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Business guide to partnering with NGOs and the United Nations



Dalberg
Global Development Advisors


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A report by the UN Global Compact and Dalberg Global Development Advisors

UN Global Compact contacts:

Georg Kell
Melissa Powell
Olajobi Makinwa
Tel. +1 917 367 2084
www.unglobalcompact.org

Dalberg Global Development Advisors contacts:

Henrik Skovby
Sonila Cook
Shervin Setareh
Tel. +45 3296 2030 (Denmark)
Tel. +1 212 867 4447 (New York)
Email: guide@dalberg.com
www.dalberg.com

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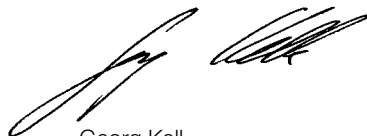
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Introduction

The world took notice at the Johannesburg Summit on Sustainable Development in 2002 when companies, the UN and NGOs came together to advocate for collective action to address climate change. However, the movement towards cooperation between the UN, NGOs and the business community was slow to take hold. By 2005, the Financial Times was still calling a collaborative project between Unilever and Oxfam “globalization’s strange bedfellows”. But despite slow recognition by the media, a fundamental change was occurring. Instead of confrontation, NGOs, the United Nations and businesses were beginning to speak the same language and seeking to work together to tackle global challenges.

Today, over sixty-five percent of the Global Compact’s corporate participants are engaged in partnerships with NGOs and the UN. This publication is a response to the exploding demand for guidance. Created in collaboration with Dalberg Global Development Advisors, the Business Guide for Partnering with NGOs and the United Nations provides a market-based assessment of leading non-profit social actors and the United Nations that have demonstrated competency in partnering with companies in a number of areas such as advocacy, awareness- raising, health and the environment, among others.

As a new initiative designed to be updated and improved going forward, the Guide is still a work in progress, a platform that will continue to evolve. For instance, we will have to find ways to get more surveys completed and the methodology and empirical foundation will need to be revisited. As we continue on this journey, these improvements will happen. Nevertheless, this Guide is a great step forward. It provides useful information in an accessible format and will lead to greater transparency in the market for partnerships. I commend this initiative and see great hope that it will advance the enlightened self-interest of business and civil society partnering together to promote sustainable development.



Georg Kell
Executive Director
United Nations Global Compact

The Spirit Behind the Business Guide

Background

When the tsunami hit the shores of the Aceh province in Indonesia, it immediately became a global disaster. Not only did the tragedy impact local families and tourists from dozens of countries, it also required public and private resources from overseas to address the grave humanitarian and development challenges. The UN Global Compact and the Business Roundtable invited President Bill Clinton and executives from leading companies to discuss how they could rapidly deploy first-class solutions to a very complex and demanding situation. The sheer size of the problem and the need for immediate action brought together companies and social actors in a way that allowed them to address the emergency far more effectively than either one could on their own.

Partnerships between companies and social actors¹ to address humanitarian and development challenges are on the rise. Today, this approach is probably the most promising way to attack complex problems that call upon the skill, knowledge, and experience of a wide range of stakeholders in order to be successful and sustainable. The key motives for private-sector engagement in public-benefit partnerships are multiple, including:

- An acknowledgement that the private sector often has the resources and expertise that are critical in resolving complex challenges;
- A growing expectation from investors, customers, employees, and other stakeholders that business plays an important role as a corporate citizen in addressing critical societal issues;
- Companies' increasing recognition that they have a social responsibility that goes beyond producing services and goods and securing jobs—a responsibility that stems from the realization of the interdependence among their operations and the health, climate, and humanitarian challenges of the markets in which they operate;
- The insight among companies that making money and doing good are not mutually exclusive; and
- The notion that social responsibility not only carries business benefits but helps manage risks and foster strong relationships in societies where companies source or sell, and that it provides them with access to knowledge and opportunities they might otherwise not have.

¹ Including NGOs, UN agencies, foundations, and bilateral development agencies.

While these partnerships are necessary to resolve complex societal problems, the number of successful examples is still limited in both relative and absolute terms. Some of the key constraints include:

- The lack of familiarity between the sectors and the high entry barriers in terms of goodwill and trust;
- The difficulty faced by companies in identifying appropriate social actors and successful partnership models due to a lack of market transparency;
- The challenges faced by NGOs in figuring out how to partner with businesses without compromising the integrity of their mission; and
- The limited clarity for many social actors on how to build relevant partnering attributes and capabilities.

The aspirational benefits of the guide

This guide was born out of the belief that if companies are aware of the success of other businesses in engaging in partnerships, they themselves will be more inclined to seriously consider the prospects of partnering.

Thus, the overarching aspiration of this business guide is to increase the number of partnerships and the quality and impact of those partnerships. Through three distinct avenues we have tried to create a product that helps both companies and social actors prepare themselves for partnership building:

- **Transparency:** The publication is an attempt to create greater transparency in the marketplace by identifying successful partnership examples. The enclosed organizational profiles enable companies to sort and identify partners based on geography, strengths, focus areas, etc., making it significantly easier to find the right partner.
- **Access:** The guide provides readers with contact information and highlights topics around which profiled organizations are interested in creating partnerships. Thus, it will be easy for companies to make a connection with an appropriate organization on an issue of relevance to both of them.
- **Role models:** The guide showcases social actors and partnerships that have been successful, hopefully displaying some of the important factors—such as execution capabilities, accountability, and entrepreneurship—that companies are looking for in partners.

Design principles and approach

This guide is not a comprehensive directory of all great social actors with partnering capabilities. We recognize that there are successful partnerships that have not made their way into this publication. Our hope is to see included an increasing number of organizations in subsequent versions of this guide during the next few years, as more companies and social actors become familiar with the guide and its purpose.

As this guide is a first attempt at exploring the state of partnerships between companies and social actors, the criteria for inclusion can, and will, undoubtedly change over time. At this point, the choice of criteria represents the authors' serious and good-faith effort to provide useful market information in a fair way. Some of the key design principles around the guide have been:

- **Inclusivity:** Experts representing various stakeholders were included from the outset to ensure that the product is as robust and credible as possible.
- **Affordability:** Rather than apply a high price point, as one finds with traditional industry reports, an effort has been made to keep this publication at a price point that enables all interested organizations to access the information.
- **Flexibility of Design:** The long-term aspirations are to move toward a dynamic online platform, where companies and social actors can meet, information can be constantly updated, and organizations can learn from each other.

The total number of responses is relatively modest in size compared to the potential universe of players—and may not be geographically balanced, which we expect to see improved in the future. We also hope to develop in future years a complementary rating in which social actors assess excellent companies to partner with.

Although this guide is a modest start at identifying the global state of partnerships, we hope that the examples highlighted can serve as an inspiration for both social actors and companies, and help push the frontier of possibility in addressing global issues.



Henrik Skovby
Founding Partner
Dalberg



David Bonbright
Chief Executive
Keystone



Robert H. Dunn
President and CEO
The Synergos Institute

Executive summary

The United Nations Global Compact, the world's largest voluntary corporate citizenship initiative, has partnered with Dalberg Global Development Advisors, a strategy firm in the field of global development, to identify a group of non-profit social actors (including civil society organizations, bilateral development agencies and UN Agencies/Funds/Programmes) who have proven competence in partnering with companies.

The work was conducted in collaboration with a strong set of supporters, spanning some of the most highly regarded players in the corporate citizenship sector, including Business for Social Responsibility (BSR), International Business Leaders Forum (IBLF), American Chambers of Commerce, International Chambers of Commerce (ICC), World Bank Institute (WBI), World Business Council on Sustainable Development (WBCSD), and CSR Wire.

Dalberg created and distributed a survey to more than 20,000 companies worldwide to collect data on their partnership experiences with social actors. We received 865 valid partnership ratings from 445 companies, who rated social actors on the basis of their accountability¹, adaptability², execution³, and communication⁴ (for further details see the section "How to read the profiles"). Upon careful analysis of the responses, the following salient findings emerged:

Most respondents either currently partner with NGOs/UN agencies or intend to partner in the future

Almost two thirds of respondents (61%) had engaged in partnerships with social actors over the past 3 years. An overwhelming 88% of companies without prior partnership experience voiced interest in doing so in the future. The 12% of inexperienced companies that did not express interest cited absence of common areas for partnership.

Companies believe that partnerships with NGOs and UN agencies are increasing in importance

The vast majority of companies agree that partnerships will gain in importance in the future.

More precisely, 73% of all respondents concluded that corporate partnerships would be important or extremely important⁵ for their **own** company over the next 3 years, and about 61% of respondents indicated that corporate partnership would be "important" or "extremely important" for the **market** as a whole.

Companies with prior partnership experience were more bullish about the future importance of partnerships, reflecting positively on their experience partnering with social actors.

1 The partner's dedication to upholding a strong relationship with the company it has partnered with.

2 The partner's capacity to understand and utilize the strengths and weaknesses of your organization to work towards a common objective.

3 The partner's ability to transform plans and intentions into successful partnerships.

4 The quality of timely and concise information throughout the partnership.

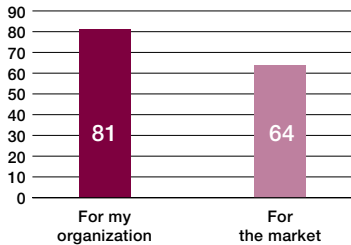
5 Those responding "extremely important" or "important" to the question: "Please rate how important you feel partnerships between companies and NGOs/the UN will be in the future". Other possible responses included "Somewhat Important", "Important", "Not Very Important", "Not Important At All".

Question: How important do you think partnerships will be in the next 3 years?

Percent responding "extremely important" or "very important"

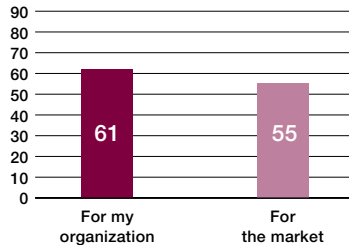
Companies with prior partnership experience

Percent responding "extremely important" or "very important"



Companies with no prior partnership experience

Percent responding "extremely important" or "very important"

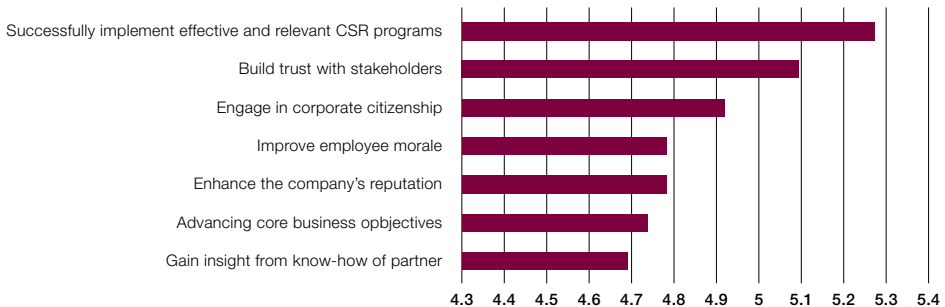


Successfully implementing effective and relevant CSR programs and building trust with stakeholders are top priorities for companies when partnering

An overwhelming majority of respondents cited successful implementation of effective and relevant CSR programs as the main reason for partnering with NGOs and UN organizations. This reason was closely followed by the desire to build trust with shareholders. Companies were least likely to partner to gain insight from the know-how of social actor partners or to advance core business objectives.

Reasons that companies partner with social actors

Based on a scale of 1 to 6, with 6 reflecting the most important reason



In a partnership, companies most value their partner's accountability and execution skills

Companies rated Accountability and Execution as being the most important performance categories in their evaluation of partners. The data also indicate a strong correlation between the overall scores of the four rating categories and the perceived impact of the partnership.

Partnerships incorporating both local and global elements were more highly rated than either purely local or global partnerships

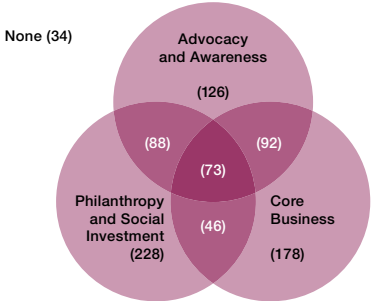
63% of partnerships were local, 33% global, and 3% incorporated both global and local elements. Partnerships that involved both global and local activities typically scored the highest, with an average score of 4.5 (out of a maximum of 5). Global partnerships had an average score of 4.0, while local partnerships had an average score of 3.9. That said, comments from survey respondents highlight the importance of local partnerships, e.g., from a global 50 energy company, "For MNE [multi-national enterprises], local partnerships to deliver on business objectives are essential."

Core business and advocacy partnerships are perceived to have higher impact than those focused on philanthropy

26% of partnerships were purely Philanthropic in nature, 21% related only to a company's Core Business, and 15% focused on Advocacy and Awareness. The remaining partnerships were composed of multiple elements, e.g. 50% of all partnerships involved an element of philanthropy. Interestingly, partnerships conducted in the Advocacy and Awareness, and Core Business areas⁶ had a higher perceived overall impact than those involved purely in philanthropy.

Types of partnerships

Number of partnerships ("None" signifies no allocation by the company)



Both at the local and global levels, companies are most likely to engage in partnerships on education and environmental protection

Locally, companies were most likely to engage in partnerships in the education sector (39%), and globally, in the area of environmental protection (33%). These are also the two most common areas for partnerships envisioned in the long term. The emphasis on environmental protection is reinforced by the fact that almost a quarter of the 34 leading global NGOs focus on the environment. As one respondent reflected, "I think people are realizing the need for global solutions for global problems rather than national or enterprise solutions."

⁶ **Philanthropy and Social Investment:** Donating time (volunteers), money, products and the use of premises;
Advocacy and Awareness: Awareness-raising campaigns, projects that influence decision-makers and collective actions that set rules, norms and standards;
Core Business: Creating employment, fostering entrepreneurship, implementing social, environmental or ethical standards, and/or providing affordable goods and services (projects should be linked to the sourcing, manufacturing, development, distribution, pricing and end-use of a company's products and services).

Microfinance, rated as one of the most successful areas of partnership, is one of the least pursued areas

The three most pursued areas of partnership were in the spheres of Education, Environmental Protection and Communications. Microfinance represented only 5% of partnerships, but received the highest scores compared to any other area. Microfinance also had one of the highest overall impact scores. Temporary shelter, power generation, and transportation were the lowest scoring partnership areas.

Area of partnership	Average Score
Microfinance	4.17
Employment Opportunities	4.12
Food	4.12
Healthcare	4.12
Support Economy	4.11
Protect Environment	4.06
Agriculture and fisheries	4.06
Women's Rights	4.04
Volunteering/Secondment	4.03
Education	4.01
Employment Fairness/Treatment	3.96
Communication	3.96
Health, Safety & Quality of Products	3.95
Logistics	3.92
Search and Rescue	3.89
Sanitation	3.89
Water	3.89
Transportation	3.85
Power generation	3.68
Temporary Shelter	3.58

34 global NGOs/UN agencies and 53 local / regional NGOs emerged as leaders among the 554 NGOs/UN agencies rated⁷

The leading NGOs/UN agencies were identified as laid out in the section detailing the methodology. They span a diverse range of geographies and focus areas (please refer to the annex for the list of NGOs). 49% of the partnerships engaged in by the leading global NGOs are global, while 45% of those partnerships are actually local in nature. Global partnerships with global NGOs scored higher than local partnerships with global NGOs.

North American companies and the leading global NGOs/UN agencies were most likely to be engaged in core business-type partnerships, while companies in Africa, Asia, and the Middle East were more likely to be involved in advocacy and awareness raising partnerships.

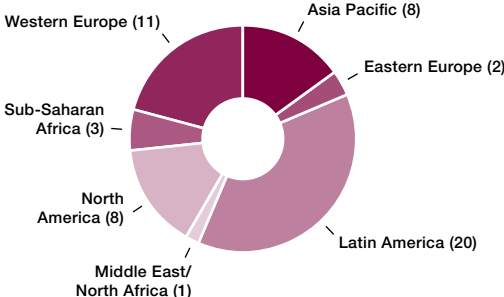
Latin American NGOs dominate the local / regional "hidden gems" list

Of the organizations on the list of "hidden gems" (NGOs that are local but have been rated favourably by companies with partnership experience), Latin America represents 40%.

⁷ Note that this Advance Release does not list all local NGOs as 14 of the 53 are still under due diligence.

This may be in part due to the fact the private sector in Latin America is slightly more developed than in other developing regions. Also, while 86% of local partnerships were between companies and social partners in the same region, 55% of partnerships engaged in by companies with social actors in regions outside their own locale were with social actors in Latin America.

Number of “hidden gems” per region



North American and Western European NGOs receive the highest overall scores (4.5 and 4.4 respectively, vs. 4.2 for Latin American NGOs)

The top 5 areas for local partnerships are education, communications, volunteering, environmental protection, and healthcare.

Partnerships need to be carefully planned, governed and monitored to ensure success

While there is an increasing understanding that partnerships can help both sides deliver more effectively on common objectives, there is also the recognition that governance needs to be thought through carefully, and that the expectations of all partners need to be agreed upon in advance and carefully monitored.

Global players need to improve governance disclosure, and here specifically with regard to the independence of their non-executive board members

Out of the 34 global NGOs/UN agencies who emerged as leaders in the survey, 29 provided a profiling form that allowed for the verification of disclosure practices. Corporate governance guidelines outlining rules and recommendations providing the organization with a good corporate governance system were only available (even upon request) from about half of the global social actors profiled in this Report.

To protect against potential fraud or mismanagement, a well-established feature of good governance is the availability of independent non-executive directors on a board. In the absence, of a universally accepted definition of independence, NGOs and UN agencies were asked if they communicated their definition to allow for an assessment of the independent element on the board. Only about a third could respond positively to this question.

Information	Disclosed
Corporate Governance Guidelines	55% (16 out of 29)
Definition of Independence of Board Members	34% (10 out of 29)