Leveraging the Private Sector?

An overview and analysis of how Canadian international development organizations are engaging the private sector through advocacy, dialogue, promotion and partnership

March 2014

CCIC CCCI

Acknowledgments

Canadian Council for International Co-operation
450 Rideau Street, Suite 200
Ottawa, ON K1N 5Z4

Tel.: (613) 241-7007
E-mail: info@ccic.ca
Web site: www.ccic.ca

The opinions expressed in this publication are those of CCIC, and do not necessarily represent the opinions of CCIC's members or the funders of this project.

Table of Contents

Boxes

Figures

Tables

Executive Summary

Background

Over the past several years, the role of the private sector in development, particularly how these actors can address global development challenges, has garnered increased attention. As a result, donors and many civil society organizations (CSOs) are considering how to engage the private sector to achieve various development objectives.

In anticipation of what this latter trend may mean for the future of the international development CSO community in Canada, the Canadian Council for International Co-operation (CCIC) launched a research project in 2013 to explore how Canadian CSOs are engaging the private sector.[1] To capture this information, CCIC canvassed members of the CSO community.

Drawing on the results of a comprehensive survey, this report provides a broad overview or map of how the 62 CSOs who responded to the survey[2] are currently engaging the private sector, what the key dynamics are of this engagement, and what organizations are planning to do in the future. As such, this report helps illuminate the great depth, variety, and complexity of the different approaches being taken, underscores the vast and diverse experience that Canadian CSOs have in engaging the private sector, and identifies the current and changing priorities of CSOs involved in Canadian international cooperation with respect to engaging the private sector – adding further nuance to the debate.

So who is engaging the private sector to leverage change?

Seventy (70) % (or 43) of the 61 organizations that responded to this question are engaging the private sector in one way or another. An additional 5% (or 3) of organizations were thinking of doing so in the future. However, 22% (or 13) of organizations indicated no intention of engaging now or in the future (and 3% (or 2 organizations) did not indicate intentions).

In general, engaging the private sector is still a fairly mixed practice among smaller organizations with budgets under $1 million (50% of the 20 respondents who fall into this budget category). There is a notable percentage increase in private sector engagement among organizations with a budget above $1 million (80% are engaging the private sector), as well as numeric increase - respondents in the over $1,000,000 budgets accounted for 41 of 61 of all respondents to this question. This is perhaps due to greater organizational capacity of larger organizations to engage the private sector.

---

[1] For the purposes of this survey, the private sector includes organizations in which a predominant part of their core strategy and mission focuses on profit-seeking activities, whether by production of goods, provision of services or commercialization, with a mixed degree of focus on social or environmental dimensions. For the purposes of this survey, it includes financial institutions and intermediaries, micro, small and medium-sized enterprises, farmer/producer groups, cooperatives, social enterprises, large corporations and transnational corporations.

[2] While there were a total of 62 organizations that participated in this survey, not every organization chose to respond to every question (and in fact only 61 responded to most questions). As such, figures and percentage values are relative to the total number of respondents to a *corresponding question*, not the entire sample size of the survey.

This engagement is done primarily by Canadian organizations (19 out of 42), while many are also working through their host country partner (13 out of 42) – with the type of engagement often dictated by the approach the organization takes (see "What do these approaches look like?" below).

In terms of the types of organizations engaging in each approach, **Advocacy** work is spread relatively evenly across the spectrum of organizational budgets, proportionally speaking, with a slight decrease among smaller (under $1M) organizations. **Dialogue** is also consistently represented among organizations of all sizes in this survey, and generally features more prominently as a focus than advocacy. **Promotion** of private sector development is most common among organizations with budgets greater than $5,000,000 (15). **Partnerships** follow quite a similar trend, being most common among very large (over $5,000,000) (13) organizations.

Why engage the private sector?

Respondents often described why they are engaging the private sector in terms of the roles they play.

Connector	Educator	Convener	Contractor	Grantee
Identifying and overcoming some of the key barriers that prevent local communities from participating in, and scaling up, local economic activity.	Increasing corporate awareness and understanding of the implications of their business decisions and how these impact the lives of the poor and marginalized; may include efforts to reform practice.	Including different private sector actors within multi-stakeholder discussions to explore how the private sector may contribute to development objectives.	Integrating existing private sector actors to deliver specific services in development projects or programs.	Receiving project-specific funding or co-financing from private sector actors, particularly for projects in which the private sector actor has a shared interest in the community or project theme.
Example:	*Example:*	*Example:*	*Example:*	*Example:*
Technical assistance programs to build capacity and skills of local entrepreneurs and small businesses in low income communities.	Working with local labor unions to address issues such as gender inequality or working conditions in local business practices.	CSOs facilitating roundtable dialogues with industry, government, and civil society. Discussions could be arranged based on region, industry, or specific thematic issues.	Incorporating engineering firms in the design and implementation of a local water and community sanitation project.	A partnership with an extractive company where the project may be located in close proximity to the area of the corporation's activity.

Why not engage the private sector?

As previously stated, 30 percent of the survey respondents (or 19 of 61) indicated they are *not* currently

engaging the private sector, and 14 out of these 19 organizations indicated that they have no intention of doing so in the future. Several of these suggested that in order to address their primary objectives and practices, they felt their work needed to focus exclusively on engaging local CSOs (including trade unions). Other organizations said that they saw no clear connection between achieving their organizational priorities, and potential contributions that might come from engaging the private sector.

What do these approaches look like?

To shape the questions in the survey, CCIC reviewed two decades of materials produced by the Council on private sector engagement and identified four types of approaches that have typically characterized how CSOs engage the private sector (Canadian, host country, foreign and multinational). This includes approaches to influence and change corporate behavior through external (**advocacy**) and internal (**dialogue**) activities, long-standing efforts to **promote** the local private sector, both formal and informal, and newer approaches to **partner** with the private sector to leverage their expertise and resources.

The survey responses added further dimensions to these approaches. CSO **advocacy** with respect to corporations is focused on the power and influence exerted by corporations on low income and marginalized communities. These actions intend to shape public opinion, policy and legislation to influence corporate behavior, as well as apply direct pressure on corporations to hold them accountable for their actions in developing countries. Many respondents who identified with this approach signaled the importance of a *systems approach,* which acknowledges a range of different actors that interact with one another in a complex system that in turn has an impact on the lives of poor and marginalized communities. Respondents identified a number of "levers" to put pressure on corporations, including coalitions pushing for greater accountability from corporations, peer pressure, national legislation, global agreements, and public engagement strategies.

Dialogue by CSOs with corporations focuses on encouraging corporations to become more socially or environmentally responsible corporate citizens or to integrate better practices into the market place, strengthening an ethical values base in the decisions and priorities of the private sector from within - through information, exchange and dialogue on the concerns of local communities or emerging global norms. Actions are intended to inspire social and environmental values within existing businesses as well as markets, and give "teeth" to the goals of governments and CSOs in terms of accountability and transparency for international corporate actors. CSOs draw attention to global development principles and standards and their implications for particular corporate approaches and investment practices and encourage corporations to adhere to these. Several CSO respondents noted that they too gained perspectives and insights when hearing the priorities and concerns of corporations through this dialogue process.

CSO **promotion** of private sector development entails shaping inclusive economic growth by focusing mainly on the economic activity of local communities. But this approach also looks at involving all sectors of society in order to achieve development objectives. The majority of organizations utilizing this approach described this economic empowerment as a component of sustainable development. Two key priorities emerged in terms of the approach that organizations are taking to private sector promotion: 1) Direct training in business management and other technical skills; and 2) Addressing "value chain" issues that enable targeted populations to access and integrate into larger markets.

CSOs engaging in **partnerships** with private sector actors identified the value of economic growth and markets and their contribution to overall development objectives by seeking to work directly with the actors that make these economic systems function. Respondents called this approach a driving force in poverty reduction, an opportunity to increase the impact of growth and the private sector, and to create opportunities for marginalized populations. These partnerships were most frequently initiated by CSOs, who identified the areas of collaboration. In other instances governments incentivized these partnerships.

How prominent are these approaches?

Both **promotion** of the private sector and **partnerships** with private sector feature prominently among organizations' approaches. For organizations that said that **partnerships** was the "most prominent" approach, **promotion** was most often their "second most prominent" approach. For example, several organizations gave examples of promoting growth in the local agricultural industry (i.e. building the capacity of smallholder farmers) so that they would be able to establish business relations and partnership agreements with larger private sector companies. Many organizations do include a component of **advocacy** around private sector issues, and even **dialogue** with private sector actors, but in general this work makes up a small portion of their day-to-day operations.

Which private sector?

Survey respondents were asked to identify both the **Origin** and **Size** of the private sector actors they engage, and what approach they are using to engage these private sector actors (i.e. advocacy, dialogue, promotion, or partnership). **Origin** refers to where the private sector company has its headquarters: "*Host Country*" (based in the country of programming), "*Canada*", or "*Other Country*" (a foreign "third party"). For businesses whose headquarters are difficult to identify or where their "origin" is not particularly relevant, respondents indicated "Multinational." **Size** is broken down into three categories: "*Micro Enterprises*" have a staff of less than 10 people, "*Small-Medium Enterprises*" (SMEs) range from 10-250 employees, and "*Large Corporations*" include businesses with over 250 staff.

First, private sector promotion is predominantly geared towards host-country micro-enterprises (23 organizations), with a still sizeable focus on SMEs (17 organizations). This trend coincides with the prevalent focus of Canadian development actors on building the technical skills and capacities of small businesses. A second, more interesting trend, is how much of a focus all of the other approaches - **Partnerships**, **Advocacy**, and **Dialogue** – have on large Canadian corporations (18 organizations for each of the 3 approaches), especially relative to large corporations in the host country. Canadian CSOs, it seems, are more focused on trying to change Canadian corporate practice and encourage accountability (Advocacy and Dialogue), as well as leverage Canadian private sector finance and expertise (Partnership).

Which industry?

The survey demonstrated that the *approach* taken by an organization is often specific to a certain type of private sector industry. Figures in brackets indicate the number of organizations meeting the criteria.

Advocacy focused primarily on extractive corporations (10). Financial services (4) come a distant second.

Dialogue is also taking place with extractive corporations (8), while financial services (6), sales and marketing (5), and agriculture (4) are also present.

Promotion of private sector development takes place mostly among the agricultural industry (16), followed closely by food packaging and distribution (13) and to a lesser extent arts/and crafts (9).

Partnerships are most commonly sought with extractive corporations (9) and the agricultural industry (9), followed closely by partnerships with financial services (8) and food packaging and distribution (7).

Challenges and opportunities?

Respondents identified a number of challenges and opportunities for CSOs that are most commonly associated with the four different approaches to engaging the private sector.

On the **challenge** front, "Lack of Shared Priorities" is the number one challenge faced by those engaging in Partnerships, Promotion, and Dialogue, and the third highest challenge in Advocacy work. "Contrasting operating modalities" also features highly (either 2nd or 3rd) in Partnership, Promotion and Dialogue. Furthermore, "lack of shared expectations" also ranks highly for both dialogue and partnership. This suggests there may be a significant divide, and substantial differences, between CSOs and private sector actors when it comes to organizational values, goals and objectives and ways of working. This speaks to the importance of investing substantial time and resources to building trust in partnerships, in establishing and understanding each party's respective lexicon and perspectives and why Dialogue is an important secondary feature of any approach that focuses on promotion or partnership.

There are also trends in terms of **opportunities** that emerge from the survey data. The results demonstrate that organizations see opportunities for all four approaches in terms of capacity building for partners, sharing knowledge, and establishing new networks. While there may be substantial differences in organizational priorities between CSOs and private sector actors (as noted above), all four approaches are creating opportunities for CSOs to build their own partners' capacity, knowledge and networks. Finally, while approximately one quarter of respondents were interested in engaging the private sector as a source of project-specific funding and co-financing, organizations identified "Financial Security" as offering the least likely opportunity for success in terms of engaging the private sector. "Project-Specific Funding" may be a key driver for engaging the private sector, but these actors are an uncertain source of long-term funding.

What tools and resources are CSOs developing to engage the private sector?

As is to be expected, many organizations are using a range of "due diligence" tools and resources to steer their engagement with the private sector - internal "screening criteria", different business models, and guides to ethical decision-making to help manage risks, expectations, and responsibilities when it comes to engaging the private sector. About one quarter of those who responded to the question (or 7 out of 25 organizations) indicated that they were currently "in the process" of developing tools and resources for their organization. Some of these tools are being tailored to address engaging specific industries of the private sector. Some organizations are conducting further research to develop the appropriate tools.

Perhaps not surprisingly, some of the biggest gaps that organizations identified as needing to be filled in

order to advance their engagement with the private sector were the following: developing tools to manage private sector engagement strategies, building internal understanding of private sector practices and priorities, and bringing on staff with more business experience (See "So what gaps need filling?" below for further details).

What are groups doing to prepare their private sector engagement in the future?

Regardless of whether or not organizations are *currently* engaging the private sector, eighty percent (or 32 of 40 respondents) have preparations underway to engage the private sector in the future. Similar to the tools already developed by others, organizations indicated that they are developing organizational policies, strategies and tools around corporate engagement and "Due Diligence". More specifically, they are researching areas of convergence between current government policies and the long-term priorities of their own organizations. Groups are investing more in multi-stakeholder dialogue with corporations, including with local communities and local private sector actors (hence the prominence of dialogue on the approaches above as a secondary element to organizational strategies). Some identified specific industries to which they were devoting increased attention, in terms of project-specific funding, joint-programming, increased dialogue, or advocacy opportunities. Several were actively pursuing partnerships. Others were continuing their current approaches to engaging the private sector.

Why engage now and around what?

One common response was that the role of the private sector as a key development actor was an emerging global trend. Being able to contribute to the conversation on effective engagement practices was cited as a reason for devoting attention to this issue. Respondents commonly linked wanting to engage the private sector in the future with the interests and priorities of host-country partners, local economic development, and the role of economies in creating sustainable livelihoods and nurturing development.

In practice, this translates into giving priority to local ownership of inclusive economic development strategies - although it is notable that there is currently a low level of engagement by groups with Host-Country SMEs and large Host corporations (as noted above). Looking to the future, CSOs also see social enterprises as a growing industry, blending traditional economic objectives with social and environmental priorities that are core to their operations. Finally, survey respondents are interested in developing guidelines and models for effective private sector partnerships.

So what gaps need filling?

In order to pursue new and existing initiatives to engage the private sector, there are a number of gaps that need filling. Increased knowledge and organizational understanding are an area of focus for respondents. Tools for engagement were cited several times as a needed resource - monitoring and evaluation tools for programs that include a private sector component and for the partnerships themselves, awareness of different business models, contracting conditions for service delivery, how to address concerns around legalities of private sector engagement and charitable status, and negotiation frameworks for these engagements. Generating this type of organizational learning and tools would require personnel resources (staff time and expertise). Survey respondents also expressed a desire to do research and collaborate with other CSOs to build a collective capacity to respond to the challenges of

engaging in this area.

And what can CCIC do?

Case studies of different private sector engagement strategies and sharing tools and criteria for engaging the private sector were the top two responses. There is an appetite to learn about what is working in other contexts and to explore the lessons learned from these engagements. Round-table discussions that are both approach-specific (Advocacy/Dialogue/Promotion/Partnership) and sector-specific were also high on the list, providing a platform for knowledge-sharing to take shape.

Implications and findings of this research

A number of implications have emerged for both CSOs engaging the private sector and for CCIC.

- **The different approaches are clearly not mutually exclusive, and may in fact complement one another.** For example, one organization said that their primary approach of partnering with a private sector actor helped them recognize that "Canadian laws and regulation and consumer choices impact and are implicated in the lives of communities… around the world." The organization's relationship with the private sector helped them identify key advocacy strategies. Going forward, organizations and coalitions need to think more intentionally about how they might integrate elements of dialogue and advocacy into the other two approaches (promotion and partnership), in particular working with counterparts at the host country level – potentially drawing on lessons learned by organizations that have been "successful" in their advocacy and dialogue.

- **CSOs may want to extend their reach outside current targeted private sector actors for each of the different approaches.** The four approaches have had clear targets, with promotion predominantly with micro, small and medium-sized enterprises, and advocacy, dialogue and partnership primarily with the larger Canadian private sector. The approaches also tend to target certain thematic sectors, for example, with advocacy focused on the extractives, dialogue on financial services, promotion on agriculture and food security, and partnership with the extractives and agricultural sector. Given the potential benefits to be had from integrating different elements of each approach into engagement strategies with the private sector, organizations may want to consider how to integrate different targets into their approaches. For example, organizations with experience engaging large Canadian companies may focus on sharing these lessons learned with host country partners looking to engage corporations in their country.

- **Specific approaches "ebb and flow" in consultation with partners**. Organizations and their partners take on different approaches according to the different roles they are playing. The orientation of Canadian CSO strategies in developing countries could be focused on strengthening local counterparts not only to engage private sector actors in the different approaches, but also to participate in dialogue on the roles of the private sector in country development strategies.

- **CSOs clearly see several active roles for themselves in terms of how they are engaging the private sector.** CSOs play a range of different roles. CSOs are clearly not passive actors in their relationship with the private sector. Going forward, CSOs may want to consider how they can

further develop these roles and what skills and tools are necessary to do so; they may also want to explore the useful intersections between their different roles and the appropriate division of labor between Canadian and developing country CSOs.

- **It is important to recognize the different roles that the different development actors play, not just what the private sector can do for development.** CSOs as independent development actors in their own right have a key role to play. CSOs have extensive experience in terms of working with the local private sector and engaging small-scale business. Civil society, and particularly developing country CSOs, are in a unique position to understand and prioritize the needs (and identify the assets) of individual communities. This has "added value" for both businesses (investment opportunities and market analysis) as well as governments (population needs and assets, as well as identifying "change agents" within communities).

- **But don't assume you have to engage the private sector just because everyone else is.** Not engaging the private sector is also a valid decision for many organizations. Because of its focus on engagement, this report has not studiously examined the legitimate CSO perspective that the private sector's role in development and its inherent goal of maximizing profits is intrinsically contradictory to the vision and model of development that their organization may be promoting.

- **Furthermore, engaging the private sector requires long term investment of time and resources.** One of the biggest challenges that organizations identified in terms of engaging the private sector is the substantial differences in organizational culture and power dynamics between actors. These gaps take substantial time and resources to fill, not to mention commitment. Given this, organizations would do well to first seriously explore possible synergies or areas of convergence in terms of engaging the private sector – and accept that there might not always be a good fit.

- **But private sector engagement may bring with it key benefits.** It may facilitate the sharing of knowledge between different actors, building partners' capacity around local economic development, scaling up programs and expanding networks. But such partnerships and promotion on the part of CSOs must carefully balance two essential dimensions: the role of the private sector in contributing to positive development outcomes, on the one hand, and keeping corporations accountable to global standards and the law, on the other.

- **Many organizations have already developed a range of processes, policies and tools that could provide useful insight for others.** Current CSO resources include policies on corporate engagement, different business models, internal screening criteria, guidelines to help manage risk, expectations and responsibilities, and value chain analysis. Different organizations' experiences to date could offer a rich source of information for a learning circle among the CSO development community, as well as a positive way to build the collective understanding and capacity of the community around these issues – regardless of whether organizations are giving priority to engaging the private sector or not. More specifically, this could be done through a) shared learning of tools (both new and old); b) joint learning around the different engagement models (the four approaches) that work in the Canadian context; and, c) the development of tools to monitor and evaluate the impact of these different approaches of engagement (in particular on partnership, which is the new trend).

1.0 Introduction

Over the past two decades, civil society organizations (CSOs) have become increasingly engaged in promoting programs and projects that encourage local economic development, and that increase and diversify household incomes in the countries and communities where they operate. CSOs promote the local private sector by supporting market and "value chain" linkages; by improving private enterprises' access to appropriate financial systems and tools; through skills training and capacity development; and through the provision of other business tools. Support for the local private sector is commonly cited as one of the many factors contributing to poverty reduction, economic and social development, and the progressive realization of people's human rights.

At the same time, many CSOs have also focused their attention on reforming global financial, economic and trade systems, and the social, economic and environmental damage that larger national corporations or multinationals have sometimes wrought on the countries where they operate. A short term focus on reducing costs and maximizing profits has led some businesses to make decisions that adversely affect communities or the environment in which they operate. From exploited workforces and compromised labor standards, to incomplete consultation processes and destructive environmental impacts, some businesses can do more harm than good when it comes to generating positive development outcomes. As a result, some CSOs have focussed on encouraging businesses to adopt better corporate social responsibility practices, and on ensuring that corporations are held to account for their actions with respect to the international and national laws and standardsin the communities in which these companies operate.

Over the past several years, the role of the private sector in development, particularly how these actors can address global development challenges, has garnered increased attention.[3] As a result, donors and many CSOs are looking at how to engage the private sector to achieve various development objectives. In particular, donors and CSOs are moving towards more explicitly partnering with private sector corporations to achieve international development objectives and outcomes. In Canada, as in many other donor countries, this has led the government to increasingly underscore the role of the private sector in development.

In anticipation of what this latter trend may mean for the future of the international development CSO community in Canada, CCIC launched a research project to explore how Canadian CSOs are engaging the private sector in development. The research project included an examination of past CSO experiences with private sector partners, as well as an assessment of organizations' plans to engage in this area going forward.

---

[3] For a good overview of recent analysis on the private sector and development by civil sociey, see "CPDE Background Paper on Private Sector Engagement in Development," CSO Partnership for Development Effectiveness, September 2013, on-line:
 http://www.csopartnership.org/downloads/CPDEBackgroundPaperPrivateSectorEngagementinDevelopment-final.pdf. **Annex 1** also includes a list of CCIC publications and co-publications relating to the private sector and international development.

To capture this information, CCIC surveyed its members and members of the provincial and regional councils, as well as a number of other major CSO actors. The shape and content of the survey was guided by research on CSO experiences over the past two decades, as well as a Steering Group comprised of development professionals with a range of experiences in engaging the private sector.

The survey was launched in September 2013 with three CCIC objectives in mind:

- To develop a comprehensive map of the different ways in which Canadian CSOs are engaging the private sector;
- To document CSO experiences and lessons learned, both good and bad, and identify tools that organizations have developed as part of their respective approaches; and,
- To identify key gaps in CSOs' current collective approaches to the private sector, opportunities for policy recommendations, and ways that CCIC can support its members on this issue in the future.

As such, the survey and this report were intended to help individual organizations situate their approach to the private sector within the context of the broader set of approaches being pursued among the CSO development community. It was also hoped that the survey results would provide greater information on quantitative and qualitative dimensions of this, providing a basis for analysis on how civil society is engaging the private sector. An important goal of the study was to use this analysis to further nuance debates on the role of the private sector in development (at least in the Canadian context) and how CSOs are engaging and can engage on the issue.

This report on the survey findings provides a broad overview of the four different approaches that are being taken by Canadian CSOs as they engage the private sector, namely: advocacy, dialogue, promotion and partnership.[4] As a result, it primarily responds to the first of CCIC's objectives above: providing a map of how different groups are engaging the private sector. Given the huge scope of the survey, and the interest in keeping this report to a manageable length, this report intentionally refrains from elaborating too extensively on the details of these approaches. Instead, CCIC hopes to follow-up on this initial report with one or two separate "Module" papers that look at one or two of the four main approaches in more depth.

Nevertheless, the responses to the survey illuminate the great depth, variety, and complexity of the different approaches, as well as the current and changing priorities of CSOs involved in Canadian international cooperation with respect to engaging the private sector.

The report begins in Section 2 by providing details on the conceptual framework that guided the survey design and methodology, how the survey was implemented, and the limitations to the survey.

The next section, Section 3, then details the survey findings. In the first part, it provides a general overview of the survey respondents. The second part provides the rationale for why organizations are

---

[4] Please refer to the "Framework" outlined in section 2.1, entitled *Conceptual Framework and Survey Design* for an overview of these different approaches to engaging the private sector.

engaging, or not, with the private sector, the types of roles CSOs are playing, and the extent to which this engagement is through their own organizations or with host country partners. The third part provides a little more depth to each of the different approaches, including key findings from the survey as they relate to the four approaches. The fourth part looks at the prominence among the CSO community of the four approaches to engaging the private sector. The fifth part addresses the scope of the different private sector actors being engaged (Canadian, other foreign corporations, host country or multinational) Part six evaluates whether there are any organizational characteristics specific to both engaging the private sector or to a certain type of approach (size of organization, organizational focus area, type of industry). Finally, part seven addresses the types of challenges and opportunities CSOs identified in relation to each of the approaches.

The final substantive section of the report, Section Four, identifies tools and resources being used by CSOs in their approaches to the private sector, the perceived gaps in terms of current practice and capacities, as well as the next steps group are anticipating taking or would like to see taken in the future.

The report concludes by drawing a number of implications from the findings in terms of the work for Canadian CSOs looking forward.

It is hoped that this research and report generates more substantial and useful data that will help move our analysis of how Canadian CSOs are engaging the private sector, from a series of anecdotes to a more comprehensive assessment of the different approaches that groups are taking – and in doing so, help further the debate on the future roles that civil society can play (or not) in terms of engaging the private sector in development.

2.0 Survey Design and Methodology

2.1 Conceptual Framework and Survey Design

Since the Fourth High Level Forum on Aid Effectiveness (HLF4) held in late November, 2011, where the role of the private sector in development was a key theme, the topic of CSO engagement with the private sector has been a source of much deliberation and debate. This CCIC survey and report took inspiration from a process that CONCORD (the European CSO confederation for relief and development) initiated following HLF4 to gauge where its members stood on the private sector and development debate. CONCORD aimed to establish where and on what issues members had common positions. CONCORD kicked off this process with a brief survey of its members to canvas their opinions on the key issues. CONCORD's members then developed four short papers that were based on the responses to the survey, a matrix mapping the types of partnerships/modalities through which members were engaging the private sector, and a more comprehensive background paper that served as the basis for a special event to pull these various elements together and map a plan of action going forward.[5] The CCIC survey sought to build on the lessons learned by CONCORD in that process and to adapt it to the Canadian context and experience.

To help guide and inform the content of the survey, CCIC conducted a background study of prior CCIC policy work and discussions on the private sector and development. This helped to situate the survey in terms of how CCIC members have engaged the private sector over the past twenty years.[6] The research also identified various approaches and underlying theories of change in terms of how groups were addressing the issue. These formed the basis of a provisional Framework for how Canadian CSOs are engaging the private sector. The elements of this Framework appear in Box 1 below, with descriptions that are intended to give some shape to each of the four approaches. This Framework played a central role in shaping the design of the survey, allowing survey respondents to contextualize their own approaches and experiences in engaging the private sector.

The CONCORD experience also pointed to the importance of creating a common point of reference for key terminology that would form the basis of organizational responses - more specifically, clearly defining what is meant by "engagement", as well as what qualifies as the "private sector" in the survey (See Box 2 below).

The Framework and the key definitions were further refined in consultation with a CSO Steering Group on the Private Sector - a committee of development practitioners drawn from CCIC's membership and beyond, who bring with them a wide array of experience in terms of engaging the private sector. The Steering Group also helped identify priority issues for the survey, clarified key terminology and

---

[5] Only the background paper for the special event is publicly available. It can be found on-line at http://www.concordeurope.org/287-concord-background-paper-for-special-event-on-private-sector-in-development
[6] As noted already, for a list of the publications reviewed by CCIC to inform this process, see **Annex I**.

assumptions, and helped formulate the survey form and questions. The full set of survey questions based on this Framework is available in **Annex II**.

Box 1: Framework for How Canadian CSOs are Engaging the Private Sector

Advocacy

- Activities are aimed at challenging or changing the practice/ operations of private sector actors from "the outside." The intent of these actions is to improve corporate behaviour, or limit the ways that profit-driven economic systems can harm people, communities and the environment. This approach may include attempts to influence policies or regulations (indirect), or place direct pressure on businesses to make changes.

Dialogue

- Activities are aimed at building an ethical value base within the private sector from "the inside". This approach may include efforts to pioneer or encourage new forms of socially or environmentally responsible enterprise among companies, to increase consumer or investor demand for sustainable practices, or to find ways to prioritize and integrate principles of social or environmental responsibility and justice into the marketplace.

Promotion

- Activities are aimed at promoting economic growth through efforts to facilitate the development of the local private sector, both formal and informal. This approach may include efforts to work with low-income populations, and develop skills and capacities that strengthen their access to or participation in economic activities.

Partnership

- Activities entail formal, contractual relationships with private sector actors to provide assets and services, that often may complement existing efforts by other development actors, to achieve broader development objectives that are not necessarily limited to a focus on growth. This approach may include partnership agreements, memorandums of understanding, participation in public-private partnerships, etc.

Box 2: Definitions

The **PRIVATE SECTOR** includes organizations in which a predominant part of their core strategy and mission focuses on profit-seeking activities, whether by production of goods, provision of services or commercialization, with a mixed degree of focus on social or environmental dimensions. For the purposes of this survey, it includes financial institutions and intermediaries, micro, small and medium-

sized enterprises, farmer/producer groups, cooperatives, social enterprises, large corporations and transnational corporations.[7]

ENGAGEMENT includes interaction between any combination of civil society, government, and private sector for the purpose of influencing the behaviour of the private sector actor(s) or collaborating with them, in order to achieve particular development goals. Engagement can be both direct (actor-to-actor, e.g. civil society - private sector partnership) and indirect (through a third party, [e.g. working with government, partners, community coalitions, etc. to influence a private sector actor]).

NOTE: For the survey, relationships that are purely financial [e.g. an unconditional grant or donation] do not qualify as "engagement." Rather, engagement includes interactions that directly impact an organization's activities or priorities.

Although the framework identifies four distinct approaches, the approaches themselves are clearly not mutually exclusive. A CSO may take several different approaches to engaging a private sector actor, and may pursue these simultaneously or in sequence. While the survey was designed to categorize and capture the dynamics of each of these individual approaches, several questions in the survey also gave organizations the opportunity to describe the "ebb and flow" their organizations may experience between different approaches. Furthermore, the approaches to engaging the private sector also depend on the characteristics of the private sector actor itself. Recognizing this, the survey gave space to assess aspects of scale, origin, and industry of the private sector actor in each of the approaches. In this way, the results from the survey are intended to give more depth to the Framework, as well as to demonstrate current priorities and approaches of Canadian CSOs on this issue.

2.2 Implementing the Survey and Limitations

After initially piloting a draft of the survey with a number of development organizations, the survey was revised and CCIC's 80-plus members, members of the provincial and regional councils, and other Canadian CSOs working in international development were invited to complete it on-line (either in English and French). Several organizations that CCIC identified as working with the private sector were directly contacted and encouraged to respond. Organizations were given five weeks to complete the survey. They could also return to the on-line survey throughout this time period to add to or complete their respective responses. Survey respondents were informed that while their responses, including direct comments, would form the basis of the report, none of the responses within the report would be attributed to individual organizations in any way. This level of anonymity contributed to the quality and transparency of the information received through the survey.

---

[7] The main criteria of our definition of the private sector is that these actors are involved in privatizing profits for the individual owners of capital, including individual shareholders who do not participate in the actual economic activity of the organization. There was much discussion about which actors might be included within this definition. Some of the actors cited here may not have as their main purpose the realization of private profit, but rather the socialization of the benefits of economic activity. In this case, these actors may be working in the economic realm, but not necessarily be traditional private sector actors. Nevertheless, for the purposes of this survey, we opted to keep the definition broad, including the actors that fall within the scope of the definition.

That said, it is important to acknowledge the complexity of this survey. Several respondents noted that it took a while to "wrap their minds" around the framework of different approaches to engaging the private sector, and how these approaches applied to the work of their organization. This is part of the intrinsic challenge of designing a common set of questions for a diverse set of civil society actors.

The survey also has a level of subjectivity. CCIC tried to address this by providing clear definitions for the various terms being used with the goal of generating some degree of consistency and comparability across the responses. While CCIC acknowledged that the survey definitions may not be perfect and may not fit with how the individual respondent might define the terms, CCIC emphasized that the definitions were there to offer some clarity and common understanding for all respondents. The need for a common frame of reference was a key learning from CONCORD's experience in terms of surveying its members; CONCORD's failure to provide any definitions for key terms meant respondents spent much of their time defining their own understanding of the questions.

Secondly, survey respondents were given a range of approaches to engaging the private sector (i.e. the above Framework). They were then asked to identify how *prominent* each approach was in the work of their organization. The survey could have used a metric to measure "prominence," such as the number of projects utilizing a given approach, or the number of staff hours committed. However, it would have been a demanding process for organizations to come up with this information. Instead, respondents were asked to rank the prominence of each approach within their organizational practice and values, a process that is somewhat subjective and arbitrary. As such, individual respondents within an organization may have had different perceptions of their organization's approaches, activities and priorities. To address this risk, CCIC sent the survey to organizations' Director of Programs or Executive Director to help ensure that the survey would be completed by someone with a good sense of their organization's overall perspectives and approaches with regards to the private sector. CCIC also provided a PDF version of the survey to allow individuals within the organization to share their responses or seek further information from key individuals, also allowing for a more collective "organizational" response to the questions. Several organizations took this approach.

Furthermore, to address the limitations of simply identifying or ranking the four approaches, respondents were given several opportunities to expand on their experiences and further illustrate the dynamics of these different approaches. This methodology was used to substantiate what otherwise could be perceived as a purely subjective ranking.

Finally, many of the questions in this survey were optional. While there were a total of 62 organizations that participated in this survey, not every organization chose to respond to every question (and in fact only 61 responded to most of the questions). As such, percentage values in graphs and statistics are relative to the total number of respondents to a *corresponding question*, not the entire sample size of the survey. To help clarify the sample size of each question, the top-right corner of each Figure displays the total number of responses to the corresponding question. Unless otherwise stated, the numerical values on graphs are an indication of the *total number of organizations* that meet the given criteria.

3.0 Survey Findings

This section highlights the key findings from the survey, focusing on general trends in Canadian civil society organizations' engagement with the private sector.

The following results are organized based on the key thematic areas of focus of the survey (see **Annex II** for the complete survey). Subheadings are used to organize trends that emerged from individual questions.

3.1 Profile of Survey Respondents

Figure 1: Council memberships
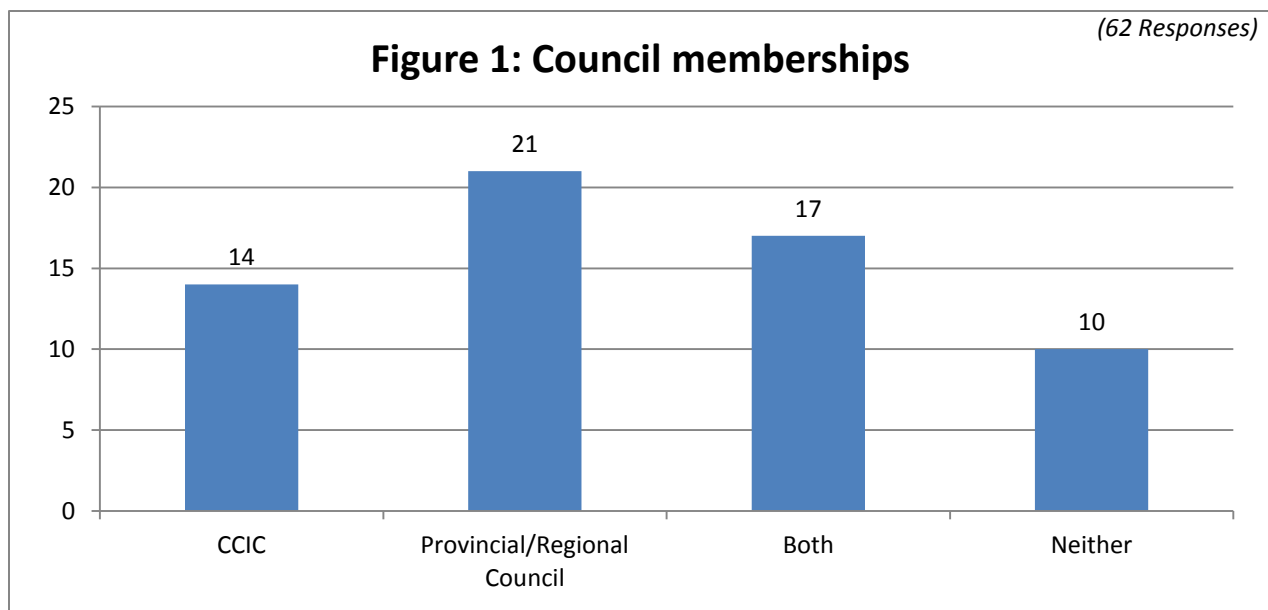
(62 Responses)

In total, **62 Canadian CSOs completed the survey**. As is evident in Figure 1 above, the highest number of responses came from members of the provincial and regional councils (a total of 38 organizations), followed by groups affiliated with CCIC (31 organizations).[8] An additional ten non-affiliated organizations responded to the survey. The respondents represent 10.0 percent of the CCIC membership and the Provincial Council membership (combined, all of the Council have approximately 380 members).

---

[8] Note: Some organizations are members of both CCIC *and* Provincial/Regional Councils - as indicated by the "Both" category.

Figure 2: Organizational annual budget, 2011-12

(62 Responses)
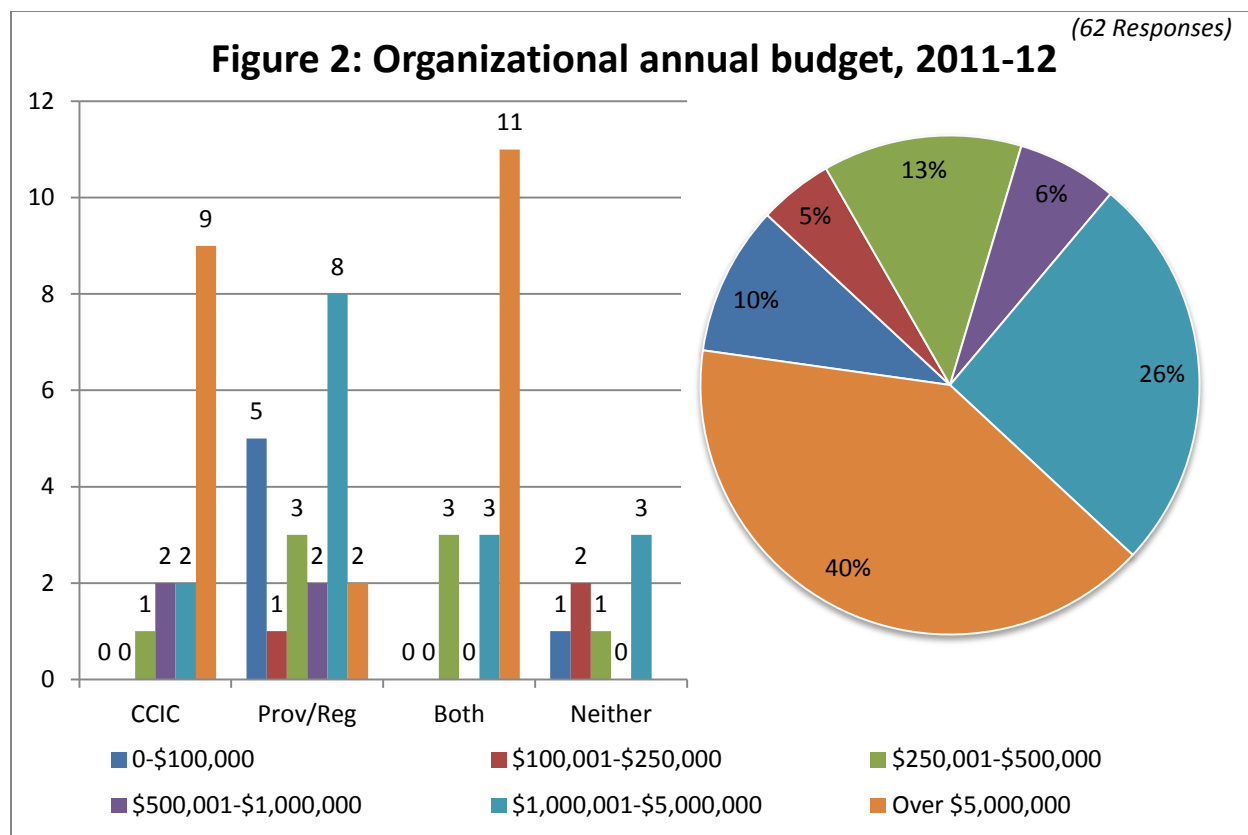
Organizations were also asked to identify their organizational budget for fiscal year 2011-12 as a way of identifying the size of the organizations responding to the survey. The bar graph in Figure 2 above demonstrates that the CCIC members who responded are predominantly within the "Over $5 million" bracket (20). Organizations from the provincial and regional councils fell predominantly within the "$1 million to $5 million" bracket (11). The pie chart above illustrates that, overall, organizations with budgets over $5 million were well represented in the survey (40% or 22 organizations), as were those in the $1 to $5 million range (26% or 16 organizations). Those with a budget of less than $1 million constituted 34% of respondents (or 24 of organizations).

Organizational budgets will be referred to throughout this report to help provide a sense of the size of the organizations behind certain dynamics of private sector engagement practices.

Figure 3: Organizational sectoral and thematic areas

Number of organizations identifying a focus area

Focus area	Number
capacity building, training	52
gender issues, girl's and women's rights	48
participatory development	40
food security	38
rural development, agriculture	35
education, literacy	35
children, youth, family	34
volunteer or expert sending, technical assistance	31
human rights	31
health	30
sanitation, water	27
democracy, good governance	27
communication	26
emergency relief, refugees, humanitarian assistance	26
nutrition	25
small enterprises, informal sector	25
micro credit	20
ecology, environment, biodiversity	18
marketing	14
peacebuilding, conflict	14
labour development	11
population, family planning, demography	7
energy	6
debt, finance, trade	6
information technology	5
urban development, habitat	4

Figure 3 above indicates that the organizations that responded to the survey work in broad cross-section of sectoral and thematic areas of focus, an important factor in terms of our ability to draw conclusions about how the broader community is approaching these issues.

The diversity in the size and the breadth of sector work in the organizations responding gives a good cross section of the Canadian CSO community. Taking account that organizations engaging the private sector were more likely to respond, the trends identified below can be considered broadly representative of this community.

3.2 Level of Engagement with Private Sector

The primary objective of this survey was to uncover the extent to which organizations are engaging the private sector (currently or in the past five years) and what this engagement entails. To help clarify the scope of what was meant by "engagement" and the term "private sector," survey respondents were given definitions to help situate their responses to the survey (see Box 2 in section 2.1 above).

When asked if their organization is or has engaged the private sector, 70% (or 43) of 61 respondents to this question answered that their organizations are engaging the private sector in some manner in their work (see Figure 4). Thirty (30) % (or 18 organizations) indicated that they are currently not engaging the private sector, and furthermore only three of these 18 indicated any intention to engage the private sector in the future – leaving approximatley one-quarter of those surveyed with no plans to engage the private sectorat all. While there is an inhernet bias in the survey in terms of garnering more responses from those organizations that engage the private sector, which may in turn exaggerate the number of organizations actually doing so, the responses nevertheless indicate a very significant proportion of Canadian CSOs are currently engaging the private sector through the four approaches outlined above.

(61 Responses)

Figure 4: Does your organization engage the private sector?

No, but we are considering it
5%

No (and did not indicate future intentions)
3%

Yes
70%

No, and we are not considering it
22%

11
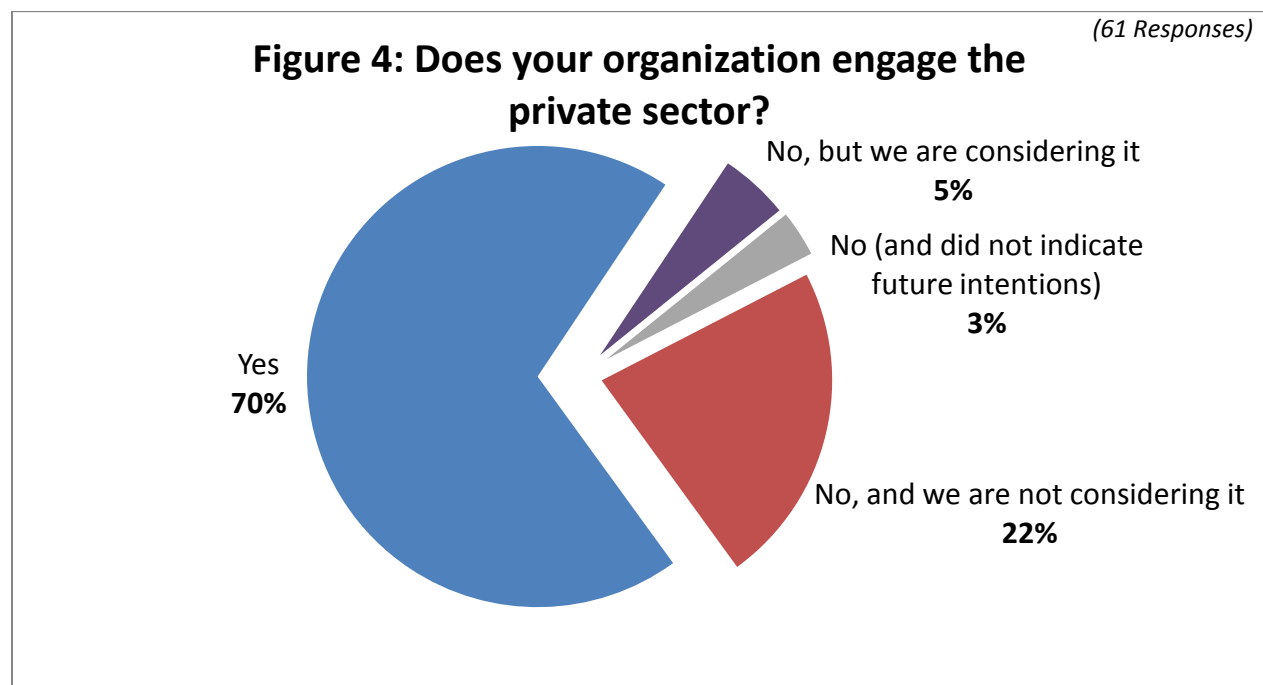
3.2.1 Why Engage the Private Sector?

"The main purpose of our engagement with the private sector does not only encourage extractive industries to go beyond traditional CSR approaches, but also to support the broader national agenda and to contribute resources to the [local] Government's priorities on poverty reduction."

Organizational budget: over $5 Million

"Most of our private sector engagement is focused on supporting the efforts of farmers to participate in the market to improve their livelihoods, and this often involves the development of marketing structures, cooperatives, and contractual relationships with the businesses."

Organizational budget: over $5 Million

Organizations who indicated that they currently engage the private sector were able to comment on the main purpose of this engagement in order to develop an understanding of why their organizations felt the need to engage the private sector in the first place. A few key themes emerged from the responses, common to all of the approaches: advocacy, dialogue, promotion and partnership.

Engaging the private sector to create local economic opportunities for the poor was the most frequently cited rationale (42% or 18 out of 43 organizations). Often articulated as a "value chain" approach, CSOs are working to identify some of the key barriers that prevent local communities from scaling up their economic activity. In doing so, many organizations have invested in technical assistance programs to build capacity and skills of local entrepreneurs and small businesses in low income communities. Organizations carry out this work with the intention of creating jobs and improving access to larger supply chains, thereby increasing the market space for these groups to sell their goods. Respondents described themselves as the "**connector**" to help build deeper and more prevalent links between the community groups they work with and broader markets. Several respondents noted that this approach was a key contributor to their understanding of long-term, sustainable economic development and change.

Second, many respondents noted their intention to influence corporate understanding of, and behavior related to, issues that affect poor and marginalized communities. Nine (9) respondents indicated a strong sense of taking on the role of "**educator**" to increase corporate awareness of the implications of particular business decisions (such as procurement practices) on development, and how those decisions contribute to poverty reduction. Through enhanced understanding of these types of issues, respondents hoped to influence corporate behaviour and "raise the bar" for corporate practice, challenging businesses to go beyond traditional corporate social responsibility (CSR) approaches and instead make greater contributions to local and national development agendas and outcomes.

The goal of influencing corporate behavior relates to a third purpose organizations had to explain their engagement: namely the importance of a potential role for the private sector to contribute to development objectives. Some organizations very purposefully included different private sector actors

within multi-stakeholder discussions to explore how they might collectively create an enabling environment - that is the right legislative, policy and financial environment - for economic growth within a specific country context, and one that includes the concerns and priorities of low income and marginalized communities. Several respondents described their function as that of a "**convener**," facilitating dialogue between industry, government, and civil society.

As groups look to build technical capacity of local communities, several organizations also noted that their engagement strategies include efforts to better integrate existing private sector actors into their projects or programs from a service delivery perspective. The concept of "harnessing the expertise of the private sector" was prominent in these approaches as CSOs took on the function of a "**contractor**," incorporating both the skills and the networks of existing private sector actors to more efficiently deliver projects and programs.

Finally, just over one quarter of respondents (28%, or 12 out of 43 organizations) said that that their engagements with the private sector also included financial components. In these cases, the private sector was cited as a resource for project-specific funding and co-financing. In some of these relationships, the private sector actors had a shared interest in the community of focus for the project (for example, communities in close proximity to mining sites for extractive corporations). Other relationships were noted to be more philanthropic in nature; corporations were simply giving donations, specific or not to a project, to support the work of the CSO. In this role, the CSO acts as a "**grantee**."

While it is clear that many CSOs are receiving funds from the private sector, it is important to reiterate that for the purpose of the survey, "engagements" with the private sector were defined as interactions that directly impact or influence an organization's activities, priorities, or regions of operation. Under this definition, interactions with private sector actors that are purely financial in nature (including philanthropic donations) are not included in "engaging the private sector." Based on this definition, one would assume that there were other dynamics to these "grantee" funding-related relationships, or that some respondents were not clear on this distinction.

Box 3 below illustrates each of these different roles, providing a brief description or the role, the rationale behind it, and an example of what that means in practice. As with the approaches above, it is important to note that each of these roles is not necessarily mutually exclusive. Organizations may assume a range of roles at any one time, either concurrently or consecutively in combination.

Box 3: CSO Roles when Engaging the Private Sector

Role	Description of role	Rationale	Example
Connector	Identifying and overcoming some of the key barriers that prevent local communities from participating in and scaling up local economic activity.	Existing market systems lack the capacity and/or initiative to incorporate low-income and marginalized communities. CSOs can help bridge that gap.	Technical assistance programs to build capacity and skills of local entrepreneurs and small businesses in low income communities.
Educator	Increasing corporate awareness and under-standing of the implications of their business decisions and how these impact the lives of the poor and marginalized; may include efforts to reform practice.	Businesses and corporations can help promote, regulate, and standardize practices that respect human rights and development objectives.	Working with local labor unions to address issues such as gender inequality or working conditions in local business practices.
Convener	Including different private sector actors within multi-stakeholder discussions to explore how the private sector may contribute to development objectives.	The private sector has the power, influence, and potential to contribute to development objectives.	CSOs facilitating round-table dialogues with industry, government, and civil society. Discussions could be arranged based on region, industry, or specific thematic issues.
Contractor	Integrating existing private sector actors to deliver specific services in development projects or programs.	Particular private sector actors have experience and expertise that can be employed in development efforts.	Incorporating engineering firms in the design and implementation of a local water and community sanitation project.
Grantee	Receiving project-specific funding or co-financing from private sector actors, particularly for projects in which the private sector actor has a shared interest in the community or project thematic.	Private sector actors have capital that can be invested in development programming.	A partnership with an extractive company where the project may be located in close proximity to the area of the corporation's activity.

3.2.2 Rationale for Not Engaging the Private Sector

"We are not opposed to the private sector. But at a time when privatization is threatening public services, the commons and nature itself, we are dedicated to finding ways to strengthen the role of unions and civil society and in the defense of social, economic, cultural rights."

Organizational budget: $500,000 - $1,000,000

"[Our programs] never really resonated with companies… who are looking for clearly non-political, non-radical, non-solidarity based, short-term and easily measurable projects that don't fit with how we work."

Organizational budget: $250,000 - $500,000

As previously stated, 30 percent of the survey respondents (or 19 of 62) indicated they are *not* currently engaging the private sector. Organizations were asked to explain why this is the case, and if they would consider this engagement in the future.

Notably, 14 out of these 19 organizations indicated that they have no intention of engaging the private sector in the future (another two did not express a preference). Several of these organizations suggested that in order to address their primary objectives and practices, they felt their work needed to focus exclusively on engaging local civil society organizations (including trade unions). Citing solidarity with partner organizations and communities, one respondent said that their assessment of the overly negative impact of corporations in terms of exacerbating inequality and poverty in the areas where they work has led their organization to refrain from partnering with the private sector.

Other organizations said that they saw no clear connection between achieving their organizational priorities and potential contributions that might come from engaging the private sector. One organization identified itself as a human rights-based organization and explained that their programs "never really resonated with companies… who are looking for clearly non-political, non-radical, non-solidarity based, short-term and easily measurable projects that don't fit with how we work." They felt that their organization would need to do a lot more groundwork and internal policy dialogue and development before they were comfortable working with the corporate sector. Another organization said that, if they were to start this type of work, it would require "a long and deep consultation process with our membership before we could engage on that."

Finally, two of the respondents noted that they were unsure of how engaging the private sector would impact their charitable status in Canada. They understood that "working with the "for-profit" sector presents significant challenges to us with Revenue Canada." It is not clear that this would actually be the case, but it does signal the need for greater discussion on a number of fronts about the implications of engaging the private sector.

Those who indicated they are not *currently* engaging the private sector were asked if they would engage this sector in the future. Only 3 out of the 19 organizations that fit this criteria suggested that they

would consider engaging the private sector in the future. The rationale for this new direction included targeting a potential source of revenue for their work, exploring opportunities for program development and new expertise, and gaining multi-stakeholder perspectives on their work.

3.2.3 Canadian CSOs Working with Host-Country Partners

> "Through our partners in country, we engage a multitude of local stakeholders in dialogue and project delivery. However, many of our larger corporate partnerships, such as corporate volunteering, shared value programming and co-design and delivery of projects with the private sector are engaged through our offices in Ottawa and Washington, DC."
>
> *Organizational budget: over $5 Million*

Respondents were asked whether their involvement with the private sector was done primarily through their own organizations or through their host-country partners in developing countries. This question was not meant to assess all the work that host-country partners might or might not be doing with the private sector. Rather, this question was intended to identify if the Canadian CSOs responding to this survey were engaging the private sector directly, or if they were playing more of an indirect role to help support host-country partners to work directly with private sector actors.

(42 Responses)

Figure 5: If you are engaging with the private sector, is this engagement done *primarily* by your organization, or through your host-country partners?
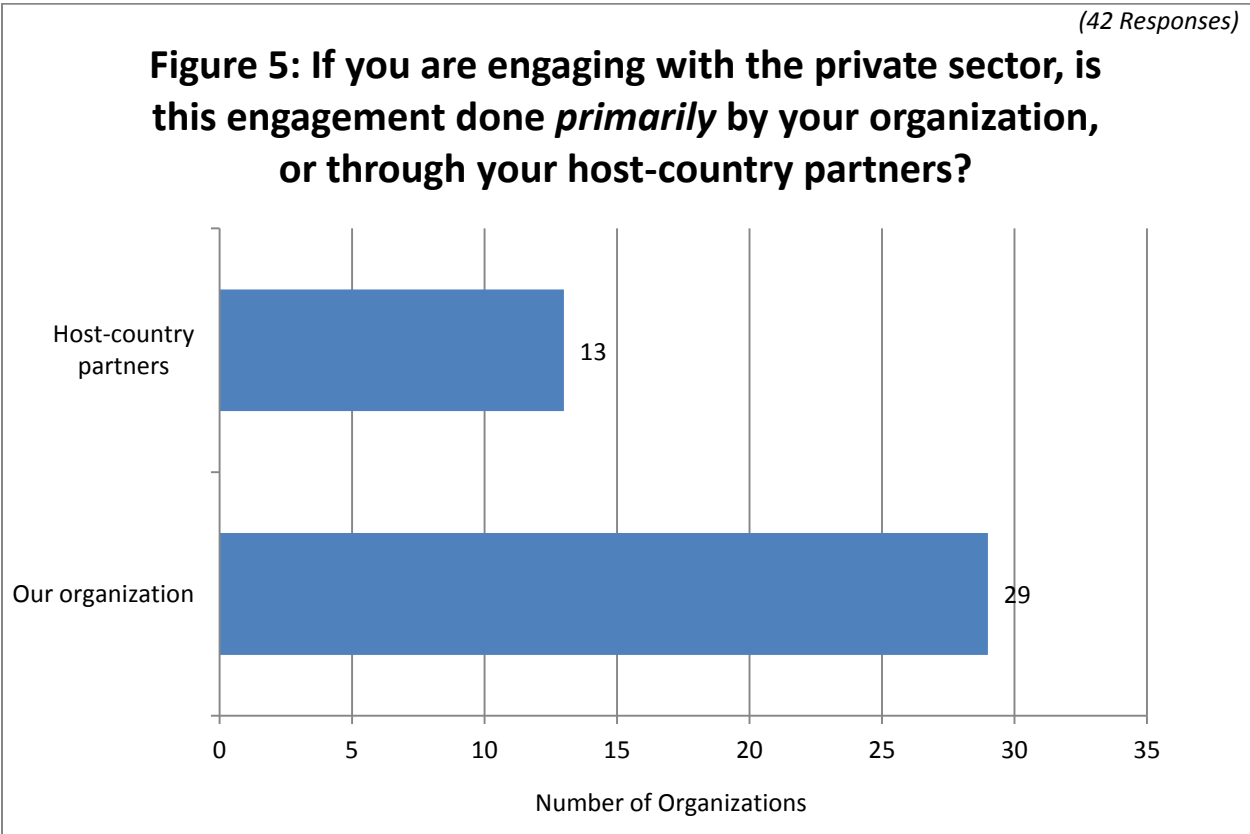
While this question was meant to identify the *primary* organization engaging the private sector, 13 organizations used the available comment space to indicate that **both** their organization **and** their host-country partners are engaging the private sector.

Some respondents noted that the organization (Canadian or host-country) that engages the private sector actor is determined by which of the four approaches is being pursued, and which private sector is being engaged. For example, Canadian organizations may take a direct *Advocacy* approach with a large Canadian corporation, while host-country partners may *Partner* with local small-medium enterprises. In other cited examples, working with the private sector required a degree of coordination between their organization and host-country partners. In the case of agribusiness, one respondent reflected on how multiple actors were involved in their approach, noting, "The partners do the linking of local producers to business marketers, while our organization links North American entrepreneurs with local businesses overseas." Another organization gave an example of where coordination between their organization and host-country partners was required for engaging a particular private sector actor. They said, "While host country partners may help to facilitate partnerships, it is necessary for [headquarters] to be involved to ensure proper diligence takes place."

Clearly, for many respondents, there is a close interplay between their organization and host country partners in terms of whom and how they engage. This is perhaps not surprising, as many of the Canadian CSOs that responded to the survey work closely with host-country partners in their programming.

3.3 Overview of Different Approaches

This section provides a concise overview of specific findings related to the different approaches. CCIC anticipates developing one or two additional "module" papers to draw out the trends specific to one or two of the approaches.[9]

3.3.1 Introduction

The main portion of the survey focused on the dynamics among organizations with respect to the four different approaches for engaging the private sector. Respondents indicated which approach was *Most Prominent* for their organization and then proceeded to answer a series of questions specific to their experiences in taking that approach. Respondents then indicated which approach was the *Second Most Prominent* approach for their organization, followed by a similar series of questions. The feedback to these open-ended questions provided a wealth of information on the dynamics of CSOs' engagements with the private sector, and is the focus of the following sections. Each section highlights a few of the key findings for each approach.

---

[9] These modules will explore dynamics specific to the individual approaches (Advocacy, Dialogue, Promotion, and Partnership), such as origins of engaging the private sector, which industries were targeted, and what the objectives, activities, challenges, opportunities, and lessons learned were in targeting these actors.

3.3.2 Advocacy

CSO **advocacy** with respect to corporations is focused on the power and influence exerted by corporations on low income and marginalized communities. These advocacy actions intend to shape public opinion, policy and legislation to influence corporate behavior, as well as apply direct pressure on corporations to hold them accountable for their actions in developing countries.

Many respondents who identified with this approach signaled the importance of a *systems approach* in their advocacy. A systems approach acknowledges a range of governments, consumers (both local and international), CSOs, and corporate actors that interact with one another in a complex system that in turn has an impact on the lives of poor and marginalized communities. Respondents identified a number of "levers" to put pressure on corporations to consider the *social and environmental impact* of their operations. These levers include coalitions pushing for greater accountability from corporations, peer pressure, national legislation, global agreements, and public engagement strategies.

Box 4: Key Findings Related to the Advocacy Approach

- Accountability and changing corporate practice are natural objectives to the advocacy approach, with large (and predominantly Canadian) corporations being the focus of these efforts.

- In addition to public engagement strategies used by CSOs with Canadians, and meetings with Canadian and Host-Country governments, some CSOs are also working to improve local capacity to identify and address corporate practices that impact their community.

- Notable outcomes from this approach include legal victories, changed corporate practice, and greater public awareness.

- There have also been some negative repercussions to this work from governments, corporations, CSOs, and even to CSOs' own constituents. These include cuts to funding, resistance from a specific organization's supporters related to particular advocacy approaches, and a divide among different CSOs in Canada due to differing engagement and advocacy positions on the private sector.

- Several respondents also noted unexpected levels of collaboration between multiple CSOs *and* industry actors to proactively change their practices as well as shape and promote new legislation. There was optimism expressed around the benefits of these multi-sector discussions, with *some* private sector actors being described as "relatively progressive," "constructive," and "interested in being a good corporate citizen."

3.3.3 Dialogue

Dialogue by CSOs with corporations focuses on encouraging corporations to become more socially or environmentally responsible corporate citizens or to integrate better practices into the market place. Rather than trying to change corporate behavior from the outside, activities are aimed at strengthening an ethical values base in the decisions and priorities of the private sector from within - through information, exchange and dialogue on the concerns of local communities or emerging global norms. These actions are intended to inspire social and environmental values within existing businesses as well as markets. Survey respondents called this approach a "constructive approach to influencing change."

Respondents noted that this approach was one way of giving "teeth" to the goals of governments and CSOs with respect to accountability and transparency for international corporate actors. CSOs draw attention to global development principles and standards and their implications for particular corporate approaches and investment practices and encourage corporations to adhere to these. This approach included raising issues such as mandatory disclosure, local procurement, and inclusive job creation, and strategies that could be implemented by corporate actors. CSOs have effective social links that allow them to (ideally) convey the assets, needs, and interests of local communities, allowing CSOs to share these perspectives in conversations with corporations.

What was interesting in the survey findings is that this approach does not only impact private sector actors. Several respondents noted that they too gained perspectives and insights when hearing the priorities and concerns of, for example, mining corporations, through the process of frank dialogue. This approach illuminated the importance of shared priorities and mutual benefits, and may identify opportunities for collaboration in the future (such as joint planning or coordination) leading perhaps to partnerships.

Box 5: Key Findings Related to the Dialogue Approach

- The most predominant activities were multi-stakeholder meetings, including governments, corporations, academics, civil society organizations, and local communities.

- Working with private sector actors to establish shared/common language was an important factor in building trust and improving this relationship. Interestingly, "corporate volunteering" and "study tours" were cited by several organizations as an opportunity to bridge the gap in experiences between corporations and non-profits, eventually changing the perspectives of corporations as well as CSOs from within.

- Respondents said their efforts have raised awareness and led to improved policies, mechanisms, and corporate practices that respect social and environmental considerations.

- In the process of this work, CSOs were changed (gaining perspectives on corporate priorities), sometimes leading to identifying new allies (among them private sector actors).

3.3.4 Promotion

CSO **promotion** of private sector development entails shaping inclusive economic growth by focusing mainly on the economic activity of local communities. But this approach also looks at involving all sectors of society in order to achieve development objectives. The majority of organizations utilizing this approach described this economic empowerment as a component of sustainable development.

From the survey responses, two key priorities emerged in terms of the approach that organizations are taking to private sector promotion: 1) Direct training in business management and other technical skills; and 2) Addressing "value chain" issues that enable targeted populations to access and integrate into larger markets. The intention is that these efforts will increase income levels among the targeted populations, but also challenge and change economic systems so that they will promote and even facilitate business models that are inclusive and positively affect conditions for people living in poverty.

Box 6: Key Findings Related to the Promotion Approach

- Increasing income levels was the objective most often cited by respondents, followed by increasing employment opportunities and improving access to markets.

- Many respondents identified two long-term objectives of their efforts: finding partnerships with other small community enterprises and building local capacity in order to attract private investment.

- Other organizations noted that this approach was gaining traction with Canadian supporters: the public seems to appreciate "market solutions" to development challenges.

- Vocational training is still a cornerstone in this approach, but increasingly efforts are going a step further and considering how to link producers to markets.

- Several organizations noted challenges in adapting swiftly to market fluctuations.

- Others noted that policy dialogue with governments greatly enhanced the sustainability of their efforts – again, reinforcing the multi-stakeholder (or multi-sector) approach to development and the need to focus more on dialogue and advocacy efforts with partners in host country, in contrast to what is currently the case in 3.4 above.

3.3.5 Partnership

CSOs engaging in **partnerships** with private sector actors identified the value of economic growth and markets and their contribution to overall development objectives by seeking to work directly with the actors that make these economic systems function. Respondents called this approach a driving force in poverty reduction, an opportunity to increase their impact of growth and the private sector, and way to create opportunities for marginalized populations.

These partnerships were most frequently initiated by the CSOs themselves by identifying areas of collaboration with private sector actors. In other instances governments incentivized these partnerships. Some respondents noted that they expect to see this trend continue in the future.

Box 7: Key Findings Related to the Partnership Approach

- Partnerships are not all about financing. Respondents' often citied their primary objectives in these partnerships as changing corporate practices and economic systems, as well as increasing income levels of poor/marginalized communities (via access to financial systems and markets).

- That said, "project-specific funding" was the most often cited dynamic of partnerships, a means to an end, allowing CSOs to take action and achieve overall objectives for target communities. "Knowledge Sharing" and "Joint Project Design" were, after all, the next two most commonly cited aspects of partnerships (followed by "Joint Project Implementation").

- Several organizations noted that this type of engagement (partnership) allowed their organization to access certain skills in the private sector, or access infrastructure linkages that allowed them to scale up their programming.

- Dialogue is an essential component of this approach to help overcome these differences. Survey respondents noted "better than expected" dialogue and relationships with private sector partners, with benefits including shared tools, information and insight, improved systems to achieve

development objectives, and opportunities for future collaboration on programming.
- For many CSOs, private sector Partnerships are a new component of their work – there is still a learning curve in terms of navigating these relationships, in particular in working with the different language and priorities of the private sector.

3.4 Prominence of Different Approaches

The majority of the survey focused on the four key approaches to engaging the private sector: Advocacy, Dialogue, Promotion, and Partnership, as defined in 2.1 above. Respondents were asked to rank "how prominent are each of these four approaches in the work of your organization?" The graph below is a visualization of the survey responses to this question. The colors in the graph represent the different approaches, the X axis illustrates how prominent the approach was for each organization, and the Y axis aggregates the responses from organizations.

Figure 6: Degree of prominence of different approaches, by number of organizations
(40 Responses)
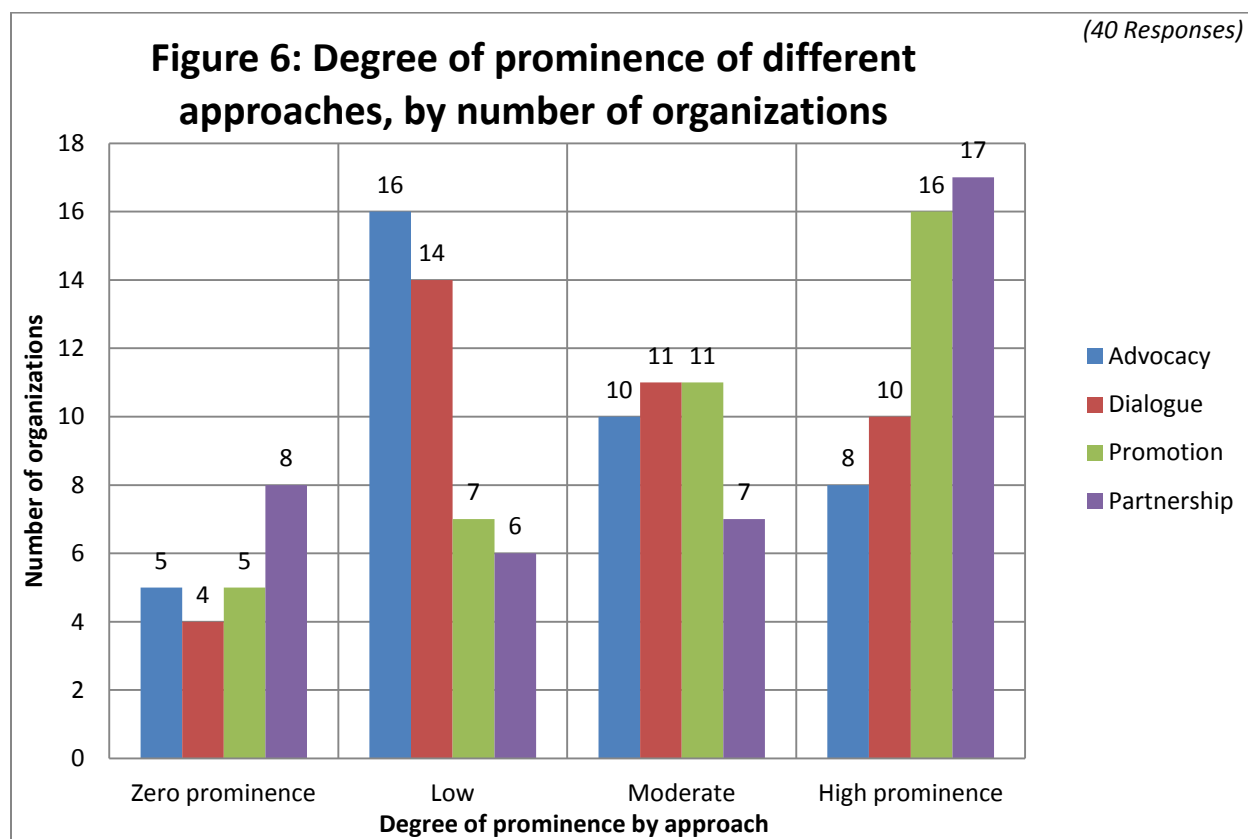
Figure 6 tells us that both **Promotion** of the private sector and **Partnerships** with private sector feature prominently among organizations' approaches.

A second peak on the graph illustrates that there are also a high number of organizations that place low prominence on **Advocacy** work and **Dialoguing** with private sector actors. In other words, many organizations do include a component of **Advocacy** around private sector issues, and even **Dialogue** with private sector actors, but in general this work makes up a small portion of their day-to-day operations.

21

Figure 7: Most prominent and second most prominent approaches overall

(40 Responses)
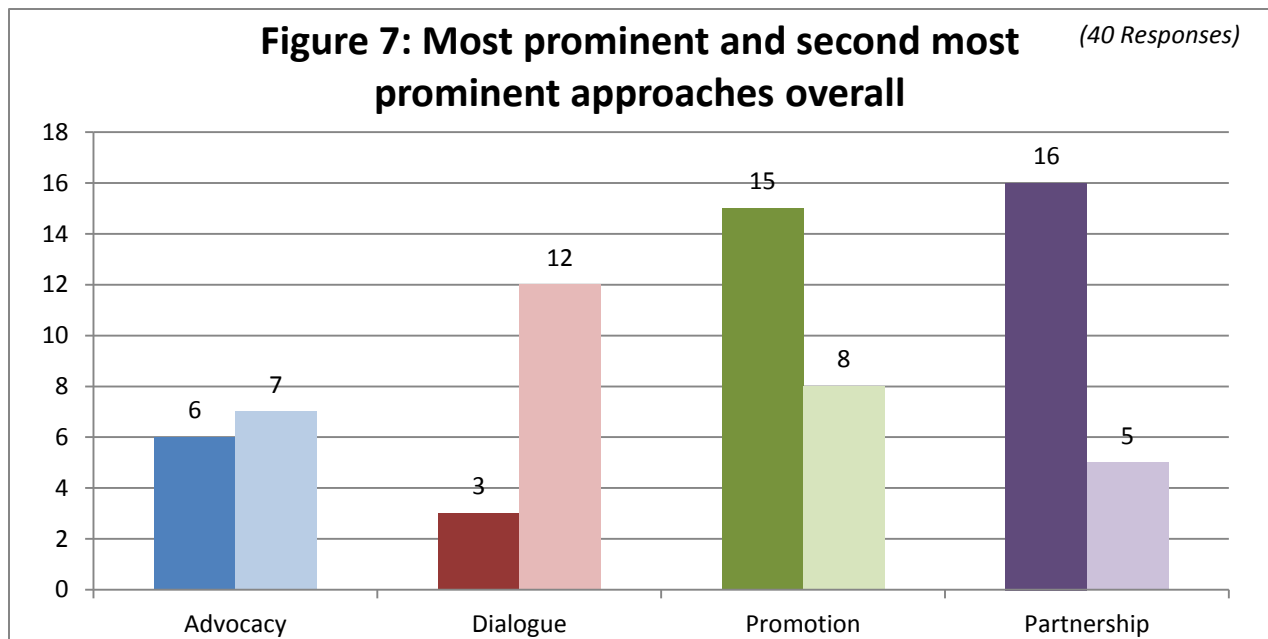
Over the course of the survey, respondents were also asked to identify both their **Most Prominent Approach** (the darker color in the bar graph above) to engaging the private sector, as well as their **Second Most Prominent Approach** (the lighter color in the bar-graph). Figure 7 distills this information into these two categories – showing the total number of responses for each approach in terms of most prominent and second most prominent, overall.

Figure 7 shows a high level of respondents indicating **Partnership** as the most prominent approach in their work with the private sector. **Promotion** is still a key element of CSO engagement with the private sector, ranking second in terms of most prominent approaches and second for the second most prominent approach. **Dialogue** was the most commonly cited as the Second Most Prominent Approach.

Figure 8 below further disaggregates these results and considers the ranking of the second most prominent approach, based on what organizations selected as their most prominent approach. For example, of the organizations that identified "Partnership" as their most prominent approach, five organizations are doing "Promotion" as their second most prominent approach.

Figure 8: Second most prominent approaches, based on most prominent

(32 Responses)
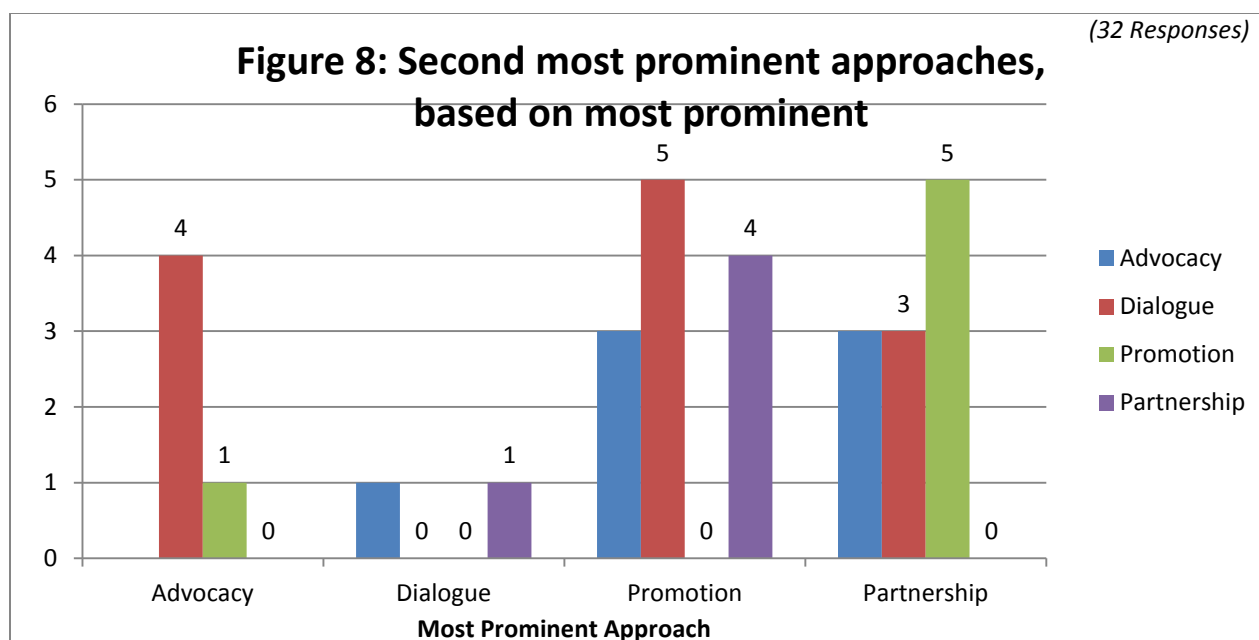
Combined, Figures 7 and 8 allow some analysis of the findings, although given the small sample size, there is only so much we can say. Perhaps not surprisingly, for organizations that said that **Partnerships** was the Most Prominent approach, **Promotion** was most often their Second Most Prominent Approach. For example, several organizations gave examples of promoting growth in the local agricultural industry (i.e. building the capacity of smallholder farmers) so that they would be able to establish business relations and partnership agreements with larger private sector companies. Two other organizations indicated that partnerships with corporations enabled their organizations to work in regions where they could promote growth of the local private sector and aim to create jobs in the local community.

While **Dialogue** is a more significant component of promoting private sector development, it features much less in **Partnership.** Finally, it is interesting to observe the degree of prominence that organizations engaged in **Advocacy** (external) place on **Dialogue (internal)**.

3.5 Scope of Private Sector Actors Being Engaged

One of the most common questions when discussing how organizations are engaging the private sector for development is, "Which private sector?" Survey respondents were asked to identify both the **Origin** and **Size** of the private sector actors they engage, and what approach they are using to engage these private sector actors (i.e. advocacy, dialogue, promotion, or partnership). **Origin** refers to where the private sector company has its headquarters: "*Host Country*" (based overseas in the country in which respondents have direct programming), "*Canada*" (i.e. Canadian companies), or "*Other Country*" (a foreign "third party," neither Canadian nor Host Country for respondents' particular programming. e.g. Swedish or South African). For businesses that are difficult to identify their headquarters (or where their "origin" is not particularly relevant), respondents were asked to indicate "Multinational." **Size** is broken down into three categories: "*Micro Enterprises*" have a staff of less than 10 people, "*Small-Medium Enterprises*" range from 10-250 people, and "*Large Corporations*" include businesses with over 250 staff.

The graph below (Figure 9) provides a visualization of how organizations responded to this question. The different color lines on the graph represent the four different approaches to engaging the private sector (i.e. advocacy, dialogue, promotion, and partnership). The horizontal axis displays the different categories of private sector actors, organized by size (Micro-Enterprise, SME, and Large Corporation) as well as the origin of the company (Host Country, Canadian, Other Country, or Multinational). The vertical axis represents the number of organizations that indicated they are engaging a particular private sector actor using a particular approach.

Figure 9: Which private sector are you engaging in your first and second most prominent approaches?

Multi-National

Partnership	7
Promotion	2
Dialogue	8
Advocacy	9

(Multi-national)

0 4 8 12 16 20 24

■ Partnership ■ Promotion ■ Dialogue ■ Advocacy
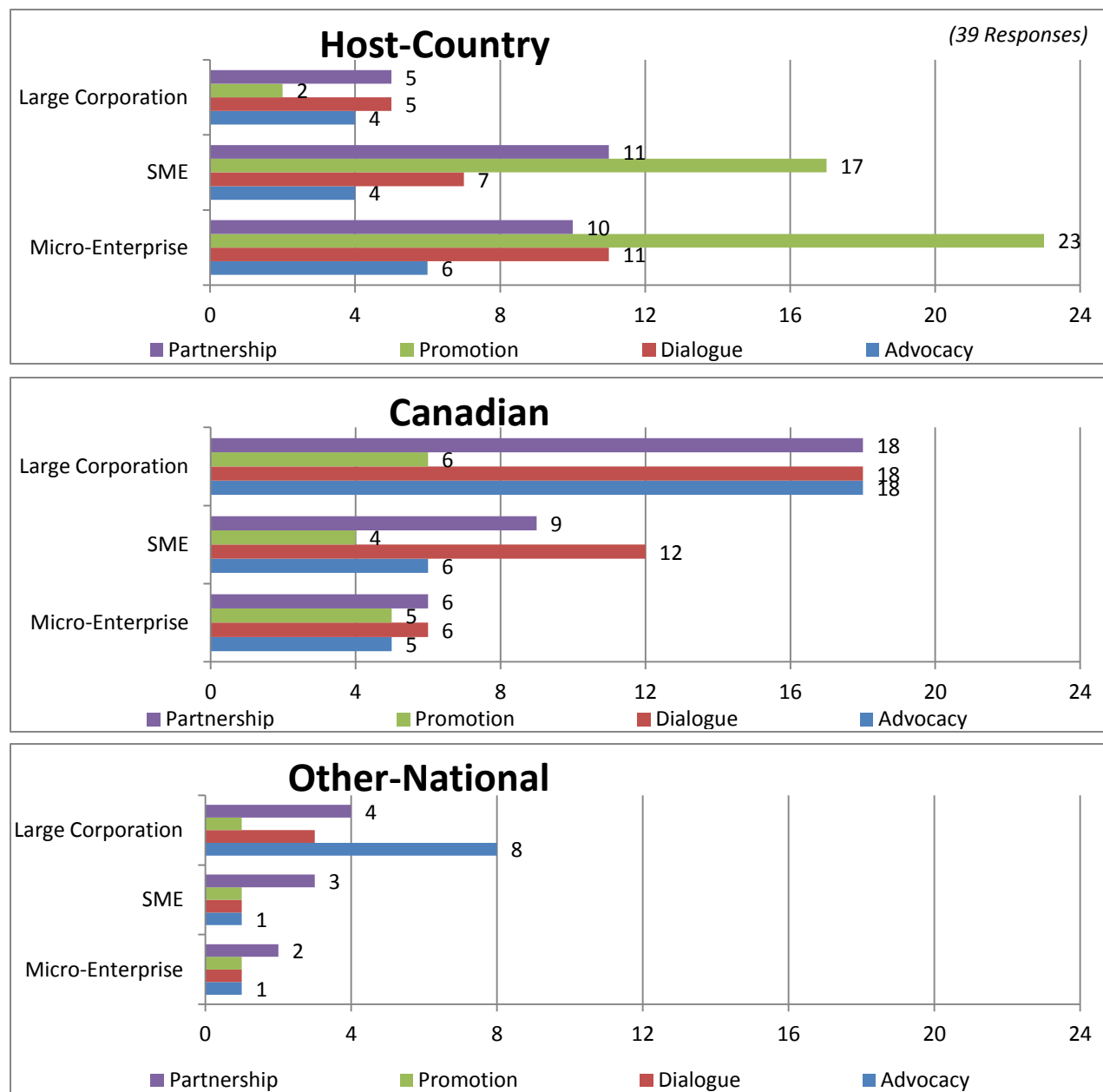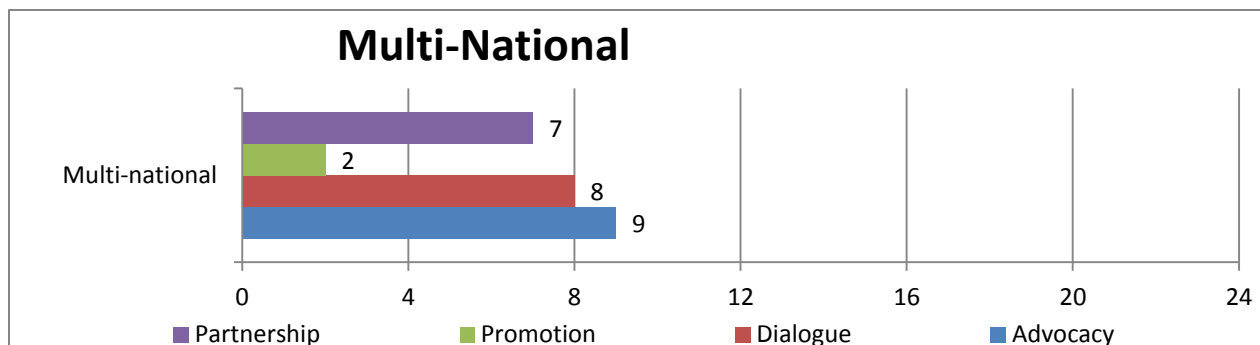
The findings from the survey reveal a few interesting trends. First, private sector promotion is predominantly geared (perhaps not surprisingly) towards host-country micro-enterprises (23 organizations), with a still sizeable focus on SMEs (17 organizations). This trend coincides with the prevalent focus of Canadian development actors on building the technical skills and capacities of small businesses.

A second, more interesting trend, is how much of a focus all of the other approaches have - **Partnerships**, **Advocacy**, and **Dialogue** –on large Canadian corporations (18 organizations for each of the 3 approaches), especially relative to large corporations in the host country (4 organizations using advocacy, 5 organizations using dialogue, and 5 organizations using partnerships), or any other type of company for that matter. From the data in this survey, it appears that Canadian CSOs are much more focused on trying to change Canadian corporate practice and encouraging accountability (Advocacy and Dialogue), as well as leveraging Canadian private sector finance and expertise (Partnership) (more so than promoting the Canadian private sector, regardless of size). This finding is perhaps not surprising, since it may be a more appropriate role for Canadian CSOs to play (advocacy, dialogue and partnership with Canadian corporations), relative to their host country partners; similarly this may reflect Canadian CSOs perception of a limited ability to influence host country corporations (or the appropriateness of doing so). It is also possible that Canadian CSO partners are engaged in this type of work, and that this engagement was not conveyed by the respondents to the survey. Nevertheless, given the number of organizations that work to promote inclusive and sustainable economic development practices, one might have expected that larger host country private sector actors would feature more prominently in these three approaches.

3.6 How Approach Varies by Organization Type

While the observations so far highlight some of the general dynamics of the individual approaches to engaging the private sector, it is interesting to compare these approaches to other characteristics of the individual organizations that responded to the survey. For example, how does the size of an organization relate to their more prominent approaches to engaging the private sector? Are certain approaches more common among organizations with a particular thematic focus?

Below are a few highlights that emerge from exploring these different parameters of engagement. Figures in brackets reflect the number of organizations that fit the described criteria.

3.6.1 Engagement and the Size of Organizations

(61 Responses)

Figure 10: Does your organization engage the private sector?
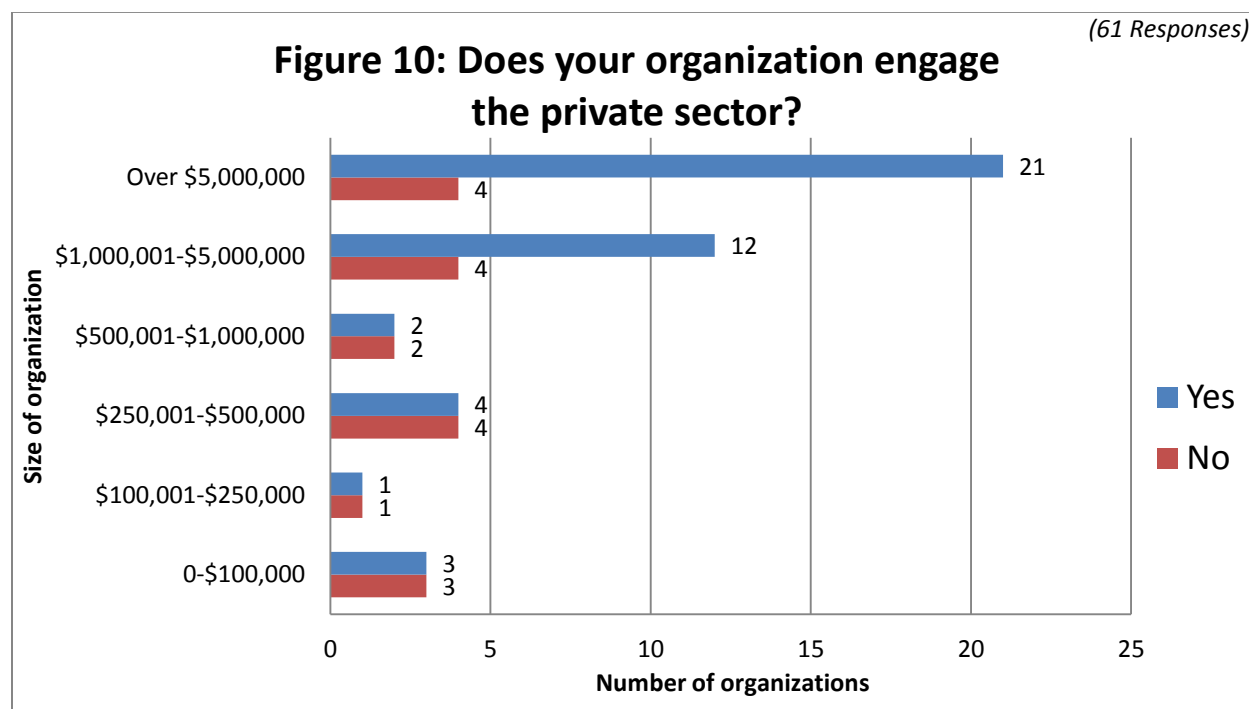
As was noted earlier in the report, 70% of all survey respondents indicated that they are currently engaging the private sector in some manner or another. Figure 10 above correlates those responses from 61 organizations that responded according to organizational budget size.

What is evident from the graph is that, in general, engaging the private sector is still a fairly mixed practice among smaller organizations with budgets under $1 million (50% of the 20 respondents who fall into this budget category). There is a notable percentage increase in private sector engagement among organizations with a budget above $1 million (80% are engaging the private sector), as well as numeric increase - respondents in the over $1,000,000 budgets accounted for 41 of 61 of all respondents to this question. This is perhaps due to greater organizational capacity of larger organizations to engage the private sector.

3.6.2 Approaches and Size of Organizations

It is also interesting to consider whether the budget size of an individual organization had any correlation with the type of approach that the organizations pursued. For example, are organizations with large budgets more likely to engage in partnerships with the private sector than organizations with smaller budgets? Figure 11 below disaggregates organizations based on their reported annual budget sizes. From there, it evaluates the prominence of different approaches[10] to engaging the private sector

---

[10] Note, here "Prominence of different approaches" includes both *Most* and *Second-Most Prominent* approaches.

relative to the number of organizations that fit within a specific budget bracket.[11]

Figure 11: Approach vs. organizational budget

(40 Responses)
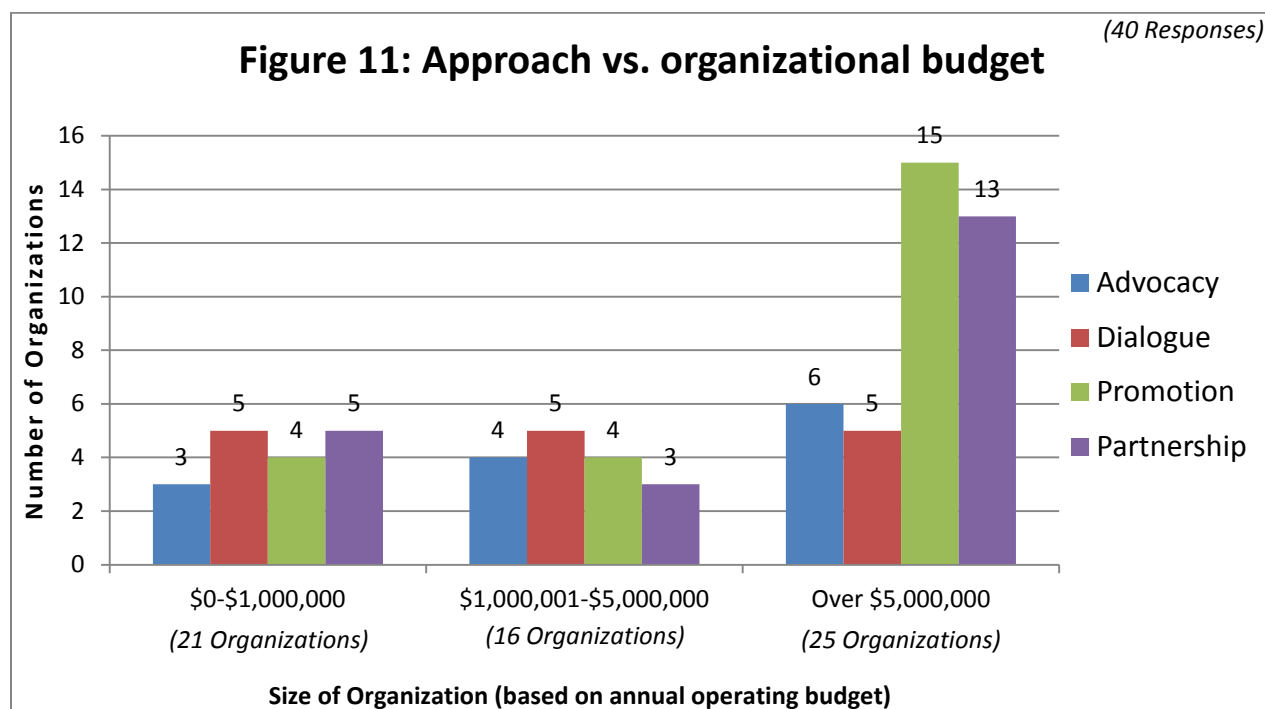
The above graph displays the number of organizations that are engaging the private sector using each of the four approaches (either as a *most* or *second-most prominent approach*), grouped by organizational size. Even though the sub-$1M group is substantial (21 organizations), the reader should remember that, per Figure 11 above, just 50% of the organizations in this budget bracket are actually engaging the private sector in one way or another, vs. 75% or organizations in the $1M to $5M category and 84% in the above $5M category. As a result, the sample size is still quite small for the sub-$1M organizations that are engaging the private sector.

Several things can be extrapolated from this data (noting that with the exception of the above $5M category, the sample size for each approach is too small really to draw substantial observations):

- **Advocacy** work is spread relatively evenly across the spectrum of organizational budgets, proportionally speaking, with a slight decrease among smaller (under $1M) organizations.
- **Dialogue** is also consistently represented among organizations of all sizes in this survey, and generally features more prominently as a focus than advocacy.
- **Promotion** of private sector development is most common among organizations with budgets greater than $5,000,000 (15))

---

[11] Note that with this particular data set of survey respondents who are engaging the private sector, sample sizes vary depending on organizational annual budget size, as follows. Figure 11 above has grouped these into three clusters, which given the small numbers below, makes for more statistically relevant findings.

$0-$100,000:	**6** organizations	$500,001-$1,000,000:	**4** organizations
$100,001-$250,000:	**3** organizations	$1,000,001-$5,000,000:	**16** organizations
$250,001-$500,000:	**8** organizations	Over $5,000,000:	**25** organizations

- **Partnerships** follow quite a similar trend, being most common among very large (over $5,000,000) (13) organizations.

3.6.3 Approaches and Organizational Focus Areas

As survey responses are disaggregated to look at specific approaches to engaging the private sector, it is interesting to look at the *type of work* those organizations identified as central to their activities.

Generally speaking, Capacity Building, Gender Issues, and Participatory Development ranked highly as thematic priorities among organizations involved in all approaches to engaging the private sector.

Advocacy approaches prioritized gender issues (including girl's and women's rights) (10), participatory development (8), and communications (7)**.**

Dialogue with private sector actors involved organizations focusing on education and literacy (11), democracy and good governance (8), human rights (8), and small enterprise (7).

Promotion of private sector development included organizations that prioritized participatory development (20), agriculture (18), rural development, and food security (20).

Partnerships with the private sector were common among organizations prioritizing food security (15), education and literacy (14), and volunteer/expert sending (14).

3.6.4 Approaches and Types of Industry

A number of themes also emerged as organizations identified the private sector industries they were engaging in their different approaches.

Advocacy focused primarily on extractive corporations (10). Financial services (4) come a distant second.

Dialogue is also taking place with extractive corporations (8), while financial services (6), sales and marketing (5), and agriculture (4) are also present.

Promotion of private sector development takes place mostly among the agricultural industry (16), followed closely by food packaging and distribution (13) and to a lesser extent arts/and crafts (9), construction/trades (6), and manufacturing (5).

Partnerships are most commonly sought with extractive corporations (9) and the agricultural industry (9), followed closely by partnerships with financial services (8) and food packaging and distribution (7), as well as information technology (5) and construction/trades (5).

Table 1 below suggests that the agricultural industry is a prominent focus of the promotion and partnership efforts of Canadian CSOs, identified by 16 and 9 organizations respectively; food packaging and distribution is prominent in the promotion approach (13). Advocacy, partnership, and dialogue are common among extractive corporations, identified by 10, 9 and 8 organizations respectively. In addition to these three sectors, financial services ranks in the top four overall. Figure 12 presents this visually.

Table 1: Engagement Approach vs. Industry of Private Sector

Private Sector Industry:	Approach to Engaging the Private Sector: (Number of Organizations)				
	Advocacy	Dialogue	Promotion	Partnership	Total:
Agriculture	3	4	**16**	**9**	32
Extractive Company (natural resources)	**10**	**8**	3	**9**	30
Food (packaging and distribution)	3	3	**13**	7	26
Financial Services	**4**	**6**	4	**8**	22
Sales & Marketing	3	5	4	3	15
Construction/trades	0	2	6	5	13
Manufacturing	2	3	5	2	12
Arts/handcrafts	0	0	**9**	3	12
Information Technology	0	2	4	5	11
Service Industry	1	2	4	3	10
Management & Consulting	0	1	3	4	8
Tourism	1	1	4	2	8
Retail	3	0	2	3	8
Communications	1	3	1	2	7
Medical Services (incl. Pharmaceuticals)	1	1	2	2	6
Engineering	1	2	1	1	5
Transportation	0	3	1	1	5

*Note: the top two or three industries from each approach are identified in **bold**.*

Figure 12: Engagement approach (number) vs. industry *(40 Responses)*
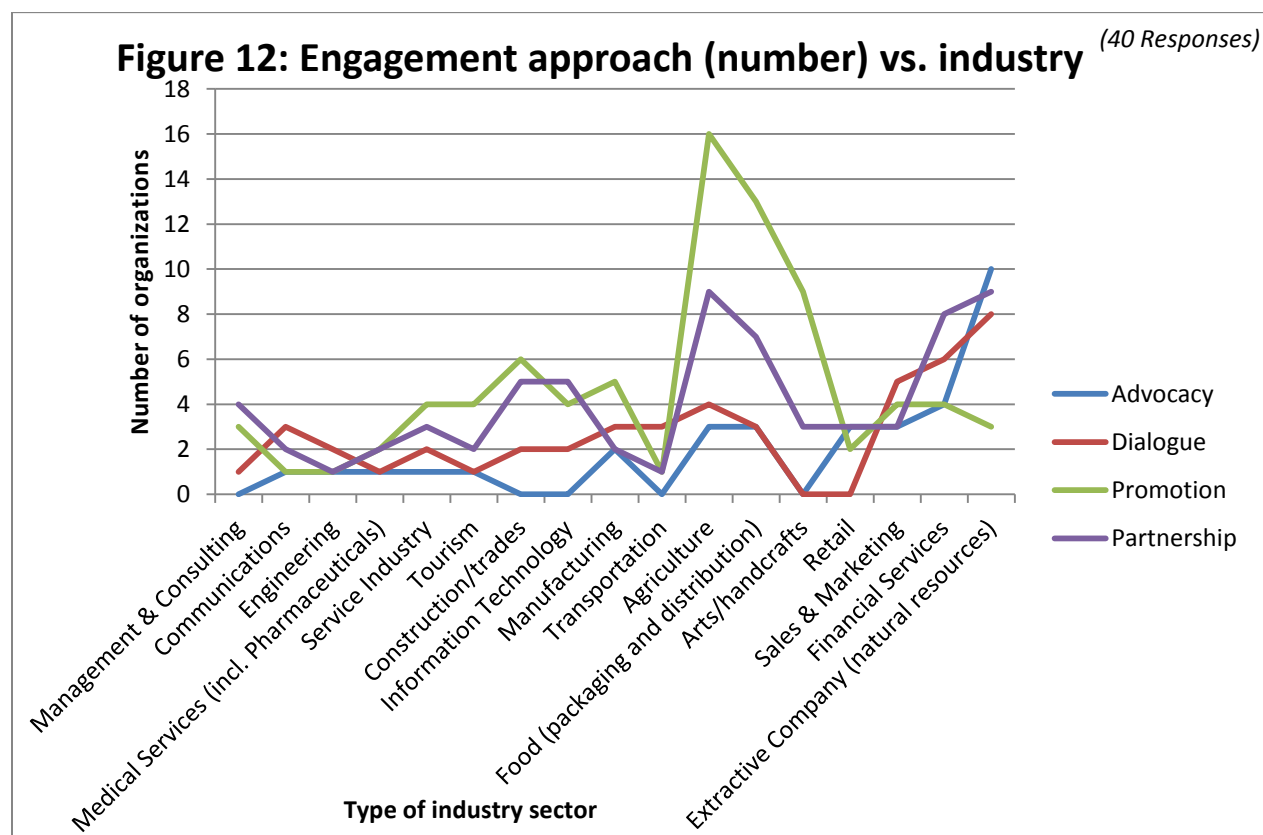
3.7 The Four Approaches: Challenges and Opportunities

Respondents identified a number of challenges and opportunities for CSOs that are most commonly associated with the four different approaches to engaging the private sector. The top challenges and opportunities are summarized in Tables 2 and 3 below.

Table 2: Challenges for CSOs Based on Approach

Challenges for CSOs	Challenges based on Approach (number of organizations)				
	Advocacy	Dialogue	Promotion	Partnership	Total:
Lack of shared priorities	**6**	**9**	**8**	**12**	35
Contrasting operating modalities	4	**6**	**7**	**11**	28
Lack of shared expectations	3	**7**	5	**11**	26
Reputational risk	**6**	4	2	**12**	24
Unbalanced power dynamics	4	**6**	6	3	19
Changing interests on the part of other actors	2	3	5	8	18
Limited capacity/expertise in our organization to properly engage PS this way	2	3	6	7	18
Risk in funding security	**7**	0	4	6	17
Lack of shared language	4	5	1	7	17
Other (please specify):	1	0	**7**	2	10
Project/partnership monitoring and evaluation	1	0	2	3	6
Threats and/or physical violence	1	0	1	1	3

*Note: the top two or three industries from each approach are identified in **bold.***

Table 3: Opportunities for CSOs Based on Approach

Opportunities for CSOs	Opportunities based on Approach (number of organizations)				
	Advocacy	Dialogue	Promotion	Partnership	Total:
Capacity building for our partners	**5**	**9**	**15**	**16**	45
Shared knowledge	**7**	**11**	12	13	43
New networks	**5**	**10**	9	**14**	38
Ability to scale up programming	2	3	**14**	**17**	36
Capacity building for our organization	5	8	11	12	36
Enhanced economic development results	2	4	**17**	12	35
Access to new skills/resources	2	7	10	11	30
Establishment of new programming areas	3	6	9	9	27
Reputation	**6**	6	5	10	27
Financial security	0	1	2	8	11
Other (please specify):	2	0	2	3	7

*Note: the top two or three industries from each approach are identified in **bold.***

On the **challenge** front, from the specific numbers, we can draw some observations and assessments. "Lack of Shared Priorities" is the number one challenge faced by those engaging in Partnerships, Promotion, and Dialogue, and the third highest challenge in Advocacy work. "Contrasting operating modalities" also features highly (either 2nd or 3rd) in Partnership, Promotion and Dialogue. Furthermore, in the Table above, "lack of shared expectations" also ranks highly for both dialogue and partnership. This suggests[12] there may be a significant divide, and substantial differences, between CSOs and private sector actors when it comes to organizational values, goals and objectives and ways of working. This speaks to the importance of investing substantial time and resources to build up trust, understanding a shared language in these relationships and why Dialogue is an important secondary feature of any approach that focuses on promotion or partnership. It is perhaps not surprising then that overcoming these differences between CSOs and private sector actors by developing tools to manage private sector engagement strategies, building internal understanding of private sector practices and priorities, and bringing on staff with more business experience were some of the most common "gaps" identified by organizations seeking to advance their engagement with the private sector. See Section 4.5 titled "Gaps in Engaging with the Private Sector" for more detail.

Reputational risk is also very high for both Partnerships and Advocacy, demonstrating the hazards of being either too critical or working too closely with private sector actors. Reputational risk took on the form of losing support from certain constituents or supporters when organizations engaged in certain partnerships or were too critical in their advocacy campaigns. Some respondents noted the need to manage their own reputations by means of their public relations and communications strategies regarding their positions and actions with certain companies. Others spoke of risks to their reputation in the eyes of the Canadian government or other donors, if their approaches conflicted with other government priorities.

There are also trends in terms of **opportunities** that emerge from the survey data. These results also demonstrate that organizations see opportunities for all of the advocacy, dialogue, promotion and partnership approaches in terms of capacity building for partners, sharing knowledge, and establishing new networks. While there may be substantial differences in organizational priorities between CSOs and private sector actors (as noted above), all four of these approaches are creating opportunities for CSOs to build their partners' capacity, knowledge and networks.

Finally, "Enhanced economic development results" are most strongly perceived through promotion of local economic development, followed by partnership. Opportunities for scaling up are most readily perceived in partnership.

It is worth making one final observation. Earlier in the survey organizations provided their rationale for engaging the private sector.[13] One common response (among approximately one quarter of respondents) was that the private sector was a source of project-specific funding and co-financing (although as noted already, in this case, the relationship is not purely financial, but one part of the relationship). However, in

---

[12] Perhaps one shortcoming of this particular question is that each of the terms were left to the interpretation of the individual respondents, with no illustrative examples of what each term might mean for the individual approach.
[13] See section 3.2.1 entitled, "Why Engage the Private Sector?"

the results identified above, among all four approaches, organizations perceive "Financial Security" to present the least opportunity for them in terms of engaging the private sector. In Table 3, "Financial Security" gets the lowest response rate among all four approaches. "Project-Specific Funding" may be a key rationale for engaging the private sector, but these financial contributions appear to be more short-term arrangements rather than something that will provide funding security into the future. The private sector is still an uncertain source of long-term funding.

4. Tools and Resources Being Used, Gaps, and Anticipated "Next Steps"

4.1 Tools and Resources

> "We employ Corporate Partnership Policy and Corporate Partnership Screening Criteria (developed by a third party), in evaluating potential partnerships."
>
> *Organizational budget: over $5 Million*
>
> "We are in the process of developing a policy framework for engagement with the private sector. The CCIC document is one of the resources, including documents from other partners."
>
> *Organizational budget: over $5 Million*

As is to be expected, organizations are using a wide range of tools and resources to steer their engagement with the private sector. Several organizations noted that they have developed broad policies on corporate engagement and sponsorship. These internal guidelines include "screening criteria" and guides to ethical decision making to help manage risks, expectations, and responsibilities when it comes to engaging the private sector. Several organizations referred to this process as a due diligence guide.

When asked about the "Due Diligence in our Engagements with the Private Sector – A Decision-Making Guide" developed by CCIC in 2001,[14] half of the organizations responding to this question indicated that they were not familiar with the guide. For those who had heard about the guide, four organizations indicated they had used the guide.

About one quarter of those who responded to the question (or 7 out of 25 organizations) indicated that they were currently "in the process" of developing tools and resources for their organization around this issue. Some of these tools are being tailored to address engaging specific industries of the private sector. The extractive industry was cited five times, an indication of the relative prominence of this industry in CSO-private sector engagement.[15] Several other organizations noted that their tools/resources focused on value chain analyses, exploring the performance of local businesses and levels of community engagement and integration in decision making.

Some organizations are currently conducting further research in order to develop organizational tools to engage the private sector. From sector mapping and fact finding missions, to web-based research on corporate backgrounds and interviews and direct communications with corporations, organizations are doing a lot of due diligence to gain a better understanding of the corporate actors and economic contexts in which they work before articulating policy strategies. Some of this work is being done

---

[14] See "Due Diligence in our Engagements with the Private Sector – A Decision Making Guide," on-line
http://www.ccic.ca/_files/en/what_we_do/002_ethics_final_due_diligence_new.pdf
[15] See 3.6.4 above, *"Approaches and Type of Industry."*

through networks and coalitions of CSOs, cited as a way to enhance the development community's collective understanding.

4.2 Preparing to Engage the Private Sector in the Future

"[We are] finalizing the new corporate engagement strategy and continuing the traditional work of working with different stakeholders."

Organizational budget: over $5 Million

"We are exploring more dialogue engagement with companies operating in Canada and internationally. [We are also] developing a discussion paper on this for consideration by our board."

Organizational budget: over $5 Million

"We will continue to explore private partnerships that fit our projects value chain, i.e. we will seek out partners in areas of transportation, food processing, and marketing."

Organizational budget: under $100,000

"It is likely that our engagement with the private sector will continue to grow into new areas and mechanisms for engagement. We have developed greater capacity among field staff in countries that we work in to engage the private sector - primarily for the purpose of fundraising, but also to continue to strengthen our dialogue and advocacy objectives."

Organizational budget: over $5 Million

Figure 13: Is your organization preparing to engage *(40 Responses)* **with the private sector in the future?**

No
20%

Yes
80%
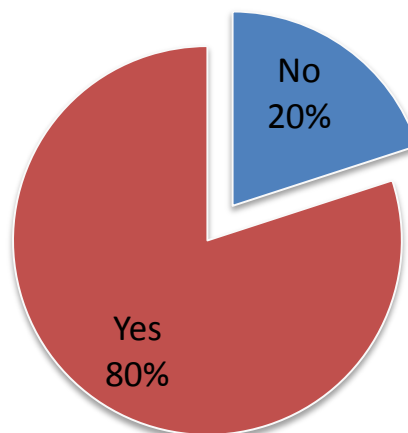
Regardless of whether or not organizations are *currently* engaging the private sector, each survey respondent was asked if they were undergoing preparations to engage the private sector in the future. Eighty percent (or 32 of 40 respondents to this question) answered affirmatively; it is clear that this is an issue that will impact the future of the sector.

These preparations are taking several forms. Similar to the tools already being implemented to steer the work of those who are currently engaging the private sector, organizations indicated that they are developing policies and organizational strategies around corporate engagement and "Due Diligence" tools. Related to this work of (internal) policy development, several organizations mentioned that their policy development strategies were also influenced by the current policies and priorities of the government of Canada. More specifically, this process included more research to identify areas of convergence between current government policies and the long-term priorities of their own respective organizations as independent development actors.

Organizations also are investing more in multi-stakeholder dialogue that includes the private sector. Respondents noted consultative/exploratory processes with local communities and local private sector actors (hence the prominence of dialogue on the approaches above as a secondary element to organizational strategies). Some organizations identified specific industries to which they were devoting increased attention, such as medical services, marketing firms, and, most commonly, the extractive sector. Others noted a general increase in dialogue with corporations, and one respondent indicated they were bringing this conversation to their organizational leadership in the form of a "discussion paper" to be considered by their board.

Financial considerations are also part of the rationale for preparing to engage the private sector in the future. A few organizations noted that they were targeting private sector actors for project-specific funding, co-financing, or donations in the form of grants. However, in each of these cited cases that mentioned financing, organizations also indicated an interest in joint-programming, increased dialogue, or advocacy opportunities (perhaps speaking to the point in 3.6.6 above that financial security remains a big challenge, and that organizations are seeking more than just financing).

Several organizations said that they were more actively pursuing partnerships with private sector actors as part of a growing focus on market-led solutions and inclusive economic growth.

Not every forward-looking agenda for private sector engagement includes new initiatives. Several organizations mentioned that they would be continuing their current approaches to engaging the private sector.

4.3 Motivations for Engaging the Private Sector in the Future

"It is a part of what we understand healthy development to be -- one that involves all the assets and sectors of society."

Organizational budget: over $5 Million

"[We are pursuing this issue] to help build our organizational capacity, strengthen our member capacity building program and dialogues, and potentially, to guide the development of our own organizational policy and strategy on engaging the private sector."

Organizational budget: $250,000 - $500,000

"I see that this area offers a lot of potential (beyond just funding relationships but more so in making meaningful changes for the people we are commissioned to serve) where development workers could work hand-in-hand with for-profit organization."

Organizational budget: over $5 Million

Survey respondents were also asked why they were interested in learning more about, or engaging, the private sector.

One common response was that the role of the private sector as a key development actor was an emerging global trend. Some respondents suggested that it was not a pertinent issue for their organization at the moment, but that they anticipated that sooner or later their organization would have to engage the private sector.
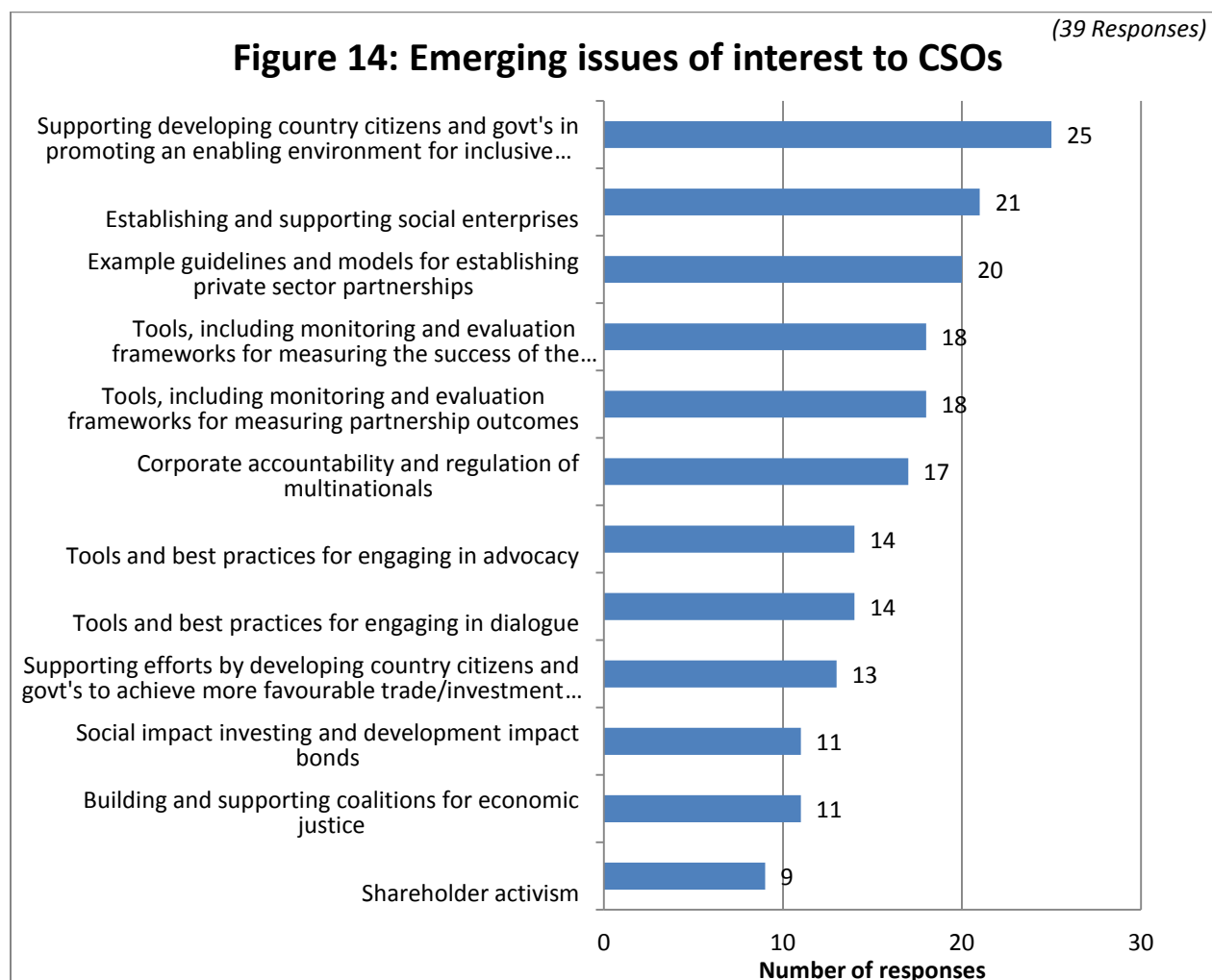
Building organizational capacities and knowledge on engaging the private sector came up frequently. Being able to contribute to the conversation on effective engagement practices were cited as reasons for devoting attention to this issue. Developing tools, identifying new opportunities, and improving programming and monitoring and evaluation approaches were a few examples of how respondents hoped to improve their organization's capacity.

Reasons for pursing this work go beyond the interests of particular organizations. By far the most prominent motivation for engaging the private sector in the future related to the interests and priorities of host-country partners, local economic development, and the role of economies in creating sustainable livelihoods and nurturing development. The private sector is a piece of this puzzle. Empowering local communities and CSOs to address economic issues that directly impacted their lives was cited as a way of achieving positive development outcomes. Once again, respondents noted the need to look at broader community dynamics and engage all actors/stakeholders, including the private sector.

Only a few organizations (3) mentioned financial issues as a key motivator to engaging the private sector in the future. One organization noted that they were currently receiving funding from the private sector and their forward-looking agenda is to find ways to better manage these kinds of relationships.

4.4 Emerging Issues of Interest to Canadian CSOs

Survey respondents were asked to identify which emerging issues or trends (in Canada or internationally) they were most interested in learning more about or engaging on in the future. Figure 14 below displays the different responses to this question (respondents were able to choose more than one trend as important to their organization).

(39 Responses)

Figure 14: Emerging issues of interest to CSOs

Issue	Number of responses
Supporting developing country citizens and govt's in promoting an enabling environment for inclusive…	25
Establishing and supporting social enterprises	21
Example guidelines and models for establishing private sector partnerships	20
Tools, including monitoring and evaluation frameworks for measuring the success of the…	18
Tools, including monitoring and evaluation frameworks for measuring partnership outcomes	18
Corporate accountability and regulation of multinationals	17
Tools and best practices for engaging in advocacy	14
Tools and best practices for engaging in dialogue	14
Supporting efforts by developing country citizens and govt's to achieve more favourable trade/investment…	13
Social impact investing and development impact bonds	11
Building and supporting coalitions for economic justice	11
Shareholder activism	9

Similar to the previous question on motivations for future private sector work, the most common response was the importance of giving priority to local ownership of inclusive economic development strategies. This is an important finding in the context of some of the results outlined so far. While organizations want to promote local economic development strategies, it is notable that there is currently a low level of engagement with Host-Country SMEs and large corporations[16] (although some organizations do seem to be engaging local governments as noted in 3.5.4 above). Following the lead of

---

[16] See Figure 8 in section 3.5 entitled, "Scope of Private Sector Actors Being Engaged."

their host country partner organizations and in collaboration with them, perhaps Canadian organizations will need to be more deliberate about including non-Canadian corporations and local and national governments in their private sector engagement strategies in the future.

The next most common responses focused on social enterprises. As a growing industry, social enterprises blend traditional economic objectives with social and environmental priorities that are core to their operations. This aligns with some of the broader organizational objectives of inclusive economic development that have been highlighted in this report so far. It may also be seen as an indication of organizational interest in emphasizing shared interests of social and environmental values in an economic context.

One other issue catching the attention of survey respondents is an interest in developing guidelines and models for effective private sector partnerships. This aligns with some of the previously mentioned preparations that organizations are undertaking as they anticipate engaging the private sector in the future.

4.5 Gaps in Engaging the Private Sector that Need Filling

"Time to develop common understanding with private sector partners cannot be under-estimated."

Organizational budget: over $5 Million

"We want to gain a better understanding of the compatibility between development and humanitarian interventions and economic interests and priorities."

Organizational budget: over $5 Million

"We need new sources of funding for this sort of advocacy work. We need to form new alliances with other civil society actors."

Organizational budget: over $5 Million

"Honestly, we just don't have any evidence that the corporate sector is interested in the type of programmes that we do."

Organizational budget: $250,000 - $500,000

In order to pursue new and existing initiatives to engage the private sector, there are still a few gaps that could be filled in organizational experience and expertise.

Knowledge and organizational understanding are a natural area of focus. Respondents noted the importance of being able to identify the points of convergence between economic development, social development and humanitarian priorities.

Tools for engagement were cited several times as a needed resource. Several of these tools related to

monitoring and evaluating programs that include a private sector component. But respondents also identified ways to evaluate the partnerships themselves as an important tool, in order to be able to more effectively engage the private sector in the future. Other specific examples of tools included awareness of different business models, contracting conditions for service delivery, legalities around private sector engagement and charitable status concerns, and negotiation frameworks for these engagements.

Many respondents acknowledged that filling these gaps in available tools and building experience would require personnel resources. Investing in emerging types of private sector engagement requires staff time and expertise. Several respondents said they were looking into bringing on new staff with more expertise in trade and business development, as well as private sector engagement experience, in order to bridge the "culture gap" between CSOs and for-profit organizations and enter these engagements "on equal footing." Survey respondents noted that this would demand a greater amount of time from staff.
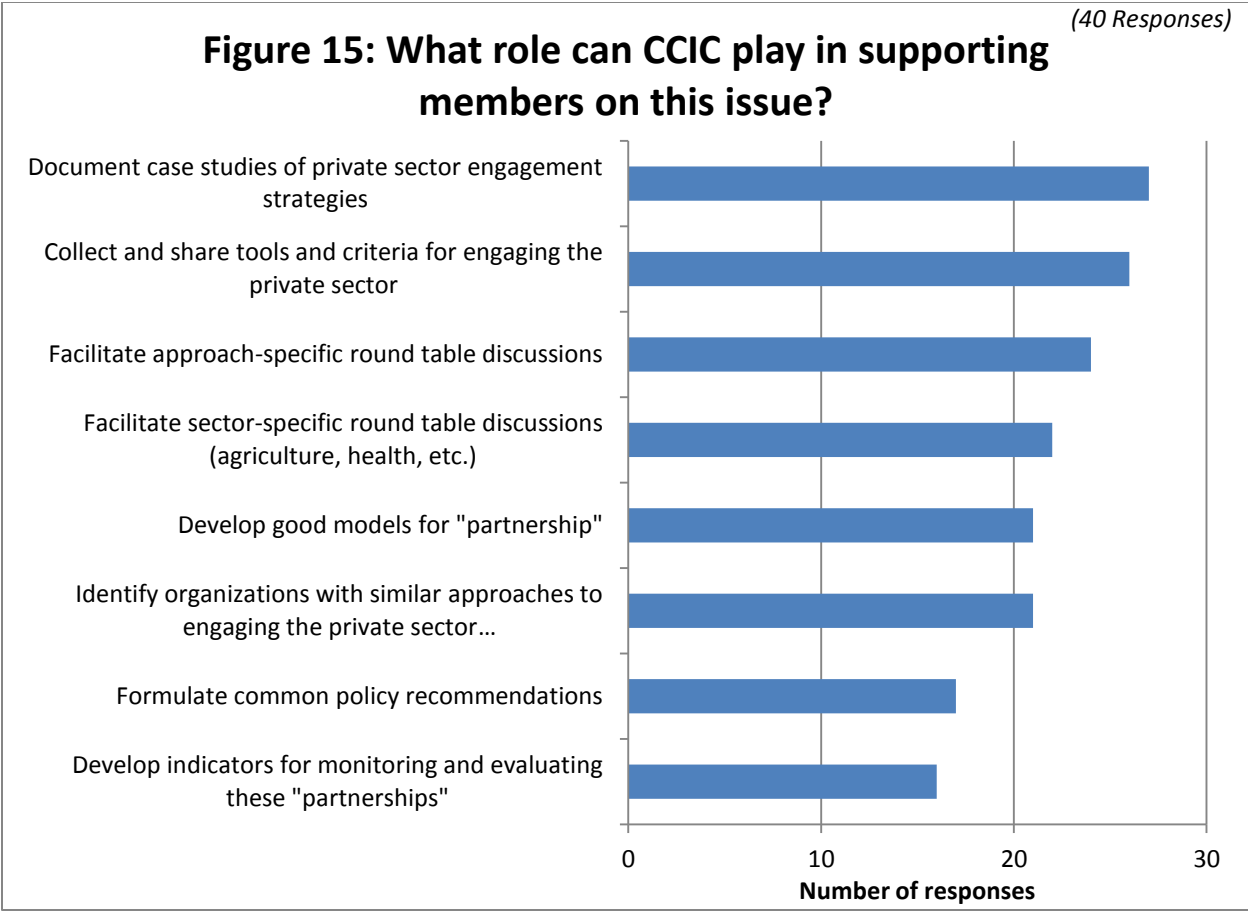
Related to the question of staff time is the issue of finding resources to commit to this type of organizational learning. Committing staff time to this type of research and relationship management is a challenge, especially in a time when some organizations are experiencing difficulties in securing core funding. One respondent noted that collaborations with the private sector need better support from multiple angles, including the public, other CSOs, and government bodies. For those engaged in advocacy, a few organizations cited the challenge of getting new sources of funding to support their work going forward.

Survey respondents also expressed a desire to do research and collaborate with other CSOs as a way of building a collective capacity to respond to the challenge of engaging in this new area. A greater level of coordination and information sharing with other organizations could be helpful. Dialogue and collaboration strategies that include private sector actors in some cases would also help. One respondent noted an interest in establishing a local network of socially-minded and responsible businesses that could be approached for future partnerships.

4.6 Member Expectations for Support from CCIC on This Issue

In anticipation that members would need some kind of support in relation to their different type of private sector engagement, one of the survey questions asked how CCIC could play a supporting role for organizations as they grapple with these various issues. Respondents were given eight options to prioritize.

Case studies of different private sector engagement strategies (business models) and sharing tools and criteria for engaging the private sector were the top two responses. It is clear that there is an appetite to learn what is working in other contexts and to explore the lessons learned from these engagements. Round-table discussions that were both approach-specific (Advocacy/Dialogue/Promotion/Partnership) and sector-specific were also high on the list, providing another platform for knowledge-sharing to take place.

Figure 15: What role can CCIC play in supporting members on this issue?

Document case studies of private sector engagement strategies

Collect and share tools and criteria for engaging the private sector

Facilitate approach-specific round table discussions

Facilitate sector-specific round table discussions (agriculture, health, etc.)

Develop good models for "partnership"

Identify organizations with similar approaches to engaging the private sector…

Formulate common policy recommendations

Develop indicators for monitoring and evaluating these "partnerships"

Number of responses

5.0 Conclusion

Drawing on the results of a comprehensive survey of 62 Canadian CSOs, this report has provided a broad overview of how different CSOs are currently engaging the private sector – through advocacy, dialogue, promotion and partnership – and some of the characteristics that define each of these approaches, as well as the organizations engaged in them.

A number of themes have emerged, with implications for both CSOs engaging the private sector going forward and for CCIC. These include the following:

- **The different approaches are clearly not mutually exclusive, and may in fact complement one another.**
  For example, one participant noted, "We take a nested approach: we do partnership with private sector actors who themselves are doing promotion. […] Doing partnership with promotion type businesses I would argue should be called 'ecosystem building'." In fact, the survey allowed organizations to demonstrate how one approach to engaging the private sector revealed opportunities to employ other approaches to engaging the private sector in a complementary way and that achieved certain development objectives – a practice that is happening in several organizations.

  The analysis of the key findings from each of the different approaches signaled clear opportunities and challenges to each approach, some of which could be leveraged or addressed by taking on elements of the other approaches. For example, although both dialogue and advocacy related to the private sector featured less prominently in the activities of those CSOs surveyed, the results clearly illustrate that both these approaches remain integral to longer-term sustainable change where promotion or partnership is the core objective. For example, one organization said that their primary approach of partnering with a private sector actor helped them recognize that, "Canadian laws and regulation and consumer choices impact and are implicated in the lives of communities… around the world." The organization's relationship with the private sector helped them identify key advocacy strategies where they could engage in issues of economic justice at the policy level. Going forward, organizations and coalitions need to think more intentionally about how they might integrate elements of dialogue and advocacy into these two approaches (promotion and partnership), in particular working with counterparts at the host country level. To do this, organizations could draw on some lessons learned by organizations that have been "successful" in their advocacy and dialogue. What made the strategies and tactics they pursued in these approaches a success? More generally, Canadian CSOs also need to think about ways to build elements of each approach into their core approach, and how the synergies among approaches, strategies and different organizations may enhance the potential development outcomes.

- **CSOs may want to extend their reach outside current targeted private sector actors for each of the different approaches.**
  The four approaches have had clear targets, with promotion predominantly among micro, small and medium-sized enterprises, and advocacy, dialogue and partnership primarily among the

larger Canadian private sector. The approaches also tended to target certain thematic sectors, for example, with advocacy focused on the extractives, dialogue on financial services, promotion on agriculture and food security, and partnership with the extractives and agricultural sector. Given the potential benefits to be had from integrating different elements of each approach into your engagement with the private sector, organizations may want to consider how larger host country corporations impact development objectives, particularly in relation to the priorities of their host-country partners. More specifically, organizations with experience engaging large Canadian companies may focus on sharing these lessons learned with host country partners looking to engage corporations in their country. One other example might include organizations focused on promoting food security at the local level. They might consider the contributions that they can make, ideally working in coalition with other Canadian organizations active on food security, to engage in advocacy and dialogue strategies with Canadian agribusiness. These strategies could focus on enhancing the corporate practices of this sector, practices that may be undermining organizational efforts in communities at promoting local food security.

- **Specific approaches "ebb and flow" in consultation with partners**.
  Organizations and their partners take on different approaches according to the different roles they are playing. As organizations described their organizational approaches to the private sector in the survey results, there was a notable "ebb and flow" between different engagement strategies. Many organizations spoke to the close interplay between their organization and their partners in terms of who they engage, when and how. Regardless of the approach, engaging the private sector is obviously a conversation that needs to take place in collaboration with partners. The orientation of Canadian CSO strategies in developing countries should be strengthening local counterparts to not only to engage private sector actors, but also to participate in social and political dialogue on the roles of the private sector in country development strategies.

- **CSOs clearly see several active roles for themselves in terms of how they are engaging the private sector.**
  CSO roles in private sector engagement might include the following: as an "educator", raising corporate awareness about the implications of particular decisions on development outcomes; as a "convener", facilitating dialogue between industry, government and civil society; as "connector", linking local businesses and communities to markets, as a "contractor", integrating existing private sector actors into their projects and programs; and "grantee", working with the private sector to leverage their financial resources and expertise. CSOs are clearly not passive actors in their relationship with the private sector. Going forward, CSOs may want to consider how they might further develop these roles, and what skills and tools are necessary to do so; they may also want to explore the useful intersections between their different roles and the appropriate division of labor between Canadian and developing country CSOs.

- **It is important to recognize the different roles that the different development actors play, not just what the private sector can do for development.**
  CSOs as independent development actors in their own right have a key role to play. The feedback from this survey demonstrates that CSOs have extensive experience in terms of working with the

local private sector and engaging small-scale business. Civil society, and particularly developing country CSOs, are in a unique position to understand and prioritize the needs (and identify the assets) of individual communities. This has "added value" for both businesses (investment opportunities and market analysis) as well as governments (population needs and assets, as well as identifying "change agents" within communities). Civil society is well positioned to relate to the varying interests of local businesses and donors or private sector actors looking to invest in local economic development in terms of development outcomes that prioritize the interests of poor and marginalized populations.

- **But don't assume you have to engage the private sector just because everyone else is.**
  Not engaging the private sector is also a valid decision for many organizations. Because of its focus on engagement, this report has studiously not examined the legitimate CSO perspective that the private sector's role in development and its inherent goal of maximizing profits is intrinsically contradictory to the vision and model of development that their organization may be promoting. Effective CSOs have very focused organizational priorities and ways of working, honed often through decades of development experience, and just because working with the private sector is the current trend, does not mean that all organizations need to, or even should, engage the private sector. In fact, the different reflections that various CSOs maintain on this contested terrain is integral to the different organizational approaches that groups take, and a key value added that civil society organizations bring to development - namely a diversity of approaches and perspectives.

- **Furthermore, engaging the private sector requires long term investment of time and resources**.
  One of the biggest challenges that organizations identified in terms of engaging the private sector was the substantial differences in organizational culture –in terms of language, priorities, and operating modalities – as well as differing power dynamics between actors and potential exposure to increased (organizational) reputational risk. These gaps take substantial time and resources to fill, not to mention commitment.

  Given this context, organizations would do well to first seriously explore possible synergies or areas of convergence in terms of engaging the private sector, and how these might fit with the existing mandate, values and priorities of the respective organization. And in doing so, they should accept that there might not always be a fit. This is particularly important since survey respondents uniformly ranked financial security in these engagements as the area of least promise. While project specific funding or co-financing seen as a key opportunity, the sustainability of such funding arrangements is still untested. CSOs should continue to do what they do best, and engage the private sector only if it creates opportunities to better fulfill their mandate and work more closely with their counterparts.

- **But private sector engagement may bring with it key benefits.**
  Where organizations are prepared to make this commitment, they see the possibility of several advantages:
  a)   sharing knowledge and information between different actors;
  b)   working with their partners to build the capacities around local economic development and

the role of economies in nurturing development;

c) the potential for scaling up programs and enhancing economic development outcomes; and

d) expanding their networks.

The latter two rank the top two opportunities that organizations envisage for partnering with and promoting the private sector. As noted earlier, such partnerships and promotion on the part of CSOs must carefully balance two essential dimensions. On the one hand partnerships acknowledge the potential role of the private sector and inclusive growth to contribute to positive development outcomes. On the other hand, CSOs have a clear mandate to keep corporations accountable to global standards and the law, including the improvement of their actions in terms of the impacts these have on the poor, marginalized communities and the environment.

- **Many organizations have already developed a range of processes, policies and tools that could provide useful insight for others.**
  Current CSO resources include policies on corporate engagement, different business models, internal screening criteria, guidelines to help manage risk, expectations and responsibilities, and value chain analysis. Some organizations are in the process of researching and developing due diligence and corporate engagement tools, and investing in multi-stakeholder dialogue. For others, the survey was a first step to reflecting on their organization's perspectives and practice with regards to private sector engagement – as one respondent noted, forcing their organization to do some honest introspection of their underlying theories of change and practices with regards to the private sector.

  Some respondents noted that they would benefit from further discussions/round tables on experiences with the private sector, while other organizations expect to bring on staff or consultants with more private-sector experience. There is also a clear appetite (and identified gap) among many (albeit not all) respondents in terms of tools and guidelines to help promote more inclusive economic growth and monitor and evaluate different frameworks for partnership. Ultimately, many respondents believe that building their own capacity in this area will help them have a greater understanding of the contexts in which they work and be more effective at engaging multiple stakeholders. Different organizations' experiences to date could offer a rich source of information for a learning circle among the CSO development community, as well as a positive way to build the collective understanding and capacity of the community around these issues – regardless of whether organizations are giving priority to engaging the private sector or not. More specifically, this could be done through a) shared learning of tools (both new and old); b) joint learning around the different engagement models(the four approaches) that work in the Canadian context; and, c) the development of tools to monitor and evaluate the impact of these different approaches of engagement (in particular on partnership, which is the new trend).

It is clear that CSOs play a crucial role in development strategies that aim to leverage the private sector. One might even say that CSOs are the "lever" by which the private sector can be mobilized in order to reduce poverty, promote inclusive social and economic development, and progressively realize people's human rights.

Annex I – CCIC publications reviewed

The following annotated bibliography examines CCIC publications that explore different aspects of the role of the private sector in relation to international development.

2013 **"Investing in the Business of Development – Bilateral Donor Approaches to Engaging the Private Sector", CCIC and The North-South Institute**

http://www.ccic.ca/_files/en/what_we_do/2013-01-11_The%20Business_of_Development.pdf

This document examines bilateral donor strategies to economic growth and engaging the private sector. The paper is based on publicly-available OECD-DAC donor policies, and uses them to identify emerging themes in donor policies around growth and the private sector. Recommendations focus on the following: enhancing tracking, disclosure, and comparability of private sector funding across donors; articulating criteria and establishing indicators to ensure financial additionality of investments by donors in private sector projects; ensuring greater implementation by donors of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and the Busan Partnership for Effective Development Cooperation; supporting democratic ownership of growth and private sector agenda; and, clearly articulating development/poverty reduction outcomes in donor investments.

2012 **"Comments on the FAAE Report on the Role of the Private Sector in International Development"**

http://www.ccic.ca/_files/en/what_we_do/2012_29_11_CCIC%20comments%20on%20report%20on%20private%20sector%20and%20development.pdf

This is a brief analysis written in response to the report from the Standing Committee on Foreign Affairs and International Development (FAAE), entitled "Driving inclusive economic growth: the role of the private sector in international development." The analysis identifies gaps (such as ambiguous references to "private sector", challenging the causality of growth/investment and job creation, and expressing commitment to the Official Development Assistance Accountability Act) and poses some recommendations to the Committee (like clarifying the priorities of developing countries and the domestic private sector).

2011 **"The elusive quest for pro-poor growth? An analysis of CIDA's Sustainable Economic Growth Strategy"**

http://www.ccic.ca/_files/en/what_we_do/2011_12_Pro-poor_growth_paper_e.pdf

This report sheds further light on CIDA's "Sustainable Economic Growth Strategy," published in 2010. The SEG Strategy focuses on three key elements: building economic foundations (legislation and regulatory environments), growing businesses (particularly SMEs), and investing in the employment potential of all (through skills and technical training). This report highlights the need to address policy realities that hinder the development of SMEs, to integrate into the approach a "pro-poor lens" that provides tangible preconditions for growth and private sector engagement, as well as indicators to measure compliance with these preconditions, and to prioritize human rights considerations and accountability measures into the strategy.

2008 **"The Global Challenge to end Poverty and Injustice – CCIC's 10-Point Agenda"**
http://www.ccic.ca/_files/en/about/001_10pts_agenda.pdf
This is a 10-point agenda that reflects CCIC members' holistic understanding of the challenges of global poverty and the desire for social change that honors justice and human rights. The fifth point focuses on Corporate Accountability with a particular focus on advocacy (policy and regulation to protect human rights). Approaches include strengthening Canadian public demand for local community investment and upholding human rights, advocating for mandatory corporate social responsibility regulations, increased accountability from multilateral banks and promoting ethical investment strategies.

2004 **"The UNDP Commission on the Private Sector and Development - Unleashing Entrepreneurship: Making Business Work for the Poor," A Commentary**
http://www.ccic.ca/_files/en/what_we_do/002_aid_undp_private_sector_dev.pdf
This is a commentary in response to the UNDP's report, "Unleashing Entrepreneurship: Making Business Work for the Poor". The commentary is a review of the key points of the report and offers a response to the recommendations. This response includes a request for evidence that formalizing the private sector benefits the poor, a word of caution around viewing the formalization of the informal sector as a panacea, and the recommendation that developing countries need policy space to determine their own policies on trade and markets.

2003 **"Expanding opportunities: Framework for Private Sector Development – A CIDA Consultation Document," Canadian Labour Congress and CCIC Commentary**
http://www.ccic.ca/_files/en/what_we_do/002_aid_2003-03_commentary_cida_consultation_clc.pdf
This publication is a response to CIDA's 2003 Private Sector Development policy, which places itself firmly in the theory of private sector promotion (i.e. private sector growth + trade liberalization -> poverty reduction). The response puts forward key recommendations for CIDA and its Private Sector Development policy, particularly in terms of articulating the policy through a pro-poor lens. This includes structural and policy adjustments that affect the poor, incorporating a rights-based approach, and building capacity at multiple levels within developing countries.

2001 **"Due Diligence in our Engagements with the Private Sector" – A Decision Making Guide**
http://www.ccic.ca/_files/en/what_we_do/002_ethics_final_due_diligence_new.pdf
This is a decision-making guide for non-governmental organizations interested in exploring various means of engaging the private sector. The tool is designed to guide members in gathering information that will help them make ethical choices. This information includes the nature of the partners in the engagement (both NGOs and PS actors), options for engagement, consequences of the options, and questions to help make a decision on the best option. The tool also includes questions to establish expectations and responsibilities of the partnership, as well as questions upon which to reflect during/after the engagement. While not mandatory, this process benefits from having an established policy/protocol on NGO-PS engagement, or at least preliminary discussions on theories and approaches to engaging the Private Sector (see Deliberation Guide above).

2001 **"Bridges or Walls? Making Our Choices on Private Sector Engagement," a Deliberation Guide**

http://www.ccic.ca/_files/en/what_we_do/002_dev_org_bridges_or_walls_final_guide.pdf

This publication helps guide a deliberation process to help surface general attitudes about strategies for engaging the private sector and the limits to engaging the private sector. This values-based approach explores the theories behind the three choices for engaging the private sector: Advocacy (theory: interests of corporations are incompatible with interests of the poor), Dialogue (theory: a solution to poverty exists in pioneering and promoting new forms of socially responsible enterprise), and Cooperation/Partnership (theory: the private sector can complement the strengths of NGOs and vice versa).

2000 **"NGO Engagement with the Private Sector on a Global Agenda to End Poverty: A Review of the Issues", Background Paper for the Learning Circle on NGO Engagement with the Private Sector**

http://www.ccic.ca/_files/en/archives/lc_2000-01_review_of_issues.pdf

This is a backgrounder for the aforementioned framework (1999). It works out of the paradigm of a threefold engagement with private sector: advocacy, dialogue, and partnerships. The paper raises questions that emerge from these three approaches, rather than reaching conclusions. Questions focuses on the types of partnerships (financial, strategic, or program), types of corporations (multinational, based in north, based in south), forms of engagement (consultation, investment, import/export), and the nature of the NGO (where it is based, level of involvement in programming, etc.). The backgrounder also explores motivating factors for corporations (such as cost savings, public relations moves, human rights compliance, social impact/capital, and "the triple bottom line").

1999 **"A Conceptual Framework for the CCIC Learning Circle on "NGO Engagement with the Private Sector on a Global Agenda to End Poverty"**

http://www.ccic.ca/resources/archives_lc_1999-09_conceptual_framework_e.php

This document provides a conceptual framework in response to the question, "Does NGO engagement with the private sector help ensure that corporate behavior has a positive impact on the global agenda to end poverty?" The framework focuses on three key areas of involvement: Advocacy (to regulate and put pressure on corporate activity), Dialogue (to build an ethical value base within the private sector), and Cooperation (or partnership, using a theory of complementing strengths).

1998 **"Corporate Partnership and Sponsorship Policy"**

http://www.ccic.ca/what_we_do/ethics_popup_code_3_5_sponsorship_policy_e.php

This policy provides a brief overview of the priorities and requirements of corporate partnership or sponsorship. The guidelines include the requirement for partnerships to remain consistent with CCIC's mission, mandate, code of ethics, and management plans.

1996 **"Questioning the Panacea: Lessons from a CCIC Learning Circle on Micro-Enterprise," A Statement of Findings and Further Questions**
http://www.ccic.ca/_files/en/archives/lc_1996_questionning_panacea.pdf
By identifying micro-enterprises as part of a "sustainable livelihoods" approach to development, the purpose of this meeting was to broaden understanding of issues around micro-enterprise, particularly in conjunction with a growing interest in micro-credit. The meeting focused on <u>why</u> CCIC members are involved in micro-enterprise. The meeting concluded that access to finance/ credit for the poor is not enough – approaches must consider technical training, infrastructure capacity and development, and even policies for promoting growth and development. Furthermore, indicators of success must look beyond financial growth/development and look to social change.

1996 **"Common Interests: Exploring Opportunities for NGO-Private Sector Collaboration," Seminar Report**
http://www.ccic.ca/_files/en/archives/rd_1996-05-23_exploring_opportunities.pdf
This is a report from a one day seminar that focused on bringing together private sector participants and NGOs to discuss opportunities for collaboration beyond traditional funding mechanisms. The event was attended by over 90 participants, using case-studies and round-table discussions to identify benefits and challenges to private sector partnerships. The seminar highlighted complementary strengths brought to NGO-private partnerships and the importance of clarifying expectations and responsibilities upon entering these partnerships.

Annex II – Survey questions

The following is the complete survey made available to Canadian civil society organizations.

Overview of survey - its goals and objectives

Details of person completing the survey

1. Which Council(s) are you a member of? (check all that apply)
   - CCIC
   - Provincial or Regional Council
   - Neither

2. Organization:

3. Please identify the type of work your organization typically engages in (check all that apply):
   - capacity building, training
   - communication
   - marketing
   - volunteer or expert sending, technical assistance
   - ecology, environment, biodiversity
   - rural development, agriculture
   - food security
   - nutrition
   - health
   - sanitation, water
   - energy
   - emergency relief, refugees, humanitarian assistance
   - education, literacy
   - children, youth, family
   - gender issues, girl's and women's rights
   - human rights
   - population, family planning, demography
   - democracy, good governance
   - participatory development
   - peacebuilding, conflict
   - debt, finance, trade
   - labour development
   - urban development, habitat
   - micro credit
   - small enterprises, informal sector
   - information technology
   - Other (please specify)

4. What was your approximate total organizational budget in 2011-2012?
   - 0-$100,000
   - $100,001-$250,000
   - $250,001-$500,000
   - $500,001-$1,000,000
   - $1,000,001-$5,000,000
   - Over $5,000,000

5. Full name:

6. Position title:

7. Contact details (email or phone):

8. Can we contact you to get further details and clarification?

Engaging with the Private Sector

For the purpose of this survey, we are providing the following definitions:

The **PRIVATE SECTOR** includes organizations in which a predominant part of their core strategy and mission focuses on profit seeking activities, whether by production of goods, provision of services or commercialization, with a mixed degree of focus on social or environmental dimensions. It includes financial institutions and intermediaries, micro, small and medium-sized enterprises, farmer/producer groups, cooperatives, social enterprises, large corporations and transnational companies.

ENGAGEMENT includes interaction between any combination of civil society, government, and private sector for the purpose of influencing or collaborating. Engagement can be both direct (actor-to-actor engagement) and indirect (through a third party, [e.g. government, partners, community coalitions, etc.]).

NOTE that for this survey, relationships that are purely financial (e.g. an unconditional grant) do not qualify as "Engagement." Rather, Engagement includes interactions that directly impact an organization's activities or priorities.

For more information on ways to engage the private sector, please refer to this framework that CCIC has developed: http://drive.google.com/uc?export=view&id=0B919PmhikPc6M2sxMVdiTGFXSzg

The next page takes a closer look at the Framework, and many of the questions in the remainder of this survey will refer to this Framework for approaches to engaging the private sector.

9. Does your organization engage with the private sector?
   o Yes
   o No
   o If yes, what is the main purpose of the engagement(s)? If not, why not?

10. If you answered "yes", is this engagement done *primarily* by your organization, or through your host-country partners?
    o Our organization
    o Host-country partners
    o Comments

For the purpose of this survey, please keep this response in mind as you answer questions on engaging the private sector.

Approaches to Engaging the Private Sector

Based on a review of prior CCIC publications and conversations with members, we have derived the following framework of different approaches to engaging the private sector. The approaches are not mutually exclusive, and a range of activities exist within each. For the purposes of this survey, please identify the approaches that are being undertaken by your organization and/or your host-country partners.

Advocacy
- Activities aimed to challenge or change the practice/operations of private sector actors in order to limit the ways that profit-driven economic systems contribute to poverty. Can include attempts to influence policies or regulations (indirect), or direct pressure on businesses.

Dialogue
- Building an ethical value base within the private sector. Pioneering or encouraging new forms of socially or environmentally responsible enterprise, increasing consumer or investor demand for sustainable practices, or finding ways to prioritize and integrate principles of social or environmental justice into the marketplace.

Promotion
- Facilitating economic growth through the promotion of the local private sector. Includes work with low-income populations aimed at developing skills and capacities that strengthen their access to or participation in economic activities.

Partnership
- Formal, contractual relationships with private sector actors to provide complementary assets and services for the purpose of achieving development objectives. Can include partner agreements, memorandums of understanding, participation in public-private partnerships, etc.

Several questions in the remainder of this survey will refer to this Framework for approaches to engaging the private sector. You may click on this link if you wish to open this framework in a new browser window/tab for quick reference:

http://drive.google.com/uc?export=view&id=0B919PmhikPc6M2sxMVdiTGFXSzg

11. Is there an approach that you take that you feel may not be broadly captured by the above four?
    o No
    o Yes
    o If yes, please explain

12. Based on the above framework, please indicate how prominent each approach has been (that is, the amount of programming that incorporates this private sector approach) in the work of your organization over the past five years:
    o High Prominence
    o Moderate

- o Low
- o Zero Prominence

Please identify the *type* of private sector you engage with through each of these approaches, where applicable. The following table categorizes private sector actors based on the following criteria:

Origin: Can be "Host-Country" (based overseas in the country in which you have direct programming), "National" (i.e. Canadian), or "Other National" (A "third party," neither Canadian nor Host-Country for your particular programming. e.g. Sweden, South Africa). This is based on where the business has its headquarters. For businesses that are difficult to identify where their headquarters are (or where their "origin" is not particularly relevant), please indicate "Multinational".

Size: Private sector actors range in size from Micro-Enterprise (under 10 ppl), Small-Medium Enterprise (10-250 ppl), to Large Corporation (250 ppl+)

13. Please select all that apply:

	Advocacy	Dialogue	Promotion	Partnership	Other (if indicated in question 11)
Host-country (e.g. Kenya) Micro-Enterprise (under 10ppl)	☐	☐	☐	☐	☐
Small-Medium Enterprise (10-250ppl)	☐	☐	☐	☐	☐
Large Corporation (250ppl +)	☐	☐	☐	☐	☐
National (i.e. Canadian) Micro-Enterprise (under 10ppl)	☐	☐	☐	☐	☐
Small-Medium Enterprise (10-250ppl)	☐	☐	☐	☐	☐
Large Corporation (250ppl +)	☐	☐	☐	☐	☐
Other National (e.g. US, Sweden, South Africa) Micro-Enterprise (under 10ppl)	☐	☐	☐	☐	☐
Small-Medium Enterprise (10-250ppl)	☐	☐	☐	☐	☐
Large Corporation (250ppl +)	☐	☐	☐	☐	☐
Multi-national	☐	☐	☐	☐	☐

Comments:

Many of the following questions in this survey will focus on your organization's top two most prominent approaches to engaging the private sector (see the example below for identifying your most prominent approaches).

EXAMPLE RESPONSE

12. Based on the above framework, please indicate how prominent each approach has been (that is, the amount of programming that incorporates this private-sector approach) in the work of your organization over the past five years:

	High prominence	Moderate	Low	Zero prominence
Advocacy	○	✓ (circled)	○	○
Dialogue	○	○	✓	○
Promotion	○	○	✓	○
Partnership	✓ (circled)	○	○	○
Other (if indicated in Question 11)	○	○	○	○

(In the EXAMPLE RESPONSE above, one would identify "Partnership" as their Most Prominent Approach and "Advocacy" as their Second Most Prominent Approach. If there is a tie, please use your discretion to pick your organization's top two most prominent approaches)

ATTENTION: please make a mental (or written) note of your Most Prominent and Second Most Prominent approach to engaging the private sector. You will be asked to indicate these top two approaches in the pages that follow.

Most Prominent Approach

14. Please identify your organization's most prominent approach to engaging the private sector:
   o Advocacy
   o Dialogue
   o Promotion
   o Partnership
   o Other (if indicated in question 10)

The following questions pertain to your organization's Most Prominent Approach to engaging the private sector (which you have just indicated).

15. Why has your organization chosen this approach to engaging the private sector?

(For example, organizational priorities, change in context, assumptions, theories of change, new evidence, research, global movements, etc.)

16. How did this type of engagement start? i.e. what were your "entry points" for this approach?

17. Generally speaking, the private sector actors you are engaging are working in which **Industry**? (check all that apply)
    - o Agriculture
    - o Arts/handcrafts
    - o Communications
    - o Construction/trades
    - o Engineering
    - o Extractive Company (natural resources)
    - o Financial Services
    - o Food (packaging and distribution)
    - o Information Technology
    - o Management & Consulting
    - o Manufacturing
    - o Medical Services (incl. Pharmaceuticals)
    - o Retail
    - o Sales & Marketing
    - o Service Industry
    - o Transportation
    - o Tourism
    - o Other
    - o Comments:

Note: Only answer this next question *if you have indicated "Partnerships" as your most prominent approach*. If not, you may skip this question.

18. Do your partnerships with private sector actors include any of the following components:
    - o Core funding
    - o Project specific funding
    - o In-kind contribution by the Private Sector partner
    - o In-kind contribution by CSO partner
    - o Knowledge-sharing
    - o Joint project design
    - o Joint project implementation
    - o Joint monitoring and evaluation
    - o Standard setting
    - o Other (please specify)

In your programming that used this Most Prominent Approach, can you give a few examples of:

19. your objectives?

20. your key activities?

21. what intended outcomes you achieved?

22. what unintended outcomes occurred?

In your experience, what have been the main opportunities and challenges from engaging the private sector in this way?

23. Challenges:
    - o Reputational risk
    - o Risk in funding security
    - o Lack of shared expectations
    - o Lack of shared priorities
    - o Lack of shared language

- o Contrasting operating modalities
- o Changing interests on the part of other actors
- o Limited capacity/expertise in our organization to properly engage PS this way
- o Project/partnership monitoring and evaluation
- o Unbalanced power dynamics
- o Threats and/or physical violence
- o Other (please specify):

24. Opportunities:
    - o Ability to scale up programming
    - o Establishment of new programming areas
    - o Shared knowledge
    - o Capacity building for our organization
    - o Capacity building for our partners
    - o Access to new skills/resources
    - o Financial security
    - o New networks
    - o Reputation
    - o Enhanced economic development results
    - o Other (please specify):

25. what lessons you learned from this engagement?

Second Most Prominent Approach

26. Please identify your organization's Second Most Prominent approach to engaging the private sector:
    - o Advocacy
    - o Dialogue
    - o Promotion
    - o Partnership
    - o Other (if indicated in question 10)

The following questions are the same as the ones you just saw, but are now focusing on your organization's Second Most Prominent Approach to engaging the private sector (which you have just indicated).

27. Why has your organization chosen this approach to engaging the private sector?

(For example, organizational priorities, change in context, assumptions, theories of change, new evidence, research, global movements, etc.)

28. How did this type of engagement start? i.e. what were your "entry points" for this approach?

29. Generally speaking, the private sector actors you are engaging are working in which *Industry*? (check all that appl
    - o Agriculture
    - o Arts/handcrafts
    - o Communications
    - o Construction/trades

- Engineering
- Extractive Company (natural resources)
- Financial Services
- Food (packaging and distribution)
- Information Technology
- Management & Consulting
- Manufacturing
- Medical Services (incl. Pharmaceuticals)
- Retail
- Sales & Marketing
- Service Industry
- Transportation
- Tourism
- Other
- Comments

Note: Only answer this next question *if you have indicated "Partnerships" as your second most prominent approach*. If not, you may skip this question.

30. Do your partnerships with private sector actors include any of the following components:
    - Core funding
    - Project specific funding
    - In-kind contribution by the Private Sector partner
    - In-kind contribution by CSO partner
    - Knowledge-sharing
    - Joint project design
    - Joint project implementation
    - Joint monitoring and evaluation
    - Standard setting
    - Other (please specify)

In your programming that used this Second Most Prominent Approach, can you give a few examples of:

31. your objectives?

32. your key activities?

33. what intended outcomes you achieved?

34. what unintended outcomes occurred?

In your experience, what have been the main opportunities and challenges from engaging the private sector in this way?

35. Challenges:
    - Reputational risk
    - Risk in funding security
    - Lack of shared expectations
    - Lack of shared priorities
    - Lack of shared language
    - Contrasting operating modalities
    - Changing interests on the part of other actors

- o Limited capacity/expertise in our organization to properly engage PS this way
- o Project/partnership monitoring and evaluation
- o Unbalanced power dynamics
- o Threats and/or physical violence
- o Other (please specify):

36. Opportunities:
- o Ability to scale up programming
- o Establishment of new programming areas
- o Shared knowledge
- o Capacity building for our organization
- o Capacity building for our partners
- o Access to new skills/resources
- o Financial security
- o New networks
- o Reputation
- o Enhanced economic development results
- o Other (please specify):

37. what lessons you learned from this engagement?

Other Approaches

38. Are there other approaches in your work with the private sector that are less prominent, but that you think are still worth mentioning? If so, please explain.
- o Advocacy
- o Dialogue
- o Promotion
- o Partnership
- o Other (if indicated in question 11)

Please explain:

Tools and Resources for working with the Private Sector

39. Is your organization aware of the 2001 CCIC publication, "Due Diligence in our Engagements with the Private Sector – A Decision Making Guide"?
- o Yes we are, and we have used it.
- o Yes we are, but we have not used it.
- o No we are not.

40. Please list what tools, resources, or policies you have developed to help plan, monitor, and evaluate your organization's engagement with the private sector:

For organizations NOT currently engaging the private sector

41. Although you don't engage with private sector now, are you considering engaging this sector in the future?

o Yes
o No

Why or why not?

42. Is your organization aware of the 2001 CCIC publication, "Due Diligence in our Engagements with the Private Sector – A Decision Making Guide"?
   o Yes we are, and we have used it.
   o Yes we are, but we have not used it.
   o No we are not.

Looking Ahead

The following questions apply to the work of your organization looking forward.

As you consider the different approaches to engaging the private sector,

43. Is your organization undergoing preparations to engage with the private sector in the future?
   o No
   o Yes

   If "yes", please explain:

44. are there emerging trends (in Canada or internationally) that you want to learn more about or become more engaged in? (please select up to 3 or 4 of the trends you are most interested in pursuing)
   o Shareholder activism
   o Building and supporting coalitions for economic justice
   o Corporate accountability and regulation of multinationals
   o Supporting efforts by developing country citizens and govt's to achieve more favourable trade/investment agreements
   o Supporting developing country citizens and govt's in promoting an enabling environment for inclusive (pro-poor) economic growth
   o Establishing and supporting social enterprises
   o Example guidelines and models for establishing private sector partnerships
   o Tools, including monitoring and evaluation frameworks for measuring partnership outcomes
   o Tools, including monitoring and evaluation frameworks for measuring the success of the partnership itself
   o Social impact investing and development impact bonds
   o Tools and best practices for engaging in dialogue
   o Tools and best practices for engaging in advocacy
   o Other (please specify)

45. Why are you interested in learning more or engaging in these issues related to the private sector?

46. What gaps need to be filled to enhance your organization's ability to engage the private sector (as identified in your responses to the questions above)?

Looking Ahead at CCIC's Role

47. With regards to your organization's engagement with the private sector (both current and anticipated), what role should CCIC play that would be the most helpful for your organization?
    o Collect and share tools and criteria for engaging the private sector
    o Identify organizations with similar approaches to engaging the private sector (Advocacy/Dialogue/Promotion/Partnership)
    o Facilitate approach-specific round table discussions
    o Facilitate sector-specific round table discussions (agriculture, health, etc.)
    o Develop good models for "partnership"
    o Develop indicators for monitoring and evaluating these "partnerships"
    o Formulate common policy recommendations
    o Document case studies of private sector engagement strategies
    o Other (please specify)

48. Should we contact other people in your organization working on aspects of engaging the private sector? (others who have experience, or who have developed or used tools and resources)

Please include NAME and CONTACT information: