

# 1 INTRODUCTION

*Bali, June 2002. The Nusa Dua Resort is overflowing with the thousands of people who have come to the last preparatory meeting for the World Summit on Sustainable Development. The atmosphere is frantic. In addition to the official negotiations, UN Secretary General Kofi Annan has spotlighted an idea from Rio. He is challenging everyone, from NGOs to multinationals, to join forces in partnerships to help implement the ambitious sustainable development goals set by government delegates.*

*The idea catches like wildfire. A handful of people gathered around a coffee table in the hotel garden are among those mesmerised by it. In the stuffy conference centre behind them, an atmosphere of crisis is taking hold as negotiations become deadlocked. But outside, in the late afternoon sun, the air is buzzing with ideas for new partnerships and guiding proposals for them. Heatedly, the group is discussing what they and the organisations they work for could add to the process.*

*»If this is about seeing impact, we need to find a way to support those who dare change the things around them, on the ground«, argues a dark-haired woman, underlining her words with a powerful gesture.*

*»Yes«, replies a man, scowling between his prominent eyebrows, »but how can we be sure that these don't remain isolated initiatives, re-inventing the wheel with each new project?«*

*The man in the suit intervenes: »And we should be creative about financing these things. How could we involve smaller businesses? I have the feeling that it could be pretty complex to run those partnerships effectively—maybe we can help.«*

*Many conversations later, the Supporting Entrepreneurs for Environment and Development (Seed) Initiative is launched at the Johannesburg Summit. Seed's goal is to find promising initiatives through an award competition and support them with individualised, targeted support. This, it is hoped, will also reveal more about how partnerships work and what they can achieve.*

*New York, May 2006, United Nations. Four years have passed since that long afternoon in Indonesia. Back at the United Nations, a much larger group of Seed supporters have gathered. In a mix between nostalgia and relief, they look back on all that has happened over the last few years. By way of the awards, they have learned about over 260 partnerships, representing over 1200 organisations. 70 are still in touch with the initiative. Five partnerships were selected as winners and, after working with them for a year and a half, the Seed team has come to know them intimately. Now, they feel, the moment has come to reflect more systematically about these experiences and see whether they can shed some light on the questions they first raised in Bali.*

There is a continuing debate about partnerships. The contribution they make to sustainable development has remained in the policy spotlight. With increasing experience, however, the tenor of discussion has changed. No longer is the focus on whether we can or should engage in partnerships, but on ›when‹ and ›how to‹. When and under what conditions are partnerships the appropriate tool for addressing sustainable development and how can they best be managed to generate maximum impact?

This first issue of the Partnership Report makes a contribution to this evolving debate using the example of the Seed partnerships. The Seed Initiative was founded by the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and IUCN-The World Conservation Union to promote and support nascent, locally driven, entrepreneurial partnerships for sustainable development. It does so by means of a biennial award scheme. Selected by an international jury, five partnerships were announced as the first Seed Award winners in 2005. The winners receive capacity building and support services that are tailored to their individual needs.

The progress and setbacks experienced by ›the Seed partnerships‹—the five winners and 70 award applicants who responded to a survey—shed light on critical questions for partnerships:<sup>1</sup> How likely are partnerships to achieve impact in sustainable development? What role does local ownership play in the work of partnerships? What business models are these partnerships based upon? What are their strengths and weaknesses in planning and management? And what can be done to enhance the chances of success of locally driven partnerships?

Due to the criteria defined for the award, the Seed partnerships cannot be seen as representative of the whole universe of partnerships. But the sample makes a unique contribution to research about partnerships. Covering areas often neglected by other studies, it focuses on partnerships that are in the relatively early stages of their development and that display a high degree of local ownership.

## **GETTING RUBBER ON THE ROAD**

Making a demonstrable contribution to sustainable development—having an impact—is vital for partnerships to establish credibility. Most of the Seed partnerships have yet to reach a stage where the final outcomes of their work can be assessed. However, looking at a set of combined factors suggests that these initiatives are making progress in their work.

First, almost all of the Seed partnerships pursue clear goals and have measurable targets linked to outcomes. Most aim to secure environmental sustainability and alleviate poverty and hunger. Their typical contribution as partnerships consists of facilitating the transfer of knowledge and technology and generating access to markets for local products.

Second, most Seed partnerships are making progress in implementing their plans. Only a small fraction of survey respondents report the failure of their partnership. The majority have started activities implementing their ideas and are beginning to produce initial results. Partners have, for example,

created seabuckthorn nurseries that will contribute to reforestation in Nepal. In Madagascar, the establishment of fish protection zones have allowed stocks to replenish and diversify. And in Bolivia, 1000 households are now receiving better quality water at lower cost thanks to partnership activities. 40 percent of the respondents have also received additional financial support since their application in 2004 and over 60 percent indicate satisfaction with their achievements to date.

Their paths to implementation have not been without hurdles or difficulties, though. Lack of financial support is reported everywhere as the biggest headache. But this report does not interpret this only as a plea for donors to open their chequebooks. Rather, it continues to analyse some of the possible underlying reasons for these difficulties. These include issues relating to local ownership, the peculiarities of the financial models used by partnerships, and the rigour of the planning and management processes they employ.

Chapter 2 of this report introduces the Seed partnerships. It shows which concrete goals the partnerships are pursuing, where they are making progress, what their specific contribution to sustainable development is and what constitutes their most important challenges.

## **ENABLING LOCAL OWNERSHIP**

Local ownership is a credo of the development community. While the term suffers from a mild case of buzzword-overuse, clear criteria for local ownership exist. The level of local ownership depends upon how far and how meaningfully affected stakeholders are involved in the different stages of a development initiative: from identifying the problems to be addressed, to defining the goals and targets of a development initiative, to setting and implementing concrete policies or activities, and evaluating them.

Partnerships have long been criticised as being ›supply-‹ or ›donor-driven‹. The Seed partnerships demonstrate that a wealth of often less-noticed partnerships with strong local ownership and drive exist. 63 percent of the Seed partnerships are ›local‹. These are all cases where local stakeholders take the initiative and remain the driving forces behind the projects. A further third of the Seed partnerships are ›participatory international‹, with international partners taking the initiative and significantly involving local stakeholders. Affected stakeholders have no say in only three percent of the Seed partnerships.

The Seed experience suggests that strong local ownership is particularly important for projects aiming to change people's behaviour, such as partnerships focusing on creating compliance with norms and standards. It also plays an important role for empowering local groups, for example through the transfer of knowledge and technology.

Local ownership is not without its own difficulties, though. Local initiatives may find it difficult to establish contact to international partners, which hinders their access to knowledge and technologies. For participatory international partnerships, the initial costs of involving local stakeholders can

be near-prohibitive. Depending upon their goals and circumstances, therefore, partnerships should determine carefully which type and level of local ownership is best for them.

In the many cases where local ownership is needed, governments and donors can do much to alleviate its costs. Programmes facilitating access to knowledge and technology as well as exchange among partnerships are especially valuable for local initiatives. Social venture capital funds could help finance the often high initial costs of co-ordinating multiple, international parties.

Chapter 3 introduces the concept of local ownership. It illustrates the effects of local ownership on the Seed partnerships and recommends ways to overcome the challenges associated with local ownership.

### **MATCHING PARTNERSHIP BUSINESS MODELS**

The debate about partnerships has recently focused on the business models that partnerships are built upon. This report argues that a valid partnership business model has two main components. First, such a model defines how a partnership intends to generate the necessary resources for achieving its goals. Second, it covers a range of issues central to planning and management such as setting goals and governance structures, allocating resources, and defining the processes and activities required to reach those goals.

Resource acquisition models for partnerships fall broadly into four types. Partnerships can derive their resources mainly from partner organisations, from donors, from commercial activities or from a mix of the above. Development initiatives obtaining their revenues from commercial activities have recently attracted most attention. This report, however, finds no clear evidence that one of the financial models is more conducive to partnership progress than the others. By far the most common approach among the Seed partnerships is the mixed financial model, where partners engage both in commercial activities and receive support from donor or partner organisations.

That partnerships are mixing their financial sources is a sign that they are succeeding in integrating the approaches from business and NGOs to achieve their goals. Mixed financial models do, however, bring special challenges with them. Firstly, partnerships must master the different operating skills and reporting requirements needed in the worlds of business and civil society. Second, they meet institutional obstacles because most investment and grant programmes are directed either toward business ventures or non-profit organisations. Financing mechanisms that are flexible enough to combine grants and investments would greatly help their development.

Chapter 4 discusses partnership business models, in which financial models are an important component. Four such models—partner-financed, donor-financed, commercial and mixed—are presented followed by a discussion of the special appeal and unique challenges of mixed financial models.

## **STRENGTHENING PARTNERSHIP PLANNING AND MANAGEMENT**

While the Seed partnerships display strength in defining their goals and targets, they show weakness in formal and medium to long-term planning. Strong formal planning and management are related to partnership progress, especially with regard to their ability to raise financial resources.

Various paths exist for improving the planning and management capabilities of partnerships. One is for partnerships to draw more extensively on the special skills of their partner organisations, including their business partners. Donors and governments can provide individual advice, as the Seed Initiative does when it helps its winners to develop their business plans. It would also be helpful if donors and governments articulated more clearly the management and planning requirements for resource allocations and put more emphasis on planning and management in training and support materials for partnerships.

Chapter 5 analyses the formal planning and management capabilities of the Seed partnerships. It finds that the sophistication of these capabilities is linked to several factors, including the involvement of businesses, the partnership's financial model and the degree of local ownership.

The concluding chapter summarises the lessons learned in this report, develops practical recommendations and points to some of the many areas where further research is necessary.

<sup>1</sup> The political debates surrounding partnerships were shaped among others in the Brundtland Report (1987), the Earth Summit in Rio (1992), Agenda 21, the process leading to the definition of the Millennium Development Goals (MDGs), the World Summit on Sustainable Development in Johannesburg (2002), successive sessions of the United Nations Commission on Sustainable Development, as well as the International Conference on Financing for Development and its follow-up process. For records of some of these meetings, see ANNEX D.