Partner, Private sector)
>
> *Moving outside the model with the same resources is difficult. To get more resources, we need to aggressively recruit partners, and this is not always done in the most strategic manner.* (Best practices partnership K, Non-profit sector)

3.6 Significance – what partnerships achieve

As suggested in Section 1.4, our key findings on the significance of sustainability partnerships are based on how our respondents perceive the effectiveness of their partnerships. To control for 'natural' bias in their responses, we benchmarked our data – using desk research and expert interviews.

3.6.1 Some words on measurement first

In this section, we highlight our key findings on measurement activities. We focus in particular on the importance and drivers of measurement, its challenges, processes and means.

There are two essential foci of measurement in sustainability partnerships. On the one hand, partnerships measure their effectiveness in reaching certain outcomes (for example, the Roll Back Malaria partnership set itself an ambitious target to halve malaria by 2010). On the other hand, they set themselves a series of measures related to the partnership process (such as how many new partners come on board, whether certain tools developed by the partnership are being introduced or adopted, and so on). Both outcomes and processes measured may apply to the partnership at large but also to the individual members.

3.6.1.1 Challenges

> *What I'd like to be able to say is: We work with 20 companies, of which ten have moved forward on* [objective X], *of which 20 per cent have said that* [the partnership] *was instrumental at facilitating this progress.* (Advocacy partnership A, Hub)

Measurement is a key management tool – both internally to manage staff and partners, and externally to manage key stakeholders, such as by demonstrating effectiveness to donors and potential future partners.

However, it can also be quite a challenge depending upon both the partnership approach, and the focal area in question.

Provided targets can be set and monitoring processes introduced – and if only soft measures exist, this is far from a trivial task – several hurdles to overcome are as follows:

- Unwillingness among partners (rather than inability) to provide data if they are compromising (for example, you may find this with sensitive issues such as data on gas flaring and human rights abuses), or if the data touches on a competitive dimension (we identified a certain ambiguity on this issue regarding the sharing of knowledge from pilot projects in sustainable food).
- Insufficient capacity: Some companies find it difficult to set up emission inventories (for example, in both the Climate Savers and Climate Leaders partnerships) – depending on their position along the learning curve. However, once this upfront investment is accomplished, monitoring efforts are less demanding of capacity. Another example: The process of certification of sustainable farms or sustainable fisheries is a slow and painful process (consistently underestimated by all parties), very resource intensive, and demanding of organizations that may have relatively scant resources given the task at hand.
- Complexity due to, notably: (1) partnership growth (keeping partnerships afloat often takes priority over coherent measurement); (2) incompatibilities in data (across facilities around the globe) and registries (for example, EPA, US Department of Energy and California); (3) weak causality; and (4) intangible effects. In sustainable agriculture, there are numerous key performance indicators, and the difficulty is often deciding on which indicators are important to measure. Complexity also dogs partnerships in public health (where, for example, many elements – some well outside the influence of the partnership – contribute to a given outcome), and human rights in particular:

  One of the difficulties with measuring success in this particular area is that you are measuring a negative (meaning if there are no complaints then you can consider yourself successful!). (Best practices partnership G, Partner, Public sector)

Establishing causality is challenging since there are competing efforts and actors whose effects are difficult to isolate. It is feasible to measure whether best practices have been implemented. However, with regards to some of the social impacts of public health and human rights partnerships, in particular, it is much more difficult to credibly document the effects of these practices. The problem of weak causality applies especially to advocacy, and best practices partnerships. Advocacy partnerships find it difficult to directly attribute a change in political opinion, or draft legislation, to partnership activity. In best practices partnerships, while it may be possible to measure the implementation of the best practices, it is often much more difficult to then measure whether these best practices are achieving their intended impact:

> *Heart failure should be treated before haemorrhage, and haemorrhage should be treated before infection. You need to treat first things first. I found a lack of prioritization in* [the partnership]. *It should seek the mainstream, and contribute to major issue resolution. I question whether* [the partnership] *is really measuring the tangibles and deliverables that were foreseen at the outset. For me, more is being achieved by* [another forum]. (Best practices partnership K, Partner, Private sector)

Moreover, some effects actually occur behind closed doors. For example, how is it possible to measure the effects on corporate culture and mindset that many of our interviewees considered to be one of the primary effects of their joining a partnership?

3.6.1.2 Importance and drivers

Measurement is nevertheless extremely high on the agendas of all partnerships (see Table 3.3). Its importance is actually increasing overall, which reflects: (1) Demand from corporate members (companies want to be efficient and effective and are also accustomed to tangible and measurable deliverables); and (2) NGO competition for funding and members, but also an eagerness to demonstrate impact on the issues, and obtain buy-in for their strategic activities. It appears that public actors

Table 3.3 Importance of measurement – by partnership approach

New business	Advocacy	Quasi-regulatory	Best practices
Reasonable to essential	Reasonably important (but on the rise)	Essential (cannot manage/certify what you cannot measure)	Essential to track progress (responses, projects, demand)

are less concerned about measuring effects; this, however, is difficult to confirm absolutely given the dearth of public actor participants in the partnerships we surveyed. Generally speaking, the higher the importance of measurement, the more sophisticated the measures tend to be. For example, the establishment of appropriate indicators in sustainable agriculture is extremely important and considerable attention has been devoted to this by the Sustainable Agriculture Initiative working groups. However, the importance also differs across partnership approaches. To quasi-regulatory partnerships it is most important, since it is essential to track progress; (for the Marine Stewardship Council secretariat, for example, the very measure of its success can be reduced to a single dimension – numbers of certified fisheries; however, the myriad aspects that lead to a sustainable fishery and that are measurable need to be tracked on another level – using coherent key performance indicators – so that there is credibility behind the certification per se).

Other examples of measurement approaches include compliance with the Climate Savers Agreement (between the individual company and WWF) on delivering new and additional reduction in CO_2 emissions is monitored and verified by a third-party. This form of third-party assessment is essential for an organization such as WWF in order to protect the credibility of its program and organization. The Gold Standard and the Carbon Disclosure Project, respectively, track the number of certified projects, and the responses to the information requests.

Measurement in advocacy partnerships is not quite as important as for the other approaches (but it is, nevertheless, on the rise), primarily since outcomes are less measurable; take for example, the heightened awareness of politicians, which may (or may not) result in regulatory changes.

The initial focus of new business partnerships is primarily on developing the new business ventures in the first place (products, processes, models, and so on). However, with implementation, measurement clearly kicks in. The roll-out of a new business model must be measured in order to achieve in-company credibility. The difference with new business models around sustainability concepts is that more parameters are measured than in 'normal' business initiatives where levels of sales, for instance, may be a sufficient indication of success. For Tetra Pak, as an example, it is extremely important for its credibility on school feeding programs to show, not only numbers of the Nutri-Sip product consumed, but also the impact being made on children's health, attendance at school, and so on.

We found both internal and external drivers of measurement. If internal control and personal motivation at the partnership hub is the main driver, measurement tends to be less important. Conversely, the primary importance of external drivers (donors in particular, but also other stakeholders) leads to a greater importance of measurement.

Our interviews suggest that pressure for concise measurement tends to come from companies, NGOs, and donors alike, with the express intention of making partnerships more accountable to their constituencies. The demands of stakeholders can be quite challenging, and even drive internal change in partnerships, for example, by driving companies to modify their reporting processes.

3.6.1.3 Processes and means

Means and processes are also contingent on the partnership approach. Certain types of partnerships (advocacy, engagement and dialogue) have to use soft measures – for systemic reasons – whereas best practices partnerships can introduce hard measures (for example, emission inventories, reduction goals, and even key performance indicators (KPI) in the classical sense, and so on). Although, as we have noted earlier, while it may be relatively easy to measure the implementation of best practices (process), it is much harder to measure whether this is then leading to the desired social or environmental impact (outcome). For example, how does one measure the impact of a sustainable agriculture partnership on biodiversity, or on water availability in an area?

Sometimes proxy or surrogate indicators are used, such as, for instance, the number of times a partnership is mentioned in the media:

> *One way to measure the impact on our company is to use the number of mentions in the media, for instance.* (Best practices partnership D, Partner, Private sector)

Measurement capabilities build up gradually over different stages of the partnership, and may apply at different levels. For instance, measuring success with application of standards and labels really only makes sense once the standard/label has been introduced, and once one is able to monitor market penetration. However, measurement for certification of a fishery, or farm, involves development of a complex set of indicators that become more sophisticated over time. Similarly, in best practices partnerships one is only able to measure changes in corporate behaviour (such as existence of emission inventory, actions to cut emissions) at first, and only later measure their effects:

> *First you may have to measure behaviour; eventually you are able to move to measuring results, effects. If data on outcome (for example,*

> *emission reductions) is not available, one may have to measure activity (progress in establishing emission inventories, measures to cut emissions).* (Best practices partnership A, Hub)

To ensure credibility of measurement, third-party verification is a valid option, particularly for partnerships without public sector involvement (such as in the case of the Climate Savers partnership). Overall in climate change partnerships, we found a wide range of measures (Table 3.4).

We also found that, in some instances, donors are more concerned about budgeting and reporting (on how the money is used) than about the documentation of progress – presumably also because they know how challenging the measurement of partnership effects can be:

> [Corporate partner] *is more prescriptive about the financial side than about progress. They want to see detailed budgeting. Thus, we will have some room on how to report on impact.* (Advocacy partnership A, Hub)

Donors also exert pressure for short-term results, whereas some of the issues addressed by partnerships are much longer term. This creates a dilemma for partnership managers when it comes to measuring and reporting. Donors are also often reluctant to pay for the coordination of a partnership (thus, the entity responsible for reporting on a measurable outcome, usually the hub), despite that being an essential part of the overall partnership:

> *There is a tendency among donors not to want to pay overheads (for the secretariat); they do not realize that the work has to be coordinated centrally,*

Table 3.4 Quantitative and qualitative measures

Qualitative measures	**Quantitative measures**
Changes in behaviour of members and key targets, for example: Different lending policies New emission reduction projects Changes in communications Changes in legislation Press coverage Working relationships with key stakeholders	Absolute and relative emission reductions (documented, also third-party audited) Partnership growth, recruiting; Number of members Number of projects carried out, certified Number of meetings Implementation of specific steps

and for that they need money. (Best practices partnership I, Partner, Non-profit sector)

Overall, we ascertain that quite a few partnerships do not measure effects adequately, and therefore we came across a lot of anecdotal data about effects, but few hard facts. We also found some instances where measurement was taking place, but the learning and information was not being disseminated appropriately, either owing to poor 'hub' resources, or, in the case of sustainable food, a (suspected) competitive advantage for a company from a pilot project that had been successful.

3.6.2 Primary effects on intangibles and license to operate

All partnerships enable, at least to a certain extent, learning and capacity-building, which are important drivers for change – alongside regulatory pressure, and incentives. For example, regulatory regimes provide feed-in tariffs (Germany), or renewable obligations (UK) to the Green Power Market Development Group. Companies nevertheless still need to be supported in building their business case, and implementing their strategies.

Overall, it was very clear from our research that, on a company level, sustainability partnerships primarily affect the so-called intangibles of companies, such as corporate culture and knowledge and mindset, which can then be leveraged to reach an informed consensus across a variety of organizations and sectors, and to improve the following aspects:

- Organizational structures and processes around sustainability:

  We already did measurement before joining the program, however also due to [partnership] *we linked the energy team with the environmental team.* (Best practices partnership B, Partner, Private sector)

  The exchange of experience and broadening of horizons brought about by BLIHR has been very beneficial. (Best practices partnership D, Partner, Private sector)

- The license to operate:

  The partnership is not designed as a 'regulatory relief program' (meaning member companies are less frequently audited). However, it certainly improves the overall relationship of companies with the regulator. (Best practices partnership A, Hub)

Companies also reported that partnerships tended to break down the distrust, often built up over years, between disparate entities, such as companies and NGOs.

We also identified effects on public debate and policy-making through partnership advocacy. This applies primarily to the area of climate change, which reflects the current stage of the issue life cycle, the proactive attitude of some leading companies, and the public and political receptiveness in that area.

We found that, with the exception of reported (and sometimes unexpected) efficiency gains as a result of certification efforts (for example, on farms where companies are vertically integrated, as in the case of Chiquita), effects on the corporate bottom line were reported as being extremely limited by interviewees. For advocacy partnerships, they are negligible, since of a very indirect nature: Advocacy leads to policy change which in turn affects profitability of current and future products, as well as business models. We see more direct economic effects in best practices and new business partnerships:

> *We save millions of dollars every year due to changes in practices. Although it is minor relative to our annual turnover, it still has a significant impact on our energy bill since we are not a large energy consumer.* (Best practices partnership A, Partner, Private sector)

Strategic implications are of a more indirect nature, and appear to be limited to effects on corporate sustainability strategies (rather than core business strategies); that is, higher confidence in new processes to address the underlying issue and, ultimately, the willingness to engage in advocacy (to call for new legislation).

In many respects, choosing an advocacy route is a somewhat radical step for companies; this is clearly underpinned by, for example, the harsh criticism that members of US Climate Action Partnership became subject to from greenhouse-gas-trading critics and opponents when that partnership was initially launched. Otherwise, partnership effects are more incremental in nature. In many cases, they help companies pick their low-hanging fruit. This is illustrated by the ease with which some companies in best practices partnerships were able to achieve, or exceed, their targets at no additional cost (or even at a profit):

> *We had a meeting of our top executives and I gave recommendations on the long-term and short-term value for* [our company]. *This has to be of benefit to the business. We don't support activities where we do not*

> *tangibly benefit.* (Best practices partnership, Partner, Private sector)

However, there are exceptions:

> [Company] *was 'punished' since they had already picked most of their low-hanging fruit; they had a net negative effect on their bottom line when they met their target.* (Best practices partnership B, Hub)

The largely incremental effect of partnerships that we found is not entirely surprising, since it reflects most companies' cautious approach to corporate sustainability, already identified by CSM at IMD in two previous research projects – one on the business case for sustainability in nine industry sectors, and one on the perceptions of nine business-relevant stakeholder groups.[2]

Some of our interviewees mentioned unexpected positive effects. One such effect included a newly installed solar system that later transformed into a tourist attraction. In another case, corporate partners in a best practices partnership went on to influence policy-making and the public debate on climate change by briefing the US Senate. Some members of the Sustainable Agriculture Initiative and the Sustainable Food Laboratory were taken aback to find that the knowledge sharing and dialogue aspects of the partnership were significantly more beneficial than they initially expected. In the case of quasi-regulatory partnerships, members had never imagined the sheer length of time involved in assuring a certification program that was robust and credible. They had also envisaged that delays might have had reputation effects, which never materialized – this was interesting because it seemed that the fact of being involved in the initiative to begin with surpassed the fact that there might be significant problems leading to delays. Unilever, when it missed its target of sourcing all fish from certified sources by 2005, received more 'reputation credit' from the company's stakeholders for being on the right path than criticism for having set an overambitious target (although other competing companies were significantly more critical). Companies also found that the partnership they were involved in helped to highlight elements of confusion in role definition within their own organizations, such as between communications and marketing.

Obviously the perceived effectiveness differs depending on the sector (non-profit, private, or public), and the organization's position on the issue learning curve. This often reflects differences in: (1) technical and managerial capacity, for example, emission inventory already in place or not; (2) corporate culture and attitude (some companies are more strongly inclined to influence policy making and the public debate than others); and (3) expectations. Perceptions even vary within the same organization, across different departments and functions:

> *The perception of the key effects very much depends upon whom you ask. If it's a financial guy, it's the actual savings, for me* [involved public policy, engineer by background] *the institutional learning is most important.* (Best practices partnership A, Partner, Private sector)

The pressure to be effective can be immense, and may even affect the way partnerships report on progress:

> *We wait and follow up until we are able to report improved market penetration. We cannot afford to send a negative signal to our customers and stakeholders, in particular if progress can be easily measured.* (Quasi-regulation partnership A, Hub)

We also found that effects of different partnerships within the same area of focus can often complement one another. As our respondents commented:

> [Partnership X] *provides targets, credibility, expert support, and third-party audits.* [Partnership Y] *delivers more concrete information and networking opportunities (through more frequent meetings).* (Best practices partnerships A and B, Partner, Private sector)
>
> [Partnership X] *provides stringency of outputs, specific pilot projects, and an industry setting.* [Partnership Y] *provides an industry approach. What we really need is a hybrid of the two!* (Best Practices partnership K, Partner, Private sector)

This also applies to the effects of different partnership approaches. We suggest that advocacy partnerships can be highly effective when the timing is right. Only if the public and policy-makers listen to the constructive input from partnerships, such as The Climate Group and the US Climate Action Partnership, will other companies and industry associations follow this leadership:

> [Advocacy partnership] *will only have an effect, if its lobbying activities are taken up by the industry association, which on its part has the chance to influence the design of legislation at the European level.* (Expert, Private sector)

In many cases, however, it is the other partnership approaches (best practices, new business, and quasi-regulation) that 'plant the seeds' for a critical mass of companies to feel confident enough to call for legislation proactively. They also build the necessary technical, and managerial capacity in institutions needed to follow the new rules of the game (once advocacy has been successful at getting new legislation).

3.6.3 Advocacy – a new 'quality' of partnership?

Overall, we suggest that advocacy partnerships – due to their level of business involvement – bring something new to the table. They require a certain level of confidence and expertise (which may have been gained via best practices partnerships), and with these elements in place, partnerships are bound to be relatively efficient. Whereas new business and best practices partnerships operate more frequently at the grassroots level (which tends to be rather resource intensive), advocacy partnerships deal with fewer organizations (primarily governments) and, if successful, are able to change the rules of the game for all.

3.6.4 Unexpected and negative effects

Since unexpected and negative effects of partnerships are often very specific to the partnerships themselves and to the particular approach they take, we treat this subject when we 'zoom in on' each partnership approach in Part II of this book. We can, however, make two general comments that we noted are true for practically all the partnerships we examined. First, it is very clear that companies have often been taken by surprise by unexpected positive effects in terms of depth of learning within their organizations. And second, although not necessarily a negative effect, but rather a reflection of 'the nature of the beast', companies have admitted to having been initially way too ambitious in their expectations of partnerships (including the time it takes to simply 'get things done') and have found themselves adjusting to more realistic expectations over the time span of their involvement.

3.7 Internal ingredients – what works, what doesn't

Given the significance of some partnership activities and their ultimate potential to have impacts on companies, it is important to manage partnerships systematically, by, for example:

- Assessing opportunities and risks (in light of business and sustainability strategy)
- Identifying potential synergies
- Tracking progress
- Consolidating and leveraging learning

However, as already pointed out, our evidence suggests that companies enter partnerships, for the most part, quite opportunistically, and not necessarily strategically.

Systematic partnership management is only carried out by leading companies, and even at that, not all of them do so:

> *Partnership management* [by companies and other actors] *is a big issue. It depends on a variety of dimensions, such as shared interest, organizational structures (level of centralization), and so on.* (New business partnership A, Partner, Private sector)

> [Company] *was very strategic about its choice of partnerships (such as who are the key people we need to influence?). However in many cases, partnership management is opportunistic ('right people approaching you at the right time').* (Expert, Private sector)

> *We are a member of three very established partnerships because every partnership has its specific goals and benefits. There is potential for synergies.* (New business partnership A, Partner, Private sector)

> *The approach to partnership can be fragmented in some companies, in particular at the beginning: For example, one facility may decide to join a partnership, or approach an NGO (also depends on company size); eventually this may turn into a) more centralized coordination, or b) decentralized coordination, but increased communication.* (New business partnership A, Partner, Private sector)

In the case of one sustainability leader, various different partnerships were managed by the corporate Environmental Health and Safety (EHS) department: Three members of staff looked after these partnerships in an integrated way, such that decisions and information flow were not dependent on any single individual. Another sustainability leader ensured that partnerships were aligned to the company strategy; partnerships, however, were primarily managed at the local/regional level.

Overall, partnership management in companies appears to have evolved in the last few years, alongside improved stakeholder management. One of our interviewees described his company's approach as follows:

> *In the past, we had a fragmented approach: Various relationships with countries, and NGOs; queries for donations, exchanges of ideas, sharing of expertise.... Today, climate protection is one of our key areas in which several partnerships come into play (such as with CDP, PEW, and WBCSD). In fact, we can say that our corporate position on climate change has emerged from our partnership activities.* (Expert, Private sector)

We conclude that there is no one best way to manage partnerships, since it is contingent on a variety of highly company-specific factors, such as organizational culture and structure. Systematic partnership management does not mean that one cannot be opportunistic. On the contrary, if the 'right people approach you at the right time' (that is, if there is a strategic fit between company and partnership), a lack of opportunism can turn out to be highly unwise. For example, Tetra Pak had a strategic intention to develop a school feeding program based on a new business model in Africa, and started with a pilot program in South Africa. A set of circumstances then enabled the company to initiate a program in Nasarawa State, Nigeria with incomparable presidential and state governor support. While on the one hand, this enabled the company to accelerate its strategic plan for Africa; on the other hand, project planning was put under severe pressure within an accelerated timeframe. The company, however, confirmed that overall, the benefits in moving opportunistically (and yet strategically at the same time) far outweighed the drawbacks because by moving in the way they did, the managers increased the success factors considerably.

The following pages provide a comprehensive overview on the key reasons for the success or failure of partnerships. We will focus primarily on *internal* success factors, and barriers that influence partnership activities, be it in the partner organization, or at the partnership hub. We learned that their significance and nature can be highly partnership and company-specific.

3.7.1 Key individuals and institutions

Our data clearly point to the significance of key individuals involved in partnerships – however few they may be – whose role will prove to be crucial throughout the entire partnership life cycle:

> *It's easier to change processes when you have access to the right people.* (Expert, Private sector)

This again highlights the need to carry out systematic recruitment in order to gain access to a critical mass of key institutions, and thus to individuals working within them that can act as champions.

3.7.1.1 Characteristics to look for

In our view, it is important to have certain specific skills and resources available among the participants in a partnership; they may (or, maybe even should) be 'allocated' across a range of different individuals in organizations. Key individuals are characterized by a variety of special attributes. They include:

- Strong commitment to address the underlying issue(s)
- Power to take significant decisions and implement them
- High public recognition
- Empathy and trustworthiness
- Resourcefulness
- Connectedness

Gaining access to key individuals (and therefore, to those making the decisions that count) can be challenging for a number of reasons: First, the responsibility for the issues under consideration very often rests with corporate staff at the middle management level (public affairs, corporate sustainability, and the like):

> *So far, we do not have enough access to the right people, to those that make the decisions* [but rather to support staff, PR, and CSR, and so on]. (Quasi-regulation partnership A, Hub)

Second, business 'movers and shakers' at the decision-making level the 'second layer' as they are referred to by managers' are very much taken up with everyday (business) decisions and do not necessarily speak 'sustainability' language in any case:

> *One has to find a common language with key decision-makers*. (Expert, Non-profit sector)

3.7.1.2 Flagships and their importance

Engaging flagship individuals (CEOs, highly regarded and visible politicians, and so on) and, therefore, accessing top level involvement in partnerships around sustainability is highly desirable. Ultimately, this is strongly linked to the partnerships' capacity to take executive decisions (however long a time it takes to get there), and also to the potential for visibility of the partnership, since it greatly boosts media coverage:

> *CEOs play a very active role; demonstrating that 'we can do this'; we bring them together on occasion, and then also try to organize a meeting with key policy makers.* (Advocacy partnership C, Partner, Private sector)

> *It helps that we have a bunch of Fortune 50 CEOs calling for action.* (Advocacy partnership C, Partner, Private sector)

> *My view is that there is a lack of 'champions' in this partnership.* (Best practices partnership I, Hub)

> [CEO X] *feels the partnership is important and has been driving it within* (Company Y). *His support and engagement has helped make it more widely accepted within the company.* (Best practices partnership G, Partner, Private sector)

Interestingly, top management support appears to be particularly high and sustained for advocacy partnerships, since the implications of the outcomes of such partnerships are generally more far reaching and strategic. Key individuals hold significant power, because they are usually entrusted with representing a powerful institution on a decision-making level (company, government, NGO, and so on). Advocacy partnerships that want to make an impact deliberately focus on achieving the 'right' participation:

> *There are around 150 organizations in the world, which could make a material contribution to climate protection: The G8 + 5, the 100 largest companies in key industries (IT, oil and gas, transport, etc.), 40 regional, city governments, 10 mega-cities. We would be most efficient and have most impact if we got those on board.* (Advocacy partnership A, Hub)

3.7.1.3 The finance sector

We suggest that the finance sector's potential contribution be assessed in more or less every partnership context. In the context of several partnerships, innovative financing models emerged, an example being the new third-party financing for green power projects. In the area of climate protection, the emerging carbon markets represent a particularly interesting and innovative financial mechanism. In the Extractive Industries Transparency Initiative one smaller partnership (revolving around a trust fund managed by the World Bank) supports the larger one. The links between the Roll Back Malaria partnership and the Global Fund to Combat AIDS, Malaria and Tuberculosis is also an interesting one, with the former supporting the development of funding applications to the latter.

3.7.1.4 The public sector

We looked closely at the importance and effects of public sector involvement in partnerships, and noted that it differs across the four areas of focus and partnership approaches. This reflects, notably, on:

- Different levels of capacity (managerial, technical and financial)
- Area of responsibility (public health and human rights are traditionally areas of public sector responsibility)
- A North–South divide
- The relative political visibility of the issue at hand

Credibility is important. Here the country's 'mantra' comes into play – that is, how powerful the country is (for example, Norway vs. the US) – and how good its track record is (for instance, in terms of human rights).

Without any doubt, public sector involvement is strongest in the area of climate protection. A noticeable increase in public sector involvement has kicked in since 2006, when the political debate picked up speed – as it did globally – in light of weather events, new scientific evidence, and increased public awareness owing to the issue's extensive press and media coverage.

In the areas of both public health and sustainable food, the entire chain that leads to the desired outcome (meaning good public health, or sustainable food production) is complex and multi-faceted, bringing in various actors (both private and public). However, a multitude of actors also leads to poorer allocation of responsibility. The result is that representatives of governments often do not see the benefits of participating or engaging. Thus, we have observed that government participants may 'fall out' of the consensus-building processes quite early on. Having said that, when the benefit is more apparent, as in the case of new development opportunities (the Tetra Pak School Feeding Program and business model is testimony to this), particularly for developing countries, then more active engagement and visibility from the government is apparent:

> *The Ministry of Health is on board; therefore, they have a good relationship and the right people on board to ensure the success of the program.* (Best practices partnership H, – Partner, Non-profit sector)

Interestingly, our interviewees were usually critical of the public sector because of its perceived inability to think innovatively:

> *Governmental decision-makers are unable to think more fluidly, to go beyond 'one size fits all'. This problem is not systemic, but a question of individual mindset.* (Best practices partnerships A and B, Partner, Private sector)

The question is, to what extent is this shortcoming systemic? Most public actors are not allowed to play a discriminatory role by, for example, engaging with one company or industry more closely than with another. Furthermore, legislative processes can take a long time, which negatively affects commitment and action-orientation:

> *Countries are usually slower than companies.* (Best practices partnership C, Partner, Private sector)
>
> *In general, the private sector is more active than governments, since the latter are less willing to compromise.* (Quasi-regulation partnership B, Hub)
>
> *There are partners that are probably more effective and efficient at determining and driving actions than governments where you will have a lot of posturing and deliberation.* (Best practices partnership A and B, Partner, Private sector)

In sensitive areas such as public health and human rights, which fall, theoretically, under the remit of the government, there may sometimes be resentment by the government for interference in what it regards as 'state affairs':

> *Host governments sometimes see the partnership as 'imperialism'.* (Best practices partnership G, Hub)

We remind the reader that public actors are also perceived as less demanding on the process side (thus, less concerned about measuring progress):

> *Overall, priorities between public and non-public actors are similar; however public actors are less interested in measurement and reporting.* (Expert, Private sector)

> [Public actor] *has more resources than* [NGO] *but uses them less productively.* (Best practices partnerships A and B, Partner, Private sector)

In light of all this criticism, some respondents sympathized with public actors, given the complexity of the underlying issue:

> *Politicians are doing their best. The problem is very complex; a compromise is only a compromise if everybody is unhappy.* (Expert, Private sector)

Nevertheless, there are a number of clear advantages to involving public actors. Their participation (rather than bringing yet more NGOs on board) will help to attract the engagement of companies that are reticent of working closely with NGOs and more accustomed to working with the public sector. Therefore, the involvement of these players can have a balancing effect. This may then give the partnership greater scope – ultimately one trades innovativeness with legitimacy through sheer numbers:

> *The involvement of governments of the countries where company headquarters are located is essential to the success of the partnership.* (Best practices partnership G, Hub)

Obviously, another major advantage of involving public actors is their intrinsic ability to affect legislation (either indirectly or directly). For example, The Climate Group includes several public actors, such as the Greater London Authority, New York City, and the states of California and New York. The fact that these city and regional governments have sided with business (to call for climate legislation) adds a new quality to this partnership and is highly likely to strengthen partnership influence:

> *Ultimately, EITI leads to improved governance. However, it is very difficult to measure.* (Best practices partnership F, Partner, Private sector)

Moreover, to involve public sector institutions or individuals (such as influential politicians) opens up two other opportunities. First, it may lead to an endorsement of the partnership and its outcome, such as a quasi-regulatory standard:

> *Public actors can even endorse certain partnership activities and effects; for example, the UK government endorses the Gold Standard to become carbon neutral.* (Quasi-regulation B, Partner, Non-profit sector)

> *It is essential not to assume, but rather to win the hearts and minds of local governments. 'Indigenization' of the process is important.* (Best practices partnership F, Partner, Private sector)

Second, as mentioned above, it helps to build trust between the public and business sectors. Although none of the partnerships surveyed explicitly delivered regulatory relief, we suggest that public sector involvement most likely improves a company's license to operate.

Overall, there is limited value added for public actors in partnerships (and probably for this reason we identified few business–public partnerships). This goes some way to explaining the difficulty in getting them to participate. However, there are exceptions in areas where regulation is in flux; for example, in The Climate Group, regional and city governments hope to influence national governments. Other benefits for public actors include the ability to protect the reputation of domestic companies (for instance, the Voluntary Principles). In the rather exceptional case of the Tetra Pak School Feeding partnership with government, there are substantial incentives for government involvement; high profile on highly visible politically sensitive issues (malnutrition and indirectly, education), ability to 'jump-start' local agriculture and industry (local farmers producing the cereals and local manufacturers processing the fortified Nutri-Sip drink). Also, in this case, the government also benefits greatly from the capacity-building offered by Tetra Pak in the management of the program.

3.7.1.5 Non-profit involvement

Overall, we found different views on the legitimacy and value of corporate engagement with the non-profit sector. As a general tendency, leading companies nowadays are much more open to NGO involvement than before. They are also more eager to 'team up' than the NGOs themselves. We attribute this to an unequal distribution of risks from a business point of view. For companies, NGO involvement is almost like a no-lose scenario: An association with a well-recognized NGO lends credibility, improves reputation, and generates additional knowledge in the organization. It can also act as an excellent 'early awareness' mechanism from several points of view – shaping legislation, knowing about new technologies 'in the wings', and identifying shifts in consumer trends (tastes and values). In spite of new cooperative stances, NGOs still tend to worry somewhat about 'getting into bed with the enemy' (thus losing traditional support groups), and their most important asset – their credibility. Indeed, IMD research in 2006[3] reported that many NGOs complained of 'being managed' and that they were actively seeking ways outside of partnerships to better leverage accelerated action from companies on issues such as climate change.

But there is, nevertheless, a more sceptical group of companies that still refrain from getting involved with NGOs. First, they believe they best know their industry and see little value in tapping additional resources and expertise. This is sometimes a question of mindset. Second, we found that affinity to the NGO community is determined by company culture, which varies across company size and geographical regions but also by experiences (positive or negative) with NGOs. Third, in some instances NGO involvement slows down the process (but boosts credibility) due to a lack of capacity, or additional constraints imposed by the NGO. From the NGO side, they not only lack the necessary time but are also unable to provide business-driven input to the partnership. Depending upon the issue, company rejection of NGO input can be a question of not wishing a highly technical process to become 'bogged down' by non-technical expertise (for example, when food companies are working on their very complex supply chains – the Sustainable Agriculture Initiative decided not to engage with international NGOs for this reason, but rather to focus on collaboration at a very local level). This is partly because NGOs exhibit issue-driven structures and responsibilities (see, for example, Figures 3.3 and 3.4 that illustrate differences between the typical NGO structure and approach and those of companies or governments). Often, in the corporate sector's view, they lack the big picture and capacity to deal with multiple issues in an integrated/holistic way, but offer significant value at the local and single issue level. Fourth, without NGO participation, company representatives feel that they can be more open and reveal more sensitive information:

> *Because it is a business initiative and represents the business voice, it is better accepted by businesses.* (Best practices partnership E, Partner, Non-profit sector)

Overall, we ascertain distinct and sometimes clashing levels of expertise, as well as differences in language between NGOs and business. The result is a patchwork of resources that are pooled in a partnership.

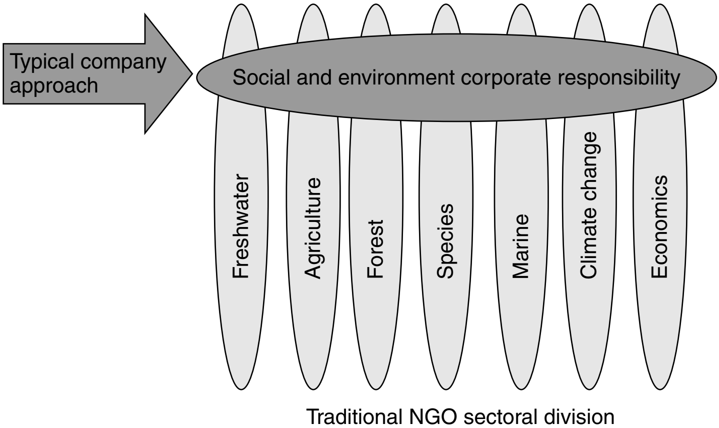

Figure 3.3 Example of NGO structure vs. company structure

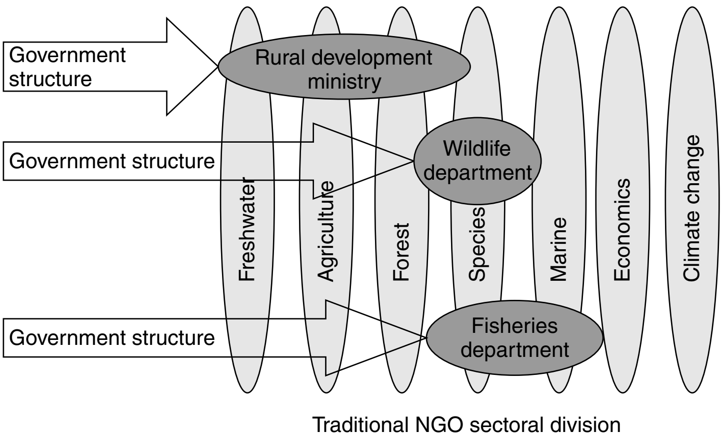

Figure 3.4 Example of NGO structure vs. government structure

We also noted that industry perceived that some NGOs, such as Greenpeace, had lost a certain degree of *raison d'être* since boycotts and aggressive campaigning stances (prevalent in the 1980s and 1990s) appear to be more a thing of the past; they have not yet been replaced by enough strategically effective initiatives to push corporate agendas far beyond their traditionally conservative, incremental approaches, and towards more radical agendas. Interestingly, in the course of our research, we became aware of recent restructuring initiatives in some NGOs (for example, WWF), which may reflect a strategic attempt to adopt a more integrated approach in the future. Rather than adopt its former eco-regional approach that focused mainly on conservation objectives in specific areas of high biodiversity, WWF is currently formulating its strategy around what it terms 'Network Initiatives' – a set of multidimensional initiatives focused on key strategic goals. These will still take account of field conservation in areas of high biodiversity (WWF's key focus), but place a higher emphasis on linked policy and consumer issues than before.

3.7.2 Trust and glue

Within partnerships, we found that it is important to create an atmosphere and mode of operation in which partners feel valued and empowered – let's call it the 'feel good' factor. This can be linked to several factors:

3.7.2.1 Personalities and their 'chemistry'

Some personalities are simply incompatible; it is a fact of life that some people are easier to work with than others. Since partner representation is typically beyond the control of the partnership per se, this is primarily an issue to be aware of, and is one that has to be managed professionally. We noted that some partnerships did very well with this, and clearly highly valued the ensuing harmony:

> *The individuals in the group work well together; they are compatible both in the working groups* [the specialists], *and in the high-level group* [decision-makers]. (Advocacy partnership B, Hub)

> *We have good working relationship with our members, and also on a personal level* [networks, recruitment]. (Advocacy partnership A, Hub)

> *We have all become friends as there is a great degree of openness and trust among the different members.* (Best practices partnership D, Partner, Private sector)

3.7.2.2 Venues and partnership support

There are various ingredients, such as a pleasant venue, a skilful facilitator, and well-managed logistics that create a certain comfort zone and upbeat mode, which is then ideally reflected in results:

> *We go to nice places for dinner, we have novel evenings.* (New business A, Partner, Private sector)

The Sustainable Food Laboratory partnership from its very outset had the objective to completely change the thought patterns of industry, and other players, about issues related to sustainable food. Inevitably, venues for meetings are chosen carefully with the desired effect of stimulating maximum reflection and thought about the workings of systems, whether industrial or natural.

3.7.2.3 Cultural and disciplinary background and language

Undoubtedly, different cultural backgrounds and languages can be managed. However, a certain homogeneity of approach within any given group can help when it comes to building consensus. We found one group that benefited from such circumstances:

> *Our group members have a cultural background from Nordic, or Anglo-Saxon countries. German and Mediterranean cultures probably would not work well with the current group due to other mindsets, priorities and language barriers.* (New business A, Partner, Private sector)

In most other cases, however, it was a challenge to bridge cross-disciplinary gaps, and to find a common language (to clarify concepts) and understanding across various disciplines (such as engineering, general management and strategy, social sciences, public affairs, etc.):

> *Representatives of group members are from different sectors and functions. This makes reaching a common understanding difficult.* (New business A, Partner, Private sector)
>
> *The understanding of the nature of corruption is different in different countries; therefore it's a challenge to align everyone.* (Best practices partnership E, Partner, Private sector)

The most interesting attempt we came across to place all members of a partnership 'on the same page' in terms of values, culture, and expectation was the 'U' process[4] utilized by the instigators of the Sustainable Food Laboratory. The 'U' process is a method originally developed by Generon Consulting with the Massachusetts Institute of Technology (MIT) and the Society for Organizational Learning; it is used for addressing very complex challenges, as well as realizing complex opportunities. Through a 'U' process, participants undertake three activities: *Sensing* the reality of the current system of which they are a part; *Presencing* to allow participants to reflect upon their awareness of their 'inner knowing' about what is actually going on and how they can act upon the situation; and, finally, *Realizing*, which implies taking accelerated action to bring about a new reality. The originators of the Sustainable Food Laboratory considered that in order to find solutions for the highly complex issues involved in assuring sustainable food, the 'U' process could greatly help in bringing them forward. During the early stages of the partnership Sustainable Food Laboratory participants were committed to devoting relatively large amounts of time to the 'U' process and travelled to unusual venues that promoted the requisite time for reflection and quasi-meditative sessions.

During our interviews, we found highly mixed views about the process. By and large, many participants felt that the 'U' process had become almost an objective unto itself, and had taken over from other, more pragmatic objectives. Participants who had been with the partnership from its outset saw the 'U' process as having been a valuable tool to shape their thinking. But more recent participants, particularly those from industry and who had not been 'through the motions' were frustrated with the process. The problem appeared to be the fact that, over time, representatives of the different parties in the partnership changed (see the next section); with constantly changing participation, it became increasingly difficult and unfeasible to immerse the same players in a similar experience to that which other, more longstanding participants had been subject to. Continuity had been broken and with the changing world of business (rapid turnover of staff, promotions, and the like), a group culture based on an effective 'U' process application as conceived by its instigators, proved impossible to maintain.

3.7.2.4 Optimal level of fluctuation

From the aforementioned experience, we can conclude that fluctuation can have an ambivalent effect, but in more ways than one. On the one hand, too much fluctuation impedes learning and the building of trust:

> *Between two subsequent workshops in 2004 and 2007, half the people who attended were different. It is hard to achieve progress and continuity if one has that much fluctuation.* (New business partnership A, Partner, Private sector)

> *Because meetings are often in far-off places, companies end up sending a local representative. Therefore, each time you end up with different people, and it is more difficult to build on past meetings.* (Best practices partnership E, Partner, Private sector)

On the other hand, it may make sense to adjust representation from partners (depending upon the topic, and desired outcome of the meeting) – as well as to avoid complete dependence on a sole individual per partner (what happens in case of illness or normal job fluctuation?).

3.7.2.5 The role of an 'honest broker'

As trust builds up over time in a partnership, the role of an honest and impartial broker can prove invaluable. Such an institution not only attracts other actors to the partnership – due to its reputation, or status (such as a non-profit think-tank or an intergovernmental (IGO) organization) – but also plays a crucial role when it comes to handling sensitive information and managing conflicts:

> *Our plans contain proprietary information, for example, when a particular project* [with great commercial significance] *goes online. Hence, the full plans are only delivered to* [the convener of the partnership], *and only parts of the plans are provided to other corporate partners.* (Best practices partnership C, Partner, Private sector)

> *We are seen as a well-placed facilitator, as an 'honest broker' since we are neutral and have no vested interest. A trade organization, industry association or a country could not have done this; they would have been met with suspicion.* (Best practices partnership C, Hub)

> *It is important to have one central body leading the partners, coordinating and providing a platform for sharing of experiences.* (Best practices partnership D, Partner, Private sector)

This 'bridging' role can also be given to certain governments, we found one instance where Norway, for example, was perceived to be a neutral player with no hidden 'imperialistic' agenda.

3.7.2.6 Internal transparency and equity

Apart from getting brokers (adequate institutions) involved, we learnt the importance in partnerships of developing coherent processes that support the building of trust. Such processes can be very partnership-specific. They might include for example the disclosure of all lobbying activities and – as a basic requirement – confidentiality agreements:

> *Our members must disclose all their lobbying activities outside of the group since we cannot have members engage in private contradictory lobbying.* (Advocacy partnership B, Hub)

> *The confidentiality agreement is a basic requirement applied, for example, to regular group meetings, at which information is shared. Everybody is tied to this non-disclosure agreement.* (New business partnership A, Hub)

> *They never had participation criteria, accountability criteria, or reporting requirements. So over the years, NGOs began to realize that many companies were not taking their commitments seriously.* (Best practices partnership G, Partner, Non-profit sector)

A lack of internal transparency raises tensions and mistrust, leading to significant problems (such as misunderstandings, internal tensions) within the partnership, also slowing down progress:

> *There is a lack of transparency in decision-making processes: It is always the same small group of people taking decisions.* (Best practices partnership I, Partner, Non-profit sector)

3.7.2.7 Shared interest

The ability of a partnership to identify and define shared interest and commitment determines the scope of the partnership mission:

> *We call for new legislation, but we would not provide detailed guidelines on it. We cannot do this, because our members have conflicting interests.* (Advocacy partnership A, Hub)

> *It is good to be able to engage with like-minded companies.* (Best practices partnership E, Partner, Private sector)

> *It is important to understand what motivates each partner, their real interest.* (New business partnership C, Partner, Non-profit sector)

The partnership composition clearly determines the level to which the partners share interest. Cross-partner consensus is dependent upon the consensus within individual partner organizations (we found that the less consensus an individual partner organization has achieved internally, the less it will be able to contribute to consensus within the partnership) and across the different partner organizations and sectors:

> *There is a lack of consensus, even in the same constituency, for example, NGOs lack agreement among themselves on carbon trading. There is a*

> *tension between NGOs ('credible standard') and business ('quickest buck').* (Quasi-regulation partnership B, Partner, Non-profit sector)
>
> *All parties see the need for action; however the business sector has a narrow, economic point-of-view.* (Best practices partnership C, Partner, Public sector)
>
> *There is a significant difference in levels of engagement from the different partners. This could affect the ultimate effectiveness of the partnership.* (Best practices partnership G, Partner, Non-profit sector)
>
> *It is difficult to be working across sectors with very different priorities and scales.* (Best practices partnership I, Partner, Private sector)

As we have pointed out already, not every organization joins a partnership for strategic reasons. But there may be other perceived benefits, such as access to valuable networks, and to information about new technologies or pending legislation, opportunities for company learning, desire to be part of the discussion rather than be left out, and so on:

> [Company X] *joined the* [partnership], *although it did not agree with the program's assumptions and conclusion* [that we need to combat climate change]. *It still does not agree; nevertheless, it joined because it saw benefits for itself.* (Best practices partnership A, Private sector)

It is evident that divergent expectations can jeopardize the consensus-building process within a partnership. We noted that the divergence in interest is greatest between companies and NGOs:

> [NGO X] *had a clearer view than we did. In a big corporation like ours, one has to deal with divergent views, hence it is more challenging to create consensus.* (Best practices partnership, Partner, Private sector)
>
> *The selection of our members is based on shared interest. In other words, we 'check the weapons at the door'.* (Advocacy partnership C, Partner, Private sector)
>
> *It is tough to get joint activities set: Unfortunately, there is no joint purchasing since some members said no to that right from day one.* (New business partnership A, Partner, Private sector)

Overall, these findings again point to the need for systematic and targeted recruitment.

3.7.3 Legitimacy and credibility

Legitimacy and credibility are two essential ingredients for an effective sustainability partnership. They are linked to a range of different factors.

3.7.3.1 Credible institutions

Credible partnerships require the involvement of credible institutions. Today, NGOs are considered to be among the most credible organizations of all because they more widely represent civil society rather than specific financial interests:

> *Our organization* [NGO] *has one of the most trusted brands in the world. We work with business to get things done.* (Best practices partnership B, Hub)

> *The professionalism of* [NGO] *is helpful in making this partnership a success* (New business partnership C, Partner, Private sector)

In contrast, the corporate sector has a considerable credibility problem that is heavily influenced by sometimes questionable corporate commitment to sustainability issues. Our interviewees were also unambiguous about this:

> *The credibility problem of the corporate sector increases as a social or environmental issue becomes relevant to companies' core business. With regards to climate protection, this applies, in particular, to electric utilities as the greatest CO_2 emitters.* (Expert, Private sector)

> *Different partners* [companies] *seem to have a different focus and there is a feeling that they are not really all committed to a common objective.* (Best practices partnership G, Partner, Private sector)

This explains why NGOs can afford (or even need) to be less inclusive, and why many companies, on the other hand, go out of their way nowadays to seek proximity to NGOs:

> *Our partnership only works due to the credibility of the NGOs involved; too strong an involvement from the corporate sector would actually undermine its credibility.* (Quasi-regulation partnership B, Hub)

> *The recognition we* [company] *get from the program originates from* [NGO X] *because they are a credible organization. Essentially, we are piggy-backing.* (Best practices partnership B, Partner, Private sector)

> *NGOs provide legitimacy, and help ensure compliance.* (Best practices partnership G, Partner, Private sector)

For example, in the case of the Gold Standard (and to a lesser extent the Climate Savers), NGOs developed a number of corporate partnerships as a stringent benchmark. Once set up, the evolution of the partnership will dictate whether, and to what extent, the benchmark is negotiable. The decision to move unilaterally or not is partly motivated by the hope to build consensus quickly, in what is usually a resource-constrained setting:

> *It is easier to start with a small group. It is also the lack of financial means to involve stakeholders more strongly.* (Quasi-regulation partnership B, Stakeholder, Public sector)

We also observe that business-only partnerships tend to have the least credibility (at least among the wider community). This became apparent in our interviews with participants in the Sustainable Food Laboratory, and indeed the Sustainable Agriculture Initiative. Both initiatives aim to tackle standards in sustainable agriculture. However some participants in the Sustainable Food Laboratory stated that since the Sustainable Agriculture Initiative was solely an industry initiative, the attraction of the Sustainable Food Laboratory was the greater number of stakeholder groups involved, and, in particular, the active participation of NGOs and the credibility that this brings. While participants in the Sustainable Agriculture Initiative appreciated the more accelerated pace at which they could move – due to their unified purpose, and the lack of a need to build consensus with groups with differing agendas – there were some Sustainable Agriculture Initiative partners that were well aware of the trade off (the loss of increased credibility that would come by opening the initiative to more diverse players).

Some partnerships aim to compensate for this shortcoming through more comprehensive stakeholder engagement (examples are the development of the Gold Standard, and the Voluntary Carbon Standard, as well as the Partnering against Corruption Initiative). Credibility increases when businesses partner with a second sector (public or non-profit), but as discussed, there is no doubt that having an NGO partner on board is the most effective. This may, however, also scare off potential corporate partners that are new to 'the partnerships game' (and who are not yet accustomed to the idea of 'getting into bed with the enemy'):

> *We were criticized because there were no NGO participants. NGO participation may have improved the partnership since NGOs bring more pressure on timeliness. However, there is a fine line. Some corporate partners would have been reluctant to participate.* (Best practices partnership C, Partner, Public sector)
>
> *NGOs are trying to set the bar too high.* (Best practices partnership G, Partner, Private sector)

3.7.3.2 External transparency

Being transparent to the outside world also helps boost, and maintain, credibility. For example, external reporting on key performance indicators (such as gas flared or recovered, reduction of pesticide or water saved) creates goodwill among key stakeholders, and provides internal leverage for companies to manage their issues:

> *Public data about flaring by country, and by company, is effective as an incentive, it creates a certain pace.* (Best practices partnership C, Partner, Public sector)

The prospect of having to provide external transparency, however, may scare potential partners off, particularly when disclosed data describe sensitive social and environmental issues:

> *Disclosure can be very intimidating; we understand that some partners want a certain lead time.* (Best practices partnership C, Partner, Public sector)

Involving third parties is a very valid strategy to boost credibility (to have a credible third-party measure, and report partnership effects and progress). In some cases, an advisory committee, board, or council has been set up to assure some third-party assessment with specific sets of objectives. To avoid this step being perceived as a 'front', it is imperative to keep the members of any such body actively informed of progress at, and between, meetings:

> *As an advisory board member, I'd appreciate seeing even draft documents, or interacting more with individual working groups. We get a status*

> *report at annual meetings but I missed the last one due to other commitments. With little information between meetings, I'm now two years out of date. The advisory board is an outlier, not integrated as a whole.* (Best practices partnership J, Advisory board member)

3.7.3.3 Inclusiveness and fairness

By being inclusive, partnerships can ensure further legitimacy. By 'inclusive' we mean giving institutions the opportunity to express their social or environmental demands, and provide input to a cross-organizational and cross-sector consensus:

> *Our standard also represents interests from the southern hemisphere.* (Quasi-regulation partnership B, Partner, Non-profit sector)

> *We cover around 70 per cent of global gas flaring, which ensures that we are relevant in terms of our composition.* (Best practices partnership C, Hub)

> *To have a true multi-stakeholder system around sustainable food, we need to have better participation from the farming sector. We are talking about them, but we need to involve them. I know this can be controversial, but when are we going to do it?* (Best practices partnership K, Partner, Non-profit sector)

Inclusiveness comes at a cost, however, as it widens the range of opinions, and thus may affect the partnership's ability to reach consensus, and move quickly:

> *The larger the circle of partners, the more likely you end up with a lower common denominator; furthermore, transaction costs increase.* (Expert, Private sector)

> *We may not be a whole lot bigger in the future. We want to grow, and still be nimble enough.* (Advocacy partnership C, Partner, Private sector)

> *Our efforts to be too inclusive may have diluted the value and effectiveness of the partnership.* (Best practices partnership I, Partner, Non-profit sector)

> *We have a whole bunch of NGOs with their own agenda trying to tell the world how to do things, thinking their own way is best. We have bigger companies that take a proprietary view and that are less amenable than*

> *smaller companies. So we have competition working on all levels.* (Best practices partnership K, Partner, Private sector)

The more (legitimate) institutions a partnership includes, the more legitimate its actions and mission will become. The logical progression of this is that the more peers (from the same industry) are on board, the more legitimate partnership interests become for that group. Hence, to what extent does an involvement of industry associations make sense? In general, we are sceptical given that industry associations typically represent the lowest common denominator, and are unlikely to welcome pioneering ideas:

> *Closeness to the industry association was a big mistake. It was a purely political decision that did not make sense and was creating a mammoth, de-focused, and over-politicized situation, distorting our objectives.* (Best practices partnership J, Partner, Private sector)
>
> *Involving industry associations may be feasible in some instances, but I don't think so in the case of climate change. This is because all industries need to be involved.* (Expert, Private sector)

Some partnerships also make a very conscious effort to be 'fair' by not targeting institutions or sectors not represented in the partnership: Formulating demands on the partners themselves, or on the partnership itself, is perceived as more legitimate than pointing at others:

> *We have an unwritten gentleman's agreement. We do not formulate demand on someone who was not at the table, for example, an industry which is not a member of* [our partnership]. *This has built goodwill and helped our recruitment process.* (Advocacy partnership C, Partner, Private sector)

The issue of fairness similarly applies to concepts such as equity (do partnership activities put certain institutions, sectors, or countries at a disadvantage?) and accountability (who is accountable for the underlying issue and what legitimate demand can be formulated for this actor?).

3.7.4 Strategy and governance

We identified several factors related either to strategy-making or governance, which have a significant impact on partnership effectiveness.

They include internal equity, adequate resources, flexibility, and continuity and efficiency.

First, as a general comment, some interviewees mentioned that good governance has to (and can) be learned over time since there is no 'one size fits all' solution:

> *We have experience with similar programs and they worked well.* (Best practices partnership B, Hub)

3.7.4.1 Equity and decision-making

It is important to introduce governance mechanisms that ensure internal equity across partners, and that prevent one, or several, of the partners from dominating the agenda. Indeed, some of our interviewees commented that their partnership was being monopolized by one or several partners. Respondents from NGOs, in particular, mentioned events in which corporate partners had moved on unilaterally – against NGO opposition:

> *A significant imbalance in power should be avoided as it leads to a gradual erosion of trust and glue, and thus, also partner commitment, not to mention free-riding.* (Best practices partnership F, Expert)

> *Multinationals dominate the medium-sized companies; if there is a perception of overbearing multinationals, this can create animosity in a close–knit community.* (Best practices partnership J, Partner, Private sector)

This does not mean, however, that decisions can only be taken unanimously. Obviously, partnership governance (including voting, or decision-making procedures) should be clarified in advance. Majority voting – if one can get the partners to agree to it – creates a certain degree of peer pressure:

> *One is not necessarily constrained to the lowest common denominator. We do not need unanimity, we have no veto rights. This creates a certain peer pressure.* (Best practices partnership C, Partner, Public sector)

3.7.4.2 Adequate resources

A lack of adequate resources is a typical internal barrier in sustainability partnerships, and in partner organizations. It may include inadequate funding, inappropriate staffing choices (particularly for senior-level staff), power imbalances, trust deficiencies, lack of knowledge (see above), and the like:

> *We have to fight a lack of knowledge and typical reactive attitudes (renewable energy is more expensive…energy production is not our core business…payback periods are too long).* (New business partnership A, Hub)
>
> *The problem is managers' lack of knowledge rather than their mindset. They do not usually deal with such issues; they don't have the time.* (Quasi-regulation partnership A, Partner, Private sector)

Inadequate funding can be attributed to a variety of reasons, such as lack of shared interest and commitment, limited business relevance, and thus, low priority of partnership activities, or scarce financial resources in partner organizations (this applies to NGOs in particular). Also, it can simply be due to the fact that dealing with the issue requires substantial resources beyond the capacity of the partners to adequately fund it. In such cases, it is necessary to 'get back to the drawing board', and establish more attainable objectives:

> *We could easily spend ten times as much to hire more staff and establish dedicated offices in Asia (such as in India and China).* (Quasi-regulation partnership A, Hub)
>
> *NGOs are usually very stretched in terms of money and manpower; at* [event] *we hardly had the money to print the brochure, we certainly had no money to hire staff…* (Quasi-regulation partnership B, Partner, NGO)

As an indication of the extremes to which a lack of resources can lead individuals who are enthused by an objective, we found some cases in which they took rather desperate measures to fund partnership activities:

> *I was without a salary for five months. I put a mortgage on my house and billed interest to the partnership.* (Quasi-regulation partnership A, Hub)

Against this background, adopting an entrepreneurial attitude towards any given partnership is advisable. Our respondents also recommended not to underestimate the importance of fundraising, and to give high priority to this aspect at an early stage:

> *At the outset, we did not have enough capacity:* [Our partnership] *was hanging around without doing anything really, that was stupid.* (Quasi-regulation partnership B, Partner, Non-profit sector)
>
> *In hindsight we should have had a long-term plan to get big global sponsors.* (Quasi-regulation partnership A, Hub)
>
> *Ideally you should recruit two to three fundraisers before recruiting anybody else. Although progress is slower at the beginning, this step facilitates more rapid progress later.* (Quasi-regulation partnership A, Hub)

It is essential to a partnership to add value by delivering resources that are normally inaccessible to the partners individually; for example, access to unique knowledge of experts, and influence by facilitating interface with credible key individuals and institutions:

> *One of the key strengths is the knowledge of conveners and experts, capacity to provide concrete support.* (Best practices partnership A, Partner, Private sector)
>
> *You definitely need the expertise of all the actors involved in the partnership to make a difference.* (Best practices partnership I, Partner, Non-profit sector)
>
> *We lacked the expertise to deal effectively with a problem we encountered and felt that through a partnership with relevant actors it would help us deal with these concerns.* (Best practices partnership G, Partner, Private sector)

It was clear to us during our research that several corporate partners fell short when it came to knowledge about developments in certain geographical zones, and even steps in the value chain:

> [Partnership] *is very US-centric hence, we may lack other perspectives. We want to be aware of international activities, and other partnerships.* (Best practices partnership A, Partner, Private sector)
>
> *We* [company] *are globally involved by rolling out the program across global operations. Hence, the limiting factor in the partnership is the US focus.* (Best practices B, Partner, Private sector)

Providing such knowledge can be a challenge in view of the diversity of approach within different geographical areas, and the added complexity this brings to the issue at hand. However there is clearly a demand for this from partners:

> [NGO and partnership hub] *should provide more technical expertise in other geographical areas or act as a 'broker'.* (Best practices partnership B, Partner, Private sector)

3.7.4.3 Flexibility and continuity

An additional success factor of partnerships is flexibility. Flexibility among partners is required in light of the differences across sectors, industries, and organizations; that is, differences in terms of language, organizational culture and processes, technologies, and so on:

> *Ideally, we would like to have native speakers for certain languages so that corporations can respond in their own language.* (Quasi-regulation partnership A, Hub)
>
> *It takes a while to understand a corporate culture; you need to engage in a steep learning curve – otherwise things can go terribly wrong.* (Best practices partnership B, Hub)
>
> *There is a lot of flexibility. With each partner we work in slightly different ways.* (New business partnership B, Partner, Private sector)

This is particularly relevant and important in the health and food sectors when working in developing countries:

> *The partnership's approach has evolved over the years to adapt to the local situation. This shows flexibility.* (Best practices partnership H, Partner, Non-profit sector)

Flexibility may also require structural changes in the partnership at different stages, such as through the creation of satellites:

> *We work to increase in membership. To cope with resulting complexity, we could split them up into regional groups.* (Quasi-regulation partnership A, Hub)

As indicated earlier, we came across evidence suggesting that public sector involvement actually decreases partnership flexibility.

Several of our interviewees also pointed out that when partnerships are voluntary and/or partners are free of financial engagement, this bolsters their inherent flexibility:

> *It is extremely helpful that group membership is – obviously apart from the hidden costs (travel, accommodation etc.) – free of charge.* (New business partnership A, Partner, Private sector)
>
> *Voluntary initiatives can produce results quicker than regulations.* (Best practices partnership F, Partner, Private sector)

However, this can be a double-edged sword. On the one hand, free membership removes the pressure for companies, and their representatives, to get financial contributions approved, for example. On the other hand, a significant corporate commitment should also include the willingness to devote adequate financial and human resources to a partnership. This is why some partnerships charge a membership fee – not only to pay for necessary resources but also to make partners demonstrate their commitment from the beginning (it is certainly a good measuring stick to understand the importance that, for instance, companies give strategically to the initiative). But as mentioned, even when fees are charged, they are predominantly woefully inadequate to deal with the challenge at hand.

Flexibility should not be achieved at the cost of continuity, also a necessary feature of partnerships. Continuity is required to build trust and glue in partnerships (see above). It also applies to the strategic (a coherent long-term strategy), and operational (meeting frequency and follow-up in between, fluctuation in representation) level as well as to the partnership interaction with stakeholders:

> *The process is rather ad hoc and unidirectional, meaning a few e-mails and phone calls per year.* (Quasi-regulation partnership A, Hub)
>
> *One needs continuity in meetings; very often participation fluctuates too much.* (Best practices partnership C, Partner, Public sector)
>
> *There is little engagement. After meetings – a four day event every four months – we separate without explicit plans to do anything in particular.* (New business partnership A, Partner, Private sector)

It can also be achieved by a more coherent approach to securing and transferring key learning – from the partnership to the individual organization (and indeed, even across partnerships).

3.7.4.4 Efficiency and renewal

A partnership must be efficient, that is, it must truly add value to partner organizations. For example, it significantly increases cohesion if a partnership is able to provide 'quick wins'; and this is particularly true of best practices partnerships:

> *You have to have early wins, they may not necessarily have the largest impact, but they build endorsement.* (Best practices partnership C, Partner, Public sector)

As illustrated in Section 3.1, timing is often 'of the essence'. If external factors are positive (for example, public awareness, or political debate), the same resources and action will yield superior effects:

> *It was the right time to shift the political debate, to participate in the design of the solution. We tried to catch the wave (growing political awareness, growing scientific evidence).* (Advocacy partnership C, Partner, Private sector)
>
> *It was a good initiative that came about at a good time when it was first established. It was a good pre-competitive group where we could merge what was happening in the origin of products with the industry side.* (Best practices partnership J, Partner, Private sector)

Partnership renewal is essential in order to sustain learning processes; otherwise, the learning curve typically ebbs off, resulting in a partnership becoming increasingly obsolete to its existing membership:

> *Partnerships have a certain shelf life, it will be hard to keep it going in the same format* [with the same members] *for more than two years* [because after that, they cannot benefit much further]. (New business partnership A, Partner, Private sector)
>
> *I am not sure whether we will work through this tipping point. We may find new ways: Inviting new companies that are lower on the learning curve, or move geographical focus.* (New business partnership A, Partner, Private sector)
>
> *Right now, for me, it is not clear if* [the partnership] *will cease to exist, or whether we will be absorbed by* [another entity] *where the exchange of opinion is freer than within our partnership, and where core competencies can discuss core business and core issues.* (Best practices partnership J, Partner, Private sector)

We also suggest that late entrants have the opportunity to leapfrog certain stages since they benefit from the learning process of the first-movers in the partnership:

> *A later entry into a partnership could actually be an advantage since the learning curve is steeper early on in the partnership.* (Best practices partnership B, Partner, Private sector)

However, they are also – as followers – likely to receive less attention from stakeholders.

Given the scarcity of partnership resources, it is a 'no-brainer' to continuously strive for efficiency increases by reducing transaction costs, and maximizing partnership outcome:

> *Our partnership has a well thought-out program; they don't waste people's time.* (Best practices partnership A, Partner, Private sector)
>
> *In retrospect, we should have introduced our online system earlier because we then would be higher on the learning curve now…and we would not have to manually enter the data.* (Quasi-regulation partnership A, Hub)

Stringent measurement is an essential requirement to track and gradually increase efficiency. As outlined in more detail in Section 3.6, measurement capacity typically evolves over the course of a partnership:

> *We were initially unable to measure progress, our impact. Now, we have more quantitative measures to demonstrate our results.* (Best practices partnership A, Partner, Private sector)

3.7.4.5 Strategy is choice

Good governance also includes making strategically clear decisions that should be based on a solid business case for all partners:

> *You need a clearly assigned program and defined benefits.* (Best practices partnership A, Partner, Private sector)

In light of the earlier mentioned complexity associated with a diversity of actors, speed of public and political debate, lack of data, and so on, deciding on a strategic direction is not necessarily an easy task:

> *There is a huge range of opportunities, which makes it difficult to decide what to do, and where to focus.* (Advocacy partnership B, Hub)
>
> *In the US, we have emissions data for individual power generation facilities. In developing countries, you may end up with estimates of country emissions only. However, you need datasets to compare and benchmark.* (Best practices partnership A, Hub)

In hindsight, several interviewees concluded that they should have taken more time to formulate a strategy and plan its implementation:

> *We should have done more to organize ourselves for the post-launch period. We were a bit like the dog that catches the car; people bought into our principles and wanted to know how they should apply them.* (Advocacy partnership C, Partner, Private sector)
>
> *We should have had more details at hand, and a better mapped out clear strategy.* (Advocacy partnership C, Partner, Private sector)

In many instances, the 'right' timing is an important success factor in forming an advocacy partnership. This may be when a critical mass of actors shares an interest in getting a collaborative effort off the ground, and/or when momentum has built up behind a potential strategic direction in advance, and outside of the partnership.

Some of our interviewees welcomed having inspirational long-term goals (for example, that of the Roll Back Malaria partnership to 'halve the burden of malaria by 2010'), but the overall preference was for definable and achievable milestones, and short-term targets:

> *We have faced a hard challenge set by a ten-year target. It is better to have milestones and more short-term targets.* (New business partnership A, Hub)
>
> *You need to set ambitious but achievable goals; it's internally dangerous to overstretch.* (Best practices partnership B, Partner, Private sector)

3.7.4.6 Visibility

For a partnership to have high visibility is a valuable asset. This increases credibility; for example, with a high partnership profile, it is more difficult for partners to drop out quietly. Media relations are thus an important feature, particularly at tipping points of partnerships (for example, the initial launch, and at any stage of marked strategic change).

We advocate that partnerships should make conscious and weighted decisions about adequate levels of partnership visibility. Partnerships have to balance different preferences; some partners may prefer a more outspoken approach while others favour more subtle ways:

> *We* [company] *had a tendency to rather 'quietly' work on our project; we were cautious. But in hindsight we should have been publicly involved at an earlier stage.* (Best practices partnership B, Partner, Private sector)

Indeed, several of our interviewees suggested, as did the above respondent, that, in retrospect, the partnership they were involved in should have adopted a more visible strategy.

3.7.4.7 Structure and formalization

Structure follows strategy. This is a 'truism' of business whether in the public, private, or non-profit arena. But the same is also definitely true of corporate sustainability partnerships (CSPs). This is a significant success factor as it determines the process by which partnership decisions are taken, and implemented. Nevertheless, under current circumstances there were very real risks of neglecting partnership structure in light of limited resources and time, and rapid partnership growth:

> *In hindsight, we should have created a partnership structure rather than 'jumping in the middle of the process'.* (Advocacy partnership C, Partner, Private sector)
>
> *The importance of formalization (and the legal basis) should not be underestimated and depends on partnership stage. First you want to see top level buy-in (from a company). Once you decide to move on, you need a Memorandum of Understanding in place.* (Advocacy partnership B, Hub)

We also noted that the opportunistic way in which some partnerships were moving to increasingly create satellite groups may bring its own problems if undertaken in an entirely non-strategic manner (tilting of focus, resources devoted to non-strategic areas or discussion, and the like). Plans to outreach ambitious global initiatives need to be undertaken in a highly strategic manner, as we have already observed; yet, there are very restricted resources available. In other words, partnerships should normally be striving for 'more bang for buck'.

3.7.4.8 Ownership

The question of companies' internal ownership of partnership involvement also provided us with some interesting insights. As already mentioned, companies tend to manage their partnerships via corporate staff (EHS, public affairs). In many instances, this also means that partnership membership fees are paid by specific departments within firms:

> *I asked the business unit whether we should join. They agreed but I* [public affairs] *pay the bill.* (Best practices partnership A, Partner, Private sector)

We observed that this has, in some cases, contributed to a missing link between the partnership and the business unit that is most affected by partnership activities – such as operations or facility management when it comes to purchasing green energy, analysts and asset managers when it comes to leveraging carbon disclosure, or supply-chain managers in the case of sustainable agriculture, or fishing. The resulting lack of ownership is a critical barrier to making progress since it may reflect little buy-in from non-sustainability personnel/departments.

Notes

1. See Steger, U. (Ed.). 2006.
2. See Steger, U. (Ed.). 2004 and 2006.
3. See Steger, U. (Ed.). 2006.
4. See http://www.generonconsulting.com/publications/papers/pdfs/U-Process_Social_Technology.pdf.

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Part II

The Four Partnership Approaches

4

New Business Development

In this, the second part of our book on corporate sustainability partnerships, we provide a sample case description of each of our partnership approaches, and 'zoom in' on our empirical conclusions for each one (see Figure 4.1 for Roadmap of Part II).

Part II – The four partnership approaches

Chapter 4 New business development

4.1 Reference partnership
4.2 Setup
4.3 Activities
4.4 Effects

Chapter 5 Best practices

5.1 Reference partnership
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5.3 Activities
5.4 Effects

Chapter 6 Quasi-regulation

6.1 Reference partnership
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Chapter 7 Advocacy

7.1 Reference partnership
7.2 Setup
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Figure 4.1 Roadmap of Part II

4.1 Reference partnership: Tetra Pak and a School Feeding Program in Nigeria

Tetra Pak is a multi-billion dollar global company that develops systems for processing, packaging, and distributing food. It is a market leader in the provision of aseptic[1] carton packaging for various liquids, including milk and juices. In the mid-nineties, Tetra Pak set up partnerships with its Indonesian customers, the United States Department of Agriculture, and a handful of local NGOs to regularly supply milk to government-funded school feeding programs in Indonesia. The program was successful, and had distinct business, economic, and developmental benefits. Children's health improved, attendance at school went up, the agricultural and manufacturing sectors were boosted, and Tetra Pak was able to create a viable business around this model that expanded year after year.

In the year 2000, Tetra Pak set up a Global School Feeding Knowledge Center to evolve other programs around what the company referred to as an 'integrated value chain' concept. For the company this meant promoting long-term development and better nutrition for children, combined with contributing to the evolution of a stronger agricultural sector in developing countries; at the same time assuring a viable business base for the company. In Asia, the company had acquired a vast amount of knowledge about business-based school feeding programs, and thought about applying that learning to an African context. Tetra Pak therefore set up an office in South Africa. One of the first steps that the manager appointed to head up the office took was to work with local companies on developing a nutritious drink that could replace milk (since dairy systems in Africa can be tenuous). Nutri-Sip was developed – a cereal-based drink containing some 27 micronutrients. It was successfully introduced in a school feeding program in South Africa. Tetra Pak started looking further afield, and got its first opportunity in Nigeria.[2] The then president of the country, concerned with developing Nigeria's ailing agricultural sector in particular, strongly endorsed the idea of Tetra Pak coming to the country. This allowed the company to seize an opportunity to establish itself more firmly in one of Africa's most populous countries.

In spite of Nigeria's record as one of the world's most unliveable countries (according to the United Nations indices in 2005), Tetra Pak felt that the country met a number of conditions that qualified it as a first step in establishing a school feeding program outside South Africa. Some 66 per cent of Nigerians were living on less than a dollar a day, and therefore in extreme poverty; the resulting child malnutrition was having massive negative effects, both socially and economically. Malnourished children were less likely to attend school, had learning difficulties (the national IQ in Nigeria, for example, was reduced by between 10 and 15 per cent due to mineral and vitamin deficiencies in children), were inclined to fall ill often, and die early in large numbers from mostly preventable diseases.

The Tetra Pak team became convinced that school feeding could be the first component in an integrated chain to promote essential and sustainable agricultural and industrial development in Nigeria while delivering long-term business benefits to Tetra Pak. With the agreement of the President of Nigeria, and the governor of Nasarawa State, Tetra Pak 'jump-started' a school feeding program based on imported Nutri-Sip. The idea was that as demand increased, and the program grew to cover other Nigerian states, private sector investment would be forthcoming to eventually fund production of a local version of Nutri-Sip.

Today, Tetra Pak is collaborating with the governor of Nasarawa State in Nigeria, and has set up a school feeding program based on distribution of the Nutri-Sip drink to local schools. The program is currently established as a public–private partnership to fight poverty by driving education improvement through targeted nutrition. Although the notion of school feeding programs might easily conjure up recollections of the numerous philanthropic efforts by companies to 'donate' products for distribution in schools, for Tetra Pak, the initiative in Nigeria is a business initiative with both short- and long-term benefits. The partnership's overall aim is primarily to stimulate agricultural production in Nasarawa State and kick-start a local manufacturing industry (thus relieving poverty), while at the same time improving child nutrition. The scope for expansion of such school feeding programs across Africa, however, is very substantial, and thus, is of considerable business interest to Tetra Pak.

Tetra Pak encountered some formidable challenges and obstacles while trying to get this ambitious program off the ground, promote local production of Nutri-Sip, and secure the product's supply and distribution chain. The company quickly learned in an extremely hands-on way that African rural development is not at a level anywhere close to that of Asia. The challenges on the African continent are very different (in terms of capacity-building, problems in getting goods across borders, logistics) and provide a broad scope for additional learning, but also additional difficulty in rolling out the business model. Other than its partnership with the government, the company has partnered with a number of other entities. For example, it joined forces with the Global Alliance for Improved Nutrition (GAIN) – an initiative initially funded by the Bill and Melinda Gates Foundation (focused mainly on health and nutrition issues) and now a firmly established not-for-profit organization. GAIN's role in Nigeria was to assure the program's credibility from the point of view of impact on the children's health. In turn, GAIN collaborated with the Helen Keller Institute to work on the health impact assessment. Tetra Pak also partnered with Cornell University to work on community impact. Additionally, they have plans to assess those local NGOs with which they could partner for help with capacity-building, and areas outside the company's specific expertise.

Tetra Pak is a good example of an innovative business model around public health. This model is very different from a traditional business model; it is focused on introducing radical innovation around sustainability concepts while working on scale opportunities at the 'bottom of the pyramid'. There are a variety of such initiatives 'out there', such as the work of Hindustan Lever (part of Unilever, the Anglo–Dutch fast-moving consumer goods company) in collaborating with women's self-help groups in India to facilitate the allocation of micro-credit to entrepreneurial women willing to purchase Unilever products (ordinary household articles such as soap, or detergent, that are often tailored in size to suit the pockets of the poor) and distribute them in rural villages.[3]

While the above account gives an idea of what a new business partnership might look like, these types of partnership vary tremendously depending upon the company, and also on whether the new business is based on a new product, or a new process. In the following section, we discuss various dimensions of new business partnerships, and refer to several other examples, as well as that of Tetra Pak.

4.2 Set-up

We suggest here that new business development is likely to occur primarily in a business-only setting. However, this has been proven not to be exclusively the case (see Table 4.1). For example, in 1992 the environmental group Greenpeace teamed up with an almost bankrupt East German firm to manufacture a fridge cooled by non-ozone-destroying chlorofluorocarbons. Greenpeace provided marketing know-how, and the East Germans provided the technology – an updated version of once-common hydrocarbon refrigerants – that

Table 4.1 Composition of new business partnerships researched

Partnership	Set-up
Green Power Market Development Group	Business–NGO (convened by third-party) Conveners: World Resources Institute (WRI) and The Climate Group Corporate partners: US and European corporations
AIDS Technology Transfer	Business-only (although it depends on the country) Convener/lead: Roche Corporate partner: Depends in each country
Heineken-Care	Business–NGO Convener: Heineken Corporate partners: Local partners in Cambodia
Tetra Pak School Feeding Program in Nigeria	Business–Non-profit–Government Conveners: Tetra Pak in cooperation with the Global Alliance for Improved Nutrition (GAIN), the World Bank Institute, and the Nigerian government Corporate Partners: The Solae Company, Good Hope International, Local manufacturers

was a mixture of propane and butane. The result was the Green Freeze refrigerator that was so hugely successful that it actually led to changes in legislation worldwide.

Despite such interesting – and undoubtedly groundbreaking – examples, the incentive to innovate is nevertheless more likely to be driven by a company. For instance, in the least-developed countries, Roche has been partnering with various relevant bodies to build their technological capacity around the manufacturing of second-line HIV drugs. In some instances, such partnerships may be more inclusive in the sense that they attempt to achieve outreach along the value chain, such as by involving suppliers and customers to get their buy-in, and eventually achieve a systems innovation. This is clearly apparent in our Tetra Pak example, where the stated objective is to achieve an integrated supply chain approach to the provision of the fortified drink in schools, thus assuring not only the developmental benefits of the drink, but also a developed economy around its production involving farmers, manufacturers, and labourers. In general, we found that a broader, and more formal, involvement of relevant stakeholders at an earlier development stage of such initiatives certainly helps to build a broader consensus thereafter (for example, with regulators); it also helps companies think out of the box, and identify gaps (for example with NGOs).

Furthermore, in new business partnerships, we ascertain a need for regional differentiation. Regulatory frameworks, and national cultures, differ between countries and regions. Since they have a strong impact on potential business models, technologies, and products, alignment of partnership activities with the corresponding regulatory and cultural environment is essential. This is illustrated by the development of the Green Power Market Development Group: It started with the foundation of the US group in 2000, followed by the European group a few years later. In light of recent legislation promoting green power in California, the launch of a Californian group is on the agenda. From a cultural perspective, Tetra Pak found that a school feeding program business model that was working well in Asia could not simply be 'superimposed' on Africa. There are cultural and socio-economic factors that mean that business models need to be adjusted – sometimes substantially – to suit the business circumstance.

There can be a certain degree of overlap between business development and best practices approaches, as some new business developments may indeed be the best practices themselves (as in the case of the Tanzanian partnership on Access to Healthcare which, it could be argued, straddles both types of partnership).

4.3 Activities

4.3.1 Developing and promoting new business

The focus of new business partnerships lies essentially in capacity-building to develop new business (see Table 4.2). Clearly, the Tetra Pak example is testimony to this. Capacity-building is going on at almost all levels of the partnership – within Tetra Pak itself, among government partners (essential, for sustainability, credibility, and continuity of the program), with farmers, manufacturers, within families, etc.

Overall, communications and marketing in the traditional business sense are less important for new business initiatives than for our other approaches. Most projects being largely in a pilot or business development mode, outreach is of a very variable nature depending on the project in question. In our Tetra Pak example, outreach to the local community (awareness building) is a very important activity that increases receptivity around the new product and even breaks down cultural barriers and misgivings. In development type projects, clearly getting local communities engaged (giving them ownership) is very a very effective mechanism.

Table 4.2 Sample core activities of new business partnerships

Partnership	Area of focus	Activities
Green Power Market Development Group	Climate change	Capacity-building, for example, case studies, brokering, research in markets, trends and issues (offerings of renewable energy companies, lists of credible suppliers, insight into on-site projects, purchase of certificates, third-party funding) Conducting outreach to large energy users Building networking opportunities, some companies aggregate their loads to secure good pricing Communicating partner successes
AIDS Technology Transfer	Public health	Capacity-building, providing know-how to developing country partners so that they can develop HIV (and other) drugs in the long term Expanding to new countries, and new partners Communicating partnership
Heineken-Care	Public health	Developing training programs to improve beer promoters' health and safety Awareness raising and communications Influencing the alcohol distribution sector
Tetra Pak School Feeding Program in Nigeria	Public health	Developing a tailor-made, fortified, non-milk product (Nutri-Sip), using local cereals, to deliver to schools in Nigeria Capacity-building: Providing know-how to government partners on how to run a successful school feeding program Supporting communities Building a workable economic framework for production of Nutri-Sip: Negotiating with local farmers for the provision of cereals for the production of Nutri-Sip, and with local manufacturers to build local manufacturing capacity for the drink

Increased advocacy, engagement in the public and political debate also seem to be on the agenda for new business partnerships to leverage the partnership's pool of knowledge, and call for more supportive legislation. Tetra Pak and GAIN, as examples, were actively working on lobbying for new legislation to make school feeding mandatory across states in Nigeria.

4.3.2 Measurement

In new business partnerships measurement is important insofar that it helps to determine whether the partnership should be expanded or replicated. We observed that in the Heineken-CARE partnership, for

Table 4.3 Measurement in new business partnerships

Partnership	**Area of focus**	**Measurement**
Green Power Market Development Group	Climate change	Drivers: Internal control, and personal motivation Processes/means: Mixture of qualitative and quantitative measures, for example, number of projects per year, number of publications per year
AIDS Technology Transfer	Public health	Drivers: Desire to promote sustainability Process/means: Both qualitative and quantitative, for example: number of companies interested in joining, assessment visits to identify progress
Heineken-Care	Public health	Drivers: Desire to promote sustainability Processes/means: Essentially qualitative, for example, assessment visits to identify progress
Tetra Pak School Feeding Program in Nigeria	Public health	Drivers: Desire to make an impact on child malnutrition and thus promote sustainability Processes/means: Qualitative and quantitative (blood tests, etc.) assessment of children's health before and after they started the school feeding program. Quantitative assessment on number of schools and children covered on the program, increases in attendance at school, and in results achieved, number of Nutri-Sip drinks distributed, etc

instance, regular surveys, through group discussions, have been made to gauge the impact of the partnership on beer promoters, women and, more generally, on society. On the one hand, results of such surveys will help to engage more partners, and on the other, to determine the key success factors that would help the partnership expand to other countries. This does not exclude that partnership hubs carry out assessments of individual projects (check out their business case), as well as for their own personal motivation, and to achieve internal control. Table 4.3 gives an overview of the type of measurement approaches existing in the sphere of new business partnerships.

4.3.3 Roll-out

Roll-out is an implicit part of new business partnerships. It can have both an internal and an external component (see Table 4.4). Internal roll-out can occur through, for instance, rallies supported by the partnership hub, or through the corporate owner/standard bearer of the partnership:

> *Internally, we work with energy buyers and CSR people on green power affairs.* (New business partnership A, Partner, Private sector)

> *We aim to increase the amount of renewable energy being consumed internally. Externally, we try to influence the 'three sectors': Industrial and commercial companies, suppliers of energy and component manufacturers, and market shapers (politicians and regulators).* (New business partnership A, Partner, Private sector)

Partnership influence can also be strengthened through external expansion, such as by recruiting new members (also in new geographical locations), or by taking on board new activities. Our respondents had varying opinions about the need to expand their partnership since it depended on diverse factors, such as the stage that partnerships were at, and the external barriers they were experiencing:

> *Partnership growth is not that important. The size of the team is good; there is little point to have twice as many companies in the group. Once you have 20 companies, it turns from a workshop into a series of presentations.* (New business partnership A, Partner, Private sector)

> *Only once you know what works (as a technology, business model, and so on) do you know what kind of legislation you shall call for.* (Expert, Private sector)

Table 4.4 Roll-out activities in new business partnerships

Partnership	Area of focus	Rollout
Green Power Market Development Group	Climate change	Type: Both internal and external, for example, increase in renewable energy being consumed (internal), and influencing other sectors (external) Potential: Difficult to estimate
AIDS Technology Transfer	Public health	Type: External, for example, expanding to other countries Potential: It is within the objectives of the partnership
Heineken-Care	Public health	Type: External, that is, within the country, and in the region Potential: To other breweries, and to other countries
Tetra Pak School Feeding Program in Nigeria	Public health	Type: External, for example, exponentially expanding to other schools in Nasarawa State, other Nigerian states, and eventually other African countries Potential: One of the most interesting business reasons for Tetra Pak to engage in this activity is the potential for roll-out across Africa; therefore it is firmly within the objectives of the partnership

For example, the Heineken-Care partnership is interested in possibly expanding to China, but at the time of the interviews it was still not ready to do so because it was still learning lessons from the Cambodia case. The Tetra Pak team encountered a number of unexpected hurdles in Nigeria (capacity-building challenges, but also a prolonged period of uncertainty owing to presidential elections in 2007) which led to a revision of plans for roll-out across Nigeria, and a decision to place roll-out to the rest of Africa into a mid-term perspective.

Diversification is also a roll-out possibility. For example, in the Green Power Market Development Group (Europe), a subset of members decided to bundle their demand for green power to secure good prices. A diversification focus can emerge as partnerships grow and consolidate.

4.4 Effects

We examined the major effects that new business partnerships can have in diverse areas. There are a few 'no-brainers'; major effects occur in the areas of management practices, business models, and development of new products and technology. But where are the other areas of impact? In the following sections, we put the overall effects of new business partnerships into perspective.

4.4.1 Bottom line

Overall, effects of new business partnerships on the bottom line are minor. In most instances, members are willing to accept net costs (rather than a profit) since the focus lies on the *development* of new products, and business models. Indeed, partners reported losing money in the short term, but still saw their initiative as a valuable investment in terms of gaining hearts, minds (of consumers), and market knowledge for the future. It was clear to us that Tetra Pak saw potentially significant, long-term rewards for the time and investment the company made in coping with the risks and challenges of the Nigerian school feeding program. These were lack of competition in an emerging market, and achieving comfortable margins based on scale opportunities (because the company does not sell its products directly to the poor, but to governments).

4.4.2 Intangibles

Effects on intangibles can be highly variable. Clearly, Tetra Pak reaps considerable reputation and brand-value benefits from its engagement in school programs worldwide. The school feeding program office is high profile, both within Tetra Pak and externally. At the time of our interviews, the effect on improved reputation was being felt very strongly within Tetra Pak (among employees), in the local community, in Nigeria as a whole, and even globally. The Tetra Pak Food for Development Office received the 2006 World Business Award in support of the United Nations Millennium Development Goals, for example. Interviewees in other partnerships also reported improvements in stakeholder relations, improved image, and a knock-on effect of working with credible institutions (such as Care in the case of the Heineken-Care partnership).

4.4.3 Strategy

In light of the partnership mission (developing new business), an underlying strategic rationale can be assumed. In some cases it is to test new products, in others to test a new approach, and still in others it may be new processes. Interviewees reported that partnerships successfully built managerial and technical expertise, leading to a more outspoken advocacy-based approach (calling for adequate legislation) in some companies, or countries. The Heineken partnership, for instance, is influencing the entire brewery sector in Cambodia by engaging key decision-makers and private sector players in the partnership. A brewery association has been created as a result of the partnership, as well as an association of women in the workplace. Brewers of other alcoholic beverages are also considering the options of setting up similar partnerships.

In the case of the Tetra Pak partnership, this initiative coincides squarely with the company's goal of 'making food safe and available everywhere'. Based on forecasts regarding high global population growth, and expected global market growth, there are going to be significant increases in the consumer base in low-income groups within developing countries. Although for Tetra Pak, Africa does not offer the same immediate potential markets as Asia does, there is an opportunity for the company to increase revenue by developing a functional supply chain that will also demand its products. Because the company is a 'first mover' in Africa substantial competitive advantage may eventually be reaped on that continent.

4.4.4 Culture, mindset and knowledge

Implications resulting from managerial and technical knowledge are to be expected from new business partnerships since new products or business models are developed, tested, and then ultimately 'cleared for mainstreaming'. Furthermore, interviewees report inspirational effects and strengthened confidence. With regard to Tetra Pak's partnership, managers reported favourably on the 'feel good' factors involved in programs that can have such immediate and tangible impact on young children in poverty-stricken countries. There was a high motivation and incentive to succeed among the corporate staff dedicated to the program – so much so that at times the passion and enthusiasm was reminiscent for us of that more likely to be found at an NGO. The learning opportunities provided by working alongside so many different players were also deemed to be incomparable by managers.

4.4.5 Management practices

New knowledge, as well as changes in organizational culture and mindset, helps to improve management practices. Such changes can be highly industry-specific, and include, for example:

- In the area of climate protection: Increased demand for renewable energy through (1) production using solar and wind parks, combined heat and power from biomass, geothermal heating (both off- and on-site); (2) green power purchases (also jointly with group members); (3) acquisition of renewable energy certification; and (4) new business models (for example: solar parks 'hosted' on facility roofs and used by third parties).
- In the area of public health: New techniques and processes to produce medicines or, for example, new and more scientifically robust approaches to measuring the impact of products on targets. In the case of Tetra Pak, a manual for school feeding programs is in constant review. Also, it was clear that at different stages in the work in Nigeria, organizational learning had been such that clear management decisions were called for in order to apply new knowledge more effectively.

4.4.6 Technology

Impacts on technology from new business developments depend on the underlying issue, but are not hugely significant in the overall big picture. We cannot, however, completely exclude technological implications (for example, joint R&D programs in the US with public funding, or capacity-building). For instance, the AIDS Technology Transfer partnership is specifically about transferring technology. Its long-term impact may well be considerable, as more drug manufacturing companies from the least-developed countries raise their overall capacity to manufacture AIDS drugs. This will have potential implications for these companies well beyond addressing the AIDS virus itself; once certain equipments, technologies, processes, and human capacities are in place, many other drugs can also be manufactured more easily. A knock-on affect is that these countries may then raise more funding from those international donors who place minimum conditions on capacity before providing funding.

Also, there is no doubt that in Nigeria part of the dedicated objective of the project in Nasarawa State is to give the state the technological capacity to produce the fortified drink in the area, thus enriching the local economic framework. Again, once such a capacity is in place to produce the Nutri-Sip drink, then it is also possible to produce other products – a clear part of the initiative's overall pay-off.

4.4.7 Social and environmental implications

Since these partnerships are primarily concerned with developing new business (products, business models, and so on), one cannot expect large-scale implications in the short term. However, once successfully tested and replicated, social and environmental effects can be substantial. The Tetra Pak partnership is certainly testament to this (the potential for impact on education and health is very substantial). There is an interesting partnership that has been ongoing for many years in India (managed by Hindustan Lever, the Indian arm of Unilever), where training and using women's self help groups as a new distribution channel for Unilever products deep in rural areas has literally served to transform lives and increase the economic 'clout' of rural communities.[4]

We are largely reporting self-perceived effectiveness of the partnerships; these are specific to the area of focus:

- In the area of climate protection, we ascertain emission reductions through substituting fossil-fuel-based power with green power. For example, by installing a new biomass-fired boiler, Johnson & Johnson was able to reduce its non-renewable energy consumption by 30 per cent and its carbon emissions by 200 metric tons per year.
- In the health sector, the overall social implications (reduced mortality) are potentially huge, however, the partnerships are still in the early days of demonstrating such effects. In the case of child nutrition, though, school feeding programs begin to show effects on health after an extremely short time – as long as they are very carefully administered, and monitored. In Nasarawa State, for example, it was necessary to de-worm all children prior to being put on the program. Once de-wormed, the children had to wear sandals at all times; otherwise, they risked re-infection with worms, rendering null and void any nutritional benefits from the fortified drink. Making sure that children constantly wear shoes in deprived African

communities is not an easy task. However, the program was also having effects in other areas that were being monitored – improved child performance at school, increased number of girls at school, decreased absences, and the like.

4.4.8 Industry and business system

Again, in light of the pilot approach of new business partnerships, one cannot expect substantial effects on the industry under consideration, or in related industries (in other words, on the entire business system), in the short term. Nevertheless, depending on the starting point of the individual partnership, industry and business system effects should not be underestimated: In the US, the Green Power Market Development partnership has clearly contributed to the proliferation of green power. Between January 2001 and December 2005, the group members have instigated 360 megawatts of green power projects and purchases, accounting for a significant portion of the growth in the US green power market.

Furthermore, interviewees argued that new business partnerships contribute to mainstream business by proving that new products and business models around sustainability concepts do have a business case (as one interviewee commented, 'they demonstrate that it can be done').

4.4.9 Policy-making and public debate

While advocacy partnerships are very well connected with key individuals in business and politics (CEOs and key politicians), business development initiatives often have a somewhat lower profile (depending on their specific objectives). Having said that, the Heineken partnership (whose aim it is to improve healthcare for a specific group of workers), has actively engaged policy-makers; the partnership is seeking to influence policies, and the entire sector. Equally, several interviewees in the Green Power Market Development Group indicated that they advocate a more outspoken approach in the future – to call for legislation supporting new products and business models. Tetra Pak was also engaged in calling for legislation obliging Nigerian states to have a dedicated school feeding program. Thus, depending on which stage they are at, and what specific aims they have, business development partnerships may actively seek to harness public support, and establish a certain level of awareness among key decision-makers; this with the ultimate aim of influencing the relevant sector.

4.4.10 Unexpected and negative effects

New business partnerships tend to be inherently more cautious, because they are treading new ground, and innovative, since they are testing something new. As such, it is clear that foreseeing all effects at the outset would be impossible and would also to some extent defeat the role of these partnerships. There are a great number of unexpected effects associated with such initiatives, many of which are positive, such as exceeding expectations. As mentioned, Tetra Pak was undoubtedly taken by surprise by the very divergent challenges that it had to face in Africa, as compared to Asia: Capacity-building became a much more important feature of their activities; and consideration had to be given to providing a more robust infrastructure to the project when the project staff realized that they had not taken this need adequately into account. Working with government partners also brought its own surprises because work cultures clashed over time; the amount of time required to deliver an output took this dynamic company by surprise. Also, in new business partnerships that are based around a new product, other negative yet unexpected effects may also be experienced; for example, 'copycat' and inferior products may be produced by external entities that claim the same benefits as the original product. This did not happen in the case of the Nutri-Sip product owing to its very specific nature and packaging (and also distribution framework), but it has happened in other cases where products were developed specifically for the 'bottom of the pyramid' market.

4.4.11 Overall effectiveness

In summation, new business partnerships primarily build managerial and technical capacity to develop and successfully test new product and business models. Hence, it is unrealistic to expect substantial effects on industries at this stage, as well as on the political and public debate. Focusing on more advocacy, to leverage newly gained expertise, appears to be a logical step once such partnerships are established. Currently, this is an issue for several of the partnerships we looked at.

Additionally, one should not underestimate new business partnerships' contribution to the overall 'big picture' sustainability debate. By fostering development, and demonstrating a clear business case for new approaches to business, such partnerships provide a solid basis on which other partnership approaches (advocacy, best practices) can build. The Global Alliance for Improved Nutrition, for example, is an initiative initially funded by the Bill and Melinda Gates Foundation; it has actively been using the Tetra Pak, and a set of other case examples, to build a business case in an effort to convince other companies to move forward with product fortification initiatives, and develop new business models around food fortification into the future.

Notes

1. A technology that protects nutritional quality and allows ambient storage of products requiring no preservatives.
2. See case studies IMD-2-0127 and IMD-2-0128: Ionescu-Somers, A. and Steger U. 2007, A school feeding program in Nigeria: Tetra Pak's business and development goal (A) and Tetra Pak fortifies the business model (B).
3. Ibid.
4. See IMD prize-winning (OIKOS) case study: IMD-3-1073: Ionescu-Somers, A., Steger U. and Amann, W. 2002, Hindustan Lever – Leaping a Millennium.

5
Best Practices

5.1 Reference partnership: Business Leaders Initiative on Human Rights

The Business Leaders Initiative on Human Rights (see www.blihr.org) was created in 2003 as a business-led initiative to help companies integrate human rights considerations in their practices. The idea for Business Leaders Initiative on Human Rights emerged as the result of a dialogue between Gordon Roddick (Co-Founder, The Body Shop International plc), John Morrison, and Kaj Embren (Partner and Co-Founder respectively of Respect Europe, an NGO). At the time, nothing like the objective and universal framework of the Business Leaders Initiative on Climate Change existed for business social responsibility, which was underlined at the 2002 World Summit on Sustainable Development in Johannesburg.

Therefore, the Business Leaders Initiative on Human Rights was initiated by Respect Sweden in partnership with another NGO (Realizing Rights: The Ethical Globalization Initiative) – set up by the high profile Mary Robinson (former President of Ireland and former UN Human Rights Commissioner). To the present day, Robinson continues to act as an honorary chair to the organization. Since April 2007, the Business Leaders Initiative on Human Rights has been established as a UK-based company acting as the central hub, or secretariat, for the partnership, and it has four staff members. Interestingly, as opposed to many of the partnerships we looked at, 'an end is nigh' for the Business Leaders Initiative on Human Rights since it plans to disband in March 2009; an objective very clearly stated on the front page of its website.

The Business Leaders Initiative on the principal purpose of Human Rights is to find 'practical ways of applying the aspirations of the Universal Declaration of Human Rights within a business context, and to inspire other businesses to do likewise'. From its foundation, the Business Leaders Initiative on Human Rights was modelled on the Business Leaders Initiative on Climate Change. The Business Leaders Initiative on Human Rights was initially founded by seven companies: ABB Ltd, Barclays PLC, MTV Networks Europe, National Grid plc, Novartis Foundation for Sustainable Development, Novo Nordisk, and The Body Shop International plc. Today, it has a total of 13 members (see Table 5.1).

The Business Leaders Initiative on Human Rights has developed in two distinct phases. From 2003 to 2006, it focused on developing tools to integrate human rights into business practice. The second phase, dating from 2006 to 2009 – currently ongoing but slated to be the partnership's last – is focusing on implementing, and disseminating those tools.

At the core of the initiative lies a human rights matrix which the Business Leaders Initiative on Human Rights developed, and which is based on the Universal Declaration of Human Rights and other international agreements. The matrix covers the following categories: General obligations, right to equal opportunity and non-discriminatory treatment, right to personal security, rights of workers, respect for national sovereignty and human rights, obligations with regard to consumer protection, obligations with regard to environmental protection, and general provisions of implementation.

Table 5.1 BLIHR members

BLIHR members
Alcan Inc.
ABB Ltd
Areva
Barclays PLC
Ericsson
GAP
General Electric
Hewlett-Packard Company, L.P.
National Grid plc
Novartis Foundation for Sustainable Development
Novo Nordisk
Statoil
The Coca-Cola Company

In contrast to the Voluntary Principles on Security and Human Rights, which are focused on a single sector (the extractive sector), the Business Leaders Initiative on Human Rights covers a number of sectors, but still not all, (for example, there are no automotive companies in its midst). However, the initiative does seek as wide a representation of sectors as possible. Interestingly, Statoil, a member of both of these initiatives, has adopted a role of acting as a conduit between them in an attempt to exchange lessons learnt, and reduce duplicating efforts. The Business Leaders Initiative on Human Rights member companies meet quarterly and they are encouraged to send at least two participants to working group meetings.

5.2 Set-up

Within the best practices partnerships we looked at, we found business–public and business–NGO compositions, as well as business only and tri-sector partnerships. A number of these partnerships have established a secretariat, or 'hub' as we have termed it thus far. As with other types of partnership, a strong and effectively functioning hub was a critical element, but perhaps this is even truer in the best practices partnerships arena since roll-out of the best practices conceived and developed is highly dependent on effective coordination, and thus a functional hub, with strong purposeful leadership.

Interestingly, partnerships in this area were often initiated in an ad hoc fashion (as happened in the cases of the Voluntary Principles and the Roll Back Malaria partnership), or as a result of several parties opportunistically deciding to 'do something about' an issue that had become a 'thorn in the side' of society, an industry, or another entity. More often than not, however, over time participants eventually set up a dedicated central structure. In the area of sustainable food, all best practices partnerships had such a structure from early on. This is indicative of the complexity of the area of sustainable food, where best practices relate to many different commodities requiring their own special attention and technical expertise; also, the fact that sustainability issues occur at different points in a long, and complex value chain. The more complexity there is, the more crucial it is to assure strong coordination.

Table 5.2 lays out the specific set-ups of a subset of the best practices partnerships that we scrutinized during our research.

Table 5.2 Composition of a selection of best practices partnerships from our sample

Partnership	Set-up
Climate Savers	Private–NGO: NGO convener/leader: WWF Corporate partners: 12 corporations (based primarily in North America and Europe)
Global Gas Flaring Reduction Partnership	Private–public IGO convener/leader: World Bank Public partners: Governments of oil producing countries (also representing state-owned oil companies), Organization of the Petroleum Exporting Countries (OPEC) Corporate partners: Major international oil companies (e.g. Shell, Statoil, Chevron) Donors: Six governments of industrialized countries/regions (US, Canada, EU, France, Norway, UK)
EITI	Public–private–NGO Convener/leader: British government Public partners: 22 governments (to date) Corporate partners: Oil and extractive companies NGOs: Such as Transparency International, Publish what you Pay Coalition, etc.
Access to Healthcare	Public–private–NGO Convener/leader: Novartis Public partners: Tanzanian government (district health authority, national level health authority, Tanzania Food and Drug Authority (TFDA)) Corporate partners: Novartis and Novartis Foundation. NGO: Management Science for Health (US-based), Ifakara Health Research and Development (Tanzanian institute), Swiss Tropical Institute
Sustainable Food Laboratory (SFL)	Public–private–NGO–Academia Conveners/Leaders: Group of key interested industry experts, and thinkers together with Unilever, and the W.K. Kellogg Foundation Corporate partners: Diverse set of corporate partners ranging from global organizations (processors, retailers, food service) to considerably smaller entities

Continued

Table 5.2 Continued

Partnership	Set-up
	Numerous and highly diverse NGOs, Research Institutes, Foundations, Consultancies: (all linked in some way to food production issues). Examples: AgroFrontera, WWF, Center for Tropical Agriculture (CIAT), National Association of Small Boat Owners, Rabobank Foundation, SustainAbility Public partners: Ministry of Agrarian Development, Brazil, New York City Department of Housing Preservation, Presidential Commission for Local Development, Guatemala, Second District of Paris

The Climate Leaders and Climate Savers partnerships have very distinct set-ups. The Climate Leaders, for example, is led by the US Environmental Protection Agency, and has some 140 corporate partners – all US-based. NGOs are not represented. Conversely, Climate Savers is actually led by an NGO (namely WWF), and has only 12 corporations primarily based in the US, and Europe on board. There is no re presentation from public actors. Yet both partnerships, Climate Leaders and Climate Savers, are very similar in terms of activities, and even mission. Their different compositions can be attributed to several factors:

- Geographical focus: The leading role of a national, or even regional, public actor (the US EPA in the case of Climate Leaders) obviously limits the partnership to a correspondingly confined scope. For a more comprehensive (international) scope, the partnership requires leadership of international NGOs (such as WWF), or intergovernmental organizations (such as the World Bank).
- Availability of resources: More resources allow for greater partnership size. Given their limited resources (compared to US EPA), it had never been WWF's intention to increase the size of the partnership to some 100 corporate partners. Rather, its objective was to involve a few leading companies, in key industries, as elite 'first movers', in order to create a pull for the rest.
- Corporate affinity to the regulator: Whereas only the more progressive companies in an industry may be willing to partner up with NGOs ('a strange bedfellow' as one of our interviewees put it), a wider circle of companies are more comfortable with a business–public

setting, most likely because they have ongoing working relationships with the public sector, but perhaps more importantly, because they hope for some (explicit or implicit) form of regulatory relief.

5.3 Activities

5.3.1 Developing and promoting best practices

Best practices partnerships focus mainly on managerial, and technical capacity-building, and usually have the express intention of defining and implementing best practices (emission inventories, ambitious emission reductions, guidelines for sustainable agriculture, human rights, etc.) (Table 5.3).

Compared to new business partnerships, external communications and, in particular advocacy, take on a much more prominent role in

Table 5.3 Core activities of a selection of best practices partnerships from our sample

Partnership	Area of focus	Core activities
Climate Savers	Climate change	Develop and implement emission inventories Set ambitious emission reduction targets (based on benchmarking) Introduce managerial and technical measures to achieve targets Ensure credibility through third-party verification
Global Gas Flaring Reduction	Climate change	Develop/endorse global flaring and venting standard for governments and operators (i.e. promote/facilitate stakeholder consultation) Promote and co-establish effective regulatory frameworks Build managerial and technical capacity-building, for example, through demonstration projects and new financing schemes (improve local infrastructure and access to energy markets)
Voluntary Principles	Human rights	Develop human rights and security principles for the oil/gas sector Implement these principles across operations Exchange experiences among partners Work with governments to enforce those principles

Continued

Table 5.3 Continued

Partnership	Area of focus	Core activities
Roll Back Malaria	Public health	Advocacy and campaigning to raise awareness about malaria Specific research through different working groups Mobilize resources to fight against malaria Implement diverse local activities (i.e. distributing mosquito nets)
PACI	Corruption	Develop principles on anti-corruption Engage new partners and commit them to implementing principles Monitor compliance Communicate results
Sustainable Agriculture Initiative (SAI)	Sustainable food	Develop/recognize/implement sustainable practices for mainstream agriculture (i.e., growing and producing commodities) by defining commodity-specific guidelines for SA Involve stakeholders Develop knowledge and management Increase awareness Support the implementation of SA practices (within the supply chain, and in compliance with trade policies and regulations)

the later stages of best practices partnerships. This is partly because once the best practices developed are sufficiently tried and tested (unlike in most new business partnerships), they are ready to be widely disseminated. In addition, there are public relations advantages for all partners to ensure that their endorsement of, contribution to, and participation in producing and applying the best practices developed are widely known. Since the aim of best practices is generally to 'raise the bar' within the industry, a good communications strategy ensures that the best practices in question are known beyond the partners themselves.

5.3.2 Measurement

There is a high importance attached to measurement in best practices partnerships. Obviously, if the intention is to 'raise the bar', an accurate and credible documentation of the effects of guidelines/standards, and partnership activities in general is essential. This serves to demonstrate a clear business case, and gives credibility to the exercise. It is also crucial to ensure that all partners comply with the best practices developed in order to truly raise the bar and maintain the reputation of the partnership, but also to ensure that a longitudinal record of measurement is available to prove the business case to even the most sceptical audiences (Table 5.4).

Table 5.4 The importance of measurement in a selection of best practices partnerships from our sample

Partnership	Area of focus	Measurement
Climate Leaders	Climate change	Importance: Measurement essential Means: Reduction goals made public (80 out of 153 have publicly announced their reduction goals). The program includes setting up a corporate-wide emission inventory, creating and maintaining an emission inventory plan, and reporting on inventory data Challenges: Somewhat minor, although tools and processes need be aligned to company characteristics
Voluntary Principles	Human rights	Importance: Measurement ad hoc and informal until more rigour introduced for 2005 report. More important for some partners than others, depending on NGO pressure Means: Reporting template and participation criteria being developed to measure compliance. Some companies have developed own internal tools to monitor roll-out of the principles Challenges: Difficult to identify objectively verifiable indicators in this sphere. Reporting requirements not in place from outset, rendering measurement difficult
Roll Back Malaria	Public health	Importance: Measurement an issue, but not yet a focus Means: No coordinated measurement tool, although secretariat monitors proxy indicators (such as number of nets distributed) Challenges: Measurement in healthcare difficult, as focus is on avoiding a problem. The broad goals are difficult to measure. Although countries have begun to define baselines, effectively measuring progress towards the ambitious goals still problematic

Continued

Table 5.4 Continued

Partnership	**Area of focus**	**Measurement**
EITI	Corruption	Importance: Difficult to measure impact. Focus on measuring process Means: (a) disclosing what companies pay, (b) basic threshold criteria, and (c) validation criteria (the extent to which companies and governments fully disclose, and take all the steps outlined in EITI) Challenges: Some members are 'free-riders' (not keen for exposure implied by endorsing monitoring and reporting system)
Sustainable Food Laboratory	Sustainable food	Importance: Measurement important for credibility beyond a first exploratory, discursive phase into current phase; a practical application phase involving pilot projects, and so on Means: Measurement tools not yet actively being used in the partnership Challenges: Complexity and number of issues being covered. Also, differing agendas of numerous partners may slow down agreement on key performance indicators. Dissemination of results may be compromised by resource weaknesses at the hub

Causality is particularly difficult to prove, both in the areas of public health, and in human rights. With human rights, for instance, a political change may have a significant impact on the partnership, and its success. Ultimately, the 'success' of a partnership in this area may be related to political change factors (the partnership having contributed to building momentum behind this), rather than to effective implementation of the best practices developed, per se. Additionally, there are sufficient sensitivities in the area of human rights that companies may be reluctant to divulge all of their information for fear of being sued. In fact, even though a company may improve its approach to human rights, its activities may still constitute a serious problem for NGOs, and other outsiders. Shell still receives negative press, and NGO criticism, today for its activities in the Niger Delta; in spite of the fact that the company has taken significant steps with regard to its human rights record, including participating in human rights and a lead role in anti-corruption partnerships. Although Shell has adjusted to this situation as one of the realities of doing business, fear of unwelcome publicity may cause companies to be reluctant about publicly disclosing information about proactive measures they have taken relating to human rights issues, even if they represent some progress.

5.3.2.1 Benchmarking

To ensure the effectiveness of their partnerships, two partnerships we surveyed assess emission reduction targets of their potential corporate partners:

> *Companies propose goals ('they know themselves best',) and* [the hub] *benchmarks them. This involves lots of number crunching, but is essential since we have to be working with leaders.* (Best practices partnership C, Hub)
>
> *The target agreed with* [the hub] *must be demonstrably more ambitious than previously planned, or than communicated by the company. It should place the company at the forefront of emissions reductions in its particular sector.* (Best practices partnership B, Partner, Private sector)

That is, they measure – benchmark – the initial corporate willingness and capabilities as a first step towards an effective partnership.

As indicated in the table above, benchmarking is a considerable challenge in the public health arena, since goals are broad, and measurement against a baseline often challenging.

5.3.2.2 Challenge of data availability

The challenge of accessing data applies, in particular, to partnerships that rely heavily on hard data, for example, to assess key issues and set priorities:

> *A well-established process (inventory side) is easy to replicate. However, benchmarking reduction goals and emissions data is the difficult part.* (Best practices partnership A, Hub)

5.3.2.3 Third-party assessment

Compliance with the Climate Savers Agreement (between the individual company and WWF) on delivering new, and additional, reductions in CO_2 emissions is monitored and verified by a third-party. This form of third-party assessment is essential to WWF to protect the credibility of its program, and organization. In the area of sustainable food best practices partnerships, on the other hand, we signal that the absence of

NGO involvement, and third-party assessment on measurement issues, may ultimately jeopardize credibility.

5.3.3 Roll-out

Roll-out activities in best practices partnerships are somewhat similar to those in other partnership approaches; internalization, vertical integration and also regional diversification (see Table 5.5):

Table 5.5 Roll-out activities of best practices partnerships

Partnership	**Area of focus**	**Roll-out activities**
Climate Savers	Climate change	External: No significant increase in partnership size desired since the strategy is to get one model company, per industry, on board Internal: Vertical integration, looking at embedded energy (suppliers, logistics, etc.)
Climate Leaders	Climate change	External: Highly inclusive approach (any company can join) – the EPA does not want to discriminate against laggards
Global Gas Flaring Reduction	Climate change	External: Expansion through new partners, in most cases countries such as Gabon Internal: Regional diversification (forming subgroups to better deal with regional and local particularities)
Voluntary Principles	Human rights	External: Geographical expansion (particularly to southern governments and companies but also more northern governments) Internal: To all operations
BLIHR	Human rights	External: Best practices are disseminated (although the partnership itself is not accepting new partners). Geographical diversification – documents expanding to other languages (French, so far) Internal: Within companies' supply chains
Roll Back Malaria	Public health	External: Spawned some local partnerships/initiatives on malaria Internal: Full implementation of national plans

Continued

Table 5.5 Continued

Partnership	Area of focus	Roll-out activities
EITI	Corruption	External: Focus on committed countries Internal: New enough that focus on making it operational rather than expanding
PACI	Corruption	External: Engaging new partners. Partners are themselves recruiting other members Internal: Within companies and their supply chains
Access to Healthcare	Public health	External: Possibility of expanding to other regions of Tanzania and/or other countries in the region but under a different guise
Sustainable Agriculture Initiative (SAI)	Sustainable food	External: Engaging new companies as partners. Increasing communication to key stakeholders, and strengthening working activities with regional food industry organizations Memorandum of Understanding signed with SFL with a view to seeking synergies between both initiatives. Geographical expansion: New SAI satellites are being set up in Australia and the Philippines Internal: Within companies and within their agricultural supply chains
Sustainable food Laboratory	Sustainable food	Internal: Propagate sustainable practices across the food value chain. Fundamentally change thinking about food value chains worldwide in an effort to mainstream outputs and contribute to major issue resolution External: As both a partnership, and incubator of partnerships, engage as many partners as possible from public, private, and NGO sectors. Memorandum of Understanding signed with SAI with a view to seeking synergies between both initiatives. Geographical expansion: Analogue to SFL being set up in Brazil and efforts are currently underway for the Dominican Republic

In the area of climate change, partnerships may practice vertical integration, meaning the inclusion of upstream emissions (for example, those embedded in products purchased), or downstream emissions (those associated with sales logistics and product disposal):

> *To date, our emission reductions have focused on manufacturing and logistics. In the future, we will also look at embedded energy.* (Best practices partnership B, Partner, Private sector)

Roll-out can be highly selective:

> *We never wanted a huge number of partners. We wanted to establish, and promote, one model company for carbon emissions reduction in each industry to demonstrate that absolute reductions can be made at reasonable cost, or even benefit.* (Best practices partnerships B, Hub)

Or on the contrary, roll-out can aim to widely disseminate best practices through exponential growth:

> *It needs to move from being a private exercise to something more universal.* (Best practices partnership D, Partner, Private sector)

In the area of sustainable food, roll-out for both of our best practices initiatives is limited by the fact that other systems dealing with agricultural commodities need to be included in order to have impact (such as farming systems). Also, because of the complexity involved in reaching a global 'sustainable food' scenario, it can be a challenge to formulate a clear vision for roll-out:

> *We have been trying to figure out how to take all the different experiments and knowledge, and to accelerate progress in various industries. The challenge is how to take knowledge and relationships, and leverage these into change.* (Best practices partnership K, Partner, Private sector)

5.4 Effects

5.4.1 Bottom line

Bottom line impacts of best practices partnerships remain difficult to demonstrate and measure, although some differences appear here between focus areas, with climate change partnerships having a more direct and positive effect than other areas. In the area of climate change, cost savings may emerge from increased efficiency and through emissions trading (such as by selling permits/allowances):

> *Impact on bottom line is very important to companies; but that impact is sometimes hard to measure. Measures for emission reduction must be cost-effective, or be associated with reasonable costs.* (Best practices partnership A, Hub)

> *We save millions of dollars every year due to changes in practices; although it is minor relative to our annual turnover, it still has a significant impact on our energy bill since we are not a large energy consumer.* (Best practices partnership A, Partner, Private sector)

In one case, a company had achieved US$30 million annual savings (from activities undertaken as a result of involvement in a partnership), accounting for roughly 0.05 per cent of the annual corporate turnover. While the 'big picture' financial significance was perhaps marginal, since the company did not consume large volumes of energy, reducing the company's energy bill by this amount was nevertheless regarded as significant.

In partnerships focused on anti-corruption, such as the Extractive Industries Transparency Initiative or the Partnering against Corruption Initiative, the potential for saving money is almost a 'no-brainer'; it can be very substantial since by reducing corruption, losses can be reduced across the board:

> *For example,* [Company X] *calculated that by implementing the UK government's law against 'facilitation payments', they could save US$10 million annually.* (Best practices partnership E, Partner, Private sector)

On the other hand, in the human rights area, for example, one company in particular perceived its participation in the Voluntary Principles partnership as potentially damaging to its bottom line (through loss of business to the company). Some companies engaged in the Partnering Against Corruption Initiative also admitted to losing contracts as a result of their participation in the partnership, albeit apparently offset by new contracts and opportunities.

Other benefits may act as a trade-off for the lack of bottom line benefits, especially if regarded as equally, if not more, valuable. This was the case, for instance, when Nike substituted greenhouse gas with nitrogen (in Nike Air Shoes); the company admitted that while it did not gain financially from the substitution, it gained in terms of innovation, having adopted a new technology as a direct result of the partnership involvement.

In the area of public health, bottom line benefits can be more indirect. For some companies, the bottom line impact may be negative rather than positive (at least at first). At the same time, a large initiative with a wide network, such as the Roll Back Malaria partnership, has been seen by some pharmaceutical companies as an opportunity to gain a valuable potential distribution channel.

With regard to sustainable food, bottom line benefits at the farm level should be easily measured, as long as appropriate indicators are in place. What appears to be preventing companies from gaining a bird's eye view on tangible bottom line benefits is the fact that knowledge from pilot projects is not necessarily always being shared promptly and efficiently (for example, in the case of the Sustainable Agriculture Initiative). In one case, there was, in the view of interviewees, much time spent talking about issues and not 'getting down to brass tacks'; setting up the requisite pilot projects with measurable practical outcomes. However, when we talked to Chiquita, for example (working with the Rainforest Alliance in a quasi-regulation partnership), sustainable agriculture at the farm level had clearly led to tangible and substantial bottom line benefits (up to 20 per cent savings in costs of production), after some heavy initial investments. In our opinion, and in the view of many participants in Sustainable Agriculture Initiative and Sustainable Food Laboratory, similar benefits are probably ultimately accessible at the farm level. However, given the pilot nature of most activities, the net bottom line benefit is still perceived as marginal by the players.

5.4.2 Intangibles

In the public health area, respondents in pharmaceutical companies noted the importance of sustainability partnerships for both recruiting talent, and for boosting staff morale. This indicates that partnerships played a role in improving corporate image, and in bolstering the business case for sustainability within companies.

In the sustainable food arena, one complaint from interviewees was that the mix of industry participants involved in the partnerships ranged from industry technical experts to communications and PR professionals (therefore, too diverse). While on a technical level, this was proving to be an impediment (already discussed), the involvement of PR professionals certainly demonstrates the fact that companies regard being part of such partnerships as impacting reputation substantially. This can, however, also have a boomerang effect since companies can be accused of green-washing if their efforts are overly aligned with bolstering image and reputation.

5.4.3 Culture, mindset and knowledge

5.4.3.1 Coaching on complex issues

Activists call for companies to take a much more active role in dealing with issues such as climate change and human rights. Indeed, in light of their vast resources, many ask whether companies are not best equipped to deal with these complex issues. But this is not necessarily the case; for example, we have already ascertained (in Part I) a relative lack of attributed resources (or, sometimes, a misallocation of resources) within companies, for several reasons such as companies lack of experience with the underlying issue, lack of external pressure, and an elusive business case:

> *Companies are inappropriately equipped to deal with new and complex issues. More specifically, they lack the right personnel in key positions. For example, when attempting to establish an emission inventory, instead of sending someone technically capable of assisting this process, they send someone from PR.* (Best practices partnership B, Hub)

The instigators of the Sustainable Food Laboratory partnership saw their task as being so complex, and in need of such 'new and fresh' thinking, that they adopted the 'U' process mentioned in Part I of this book, to help them with this. While early participants involved in the processes remarked on how this process had changed their thinking about the issues – and the systems involved in food production – later participants were less enthusiastic. This was because the 'U' process was itself so all-encompassing that it had in some people's view actually started to become, in itself, an impediment to moving forward with the partnership (in other words, some felt that it had almost become an objective in itself). Lack of continuity in participation by specific individuals meant that the process was impossible to apply, as it had originally been conceived, thus weakening the impact of the 'U' process on culture, mindset, and knowledge over time.

5.4.3.2 Knowledge and confidence

The role of these partnerships in spreading and sharing knowledge is important. Sustainable Agriculture Initiative participants implementing pilot projects reported on significant mindset, culture, and knowledge changes taking place within their organizations as a result of sustainable agriculture activities moving down to the business unit level.

By re-grouping many of the key actors involved in global malaria issues, the Roll Back Malaria partnership serves as a focal point and a source of business intelligence for many partners:

> *It is a good source of intelligence and helps us to keep abreast of the issues and latest developments.* (Best practices partnership I, Partner, Private sector)

This is also the case with the two human rights best practices partnerships we surveyed:

> *The VPs provide a roundtable where companies with similar issues can exchange ideas and experiences.* (Best practices partnership G, Partner, Private sector)

Best practices partnerships also serve to provide access to specific expertise that many partners would otherwise not be in a position to tap:

> *We have had access to specialists, and to a fruitful debate, that we would not have had without the partnership.* (Best practices partnership D, Partner, Private sector)

One company was able to formulate absolute reduction goals in the Climate Savers Program, which then enabled the company to set more aggressive targets:

> *The partnership not only resulted in an emission deduction target, but this was also publicly communicated, exposing us more. If we fall short of public expectations, we may be penalized.* (Best practices partnership B, Partner, Private sector)

5.4.4 Management practices

By seeking to mainstream best practices, these partnerships aim to leverage certain long-term changes in management practices as a whole. In certain areas such as climate change, we observed more pervasive change in that respect (setting up and managing emission inventories, setting and achieving targets, and in the linking of EHS and energy teams), while in others, such as human rights, it may be less immediately visible and more subtle.

Partnerships that provide best practices are perceived as offering practical solutions that can be understood and grasped quickly by managers:

> *EITI provides a practical and broadly agreed means to address a problem. It is a solution, rather than just pointing to a problem.* (Best practices partnership F, Partner, Private sector)

The risk assessment linked to human rights partnerships has, in some cases, had an impact on a company's decision to enter new markets, or not, and also on their approach to certain 'sensitive' markets:

> *We have determined three spheres of influence where we can use BLIHR: Provision of services to others, employing people, and purchasing/ sourcing.* (Best practices partnership D, Partner, Private sector)

For sustainable agriculture, we observed difficulties in mainstreaming practices already implemented at the pilot project level. Companies said that a primary reason for this was the lack of dissemination of knowledge gained in these projects (so therefore, internal communications), which in itself was impacted not only by the lack of time and resources at the hub of the partnership but also a certain lack of will of individual players.

5.4.5 Technology

Again, the impact on technology varied across the focal areas. In the area of human rights, for instance, partnerships have little or no impact on technology. However, with public health, climate change, and sustainable food best practices partnerships, significant such impacts can be observed. In the public health area, the partnerships surveyed are considered to have had a positive impact on product development. Many of the efforts in partnerships around sustainable food are focused on the supply chain, which clearly brings technological learning at the farm level.

5.4.6 Environmental and social effects

There is an interesting distinction to make between focal areas, in terms of social and environmental effects. In the case of climate change, there is a direct causal link between actions undertaken within a partnership (such as emission reductions), and a known positive and quantifiable environmental effect (reduced CO_2 emissions leading to reduced impact on climate change). Companies also reported tangible, and visible, social and environmental effects at farms where sustainable practices were being implemented. The problem, where sustainable agriculture is concerned, is reaching a critical mass of farms, such that there is overall environmental and social change, in terms of the big picture. Given the sheer volume of farms (hundreds of thousands, even millions), the idea of making a significant impact is currently no more than a distant dream.

However, in the areas of public health and human rights the causal link is not so direct. Changes made under the partnership may be assumed to have a positive social effect, but also depend on numerous other factors (such as government policies, infrastructure, and the like).

Best practices partnerships are – by design – more advanced than other partnerships in terms of documenting environmental and social effects:

- Climate protection: The focus is obviously on environmental effects; both Climate Savers and Climate Leaders publicly communicate emission reductions achieved. The EPA estimates that the Climate Leaders Partners will prevent 13 million metric tons of carbon equivalents per year (Climate Leaders Partnership Directory, November 2007). In the case of Climate Savers, the reductions are even third-party audited; WWF expects that by 2010 its partners will collectively reduce carbon emissions by 13 million tons annually (Note: there are 14 Climate Savers and 153 Climate Leaders).
- Public health: The social impacts of the two public health 'best practices' partnerships explored here are difficult to measure. Potentially, their impacts are huge, but practically it is very difficult to trace cause and effect back to the partnerships because too many other variables enter into play (such as governance issues, global/national economic changes, overseas aid, etc.). Nonetheless, positive behavioural changes which have an impact on diseases, such as malaria, can certainly be attributed to increasing public awareness – via campaigns done under the umbrella of these partnerships. For instance, the United Nations Children's Fund (UNICEF) recently announced a reduction in mortality rates of children under five years of age. The main reason for this, a drop in malaria cases, can be at least partially attributed to the increased awareness, and global changes brought about by the Roll Back Malaria partnership.

- Human rights and corruption: Social impacts in these best practices partnerships are, again, potentially large, but difficult to attribute directly to any partnerships in this area. The Extractive Industries Transparency Initiative for instance, a relatively new initiative, was considered by many interviewees as potentially having a major impact beyond 'only' corruption and transparency issues, since such issues are at the core of governance and development. Therefore, through its very existence, and its activities, the Extractive Industries Transparency Initiative may also potentially contribute to bringing about significant social improvements, more generally owing to improved governance in developing countries. This is, however, very difficult to prove; the jury is still out on the extent to which these 'ricochet effects' are happening – these moves are still in their early days.
- Sustainable food: Participants in best practices partnerships around sustainable food noted that there had, overall, been more changes in the environmental and economic dimensions than on the third pillar – the social dimension. This is due to the fact that organizations want first to address what is primarily under their control (the 'low-hanging fruits' at farm level, for example). Interestingly, organizations joining the partnerships thinking that the environmental impact was the most important aspect to address have often changed their views about the importance of the social dimension, as they evolved within the partnership. This is because newly acquired knowledge helped these participants to evolve towards a much better understanding of the interconnectivity of environmental and social issues. In this area, NGOs expressed frustration about the lack of progress in reaching critical mass; leading to quantum leap change, and thus, maximal social and environmental impact. They tended to feel that their own attention needed to be changed to farming systems as a whole.

5.4.7 Industry and business systems

Our interviews mention several effects of best practices partnerships on whole industries, and business systems. For example, guidelines for best practices partnerships may impact companies along an entire value chain. In turn, this opens up potential for both managerial and technical innovation. In addition, it is argued that model companies – such as those involved in the Climate Savers Program – create a pull for their industry. Through successful roll-out of partnerships, such as Climate Savers, for example, emission inventories may eventually even become accepted industry practice.

Partnerships involving many actors, such as the Roll Back Malaria partnership, or the Sustainable Food Laboratory, while they have many difficulties moving forward with an accelerated agenda due to their size and scope, they do have the advantage of channelling the efforts of many key actors in the same direction (we could call this the 'Trojan horse approach'):

> *The partnership pulls the effort of many different actors. This helps to get agreement on drug standards, on forecasting for drug needs, and so on.* (Best practices partnership I, Partner, Private sector)

One very simple, but essential, role of the Roll Back Malaria partnership has been to forecast worldwide drug needs to help pharmaceutical companies determine quantities needed (particularly since malarial drugs tend to have a short shelf life).

The aim of the Sustainable Food Laboratory partnership, and the Sustainable Agriculture Initiative, is to achieve system changes beyond the scope of what any single organization can do on its own. While there is no doubt that both initiatives have contributed to moving sustainability from its niche to a more central focus in the food debate, we found that some partners were still frustrated at the pace of change, particularly since there was much unexploited internal potential to break down some key barriers:

> *It is too early to say if we are achieving cross-fertilization. We are not able to get much traction in some areas. Our objective is to develop something useful for the mainstream but I am not enthusiastic about long-term chances of success.* (Best practices partnership K, Partner, Private sector)

While others were more enthusiastic:

> *There are currently no other partnerships that will 'change the face of' the industry…just a lot of different initiatives.* (Best practices partnerships J, Partner, Private sector)

> *The results of our efforts? Large companies understand better how the supply chain works. High-level people understand the impacts of their decisions more. Farmers also admit to understanding better the other end of the chain.* (Best practices partnership J, Partner, Private sector)

We conclude that the potential for change to industry and business systems is definitely there where the sustainable agriculture partnerships are concerned. However, the mainstreaming process is currently too hampered for the change to be significant as yet.

5.4.8 Policy-making and public debate

5.4.8.1 Partnership acts as an agent

Some companies in the Climate Savers Program have not been heavily involved in the political and public debate, which reflects a certain company-specific attitude and approach. However, the partnership engages with stakeholders, and also employs some form of advocacy. In a way, it acts as an agent, thus enabling companies to indirectly participate in the debate, and moving things forward more indirectly – even if, as yet, they are hesitant to 'stick their (own) neck out':

> *RBM keeps malaria 'on the front burner'.* (RBM, director, NGO)

5.4.8.2 Momentum

The impetus towards policy change created by partnerships that promote, and disseminate best practices is far from negligible:

> *RBM has been central to advocacy work on malaria.* (Best practices partnership I, Partner, Private sector)
>
> *RBM has given malaria the profile it deserves.* (Best practices partnership I, Partner, Intergovernmental agency)

In addition, such movements serve to mobilize significant financial resources. This is particularly relevant, and necessary, in the public health area.

5.4.8.3 Profile

Large international partnerships serve to raise a given issue's profile (and, equally, that of the partners it engages). This has been the case with the Roll Back Malaria partnership (which has served to place malaria squarely on political and development agendas), and also the Partnering against Corruption Initiative (which has raised awareness about corruption):

> *The outreach of the WEF and PACI is enormous. In my view, that is the biggest single impact of PACI.* (Best practices partnership E, Partner, Private sector)

Equally, respondents were unanimous that the Sustainable Food Laboratory, and the Sustainable Agriculture Initiative had, above all other things, served to give the food industry a 'voice' (previously disjointed, and thus, less effective) in the sustainability debate.

5.4.8.4 Catalysts

Sometimes best practices partnerships also act as a catalyst for prompting further action. We have already mentioned the indirect impacts of an initiative such as the Extractive Industries Transparency Initiative process. While the process and direct outcome are relatively straightforward, such an initiative can lead to a multitude of other side effects. The Extractive Industries Transparency Initiative can have implications on the entire governance of a country; and, the enactment of certain new laws may even ensue from its direct impacts.

The Sustainable Food Laboratory has also served as a catalyst to change thinking, particularly in the US, about sustainable food. It also brings points of view together to reconcile differences in opinion on why the food system is unsustainable, and how the problems might be countered.

5.4.9 Unexpected and negative effects

Some interviews reported on unexpected 'multiplier' effects: For example, partnership activities that increased the local organizational visibility of a corporate member (in one case, for instance, a solar installation became a tourist attraction!). Additionally, several corporate partners in the Climate Savers ended up taking part in the political debate around climate change when asked to brief the US Senate on their (proactive) corporate perspective on climate protection. Overall, however, it is unclear whether they felt compelled to do so largely due their participation in the partnership or whether this advocacy stance primarily reflects a typical corporate approach. Again, in the public health and sustainable food area, best practices partnerships are helping to spawn a number of smaller, local level initiatives.

Because of the countries, and situations, in which some of the public health partnerships operate, there are numerous unexpected (albeit minor) effects. For instance, in the Roll Back Malaria partnership, according to one interviewee, the free distribution of mosquito nets has helped to fuel a black market for nets in Rwanda.

Many of our interviewees noted that being part of a high-level partnership also placed them in the spotlight to a much greater extent than before (and to some, the extent of this was quite unexpected); this also came with the consequent opportunity for both positive and negative publicity. Interviewees were also surprised about the willingness to share – sometimes even sensitive – information.

Corporations were also often taken aback by, for example, the unexpectedly high workload that a partnership implied. Moreover, given that industry is accustomed to achieving targets within extremely protracted timescales, the length of time necessary to actually develop, test, and implement some of the best practices has definitely taken companies by surprise. Food industry managers willingly admitted that they had been too ambitious in their initial expectations from the Sustainable Food Laboratory or the Sustainable Agriculture Initiative, and had in the course of their involvement, lowered their short-term expectations considerably. Again, in the food sector, many said that they were positively surprised about the sheer extent of their learning. Overall, while the expectation of partnerships from companies was rather pragmatic, a lot more than expected was gained along the way through dialogue and knowledge sharing.

Interestingly, in sustainable food partnerships involving best practices, partners were also surprised to observe competitiveness from 'niche' markets, presumably as the partnerships initiatives were trying to bring some of the competitive advantage of niche markets to the mainstream; thus, disadvantaging either 'fair trade', or 'certified' products.

5.4.10 Overall effectiveness

Companies' approaches to corporate sustainability tend to be of a marginal, incremental nature.[1] Hence, it is unrealistic to expect dramatic effects of partnerships, either on the ground, or in terms of organizational behaviour. This is illustrated by the relative ease with which companies involved in the Climate Savers, and sustainable agriculture partnerships, for example, were able to achieve, or exceed, their targets (implying that it is still about picking the low-hanging fruits).

In the area of sustainable food, it was evident that critical mass in membership, and in mainstreaming pilot projects, had not yet been achieved, although the creation of country and regional chapters for the Sustainable Agriculture Initiative, for example, was expected to accelerate development. This was a relatively new development at the time of our research. It was, therefore, difficult to assess whether this would indeed accelerate the agenda, But, the seemingly opportunistic – perhaps less strategic than optimal – moves that we observed may result in less pay-off than envisaged.

It was more than evident that the overall effectiveness of the Sustainable Food Laboratory, for instance, was under examination by many participants, with some players even questioning the value of its continued existence. But on the other side of the issue, there was clearly a staunch support base that had got value out of the partnership. Overall, views from interviewees about overall effectiveness were extremely mixed. While some of the achievements regarding the Sustainable Agriculture Initiative were greatly appreciated by members, overall effectiveness was nevertheless in question due to the fact that the yet unachieved critical mass component – in order to push mainstreaming – was still proving elusive. The initiative appeared, at the time of our research, to lack the necessary resources required to 'push the boat out'. However, in spite of this, a new Sustainable Agriculture Initiative strategy under development was tackling the issues of critical mass, and dissemination of information, that were holding the partnership back from achieving its objectives.

Note

1. See Steger, U. (Ed.). 2004.

6
Quasi-Regulation

6.1 Reference partnership: The Marine Stewardship Council

What if it could be shown that if fisheries were well managed, marine resources could probably be harvested at todays or even higher levels in the long term? In any case, a certification scheme is an option to counteract the strong pull of over-exploitation. This means creating a worldwide standard for sustainable fisheries against which fishers could be assessed and certified. Products from fisheries that meet these standards would be eligible for the certifier's logo on their packaging, thus providing assurance to consumers that their products were not the result of environmentally destructive practices. To put into place a credible certification standard, however, would require the cooperation of several actors: scientists, NGOs, manufacturers, retailers, catering outlets, and fisheries.

In 1996, WWF (the international conservation organization), and Unilever (at the time, the world's largest purchaser of frozen seafood) decided to address the challenge of declining global fish stocks.[1] Unilever's incentive was business-based – to assure continuous raw material supply for its fish business into the future. And the company had set itself a highly ambitious objective; that of buying fish only from sustainable sources by 2005. WWF was keen to explore the potential that market-based incentives offered to deliver increased protection of marine resources. In a groundbreaking move, WWF and Unilever set up one of the first partnerships ever, around a market-based approach to resolving a sustainability issue – the Marine Stewardship Council.

The Marine Stewardship Council established a credible seafood certification, and eco-labelling program, that would accredit independent certifiers, assessing fisheries against its standard. The Marine Stewardship Council's principles, and criteria for sustainable fishing, were based on the FAO's 'Code of Conduct for Responsible Fisheries'. Once the Marine Stewardship Council obtained certification of their fisheries, companies wishing to promote Marine Stewardship Council products were subject to a chain of custody certification that guaranteed traceability of Marine Stewardship Council-labelled seafood; ensuring that the certified products were separated from non-certified products at every stage of the production process. In 1997, the Marine Stewardship Council became independent of its creators, but continued to engage with both WWF and Unilever, as well as with fisheries, and other relevant companies (retailers, and food service outlets).

Transforming the global seafood markets, and making them more sustainable was a formidable challenge, and the Marine Stewardship Council started small. It had a fundamental dilemma – a chicken and egg question – no supply meant no market, and no market meant no supply. Therefore, the organizations had to assure both sustainable production, and sustainable consumption at the same time. The staff of the Marine Stewardship Council worked hard to achieve both fisheries, and commercial outreach. Unilever, under pressure to reach its ambitious objective, established a traffic light system to assess the sustainability of fisheries, so as to quickly identify fisheries that were potential candidates for the Marine Stewardship Council certification process. WWF was keen to see certified fisheries adopt best practices that would mitigate impacts on the marine environment, and in the process, achieve a much fuller understanding of what a full ecosystem-based management approach entailed. Industry – retailers in particular – were concerned about the length and cost of the certification process. Governments also resisted, especially in Scandinavia; they felt that such labelling schemes would be better managed by governments, rather than by an NGO.

After a credibility crisis in 2004, the Marine Stewardship Council underwent significant structural changes, with leadership changes (both the board and CEO), and the establishment of new priority action points: These focused on governance and transparency, consistency and quality of fishery certifications (and thus, a review of the certification methodology), environmental performance and sustainability, as well as financial stability and future growth. As a result of these steps, the Marine Stewardship Council started to achieve increased momentum, attracting some important retailers, such as Tesco, and food service operators, such as Brakes. The list of Marine Stewardship Council certified fisheries also started to grow. Opposition from different entities began to ebb.

In 2005, Unilever had to admit defeat in attaining its goal; only 50 per cent of its European fish business was Marine Stewardship Council certified (but, nevertheless, 70 to 80 per cent of its entire fish business). Fewer fisheries than expected had been certified, since the process turned out to be far from straightforward. For Unilever, however, to have attained this level was in itself groundbreaking, and could not be regarded as a failure. Soon after, Wal-Mart, the world's largest retailer, engaged with Marine Stewardship Council. Meeting its demand for certified fish would prove to be an immense challenge.

The Marine Stewardship Council had a number of other challenges. First was finding funding to pay for resources to meet the accelerated increase in demands on the organization. Second, weaker labels had started to enter the foray, threatening the brand. Third, some retailers were toying with the idea that public support would ultimately be necessary to pay for certification efforts. Fourth, it was difficult to influence consumer habits; particularly, if it meant convincing them to accept different fish species as part of their diet (certified 'hoki' instead of traditional cod was rejected by consumers in the UK, for example).

By 2008, the Marine Stewardship Council was operating 'at full sail'; while it had its challenges, it was clear that this solution was the only hope of arriving at a sustainable situation with the global fishing industry.

The Marine Stewardship Council is a particularly evolved example of a quasi-regulation partnership, since it was one of the 'first-mover' global initiatives. There are an increasing number of other certification and labelling initiatives, so many, in fact, that research has shown the consumer to be confused by the plethora of labels in shops, and on supermarket shelves. However, labels that emerge from a robust partnership have the advantage of being more credible; they are also more successful in raising consumer awareness.

In the following section, we discuss various dimensions of quasi-regulation partnerships, as revealed by our research.

6.2 Set-up

We noted that labelling and certification may occur in both a single sector, and a cross-sector setting (see also Table 6.1). The challenges that this brings are discussed later in this chapter. A comparison of the

Table 6.1 Composition of quasi-regulatory partnerships

Partnership	Set-up
Gold Standard	NGO-only, but with business and public engagement: Initiators: WWF, SSN, and Helio International Endorsers: Over 44 NGOs worldwide Donors: Private and public Represented in governance structure: WWF, UN representatives (UNEP, UNDP, etc.), government representatives (China, Switzerland), financial institutions, developers, other NGOs, and public agencies
Carbon Disclosure Project	Business-only: Partners: Financial institutions supporting the project (above being signatories to the information request) Partners: Organizations (consultancies, industry associations, NGOs) supporting outreach of CDP Signatories: Investors signing the information request Sponsors
Voluntary Carbon Standard	Business–public: Founders: International Emissions Trading Association, The Climate Group, the World Business Council for Sustainable Development, and the World Economic Forum (WEF) Predominantly business-only input, although The Climate Group (1) represents also regional and municipal governments, and (2) is financially supported by – among other institutions – NGOs
Rainforest Alliance/ Company Partnerships	NGO-only: Initiators: Companies (such as Chiquita/Nespresso) approach the Rainforest Alliance Partners: Rainforest Alliance goes into individual partnerships with companies depending upon the commodity in question (bananas, coffee)
Marine Stewardship Council	NGO-only, but with business engagement: Initiators: WWF and Unilever (the MSC is now an independent organization in its own right) Partners: Numerous fisheries and suppliers

different compositions of the quasi-regulatory partnerships we researched reveals several patterns.

Standards and labels usually emanate in the first instance from a single sector only, for example, from business (the Carbon Disclosure Project, for instance), or from an NGO (see the Gold Standard, or the Rainforest Alliance). The Marine Stewardship council, initiated as it was by an NGO and company together, appears rather to be an exception to the rule and even in this case, a single body evolved to guarantee the certification standard. It is safe to assume that taking a second, or even third, sector on board will make it more difficult to reach consensus. This applies, in particular, if a premium (rather than a minimum) standard is to be established:

A single sector may also seek engagement with other sectors, or institutions, in order to tap into special expertise or ensure buy-in. For example, the Gold Standard was jointly developed with Helio International (a network of energy analysts that carry out independent reviews, and analyses) and in consultation with businesses and governments – both of these constituencies are key stakeholders since they are potential users of the standard. Nevertheless, the single sector prefers to have the final say to ensure effective application of the created standard. In the case of the Gold Standard or the Rainforest Alliance, a closer involvement of business would compromise the standard's credibility, and slow down the development process. A similar case can be made for the Carbon Disclosure Project: A business-only set-up has ensured focus and speed. In the case of the Marine Stewardship Council, although initially established by WWF and Unilever, it made sense to both organizations that it would become a credible not-for-profit organization in its own right – to provide the requisite independent certification standard.

Overall, we found a variety of structures, which appear to reflect differences in the partnership age and size as well as mission and activities. The Carbon Disclosure Project has – nominally – the most complex structure – primarily since its approach is driven by regular information requests for companies (they are asked to disclose climate-relevant information by responding to a questionnaire). We conclude that the complexity of the Carbon Disclosure Project structure at least partly reflects its hybrid approach of advocacy and quasi-labelling. It basically acts as a third-party representing a group of institutional investors sending information requests to companies.

A successful development, and introduction of a minimum standard (rather than a premium standard) calls for a more inclusive approach. Thus, for this reason, The Voluntary Carbon Standard was founded on a broader basis. As a minimum standard, it was also designed to facilitate links between different trading schemes, another reason for a relatively comprehensive set-up.

Moreover, NGOs have a certain credibility bonus, relative to the business and public sector:

> *Industrial programs are less effective than ours as they are less credible. There is a difference in value between the two.* (MSC Quasi-regulatory partnership C, Hub)

Hence, NGOs can afford to be less inclusive in their approach.

6.3 Activities

6.3.1 Developing and promoting standards and labels

Standards and labels partnerships generally start off with a clear focus on research and development, since this is required in order to define a solid and credible benchmark (see Table 6.2). Obviously, it is also essential to engage with key stakeholders – most importantly those using the information provided by the standard/label, as well as those requesting, and driving the introduction of the standard.

However, not engaging all key stakeholders from the outset of a partnership may prove to create a number of problems later on. For example, one of the key weaknesses of the Marine Stewardship Council, as it started out, was the absence in the partnership of a committed, high profile retailer. One could argue that along with initiators (Unilever and

Table 6.2 Core activities of quasi-regulatory partnerships

Partnership	Area of focus	Activities
Gold Standard	Climate change	Developing and maintaining a standard/label for emission reduction projects, in relation to the so-called flexible mechanisms (CDM, JI) of the Kyoto Protocol; this includes (1) liaising with third-party auditors, (2) registering projects, and (3) promoting the standard Engaging in consultation with key actors in the carbon markets, governments, NGOs, Private sector
Carbon Disclosure Project	Climate change	Providing a coordinating secretariat for institutional investors, which includes liaising with the investors on their information needs, sending information requests to companies (asking them to disclose their greenhouse gas emissions), analysing data obtained from questionnaires, and making it publicly available (also naming and shaming)

Continued

Table 6.2 Continued

Partnership	Area of focus	Activities
Rainforest Alliance Partnerships	Sustainable food	Preparing farms, companies, cooperatives and landowners to meet comprehensive rigorous social and environmental standards Provides farmers with incentives to meet certified standards Encourages companies and consumers to support farms making improvements toward sustainability Monitoring, evaluating and developing the standards and program to ensure application, continued relevance, and credibility
Marine Stewardship Council	Sustainable food	Encouraging independent certification of fisheries to the MSC standard Identifying, through the MSC's eco label, products from certified fisheries Encouraging all those who buy and sell seafood to source MSC certified and eco-labelled products Promoting the work of the MSC and its partners to increase public awareness of, and support for, the MSC program Monitoring, evaluating, and developing the MSC standard and program to ensure their continued relevance and credibility

WWF), a prominent retailer would have considerably promoted progress in attaining the partnership's goals from the outset. But because of the 'no supply-no market' dilemma, this was difficult to counteract. As a market slowly established itself, this increased retailer interest proportionately, and today, even large retailers such as Wal-Mart and Tesco are involved.

Once a standard, or label, has been introduced, the focus often switches to include marketing and brand-building in the roll-out activities.

6.3.2 Measurement

Quasi-regulatory partnerships are highly focused on measurement, since it provides the *raison d'être* of awarding a certification, or standard, as it does the necessary track record of continuous improvement, and progress towards a benchmark (Table 6.3).

Table 6.3 Measurement in quasi-regulatory partnerships

Partnership	Area of focus	Activities
Gold Standard	Climate change	Key measure: Number of projects that are Gold Standard certified
Carbon Disclosure Project	Climate change	Key measure: Response rate to questionnaire
Rainforest Alliance Partnerships with companies	Sustainable food	Key measure: Advanced and comprehensive system of Key Performance Indicators at the farm level At the outset, diagnostics carried out on extent of problems at farm level, in order to define action required Audits: System based on continuous improvement from one audit to another Coaching of auditors Some aspects are checked, but not measured, such as quantity of water and soil conserved, biodiversity conserved, enterprise value (struggling to establish indicators for these bigger issues)
Marine Stewardship Council	Sustainable fish	Key measure: Carefully evolved and sophisticated measurement criteria for sustainable fisheries based on key performance indicators Streamlining: Efforts are underway to improve the quality and consistency of interpreting and applying the MSC standards so as to improve simplicity, understanding and clarity of assessment (approaches tend to vary too much as yet) Third-party verification system: Coaching of certifiers Future: Further work on determining the price premium for certified fish, analysis of practicality, consistency and afforda-bility of the process, and organizational financial benefits

We have seen that measurement can be a 'tricky' business, and the quasi-regulatory partnerships are no exception to the rule. In sustainable food partnerships, agreement about indicators to be measured is a long, drawn-out, consensus-building process, because it is complex, and the numbers of parameters that could potentially be measured are numerous. While indicators at the farm level effectively document progress towards a standard, we nevertheless observe a difficulty with measuring larger scope impacts, such as overall effects on biodiversity, water levels, or soil. In order to assess these aspects, more extensive resources would be required at the hub. Also, the extent to which other factors (other than the partnership activities) contribute to some impacts can be up for discussion. It is difficult to assess, for example, the extent to which reduction of environmental challenges in fisheries is attributable to the Marine Stewardship Council, as opposed to other factors.

6.3.3 Roll-out

The nature of roll-out for quasi-regulatory partnerships is very easily put 'in a nutshell' – increase the number of fisheries, or farms certified, or numbers of companies operating according to a given standard (Table 6.4). For this reason, the key focus for roll-out is on heightening awareness, and achieving critical mass through publicity around the standard:

> *Our key priorities to date are marketing and communication to promote our standard.* (Quasi-regulation partnership B, Hub)

For initiatives such as the Marine Stewardship Council and the Gold Standard, to overcome the catch-22 problems of 'no supply = no demand', a two pronged approach to roll-out is necessary. For the Gold Standard, this means on the one hand promoting the standard to traders, investors, and companies wanting to offset emissions, and on the other, focusing also on the production side to increase the number of GS-certified projects:

> *Our problem is insufficient capacity. This is a permanent struggle; we cannot afford to raise expectations that we are unable to meet. We have to ensure sufficient supply; currently, we have 100 projects in the pipeline. We have now hired a technical director who will focus on the production side.* (Quasi-regulation partnership B, Hub)

Table 6.4 Roll-out activities of quasi-regulatory partnerships

Partnership	Area of focus	Activities
Gold Standard	Climate change	Promoting the Gold Standard among key stakeholders, most importantly project developers, carbon buyers and investors, host country governments Increase supply and demand (and keep the balance)
Carbon Disclosure Project	Climate change	Involve asset manager to give them take more ownership Expansion into other geographical markets (future significant GHG emitters) Achieve more endorsement from politicians
Rainforest Alliance partnerships	Sustainable food	Reach critical mass: Increase number of farms certified Looking at wider scope, extending certification beyond current commodities to others (such as fresh fruit) In long-standing partnerships, tackle more deep-set issues Leverage involvement from other industry players, and extrapolate learning for these companies to promote cross company learning
Marine Stewardship Council	Sustainable fish	Reach critical mass: Going to scale in key markets Building end-consumer awareness and support Ensuring the quality and consistency of individual fishery assessments Being relevant and accessible to developing world fisheries Improving the robustness of supply chain Proving both the business and the ecological cases Consolidating existing presence by developing fisheries already certified (continuous improvement), and ensuring that the fisheries that go forward for certification are of the standard required Further focus on branding issues and need to adopt more professional approach: Currently, there is no capacity to market to consumers

For the Marine Stewardship Council, it means primarily working with fisheries to increase supply of sustainable fish, but the need to work with retailers soon 'kicked in' to order to ensure there is a market for the certified fish.

In the area of sustainable food, we noted a temptation to overstretch already severely stretched resources in the quasi-regulatory partnerships. For example, a logical next step for the Marine Stewardship Council might be to engage in farmed fish certification, since almost 40 per cent of seafood consumed nowadays comes from aquaculture. The US$78 billion industry has grown nine per cent a year since 1975, and global consumer demand has virtually doubled since then. To create 1 kg (2.2 lbs.) of high-protein fishmeal, which is fed to farmed fish (along with fish oil, also emanating from fish), it takes some 4.5 kg (10 lbs.) of smaller fish. However, very substantial additional resources would be required for the Marine Stewardship Council to take this on, and for the moment, the initiative is resisting this engagement.

The Rainforest Alliance told us that companies are literally queuing up to engage with this apparently very credible NGO in new certification initiatives. This was increasing concern within the Rainforest Alliance itself about the limits of its own capacity, but also within the businesses that were already working with them since they saw that, unless carefully managed, this might eventually jeopardize the quality of attention paid to existing certification programs. Since the business case for partnership activity in the case of Chiquita and Nespresso is largely axed on the positive effects on their valuable brands, both companies clearly perceived that overstretched resources might lead to a negative external perception posing a tangible threat to their brands.

6.4 Effects

6.4.1 Bottom line

Overall, we observed that the bottom-line effects of quasi-regulatory partnerships were more keenly observed than in the other partnership approaches.

From initial absence of consumer awareness about the nature of fish products, companies involved in the Marine Stewardship Council state that buyers are now starting to change; hence, the impact on corporate bottom lines is felt more tangibly. As a result of this increased visibility, fisheries admitted to having gained access to new markets. The Marine Stewardship Council has confirmed that increased access to the European market (where awareness is higher), in particular, has become possible.

With expansion of certified fisheries, the threat of running out of raw material has been lengthened to a somewhat longer-term perspective; this is clearly a strong bottom-line consideration for all businesses involved in ensuring that fish remains a choice for consumers (manufacturers, retailers, suppliers). For now, however, quantified financial proof of bottom-line impacts is difficult to come by; but, it is just a matter of time before it becomes available, since several parties were working on documenting this evidence.

Chiquita, involved in a partnership with the Rainforest Alliance for many years now (since 1992), had gone a long way towards quantifying the impact of its activities on its corporate bottom line. After initial heavy investment in facilities and structure, the company observed a 20 per cent reduction in production costs. The company had also experienced remarkable benefits, in terms of access to new customers. Again, there are numerous effects that are not quantified, however. For example, how does one put a value on the reputation, and brand value effects, of the Rainforest Alliance partnership for a hugely exposed brand such as Nespresso? During our interviews, it was clear that for Nespresso, apart from the more easily quantified benefits (increased productivity yields, improved quality, securing and stabilizing raw material supply), the maintenance of product leadership through improved brand value was a top perceived benefit; this impacts the bottom line substantially, since the company's success is largely pegged on the brand being positively perceived as a high quality, high added-value choice.

While the Gold Standard is more expensive for those offsetting parties using it (thus, bringing clear implications for the bottom line), it also lowers delivery risks, such as possible project amendments, or even rejection (for example, if the principle of additionality[2] is compromised). Project developers and traders are also bound to profit from the Gold Standard because it sells at a premium.

6.4.2 Intangibles

The Gold Standard was designed as a premium standard characterized by integrity and transparency (as an NGO label); this reputation also reflects on buyers and investors. We have already mentioned the unquestionable image and reputation benefits experienced by Chiquita and Nespresso, resulting from their joining in partnership with the Rainforest Alliance. However, processing and producing companies are not the only ones to benefit in this respect. Retailers that pride themselves on applying social and environmental criteria to the selection of goods available in their shops (Migros and Coop in Switzerland are examples) also stand to gain from selling Chiquita, or MSC certified products. However, it is clear that in the area of sustainable food, a 'race to the top' is occurring at the same time as a 'race to the bottom' in the food retail sector. There are numerous discounters who cut prices, and can do so because attention to social and environmental criteria is overridden by price criteria. It is as yet unclear which side will win out.

6.4.3 Culture, mindset and knowledge

Quasi-regulation creates a benchmark (no matter whether it is a minimum, or quality standard), which increases individual and organizational awareness, and results eventually in management practices and policy changes. For example, the Gold Standard promotes local stakeholder consultation, and makes social and environmental effects transparent to host countries. This increases understanding across various actors, and promotes adaptation of project design to meet local and regional needs.

Food and beverage corporations (Chiquita, Nespresso, Unilever, and others) involved in quasi-regulatory partnerships reported that the effect of the partnership on culture, mindset, and knowledge within the firm, and throughout the food value chain, was by far the most important, obvious, and observed effect. This is because the food value chain is long and complex. Within firms, partnerships had served to break down mindset barriers, with conservative managers being 'won over' as their knowledge about sustainability, and their own value chains, increased. This knowledge had served to lessen fears about sustainability activities threatening business and to anchor the concept more firmly within organizations. The Nespresso partnership had clearly also catalyzed a major mindset change within the corporate giant Nestlé (an interesting and powerful 'ricochet' effect was observed here by several interviewees).

Changes were observed as being continuous, but over a long period of time. For example, one interviewee remarked that the Marine Stewardship Council was 'a concept before its time', implying that if the general environment (including internally within companies) is more receptive to a concept, then it is less of a struggle to gain its understanding and acceptance. The NGOs involved in the partnerships reported on the positive effects of acquiring more knowledge about corporate perceptions and behaviour with regard to sustainability issues – including gaining an understanding of the barriers that managers' experience in building a robust business case for sustainability. This then helped them, and they felt it was important to collaborate with companies in order to find ways of breaking down these barriers.

6.4.4 Management practices

The quasi-regulatory partnerships were regarded by all of the participants to be drivers of change in management practices within organizations. In all of the companies observed, there had been sometimes dramatic changes to management practices. Chiquita is the most cited, and well-known, case of a company that turned itself around – from all vantage points – as a result of its partnership with the Rainforest Alliance. In order for Unilever to 'get a handle on numbers of fisheries ready, or potentially ready, for Marine Stewardship Council certification within a short period of time (and concerned with their ambitious objective of sourcing 100 per cent sustainable fish by 2005), the company introduced a traffic light system (red, orange, green) that had immediate effects on suppliers throughout the entire supply chain. Chiquita and Nespresso reported changes to management practices often simply due to the fact that managers became witnesses, and actors, to a much more holistic way of doing business. Interviewees were convinced that 'attending courses or listening to presentations' does little compared to the tangible benefits of 'learning by doing'.

6.4.5 Industry and business systems

The mere existence of stringent labels creates a pull for the entire market. The Gold Standard's current priority is marketing the standard because the market share is, as yet, marginal. However, as marginal as it may be, the existence of the standard raises the bar, at least to some extent, for all emission reduction projects. The Carbon Disclosure Project has received increasing support from financial institutions (analysts, investors, and developers). While this may also be an indication of a changing business environment concerning the climate change issue, partnerships of this nature are bound to bring a strong contribution to the debate and ensuing action by other market participants. Many small noises can lead to thunderous sound effects at the end of the day.

A retailer commented to us that the Marine Stewardship Council was what he called a 'game changing opportunity'. Of course, this meant that the entire business system would, out of necessity, have to engage in change – from top to bottom – once a successful certification program is introduced. The Marine Stewardship Council is living proof that market forces can be used to engage not only retailers, but the entire business system in change. Organizations involved in supplying companies that are adopting more sustainable sourcing practices are, themselves, obliged to adopt more sustainable behaviour as they became more stringently aligned behind sustainable concepts. The Marine Stewardship Council has contributed substantially to getting fisheries to think in an entirely different way about the sustainability of their activities. However, critical mass has not yet been reached. The more recent involvement of larger retailers is expected to greatly help the system in moving towards the mainstreaming of sustainable fishing.

Unilever is the first to admit that the fish initiative was a flagship for other corporate initiatives, such as the company's involvement in sustainable agriculture. Indeed, the Marine Stewardship Council experience gave the company the confidence to launch, with Nestlé and Danone, the Sustainable Agriculture Initiative, and to share its learning with Sustainable Agriculture Initiative partners. However, agriculture brings with it a whole new set of complicated issues. Although the fish issue is complex in itself (to quote one of our WWF interviewees, 'there is nothing more slippery than a fish'), the problems with sustainable agriculture are even more numerous (as a result of dealing with many different commodities); there is an even more fragmented supply base. For this reason, quantum leap changes in the overall business system are probably a lot further off for sustainable agriculture than they are for sustainable fish. However, in specific supply chains, managers reported dramatic, measurable, concrete, and visible effects to their specific system (from 'farm to fork'). Although processes for certification were slow and focused, managers were optimistic about changes entering the mainstream in the future. What seemed unclear, however, was the speed at which this would happen.

6.4.6 Unexpected and negative effects

The quasi-regulatory partnership participants again reported some rather specific, and unexpected, or negative effects. For example, the Carbon Disclosure Project received strong interest and buy-in from politicians, an effect they had not initially expected.

For sustainable food, as with the best practices partnerships, all actors expressed their surprise that processes for certification and labelling took so long, and that the initial efforts were costly:

> *We did not anticipate how time consuming and expensive it would be. I was naïve to think that it would work as smoothly as all that.* (Quasi-regulatory partnership C, Partner, Private sector)

While NGOs were (unsurprisingly) less surprised at the time it took to certify either fisheries, or farms, they were also somewhat surprised at delays; but in a different way, since making the link to market was a 'sticking point' for them:

> *There was a very long delay with the program between making changes on the ground, and making changes in the market.* (Quasi-regulatory partnership D, Partner, Non-profit sector)

For example, it took Chiquita ten years to complete its process of certification. The company's managers had never envisaged this at the outset of the process. The private sector is accustomed to accelerated progress, within much shorter timeframes. This, in itself, can cause an internal problem because in corporations the business case for such a prolonged involvement must be all the more robust for this reason.

Corporate partners were also comforted by the fact that NGO partners had not 'changed course mid-stream'. In some cases, this was one of the corporate fears from the beginning, most probably owing to lack of familiarity with NGO approaches, some bad experiences perhaps, and lack of trust overall. Companies also highlighted the fact that their involvement in the partnership often actually showed up a number of surprising inconsistencies within their own organizations; for example, poor links between the communications and marketing departments.

Fisheries had found that the level of market interest in sustainable fish had exceeded their expectations. They also discovered that using the certification tool had increased their own lobbying potential, both justifying their operations, and increasing their social and political status in society.

In terms of unexpected, negative, effects, differences of opinion among NGOs about an appropriate definition for a sustainable fishery were not perceived as productive by staff at the Marine Stewardship Council hub. The initiative continues to hold discussions about this, in an effort to settle differences (even at the local level) with NGOs. However, this was not a debate that the participants had expected to have to engage in on a continuous basis. To a large extent, the Marine Stewardship Council has also been taken by surprise by the fact that, in some quarters, its critics have seen it as a 'corporate safe haven'. As the old adage goes: 'It's difficult to please all of the people all of the time.'

Notes

1. See IMD cases 2-0080 and 2-0081: Steger, U. and Raedler, G. 1999, Marine Stewardship Council (A) Is a joint venture possible between 'Suits and

Sandals'? and (B) Departing in unchartered Waters. Also IMD case 2-0083: Steger, U., Nick A. and Ionescu-Somers, A. 2006, Transforming the global fishing industry: The Marine Stewardship Council at full sail.

2. Companies cannot receive credits for any project that they would in any case have carried out. Credits are accessible only if the activity is additional to any existing obligations.

7
Advocacy

In this chapter, we will look at advocacy partnerships. We remind the reader that these are partnerships that advocate the introduction of legislation to reduce strategic uncertainty, and achieve a level playing field. We begin this section with a more detailed description of a reference partnership – in this case, The Climate Group – to provide concrete and case-based insights to this partnership approach. Then, we will follow up by describing the set-up, activities, and perceived effects of the advocacy partnerships surveyed.

It will not escape the attention of the attentive reader that all advocacy partnership surveyed operate in the area of climate protection. As discussed already in Part I, we are convinced that this is not owing to a sampling bias, but is an empirical finding in itself, reflecting a significant public and regulatory (sometimes pre-regulatory) pressure that makes it worthwhile for companies to try to influence legislative processes. We will discuss this in greater detail in Section 7.3.3.

7.1 Reference partnership: The Climate Group

The Climate Group (www.climategroup.org) was founded in 2004, following a systematic assessment of the landscape of partnerships in the area of climate protection that identified a significant gap; that is, a much-needed global partnership between business and government. The group is an independent, non-profit institution 'dedicated to advancing business and government leadership on climate change'.

The Climate Group engages primarily in advocacy (either directly through, for example, face-to-face lobbying or indirectly through media), and also capacity-building. It produces case studies and reports, but also contributes to the development of the Voluntary Carbon Standard (VCS).

The VCS was developed by the International Emissions Trading Association (IETA), the World Business Council for Sustainable Development (WBCSD), and the World Economic Forum and is considered a 'global benchmark standard for project-based voluntary emission reductions'.

The Climate Group – in contrast to the US Climate Action Partnership does not advocate specific policies (for example, emission reduction targets). Rather, it promotes the development and sharing of expertise in both business and government. Its activities are international (with offices in London, New York, Silicon Valley, Tampa, Beijing, Hong Kong, Delhi, Mumbai and Melbourne). The set-up, with a wide geographical spread, and the activities of the offices themselves, reflects the need for different national settings when it comes to tackling the relevant issues. For example, in the US, where the public and political debate is lagging behind Europe, there is more of a focus on capacity-building, and advocacy per se is as yet less important than in Europe. The Climate Group provides a range of publications (mainly reports, and case studies) free of charge to raise awareness of, and knowledge about, climate change risks and potential solutions.

According to experts, The Climate Group has been highly influential since its foundation because it is both well connected (good access to key decision-makers in business, and governments) and significant in size – the result of its fast growth.

The network of the Climate Group includes: 1) its partners: some 35 mostly large multinational companies, two municipal governments and ten regional governments, and two) network partners – some nine companies that joined mainly to gain access to web seminars, meetings and events, research, and work programs. The Climate Group has a long list of supporters that includes businesses, charities/NGOs, other partnerships, as well as cities and individuals (see Table 7.1), a support base that is rapidly evolving and becoming increasingly global.

The Climate Group engages in a range of special projects. For example, the Climate Leadership Programme – developed in association with Cambridge University (UK), and Duke University (US) – provides senior leaders from the business, public, and NGO sector with insights in climate change science, technological solutions, and adequate proactive responses to global warming. The HSBC Climate Partnership is a US$100 million program between HSBC, The Climate Group, Earthwatch Institute, the Smithsonian Tropical Research Institute (STRI), and WWF. The partnership has been planned, at least initially, to run for a five year period from 2007 to 2011. In a multi-pronged

Table 7.1 Network of the Climate Group

Members	**Network partners**	**Supporters**
CORPORATE:	B&Q	Action Aid International,
ABN AMRO	British Gas	Anonymous donors, Arctic
AIG	National Express	Energy Alliance, Barclays
Alcan Inc.	O2	Bank PLC, Heinrich Böll
Allianz Group	Royal &	Foundation, BP plc, British
Arup	Sunalliance	Council, Bullitt Foundation,
Baker & McKenzie	Severn Trent	W. Carey Crane III, Clean
Barclays Bank PLC	Vodafone	Power Foundation, Stephen
BP plc	Webex	Dawson, DOEN Foundation,
Catalyst		Michael Edge, Roland
Cheyne Capital		Emmerich, Environment
Management LLP		Canada, Esmée Fairbairn
Duke Energy		Foundation, Garfield Weston
Google		Foundation, German Federal
HDR		Ministry for the
HSBC Holdings PLC		Environment, Nature
Interface, Inc.		Conservation and Nuclear
Johnson & Johnson		Safety, Global Development
JPMorgan Chase & Co.		and Environmental Institute,
Man Group plc		Goldman Sachs & Co., Cheryl
Marks & Spencer		Haines, Haines Gallery, HBOS
Munich Re Group		Holdings, HBOS Insight
MWH		Investment, HDR, HSBC
News Corporation		Holdings PLC, JP Morgan
Pratt Industries, Inc.		Chase Foundation, John D.
Starbucks		and Catherine T. MacArthur
Swire		Foundation, Man Financial
Swiss Re		Ltd., Man Group plc, City of
Tesco		Melbourne (Australia).
Timberland		Mitsubishi Corporation, MSST
Virgin		Foundation, Oak Foundation,
MUNICIPAL		Pew Charitable Trusts, Poola
GOVERNMENT:		Foundation, Purves
Greater London Authority		Environmental Fund,
New York City		Renewable Energy and Energy
REGIONAL		Efficient Partnership, Richard
GOVERNMENT:		and Rhoda Goldman Fund,
California		RMF, Robertson Foundation,
Connecticut		Rockefeller Brothers Fund;
Maine		Rockefeller Family Fund,
Manitoba		Dame Anita and Gordon
Massachusetts		Roddick, Gary Ross and
New York State		Allison Thomas, Shell
Ontario		International Ltd., David
Quebec		Suzuki Foundation, Swiss

Continued

Table 7.1 Continued

Members	Network partners	Supporters
South Australia Victoria		Reinsurance Company, The Energy Foundation, The Nand and Jeet Khemka Foundation, UK Department for Environment, Food and Rural Affairs, UK Foreign and Commonwealth Office, United Nations Foundation, Victoria Government (Australia), Marion Weber, and WWF-UK

approach, it is taking a diversity of activities 'under its wing', such as initiatives in the world's mega-cities, field research on so-called climate champions (trained community leaders), monitoring of forests and major rivers (to measure climate change effects and identify courses of action). In line with its focus on cities, it will soon open its first offices in India, Mainland China, and Hong Kong. Through these offices, it will work to engage new members, and to promote national, regional, and city policies.

In light of the evolution of legislation relevant to climate change in Europe, The Climate Group is internationalizing, which is in alignment with its recent decision to engage in The HSBC Climate Protection Partnership. In addition, the Group is increasingly looking at supply-chain-related emissions. The key challenge of applying this growth strategy is the lack of financial resources.

7.2 Set-up

7.2.1 Partnership compositions – no tri-sector partnerships

As Table 7.2 illustrates, the advocacy partnerships we looked at are variously set-up as business-only, business–NGO, and as business–public partnerships.

The Carbon Disclosure Project is a business-only partnership, whereas The Climate Group primarily includes corporations and governments; the latter is supported by WWF-UK (which, however, is not a member). The US Climate Action Partnership has no public participation, but

Table 7.2 Composition of advocacy partnerships

Partnership	Set-up
Carbon Disclosure Project	Business-only: Partners: Financial institutions supporting the project (above being signatories to the information request) Partners: Organizations (consultancies, industry associations, NGOs) supporting outreach of CDP Signatories: Investors signing the information request Sponsors
USCAP	Business–NGO: Members: US corporations from multiple industries, including Duke Energy as an electric utility; and NGOs (Environmental Defense, National Wildlife Federation, etc.)
The Climate Group	Business–public Members: Corporations: From industrialized countries and multiple industries, and governments (municipal and Regional) Network Partners: Corporations (mainly UK) Supporters: Charities/Foundations, national governments, corporations, individuals, and conservation organizations (namely WWF-UK)
Corporate Leaders Group on Climate Change	Business-only: Members: Corporations in multiple industries – from the UK and other industrialized countries (a EU Corporate Leaders Group also exists) Conveners: University of Cambridge, the Prince of Wales Business and Environment Programme

several NGOs are full members – alongside the corporate members who are clearly in the majority.

So, why is there no tri-sector advocacy partnership in our sample? It is simply because they do not exist in the entire partnership universe. That is, if we consider that WWF-UK is not a member, but a *supporter* of The Climate Group. The absence of such a set-up may reflect the fact that it is more difficult to keep shared interest and strong commitment in advocacy partnerships if one brings additional parties to the table. Furthermore, since advocacy requires a certain national emphasis (with regards to partnership mission, and activities), the presence of progressive national, or regional, public players willing to engage in advocacy is essential, but from our perspective, appeared to either be missing completely or was a weak feature of the partnerships we examined.

7.2.2 A more detailed look at partnership structures

The Corporate Leaders Group on Climate Change has a very simple structure: The group is convened by the University of Cambridge's Programme for Industry, and the Prince of Wales Business and Environment Programme. The US Climate Action Partnership also has a simple structure, which also reflects its only recent and very fast rise (it was only officially launched in January 2007). However, not every advocacy partnership we surveyed had a true hub, as we have defined it in this book. Initially, the US Climate Action Partnership had a virtual hub (working groups, high-level committee). Moreover, this partnership initially engaged external consultants to facilitate the individual working groups. There are co-leads from different member organizations on the support teams. The partnership has been growing significantly since its official launch, and therefore members are currently re-visiting the existing structure, and may adopt a more centralized approach.

By contrast, The Climate Group has a rather more complex set-up, which reflects its earlier launch (in 2004) and larger scope. It differentiates between three kinds of partners, namely members, network partners, and supporters. Whereas members are closely involved in group activities and advocacy, network partners' engagement primarily focuses on building the group's own capacity through meetings, publications, and work programs. Supporters are donors contributing a significant portion of the group's funding.

Not every advocacy partnership we surveyed had a veritable hub. Initially the US Climate Action Partnership had a virtual hub (working groups, high-level committee) and outsourced several administrative and operative functions: The partnership also hired an external group to handle communications to support outreach to Capitol Hill. Moreover, it engaged consultants to facilitate the individual working groups. There were co-leads from different member organizations on the support teams. Since the partnership has been growing significantly since its official launch, members are currently re-visiting the current structure and may adopt a more centralized approach in the future.

7.3 Activities

In the following sub-sections, we examine the key activities of the partnership in greater detail.

7.3.1 Advocacy

Advocacy partnerships focus on lobbying by accessing key stakeholders (primarily governments and business). Their activities include:

- Letters to key politicians. Some examples of this activity would be the US Climate Action Partnership's letter to the Chairman, and Ranking Member of the Energy and Natural Resources Committee (Senators Bingaman and Domenici), and the Corporate Leaders Group letter to the UK Prime Minister in the run up to the 2005 G8 summit in Gleneagles.
- Policy and discussion papers. For example, the US Climate Action Partnership has produced documents on energy efficiency, geologic carbon storage technologies, and cost containment; it has also written a 'Call for Action'.
- Endorsement from politicians and opinion leaders (such as from the Prince of Wales, in the case of the Corporate Leaders Group on Climate Change).
- Participation in hearings – through its corporate partners.
- Direct lobbying of key personnel in ministries.

Advocacy actions are often supported by capacity-building (if necessary, by bringing in experts from the outside), and public relations. Capacity-building is a particularly important focus in The Climate Group and the US Climate Action Partnership, but for different reasons:

- The US Climate Action Partnership engages in policy *design* rather than policy *demand*. This means that its input to the US policy discussion is much more detailed than that of other initiatives, and requires significant research and consultation efforts. The US Climate Action Partnership kicked off with a preparatory year of dialogue and collaboration before it established and promoted its 'design principles' for the US climate legislation.
- The already mentioned hybrid approach of The Climate Group (combining advocacy and best practices) influences its activities. Through its 'working programmes', it supports businesses in reducing their carbon footprint. It also provides a variety of cases showing specific examples of how private and public sectors can successfully reduce greenhouse gas emissions.

The importance of advocacy partnership activities varies across partnerships and regions. For example, The Climate Group places greater emphasis on capacity-building in the US in light of the greater need for building knowledge and awareness among key decision-makers.

7.3.2 Measurement

We found that partners in advocacy partnerships did not attribute a high importance to measurement. This is a direct effect of partnership approaches and activities, since in the cases we examine, effects – such as changes in individual's mindsets and organizational culture, eventually leading to changes in behaviour (for example, new approaches to decision-making or to legislation, etc. – are notoriously difficult to isolate and to measure. In most cases, it is next to impossible to link changes in opinions, or behaviour to a given activity, since decision-makers are subject to various stimuli (consider, for instance, the extent of the 2007 media coverage on climate change around G8 discussions in Heiligendamm and the United Nations Climate Change Conference in Bali). In addition, advocacy occurs primarily behind closed doors; this can make it difficult, or even risky, to communicate success externally.

Hence, advocacy partnerships have the following options:

- Adopt a set of more indirect performance indicators related to membership (not only number of members, but their diversity, such as monitoring which industries are participating) and their levels of satisfaction.
- Rely on more informal feedback.

7.3.3 Roll-out

For advocacy partnerships, roll-out is ultimately about achieving an increase in political traction. This can be achieved by expanding and leveraging partnership activities and size. Partnership members brief their peers; for example, the US Climate Action Partnership corporate members brief companies that are not (yet) members. Additionally, we noticed that partnerships also scrutinize the potential for adding content to their activities (for example, links to other policy areas), and as the partnership evolves, may intensify relevant media campaigns.

In order to increase partnership size, we identify two clearly distinct roll-out strategies:

1. Horizontal and vertical integration
2. Diversification

7.3.3.1 Integration

First, let us consider the question of vertical and horizontal integration – getting new industries, or additional countries on board. This approach may be directly associated with greater differentiation, which allows for a more local approach to political lobbying, and a more industry-specific approach to capacity-building.

The aim of one partnership we looked at was to grow the partnership from 13 to 20–25 members. After an initial period of rather fast and uncontrolled growth, the recruiting process had simply become more strategic; the current aim is to achieve a broad representation from key industries, and at the same time, to avoid 'nay-sayers':

> *Initially, we did not have enough time and focus; we lacked detail on key industries. Now that we have* [a list of key companies in diverse industries] *on board, we can do more in that area.* (Advocacy partnership C, Hub)

Another partnership we studied was expanding strategically into key geographical areas, areas that are either characterized by a high carbon footprint, or by a considerable availability of energy resources:

> *There are two options: One, get more members, which will make it harder to reach consensus, or two, aim for a slight increase only so as to get other key sectors on board, and thus, keep a focus that enables us to remain 'cutting-edge', and to continue with 'bold' interventions. Obviously we go for option two.* (Advocacy partnership B, Hub)

By founding satellites in other locations, partnerships hope to be more effective through a location-specific approach, tailored to more local legislation, culture, and capacity:

> *We formed the EU CLG in order to have better influence at the European level.* (Advocacy partnership B, Hub)

Such strategies set individual advocacy partnerships onto broader and more robust foundations – a factor that may potentially increase in significance when it comes to developing a more stringent international legislative framework around climate change in the future.

An internationalization of advocacy partnerships can also occur without founding satellites. Some approaches to advocacy may already include an international dimension. For example, the US Climate Action Partnership provides input to the US political debate on how to navigate towards international climate change legislation:

> *Our current focus is on national policies. But we also suggest how the US could navigate in an international legislative framework.* (Advocacy partnership C, Hub)

7.3.3.2 Diversification

Advocacy partnerships also trend towards diversification. It is interesting to note that the US Climate Action Partnership has ventured into areas initially untouched by the partnership. Today this partnership provides input to policies on energy efficiency and carbon capture and storage, and also discusses principles, and measures of cost containment.

Diversification of this nature, and other kinds also, may also be the only way to reach major tipping points in the evolution of events relevant to the partnership; for example, changes in legislation, reaching a critical membership mass, and overcoming eroding consensus, or flattening learning curves. To reach such tipping points may also call for changes in both mission and activities:

> *Once regulation has been introduced, we may enter other areas; for example, facilitating implementation of measures and policy analysis, and asking ourselves the question: Are climate change policies working?* (Advocacy partnership B, Hub)

7.4 Effects

Effects of advocacy partnerships include the creation of a more positive dialogue about climate protection measures in the political and business arena, since, often as a result of the partnership, there is much greater mutual understanding of the issue and its challenges by the different stakeholders involved. In fact, some of our interviewees were positively surprised at how quickly they had been able to gain access to key stakeholders, and thus significant endorsements of activities.

As mentioned above, it is often very difficult (and problematic) for partnerships to take the sole credit for certain changes in opinions, policies, and so on. In fact, it would be very interesting to carry out more research to further investigate this aspect. In any case, our interviewees were in general highly confident about the overall effectiveness of advocacy partnerships; the main reason for this is the fact that the outcomes change the rules of the game for all players rather than focusing on individual or several dimensions:

> *Influencing the political debate is 'more valuable' (compared to changing corporate behaviour, such as through capacity-building) in the short-to medium-term, since policies determine economic growth. The other 'soft' measures are valid too, since they lead to proliferation of practices, increases in awareness, and thus, long-term success. The soft measures do not harm us, but policies are the main lever. Influencing policies is more efficient, and more effective than cooperating with individual companies.* (Expert, Non-profit sector)

We surmise that the reasons why this partnership approach is more or less exclusive to the area of climate change are:

- The political debate in the area of climate change has been very active of late (G8, 4th IPCC assessment report, the Nobel Peace Price, the Bali Roadmap). This applies, in particular, to the European context.
- The absence of binding regulatory frameworks in many nations, but also at the global level, leaves significant room for such advocacy initiatives.

The underlying rationale is that the introduction of legislation is likely to either create a competitive advantage, or reduce/remove a competitive disadvantage for the corporate partners. Business advocacy contributes to removing a catch-22 situation in which the private sector needs regulatory certainty, and governments are hesitant to introduce legislation out of fear of harming companies and their national economies.

In this context, Tony Juniper, the executive director of Friends of the Earth UK at the time of our research, has noted a new business perspective on climate change:

> *Ten years ago in Kyoto, governments wanted regulation, while companies demanded voluntary action. Now the reverse is true. Many governments seek market solutions, while companies are calling for*

new laws…If we are to have any chance of rendering the activities of international corporations compatible with maintaining a productive planet, then new legal frameworks and supporting policies, and financial structures are needed to do it. Politically powerful companies now say that they agree with that. This marks a vital shift in perspective. (*The Guardian*, 5 December: 2007)

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Part III

Conclusion

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8
So What? – Some Nuggets for the Practitioner

8.1 The current and future role of sustainability partnerships

Contrary to some consulting and media hype, dilemmas are a daily reality of management. Balancing often-conflicting goals and interests is essential in business – decision-makers and managers most probably cannot achieve all of the desired results with their given resources, or within a certain timeframe. As a consequence, priorities need to be set. But, what are perceived to be secondary issues cannot be neglected either, since they can backfire on other results. This is the well-known pendulum swing between cost-reduction and ensuing loss in quality/ customer service; the reverse situation is just one of many examples of badly managed dilemmas. Looking at our findings from the fast moving universe of sustainability partnerships, we identified five major dilemmas which executives in charge of 'sustainability' topics (whatever their title and position in the organization may be), are confronted with.

8.1.1 So, which partnership do we start with?

Probably the most spontaneous and straightforward answer to this question is: Choose partnerships that have most relevance (and are thus closest) to your business. But experience has shown us that this is often not the case, and sometimes with good reason. A chosen focus might be a 'beaten path' related to a controversy where there are entrenched opinions, or with no room for manoeuvre for several reasons. One is regulatory – the fact that the potential for corporate action has already been exhausted, or that an existing industry response has created a situation where individual companies will not 'stick their necks out' in situations where there are no perceived first-mover advantages. That could explain why Tetra Pak, for example, opted for venturing into a business development partnership around school nutrition, and not packaging recycling. To some extent, it also explains the current, and increasing, popularity of climate change partnerships. Everyone is affected, but it is clearly apparent that those who are most affected (including in their economic *raison d'être*), such as energy intensive basic industries, car manufacturers, and the like, are moving very cautiously indeed (and if cajoled into a partnership, are often the very ones that attempt to slow down the process). As we look at the universe of partnerships – apart from the clear 'no supply = no business' dilemmas affecting raw material supply for the food industry – only the pharmaceutical industry appears to maintain a visible relationship between the partnerships a company enters into, and the company's core business. However, note that the pharmaceutical universe of partnerships is still largely dominated by the philanthropic activities embarked on by Big Pharma.

Because there is no obvious answer to our question, our only advice is that an internal verification process is needed. Companies need to ask themselves: What do we want to achieve with a partnership? The answer can differ widely – to pre-empt or influence regulation, establish know-how, remove barriers to progress, build internal awareness, to name but a few possible outcomes. Without a clearly established initial purpose to get involved in a partnership, executives will be overwhelmed rapidly by the sheer number of options currently available. And establishing a purpose is not an easy process; it pits conflicting goals and interests against each other. In the value-laden domain of corporate sustainability (or CSR, or whatever else it is called within the company), transparency sometimes hurts.

Apart from taking opportunistic, more accidental than not (but, we learnt, not unusual) decisions – 'our CEO met Mr. X and convinced him to join' – companies wanting to engage in partnerships need first to identify where the company can gain the most 'mileage' out of a partnership. This choice is not only determined by an objective – 'we need to learn more about emission tracking' – or concern with topics that are obviously potentially explosive – 'worker safety of female beer promoters' – but can also be a psychological choice. Should the organization be painfully confronted with its own shortcomings, or is it better to go 'softly, softly', providing positive motivation while still playing on its strength as a leader in a specific area?

The motivation for starting, or joining, a partnership very often comes out of the recognition that 'we can't do it alone'. The Sustainable

Agriculture Initiative, a sustainable agriculture partnership, was clearly born out of the recognition that individual specifications of 'sustainable agriculture' by food processors, in the absence of an accepted industry standard, would create havoc in the markets, and incur high transaction costs. However, it should be noted that the creation of a Sustainable Agriculture Initiative, nevertheless, has the knock-on affect of extinguishing competitive advantage reaped by companies already proactive in this area.

This all sounds a bit fuzzy, and indeed in real life it is. Of course, a rational, decision-making textbook approach dictates that things should be more clearly cut, starting with a clear strategic goal, a defined set of criteria, and then followed by a selection-process where potential partnerships are reasonably identified. But corporate sustainability/CSR is an incremental learning process, where more often than not, decisions are more shaped by opportunities and accidental encounters than otherwise; they are often taken at a convenient time, rather than when they are actually required. These questions are all part of the managerial dilemmas related to partnerships that we observed in our research.

The same holds true when it comes to the question of whether a company should opt for embarking on a new partnership, or join an existing one instead. Again, no clear guidance on this emerges from our research. Most partnerships have simply evolved, and did not start with a clear master plan. IMD's Marine Stewardship Case Series[1] is testament to what we believe is a rather typical type of 'start-up' partnership; it also illustrates how a partnership's actual evolution can deviate rather substantially from expected developments. One last word on this dilemma; we advise companies to beware of the 'Cinderella-Syndrome' – a solution in search of a problem.

8.1.2 Size vs. focus – which?

Here again, the answer is, it all depends. The essence of the trade-off is clear to all involved: The bigger the size, the greater the intended impact might be, but the more difficult it will be to also maintain a clear focus, and therefore, effectiveness. Not only does the performance of both companies and other players (such as NGOs) decline under such circumstances, but once they themselves lose focus, the partnerships they are engaged in definitely do as well. We could ask: What is the point of increasing membership when the marginal benefit of an additional member equals the marginal cost of the lost focus? This is probably impossible to define succinctly, and therefore, size is often the result of opportunistic, ad hoc decision-making. Therefore, as the partnership evolves, the matter of size tends to be dealt with incrementally, along with the outcomes – through the formation of sub-groups, a slow but steady shift in the core mandate, and/or a move from a membership to a secretariat driven organization. In our research, we could not detect systematic evidence showing that participation in partnerships really moves corporate strategies. Anecdotal evidence, however, suggests that the impact of partnerships is rather limited. For example, the new shift in the US towards more fuel efficient cars, and away from the SUVs produced mainly by Detroit's 'Big Three' car manufacturers, was clearly driven by high gasoline prices, and not their long time membership in sustainability partnerships (for example, General Motors is a member of WBSCD).

8.1.3 Managing the life cycle

The balance between size and focus clearly influences the evolution of a partnership. But, very often partnership growth, or proliferation, can also be traced to a key, influencing factor: The life cycle of the topic. During the entire period we were writing this book, climate change had become a very fashionable subject, driven by high profile political events (such as Al Gore's film 'The Inconvenient Truth', and subsequently, being a co-recipient of the 2007 Nobel Peace Prize, the G8 summit, and the climate conference in Bali). We have seen similar peaks with other topics. With every drought, for example, water shortages become headlines, and the scare of a SARS (Severe Acute Respiratory Syndrome) epidemic brings the area of public health to the fore, from time to time. Beyond fundamental 'evergreens' (set to emerge over the next decade or two), many smaller topics have also come and gone. The Global Reporting Initiative (GRI) was one of the most influential, comprehensive partnerships of all, some eight to ten years ago. Its evolution was filled with controversies and tensions between the different actors/members (NGOs vs. industry, Europeans vs. US, and so on). But after the standards were set, and it all became a matter of implementation (the non-glamorous part, which delivers the actual results), it became a pretty 'boring' technical institution, and receded from the limelight.

Both public and management attention are scarce resources to come by. They tend to shift once an issue has either been more or less settled, or is 'crowded out' by other, more pressing matters. Sustainability issues evolve in a 'typical' diffusion curve pattern[2]: At first, the issue is debated in expert circles, and then it is taken up by sensitive, opinion leaders, often NGOs. It then finally reaches the mainstream, sometimes within weeks, sometimes over decades (the climate change topic needed a good three decades to reach its current prominence). Normally, the process is accompanied by (political) conflicts; and this is true for all partnership types. As long as issues are in an early stage, it is easier to form partnerships, even while conflicting interests exist; for example, to investigate the subject. Then in later stages, organizing vested interests makes bridging more difficult – and more often than not, impossible. To ignore this dynamic in managing a partnership inevitably leads to ineffectiveness.

None of the partnerships we looked at, however, were prepared to face the consequences of the issue dynamics: That a partnership comes to 'natural' closure once the goals have been reached (and the more successful a partnership is, the faster the end arrives). Some were too far away from that stage, but others, which were closer to the end of their issue life cycle tended to seek out new tasks, rather than to admit their 'mission accomplished', and dissolve. Obviously, partnerships share the destiny of many corporate projects: They are never actually closed, but just fade away over time.

8.1.4 Managing the complexity

Partnerships are, by definition, diverse. Interest, culture, resources, and the like, differ widely from partner to partner. The stories about cultural clashes between companies from different continents, or between NGOs and companies are legendary. As partnerships are based on voluntary cooperation, no hierarchy exists as it does within the companies, or NGOs themselves. Call it more of a 'heterarchy' where multiple players vie with one another other for influence, and benefits, but also depend on each others' cooperation. These two factors – independence and diversity – are key ingredients for the observed complexity in partnerships. The third factor is the 'fast flux' along the life cycle, and the need to adapt to shifting contexts, and contingencies. Fourth, as we have outlined in our discussion regarding measurement of impacts, key performance indicators are often not measurable. This leads to information ambiguity, meaning that information can be interpreted differently by different entities. Therefore, all four known drivers of complexity are fully in operation in sustainability partnerships.

We also found potential 'simplifiers' of complexity within partnerships:

- Align goals and values: As partnerships do not form unified organizations, they focus more on specific goals, and do not aim for cultural alignment. But as discussed before, much membership time – and the more diverse the membership, the more this is true – is consumed with consensus-building. And, maintaining consensus can absorb considerable resources. Therefore, to have a defined partnership focus greatly helps, as long as this is agreed upon by all partners – preferably at the outset – and is possible to maintain over the life cycle. It should also be noted that maintaining the original goal is not always a certainty, as the issue dynamic may also call for ongoing adjustment. This then threatens the whole question of organizational alignment behind the goals. We stress at this point that the 'snapshot' of empirical research presented in this book provides observations on ongoing partnerships only, and does not focus on those that failed in attaining their objectives, or were aborted at an early stage in their development. Overall, a clear focus might also protect partnerships from 'contagion' from other conflicts, be it a competitive price war between members, or a conflict between an NGO and the industry on other topics.

- Standardized processes: As a 'simplifier', these are probably only possible in a partnership when there is a strong secretariat, or 'hub', with resources to drive such a process. We have not seen examples of where this has actually happened, in spite of the fact that most partnerships with an established hub are highly aware, and vocal about the resources required (and in most cases lacking), given the scope and complexity of their mandate. The Marine Stewardship Council – one of the most long-standing partnerships – has considerably beefed-up its management and governance structure over the last few years (having realized through experience that a strong hub was essential). But even so, when we carried out our interviews, the partnership was still not 'head above water', in terms of resources available to complete its task effectively.
- And so it is with decentralization. A partnership is already, to some degree, the 'outsourcing' of a specific task to an independent body with its own decision-making structure in place. To drive this process further, for example, through sub-groups, raises the question of whether the focus of the partnership is not too broad, and/or the membership too diverse.

8.1.5 Making your voice heard

As mentioned, the topic of climate change is currently enjoying a high profile with extensive media attention. But one should not forget that the issue has already been on public and corporate agendas for more than 25 years. Companies, therefore, that are particularly exposed have already dealt with this issue some time ago, to the extent that they reasonably can – out of the media glare, and probably on more of a technical than a strategic level. Dare we say that it is not out of the question that the public prominence will ebb again, and with that any high-level corporate engagement that came along as a result of it. Many partnerships have to fight these fluctuations in public attention. For example, every SARS-like health scare places public health in the limelight, only to be dropped again as soon as the next issue comes along. Indeed as we write, it seems that the climate change issue risks being supplanted by world hunger, as the world faces food shortages owing to increased commodity demand from emerging economies, and a switch of cereal production to securing energy supply in the US through biofuel production. But, regardless of the status of public attention, most sustainability issues are of a long-term nature, and need a sustained push towards problem solving. This is because, in many cases, there are no 'big bang' breakthroughs possible in the short- to medium-term, but only marginal improvements that take place over an extended period of time. However, let us not underestimate the importance of incremental improvements either; they can add up significantly, as long as they are continuous and consistent.

Another dilemma is the competition among the many issues 'out there', for not only resources, but also public and management attention (note that there is a correlation). It is difficult to quantify just how many such issues are swirling around in our increasingly interconnected global world. In spite of the numbers, one would be hard-pressed to find a topic, even among the most unusual, or those out of the ordinary, that is not represented organizationally, in some way. The very fact alone that we found close to 100 already existing partnerships while carrying out our pre-study – which did not claim to be exhaustive by any means – is also telling. Naturally, some partnerships are more important than others, but then again, little sounds can add up to thunderous noise levels if many contribute. In this competition, factual arguments are much more difficult to communicate than are breathtaking actions (the reason for Greenpeace's early success). Sometimes the noise is deliberately increased by 'contrarians', who disbelieve, and communicate this fact aggressively (for example, Exxon Mobil is said to have financed such 'anti' groups in the climate change debate, at a level of more than US$100 million). Only by having a clear understanding of the relevant, specific target group for each and every partnership, and a highly effective communications strategy can they avoid getting 'drowned' amidst rising noise levels, as was the case with Exxon Mobil.

8.2 A practitioner's checklist: The ten do and don'ts of partnerships

Our research shows that without question when it comes to sustainability partnerships one is quite simply managing dilemmas on an entirely new scale of complexity. Given the substantial variety of issues, motivations, structures, and so on, in partnerships, condensing ten simple 'take home' rules out of such extremely diverse findings is quite a challenge without resorting to trivial 'motherhood and apple-pie' statements. But, nevertheless, we shall give it a try, as in the midst of diversity, we observed that there are nevertheless always some common ground rules to imperatively be met by every manager in global corporations:

1. Be focused. A good litmus test is whether you can communicate the corporate rational for the partnership in a '20 second sound bite' when you meet the CEO of your company in the elevator – If not ... get back to the drawing board.
2. Expect lots of diversity – different functions, industries, types of organization – and learn how to manage it to the partnership's advantage. Find out how other organizations 'tick'; their key strengths and weaknesses. Good personal relations, a bonding process, and an operational network of change agents are preconditions for success, but how far will they carry you, when the going gets tough (and be assured, it inevitably will ...)?
3. Ok, so this may be new territory for your company and you cannot plan everything in advance, so, yes, 'learn as you go', but do get the fundamentals right: Mission, focus (clear and realistic goals), target groups, integration as part of the business, and last but absolutely not least, ground rules for cooperation.
4. Be strategic. Don't just join a partnership so as 'not to miss out' or, worse, use it as a PR platform. Strategy means choice – so is your partnership choice consistent with your strategic priorities? (This may seem like a 'no-brainer', but it is a 'golden rule' that is violated time and again.)
5. Alignment of goals and interests is never a given. Have you calculated the time and energy it takes to continuously assure partnership alignment?

6. Consistency in implementation is the key; but can you combine this with the changes needed to be effective over the full partnership life cycle?
7. Match human and financial resources to goals. Don't believe in 'virtual hubs', or any other excuses for not having the needed resources. If nobody wants to come up with the required money, maybe you need to think about the purpose again?
8. One piece of advice that is usually effective: Start with a smaller focus and group, and enlarge later. In other words, start as elite, then build leverage – begin as learner, end as leader.
9. To be credible, measure the measurable but remember that, whatever you measure, the tangible bottom-line impact will be limited.
10. Keep in mind that it will always be much easier to get into a partnership than to get out – so do you have an exit strategy or a Plan B?

Notes

1. See IMD cases IMD-2-0080, IMD-2-0081 and IMD-2-0083.
2. For details see Steger, U. (Ed.), 2004.

Appendices

Appendix A Interview guide: Sustainability partnerships (SPs)

Approach: Each researcher should be closely familiar with the interview guide, but has the latitude to use a personally congenial way of asking and sequencing the questions, and to segment them appropriately for different respondents. They should also introduce a longitudinal perspective wherever applicable.

Outline relevance/need: So far, comprehensive study across a variety of partnerships and their significance has not been undertaken

Outline objective/termionlogy: We aim to examine corporate sustainability partnerships (CSPs) and their potential to address to social and environmental issues. We define a CSP as a partnership that

1. incorporates at least one company and any combination of other actors (i.e. NGO, public actors, other companies etc.)
2. may start with a dialogue but must include actions aimed to create significant social and/or environmental benefits.

1. Drivers	
Subquestions	*Probes/remarks*
1.1 What are key external drivers?	NB. driver are actor-contingent – public pressure – threat of legislation – demand of clientele
1.2 What are key internal drivers?	– key individuals – organizational culture
2. Effects	
Subquestions	*Probes/remarks*
2.1 What are key effects of – the partnership?	– Effects on bottom Line – Effects on intangibles – Strategy – Culture and mindset – Organizational behaviour (e.g. management practices) – Technology (products, processes, etc.) – Social effects – Environmental effects

Continued

Appendix A Continued

	– Effects on industry and business systems – Policy making and public debate – Unexpected effects – Negative effects – Desired effects
2.2 Were there any negative effects? If yes, please briefly outline them and influencing factors.	For example – Resistance in own organization – Resistance in other institutions (partner organizations) – sparked competition
2.3 Were there any unexpected effects? If yes, please briefly outline them and influencing factors.	– primarily unexpected multiplying (i.e. positive) effects (good and 'free' PR, transfer of key learning), but also – negative effects (see above)
2.4 What is the overall impact of the partnership?	Cut through the rhetoric: Given complexity of most issues, limited resources, etc., what contribution can partnerships make?
3. Rollout	
3.1 What is the partnership's strategy when it comes to boosting its influence, to ensure effective rollout?	This is about the meaning of roll-out which differs across, for example partnership types: – proliferating best practices – promoting use of labelling/ certification scheme – mainstreaming new business model/product – maximizing outreach
3.2 What is the potential for partnership rollout?	Rollout potential across – countries – industries – companies – partnerships
3.3 What activities does the partnership engage in to boost its influence? Which are most significant and why?	Stakeholder management (communication, PR, etc.) – Fundraising – Marketing – Capacity-building
3.4 What does your organization do to ensure effective rollout of the partnership?	Rollout tasks are most likely allocated to partners in a certain way, for example based on resources, capacity

Continued

Appendix A Continued

3.5 What are key factors preventing and driving successful rollout?	– see internal and external success factors and barriers	
4. Measurement		
4.1 Why do you measure?	– transparency, credibility, control mechanism, etc. – internal (e.g. controlling) vs. external (e.g. credibility, stakeholder demands) drivers	
4.2 What process and means are employed to ensure effective measurement?	– strategic and operational governance: target setting, controlling process – gut feel – media coverage – survey on clientele – field work – third party involvement	
4.3 What are the key challenges of measurement and how can they be met?	– resources – measuring intangibles – different opinion on what to measure	
5. Other key activities		
5.1 What are other key activities of the partnership and why?	– Stakeholder management (communication, PR, etc.) – Early awareness – Planning and target setting – Monitonng (measure progress and ensure feedback) – Fundraising – Marketing – Capacity-building ∘ Brokering ∘ Facilitation ∘ Research & development	
6. Key success factors and barriers		
6.1 If desired effects have not been delivered, why not? **6.2 How would external factors need to change in order that desired effects are delivered in the future?**	Internal – Shared interest and consensus – Legal basis – Bridging – Controlling – Comprehen-siveness – Formalization	External – Regulatory context – Demand from key clientele (e.g. customers or suppliers) – Public pressure

Continued

Appendix A Continued

6.3 If desired effects were delivered, what were key success factors?	– Complexity – Visibility – Legitimacy – Leadership and decision-making – Power and resources – Trust and credibility – Level of public sector involvement – Kind of public sector involvement – Key individuals – Flexibility – Transparency – Glue – Innovation/ Learning/ adaptability – Project risk and uncertainty – Mindset and knowledge	– Industry context – Insufficient scale – Lack of infrastructure (technology, markets, etc.) – Non-competitive issue
6.4 If public actors (legislator, regulator, public agencies, etc.) are invnlved, what is their contribution to the partnership?		

Appendix B CSM members

ABB
DEXIA
Microsoft
Scottish & Newcastle
Allianz
DuPont
Nespresso
Shell
BASF
Tefico green coffee
e.on
Nestlé
SULZER
Swiss Re
NOVARTIS
BOMBARDIER
Bombardier Transportation
Roche
F. Hoffmann-LaRoche
HILTI
Philip Morris
syngenta
WWF for a living planet
British Nuclear Group
Lombard Odier Darier Hentsch
RWE
WestLB
Unilever
Coca-Cola HBC

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