

# Funding Approaches for External Partnership Brokers

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# 1. Introduction

The need for partnership brokers is becoming more accepted as more organisations venture into cross sector partnership arrangements for sustainable development. In many cases the partnership brokers used to facilitate these partnerships are internal to one of the organisations and hence funded by one of them. However, when external brokers are required to be engaged to assist in one or more stages of the partnership process there is the inevitable question that is asked, namely:

“Who Funds the Broker?”

This question needs to be addressed by the partners as part of any engagement process. However, it raises a number of issues relating to equity and transparency of the partnership process, as in many cases one or more parties to a cross sector partnership process may not have the capacity to pay or initially they may not see the need to engage an outside broker. If one party funds the broker does this create equity issues which may lead to perceived influence or ‘capture’ of the broker by that party?

Since commencing my business as an external partnership broker in 1999, this question has continued to challenge me when being engaged by various clients. Developing a satisfactory funding model that retains my integrity and independence as an external partnership broker and that satisfies the needs and capacities of the individual partners to a partnership is critical to the success of the partnership.

This question has also been raised in various conferences and forums I have attended in recent years. Discussions have centred on the engagement of an external third party as a facilitator or partnership broker and the challenges this raises in relation to the development and sustainability of a partnership.

More recently during my period of professional practice I reflected on the issue of funding of my role as an external partnership broker in relation to my project, *“Implementing Indigenous Land Use Agreements in South Australia”*. While a funding model has been in place for some time, this has evolved during the course of the partnership and an exploration of these arrangements may provide some useful insights to funding approaches for external partnership brokers.

From researching this subject area, there appears little written about funding approaches in relation to external partnership brokers and hence I believe some dialogue around this topic would be a useful adjunct to the body of knowledge on partnership brokering.

## 2. Key Issues for Consideration

There are a number of key issues that I believe need to be considered when assessing various types of funding approaches for external brokers. This list is not exhaustive but seeks to raise some of the concerns I have become aware of over the past years as I have been engaged as an external broker.

### 2.1 The Roles of Partnership Brokers

In reviewing funding approaches for external partnership brokers it is useful to consider the various roles that the broker will perform and at what stage of the partnership cycle.

In the early stages (partnership exploration stage) the potential partners may not have clearly decided that they wish to come together and so no partnership has actually been established. Often a partnership broker may be required initially to assist with a small activity or a once off event in relation to the partnership. This could be facilitation of an initial workshop with the potential partners, a stakeholder engagement forum with a larger group or to provide coaching or advice on

a specific aspect of the partnership.

In these cases the cost of engaging an external third party may be relatively small and it may be that the initiating organisation is prepared to fund the external broker to undertake these activities. There may also be some uncertainty about future involvement and the engagement of an external party may signal some level of commitment beyond to intervention planned.

As the partnership building stage is entered the partners gain a clearer idea as to what the partnership will deliver and what support they will require. At this stage the partners are likely to be more aware of the requirements, would have built up a greater level of trust and respect such that open dialogue on such issues is more likely. At these later stages of the partnering cycle the partners will have discussed protocols, partnering agreements and contracting of resources in more depth so it is likely that the process will become easier as the partnership develops.

Similarly in the partnership maintenance stage it is likely that clear protocols will be in place if there is a need to engage an external broker to undertake specific interventions, such as independent partnership reviews.

Often it is my experience that partnerships may be initiated by one or more parties of whom one requests that an external facilitator or broker is required for a specific activity based on some previous experience they may have had, but that other partners or potential partners have little appreciation of the role of the partnership broker or how a broker could assist the process throughout the whole partnership cycle. It is usually over a period of time that the other partners become aware of the value of a partnership broker and where appropriate the external independent broker role.

This observation is reinforced by the words of Tennyson and Wilde (2000:39);

“In practice while an increasing number of initiating organisations recognise the role of the partnership broker, many still do not”

In considering the overall partnership cycle and the various roles where an external broker may be engaged it is quite likely that different funding approaches may need to be utilised at different stages and for the different roles, depending on the complexity of the partnership process.

This clearly highlights the need for partners to always have a clear understanding of the role of the external broker and for there to be continuing open dialogue regarding the engagement conditions and funding arrangements for this broker role.

## 2.2 The Perceived Value of Partnership Brokers

While there are many factors that need to be addressed in the engagement of external brokers, one key question is “what is the value in engaging an external resource?” Prior to the engagement process this will in fact be the perceived value of the broker by the partners.

Often each of the partners or potential partners may have vastly different notions of just what an external broker can do and what and how they should be remunerated.

In my experience the following questions may not be fully addressed by the partners in the early stages of a partnership and can cause some dissension between the partners if not handled appropriately. Some questions may be;

- Who has decided that an external broker needs to be engaged?
- Are all parties agreed that an external broker is required?
- Is there an understanding of the role of the external broker and the value that can be added by using this approach?

- Is it likely that the external broker may be required for further activities and support to the partnership?
- Who should contract the external broker?

Unless the questions highlighted above are discussed openly between the parties and agreed positions are clear, there could be serious impacts on the creation and development of the partnership. I can relate to some experiences where I have been engaged by an initiating party for a partnership on the assumption that all parties are agreed and understand the role, only to find that there has been little discussion with the other parties and little understanding of the role.

In some cases particularly in the early stages, people from the partnering organisations may have entirely different perceptions about what an external third party broker will do and how they can assist the process. Many assumptions may be made, and it may be tempting for the external broker to conclude the engagement and then sort these issues out later. However, in my opinion it is critical that a clear understanding of the external partnership broker role is agreed between all parties and the broker before the work is undertaken.

Once this discussion is undertaken there is a greater likelihood of the perceived value of an external broker being recognised by the partners or potential partners and a greater possibility of each partner contributing to funding this role. This will then lead to greater commitment and a greater possibility of positive outcomes from the intervention proposed. However as Tennyson and Wilde (2000:16) caution us:

“The most visible form of tangible commitment is money, but assuming that a financial contribution alone leads to a partnership commitment would be a mistake”

But similarly, making some commitment of funds for support resources for a partnership process does ensure that each party questions the validity of the role and has an interest in discussing and agreeing on the need for and the particular individual most appropriate to the task.

## 2.3 Funder Influence

Often where brokers are funded either totally or in large part by one party but are required to work equally for all parties, there could be the perception of undue influence or possible capture of the broker by that partner. In this case the underlying question - *will the broker in fact treat all parties equally?* – can impact on the success of the partnership process.

Tennyson and Wilde refer to this in the ‘The Guiding Hand’ Hand (2000:16) as follows:

“The familiar phrase ‘he who pays the piper calls the tune’ indicates how easily money can be used as a lever for undue influence, making a true partnership impossible.”

However, if parties are aware of this issue there is an opportunity to build trust and respect between the parties by discussing openly the merits or otherwise of an external broker engagement and how each party will contribute to funding this engagement.

A clear job specification, terms of reference and contractual agreement for the external broker as proposed in the ‘The Brokering Guidebook’ Guidebook (p19) - Guidance Note 1: Appointing a Broker will also assist in alleviating these concerns. In my experience, external brokers also need to be ever watchful and continually reinforce their role and equitable relations with all parties in the partnership and not create any perceptions of possible ‘broker influence or capture’ by a funding partner or body.

Again as Tennyson and Wilde remind us (2000:16);

“Money can only be put into the partnership commitment equation if those contributing most of the money recognise others contributions as of equal value or accept they will only have the same rights as other partners in making decisions”

Likewise Austin refers to balancing value between partners in ‘The Collaboration Challenge’ (2000:113);

“A resource exchange that gets significantly out of balance can erode the dominant benefit provider’s motivation to continue investing in the relationship or tempt that provider to exercise undue influence over the recipient partner.”

## 2.4 Impact on Partnership Success

Tennyson and Wilde state in the ‘The Guiding Hand’ Hand (p14) that partnerships that are successful and effective share four key characteristics, namely;

- “Uphold the principles of openness and equity
- Share risks and benefits
- Adapt well to change
- Work towards empowerment”

The first two of these characteristics are particularly important when considering various funding approaches for external brokers. A key issue for the partners and the external broker is to devise a funding approach that will assist the partnership process and not serve as a negative influencer that causes mistrust or enables agendas of individuals to get played out.

With the many different types of cross sector partnerships being embarked upon, there will be no one size fits all for funding approaches, however, it seems whatever is agreed must be open and equitable to all partners involved. Of course equitable may not mean contributing equal amounts to the funding of an external broker, even though this may be one very appropriate approach to be adopted.

In ‘Leading Beyond the Walls’, Jim Collins (1999:28) reminds us that;

“... the most productive relationships are in their essence mutual partnerships rooted in a freedom of choice vested in both parties to participate only in that which is mutually beneficial and uplifting.”

Hence it is important that partners do not feel that an external broker or the funding arrangements to engage such a person are being imposed on them, or it could have negative impacts on the success of the partnership.

## 3. What are the Different Funding Options?

Partnerships engaging external brokers can employ several funding approaches that will ensure the integrity and independence of the broker. I have been involved in one such approach and will use this project to illustrate how this has been achieved.

This particular project formed the basis for my professional practice period, namely “*Implementing Indigenous Land Use Agreements in South Australia*”. I will compare this to several other funding options and explore their benefits and limitations.

### 3.1 The ILUA process in SA

The Indigenous Land Use Agreement (ILUA) State-wide negotiation process commenced in 1999, when four organisations decided to come together to try and resolve native title issues within South Australia through negotiation rather than litigation. (Annex 1: Extract from MCA Paper, Alice Springs, Nov 2005)

Following an initial meeting where the four parties met to discuss whether they wished to participate, the State Government representatives sought some initial funding to support the initial costs of this process. Following this approval the parties recognised very early that to be truly equals at the table it would be preferable to have an outside facilitator to conduct an initial meeting to discuss and scope the issues.

At this time I was approached to facilitate one session to scope the negotiation process and to assist the development of a meeting protocol. I was funded by the State Government on behalf of the other parties. So in this case one of the initiating organisations was prepared to pay the costs of the independent external facilitator.

Throughout the last 6 years, this process has evolved to the stage that it now involves the State Government, four peak bodies representing Local Government, Miners, Pastoralists and Fishers together with the Aboriginal Legal Rights Movement representing some 23 native title claimant groups.

My company's (DIXON Partnership Solutions) involvement has increased such that I am now the Independent Chair of the Statewide process; we act as partnership managers to the overall process, provide Deputy Chairs when required for particular activities and also facilitate individual ILUA Negotiations on country when requested.

The funding model that has evolved for this negotiation process involves funding from both the Federal and State governments. This funding supports the various parties and the independent support activities.

This model highlights some interesting issues, such as:

- The Federal Government funding is available through the National Native Title Act provisions under specific guidelines, however the Federal Government is not a negotiating party at the table;
- A global funding proposal is submitted to the Federal Government annually on behalf of all the industry peak bodies and this is coordinated by the partnership manager who is part of our organisation and independent of the State Government;
- The State Government has also provided additional funds to engage external parties to support the process during the life of the negotiations;
- Support services are contracted by the State Government usually on an annual basis and rates are quite clear and transparent, and available to all parties on a 'commercial in confidence' basis should they wish to view.

The funding model is separate to the meeting protocol which is in fact the basis of the partnership agreement. This agreement quite clearly describes that all parties are equal at the table and highlights the need for openness and transparency.

It is interesting to note that the issues of the partnership process and ownership of this process have been separated from the funding arrangements, and the particular contributions from the funding bodies do not impact on the equity of relationships in this process.

While my organisation is accountable to all of the parties equally in terms of how we operate as the

independent chairs, facilitators and partnership managers, we negotiate contracted arrangements with the State Government on an annual basis. This accountability is by way of regular reports to all the parties on our activities (generally quarterly) and an annual review and renegotiation of our agreement with the state government on behalf of all the parties. We also clearly recognise that we fulfil these roles only as long as the partners require us to do so, although we have included a 3 month notification period should our services be no longer required.

Some observations about the effectiveness of this funding model used by the ILUA process to engage independent external brokers are:

- At all times the collective ownership of the negotiation process by the parties has been reinforced, irrespective of the funding arrangements that are in place at any stage of the process;
- As there is a strong level of trust between the partners that has been established over the last 6 years, there is a high degree such that the funding to various parties has not impacted on the of openness and transparency ability of the parties to participate effectively as equals at the table;
- Funding of the external partnership broker is secondary to the needs of the partners at any time. The parties to the ILUA process decide on the facilitator for particular negotiations dependent on the skills and expertise they require;
- There is a clear recognition that an independent facilitator adds real value to the negotiation process, and the parties are committed to this approach;
- The industry parties did not have the capacity to fund themselves to participate, hence the development of a funding model that suits the context yet is transparent and actively assists the negotiation process.

## 3.2 Other Funding Approaches

The example detailed above highlights how funding approaches often evolve over a period of time as the partnership develops and the capacity of the parties becomes evident to all.

However, when exploring partnership processes it is useful to consider the options available and the relevant advantages and disadvantages of each approach. I have developed the following table in an attempt to explore various approaches that I have experienced:



| Funding Option   | Advantages   | Disadvantages   |
|--|--|---|
| Equal contributions from each Partner                                      | <ul style="list-style-type: none"> <li>• All parties committed to engagement of partnership broker and prepared to share risk</li> <li>• Partnership broker clearly accountable to all parties</li> <li>• All parties will want to understand role of external broker and perceived value add</li> </ul>   | <ul style="list-style-type: none"> <li>• May disadvantage party with less funds available</li> <li>• May create more administration in invoicing and payment processes</li> </ul>   |
| One Partner who has capacity funds all broker costs                        | <ul style="list-style-type: none"> <li>• Able to engage a partnership broker for the benefit of the partnership</li> <li>• May be able to engage broker when other parties are not yet committed to this role</li> <li>• Opportunity to develop trust and openness if process managed effectively</li> </ul>   | <ul style="list-style-type: none"> <li>• May result in perception of 'broker influence or capture' by the funder</li> <li>• Does not require total commitment from other parties which could impact on outcomes from activity</li> <li>• May not encourage dialogue about role and benefits of having an external broker</li> </ul> |
| Funding by more than one Partner but based on capacity to pay              | <ul style="list-style-type: none"> <li>• Able to engage a broker to assist all parties</li> <li>• Requires open negotiation as to various contributions to funding of broker</li> <li>• Requires discussion and clarification of role and value added</li> <li>• Enables balanced sharing of risk related to capacity to pay</li> <li>• More likely to have a balanced agreement about sharing of all resources for the partnership</li> </ul> | <ul style="list-style-type: none"> <li>• May result in perception of 'broker influence or capture' by party who funds major proportion of broker costs</li> <li>• May create more administration in invoicing and payment processes</li> </ul>  |
| Funds are provided by a donor organisation who is not a party at the table | <ul style="list-style-type: none"> <li>• Reinforces independence of broker</li> <li>• Requires clear funding and contractual arrangements to be in place</li> </ul>  | <ul style="list-style-type: none"> <li>• Could result in distancing of broker from actual accountability to partners</li> <li>• May create additional administration</li> <li>• May result in undue influence from party outside of partnership</li> </ul>  |
| Use Independent Not For Profit organisation at no cost to partners         | <ul style="list-style-type: none"> <li>• Reduced cost to partners</li> <li>• Perception that broker will not exploit the situation as they are contracted through an independent body</li> <li>• Broker not likely to be driven by profit motive or sustaining a business</li> </ul>   | <ul style="list-style-type: none"> <li>• Possible lack of commitment to engagement of partnership broker as no commitment to funding required</li> <li>• May create perception of undue influence or capture by organisation depending on its role and stakeholder relationship with the partners</li> </ul>                        |

### 3.3 Tool for Assisting Engagement of External Broker

Based on the earlier examination of issues and then consideration of various funding approaches with which I have had some experience, I believe there may be an opportunity to develop a tool that would assist partners in deciding upon the best funding approach when engaging an external partnership broker.

This tool would need to address a series of key questions and be able to guide partners in selecting the most appropriate funding approach such that the principles of equity and transparency are maintained.

The proposed tool is a series of review questions that could be followed by the partners or potential partners as part of their partnership development process when they are considering engaging a partnership broker, as follows:

| Tool for Funding Options for External Partnership Brokers |  |
|---|--|
| 1   | Should we engage a partnership broker?   |
| 2   | What are the roles and specific activities that we require the broker to undertake?                                  |
| 3   | Should this person be internal or external?  |
| 4   | If internal which party will provide and fund?   |
| 5   | If external what would be the estimated cost of this engagement?   |
| 6   | Can each partner fund this cost equally?   |
| 7   | If not, what is the capacity of each party to fund this role?  |
| 8   | How does funding for the external broker fit within the overall resource requirements for the partnership?           |
| 9   | What other sources of funds may be available to fund the broker role?  |
| 10  | Is it appropriate to engage a broker through an independent Not For Profit organisation?                             |
| 11  | How may the funding approach adopted by the partners impact on the integrity and independence of the broker?         |
| 12  | How do we ensure that the funding approach does not impact on the partnership principles of equity and transparency? |
| 13  | Who should contract with the broker on behalf of the parties?  |
| 14  | What review mechanisms should be in place to ensure that the broker adds value to the partnership?                   |

## 4. Conclusion

This paper explores various funding approaches for engagement of external partnership brokers by partners. I have endeavoured to draw from my own personal experience both prior to and throughout my period of professional practice and to develop some frameworks and tools that may assist in the engagement process.

Above all this process has reinforced for me the absolute necessity for equity and transparency in any partnership process that involves engagement of external brokers and the absolute requirement to maintain the integrity and independence of this third party.

What also has become obvious through the experience of the ILUA process is that funding approaches may evolve and develop through the partnership process and need to be kept under constant review to ensure that the above principles are maintained.

One critical point is that brokers should not make assumptions that all partners have a clear understanding of their role and how they may add value to the process. Above all dialogue about the broker engagement process, leading to clear contractual arrangements with the broker and clear and transparent funding processes between the partners will go a long way to assisting the positive development of cross sector partnerships.

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Tennyson R and Wilde L, 2000, *The Guiding Hand – Brokering Partnerships for Sustainable Development*, United Nations Department for Public Information

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# Annex 1

*Extract from paper presented to Minerals Conference of Australia (MCA) on sustainable development, Alice Springs, November 2005*

## **Indigenous land use agreements in South Australia: a partnership for sustainable development**

Presented by:

Ian Dixon – Independent Chair, and

George McKenzie – Principal Negotiator – SACOME

Further details on the ILUA process are available at [www.iluasa.com.au](http://www.iluasa.com.au)

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### **SOUTH AUSTRALIAN INDIGENOUS LAND USE AGREEMENT STATEWIDE NEGOTIATIONS**

#### **1.1 Introduction**

Following changes to the Native Title Act in 1998, promoting the use of Indigenous Land Use Agreements (ILUAs) as an option for resolving native title issues, representatives of the South Australian Government, Aboriginal Legal Rights Movement (ALRM), South Australian Chamber of Mines & Energy (SACOME) and the South Australian Farmers Federation met in mid 1999 to consider a better way to resolve native title issues.

These organisations representing the native title claimants, government and business interests affected by native title became known as the negotiating parties and provided the initial impetus to the Statewide process. They went on to formalise negotiations at a statewide level early in 2000 and established a meeting protocol as a basis for the discussions.

As discussions continued and broadened these groups were later joined by:

- Local Government Association of South Australia (LGA)
- South Australian Fishing Industry Council (SAFIC)
- Seafood Council of South Australia (SCSA).

Currently there are 23 native title claims registered in South Australia. The claimants have formed a Congress to act as a “United Voice” and are represented directly through the Aboriginal Legal Rights Movement.

#### **1.2 Objectives**

The fundamental aim of this process is to resolve native title matters by negotiation rather than the more costly litigious route through the courts. The ultimate objective of the negotiating parties being to:

“.. achieve certainty over access to and sustainable use of land, water and resources through negotiated recognition and just settlement.”

#### **1.3 Benefits**

There are significant benefits to all parties involved in these negotiations.

While the key focus is resolution of native title issues, there is an opportunity to develop partnerships at many levels that will provide for improved economic and social outcomes for all communities into the future.

There are also better frameworks being established for sharing responsibility for land and water and recognition and better protection for Aboriginal heritage.

The Statewide approach to the ILUA negotiations enables a greater degree of coordination and utilisation of resources which will lead to far superior outcomes than tackling these issues through a piecemeal approach and result in much reduced costs versus litigation.

One of the greatest benefits of this process is the relationships that are established that will not only enable resolution of native title claims but will provide a foundation for future relationships and agreements in other areas.

#### **1.4 How does it work?**

Representatives of the negotiating parties come together at what is called the Main Table on a regular basis to guide and direct the overall process and program. This provides a forum for direct discussion between the parties to identify and agree issues, to review progress, to ratify and confirm what has been agreed and to identify the next steps.

Side Tables were established for each of the Pastoral, Minerals Exploration, Fishing and Aquaculture and Local Government sectors. The main roles of these Side Tables are to develop template ILUAs and to address specific issues for each sectoral area.

Side tables were also established to address issues related to heritage and relationship to land and water. The Relationship to Land & Water Side Table has had a key role in the process in ensuring that a strong focus has been maintained on relationship building between the parties, and has resulted in a number of tools being developed to assist the parties.

Recently the ILUA Main Table has established a Parks Side Table and is addressing the River Murray as an emerging issue, with a potential ILUA process to be established.

Following the establishment of the Main and Side Tables, a number of Pilot Negotiations were identified to test or assist with the development of specific ILUA templates that could be used in future negotiations across the State.

The overall intention is to have ILUA templates in each key sectoral area to assist the parties in their negotiations. This provides a process for the peak bodies to address issues that individual claimant groups, pastoralists, miners or fishers may not be able to deal with by themselves – issues such as employment, training and economic development.

It is important to note that the Statewide process is independent of the National Native Title Tribunal as the parties own and direct the negotiation process. However, there is a close working relationship with the Tribunal which provides support in a number of areas from facilitation of some negotiations to providing tools such as maps and, of course, processing signed ILUAs for registration once they have been agreed and signed by all parties to the specific negotiations.

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