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Research Report

The Value of Cross-Sector Development Partnerships

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by

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Contents

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About The North-South Institute

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Acronyms and Abbreviations

CSDP	cross-sector development partnership
HRNS	Hanns R. Neumann Stiftung Foundation
IDH	Sustainable Trade Initiative (The Netherlands)
NGO	non-governmental organization
PPDP	public-private development partnership
PPP	public-private partnership
TCTP	Trinational Commission of the Trifinio Plan
US	United States

Executive Summary

Cross-sector development partnerships (CSDPs) are commitments between or among public, private, and/or non-profit institutions in which individuals from partner organizations commit various resources and agree to work cooperatively toward common development goals. Cooperation with the private sector through CSDPs has become an important way of achieving overarching development policy goals. Such collaborations have the ability to turn divergent interests into engagements that combine the unique capabilities and resources of each actor to deliver outcomes that surpass those of any sector acting in isolation.

This report unpacks the value dynamics of partnerships to inform ongoing debates regarding the value of private sector engagements for development. It is based on a review of the academic and policy literature on value creation in cross-sector partnerships across disciplines, including business and economics, political science, and social sciences. It provides an overview of key concepts with the aim of making key conceptual frameworks for assessing the value of partnerships available to potential partners, including policy-makers, the private sector, and non-governmental organizations.

The report outlines key types of value, their sources, and how value is impacted by partnership types, which in turn impacts outcomes for individuals, organizations, and societies. In order to illustrate these dynamics, the report draws on research conducted by The North-South Institute between July and December 2012, where appropriate, that looks at trade-related private sector partnerships for development (see Kindornay, Higgins, and Olender 2013). It raises a number of considerations for public, private, and non-profit actors considering engagement in CSDPs:

1) Policy-makers and partnership practitioners should define from the outset the objectives and purposes of a partnership and outline the roles of different actors.
2) The level of engagement between and among partners should depend on the objectives and purposes of the partnership.
3) In addition to partnership objectives, the comparative advantages of different partners determine the types of value derived from the partnership.

Introduction

Partnerships with the private sector for development are receiving increasing prominence in international development circles. Though hardly a new phenomenon, governments have made increasing commitments to the promotion of partnerships with the private sector as a means to achieve development results. Underlying these commitments is a recognition that the international context has changed. Private flows, in the forms of trade, investment, and remittances, far outstrip official development assistance to developing countries. This has prompted development cooperation actors to ask how such flows can be harnessed for development gains.

At the same time, traditional providers of development finance—countries in North America and Europe, as well as Japan—are facing economic crises at home and freezing or decreasing their provision of official development assistance. Citing challenges including climate change, infrastructure needs, and job creation, development cooperation actors see the private sector as a key partner in addressing the global challenges that has the necessary power, expertise, and finance. Successive international fora, including Group of Twenty summits in 2010 and 2012, the United Nations Summit on the Millennium Development Goals in 2010 and ongoing processes aimed at delineating the post-2015 development agenda, and the Fourth High Level Forum on Aid Effectiveness, have paid attention to the establishment of partnerships with the private sector to finance climate and infrastructure needs, support job creation, consult on key issues in development, and advance innovation (G20 2010, 2012; DCED 2010, HLF4 2011; UN 2013).

Non-governmental organizations (NGOs) are also engaging with the private sector to meet their development objectives. They participate in multi-stakeholder initiatives that include private sector and government actors, work jointly with private sector partners on specific projects, receive donations, and engage in policy dialogues to improve corporate practices and set industry standards (Austin and Seitanidi 2012; Di Bella et al. 2013; Kindornay, Higgins, and Olender 2013). At the same time, the private sector is engaging in development in its own right through philanthropic activities, corporate social responsibility initiatives, and efforts to establish innovative core business practices that not only ensure the long-term sustainability and profitability of business but have positive social and environmental outcomes (WBCSD 2010; Lucci 2012). The private sector is participating in policy dialogues on development and industry standard setting, serving as a key stakeholder in policy formulation.

In this context, much of the rationale for the creation of partnerships across sectors has been described in terms of capitalizing on the shared interests and comparative advantages of different partners to achieve positive development results, often in situations where the nature of challenges—such as climate change—is such that no one sector can address them alone. The private sector is seen as a source of expertise, innovation, and finance. Governments have a role to play in regulating the private sector, incentivizing the private sector to address development challenges, and convening different stakeholders on key issues. NGOs have on-the-ground legitimacy in the communities that they operate, knowledge and expertise, and implementation capacity. The comparative advantages of these different actors and benefits of working through partnership have been described in great detail in the development context, but less attention has been paid to what kind of value is derived for individuals, organizations, and societies through various partnership mechanisms and how.

A significant body of academic literature on the value of cross-sector partnerships, particularly on partnerships between businesses and NGOs, exists. A number of scholars have conducted systematic cross-disciplinary reviews of the partnership literature with the aim of moving beyond case study approaches to creating conceptual frameworks for understanding the nature of and possibilities for value creation through different types of partnerships (Austin and Seitandini 2012; Bowen et al. 2010; Googins and Rochlin 2000; Thomson and Perry 2006; Selsky and Parker 2010; Stadtler 2012; Kolk, van Dolen, and Vock 2010). The work of these scholars has moved beyond specific success stories to provide analytical frameworks for partners, as well as the governments that support partnerships, to understand and assess the value of partnerships in terms of how and where value can be derived and how the nature or type of partnership impacts value creation.

This report provides an overview of the value creation literature. It seeks to fill a gap in current policy discussions on partnerships with the private sector for development, which tend to focus on the policies, approaches, and programming that promote partnerships, and case studies, usually with a bias toward successful examples (see, for instance, BCLC 2009; Di Bella et al. 2013; Kindornay and Reilly-King 2013; Kindornay, Higgins, and Olender 2013; Heinrich 2013; Smith 2013; Kwakkenbos 2012). While these studies make an important contribution to further elaborating our understanding of the role of the private sector in development and its partnership potential, they have less to say about how value is created and how it varies by partnership types.

Yet, the notion of value creation serves as the underlying rationale and impetus for partnerships in the first place. Partnerships are implicitly and explicitly based on some notion that, by working in conjunction with others, organizations can achieve outcomes that would otherwise not be possible—or in other words, that value will be created for partners by working together. Furthermore, the nature of partnerships is a key determinant of the type and scope of value created.

This report unpacks the value dynamics of partnerships to inform ongoing debates on private sector engagements for development. It provides an overview of concepts regarding value creation from the academic and policy literature with the aim of making conceptual frameworks for assessing the value of partnerships available to potential partners, including policy-makers, the private sector, and NGOs (see also Stöteler, Reeder, and van Tulder 2012).

The report is based on a review of the academic and policy literature on value creation in cross-sector partnerships across disciplines, including business and economics, political science, and social sciences. It outlines key types of value, their sources, and how value is impacted by partnership types, which in turn impacts outcomes for individuals, organizations, and societies. In order to illustrate these dynamics, the report draws on research conducted by The North-South Institute between July and December 2012, where appropriate, that looks at trade-related private sector partnerships for development (see Kindornay, Higgins, and Olender 2013). It does not provide a comprehensive overview of this research, but rather draws selectively and purposefully from 30 cases of trade-related private sector partnerships to illustrate key concepts described here.

Defining Partnerships

The theme of "partnership" dominates much of the academic and policy literature on private sector engagements in development. However, authors tend to use the term loosely. It can refer to innovative partnerships aimed at leveraging private sector investment in emerging markets, public-public partnerships (PPPs), and innovative partnerships through, for example, advanced market commitments.[1] In a number of instances, development partners and private sector actors are working together, but without the label of "partners."

The German Federal Ministry for Economic Cooperation and Development (BMZ) offers a fairly extensive characterization of forms of partnership with the private sector. It suggests that basic forms of cooperation with the private sector include sponsoring and co-financing (with foundations, for example), multi-stakeholder dialogues and formal

[1] Advanced market commitments are stimulations of demand by donors for a specific product for which there is a need (for example, cheap vaccines) but where the private sector may not see a profitable market. Funding may be pledged, though it is only committed if the product is created.

networks, development partnerships with the private sector through competitive grants, PPPs, public finance aimed at encouraging private (co)-investment in developing countries, and financial and advisory services for private investors (BMZ 2011, 6; see also van Tulder 2010; Byiers and Rosengren 2012; Di Bella et al. 2013; Kindornay and Reilly-King 2013).

Recognizing that a broad range of potential collaborations exist between the private sector, non-profit organizations, and public actors in develompent, this report specifically focuses on cross-sector development partnerships (CSDPs). Drawing on the work of Andreas Tamutzer and Jonas Schafer (2006) and Bradley Googins and Steven Rochlin (2000), cross-sector partnerships are commitments between and among public, private, and non-profit institutions (any combination), in which individuals from partner organizations commit various resources and agree to work cooperatively toward common development goals. Tamutzer and Schafer (2006, 5) make a distinction between PPPs and what they refer to as public-private development partnerships (PPDPs). They suggest that PPPs are typically more related to infrastructure projects and are cases in which the pro-poor objective of partnership is less explicitly stated in comparison to PPDPs. PPDPs "involve the private sector as a *pro-active* partner and do have an explicit pro-poor development orientation" (2006, 5; emphasis added). Adopting the distinction made by Tamutzer and Schafer, we define CSDPs as engagements between and among government, non-profit organizations, and businesses (any combination) that have an explicit pro-poor orientation and in which the private sector is a proactive partner.

CSDP modalities and content vary. They include activities such as promoting inclusive business ventures, pro-poor supply chain initiatives, the delivery of social services, and product development.[2] Figure 1 provides a non-exhaustive illustration of CSDPs involving the public, private, and non-profit sectors.

[2] An in-depth discussion of each of these modalities is outside the scope of this paper. For more information on these modalities and others, see Di Bella et al. (2013), Callan and Davies (2013), Kindornay, Higgins, and Olender (2013), and Smith (2013).

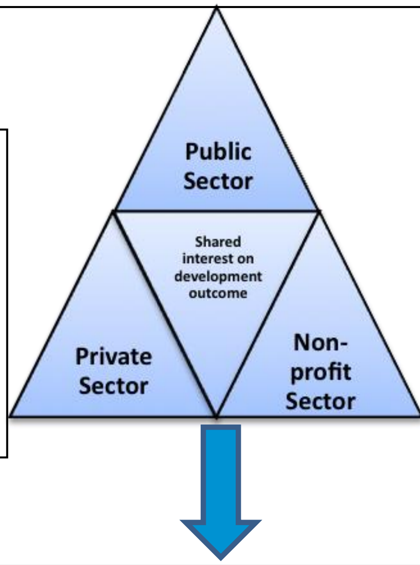
Figure 1. Model of CSDPs[3]

Examples of public sector contributions:

- Finance
- Development expertise
- Facilitation of cross-sector partnerships
- Promotion of industry standards, standard setting
- Project development and management

Examples of private sector contributions:

- Finance
- Implementation
- Advocacy, promotion of industry standards, standard setting
- Commercial expertise
- Facilitation of market and/or product development



Examples of Non-profit sector contributions:

- Finance
- Implementation
- Advocacy, human rights defense, watchdog function, standard setting
- Development expertise
- Facilitation of community/ beneficiary involvement

Examples of partnership objectives:

- Establishment of inclusive business ventures that incorporate the poor as producers, employees, and/or business partners
- Creation of products and services that meet the needs of and are available to the poor
- Supply chain interventions that incorporate developing country producers and improve productivity
- Delivery of development programming by the non-profit and private sectors with private and public sector support

Understanding the Value of CSDPs

The growing body of literature on the value of cross-sector partnerships tends to focus on partnerships between NGOs and the private sector in developed countries and includes assessments of organizational characteristics, motives, and the history of partner interaction that underpin the potential of collaborations for social change. Some studies have emerged which provide models for analyzing and understanding

[3] Adapted from Kindornay, Higgins, and Olender (2013) and Di Bella et al. (2013).

partnership formation and processes in cross-sector partnerships (Austin 2000; Austin and Seitanidi 2012; Seitanidi et. al. 2010; Stadtler 2012). Others have developed conceptual frameworks to analyze and discuss the relationship between a business's economic interests and a NGO's social interest as they relate to a partnership (Thomson and Perry 2006; Selsky and Parker 2010; Stadtler 2012). A number of studies have highlighted the potential of business and NGO collaboration to co-create value for organizations and societies. These studies note that, while private sector actors and NGOs often enact contradictory value creation logics, it is possible to overcome these dissimilarities and create shared value (Mukherjee Reed and Reed 2009; Austin and Seitanidi 2012; Stadtler 2012; Le Ber and Branzei 2010).

While this literature focuses largely on partnerships in developed countries and those between the private sector and NGOs, it provides a useful conceptual framework for understanding various types of multi-stakeholder partnerships, including those that involve governments, and can be applied to developing country contexts. This is because the basic structural components of cross-sector partnerships (in others words, different partners with varied interests and comparative advantages working together to achieve common outcomes) tend to be consistent across partnerships in different contexts, including CSDPs.

The value of CSDPs is the short- and long-term benefits that are generated for organizations and societies from the complementarities that occur due to interaction between and among public, private, and non-profit partners (Austin and Seitanidi 2012). Among international cooperation actors, partnership with the private sector is increasingly seen as an important development modality to achieve poverty reduction targets. It combines the capabilities and resources of public and private actors, helps development cooperation agencies leverage different interests and resources, and supports businesses' corporate social responsibility strategies, mandates, and operations. In addition, through engagements with public and non-profit actors, businesses can access new markets, improve relationships with key stakeholders, and strengthen the quality and vitality of their supply chains (Googins and Rochlin 2000; see also Di Bella et al. 2013; Kindornay, Higgins, and Olender 2013).

Sectoral differences may give rise to conflicting objectives among partners and may be a source of incompatibility. Public, private, and non-profit actors often enact contradictory value creation logics, partly because they espouse divergent expectations and partly due to distinct identities and organizational and sectoral backgrounds (Stadtler 2012). However, these differences can also lead to positive-sum gains. This is because differences may be the driver of innovative development solutions. Effective

CSDPs combine the respective strengths of public and private partners, harmonizing the delivery of development interventions with the profit interests of businesses. Businesses benefit from government and non-profit contacts, experience, and global networks of experts, while in return businesses help governments and NGOs achieve development policy goals by creating jobs, introducing technological innovations, and improving production processes (see Box 1). The combination of each organization's distinct capabilities can lead to an exchange of resources that allows public, private, and non-profit organizations to achieve organizational and development objectives more effectively (Googins and Rochlin 2000; Austin and Seitanidi 2012).

Box 1. Positive-sum solutions through partnership: Pyrethrum in Rwanda

A partnership between the United States government, SC Johnson, and Texas A&M University is generating employment opportunities for Rwandans and enabling farmers to increase their families' incomes through the creation of a sustainable and responsible Rwanda pyrethrum flower industry. Pyrethrum, a source of organic insecticide, has been grown in Rwanda for over 30 years. The pesticide is extracted from the dried flowers and serves as an important input for SC Johnson, which serves as a buyer and funder of the partnership. The US government provided financing support to the project and played a role in connecting Texas A&-M University, which was already working in the agricultural sector in Rwanda prior to the partnership's establishment, to the partnership. The partnership brings together various resources and capacities from the different partners: SC Johnson made a business case for the partnership and provided financial support, the US government provided on-the-ground networks, financial resources, expertise, and legitimacy to the project, and Texas A&M University served as the implementing partner and provided expertise.

Taking a value chain approach, the partnership includes a number of activities. Twenty-four farmers' cooperatives were formed in 2010. Texas A&M University provided capacity building under the "train the trainer" model; farmers elected representatives to be trained and serve as extension agents. In addition, with the country's only pyrethrum processing plant, the partnership established a credit scheme for farmers to purchase drying equipment (which will enable them to capture greater value in the supply chain).

As a result of this partnership, production tripled over 2009–11 and farmers have received 20–40 per cent higher pay over 2008 figures. In order to disseminate best practices, SC Johnson provided additional funding at the end of the project life cycle for a radio show program that disseminates information to farmers on collection points, best practices, and price changes.

Source: Extracted from Kindornay, Higgins, and Olender (2013, 88)

Value

The value of CSDPs increases when public, private, and/or non-profit partners apply resources and capabilities that are key determinants of their respective organizational success (Austin and Seitanidi 2012). The literature on value creation in CSDPs examines not only how value is created through partnerships, but the types of value created, for whom, and under which terms. Value is derived by the complementarity, nature, direction, and use of resources between partners. The degree to which partners invest in a CSDP also has important implications for the value created through partnership, particularly in terms of the impact of the partnership on the behaviour of participants. The sections that follow look at the types of value generated through partnerships, for whom value is derived, and how partnership integration impacts value creation.

Types of value: Associational, transferred resource, interaction, and synergistic

As outlined by Austin and Seitanidi (2012), there are four different types of value created for participants in partnership engagements (see Table 1). These are associational, transferred resource, interaction, and synergistic value. Associational value refers to the benefits that accrue to partners by having a partnership, such as improved projected credibility. Transferred resource value refers to benefits that accrue as a result of resource transfers between partners. Interaction value refers to the benefits generated by working in partnership, such as shared knowledge and improved trust between partners. Finally, synergistic value refers to the benefits generated as a result of a partnership that would otherwise not have occurred for participants, such as achieving specific outcomes. The types of value created through partnerships are not mutually exclusive; partnerships can generate a combination of value types (Table 1).

The extent to which types of value matter for a partnership is based on the interests of participants, level of integration and interaction between the various partners, and nature of resources transferred. For example, a business may choose to provide support to a NGO's charitable campaign. This type of partnership might have significant associational value for both parties—in other words, reputational gain—but may lead to less significant interaction value if the partnership is largely based on a one-time transfer of funds between organizations with very little interaction otherwise. This will also mean that the transferred resource value is largely in the form of financial support from the private sector to the NGO partner, so the extent to which each organization benefits from in-kind contributions to the partnership, for example, may be limited.

Table 1. Types of value in CSDPs[4]

Type of value	Definition	Examples from the Sustainable Trade Initiative (IDH)[5]
Associational value	Derived benefit accruing to a partner simply from having a collaborative relationship with another organization. Actors may gain projected credibility or good reputation as a result of their association.	• IDH is a multi-stakeholder platform that brings together coalitions of over 200 companies, 30 civil society organizations (non-profit), multilateral organizations such as the World Bank, and governments from developed, emerging, and developing countries to scale up sustainable trade.
Transferred resource value	Derived benefit by a partner from the receipt of a resource from another partner. The significance of the value will depend on the nature of the asset transferred as well as its use. Exchange can be unilateral, bilateral, or reciprocal and include in-kind or financial contributions.	• IDH, which is supported by government and private sector funding, funds partnership initiatives based on a 1:1 investment ratio with the private sector. • Companies provide funding, entrepreneurship, and procurement capacities. • Civil society organizations provide knowledge, networks, local expertise, and credibility.
Interaction value	Intangible benefits that derive from the process of partners working together, including increased knowledge, conflict resolution, joint problem solving, etc. Due to their interaction, partners may increase trust, gain relational capital, share knowledge, and exercise joint problem solving.	• The IDH office supports sectoral and inter-sectoral learning. • Programs are carried out through multiple multi-stakeholder projects that offer interaction opportunities for all partners to interact, including through discussions on opportunities for collaboration, tools, and funding. • IDH's governance structures include a supervisory board composed of companies, civil society organizations, and financial institutions.
Synergistic value	Derived benefit that arises from collaborations that combine partners' distinct resources and unique capabilities to accomplish more together than they could separately. Core competencies key to each organization's success may complement those of others and support common partnership activities and organizational goals.	• IDH's pre-competitive multi-stakeholder supply chain approach has enabled it to successfully implement large-scale programs aimed at market transformation in key sectors, the results of which would not be possible without multi-stakeholder cross-sector support. For example, IDH supports the Better Cotton Initiative, which engages companies and farmers along the global cotton supply chain to improve the sustainability and livelihood outcomes of cotton production. The initiative aims to improve the livelihoods of six million farmers and their families by 2015 and includes partners like IKEA, Marks & Spencer, Walmart, Solidaridad, WWF India, WWF Pakistan, and others. Initiatives like this one may also affect the core business operations and practices of businesses.

[4] Adapted from Austin and Seitanidi (2012).
[5] Since 2007, the Sustainable Trade Initiative, a cross-sector, multi-stakeholder Dutch organization, has been implementing PPDPs through pre-competitive market transformation programs in 15 industries such as tea, cocoa, and electronics to scale up sustainable trade. See http://www.idhsustainabletrade.com for more information.

Levels of value: Societal, organizational, and individual

The value of CSDPs is manifested at three different levels—macro, meso, and micro (Selsky and Parker 2010). The macro level refers to benefits for societies, or in other words, the benefits that arise from the positive impacts that occur beyond the domain of either organization's participation in the partnership. There is value at the macro level when development outcomes occur for societies that otherwise would not have happened without the partnership. In the case of CSDPs, value for societies is typically the overarching objective of the partnership, articulated through goals such as poverty reduction, generation of improved livelihoods and socio-economic development, and the creation of key services and products aimed at meeting the needs of the poor.

At the meso level, organizational value refers to the benefits accrued to public, private, and non-profit organizations by having their partnership objectives fulfilled. For private sector actors, organizational value can include improved corporate image, increases in sales and firm performance, access to new markets, greater legitimacy and social licence to operate, achievement of corporate social responsibility objectives, and compliance with other business principles and standards. For their part, public and non-profit actors may improve their ability to leverage financial and non-traditional resources, gain new skills and visibility, exchange knowledge, engage in opportunities for innovation and sustainable approaches to development, and share risks and costs associated with development initiatives.

At the micro level, individual value refers to the benefits derived by people within the partnering organizations. Value can come in the form of greater skills transfer between individuals from partnering organizations, higher levels of trust and personal commitment, and improved job satisfaction owing to shared project success. Box 2 provides an example of how value is derived at different levels through CSDPs.

Stages of partnership and value creation

In CSDPs, as in other cross-sector partnerships, a collaboration continuum exists (Austin and Steidini 2012). It consists of the philanthropic, transactional, integrative, and transformative stages at which partnerships can be. While value is always exchanged among partners in CSDPs, partners achieve greater value as they deepen their relationships (Austin and Steidini 2012; Tissot 2013).

Box 2. Harnessing value at different levels: Rwanda Peace Baskets at Macy's

Following the 1994 genocide, Rwanda's population was nearly 70 per cent women. Many faced uncertainty and turned to their weaving heritage to generate income. In 2005, the Paths to Peace project was founded. Supported by AVEGA (Association des Veuves du Génocide d'Avril), a widow's organization, weavers participating in the project produce baskets for sale at Macy's Herald Square store in New York and online at macys.com. Fair Winds Trading, a for-profit trading company that purchases goods from artisans, provides technical assistance to improve quality control. Gahaya Links, a local company, also provides training and coordinates production for export. The results of the project have been significant, creating value at the macro, meso, and micro levels.

At the macro level, the benefits to society include poverty reduction and improved livelihoods. Women have access to sustainable long-term employment. At the meso level, organizations involved in the partnership have seen significant gains. Macy's has seen increased sales of the baskets. The company has benefited from the positive branding associated with the project. Fair Winds Trading, which has historically served as the middleperson between producers and retailers, is changing the nature of its involvement in supply chains given the success of the project. It will play more of a consultancy role, consulting on on supply chains and market access and enabling Rwandan producers to become direct venders to Macy's. At the micro level, individuals from the organizations have also derived value from the partnership. According to a staff member of Fair Winds Trading, employees at Macy's take a lot of pride in the project, finding personal satisfaction in its success. The project has been good for corporate morale and helping employees to feel like they are making an impact.

Source: Kindornay, Higgins, and Olender 2013, (113–14); personal communication with Fair Winds Trading staff (2012)

Partnerships at the philanthropic stage largely refer to relationships based on unilateral transfers of resources where no repayment is required. An example of this is when a company makes a financial or in-kind contribution to a public or non-profit actor for a particular initiative. Partnerships at the transactional stage are those in which a reciprocal exchange of resources occurs through specific activities and where there is an agreed exchange of goods or services based upon an explicit or implicit contract. An example of this is when a business and a NGO enter into a contractual agreement under which the business transfers resources to the NGO for the implementation of a specific project. Partnerships at the integrative stage are those which require greater effort from partners to work jointly to define a common partnership plan that will meet each partner's interests and create benefits. In CSDPs, this stage of partnership is typically manifested in the form of a joint development project supported by public, private, and non-profit actors, where partners develop clear objectives and employ joint decision-making processes and implementation strategies (see Box 3).

Box 3. Integrative partnership: Tim Hortons Coffee Partnership

The Tim Hortons Coffee Partnership supports small-scale coffee farmers throughout Latin America to build sustainable coffee communities through improved farming practices and more efficient production of higher quality coffee. It includes activities to empower youth, improve education, and build capacity to enable farmers to adopt more environmentally sound and sustainable farming practices.

The partnership includes Tim Hortons, which funds the project and purchases coffee from farmers, the Hanns R. Neumann Stiftung Foundation (HRNS), Trinational Commission of the Trifinio Plan (TCTP), Junior Achievement, which are implementing partners, and Control Union Certifications, an independent third-party verifier that assesses progress against 32 key performance indicators across a number of pillars.[6] The partnership's approach involves grassroots projects that work directly with farmers, local coffee organizations, and NGOs. HRNS is responsible for overall project execution, from identifying new project communities and beneficiaries of the program to implementing the technical assistance components of the partnership. With HRNS, Junior Achievement supports the project by educating students about entrepreneurship and financial literacy. HRNS and the TCTP are implementing a management plan aimed at improving the sustainable use of water resources.

This partnership can be conceived as an integrative partnership since the partnership process has increased the congruency of partners' missions, values, and strategies and created organizational cohesion. With time, the initiative has allowed partners to increasingly and jointly find new ways to combine their key competencies and resources to achieve the partnership's goals.

Source: Kindornay, Higgins, and Olender (2013, 115–16); Tissot (2013)

The transformational stage is the most advanced collaborative stage that a partnership can reach. Partners not only agree on the social issues relevant to those involved, but also on their intention to deliver transformation through social innovation and better the lives of those afflicted. Interdependence and collective action is the operational modality, with partners collaborating on longer-term timeframes and expressing stronger commitments to the development initiative. Partnerships at the transformational stage include catalytic engagements between public, private, and non-profit actors that have clear and sustainable development impacts, have the potential to alter or reform business practices, and may allow new modalities for public service provision.

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[6] Indicators include, for example, total coffee sold, income generated at farmer organization level, compliance with International Labour Organization standards, and hectares of land under environmentally sustainable management.

In practice, establishing clear stages for CSDP initiatives is difficult. Partnerships often include elements of more than one stage of partnership as they progress along the collaboration continuum (see Box 4 for an example). The continuum serves as a theoretical conception of partnership stages through which different levels of partnership can be distinguished. Partnerships evolve and new benefits emerge over time. Not all partnerships aim to reach the transformational stage—the goals of the partners are determinants for any stage of partnership and the stage of partnership that can potentially be reached.

The creation of greater value—and consequent movement from stage to stage—largely depends on the level of engagement between public, private, and non-profit partners as well as the distinct resources and capabilities that each partner contributes (see Table 2). Greater value is generated as partners' interactions strengthen and expand. When partners collaborate more closely, they employ resources and capabilities that are key determinants of their respective success, which may lead to resource complementarity and greater co-creation of value. Stronger integration and deepened relationships allow partners to achieve greater congruency of their missions, values, and strategies, may help them create organizational cohesion, and can help them find new means of innovation and joint problem solving (Googins and Rochlin 2000).

Table 2. Sources of value[7]

	Sole creation	→	Co-creation
Sources of value			
Resource complementarity	Low	→	High
Resource nature	Generic	→	Distinct competency
Resource directionality	Unilateral	→	Joint
Linked interests	Weak/narrow	→	Strong/broad
Types of value			
Associational value	Modest	→	High
Transferred resource value	Depreciable	→	Renewable
Interaction value	Minimal	→	Maximal
Synergistic value	Least	→	Most
Innovation	Seldom	→	Frequent
Stages	Philanthropic → Transactional → Integrative → Transformational		

[7] Adapted from Austin and Seitanidi (2012).

Box 4. Elements of partnership stages: Cocoa Livelihoods Program

The World Cocoa Foundation's Cocoa Livelihoods Program is a partnership that supports 200,000 smallholder cocoa-growing households in West and Central Africa. The partnership includes the Bill & Melinda Gates Foundation (funder), 16 private sector cocoa industry partners[8] (funders of the partnership and purchasers of cocoa), national governments and NGOs (serving as technical and implementing partners), and cocoa farmers and farmer organizations.[9] The Cocoa Livelihoods Program responds to key concerns in the cocoa industry about the long-term sustainability and quality of the cocoa supply and the need to improve farmers' livelihoods through greater productivity and improved capacity, as well as increased competitiveness on diversified farms. The partnership takes a supply chain approach that targets pre-competitive issues in the cocoa supply chain, including training and capacity building for farmers to produce more and better quality cocoa, professionalizing farmer organizations (recordkeeping, operating and cash budgets, leveraging resources), training in good agricultural practices and business skills, increasing access to inputs, providing financing mechanisms for improved access to credit, and the creation of business service centres.

This partnership displays elements of being at both the integrative and transformational stages. In terms of being at the integrative stage, all partners work together on a steering committee that sets targets and provides technical advice and oversight for the program, which results in flexible strategies to increase incomes and learning. Knowledge sharing and coordination occurs through country team and technical meetings as well.

In terms of being at the transformational stage, a grant-matching scheme was introduced in 2011 that puts onus on national governments and industry partners to assume responsibility for long-term sustainability and poverty reduction. Strengthening all aspects of the value chain implies the establishment of a long-term vision and action over time, as results in yields and empowerment takes time. One unique contribution made by the Cocoa Livelihoods Program is that it brings together main competitors to agree on and address pre-competitive issues in the cocoa supply chain, which not only benefits them but smallholder farmers as well.

Source: Kindornay, Higgins, and Olender (2013, 127–28)

[8] Industry partners are the Hershey Company, Kraft Foods, Mars Inc., ADM Cocoa, Barry Callebaut, Blommer Chocolate Company, Cargill, Armajaro Trading, Ecom Agrocacao, Guittard Chocolate Company, Noble Resources, Olam International, Petra Foods Ltd., See's Candies Inc., Starbucks Coffee Company, and Transmar Commodity Group.

[9] The program is managed by the World Cocoa Foundation and implemented by Agribusiness Systems International-ACDI/VOCA, the German Agency for International Cooperation (GIZ), SOCODEVI and TechnoServe, Ghana Cocoa Board (COCOBOD), Côte d'Ivoire Agence Nationale d'Appui au Développement Rural (ANADER), and Cameroon National Board of Cocoa and Coffee (ONCC).

Conclusion

The information presented in this report provides policy-makers with a basis for understanding where value lies in partnerships, which can be used to guide the formation and implementation of CSDPs. CSDPs create value at multiple stages of collaboration and the creation of different types of value can happen concurrently. For this reason, it is worthwhile to recall that not all partnerships should aim to progress to any one stage of partnership on the collaboration continuum, since each CSDP has its own objectives and thus serves different purposes. Given this, public, private, and non-profit actors alike should agree on the objectives and purposes of a CSDP beforehand, including the implications of the objectives for the composition of the partnership and roles of each partner.

By unpacking the value dynamics of cross-sector partnerships, this report raises a number of considerations for public, private, and non-profit actors considering engagement in CSDPs.

1) **Policy-makers and partnership practitioners should define from the outset the objectives and purposes of a partnership and outline the roles of different actors.** Realizing the full potential of CSDPs largely depends on the management and maintenance of the relationships between actors, ability to develop trust, and sharing of organizational values as actors move along the collaboration continuum. Consequently, overcoming differences and aligning contributions is pivotal so that all partners can co-create social and organizational value.

2) **The level of engagement between and among partners should depend on the objectives and purposes of the partnership.** Deeper integration among public, private, and non-profit actors can lead to greater value creation, but the management and maintenance of these engagements is a challenging task. Policy-makers and practitioners should carefully examine the benefits and costs of forming and maintaining a partnership.

3) **In addition to partnership objectives, the comparative advantages of different partners determine the types of value—associational, resource, interaction, and synergistic—derived from the partnership.** Assessment of the core competencies that each partner possesses is important. It is equally important for each partner to identify their weaknesses. Organizations should assess whether collaboration with a particular partner can strengthen organizational shortcomings and enhance complementing capabilities. Potential partners need to assess partnerships not only in terms of the combined

resources and capabilities that each partner brings, but also the organizational impacts that the formation and maintenance of a partnership may entail.

Finally, it is worth pointing out that there is a difference between a successful partnership and a successful initiative carried out through partners. A development initiative may be successful even if a partnership is dysfunctional or fails. As such, it is important for CSDPs to establish a measurable set of outcomes that focus on both the partnership and the development initiative.

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