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PAPER ON PARTNERSHIPS INVOLVING THE PRIVATE SECTOR

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This document has been prepared by the World Business Council on Sustainable Development (WBCSD) to support the Ministerial discussion. It presents reflections on partnerships from the perspective of the private sector. It supports Agenda item 4.

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PAPER ON PARTNERSHIPS INVOLVING THE PRIVATE SECTOR

Reflections on Partnerships by Björn Stigson, President of the World Business Council for Sustainable Development (WBCSD)

1. The World Business Council for Sustainable Development (WBCSD) is pleased to see that public-private partnerships figure prominently in the Eastern Europe, Caucasus and Central Asia (EECCA) Environment Strategy. The WBCSD has always hailed partnerships as a prerequisite for making progress, and cooperates with a variety of players in its daily work. No part of society can solve the sustainable development challenges alone and partnerships therefore are a central element in moving toward a sustainable future.

2. However, we also need to acknowledge that, successful public-private partnerships have been rare. They have not been implemented to the extent that many hoped, particularly after the World Summit of Sustainable Development in Johannesburg. As it can be inferred from the background papers of the Conference of EECCA Environment Ministers and their Partners to be held in Tbilisi on 21-22 October 2004, this also appears to be true for this region. The private sector was only involved in 2% of the reported partnerships in EECCA!

3. Hence, there is considerable room for improvement. But this will require a frank discussion about the challenges of partnerships. In what follows, the WBCSD would like to share some reflections on partnerships from a business perspective. Thereby, we hope to provide a constructive input to advance this important issue at the ministerial conference in Georgia.

Partnerships are integrated in the way of doing business

4. Partnerships are not new to business. They have been around for long. Partnerships between companies have existed since the beginning of trade. They are built on a win-win assumption for the parties involved, with gains that can be shared.

5. Partnerships between business and governments have also a long tradition. They have normally been initiated to deal with issues that neither party could handle on its own.

6. Partnerships between business and NGOs are more recent. Therefore, we have less of a track record on these – but a lot is ongoing.

Building functioning partnerships

7. While we all agree that partnerships are a central element in moving forward, the WBCSD would like to draw a word of caution. They are not a panacea to sustainable development as some content. Partnerships can become an important tool, but this requires that foundations are solid and the expectations realistic about how challenging they are. In what follows, we will list some of these challenges:

- **Bridging diversity.** Ignorance and/or mistrust between different constituencies must be overcome. This includes ensuring that there is an understanding and respect for what partners can deliver and the obstacles that they face in either partnering in the first place or delivering what they said they would deliver.
- **Attracting and sustaining participant involvement.** There are many problems with engaging and sustaining the interests of different participants in a long-term and meaningful way. Many people underestimate the very substantial investments in time and resources required to build functioning partnerships. There is also a limit as to how many serious partnerships one organization can have. Doing feasibility studies before actually entering into partnerships can increase the probability of success.
- **Addressing needs.** Cross-sector partnerships are not a natural relationship. They bring together disparate groups with different interests. Developing a joint vision and common objectives can therefore be difficult, sometimes even unreachable. Instead, partnerships should be based on need. Partnerships for the simple sake of partnership are doomed to fail.
- **Assessing value-added.** As mentioned above, partnership building can be extremely costly in terms of time and money. It is therefore essential that these additional costs are demonstratively worthwhile. Emphasis needs to be placed on the outcomes. Failing to focus on the expected outcomes for each partner is likely to generate disappointment.
- **Complementarity:** A clear “business case” for each partner is needed. Partners should stick to their core competencies when engaging in a partnership so that each partner’s competency complements the others. For business this essentially means that companies need to enter a partnership with a non-business entity in the same spirit they would bring to a business partnership with a customer or client.

Public-private partnerships

8. Despite these challenges in making partnerships work, achieving a sustainable future, in particular the Millennium Development Goals (MDG) set forth by the United Nations, cannot happen without more public-private partnerships. Take, for example, the MDG on water and sanitation. In order to half the number of people without access to safe water (currently around 1 billion) and those without sanitation (about 2 billion), annual investments will have to double from currently around USD 15 billion to an estimated USD 30 billion. Without participation of the private sector, this will not be possible.

9. But when considering partnerships, we need to be honest about the challenges and have realistic expectations. To come back on the water and sanitation example, we see that in spite of the imminent need for private sector investment, the necessary incentives for business participation are not being created: in most countries, a pervasive under-pricing of water persists and legal framework conditions remain frail or unpredictable.

10. A key message from Johannesburg was that partnerships between government, business and civil society are needed. And the WBCSD is confident that all partners will respond to the challenge and move beyond the rhetoric of multi-sector partnerships to addressing the obstacles that prevent us from moving faster.