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NGO-Private Sector Partnership: Complementary Collaborations

ABOUT THE PROJECT

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Executive Summary

Inter-sectoral engagements and collaboration have become requisite to perpetuate NGO's and private sector corporations' commitment to development assistance and CSR (corporate social responsibilities). Partnerships between NGOs and the private sector serve an especially potent remedy in this regard. Nascent, NGO-private sector partnerships are able to mitigate problems and provide assistance with greater success than individual NGO or private sectoral approaches. Primarily this is due to their integrative and collaborative nature, their shared and *pooled* resources. NGO-private sector partnership literature is unduly underdeveloped with regard to partnerships *outside* the traditional philanthropic framework. This report aims to firstly explain *what is a partnership*, with particular attention paid to the importance of alternative partnership frameworks. These include the resource exchange, transactional, joint program, and integrative. Next, we explore the common question — posed by both NGOs and private sector companies — *why partner?* Here we examine partnership drivers, from organizational benefits to global initiatives variously initiated and supported by international organizations. The report's definitional aspects have been augmented with case studies of NGO-private sector partnership throughout the world, to highlight described elements. We have paid special attention to NGO-private sector partnership examples in Hungary, notably in the water sector. Through this report we aim to answer: *can partnerships between the Hungarian water sector and Hungarian NGOs be initiated, supported, legitimized, and perpetuated*. Through a synthesis of archival literature and interviews we hope to enhance current literature on NGO-private sector partnerships in Hungary, and abroad.

Introduction

Today's problems require innovative approaches: integrative, collaborative, and symbiotic partnerships. Increased complexity and connectivity, emerged at the nexus of globalization and technology, have catalyzed problems issues; they localize the global, and globalize the local. Peoples, places, problems, and policy interventions are intertwined; they necessitate a novel attempt to disentangle.

Inter-sectoral partnerships, between corporations, institutions, organizations, and populations, are one such innovation. Their new hybrid, which conflates interests — investors, industries, and companies with civil society and nongovernmental organizations (NGOs) — are fecund in this regard (Ganitosh 2010, 8). Unfortunately the private sector and NGOs have not developed symbiotic collaborations; partnerships beyond the philanthropic have long been considered too complicated and prone to failure to be a worthwhile investment (*Guide to Successful Corporate-NGO Partnerships* 2008). NGOs and the private sector have long *appeared* at odds. Their core competencies perceived as respectively exclusive, their aims and attributes seemingly at odds, and each apparently unwilling to embark in a mutually beneficial partnership. This unwillingness is caused by a lack of experiential knowledge of the *other*, their perceptions and conclusions drawn only from its shadow cast. A paradigm shift coupled with practical experiential knowledge are the first steps toward burgeoned inter-sectoral partnerships.

NGO-private sector partnership development will contribute impressive benefits to both participating private sector corporations and NGOs. Benefits range from increased available assets, resources, and capital – including human, network, financial, and community – to an increased potential for sustainable development assistance provision, enhanced legitimacy and reputation. As NGOs and the private sector expand beyond their respective core competencies, their peripheral competencies' confluence will become the core competency of the partnership. Collaboration opens new fields and create opportunities for future collaborations. Today's problems have necessitated integrative and multifaceted approaches to problem solving and development assistance, innovations like NGO-private sector partnerships. This cooperation will induce sustainable, effective, expert, and novel solutions to today's formidable and complex problems.

In this report we will analyze the basal components to NGO-private sector partnerships, different partnership styles, why partnerships are important, methods to develop partnerships between private industries and local NGOs, and the current state and potential for partnerships between the Hungarian water sector and Hungarian NGOs and civil society. Our research stems primarily from this final point. It aims to answer: *how can partnerships between the Hungarian water sector and Hungarian NGOs be initiated, supported, legitimized, and perpetuated*. To answer this question we hope to augment the currently underdeveloped NGO-private sector partnership literature through a synthesis of archival research and interviews. Additionally, our report will provide guidance to NGOs and private sector corporations considering partnerships, and recommendations to the Hungarian water sector and NGOs to outline potential methods and induce partnership.

Throughout this paper we have included *Boxes* which provide case examples of specific elements of NGO-private sector partnerships. These include examples about the dynamism inherent in partners' *intra-partnership* roles (*Changing Roles and CSR: Street Kids International and Telekom*); divergence points within NGO-private sector partnerships apropos to their understandings, and conceptualizations; the importance for experiential and localized knowledge in international development assistance projects (*Manitoba Hydro and the Case for NGOs in International Development Projects*); the role of international agreements and funding in fomenting NGO-private sector partnerships (*The Hungarian Export-Import Bank PLC Supports Development Assistance, Collaboration, and European Union-African Infrastructure Trust Fund and NGO-Private Sector Partnership*); and the role of national governments in increasing collaborations (*Hungarian Investment in Water Sector Infrastructure and Civil Society in Vietnam*). These boxes should serve to contextualize certain concepts explicated in this paper, and make them more relatable to real and encountered scenarios in NGO-private sector partnerships.

As the literature is quite scarce on bisectoral (private – citizen) partnership – it focuses mostly on trisectoral or PPP-constructions – we have conducted eight interviews with nine interviewees. They come from the private or NGO-sector. The interviews focused on several topics: visibility, cooperation possibilities, tools for a successful cooperation, success stories, and outlooks on the field. The interviews amount to more than 4 hours of raw audio footage, containing a wealth of valuable information. Conforming to the

requirements of the scientific method, we use aggregate data with no explicit or implicit mentioning of the interviewees and their organizations.

What is a Partnership?

“[...] a partnership occurs when independent organizations bring together their distinct views, expertise and resources to work towards common goals. A partnership is best measured by the environmental and business results achieved once both organizations have shared the risks, responsibilities and rewards of the project” —
Guide to Successful Corporate-NGO Partnerships (2008)

According to the Natural Resources Cluster of Business Partners for Development, a partnership involves “[...] a voluntary collaboration to promote sustainable development based on an efficient allocation of complementary resources across business [and] civil society” (2005). Successful partnerships contain certain characteristic qualities: mutual trust, defined aims and objectives, and assigned responsibilities. They serve as a forum and mechanism, where involved parties “[...] contribute and pool resources (financial, technical, staff, and reputational) toward achieving agreed upon objectives” (Stone 2013, 29). Partnerships contribute to NGO and private sector competitiveness, reputation, technical, and practical knowledge, networks, assets and capital endowments.

Integrative approaches to development assistance have been required to initiate and foster these integrative and collaborative method. A partnership’s shared resources — *pooled* as described by the Natural Resource Cluster of Business Partners for Development — benefit partners. They add social value to implemented programs and actions, through partnerships’ augmented depth and breadth (*Tri-Sector Partnerships A New Way to Manage Social Issues In the Extractive Industries* 2005; Van Der Heul et al. 2012). The *value added* to society far exceeds what could be accomplished by the respective partners individually. Both private sector and NGO partners attain augmented individual competencies in partnership (*Guide to Successful Corporate-NGO Partnerships* 2008). Most impressively, a third from of impact, competency, and expertise expands: *NGOs and the private sectors’ joined peripheral competency form a third competency, the core competency of the partnership*. This approach has the capability to challenge today’s complex and conflating problems.

Partnerships come in various forms, each with a particular focus and attributable role for the respective private sector and NGO partners. The most common form of NGO-private sector *partnership* — although in this case it is more a relationship than partnership — is the philanthropic (*Guide to Successful Corporate-NGO Partnerships* 2008; Ross 2010). The current NGO-private sector partnership paradigm is apparently stuck in philanthropy while several alternative, and efficient, partnership formats are available. These include:

- **Resource Exchange:** While much partnership literature nests the *resource exchange* within philanthropy, the *exchange* of resources provides a necessary cleavage to make this a discrete category (Ross 2010). The definitive quality in

this collaboration is the exchange of some capital or resource; not an asymmetrical provision, but an *exchange*.

- ***Transactional:*** This collaboration may be conceptualized as “fee for service”. *Transactional* partnerships require one partner to *pay* for the provision of a partners’ service or good (Pell 2006; Ross 2010).
- ***Joint Program:*** Collaborations which are symbiotic. *Joint programs* occur when complementary collaborations begin to emerge new values and expertise; when the peripheral values of partners become a core competency of the partnership (Ross 2010). A *joint program* mutually benefits private sector and NGO partners.
- ***Integrative Program:*** The least common approach to NGO-private sector partnerships — based on our literature review — *integrative programs* are the grafting of interests, missions, and *modi operandorum* (Ravn and Petersen 2005; Pell 2006; Ross 2010).

| Type | Relationship Mechanisms | Level of Staff Involvement | Benefits for NGOs | Benefits for Private Sector |
|----------------------------|---|--|---|--|
| Philanthropic | <ul style="list-style-type: none"> • Donations; • Indeterminate term. | <ul style="list-style-type: none"> • Financial managers; • Project managers. | <ul style="list-style-type: none"> • Funds — one time or potentially recurring; • Visibility | <ul style="list-style-type: none"> • Reputation, • Visibility, • C.S.R. |
| Resource Exchange | <ul style="list-style-type: none"> • Grants; • In-kind donations; • Pro bono service provision (by private sector to NGOs/Civil Society) • Volunteers (private sector to assist NGOs and civil society); • Short to medium term. | <ul style="list-style-type: none"> • Resource providers — including technical experts and assistance, community organizers, or financial managers — heavily involved; • Project managers heavily involved; • Minor management involvement. | <ul style="list-style-type: none"> • Augmented resources; • Enhanced capacity; • Visibility; • Networking | <ul style="list-style-type: none"> • Augmented resources; • Enhanced capacity; • Visibility; • C.S.R.; • Reputation |
| Transactional | <ul style="list-style-type: none"> • Contracts • Fees provided for service provision (NGOs/Civil society hired by private sector to perform); • Short to medium term. | <ul style="list-style-type: none"> • Resource providers — including technical experts and assistance, community organizers, or financial managers — heavily involved; • Project managers heavily involved; • Moderate management involvement. | <ul style="list-style-type: none"> • Financial capital; • High quality service provision; • Enhanced capacity; • Visibility; • Networking | <ul style="list-style-type: none"> • Financial capital; • High quality service provision; • Enhanced capacity; • Visibility; • C.S.R.; • Reputation |
| Joint Program | <ul style="list-style-type: none"> • Related to particular causes; • Joint marketing and licensing of services; • Higher equality between partners; • Medium to long term. | <ul style="list-style-type: none"> • Resource providers — including technical experts and assistance, community organizers, or financial managers — heavily involved; • Marketing, communications, and PR staff moderately involved; • Project managers heavily involved; • Moderate management involvement. | <ul style="list-style-type: none"> • Technical assistance and expertise; • Enhanced capacity • Networking; • Increased visibility; • Market access; • Easier to retain due to longer term of the joint program. | <ul style="list-style-type: none"> • Technical assistance and expertise; • Enhanced capacity; • Networking; • Market access • Increased visibility; • Easier financial management due to longer term of joint program. |
| Integrative Program | <ul style="list-style-type: none"> • Structured through a series of contracts and agreements; • Joint goods and service production; • Highest equality and equity between partners; • Long term. | <ul style="list-style-type: none"> • All staff involved, across organizational hierarchies and structures. This includes: resource providers, communications, marketing, public relations, and project managers. • Project managers heavily involved; • Serious management involvement. | <ul style="list-style-type: none"> • All above benefits; • Capacity to further develop new programs, activities, and competencies through collaborative and elicitive framework of the the integrative program. | <ul style="list-style-type: none"> • All above benefits; • Capacity to further develop new programs, activities, and competencies through collaborative and elicitive framework of the the integrative program. |

Adapted from: Ross, Susan Rae. "Developing Effective Partnerships Between Non-Governmental Organizations and Corporations " 2010

Table 1: Relationship Mechanisms:

Table 1 shows the relationship mechanisms, level of staff involvement, benefits for NGOs and private sector partners for the above partnership frameworks.

Within the aforementioned NGO-private sector partnership frameworks partnerships may be employed to enhance the effectiveness, efficiency, impact, and sustainability of actions and programs. They are better equipped to solve complex problems which require collaborative approaches. Partners, in these various frameworks, may play several different roles. Roles depend on the partnership framework (philanthropic, resource exchange, transactional, joint program, and integrative), term (indeterminate, short, medium, long), required and provided resources, and anticipated outcomes.

Partners' roles should capitalize on the complementary capacity of involved parties *within a particular partnership* (Ross 2006; *Guide to Successful Corporate-NGO Partnerships* 2008). NGOs and private companies will likely take on different roles at various points in the partnership process (described below) and in different partnerships. Commonly described roles include:

- *The Facilitator and Broker:* Both NGOs and private sector companies may hold these roles in a partnership, even simultaneously. Financial resource contributions are not necessary. The *facilitator* and *broker* will facilitate and broker communications across cultures, between foreign companies, local companies, and local communities, as well as with financial lenders and project tenders (Tennyson 2003; Van Der Heul et al. 2012). This position may require conflict mediation at various stages in the partnership process.
- *The Donor and Financier:* Primarily fulfilled by the private sector partner, the *donor and financier* requires financial capital contribution (Tennyson 2003; Van Der Heul et al. 2012). Often private companies will shift from the role of *facilitator* to *financier* through once the provision of funds has been facilitated from financial lenders and project tenders. Their financing and donation to NGO partners takes various forms depending on the partnership format employed.
- *The Recipient:* Most common in the philanthropic framework, though also prevalent in the resource exchange, the *recipient* is a role carried out at a variety of terms, by both NGOs and private sector partners. Within the philanthropic framework the NGO is the *recipient*, as they receive donations from the private sector. Within the resource exchange, both NGOs and the private sector receive resources through exchange.
- *The Technical Assistant, Contractor, and Consultant:* This role is characterized by a partners — either private sector or NGO — investment “[...] in the capacity building potential of partners [...] to promote assistance in the form of knowledge and skill development and know how” (Van Der Heul et al. 2012). Partners who fulfill this role will turn financial capital into non-financial capitals — infrastructure, human, community, etc — with the assistance and guidance of the *technical expert*.

- *The Technical Expert*: Again, within the NGO-private sector partnership framework the *technical expert* may be fulfilled by NGO and private sector companies. *Technical experts* will guide the project implementation, the evolution of non-financial capital from financial capital (Van Der Heul et al. 2012). In the context of NGO-private sector partnerships in the Hungarian water sector, an NGO may deliver technical expertise on local community water management customs in Vietnam's Lower Mekong Delta. Financial capital is utilized for research to garner this knowledge capital. Simultaneously, a private water company will employ financial capital to modernize outdated irrigation systems to reduce evaporation, and induce efficient water use.

Box 1: Changing Roles and CSR: Street Kids International and Telekom

“...[T]he twenty-first century will be the age of alliances where collaboration between nonprofit and corporations will grow in frequency and strategic importance emigrating from the traditional philanthropy toward deeper, strategic alliances” — More than Charity: Building a New Framework for Canadian Private Voluntary Sector Relations, C. Pinney Canadian Centre for Philanthropy, June 2001” (Pell 2006)

Pell (2006) described the importance and growth of NGO-private sector partnerships, coupled with partners' changing roles from the perspective of Street Kids International. According to Pell's *NGO and Private Sector Partnerships: A Framework For Success*, a heightened corporate social responsibility (CSR) has contributed to NGOs and private sector partners initiating partnerships and collaborating dynamically. For example, private sector partners, once exclusively *the donor*, have become *the recipient* within their resource exchanges, joint programs, transactional and integrative partnerships. Simultaneously NGOs, once exclusively *the recipient* of philanthropic support, have become *facilitators* and *brokers* of partnerships and CSR programs, *technical assistants*, *experts* and *consultants* in resource exchanges, transactional, and integrative partnerships.

Pell further describes the burgeoned private sector CSR as being “an integral component [...] to an increasing emphasis on joint activities”, and changing roles, and partnership initiatives (2006, 3). Early example of this CSR sea-change are too present in the Hungarian context. Especially within the telecommunications sector, corporation have engaged in more transactional and integrative programs with NGOs to engage with their CSR (Ravn and Petersen 2005; “Magyar Telekom once again Hungary's best in CSR.” 2010).

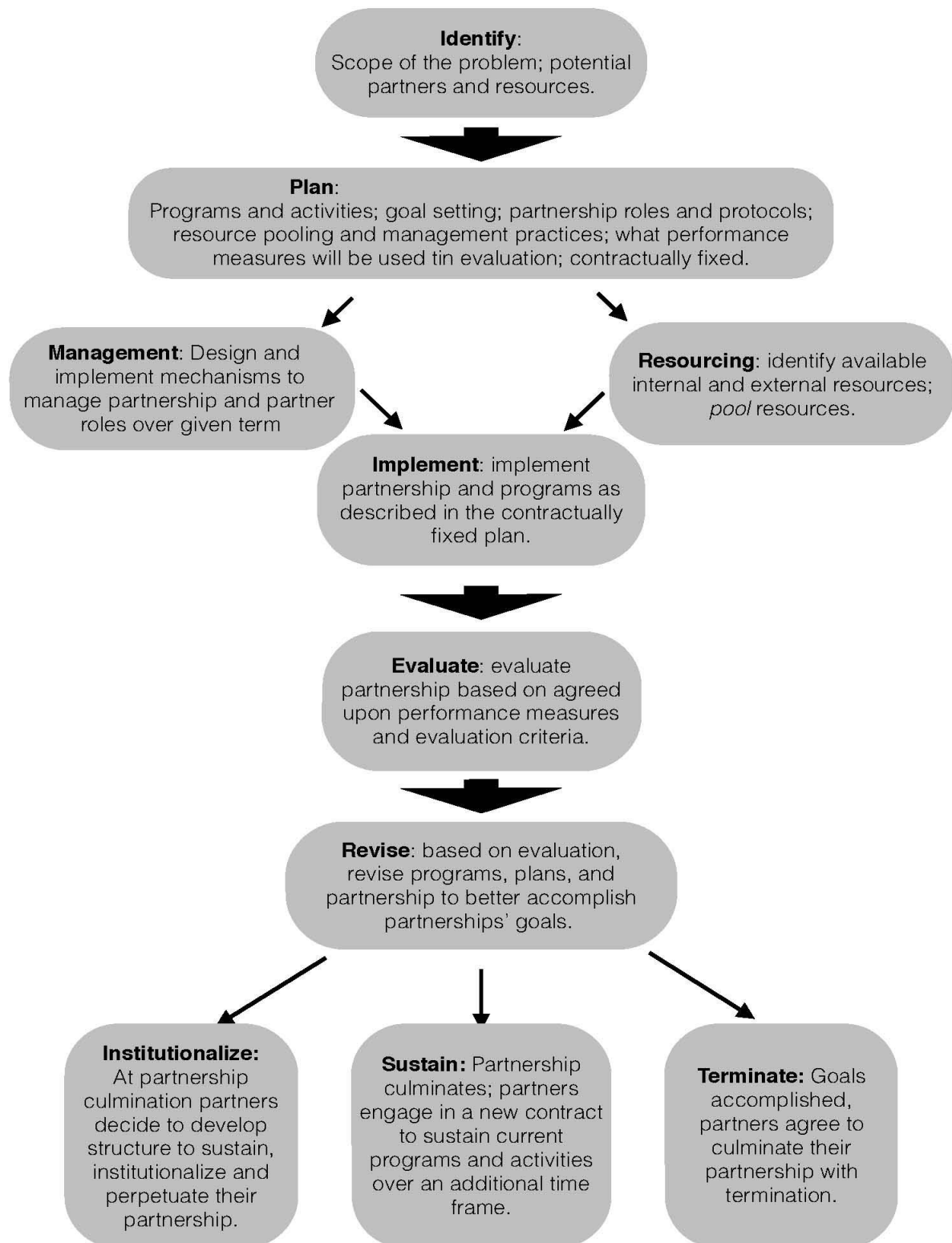
The Partnership Process

The partnership process described below is indicative; it is by no means the only, or necessarily correct process for all partnerships. Partners should account for context,

culture, and partner capacity when planning a partnership. Unattended, these caveats may result in cleavages within the partnership process. Described below is a diagnostic; it provides a sound basis for NGOs and their private sector partners to initiate and engage in a collaborative process through the outlined steps: *identify, plan, resourcing and management, implement, evaluate, and institutionalize, sustain, or terminate.*

Partnership Flow Chart

Adapted from: Torggler, Barbara. The Partnering Toolbook. Edited by Anna Hill. International Business Leaders Forum and the Global Alliance for Improved Nutrition (GAIN), 2003.



Why Partner?

Partnerships can reduce the structural inefficiencies systemic in NGOs and the private sector — a necessity to better manage and mitigate problems, and deliver effective development assistance. Inefficiencies do not *necessarily* inhibit NGOs or the private sectors' respective aims, roles, projects, and services. Rather, many of these inefficiencies, their *limited scope and field of vision* for example, may help both NGOs and the private sector to complete particular traditional sectoral tasks. They prove more adept to compete *within* their sectors for opportunities and resources when they are limited. Other inefficiencies, including a restricted resources, under-developed networks, a profit centered *raison d'être*, or weak intercultural competencies may streamline the approach taken by respective NGOs and private sector companies. Lean and streamlined, NGOs and the private sector may be, as explicated above, be better able to compete *within* their respective sectors.

Yet, while limited scope may benefit the delivery of their respective traditional services, it does not provide the most socially efficient outcome (Ravn and Petersen 2005). Societal benefit maximization requires inter-sectoral partnerships, and cross-fertilization of skills, competencies, and modes of action (*Guide to Successful Corporate-NGO Partnerships* 2008). NGO-private sector partnerships provide a fecund — albeit under-cultivated — field.

Cooperation in partnership will prove an excellent strategic option for both NGOs and private sector companies to engage in. Partnership specific long and short term outputs may be achieved more effectively and efficiently, with regard to resource expenditures — including human, financial, technological, and temporal — through partnership and pooled resources. For example, a “Joint Program” style partnership will allow symbiotic collaborations which emerge *greater than the sum of their parts*. A “joint program” partnership can provide a culture wherein an NGO which specializes in community development in Sub-Saharan Africa and a private sector company which specializes in waste water management collaborate in a partnership to develop sustainable waste water management facilities and capacities in Malawi.

Capitalization on partnership potential is an especially important strategy to NGOs considering that of the 100 greatest GDP entities in the world, 51 are private companies, and their ranks continue to expand. Multinational corporations consistently become more politically, socially, and monetarily influential. Their propensity to provide development assistance increases as government spending, long the *conditio sine qua non* of development assistance and NGO funding continues to decrease. While frequently conceptualized as a *last resort* of sorts, symbioses inherent in NGO cooperation with private sector corporations can be highly beneficial; it can increase legitimacy and reach, impact and innovation, capacities and facilities (*Guide to Successful Corporate-NGO Partnerships* 2008). Private sector corporations too may reap the benefits of collaborations: enhanced positive reputations, increased competencies and expertise, visibility, and competitiveness (*Guide to Successful Corporate-NGO Partnerships* 2008).

The experience from the interviews is also clear: there is a business interest. All of the interviewees mentioned buzzwords which appear in the literature and provided examples for it. This means that the buzzwords are actually possible tools for initiating successful cooperation. Corporations are frequently seen as profit hungry entities rarely interested in aid provision, but we do miss the need concerning NGOs to provide valuable products and services. These valuable services are skill exchange, market enablement and the mediator role.

It seems like there is a business interest. Though there were interviewees from both the business and the NGO sphere, who expressed their reluctance to cooperate; successful experiences (which we have elaborated on throughout the text and below) show that cooperation can be economically successful. More so, NGOs can venture into the market on their own, creating products in line with their goals – as the later explained example of Hostetin shows.

The important thing is to create a convertible product, may it be a material product or service. This is the basis of non-mediator cooperations, as expressed by private sphere interviewees. The logic behind our bisectoral cooperations is the same as with regular market exchanges – the promise of a later produced good is only good when it has a substantial amount of security behind it. Not even the large NGOs have this security, it is generally confined to use by the states.

Skill Exchange

There is a distinct stereotype that NGOs do not understand the market's language and companies do not understand the need of non-business development and non-market needs of society. This is actually true on another plane: companies frequently lack skills needed for sustainable measures which could actually help them later. A good example mentioned was the need of provision in the water basins and river basins of Hungary. If water service providers would include green experts in these areas who could provide advice on sustainable measures, this would not only help the environment and neighboring residents, but it would help uphold the profits of the companies in the long term. This outsourcing of knowledge can be beneficial in other fields as well, such as local issues knowledge. There are companies who rely on local knowledge in market profiling and the initial approach.

Market Enablement

Several companies work in foreign and far away international markets. Local knowledge and networking experiences are valuable in the field. If any NGO is able to open up new sources of revenue and can keep this up long term, the cooperation is successful. Networking NGOs should find a way to help capacity-distributing companies find potential partners. Several business-sphere interviewees emphasized the importance of market enablement as a potential for business interest.

Local knowledge is also an option. Creating a bridge between subnational governments at home is a much needed service for smaller companies which lack capacity or determination for large scale deals, thereby involuntarily confining themselves to local options; as several interviewees from small companies have expressed their concerns.

The Mediator Role

NGOs have good opportunities for mediating between several sides in business or aid deals. This can be done on the local level (translating local needs into business language), or on a grand scale as well (mediating between the state and the companies, providing legitimacy as well). Three interviewees have discussed how their organization or company lost a cooperation opportunity because they lacked a mediator.

Box 2: Manitoba Hydro and the Case for NGOs in International Infrastructural Development Projects.

“The Kenyan Power and Lighting Company (KPLC) — [signed a two year contract] with Manitoba Hydro in 2006 to manage distribution services on behalf of the Kenyan government” (Gantosh 2010, 8).

Through Manitoba Hydro International’s two year contract with KPLC several avoidable issues arose which hindered project implementation, efficiency, local ownership and sustainability (Gantosh 2010). The contract embarked on between KPLC and Manitoba Hydro International stipulated performance measures — which were achieved. However, certain outcomes — including local ownership, sustainability, and depth — were absent. A cultural bifurcation between the implementor and local partners and communities was primarily to blame.

Local stakeholders noted that tariff levels set by Manitoba Hydro International upset certain cultural and social legacy institutions. Within the affected communities “[...] tariff levels for water services [are] a very political issue, and have historically been used to subsidize certain elements of society, specific industries, or public sector entities. Often tariffs are not charged, or, charged at very low levels” (Gantosh 2010, 8). While Manitoba Hydro International did meet their performance measures, culture’s role in international project implementation was not adequately addressed. Partnership with NGOs and civil society could have induced Manitoba Hydro International to take these issues into account.

Box 3: Divergence Points in Partnership

Practitioners considering NGO-private sector partnership are wise to consider the divergent perspectives, attributes, world views, and organizational structures often inherent to the private sector and NGOs. Although there is no *typical* or homogenous private sector, nor NGO, there are common, estimable, and frequently experienced points of divergence which are important to account. These include:

- *Position:* Within the partnership, and the society at large, does the position of either partner lend itself to a structural asymmetry in the partnership (Guide to Successful Corporate-NGO Partnerships 2008; Ross 2010)? How may this affect working styles, and partnership potential? This may be rooted in different resource endowments — from reputation to human, financial, technical, and creative capitals.

- *Jargon*: This refers to specialized professional language. Misunderstanding can foment between NGOs and the private sector due to their jargon; they speak *different* languages in their respective operations (Ross 2010). How does field specific language impact partnership dialogue and understanding? How is the partnership and success conceptualized through the respective languages and *jargon*?
- *Reputation*: How does a partner's reputation affect the actions they are willing to take (Ross 2010)? How does reputation shape each partner's *raison d'être* within the partnership (*Guide to Successful Corporate-NGO Partnerships* 2008)?
- *Performance Measures*: how is performance measured by the private sector? By the NGO sector? What types of qualities are valued: effectiveness or efficiency, impact or reach, throughputs or outputs? How are outcomes measured?
- *World Views*: private sector and NGO partners will likely have diverging views on the world. At what scale do outcomes occur? Are partners more likely to consider the time it takes to achieve a socially beneficial outcome or a quarterly earnings timeframe (Ross 2010). Too, how do partners understand tactics exercised to induce change, benefits, or profits. These include financial, populist, academic, media, communications, and marketing tactics. The private sector *tends* to understand financial, marketing, media, and communications means; the NGO sector *tends* to understand populist, academic, and media tactics.

Box 4: The Hungarian Export-Import Bank PLC Supports Development Assistance, Collaboration.

"The funds will support projects in agribusiness, health, and water management in countries ranging from Kazakhstan and Vietnam to Egypt and Albania." — Hungarian Export-Import Bank PLC ("Hungary Partners with IFC, Pledging \$20 Million to Promote Development in Asia, North Africa, Balkans." 2014).

Recent events have materialized a new role for the Hungarian Export-Import Bank PLC (Hungarian Eximbank) apropos to service exports to emerging market economies. An October 2014 press release noted the Export-Import Bank of China extended a EUR 300 million credit line to the Hungarian Eximbank ("Press Release - New Opportunities for the Hungarian Export towards China." 2014). This credit line extension is meant to grant "[...] favorable conditions for the Hungarian Eximbank, in order to provide new and more beneficial financing solutions for companies [...] exporting goods and services to China" ("Press Release - New Opportunities for the Hungarian Export towards China." 2014).

Further, the Hungarian Eximbank concluded a new agreement in 2014 with the World Bank affiliated International Finance Corporation (IFC). Strengthened collaboration between the IFC and the Hungarian Eximbank will allow, according to Hungarian Eximbank C.E.O. Roland Nátrán, "[...] new channels for interacting with economies in Europe and beyond" ("IFC, Hungary Strengthen Collaboration to Promote Private Sector Development in Emerging Markets." 2014). Private sector involvement and

investment supported through this collaboration has the capacity to augment private sector involvement and investment in African, Middle Eastern, and Balkan infrastructural development tenders and projects. NGO-private sector partnerships too may be stimulated as the Hungarian Eximbank-IFC collaboration sets forth to tackle “[...] some of the world’s most pressing development challenges” through integrative and innovative approaches (“IFC, Hungary Strengthen Collaboration to Promote Private Sector Development in Emerging Markets.” 2014).

Hungarian private sector companies, in this changed climate cultivated by the Hungarian Eximbank, are incentivized to begin infrastructure and development assistance projects worldwide. The Hungarian water sector — specifically companies involved in the Hungarian Water Cluster (Magyar Vízipari Klaszter) — are well poised to participate due to their technical expertise, resources, and connections to emerging markets economies like Vietnam, Ukraine, and the Balkans (“Hungary Partners with IFC, Pledging \$20 Million to Promote Development in Asia, North Africa, Balkans.” 2014). However, effective implementation of these worldwide projects will require plans to balance and manage distinct cultures, project sustainability, and local ownership. The climate now induced by organizations like the Hungarian Eximbank will serve an opportunity for NGO-Private Sector partnerships to ensure the most effective project implementations.

Box 5: European Union-African Infrastructure Trust Fund and NGO-Private Sector Partnerships

“Attract and leverage financial resources and technical expertise to support infrastructure investments in Sub-Saharan Africa” — EU-African Infrastructure Trust Fund (Tackling Africa’s Infrastructure Deficit by Blending Grants and Loans 2014)

International financial institutions have begun to incentivize NGO-private sector partnerships. Inclusion of NGOs in infrastructure development projects will increase a private firms’ competitiveness in the bidding process. Financial benefits for the private sector and NGOs are impressive. For example, a recent perusal of the European Union-African Infrastructure Trust Fund showed the EU, in 2014, received pledge contributions that amounted to over EUR 799 million (*Tackling Africa’s Infrastructure Deficit by Blending Grants and Loans* 2014). Managed by the European Investment Bank, these funds are meant to attract technical expertise, financial, technological, and human resources to contribute to infrastructural development project implementation in Sub-Saharan Africa (*Tackling Africa’s Infrastructure Deficit by Blending Grants and Loans* 2014). Additionally, eight percent of these funds — approximately EUR 63.9 million — are earmarked specifically for water sector infrastructure and management projects. Within the EU-African Infrastructure Trust Fund, partnerships with NGOs and civil society benefit the prospects for bidding private sector enterprises to secure tenders.

Box 6: Hungarian Investment in Water Sector Infrastructure and Civil Society in Vietnam.

“Hungary will particularly focus on cooperation with Vietnam in the clean water projects” — Hungarian Ambassador Torda Eszte (Hoa 2015).

Hungary and Vietnam recently celebrated the sixty-fifth anniversary of their diplomatic relationship. In January, Vietnam President Truong Tan Sang and Hungarian President Janos Ader held talks in Hanoi (Ngan 2015). To commemorate their countries’ long diplomatic ties and the recent increase in bilateral trade — an increase over 60% — President Janos Ader described an expansive infrastructural and civil society investment project (Hoa 2015). Budapest Municipal Water Works was selected to spearhead a series of infrastructural projects on the Red River in Vietnam. Valued at over USD 300 million, the projects would increase water supply through the implementation of highly efficient technologies coupled with the construction and modernization of water treatment plants on the Red River (Ngan 2015; Hoa 2015). This infrastructural development investment is tied to an equally impressive civil society element. Hungary has pledged to double the amount of scholarships — to 100 — for Vietnamese students to study water related fields at Hungarian universities (Hoa 2015).

Other Interview Experiences

Visibility

Tools concerning the topic of visibility vary greatly. Larger organizations place their faith in successful logos and mottos, easily recognized by most people and possible partners. Such organizations tend to suffer from cooperation-legitimacy issues the most however. These NGOs are approached by big companies frequently, to help them create a green, eco-friendly PR disguised as cooperation, not the complimentary and collaborative partnerships described here.

Smaller organizations and corporations use direct marketing, placing emphasis more and more on the social media. Several interviewees have expressed their concerns about the impressions of NGOs in society. The shrinking of money base and the reluctance to pursue any alternative financing makes NGOs vulnerable both financially and in their public relations.

Valuable Experiences

1. The Coca Cola Company decided it will reimburse the world for the resources it uses. It pledged to alleviate water scarcity in endangered areas for the same size of water footprint it has. The size of the company made it possible to conduct an effective action in endangered zones specified by the WWF.¹
2. OBI pledged to help repopulate beavers throughout their natural habitats in Hungary. After a few years, the population grew by several hundred specimens, research observations and monitoring was funded as well for WWF.²

¹ <http://www.worldwildlife.org/partnerships/coca-cola>

² http://www.obi.hu/hu/company/obi_hungary/social_responsibility/index.html

3. Strategic partnership in Poland between Tchibo Warsaw and EPF since 2011. The EPF issues 'Green Office' decrees, awarded to companies working in a transparent, green manner. Tchibo became known as a pro-CSR, environmentally responsible company, which helps them distribute their products. For EPF, the organization got known as a serious entity.³
4. Strategic partnership between Holcim Slovakia and BROZ. Holcim pledged to help improve habitats of swallows, based on the experience of BROZ and the capacity of Holcim as a construction company. Holcim benefited from the green PR, while BROZ got leverage for later cooperations (much like the Tchibo example).⁴
5. Bio apple juice factory in Hostetin, Czech Republic. NGOs created an environmentally friendly factory producing bio apple juice, and they distribute this to several parts of the country. They also created cultural and educational events based on bio production and created jobs with the project. The revenue is used as funding for the NGOs own green projects.⁵

(Experiences adapted from interview materials and Kiss 2013.)

Tenders

Tenders created by supranational bodies, such as the UN or the EU do provide a lot of opportunities. Tenders are announced regularly, the UN alone announced 27 different water-based tenders between January and March 2015⁶; while the European Commission constantly requires aqua-cultural skills for evaluations and researches⁷. Several tender requirements award bonus points for collaboration between companies and NGOs.

³ <http://www.tchibo-nachhaltigkeit.de/csrweb/servlet/cb/1029460/data/-/Nachhaltigkeit.pdf>

⁴ <http://www.broz.sk/obnova-vodneho-rezimu-na-navrhovanom-uzemi-europskeho-vyznamu-skuev0163-rudava>

⁵ <http://hostetin.veronica.cz/en/organic-apple-juice-and-juicing-plant-0>

⁶ <https://www.ungm.org/>

⁷ http://ec.europa.eu/contracts_grants/contracts_en.htm

Recommendations

NGO-private sector partnerships offer a new forum for interaction, and a new approach to solve the problems which cannot be mitigated by individual NGO or private sector action. Discrete expertise, pared perceptions and asymmetric endowments – resource, reputation, and the like – prove fertile characteristics upon which to reap partnerships benefits. Certain action must be taken to ensure partnerships' fruits can grow to their full potential. Recommendations for NGOs and the private sector to further develop NGO-private sector partnerships include:

1. Increased interaction: while simple, this has long served as a strong barrier to entry into NGO-private sector partnership. Both NGOs and the private sector tend to have ingrained perceptions of the *other* which could be affected to induce partnership through interaction, experiential learning and knowing.
2. Tenders: involvement of NGOs in development assistance tenders is usually not mandatory; private sector companies thus tend not to involve NGOs due to their prior conceptions. Private sector companies should make an effort to involve NGOs, both to increase their funding opportunities and to implement more sustainable and effective projects. Simultaneously, NGOs should research potentially development assistance tenders for which they could lend technical assistance and expertise through partnership. NGOs should approach private sector companies with proposed partnerships to be carried out within development assistance tenders.
3. NGOs and private sector companies with prior philanthropic should examine the potential for further partnership growth. Can the current philanthropic relationship be developed into a resource exchange or integrative program? What works could NGOs assist their private sector philanthropic partner with? How can private sector companies work *with* NGOs?
4. Start using market mechanics in viewing and planning cooperation. Unless companies devote extensive funds for aid and CSR, mutual profitability has to be placed in the front. This can be achieved in creating a convertible product or service, or by opening up new and stable markets for firms with enough capacity (local and foreign aspect).

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