

Tomorrow's Force for Good

Finding common ground in meeting
international development
challenges

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This paper presents outcomes from a range of research activities conducted in the United Kingdom throughout 2009 and 2010, including interviews with staff at a number of the UK's largest (in income terms) international development NGOs (nongovernmental organisations), a survey of major UK-based corporations, and discussions at workshops involving both corporations and NGOs. It explores forms of collaborative engagement involving UK-based development NGOs and the private sector, engagement with the common objective of contributing to poverty reduction in disadvantaged communities in developing nations. In doing so, constraints to greater collaboration between the private sector and NGOs are discussed, as is the potential for NGOs to work more, and more constructively with, corporations in the interests of the global poor.

NGOs have trust and a supporter base. They can help to educate/inform/inspire to see that poverty reduction is made up of three players and there is a role for all three. Civil society should be challenging and encouraging the state and multinationals, to tell the story to supporters and others, with the overall aim of poverty reduction. Enterprise brings economic growth, civil society brings more relational things, the state brings infrastructure and physical things. You need all three players to generate change. Often NGOs miss the role of enterprises. To see societies change you need all players.
(NGO staff member, July 2009)

Trying to negotiate with big corporations can be frightening for NGOs. You almost need a broker – this is a bit like trying to plug an 8 volt cable into a 1000 volt power source. NGOs are not sure how to engage.
(NGO staff member, November 2009)

Insights from International NGOs

Interviews

Throughout the first six months of 2009, detailed examination of the websites and publicly available policy documents of ten of the UK's largest (in income terms) NGOs was undertaken. This research was supplemented with interviews conducted with senior managers and corporate sector strategists from those NGOs. This exploratory research sought to chart the ways in which UK-based development NGOs currently engage with the private sector, especially examining the successes and failings in previous attempts to build accords and closer working relationships from the NGO perspective. The research also sought to document what those same NGOs regard as principal conditions for 'good corporate behaviour', practices which have positive impacts on quality of life in developing nations while minimising negative social and environmental impacts. Constraints to greater NGO/private sector collaboration were discussed, as were possible avenues for encouraging corporate activity which works in the interests of disadvantaged communities in developing nations.

Overall, the research revealed growing recognition amongst NGOs that enterprises, along with civil society and the state, all have a major impact on development. For some agencies, this recognition has increasingly involved them in working with multinationals, small to medium enterprises and microenterprises. One interviewee commented that, *"the biggest development organisations in Africa are multinationals – Rio Tinto, BHP Billiton and Shell – in terms of what they spend on education, housing and also indirectly in taxes, royalties and employment. Many use funding from large banks, so most big banks are signatories to large projects. The role of MNCs is huge and requires reporting and monitoring."*

NGO staff generally regarded their organisations as being open to extending their work with corporations, seeing them as being a key to achieving change. Expanded relationships with corporations extend from large collaborative working relationships to small localised ones, including philanthropic relationships, employee engagement, to using supplied technology in the field. Many NGOs now engage staff whose role is to work with and support their role with corporations, and to try to extend and leverage new roles with them. In the words of one interviewee, there is growing recognition that NGOs *"can't do development alone. They can have a bigger development impact and on the Millennium Development Goals if they work with corporations."*

As a result, some NGOs which have historically engaged in active campaigning and advocacy in attempting to change corporate behaviour, or whose interactions with companies have otherwise primarily involved fundraising, are now exploring a broader suite of ways of engaging with corporations. They are examining which forms of engagement with the private sector will have the greatest impact, whether these are campaigning, encouraging government regulation of corporate activity, or collaboration and fundraising as well. Some NGOs are exploring how they can simultaneously 'play an insider and an outsider role' – how to be a critical friend and build trust so that the NGO and businesses can work together and address issues jointly. Others are investigating the development of what one executive called 'big strategic relationships' with companies, trying to assess the merits of 'deep working relationships' with a few companies or whether to work with more 'who need leading and are open to that'.

For some, advising and working with corporations remains exploratory and serendipitous, partly based on the use of contacts, enthusiasm and 'seeing what develops'. They lack specific policies about working with corporations because they haven't been in active partnerships with them. Instead, issues taken up in relation to corporations are often determined by other strategic factors, either because the NGO believes they can have an impact, or in response to input from their field partners. This approach contrasts with that of other NGOs which have employed staff to deliberately and strategically build new relationships with the private sector. Of the latter, some have conducted strategic reviews of their work with corporations and realised they are poor at working 'in collaborative mode' with companies. In terms of developing NGOs' organisational capacity and building futures, some are trying to be better partners across all sectors, especially with the private sector. As one interviewee commented about her organisation's review: *"It proposed strategy for more integrated strategic partnerships with companies. They will hopefully unlock core competencies with partners rather than dealing with them only at the philanthropic level."* So, some organisations now have in place global corporate engagement units to manage global corporate relationships and to work with field officers to engage with corporations in integrated ways.

NGO staff also report a concomitant emerging awareness within the private sector that NGOs are usually closest to people in communities and able to work with government and business to understand where and how the best development outcomes can be assured. For the NGOs, this presents major opportunities to forge new relationships with the private sector. The forms of engagement NGOs described themselves as having with the corporate sector are briefly described below:

Relationships for Resources

Companies fund NGO activity in various ways, including through direct financial donations, giving a percentage of business profits, donations in kind, corporate sponsorship of events, or pay roll giving. Some companies recognise that philanthropic activities are motivating for their staff, so employee engagement is encouraged. Exchanges are another form of philanthropic donation. For example, Marks and Spencer (M&S) promoted giving a five pound voucher to people who donate used M&S brand clothes to Oxfam shops.

Co-branding of products is another type of NGO corporate relationship, involving advertising NGOs either directly or through co-branding of products in order to generate funds for an NGO. Companies also support NGO activities through provision of goods and services. One example provided related to provision of hygiene products by a company as part of a project which incorporated delivery of hygiene education by the NGO. The NGO in turn advised the corporation about local conditions as a basis for product development and associated education.

Promoting Good Practice

NGOs play a major role as critics of corporations, through advocacy work which seeks to change corporate behaviour. Major themes of advocacy work have encompassed pharmaceutical companies and access to medicines, labour standards and global supply chains, particularly those related to markets for coffee, sugar and the extractive sector. Advocacy, for example, has influenced supermarkets, encouraging them to stock Fair Trade produce.

Naming and promoting good corporate practice, rather than the traditional adversarial approach of naming and shaming, was argued by some NGOs to be a constructive form of promoting good corporate practices. Undergirding both critical advocacy and promotion of good practice, is research conducted by NGOs. However, the role of NGOs as researchers extends beyond this to conducting research to assist companies. One NGO described having been asked to do some basic research at the community level for a pharmaceutical company, to assist to build understanding of the extent of local knowledge about the use of malaria medication.

Corporations have often provided organisational and management advice to assist NGOs to improve their practices. For example, several NGOs formed a global partnership with KPMG, in a capacity building project, which works on leadership development, financial development and developing organisational capacity using KPMG resources.

Constructive engagement

Where an NGO believes dialogue with companies about problems may yield positive results, they will initiate conversations. For example, one NGO reported engaging in dialogue with companies to encourage them to make products available at lower cost for the poor without watering them down or selling them in low cost sachets which increase the cost of the item per unit of measurement.

NGOs' sometimes work directly with corporations to change the ways companies do 'core business'; the aim is to encourage the company to be aware of the impacts of its core business in the developing world, and to identify where the company may be having positive impacts, where they can be increased, and where negative impacts can be mitigated. This holistic approach needs to flow from the highest levels in the company and extends beyond CSR (corporate social responsibility). One example was in the provision of information about suppliers in the garment industry and how purchasing can influence supply chains and the impacts of this; this requires comprehensive understanding of the impacts of core business.

NGOs reported acting as 'unpaid consultants', providing advice which has focussed on supply chain issues in relation to company codes, about labour standards to supermarket chains, about social and environmental impacts of corporate activities, and about the 'bottom of the pyramid market' – in the latter case helping to build understanding about communities, local cultures and business practices, appropriate price points and distributional issues in the local context, with a view to supplying useful products at prices within reach of the poor. One NGO supplied advice to a major company about the role of women in value chains and how the corporation can more effectively meet the needs of women. Another mentioned providing advice about devising new systems to eliminate the use of child labour in production chains.

Sometimes, NGOs and companies have engaged in joint lobbying. An NGO executive reported that after a company donated goods for distribution by the NGO, the NGO took company executives to see the reality on the ground. This created interest and passion amongst company executives, who subsequently joined with the NGO in lobbying government. The NGO representative believed that this sort of joint lobbying, where the company and NGO speak with a united voice, is likely to have more impact than the NGO working alone. Further joint lobbying and political campaigning in relation to the climate change agenda is likely; NGOs were described as 'partnering with unlikely bed fellows in pursuing a climate change agenda'.

Active field partnerships are another form of NGO engagement with the private sector. These are not about companies chasing charity, but about NGOs and companies working collaboratively with a common objective, where shareholder value is delivered through such joint work. Some corporations (like Cadbury) are interested in how they can benefit local supply communities, so people continue to produce rather than leave their communities for urban areas in search of work. Here there are both a clear business case and clear benefits for local people. Other examples have included NGOs working with pharmaceutical companies to develop 'price points' for the poor and working with companies on product development for the 'bottom of the pyramid' markets.

NGOs have sometimes acted as a broker between companies and local communities, for example in working local businesses into the supply chain. Thus, Oxfam has worked with Virgin Atlantic and hotels in the Caribbean to encourage them to use locally grown and purchased food produce on planes and in hotels.

Discussion about 'joint deals' with companies in relation to climate change has been a recent development. Some NGOs reported a shift from being a critic of corporations toward discussions about *joint deals* in relation to climate change. Some companies, including World Mail, National Grid, Marks and Spencer and Cadbury are involved in a group working to push the US government on emissions; all made 50-80% target reductions for their own companies. NGOs and corporates together are lobbying to *encourage government regulation of corporate activity*.

Overall, there has been an overall trend towards increased engagement between NGOs and companies, moving from primary engagement with corporations as funders and increasingly to working with corporations as partners in the field. Many argued that strategic partnerships with corporations are absolutely fundamental and that, within partnerships, corporations and NGOs need to be challenging each other about what works and what doesn't in terms of delivering development outcomes. The triple bottom line is the objective – work which is about the profitability of the business, as well as improving life for people, but in an environmentally sustainable way.

Corporations are seeing ways in which NGOs can be useful on the ground. Encouraging NGOs to work with companies was therefore described as 'mature and realistic' but, at the same time, many NGOs were reluctant to sacrifice their role in advocacy work. However, NGOs increasingly recognise that it is important for corporations to benefit from any new relationship. In order for there to be a deep and sustainable NGO/corporate relationship, there need to be satisfying outcomes for the corporate which are consistent with corporate objectives, beyond just wanting to 'do good'.

The NGOs' Workshop

At a workshop consisting of representatives of 15 major UK-based NGOs, held in London on 12 November, 2009, the discussants generally confessed to not being sure how to engage directly with large corporations. One suggested this was 'frightening' for NGOs and another that a broker was needed because, for NGOs, attempting to work with corporations *"is a bit like trying to plug an eight volt cable into a thousand volt power source"*. This was because the companies were seen to "have a level of influence that NGOs just don't have – and a reach, and an efficiency, and a pace that NGOs struggle with. NGOs find it hard to keep up with this". On the other hand, it was recognised that the private sector has the knowledge, skills and staff which NGOs could harnessing to help them in their work. NGOs also recognised the value of encouraging the private sector, with its far greater resources, capacity and clout, to change.

However, there was a divergence of opinion about this and, in discussing how NGOs and corporations may better work together, a number of themes emerged. These are summarised below.

Doing More ...

Corporations, whether small or large scale, were acknowledged by the NGOs as already engaged at the local level in many ways; many of those corporations *"do want to do more; they want to be engaged with NGOs"*. In response to questions about what 'more' NGOs want corporations to do, some NGO representatives admitted that financial support from companies was important, but that there needed to be a 'strategic fit' if companies were to be actively involved in NGO programs. While the NGOs could assert the desire that companies should be doing 'more differently', there was little clarity about what the NGO sector was asking from business.

The view was expressed that corporations don't need NGOs as much as the NGOs need the corporations and that often working partnerships are heavily aligned to the private sector. A key principle for extending engagement with corporations would have to be one of equity. Yet, despite these concerns, the inevitability that the corporate sector would 'do more' in the years to come was recognised. The challenge for the NGOs was whether they are able to adapt to be able to influence this, to encourage corporations not only to 'do more, but to do better'.

Trust

In this, there is a need for trust in the NGO/corporate relationship, along with open dialogue and mutual discussions. Time needs to be invested into building relationships to facilitate this. Those present found it difficult to imagine how this might happen. Some suggested immersion in each other's organisations.

Raison d'être

While several participants regarded it as a 'great idea' for NGOs and corporations to work together, a central concern for others was the issue of motivation. NGOs and companies operate from different starting points and understandings. Concerns were expressed about whether the profit motive is reconcilable with the development agenda, and whether it is possible to fulfil development goals while still making a profit. Some suggested that NGOs need to *"... plug in and think how can we be part of the debate?"* for *"Our underlying motives may be different, but where we find end goals the same, we can work together."*

Mapping impacts of corporate activity

It was suggested that growing direct relationships between corporations and local communities prevent more traditional relationships between NGOs and companies. The example was given of Cadbury, which directly touches the lives of 20,000 cocoa farmers in Ghana through their work. For the NGO representatives it is important, indeed it should be a 'principal condition' of good corporate behaviour, for corporations to develop sound policies to ensure they map the impacts of their work; a necessary part of this is the development of indicators of good and bad impacts. Supply chains and labour issues were considered to be important elements of this. Cadbury was cited as an example of a corporation which has successfully done this, through a cocoa partnership. To ensure sustainable supply of cocoa, the company has set up local, national and international consultative committees around supply of cocoa from Ghana. In doing so the corporation worked with two NGOs, CARE and VSO.

Some speculated that BOND could contribute to developing useful indicators against which to measure impacts. Another suggestion involved senior management of companies spending time in local communities to see the impacts of their corporation's work in action. Corporations could use their relationships with NGOs to better understand their impacts and to adjust their activities to reduce negative impacts. This may involve NGOs in active partnerships. However, the NGOs saw this long-term approach as very challenging for companies given their drive to maximise profit.

Accountability

Accountability was regarded as very important in measuring impact and transparency. A particular concern was that long-term issues of accountability need to be addressed along with business issues. Companies need to have a ten year view about where a company wants to be and what needs to be put in place. To achieve this, 'up front' vision is necessary. NGOs could engage with companies in this. However, such collaboration requires time, and would need companies to invest more time than they are likely to want to give to build an effective relationship. The capacity to engage as equals was also seen to be important; to enable this, it was argued there is a need to build the capacity of governments and NGOs. The potential for a central forum to share good practice in corporate accountability was mentioned. Business needs to start by doing the right thing and to be responsible even if the local government isn't. This should not just be about the bottom line – businesses need to be responsible, not that companies should use their influence.

Leadership

Strong leadership was regarded as necessary to drive the development agenda. To some NGO representatives, Marks and Spencer is a leader in that the company 'buys into thinking about these things'. There is also need for in depth integration. Companies should copy each other, after developing understanding about what their competitors are doing in positive terms. A sense of values needs to be embedded across a business, not just in one department. To achieve this, a culture of learning is important and assists in developing responsiveness to internal change makers. Sustainable companies will be future oriented and allow experiments on the ground to influence strategy, rather than the other way around.

Good business

NGOs were asked to give examples of corporations who are 'doing good'. Repeated mention was made of Cadbury, as discussed above. Another 'good' corporation mentioned was Pepsi, which has recognised the rights of local communities to water and has closed operations when they have come into conflict with local communities. Young's, a company which prepares fish finger, was reported as having "*gone down the sustainable fish line*" as part of its core business. Marks and Spencer was mentioned as building a market which is based on certain values, while some other chain stores operate at an end of the market where 'values don't matter'. Cisco as a company is taking time to learn about development issues and is demonstrating to NGOs where its value is in the technology industry. Through Google Maps, Google has actively engaged mapping health status, water resources mapping, malaria incidence and HIV prevalence, demonstrating the value of effective communication and information sharing. Vodafone is also using technologies for good; although there could be a profit motive in terms of tapping new markets, the company is using technology for the good of others.

Barriers to effective NGO/Corporate collaboration

Some NGOs are protective of their competitive advantage and don't want to jeopardise that by engaging with companies. For others, corporate strategy is quite new and there are a lot of grey areas. It was also regarded as difficult for NGOs to exercise due diligence and to ascertain the impacts of company activities. Additionally, the comment was made that NGOs would feel cheeky coming up with a 'check list' of conditions for businesses to abide by. What is our value proposition? If NGOs are to be very clear about what they expect of business, then they need to be very clear about what they can offer them as well. NGOs need to change if they are serious about collaborating with the private sector.

In Summary

In concluding the workshop, there was broad agreement that the private sector is vitally important to global development and that, if companies are encouraged and supported to 'do more', then globally "*... things would be in better shape. To do more good, less harm, is what should be encouraged by the NGOs*". The NGOs agreed that enabling conditions to allow positive development impacts of corporate work are important, and suggested the possibility of a 'Fair Trade like stamp' to publicly verify that corporate work was positive in development terms. The messages for the private sector from the NGOs were summarised as follows:

- NGOs can help businesses to measure elements of the impacts of their work.
- NGOs can help businesses if they in turn can help NGOs to measure their impacts.
- Don't leave government out of the equation.
- Businesses should consult with NGOs early on.
- Businesses should take PR and marketing departments out of the equation.
- Corporations need to move beyond the negative experiences of working with NGOs to build productive relationships.
- NGOs want to listen to and be open to learning from business.

Private Sector Perspectives

The Survey

In mid 2009, an on-line survey of private sector organisations was undertaken to gain preliminary understanding about how businesses perceive 'the barriers and opportunities' related to working cooperatively with development NGOs. Importantly, the survey sought to ascertain what business considers the primary 'enabling conditions' for making future collaborations a success.

The decision to use on-line survey of private companies rather than detailed interviewing was based on the research team's experience of the lengthy time frame for completion of the interview process involving UK-based international development NGOs, along with the large numbers of companies compared to the relatively small numbers of development NGOs. Using Survey Monkey, an on-line survey was distributed to 500 business organisations by Tomorrow's Company staff and, after a follow-up reminder email, 74 provided of those provided an anonymous survey response. While the quality of data generated was limited by the nature of the on-line tool, useful contextual information was generated to support following dialogues with the private sector.

In what follows, a summary of major findings of the survey in response to the following five questions is presented:

- Do you currently have partnerships with development NGOs?
- What form do/did these partnerships take?
- Why are you involved in these partnerships?
- In what ways do you feel that you are contributing to human development in the less economically developed countries?
- How do you assess the effectiveness of your partnerships with NGOs?

In responding to the first question, 72 per cent of businesses indicated engagement in some form of current collaboration with NGOs, 22 per cent had no current collaborations, and six per cent had previously collaborated but were not currently doing so. Analysis of this six per cent of responses indicated a need to see the potential of relationships through a policy and practice framework. Specifically, comments included not having the right relationships in place, not being able to agree on the detail of contract and joint work, too much time involved compared to value received and various responses related to there not being a 'business case'.

The second question encouraged multiple responses; of these, almost eighty per cent indicated participation in a joint development project, while just below fifty per cent engaged in philanthropic activities, providing either cash donations, *pro bono* services or both. Advisory work was involved in almost forty per cent of collaborations, while just below ten per cent were engaged in educational work, such as provision of basic schooling or education for employees.

Responses to the third motivational question, which again allowed for multiple responses, indicated that over sixty per cent of businesses saw themselves as trying to act as a force

for good in their collaborations with development NGOs; around 58 per cent were also driven by reputational enhancement, reflecting the standard arguments for corporate social responsibility. Close to half of the respondents considered they were helping in the global effort to achieve the Millennium Development Goals. The creation of good morale amongst employees influenced just over forty per cent of businesses. Considerations such as the positive impact on employees in developing countries and benefits for potential customers concerned only just over 30 per cent of the surveyed companies. External pressure from other stakeholders, as well as being still in a learning process regarding cooperative relationships with NGOs, together constituted around twenty per cent of reasons for collaboration.

When asked about their contribution to human development in less economically developed countries, almost ninety per cent of companies felt they were contributing both to general economic growth and to a better livelihood for their employees and local suppliers. Around 35 to forty per cent believed they were contributing to improved environmental standards, to an increased taxation base for developing nations, and to technology transfers. Just below thirty per cent viewed themselves acting as exemplars of corporate best practice to host country businesses, while just above ten per cent saw themselves as contributing to educational and other social infrastructure development such as health services.

Partnership effectiveness was, by 80 per cent of businesses, said to be best gauged and managed against measurable objectives that are clearly defined in the initial phase of partnership. However, for 60 to 70 per cent regular progress reviews, as well as feedback from employees and the partnering NGO, were considered to be effective means of measuring the effectiveness of partnerships with NGOs. Feedback from clients and shareholders was given only a 25 per cent degree of significance. Achieving positive publicity and an improved operating environment in host countries were both measures of partnership effectiveness for just over ten per cent of respondents.

Respondents were further asked to express, in their own words, perceptions concerning barriers and opportunities to collaboration with NGOs. Perceived barriers included a politics of distrust, cultural differences, the absence of a common agenda and a non-commercially or action-oriented, but rather bureaucratic, mindset on the part of NGOs. Perceived opportunities included mutual learning, harnessing NGO expertise, joint community advocacy, creating employment, product innovation, identifying new markets and bringing greater benefits to local communities.

Finally, the businesses were asked, again in their own words, to indicate four primary enabling conditions that would support effective collaborations. Transparency, trust, finding common ground, accountability and leadership were most often cited here; other secondary conditions included the establishment of clear objectives, accountability, no public relations plays by either party, positive personal relations between the representatives of both groups, having the right skills and local community buy-in to a project.

The Corporations' Workshop

On 11 November, a workshop was held at the premises of Christian Aid in London, with a range of representatives from business corporations. Wide ranging discussions revolved around three broad themes: the potential for business to contribute more towards poverty reduction, community and government relations and business perspectives on NGOs. It

should be noted that attendance was from a small sample of UK-based business and that the views expressed are not necessarily representative of corporate more generally or reflected in corporate policy and practice.

The Potential for Business to do More towards Poverty Reduction

There was general agreement that business corporations, while wishing to extend their core business activities into the developing world, were also willing to play a greater role in reducing current levels of global poverty. There was an understanding that this would mean moving away from traditional philanthropic forms of assistance to a more direct engagement with community development issues. This in turn would mean building relationships with development NGOs. While stressing that business would be conducted differently under these conditions, one commentator nonetheless felt that such relationships would need to be built into a company's already existing business model. Building social development into a company's outlook would not necessarily mean greater capital outlay, but would mean a challenging shift in focus.

The motivations and reasons for business doing more to reduce global poverty were said to be different for different companies. While needing to maintain the sustainability of business as a first priority, there was nevertheless recognition that this, in turn, is largely shaped by the social and environmental well-being of the communities in which companies were operating. As one participant put it, any case for business success is 'intimately linked' to socio-economic capacity and an unpolluted natural environment. Hence, companies seeking to reduce global poverty were said to be acting in their own 'enlightened self-interest'. The case for business doing more to reduce global poverty was thus seen by some to be based not necessarily on moral, but on purely economic grounds. Another participant argued, however, that the business case can be pushed too far, that the 'human story' is itself a compelling reason for business to do more. The upshot of this was seen to be the need for both a social responsibility model of doing business and a purely business model. The question was then raised about whether business should simply be **giving** more money for social development or whether it should be **doing** more through direct involvement in the development process itself and building markets.

Community and Government Relations

Reference was made to the largest Indian corporation, Tata, whose principal reason for doing business is stated as community development. Tata has built hospitals in Mumbai and Calcutta and handed them over to the Indian government, whose role is then to sustain their operational viability. Similarly, in Nigeria, where there are no hospitals or schools, a company would need to provide this social infrastructure, at least for their employees. There was also reference to Coca-Cola's experiences in India, where the need for water-extractive licenses had meant the need to establish 'good community stakeholder engagement'. This was partly achieved through plant-operation owners being trained in how best to relate to their local community. There was a need to talk with women in particular, since they constituted the key workers. One of the difficulties for Coca-Cola, however, was how to remain competitive with local producers when refusing to participate in the persistent culture of bribery, while paying the otherwise required level of government taxation. Furthermore, in order not to risk alienating the community at large, there was a need to engage in meaningful dialogue with a whole range of other stakeholders.

Business Perspectives on NGOs

There was talk of an attitudinal 'sea-change' with respect to relations between business and NGOs. One participant spoke of a current shift in global 'mood' insofar as business corporations such as Rowntrees, Cadburys and Unilever were now engaged in more socially responsible business practices and insofar as NGOs and business corporations were now beginning to talk with each other in order to address jointly the problems of global poverty and environmental sustainability. With relationship building still in its very early stages, the question was raised as to 'how are we going to make this work'?

While there was clear recognition that open and transparent dialogue with NGOs was necessary as a way forward, there were also various reservations expressed concerning this possibility. In view of advocacy campaigns already conducted by NGOs against high-profile business corporations, through now globally accessible media technologies, NGOs were criticised for not giving credit to companies when they do the 'right thing'. NGOs should treat all companies equally rather than targeting those that have high public visibility. While it was acknowledged that some 'external pressure' is helpful, NGOs don't have a good record for shared understandings and trust building with business. It was stated, for example, that while Greenpeace and Coca-Cola had developed a relationship around the question of more environmentally friendly refrigeration, this was not sufficient to 'buy their silence'. A further example, raised later in the discussion, was that of Oxfam engaging in collaborative relations with Body Shop, while at the same time calling for a boycott of palm oil products produced by that same company. The best form of engagement would concern preparedness on the part of both groups to learn from each other. This would also mean creating a 'greater sense of equality around the table'.

A major contribution which NGOs could offer business corporations was said to be in the area of assessing business impacts at the local level; NGOs were widely regarded as being better placed to listen to the local community and to gauge levels of community support. Furthermore, there needs to be understanding, developed through multiple stakeholder dialogues, about what communities want. NGOs should be putting together a 'whole body of knowledge' around this question. Another participant argued, however, that business impact was simply about 'creating a shed load of jobs'. In effect, as other participants acknowledged, business doesn't really have any idea of the positive and negative social impacts its activities have at the local level. While business will have ample statistics concerning local production capacity and sales, it nonetheless remains ignorant of its impact in a wider social sense. It was noted, however, that Oxfam had created a 'productivity footprint'.

In view of the large and increasing numbers of NGOs, any one of which might unexpectedly begin campaigning against a business corporation's activities, it was suggested that the five largest NGOs merge in order to create a clear and unified voice. The inability of NGOs to speak with one collective voice was seen to be problematic since it detracted from any 'clear lines of debate', and it was 'expensive to spend time talking to all of them'. A lack of understanding and flexibility on the part of NGOs with respect to businesses' attempts to better serve developing communities was also noted. For example, when Tata taught 30,000 people to read, this didn't fit the development criteria of one NGO which insisted on the creation of jobs. NGOs were also seen to be too preoccupied with receiving business donations and often balked at adopting a company logo in return. NGOs tend to keep any relationships with businesses 'under the radar' of public perception, fearing a community backlash arising from businesses' potential failure to meet community expectations. NGOs don't sufficiently appreciate the financial and social risk undertaken by companies when entering a new market context. Unlike

business corporations, NGOs are not publicly accountable bodies. Indeed one workshop participant suggested that they seem to claim a mandate above and beyond that of any democratically elected government.

While reiterating the need for one voice rather than a disparate multiplicity of NGO voices, it was argued that 'the rules of the game need to be established'. Collaborative relations with NGOs were seen to be extremely beneficial, particularly regarding an assessment of development impacts, but in the context of such collaborative undertakings any criticism of business activities was unacceptable. NGOs also need to understand that collaborative relations are not simply a pathway to the business partner's cheque book. With different styles of organisational culture, both parties need to recognise that reporting on collaborative processes is as important as reporting on development impacts.

NGOs need to better understand what businesses have to offer in the way of development potential, along with the financial and regulatory constraints under which they work. While further acknowledging that businesses were often perceived as the 'enemy' by NGOs, the way to change such perceptions would be through businesses implementing successful development projects.

In a final reprise, the discussion again turned to the need for greater flexibility on the part of NGOs, their need to be clear about what sort of relationship they wanted, and their need for an organisational make-over towards a systems management structure. Acknowledging that both parties can't do without the other, if they are to adequately address the question of global poverty their common goal, at least in the immediate future, should be to build understanding in the interests of developing a more constructive engagement.

Corporations and NGOs in Dialogue ...

Following the separate Business Corporation and NGO workshops held in November 2009, a joint workshop, with representatives from various multinational companies and large NGOs, was held at the premises of Wragge & Co., London, on 19 May 2010. The workshop proceeded under the Chatham House Rule, where no public identification of participants or their individualised comments is permissible.

During an initial plenary session, three core assumptions were outlined as the basis for the workshop as a whole, and so too for later group discussions that:

1. Galvanising the work of the private sector can be transformational in terms of poverty alleviation.
2. We (businesses and NGOs) can't continue on the current trajectory – we somehow need to do more.
3. The development NGO sector has a really important role to play in assisting the private sector to deliver on those objectives.

The participants were divided into seven groups of five to seven people, with representatives in each group from the business and NGO sectors, with each group having an independent note taker.

The major question guiding discussion for the entire discussion was: How can we successfully encourage and support the private sector to transform their contribution to reducing global poverty in concrete and practical terms? In response to this question, a number of themes emerged through the discussion; these are outlined below.

Leadership

In order to transform the contribution of the private sector, leadership on the part of business CEOs was deemed essential. Indeed leaders from both sectors were viewed as those most responsible for building an essential trust between their respective organisations. If policies and practices are to change, leaders need to be bold and to understand the risks associated with such change. Good project management skills were also seen to be crucial. Leadership concerning commercial intent should not be separated from leadership concerning corporate social responsibility, as is often still the case within corporations. A leadership perspective should encompass not just benefits from a particular marketing opportunity, but also the impact of that market potential over a much wider social horizon.

Corporate and NGO Reputations

Assisting communities with poverty reduction strategies or more ecologically sustainable practices brings not only improved productivity and commitment from corporate employees but also a much improved corporate reputation. One participant argued that NGOs could assist corporations with managing the latter's reputational risk, although such an engagement was itself seen to be fraught with risk for both NGOs and corporations. It was also noted that, if the primary motivation for seeking NGO collaboration proved to be the 'tradeable value' of the 'hard won' reputation of the NGO itself, this would make ongoing collaboration extremely difficult.

Good Communication between Sectors

Corporate businesses and NGOs need to reach a common understanding about the language they use. For the corporations, there is often a high degree of naivety on the part of NGOs regarding company relations with shareholders and the actual intent of a company. Business/NGO relations are multi-layered such that clear lines of strategic engagement need to be elucidated and agreed to regarding each level of anticipated social change. The need for some sort of 'safe haven' for Business/NGO conversations was also mooted as a way of reducing the possible loss of corporate reputation through NGOs' exposure of otherwise confidential information. It was also argued that all NGO personnel, rather than just a small private sector team, needed to have a good understanding of the private sector if good collaborative relations were to be sustained.

Good Communication within Corporations

While CEOs may sign pledges on behalf of their corporation to engage in poverty reduction strategies, often this is not communicated to their CSR staff let alone other employees. Such 'disconnects' need to be rectified.

Incentives for Business

The question of business incentives was raised in conjunction with an emphasis on the significance of brand marketing. Another participant noted that there are competitive benefits for business in establishing new markets with potentially long-term customers, suppliers and employees. Not only does this create significant value for shareholders in the short and long-term but it also serves to increase the income of suppliers and employees and so reduce poverty.

Inclusive Business Model

The question was asked as to how business could include everyone in a community. How are the poor to be included in value chains and markets? The response was that the poor can be included as employees, producers (suppliers) and consumers, and that a business needs to become more conscious of how it can deliver economic benefits to the poor while at once achieving value for shareholders. No social groups or segments of civil society should be left out or ignored in any poverty reduction strategy. In effect, poverty reduction strategies need to be integrated into core business models.

Enabling Regulatory and Social Environment

The role of developing nation governments in creating a suitable regulatory environment for business to engage in poverty reduction strategies was also canvassed. A greater capacity to work with business on the part of civil society in developing nations was further noted. In other words, as one participant added, corruption and organised crime were still huge obstacles to business creating a new market scenario. Further to this, the question of social infrastructure such as schools, hospitals and road facilities was raised, with another participant arguing that business should not be expected to assume responsibility for these costs; if business did engage in anything more than indirect support for basic services, there was a danger of undermining the government of a developing nation. Moreover, business cannot take responsibility for strengthening a local judicial system, but multilateral institutions and NGOs may exercise a positive influence in this regard. In

creating an inclusive, enabling social environment, government was seen to carry the major responsibility. It was also argued, however, that if business did build hospitals and schools, NGOs could help manage these institutions while building the skills of local employees to a point where they could assume full management control. The question was raised as to whether investment in clean water and sanitation projects might not achieve more with respect to poverty reduction, since such projects would assist everyone in the community and not just those who became suppliers or employees.

Evaluation of Corporate Commitment to Poverty Reduction

It was argued that some measure of corporate commitment to poverty reduction should be widely adopted, as evidenced at both the individual and corporate levels of reporting already required by the retailer Marks and Spencer. The question was also raised as to how agreement on measuring corporate commitment to poverty reduction, on aligning triple bottom line accounting with reductions in social poverty, might be achieved. Concrete examples or evidence of successful interventions needed to be made available, according to one participant, in order to judge the effectiveness of poverty reduction strategies. With this in mind, it was further argued that examples of good leadership and best practices by partners and suppliers in the south could be drawn upon. If any such evaluation, however, were to rely solely on the number of jobs created, this, it was argued, would be very misleading. Similarly, while the provision of water, food and a dollar a day for labour could be seen as a huge improvement on previous conditions, it could also be viewed as exploitative.

Principal Conditions for Collaboration

It was argued that 'one size does not fit all', that what works in one context may not work in another. Others spoke of such principal conditions as having been already outlined through International Labour Organisation conventions, the Global Compact and the Business Call to Action initiatives, and saw any further attempt to define such conditions as a further muddying of already murky waters. Some spoke of the need for a brokerage service, 'a speed dating service', which matched corporations with suitable NGOs. Despite the apparent reluctance of participants to elaborate any set of collaborative principles which might better enable business to take the lead in global poverty reduction, what emerge as prevailing themes in this report can at once be viewed as a taxonomy, however incomplete, of just such enabling conditions. And despite their often inconclusive or ambiguous character as presented here, these themes or enabling conditions nonetheless constitute a flexible framework through which both sectors can better understand what is required to create effective partnerships with the common objective of reducing global poverty.