Private Sector Engagement

Due Diligence and Managing Risks

6 August 2013

Hon. Fantino, 19 June 2013 (CIDA Minister): "There are very real links that exist between Canada's international effort to help people living in poverty, and the collaboration and partnership with the Canadian extractive industry. We are unwavering in our pursuit of this objective, and will explore all potential partnerships and innovative ideas that will allow us to get there. Poverty alleviation depends on sustainable economic growth."

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DISCUSSION PAPER

The private sector is recognized as a critical stakeholder and partner in economic development, a provider of income, jobs, goods, and services to enhance people's lives and help them escape poverty. Improving people's lives is increasingly becoming part of how many Private Sector and International Finance Institute entities do business. This development objective often includes advances in overall growth and productivity, increased jobs and incomes, poverty reduction, provision of safety nets, and improvements in availability of essential goods and services, such as housing, infrastructure, health, and education. Emerging trends in education show the private sector to be playing an increasingly important role in financing and providing educational services in many countries. They provide critical capital, knowledge, and partnerships; help manage risks; and catalyze the participation of others. They support the kind of entrepreneurial initiatives that help developing countries achieve sustainable economic growth. This role is becoming increasingly important for development institutions, along with more traditional aid and loan programs to and from governments.

Governments are increasingly looking for approaches that deliver high development impact while efficiently using limited taxpayer resources. In this regard, the private sector is becoming an attractive option because it will provide a multiplier effect to limited government resources and infuse a talent pool that has hitherto been excluded.

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1.0 Introduction

CCFC is currently exploring the processes, value-added and risk elements related to engaging with the private sector [1]to advance our objectives in poverty alleviation around the world. The private sector – corporations, small and medium business and multi-nationals – are viable and important partners in development and it is timely to consider the 'how to' of this type of engagement.

CCFC realizes the necessity to explore new financial instruments, innovative content and new technologies in order to address the social and economic complexities in our programme designs and responses. Diversifying our partners and integrating private and public interests[2] in our work is seen as a critical building block as we innovate and scale-up our initiatives across all life-stages of our programme approach to improve the quality of life of children and youth.

Engaging with the Private Sector should not be seen as a broad solution to our challenges. It is but one possible financial instrument and each engagement must assess how the private sector may add additional value to the work in which we are already engaged. A solid rationale must be prepared to show the risks and value-added that such a relationship can bring to our community development work; whether scaling-up, providing technical input (e.g. training or advisory), sharing risk, procurement of goods and services, increasing investment potential, or providing a specific social or economic input.

This document starts that conversation internally at CCFC and seeks to explore how we can develop, implement and manage engagements with private sector entities. This paper is part discussion and part Operational Guideline, which will be further developed based on internal discussions and will speak specifically to how CCFC will manage risk associated with a private sector engagement strategy. Ultimately, CCFC must have a comprehensive Private Sector strategy and relevant policies and procedures that will govern each engagement.

A. *What is the Private Sector?*

The private sector is a broad term applying to a diverse industry. For the purposes of this paper, CCFC defines the term to include commercial enterprise of any size, in any country, whether privately held, 'publicly quoted', or wholly or majority owned by the state or by local communities. It covers both registered (formal) and unregistered (informal) enterprise, the latter including most family farms and a large proportion of small-scale trade and industry in the developing world.

In this paper, the terms 'business', 'firm', 'corporate', 'company', 'industry', and 'industry association' are used interchangeably with 'private sector'.

[2] CCFC is incorporating a robust government engagement strategy in its programme 6-year strategy (ref. Social Impact Strategy 1.0)

1.1 Trends in Private Sector Engagement in Development

A number of global trends may be considered contributing factors to this new interest, ranging from Government foreign policies, changes in strategy by private sector entities, successful case studies in economic development promoting jobs and investments and, the value of engaging commercial interests in helping to develop socially disadvantaged regions. This trend is becoming more important to the work of NGOs as historical funding from governments for development diminishes.

At the 2010 G8/G20 meetings held in Canada, it was clear that the role of foundations and private sector interests was increasing, along with the size of budgets approved for overseas development assistance. In Canada, there is increasing CIDA emphasis on support for international trade and creation of enabling environments for investment. As CCFC examines its options for funding diversification, these trends are likely to become very important to our ability to create program impact.

1.2 Rationale for Private Sector Engagement in Development

The eighth Millennium Development goal focuses on developing a global partnership for development. In 2011, net aid disbursements amounted to $133.5 billion, representing 0.31 per cent of developed countries' combined national income (UNDP, 2011). While constituting an increase in absolute dollars, this was a 2.7 per cent drop in real terms over 2010. Meanwhile, the private sector (primarily based out of developing countries) enjoyed increasing access to markets in developed countries: 75% of mobile cellular subscriptions worldwide were in developing countries and 63% of the world's internet connections were in the developing world. Pharmaceutical companies are taking advantage of the great need for essential drugs in the developing world and entering new markets, and other private sector entities see the large populations in some developing countries as unexploited opportunities to increase demand. It is widely seen as only fair and just that as companies increase their profits by reaching into these markets, they reinvest some of this new capital into improving the quality of life of their new consumers.

The 8th MDG recognizes the importance of partnering across sectors in order to address the underlying root causes of poverty. Businesses have expertise in job creation and income generation that can be applied to individuals and communities in the developing world. For-profits also have decision-making mechanisms and strategies that can be applied to poverty elimination and improving the quality of life of children and youth. .

The Canadian Government has a CSR strategy related to the extractive industry, called "*Building the Canadian Advantage.*" It focuses on promoting responsible mining by Canadian companies operating abroad and supporting host governments to effectively use resources from mining revenue towards sustainable development. In this strategy, the government foresees the role of Canadian NGOs to be identifying best practices in development and partnering with Canadian companies and governments to ensure that these practices are implemented in the affected communities.

1.4 Exploring Motivations

When entering into any type of partnership, it is important that both parties understand, or seek to understand, each other's motivations. In the case of NGOs and the Private Sector, this is especially important because the central motivations of these two are very different; one is humanitarian, and the other is profit-driven. That being said, both may have different motivations for partnering with each other. The following is a discussion of possible motivations behind such an engagement.

1.4.1 Why would an NGO partner with the Private Sector?

There may be a number of reasons for why NGOs may want to develop partnership with the private sector. For example:

- Aligning sectors: When Canadian foreign policy shifts to prioritize trade and enable investment environments, it can be advantageous to explore partnerships with the private sector to take advantage of these new opportunities.
- Increasing funding: The private sector offers a potential source of revenue, and allows for diversifying funding.
- Advocacy: A private sector company makes a meaningful change in its motivations or modus operandi, which aligns with the NGO's values and goals, and allows the two to advocate together for a common goal.
- Long-term Partnership: A private sector entity could engage the NGO to undertake the social responsibility portion of its business.
- Networking: Engagement with a private sector enterprise could open up access to other sources of funds or markets, including access to parallel funding
- Trade and Job Creation: engaging with the private sector may bring benefits to the NGO's communities of intervention through job creation or increased trade. In some cases, NGOs have initiated for-profit subsidiaries to engage with the private sector. There are additional ethical and legal issues to be considered here for the NGO.

Whatever the rationale for engagement may be, NGOs should guard against accepting funding from the private sector without assessing the potential program

impact of that funding, performing the necessary due diligence before and during a partnership, or having a clear risk mitigation strategy combined with a robust communication strategy. The risk of easily and quickly losing control of the relationship, as well as the NGO's autonomy and reputation is too high, and no amount of money can repair a ruined reputation.

When considering whether to partner with the private sector, NGOs should ask themselves the following questions:

- Does the relationship, regardless of the fund levels, advance the non-profit organization's objectives and strategies?
- Does it maximize impact at the community level, benefiting the NGO's target populations?
- Is the relationship adding value to the existing private sector strategy (assuming there is one)?

1.4.2 Why would the Private Sector partner with an NGO?

Private sector companies often view non-profit organizations as viable partners in achieving their *philanthropic, social investment, commercial initiatives* or *core business* goals. It is important to keep in mind that private sector companies exist by generating sustainable profits, and their engagement with NGOs will almost always be with the maximization of that goal in mind. The landscape of engagement with the private sector is changing rapidly and we can see various reasons for why NGOs and Private Sector companies are coming together – as described above. The pursuit of financial gain is only one of the objectives. What is clear, however, is that private sector entities are driven by the pursuit of sustainable profits and market-share. They will normally analyse potential partnerships with a view to expanding their market share, reducing their risk or investing back into a community in which they have obtained wealth. The nature of a partnership goal with non-profit actors may be determined – its sustainability, success and flexibility – by which of these objectives the company is pursuing.

As is shown in Figure 1, the closer that a partnership is aligned with the principal line of commercial business of a private entity, the more likely a company will be to invest more significantly in that partnership. At the narrow end of the pyramid, the company provides one-time or occasional gifts to an NGO, which may be for a specific project, or may be for the NGO's usual work. As the relationship broadens, the NGO has the opportunity to engage the company in its core business area, and can strategically find a new initiative that will promote the private sector entities' business, and create a sustainable line of funding for the NGO.

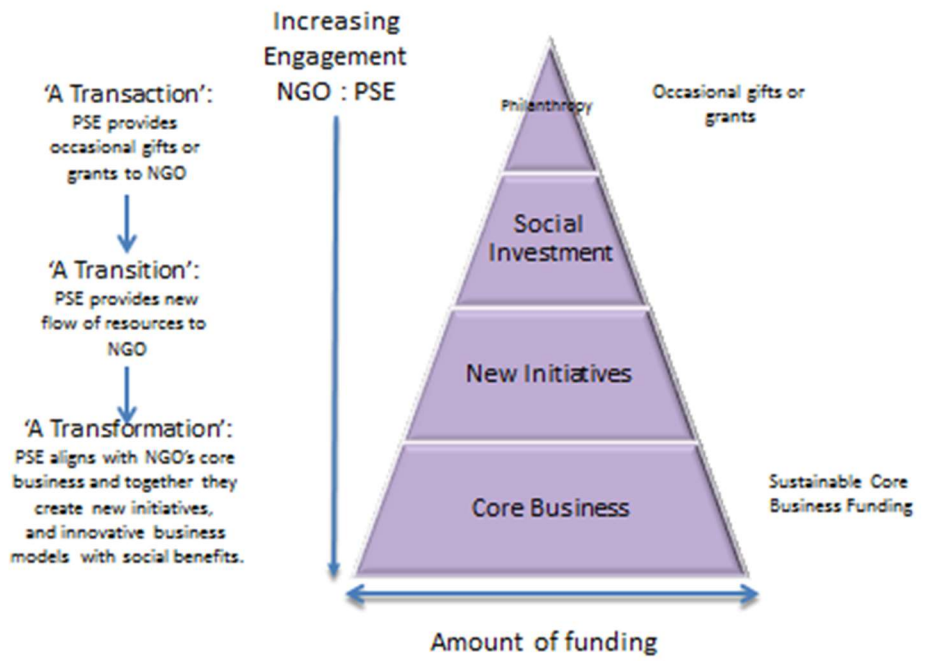

Figure 1: Increased engagement between NGO and PSE usually results in greater and more sustainable funding, and adoption of new and innovative business models.

Whether to achieve its social goals, its economic aims of increased production, or to reduce its risks in a particular community or activity, a company can usually assess the advantages of having an 'asset' like a NGO quite quickly. Combined with an NGO's principles of being unbiased, neutral, humanitarian, having access to communities and being trusted and trustworthy, it can serve a company well to partner with such organizations.

A private entity may seek to partner with an NGO for the following reasons:

- Implementers: NGOs may serve as direct implementers of some aspect of the business processes for the private enterprise. For example, NGOs may work with small coffee producers in a developing country to improve and increase their production, and then the private sector entity would purchase the resulting coffee.
- Advocates: NGOs have expertise in advocating with government agencies, and private entities may see this as an advantageous skill to have on their side as they enter a developing market.
- Subject Matter Experts: Private entities may lack technical skills in or local expertise, and engage an NGO to provide that element to them.
- Access to markets: NGOs can provide one key attribute that private entities sometimes lack - Access! Many NGOs have built trust with local communities and governments, and are therefore able to access communities at the grass roots level. For a private sector entity, there is tremendous value-added

production and sales potential at this level, as well as a large and coveted consumer base or market. Partnership with an NGO may help it to fully tap into this potential while lowering the risk to its supply chain strategy, distribution networks and hubs.

- Honest Broker: NGOs can play a role of honest broker between the for-profit goals of a private sector entity, and the entrepreneurial potential of a poor community. Aggregating these entrepreneurs and applying pro-poor principles in the business context is a strength that NGOs can bring to a partnership with the private sector
- Improving Brand Image: Companies that struggle with brand image or with reaching a target market often look to NGOs to help them 'spin' negative PR, boost market presence or brand recognition, or in some cases, open doors in markets that may be hostile to their brand.
- Corporate Social Responsibility: Companies are also increasingly recognizing the need to be active participants in their market and to be seen by their consumers as socially conscious of their footprint on that market. A rise in Corporate Social Responsibility (CSR), often under the auspices of a foundation or non-profit wing of the company, is evident over the past 10 years. Companies are adjusting their core businesses to assume greater risk, reduce environmental impact, react to social concerns and challenges and be socially responsible to their clients and producers. The manner in which global trade is developing and the rise of social media that connects the world makes it nearly impossible for companies to ignore the inter-connectivity of producers and service providers in their value-chains.

The result of a strong and equitable partnership is that it may produce a 'multiplier effect' for achieving social and economic impact in a community through the economic strength, innovation and scale-up potential that a private sector entity may provide.

1.5 Case Studies in Private Sector Engagement

1.5.1 CARE Bangladesh's Rural Sales Programme Case Study

Bangladesh is one of the most densely populated countries in the world, around 150 million people, with almost 3 quarters living in rural areas. These rural communities often don't have easy access to basic personal hygiene and nutritional food products. Employment opportunities, for women in particular, are extremely limited. CARE International, a leading global poverty charity, partnered with Danone Communities, an incubator of social business, to help address these issues. Together with Accenture Development Partnerships, a global management consulting, technology services and outsourcing company with more than 249,000 people serving clients in more than 120 countries, the aim

was to transform CARE's established Rural Sales Program (RSP) into a more innovative social business[3].

What emerged was a new organization called Jita. Jita's goal was simple—empower rural sales women to sell products that they need from private sector partners through a cost-effective, comprehensive rural distribution network. The team from Accenture Development Partnerships helped to design and implement an operating model that would support rapid expansion as well as define the governance, supply chain, performance monitoring and financing capabilities.

Jita launched in January 2012. Since then more than 2,500 rurally-based sales women are operating from 86 distribution hubs in Bangladesh. The huge enthusiasm and commitment from these communities means that Jita is looking to expand its distribution network to over 400 hubs in the next 3 years. In real terms this means employment for 12,000 women. Large multi-nationals and local consumer goods companies are already part of this project and others are coming on board. But for CARE and Danone communities there's a bonus—this project represents a winning template for future social enterprises.

1.5.2 Negative Media of NGO-PSE Partnership Case Study

The following article was published in the Toronto Star, a leading Canadian newspaper in January of 2013. In it, the President of Plan Canada admits to rethinking their engagement with a Canadian gold mining company. While she later sent a letter to the editor affirming Plan Canada's commitment to the project, and ongoing enthusiasm for it, the article reflects the potential perils that face NGOs when partnering with private sector enterprises, particularly ones whose business may be controversial to start off with.

"Donors closing wallets to Canadian charities who work with CIDA, mining companies[4]

By: Rick Westhead, Toronto Star Staff Reporter, Published on Thu Jan 31 2013

A leading Canadian charity says it is considering abandoning a controversial development project funded by the federal government and a Canadian mining company because of pressure from its donors.

Plan Canada, one of three NGOs involved in a Canadian International Development Agency project that pairs NGOs and the government with mining companies, says the mining sector's poor image threatens to tarnish its own

[3] Extracted from: http://careers.accenture.com/Microsites/uk-graduate/Documents/pdf/Accenture_CARE_Bangladesh_Value_Switch_Transcript.pdf

[4] http://www.thestar.com/news/world/2013/01/31/donors_closing_wallets_to_canadian_charities_who_work_with_cida_mining_companies.html

reputation. Some Plan donors have complained the mining companies have enough money to fund their own social programs and that Plan shouldn't be partnering with them.

"Would we try it again? Probably not," Rosemary McCarney, Plan's president, said in an interview with the Toronto Star. "It's upsetting to donors. People are mad. The reality is that working with any mining company is going to be a problem. There are going to be (employee) strikes and spills. Is it worth the headache? Probably not."

Canadian mining companies operating overseas are perceived as running dirty businesses, which the industry itself acknowledges. It makes headlines for leaky tailings ponds, cyanide spills, and other environmental debacles. According to a report commissioned in 2009 by the Prospectors and Developers Association of Canada, Canadian mining companies had been involved in 171 incidents since 1999 involving human rights abuses, unethical practices, or environmental degradation in a developing country.

CIDA is giving Plan $5.6 million over five years to run an educational program in Burkina Faso . Iamgold, which operates a gold mine in the West African country, pledged another $1 million per year to the project. Plan has also committed $1 million.

Iamgold senior vice president of corporate relations Ben Little declined to comment, referring questions to the company's media relations officer Laura Young, who did not return phone calls or reply to emails.

Samantha Nutt, the founder of War Child, a non-profit that operates vocational training programs in countries such as Afghanistan, said that by touting the project as one that helps Canadian private investment, CIDA is losing sight of its mandate of poverty reduction.

"It has the potential to put NGOs in a conflict of interest position," Nutt said. "Nobody bites the hand that feeds."

"This is trying to help the needy countries . . . so that we don't have to continually bail them out with their food issues, their education, their health issues and on it goes," Fantino said during a conference call with reporters.

A CIDA spokesperson said, "The projects are rolling out as planned and each one is being monitored for what can be learned to apply to future programming . . . CIDA is pleased that these projects mobilized additional support from private sector companies."

McCarney said Plan deliberated over the partnership with Iamgold for three or four years before deciding to proceed.

“The debate is whether we should stand on the sidelines and critique or try this out and see what happens . . . It could be a colossal disaster,” she said.

Plan Canada’s project offers job-skills training for 6,400 children, focusing on regions of the country 500 km away from Iamgold’s mine.

“There’s been a lot of misinformation,” McCarney said. “I think this program is good for children.”

Still, the partnership has upset some donors, who have told Plan that, while they didn’t mind the organization accepting $1.12 million a year from CIDA, they were bothered by Plan accepting any sum — $250,000 a year in this case — from a mining company.

“It’s really a trivial amount of money,” she said. “We generate $140 million a year and we’re talking about $250,000. We won’t compromise here. It’s not like we’re not going to say anything (critical of Iamgold) because we’ve taken that money.”

McCarney said she wasn’t sure how many individual donors have quit their monthly donations to Plan. “A lot of people have given us the benefit of the doubt,” she said. “Four out of five who have called us have said, ‘OK, be careful.’ The other says sorry and cancels.”

McCarney said Plan’s executive vice president of marketing Paula Roberts handled the disgruntled donors. A Plan spokesperson said Roberts wasn’t available to comment.

Chris Eaton, the chief executive of the World University Service of Canada, said he wasn’t willing to discuss his Ghana partnership, which sees WUSC receive $214,000 from Rio Tinto Alcan and $928,000 from CIDA over three years. “I have to be careful,” he said, declining to elaborate.

“We’ve had very few donor cancellations, fewer than 10,” Toycen said.

Tony Breuer, a former executive with the Canadian Hunger Foundation, told a conference in Ottawa last year about his NGO’s partnership with gold company Placer Dome. The agreement died because Placer had unrealistic expectations about how fast the program in Papua, New Guinea might bear fruit, Breuer told the conference, according to three people who heard him speak.

Breuer explained his NGO had a five- to 10-year plan for development in a part of the island nation still unconnected by road to the capital Port Moresby. Placer, on the other hand, wanted results in 18 to 24 months, said Breuer, who declined to comment to the Star.

Partnerships between mining companies and NGOs are nothing new. Care Canada, for instance, has worked alongside Barrick for years.

"I think the mining companies feel misunderstood," said Care chief executive Kevin McCort. "They went into this partnership with expectations of good development and came out of it with bad press.""

2.0 CCFC and Private Sector Partnerships

2.1 CCFC's Rationale for Partnerships with the Private Sector

As with any partnership that CCFC enters into, the risks and benefits of every engagement must be weighed. While even partnerships with other non-profits can have risks if the other organization is not diligent in its fiduciary responsibility, for-profit institutions are very distinct entities with very different goals and levels of risk tolerance. They also can have very different clientele and stakeholders, which heightens the need for CCFC to exercise caution before engaging with a private sector entity because of these foundational differences.

2.1.1 CCFC's Goals from a Private Sector Engagement

CCFC has a clearly articulated Social Impact strategy and process for effecting change in the communities in which it is working. CCFC believes that there is a benefit in engaging with the private sector to forward its stated goals, to design innovative and sustainable approaches, and to achieve scale in its activities. In general, CCFC wishes to:

1. Create an enabling environment for investments in rural and urban communities where it works
2. Ensure that all endeavours and engagements adhere to Pro-poor business principles
3. Strengthen business development services (BDS) in support of local business enterprises and activities that CCFC supports or undertakes
4. Strengthen small and medium businesses' ability to participate effectively in local and global markets
5. Ensure that private sector entities, with whom it engages, empower local businesses and maintain best practice standards in all of its engagements
6. Work with governments to ensure a strong and effective regulatory apparatus that ensures fair practices and supports pro-poor business engagement.

CCFC has also recognized that there is a growing need for creative programs that address youth who graduate from the sponsorship program. We have identified some critical elements related to *education versus employment, job creation and pro-poor business environment* as important variables in facilitating safe and supportive environments for children and youth in our communities of operation. Conceivably, partnerships with Private Sector entities could create some innovative job creation scenarios for youth and adults in our program areas.

2.1.2 CCFC Principles for Engagement with the Private Sector

CCFC wishes to ensure that all partnerships, whether for or not-for profit are built on principles and standards derived from our Values, Mission, Vision, Policies and Procedures and, Programme Approach. As such, we wish to ensure that all private sector engagements;

- Are consistent with our vision and mission
- Are consistent with our policies and procedures
- Align with our Programme Approach and strategy to achieve Social Impact
- Respond to the needs of our stakeholders and beneficiaries
- Passes the CCFC Child-Rights Litmus Test
- Are results-based and have clear and measurable outcomes
- Respect the spirit of our partnership agreements in our countries of operation
- Are transparent and provide clear information to external parties
- Respect individual and organizational privacy
- Strengthen community participation by creating opportunities and do not exclude parties to their detriment
- Enhance the brand and image of CCFC and/or our partners, as applicable
- Respect the independence and autonomy of CCFC
- Etc.

CCFC Child-Rights Litmus Test

- *Is the intervention in the best interests of the child?*
- *Does it safeguard their life and survival and actively contribute to their development?*
- *Are there adequate resources available to ensure that the best interests of the child will be met?*
- *Have children been involved in identifying the need, planning and implementing?*
- *Does the intervention help to break down social barriers, and reach all children without discrimination to any particular group? Has the intervention given consideration to vulnerable groups such as minorities, the very poor, girls and women, and children with special needs?*

2.1.2.1 CCFC's Faith-based ethos

Despite Article 27 of the Convention on the Rights of the Child including spiritual development as one of the rights essential to children's development, spirituality

is largely excluded from discussions of community development, livelihood development and wealth creation. This ignores the reality that most people (internet searches put the statistic between 80-95% of the global population) claim to have some spiritual faith, Christian or otherwise.

CCFC's Christian ethos affects our motivations, and extends to collaborating with faith-based local partners. This may present considerations for private sector entities as many of them maintain spiritual neutrality in order to ensure the widest market appeal. The private entity may be willing to work with CCFC regardless of our Christian ethos, but may need additional assurances about program benefits reaching beneficiaries regardless of their faith, and program funding never being used to fund Christian education. However, some private entities may not want to be associated with an NGO with a Christian name. On the other hand, CCFC may need to be cautious that the private entity does not have a proselytizing agenda for some of its funding.

2.1.3 Process for Engaging with Private Sector Entities

The process for analyzing the cost/benefits and risks associated with engaging a Private Sector Entity is summarized in the following figure:

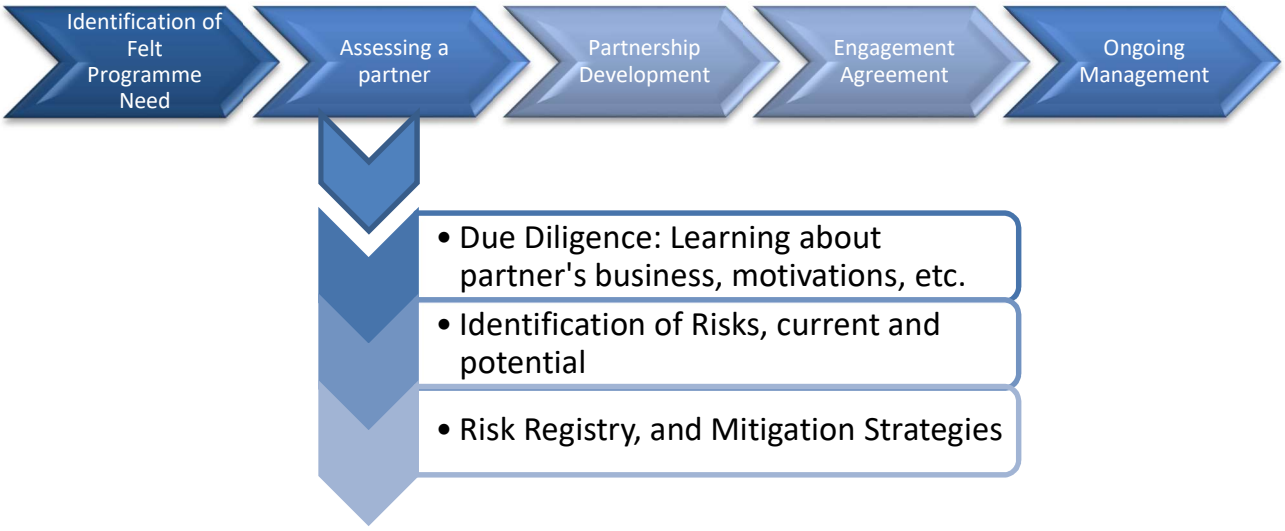

Figure 2: Locating Due Diligence in project development critical path

2.1.4 Managing Risks-Exercising Due Diligence Prior to Engagement

Due diligence is a legal term meaning that as responsible people in the organization, we must ask the right questions and be satisfied with the answers before engaging in a new endeavour. If we are not happy with the answers at

first, it is our responsibility to probe to the point where we are satisfied. Due diligence is as much about research as it is about intuition and experience. In other words, if something doesn't feel right or doesn't match the organization's ethics or mandate, then it is probably not the appropriate type of engagement or partner.

Due diligence is a form of risk management and processes need to be clearly defined for the organization to ensure that it has been proactive in identifying threats, problems or risks before entering an engagement with a private sector interest or entity. If CCFC moves ahead with knowledge of these risks, it should take appropriate measures to minimize or mitigate the risks. Annex A provides a checklist of topics for CCFC staff to explore and analyze before and/or after engaging the private sector. Thoroughly exploring the answers to these questions will be mandatory for every new engagement considered, without exception. Prior to signing a contract, a risk registry must be submitted and approved.

As mentioned above, risk needs to be carefully assessed and a decision made as to whether it is manageable or not. If the exposure to the organization is perceived as too high or the ratio of Risk:Impact is not reasonable, then CCFC will not proceed with the engagement.

Every new engagement and/or partnership should be analyzed individually and should not be classified in groups. That is, if one corporate partner has successfully engaged with CCFC, we should not be tempted to paint every similar "type of corporation" with the same brush, and hence fail to perform a thorough risk analysis in the next partnership (whether with the same private sector entity or a similar one. E.g. Coca Cola versus Pepsi).

In a partnership, the NGO and for-profit entity will typically work together on a common set of activities towards a shared goal, which may be both strategic and operational for either or both of the partners. The relationship, however, should be a distinct part of both entities' partnership strategies and should seek to promote, <u>interdependence</u> (for collaboration and mutual growth in the face of developmental challenges), <u>innovation</u> (drawing from unique perspective and creativity) and <u>influence</u> (where every partner, at all levels, has some form of influence and ability to build transformation at all levels). This reinforces the statement that the partnership should not be 'an end unto itself,' but rather a means of achieving sustainable development outcomes and an effective partnership strategy to build social and economic capital for organizational capacity and to benefit the communities in which the partnership will work.

The levels of risk may be classified along a scale that assesses probability and impact and, is accompanied by a risk register that provides a mitigation strategy. Some areas of risk may include but are not limited to:

- Understanding local banking culture and capacity
- Security and Safety (especially in dealing with cash transactions)
- Operating in Cash and Barter economies (in and out of the commercial banking system)
- Legal risk management
- Reputation and Branding
- Staff independence
- Compromising CCFC neutrality
- Stakeholder/beneficiary do-no-harm principles
- Government regulations
- Community loss of goodwill
- Financial loss or drain on resources

In assessing these risks, CCFC should employ a Risk Registry alongside a comprehensive due diligence analysis. In addition, a detailed Social Cost-Benefit analysis and a clear and measurable statement on Return on Investment are minimum steps that should be undertaken to assess these risks and weigh them against possible benefits and impact. It should be noted that some risks may be 'global' in nature, while other risks will be context-specific to a particular country.

This research, discussion and analysis should be determined holistically and through an internal dialogue across multiple departments. Ultimately, every staff and every department will have a different perspective on the issue and may have different stakes in the relationships undertaken. At the heart of any collaboration with a profit-oriented entity, is the issue of reputation. A non-profit organization must understand its mandate and goals, and be comfortable with the requirements that may be imposed on it by certain collaborations. Does the relationship and do the compliance issues fit with the organization's values and mission? The importance of making decisions that reflect those values and mission should not be understated.

2.1.4 Websites to help assess Private Sector Entities and partnerships

CCFC may use various benchmarks external to its own value, mission, vision and standards, to gain further insight and information around the validity and value of partnering with a private sector entity. There are numerous industry standards and regulations that are important in this discourse. They include but are not limited to:

- CCIC Code of Ethics and Operational Standards (e.g. Standard 6.3) (http://www.ccic.ca/about/ethics_e.php)
- Imagine Canada
- Istanbul Principles (http://www.ccic.ca/IP-case-studies.php)

- Humanitarian Principles (http://ochanet.unocha.org/p/Documents/OOM_HumPrinciple_English.pdf)
- Humanitarian Accountability (http://www.hapinternational.org/standards.aspx)
- ICRC Humanitarian Code of Conduct (http://www.icrc.org/eng/resources/documents/publication/p1067.htm)
- CRA regulations (http://www.cra-arc.gc.ca/menu-eng.html)
- CCFC Vision, Mission, Values and Standards (www.ccfcanada.ca)

Note: Further references specific to Company (including mining) watchdog sites, are provided in Annex A which will assist CCFC in conducting a due diligence process.

2.1.5 Managing an Engagement with the Private Sector

Once due diligence has been performed, the relationship should be governed by set policies and procedures around private sector engagement, prior to entering into any agreements. As is outlined in the section below, CCFC is developing policies specifically around engagement with Private Sector Entities, which will include contract negotiations, monitoring and evaluation, communications protocols, contract close-out procedures, and disposal of project property.

3.0 Due Diligence Process

3.1 Defining CCFC's Due Diligence Process

CCFC is embarking on an internal discourse to establish the parameters around which CCFC engages with private sector entities to further the Social Impact Strategy (1.0) approved by its board in 2012.

By the end of the first quarter of of FY14 the following will be delivered:

1. White Paper – private sector, corporation & mining engagement
2. A clear strategy to engage the private sector
3. A tool for due diligence
4. Operational Guidelines, based on the above three documents
5. A Policy Paper (to be discussed)

- Defining an engagement concept: Just as it does with other program initiatives, CCFC may prepare a private sector partnership concept in different ways: designing a concept to respond to a felt programmatic need and

searching for a donor, or responding to a solicited invitation from a private sector partner. As with all of CCFC's program initiatives, the concept should adhere to CCFC's RBM approach with clear deliverables and measurable milestones so that change and impact can be tracked, and should be in keeping with CCFCs programme approach and mission.

- Selecting a private sector partner(s): While the identification and selection of a private sector partner may happen either at CCFC Markham, or in one of the Country Offices, the selection of the partner will be based on the programmatic impact expected from the engagement rather than the potential benefits to the company brand or visibility. Branding should be seen as leverage to increase impact rather than an end in itself. Due diligence procedures will be applied rigorously at this stage.

- Negotiating and formalizing an engagement: CCFC's staff must be aware that negotiating a contract or agreement with a private sector entity is an iterative process and involves a feedback mechanism around the engagement concept, selection, concept design, negotiation, risk assessment and management, drafting the contract, identifying social impact and results statements, indicators, etc. CCFC's local partners, where applicable, should be involved in the negotiations.

- Implementing and managing an engagement: As in CCFCs institutional donor projects (e.g. CIDA), once a private sector entity has been selected *a relationship manager* should be assigned. This may be at the programme department level (the person who is managing the activities in the field) but may also be the Major Gifts representative of CCFC who manages similar relationships. Appropriate contract administration should be in place, along with a clear monitoring and evaluation system to measure progress. Reporting should be clearly defined with the private sector entity and expectations established. Public campaign or project advertisements should be approved by both CCFC's Communications function and the private sector entity, and all public engagement protocols should be be clearly established as part of the contract.

- Concluding the engagement: The contract between CCFC and the selected private sector entity should have clear end dates and deliverables for both parties. This will include reporting, evaluation (if required), audit requirements and how property acquired during the engagement should be disposed of upon conclusion of the engagement

3.2 Considerations during Due Diligence Partner Assessment

At the heart of doing due diligence is conducting extensive background research. The relationships in which we engage have long term implications and

repercussions that may be are positive or negative but may not be realized for several years or more. While each engagement should be governed by CCFC's policies and procedures, unless the partner is completely understood, its track record known, its past decisions explored, the motivations of its key decision-makers understood, the risks of such a partnership cannot be comprehended. Ultimately, our brand or 'name' is CCFC's greatest asset.

3.2.1 Accountability to ChildFund Alliance

As a member of the ChildFund Alliance, we have built our collective reputation on the individual reputations of each member. CCFC and every ChildFund Alliance member has a responsibility to the other Alliance members to safeguard our brand, and be responsible for our actions and practices. Before entering into a partnership with a Private Sector Entity, it rests with CCFC to ensure that a minimum level of confidence is established that will protect CCFC, and adhere to our commitment to our Alliance members as well.

3.2.2 Accountability to CCFC's local partners

One of CCFCs strongest strategies is its partnership model. At the international and national level, CCFC is developing into a partner of choice within the industry. Obviously, relationships and partnerships impact how people view us. Strong affiliations with reputable foundations and companies are powerful *brand enablers* (e.g. MasterCard Foundation). Equally, however, a partnership can draw down the organization and impact other existing partners.

CCFC needs to consider the relationships and networks of the companies and private sector entities with which it is collaborating, as well as how those relationships may impact existing partners of CCFC itself.

a) A company, for example, may be a multi-national with many secondary or subsidiary corporations. While one would expect there to be standards throughout such a structure, it is possible that some partners may not conform to international labour standards or may be acting as conduits for larger companies to evade international standards. Companies working in India have sometimes been accused of accessing home-based child labour, though they are not directly promoting such activities, nor may condone such practices. Others may adhere to high safety and environmental standards but may have factories in developing countries that have poor or no standards (as occurred recently in a fire that struck a garment factory in Bangladesh that supplied international dealers).

b) A company with stellar international standards and reputation may become involved in a 'merger' of new entities which may have a questionable reputation.

c) A local non-profit partner of CCFC may not have a good relationship with a particular private sector interest or may not believe in promoting or working alongside such entities. This may impact CCFCs reputation with its own partners.

Some of these instances may be identified through a due diligence process, while others may become evident during the relationship. Each must be handled carefully to avoid negative impact on CCFC and on existing partners.

In the event that an agreement has already been signed with a private sector entity, CCFC should have clear protocols for public relations, crisis management, changes in operational practices or standards, as and when they occur. A close relationship with the communications department of CCFC and a clear understanding of how to react quickly to possible negative attention from the press should be part of the strategic engagement plan.

3.2.3 Accountability to CCFC's Staff and Organizational Capacity

CCFC country offices and head office departments should be cognizant of their own capacities, strengths and weaknesses ahead of such relationships. What policies do we have in place, what staff capacities do we have (technical and relational), what monitoring and evaluation and compliance systems do we have to track such engagements, what is the work style and culture of the office (HO or CO) that may influence partnerships with private sector entities, etc.?

As with any good initiative, CCFC may give a lot of attention to due diligence and start up – avoiding risk and failure – and not realize the equally perilous impact of SUCCESS.

A large-scale initiative that is not properly tied into the strategies and mission of the organization presents a certain level of risk to both public relations (how others view the organization) and to programme approach. Mission creep (away from the core mission) and branding (aligning with certain private interests) may be two possible outcomes that do not immediately appear to pose any exposure to CCFC. However, both could have a significant impact on the marketing and fund-raising potential of the organization, as well as positioning CCFC in the development industry. In regards to branding, endorsement of Coke may be an inevitable outcome of partnering with the company, even if the funds are helping children go to school in Ghana. There may be no relation of funds-to-company but the brand association speaks volumes to the public. The reverse is also true: Coke may not wish to give funds to a Christian organization because it may exclude certain markets in other countries. As with any peer engagement, we are measured by the company we keep and, by the impact we are having on the ground. Staff need to factor in these possible outcomes of a successful intervention, as well as the negative.

3.2.3.1 Facilitating the Learning Curve

CCFC partners have primarily been non-profit, charitable organizations with a minimum level of experience working alongside private sector entities; many not at all. CCFC itself is relatively inexperienced in these engagements and while it is exploring how it can responsibly gain this experience, it must recognize that there may be a long education process. CCFC must also be willing to provide this educational space and factor it into its start-up activities. Local staff and partners may not have the governance, administrative or financial maturity to manage such relationships effectively and may also not be accustomed to the generation of revenue or profit from such activities.

Training and hands-on experience are fundamental to developing CCFCs acumen in managing relationships with the private sector. As such, HO and COs must be also willing to invest resources into these activities.

Managers will want to ask relevant questions and continuously challenge the understanding and the learning curve. For example:

1. Will the engagement contribute to, and not undermine, your management responsibilities to employees and the empowerment efforts of others?

2. When working in collaboration on a project in the field, NGOs should respond to a request from the community rather than from the company.

3. If the private sector entity is engaged in training and marketing with communities, what is CCFCs role?

4. Is the partnership with CCFC letting the private sector entity 'off-the-hook' in some way? Should it be an activity they are doing themselves or are they farming it out to appease media and maximize profits?

5. Who is setting or directing the performance expectations and how are they affecting our decisions? How will results be measured, how often, by whom? What happens when the goals are reached?

6. Is the private sector activity undermining other local initiatives in the area (e.g. do no harm to small businesses)

   E.g. Ref: India's Retail Sector: Ripe for the Picking, by Freny Manecksha. Also, a November 19th, 2012 article by Corpwatch news. "A decision by the Indian government to allow foreign multinationals to invest in the country's $500 billion retail market is expected to spell the death knell for thousands of small, family-

owned shops and even threatens street hawkers, who have supplied local neighborhoods for generations.

3.2.4 Accountability to CCFC's Stakeholders

An important CCFC strength is our accountability to our community stakeholders. Private sector entities soon realize the potential of gaining access to communities, building trust, and aggregating production and sales groups through an NGO (see also section 1.4.2). In addition, our name or brand carries a strong element of trust in the eyes of the communities where we are working.

CCFC has to be vigilant, however, regarding whom the private sector entity represents (and hence, should be part of the due diligence). Do the companies have long term interests for the target populations/communities or are they short-term? Is their goal purely social or more exploitative? At the ground level, do they take an interest in understanding the situation in which change is to be effected? Do they adhere to the principle of do-no-harm or is there a more vague reduction-of-risk-strategy with which they can live? What precautions are they willing to put in place and are they able to guarantee that their operations will not impact communities negatively? If not, can CCFC accept the level of uncertainty that that engagement may pose?

A company and the NGO need to ensure that they can be accountable to the community stakeholders.

3.2.4.1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a form of self-regulation that has been integrated into the business models of many organizations. CSR can take two forms:

- A company monitors its own actions and ensures compliance with laws, ethical standards and international norms;
- A company engages in actions that further some social good, beyond the interests of the company and the requirements of the law.

In the second case, the company may behave differently depending on whether it is engaging in social actions in geographical areas where it is operating, or in areas where it has no operations.

Where a company is operating and undertaking social actions, critics would argue that the company may be trying to distract the public from the ethical dilemmas posed by the core business, or trying to appease a population or government that is negatively affected by the business side of the company. The same may be true if the PSE is undertaking social CSR activities in a place where the company is not active in the market place, if they are publicizing these activities well in a geographical area where they are operating.

In both CSR cases, it behooves CCFC to examine the motives of the public sector entity, and ensure that CCFC can live with these motives. CCFC must also ensure that the PSE is complying with the laws of the land, the ethical standards of the industry, and global standards before engaging with the PSE.

3.2.5 Restrictions Imposed in a Partnership

We should always remember that the decision to not partner with any particular private sector entity when faced with evidence that this partnership may not be in the best interests of CCFC's stakeholders or CCFC itself is a good one, and can be taken at any point in the dialogue or implementation.

Private sector entities are diverse and while they all operate in the market or may manage similar sectors or supply chains, all private sector entities are NOT EQUAL. CCFCs strategy for partnership may pertain to one mining company but not to another. For example, we may decide to work in a community with one mining entity but in another case, we may advocate or lobby against another.

Further, in many partnerships, there will be conditions in the agreement that prevent competition with similar private sector entities. Coca Cola, for example, may specify that its partners may not work with its largest competitor Pepsi. Adidas may specify that we cannot accept funds from or assist Nike. We must be prepared for such conditions and determine if this is in the best interest of the communities and of the organization, given that we have no particular stake in the competitive beverage or shoe market in which they operate.

Another important consideration is whether we are undermining another organization's efforts to lobby if we're working/accepting funds from the same private sector entity? If WWF or Mining Watch are engaged in advocacy against a particular corporation or business, it may not be in CCFCs interest to even engage in dialogue with that business; regardless of the nature of the proposed activity. Certainly, it would be undermining the NGO who is engaged in the lobbying and may, in some cases, draw negative publicity towards CCFC in the event we entered into that dialogue.

3.2.4 Implications for the CCFC Board

Private sector engagements entail a variety of activities and strategies that are distinct from charitable or non-profit initiatives, and often demand different practices and decision-making. For a board responsible for governance, this may be of significance in light of the profit and visibility aspects of the partnership.

Some issues may include:

1. If profit is being generated by a business wing of the organization, is the board able to demonstrate the organization's accountability for those funds?

2. Is the board able to make decisions based on profitability, rather than charitable giving?

3. Are the practices of the business consistent with the values and standards of the organization?

4. Are the partners involved (whether profit or non-profit shareholders) in compliance with CCFCs mandate and mission?

5. Does the board have the experience and technical knowledge to govern such initiatives in the interest of the organization?

6. Is the activity allowing CCFC to remain fiscally accountable and not engaged in any financial wrongdoing?

7. Is the board aware of the possible risks and mission creep that could occur? Are they able/willing to accept this risk and have an adequate mitigation strategy?

3.2.5 Partnering with Private Sector Natural Resource Extraction Entities

As was demonstrated by the newspaper article in Section 1.5.2, CIDA has been supporting partnerships between Canadian mining companies and Canadian NGOs. The public backlash has been in the news, as opponents feel that it is not CIDA's role to fund private for-profit enterprise. Beyond this argument, there is also the reality that mining companies, by their nature, leave permanent marks in the communities in which they are active. While these companies often have robust programs to relocate and rehabilitate communities that are affected by mining, the potential negative impact on communities is high, and the mining companies' social interventions are time-limited. Additional caution is needed when considering a partnership with one of these companies.

4.0 Due Diligence Checklist

Regardless of whether the engagement with the Private Sector Entity is being spearheaded by CCFC Markham, or by one of the Country Offices, the following due diligence questions should be analyzed and the results documented.

Table x: Checklist

CCFC Relationship Holder of Private Sector Initiative	
Date of Due Diligence Scan	
Type of engagement proposed? (funding, advocacy, long-term partnership, etc.)	
Private Sector Entity Contact Information (Name, title, phone number, email, address)	
Which of the following is CCFC hoping to get from the relationship? • Aligning sectors; • Increasing funding; • Advocacy; • Long-term Partnership; • Networking; • Trade and Job Creation; Other	
What is the PSE looking for from CCFC? (Stated by PSE and/or suspected by CCFC) • Implementers; • Advocates; • Subject Matter Experts; • Access to markets; • Honest Broker; • Improving Brand Image; • Corporate Social Responsibility	
Which are the sectors of particular concern for the due diligence analysis? (environmental, labour issues, social, etc.)	
What financials of the company are required (e.g. charitable giving, how much, etc.)?	
What is the anticipated benefit or Return on Investment of engaging with this company (e.g. technical, financial, social impact, etc.)?	
What is the potential risk of engaging with this company (see also Table X, below)?	

What websites or documents have been researched or will be researched for this scan (as per suggestions in Chapter II, above)?	

Table X: Scan Results

SCAN RESULTS	COMMENTS
Name of Parent Company	
Names of Subsidiaries (if applicable)	
What is the sector in which the company operates? (e.g. Mining, manufacturing, sales, etc.).	
How is the company structured (Governance)?	
Where does the company operate (countries)?	
Do you have a copy of the company CSR policy (if applicable)? Is there anything of concern in it?	
Do you have a copy of the company environmental policy (if applicable)? Is there anything of concern in it? Does it adhere at a minimum to CIDA's Environmental Impact guidelines (Canadian Environmental Assessment Act –	

CEAA)? http://www.acdi-cida.gc.ca/ea/forms	
Do you have a copy of the company code of conduct? Is there anything of concern in it, in relation to the proposed partnership?	

Table X: Go / No-Go Decision for Engaging with Private Sector Entity

Element	No Go (What Red Flags are identified?)	Go
A. Value Added		
Does the partnership add value to CCFCs strategy 1.0 of achieving social impact?		
Does the partnership adhere to CCFC's mission and values?		
Does the partnership maximize impact at the community level, benefiting CCFC's target populations?		
Will this partnership enhance the brand and image of CCFC and/or our partners?		

What does this partner bring to the relationship that CCFC couldn't get from another future/current partner?		
B. Ethics and Standards		
Which of CCFC's ethical principles and standards are involved?		
Are any affected by the partnership?		
Does the Private Sector Entity have any record of ethical or standards violations against it?		
What are the PSE's motivations? (Those that are stated by the PSE, and those that CCFC's staff suspect) Are there any that go against CCFC's ethics or standards?		
Does the partnership pass CCFC's Child Rights Litmus Test? See Page 13.		
Does the host government have any legal frameworks, policies or procedures around the operation of companies in Country? Do any of these impact Companies working with non-profit organizations in the country? If so, what are the implications?		
C. Accountability		
Will the partnership or proposed project allow itself to be governed by CCFC's results based management framework?		
Will CCFC be able to govern the project with full transparency and accountability?		
Will CCFC be able to maintain programme autonomy throughout the partnership?		

Does the partnership allow for sufficient interdependence and influence that CCFC will not lose control of the project?		
D. Relationships:		
What are the reputational risks to CCFC by associating with this entity?		
Does the partner demonstrably respect the do-no-harm principle?		
Does this partnership affect CCFC's fellow Alliance members? If so, how?		
Does this relationship affect CCFC's standing with the government in the program country? If so, how?		
Does this relationship affect CCFC's local partners? If so, how?		
Are there any other NGOs currently associated with this Private Sector (either as a partner or as a foe)?		
E. Return on Investment:		
What is the cost/benefit of this partnership? Is the RoI sufficient from an economic and brand perspective?		
What may this partnership lead to in relation to future opportunities?		
F. Risk Mitigation Strategy		

Does CCFC have the resources and capacity to track media hits on the partner and its relationship?		
Can CCFC respond adequately to issues that may impact its brand negatively?		
Does the initiative strengthen existing strategies or does it risk taking the organization in a new direction that may not identify with its brand?		
What are the potential gaps in CCFC's capacity to manage project? How can we mitigate these?		

Table x: Company Practices Checklist

Practices	Areas identified where the company practices may pose a challenge in-country	Any identified practices that CCFC considers as "Excluded"
1. Causing serious environmental damage 2. Infringing on basic workers' rights including child labour 3. Abuse of any social, economic, cultural, civil or political rights 4. Failing to uphold international or national industry standards or practises 5. Engaging against issues which are directly related to improving child well-being and or eliminating poverty.	1. Resource Extraction 2. Politically or Religiously Affiliated Organizations 3. Construction and Land Development 4. Pharmaceuticals 5. Agriculture in Developing Countries 6. Manufacturing in Developing Countries 7. Energy Production and Distribution	1. Tobacco 2. Illegal Drugs 3. Weapons 4. Gambling 5. Pornography (including magazines, books, films, and websites) 6. Exploitative credit (interest rates significantly above market average, usury, predatory lending) 7. Engaging in conflict financing by providing funds (other than lawful government taxes) to combatants engaged in conflict. 8. Unethical Marketing practises (eg. Nestle)

Company Practices that may be a Challenge or may Exclude the Company Engagement:

Where any issues have been identified in the above Table X, please highlight these in the Table X, below. Depending on the type of engagement expected (i.e. some engagements with Companies may deliberately target a change in practices and or governance, please provide a thorough explanation of the risk and/or if this excludes partnership with the company. In some cases, some practices may only require a strong risk mitigation strategy and/or may be part of the strategy of CCFC's efforts to partner. These should be explained in detail.

It should be remembered that some risks are 'global' in nature and others may be context-specific and therefore, not considered risks in other country contexts.

PRACTICE	AREA of CONCERN	Can it be Mitigated?

Note: Perhaps some keywords can be provided which would aid Country Offices in searching for information? FPInfomart search is one way to search Canadian news and blogs – a subscription may be required.

4.0 Guiding Principles: Improving the Lives of Children and Youth in Empowered Communities

CCFC Principles	Impact on Children and Youth	Examples
Pro-poor economic growth	Whether addressing gaps in dysfunctional markets, creation of supply and value chains (value-demanding consumers and value-driven producers), business is viewed from the perspective of the poor. As economic actors, children and youth are the direct stakeholders and recipients of our activities.	MMW/India
Improved production and control over production capacity	In rural and Urban contexts, CCFC	
Access to Business Development Services	One of the big limitations in rural environments and for the poor, in particular, is the absence of BDS for fledgling businesses. These are addressed through CCFC market initiatives (Making Markets Work for the Poor).	
Access to markets and linkages to Private Sector entities	Diversification of sales and production are critical to sustainability and increased income. Also, the strengthening of new partners and ensuring these collaborations/partnership are non-exploitative and mutually effective.	

Strengthening Public and Private Sector Institutions	CCFC works with both sectors as partners to enhance understanding and awareness, as well as ensuring standards and best practices are in place for the welfare of children and youth in particular. All CCFC activities are done in collaboration with local partners (i.e. no direct service delivery), including youth and children's groups/clubs.	
Playing Honest Broker as an NGO actor	As an international NGO, CCFC has international and national connections that allow it to work impartially to ensure that transactions and collaborations are transparent, accountable and in the best interests of children and youth. CCFC does not gain from any economic activities in which it undertakes.	
Children as social and economic actors (reducing vulnerability and increasing learning)	CCFC recognizes the role that children and youth play in their family and society, as economic actors. CCFC prioritizes learning/education as a priority activity (particularly ECD and primary school) but also works in non-formal and vocational training activities for younger youth and young adults.	
Defining Work within the HH, community and national level	What is exploitative work? What are the opportunity costs for children and youth? How is 'domestic' (in house) versus external (out of house) labour assessed? What are the HH/Community/Institutional perceptions of girls viz. importance of education?	Ref. CCFC results based management (results chain) for addressing education and non-exploitative labour.
How does CCFC engage 6-14 years of	ILO standards around labour and exploitation?	

age children versus 15-24 years of age?		
Addressing social and systemic barriers	Is labour due to (a) difficult choices caused by poverty or (b) exploitation? Addressing the 'extreme' cases versus 'reducing vulnerability' and increased 'learning.'	
Organizing children and Youth to reduce vulnerabilities.	Women, girls and children, in general, are often at less risk when aggregated or organized into producer, consumer or service groups. Participation in any activities are more meaningful, safer and open greater access when organized properly.	
Vocational Training and Non-Formal options	Children who are unable to access education, are unable to learn (for various reasons) or are unable to attend for economic reasons (HH/family) have safe and non-exploitative options.	
Data collection/MIS metrics around the social, economic and child protection indicators of CCFC	Regular monitoring and data collection quarterly, annually and tri-annually, speak to our theory of change (ToC) and to the results/outcomes stated in our performance management frameworks.	Ref. RBM PMFs and Logic Models. The Story we tell is around improved quality of life, reduction in vulnerability; a safe, secure and supportive environment that is sustainable due to the support provided to local CBOs and NGO partners.
Analysis from the perspective of the child is at the heart of CCFC programming and results measurement	CCFC is a child-centred community development organization. Our Metrics reflect this in the final outcome of all activities – whether they benefit the child, the child's	

	family and the community as a whole.	

Annex A: Sources for Researching Private Sector Entities

Canadian organizations and coalitions with experience on the issue of corporate social responsibility:

Maquila Solidarity Network
http://www.maquilasolidarity.org/
Provides information on labour standards in export processing zones;

The Canadian Labour Council
www.clc-ctc.ca
Provides updates on political actions, boycotts and other campaigns by the Canadian labour movement;

Mining Watch Canada
www.miningwatch.ca
Carries out research and monitoring of mining policies and practices

Check for any awards a company may have won for socially responsible and ethical behaviour, examples include Ethics in Action
www.ethicsinaction.com

Ethics and social responsibility actions of companies:

Canadian Business for Social Responsibility
http://www.cbsr.ca/
Provides companies with social responsibility guidelines and an assessment tool

GoodCompany Guidelines", found under CBSR Publications in the Resources section of the site).

EthicScan Canada
http://www.ethicscan.ca/
Produces detailed reports that examine the full social, labour and environmental performance of Canadian companies and provide organizations with an integrated and comprehensive ethics guidance, induction and assurance programme through their Safe Partnering and Due Diligence programs.

The Better Business Bureau of Canada
http://www.bbb.org/canada/
Can provide you with information about customer relations" history.

The Shareholder Association for Research and Education (SHARE)

www.share.ca
Deals with shareholder actions.

Corporate Watch
www.corpwatch.org
Includes guides on researching corporate conduct.

Human rights watch
http://www.hrw.org/

EcoLogo is a third party certification of environmentally-preferable products: www.ecologo.org

The Business and Human Rights Resource Centre website
www.business-humanrights.org
Is available in French, English, and Spanish, and tracks the positive and negative impacts of over 5100 companies worldwide

Novae est une entreprise indépendante spécialisée dans l'information et la promotion du développement durable et des pratiques d'affaires responsables auprès des professionnels
www.novae.ca

Ethiquette.ca is an information service about responsible product and service choices
www.ethiquette.ca

Note:

For example, Unilever has developed strategies at each level of investment from funding philanthropic cultural events (e.g. "The Unilever Series" at the Tate Modern Gallery, London) to core business (e.g. working with its suppliers to improve local quality standards and efficiency). These strategies form part of a complimentary portfolio of investments to achieve different but often complimentary outcomes. These investments are often embedded in business-as-usual operations rather than managed as a separate activity. For instance, Unilever's single-serving sachets for low-income markets *commercial initiative* has become an integral part of both Unilever's corporate strategy and a material contributor to its global revenue. Therefore, these integrated commercial initiatives are funded and resourced appropriately to ensure long-term sustainability and growth.

triple bottom line of *economic*, *environmental* and *social* dimensions.

Private Sector Investment	Business Unit / Department
Philanthropy	Foundation / Corporate Social Responsibility / Public & External Relations
Social Investment	Corporate Social Responsibility
New Commercial Initiatives	*Core Business*: Strategy / Sustainability / Supply Chain Operations / Marketing / International Markets
Current Core Business	*Core Business*: Policy / Strategy / Sustainability / Supply Chain Operations / Marketing / International Markets

Examples of Multilateral Development Banks or Finance Institutions with Private Sector Operations

- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Black Sea Trade and Development Bank (BSTDB)
- Development Bank of Latin America (CAF)
- European Bank for Reconstruction and Development (EBRD)
- European Investment Bank (EIB)
- Inter-American Development Bank (IDB)
- Inter-American Investment Corporation (IIC)
- International Finance Corporation (IFC)
- Islamic Corporation for Development of the Private Sector (ICD)
- Multilateral Investment Fund (MIF)
- Multilateral Investment Guarantee Agency (MIGA)
- Nordic Investment Bank (NIB)
- OPEC Fund for International Development (OFID)

Examples of Bilateral Private Sector Development Finance Institutions

- Belgian Corporation for International Investment (SBI-BMI)
- Belgian Investment Company for Developing Countries (BIO)
- CDC Group (British Development Finance Institution)
- COFIDES (Spanish Development Finance Institution)
- Danish Industrialization Fund for Developing Countries (IFU)
- DEG (German Development Finance Institution)
- Development Bank of Austria (OeEB)
- Entrepreneurial Development Bank of the Netherlands (FMO)
- Finnish Fund for Industrial Cooperation (Finnfund)
- French Investment and Promotions Company for Economic Cooperation (Proparco)
- Japan Bank for International Cooperation (JBIC)
- Norwegian Investment Fund for Developing Countries (Norfund)
- Overseas Private Investment Corporation (OPIC, US)
- SIMEST (Italian Development Finance Institution)
- SOFID (Portuguese Development Finance Institution)
- Swedfund
- Swiss Investment Fund for Emerging Markets (Sifem)