



# Check list for private sector engagements

**Norwegian Church Aid**

**Consultancy on private sector partnerships  
for non-governmental organisations**

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# Introduction to the checklist

Private sector partnerships have the opportunity to bring significant added value to the beneficiaries of NGO interventions, but are also risky and may suffer from high transaction costs unless well prepared. In addition, there are many risks pertaining to such a partnership that needs to be assessed. The complexity of markets in developing countries and/or the humanitarian field, makes it especially important that the expected additional value of the partnership significantly outweighs the costs and risks. Reputational risk is a particular concern for NGOs, and it is therefore important to know your partner well before entering into a formal partnership.

Private sector can be defined as:

- ✓ For-profit and commercial enterprises of any size,
- ✓ Corporate foundations (independent grant-making organizations that have close ties to the corporation providing funds, such as the Coca-Cola Foundation, MasterCard Foundation, etc.),
- ✓ Business associations, coalitions and alliances (e.g. chambers of commerce, employers' associations, cooperatives, etc.).
- ✓ State-owned enterprises.

For the sake of clarity, these will all be referred to as Business Partners. An informal dialogue may already have started with a potential business partner, including meetings and discussions on how to collaborate. However, before investing more time and resources into formalising the arrangements, it is important to assess the opportunities, different roles, risks involved and to know your partner well. This tool also includes a risk assessment section and exclusion criteria. For a more comprehensive Due Diligence process, Norwegian Church Aid (NCA) may want to consider utilising an external service provider.

This tool is designed to provide the basis for a GO/NO GO decision for NCA. Even if not all questions can be answered immediately or be relevant, the tool is intended to provide the basis for deciding if and how a NGO-business partner collaboration should take place.

Based on a more comprehensive assessment and detailed checklist, NCA should be able to fill in the overall assessment form below as the basis for decision-making:

## Overall assessment of the prospective partnership:

Area	Assessment			Comment/Information required
	No / decline	More info needed	Yes / go	
				<i>Insert comments in the text boxes below</i>
1. Partner is acceptable				
2. Clear need for Partnership				
3. Costs are acceptable				
4. Significant added value and benefits				
5. Risks are acceptable				
6. Conclusion				

# 1: Assessment of whether partner is acceptable

1.1 Business partner info			
Company name, legal form and org. number:			
Year established:			
Industry:			
Country of registration:			
Address:			
Contact person (name, e-mail, phone):			
Number of employees:			
Annual turnover (NOK):			
Other relevant details on financial data:			
Overall assessment of business partner's ability to invest and implement:			
Relationship between NCA staff and the business partner:			
Short description of the business partner, i.e. recent history, management, products and services, market and competition, future plans and objectives: new products, new markets, etc.			
	<b>No:</b>	<b>Need more info:</b>	<b>Yes:</b>
Has the NCA received full disclosure of ownership of the business partner?			
Has the NCA access to the audited financial accounts for the last year of the business partner?			

Does the business partner have documented track-record of relevant business activities?			
<b>1.2 Ethics</b>			
	<b>No:</b>	<b>Need more info:</b>	<b>Yes:</b>
Is the business partner involved in the production of weapons and munitions, belonging to the pornography and tobacco industries or carrying out operations in areas considered by the United Nations to be illegally occupied? (Note: this is considered exclusion criteria by the NCA, see 5.2.)			
Does the business partner have a Code of Conduct for its staff? (Ref. ACT Alliance's Code of Conduct: For the prevention of sexual exploitation and abuse, fraud and corruption and abuse of power.)			
Does the business partner adhere to Universal declaration of human rights and subsequent conventions, the ILO Declaration on fundamental principles and rights at work and Core Conventions and the UN Convention on Biological Diversity, Stockholm Convention on persistent organic pollutants and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal?			
Does the business partner adhere to the UN Global Compact and the UN Guiding Principles on businesses and human rights?			
Has the business partner been involved in operations or actions that could otherwise pose a reputational risk for the NCA? (See NCA's ethical guidelines for further elaboration.)			
Have the partners discussed and established a benchmark for ethical conduct within the partnership?			
<b>Overall assessment of whether business partner is acceptable:</b>	<b>Not acceptable:</b>	<b>Need more info:</b>	<b>Acceptable:</b>

# 2: Assessment of need for partnership

2.1 Scope of the partnership	
Short description of the main idea of the partnership, impact and benefits:	
What are the common goals/deliverables of the partnership?	
Will the partnership involve innovation of new products and/or approaches? What?	
Best-case scenario for the partnership?	
Worst-case scenario for the partnership?	

	No:	Need more info:	Yes:
Are there significant potential gains in terms of achieving one or more of NCA's strategic priorities?			
The private sector entity is among the most suitable partners available in the (country) context.			
Is the partnership likely to create immediate development results?			
Is there considerable potential for long-term engagement, significant contribution of resources, and high development impact?			
Will the partnership create positive exposure and publicity for NCA and programs activities?			
Will the partnership lead to new innovations for development?			
Is the top-level of the business partner committed? Is there sufficient buy-in from relevant management / staff / divisions?			
Does the business partner have sufficient skills and capacities to deliver?			

## 2.2 Objectives and governance of the partnership

<p>How will the partnership create significant value/impact for NCA's programs and beneficiaries?</p>			
<p>Have this been recorded so that performance and results may be monitored? How?</p>			
<p>What is the time-frame?</p>			
<p>Have NCA and business partner jointly negotiated and agreed upon roles and responsibilities? If yes, explain:</p>			
<p>What formal governance structure is needed to manage the partnership and resolve potential conflicts?</p>			
<p>Have the members of the partnership jointly negotiated a plan to ensure regular and effective communication? If yes, explain:</p>			
<p>Have the NCA and business partner formalized a plan for stakeholder engagement (i.e. beneficiaries, communities, government, academic, civil society and donors)?</p>			
<p><b>Overall assessment of the need for the partnership:</b></p>	<p><b>Low:</b></p>	<p><b>Need more info:</b></p>	<p><b>High:</b></p>



### 3: Assessment of costs

3.1 Contributions into the partnership	
What is the financial contribution (NOK) of NCA?	
What is the staff-time or pro-bono contribution of NCA?	
What is the marketing value/media value of activities in the agreement?	
What is the financial contribution (NOK) of the business partner?	
What is the staff-time or pro-bono contribution of the business partner?	
Are there sufficient financial resources available to deliver on commitments? If no, how will additional funding be raised?	
To what extent can the partnership lead to NCA becoming dependent on one supplier only (the business partner)?	

	No:	Need more info:	Yes:
Have all right and duties been negotiated and agreed upon?			
Will there be additional costs relating to travel, training, venue or similar?			
Has how costs will be shared been agreed upon?			
Will this be formalised in a contract?			
Will the partnership entail procurement of goods or services?			
Is there an expectation of purchasing a product or service from the business partner?			
If so, will the partnership still entail open, non-exclusive procurement processes?			
Is there a need for additional support or consultancies?			
Is cost sharing agreed?			
<b>Assessment of total costs associated with the partnership:</b>	<b>Not acceptable:</b>	<b>Need more info:</b>	<b>Acceptable:</b>

## 4: Assessment of added value and benefits

4.1 Development impact			
How will the partnership create value to the beneficiaries?			
How will the partnership create added value that could not otherwise be achieved?			
	<b>No:</b>	<b>Need more info:</b>	<b>Yes:</b>
Does it contribute positively to NCA brand?			
Is the project in line with Do-No-Harm and humanitarian principles?			
Are the deliverables from the partnership realistic?			
Can results be monitored and measured?			
How?			
Is there potential for scale-up beyond pilot stage?			
What would be necessary for a scale-up?			

## 4.2 Intellectual Property rights<sup>1</sup> and profits

How will the partnership contribute to realising the commercial interests of the business partner? What is the market?

Could new intellectual property be developed as part of the partnership? What?

Is there market opportunity to commercialise intellectual property? How?

Will the NCA invest in the R&D of the business partner? How much?

Have the NCA and business partner negotiated and agreed upon ownership and control of products and specimens, including samples, data, results and intellectual property? Explain:

What are the potential risks for the NCA by not retaining intellectual property rights?

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<sup>1</sup> Some of the most common forms of intellectual property rights are: copyrights, patent rights, trademarks/brands, database rights, portrait rights, protection of company/trade secrets, domain name rights, etc.

<p>Have NCA and business partner negotiated and agreed upon royalties or sharing of potential profits resulting from the partnership? Explain:</p>			
<p>If profits and IP rights remain with the business partner, what would be a "fair" deal for the NCA in terms of public benefits?</p>			
<p><b>Overall assessment of added value/impact:</b></p>	<p><b>Not acceptable:</b></p>	<p><b>Need more info:</b></p>	<p><b>Acceptable:</b></p>

## 5: Risk assessment

<b>5.1 Level of due diligence</b>		
<p>It is recommended that a risk assessment is undertaken for any potential partnership with a business partner. However, the extent of the risk assessment must be considered according to the type of partnership. For participants in NCA events, meetings, and similar, no comprehensive risk assessment is considered necessary. For any other type of engagement a due diligence needs to be carried out. The level of due diligence applied will however be influenced by the type of partnership and the sector of activity. Limited Due Diligence only consists of exclusion criteria (5.2), whereas a full Due Diligence consists of a more comprehensive risk assessment (5.2 – 5.5). For the latter, NCA may want to consider an external service provider.</p>		
<b>Type of partnership:</b>	<b>Limited due diligence</b>	<b>Full due diligence</b>
1. Advocacy and policy dialog		
2. Resource mobilization - Business partner providing financial resources to NCA below NOK one million.		
3. Resource mobilization - Business partner providing financial resources to NCA above NOK one million.		
4. Programmatic joint initiative		
5. Innovations (e.g. pro-bono provision of technology to support a NCA project)		
6. Strategic partnerships (broader collective partnerships)		
7. Procurement		

## 5.2 Exclusion criteria

NCA has defined a set of exclusionary criteria outlining those business practices considered unacceptable (see 1.2). However, there may also be additional cases for exclusion to be considered as a partnership would pose a high reputational risk for the NCA, as defined in the below exclusionary criteria. The criteria apply to parent companies, subsidiaries and supply chain as well.

	Yes:	Need more info:	No:
Is the business partner involved in the manufacturing, sale or distribution of weapons or munitions?			
Is the business partner involved in manufacturing, sale or distribution of military supplies and equipment?			
Is the business partner involved in manufacturing, sale or distribution of replica weapons marketed to children?			
Is the business partner involved in manufacturing, sale and distribution of pornography?			
Is the business partner involved in manufacturing, sale or distribution of tobacco or tobacco products?			
Is the business partner involved in gambling, including casinos, betting etc. (excluding lotteries with charitable objectives)?			
Is the business partner involved in manufacturing, sale or distribution of substances subject to international bans or illegal wildlife products?			
Is there evidence of violation of human rights or complicity in human rights violations?			
Is there evidence of UN sanctions violations and relevant conventions, treaties and resolutions?			
Is there evidence of use or toleration of forced or compulsory labour?			
Is there evidence of use or toleration of child labour?			
Is the business partner carrying out operations in areas considered by the United Nations to be illegally occupied?			
<b>Overall assessment on exclusion:</b>	Yes:	Need more info:	No:

## 5.3 Potential controversies

Private sector entities may be exposed to controversies, or there may be factors that can cause reputational risks to NCA by being associated with the business partner.

Below is a list of potential controversies and possible reputational risks that are not directly related to exclusionary criteria. Use the comment box to provide details of the criticism.

Issue	
<p><i>Labour</i></p> <ul style="list-style-type: none"> <li>- Discrimination at work</li> <li>- Freedom of association and right to collective bargaining</li> <li>- Occupational health and safety</li> <li>- Poor employment conditions</li> </ul>	
<p><i>Governance</i></p> <ul style="list-style-type: none"> <li>- Corruption</li> <li>- Fraud</li> <li>- Tax evasion</li> </ul>	
<p><i>Communities</i></p> <ul style="list-style-type: none"> <li>- Community health and safety</li> <li>- Impact on livelihoods</li> <li>- Local participation</li> <li>- Social discrimination</li> <li>- Indigenous peoples</li> </ul>	
<p><i>Environment</i></p> <ul style="list-style-type: none"> <li>- Pollution (including climate change)</li> <li>- Impact on ecosystems and landscapes. Overuse of resources</li> <li>- Waste management</li> <li>- Mistreatment of animals</li> </ul>	
<p><i>Products</i></p> <ul style="list-style-type: none"> <li>- Product safety</li> <li>- Controversial products or services</li> </ul>	
<p><i>Ownership or management</i></p> <ul style="list-style-type: none"> <li>- Controversies related to the individuals owning or managing the business partner</li> <li>- Politically Exposed Persons (PEPs)</li> <li>- Links to offshore jurisdictions/tax havens</li> </ul>	
<p><i>Regulatory checks/sanctions list</i></p> <ul style="list-style-type: none"> <li>- Third party risk management</li> <li>- High risk individuals and entities</li> <li>- Activities relating to money laundering, bribery, corruption, sanctions lists, watch lists, black lists and other regulatory risks.</li> </ul>	



<b>Adverse media and reputation</b>			
	<b>Yes:</b>	<b>Need more info:</b>	<b>No:</b>
Significant criticism from local or global NGOs, media, social media or other significant partners of the NCA.			
Significant criticism from governmental agencies or political parties that makes NCA participation politically sensitive.			
Recurring local public events (e.g. demonstrations) against the business partner			
Global public events, online protests or campaigns against the business partner			
Relevant legal case in progress, in court etc.			
<b>Overall assessment on controversies:</b>	<b>Not acceptable:</b>	<b>Need more info:</b>	<b>Acceptable:</b>

<b>5.4 Environmental, Social and Governance commitments</b>			
<p>This section is meant to assess the business partner's commitment to Environmental, Social and Governance (ESG) commitments, and assess whether the business partner's commitment to ESG is appropriate in relation to its exposure to risks. For multinationals, most answers would be expected to be positive, whereas more flexibility can be applied for smaller companies and local private sector.</p>			
	<b>No:</b>	<b>Need more info:</b>	<b>Yes:</b>
Is the business partner a participant in the UN global Compact?			
If yes, is the business partner regularly communicating its progress and level of reporting?			

Does the business partner have any sustainability-related certifications or reporting? If yes, provide details in comments below.			
Is the business partner included in any sustainability or ESG-related indices, or similar national or regional initiatives? Does the business partner abide by any voluntary sustainability or ethical principles or guidelines? If yes, list them in comments below.			
<h2>Human rights</h2>			
Does the business partner have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts, especially on the local communities, that are directly linked to its operations?			
Does the policy and a monitoring system cover occupational health and safety issues, ensuring that workers are afforded safe, suitable and sanitary working conditions?			
Does the policy and monitoring system cover land or property issues, i.e. does the business partner ensure that all affected owners and users of the land or property used by the business partner have been adequately consulted and compensated?			
Does the policy and monitoring system cover the rights of indigenous peoples, and in particular the principles of self-determination and self-governance, the right to lands and natural resources, including issues of resettlement, and the right to free, prior and informed consent?			
Does the policy and monitoring system cover the business partner's security arrangements, i.e. whether or not they comply with international human rights principles for law enforcement and the use of force (e.g. have security personnel received adequate human rights training)?			
Does the business partner have an appropriate dispute resolution mechanism that is in line with the human rights norms and principles?			
Does the business partner have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts that are directly linked to products and services by its business relationships?			
<h2>Labour</h2>			
Does the business partner have a policy and a monitoring system to ensure fair labour practices at its operations?			

Does the policy and monitoring system adequately ensure equal opportunity to all employees and applicants regardless of ethnic origin, colour, age, gender, sexual orientation, religion, marital status?			
Does the business partner have a policy and a monitoring system that seeks to promote fair labour practices in its interactions with suppliers and partners?			
Does the policy and monitoring system ensure freedom of association and the right to collective bargaining?			
Does the policy and monitoring system ensure the elimination of forced or compulsory labour?			
Does the policy and monitoring system ensure the elimination of child labour?			
<b>Environment</b>			
Does the business partner have a policy and a monitoring system to minimize environmental damage at its operations?			
Does the business partner have a policy and a monitoring system which it applies to working with suppliers to improve environmental performance, extending responsibility down the supply chain?			
Does the business partner have a policy and a monitoring system to reduce emissions (emissions to air, waste and effluents)?			
Does the business partner have a policy and a monitoring system to ensure that natural resources are used in a sustainable manner?			
Does the business partner take action to reduce energy consumption?			
Does the business partner prevent, minimize and remedy significant impacts on biodiversity?			
Does the business partner have emergency procedures in place to prevent and address industrial accidents affecting the environment and human health effectively?			
<b>Good governance<sup>2</sup></b>			
Does the business partner have Anti-Bribery and Corruption policies, and a monitoring system?			

<sup>2</sup> This refers to both internal policies, as well as compliance with national and international policies and regulations.

Does the business partner have an Anti- Money Laundering policy?			
Does the business partner have Corporate Social Responsibility (CSR) policies?			
Does the business partner have General Data Protection Regulation (GDPR) policies?			
Does the business partner have a whistleblowing policy?			
<b>Overall assessment on ESG issues:</b>	<b>Not acceptable:</b>	<b>Need more info:</b>	<b>Acceptable:</b>

## 5.5 Partnership risks

NCA is dependent on maintaining impartiality and accountability to all of its stakeholders and beneficiaries. Any engagement with the private sector must therefore ensure that NCA remains unbiased, while supporting its overall goals and objectives. The agreed partnership must not in any way compromise the integrity and independence of NCA or that of the parties involved. As a consequence, it is important also to assess the potential risks associated with an NGO-Business Partner engagement.

	Incorrect:	Need more info:	Correct:
<p><i>Impartiality</i></p> <p>The partnership will not entail any unfair advantage given to one or more businesses within an industry, sector or market, neither is it perceived to have endorsed a particular business, product or service.</p>			
<p><i>No market distortion</i></p> <p>The partnership will not have negative unintended consequences by distorting a market by giving one business or group of businesses an unfair advantage and/or by crowding out other economic actors.</p>			
<p><i>Non-exclusivity</i></p> <p>The partnership will not entail an exclusive relationship with a business partner that would exclude NCA from working with other private sector entities in the same sector.</p>			
<p><i>Reasonable benefit</i></p> <p>The benefit to the private sector entity from the collaboration will not be disproportionately high compared to the public benefits or benefits to the NCA and its beneficiaries.</p>			
<p><i>Non-dependency in procurement / No conflict of interest</i></p> <p>The business partner has been informed that partnering with NCA will not entail preferential treatment in procurement process.</p>			
<p><i>Political Risks</i></p> <p>It is unlikely that any potential political risks would arise during the partnership.</p>			
<b>Overall assessment on partnership risks:</b>	<b>Not acceptable:</b>	<b>Need more info:</b>	<b>Acceptable:</b>



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