

The Governance of Non-Legal Entities

An exploration into the challenges facing collaborative, multistakeholder enterprises that are hosted by institutions

Heather Creech with contributions
from Tony Vetter, Kira Matus and
Ian R. Seymour

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International Institute for Sustainable
Development
161 Portage Avenue East, 6th Floor
Winnipeg, Manitoba
Canada R3B 0Y4
Tel: +1 (204) 958-7700
Fax: +1 (204) 958-7710
E-mail: info@iisd.ca
Web site: <http://www.iisd.org/>

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1.0 Introduction

There is a growing reliance by the sustainable development community on networks, partnerships and other multistakeholder collaborative enterprises to fast track progress towards sustainability. Through these new organizational models, the community as a whole is seeking to gain critical mass, to share knowledge, to increase legitimacy and buy in to work, and to catalyze innovation. This is a positive trend towards what is becoming known as “networked governance”. This emerging approach to decision making and implementation influences how policy is set, decisions are made and actions taken – sharing power and responsibility beyond state actors alone. “Networked governance” encompasses networked and partnership processes that are supplementing and perhaps supplanting the decision making that occurs through traditional, administrative hierarchies.

However, there is an emerging concern that some collaborative, multistakeholder enterprises could be underperforming, and that governance and management arrangements for these entities may be a contributing factor. This concern stems from recent reviews of knowledge initiatives, networks and partnerships conducted by the World Bank Operations Evaluation Department,¹ the International Development Research Centre,² and others, as well as from IISD’s own consulting work advising on strategic plans and conducting evaluations of close to 25 networks, partnerships and alliances over the past 10 years.

1.1 The Johannesburg Context

In 2002, at the World Summit on Sustainable Development, Johannesburg, “Type 2 Partnerships” emerged as a key international mechanism for moving towards sustainable development. At the time, the coalition of Southern Civil Society Organizations (CSOs) took the position that a strong follow-up mechanism must be put in place, including areas of monitoring, reporting, accountability and external evaluation for the implementation of type 2 partnerships. To date, little has emerged that addresses this concern of southern CSOs, specifically with reference to decision making and accountability mechanisms for these partnerships.

One might argue in fact that type 2 partnerships and other large networks are less transparent than the institutions hosting and funding them. Annual reports and audited financial statements, which are the generally accepted accountability mechanisms for the not for profit sector are not required of these non-legal entities. And while partnerships that have registered with the UN Commission for Sustainable Development are expected to report regularly on their performance, this does not happen consistently, and many such partnerships currently appear to be inactive.

¹ A series of reports on the World Bank’s knowledge initiatives were published by the Operations Evaluation Department in October 2003

² See: www.crdi.ca/en/ev-65285-201-1-DO_TOPIC.html

1.2 Recent trends

There has been a trend recently for networks and partnerships to strengthen governance and management by moving from being hosted by other organizations to registering as legal, independent non-profit/charitable organizations.³ In some cases, this has led to incurring higher transactional costs and staff time investments in the process. Other multistakeholder initiatives are simply changing from one host to another as a way to resolve a range of financial, management and decision making challenges.⁴ If some of the governance issues are more clearly understood and managed for non-legal entities, it is possible that these shifts to alternative hosts or to full independence may not be necessary. Further, where it may not be possible either to change hosts or to incorporate as a legal entity, some guidance on governance and management as a non-legal entity may help to strengthen the performance and outcomes of the network or partnership.

The following is a scoping study into the governance of collaborative enterprises that are currently hosted by other organizations and are, therefore, “non-legal entities”. While not all such enterprises face governance and management challenges, this study suggests that there are a number of issues that are symptomatic of more than one or two of these entities.

1.3 Definitions

Network and partnership theory holds that by combining efforts, members of networks and partnerships are able to have a greater impact on policy and practice than they would have on their own (Creech and Paas, 2008). This is because partners from different backgrounds can contribute complementary skills and resources to the solution of intricate problems that no organization could effectively address on its own (Steets, 2006; Creech, 2008). Those who work in partnerships can better enrich the content of their programs, scale them up, intensify their outreach, and continue to support them far beyond what would have been possible working alone.

In practice, there is a lack of standards or clearly defined boundaries within which networks and partnerships operate. Verhagen et al. (2003) state that the concept of ‘partnership’ is often invoked, seldom examined, and easily misunderstood. The concept of partnership is further complicated by the “terminological quagmire” of an abundance of related terms in the literature, including networks, alliance, cooperation, inter-organizational collaboration, coordination, tri-sector partnership, multi-party working and joined up working (Department of Victorian Communities, 2007). Malena (2004) adds that “multistakeholder partnership” is often used interchangeably in the literature with terms such as “multistakeholder processes” and “global networks”. Wildridge (2004), also notes the confusion of terms contributes these as well other

³ For example, Building Partnerships for Development in Water and Sanitation became independent from WaterAid; Global Village Energy Partnership International incorporated in 2007; International Forum for Rural Transportation and Development is, at the time of writing, leaving Practical Action to become its own charitable entity; and the Financial Alliance for Sustainable Trade has recently moved from its host, IISD, to secure independent, charitable status.

⁴ IISD assumed responsibility for hosting the Canadian Sustainability Indicators Network from Environment Canada in 2006; at the time of writing, the Partnership for Clean Indoor Air is considering leaving the U.S. Environmental Protection Agency to be hosted elsewhere.

labels—such as co-operation, joint working and interagency working—noting the further complication that, “Whichever term is used, it can mean different things to different people under different circumstances.”⁵ A list of different models for collaboration can be found in Appendix 1.

For the purposes of this paper, the broadest possible definition is used: a group of individuals from different institutions choosing to work together towards a common goal. More specifically, the paper focuses on those groups that include representatives from different sectors (government, business, academia, civil society) working on challenges related to sustainable development. Finally, although these collaborating groups are hosted by other institutions, they have their own decision making structures—steering committees, boards of governors, executive committees and so forth—that set strategic directions and advise or even mandate, how revenues are to be raised and expended, how staff and consultants serving the collaboration are to be managed and how outcomes are to be achieved and measured.

Governance is more specifically defined for this investigation, and includes the representation of stakeholders; strategic vision; structure and processes for making decisions; fiscal responsibility; asset management, including human resources and intellectual property; risk and liability management; and finally, reporting and accountability to stakeholders.



(Source: Institute on Governance)⁶

1.4 Methodology

This scoping study was undertaken in four stages:

1. A review of the recent literature on networks, partnerships and alliances
2. Participation at a series of partnership events from 2005-2008 (Appendix 2)
3. A review of IISD’s own consulting experience
4. The preparation of three case notes to include examples outside of IISD’s consulting practice.

⁵ For a longer discussion of the challenge of creating typologies for networks and partnerships, see Creech and Paas, 2008.

⁶ www.iog.ca/boardgovernance/html/gov_wha.html

2.0 The Status of Governance Practice for Collaborative, Multistakeholder Enterprises

2.1 Professional literature and practitioners' views

Much has been written about the governance of partnerships and networks (Malena; Kaplan; Calder among others) but limited attention has been paid to the distinction between those that are established as independent charitable organizations and those that are hosted either by one of the partners/members, or hosted through a services contract with an organization that is not a member/partner.

The governance of independent entities is of course bound by the laws and regulations of the country in which the entity is registered either as a for-profit or charitable organization. For those networks and partnerships that are legal entities, there are therefore well-established good corporate governance practices that boards of directors should follow.

But whether legal or non-legal, the governance of collaboration is being framed more in the language of participatory development processes and communications. For example, Malena (2004) identifies five management and governance challenges for multistakeholder partnerships:

- Inclusion
- Participation/power sharing
- Strategic influence
- Clear definition of purpose and roles
- Accountability

These are important issues, well recognized by partnership practitioners and facilitators, and most networks and partnerships do endeavour to ensure good practice on these points. But the issues of inclusion and participation/power sharing tend to be more thoroughly explored in the partnerships literature than the remaining three. The latter, and in particular accountability, are shared with corporate governance practice, but networks and partnerships do not always address these with the same degree of diligence. How a network or partnership demonstrates accountability to its members, partners, host organization, donors and other stakeholders is not yet well explored.

Other standard elements of governance in the corporate sector include codes of conduct, conflict of interest guidelines, delineation of internal controls, financial disclosures, and so forth. Members of networks and partnerships sign Memoranda of Understanding (MOUs), governance agreements and so forth on behalf of their institutions, but these documents rarely have the governance rigour now emerging among private sector boards of directors.

Further, the distinction between governance and management blurs considerably in networks and partnership practice, not unlike what can happen in the non-profit sector:

In the non-profit sector, the primary charge of boards is the governance role but their responsibilities might often cross over into the management and work roles of the organization. Senior management is almost always heavily involved in the governance role. The real danger is not the mixing of these roles, but unclear definition of responsibilities and lost lines of accountability. (Institute on Governance, n.d.)

In practice, this lack of clarity can lead to situations such as that of the Global Development Learning Network (GDLN). In 2003, the World Bank Operations Evaluation Unit undertook a review of the first two years of the GDLN and noted the following:

Resolving and strengthening the management of the system depends, however, on the view that is taken of the structure of the GDLN over time and, at present, this issue remains unresolved. It may be worth pointing out the wide differences in viewpoint that currently exist and the significant differences they hold for the management and governance of the GDLN [...] absent greater clarity of structure and governance, it is hard to see how the GDLN will succeed in realizing its core vision. (World Bank Operations and Evaluation Department, 2003)

There are no generic governance guidelines or codes of governance practice available for these non-legal entities. During this scoping study, the question of governance has been posed informally to a wide range of network and partnership representatives at national and international conferences and workshops, across many sectors – health, energy, environment, development, and business. Informants often have no record of how or why they decided upon their governance arrangements, and rarely have formal documentation that sets out the basic decision-making structure and accountability mechanisms, although most would maintain that they adhere to principles of openness, transparency and consensus. Most practitioners attest that they are accountable, although most also admit that they have never published an annual report or audited financial statements specifically for network/partnership activities.

And in some cases, there is a hesitation to speak frankly about specific governance and accountability challenges encountered by network and partnership managers. It is clear that this issue touches a nerve for some collaborative enterprises.

2.2 Key observations from IISD's consulting services

All the networks and partnerships we have worked with have made valuable contributions to their field. Nevertheless, our general impression is that in many of these enterprises, the whole is not yet greater than the sum of the partners.

Collaboration has achieved the leveraging of donor grants designated specifically for joint work, as well as effective coordination of individual agendas, but has not achieved the step changes on a shared agenda promised by the theory of networks.

At the same time, we have also observed a number of governance, accountability and

management challenges. According to the Institute on Governance, there is a growing body of evidence among legal entities that links governance with overall organizational performance, so we suspect that governance challenges among non-legal entities may also impede the attainment of their goals.

We have observed 10 issues related to the governance of collaborations that could leave hosting organizations, donors and members all vulnerable to questionable performance against plans, miscommunication, and even inappropriate use of funds.

1. **The host of the entity and the members are entrenched in the partnership history, traditions and cultures:** The partnership/network story takes precedence over adherence to more general principles and practices of governance and accountability. In other words, challenges encountered are deemed to relate to the particular, unique history of the network and the circumstances surrounding its establishment and growth rather than to any failure to follow norms for good governance.
2. **Lack of alignment between the host and the network/partnership:** The vision, goals and objectives of the host organization are not aligned with the vision, goals and objectives of the network/partnership being hosted, even in circumstances where the host is also a partner in the collaboration. In some situations, the host pays too little attention and provides too little management support and direction to its non-legal entity; in others, the host takes too much ownership of the entity to the exclusion of the other partners ostensibly responsible for governance, guidance and decision making.
3. **Lack of a governing body for the network/partnership:** Networks and partnerships have established a secretariat to manage the operations and workplan for the entity, but there is no steering committee, executive committee or other type of governing body composed of representatives of the larger partnership to guide strategic planning and provide oversight and direction to the secretariat. The secretariat must either take decisions unilaterally or consult with the entire partnership before it can act on behalf of the partnership. This either disenfranchises members, distances the work of the secretariat from the needs of the members or bogs work down in extensive consultations and consensus processes.
4. **The governing body does not understand its role:** Where steering committees and other similar bodies do exist, the members of the committee are not always clear on what their role is or the extent of their responsibilities and decision-making powers; the larger membership also may be unclear as to how the steering group is nominated and its purpose with respect to the larger interests of the partnership.
5. **The host and the entity's governing body have not defined their relationship, including lines of authority and accountability:** It is not clear to whom the secretariat/executive secretary is accountable: in some cases, the secretariat holds itself accountable only to the governing body, even though they are employees of the hosting organization. Seeking permissions for financial expenditures, travel and performing the

representational role can become contentious if the lines of authority and accountability are not clear. In other cases, the secretariat is aligned entirely with its host, and takes its strategic direction and approvals from the host rather than the steering group for the broader partnership.

6. **Few guidelines for asset management:** Little attention has been paid to the sharing of intellectual property rights, branding and credit for work done under the auspices of the network/partnership. Many networks/partnerships are beginning to look at open source/open content/creative commons licensing arrangements for knowledge developed through the work of the non-legal entity. This may help to resolve the potential for misunderstanding among members of the non-legal entity. But the host organization may well have other expectations and standard contracts that vest intellectual property rights in the host as the legal entity.
7. **Financial risks and other liabilities for the host:** The legal entities hosting the non-legal entities are responsible for the funds, for employment contracts and other tasks. However, the host organization may have little say in the securing and disbursement of funds by the governing body of the partnership. One host has subsequently undertaken significant research with legal counsel and accountants about the legalities of network secretariat hosting agreements in its country, including the employment status and required protections for secretariat staff and management of tax status and related tax exemptions for the host.
8. **Financial risk for donors in the management of pass-through funds from host to network/partnership:** While this was not evident in IISD's own consulting work, at least one example exists in public audit reports. In a published audit of the National Science Foundation (NSF) allocation of funds to the International Geosphere-Biosphere Program, hosted by the Royal Swedish Academy, the NSF Office of Inspector General observed the following:

The NSF grant files did not contain documentation verifying the legal status of the Academy or the IGBP; grant award letters inadvertently cited the IGBP, which is not a legal entity, as the grantee institution; and the award agreements were unenforceable as cost reimbursable grants and did not clearly establish oversight responsibilities for pass-through funds. Therefore, NSF placed itself in a vulnerable and undesirable position of not having a legal basis to seek recourse, if necessary, for possible misuse or mismanagement of NSF grant funds. Further, NSF was precluded from fulfilling its oversight responsibilities for financially monitoring IGBP expenditures to ensure funds were used for grant purposes and in compliance with federal and NSF policy and procedures. The primary factor contributing to the weak NSF procedures for awarding and administering the IGBP grants was the lack of a process for critically and thoroughly evaluating the atypical nature of these foreign funding arrangements. As a result, NSF did not have a complete understanding of the unique and unusual nature of the proposed funding arrangements and the relationship and responsibilities reached between the Academy, the IGBP, and PAGES [Past Global Changes office in Bern]. (National Science Foundation, 2003)

9. **Lack of clarity on how both risks and benefits are to be shared across the partnership:**
 In a business partnership, each partner contributes to the financial health of the enterprise and shares in the benefits of the company's profits, and also in the company's losses, debts and liabilities. But in network and partnership practice, rarely are the roles and responsibilities of members articulated in terms of what they are expected to contribute to the entity, and what risks are they prepared to assume as a member of the entity. All risk and liability is assumed by the host organization; and in some cases the contributions are made and benefits realized primarily by the secretariat rather than the members. Clarity on the sharing of risks and benefits would help to address another common issue – the determination of who is or is not a partner in the entity.
10. **Lack of mechanisms for accountability to both the partnership and the broader public outside of the partnership:**
- a. Non-disclosure to partners of activities undertaken by the Secretariat or the governing body is not uncommon, and in these circumstances, partners will question what the secretariat is doing, who makes decisions, and so forth. While some suggest that this is simply a communications challenge, it suggests a more serious lack of *planned* accountability of the secretariat and governing body to the full partnership.
 - b. Extremely common is the lack of annual reporting for the network/partnership within generally accepted standards, including financial statements shared with the partners that show levels of investments and expenditures from all partners for the purpose of the network/partnership. The hosting organization will be responsible for financial reporting but will report primarily on the revenues and expenditures of all activities of the host, without disaggregating the revenues and expenditures related to entities being hosted. The broader public beyond the partnership has little if any access either to an annual report on activities or to clear financial statements; but without such tools it is difficult for anyone to hold the partnership, or the governing body, or the secretariat, or the host accountable for progress or lack of progress of the entity.
 - c. There is, as yet, no mechanism to disclose with any validity the financial leverage of a partnership, even though, for the World Summit for Sustainable Development Partnerships, the leverage of resources was a central *raison d'être* for promoting the modality. Whether the network/partnership is a legal or non-legal entity, its partners may invest their own funds directly in their own activities related to the mandate of the partnership (or even provide grants to others) rather than pass the funds through the secretariat or host. Little or no effort is made to aggregate those contributions into a single financial report for the entity. It is therefore difficult to determine—and verify—how much the collective group is actually investing and leveraging towards the goals of the entity.

2.3 Preliminary framework for governance

Based on this review of literature and practice, we selected six aspects of governance that warrant more in-depth exploration, which might begin to serve as a guiding framework for governance of non-legal entities. These include:

- Oversight, decision-making and management process
- Openness and transparency
- Internal alignment between host institutional priorities and network/partnership priorities
- Shared benefits, risks and liabilities
- Financial arrangements
- Reporting and accountability

This framework was then used to describe the governance arrangements for three international networks and partnerships in order to highlight more explicitly where governance may be working well, and where there are common points of vulnerability or breakdown.

3.0 Three Case Notes

The three partnerships chosen for a more in-depth review have all achieved some degree of success but have also encountered challenges in their governance model that have either slowed progress on goals or are no longer sufficient if the partnership wishes to grow beyond current capacity. At the same time, the choices facing the partnerships are not without costs of their own: either to cease operations, to register as charitable organizations or to change hosts.

The three cases have been treated anonymously, with details that would identify the entities removed. While permissions were available to identify several of the networks and partnerships in the study, it was decided to remove the identifiers in order to focus attention on these common concerns rather than on the specific historical context for each entity.

All have a multisectoral composition of membership, with at least two, and in most cases three sectors represented. All have budgets in the one to two million USD/Euros range; all have been operational for five to ten years. One is “closed,” in that membership in the partnership is by invitation only, with specific criteria to be met. Two are open, with over 100 members either registered as members of the partnership or participating in a community of practice served by the partnership board. Hosting arrangements vary:

- 1 Secretariat is hosted by an NGO partner
- 1 Secretariat is hosted by a government partner
- 1 Secretariat is hosted by a business association partner

3.1 Partnership #1: Can a government department host a partnership?

3.1.1 *Origins and structure*

Partnership #1 was founded in response to the interest of a national government department to work with other country governments, NGOs and private sector companies on the attainment of a shared goal, through the piloting of projects, setting of standards and sharing of lessons learned.

The government partner led the creation of the partnership, initially inviting a small group of other parties to join, and establishing a secretariat hosted within the government department to coordinate partnership activities. The program of work was agreed to in consultation among all parties; the government partner then established an internal budget line to fund the activities of the secretariat. A second government department also transferred funds to support the secretariat. The partnership was opened up to all interested organizations; membership was conferred on all who completed the registration form on the partnership website. The biennial forum for the partnership serves as the point for review of strategic objectives, communications and commitments.

The partnership is currently exploring options to establish the secretariat either as an independent legal entity or to move the secretariat to be hosted by one of the non-government partners.

At present, the documentation guiding the governance of the non-legal entity consists of the mission statement that prospective partners are asked to agree to before completing their registration. Additional partnership paperwork includes a contract between the government partner and one NGO partner for the delivery of certain services in support of the Secretariat; and contracts with individual partners for pilot projects.

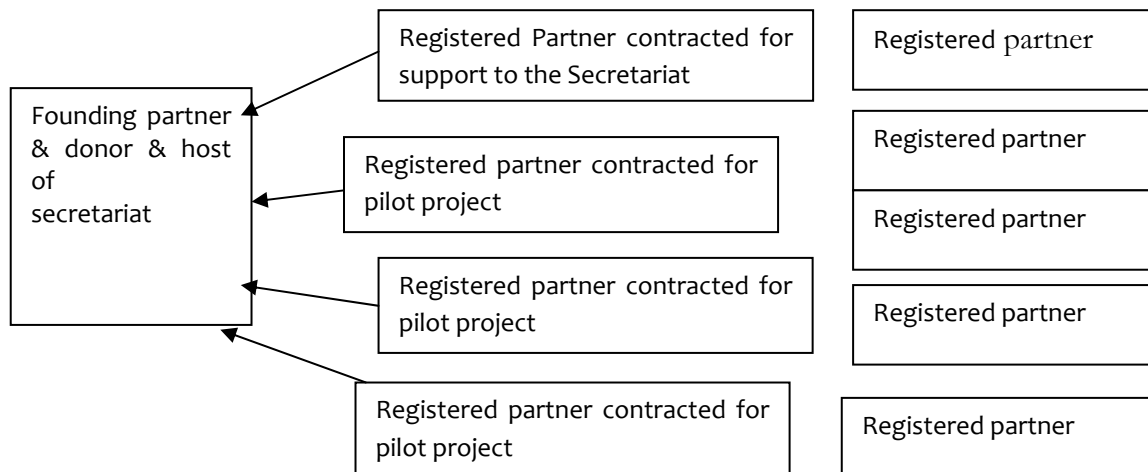
3.1.2 *Oversight, decision-making and management processes*

The Director and staff of the Secretariat are employees of the host/founding partner. Partners agree that the founding government partner has been consultative with its partners on objectives and activities, but retains final decision making authority. With the funding “sole-sourced” through the government department and retained within the government department to run the secretariat, the secretariat is formally accountable to the government department in terms of its management and governance of the partnership. Unlike many other hosted partnerships, however, there is no steering committee structure to either set directions on behalf of the larger partnership, or to provide advice to the secretariat on a regular basis outside of the biennial partners’ forum. The forum is used to gather input and recommendations; a review panel of experts from leading partners has been used to screen applications for pilot projects. As one key informant noted, “They were the ultimate decision maker but that didn’t mean we didn’t have strong input and the ability to propose new things.”

However a viewpoint offered by another observer was that “there's not much of a governance structure that backs it up so I think that people in the field in the third world [...] [are] happy to see someone paying attention to this area and put some resources behind it, but don't really take

it seriously as a partnership.”

The lines of formal reporting flow as follows:



3.1.3 Openness and transparency

Membership in the partnership is open to all sharing the common interest. A public website serves to communicate the general purpose and actions of the partnership, and a quarterly e-mail newsletter is used to promote the work of the partnership to others in the same field.

3.1.4 Internal alignments between institutional priorities and partnership objectives

As a budgeted activity within the government department, hosting the secretariat has been aligned with institutional priorities. Partners believe that there has been “a lot of strength in having a large organization that was taking an interest.” The broad convening power of the government department helped to leverage the agenda of the partnership. However, some informants suggested that the government department also fundamentally drove the agenda of the partnership, to the exclusion of different approaches and technical standards being proposed by partners.

It is not known whether and how other partners have aligned their institutional priorities with their commitment to, and involvement with, the partnership.

3.1.5 Shared benefits, risks and liabilities among the partners and between host and partnership

Apart from the opportunity to join a community of practitioners sharing a common goal, financial and other benefits and incentives for joining the partnership are not stated in the public communications vehicles for the partnership. Nor do individual partners have obligations to confer benefits to the greater whole, through service and support to the partnership. Joining the partnership requires only that the partner agree with the mission statement.

What risks the partnership enterprise might face do not appear to have been examined, nor does the documentation give consideration to whether and how the partnership might be held to account by those outside the partnership for the success or failure, or unintended consequences of its collective endeavours.

The host organization benefits through leveraging its own interests and knowledge through the partnership activities, including pilot projects and standards development; it also increases its own influence with other sectors and institutions represented in the partnership. For specific activities funded directly by the host through the secretariat, risk and liability is transferred to the individual partners contracted to do the work. Whether and how the partnership as a whole is used to mitigate risk for those individual partners (for example, through peer review of work) does not appear to be considered.

Should the partnership as a whole fail to achieve its goals, the reputational impact would most likely rest solely with the hosting partner.

3.1.6 Financial arrangements

As noted above, up to two government donors (from the same country) have provided the operating grants. However, because the secretariat is hosted inside government, it has not been possible for partners, private foundations or other governments to contribute funds directly to the secretariat for partnership work; this is seen to have significantly limited opportunities for the growth of the partnership.

Individual partners have contributed financially to activities of the partnership, in two ways: Partners with resources would fund others to participate in workshops and meetings of the partnership

The secretariat would seek out partners with funded projects already underway, and fund additional components for those projects: As a key informant observed, “we were funding different pieces of them together to see if we could make [...] them more successful [...] than would have otherwise existed with either organization funding them alone.”

The informant confirmed that all the resourcing agreements with partners are informal in nature. It would appear that it is therefore not possible to demonstrate through financial reporting mechanisms how the government partner’s contribution is leveraging additional resources from the partnership for the achievement of the goals of the partnership.

3.1.7 Performance measures, accountability and reporting

With the decision by the government department to maintain complete control over the coordination of the partnership, issues of fiscal accountability, avoidance of conflict of interest, and internal controls have been simplified to a certain extent under well-established government procurement procedures. The government department was also formally accountable to another department responsible for the country’s international commitments, and was required to report to that department on how partnership activities were having results on the ground. And, in

compliance with the commitment to be a registered partnership with the United Nations Commission on Sustainable Development (CSD), the secretariat has prepared a report for the appropriate review cycle of the commission.

However, with the exception of the CSD report, these financial and partnership activity reports do not appear to be shared with the partners themselves, let alone to the public at large. Nor does there appear to be a monitoring and evaluation mechanism to guide reporting by the secretariat to the partners on performance against objectives. Conversely, individual partners are not required to report to the secretariat and the partnership of the whole on their contributions to the work of the partnership.

3.1.8 Key strengths of the governance and management structure

Convening power: Key informants viewed that hosting the secretariat for the partnership inside the government department provided a convening power that contributed to partners coming up “with coordinated and more complete solutions to the problem.”

Focus and ability to act: “The partnership has really achieved a lot since its creation and that is mostly due to the clear strategy and very clear leadership from the [government department]. So it could very well have been that had it been hosted elsewhere with the same budget but done in a more inclusive, and less government-driven approach that we would not have got to where we are now.”

3.1.9 Key challenges of the governance and management structure

Partner engagement: Without a formal governance structure to mandate participation, the decision by the government department to retain coordination control over the partnership may have reduced the willingness of some partners to be proactive in the sharing of their views.

Ability to grow: As the secretariat is part of a government department, it cannot cede responsibility for programmatic and financial decisions to partnership members as its primary duty is to its own administration and, ultimately, the citizens of its own country. Prospective donors are constrained in their ability to give funds to the secretariat, either because they can only support independent, legal, non-profit entities or simply because of the poor optics of seeming to fund the government. Finally, the partnership is vulnerable to government shifts in priorities that lead to reduction or elimination of support.

While this partnership initially attracted a diversity of partners, more recently it has struggled to attract new organizations precisely because the government department serves as host which, as noted by an informant, “challenges the notion of the [partnership] as an internationally driven partnership”:

“A lot of the larger players in the field have found it valuable to engage with us on specific efforts; but, because the partnership has not had a board of directors [or a] mechanism to get buy in from all those leading organizations into the business plan or the work plan of the partnership, there has been on both sides some frustration that the partnership has not been able to be a true

partnership.”

3.2 Partnership #2: A government-NGO partnership: Can a partner also be the principal donor?

3.2.1 Origins and structure

Partnership #2 was founded in response to the invitation of a national government department to a small group of NGOs to implement an international program in which there was mutual, although not identical, interest.

The founding NGOs agreed to work together with the government department, coordinated through a central secretariat hosted by one of the NGO partners. The program of work was agreed to in consultation among all parties; on the basis of the umbrella work program, the government department then provided an operating grant to the hosting organization. This funding was dispersed through subcontracts between the host and each of the partners for specific projects, with a portion of the funding retained by the host for the operations of the Secretariat and for its own projects. In later years, a second government department contributed funding for an expanded program.

The documentation guiding the governance of the non-legal entity has included the base funding agreement between the government department and the hosting institution; and the subcontracts between the hosting institution and the other partners. A set of operating principles was deemed necessary after the initial years of operation in order to codify the structure of the partnership and clarify a number of policy concerns related to:

- Composition of the membership of the partnership
- Guidance on the division of funds among the partners
- Roles and responsibilities of partners

3.2.2 Oversight, decision-making and management processes

In the early years of the partnership, much of the strategic direction and all of the promotion of the partnership rested with the government department. The first director of the secretariat described three reporting relationships at that time:

- with the government partner on strategic and promotional matters;
- with the hosting organization on financial, staffing and other administrative matters; and
- with the NGO partners on program implementation (bearing in mind that the host organization also was involved as a partner on program implementation).

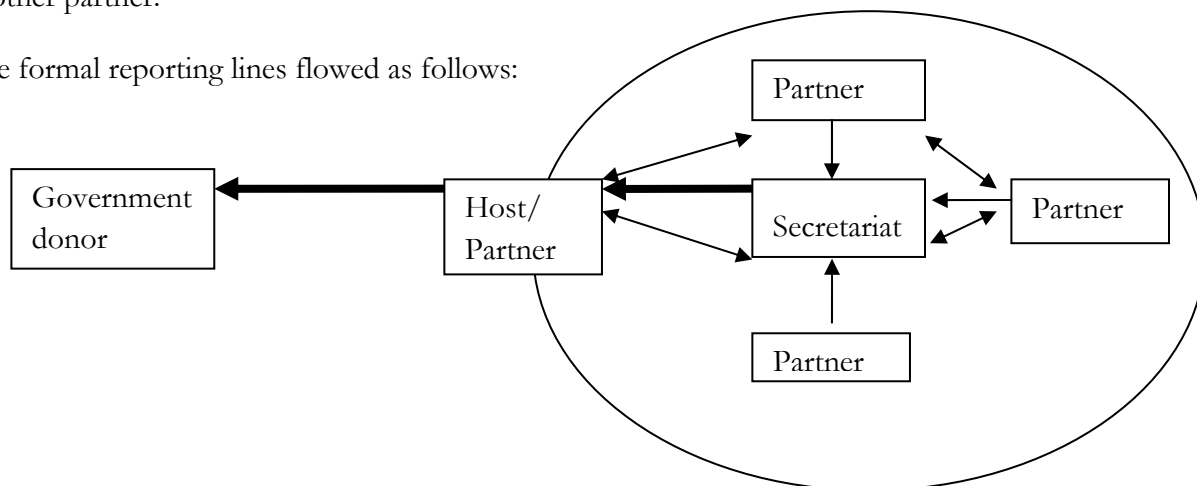
After the initial years of the partnership, the government department withdrew its active involvement on matters of strategy and promotion, and functioned solely in the role of donor to the host (executing agency).

Decision-making takes place at the following levels:

- At the donor level, approving the umbrella grant and financial reporting
- At the partners level (no longer including the government donor), agreeing by consensus of the committee of the whole on strategic directions and, through peer review, on partner proposals for funding.
- At the secretariat level, setting timelines and deliverables, and approving the subproject contracts and financial reports of each of the partners,
- At the host level, establishing, budgeting and approving the activities of the secretariat.

The governance and management mechanisms have been given a good deal of attention (some informants suggested that in fact the transaction costs of working by consensus on all aspects of the program of work have been unduly onerous). However, there has been minimal involvement of partners in the terms of reference of the secretariat and in particular the manager. Expectations of some partners on what that role should be diverged from the host. Eventually the original host advised that it would be willing to step down and move the secretariat to another partner.

The formal reporting lines flowed as follows:



3.2.3 Openness and transparency

Membership in the partnership was restricted to the founding group of NGOs for several years; subsequently, several other NGOs were invited to apply to join, in order to address donor concerns about diversity among the founding group of partners. Approval of several new members increased the size of the partnership; other applications were deferred indefinitely largely due to the limited financial resources available to support project proposals from new members.

A public website has served to communicate the general purpose and actions of the partnership, but there are no other mechanisms (e-mail list, etc.) to promote the work of the partnership to others in the same field. The government department originally assumed responsibility for

promotion of the partnership. However, once it rescinded that role, the remaining partners did not implement a formal strategy to promote the actions and knowledge of the partnership to others working in the same field.

3.2.4 Internal alignments between institutional priorities and partnership objectives

All partners view their participation in the partnership as an important activity for their own organizations, and have good alignment between organizational priorities and partnership objectives. Two critical exceptions were noted:

The government partner: Departmental champions and priorities changed during the partnership; resulting in a significant shift from a strategic interest in the partnership as a means to further its own objectives, to a more arm's length, donor-to-executing agency relationship. This has led, inter alia, to increased challenges in negotiating funding renewals and reduced influence and impact of the partnership on departmental agendas.

The hosting organization for the secretariat: The priorities of the hosting organization also changed. The staff of the secretariat, as contractors to the hosting organization, had to work with a narrower terms of reference set by the host, with the emphasis primarily on administrative coordination and support for the partnership. This constrained the ability of the secretariat to take a more proactive role with partners, through research, publishing, knowledge mobilization and promotion at national and international meetings. Some partners desired more “thought leadership” from the director of the secretariat, but acquiesced to the more limited scope.

3.2.5 Shared benefits, risks and liabilities among the partners and between host and partnership

As a closed, limited membership partnership, it has been straightforward to ensure that financial and programmatic benefits of the partnership are shared in an open and transparent process among the partners. The committees of the partnership are used to help assess and manage risk that may affect individual partners, and the partnership as a whole. However, while individual partners raise revenues to enhance their own portion of the work program, and assist the secretariat with negotiations for the main operating grant from the government donor, they do not undertake to confer other benefits back to the whole such as knowledge sharing and raising funds from other sources for the partnership as a whole.

Also, how benefits, risks and liabilities are to be managed between the host and the partnership has not been articulated in the governing documents. It would appear, however, that the host has received financial compensation for managing the secretariat; and also participates as a full partner, receiving a significant portion of the programmatic funding as well. The host must manage the umbrella contract with the donor; through subcontracts between each partner and the host, funding, risk and liability are transferred to the individual partners contracted for their portion of the overall work plan. The host also manages risk and liability by careful oversight of the secretariat, strictly limiting its scope of decision-making and action.

3.2.6 Financial arrangements

As described above, up to two government donors have provided the majority of the operating grants. However, individual partners have also been required to raise additional revenues to contribute towards their individual projects; estimates for this additional revenue are included in the umbrella budget, and reported on in aggregate in the financial statements to the donor. It is therefore possible to demonstrate how the government partner's contribution is leveraging additional resources from the partnership.

Other donors (private foundations or other governments) have not been actively cultivated to contribute funds directly to the secretariat for partnership work.

3.2.7 Performance measures, accountability and reporting

Reporting to the government donor has been compliance-focused rather than outcome focused. Quarterly reports focused on numbers and locations of projects; meetings held; central website development; and financial accounting, rather than on progress on the anticipated outcomes of the umbrella project or the individual subprojects of the partners. Further, these financial and activity reports do not appear to be shared with the broader community of interest outside of the immediate partnership: there is no mechanism to be accountable to a broader community about the level of investments, disbursements and specific activities. No public annual report for the partnership has been prepared; no reports have been submitted directly by the partnership to international channels (although information on partnership work has, from time to time, been requested by the government department for inclusion in its own reporting to the appropriate international channels).

Within the partnership, however, it has been an established practice to openly share proposals for funding and financial estimates as part of a peer review process; full disclosure of all in-kind and other financial contributions being sourced by partners to deliver their projects has been the norm. As noted under financial arrangements above, these estimates are included in the umbrella budget, and reported on in aggregate in the financial statements to the donor. It is therefore possible to demonstrate how the government's contribution is leveraging additional resources from the partnership.

3.2.8 Key strengths of the governance and management structure

Operating principles: attention to principles has improved clarity on decision-making processes, roles and responsibilities for all partners.

Program efficiencies: A small secretariat has served a valuable coordinating function for peer review and dispersal of funds to partners, and reporting to the government donor.

3.2.9 Key challenges of the governance and management structure

Operating principles: These have not articulated a clear role for the government partner, which has reinforced rather than mitigated the shift in relationship from partner to donor.

Lack of shared objectives for the partnership as a whole: The different institutional cultures at the table are respected, and partners are given the space to take their own approach to programming. However, the partnership functions based on mutual self-interest, driven in large part by the relationship with the government donor, rather than shared goal and objectives and corresponding shared targets, outcomes and impacts. The whole has not become greater than the individual parts of the partnership.

3.3 Partnership #3: Can an established, independent partnership merge with and be hosted by a larger association?

3.3.1 Origins and structure

Partnership #3 was founded by a group of stakeholders from industry, academia and government, in order to promote sustainable development approaches within a specific scientific and industrial sector, through support for research, conferences/symposia and by building a broader-based community of practice.

Originally, the partnership was incorporated as a formal, non-profit organization, with corporate bylaws and a board of directors composed of the key stakeholders. During the first few years, it operated as a “virtual” organization, with no physical location or permanent staff beyond the director.

The partnership was considered to be successful at that scale, but with the sudden loss of the full time director, and with the desire to expand beyond its niche audience to reach a mainstream community, the decision was taken to seek out an alliance with a larger organization. The Board of Directors chose to wind down the operations of the legal entity, and enter into a strategic alliance with a much larger organization that was itself membership based. The prospective host organization was interested in the opportunity to bring on board an institution with a track record for innovative, longer term thinking. The process of negotiating and finalizing the alliance took approximately a year.

The partnership’s intention was to continue as a semi-autonomous entity within the larger host. Composition of what is now the Board of Governors of the partnership was refined, with the mandate to oversee the strategic plan of the partnership and to play a strong influencing and promotional role. This board has continued in place; however to all intents and purposes the original partnership is now fully incorporated as a line activity of a division within the host: what was originally conceived as an alliance became, in the end, a merger.

In addition to the multi-sectoral composition of the board, the partnership has also incubated a round table for a subset of the partnership community. This round table is a partnership within a partnership, focused on a set of challenges germane to that smaller group and is considered to be highly successful in its level of engagement and influence. The model is being explored for other smaller communities within the broader partnership.

The documentation guiding the governance of the partnership as a non-legal entity consists of the legal documents outlining the merger of the partnership and its host. The elements of the agreement with the partnership have become part of the formal bylaws of the hosting organization.

3.3.2 Oversight, decision-making and management processes

As a legal entity, the partnership was limited by funding and staffing constraints; most of the work fell onto a handful of volunteer members. While the partners were dedicated, this limited the reach of the partnership. The complete integration of the partnership into the host organization has provided a strong measure of stability and security to its operations.

The reputation of the host has also served to provide legitimacy and credibility to the partnership. The profile of the members of the partnership Board of Governors has been increased, as the composition of the Board of Governors now includes both the director of the host organization and the director of the partnership; two individuals who are voting members of the host board of directors, and two members each from government, academia and industry, as well as two members with significant expertise deemed of value to the partnership, thereby preserving the multi-sectoral nature of the partnership.

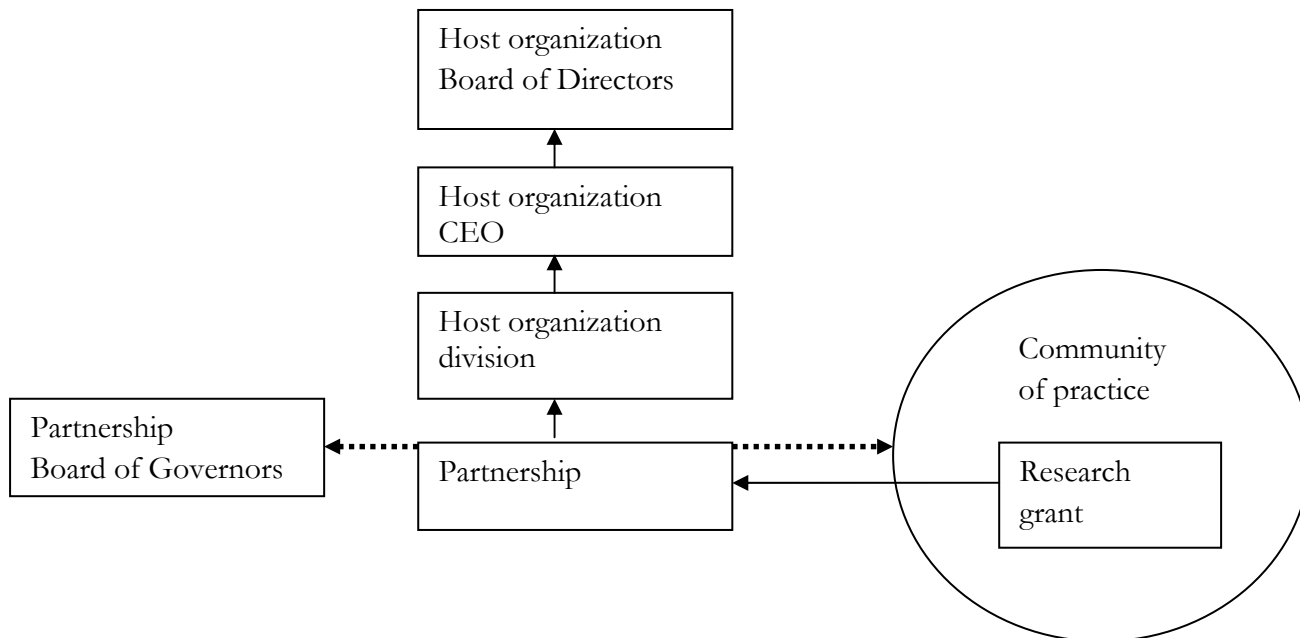
The hosting arrangement has also, however, decreased the operating freedom of the partnership to a certain extent. Timelines for approvals for activities and disbursement of funds are significantly greater; the partnership believes that it has lost its ability to react quickly to the needs of the community it was trying to serve. And in general, the level of activities has been reduced to the partnership's core functions: an annual conference, a recognition and reward program, the distribution of research grants and management of the round table. In terms of overall impact, and the ability to take advantage of leverage points that would allow it to be a real catalyst for change, it faces serious competition from newer partnerships.

The strategic plan for the partnership is renewed approximately every two years, although in 2006, a more formal plan was adopted which included a concrete mission statement and goals, and specific strategies and outcome metrics for reaching those goals.

Decision making takes place at the following levels:

- At the host organization board level, approving strategic directions
- At the division level, approving budgets, activities and expenses and supervising staff of the partnership
- At the partnership Board of Governors level, approving the strategic plan

The formal reporting lines flow as follows:



3.3.3 Openness and transparency

A public website has served to communicate the general purpose and actions of the partnership. An annual conference brings together the broader community of practice.

3.3.4 Internal alignments between institutional priorities and partnership objectives

Even though the partnership is now fully a part of a larger non-profit, it remains in effect a partnership, with representation from all sectors and supported by a broader community of practice. It is likely that the host's own structure reinforces this method of operation, since the host itself, beyond the work of its professional staff, is supported by a large number of volunteers who come from industry, academia and government. This helps to align the working culture of the host with the working culture of the partnership.

Within the current decision-making structure, however, the goals may not be so well aligned. The division that houses the partnership has goals oriented towards building and serving the general membership of the host, as opposed to the research and change-oriented goals of the partnership. While these two goal sets do not openly conflict, the requirements on the partnership to simultaneously fulfill its own mission and goals, while also being cognizant of its responsibilities as a unit of the division and the division's agenda does present the possibility of complicating decision-making. The partnership has become more reactive, having to use limited staff resources mainly to address its core program obligations, and less able to seek out, or become involved with, new projects and partnerships than it could in the past. The pace of its activities has been slowed through human resource and organizational constraints.

3.3.5 Shared benefits, risks and liabilities among the partners and between host and partnership

Within the partnership itself, the benefits for participation are not clearly quantifiable. While all appear to have benefited, there is no set dollar amount of increased profits or number of publications over the years that can be completely attributed to work done through the partnership. Yet a commitment to the mission and access to leaders and key researchers through the Board of Governors and the community of practice have kept the partners involved even in difficult times when the risk of failure and windup was high.

Between host and partnership, the partnership benefits from the security and stability, and financial investment provided by the host, together with the legitimacy and extended reach of the host. The host organization benefits through the acquisition of knowledge, innovation and a community of practice dealing with an important challenge of concern to the broader membership of the host. Project funds raised by the secretariat for specific activities are subject to the financial controls of the host organization; where funds are distributed for research grants and other activities, risk and liability is transferred to the individual members of the community of practice contracted to do the work. The robust publishing arm of the host ensures credibility for the knowledge products of the partnership.

3.3.6 Financial arrangements

As a legal entity in the early days, the partnership relied primarily on volunteer contributions for space and staff time, and solicited grants from a range of donors for specific projects, symposia and other activities.

The host organization provided a substantial start-up grant to support the transition of the partnership into the alliance arrangement, with a smaller amount provided annually up to the present to cover operating expenses, with the expectation that the partnership would continue to secure grants from a variety of donors for its activities. In subsequent years, however, there has been an expectation from the host that the partnership would not only cover its costs in full but also generate revenues and make a positive financial contribution back to the host. This has not been feasible and the host has continued to extend budgetary support for the time being, although this mismatch of expectations may have added to the challenges of incorporating the partnership into the hosting organization.

The round table is self supporting, through the payment of annual dues by the members to the round table.

3.3.7 Performance measures, accountability and reporting

Defining success for the partnership can be difficult, as until very recently, no metrics have been developed against which progress towards the mission can be assessed. There does not appear to be a monitoring and evaluation mechanism to guide reporting by the partnership to its broader community of practice on performance against objectives. Reporting is therefore more descriptive in nature rather than outcome oriented.

The director of the partnership reports bi-annually on activities to the Board of Governors of the partnership, and annually to the host organization's Board of Directors, through the division where it is housed. As a part of that division, the partnership is subject to all of the host's evaluation, feedback, budgeting and financial reporting mechanisms. There are also performance evaluations for the staff, which focus more on details of job fulfillment than on the larger goals of the partnership and their employer, the host organization.

The host considers the partnership a high profile activity and regularly highlights the work of the partnership in the narrative section of its own public annual report. However, apart from these internal controls and general public accountability provided by the host, the partnership itself does not publish a separate, more detailed annual report for its own community of practice.

While the host organization produces audited financial statements each year, these do not break out the specific investments in the partnership, nor do they specifically identify revenues leveraged from other donors to support the work of the partnership. It would appear that it is therefore not possible to demonstrate through financial reporting mechanisms how the host's contribution is leveraging additional resources through partnership for the achievement of the goals of the partnership.

Key strengths of the governance and management structure:

The host organization is well run and well respected, bringing legitimacy, visibility, convening power and influence to the partnership.

The partnership within a partnership model: The round table established by the partnership for a subset of its community, together with the membership dues structure, has allowed the partnership to conduct new, focused activities.

Key challenges of the governance and management structure:

The partnership is working with a highly entrepreneurial audience from within the large corporate structure of the host. This has led to a mismatch on timelines for activities, where the host requires long term advance planning for activities, when the partnership wants and needs to be more responsive to opportunities and to the interests of its community.

4.0 Summary of findings

Based on this research, we would suggest the following areas for strengthening governance of non-legal entities.

4.1 Clarity on fiduciary responsibilities

At the beginning of this paper, the benefits of collaboration across institutions and sectors were set out. However, working together requires the allocation of resources to accomplish the goals of the partnership. Those resources are flowed to the network/partnership through the participants' organizations when the group is not a legal entity (i.e. it is not in a position to secure and disburse its own funding independently). This brings upon not only the host organization but on all the participants' organizations the fiduciary responsibility to ensure that those resources are being expended in accordance with their own mandates – how resources from their own donors are to be deployed in the context of the network/partnership and legal constraints on what they may undertake.

In addition to the desirability of clear and mutual understandings of goals, objectives of membership, roles and responsibilities of participants and procedures to be followed to resolve disputes, there is therefore the added requirement for disciplined management so that the resource-providing organizations are able to meet their fiduciary responsibilities to their own funders. The network/partnership does not exist at law, so it is the resource providers who must bear responsibility to the resource providers' funders and confirm that funds have been expended in accordance with mandates.

These purposes are not mutually exclusive. They are complementary. Benefits for the effectiveness of the collaborative enterprise and for the interest of the participants' organizations are additive. However, a number of key characteristics of the networks and partnerships need to

be set out for greater clarity on fiduciary responsibilities:

The entity must be defined: who are the members; what are the criteria for membership; how are members admitted and removed?

The members of the non legal entity must set out governance parameters for the entity: what is it about; how does it go about doing what it was formed to do; what are the responsibilities of the members to each other; what are the legitimate expectations of the members from each other; how are decisions made; what happens on the case of disagreement?

Similarly there needs to be a clear understanding of responsibilities and obligations of the non-legal entity to the host organization and from the host to the entity.

4.2 Oversight, decision-making and management processes

Hosted networks and partnerships have many of the characteristics of the joint venture:

A distinctive characteristic common to all joint ventures is that two or more venturers are bound by a contractual arrangement that establishes that the venturers have joint control over the joint venture, regardless of the difference that may exist in their ownership interest. None of the individual venturers is in a position to exercise unilateral control over the joint venture. Decisions in all areas essential to the accomplishment of the joint venture require the consent of the venturers in such manner as defined in the terms of the contractual arrangement. (Canadian Institute of Chartered Accountants, n. d.)

Central to this is the “contractual arrangement” that may take the form of a joint memorandum of understanding or similar vehicle that lays out the decision-making structure and management of the entity.

Specific issues arising from this study on the governance parameters for non-legal entities:

Where the partnership is limited to a few members, then the members must recognize that they are functioning as a steering committee of the whole, assuming all the responsibilities of a governing body.

Where the partnership is not limited to a few members, some type of steering body should be established that represents the interests of the broader group, to provide strategic focus, guidance to the secretariat and to the partnership as a whole.

The host organization needs to have a clear role on that governing body, whether it is a committee of the whole or a representative group. Where the host is also a partner, there should be clear differentiation in the two roles that the organization plays, possibly with different staff serving on the committee in their respective roles as partner and as host to avoid as much as possible any semblance of conflict of interest or undue influence on the decision-making of the entity.

The partnership as a whole needs to be aware of the structure of the hosting arrangement, the steering committee, the secretariat and the reporting and accountability arrangements for this structure.

4.3 Openness and transparency

“Openness” should not be construed to mean that anyone should be entitled to join the non-legal entity. Networks and partnerships that have sought independent legal status have learned to differentiate more clearly among those with legal and fiduciary responsibility and those without. Clarity on what constitutes membership serves to improve and manage expectations of those who are interested in and wish to support the goals of the network/partnership.

A “closed” network or partnership still needs to consider the transparency of its actions to broader audiences. In general, the hosted secretariats make good use of central websites to promote the activities of the non-legal entities. Where challenges sometimes arise is with the inconsistent level of technical support provided by the host to support the secretariat in its desire to build and maintain the site to serve members and a broader public. In cases where a government department is the host, the website may become further compromised by having to exist within the common look and feel of the government’s own web space. Inadvertently, the hosting arrangement can become a real barrier to the openness and transparency of the partnership. This suggests that in establishing the hosting relationship, significant attention should be paid to the web communications arrangements, as these are key to the transparency of the non-legal entity.

Alignment of priorities between the host and the non-legal entity emerges from this study as

4.4 Internal alignments

A key challenge that must be addressed more openly and consistently by networks and partnerships. When the host’s priorities shift, there must be disclosure and discussion by the host with the governing group and secretariat of the network. Consideration must be given by both the host and the network as to the impact on the network, and whether the network would need to seek new arrangements. An annual review of the hosting arrangement by the governing body and secretariat should be conducted, to address emerging issues openly and seek resolution.

4.5 Shared benefits, risks and liabilities

As noted earlier in the paper, and evidenced in the case notes, rarely are the roles and responsibilities of members articulated in terms of what they are expected to contribute to the entity, and what risks they are prepared to assume as a member of the entity. What is even less likely to occur is the documentation of what the benefits, risks and liabilities are for the hosting organization, and how those might best be managed between the host and the members being served through the hosting arrangement. Guidelines for such documentation would be helpful to the network/partnership community, and should include, inter alia, an articulation of the more intangible benefits, such as the provision of credibility, legitimacy and extended reach by the host to the non-legal entity; and the provision of knowledge, innovation and an extended community

of experts from the non-legal entity to the host. Likewise, more intangible risks such as loss of reputation should also be taken into consideration.

4.6 Performance measures, accountability and reporting

Monitoring and evaluation mechanisms are not yet deployed consistently by non-legal entities; many rely on mid-term or end-of-project external evaluations required by a specific donor for their share of investment in the work of the partnership rather than assuming the challenge of regular self-assessment against goals and targets. More consistent performance measurement would be helpful in strengthening overall governance and accountability.

In particular, networks and partnerships should develop the practice of preparing an annual report on activities for their members and for the broader public. The secretariats should request from their hosts audited financial statements that break out the specific revenues and expenditures for the network/partnership.

In addition to the statements of funds received and expended through the host, a new financial reporting framework is needed in order to report credibly on revenues raised and spent by members to support the work of the partnership. This framework would help to demonstrate through financial reporting mechanisms how the host's contribution is leveraging additional resources through partnership for the achievement of the goals of the partnership. A useful starting point would be the accounting guidelines for the reporting of joint venture assets, liabilities, revenue and expenses in the financial statements of venturers, regardless of the structures and forms under which the joint venture activities take place (Canadian Institute of Chartered Accountants, n.d.).

5.0 Conclusions

Our initial hypothesis was that lack of attention to a more rigorous practice of good governance affects performance of the network or partnership; and that adopting good practice as a non-legal entity would serve to both improve performance towards the goals of the partnership and avoid high transactional costs of either moving the secretariat to another host or seeking legal status.

In addition to these governance challenges, we found two contributing factors that influence the performance of the partnership and the desire to become independent.

The first factor is the type of host organization: While government departments hosting partnerships bring strengths with respect to convening power and influence together with standard oversight practices for financial management, there are practical barriers to the government host's ability to raise and disburse funds for the work of partners. There are also difficulties with involving members in making decisions on partnership programming and the allocation of funds that may not be consistent with the departmental objectives and guidelines; but lack of such involvement then works against building and sustaining an engaged partnership.

Those interviewed who were seeking alternative hosting arrangements suggested that hosting by a multilateral organization may also bring challenges, again with respect to the internal financial controls that would at the very least complicate the deployment of existing donor funds towards the work of the partnership, or the receipt and disbursement of new funds for partnership work. This warrants further investigation, as an example of a network/partnership hosted by a multilateral was unavailable for review at the time of this study.

Second, growth and maturity of the network/partnership may also be a contributing factor to a change in governance arrangements, rather than challenges with hosting arrangements. Functioning as non-legal entities has perhaps served the partnership well in an incubation stage, but as the network/partnership matures, a more robust governance and management structure is required to support the work, in particular where significant additional staffing and financial resources are involved. In some cases, legal incorporation is simply a timely evolution for the entity.

Nevertheless, we must conclude based on this preliminary investigation that insufficient attention has been paid to a number of elements of good governance of hosted collaborations, when compared to that required of legal entities. We propose that current non-legal entities need to adopt a governance discipline similar to what legal entities must adhere to. Consideration of these points might also assist new partnerships/networks in choosing a host organization that will best serve their governance requirements.

As the Institute on Governance observes, “Good governance is about both achieving desired results and achieving them in the right way.” The IOG goes on to state that:

Since the "right way" is largely shaped by the cultural norms and values of the organization, there can be no universal template for good governance. Each organization must tailor its own definition of good governance to suit its needs and values. (Institute on Governance, n. d.)

While it may not be possible to establish a universal governance template for all organizations, we strongly suggest, based on our study, that a number of essential elements to governance must be addressed by networks and partnerships that are non-legal entities.

5.1 An agenda for further work

We propose the following agenda to take this exploration further:

- Establish a governance experts group with a select number of network/partnership practitioners and governance researchers
- Peer review of the scoping study by the group to validate assumptions and findings.
- Based on the outcomes of the peer review, strengthen the study with additional research

where deemed necessary.

- With the group, draft a model code of practice to set norms and standards for good governance of non-legal entities
- Develop guidelines for financial reporting that will demonstrate how partnerships can show the inclusive picture of all revenues and in-kind resources raised by all members for the work of the entity, and all expenditures for the work of the entity.
- Introduce the elements of the code of practice and financial reporting guidelines to the professional evaluation community, to be tested through external evaluations of networks and partnerships.
- Finalize the code and guidelines and plan a promotion and adoption process for network/partnership practitioners and organizations hosting these entities.

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7.0 Appendix 1: Table of models of collaboration⁷

Networking Type	Definition
Internal knowledge management networks	<p>These networks evolve through the thematic mapping of expertise within an organization, combined with the creation of appropriate environments for knowledge sharing. Their primary purpose is to maximize the application of individual knowledge to meet organizational objectives. These networks are largely internal, although they may cross national boundaries through inclusion of country offices of an organization.</p> <p>Sometimes called “communities of practice”, but the principal distinction lies in the level of “voluntary” participation. In some institutions (UNDP and World Bank, for example), participation in at least one network or practice is in fact mandatory.</p>
Communities of practice	<p>Two or more individuals can create a community of practice for conversation and information exchange, possibly even leading to the development of new ideas and processes. Participation is purely voluntary and will wax and wane with the level of interest of the participants. Communities of practice primarily build capacity. They attract individuals who are willing to share their expertise in exchange for gaining expertise from others. The principal driver is the desire to strengthen their own skills for their own objectives, more than a desire to work together on common objectives. Communities of practice can exist within an organization, or be independent of any organization; they can be “in person” or virtual/online.</p>
“Open Source” development communities	<p>Purpose driven, in the development and testing of new ideas; open in that anyone wishing to contribute to the purpose can join; structured in the expectation that members will contribute actively to the purpose, with dedicated monitoring and reviewing of those contributions by the originators of the community; hierarchical in that the endorsement and adoption of new ideas is through the inner circle of the original creators of the community. Prone to regular branching off of new communities when ideas are not endorsed or adopted.</p>
Communities of interest	<p>More loosely knit communities built around common characteristics or shared interests (youth activism, hobbies, etc.) Participation is purely</p>

⁷ Creech, H. and Paas, L. Typologies for Partnerships for Sustainable Development and for Social and Environmental Enterprises: Exploring SEED winners through two lenses. A SEED Research Initiative Report. Winnipeg: IISD and SEED, 2008. <http://www.iisd.org/publications/pub.aspx?pno=990> and Creech, H. The Terminology of Knowledge for Sustainable Development: Information, Knowledge, Collaboration and Communications. Winnipeg: IISD, 2005. <http://www.iisd.org/publications/pub.aspx?pno=845>

	voluntary and will wax and wane with the level of interest of the participants.
Membership networks	In some respects, like a community of practice only involving organizational members rather than individuals. Formal structure for governance and operations, usually with a central secretariat.
Information networks and portals	These networks primarily provide access to information supplied by network members, occasionally with overlays of interpretative materials that organize content thematically. However, they are fundamentally passive in nature. Users must come to the network—physically or electronically—to benefit from the work of the network.
Networks of experts	These networks bring together individuals rather than organizations; the invitation to join is based on expertise in a particular area. Their purpose can be either advisory or focused on research and problem solving.
Knowledge networks	Knowledge networks focus on strengthening the sharing of knowledge and the generation of new knowledge to have greater influence on policies and practices outside of the network. The knowledge is for use beyond the network; the network is purpose driven, to create knowledge for application; and it is often time bound, in setting and achieving goals and objectives. “Formal” knowledge networks have a greater degree of structure, bringing together expert institutions for more specific research tasks, but retaining the focus on promoting the findings for use beyond the network members.
Public entrepreneurship networks ⁸ :	Community-based consortia of public, private and citizen interests that come together to introduce, test and use new “greener” technologies.
Global public policy networks	Coalitions of institutions that work at the public/private interface in the development and implementation of public policy.
Partnership Type	Definition
Business partnerships	In the private sector, the term partnership is narrowly construed to mean a business entity in which partners contract with each other to share the profits or losses of the undertaking in which they have all invested.
Strategic alliances	In the private sector, these are “Long-term purposeful arrangements among distinct but related organizations that allow those firms to gain or sustain competitive advantage.” (Jarillo, 1995)
Public-private partnerships	Contracts between a private sector entity and the government, where the private partner delivers a desired service and assumes the associated risks. In

⁸ Laws, Susskind et al. Public Entrepreneurship Networks. MIT, 2001.
<http://web.mit.edu/dusp/etpp/content/publications/pdfs/PENIntro.pdf>

	return, the private partner receives payment according to criteria specified in the contract and assumes the financial and administrative burden of providing the service, while the government regulates and monitors performance (Loew & McLindon, 2002).
Tri-sector or Cross sector partnerships	Consist of private investment, public objectives, and community participation (Karpova, 2002).
World Summit on Sustainable Development Multistakeholder partnerships	Voluntary, multistakeholder initiatives aimed at implementing sustainable development goals of Agenda 21, Rio+5, and the Johannesburg Plan of Implementation (United Nations Division for Sustainable Development, 2002)
Mandated partnerships	Partnerships required by statute or regulation (often public-private partnerships); or by policy (a bilateral assistance agency requiring that a partnership of institutions submit a proposal rather than a single entity)
Enacted partnerships	Initiated by central agencies (municipal, state, national) but have goals shared by the community.
Community partnerships	Originate in the community to address local concerns but reach out to an external agency
R&D (research and development) partnerships	Institutions joining together with a primary orientation toward design and innovation: developing and testing new products, methodologies, services
Production partnerships	Institutions joining together with an implementation focus, to scale up existing methodologies or business models and to take an innovation to market
Transactional partnerships	Short-term, constrained, and largely self-interested orientation

8.0 Appendix 2: Practitioners meetings

- International Forum on Partnerships for Sustainable Development March 21 - 23, 2005 Marrakech, Morocco
- Partnerships for Sustainable Development: Linking Research and Practice, New York, April 2005
- Global Village Energy Partnership 1st Partners meeting, Brazil, October 2005
- Canadian Health Research Services Foundation Network Experts Summit, November 2005
- Building Partnerships for Development in Water and Sanitation: BPD Workshop on Partnership Review and Evaluation: Washington, March 2006
- Canadian Health Research Services Foundation Network Experts Summit, June 2006
- Global Knowledge III, December 2007
- Commission for Sustainable Development Partnerships Fair, April 2008
- National Academy of Sciences June Partnerships Forum, June 2008