



# supporttolife

SUPPORT TO LIFE  
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**PRIVATE SECTOR ENGAGEMENT (PSE) GUIDELINES**  
*Version 2*

**Contents**

ACRONYMS.....	3
PURPOSE OF THE GUIDE.....	3
WHAT DOES STL MEAN BY PRIVATE SECTOR (PS)? .....	3
WHAT IS A PRIVATE SECTOR ENGAGEMENT (PSE) FOR STL? .....	3
I- PARTNERSHIP ASSESSMENT PROCEDURE.....	3
1. EXCLUSIONARY CRITERIA:.....	4
2. DUE DILIGENCE.....	5
II- DECISION .....	7
I- Building The Partnership.....	8
3. Implementation of the agreement .....	9
4. Closure of the PSE:.....	9
III- RISK AND CHALLENGES: .....	9
1. Time issues:.....	9
2. Motivation, goals and objectives misalignment .....	10
3. Reputation issues.....	10
4. Balance of power / lack of control.....	11
Appendix A: Categories of Business Entities .....	11
Appendix B: Partner Questionnaire.....	11

## ACRONYMS

STL: Support to Life  
PS: Private Sector  
PSE: Private Sector Engagement  
PSP: Private Sector Partner

## PURPOSE OF THE GUIDE

STL developed the guidelines to complement the *STL Private Sector Engagement Policy*. STL recognizes that setting up engagements with the Private Sector can help to sustainably complete our projects and reach our objectives. These guidelines aim to provide a framework so that engagement prospects can be evaluated consistently, while honouring STL's core values and principles. These guidelines must be used each time STL is evaluating a PSE prospect.

## WHAT DOES STL MEAN BY PRIVATE SECTOR (PS)?

The "Private Sector" entities may refer to many types of organizations (*Appendix A*). We can work in partnership with small entities, such as microenterprises, SMEs (Small and Medium enterprises), as well as Lead Firms, Multinational Corporations and Business Groups.

## WHAT IS A PRIVATE SECTOR ENGAGEMENT (PSE) FOR STL?

The growing role of the private sector in the changing humanitarian landscape brings both new opportunities and risks. As STL aims to scale up its engagement with the private sector, it needs to do so in a way that manages risks to its reputation, preserves its accountability to its stakeholders and its obligation to safeguard humanitarian principles in all its activities. The scope of STL's due diligence process is **limited to the private sector entity itself and does not extend to any parent company, conglomerate(s), shareholder(s)** that may have full or partial ownership of the entity.

Partnerships must focus on advancing STL goals, while recognizing the need for mutual benefits for all partners involved. A clear purpose for the partnership along with the added value of the partnership in advancing STL's strategic priorities should be clearly defined. Regardless of the nature of the engagement, it is essential that parties articulate the benefits and that the impact is agreed to be jointly created, while risks are shared.

In order to ensure sound management of the partnership, the roles and responsibilities of the partners must be clearly defined and understood. This understanding will be set out in the partnership **agreement**. When a partnership arrangement will have financial implications for STL, the partnership agreement will specifically address the financial implications for both parties.

## I- PARTNERSHIP ASSESSMENT PROCEDURE

STL's PSE assessment procedure is initiated in the case of one of the five scenarios below:

- STL and the private sector entity have the intention to work together. They identify a problem that they can tackle together.
- STL identifies a need that can best be addressed with the involvement of the private sector, and has an idea for a project. Thus, it searches for the appropriate PSE partner.
- A Private Entity (PE) has a project idea and wants to implement it with an NGO. It proposes partnership to STL.
- A PE launches a call for proposals.
- A call for proposals may ask STL or to a PE to work in partnership.

To structure their preliminary consideration, the parties to the partnership assessment are recommended to establish a checklist of the topics to cover during the discussion and a list of questions such as *"What are you hoping the partner will provide to you?"* *"What can you contribute to the partnership?"*

### ! Before Due Diligence... !

STL's PSE assessment procedure consists of two main phases. The first phase focuses on the exclusionary criteria and determines whether or not STL should carry on to conduct due diligence to assess the partnership prospect.

#### 1. EXCLUSIONARY CRITERIA:

If the private sector entity carries one or more of the sectoral/operational exclusionary criteria, PSE negotiations must be **terminated immediately** without the need to carry out a due diligence procedure.

STL may establish **additional exclusionary criteria for screening** companies appropriate to their specific mission and role. As a result of evaluation based on additional criteria, the private sector entity may be found ineligible.

<b>EXCLUSIONARY CRITERIA</b>	
<b>SECTORAL</b>	<b>OPERATIONAL</b>
<p>STL <b>does not</b> engage in partnerships with entities that operate in the following sectors:</p> <ul style="list-style-type: none"> <li>• Selling or manufacturing of armament or <b>weap</b>onry.</li> <li>• Production and distribution of pornography.</li> </ul>	<p>STL <b>does not</b> engage in partnerships with entities whose operations are <u>directly</u> involved in;</p> <ul style="list-style-type: none"> <li>• Human rights abuses, forced or compulsory labour or the use of child labour.</li> </ul>

If the private sector entity does not carry any of the exclusionary criteria, you may initiate the **due diligence** procedure established by STL.

## 2. DUE DILIGENCE

STL's due diligence tool is designed to provide an analytical framework and guide its decision-making process when evaluating the PSE prospect. Below are a set of questions designed to assess (1) the partnership benefits/risks, (2) quality standards/certifications, and (3) its sectoral areas of activity that may connote negative perceptions.

Please note that the most efficient way of collecting information on the partner's capacity/certification is to send the **Partner Questionnaire** (See: **Appendix B**) to the prospective partner to fill. This practice is strongly recommended. However, STL is aware that it should still research potential controversies on its own.

STL uses the due diligence tool below to assess the PSE prospect.

PARTNERSHIP BENEFITS/RISKS		
<p><b>The balance between expected risks and expected benefits must be in line with the risk tolerance of STL. STL may generally be willing to bear higher risks if the benefits of the partnership clearly outweigh the risks.</b></p> <p><b>Consider applicable statements below:</b></p>		
There are significant potential gains in terms of achieving one or more of STL's strategic priorities within the STL <b>[Name of Strategy Document]</b> .	Correct <b>(1p)</b>	<b>Incorrect</b>
The private sector entity is operating in a sector that is highly relevant for STL's operations (e.g. logistics, education, health, etc.)	Correct <b>(2p)</b>	<b>Incorrect</b>
There is considerable potential for long-term engagement with the private sector entity, in which resources are contributed on a significant scale, and there may be a significant outcome in terms of human resources development.	Correct <b>(1p)</b>	<b>Incorrect</b>
The partnership is likely to create immediate results in the well-being of communities that are facing high rates of poverty or vulnerability.	Correct <b>(2p)</b>	<b>Incorrect</b>
The partnership will help create a wider awareness of, and support for, STL and its causes from positive exposure and publicity surrounding the collaboration.	Correct <b>(1p)</b>	<b>Incorrect</b>
The partner was recently involved in a controversy (corruption, environmental damage, accident, etc.) that came to public's attention. There is a risk that being affiliated with it could cause damage to STL's reputation or mission.	Correct <b>(-3p)</b>	<b>Incorrect</b>

<i>If the prospective partner receives <b>2 points or more</b> in this section, carry on with due diligence. If it does not, end due diligence and do not engage.</i>		Section Score: ..... pts	
<b>QUALITY STANDARDS/CERTIFICATIONS</b>			
Responsible leadership <b>Track record of commitment to development and community involvement (Prior engagement in Corporate Social Responsibility or core business projects focusing on philanthropy)</b>		Correct <b>(2p)</b>	<b>Incorrect</b>
<b>Is the private sector entity a participant in the UN Global Compact?</b>		Correct <b>(1p)</b>	<b>Incorrect</b>
If "yes" to the question above: Is the private sector entity actively communicating its progress and level of reporting? See: <a href="#">General Communication on Progress (COP)</a> <i>(Specify below, if applicable)</i>		Correct <b>(-)</b>	<b>Incorrect</b>
<b>COP LEVEL:</b>	GC Learner <b>(1p)</b>	GC Active <b>(2p)</b>	GC Advanced <b>(3p)</b>
<b>Does the partner have any certificates concerning occupational health and safety (ISO 45001 and similar)?</b>		Correct <b>(1p)</b>	<b>Incorrect</b>
Environment <b>Impact on ecosystems and landscapes (Environmental Impact Assessment reports, ISO 14000, and similar.)</b>		Correct <b>(1p)</b>	<b>Incorrect</b>
<b>Does the private sector entity have any sustainability-related certifications or reporting (e.g. ISO14001, SA8000, AA1000, OHSAS 18001, or GRI Principles)?</b>		Correct <b>(1p)</b>	<b>Incorrect</b>
Product-related <b>Product safety (ISO 9000 certificates and similar)</b>		Correct <b>(1p)</b>	<b>Incorrect</b>
<i>If the prospective partner receives <b>3 points or more</b> in this section, carry on with due diligence. If it does not, end due diligence and do not engage.</i>		Section Score: ..... pts	
<b>HIGH-RISK SECTORS AND NEGATIVE PERCEPTIONS</b>			
<b>Is the partner operating in one of the high-risk sectors (see below)? If so, answer the questions in this section. If not, skip and proceed to finalize due diligence.</b>			
<ul style="list-style-type: none"> <li>• <b>Oil and gas Extraction</b> of oil and gas (including oil sands); manufacture of refined petroleum products; transport via pipeline.</li> <li>• <b>Metals and mining</b> Mining (incl. coal, diamonds and other precious and semiprecious stones, metals, uranium, etc.), manufacture of basic iron, steel, non-ferrous metals, precious metals; casting of metals; treatment and coating of metals; quarrying.</li> </ul>			

<ul style="list-style-type: none"> <li>• <b>Utilities</b> Electric power generation from large dams, nuclear power plants, fossil-fuel power plants (e.g. gas and coal-fired); electric power transmission and distribution; water collection, treatment and supply; sewerage; waste treatment and disposal; materials recovery (recycling).</li> <li>• <b>Large infrastructure</b> Construction of buildings, roads, railways, civil engineering projects; construction or upgrading of large dams, nuclear power plants or pipelines.</li> <li>• <b>Agriculture and fishing</b> Growing of crops, including palm oil or other large monocultures (e.g. energy crops for biofuels); livestock farming, fishing; aquaculture.</li> <li>• <b>Timber, pulp and paper</b> Timber production; logging; sawmilling and planning of wood; production of pulp and paper.</li> <li>• <b>Alcohol or Tobacco</b> Manufacturers of alcoholic beverages or tobacco products, wholesale distributors and importers that deal solely and exclusively in alcohol beverages/tobacco or whose primary income comes from trade in alcohol beverages/tobacco.</li> <li>• <b>Chemicals Manufacture</b> of basic chemicals, pharmaceuticals, petrochemicals, agrochemicals, pesticides, fertilizers, plastics, paints, varnishes, coatings, detergents and toiletries. Clothing, toys and consumer electronics (risks are due mostly to issues in the supply chain). Fast food, high sugar drinks and soda.</li> </ul>		
<b>Significant criticism from local or global NGOs/media/social media or other significant stakeholders (coordination committees, target communities, etc.).</b>	Correct <b>(-2p)</b>	<b>Incorrect</b>
<b>Significant criticism from governmental agencies / political parties that makes STL participation politically sensitive.</b>	Correct <b>(-1p)</b>	<b>Incorrect</b>
<b>Recurring local public events against the private sector entity (e.g. local demonstrations, statements, and similar.)</b>	Correct <b>(-1p)</b>	<b>Incorrect</b>
<b>Global public events (e.g. significant demonstrations at several locations, significant online protests)</b>	Correct <b>(-2p)</b>	<b>Incorrect</b>
<i>If the prospective partner receives <b>-2 points or more (-1 or 0)</b> in this section, carry on with due diligence. If it does not, end due diligence and do not engage.</i>	Section Score: ..... pts	
<b><i>Use this line to calculate the total score of the prospective partner. After you do so, finalize due diligence.</i></b>	<b>GRAND TOTAL:</b>	<b>..... PTS</b>

## II- DECISION

Based on the information collected in the template above, identify what type of PSE is best for STL and its target groups. Some partnerships may be considered worth pursuing given certain conditions (e.g. minimum visibility). These conditions should be defined at this stage, and should be communicated to and accepted by the private sector entity.

For private sector entities that operate in one of the high-risk sectors, the final decision must be made by the Executive Board.

DUE DILIGENCE SCORE	LEVEL OF ENGAGEMENT
<3 POINTS	<ul style="list-style-type: none"> <li>Do not engage.</li> </ul>
3-5 POINTS	<ul style="list-style-type: none"> <li>Short term PSE;</li> <li>Engage for advocacy or awareness raising work, or receive financial contribution.</li> <li><u>Visibility: Minimum</u> (i.e. no press statements, STL logo is not used along with that of the private sector entity)</li> </ul>
5-8 POINTS	<ul style="list-style-type: none"> <li>Short, mid or long-term PSE;</li> <li>Engage to receive financial or in-kind contribution.</li> <li>Visibility: Joint use of logos permissible in visibility materials.</li> <li>No information dissemination to national media.</li> <li>No active communication with national media, but incoming media interest is not turned down</li> </ul>
9 POINTS OR ABOVE	<ul style="list-style-type: none"> <li>Short, mid or long-term PSE;</li> <li>STL may receive financial or in-kind contribution, as well as forming a technical partnership (if applicable).</li> <li>Joint use of logos permissible in visibility materials.</li> <li>Active communication with national media (newsletters, press invitations, etc.).</li> </ul>

## I- Building The Partnership

In order to develop a relation of mutual trust, it is important that STL try to learn as many details as possible about its partner, especially how it works and operates. Moreover, it is important to demonstrate STL's credibility, keeping in mind why the PSE is deemed strategically appropriate and showing that STL understands its motivations in its way of communicating throughout all the project duration. **Once strong relationships are built**, STL can start, together with its partner, **to develop the PSE goals, the overall purpose and the specific objectives**. In this phase, the following steps are important:

Write a draft engagement, called **Memorandum of Understanding (MoU)**, including the common goals and objectives defined previously. This document should include:

- A description of the objectives, the expected results, the activities to be undertaken to achieve them.
- A work plan.
- A part about the financial viability of the project, including clearly defined financial commitments of parties.
- A definition of the roles and responsibilities of each partner.
- A definition of capacity and resource requirements on both sides.
- A description of the indicators for monitoring and measuring performance, progress, and results.
- Coordination commitments and procedures (monthly or quarterly reporting, periodical advisory board meetings, etc.)
- Visibility rules.



- A process to address breach of contract (including non-delivery issues) and/or a clearly defined course of remedial action when applicable.
- A termination clause.
- A mechanism for raising grievances from third parties.
- A procedure for an independent final evaluation.

**Outcome:** A MoU approved and signed by all the partners.

### 3. Implementation of the agreement

- **Problems Management:** Even after the signature of the partnership engagement MoU, some problems might occur. In order to avoid them, it is important to have a strong partnership management. One can define PSE managers or management structures, as well as planning regular partnership 'health checks'. It is also important to have clear schedules and work plans, with planned results integrated into. In case of problems, it is important to follow procedures established in the contractual document, as well as in the applicable law.
- **Communication and Reporting:** It is highly important to report effectively and regularly. As for the communication, regular provisions of updates on engagement process, achievements on results and any problems or modifications of what was established at the beginning should be duly presented.
- **Monitoring and Evaluation:** Partners might fix a planning schedule for different evaluations. These should not be too early because they may misrepresent program progress. The indicators should also be defined in advance by the partners, as well as the types of data: quantitative data and technical reports, qualitative evaluation and "storytelling".

### 4. Closure of the PSE:

The agreement should be officially and formally concluded by a final evaluation and a final engagement report on activities and results. The report must include:

- A description of engagement activities.
- Engagement performance and results, with reference to specific indicators.
- Lessons learned.
- An indication of whether the engagement should be renewed, if applicable.

## III- RISKS AND CHALLENGES:

### 1. Time issues:

Different partners have different expectations regarding time management. There could be differences between the partners in regards to the number of persons committed in the partnership and time allowed to it. Moreover, the PSP may not be fully aware of program cycle realities. For example, STL could be asked to communicate results before significant program progress is evident. Finally, decision-making in the PS can take time and, conversely, it can be impatient as regards the implementation once they have taken a decision.

*Tips for addressing these issues:*

- Find a compromise between a traditional program cycle way of thinking and a business-focused way of thinking. As explained above, a good relationship is the basis of a successful PSE, and the starting discussions are inevitable to address this kind of issues. Don't hesitate to take time to discuss about the timeframe.
- Start with a small pilot project that could allow to address time issues more easily. After this first experience, the project could be scaled up over time.

- Each partner should be made aware of the specifics of each other's way of working and about the intricacies of PSE programs.

## **2. Misalignment of motivation, goals or objectives**

It is to be expected that STL will have different objectives, goals and objectives than those of its partner. For example, the PS often focuses on performance metrics such as profit, efficiency or return on investment. STL team may have difficulty understanding the goals of partner. Inversely, some program aspects, such as community participation, positive impact for communities, long-term benefits or capacity building can be difficult to understand for the business sector.

*Tips for addressing these issues:*

- As for the timing issues, the starting discussions are highly important: they will allow the partners to compare their visions of the project, their motivations and goals.
- The PSE management team should be careful to respect what has been defined at the beginning. The team may be equally compounded by staff from the organization and staff from PS.
- Some efforts should also be made to maintain good working relationship throughout the project implementation and especially to overcome mistrust.

## **3. Reputation issues**

Both for STL and the PS, a PSE agreement may present a risk for reputation. From STL's perspective, engaging with a PS entity may be seen by its stakeholders including the general public and other organizations in the field as 'compromising its core values and principles.'

From the PS's perspective, when a PS entity engages in such a project, sometimes this may mean that it recognizes there is a problem and it needs another entity to face it and solve it.

*Tips for addressing these issues:*

- First of all, STL should respect strictly the eligibility criteria and conduct detailed due diligence about the potential partners. By doing this, STL minimizes the risks to its reputation.
- It is important to clearly and publicly communicate about the PSE, its goals, objectives and expected impact. Making the project as transparent as possible will avoid any possible misinterpretation or criticism.
- Finally, STL realizes that it cannot ask companies to respect some ethical and professional standards without matching these standards itself.

## **4. Governance**

If governance principles and structures of each partner is not known or discussed during pre-engagement negotiations, the partnership will inevitably be built on loose ground and difficulties will be very likely to arise.

*Tips for addressing these issues:*

- Expectations and standards with regard to STL's core principles (humanity, neutrality, impartiality, accountability, independence) should be presented to potential partners in as much detail as possible (explaining what kind of commitments they entail, etc.).
- In exchange, the PS entity should also provide a detailed account of its core principles.

- Each party should openly disclose their comments on governance principles of the other party/parties. They should realize that any failure to address potential misalignments with regard to core governance principles risks having a great cost for the partnership.

## 5. Balance of power / lack of control

There is a risk of domination from one of the partners over the other, especially from the PS entity over STL, mainly because the PSP often brings more resources to the partnership. From a PS perspective, the problem could be more about a lack of control over its resources: by setting up a partnership with STL, PS partner accepts to give STL some responsibility in managing the resources - which at times can be difficult to accept for a PS entity.

*Tips for addressing these issues:*


- Clarify the expectations and the roles at the beginning: why do we need each other? What do we expect the other to do? Who is doing what? Who is taking the decisions? All the partners should agree on the organizational structure and sign a formal agreement such as a Memorandum of Understanding.
- All partners should demonstrate their commitment to PSE: the relationship shall be a partnership and not a punitive-oriented relationship. As mentioned previously, it is highly important to build trust between the partners.

## Appendix A: Categories of Business Entities

- Microenterprises: A business with fewer than five employees, small capitalization relative to their country context and minimal forward and backward value chain linkages.
- Lead Firms: Companies characterized by having significant forward and backward linkages with other businesses and a strong commercial interest to engage with other businesses. Lead firms are not only large companies; micro, small and medium enterprises (MSMEs) are often successful lead firms.
- Multi-National Corporations (MNCs): MNCs can also be lead firms and, because of their size and reach, may offer greater opportunity for leverage and resulting scale and sustainability. An MNC may have longer-term economic interests compared to other types of private partners when engaging with STL.
- Business Groups: Cooperatives (co-ops) and business/ trade associations.
- A co-op is a business organization owned and operated by a group of individuals for their mutual benefit.
- A business/trade association is a membership organization typically supported by the particular business community and focused on collaboration in such areas as policy development, public relations, advertising and product standardization.

## Appendix B: Partner Questionnaire

Send this questionnaire to the prospective partner to obtain information about its profile, prior engagements, certifications and sectors of operation.

 QUALITY STANDARDS/CERTIFICATIONS

Responsible leadership <b>Track record of commitment to development and community involvement (prior engagement in Corporate Social Responsibility or core business projects focusing on philanthropy)</b>	Correct	<b>Incorrect</b>
If yes, please specify:		
<b>Is your company/firm a participant in the UN Global Compact?</b>	Correct	<b>Incorrect</b>
If "yes" to the question above: Is the private sector entity actively communicating its progress and level of reporting? See: <a href="#">General Communication on Progress (COP)</a>	Correct	<b>Incorrect</b>
If applicable, please specify COP level (Learner, Active, Advanced):		
<b>Does your company/firm have any certificates concerning occupational health and safety (ISO 45001 and similar)?</b>	Correct	<b>Incorrect</b>
If yes, please specify:		
Environment <b>Impact on ecosystems and landscapes (Environmental Impact Assessment reports, ISO 14000, and similar.)</b>	Correct	<b>Incorrect</b>
If yes, please specify:		
<b>Does your company/firm have any sustainability-related certifications or reporting (e.g. ISO14001, SA8000, AA1000, OHSAS 18001, or GRI Principles)?</b>	Correct	<b>Incorrect</b>
If yes, please specify:		
Product-related <b>Do your company/firm have any certificates related to product safety (ISO 9000 certificates and similar)?</b>	Correct	<b>Incorrect</b>
If yes, please specify:		
<b>SECTORS OF OPERATION</b>		
<b>Does your company/firm conduct any operations in one of the sectors given below? If so, please elaborate under the comment section.</b>		
<ul style="list-style-type: none"> <li>• <b>Oil and gas Extraction</b> of oil and gas (including oil sands); manufacture of refined petroleum products; transport via pipeline.</li> </ul>		

- **Metals and Mining** (incl. coal, diamonds and other precious and semiprecious stones, metals, uranium, etc.), manufacture of basic iron, steel, non-ferrous metals, precious metals; casting of metals; treatment and coating of metals; quarrying.
- **Utilities** Electric power generation from large dams, nuclear power plants, fossil-fuel power plants (e.g. gas and coal-fired); electric power transmission and distribution; water collection, treatment and supply; sewerage; waste treatment and disposal; materials recovery (recycling).
- **Large infrastructure** Construction of buildings, roads, railways, civil engineering projects; construction or upgrading of large dams, nuclear power plants or pipelines.
- **Agriculture and fishing** Growing of crops, including palm oil or other large monocultures (e.g. energy crops for biofuels); livestock farming, fishing; aquaculture.
- **Timber, pulp and paper** Timber production; logging; sawmilling and planing of wood; production of pulp and paper.
- **Alcohol or Tobacco** Manufacturers of alcoholic beverages or tobacco products, wholesale distributors and importers that deal solely and exclusively in alcohol beverages/tobacco or whose primary income comes from trade in alcohol beverages/tobacco.
- **Chemicals Manufacture** of basic chemicals, pharmaceuticals, petrochemicals, agrochemicals, pesticides, fertilizers, plastics, paints, varnishes, coatings, detergents and toiletries. Clothing, toys and consumer electronics (risks are due mostly to issues in the supply chain). Fast food, high sugar drinks and soda.

*Comment:*