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Policy Brief

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Finding Value in Development Partnerships: Where to look

This policy brief outlines the types of value associated with development partnerships across sectors. Drawing on the work of others (Tamutzer and Schafer 2006; Googins and Rochlin 2000), cross-sector development partnerships (CSDPs) are defined as 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 with an explicit pro-poor orientation. Based on a review of the policy and academic literature, it raises a number of considerations for potential partners, including the need to define partnership objectives and the roles of various partners based on comparative advantage, from the outset of any potential collaboration. These factors will determine the level of engagement needed for the partnership and the types of value derived therein.

This policy brief is based on a longer report by the same authors, *The Value of Cross Sector Partnerships for Development.* With the aim of making key concepts for assessing the value of partnership available to potential partners, including policymakers, the private sector and non-governmental organizations, the policy brief provides an overview of key messages and considerations for potential partners looking to collaborate across sectors.

Understanding the Value of CSDPs

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. Regardless of their form, 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. Partnerships combine the capabilities and resources of public and private actors, help development cooperation agencies leverage different interests and resources, and support 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).

Sectoral differences may give rise to conflicting objectives among partners, however they may also lead to positive-sum gains because they can drive 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. The value in CSDPs 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.

Types of value

There are four different types of value created for participants in CSDPs (Austin and Seitanidi 2012). 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. This can come in the form of financial transfers or in-kind contributions. **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. For example, the International Sustainable Trade Initiative's (IDH)[1] 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. It includes partners like IKEA, Marks & Spencer, Walmart, Solidaridad, WWF India, and others.

The types of value created through partnerships are not mutually exclusive; they can generate a combination of value types. The extent to which these types of value matter is based on the interests of participants, resources transferred and level of integration and interaction between partners. For example, a business may provide support to a NGO's charitable campaign resulting in associational value for both parties — reputational gain. However, it may lead to less significant interaction value if the partnership is largely based on a one-time transfer of funds with little interaction otherwise.

Levels of value

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. 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.

[1] Since 2007, IDH, a multi-stakeholder Dutch organization, has been implementing CSDPs through pre-competitive market transformation programs in 15 industries such as cocoa and electronics to scale up sustainable trade. See http://www.idhsustainabletrade.com for more information.

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, access to new markets, 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 other resources, gain new skills and visibility, 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.

Stages of partnership and value creation

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

Partnerships at the philanthropic stage are typically 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 non-profit actor for an initiative. The transactional stage refers to partnerships 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.

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, such as the case in the Better Cotton Initiative described above. Partnerships at the transformational stage include catalytic engagements across sectors 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.

Partnerships often include elements of more than one stage of partnership in practice and evolve as new benefits emerge over time. The goals of the partners determine the stage of partnership as well as the stage of partnership that can be reached on the continuum. 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 (Table 1).

Table 1. Sources of value

	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		

Conclusion

A number of key recommendations arise from this review for actors considering 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—associational, resource, interaction, and synergistic—derived from the partnership.

Realizing the full potential of CSDPs requires management of the relationships between actors and their ability to develop trust. Overcoming differences and aligning contributions is pivotal so that all partners can co-create social and organizational value. Assessment of the core competencies (and weaknesses) that each partner possesses is also important. Given these challenges associated, policy-makers and practitioners should carefully examine the benefits and costs of forming and maintaining a partnership, including whether collaboration with a particular partner can strengthen organizational shortcomings and enhance complementing capabilities.

References

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