

Increasing exchanges between NGOs and the private sector to raise more funding: when, how, why?

Workshop // Social business and International cooperation



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Executive summary

While associations are facing a growing number of requests today, the increased scarcity of financial and human resources, in particular public aids, has brought about the necessity to find new funding sources. Partnerships between NGOs and the private sector can be an answer to this question. Considering these partnerships only from a financial point of view would be, however, too simplistic. On the contrary, a dialogue and an exchange must be established amongst the players with various backgrounds to set up win-win partnerships. A synergy between the NGO's resources and the com-

pany's services on common projects and goals, the complementary nature of their expertise, and the innovation created by this culture mix must strengthen the relevance and efficiency of joint projects. The success of the exchanges will depend on the creation a climate of trust and confidence between partners through an acknowledgment of their respective interests and the definition of common goals.

Synthesis

Without funding, employees and volunteers, there are no associations. Much is still expected from the public services today, and they cannot be everywhere. Associations are also present, but they require funding and development, and they need to be conceived. Funding is not everything, concrete means are also needed, which require today a change in the culture and in the way associations are positioned towards a form of adaptability which already exists amongst companies.

As such, the association sector is facing today three important issues:

- growing needs experienced these past thirty years, as the association sector's mission is in fact to meet those requirements that neither the public nor the private sectors can fulfill, which requires a more important presence of the association sector in the economy;
- an increased scarcity of financial and human resources, especially because of the changes in the spending pattern of the public funds;
- a change in the deep structural issues, caused by a change in territorial scale (local vs. national) and the impact of cultural changes amongst the beneficiaries.

The association sector thus evolves and seeks new partners. Asserting that such an interest is profit-driven would give a narrow scope of picture as to the progress taking place: it is about implementing today a new form of management of the common good.

For the stakeholders, a partnership between associations and companies has many advantages. A partnership enables enhancing and strengthening the companies' territorial anchorage and their experience (both for companies and associations). It is a source of innovation and offers to create and develop projects in order to demonstrate their effectiveness. It is also the reason why we must develop projects that are better adapted and more efficient, and therefore more innovative: demonstrating these projects' efficiency will have them scale up.

Yet, the image of the company involved is at stake, both internally and externally, and this cannot be neglected. The company-association partnership helps to develop entrepreneurship, pride and the employees' loyalty. A company today does not build up with the State as its only support, but also with the help of social players. It is therefore necessary to take the time to build the right partnerships.

The 4 challenges to association-company partnerships are therefore:

- to ensure good project management;
- to ensure an economic development;
- to engage the stakeholders;
- to create innovation.

Furthermore, the society's opinion about a partnership between associations and companies has evolved. It proves now very popular amongst people who would have balked in the past, resulting in an increased awareness of the withdrawal of state funding, false promises, and the central government lacking credibility. In the field, local authorities and companies are the ones who can change this, while they were considered the source of the problem not so long ago.

As such, in a current state of affairs where capitalism and globalization are being questioned, companies have become aware they are not addressing the stakeholders' needs. Two solutions can be considered: corporate sponsorship and philanthropy. But what really is the added value of companies involved in such projects or in partnerships?

Still today, players encounter several obstacles to bring about changes in the field. At the beginning, in their search for funding, NGOs held their hand out in a begging fashion. The issue is then to change the way people think to reach a win-win partnership. Companies can also help associations financially by contracting them (services to companies, etc.). In 1985 already, the Agen Forum (Lot-et-Garonne, France) stressed that associations are also companies. Our Anglo-Saxon counterparts are more advanced than the French on this point; however, the Japanese are behind us. Still, the fact remains that these two very different worlds are in the process of getting closer because the most important point in this partnership is the completion of the projects.

There are 3 convergences between associations and companies:

- common values (a similar sense given to each partner's action);
- projects (nothing starts without a project, for everyone's good and in their interest);
- individuals (who exchange, talk and are willing to bring the project to life).

Co-construction calls for various phases of questioning on both parts:

- to question and to get to know each other, and to set the terms and the importance of the partnership (local, national or international) – something that can take several months of exchanges between the players (about 14 months, which is more time than what obtaining a subsidy requires, although funding is not enough);
- to define the area of the partnership;
- to determine the geographical target, where the company's interests meet the purpose of the association;
- to determine to what extent a company is ready to accept joint funding;
- to determine the modus operandi, what everyone brings to the table and what is forbidden.

That way, we will know what type of partnership is being established. This is

an important step as it is only when the terms of a possible partnership have been identified, as well as the objectives and the purpose of the means that have been set out that we can look at the financial aspect of a partnership. Of course, the purpose of the action must not be underestimated, in order to know where we start, where we are going, for how long, with which follow-up indicators, which audits and which means to measure the impact.

The partnership also offers a view of what companies and associations can accomplish together in the future, and it is even more enriching when it is multilateral rather than bilateral. Associations reach an audience that companies find difficult to access because their professionalism sometimes reduce their scope of action. It is then important to reconnect with an innovative mindset. The future of partnership is very similar to the future of social entrepreneurship.

Feedback from experiences: risks and difficulties, good practices and success stories.

Using projects as greenwashing for companies: proved or overstated practices?

If this point is often raised, that serves as evidence that cases of manipulation of company-association partnerships have been observed. And if they have gone through, it proves that some companies and associa-

tions accept these practices, as it is easy to stay clear from them: they just need to determine from the beginning the objectives of the partnership.

Furthermore, it is important to remember that in a company-association partnership, the company takes most risks in terms of image, all the more as NGOs memory (or grudge) can last longer than a company's institutional memory. An NGO will not fail to remind a company of its wrongdoings. But the company's image that is being established through the various projects which it gets involved into does not stop with the NGOs: it is spread throughout the society. As such, it is more difficult for young associations, or associations dealing with new problems or taboos, to get a company's door open, and vice versa, a company wishing today to participate in corporate sponsorship will encounter more difficulties at contacting large associations.

Additionally, if a company also takes the risk to sign up with an association which will not address its requirements, the association bears in turn the risk to be exploited by the company. Those risks must be accepted when entering into a company-association partnership. It is a constructive fear that will lead to innovation. If a certain level of risk is not accepted then no project will come to life. Within the company, the project leader must fight to have his project followed for what it aims to achieve and not for communication purposes. Yet more and more, companies do not wish to communicate on a project before it has succeeded,



which proves that we are more in the “action” than in the “appearance”.

Do associations chose which company they wish or do not wish to work with? What are the dangers in an NGO associating itself to a company that carries a negative image? How is the choice validated within the association and how is the partnership reported thereafter to the stakeholders?

This is fundamentally an ethical and political question that each association must answer one day or another. If **Groupe SOS** and **CARE France** have chosen to exclude certain controversial sectors from their partnerships, **Augustin Debiesse**, Senior Consultant at **Optimus**, indicated that it is equally important to communicate on what works and highlights the exemplary nature of partnerships. This is part of the virtuous circle. It is the project that really matters and if associations were really demanding, many projects would not be accomplished.

Damage to an NGO image is very unlikely. However, with the picture that the French culture conveys of solidarity, there are projects that are unmarketable. **Stéphane Godin**, Partnerships Manager with Groupe SOS, took for the sake of example projects aiming at the rehabilitation of drug addicts and delinquents. It is very difficult for an association to convince any company to participate in such projects. We divert here toward a new form of corporate partnership, one that takes into account the legitimacy of a company to choose an issue that moves away from its core business. The question is then as to whether the company should really follow a path that is not its own but that of the public authorities. The company must not be the new public authority. It has a supporting role to play in order to identify and bring solutions to issues that exist in today’s societies; however both players must be engaged. Although the State is not omnipotent, the company finds its place not as a replacement but as a complement to the State’s actions.

How is the communication on the partnership conceived?

It is first important to define the project as a whole by respecting everyone’s expectations; otherwise the communication efforts may be very perilous. Throughout their respective communication campaign, the NGO must highlight the company’s engagement and the company must highlight the NGO’s expertise.

In terms of project and impact reporting, associations are significantly behind as to what companies have reached. It is very difficult for the private sector to evaluate the impact of its social actions or even to follow its social projects in an efficient way.

How to overcome culture differences and some players’ sensitivities?

If companies seem to get more and more involved in partnership pro-

jects where they become stakeholders together with the NGOs, rather than followers, we must then face more and more complex structures where it becomes difficult to determine at which level decisions are made.

Furthermore, if some projects seem particularly unattractive to companies, the issue for them is to take responsibility because of their activities. It is the case, for example, of banks supporting those that have been excluded from the classic banking system.

Nowadays, three essential points make a project a success if they are well managed:

- scaling up projects, which is fundamental if one wants to change the world;
- being able to avoid inconsistencies (for example: create and sell inexpensive dairy products when other associations are concentrating on increasing the price of milk in the hope to better farmers’ conditions);
- involving the State in its core role as regulator.

In conclusion, it seemed essential to participants to remind that the players’ professionalism is a key to a successful partnership between companies and associations. As such, the question is not whether a partnership should be built but how to build it. Three ways of improvements become apparent: follow the pioneers’ example, repeat the experiences and mutualize the skills. Training the consultants that are part of the partnership is also essential. Without it, it is very risky to bet on a partnership success, all the more as the players, and companies in particular, are often lacking information on the reality of the markets that are best suited for partnerships, and on the best way to manage such partnerships.

As soon as the truth on bringing projects to life is revealed, **Didier Piard** had the pious hope to see perennial partnerships come to light, which would be able to establish a mixed entity that would create jobs out of truly profitable projects.

Official rapporteur.

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