PARTNERSHIPS FOR SUSTAINABILITY

A Guide to Policy
for Partnerships in Canada

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TABLE OF CONTENTS

SUSTAINABLE DEVELOPMENT AND PARTNERSHIPS

Sustainable development – the aim to meet the needs of the present generation without compromising the ability of future generations to meet their own needs[1] – has reached the stage where the theory needs to be translated into action. The concept of sustainable development has been around since the publication of the Bruntland report in 1987. While the concept has received a lot of attention, finding constructive ways to incorporate sustainability into development has proven difficult.

Partnerships offer a vehicle of translating the concept of sustainable development into action. Partnerships are flexible enough to address the wide range of issues encompassed by sustainability. This characteristic made partnerships the main focus, and a major recognized outcome, of the World Summit for Sustainable Development (WSSD).

Discussions on sustainability often focus on the environmental dimension of the concept. Sustainability, however, is a three-dimensional approach to development that addresses the environmental, economic and social aspects of life. Sustainable development requires concurrently achieving a healthy economy, healthy society and healthy environment. Achieving this form of development requires creating new models and integrating expertise across sectors and organizations.[2] Unavoidably, sustainable development is a multidisciplinary process, and thus, is necessarily a partnership process.

What are partnerships for sustainability?

Interdisciplinary partnerships are inherent in the search for sustainability. "Partnerships for sustainability bring together two or more parties, often across sectors, to share resources in order to achieve a common goal that has social, environmental, and economic benefits, which would have been more difficult to achieve had the partnership not been undertaken."[3] While individual parties acting separately can attain sustainable development goals, partnerships have the potential to produce greater success by improving coordination and cooperation, and increasing efficiency among involved parties. Furthermore, different sectors have traditionally developed expertise in very specific areas, to the point of allowing gaps or weaknesses to occur in knowledge and skills.

The role of government in partnerships for sustainability

Partnership for sustainability can address any of the three interfaces of sustainability: social-economic, economic-environmental, and social-environmental. Government policies and programs that encourage partnerships tend to address the social-economic and the environmental-economic interface . of sustainability. Partnerships addressing the social-economic interface of development, such as public-private partnerships, have existed for years and are better understood than other interdisciplinary partnerships. Recently, federal government programs have been established to address the traditionally conflicting interests of the environment and the economy.

The least prominent type of partnerships for sustainability encouraged by federal government policies and programs is the one addressing the social-environmental interface. This interface touches upon the paramount issues of employment and the environment; environmental justice – urban poverty, access to resource and exposure to risk, distribution of environmental damage; environmental democracy – availability and access to environmental information, public participation, access to courts; and environmental education – perception, behaviour, and education.[4]

The partnerships at each interface are affected by the social, economic or environmental policy. of government. Federal policies, programs and guidelines for partnerships are necessary to encourage partnerships for sustainability. While the federal government's commitment to sustainability has made partnerships an important governance tool, the government has set out few guidelines to direct

partnering activities. Designing partnership policies is challenging. Having too many policy instruments to guide partnering activities could restrict the flexibility of partnerships. Lack of policy, however, could discourage the formation of partnerships. Partnerships are complex and carry risk for the partners; therefore partnering policies and guidelines would alleviate some of the apprehension about forming multidisciplinary partnerships. A coherent policy would help maximize the benefits of partnering and minimize the risks.

Defining Partnerships

Though the federal government is actively pursuing partnering as a governance and sustainability strategy, it does not have a clear or consistent definition of partnerships. It defines partnerships differently in each context, resulting in an ad-hoc definition of partnerships as any collaborative or joint working relationships.

All different types of joint collaborative relationships, however, are not partnerships. Only those relationships in which all participants have in some way formalized their agreement to work together, and in which they share some amount of the risk and benefit of the joint working agreement are partnerships.

REASONS FOR GOVERNMENT TO ENCOURAGE PARTNERSHIPS

Economic efficiency

Economic efficiency is one of the primary reasons the federal government has implemented the use of partnerships. Citizens are demanding more and better services, regulations, and regulatory enforcement. While these demands are generally within the government's mandate to provide, in many instance they are beyond its capacity. Partnerships offer a way for the government to meet the demand of the public in cases of limited capacity or resources.[5]

Sustainability

Concurrent with the emergence of the sustainability concept is recognizing that the issues and problems affecting society are interconnected, and that solving them requires the synthesis of diverse realms of knowledge held by different sectors and groups in society.[6] Additionally, partnerships can address large-scale issues that cannot be resolved through action by one sector, or that traverse political boundaries.

Introducing collaborative projects and partnerships into governance can bring together disparate knowledge to advance sustainability and can solve large, otherwise intractable problems. By forming partnerships, knowledge and energy can be coordinated to serve a common goal that has sustainability benefits.[7]

Public Participation

A third possible motivation for government to encourage partnerships is a voiced demand for citizen participation. Decentralization and increased stakeholder participation can revitalize local democracy · and empower community-based development[8] while addressing problems of social exclusion.[9] In this context, partnerships can provide a vehicle for promoting better, more inclusive, effective, and responsive government.

Regulatory Effectiveness

Partnerships could also offer government an effective way to enforce regulations. This motivation is most prevalent in the area of environmental improvement. Partnerships can shift the often adversarial relationship between regulatory enforcers and polluters/resource users to one of flexibility and cooperation based on certain guidelines. Such relationships allow government to gain inside information and knowledge to improve its policies[10], and encourage resource users to perform beyond regulations[11].

Other Factors

Other factors, such as the development of information technology and globalization, have also facilitated the emergence of partnerships as a governing tool. These developments allow geographically and organizationally disparate groups to communicate and share information[12], and have shifted the power from national bodies to international and transnational bodies[13].

BENEFITS OF PARTNERSHIPS:

- Better capacity to be responsive to the needs of all stakeholders in government;
- Greater efficiency and cost-effectiveness in the provision of public services and enforcement of regulations;
- Development of a more business-like culture within the government;
- Development of innovative solutions to environmental and social problems (and thus advancement of sustainability);
- Increased ability to solve large scale problems;
- Potential to improve environmental quality beyond regulations;
- Building understanding, trust and respect between disparate groups; and

- Potential to leverage greater resources for future projects
- Risks of Partnerships to the Government

Partnerships sometimes allow bodies outside of government to be involved in government activities and functions, which might pose some risks. The first set of risks result from the fact that bodies external to the government do not have the same level of accountability to the public as the government. Businesses are accountable to their stockholders/owners and NGOs are accountable to their funders. Only government is fully publicly accountable. The types of activities that can be undertaken in partnership, however, are vital government functions, necessary for a healthy, sustainable society and environment. As a result, partnerships have the potential to waste resources, cause a deterioration of the quality of government services, or simply not accomplish vital objectives or provide vital services.

The second set of risks of partnering result from transferring power and control to bodies outside of the government, who may have objectives other than the public interest in mind. One risk is that those providing a service may drive up the cost of the service in the interest of making a greater profit. Another risk is that those providing a service, either through lack of understanding or preferential treatment, may provide services in an inequitable way.

The third set of risks result from the close relationship that can develop between the government and outside bodies. Such close relationships can lead to the development of dependency on or by the government. Dependency can reduce the self-determination and viability of both the government and groups external to it. Additionally, close relationships create a space for political patronage, bribery and influence peddling by groups outside of the government, as well as preferential treatment. This can also lead to a reduction of regulations or a lack of enforcement.

POTENTIAL RISKS

- Not accomplishing or not providing vital services;
- Wasting resources;
- Inadequate accountability in providing public services by bodies outside of the government and subsequent deterioration of services;
- Lack of government control over costs resulting in higher costs of providing services;
- Reducing and weakening regulations, which in the context of environment could result in deteriorating environmental quality;
- Potential for political patronage, bribery, and influence peddling by business;
- Lack of capacity for implementing agreements by outside partners, and thus poor or no policy implementation;
- Inequitable program delivery; and
- Development of dependency on or by government.

WHAT FEDERAL POLICIES IN CANADA AFFECT THE FORMATION OF PARTNERSHIPS FOR SUSTAINABILITY?

Federal Partnering Policies and Programs

Although there is no comprehensive policy concerning partnerships, the federal government of Canada has stated it is committed to working in partnerships with industry, labour and interest groups, professional organizations and others, in cases where a cost-benefit analysis shows partnerships as the better alternative.[14]

In accordance with the federal government, most federal departments have stated they will attempt to use partnerships, or are already using them. Additionally, several departmental branches have been established to provide guidance and to promote partnerships. Examples include the P3 Office of Industry Canada, the Canadian Partnership Branch of the Canadian International Development Agency (CIDA), and the Leadership Network of the Treasury Board.

PUBLIC – PRIVATE PARTNERSHIPS (P3) OFFICE

The mandate of the P3 Office, an initiative of Services Industries Branch of Industry Canada, is to foster competitive service industries. The P3 Office promotes partnerships among the public and the private sector because firms in sectors such as engineering, architecture, construction, legal, and management consulting can provide innovative and cost-effective solutions for public infrastructure and services.[15]

Although public-private partnerships have been used extensively in Canada, the government has not established any set of guidelines to direct these partnerships. The P3 Office offers a series of publications with extensive advice on forming public-private partnerships. Similar P3 programs in the United Kingdom and Australia are directed by specific legislation and regulations, and the governments make available predictable, on-going, long term funding. In Canada, public-private partnership projects are evaluated on a case-by-case basis, and in some instances, enabling legislation and regulations are developed as part of the partnership process.[16]

Each level of government in Canada has its own definition of what constitutes a public-private partnership, and its own approach to the development of the partnership's business case and funding mechanisms. In lieu of specific policy, the P3 Office suggests using the Public Sector Comparator (PSC) as an evaluation tool for potential public-private partnerships. PSC method of project evaluation determines if a public-private partnership is a viable alternative and demonstrates good value for money by calculating the in-house cost of delivering the project and/or service.[17]

SUSTAINABLE CITIES INITIATIVE

Another Industry Canada partnership program is the Sustainable Cities Initiative (SCI), a partnership between the Government of Canada, non-government organizations (NGOs) and the private sector. This partnership initiative aims to enhance the sustainability of economic development in cities, and help citizens improve their quality of life without compromising their future. SCI focuses on priority areas for sustainable urban development, such as clean water, waste management, clean energy, transportation, housing, capacity-building, urban planning, telecommunications, urban infrastructure projects, and port development.

The partnerships are guided by a roadmap tailored for each city defining a vision for the future and targeted initiatives in service of urban sustainability. SCI partner cities are identified based on a consultation process with Industry Canada, the Department of Foreign Affairs and International Trade (DFAIT), the Canadian International Development Agency (CIDA), other government agencies, the private sector, NGOs and the candidate cities.[18]

Most federal departments, however, have not generated any comprehensive policy concerning types of partners for collaborative initiatives, context of partnerships, and qualities of desirable collaborations. In fact, of all of the federal

departments, only Environment Canada has developed and made publicly available a policy that goes beyond simply stating that the department will seek to collaborate with outside bodies in order to better fulfill its mandate and will build capacity for partnering. Environment Canada's Environmental Performance Agreements is the only federal level policy to clearly delineate how, with whom, and in what circumstances the department will seek to collaborate, and how it will manage the risks associated with such collaboration.[19]

ENVIRONMENT CANADA: ENVIRONMENTAL PERFORMANCE AGREEMENTS

In an effort to achieve environmental improvements, Environment Canada has entered into a number of partnerships with industry, environmental, and non-government organizations. These partnerships are governed through the Memoranda of Understanding and other written agreements.

The policy framework established in the Environmental Performance Agreements sets out the design criteria Environment Canada believes are essential to make these agreements effective and credible. The core design criteria of an Environmental Performance Agreement are negotiated among parties to achieve specified environmental results.

As part of the partnership, Environment Canada commits the resources needed to negotiate Environmental Performance Agreements and oversee their implementation, and develops and offers incentives.[20]

Provisions in environmental and other legislation

The federal government passed the *Oceans Act* in 1996, requiring that the minister of fisheries and oceans collaborate with provincial governments, Aboriginal organizations, and coastal communities to develop a national strategy for coastal and marine ecosystems based on sustainable development, the precautionary principle, and integrated management.[21] The national Oceans Strategy was published in 2002, but has not yet been implemented.[22] The strategy was developed in a partnership, which signals that there may be opportunities for future partnerships during the eventual implementation phase.

The *Species at Risk Act*, enacted by the federal government in 2002, "specifically authorizes cooperative agreements with farmers and other landowners to conserve species at risk and their habitat. The federal government is also empowered to fund these cooperative ventures."[23] This legislation fosters the formation of partnerships for sustainability through explicit encouragement, as well as establishing the potential for government funding.

Land claims agreements between Aboriginal peoples and governments are increasingly leading to comanagement of natural resources on lands subject to Aboriginal title. "Aboriginal involvement is expected to result in more sustainable decisions, because of traditional values and knowledge about local ecosystems."[24] The recognition of Aboriginal rights to self-governance leads to the establishment of unique partnerships between the federal government and Aboriginal communities in progressing towards sustainability.

Government funding programs

The federal government offers a number of funding programs for corporations, non-profit organizations, and community groups wishing to implement sustainable development initiatives. For example, Natural Resources Canada administers the Renewable Energy Deployment Initiative, the Wind Power Production Incentive, and the Market Incentive Program to encourage the production and use of renewable energy technologies.[25]

TECHNOLOGY PARTNERSHIP CANADA

Industry Canada runs Technology Partnership Canada (TPC), a special operating agency, with a mandate to provide funding support for strategic research and development, and demonstration projects that will produce economic, social and environmental benefits to Canadians. One of the key technologies they focus on is environmental technology. The TPC program is covered by the

Canadian Environmental Assessment Act (CEAA). Compliance with CEAA is a requirement for all projects funded by the program.[26]

These funding programs create agreements between the public and private sectors that include an exchange of financial resources for services toward a common goal. However, they do not constitute true partnerships because they do not establish an equally collaborative relationship between the parties. Furthermore, funding programs fosters competition among applicants with similar goals, which may hamper progress towards sustainable development.

THE SIGNIFICANCE OF HAVING A GOVERNMENT POLICY ON PARTNERSHIPS FOR SUSTAINABILITY

Partnerships are a vehicle for transition to a sustainable society. Partnerships offer flexibility, which the federal government can use as a tool to facilitate synergies among the social, environmental and economic dimensions of sustainable development. The Canadian Government clearly understands the benefit of partnerships. Different federal departments have developed several programs aiming to assist partnership formation. Other departments have stated their interest in cross-sectoral partnerships as a way to achieve broad social, environmental and economic objectives. Little, however, has been done to develop policy tools to facilitate partnerships for sustainability.

Currently, none of the partnership programs developed by the federal government, except the Sustainable Cities Initiative, have sustainability as their stated objective. Industry Canada's Public-Private Partnerships have underlying social and economic development objectives, but project assessment focuses on primarily financial factors, such as the Public Sector Comparator. Using financial factors to evaluate the merits of a partnership undermines the ability of partnerships to generate social, environmental and economic well-being. The perception that public-private partnerships use public goods for private gains presents a further stumbling block for their use toward sustainable development. Environment Canada's Environmental Performance Agreements focus on environmental improvements, but do not consider the social and economic dimensions of these partnerships.

Formulating policy tools to encourage partnerships for sustainability would provide a leadership role for the federal government in articulating a vision for sustainability. Enhancing and enforcing appropriate regulations for partnerships would provide an enabling role by removing barriers to the formation of partnerships among sectors. A federal sustainability policy could also facilitate the commitment of funds by the federal government to

programs for partnership formation, which in turn would encourage and popularize partnerships as tools for sustainable development.

Policy would standardize the evaluation process of partnerships for sustainability. It would clarify the risks and responsibilities of partnerships. It would also quantify the costs required for compliance with various pubic policy obligations prior to partnership formation. When entering partnerships, different sectors have different, and conflicting objectives. While the main objective of private sector participants might be profitability, the non-profit and government sectors would be more concerned with public policy issues of equity of access, education or community benefits. Policy would articulate the sustainable development objectives of the federal government and allow for their application across different sectors of society.

The benefits of partnerships often remain geographically limited and focused.[27] A federal framework for partnerships for sustainability would provide a mechanism for local and regional feedback, informing and refining sustainability policy. Federal policies and guidelines would also encourage geographical consistency in sustainable development.

Policy would increase the level of accountability of partnerships. Without policy, the distribution of responsibilities across participants in a partnership can be blurred. This provides incentives to claim responsibility for the positive results of the project while ignoring the failures.[28] Policy would strengthen reporting mechanisms and encourage accountability for the use of public funds and resources in cross-sectoral partnerships.

Arguments for policy guidelines for sustainability partnerships

- Articulate the sustainable development objectives of the federal government and apply them across different sectors and regions;

- Policy would clarify risks and responsibilities of partnerships, and increase accountability; and

- Policy instruments would address the market failure to take on projects for the public good, such as complex sustainability projects.

Arguments against policy interference in partnerships

- Policy could counteract the very flexibility that makes partnerships such desirable vehicles for advancing sustainability; and

- A free market approach to partnerships, unencumbered by policy, would give the different sectors freedom to find their own equilibrium and to enter into partnerships that are beneficial for all sides.

POLICY INSTRUMENTS FOR PARTNERSHIPS

The best known and understood form of cross-sectoral partnerships are public-private partnerships. These partnerships work in the social-economic interface of sustainability, building roads, hospitals, and educational institutions, and delivering other public services for a profit. In the UK and Australia, these forms of partnerships are guided by government policy and budget. However, in Canada public-private partnerships are evaluated on a case-by-case basis. Many policy instruments have also been designed to address the environmental-economic interface of sustainability. Legislative and economic instruments, such as taxes, are among the policy instruments used to address environmental issues. Federal programs, such as Technology Partnerships Canada and Environmental Performance Agreements, address different areas of the environmental-economic interface. The environmental-social interface of sustainability, however, is addressed less in policy.

Policy would aid in removing barriers to the formation of partnerships for sustainability. The federal government has a number of policy instruments at its disposal with which to encourage partnerships for sustainability. Legislative controls allow the government to implement regulations, economic instruments allow it to use financial incentives and markets to encourage certain behaviours, while informative measures provide information and engage the public.

Among these policy instruments, economic incentives and informative measures would be most appropriate tools to use to encourage the formation of partnerships for sustainability. Economic policy instruments can ease the process of partnership formation and make the benefits more apparent. Providing tax incentives for sustainable development initiatives, for example, would counteract the perception that the costs of partnerships outweigh the benefits. · Informative measures would provide leadership and encouragement, and promote the benefits of forming partnerships for sustainability.

The role of partnerships in a federal plan on sustainability

The international experience offers several examples of models for nationwide sustainability plans. ·The National Environmental Policy Plan of the Netherlands takes a long-term view of the need for sustainability, and establishes effective approaches for the transition, along with measurable targets.[29] As part of a federal plan on sustainability, partnerships could be used as a tool to promote, strengthen and reinforce sustainability. Developing and supporting partnerships through appropriate policy instruments, could help the government achieve certain policy objectives, such as the implementation of a federal sustainability strategy.

ENDNOTES

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