



*The mutual benefits of NGO-business partnerships*

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The potential synergy between the respective agendas of the corporate sector and the issue. **Annelisa Grigg** and **Tim Knight** attempt to gauge the current climate of opinion and shed







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conservation community is increasingly widely acknowledged, but it remains a controversial light on the real value of NGO-corporate partnerships. Photographs by **Juan Pablo Moreiras**.





**F**FI has been working with business for over a decade. To some members of the conservation community those ten words may sound like sacrilege. As far as FFI is concerned, however, working with the business community is not merely justified; it is absolutely essential to the achievement of our conservation objectives. We are often asked: how can you possibly contemplate working with companies that have such a potentially devastating impact on the environment? The answer is in the question.

The corporate sector is, arguably, the single most influential group on Earth, with the power and resources to determine the future of our planet. The land area under corporate management is vast. Community livelihoods and incomes are overwhelmingly dependent on successful businesses. Single companies are wealthier than entire groups of governments. A recent study by the World Resources Institute found that 75% of active mines and exploration sites overlapped with land of high conservation value. There is a similar correlation between those areas richest in oil and gas reserves and those richest in biodiversity. The activities and attitudes of business are of fundamental importance to the viability and sustainability of the environment in which we all live and on which we all depend.

How can we deny ourselves the opportunity to influence these activities and attitudes? If governments are staking their countries' economic future on the development of an oil pipeline, for example, and public demand is driving it, very few things can stand in the way of such a venture. What we can do, however, is to work with the companies responsible for the project in order to minimize its environmental impact (see box *BP*, p 10). At FFI we believe that one of the most effective ways to protect biodiversity is to work closely with the very companies whose activities pose the greatest threat to it.

This is not simply a damage limitation exercise, although one could argue that it would still be worthwhile if that were the case. By definition, these same companies also offer some

of the best opportunities to reverse biodiversity loss. In our eagerness to point out the environmentally detrimental effect of their core activities, it is easy to lose sight of their potential to make a positive impact. For example, one of FFI's partners, British American Tobacco (BAT), is among the world's largest tree planting sponsors outside the timber and paper industries, which means that forestry practices adopted by the company can help to alleviate deforestation problems, both locally and globally (see box *BAT*, p 11).

### **A place at the table**

Once we acknowledge, as we must, the huge influence that the corporate sector exerts on our planet, the rationale for engagement becomes clear. The only question is what form that engagement should take.

The approach favoured by some organizations is a hostile one. Engagement, for them, is synonymous with combat. Environmental pressure groups and eco-warriors have their place and there is no denying that they have won some notable, and newsworthy, battles.

Not every so-called success story has a happy ending, however. For example, pressure from environmental groups may have influenced the recent decision of Rio Tinto to sell its equity stake in Freeport, the company behind the controversial Grasberg mine in West Papua. But the mine itself remains open and may be operated in future by other, far less accountable, companies with no public reputation to risk.

If a high-profile company is badgered into pulling out of a controversial project, rather than working through issues and setting new environmental standards, the decision tends to benefit the lobbyists' public profile more than it benefits local communities and biodiversity.

FFI's decision to opt for a more constructive form of engagement stems from a conviction that we can exert greater influence by taking our place inside the tent, at the negotiating table. We are interested in long-term, sustainable results, not Pyrrhic victories.

Waging war on environmental destruction and biological impoverishment (to borrow the language of the pressure groups) is a mammoth undertaking. If we attempt to win that war single-handedly, the odds are extremely unfavourable. To succeed in the long term, conservation needs allies, strategic alliances and a few friends in high places.

Conservation groups that engage constructively with the business community also view this relationship as a catalyst for change. The private sector can benefit biodiversity both directly, by investing financial and human resources in conservation activities that mitigate environmental impacts, and indirectly, by helping NGOs and their local partners to operate more efficiently (see box *Shell*, p11). According to Mark Rose, FFI's Chief Executive Officer, the potential for skills transfer is one of the most valuable benefits of partnership: 'The availability of commercial expertise in various forms provides NGOs with a far more comprehensive tool-kit with which to tackle conservation problems.'



## Choosing partners

Having acknowledged the value, in every sense, of working with business rather than against it, how do we choose our partners? The short answer is carefully.

With limited resources at our disposal, it makes sense to concentrate our efforts on the industrial sectors that have the biggest environmental impact.

The greatest leverage can be achieved by focusing on the market leaders within each sector. These leading companies are not only the most influential, but also, by virtue of their sheer size and global reach, often the ones exerting the most pressure on the environment.

FFI works with companies that are committed to social and environmental reporting, willing to raise their own standards, and capable of influencing the behaviour of the rest of their sector. BP and Rio Tinto, giants of their respective sectors, are founder members of FFI's Global Business Partnership, which was established to formalize our working relationship with the corporate world. Other partners include Vodafone, Shell and BAT. Working with some of the prime shakers and movers in the global business community allows FFI to punch above its weight, exerting a much greater influence than might otherwise be possible for an organization of its size.

It also rattles the cage of greenwash conspiracy theorists. Are these businesses, as the sceptics claim, simply making a cynical attempt to cover their destructive activities in a thin green veneer of environmental respectability? If not, what other incentives do they have to support conservation activities?

## Why should business care about biodiversity?

No one is denying that the corporate heavyweights are interested in good publicity, but the decision to address the issue of biodiversity conservation is increasingly driven by long-term strategic considerations rather than mere opportunism.

For companies faced with a range of competing demands on their resources – security concerns, new ways of working, globalisation – biodiversity is not an obvious priority. Indeed, less than a decade ago, there was virtually no discussion in the business world of the need for companies to minimize their impact on biodiversity.

Conservation issues never reached the boardroom agenda unless a short-term, emergency response was needed. Environmental policy was synonymous with crisis management, by which time the damage was already done. FFI recognized the need for an alternative, and so did the more enlightened companies.

In the last few years, with the emergence of a business case that goes hand-in-hand with the moral justification for biodiversity conservation, attitudes have changed. There has been a perceptible narrowing of the previously unbridgeable philosophical divide that separated concern for the environment from concern for the bottom line. Altruism and philanthropy may be endangered species in the new millennium, but a little self-interest can go a long way.

Mark Eckstein, Senior Environmental Specialist from the International Finance Corporation, identifies biodiversity as an emerging issue and one that business is struggling to address: 'A lot of our clients are now being asked about their biodiversity performance – a new and rapidly evolving area for most of them, and one where there is considerable uncertainty about how to proceed.' Agribusiness, in particular, is under increasing pressure from further down the supply chain. International retailers are being asked pointed questions by investors and the general public about the environmental credentials of their suppliers.

Other incentives for companies to minimize their impact include cost reduction, legal requirements, and an understandable desire to be acknowledged as pioneers among those taking action to reduce the extent of their environmental footprint.

The finance sector is increasingly aware of the need to value its investments according to environmental and social – as



**Industry, forestry and freshwater captions (brief please)**

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well as financial – criteria. Citigroup and HSBC have recently developed investment policies on, for example, forestry and fresh water, which aim to minimize the biodiversity impact of some of their investments. The Equator Principles, to which 29 banks are now signatories, act as a further stimulant for proactive management of biodiversity by integrating social and environmental issues into project finance.

In this context, FFI and other partner-focused organizations have been able to secure the commitment of influential companies to treat biodiversity conservation as a core business issue that demands to be incorporated within the strategic decision-making process at board level.

### Why should companies engage with NGOs?

Companies that have identified biodiversity as an important issue can choose to address it via in-house environmental teams or external consultants, but they increasingly view partnership with environmental groups as the best way to tackle the demanding and complex issues associated with operating in biologically sensitive environments.

One argument for engagement is the need to gain access to skills and experience that are unavailable internally. Working

by providing a greater range of resources and expertise, valid concerns have been expressed.

The detractors point to the unengaged majority of industrial companies. Many have yet to be convinced about the benefits of partnership and are deterred by the obvious risks. Reputations are at stake. Both parties are under the microscope. Publicity is a double-edged sword.

If it is to refute accusations of greenwash and compromised objectivity, FFI must manage its corporate partnerships extremely carefully. Conservation results need to be compatible with its mission statement, to avoid undermining credibility with members and peers. FFI's list of corporate partners includes names the very mention of which can provoke paroxysms of rage among some environmentalists. If a partnership does not withstand close scrutiny, the critics will be queuing up to condemn it. And justifiably so.

Such healthy opposition is an essential means of ensuring that those working at the interface of business and biodiversity do not become complacent. Indeed, sometimes the most robust challenge comes from within the NGO organization itself as part of the internal debate that determines whether to engage with a company in the first place, and, later, whether to prolong

*“Community livelihoods and incomes are overwhelmingly dependent on successful businesses”*

with an environmental consultancy may provide access to the appropriate knowledge, but partnership with an NGO also gives the relevant project more credibility. More importantly, NGOs can assume the role of ‘critical friend’, providing a source of expertise and credible – but challenging – advice. A prime example of FFI's success in this respect is its contribution to Rio Tinto's recently launched biodiversity strategy (see box *Rio Tinto*, p 11).

Partnerships also serve to increase the conservation awareness of company staff. Employee secondments to a range of conservation projects around the globe help to create a cohort of biodiversity ambassadors throughout the company to which they later return. This lays the foundations for a working environment in which the concept of biodiversity management is embedded in the hearts and minds of the entire organization.

By definition, partnership is mutually beneficial. When, for example, Vodafone staff become involved with FFI field projects, they are not simply developing a greater appreciation of biodiversity issues to take back to their companies. The quid pro quo is that they bring their own set of commercial skills into the NGO environment (see box *Vodafone*, p 11).

### The perils and potential pitfalls of partnership

NGO-corporate partnerships are in their infancy. Whilst it seems intuitive that they can deliver benefits to conservation

a relationship (see *The Principles of Partnership*, p 11).

Partnerships can prove immensely time consuming and frustrating for all concerned. Success depends on establishing mutual trust, something that cannot be achieved overnight, particularly where highly contentious industries such as tobacco, oil and gas and mining are concerned. Conversely, long-term relationships run the risk of becoming too cosy and diluting essential ingredients such as independence and objectivity. This raises some interesting questions. Should partnerships have a finite lifespan? Is over-dependence on the corporate sector an inevitable consequence of a long-term relationship?

As well as analysing individual partnerships, NGOs need to scrutinize their overall portfolio and challenge the extent to which their income is dependent on any single partner. Most importantly, they need to ensure that the partnerships continue to generate real conservation benefits.

Corporate partners, for their part, may feel nervous about exposing themselves to greater criticism. An NGO familiar with a company's internal processes and policies is potentially a far more powerful critic. Most NGOs insist on retaining the right to disagree – and publicly so – with their private sector partners.

### Reducing risk

Certain basic safeguards can help to avoid an acrimonious parting of the ways. A set of clearly documented and





communicated aims and objectives, within, for example, a Memorandum of Understanding, is an essential prerequisite of a robust partnership.

NGOs must be able to demonstrate why they are working with companies and how they are managing such relationships. Many of FFI's partnerships were established at a time when informal dialogue and basic research were deemed to be an adequate form of courtship before embarking on a relationship. Times have changed, and so has the organization. Sophisticated and comprehensive pre-nuptial agreements

partnership concept is helping to bring greater rigour to NGO processes!

### **Do NGO-corporate partnerships really work?**

So much for the theory, but what do these painstakingly researched and carefully nurtured partnerships achieve in practice?

Opinion is divided. Mark Eckstein of IFC points to the scarcity of success stories, but acknowledges that it may be premature to draw conclusions. Kerry ten Kate and his ethical investment team at Insight Investments had trouble gaug-

We have seen very good results since we established the BAT Biodiversity Partnership four years ago.' These sentiments are echoed by Glenn Prickett, Executive Director of Conservation International's Centre for Environmental Leadership in Business: 'If well managed, NGO-corporate partnerships can meet, and even exceed, expectations on both sides.'

Elliot Morley, Minister for Environment and Agri-environment, is in no doubt about the value of private sector-NGO partnerships, describing them as: 'vital in delivering biodiversity objectives.' Support for such initiatives at a political level is reflected in the UK Government's inclusion of the private sector in the England Biodiversity Strategy, 'Working with the grain of nature', and in its potential work to assess the international biodiversity impacts of UK companies operating overseas.

### **The FFI viewpoint**

There is no doubt that NGO-corporate partnerships have the potential to elevate biodiversity conservation to new levels. In too many cases, that potential remains untapped. The extent to which partnerships are able to deliver real and measurable conservation benefits is inextricably linked to their design and operation, and to the safeguards put in place by both partners. The very nature of even the most productive partnerships dictates that they cannot reap rewards in the short term. We need the vision to appreciate what can be achieved in the longer term.

If we genuinely want to find lasting solutions to some of the most urgent and overwhelming issues facing our global environment, we have to recognize the value of smart partnerships with companies. Mark Rose himself is adamant that they are an essential tool in achieving FFI's mission: 'I remain convinced, as I was over a decade ago, that working with the private sector is a vital weapon in our struggle to reverse the current decline in biodiversity loss. In the end, that's what FFI is all about.' He is not alone in believing that a failure to engage with business would be tantamount to negligence.



**Caption here: agribusiness**

are now the order of the day. FFI is acutely aware of the need for transparency, accountability and consistency. When investigating potential new partnerships, consensus is required on what is acceptable and, also, when to walk away.

The trend among NGOs working with business is to develop a corporate engagement policy, complete with supporting due diligence, in order to make the selection process more rigorous. Resolutions put forward at the 2004 World Conservation Congress in Bangkok have led IUCN to undertake a comprehensive review of its policies and processes relating to corporate partnership. If nothing else, the NGO-corporate

ing whether NGO partnerships with extractive industry companies were achieving results: 'We were looking for a clear conservation and business case, evidence of memoranda of understanding, mutually agreed objectives and clear measures of performance. We rarely found them.'

The consensus within the corporate sector is that partnership design is a critical success factor. To quote Michael Prideaux, BAT's Director of Corporate and Regulatory Affairs: 'It depends on how the partnership is set up, its governance, clarity of purpose and objectives and the commitment of the partners to the programme of activities.

# THE PRINCIPLES OF PARTNERSHIP

*An effective partnership sets clear objectives and ground rules.*

*An honest partnership recognises the right to disagree.*

*An efficient partnership uses the strengths of each to build the capacity of the other.*

*A strategic partnership focuses on the long term.*

## BP

FFI has worked with BP to develop the company's approach to minimizing and managing impacts on biodiversity throughout its global operations. The partnership has also helped to ensure that regional biodiversity priorities have been translated into corporate action plans.

## Rio Tinto

FFI was one of several environmental NGOs that acted as advisors in the development of Rio Tinto's biodiversity strategy, arguably one of the most advanced and challenging of its kind, which commits the company to 'net positive impact on biodiversity'. John Hall, Head of Corporate Relations at Rio Tinto, feels that the expertise provided by NGOs added significantly to the end result: 'The feeling in Rio Tinto is that our dialogue with NGOs such as FFI and Conservation International enabled us to think more widely, get a different angle on certain issues and come up with a stronger, more inclusive strategy than would otherwise have been the case.' Rio Tinto's partners, including FFI, are now working closely with the company at its operations in Madagascar, Brazil and Guinea to help implement this strategy.

## BAT

The BAT Biodiversity Partnership has already enabled Eartwatch Institute (Europe), FFI, Royal Botanic Gardens, Kew and the Tropical Biology Association to communicate the biodiversity message to the company's suppliers from Brazil to Bangladesh and beyond. As well as reviewing BAT's impact on biodiversity, the partnership is helping to devise the most effective way of incorporating biodiversity conservation measures into the company's sustainable agriculture and forest management systems.

## Shell

FFI's Flower Valley Conservation Project in the Cape region of South Africa is a prime example of how a corporate partner can provide the kind of global marketing expertise that would normally be inaccessible to a local microenterprise venture. FFI's links with Shell ensured that the farm at Flower Valley received invaluable advice about the best routes to market for its sustainably harvested fynbos flowers and gained access to European retail outlets.

## Vodafone

Building the capacity of conservation organizations to do their work is an important part of creating a sustainable approach to biodiversity management. A web designer from Vodafone recently spent three months working with FFI's office in Belize to develop a website that enabled it to communicate more effectively with its stakeholders. Another Vodafone volunteer worked with FFI staff in Vietnam to develop a business plan for the marketing of its eco-barge, launched as part of an environmental education programme to help protect Ha Long Bay, a World Heritage Site.