



## SUMMARY OF KEY FINDINGS

# Private Sector Collaboration: Motivations and Challenges Experienced by Finnish CSOs<sup>1</sup>

### Background and Research Objectives

This study is part of the UniResearch project, led by the Finnish Committee for UNICEF, that examines changes in development cooperation and policy, the prerequisites for private sector-civil society collaboration and the impacts of cooperation on the achievement of development goals.

Since the high-level forum on aid effectiveness held in Busan in 2011, the role of the private sector in development has gained increased visibility both

in development policy and in aid practice. The value attributed to an enhanced role for the private sector rests on the belief that, among other things, it can positively contribute to development via partnerships with the public sector and civil society organisations (CSOs). The private sector is expected to generate effectiveness and innovation and meaningfully complement the expertise of traditional development actors. This private turn in development policy is expressed in the notion of the 'multi-stakeholder partnership' that appears consistently in recent formulations of aid policy papers, including those by the EU.

<sup>1</sup> Original research report in Finnish: *Kansalaisjärjestöjen yritysyhteistyön motiivit ja haasteet*, Helsinki, Publications of the Finnish Committee for UNICEF, UniResearch 1/2018.

Finnish CSOs are also encouraged to engage in partnerships with the private sector. Cross-sector partnerships are expected to bring about innovations in addressing development problems by making use of knowledge across the sectors (Guidelines for Civil Society in Development Policy 2017). Given this background, the goal of this study has been to understand the 'private turn' in development policy from the perspective of the Finnish CSOs, aiming to contribute to knowledge production by exploring the principal motivations of CSOs in seeking partnerships with the private sector. It also focuses on challenges encountered by the CSOs in the process of identifying suitable partners from the private sector as well as during actual collaboration.

## Methodology and data

The research data were collected through a survey that was sent to all member organisations of Kepa (an umbrella organisation for Finnish development CSOs) in fall 2017. A total of 34 NGOs responded to the survey, which is only 11% of Kepa's members; however, 16 of these represent CSOs receiving funding through the Programme Support instrument from the Ministry for Foreign Affairs of Finland, which means that 80% of the organisations that receive Programme Support participated in the survey. The fact that 80% of the Ministry's financial support to the CSOs is channelled through the instrument, significantly adds to the value of the findings.

## Key findings

The results of the survey reveal that CSOs are motivated to cooperate with the private sector, although there is a range of different reasons for partnering with businesses as well as forms of CSO-private sector collaboration. Access to funding from the private sector, the will to reform and develop their activities and the enhancement of aid effectiveness were the most important factors behind CSOs' interest in private sector collaboration. However, for over 21% of the CSOs, various motives were so intertwined that they found it impossible to name a single factor as the most important.

Despite high levels of motivation to collaborate with the private sector, respondents named several

challenges that hindered the establishment of business partnerships, the biggest of which, according to the data, is the difficulty in identifying a suitable partner from the private sector; 74% (N=20/28) of the CSOs found this a major challenge.

Several factors contributed to the CSOs' difficulties. According to experience of small CSOs, companies are more interested in partnering with large CSOs. Moreover, development CSOs work in areas (e.g., fragile states and conflict-torn areas) that do not attract the private sector; private sector actors seek clients with purchasing power, while development CSOs target the poor and the marginalised. In addition, CSOs lack contacts with the private sector and vice versa. Thus, unfamiliarity with potential partners contributes to the difficulties in identifying a suitable candidate across the sectors (see also Roiha, 2017<sup>2</sup>).

Other significant challenges include insufficient time to maintain the communication required for a good cooperation (48%, N=13/28), and differences in working cultures (44%, N=12/28). Respondents (41%, N=11/28) also commented that suitable funding instruments for cross-sector collaboration with businesses are scarce. Respondents particularly stressed the need for flexible instruments that can be used in different phases of collaboration.

CSO-private sector collaboration was found to include several types of challenges. It was noted by 41% (N=12/28) of the respondents that lack of time was a significant factor, not only in the process of looking for a partner but also during actual cooperation. Differences in organisational cultures were also a challenge to successful collaboration for 44% (N=12/28) of respondents; more specifically, differences in professional languages and communication styles make communication across the sectors difficult. Furthermore, 26% (N=7/28) of the respondents saw the division and definition of the roles and responsibilities which each of the partners should undertake as posing a challenge, while 15% (N=4/28) identified the difficulty of finding shared objectives to which all parties are committed.

The study also revealed that development CSOs have differing views on the expected role of the Ministry for Foreign Affairs in enhancing partnerships

2 Roiha, U. (2017), Private sector and development: Finnish SMEs as actors contributing to development?, Helsinki, Publications of the Finnish Committee for UNICEF, UniResearch 1/2017.

between CSOs and the private sector. As already noted, hopes were expressed concerning better and more flexible financial instruments for different stages of collaboration, but some CSOs also wished the Ministry to take a more proactive role in helping potential partners to find each other by, for example, organising networking events. CSOs also criticised the Ministry for its lack of clear development policies in terms of the expected role of the private sector vis-à-vis Finnish development policy objectives. Concerns were raised that the current policy implementation seems to focus on the export interests of the Finnish companies rather than poverty reduction. Similar criticism and calls for clarification of the role of the private sector in Finnish development policy have also been expressed by other actors, including the OECD.<sup>3</sup>

## Recommendations

To foster private sector collaboration and to enhance achievement of Finland's development policy priorities, UNICEF Finland proposes following actions:

1. The Ministry for Foreign Affairs should clearly outline its objectives in terms of private sector collaboration, as well as the role and responsibilities of companies, as part of the Finnish development policy. It should answer following questions, among others:
  - Why should private sector collaboration be encouraged and enhanced?
  - How can development impacts through private sector collaboration be ensured?
  - What is the role and responsibility of the private sector in achieving the targets of development policy?
  - How should the private sector's effectiveness be monitored and measured?

Following the examples set by the Netherlands and Denmark, the relationship between Finnish trade policy and development policy and practice needs to be clarified.

2. CSO-private sector collaboration that seeks new and innovative solutions to development challenges takes time. Moreover, cross-sector collaboration includes a higher risk of not delivering results. Thus, enhancing CSO-private sector collaboration calls for an open discussion on the culture of experimentation in the framework of current aid modalities to enable cross-sectoral efforts to find sustainable solutions to global development challenges. Therefore, the Ministry of Foreign Affairs should foster and facilitate discussion on how to enhance the culture of experimentation as one form of development cooperation.

### For more information

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### The study links to the following sustainable development goals



<sup>3</sup> OECD (2017), OECD Development Co-operation Peer Review: Finland 2017, OECD Publishing, Paris.  
<http://www.oecd.org/dac/peer-reviews/oecd-development-co-operation-peer-reviews-finland-2017-9789264287235-en.htm>