



Moving from Stakeholder Dialogues to Partnerships of Progress

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This paper presents a set of views and recommendations to contribute to the current discussion on moving from stakeholder dialogue to partnerships.

*It is based on the WBCSD work in this field and on the documentation assembled to produce *Walking the Talk*, a book currently in print for commercial launch during the 2002 World Summit on Sustainable Development¹.*

The preparation of the *2002 World Summit for Sustainable Development* has given an impetus to the notion of partnerships by making it a political issue. A great deal of consultation and negotiation focuses on the category of Summit results based on partnership initiatives – the *Type 2 outcomes*. This is on one hand the recognition of a new, possibly more efficient, way to deal with the challenges of the time, while on the other hand there is a concern that, without a formal framework, partnerships will be let off the hook as far as real results are concerned.

From a bi-polar to a tri-polar worldview

Agenda 21 deals a key role to all major groups in society. In nine chapters (24 to 32) it describes what needs to be done, particularly by governments, to strengthen partnerships with major groups. But in 1992 a government-centric view still prevailed: Governments should take the initiative to associate major groups to their programs and information flows. Partnerships were mainly anticipated within sectors; large business, for instance, should forge partnerships for progress with employees, foreign affiliates and in the small scale and informal business sector.

Agenda 21 reflects the concept of a bi-polar world: there is government and there is non-government.

Some governments, in the past decade, made a serious effort and initiated various forms of consultative processes. (EU Consultative Forum, US President Council on Sustainable Development, etc). Most included all major groups and thus created a first phase of facilitated dialogue between NGOs, business, local authorities and other civil society groups. In Europe, in 1993, the European Environmental Bureau and several multinational companies, notably Dow and Procter&Gamble, invited NGOs, trade unions, local government and business to create a new organization: European Partners for the Environment (EPE). EPE started to operate as a facilitator and platform for dialogue and launch pad for specific partnerships between

¹ Holiday, Chad; Schmidheiny, Stephan; Watts, Phil. (2002), *Walking the Talk*, (London, UK, Greenleaf Publishing)



stakeholders - for example a Europe-wide *Eco-efficiency initiative* or currently a Green Purchasing program.

Business started to play a key role in these dialogues. It was recognised as the implementer of change. The worldview was becoming at least tri-polar:

1. those like NGOs highly trusted by the public to express its anxieties, needs and expectations
2. those like business implementing change and
3. those like government validating objectives and results, setting rules of engagement, incentives and penalties.

Stakeholder dialogue, a strategic business asset

The interest of business people for dialogue, and later partnership, has been driven largely by a desire to manage corporate reputation. This is a critical asset built around intangibles such as trust, reliability, quality, consistency, credibility,

...sustainable development is too big for companies to handle individually because it is critical to develop the right framework conditions, which can only be done by companies working together along the value chain. It also requires a broad interaction with stakeholders, to come to an understanding with society about how to address the challenges.

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relationships, and transparency; and tangibles, such as investment in people, diversity, and the environment.³ All of these can be affected either positively or negatively by the ways in which a company engages in dialogue or partnership. However, that is the liability reduction side of the equation. The opportunity side involves listening to and better understanding the needs of society as ways to improve business offerings and create competitive advantage. Companies that can successfully compete for the attention and positive engagement of those shaping the agenda politically have a strategic advantage. They have new forms of market intelligence. They can test out new concepts or business models for potential problems, before investing to the point where they are virtually locked in. And they can build strategic

alliances with some NGOs and other partners to begin shaping political agendas and markets in such a way that they support and reward companies investing in more sustainable technologies, products, and services.⁴

Dialogue, the expression of a double paradigm shift

But the reasons for dialogue and partnership also run deeper. The thirty years since the first 1972 Stockholm Conference on the Human Environment have produced a double paradigm shift. Thirty years ago the symbolic environmental issue was “Waldsterben”, a relatively simple mechanistic cause and effect issue. In a mechanistic cause and effect situation the right response is analytical followed by command and control. A series of national and multilateral laws and conventions have dealt with most of the simpler environmental problems. But we have come to realize that sustainable development is a very complex systemic issue. It relates resources flows and ecological impacts to economic flows, social structures and human aspirations with multiple feedback loops. A complex system, where no one is

² Stigson, Björn. (2002) *WBCSD sector projects*, (Geneva, Switzerland, WBCSD) – page 2

³ SustainAbility, UNEP and Prince of Wales Business Leaders Forum (2001) *The Power to Change* (London: SustainAbility)

⁴ Elkington, John. (2001) *The Chrysalis Economy* (Oxford, UK, Capstone Publishing Ltd.)



quite in charge, requires a symmetrical paradigm shift in the way we deal with the problem and change. Change needs a social approach. It needs the association of key system participants and beneficiaries who, together can agree on a common purpose and manage change interdependently towards that purpose⁵.

The concept of “*stakeholders*” is not therefore just a handy buzzword but a revealing sign of this new paradigm: having a stake in an issue means:

- Management accountability for part of a system
- Sharing the purpose of system improvement
- Sharing the consequences of failure or success in change

The association of purposeful, interdependent stakeholders in managing system change is also called *partnership*.

The intense discussion around partnership initiatives during the preparation of the 2002 WSSD is a coming of age of this double paradigm shift. It is an implicit recognition that the multilateral government system is not quite in charge and, on its own, not up to the complex tasks to ingrate environmental objectives with economic and social development. It is however a difficult learning process because, even in their own most chaotic preparation sessions, Summit negotiators and observers tend to cling to the ways of the old paradigm and design the rules of partnerships as if they should be predictable, linear and mechanistic associations.

High profile partnership experiments

Paradigms shifts are built on a trend of successful experiments. Several high profile partnership initiatives have reinforced the belief that they are an effective approach to various aspects of the sustainable development challenges.

The Marine Stewardship Council

The Marine Stewardship Council (MSC) was founded in 1996 as a joint initiative between the food and home products company Unilever and the WWF. Since 1999, the MSC has been autonomous. It is committed to the long-term viability of the global fish supply and health of maritime systems. So far, six fisheries have been certified to the MSC standard and several more are expected to join.

www.panda.org

The Global Reporting Initiative

The Global Reporting Initiative (GRI) was established in 1997. Convened by the Coalition for Environmentally Responsible Economies (CERES), in partnership with the UN Environment Program, GRI is seeking common ground on which to build a consistent sustainability reporting framework.

A broad array of stakeholders interested in sustainability reporting came together to fashion the March 1999 exposure draft *Sustainability Reporting Guidelines*.

Twenty-one companies, representing diverse countries and multiple industry sectors, tested and provided comments on the draft *Guidelines*. At the same time, hundreds of additional comments were provided by external stakeholders, representing perspectives from human rights, accountancy, government, business, labor, and multi-lateral, international, environmental, and religious organizations. This resulted in the 2001 version of *The Guidelines*.

www.globalreporting.org

⁵ Gharajedaghi, Jamshid. (1999) *System thinking – managing chaos and complexity*, (Woburn MA, USA, Butterworth-Heinemann)



The UN Global Compact

In 1999, UN Secretary-General Kofi Annan announced the creation of the Global Compact. It encourages business to embrace a set of nine principles, based on UN conventions and declarations, in their own operations, and to support complementary public policy initiatives. Over 400 corporations have declared support, including BP, DuPont, Ford, Rio Tinto, Shell and Unilever, as well as the emerging corporate leaders of the South, such as the Brazilian communications corporation Globo, the Indian conglomerate Tata, and the South African utilities, Eskom. Also joining in this partnership are traditional and newfound partners of business such as the International Confederation of Free Trade Unions, Human Rights Watch, the World Wide Fund for Nature and Amnesty International.

www.unglobalcompact.org

The World Business Council for Sustainable Development sector initiatives

The WBCSD sector initiatives harness independent research and broad stakeholder consultations into how particular industries can change practices and policies to make them more sustainable. The paper industry was the first to adopt this approach in 1994, followed by mining and minerals, cement, mobility in 1999 and 2000. Electric utilities and the financial sectors followed in 2001 and 2002. All projects are based on extensive stakeholder dialogues, independent research and the oversight of an Assurance group composed of eminent stakeholders from around the world.

www.wbcsd.org

Partnerships actively encourage innovative approaches to social and environmental problems as well as business challenges and opportunities. They open people's minds to the possibility of breaking down historical barriers and forming working relationships between key organizations spread across different parts of the local, national, and international community. Dialogue is often the first step, but partnerships are able to mobilize a wider range of resources, enhance innovation, and increase access to different types of skills. Partnerships can therefore succeed where companies, NGOs, or governments working alone have previously failed.

Because the NGOs are independent, in general local community residents don't suspect them of having ulterior motives. That makes it easier to set up a dialogue—and later, a partnership. We each bring different resources to the table. The private sector offers managerial, technical, and, frequently, financial competence, while the government maintains a balance between the different partners by setting up a regulatory framework. Public-private partnerships can only work if each part plays a specific role based on its own competencies

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The realization of the UN 2000 General Assembly Millennium Development Goals⁶ requires new approaches to the delivery of water, energy and health services to the poorest communities. The business models that work for the rich, in particular costs and price equations, do not work for the poor. But companies are finding that well designed partnerships can create new affordability models while providing a return on capital, not in the same time frame, but sufficient to justify a growing effort to

serve the needs of several billion customers.

⁶ Road Map towards the Implementation of the United Nations Millennium Declaration – www.un.org/millenniumgoals



Suez, the French water, energy and waste management service company, the UK environmental services company Severn Trent, and the US environmental technology firm CH2Mhill are all working closely with NGOs in separate initiatives to provide water services to poor urban neighborhoods in the developing world. These “participative water schemes” associate local NGOs in organizing the population to install the neighborhood pipe work in return for low priced clean water and sanitation. The schemes also include capacity building to create micro-enterprises in network maintenance and consumer service.

A number of pharmaceutical companies, including Aventis, Novartis, GlaxoSmithKline, and Pfizer are partnering with the World Health Organization (WHO) to help reduce diseases such as malaria, tuberculosis, HIV/AIDS and African sleeping sickness. Aventis, for instance, has committed \$25 million over five years to assist in combating sleeping sickness through drug donations, disease management and control, and research and development. Novartis is supplying at cost to developing countries a new treatment for drug-resistant malaria. Pharmaceutical companies could not tackle such programs alone. In partnering with the WHO and humanitarian NGOs they achieve cost-effective distribution, surveillance and administration of affordable treatments.

Partnership lessons

Powerful synergies can therefore emerge from partnerships that fuse the capabilities of business, NGO and governmental institutions. The WBCSD considerable experience with stakeholder dialogues and the involvement of our members with a number of pioneering partnership initiatives has led us to believe that a set of success factors must be kept in mind to prepare and implement a successful partnership.

In 1998, 120 organizations including private sector multi-nationals (of which 13 are members of the WBCSD), the World Bank, UNDP, local governments, environmental and development NGOs, created *Business Partners for Development* (BPD). This was a 3-year program to form and study practical initiatives in the field “involving business, government, and civil society that may present a successful new approach for the development of communities around the world”.⁷ They were grouped in 4 clusters: *Natural resources*, mainly oil, gas and mining; *Water and sanitation*, for access to water and sanitation in poor communities; *Youth development*; *Road safety* to reduce road accidents. Although the program was due to end in 2002, the four clusters have decided to continue working together in more or less the same way, a testimony in itself to the value of the partnerships.

At the end of the program BPD appointed PriceWaterhouseCoopers to evaluate the results and lessons from the program. The report *Putting Partnering to Work* presents an overwhelming positive balance of benefits for all partners involved. It also suggests limits to the partnership approach and provides recommendations for a successful partnership-building process. The success factors are different in each of the four phases of a partnership process. We present here the most important conclusions:

⁷ Business Partners for Development. (2002) *Putting Partnering to Work*, www.bpdweb.org



Phase 1 Partnership exploration

The importance of institutional buy-in and internal champions

While personal motivation and leadership is critical to carry the cause and build bridges with other organizations it must also be grounded in the participating institution to secure resources and survive personal changes.

Effective partnerships are built on complementary competencies

These competencies must add value to the project. They are not always the traditional roles and skills. In the context of a community project NGOs often demonstrate better practical management skills for local issues than expatriate business people.

Relevance to key business and organization objectives

The purpose of the partnership must be closely aligned with the current business/organization goals. Involvement for philanthropic or opportunistic reasons is easily broken or under-resourced.

Rigorous and transparent selection of partners

When there is a wide range of possible partners transparency in selection is critical to ensure the goodwill and support of those who are not selected. BPD has experienced frequent shortages of partners and capacity-building programs must first help partners to participate effectively.

Phase 2 Partnership building

An overarching purpose

Expected outcomes must be clear to all with the same strong desire for success.

Result orientation

Success must be specified in terms of measurable outcomes. Interim milestones must also be defined to put up with the need of each partner to demonstrate progress to its own constituency on its own agenda.

Agreed governance structures

The roles and decision-making rules must be clarified from the start. This takes time between non-traditional partners to avoid dominance by the one that has more resources or experience. While trust-based, informal partnerships can work, practice has shown that those who spend time to formulate a Memorandum of Understanding are better at resolving difficult issues during the project

Adaptive and robust governance

Self-organizing systems depend on 3 critical elements: purpose, roles and processes. But they must allow for those elements to adapt in successive cycles of experience and improvements. Partnerships must be learning systems.

Allocate significant time to build mutual respect and consensus

It is useful to use a facilitator at this stage. Consensus rules are also important to avoid the project to be hostage to the impossibility to get all to agree. In the end there must be a way to agree to act.



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Capacity-building

Care must be taken in creating an equal footing and therefore provide support to correct weaknesses. This is where government, donor agencies or multilateral institutions play an important role in tri-sector partnerships.

Agreed communication channels

Intra-partnership information and knowledge flows are essential and must be planned. Communication with stakeholders is also sensitive to reflect the cohesion of the partnership.

Not all stakeholders are partners

In the euphoria of dialogue one can tend to form a loose and open forum. But partnerships for action should only include those who are competent and accountable for realizing the purpose. Others are outside stakeholders regularly informed and invited to advise and criticize but not to decide.

Phase 3 Partnership maintenance and completion

Project management

Progress is best achieved through negotiated work plans that define objectives, resources, roles, deadlines and progress reviews

Measure the impact

Measuring the impact and the value created together and for each partner is key to learn from the project. Without clear indicators of success it is difficult to keep the partnership together and provide meaningful information to stakeholders

Entrance and exit strategies for everyone involved

BPD showed that partnerships do not have to be permanent institutions with the same partners throughout the project. Flexibility and adaptability is well served with specific partners joining for specific phases and leaving upon completion.

Phase 4 Partnership completion

The BPD report provides few details on this phase except for the impact measurements, communication and exit strategies already mentioned in the previous phases.

A broad framework to leverage initiatives

The main lessons learnt so far in the practice of partnership underpin the recommendations that seem to emerge from the WSSD fourth session of the Preparatory Committee. Partnership processes are means to deliver results. They are not the only way but, when it comes to change complex, somewhat unpredictable systems and affect the life of interdependent communities, they are the better way. Many good partnerships do not necessarily add up to a broad and comprehensive movement towards Sustainable Development. It is critical that the intergovernmental process of the WSSD delivers the overarching Implementation Plan – the type 1 outcome – to provide stimulation and alignment to the partnership initiatives – the type 2 outcomes.



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The recognition that partnerships are of a self-organizing nature is fundamental. They are voluntary processes. This voluntary nature is however ambiguous and transient. Partnerships do not work well without shared purpose, work plans and progress reports. They also need transparency, accountability and good communications. While exit is always an option it would not help respect and reputation if it follows poor performance and disingenuous promises. A partnership therefore becomes a deep commitment with shared and adapted rules of compliance. Those who would like to define strict rules and monitoring, scope and composition, while judging partnership initiatives from the sidelines, would be better advised to trust the collective intelligence of committed stakeholders to define the robust and flexible governance that serves their shared purpose. ☒

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