ROTTERDAM SCHOOL OF MANAGEMENT
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PARTNERSHIP RESOURCE CENTRE

Partnering with the Private Sector - Navigator

Handbook for the Ministry of Foreign Affairs of the Netherlands - December 2013

the partnering initiative

THE PARTNERSHIPS RESOURCE CENTRE
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The Partnerships Resource Centre (PrC) is a specialist research centre at Rotterdam School of Management, Erasmus University. The PrC envisions a more sustainable and inclusive world in which business, civil society and governments each play an important role to create collaborative and inclusive solutions for complex societal issues. We connect scientifically sound research and practitioner experience of cross-sector partnerships to aid sustainable and inclusive development. For more information about the Partnerships Resource Centre at Rotterdam School of Management, Erasmus University, visit www.rsm.nl/prc or contact us at +31 10 408 1126.

The Partnering Initiative (TPI) is dedicated to driving widespread, systematic and effective collaboration between civil society, government and companies towards a sustainable future. TPI has been supporting cross-sector and multi-stakeholder collaborations for over 20 years, promoting partnering standards and improving partnership innovation, reach and impact. TPI works with all sectors to promote and develop effective collaboration, providing organizational development services, including strategic advice and partnership evaluation, as well as training and capacity building programs which promote new standards of professional practice. Further TPI works at the systems level – building the enabling environment and creating platforms to promote and support partnerships to deliver transformational change. http://thepartneringinitiative.org/

The Centre of Expertise on PPPs and private sector of the Dutch Ministry of Foreign Affairs is the coordinating body within the ministry for PPPs and other forms of cooperation with the private sector. The centre is responsible for support and advice to other departments and embassies in this regard, develops training on PPPs, is responsible for both internal and external communication about the ministry's cooperation with private sector and regularly hosts meetings and consultations with various partners. The development of this Navigator was done on request of the Centre of Expertise, in order to further increase knowledge on PPPs within the ministry.

Contents

The Navigator at a Glance

Partnerships with the private sector have become a key aspect of Dutch development cooperation in the past 10 years. Since 2002 the Directorate-General for International Cooperation (DGIS) of the Dutch Ministry of Foreign Affairs has taken part in 130 partnerships in many different forms, including about 75 Public-Private Partnerships (PPPs). The latter address different topics, include a variety of financial and non-financial commitments and at least involve (Dutch) businesses or business associations but often also involve civil society bodies, governments, international organizations and knowledge bodies. With the introduction of the *Sustainable Water Fund* and the *Sustainable Entrepreneurship and Food Security Facility* in 2012, strategic partnerships with the private sector are presented as one key implementation channel of Dutch development policy.

With partnerships as a key method for development cooperation, many questions related to management, facilitation and skills arise for staff at Dutch missions, Ministry departments and the NL Agency. Questions can be clustered in three essential building blocks for effectively dealing with partnerships: the partnering rationale, the process of facilitating a partnership, and portfolio management of partnerships.

To promote wider knowledge of partnerships, the *Centre of Expertise on PPPs and Private Sector* (DDE) asked the *Partnerships Resource Centre* (PrC) and *The Partnering Initiative* (TPI) to develop a Navigator. This Navigator focuses on these three key areas and their associated questions. By approaching partnerships with the private sector from a public manager's perspective and highlighting mainly examples of partnership projects embedded in Dutch development cooperation, the Navigator assists policy makers and public managers involved in Dutch development partnerships with the private sector to reflect on their partnerships more thoroughly. Relevant parts of the text are linked to relevant sections of the Dutch project appraisal document ("Bemo").

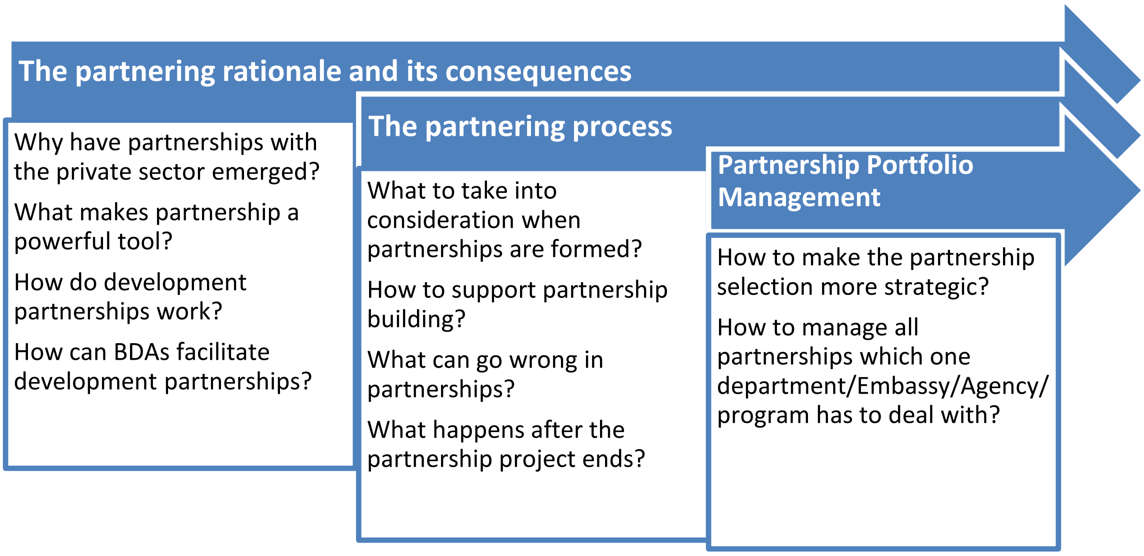
It is evident, that the level of engagement of a bilateral development agency (BDA) depends on its mandate, the capacity of the partners and the individual person facilitating the partnership for the respective BDA[1]. Experience has shown that an active engagement of BDA staff is essential for enhancing the success of a development partnership. This is the perspective taken by this Navigator.

Setting the Boundaries

There is a broad spectrum of partnering approaches between development agencies and the private sector. This Navigator focuses on development partnerships for achieving broader development results. In this form of collaboration the bilateral development agency combines its resources and competencies with private companies or business associations and often with civil society organizations and national or local public organizations to accelerate development objectives. These partnerships often work on a program or project basis and aim to identify innovative private sector-managed partnership solutions to development challenges.

Public-private partnerships for development have to meet three key criteria: 'mutuality' (the interdependence of partners to create joint value), 'additionality' (the positive difference that results from public funding), and they are a means to an end and not an end in themselves. In this sense, they differ from (a) classical contracted PPPs in infrastructure provision, (b) collaborations where 'public money' is not directly involved (e.g. business-NGO partnerships) and (c) partnerships which are purely dedicated to wider knowledge sharing, policy dialogue or advocacy.

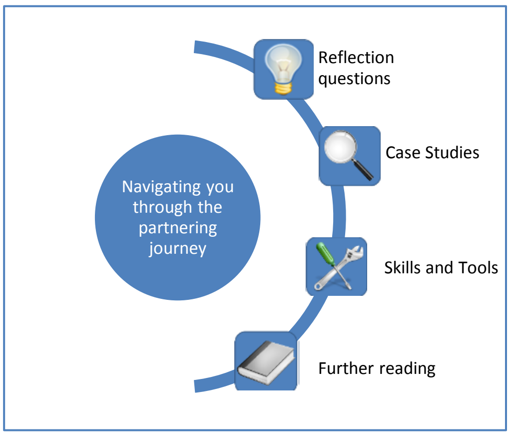
[1] This Navigator uses the term 'Bilateral development agency' (BDA) which encompass Dutch missions, Ministry departments and the NL Agency



Each partnership develops different dynamics and there is no single blue-print or checklist for effective partnership management. However, partnerships do show common patterns and go through a similar process which provides good general guidance. A rich knowledge on 'how to partner' has developed in the past years and is presented in toolkits and handbooks published mainly by *The Partnering Initiative*. These practical handbooks address the partnering process in general (e.g. *The Partnering Toolbook*), specific phases of the partnering process (e.g. *Moving on – Management for Partnership Transitions, Transformations and Exists*), insights in partnering examples (e.g. *Case Study Toolbook*), from the perspective of partnership brokers (*Brokerage Guidebook*) or useful briefs and handouts (e.g. *Evaluation framework*). Joint trainings developed for the Ministry of Foreign Affairs (DGIS), TPI and PrC have shown that using the complementary insights from practice and research can enhance partnering knowledge.

This Navigator aims to translate TPI's partnering knowledge for public managers dealing with (Dutch) development partnerships, enriched by PrC's research insights and publicly available knowledge on development partnerships by other development agencies, international organizations, or international research.

This Navigator does not provide clear-cut answers to the questions raised above, but its objective is to guide the reader through the journey of partnering by providing background information, using case studies, describing skills and tools and giving recommendations for further reading.



1. Partnerships with business involvement in development cooperation

Since the early 2000s, ‘engaging business in development’ has become a trend in development cooperation. Bilateral development agencies (BDAs) are increasingly working together with non-state actors – and increasingly with business - in so-called public-private partnerships to accelerate sustainable development. Even when partnership programs of bilateral development agencies follow different approaches, they share the common purpose that development agencies increase the development impact of business through – amongst others - mobilising additional funding from the private sector[i]. Creating ‘additionality’ is a key of development partnerships: the investment should have a catalysing function for accelerating development outcomes.

> *“A form of cooperation between government and business (in many cases also involving NGOs, trade unions and/or knowledge institutions) in which they agree to work together to reach a common goal or carry out a specific task, jointly assuming the risks and responsibilities and sharing their resources and competencies”* (p.6)
>
> Source: Ministry of Foreign Affairs of the Netherlands (2010). *A guide to Public-Private Partnerships (PPPs). A practical handbook on launching an effective public-private partnership.* The Hague: Ministry of Foreign Affairs of the Netherlands.

The past ten years of Dutch PPP experience have been characterized by “learning by doing”. A rich tapestry of partnerships has emerged in Dutch development cooperation, representing collaborative interventions in different sectors ranging from agriculture to health. They can take on many forms, have different purpose, and differ in the range and constellation of actors, and in the manner in which they work together. This diversity makes it difficult to come up with a universal blue-print for partnerships. The following broad PPP definition and PPP characteristics have been identified by the DGIS[ii]:

- The partners agree to work together to achieve jointly defined development goals and outcomes that they could not achieve separately
- PPPs are innovative, for example in developing new funding mechanisms or involving unusual partners
- All the parties to a PPP invest in it, explicitly share the risks and responsibility involved, help carry out the tasks and contribute core competencies.
- The PPP serves the interests of all the partners
- Where possible, an attempt is made to include local government and parties in the partner country
- PPPs focus on the Netherland’s partner countries, but in the case of a priority theme can extend beyond them
- DGIS’s financial contribution should in principle not be more than 50% and the private sector contribution should be preferably 25% of the total budget.

More cases of PPPs facilitated by the Dutch government can be read in:

Ministerie van Buitenlandse Zaken (2010): *Publiek-private partnerschappen. Tien voorbeelden voor het behalen van de Millennium Onwtikkleingsdoelstelling en.* MinBuZa: Den Haag

Or if you prefer to see some partnership cases in practice, you can watch the following movie:

http://vimeo.com/18919210

What makes partnership a powerful tool?

The rationale of partnerships is that organizations identify a 'sweet spot' where they have a joint interest which stimulates their commitment for contributing and at the same time benefiting from the collaboration. From this perspective, partnerships are a manifestation of:

Convergence of interests: Partnerships bring together individual organizations each with their own mission, vision, goal and overarching objectives. Businesses and BDAs are clearly different kinds of organizations but in several important ways some of their goals are aligned. Leading global businesses recognize that social goals such as food security, environmental sustainability, access to health and education, and good governance are fundamentally in their interests – mitigating risk, developing new markets, and cultivating sustainable relationships with customers and investors. At such intersections of interests, international development agencies see the possibility to enter into partnerships with business based on the motive that collaboration will increase or accelerate development impact, create sustainable results and lead to efficiency gains[iii].

Complementarity of resources: Partnerships build on the strengths of different sectors (BDAs can provide access, information, stability and legitimacy; business is recognized to be innovative, productive, highly focused and fast and civil society is known for being values-driven – together creating opportunities for individual growth and creativity[iv]). The contribution of partners should add something new rather than duplicate the resources of others and should create a synergistic effect with benefits over and above the outcome if each resource were applied in isolation[v]. In addition, merging partners' core complementary competences[vi] increases the likelihood that each partner will meet its own objectives as well as enabling the overall goals of the partnership to be met, since the outputs and outcomes of a partnership have to be critical to the way each organization operates.

Creating and distributing value: Partnerships link business and development interests so that value is created for the involved partners and ultimately for the target-group. Value can be measured in terms of leverage or the ratio of private sector financial contribution to public sector financial contribution. Dutch PPPs have shown leverage potential: DGIS invested in total 750 million euro in PPPs between 2003 and 2010, the private contribution amounted to 1.48 billion euro[vii]. It is increasingly important to demonstrate the incremental value achieved through partnering. This value is often broadly defined as the sum of benefits created from the collaboration for both the partners and for society at large. This implies that PPPs deliver new and usable benefits to society for which consumers directly or tax-payers indirectly are willing to pay.

Defining PPP success

What would a successful partnership look like? A successful partnership might have any, several or all of the following characteristics:

- The partnership is doing what it set out to do
- The partnership is having impact beyond its immediate stakeholder group
- The partnership is sustainable and self-managing – either through the continuing engagement of partner organizations or through a self-sustaining mechanism that has replaced the partnership, enabling partners to move on to other things
- The partnership has had added value in which individual organizations have gained significant benefits – partner organizations have established new ways of working with other sectors and/or their own systems and operational styles have improved
- The partnership has made a useful contribution to learning on partnering – information about the partnership is available and others can build on it.

adapted from: Tennyson, R. (2005). *The Brokering Guidebook*. IBLF: London

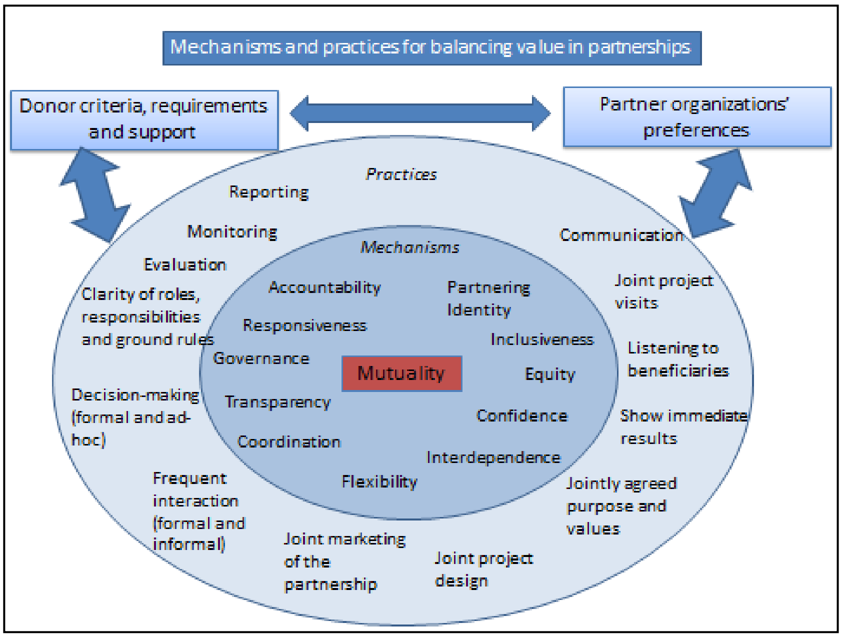
How do partnerships work?

The theoretical strength of partnerships to create value based on complementary approaches and resources of organizations from different sectors is in practice often their main weakness. PPPs are prone to challenges arising from the individuals involved in partnerships, resulting from partner diversity, or arising from the partnering process itself. Challenges have also been listed which are specific for development PPPs.

Challenges arising from individuals involved in the partnership	Challenges resulting from partner diversity	Challenges arising from the partnering process	Challenges specific to development PPP
• Competitiveness between strong personalities • Partnership's dependence on contacts and 'who you know' • Key people changing jobs and moving away from the partnership • New people coming in with different priorities/personal-ities/approaches • Lack of appropriate leadership • Lack of appropriate skills and competencies	• Different drivers and motivations for each partner organization • Making assumptions about each other's organizational priorities • Unwillingness to accept each other's priorities • Over-emphasis on money • Hidden agendas • Absence of a shared mission • Power imbalances • Different constituencies	• Difficulties breaking away from existing hierarchical structures • Loss of focus on the partnership • Failure of individuals or organizations to complete agreed tasks • General low levels of commitment from some partners • Over-reliance on some partner organizations or specific individuals	• Public sector framework of control does not comply with idea of 'partnership' • Risk of market distortion • Question of additionality • Managerial pragmatism • Not demand driven • Quick gains driven versus long-term development focus • Lack of inclusiveness

Adapted from: Tennyson, R. (2005). *The Brokering Guidebook*. IBLF: London

Successfully aligning the partners' different aspects, and creating mutuality (identifying shared interests and shared goals of two or more interdependent parties while recognizing that they have also potentially differing interests[viii]) requires having core partnering principles in place such as transparency, equity and mutual benefit. The development of mutuality in a partnership can be supported by practices such as jointly agreeing on the purpose and values of the partnership, and frequent interaction between partners, as well as activities such as joint project visits or quick wins. How practices are designed and adopted in a development partnership is based on the partner organization's preferences, but can be also (partly) steered by BDA's requirements[ix].



At the core of these practices there are three principles - **equity, transparency** and **mutual benefit**. They are particular important for creating mutuality and should be worked out as part of the partnership-building process and agreed by all partners. If they provide the foundation upon which the partnership is built, then as things progress they continue to provide the 'cement' that holds the partnership together over time[x]. Development partnerships may be challenged to develop this set of core partnering principles because it is often highlighted that partnerships with BDA and private sector involvement are characterized by power imbalances, a low level of inclusiveness, and short-term interventions, and are challenged to show additionality. BDAs should therefore critically reflect on their role and how to support the development of the three partnering principles in development partnerships.

Core partnering principles	Why this is so important	How to support as BDA?
	Equity – where each partner contributes to the whole and their contribution is properly valued – is essential to building respect for the priorities of each of the partner organisations	• Empower less powerful partners • Use criteria and requirements to stimulate equal relationships between partners • Be clear about own role in the context of public procedures, rules and control • Function as mediator between partners in case of power challenges
	Transparency – where partners behave openly and honestly with each other with no 'hidden agendas' – is essential to building trust between the partners to support the day-to-day working relationship	• Be transparent about own motives and decisions why to fund a particular partnership • Use transparency as accountability mechanism • Stimulate external transparency towards stakeholders
	Mutual benefit – where it is accepted that each partner organisation has the right to gain value from the partnership – is essential to ensuring the partnership's own sustainability as long as it is needed	• Specify the roles and responsibilities of the partners in a formal manner • Critically assess what type of value is created by the partnership • Ensure that each partner is open about the gained value from the collaboration

adapted from: Halper, E. (2009). *Moving On. Management for Partnership Transitions, Transformations and Exists*. IBLF: London. p.21

How can BDAs facilitate development partnerships?

BDAs have a catalyzing function in partnerships. Partnerships in development cooperation are required to show 'additionality' – that there is a positive difference achieved by the partnership through investment of public money[xi]. Donor support is often narrowly defined as 'financial support' aiming to enhance the scale of a partnership. Experiences of donor agencies engaged in partnerships with the private sector showed that support is broader than only financial means. Donor support encompasses matchmaking activities, joining board meetings as an observer, advising on the design of the partnership project, or facilitating in conflict situations.

Without any doubt, BDAs can influence partnerships with directive (e.g. criteria, contracts, reporting guidelines) and non-directive attributes (facilitating and guiding the strategic level of engagement of partners and stakeholders in a partnership by stimulating design and management features of partnerships). BDA criteria can:

- **Support the development of a 'partnership-like' relationship between partners**[xii]: partners are mandated to regularly report on the progress of the partnership project. A reporting system can guarantee an undisturbed flow of information between all partners and promote confidence in the progress of partnership projects. From this perspective, partners have to be transparent to each other but also towards the development partner and towards external partners. Transparency is an essential principle to foster mutuality between partners.

- **Shape the partnership project design**: negotiation processes between partners and with the BDA can be long and cumbersome. Partners however also highlighted that such support by BDAs can enhance the project design, particularly in relation to social components[xiii].

Public managers often wear two hats: on the one hand they are the funder and on the other hand they are a partner, but with a certain distance from the actual partnership project in order to conform to administrative compliance with regulations and control. Time pressure and focus on output (in terms of results and reporting) and the relative emphasis on meeting targets can challenge the focus on 'really working together', while start-up financing instead of long-term commitment by development agencies can challenge the notion of developing a 'partnership-like' relationship between partners and BDA.

BDAs therefore need clarity about their remit and responsibilities towards the partners. Some partners wish to have a closer relationship to the BDA than others, depending on the partnering experience of an organization and their experience with donor partnering schemes[xiv]. In fact, a well-conducted partnership building process can be a useful way for partners and BDA to think through more fully the developing nature of BDA's role and the changing responsibilities in the partnership. This also helps to manage expectations. A pro-active role of BDAs requires the willingness to carry a level of risk on behalf of, or for the benefit for, others.

Practice provides lessons learned on how partnerships can become a complementary development modality.

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The role of BDAs in partnerships

BDAs can adopt a number of roles such as convener, funder, matchmaker, broker or facilitator when working in a partnership. They often adopt multiple roles which can even shift within the lifecycle of a partnership project. The 'distanced monitoring role' challenges BDAs to directly influence partnership activities and for ensuring that implementation stays in line with BDA's norms and rules. On the other hand, a more limited role of BDAs is expected to stimulate more ownership by partners for the partnership.

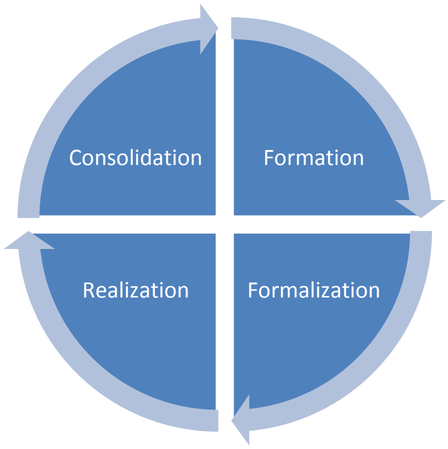
> *"The donor should not just say "here you have some resources, go and invest". There needs to be some sort of participation, obviously not every day, but they need to be present and active to a certain extent. They should understand that if they participate as partners they should also see how we are advancing in meeting the objectives, see if we are accomplishing our goals, and seeing how they can support on the way there, with their knowledge and know-how."*

Current research by PrC asked partnership partners about the ideal role of donor agencies in a partnership. Participants highlighted an active role of the BDA in the partnership as desirable related to the set up and design of the partnership, in particular when the partners are collaborating for the first time. Next to funding, BDAs should make use of their convening power to bring partners around the table, but also provide solutions and ideas for how to reach and measure the development outcomes of a partnership.

- Become a source of motivation through challenges related to development impact
- Supporting partnership with knowledge transfer and technical assistance
- Participate in decision-making "it is easier to influence the private sector when an important donor is sitting around the table"
- Marketing and promotion of the partnership
- Keep a strategic focus on development

2. Steering and guiding partnerships in development cooperation

In general, partnerships go through a process of formation, formalization, realization and consolidation. Each phase is characterized by specific activities of partners and a specific role of BDAs to support the process.



In the **partnership formation** phase, for instance, partners go through the process of scoping, identifying potential partners and co-creating ground rules for the partner relationship.

In the **partnership formalization** phase, partners plan the project together, negotiate the structure and the management of the partnership and define the commitments by the partners. This phase often closes with both a formal partnership and a funding agreement.

In the **partnership realization** phase, the focus is on implementing the partnership, working with monitoring systems, and dealing with adjustments. This phase should reveal the relative value of the partnership approach and how successfully the partnership has achieved impacts and sustainable outcomes. Information about the effectiveness of the partnership and the review of the value of the relationship will be critical in informing any decision about moving on.

When a partnership has ended its project cycle, **results have to be sustained** in the medium to long-term. In the best case, organizations have internalized the lessons learned from the partnership and there is a clear-buy in from the partner organizations for continuing activities. External recognition of the value of the achievements of the partnership is also helpful for sourcing follow-up funding for e.g. replication or scaling of the partnership project[xv].

Of course, no partnership actually progresses as neatly from one stage to the next as this framework implies. Some stages in the partnering cycle may not be necessary for all partnerships, for example ‘scoping’ and ‘identifying’ in situations where the scope of the work is already pre-determined, or partners already have previous working relations. In any case, some of the stages outlined are not necessarily one-off activities; several are continuous (e.g. managing) while other recur at regular intervals (e.g. reviewing). Whatever its limitation, a partnering cycle helps to understand the progression and complexity of a partnership over time. It also provides a basis for understanding the changes in management priorities for the partners as their partnership progresses[xvi].

BDA staff needs to be well aware of the different phases of the partnering cycle and to understand clearly how they, in their specific role, can facilitate the partnering process in different ways during each phase. It is obvious that BDAs facilitation of partnership projects differs in these four phases and that different skills in the specific process stages are required.

Formation – Scoping, identifying and building

Potential partners either respond to a Call for Proposals for a partnership program of DGIS or address DGIS directly with a project idea. To attract possible partners (in particular companies) for their PPP program, BDAs have to reach out and communicate the program to the target group. Simple and transparent program designs are easier to communicate and more attractive for future partners than complex programs and application procedures[xvii].

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In the partnership formation phase potential partners develop a concept note, where they define the (added) value of the PPP for the problem their collaborative intervention aims to address. In this initial orientation phase, neither DGIS nor the other parties want to (or can) tie their hands. The orientation phase can lead to a decision – when there is sufficient clarity about problem identification, policy objectives, policy instruments and the profiles of the potential partners – to commit fully to working with the private sector parties and form a PPP. This first orientation also clarifies whether the potential partnership fulfils a set of basic criteria for funding by the BDA as assessed in the quality of entry process[xviii].

This first phase of a partnership can take from four weeks to more than a year. This depends on how much time is required for consultation with stakeholders, field visits and multiple rounds of assessments. In a positive case, it ends with an initial agreement to collaborate. This document indicates early intensions to partner, and outlines a shared and specific objective and commitments and roles for all partners. Drawing up this document can be an early exercise in bringing potential partners together to explore their diverse and common interests. It also helps to co-create the principles of the partnership[xix] and prepares for the next phase, where partners formalize their collaboration.

In the partnership formation phase, a public manager may be involved in:

- Assessing whether the partnership contributes to current policy objectives *(Bemo: policy relevance)*
- Understanding the scope and nature of the sustainable development challenge and assessing whether a specific partnership approach is appropriate or possible within the context *(Bemo: context analysis)*
- Assessing whether the suggested partner composition is adequate to address the specific issue *(Bemo: stakeholder analysis)*
- Clearly formulating and conveying the role of the BDA (as facilitator, partner and/or funder) *(Bemo: role of departments and embassies)*
- Supporting partners to build strong working relationships
- Agreeing with partners on the outline design and development of a partnership project
- Keeping the momentum. Potential future partners do not yet have a commitment for funding from the BDA and invest time and resources in the pre-partnering phase. This can lead to frustrations when project proposals are declined.

A key skill of donor staff for effectively managing partnerships is to step into the shoes of other organizations.

Scoping

The most critical aspect of building a partnership is the need to assess whether and how a planned partnership can contribute to achieving a particular outcome. This implies a need to research the development issue and to understand the context and the system within which a partnership aims to bring about change. Here it is useful that partners have carried out an issue analysis at an early stage. An issue analysis is designed to help understand which structures and behaviour patterns are responsible for the present situation and might prevent or promote the desired change. In addition, a context analysis can focus on evaluating experience with similar projects in other sectors, countries or thematic areas[xx]. The BDA has to assess the quality of the scoping in its internal assessment document *(Bemo: contextanalysis)*.

In this early scoping phase, BDAs have to identify the contribution of the suggested partnership intervention to policy objectives *(Bemo: policy relevance)*. BDAs are particularly challenged to identify the additionality of the potential partnership, in particular the innovative aspect of the partnership project. If achieving a desired outcome is possible by utilizing resources, capacity and ideas available through existing instruments, then setting up partnerships might simply add unnecessary complexity[xxi]. The challenge is to explore and confirm that a partnering approach is more likely to be successful or appropriate than any possible alternative approach *(Bemo: complementarity of suggested activity to DGIS financed activities and Bemo: cooperation, harmonisation and added value)*.

Reflection questions for the scoping phase

- Have the issue(s) or challenges sufficiently identified?
- Is a partnership the best way to tackle the problem?
    - Have any available non-partnering alternatives been considered that may be adopted to tackle the issue?
    - Have examples and evidence been found where a partnering approach has worked effectively in similar circumstances ?
    - Does the added value of the partnership outweigh the financial and human demands it will make on the BDA?
- Have the possible contribution of different sectors – based on their likely interests and motivations – sufficiently be considered?
- Is the financial support by the BDA required or can BDA support be provided by other means?
- Has the contribution that the partnership would make to development cooperation policy sufficiently identified? Does the partnership fit in with the BDA's policy priorities? Does it complement existing efforts?
- Does the BDA have the relevant knowledge on the topic/and if possible a country presence to provide knowledge and support? If not, transaction costs may rise, above all information, bargaining and enforcement costs can become a hurdle for the success of the partnership.

Identifying partners

Identifying the right partner for a partnership and then committing this partner to actively engage in the partnership can be challenging. Assessing the quality of the partnership composition requires first of all, understanding the benefits and risks of potential partners. Each organization has its own assets and core competencies which it can bring to the partnership *(Bemo: stakeholderanalysis)* [*The stakeholder mapping tool helps to determine who matters and why*]. As well as the comparative advantage of an organization, it is also relevant to understand the potential risks of entering a partnership *with* this organization but also the risk *for* the organization to join the collaboration. A due diligence procedure is required for considering whether the organization would be an appropriate partner for the donor agency *(Bemo: contracted partner/Implementing organization; Bemo: risks related to the implementing partner that can affect the realization of the objectives)* [*The partner assessment form supports a first partner screening*].

Private partners in development partnerships can include multinational companies (MNCs), small-and medium sized companies (SMEs) or business associations. MNCs can be a suitable partner for providing financial resources and to invest in innovative products and services, provide expertise in their respective field and management approaches. Involving MNCs can also create access to extensive networks of clients and suppliers and attract media attention. SMEs are likewise experts in their field of activity, are often strongly integrated in local production chains, and their involvement lends itself to collaborations that aim for development on the ground, such as job creation and local market development. Business associations function as umbrella organizations, which are useful to involve in partnerships that have a sector wide scope, and/or aim to influence policy[xxii]. In addition to private sector partners, partnerships can include **in-country governmental institutions**, and/or **civil society organizations** (international NGOs or community-based organizations) in order to utilize their specific strengths. In addition, academic institutions can generate knowledge, development banks can lend financing mechanisms, consultancies can provide monitoring and evaluation services, and media partners can provide access to a broader audience. The engagement of **other development agencies** (multilateral or bilateral) can support coordination between development agencies, allows for combining resources and expertise and creates scale and scope. However, as each development agency has its own mandate, partnership guidelines and strategy, the involvement of other development agencies can complicate partnership governance. Having a lead agency and a clear assignment of tasks and responsibilities can mitigate this challenge[xxiii]. *(Bemo: cooperation, harmonisation and added value)*

	Private sector	International NGOs	Governments	BDAs
Comparative advantage	Investments Innovation and technology Standards and business practices Know-how and expertise Efficiency	On-the-ground contacts Raise issues and concerns Implementation capacity Credibility Local focus and expertise	Control over resources Legitimacy Services Scale Institutional longevity and presence	Resource base Convening and bargaining power Contacts and networks Credibility Institutional capacity

Risks	Window dressing Reputation Transaction costs Distracts from core business	Loss of organizational identity Capacity constraints Weaken legitimacy	Lack of capacity for partnering Politicized Bureaucratic	Frequent staff turn over Inflexible administrative and institutional procedures Shifts in policy and priorities

Source: adapted from Brinkerhoff, J. M. (2002). *Partnerships for International Development. Rhetoric or Results*? Lynne Rienner Publishers: London.

Once a partnership has been initiated, it is crucial not to view it as a rigid construction, but as a functional tool to achieve set outcomes. In other words, it is important that the partnership stays open for new partners who can contribute needed resources or expertise and for dismissing partners that have failed to fulfil their responsibilities[xxiv] .

Roles in a partnership

Next to identifying the partner composition, the roles of the partners have to be clarified. Corresponding activities can range from awareness raising, coordination, relationship management, resource mobilization, planning, and communication to monitoring of the partnership project. Each partner should take on a role in the partnership which reflects its comparative advantage and relates to its core competencies. Governmental institutions, for instance are best suited to provide legitimacy in the respective country. Private sector partners as implementers can increase their commitment and utilize their management skills. A clear description of tasks and responsibilities allows for accountability and sets out expectations before starting a partnership, thus preventing future conflicts between partners. Roles can also shift within the process of the collaboration[xxv].

In general, key partnering skills (such as negotiation, mediation, facilitation, and synthesizing of information) are closely linked with the role which a partner adopts. Each partner must have the skills in place which are required for effectively performing their role in the collaboration.

The role of the lead partner in development PPPs

In DGIS partnerships, preferably one partner is the lead-partner (principal contractor). The lead partner is responsible for the partnership management and has to make enforceable agreements with all the other parties to the PPP. The direct accountability of the lead-partner to the BDA puts the lead partner in a specific position within the partnership, which means a high level of influence on the other partners, but also a high level of responsibility. Therefore, the lead-partner should inherent specific skills such as good leadership. Good leadership means not to enforce one's own interest, but safeguarding the interests of everyone involved.

In addition, BDAs can stimulate good partnering principles by ensuring that the partnership involves a number of accountability mechanisms (partnering agreement, decision-making practices, reporting) which mitigates the power-imbalance between partners. These practices can stimulate a certain level of mutual accountability of all partners for the partnership project. *(Bemo: contracted partner/implementing organization)*

Co-create ground rules for partner relationship

Once the partner composition is identified, initial meetings between partners lead slowly to mutual understanding and a concrete project idea. If partners apply for funding, BDAs - in their role of assessing a proposal - may not realize this. In many cases, the BDA is not aware of the 'collaborative history' of the consortium. In particular in case organizations are working together for the first time, it is a good idea that partners invest time in deepening understanding for each other's differences (e.g. working cultures). Time spent on this in the early stages will reap rewards later on and make the future partnership more robust when it faces challenges[xxvi].

Communication and particularly informal talks are the most prominent mechanisms for building the relationship between partners at this stage. The more active participants are involved in the early phase of developing a partnership project the higher their interest and willingness will be to assume responsibility in the dialogue and implementation process. A core group of a partnership should therefore include people who have the mandate and are prepared to represent and make decisions on behalf of their organizations[xxvii].

SPEAKING THE SAME LANGUAGE

A useful partnership-building exercise is to develop ground-rule - establishing a list of principles and practices that are agreed by partners as a foundation for the smooth functioning of their working relationship. Ground rules may include respecting/valuing partner diversity; being open/transparent or not 'going public' on issues without pre-agreement. Once ground rules are agreed, partners can use them as reminders in the event of anyone deviating from agreed ways of working[xxviii].

BDAs should be able to identify whether partners are starting to operate within the partnership as one body rather than as separate entities. This allows for judging whether the partners can develop a robust working relationship to face any future relationship challenges. Evidence to look for could include whether partners are working proactively on behalf of the partnership; reliable follow-up by partners on commitments and agreed actions; realistic expectations set for of the partnership, and that partners speak the same language[xxix].

Reflection questions for partnership building

- Has the BDA discussed with partners that the concept of partnership is a temporary phenomenon which is time-bound and oriented towards achieving sustainable outcomes? How do they plan to sustain the partnership?
- Have partners recorded an agreed definition of what they mean by the term 'partnership'?
- Have partners co-created 'ground rules' to support considerate behaviour between the partners?
- Are all partners equally committed to the goals and focus of the partnership?
- Which partners are active and which passive in pushing the agenda forward? Does this need adjustment?
- Has a way of working together been achieved that is comfortable and appropriate for all partners?

Formalization – Planning together, clarifying resources and structuring

Once the decision to go ahead with the partnership has been taken, the partners fine-tune the design of the partnership. This phase aims to find the appropriate structure for the planned initiative. This involves negotiations on specific goals, activities, resources and outcomes. Partners also have to agree on how tasks are to be divided and decisions will be made, and how internal and external communication will be structured. Partners set up a detailed project description, which is a final version of the project proposal that should also include aims, targets, management arrangements and a timetable for delivery. It clarifies partners' commitments and may form the basis for raising further resources or securing buy-in from other potential partners[xxx].

KNOWING YOUR ROLE

This phase often ends with a partnership agreement and a funding contract by the donor agency. A partnership agreement is a formal and binding document where roles, responsibilities and decision-making procedures are outlined. It underpins the working relationship. Even when the agreement builds the basis for responsibilities and agreed time frames, an agreement should still offer the opportunity for further innovation, review and – if appropriate – revision so that the partnership remains dynamic over time.

BDAs have to take many decisions in the formalization phase. Amongst them the following:

- Identify any financial flows that the partnership may involve and determine which partners will receive BDA's funds *(Bemo: financing)*.
- Make the risks explicit and agree how the parties will share them. Also consider carefully the risks that the BDA would run, with particular attention to political risks. (*Bemo: risks and related measures*)
- Establish an appropriate mechanism for accountability that includes regular health checks and reviews that may help to identify choices or timetables for moving on in future *(Bemo: monitoring)*.
- Determine the sustainability of the partnership. Will the partners be able to find their own funding once the BDA funding runs out? *(Bemo: sustainability of intervention)*
- Choose the right legal construction and take account of the legal risks
- Ensure that all the preconditions for a partnership have been met and preferably translated into specific commitments *(Bemo: objectives, results, activities and resources)*

THE PARTNERSHIPS RESOURCE CENTRE

the partnering initiative

The legal aspect

European BDAs are bound by national and European legislation and by standards of good governance such as legal certainty, equal treatment, due care and the requirement that decisions be reasoned rather than arbitraty. Standards for transparency under the Government Information Act require that decisions must be subject to political and legal review. Within these general parameters there is no specific set of rules or standard model for PPPs, so each PPP always has to be individually crafted.

The choice of a legal construction – a grant, contribution agreement, contract or arrangement – to encapsulate the financial and other relationships within a PPP between DGIS and the private partners depends on the circumstances of the individual case.

Most PPPs connected with DGIS take the legal form of a grant. They are based on Article 10.1 of the Ministry of Foreign Affairs Grant Regulations 2006, which provides that certain forms of PPPs may be established through grant decisions, outside the usual standard policy frameworks. PPPs using this construction have to meet a number of requirements imposed by the Grant Regulations. For example, they have to include both governmental parties and private parties – either business or not-for-profit – that are committed to pursuing common goals through activities in which each party does a share of the work and assumes a share of the risks.

If a grant is being made to a business, an assessment will have to be made in each specific case as to whether this constitutes state aid as referred to in the Treaty on the Functions of the European Union. The decisive question is here is whether the DGIS funding affects in some way a firm's competitive position on the European market.

Finally, European and national contract award procedures may also play a role, notably when DGIS takes the initiative for a PPP and goes in search of a private partner through a contract award procedure. DGIS has standard models for contract award documents and for contracts, which are provided in the Operational Procedures manual. For more information you can contact the legal Affairs Department.

adapted from: Ministry of Foreign Affairs of the Netherlands (2010) *A guide to Public-Private Partnerships (PPPs). A practical handbook on launching an effective public-private partnership*. Ministry of Foreign Affairs of the Netherlands: The Hague.

Developing and comparing objectives and strategy

The most important aspect of this phase is that partners fine-tune their intervention strategy on how to reach the jointly agreed objective. Where partners develop their partnership project within the broader framework of a PPP program, they will have formulated their concrete partnership objectives within Dutch development cooperation policy objectives.

Building on the results of the formation phase, partners will now negotiate the details of their intervention. Negotiation requires that achieving the overarching goal becomes more important than simply satisfying single partner interests *[the tool on key principles of interest-based negotiation provides helpful tips]*. In this process, partners must disclose their interests and expectations, which stimulate one of the key partnering principles: transparency. Once the objectives have been successfully negotiated, they have to be made measurable in defined and agreed indicators. Good indicators should measure the direct effect of the project[xxxi] *(Bemo: objectives, results, activities and resources)*

The partners finalise the partnership strategy, which is an agreement between the partners on the path to be followed to achieve defined objectives. The *partnership planning tool* can be used to derive options for action for the partnership. An operational plan should contain the following elements defining the pathway of the partnership:

- key issues
- desired outcomes
- activities for achieving the outcomes
- information on the responsibilities for carrying out activities
- information on the chronological sequence of implementation of activities (e.g. GANTT chart)
- information on the resources required
- evidence of success specified in milestones (sub-goals or interim goals on the path to project execution) defined for activities
- definitions on the success of the partnership. *[see the partnership planning tool[xxxii]]*.

Incorporating activities that lead to quick wins is a good way of motivating actors because it develops confidence in each other and in the joint partnership. Partners and the BDA should be also aware that a partnership evolves and that the scope of a partnership may change. A partnership strategy should therefore be flexible enough to be adaptable for possible changes[xxxiii].

Reflection questions for the planning phase

- Have the partners moved from broad agreement about the key issue(s) to be addressed by the partnership to a more precise definition of focus areas, actual projects and specific goals?
- Have partners undertaken a brainstorm to explore the range of specific activities and projects that should be developed to achieve the outcomes – being realistic as well as ambitious, always bearing in mind the constraints the partnership may face in implementing its plans?
- Have partners agreed as a group what the outcomes from the partnership's activities are and how the achievement of these outcomes will be measured and assessed?
- Does the action or business plan discuss the details of joint implementation such as timeline with deadlines, capabilities and quantifiable goals and outcomes?

Structuring

Partnership governance structures are needed to determine how a partnership functions and how decisions are made. There is no silver bullet: an appropriate governance structure varies with the problem to be addressed and desired outcomes[xxxiv]. It is however evident that partnerships require sophisticated decision-making models that are able to address the complexity of the partnership in a participative manner throughout the different partnership process phases. There are several governance models which can be applied in different settings. One example is collaborative governance which implies a collective decision-making process which is formal, consensus-oriented and deliberative[xxxv].

Day-to-day partnership governance, including communication, project management and knowledge management, is time consuming. Partnerships often include steering bodies (or 'partnership committees') that comprise higher-level representatives of all relevant partners, experts in the respective field of activity and members of the project team can be established as additional management for addressing tactical or strategic issues. Their members gather at set intervals - for example once or twice a year - to approve budgets, refine strategies, and to decide upon scaling-up or terminating partnerships. Steering bodies usually meet more often in the start phase of a partnership, if they have to deal with additional tactical or operational issues, especially to guide partnership implementation. Steering bodies also add credibility to a partnership's decision-making process and enhance external legitimacy, but require additional governance efforts to be managed[xxxvi], in particular tailored to the specific context where the partnership operates[xxxvii] [*the tool on management options provides insights into advantages and disadvantages of different partnership management options*].

BDAs can support procedures which ensure transparent practices, collaboration in decision-making and that grievance mechanisms are in place. BDAs can also help partners to work within a double accountability system (e.g. where partners are accountable to their individual organizations and to each other as a partnership).

What to watch out for when setting up a management structure?

- Clearly formulate the BDA's role in the governance and management of the partnership, bearing in mind that BDA's role may change during the implementation phase
- Often the BDA plays several different roles, e.g. funder, facilitator and partner. Consider in such cases the possibility of clearly distinguishing between these different roles by assigning each of them to different people at the BDA
- Agree an exit clause so that the partnership can be terminated when necessary; for example, when one of the partners is no longer able to meet its financial or other obligations.
- Ensure the partnership is not over-reliant on just a few individuals representing their organization and that it is embedded in each partner organization
- Agree which types of decision can be taken by individuals on behalf of the partnership and which must be agreed in advance with all partners.
- Build systems through which partners can be accountable to each other (in addition to their accountability with their own organization) and address any actual or potential conflicts of interests. Partners need to feel increasingly confidence in each other
- Set up a communication system between partners and between the partnership and other stakeholders. All communication needs to be informative but not too burdensome and to be designed appropriately for each purpose and audience

Source: Ministry of Foreign Affairs of the Netherlands (2010) *A guide to Public-Private Partnerships (PPPs). A practical handbook on launching an effective public-private partnership*. Ministry of Foreign Affairs of the Netherlands: The Hague.

Clarifying resources

As part of partnership design, a budget should be created to map out all costs that may arise over a partnership's lifecycle and to specify how these costs can be covered. In order to be reliable, a budget needs to forecast the required resources. Partners should identify the range of resources needed to deliver the project and define how to track specific resource commitments that partners are making. Partnership project financing mainly consists of cash contribution, however resources can also include: people, equipment, venues, knowledge, contacts, and specialists/technical skills. Budgets should in particular, take commonly underrated costs into adequate consideration, such as costs for monitoring and evaluation. *[the Resource Map can help partners to understand and to give proper credit and value non-cash resources to the partnership]*

Usually, development partnerships are based on the principle of shared financial risks. In most Dutch PPPs, the funding by the Dutch government does not exceed 50% of the total project budget and the private sector should contribute at least 25%. Resource commitment from the partners themselves is central to building a strong relationship and greater equity between them. It demonstrates mutual commitment, builds trust among partners and creates ownership of the partnership and its outcomes[xxxviii]. BDAs can help partners consider from an early stage what is required to build medium to long-term financial sustainability in their partnership.

Once a partnership is being implemented, spending should keep to the budget and be both transparent and accountable. Partners also have to agree on how to reinvest leftover funds. To prevent disputes, this issue could already be addressed when creating a budget[xxxix]. *(Bemo: budget; Bemo: advance payment)*

What does it mean to invest in a partnership and to share risks?

Partnering involves a certain level of risks for all partners. While it is common for each partner to believe the risks to their organization are greater than to any other, it is interesting to note that most categories of risk apply equally to all partners. Organizational risk for each of the sectors may involve:

- **Reputation impact** – all organizations and institutions value their reputation and will rightly be concerned about whether that reputation can be damaged either by fact of the partnership itself or by any fall-out in future should the partnership fail.
- **Loss of autonomy** – working in collaboration inevitably means less independence for each organization in the areas of joint work
- **Drain on resources** – partnerships typically require a heavy 'front end' investment (especially in time), in advance of any appropriate level of 'return'.

Reflect on:

- Are risks evenly shared among the partners?
- Do the partners bring enough resources to the PPP to ensure its implementation.
- Who would take the first loss and what does this mean, if the BDA is contributing most financial resources?
- Do BDA funds finance the 'softer side' of the PPP (e.g. technical assistance) or does it function as an initial investment to attract other funds?
- Is the PPP capable of continuing without public funding? When does the public funding end?

Adapted from: Tennyson, R. (2005). *The Brokering Guidebook*. IBLF: London and Halper, E. (2009). *Moving On. Management for Partnership Transitions, Transformations and Exists*. IBLF: London.

Partnership agreements[xl]

Most development partnership agreements are formalized. Formulating such agreements creates a structured, comprehensive approach to negotiation and a clear end point for partners. The process of jointly developing the partnership agreement builds trust and promotes compliance among partners and increases credibility for external stakeholders. Formal partnership agreements allow for a high level of detail, especially by adding clauses on due diligence procedures and legal issues, such as deciding upon a governing law and a place for settlement of disputes, as well as by officially setting down decisions on the design of a partnership, such as tasks and responsibilities of partners, milestones and activities specified in roadmaps, or agreements on how to finance and evaluate partnerships. If formal agreements clearly outline how partnerships are administered, how activities are coordinated and how partners communicate with each other and with external stakeholders, they promote transparent decision-making and increase accountability. Even though such agreements require time and resources to be drafted and, once signed, restrict flexibility, they should always be an integral part of the partnership design. If necessary, sub-agreements or contracts can be drawn up at a later stage to cover specific transactions under the broader 'umbrella' agreement. *(Bemo: contracted partner/implementing organization)* [The Partnering Agreement Scorecard helps partners to ensure that the essential elements of a partnership agreement are in place]

What is written in partnership agreements?

A joint research project by PrC and TPI reviewed 23 PPP agreements in Dutch development cooperation along the Partnering Agreement Scorecard. The findings highlighted that:

- Partnership agreements are **detailed on 'operational issues'** (timeframes, funding arrangements) but **hardly mention relational aspects** (rules for individual partners to leave or join)
- Partnerships on **public goods** (energy and health) are more comprehensive in describing **why the partners are partnering** and **how the partners will communicate** than partnerships delivering a private good
- **Size matters:** partnerships with a larger number of partners are more elaborated on issues related to relationship management and planning. Partnerships with higher DGIS funding describe more detailed why partners are partnering and what the partnership is proposing to accomplish
- **Experience supports relationship:** Partnerships with a pre-history of collaboration are more elaborated on timing, how the partnership will be managed and the communication strategy
- **Sector attributes are reflected in agreements:** Private-sector led partnerships emphasize what the partnership intends to accomplish and when. Partnerships led by a NGO are more elaborated on relationship management and communication issues

Realization - Implementing, measuring, reviewing and revising

Once the agreement is signed it is time to develop and deliver the agreed activities. Implementation of development partnerships usually takes between two and four years. In this period, partners constantly monitor, measure and report on whether the partnership is achieving its goals.

Partners will shift their focus from building their working relationship to the development and delivery of projects. This means that they are dealing with day-to-day demands and challenges in relation to managing and maintaining the partnership whilst also implementing activities. In many ways it is similar to any type of project delivery cycle and some partners will find this stage easier and familiar since they have delivered development projects before. It is however not uncommon for partnerships to struggle at this point since it is invariably a challenge to move from planning to managing mode with the additional challenges of delivery. Partners realize that implementing a partnership asks for additional skills and tools in particular related to relationship management and monitoring and evaluation[xli].

COOPERATION

In the realization phase, partners work towards the goal that was set out in the agreement. But during implementation too, partners should reflect regularly on the original initiative and the procedure, and adapt them if necessary. In many cases, it becomes apparent during the implementation that specific aspects of the context have not been adequately considered or that important stakeholders have not been involved in the process so far. The implementation phase shows most clearly how different the decision-making processes of partners are. All partners have to show a great deal of patience and consideration for their respective differences[xlii]. The partners also have to reflect on whether the partnership is operating as efficiently and effectively as it could. Should the way the partnership is managed be modified or changed? Partners should however also celebrate project successes with all those involved to maintain momentum.

In the implementation phase, BDAs are mainly involved in monitoring activities of the partnership project. They can actively help partners to ensure continuing good practice and develop a 'learning culture' within the partnership. In addition, BDAs can support partners navigating any necessary changes in the partnership.

Reflection question for partnership realization

- Are roles and responsibilities for project delivery allocated clearly (and fairly)?
- How is the fulfilment of agreed commitment and timetable tracked? *(Bemo: activity report; Bemo: financial report)*
- How do partners keep each other and other stakeholders informed of progress? *(Bemo: monitoring schedule)*
- Are there any potential capacity issues that will affect sustainability?
- Is the partnership addressing capacity-building activities necessary to achieve sustainability of the work beyond the life of the partnership?

Delivering the partnership

Delivering a partnership is based on two levels: partnership project management and relationship management.

The structural and leadership elements familiar from **project management** are important for partnerships in the implementation phase. These include operation and activity plans and minutes of meetings. Regular assessment of the procedure is vital to keep all partners within the process. The frequency with which this is done depends on the situation and the chosen form of partnership[xliii]. It is important to keep an overview of the agreed activities, the agreements signed, roadmaps and implementation plans. A partnership secretariat or steering committee is often responsible for the project management. In particular in complex partnerships, a well-functioning administrative support system is an essential backbone for the partnership[xliv]

Partners should also aim to achieve a deeper engagement. **Relationship management** is here the key, which should be based on good partnering practices. Partnerships rely on communication between partners. Partnerships can stimulate confidence building - or even trust - between the partners by informal interpersonal communication, but also through formalized interaction such as meetings, joint reporting or complying with the partnering agreement[xlv]. Each encounter (in meetings) can result in enhanced mutual understanding of each partner's comparative advantages and/or constraints[xlvi], as long as meetings are highly focused and well-managed.

During implementation, partnerships can be faced with obstacles or challenges of different levels of seriousness – some of which are directly in the control of the partnership and some of which have to do with the wider context in which the partnership is operating[xlvii]. BDAs have to be prepared to support partners addressing possible obstacles which may hamper partnership delivery [the overview of possible obstacles and strategies to address them can support you in finding a solution to the partnership challenge]

Leadership in partnerships

What is the role of a 'leader' in a collaboration that is based on the notion of equity between the key partners? Are collaboration between equals and the notion of strong leadership incompatible?

At different stages over the course of the partnering process one or other partner will take a more pro-active, more exposed and more public leadership role – and will be responsible and accountable for the whole partnership. In development partnerships the lead-partner often takes on this role. Lead-partners often have the advantage of information and are in more close contact with the BDA but on the other hand, they are responsible for ensuring that the partnership achieves its results. The challenge for the lead partner is to develop a leadership style which is based on guiding rather than directing.

Leadership roles which can be adopted by partners in a partnership contain:

- Acting as 'guardian' of the partnership's mission and being prepared to stand up for its values
- Coaching each other in good partnering behaviour and partnership management
- Challenging each other's way of looking at the world, of doing things, and of approaching difficult or contentious issues
- Empowering other members of the partnership to be pro-active, and innovative and to be allowed to make mistakes
- Creating hope and optimism when the process seems to be stuck

adapted from: Tennyson, R. (2003). *The Partnering Toolbook*. IBLF and GAIN: London

Measuring results[xlviii]

During the early phases of the partnership, decisions will be made about what to measure and how to carry out that measurement. The structuring of the project will include a regular review process as well as provision for a more thorough evaluation. Monitoring and evaluation activities comprise the collection of information on a partnership's performance and its analysis, especially in comparison to key performance indicators which measure inputs, outputs and the achievement of milestones and ultimate outcomes.

There is no single approach for monitoring and evaluating a partnership: the methods used, data produced and analysis undertaken will depend on the partners' requirements for information. The key to effective and constructive evaluation is a clear understanding of what each and all of the partners need to know about the partnership and its activities. Partners have different drivers and needs of monitoring and evaluation of partnerships. BDAs, for instance, use monitoring and evaluation for accountability and learning reasons, whereas companies often use measurement as a management tool. Next to this, the participating organizations are likely to have their own internal monitoring and evaluation requirements which will have to be satisfied.

BDAs can help partners to put in place arrangements for a comprehensive evaluation process (probably using a participative approach involving partners, project staff, beneficiaries and other stakeholders) and help in defining development-oriented indicators.

In a partnership it is useful to distinguish between:

- Measuring **(a) project results** and **(b) impacts**
- Reviewing the partnership in terms of **(c) the process** in order to understand how the partnership has managed to achieve its objectives and **(d) the effectiveness of the partnership approach**

Each of these requires a different approach to measurement and a different sort of evidence or data. It is critical that partners have an understanding of these different requirements at the outset of the project so that systems are put in place that enable the right data to be produced.

(a) Result measurement

This is the most conventional form of measurement and will be integral to any well-prepared project plan. The critical question is whether the partnership has produced the deliverables to which it was committed in the original partnership agreement. These must be defined in measurable terms - a number of small farmers trained in new techniques; a volume of goods produced in a given time; a quantity of communication material produced and distributed in a specific area. Success or failure on this aspect of measurement will normally be fairly clear and unequivocal. If the partnership has put good review processes in place then any potential shortfall in the planned outputs should have been predicted and accounted for at an earlier stage of the project. It leads to the fact that partners mainly measure the positive (intended) results. Unintended results are usually not reported except when they are positive.

(b) Impact measurement

Measuring outputs is not the same as measuring impact: the agreed deliverables in a project will have been identified on the basis of a higher-level goal. Deciding whether that higher-level goal has been achieved is more challenging than simply quantifying outputs. Impact measurement is not often seen in development partnerships: this can be explained by (a) the time-limited nature of development partnerships projects, (b) no budget allocation for long-term assessment and (c) the attribution challenge[xlix].

Partnership at work: Measuring Impact

The partnership project "*Establishing a Fund for Connecting Rural People to a Natural Gas Network in Colombia*" co-financed by the Dutch Embassy in Bogota, included a research component to measure the impact of the project. In cooperation with Colombian universities, a four year research program was designed and implemented that allowed for measuring the impact at household level. The objective of the research program was to develop a living conditions index for the beneficiaries. Amongst others – the studies included cost-benefit analysis, medical checks and epidemiological studies. Measurement started with a baseline study before partnership activities were implemented, two mid-term evaluations, and two complementary studies were undertaken after the project was finalized. All studies measured the same variables for the same households to track changes over time. This example shows that extended partnership impact measurements can be included in selected partnership projects with support by research partners.
Source: Pfisterer, S. (2013). *Development Partnerships with the private sector at work. Insights from partnerships facilitated by the Dutch Embassy in Colombia*. Partnerships Resource Centre: Rotterdam.

Reflection questions on measurement of partnerships

- Who needs what sort of information?
- How can the evaluation process conform to the different requirements of partners and donor agency? *(Bemo: monitoring)*
- How external does an evaluation process have to be in order to be accepted as unbiased and objective? *(Bemo: evaluations)*
- Has a M&E framework been included as a mandatory element in a partnership's underlying agreement and as an item in a partnership's budget to guarantee the availability of adequate funds?
- How to take stock of the efficiency and effectiveness of the partnership in terms of management and development – and agree any changes necessary to procedures and/or communications?
- How do partners assess the value of the partnership to their own organization and constituencies?
- Does the M&E system also records any unexpected benefits or outcomes (e.g. wider influence) from the partnership?
- Does the M&E system analyze the process, and is it able to demonstrate that the achieved outcomes are a product of the collaboration?
- Have partners conducted a baseline study before the partnership started in order to be able to really show changes?

Reviewing the partnership[l]

It is tempting to give the project priority and to lose sight of the partnership aspects. In a healthy partnership, reviews will be a regular feature and will be used as a basis for confirming the value of the partnership to the different partners (i.e. whether or not it meets their underlying interests) as well as checking out whether the partnership is operating efficiently. Not all partners explicitly define their individual objectives, which makes it rather challenging to assess what they have actually gained from the partnership. Data related to the organizational benefits are rarely recorded or reported in partnership evaluations. Being transparent on individual return-on-investment analysis by partners would increase the confidence in the private sector as development partner[li].

(c) Reviewing the process of a partnership can be a sensitive issue because it requires partners to reflect on their relationship. For partnerships with a low level of trust between partners, this can be a breaking point. Process monitoring continuously examines whether the process is leading to the anticipated results and making a major contribution to joint responsibility for success. This is the form of measurement that is most commonly overlooked in partnerships but it is the one that can contribute most to the success of the working relationship – and yield rich lessons for future partnerships.

In the building phase, partners have established guiding principles for their partnership (such as establishing openness and transparency in communication; consistency and reliability in task-completion; equity and respect in the use of resources). For a partnership to flourish and to respond to changing circumstances over time, partners need to measure their success in achieving these good partnership practices. Review systems should include space for reflection on the lessons learned from working together and on the possible need for revision of collaborative systems as the partnership evolves.

Measuring process does not lend itself naturally to quantification – much of the evidence will inevitably be qualitative, the subjective views and perceptions of participants. Nevertheless, such qualitative evidence can be carefully structured and recorded to give consistent feedback on the partnership's progress. Also, some factors (e.g. frequency of meetings; completion of tasks) can be quantified and used as evidence of the partners' ability to comply with agreed good practice. At even the simplest level, paying attention to partnership as a process – rather than simply a means to achieve outcomes – will help partners to reflect on their experience and draw lessons which should be of value in subsequent collaborative work.

(d) The aspect that is hardly assessed, but which partners are particularly interested in, is to understand what actually has been the effectiveness of the **partnership approach**. The partnership has had added-value in which individual partners have gained significant benefits – partner organizations have established new ways of working with other sectors and/or have had their own systems and operational styles improved. The value added can be understood as the value of the outcomes of a partnership which are attributable solely to the specific partnership[lii]. This requires reflection on whether the partnership provides additional ways of achieving the objectives that would not have been possible otherwise, or whether other objectives were possible through the partnership. The challenge is to attribute the outcome to the partnership. This requires identifying which value of the outcome is attributable to external factors, such as other interventions, changing policy or other influences on the external environment or sector which have affected partnership outcomes in some way. More hypothetical, but nevertheless required for identifying the value added is the value of the outcomes that could have been achieved had an alternative to the partnership approach been implemented. It necessitates identifying whether the same result could have been achieved by one organization alone, with a different partner constellation or without public funding. This question is closely related to identifying the 'additionality' of the partnership. [*the Partnership assessment framework reminds us to measure beyond the partnership results*].

Revising

Monitoring the progress and reviewing the partnering relationship yield important information about the health of the partnership and about changes that may be important to make it more efficient, effective and/or sustainable. Such suggestions can range from small but important procedures to more drastic changes (including deciding to restructure the partnership completely). This can be a challenging process and may be felt by some partners as an implicit criticism. It is clear that review/monitoring reports alone are not enough; there must also be regular consultations with the partners. BDAs are expected to provide feedback and think together with partners on the basis of the interim results what adjustments are required.

Over the course of the partnering cycle, there will invariably be changes in the nature of the partner relationships and partners will need to adjust their thinking and behaviour in the light of such changes. The most successful and productive partnerships are those that do not resist change by trying to contain the partnership in a fixed format but rather accept, manage and even thrive on change as a key element in their partnering approach[liii]. BDAs should show flexibility to required adjustments and revisions to the initial set partnership plan. They can be supportive in wrap up lessons and agree appropriate revisions to their working practices.

Partners may leave and new ones may join

It may happen that partners or individuals are leaving or joining the partnership. There may be a wide range of reasons why an individual or an organization withdraws from their association with a partnership – such as individuals moving on to new roles or jobs, individuals being replaced; partner organizations opting to leave the partnership. Partners need to assess how this impacts the partnership and need to agree whether or not to seek a new partner organization or whether simply to review and adjust the partnership to function with a smaller number of partners.

All too often, newcomers are overlooked and simply expected to 'fit in' even though their approach and their underlying interests may differ from those already involved.

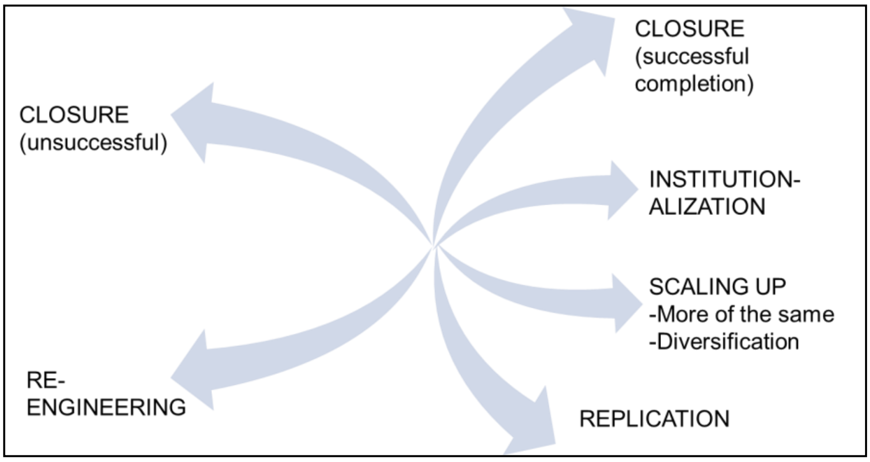
BDAs can support partners by:

- Be transparent between partners at all times
- Celebrate all achievements/contributions
- Spend time debriefing (with those leaving and those remaining) and introducing newcomers
- Advise on the challenge of knowledge transfer
- Take departure/arrival as an opportunity for the partners to take stock of the partnership

Source: Halper, E. (2009). *Moving On. Management for Partnership Transitions, Transformations and Exists*. IBLF: London.

Sustaining – Upscaling and institutionalizing

Following the implementation of activities, partners decide whether the partnership should terminate or continue. There are different scenarios[liv]: it may be that partners have completed their most important task – creating an innovative, cross-sectoral approach to a critical development issue – and that they can disband the partnership in full confidence that the program of work will continue. In this case partners can decide to close a partnership project after successful completion. A level of trust in each other and institutionalized processes can turn the decision towards taking next steps such as scaling-up, continuation, or new formation of partnership plans. Partners can decide to replicate the partnership model elsewhere, increase the number of partners or widen the scope of the intervention. Partnerships can be also terminated for a number of reasons, or partners may realize that a drastic re-engineering is required to make them fit for the future.



At the end of a project cycle, the stability of the partnership is often uncertain. At the point of actually committing to a partnership one might expect the partners to have articulated a clear timeline for their involvement; agreed a plan for sustaining the outcomes of their activities and explored to some extent the potential of the partnership in the longer-term. The concept of moving on is simply an uncomfortable topic to approach in the early phase of partner relationships and most practitioners have far more experience with starting and managing partnerships than with transitioning or closing them[lv]. When partners decide to move on with their partnership, they often have to repeat the negotiations about their relationships. This process is rarely free from obstacles and conflicts. After each project cycle, "a re-institutionalization of partnership processes, structures, and programs is required for ensuring the continuation of co-creation of value"[lvi].

BDA involvement in this phase may involve:

- Considering together with partners the long-term options for the partnership and its results (*Bemo: sustainability*)
- Being clear and transparent about the future role of the BDA and 'exit strategy'
- Reflection on the individual and organizational leanings from the collaboration

Partnership identity

Successful partnerships develop a strong partnership identity where partners highlight their belonging and ownership to/of the partnership. A partnership identity is relevant for strengthening mutuality because it brings together diverse partners and creates an attachment to common goals, procedures and objectives. Conceptualized as the result of communicative processes between partners, partnership identity is the 'glue' that binds partners together and provides them with a shared feeling of 'togetherness' (Koschmann et al., 2012).

Partnerships often express their identity by the means of a name or a logo and the development of an independent organization that formalizes the relationship of the partners. A partnership identity not only allows partners to market their project to external stakeholders, but also supports the sustainability of the collaboration.

Further reading on how to develop a partnership identity: Payandeh, N. (2013): *Collective Identity in Cross-sector Partnerships*. Research Brief, PrC: Rotterdam.

Telling the partnership story and creating learning opportunities

Partners have invested time and resources into the partnership and their experience (good or bad) will be valuable for others. Developing the 'story' of the partnership with all those involved is one way of sharing experiences. Such stories can present diverse perspectives (e.g. of the project beneficiaries or of project partners) and can be presented in various ways (e.g. as case study report or movie). Partnership experience can be shared internally (with partnership project beneficiaries, partners and staff of the partnership, the partner organizations) or externally (external donors, media/general public, relevant umbrella organizations).

It is crucial that any public information is accurate and appropriate. It is also essential that all partners (and any stakeholders likely to be affected) are in agreement with the decision to publicise any aspect of the partnership. Partners should be also modest in their claims for the partnership and only go public when there is a story to tell and when all partners agree that the time is right.

Increasingly, there is the call for sharing knowledge and experience of partnerships in learning platforms. Such learning platforms can provide the possibility that partnerships can inform others who aspire to creating collaborative approaches to sustainable development in their own areas of work. This provides partnership practitioners the opportunity for deepening and enhancing their knowledge, skills and professional practices.

Adapted from: Halper, E. (2009). *Moving On. Management for Partnership Transitions, Transformations and Exists*. IBLF: London.

Institutionalization

A key question revolves around issues of sustainability. This includes sustaining the partnership itself (if appropriate), program and project delivery and (most importantly) outcomes. Partnerships aim to achieve change – not only in the context where they operate, but also to stimulate change within partner organizations. Whether and how partner organizations have internalized the lessons learned from the partnership are relevant questions to explore. Internalization can refer to organizations developing a partnership unit because they realize that concentrating partnering capacity and know-how can be enhanced. It may also refer to organizations developing or refining their partnership strategy. Three possibilities are highlighted for how to 'institutionalize' the partnership and its outcomes[lvii]:

Embed practices from the partnership in individual organizations' portfolios. Partners can agree that a partner organization should simply continue to operate the program as an expanded part of its mainstream activities. The continuation of the program may offer the possibility for a partner organization to maximise potential and opportunities to satisfy organizational goals and underlying interests; build stability for the partnership itself and ensure sustainability of the impacts and benefits of the partnership activities. It should be clear whether and how the partnership fits with the portfolio of the partner organization. It can be the case that organizations will approach BDA staff for advice about how to tackle their own or each other's institutional engagement challenge.

Handing over. It also has to be clear that sustainable development partnerships – even when they are a response to a 'failure' of conventional systems – are never created to undermine or replace the primary roles and functions of different sectors. Private sector partnerships are often criticised for undermining local governments. Some partnerships (e.g. in public service delivery) will hand over their program of work to a mainstream delivery mechanism of public agencies. It has to be ensured that enough capacity is developed by the public organization to sustain the mechanism in the long run.

Create a new entity or organization that will be purpose-built to deliver the program of work indefinitely – inspired but no longer controlled by the original partnership. This means establishing the partnership as a new mechanism or 'institution' with its own independent strategy and structure. If partners decide to build some kind of new mechanisms, BDAs can advise on legislative, financial and governance implications.

Sustaining partnership value

Development partnerships are usually set up as projects, what means that they are time-limited. A key question refers to how partnership value can be sustained after the project ends.

In the case of the partnership project "Sustainable Development Programme of the Coffee Growing families in Nariño (Colombia)", *Empresas de Nariño (ENA), Starbucks Co., International Organization for Migration (IOM),* the *Carcafe Foundation* and the *Embassy of the Kingdom of the Netherlands* joined forces to foster sustainable development of coffee growing families in Nariño. The project ran from 2004 to 2007 as a multiple-impact programme focusing on vulnerable coffee-growing communities with a high rate of displacement and risk of forced migration. A consecutive project with the financial support of *USAID Colombia* was implemented between 2009 and 2012. By implementing a social, economic and eco-friendly development strategy, together both partnership projects allowed a total of 1,960 small coffee-growing families to improve their position in the coffee value chain, preserving the local coffee-growing culture and preventing forced migration and displacement of coffee growers in Nariño.

It showed that the partnership sustained its value in three ways:

a) at **organizational level** of the project partners: business behavior has been changed and partners have internalized collaboration in their strategy and have developed new capabilities and knowledge

b) at **relationship level**: relationships between partners have been sustained at various levels; new networks emerged

c) in the **social context** where the partnership operates: farmers developed confidence in the new approach, are empowered to sell their upgraded coffee to the best buyer and build on achievements.

Source: Pfisterer, S., Payandeh, N. (forthcoming). *Sustaining relationships and value beyond the partnership project. The case of the Sustainable Development Program for Café Growing Families in Nariño.* Partnerships Resource Centre: Rotterdam

Moving on

Many partnership initiatives start as 'pilots' – testing out the partnering approach and ensuring that it is a suitable vehicle for delivering the envisaged results. Some partnership projects remain small and fulfil expectations perfectly well. More typically, if a project is successful partners begin to consider whether to replicate or how to scale it up to build greater reach, impact and influence[lviii].

Partners may simply decide to continue to collaborate by restructuring the way in which they work together. Current research on German and Austrian development PPPs revealed that when projects are initiated by external intermediaries (such as brokers) they tend to be repetitive and narrow in scope, whereas projects initiated by internal partner representatives often explore novel agendas and embody greater potential for social innovation[lix]. Research on partnership in South Africa emphasized that partnership replication should focus more strongly on the transfer of learning about partnership processes, instead of copying partnership activities[lx]. In such circumstances, it may be a good idea for partners to return to the first phase of the Partnering Cycle to re-scope and re-plan the partnership and its future activities. This should be a much quicker process since, by this stage, there will be established working relationships and a track record of working together[lxi]. BDA staff can assist partners in the process of re-negotiating the partnership, by drawing attention to the following questions:

- What is the new focus? What are the new partnership objectives?
- Do the operational/management arrangements need to be changed?
- What are the new resource requirements? How will they be identified/agreed/secured?
- What are the new performance indicators, benchmarks and review processes?
- Will any/all of the current partners be involved and, if so, in what way(s)?

Upscaling, for instance, involves the expansion of the partnership project, maintaining or further diffusion of the mechanism, activities or outcomes of the partnership. Changes in scope are part of the process to scale up partnership activities both in relation to approaching additional target groups and beneficiaries, and increasing the effectiveness and inclusiveness of partnership approaches. Scaling up can include the involvement of new partners or adding new beneficiaries and target groups[lxii].

Partners have to be clear about reasons to upscale: upscaling can be used as a best-practice challenge, for instance to speed up the process or to disseminate its experience to other partnerships and topics. Upscaling can be also considered as a necessity: is the partnership a problem but does it address an important policy priority (for instance more financial support is needed or changes in the organization are needed)? In addition, partners have to be clear about what should be upscaled: the partnership as an organization, its values, or its initiatives. [*the Upscaling tool can be helpful for considering different upscaling strategies*]

Upscaling of the Augura banana partnership in Colombia

The initial partnership '*Alliance program for the socio-economic development of banana communities of Magdalena and Uraba*' by the Colombian banana export association *Augura,* the two foundations *Fundauniban and Corbanacol, a* number of cooperatives, the public training institute *SENA and the Dutch Embassy in Bogota* ran from 2006 to 2010 and created a new market opportunity that attracted private investments. Since October 2011, the partnership operates with a broader scope, focus and more partners. The focus turned towards including commercial aspects and the visibility of small banana producers in the international market. In Magdalena, for instance, the focus is now to work towards fairtrade certification with FLO. New partners have become involved in the partnership: *FLO* and *Max Havelaar*, *Acción Social* and the *Colombian Ministry of Agriculture and Rural Development*. This combination of national and international partners from both market and public sector promise a certain degree of sustainability of the intervention.

Reflection questions in the consolidation phase

- Which issues within the **partnership project** may affect moving on decisions? The project status? Capacity of project staff and beneficiaries to carry on the work? Availability of resources/income-generating potential for outcomes to become sustainable? Recognition from key stakeholders?
- Which issues **within the partnership** may affect moving on decisions? Quality of the partner relationship? Efficiency of the partnership management process? Level of continuing commitment of the partner organization and/or key individuals?
- Which issues within **the individual partner organization** may affect moving on decisions? Level of buy in to the partnership? Level of support from leadership/senior management? Satisfaction with the partnership to date? Continuing fit with current/changing organizational priorities? Willingness to continue to invest resources?
- Which issues related to national and/or local **context** may affect the moving on decision of partners? Political, economic situation/environmental conditions?
- Have all key stakeholders been involved in process and decision regarding the future of the partnership?
- Have partners taken sufficient time to explore the possibilities of moving on?
- How is learning from the partnership within the organizations, between partners and for externals safeguarded?

Source: Halper, E. (2009). *Moving On. Management for Partnership Transitions, Transformations and Exists*. IBLF: London.

3. Beyond the project perspective – managing the partnership portfolio

The partnership portfolio is conceptualized as the aggregate of all partnering activities undertaken by a single organization – a company, or for instance an Embassy or a specialized department. Partnership portfolio management is therefore referred to as dealing with questions regarding the strategic choices that an organization makes with regard to partnerships.

Partnering activities of an organization can differ significantly in type of partners, strength and scope of the relationships, and type of issues addressed. A strategic partnership portfolio includes more than a series of individual partnerships, but rather considers the entire network of partnerships[lxiii]. From business alliances it is acknowledged that interdependencies among individual alliances can be strategically important and that goal-oriented management of the alliance portfolio plays a decisive role in company performance[lxiv]. Designing and managing partnerships as a portfolio can be helpful for leveraging synergies between partnerships to their fullest potential, saving resources, spreading risks, leveraging knowledge sharing across partnerships and accelerating learning on partnership management for the organization, as well as achieving better alignment between partnerships and organization strategies[lxv].

In contrast to managing individual partnerships, from a portfolio perspective the focus shifts from the interest of the individual partners towards the strategy for partnerships of an organization. Partnerships and partners are selected based on their fit to the existing portfolio and how knowledge exchange can be enhanced between partnerships and partners. A portfolio approach changes the role of the manager; instead of managing partnership projects at arms' length, he/she has to moderate and prioritise the network of partnerships[lxvi].

Developing a partnership portfolio

Some preliminary steps can help to ensure the proper foundation for making more strategic use of partnerships: developing a partnership portfolio approach in the organization. Organizations should define the objectives which they aim to achieve through a partnering approach, and then define the structure of a partnership portfolio. Without any doubt, the organization has to ensure an enabling environment for successful partnering within the organization.

A number of aspects have to be taken into account when defining the objectives of a partnership portfolio approach:

Organization's mandate: A strategy should clearly determine the role partnerships can play in helping to achieve an organization's mandate. This means to reflect on how and why partnering – in particular with the private sector - can contribute to achieving strategic and general policy objectives. It may be the case that partnering with other organizations will increase complexity and is not the most suitable approach for achieving certain policy objectives (perhaps because partnering with the private sector is not possible in a certain country/region or issue). Therefore it is required to be clear what should be achieved by partnering (implementing projects, changing behaviour such as for instance corporate responsibility initiatives' or advocacy campaigns, or resource-mobilization)[lxvii] and what the BDA will contribute (funding, advice and brokerage, implementation support or policy dialogue and enabling environment)[lxviii].

Comparative institutional advantage: an 'institutional soul-searching'[lxix] should clarify what it is that makes the MinBuZa, Embassy or NL Agency a necessary and interesting partner for business (also compared with other BDAs). Comparative institutional advantage is based on the organization's mission, its attractiveness and unique space on the agenda in a country or related to a topic. What operational capability (e.g. ability to leverage human and financial resources, and its contacts with other actors) does the organization have which makes it unique? It is advisable for Dutch public entities to critically reflect on which types of partnerships correspond with their normative endowment and operational capacity and design their partnership strategy accordingly[lxx].

Capacity and expertise: Next to defining the strategy for partnerships of the BDA, it is also necessary to ensure expertise and capacity of the organization to manage a partnership portfolio[lxxi]. Joint training opportunities for partnership practitioners to strengthen partnership management skills are one possibility. The development of expertise could be also strengthened by trainings or study leave in the field of partnerships, for example. In a next step, guidelines can be developed on how to partner with business on a strategic, non-ad-hoc basis and in accordance with the BDA's comparative institutional advantage[lxxii]. The Centre of Expertise on PPPs and private sector of DDE developed training possibilities and offers other support for capacity and expertise development on PPPs and private sector projects.

Buy-in and leadership: Partnerships not only require specific capabilities and tools, but also specific mindsets and leadership characteristics. This requires ensuring buy-in and leadership from relevant stakeholders in the organization by designating specific members of senior management to oversee the portfolio, promote a coherent partnership approach towards the business community, and ensure that business knows whom to contact at DGIS, NL Agency and Embassies.

Partnership portfolio management

The management task of partnership portfolios – beyond the individual partnership – comprises four building blocks: strategy, monitoring, co-ordination and the establishment of a partnership management system[lxxiii].

(1) Developing and implementing a *portfolio strategy*, i.e. a main strategic direction for all partnerships in a particular department (partnership strategy) and general rules for managing all the partnerships of the entire organization (partnership portfolio policy).

(2) *Portfolio monitoring*, i.e. monitoring and controlling the contribution of the partnership portfolio to implement the organization strategies (monitoring the partnership strategy) and the corporate strategy (monitoring the partnership policy).

(3) *Portfolio co-ordination* to utilise synergies and avoid conflicts among partnerships.

(4) Institutionalising multi-partnership management, i.e. establishing a *partnership portfolio management system* to support the other tasks of multi-partnership management.

These tasks cannot be seen in isolation but rather in interaction, forming together a closed management loop which is based on three levels of decision-making: individual partnership, partnership strategy at the department level and partnership policy at the organization level. To ensure that the partnership portfolio contributes to achieving the organization's strategic goals, it is important that a dedicated partnership function is created as well as the development of standards and customized tools for multi-partnership management[lxxiv].

Reflection questions for partnership portfolio development and management

Strategic intent

- What roles can partnerships play in helping to achieve the organization's mandate?
- Are the necessary expertise, knowledge and processes in place for implementing the partnership strategy, for managing the partnership portfolio and for learning from successes and failures?
- Is enough institutional buy-in from senior management level guaranteed?

Portfolio structure

- How many partnerships are required to support the organization's strategy?
- Which specific partner characteristics can positively or negatively affect an organization's partnership portfolio?
- Does an organization repeat experiences with previous partners, or does it prefer to work every time with different partners?
- Which partnership configuration creates synergy or conflict (e.g. competitors)?
- How to deal with changes over time in a portfolio?
- How to ensure learning from a partnership portfolio?

Portfolio management

- How are partnerships institutionalized within the organization? Is there a separate department, team, or manager responsible for the management of the entire partnership portfolio? Do certain departments or individuals take responsibility for managing the organization's portfolio?
- What specific practices and procedures are used to manage the organization's partnership portfolio?
- How to transfer the knowledge gained in individual partnerships throughout the organization to use it in other partnerships in the organization's portfolio?
- How do monitoring and evaluation tools have to be designed to measure the 'partnership portfolio'?
- What are strategic/managerial challenges faced when managing the partnership portfolio?
- What essential organizational skills are needed to effectively manage the partnership portfolio of DGIS, Embassies or NL Agency?

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Appendix 1: Why have partnerships with the private sector emerged in development cooperation?

Partnering with the private sector in development cooperation is not new. Multilateral and bilateral donor agencies have long been advocating PPPs as a solution for public services in developing countries. In their classical form, PPPs were in particular aimed at building infrastructure, while overcoming classical free rider and underinvestment problems in the efficient provision of public goods. The partnering idea reached considerable momentum in the international development discussion since the midst of the 1990s. Partnering between parties with divergent perspectives fitted well into the growing recognition of 'sustainable development' – a term introduced in 1992 during the *Rio Conference on Environment and Development*. On search for more flexible and inclusive mechanisms for the implementation of globally agreed agreements, the *World Summit on Sustainable Development* (2002) resulted in voluntary multistakeholder initiatives for sustainable development (type II partnerships).

Active stakeholder involvement in policy-making and implementation emerged in parallel with shifts in roles of business, civil society and the public sector. Companies have gained experiences with corporate social responsibility programs; civil society organizations have increasingly turned their focus to actively work with the private sector for stimulating change instead of mainly campaigning against business practices; and the discourse on new forms of governance - where governments share responsibilities with non-state actors in order to accelerate sustainable development - supported the trend of collaborative approaches to development. In this context, partnerships between public donor agencies, private sector and civil society organizations have emerged as a promising modality towards effectively engaging business as an agent in international development cooperation[lxxv]. In 2011, partnerships with the private sector have been promoted at the *High Level Forum on Aid Effectiveness* in Busan as one key modality for international development cooperation. Lately, in the '*Future We Want*' outcome document of *Rio+20* (2012) partnerships for sustainable development and in particular with private sector contribution and participation are highlighted[lxxvi].

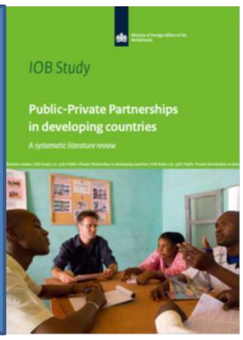
During the ***4th High Level Forum on Aid Effectiveness* in Busan** in November 2011, the *German Federal Ministry for Economic Cooperation and Development* together with the *Netherlands Ministry of Foreign Affairs, Global Compact*, the *International Business Leaders Forum*, the *Bertelsmann Stiftung*, the *Partnerships Resource Centre* and *UNDP*, hosted a side event about **Partnerships for Inclusive Business**. A distinguished panel of representatives from private sector, donor agencies and research institutions discussed together with 60 participants how governments, multilateral and bilateral donors most effectively inspire, promote and support inclusive business partnerships in order to have genuine, systemic impact on poverty reduction.

Summary report: http://www.partnershipsresourcecentre.org/website/var/assets/public/publicaties/reports/reports-2012/partnerships_for_inclusive_business_summary_of_side_event.pdf

What has made the partnering approach innovative in the past 20 years is that it requires actors from all societal sectors to move away from the conventional command-and-control approaches (e.g. of companies towards communities; of governments towards companies or NGOs) and to enter into voluntary implementation arrangements with non-traditional parties[lxxvii]. While development PPPs hold enormous promise, they are no panacea to sustainable development. Criticism is raised on partnership effectiveness; in particular related to the accountability, legitimacy, and the evidence of the real 'added value'. Therefore, now a strong focus of research and policy is on measuring partnerships real effectiveness. What the international trend on expanding and enhancing public and private partnerships will mean for development cooperation in future has to be seen in the coming years[lxxviii].

Want to read more about the effectiveness of PPPs in developing countries?

IOB Study (2013) *Public-Private Partnerships* in developing countries. (IOB Nr. 378). Den Haag



Appendix 2: International development partnerships with the private sector – a view beyond the Dutch border

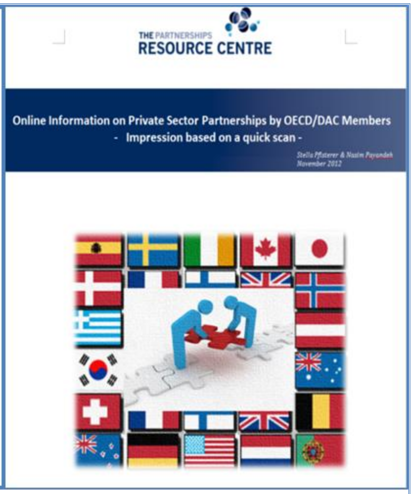
Bilateral donor agencies increasingly engage the private sector - whether these are individual businesses or business associations – in development activities. The members of the *OECD's Development Assistance Committee* have employed a variety of strategies, engagement models and financial and technical assistance facilities to promote private-sector development and to leverage private resources. Since 2000, several donor agencies have gained experiences in partnership programs with the private sector. Next to bilateral PPP programs, BDAs invest in programs and initiatives of multilaterals, such as for instance the *United Nations Development Program's Business Call to Action* that aims to mobilize the private sector to support development goals globally and at the country level. Such coordination and joint learning programs are important for increasing development effectiveness.

Want to know more? Consult the following report:

Pfisterer, S., Payandeh, N. (2012).

Online Information on Private Sector Partnerships by OECD/DAC Members. Impressions based on a quick scan.

PrC: Rotterdam.



develoPPP.de

Example: GERMANY

Public-private partnerships within the *Gesellschaft fuer Internationale Zusammenarbeit* (GIZ) follow the PPP strategy of the *Ministry for Economic Cooperation and Development* (BMZ) with the following tools:

- *Bilateral Agreements:* project initiatives targeting a specific country's population or dealing with priority issues in the framework of bilateral cooperation with a particular country can take advantage of the German cooperation directly through the country GIZ agencies and the budgets available to each country.
- 'South PPP Programme': this is particularly focused on SME development and/or involvement in the southern countries.
- Developpp.de: a global PPP program based on idea-competition to establish partnerships in developing countries.

Developpp.de was established in 1999, building up on its predecessor: the "*PPP Facility*", and it has become the overarching financing program for PPP initiatives. It is based on ideas-proposal and -competition for development projects in target countries, receiving up to a maximum of €205,800 in support. Such projects are divided in terms of sector and type of development objectives and various development implementation agencies of the BMZ (GIZ, DEG, and Sequa) are involved in channelling German cooperation. Each of these agencies focuses on particular topics embedded in project proposals. Next to the ideas competition aimed at supporting small-scale projects, *Developpp.de* established strategic alliances, with German maximum commitment of €800,000, for large-scale projects conducted in at least two countries and by at least two private partners.

The program has established 110 partnerships in 2011, raising the number to 1500 since 1999. German financial commitment to the program has totalled approx. €248 million. Private sector complementing contribution has been approx. €385 million since 1999. Evaluation of eligible projects is based on qualitative criteria such as:

- Above-average significance in the German framework of development policy
- Involvement of important institutions in developing partner countries
- Broad and positive impact on large sections of the poor populations
- Involvement of various and key interest groups, i.e. take a multi-stakeholder approach
- High level of innovation
- Potential for becoming an example of best practice
- Linked to a particular focus within bilateral development cooperation

Example: UNITED STATES (USAID)

USAID's approach to partnership translates into the market-based *Global Development Alliances* (GDA) Model. Since 2000, USAID has coordinated it GDA programme through the *Office for Innovation and Development Alliances* (IDEA).

The program has been effective in shifting private sector contribution from merely charitable donations and philanthropy to one more focused on its core business and capacities such that benefits are mutually taken advantage of, while CSR activities are undertaken. GDAs distinguish from conventional PPPs in that partners contribute own set of skills and resources, while PPP, by definition, are responsibility transfers to private sector. GDAs can be used in a variety of sectors including: microfinance and micro entrepreneurs, workforce development, democracy, education and economic growth.

Since its inception, the GDA program has channelled USAID's financial resources of approx. €466.8 million to around 1000 projects in many different developing countries. These co-implemented projects have seen a complimentary private contribution of €2 billion.

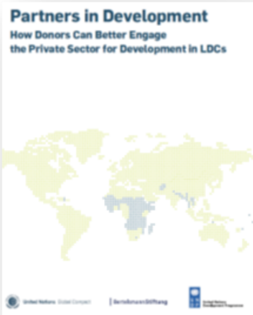
The GDA model's grant provision entails an initial proposal phase of projects, which later go through an evaluation/selection/approval process. Next to addressing business interests, GDAs must also build on USAID's objectives and mission. In this regard certain criteria must apply when considering an initiative as potential opportunity for collaboration::

- At least 1:1 leverage (in cash and in-kind) of USAID resources
- Common goals defined for all partners
- Jointly-defined solution to a social or economic development problem
- Non-traditional resource partners (companies, foundations, etc.)
- Shared resources, risks and results, with a preference for increased scale of impact
- Innovative, sustainable approaches to development.

Appendix 3: What do we actually know about development partnerships?

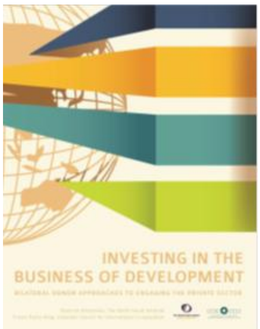
In recent years, several studies explored partnerships with private sector involvement in development cooperation. In general, they provide an overview of the general trend of development partnerships, focusing on themes related to the role and contribution of private sector in development and provide insights in different forms of private sector involvement in development cooperation.

Most research reports provide information on the underlying motivations of BDA's choice for public-private collaboration and their partnering strategies. In doing so, they shed light on donors' (and private partners') motives in seeking private sector support and resources towards development work, particular policies integrating PPPs in their development agendas, patterns in prioritization of target regions or sectors, and general partnering approaches, types, models or mechanisms employed by agencies. BDA-private sector partnerships are mainly discussed from the perspective of the BDA, and the focus of analysis is primarily on partnership best-practice examples, based on identified BDA's priorities and initiatives with regard to their collaboration with the private sector.



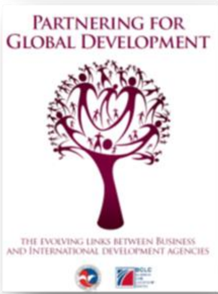
The report aims at "...explor[ing] how donors can effectively support public-private collaboration efforts in order to attract sustainable investments and foster development in LDCs."
(Peters, Gradl and Knobloch, 2011:9).

Often, the reports use a comparative approach, where they identify that despite sharing the underlying principle of mutual benefit, there are clear differences among particular BDA partnership programs, along a series of dimensions, such as the degree to which programs are integrated into mainstream development operations or the extent to which they allow for direct financial contributions to companies' core business operations. While some BDAs promote products or processes embedded in business operations that have positive impact for the community, other BDAs only involve private sector in non-core business areas[lxxix]. However, the broader picture of BDA development strategies and details of their partnering approaches are hardly analyzed. Evaluations of their partnering approaches or portfolio perspectives are not yet public available.



This paper aims at setting up "an initial mapping and exploratory assessment of bilateral donor strategies on the private sector and economic growth."
(Kindorney, S., Reilly-King, F. (2013:v)

The report aims at "...provid[ing] a concise yet analytically comprehensive summary of the key findings of the collaborative benchmarking study (of existing partnership schemes between donors and businesses)."
(Binder, Palenberg and Witte, 2007:10).



The objective of the report is to "...provide a first ever overview of diverse international development agencies' (IDAs) strategy for partnership with multi-national corporations (MNCs). This report aims to help MNCs understand, how IDA's operate and how they work with businesses, to create effective partnerships in developing countries."
(BCLC, 2009:5).

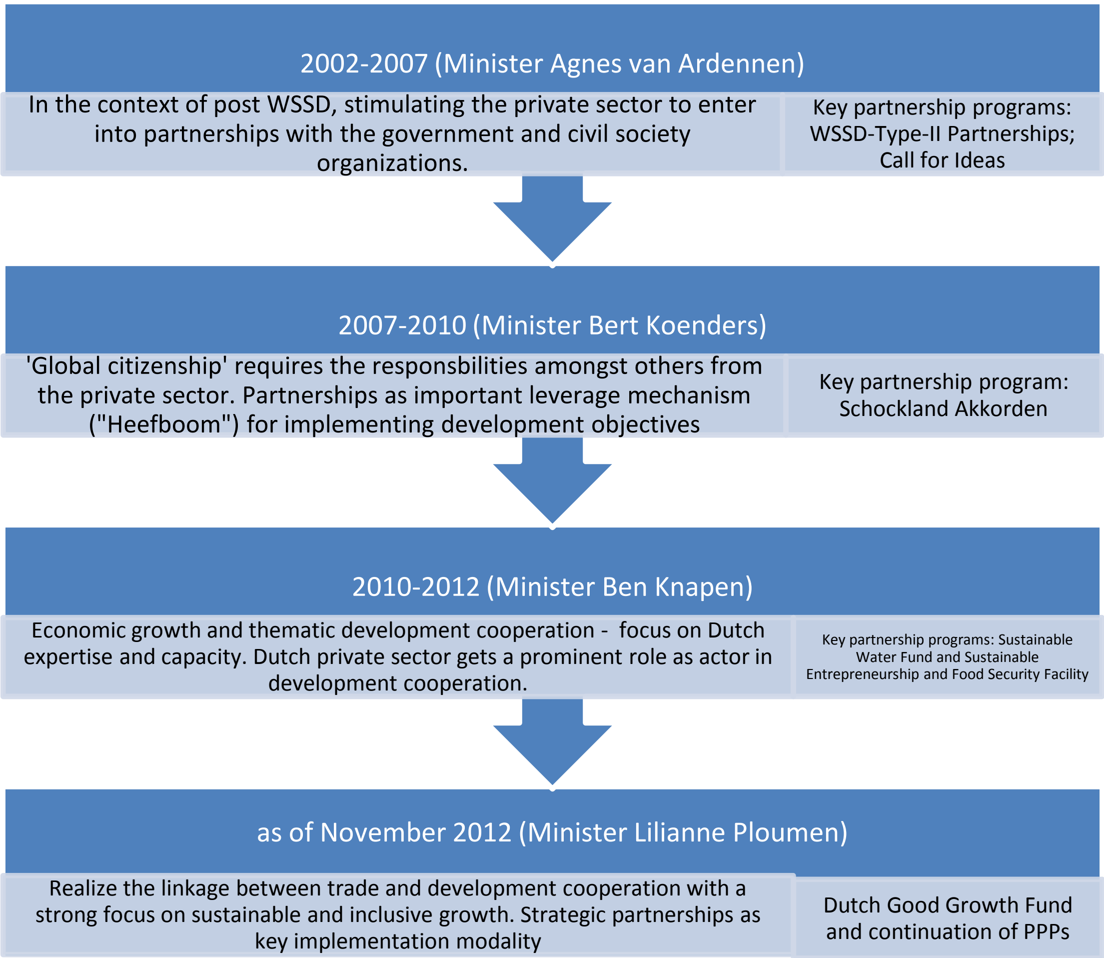
Appendix 4: 10 years Dutch PPP experience

Partnerships with the private sector in Dutch development cooperation show similar emergence patterns than the international PPP trend. With the stronger focus on ownership, collaboration (in contrast with the term aid) has become a prominent principle in Dutch development cooperation. Proceeding the *World Summit on Sustainable Development*, DGIS in collaboration with other Ministries has been involved in around 20 partnerships. Based on a governance rationale, most of these programs featured characteristics of 'Type II' partnerships where stakeholders set up a joint agenda for addressing an issue related to sustainable development. Collaboration between stakeholders has become a key necessity for receiving Dutch development funding. In 2007, for instance, the *Schokland Akkorden* program has been set up to stimulate cross-sector partnerships in order to bring efforts closer towards reaching the Millennium Development Goals. Not only cross-sector partnerships but also collaboration within sectors was increasingly stimulated throughout the past 10 years (e.g. civil society organizations joining their forces for receiving funding through the *Medefinacierings Stelsel II*).

Next to the collaborative paradigm, Dutch development cooperation has a strong focus on the role of the private sector for poverty reduction. Actively involving the private sector in development cooperation is not only required because of financial issues; advantages such as efficiency gains and innovation are expected by applying a business-approach in development. The ambition is therefore to define better the cross-sections of trade and development with the aim of strengthening a good investment climate and stimulating entrepreneurship and business in developing countries. The resulting synergy is expected to support poverty reduction through for instance the creation of employment possibilities. Current Dutch policy on private sector development differentiates five topics around which programs are developed: law and regulation, infrastructure, finance, knowledge and expertise and market entrance.

Involving the private sector in these five pillars is realized by a variety of financial and non-financial instruments. It is estimated that around 9% of the Dutch development budget is channelled through the private sector in 2013 and increasingly in form of formal collaborations such as public-private partnerships[lxxx]. Partnerships between government, companies, civil society organization and knowledge institutions are expected to deliver direct results and impact. Since 2002, Dutch development cooperation has gained experience in more than 80 partnership projects with private sector involvement. The objective of development partnerships with the private sector is to actively engage (Dutch) business in development cooperation. With the advice to reform development policy by the *Scientific Council for Government Policy* (WRR) in 2010, the new policy directions and budget cuts in development cooperation (in 2012, 21% less development money has been spend compared with 2010 and 2011[lxxxi]), funding for partnerships with the private sector has become more focused towards a selection of sectors and countries and more integrated in Dutch policy. The policy trend in the past three years is to focus on areas where Dutch organizations can make a difference internationally and where at the same time, Dutch interests are satisfied. With the move from 'aid to investment', partnerships have become a key modality and (Dutch) business an important actor in Dutch development cooperation.

DGIS not only works on a strategic partnership portfolio, but constantly reflects on how to create an enabling environment for partnerships in its organization as well as in collaboration with other Ministries and the NL Agency. An increased collaboration between ministries, departments, embassies and NL Agency related to partnerships is realized. The *Department for Sustainable Economic Development* (DDE) of DGIS has set up a specialized partnership unit, which is expected to bundle partnering experience and partnering in the organization. This Expert Centre aims to enable knowledge exchange on partnerships in form of trainings (or this navigator), and develop support systems for a range of partnerships.



World Summit on Sustainable Development Partnerships[lxxxii]

Partnerships are a major outcome of the World Summit on Sustainable Development (WSSD) in Johannesburg (2002). In particular so-called 'Type II partnerships' have been set up to effectively implement the United Nations' Agenda 21 and Millennium Development Goals. They are characterised by voluntary collaborations between national or sub-national governments, private sector actors and civil society actors with the objective to meet specific sustainable development goals.

DGIS has been involved in approximately 20 WSSD partnerships. Partnerships initiated under this framework address several sectors, have implemented in different countries and followed no standard criteria. Specific modalities of the partnerships (including targets, timetables, monitoring arrangements, coordination and implementation mechanisms, arrangements for predictable funding and technology transfer, etc.) have been elaborated by the partners.

Example Case: Partnership for Capacity Building and Market Access' in East African export-oriented horticulture in Kenya (2004-2009)

Partners

Dutch Ministry of Foreign Affairs, Former Dutch Ministry of Agriculture and Food Safety, African Horticultural Export Associations, Kenyan Ministry of Agriculture; Fresh Produce Export Association of Kenya, Kenya National Federation of Agricultural Producers, Kenya Flower Council, Kenya Horticultural Development Project

Project partners: KEPHIS, Agrifresh, Equator Products, Africa Now, Wageningen Agricultural Economic Research (LEI), KARI, HCDA

Main Goal

(a) market access to the European market through capacity building to comply with food safety regulations

(b) strengthening structures and awareness rising to contribute to sustainable development,

Selected Results

Development of a business plan for a permanent industry-driven, vocational and middle-level management training program

Encouraging the participation of smallholders farmers in the export floriculture (322 farmers have been linked to flower exporting companies and 251 farmers are selling quality flowers to the market)

Development of phytosanitary standards and procedures

Call for Ideas[lxxxiii]

In late 2003, the DGIS launched a 'Call for Ideas' for partnerships. Through the call, the Minister made 20 million euro available and invited private companies to submit ideas on for the themes: water, energy, health, agriculture and biodiversity. The objective was to involve the private sector more actively in developing countries through public-private partnerships. 385 project proposals were submitted and eventually 17 proposals were selected and funded. The program was organized under the responsibility of the former *Department for Environment and Water* (DMW) of DGIS but the assessment of the proposals involved other DGIS departments and external consultants.

Example Case: Establishing a Fund for Connecting Rural People to a Natural Gas Distribution Network in Colombia (2004-2007)

Partners

Promigas, Promigas Foundation, Surtigas, Gases del Caribe, Embassy of the Kingdom of the Netherlands

Main Goal

Contribute to improvement of the quality of life of communities in rural Caribbean region by connecting them to natural gas services and involving them in social programs

Selected Results

10,719 households connected to natural gas network and productive entrepreneurship

Family responsiblity training (1624 families) and healthy reader program (39 schools involved)

Criteria for eligible projects included:

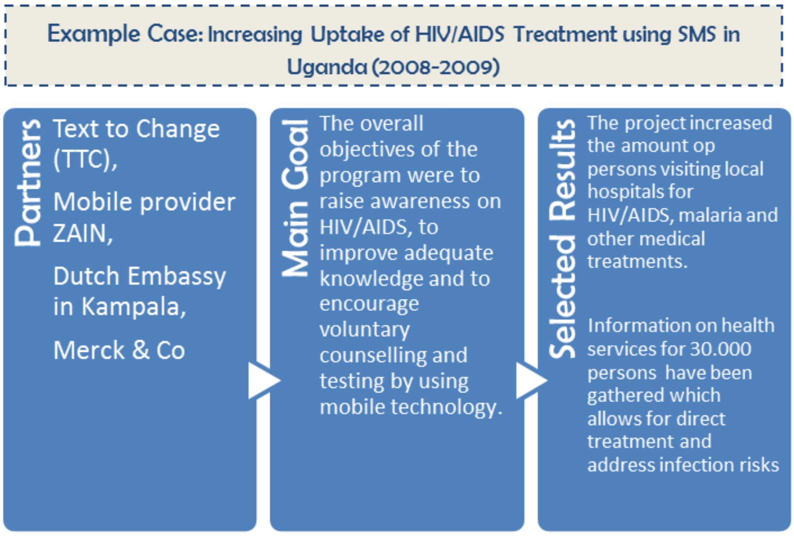
- A shared project between at least the public and private sector
- Implementation of the project was restricted to one of 36 partner countries
- DGIS commitment does not exceed 50% of the total costs and the public contribution should range between 0,2 and 1.0 million euro

Schokland Akkorden[lxxxiv]

In June 2007, 35 agreements were signed between ministers, local councils, NGOs, private organizations and universities at the Schokland conference. Few of these agreements had already been worked out in detail at the time of signing, giving DGIS time to finalize the program framework, comprising of 50 million euro for the period 2008-2012.

The objective of Schokland was to facilitate innovative, society-wide initiatives that significantly and effectively contribute to the Millennium Development Goals (MDGs). From November 2007 onwards, two rounds of applications resulted in 28 grants for different partnerships. The partnership themes include: sustainable trade and water, sanitation and hygiene, sustainable biomass, sexual and reproductive health rights and better access to financial services. Projects were assessed on general grant legislation and ranked on their relevance. Criteria for eligible projects include:

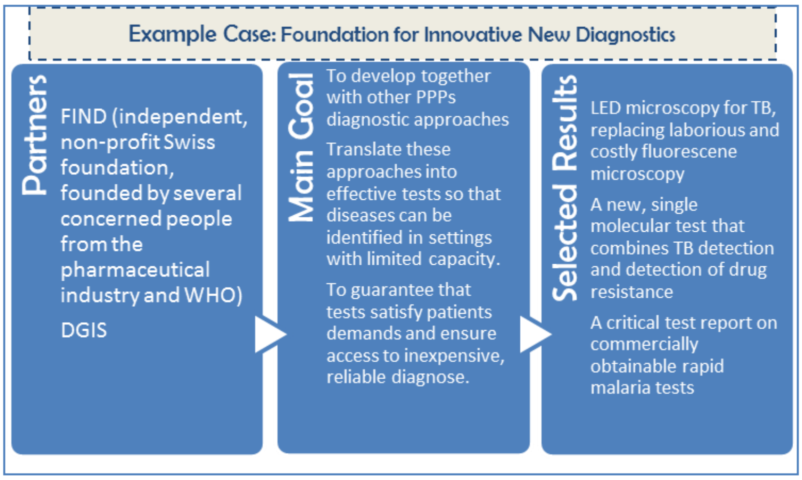
- Public financial commitment will not exceed 40% of the total costs and should range between 0.1 and 6.0 million euro.
- Activities should directly impact at least one of the MDG
- The partnership includes at least two Dutch organizations with each significant added value
- The initiatives need to be innovative in their approach, means or technology.



Product Development Partnership[lxxxv]

The Product Development Partnership (PDP) was set up for the period 2006-2009 with a commitment of 80 million euro by DGIS. PDPs objective is to encourage research and development of medicines and other resources to combat poverty-related diseases, such as tuberculosis, HIV/AIDS and tropical diseases. Anticipated results are increased production of effective medicines, greater access of developing countries, stimulate innovation, increase R&D capacity of developing countries and increase the voice of developing countries in international health debate.

Besides grant provision and monitoring progress, DGIS is involved in 'constructive cooperation' within the PDP funders groups. Evaluations concluded that PDPs have a positive impact. For example, a WHO expert working group on R&D coordination and financing concludes that PDPs are: "*Perhaps the most promising approach for linking the capacity of public and private sector to address the problem"* (WHO, 2010; cited in Product Development Partnerships, 2010). The renewed PDP program involves eight partnerships and 70 million euro of DGIS commitment between 2011 and 2014. The *Department Social Development (DSO)* of DGIS is responsible for the PDP program.

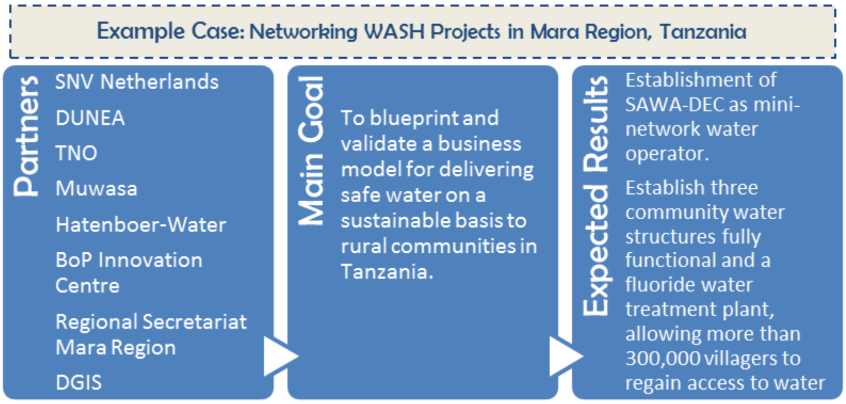


Criteria include:

- Active involvement of both public and private actors
- No separate legal entity required, contractual agreement among parties is sufficient.
- Grants are only provided towards new activities.
- Both costs and risks are shared among partners
- The lead-partner is not for-profit organization.
- DGIS commitment does not exceed 50% of the total costs and range between 1.0 and 4.0 million euro per year.

Sustainable Water Fund[lxxxvi]

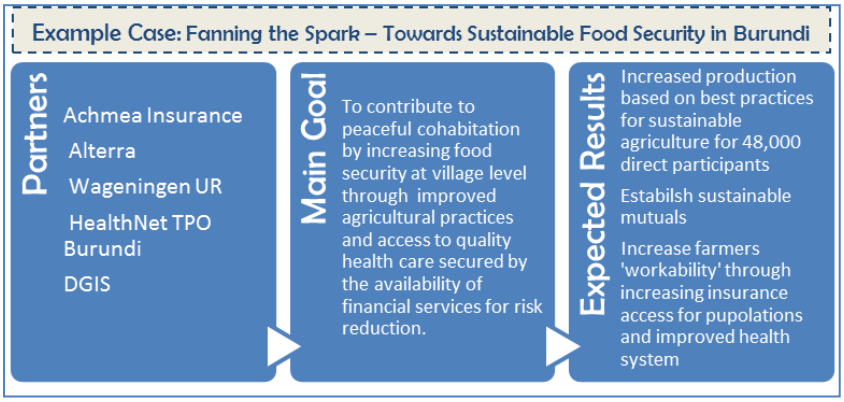
In 2012, the *Sustainable Water Fund* (FDW) was set up to stimulate public-private partnerships in the water sector in order to support water safety and water reliability in developing countries. Governmental bodies, industry and civil society organizations and knowledge institutions are asked to develop innovative project proposals that focus on one of the following sub-themes (a) improved access to drinking water and sanitation; (b) efficient and sustainable water use, particularly within agriculture and (c) safe deltas and improved basin management.



The Fund contributes a maximum of 50% (min. 500.000 and max. 15 million) to the total program/project costs. It is considered as complementary to the financial contributions of the partners for a maximum period of seven years. The partnership should consist of at least one public partner and a company. In addition, a civil society organization or a knowledge institution has to be involved. One of the partners should be of Dutch origin and another has to be based in the country of implementation. In 2013, a total budget of €38,847,207 has been approved and 14 projects have been selected for implementation.

Sustainable Entrepreneurship and Food Security Facility[lxxxvii]

The *Sustainable Entrepreneurship and Food Security Facility* (FDOV) stimulates public-private partnerships for food security and private sector development in developing countries. Governmental parties, private sector, civil society organizations and knowledge institutions can collectively enter into a partnership with DGIS and become eligible for subsidies for a program that focuses on a number of relevant sub-themes for food security (increasing sustainable food production; improving access to healthy food, increasing market efficiency; improving the entrepreneurial climate) and/or for sustainable entrepreneurship (legislation entrepreneurship; infrastructure; financial sector; knowledge and skills and market access and development).

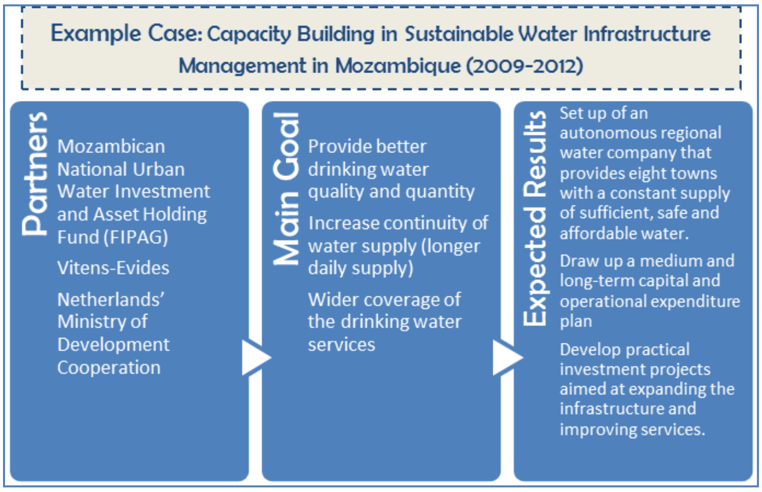


The partnership should encompass at least one business partner. The Dutch Ministry of

Foreign Affairs is at least one of the public partners. Preferably, other public institutions will also form part of the partnership. Participation by a NGO or knowledge institution is not a condition but preferred. Of the participating parties, at least one must be located in The Netherlands and at least one must be from the country in which the activity is being implemented. One party will function as secretary for the partnership. This secretarial role can be taken on by both Dutch and foreign parties. The Facility was set up in 2012, 29 projects have been approved with a total budget of €63,756,431.

Partnerships with individual companies[lxxxviii]

Next to partnership projects embedded in programs, the Dutch government has a number of partnerships with an individual company in its portfolio which do not belong to one of the key PPP programs. This happens in case public and private partners have decided to enter into a partnership without having worked out its practicalities. If more than one qualified private partner is in principle capable of doing the work, a private party needs to be chosen to do it in accordance with the existing tendering rules.



Appendix 5: Coming to terms with value creation – an example

Ethiopian – Netherlands Horticulture Partnership

In 2007, the *Ethiopian Horticulture Producers and Exporters Association* (EHPEA), the *Ethiopian government* and the *Dutch Embassy in Addis Abeba* joint forces in a public-private partnership program to strengthen the capacity of the export-oriented horticulture sector in Ethiopia to become sustainable.

Strategic capacity building support for the Ethiopian horticulture sector was highly required

in order to avoid the development of a hit-and-run sector. The WSSD partnership entered at the right time the scene in Ethiopia. Together with a network of Dutch companies, knowledge and public institutions activities have been implemented which aimed to build up an integrated industry driven strategy for the sector.

The partnership achieved **synergistic value –** *a benefit which could only be achieved through a partnering approach* **-** through the cooperation of Dutch and Ethiopian actors which resulted in amongst others the implementation of a tailor-made Code of Conduct for the Ethiopian context. Through the consultative mechanism included in the partnership design a 'window of opportunity' for the private sector has been created. The Ethiopian government recognized the important role of business for benefiting the sector and the whole country. Through working together, partners developed confidence in each other and in the process of jointly addressing problems. An additional **interaction value** – *intangibles that derive from the process of working together* - was that the

collaboration enriched the understanding that a partnership is not only enabling material support (**transferred value** – *benefit derived by partner from receiving a resource from the other partner)* but knowledge exchange and learning from each other.

It was obvious that the **value** of the Dutch contribution consisted mainly in bringing in organizations and networks with knowledge and technology. The Dutch embassy played an important role in bridging the interest of the private and the public sector in Ethiopia and creates linkages to Dutch organizations[lxxxix].

Get an impression of this partnership project in Ethiopia: http://vimeo.com/19471375

Appendix 6: Partnership portfolios

The State of Partnerships Report 2010 presents a first systematic effort to describe and analyze the cross-sector partnership strategies of the world's biggest (multinational) corporations.

This report acknowledges that companies do not release comprehensive statements on the way they manage their portfolio of partnerships. But all firms do have a portfolio of partnerships, although they are perhaps only recently becoming aware of the need to actually manage this portfolio. The development of many cross-sector partnerships tend to be ad-hoc, uncoordinated and decentralized, which raises serious but very basic questions. What pattern of partnerships has emerged, with whom and why? How should success be measured? What is the impact of this portfolio on the performance of the firm?

Although the effective management of a portfolio of cross-sector partnerships largely remains unknown territory for scholars and practitioners alike, the lessons learned from intra-sector (firm-firm) alliance research may help better understand cross-sector partnership portfolios.

[1] Partnership portfolio emergence: why and how do organizations build partnership portfolios? For cross-sector partnerships companies search for partners in particular because of shared societal problems (issues), complementary competencies and the like. This process has been largely bottom-up, opportunity driven and based on ad-hoc considerations. A major boost to partnering has been provided by (inter)governmental organizations like the UN that asked for partnerships instead of subsidy relationships. Why partnership portfolios are built is relatively clear, why they are sometimes not built [even when there is ample reasons to do so] is less clear, how they are built is mostly unclear.

[2] Partnership portfolio configuration: which configurations choices do organizations make? This report documented a variety of portfolio sizes with many different partners, and a variety of relational characteristics that have been changing over time. The portfolio of actual partnerships is rather fragmented and seems to lack an overall strategy. How to define and operationalise an optimal partnership portfolio configuration is not yet dealt with neither by management scholars nor by practitioners. This study identified a number of exemplary companies that developed a more or less coherent configuration of cross-sector partnerships. These companies bring together a relatively high number of partnerships in relatively dense portfolios in terms of actors, organizations, issues and geography. But even for these firms, it is difficult to draw any lessons from their actual experience or identify a clear strategy that can also be linked to their core competencies.

[3] Partnership portfolio management: how do organizations manage their partnership portfolio? The fragmented nature of partnership portfolios also affects the way in which organizations manage their partnerships, both in terms of capabilities and management approaches and tools. In the background study for this report, we found a scattered landscape of management tools, unclear capabilities which largely were applied in individual partnership projects. Accumulation and sharing of knowledge within the own organization proofs very difficult, not in the least because different functional departments have been involved. Monitoring and evaluation tools are not yet very sophisticated and hardly ever linked to the problem or issue at hand; practical tools are still being developed.

Report available at: http://partnershipsresourcecentre.org/publication/reports/reports-2010/report2010-firms

Appendix 7: Example Partnership Portfolio

The book *Managing the Transition to a Sustainable Enterprise – Lessons from Frontrunner Companies* is based on qualitative and quantitative research on twenty frontrunner companies located in the Netherlands. The research included a systematic survey of employees, as well as in-depth interviews with members of the board of directors and managers involved in the process, with the objective of tracing the journey travelled by those twenty companies towards achieving sustainability.

The research showed that every company engages in more or less formalised consultation with key stakeholders. Most companies occupied with sustainability participate in roundtable discussions, platforms and partnerships in which a multitude of stakeholders are represented. Stakeholder engagement increasingly becomes 'multi-stakeholder engagement'.

Research into the effectiveness of these kinds of platform and partnership shows that they do not always function well. This is firstly because too many stakeholders participate, creating an administrative problem. Secondly the right stakeholders may not participate: key stakeholders are missing, perhaps because otherwise the alliance could not be formed at all. Platforms are normally a 'coalition of the willing', but that is not necessarily the best form of coalition. What initially looks like an easy platform later becomes burdensome, with participants appearing to collaborate but retaining ingrained perspectives. More fundamental challenge in this case relies on coupling partnerships with specific issues. If the issue arises from a lack of regulation, it is dangerous not to involve the government in the collaboration. In a later phase it could frustrate every solution.

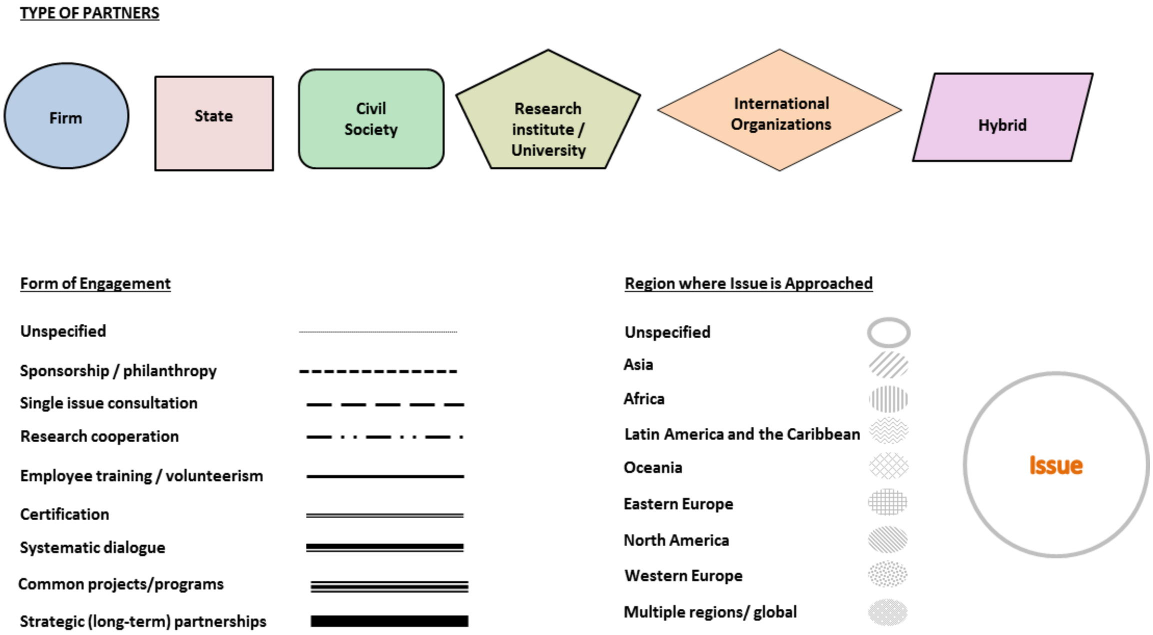
Various initiatives may overlap, causing competition between platforms. This is not always problematic, as competing initiatives spur participants on to higher ambitions, but overlap often leads to confusion. Well known examples of this problem are partnerships relating to brands and labels, which cause confusion and bring the sustainability agenda to stagnation after the first phase of encouragement. In these collaborative relationships complex governance problems can arise. Who leads, who profits the most from the collaboration, and how can one best harmonise conflicting interests?

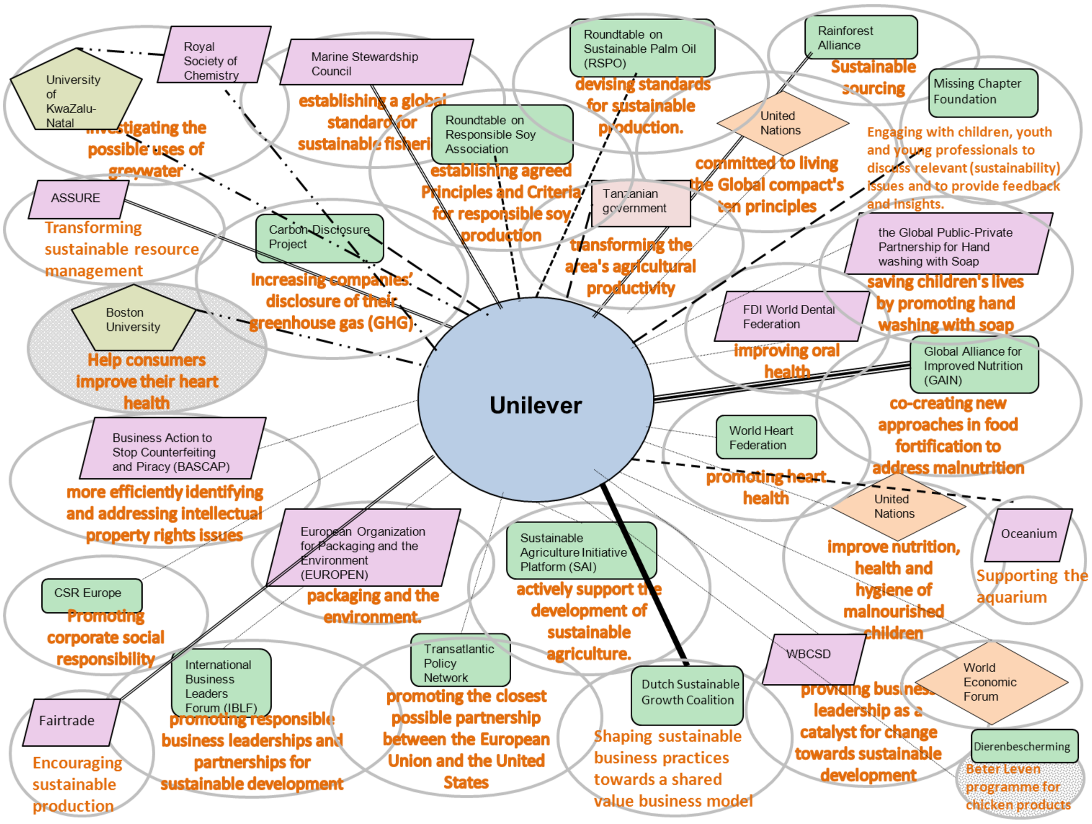
Finally these alliances form an evaluation task: how to assess the impact of the partnership and ascertain whether other forms of collaboration would have been more effective. There is much progress to be made when it comes to monitoring and evaluating partnerships.

Another more concrete management challenge emerges. A company such as Unilever led the way in the Netherlands in engaging stakeholders. Formal partnerships were soon formed to address a number of strategic challenges. An example is the Marine Stewardship Council (MSC). Later Unilever formed partnerships in many areas, sometimes due to defensive considerations to keep criticism at bay, but increasingly in order to formulate new rules to the game and come up with methods for tackling knotty problems facing both the company and society.

This creates a management challenge: how to deal with the expanding range of stakeholder contacts and portfolio of partnerships. For example in recent years Unilever formed partnerships with stakeholders from industry, government, international organisations, society and academia. The figure below gives a rough impression of the resulting 'topology' of Unilever's partnership portfolio. Under this worldwide alliance strategy there is also a network of national and sometimes even regional stakeholder networks. What is immediately obvious on a global level is the enormous complexity of Unilever's portfolio. There is considerable diversity of subjects and variable intensity in the relationships (indicated by line thickness). Some initiatives also appear to overlap or work towards similar goals.

A company's partnership portfolio often does not come into being based on well considered choices. It develops over the years, so there will be alliances for which the logic is no longer clear. There is also little harmony between the various partnerships (often established with different departments), so that there are internal as well as external alignment problems. Where an extensive portfolio of partnerships is a precondition for movement to the next phase of sustainability, a badly managed portfolio is a barrier to progress. Many companies appear not to consider what the partnership means for their partners, and are then surprised when the partner treats the collaboration differently from the company.





Unilever's key partnerships

Source: © Partnerships Resource Centre (PrC) ; Based on Unilever Sustainable Living Plan, 2010, supplemented with information from the website and the company

Dutch version available at: http://www.vangorcum.nl/NL_toonBoek.asp?PublID=4752-0

English version available at: http://www.routledge.com/sustainability/

THE PARTNERSHIPS RESOURCE CENTRE

the partnering initiative

Tool: Stakeholder Mapping

STAKEHOLDER MAPPING
Determining who matters and why

Use: To identify all the organisations and individuals who need to be taken account of by a potential partnership project and who might play some role in the partnership

Partnering phase: Early scoping phase

Introduction

Stakeholders can be defined as[1]:

- those whose interests are affected by the issue or those whose activities strongly affect the issue;
- those who possess resources of all kinds (financial, influence, expertise) needed for strategy formulation and implementation;
- those who control relevant implementation "instruments" (usually the public sector).

The stakeholder mapping exercise provides a systematic approach to identifying all interested / interesting parties and begins to help to distinguish the roles each of these might take in relation to a new partnership project.

Initially, the information available will be limited and the mappings will need to be adjusted as more intelligence comes in.

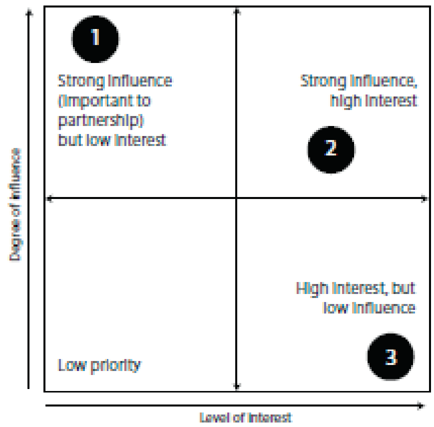
Mapping 1: Initial sweep

In the first stage, as many organisations and individuals from across the sectors are identified and mapped in a grid similar to that below, with their specific interest detailed in the relevant box:

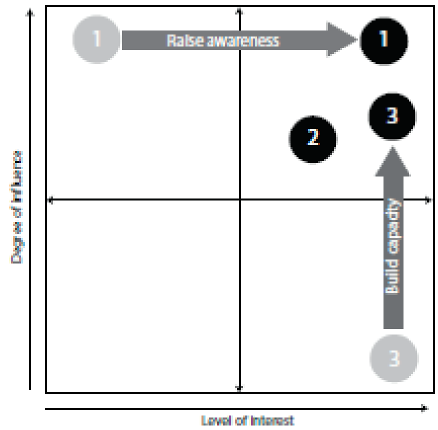
Stakeholder	Affecting	Affected by	Resources	Instrument
Name 1				
Name 2				
Name 3				

Mapping 2: Influence against interest

Stakeholders are mapped within a 'Boston Square' to capture the degree to which each stakeholder has influence over the relevant issues / possible partnership objectives, and their level of interest.



Ideal partners will have both a strong influence over and high interest in the objectives of the partnership. However, it is rarely so clear cut. By classifying stakeholders in this way, one can determine cases where: 1) significant awareness-raising is required to turn a highly-influential but low-interest stakeholder into an interested potential partner or 2) significant capacity development is required to turn a stakeholder with high interest but low influence into a stronger potential partner.



Mapping 3: Roles and degree of engagement

Multiple different organisations and individuals might play roles in a partnership project, but not necessarily as partners. This mapping of stakeholders, begins to outline the roles and level of engagement of the various stakeholders.

As the partnership is developed and relationships are built, stakeholders might well change their roles.

Role	Stakeholders
Partner	
Contractor	
Influencer / champion	
Disseminator	
Funder	
Informer / consultation	
Knowledge provider	
Regulator	
Beneficiary	
Other	

[1] Definition is adapted from Urban Governance Toolkit Series - UN-HABITAT

Source: The Partnering Initiative

Tool: Partner Assessment Form

Partner Assessment Form

A 'prompter' enabling those creating a partnership to ask systematic questions of any potential partner to ensure a good fit with the goals / needs of the partnership. This tool should be used as a starting point for exploring a potential relationship by providing a basis for frank discussions with the key players involved at both senior and operational levels. It is designed to raise appropriate questions - not to provide definitive 'screening'.

DOES THE PROSPECTIVE PARTNER ORGANISATION HAVE...	CURRENT STATUS A review of: • What you know so far • The reliability of your sources of information • Whether you have enough information upon which to base a decision	FURTHER ACTIONS A note of: • Further information required • Remaining concerns • Timetable and criteria for making a decision about suitability
1. A good track record?		
2. Reasonable standing / respect within their own sector?		
3. Reasonable standing / respect from other sectors and other key players?		
4. Wide-ranging and useful contacts they are willing to share?		
5. Access to relevant information / resources / experience?		
6. Skills and competencies that complement those of your organisation and / or other partners?		
7. Sound management and governance structures?		
8. A record of financial stability and reliability?		
9. A stable staff group?		
10. Sticking power when things get tough?		
ARE THE STAFF IN THE PROSPECTIVE PARTNER ORGANISATION . . .		
11. Experienced and reliable in the development of projects?		
12. Successful at mobilising and managing resources?		
13. Good communicators and team players?		

Source: International Business Leaders Forum: *The Partnering Roles and Skills Questionnaire*.

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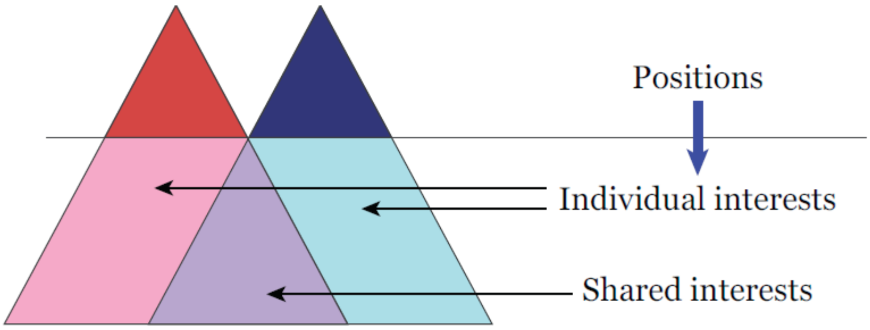
Tool: Key Principles of Interest-Based Negotiation

KEY PRINCIPLES OF INTEREST-BASED NEGOTIATION

Finding out what people really need and reaching consensus

Use: To draw people down from positions to interests and find common ground



Build trust through mutual understanding and meaningful communication

- Use active listening to put people at their ease and draw them out
- Draw out blockages (e.g. bad histories between organisations, misunderstandings, hidden agendas)
- Identify different interpretations of facts and encourage all parties to understand and appreciate others' perspectives

Focus on revealing underlying Interests rather than Positions

"Your position is something you have decided upon. Your interests are what caused you to so decide."

- Use open questions to find out why people hold the positions they do and draw out their underlying interests
- Challenge assumptions (subtly where necessary rather than directly)

Widen the options for a solution through the creativity and lateral thinking that comes from joint problem solving

- As a first stage, encourage the widest possible brainstorming of options irrespective of feasibility, keeping criticism of those options to a second stage of evaluation.
- 'Solve the analogy' – consider an analogous situation, solve that situation and see if you can map back the solutions to the situation at hand

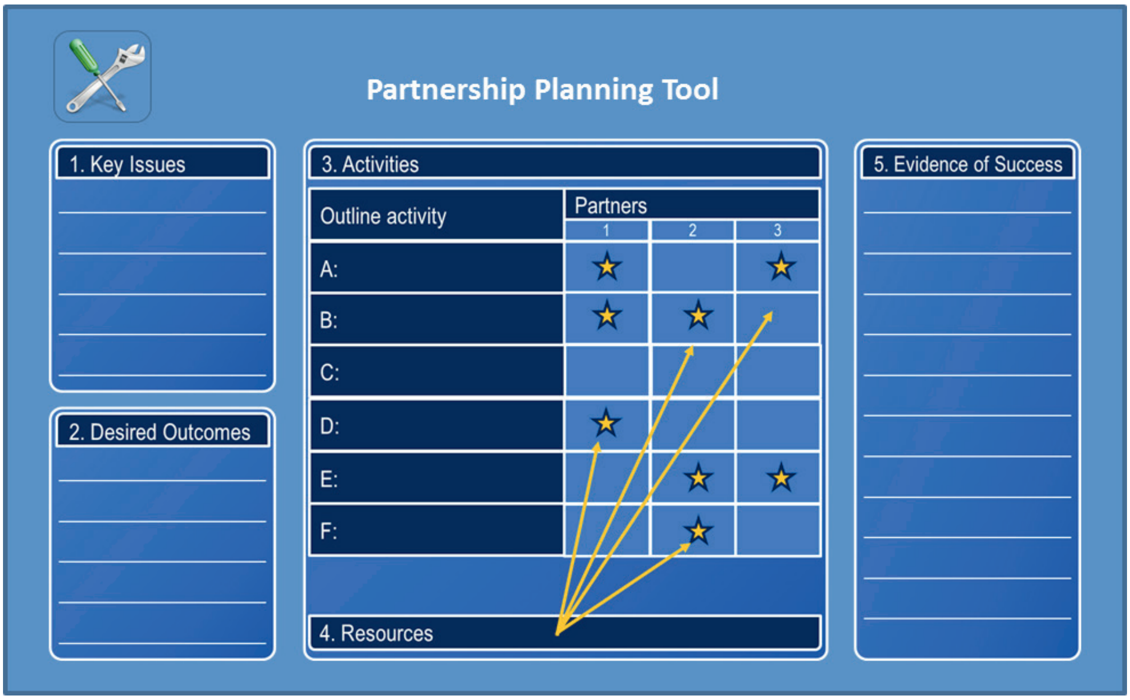
Reach agreement that satisfies interests and adds value for all parties

- Ensure the solutions provide a reasonable balance of benefits to all partners and satisfy their interests.
- Not all interests must be shared, as long as individual interests are complementary, not in conflict.

Adversarial negotiation	Interest-based negotiation
vs. Argument	Conversation
Winners and losers Based on set positions	Joint problem solving to find joint solution Based on underlying interests
Concentrates on self-interest Likely negative effect on relationship	Appreciates all partners' interests /constraints Helps to build relationship

Source: The Partnering Initiative

Tool: Partnership Planning Tool



Source: The Partnering Initiative

Tool: Partnership Management Options

MANAGEMENT OPTION	ADVANTAGES	DISADVANTAGES
CENTRALISED MANAGEMENT (i.e., management of partnership or project taken on by one partner organisation on behalf of the partnership)	• Maximum efficiency • Unambiguous decision-making procedures and day-to-day management systems • Familiar / conventional management approach • 'One-stop shop' for external agencies / individuals • Quicker response time	• Too distant from experience / potential contribution of other partners • Too much influence / control perceived to be in the hands of one partner • Too conventional for flexible needs of the partnership • May take decisions inappropriately quickly
DE-CENTRALISED MANAGEMENT (i.e., different aspects of management shared between the partner organisations)	• Maximum diversity at operational levels • More opportunities for individual leadership • Shared sense of 'ownership' • Moving away from conventional 'power bases' • Greater freedom of operation	• Greater potential for conflicts of interest • Partners / individuals feeling isolated • Cumbersome decision-making processes • Lack of coherence
MANAGEMENT BY MANDATE (i.e., specific tasks contracted on a case-by-case basis to individuals or single partner organisations who / which are answerable to the partners as a group)	• Allows for those who have most time (or care most about the task) to be given the role • Highly flexible approach that can be reviewed and changed as often as necessary • Shares tasks between partners and promotes a sense of collective responsibility	• Tasks need to be clearly defined and allocated appropriately • Highly dependent on individual's action and reliability • Risks individuals / single partner organisations 'doing their own thing' without adequate reference to the partner group

Source: Tennyson, R. (2003). *The Partnering Toolbook*. IBLF and Gain: London.

Tool: Resource Map

Undertake a resource mapping exercise helps to assess what resources are needed and what each of the partners is able and willing to contribute – understanding the term 'resources' to cover knowledge & expertise, competencies, equipment, products, networks & relationships, influence, labour as well as cash. Building such a resource map is an excellent way to build equity in the partnership because it offers the opportunity for every partner organization to contribute from their areas of strength (Source: The Partnering Initiative: *Resource Mapping – Handout*).

Source: Tennyson, R. (2003). *The Partnering Toolbox*. IBLF and Gain: London.

Tool: Partnership Agreement Scorecard

PARTNERING AGREEMENT SCORECARD

Ensuring the essential elements are in place

Use: To rate a partnering agreement to ensure it contains the essential elements

Partnering phase: Development of a partnering agreement

The ideal partnering agreement is designed to capture an agreed collaboration that has been co-created (not imposed by one or other partner). Often such an agreement can be split into an over-arching partnering "Memorandum of Understanding" (MoU) alongside other forms of agreement or contract for the delivery of specific activities or transfer of resources. Ideally the agreement becomes an expression of the vision, aspirations, hoped-for results of the partnership both from each partner's perspective, and collectively, rather than simply a means of control.

By attempting to embed the core partnering principles of equity, mutual benefit and transparency into the agreement, the process itself can help push a transactional relationship towards being more of a partnership.

Ingredient	Score (0-10) or n/a	Comments (e.g., what could be adapted to make it more appropriate to a partnership?)
WHO?		
Description of partner organizations (incl. mission)		
Identification of representatives and their status		
WHY?		
Vision statement		
Shared objectives		
Individual partner objectives		
WHAT?		
Proposed project/activities		
Outline work plan		
Resource commitments from each partner		
Roles and responsibilities		
Performance indicators		
Sustainability strategy		
Risks (collective and to each partner)		
WHEN?		
Timeframes		
Milestones		

HOW?		
Relationship management protocols		
Governance arrangements		
Decision-making procedures		
Funding arrangements (possibly covered by further contracts)		
Measures to mitigate risks		
Measures to strengthen partnering capacity		
Metrics for monitoring & measuring partnership performance against each partners' objectives & shared objectives		
Health check/review procedures		

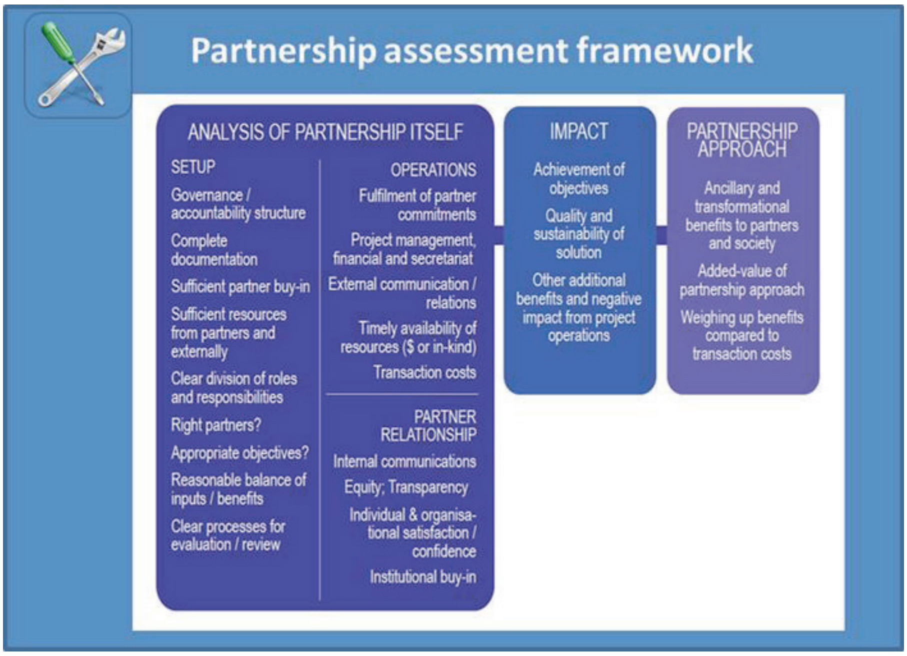
COMMUNICATIONS		
Procedures for on-going partner communications		
Rules for branding (using own, each others)		
Rules for the public profile of the partnership		
Intellectual property and confidentiality rules		
Protocols for communicating with constituents and other interested parties		

WHAT IF?		
Grievance mechanism to resolve differences		
Rules for individual partners to leave or join		
Exit ("moving on") strategy for partnership as a whole (in particular to ensure sustainability of outcomes)		

TOTAL SCORE:___ out of ___

Source: The Partnering Initiative: *Partnering Scorecard*.

Tool: Partnership Assessment Framework



Source: The Partnering Initiative

Tool: Partnership obstacles and strategies

<table>
<tr><th>Type of obstacle</th><th>Example</th><th>Possible strategy</th></tr>
<tr><td rowspan="3">Individual</td><td>No spare capacity (e.g. time)</td><td rowspan="3">Be open and supportive on a one-on-one basis and suggest strategies to bring about change

Where possible, suggest trainings for developing skills</td></tr>
<tr><td>Inadequate partnering skills</td></tr>
<tr><td>Restricted authority within the partner organization they represent</td></tr>
<tr><td rowspan="4">Organizational</td><td>Inadequate understanding of what is required from the organization in its role as a partner</td><td rowspan="4">Suggest that each partner builds strategies to engage own organization more fully

Suggest a range of imaginative ways to build greater understanding and engagement

Present senior management with opportunities to understand why a more flexible approach will be of value/benefit to them and their goals in the longer term

Suggest to hire a partnership broker for supporting the partnership</td></tr>
<tr><td>Lack of buy-in to the partnership from the organization as a whole or from senior management</td></tr>
<tr><td>Organization's unwillingness or inability to be flexible enough to respond to partnership's changing needs/priorities</td></tr>
<tr><td>Strategic or policy shift</td></tr>
<tr><td rowspan="3">National</td><td>Political – including unstable government or a poor enabling environment</td><td rowspan="3">Ring-fence partnership's activities where necessary to protect it from being destabilized by prevailing political turbulence or economic downturn

Draw the attention of partners on sustainability of the project and follow-up funding

Identify and suggest areas where it is possible to influence policy and national strategies and/or strengthen the democratic process

Create awareness for partnering through activities and events that showcase the benefits of collaborating across traditional boundaries</td></tr>
<tr><td>Economic – including restricted funds</td></tr>
<tr><td>Cultural – including no tradition of collaboration or conflicting values</td></tr>
<tr><td rowspan="2">Global</td><td>Speed of change</td><td rowspan="2">Link up with similar partnerships or partnership-based projects in order to build scale and more influence

Use the pressure (the urgent need for results) to constantly energise the partners and revitalize the partnership</td></tr>
<tr><td>Scale of sustainable development challenges</td></tr>
</table>

adapted from: Tennyson, R. (2005). *The Brokering Guidebook*. IBLF: London

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Tool: Partnership Upscaling

Upscaling tool

Upscaling strategies contain a generic and a specific dimension, which combined lead to four types of upscaling strategies (Matrix).

[a] Generic upgrading:

- **Integration** can be a means of achieving several goals such as leveraging partnership size, thus strengthening legitimacy of the intervention.
- **Diversification** ventures into areas untouched by the partnership. Diversification may also result from forming subgroups that have special shared interests.

[b] Specific upgrading

- **Internal upscaling**: Roll-out may take place within the existing settings of partners, and then include activities to promote and advertise partnership activities to other players.
- **External upscaling**: Partnership influence may be strengthened through external expansion, that is, by recruiting new members (also in new geographical regions), and by taking on board new activities.

Upscaling Matrix

		Generic	
		Integration	Diversification
Specific	Internal	1.	2.
	External	3.	4.

adapted from Steger et al (2009).

Source: PrC (2010) Handout: Partnership upscaling. PrC: Rotterdam.

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