Briefing Note

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CSO-business partnerships for development: Key insights

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Key messages

Multi-stakeholder partnerships, mainly involving the private sector and CSOs, are gaining increasing attention in light of the 2030 Agenda commitments. But brokering, promoting, supporting and maintaining effective partnerships is a complex, iterative and resource-consuming process. Donor agencies seeking to support and promote CSO-business partnerships must pay more attention to the drivers and constraints of such partnerships.	Donor agencies must take account of the following 6 points: 1. Strategic and transformational partnerships are less common than other forms of partnerships. 2. Policy makers and practitioners can do more than fund partnerships. 3. The many variations of partnerships require a diversified approach to supporting them. 4. Instrumentalisation and power imbalances need to be overcome. 5. An integrated, territorial approach to CSO-business cooperation is crucial to ensure potential for transformational change. 6. Long-term change requires long-term investment.	A better understanding of partnering processes and governance and a more attuned approach to funding, M&E, etc. are needed to ensure systematic and adequate support to partnerships. Getting from a partnership to tangible development results requires development partners to deal with this complexity, and equip themselves beyond what they can currently do.

CSO-business partnerships: transforming ambitions into reality

Multi-stakeholder partnerships, particularly those involving the private sector and civil society organisations (CSO), are gaining increasing attention. This is even more so in view of the Sustainable Development Goals (SDGs)[2] and the Addis Ababa Action Agenda[3] (2015), which emphasise the importance of the private sector in implementing the 2030 Agenda. At the same time, there is no uniform understanding

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2 See: https://sustainabledevelopment.un.org/partnerships/

3 Which “recognize that genuine, effective and durable multi-stakeholder partnerships can play an important role in advancing sustainable development”

between and even within the partnership community as to what constitutes a CSO-business partnership, why and how these forms of cross-sector cooperation may be beneficial for development, or even what it means to support or promote CSO-business cooperation. Depending on who you talk to, a CSO-business partnership can mean anything ranging from the smallest private charity to a global network for transforming business operations.

The main appeal is that certain varieties of CSO-business partnerships can offer potential benefits for promoting economic transformation on a critical or even sector-level scale, primarily when they link commercially, market-driven investment projects and private sector know-how that can contribute to creating more and better jobs, with socially-grounded, networked approaches of CSOs whose primary aim is to promote inclusive development within a given location.

Brokering, promoting, supporting and maintaining effective partnerships, however is a complex and iterative process that requires considerable financial resources, knowledge and time. Without such investment, the developmental impact of this trend may well remain wishful thinking.

Box 1: Assessing and analysing partnerships

This note builds on the work of ECDPM on CSO-business partnerships since 2015 and draws a number of key lessons learnt along the way.

Building on a rich experience working on civil society engagement and private sector development, ECDPM has worked extensively on CSO-business partnerships specifically looking into the drivers and constraints of this form of cooperation.

We developed a methodology to assess CSO-business cooperation using a political economy analysis perspective and applied this to in-depth case studies in the extractive and dairy sector in various countries. We also look at the role of development partners and donor agencies in financing and brokering and promoting partnerships for sustainable development.

This way, ECDPM seeks to contribute to the debate on the implementation of the sustainable development goals and the role of CSO-business partnerships as drivers or enablers of change. By looking at the political economy of partnership dynamics and the process of partnering itself, we aim to go beyond the business case or novelty value of partnerships and provide tangible evidence on what it is that makes partnerships succeed or fail.

For more on ECDPM's work on CSO-business partnerships go to http://ecdpm.org/business-cso-partnerships

Understanding the six key aspects of partnerships

Based on ECDPM's extensive work on the partnership dynamics we can draw **six key lessons for CSO-business cooperation and the role of development agencies supporting or promoting them.** Cross-sector and multi-actor cooperation can hold tremendous development potential, specifically in those cases where knowledge sharing leads to the co-production of results. There is however an endless variety of partnerships and the conditions for success are not always in place. The following six aspects are key considerations for any private sector agent, civil society organisation or development partner that wishes to invest in CSO-business partnerships.

1. Strategic and transformational partnerships are less common than other forms of partnerships

The holy grail of a partnership marrying profitable enterprise with societal transformation and long-term inclusive development is difficult to find. Start-up style optimism around CSO-business partnerships often ignores the difficulties inherent in overcoming conceptual and cultural barriers between civil society and private sector. That can lead to reactive partnerships[4] (Tennyson, 2016[5]), characterised by an arm's length

[4] Partnership as a strategy to deliver projects within the framework of the existing *status quo*.

[5] Tennyson, R. 2016. 'Partnership Brokers – Helping us to partner better'. http://www.managingforimpact.org/sites/default/files/case/me_conference_2016_keynote_ros_tennyson.pdf

and transaction-type relationship, which does not challenge and change mainstream systems and mindsets. While "*It's when you can shift the system that you get big sustainability gains - not just small, one-off corporate actions that only survive one business cycle*" (Murray, 2015[6]).

Implications for policy makers:

- Partnerships should not only be seen as a way to adapt existing business models but also to adopt new, more innovative and inclusive approaches - to be transformative;
- The development (and social investment) community is well placed to **involve businesses and civil society jointly in policy dialogue to identify the opportunities for collaboration;**
- They can **invest in those multi-stakeholder partnerships' platforms** which aim to spread good practice and share their experience around partnerships' opportunities and challenges;
- **Capacity** is key, both to better play into existing partnerships and to recognise and **broker more effective multi-stakeholder partnerships** based on a thorough analysis of the (short and long-term) interests and incentives of CSO-business cooperation, including the external environment for such partnerships.

2. Policy makers and practitioners can do more than fund partnerships

Development partners are well placed to take up **a number of roles** when it comes to partnerships, particularly **brokering partnership relations** (including with the public sector), **knowledge sharing** and **networking**. Truly transformational partnerships tend to involve a wide range of actors beyond the primary CSOs and businesses that work together. **Political support** (at home and abroad) can be just as crucial as funding. In reality, **the majority of development partners limit themselves to funding** promising or competitive initiatives, largely based on the business and/or social case they make. This requires a more adequate involvement of policy makers and practitioners, following the complexity of the partnership's nature and mission they support.

Implications for policy makers:

- Policy makers can play a crucial **role in brokering partnership relations**, bringing together CSOs, businesses and authorities, **incentivising new forms of cooperation** with potential for long-term change and transformation;
- They can **facilitate access to diverse networks** (private sector actors, CSOs, central and local authorities), by using their country-office and embassies to generate business and development opportunities for partnerships;
- They can **provide knowledge, expertise and incentivise learning** – for example through technical assistance to increase partnerships' efficiency/effectiveness, thus fostering their developmental impacts;
- They can **use their weight and influence to add to partnerships' credibility and impact**, which ultimately benefits for the scaling up of their activities.

3. The many variations of partnerships require a diversified approach to supporting them

CSO-business **partnerships are complex**, 'non-traditional' instruments that vary widely in terms of purpose, location, activities and interests, which in turn affects the type of partnerships. **A one-size-fits-all approach that ignores the differences** between types and levels of partnership (commercial/Base of the Pyramid partnerships; social investment partnerships and/or; philanthropic investment) **is unlikely to generate the expected developmental outcomes.**

Implications for policy makers:

- Policy makers will benefit from an explicit reflection on **the type of partnerships** they seek to support and how;

[6] Murray, S. 2015. Responsible Business: Corporate responsibility held back by short-term thinking. Financial Times, 21 April 2015. http://www.ft.com/intl/cms/s/0/40a48f46-d886-11e4-ba53- 00144feab7de.html#axzz3Y79BGpPv

- Donor agencies could **diversify their approach** to financing partnerships and allow room for the partnering process and management, as well as project activities;
- **Monitoring and Evaluation should reflect the complexity and iterative and non-linear nature of CSO-business partnerships** and prioritise learning and organisational development as much as possible;
- **Diversification and tailor-made incentives for different types of partnerships** are key. While 'de-risking investments' by providing grants or cheap loans may be relevant for certain commercial/Base of the Pyramid partnerships; 'paying for success', i.e. financing the project according to the (social) impacts achieved, could be relevant for other types of partnerships such as the socially-oriented ones.

4. Instrumentalisation and power imbalances need to be overcome

Although partnerships with shared control may yield greater developmental benefits, **many CSO-business partnerships are dominated by businesses**, which provide the necessary financial resources, and often have more capacity and better access to resources and networks. This is certainly the case with multinational companies and capital-intensive sectors such as mining, energy and agribusiness. **Development partners can strategically alleviate some of these power imbalances**, **safeguard independence** and improve the negotiating position of disadvantaged partners.

Implications for policy makers:

- Policy makers should be careful in seeing large companies as donor agencies - even if they are able to co-finance development initiatives - and **make a thorough analysis of the power relations and interests behind partnership operations;**
- Development partners can **strategically finance CSOs** and their engagement with private sector partners. This again **requires a thorough knowledge** of the fabric of society and the different civil society organisations that operate around a certain sector or industry;
- They **can favour networked approaches** to working with, and financing civil society organisations in sensitive contexts, and promoting collective action as part of a broader sectoral or territorial development vision.

5. An integrated, territorial approach to CSO-business cooperation is crucial to ensure potential for transformational change

There is a strong tendency for development partners to focus on the business or social case of a given partnership. However, no partnership takes place in a vacuum, and there are **considerable risks linked to supporting/financing partnerships without a critical knowledge of the territorial, political and societal context in which they operate**. This is both in terms of development outcomes (what can be achieved) and credibility (what can go wrong). Knowing the local political, sectoral, and socio-economic context is therefore a prerequisite for engaging and supporting any form of partnership.

Implications for policy makers:

- The transformational potential and inclusive development outcomes of a partnership depend on the level at which they are embedded, in a sector, in the local and national economy and in society. **A territorial approach to (local) development is crucial,** not only to judge the feasibility of a certain partnership or approach, but also to break free from the traditional sectoral silo-approach of international cooperation and look at all angles of inclusive development;
- Any form of scaling up requires engaging both private and public sector. **Development partners are well placed to broker and support development initiatives** that seek to find middle ground between private sector interests, civil society action and public sector initiatives (including investment policy, decentralisation, public private partnerships, etc.);
- Doing so also **requires breaking down silos between the different sectoral approaches of donor agencies**. CSO-business cooperation can provide an operational opportunity to bridge the disciplines of governance support, private sector development, sectoral support (e.g. rural development) and the political engagement of donors in a country around a common and integrated strategy;

- Adopting an integrated and territorial vision on inclusive development increases the **need for coordination and policy dialogue**.

6. Long-term change requires long-term investment

The strength of transformational CSO-business partnerships is their **ability to develop organically by exploiting opportunities** that evolve throughout their development, rather than following a strict plan. Therefore a strong focus on results and a heavy pressure to succeed may generate a more risk-averse attitude within the partnerships, and shift their focus from long to short-term objectives or simply to easily reportable activities. This in turn can limit their developmental outcomes.

Implications for policy makers:

- **"Think[ing] sailboats, not trains"**: donors need to **have adaptive and flexible means of supporting partnerships**. These need to be iterative and based on learning where the risks of failure should be accepted and be seen as musts, not 'nice-to-haves';
- They should **think outside of the box and tailor their approach to the realities of partnerships**. **Moving the focus from results (and success) to learning and process** will in turn allow partnerships to keep focusing on transformational long-term objectives (vs. reactive short-term objectives), and change/progresses;
- **Going beyond the 'business-case' of a partnership** or initiative is crucial. **Linking the funding/support dimension to a broader integrated and territorial strategy** or vision may require some degree of creativity, it can also offer opportunities for integrating CSO-business cooperation within larger sectoral or thematic envelopes.

Conclusions

'Partnerships' is rapidly becoming one of the buzzwords of the community in the search of suitable implementation models. In reality, there are endless variations of CSO-business partnerships. They vary in terms of mission, activity, interests and governance, all of which affect the type and level of partnership we're talking about. A one-size-fits-all approach therefore may not be the most suitable approach for those that seek to support and invest in CSO-business cooperation.

While a light-handed approach might work well in certain, strong and well-balanced partnerships, maximising the transformational potential of many CSO-business partnerships calls for a more diverse approach to supporting them. Donor agencies often tend to limit themselves to financing; we argue that they should go further and exploit their full palette of resources, including networks, knowledge and expertise, which may be relevant for some types of partnerships. Development partners can support partnerships in a strategic way. This does not necessarily mean that they are in the driving seat themselves, but rather that they consciously and creatively build the foundations and help create suitable environment for partnerships to flourish.

However, such support and involvement is limited by some of the constraints they face (capacities; resources and incentives); and sometimes their lack of experience in, and understanding of, the partnering processes.[7] This often results in funding mechanisms and administrative systems which prevent donors from adopting a proactive approach towards supporting partnerships, even if many agencies go further on an occasional and informal basis.

A better understanding of partnering processes and governance and a more attuned approach to funding, M&E, etc. are needed to ensure systematic (as opposed to occasional), and more relevant support to partnerships. This in turn calls for committing more resources, but most of all to step outside the comfort zone of donor agencies, experiment with new funding arrangements, invest in learning and long-term processes, and ultimately also accept to take risks in their engagement with CSOs and businesses.

[7] This relates to the systems and administrative procedures in place aiming to support partnerships.

This leads us to the following conclusion: Even though they have great potential, CSO-business partnerships are not a silver bullet for development. This potential in part stems from their complexity: i.e. the fact that they are part of, and can transform, a real sectoral (e.g. value chain), political, local reality. Getting from a partnership to tangible development results requires development partners to deal with this complexity, and equip themselves beyond what they can currently do.

ECDPM publications on CSO-business partnerships

Literature review and methodology

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Special thematic focus of our *GREAT Insights* magazine on Partnerships with business for development. With contributions from The Collective Leadership Institute, UNCTAD, SEED, the Netherlands Government, the Diamond Development Initiative among others.

ECDPM Briefing Notes

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