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seed initiative
Supporting Entrepreneurs for Environment and Development

The Seed Initiative Partnership Report 2006

Partnerships for Sustainable Development: On the Road to Implementation

UNDP

UNEP

IUCN
The World Conservation Union

THE SEED INITIATIVE PARTNERSHIP REPORT 2006

PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT: ON THE ROAD TO IMPLEMENTATION

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Acknowledgements: This report has benefited from the input of many individuals. Many valuable suggestions came from the peer review group, which included Liliana Andonova (Colby College, USA), Marc Chingono (University of Zimbabwe and sustainable development entrepreneur, Zimbabwe), Klaus Dingwerth (University of Bremen, Germany), Sylvia Karlsson, (Finland Futures Research Centre, Finland), Mita Sen (United Nations Department of Economic and Social Affairs, USA), Bernd Siebenhüner (University of Oldenburg, Germany), and Wahab Sulleyman (Entrepreneur and Ministry of Finance, Ghana).

Special thanks go to Martin Sprott, Thorsten Benner, Cecily Brewer, Bettina Woll, Sebastian Wienges, Darian Stibbe, Minu Hemmati, Sören Buttkereit, as well as the Seed partner organisations. We are also very grateful for the active cooperation of the many individuals engaged in the Seed partnerships. Their cooperation in filling out the survey and their willingness to provide us with information during interviews were essential for the writing of this report.

ISBN:	3-938962-00-3
Layout and design:	werk21/werkverlag KG, Berlin
Front cover photograph:	*Agua para Todos*, Bolivia
Printed:	Oktoberdruck AG

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EXECUTIVE SUMMARY

»We strongly reaffirm our commitment to the Rio principles, the full implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21. We also commit ourselves to achieving the internationally agreed development goals, including those contained in the United Nations Millennium Declaration and in the outcomes of the major United Nations conferences and international agreements since 1992. […] [T]he implementation should involve all relevant actors through partnerships, especially between Governments of the North and South, on the one hand, and between Governments and major groups, on the other.« (Johannesburg Plan of Implementation)

Whether to halve the proportion of the world's poor by 2015, to achieve universal primary education or to ensure environmental sustainability, the international community has set itself goals that are noble and high reaching indeed. Accomplishing these goals requires innovative ways of working together. Governments, business, civil society, and international organisations have reacted to the call to combine their strengths in partnerships. The last decade has witnessed tremendous growth in the number and shape of multi-stakeholder partnerships, fuelling optimism that they can make a real contribution to meeting sustainable development goals on the ground.

The ›Supporting Entrepreneurs for Environment and Development‹ or Seed Initiative was created to promote and support nascent, locally driven and entrepreneurial partnerships. It does so by means of a biennial award scheme, partnership services, and research. Selected by an international jury from over 260 submissions from 83 countries, the inaugural class of Seed Award winners was announced in 2005. They are receiving capacity building and support services tailored to their individual needs.

The Partnership Report is based on the experiences of ›the Seed partnerships‹: survey responses of 70 of the award applicants and case studies of the five Seed Award winners. In the current review year of the UN Commission on Sustainable Development, this report makes a special contribution to promoting an informed debate on the role of partnerships in sustainable development. The analysis sheds light on a number of critical questions related to the contribution of partnerships to sustainable development, their business models and management, based upon a sample of primarily locally driven partnerships that are in the early stages of their development. The report translates its findings into concrete recommendations for governments, donors, investors, and partnership practitioners to support the continued advancement of partnerships for sustainable development.

LOCALLY DRIVEN PARTNERSHIPS HAVE A HIGH POTENTIAL TO CREATE REAL IMPACT

Even though the partnerships profiled in the report are in the early phases of their development, our research suggests that they have a high potential for creating the kind of impact on the ground that donors and governments are looking for. Almost all of the Seed partnerships pursue clear goals and have measurable targets. Most are making progress in implementing their plans. Initial achievements of the Seed winners include:

- The *Partnership for Community-Run Marine Protected Areas in Madagascar* has implemented a marine protected area that has allowed stocks to replenish and diversify. The increased sustainability and productivity of fisheries has led three additional communities to request that the protected area be expanded to include their fishing grounds.
- The *Cows to Kilowatts* partnership has secured almost full funding for the creation of a waste water treatment and biogas production plant. The government of Nigeria is considering including the project in its National Environmental Sanitation Policy and supporting replication if the pilot project proves successful.
- In Bolivia, the *Agua para Todos* partnership is providing 1,000 households with water of better quality at lower prices. The partnership has now started an ambitious programme to supply 85,000 people with water.
- In Nepal, the *Harvesting Seabuckthorn at the Top of the World* partnership has established nurseries for seabuckthorn and is training local communities in harvesting and processing the plants. The partnership is now developing markets for seabuckthorn products and other initiatives are replicating the focus on seabuckthorn.
- Ever more farmers world-wide are adopting the eco-friendly system of rice intensification (SRI) method for growing rice, which reduces the need for water and chemicals and increases yield. The *Global Marketing Partnership for SRI Indigenous Rice* is making its first inroads toward supporting and coordinating the marketing efforts of SRI rice farmers.

Action, however, is needed to fully realise the potential of locally driven partnerships:

Given their high potential for impact, locally driven partnerships should focus more on measuring results and communicating their achievements. Governments and donors interested in measuring the overall effect of partnerships should help them in this effort.

The partnerships indicate lack of financial support as the biggest hurdle they face. Governments, donors, and investors should not only consider extending more financial support to locally driven initiatives, but also help them address the underlying challenges connected to local ownership, the definition of partnership business models and management.

ENSURING LOCAL OWNERSHIP REQUIRES SPECIAL SUPPORT

Local ownership makes many sustainable development initiatives more effective and more sustainable. Inevitably, it creates certain challenges as well. Purely local initiatives sometimes find it difficult to establish contact with international partners, hindering their access to knowledge and technologies. Involving local stakeholders in international initiatives presents a trade-off between inclusiveness on the one hand and the costs of participation on the other.

Depending on their goals, local ownership is more important for some than for other initiatives. Partnerships should determine carefully which type and level of local ownership is best for them.

Where local ownership is needed, governments and donors can alleviate its costs through programmes facilitating access to knowledge and technology as well as exchange among partnerships. Social venture capital could help finance the often high initial costs of participatory initiatives.

PARTNERSHIPS RELY ON INNOVATIVE FINANCIAL MODELS THAT REQUIRE FLEXIBLE FINANCING MECHANISMS

Partnerships derive their resources from partner organisations, donors or commercial activities. Most of the Seed partnerships rely on a mix of sources for financing their activities. This demonstrates the ability of partnerships to pursue innovative and flexible business models that combine the working methods of the private sector and non-governmental organisations. Mixed financial models do, however, confront partnerships with distinctive challenges. Firstly, partnerships have to be able to master the different operating skills and reporting requirements needed in the worlds of business and civil society. Secondly, mixed financial models meet institutional obstacles because most investment and grant programmes are directed either toward business ventures or non-profit organisations.

The strong reliance on mixed financial models means that private sector engagement in partnerships need not be based on charity. Especially the role small and medium sized enterprises play in local partnerships while furthering their business interests should be recognised and embraced.

Governments and donors should support innovative partnership business models by offering financial instruments that are flexible enough to allow for a combination of soft loans, grants, and investments.

PARTNERSHIP CAPACITIES FOR PLANNING AND MANAGEMENT NEED TO BE STRENGTHENED

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

Partnerships should invest in formal planning and management and develop coherent partnership business plans. In doing so, they should draw on the skills of all partner organisations, including their business partners.

Donors and governments should articulate more clearly their planning and management requirements for resource allocations and put more emphasis on these topics in training and support materials for partnerships.

THE SEED SUPPORT SERVICES: A REPORT ON WORK IN PROGRESS

The Seed Award winners receive support services designed to help them master the challenges they encounter during their early stages of development. The support services are developed in cooperation with the winners to match the individual needs of each partnership. Since the partnerships are still young, flexibility is essential to adapt to changes and new opportunities arising as the partnerships develop. Support delivered to date includes:

Partnership building: The Seed Support Channel works with the partnerships providing advice to help the overall development of the partnerships.

- A consultant engaged by Seed spent three months with the partners to develop a strategic plan for the *Global Marketing Partnership for SRI Indigenous Rice*.
- Financial support provided and facilitated by Seed is enabling the coordinator of the *Global Marketing Partnership for SRI Indigenous Rice* to build up the partnerships and develop the initiative.
- Facilitated by Seed, UNDP Bolivia has become a partner in the *Agua para Todos* partnership and helped to bring in the municipality of Cochabamba as a further partner.

Capacity development: The Seed Support Channel provides assistance with business plan development, fundraising, and technical issues and enables exchange among initiatives.

- Supported by Seed, a team of consultants is preparing a business plan for the *Cows to Kilowatts* partnership.
- A consultant worked with the *Agua para Todos* partnership to develop fundraising documents and identify potential donors. It is planned that further consultants will assist with technical issues related to sewerage and the ownership of water networks.
- The *Partnership for Community-Run Marine Protected Areas in Madagascar* is receiving support from a dedicated part-time fundraiser, and will work on its research programme with a socio-economic advisor.
- Seed enabled the participation of partnership representatives in international meetings: all finalists to the awards participated in the IUCN World Congress in Bangkok in 2004; the winners participated in events related to the UN's Commission on Sustainable Development in 2005; individual partnerships participated in international events relevant to their field of work.

Opportunity building: The Seed Support Channel leverages the networks of various Seed partners and supporters to facilitate contacts and create opportunities.

- Seed brought together the *Cows to Kilowatts* partnership and UNDP Nigeria. UNDP is now providing a substantial share of the start-up capital for the partnership.
- Seed negotiated better credit terms from a supplier to the *Agua para Todos* partnership, which helps to speed up the rate of implementation of the programme.
- The Seed Initiative has facilitated continued support by the German Ministry for Economic Cooperation and Development for the main partner of the *Harvesting Seabuckthorn at the Top of the World* partnership, as well as facilitating contacts with potential purchasers.
- With assistance from UNEP, the Seed Initiative is supporting two finalists to the awards in developing a certification scheme for lead battery manufacturing in India and an environmental technology centre in Morocco.

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:[1] 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.

[1] 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.

2 THE SEED PARTNERSHIPS: FOCUSING ON IMPACT

The General Assembly »Calls upon Governments, all relevant international and regional organizations […], as well as major groups, to take action to ensure the effective implementation of and follow-up to the commitments, programmes and time-bound targets adopted at the World Summit on Sustainable Development, and encourages them to report on concrete progress in that regard«
(UNGA Resolution 59/227, 2004, §3)

In sustainable development, multi-stakeholder partnerships are mainly promoted as promising instruments for implementing internationally agreed upon goals. Partners from different backgrounds, so runs the argument, can contribute complementary skills and resources to the solution of intricate problems that no organisation could effectively address on its own. As such, the legitimacy and usefulness of partnerships depend on their ability to show an actual contribution to sustainable development.[2]

The UN's Commission on Sustainable Development strongly advocates and supports the development of partnerships. But many delegations to the Commission only back this support if partnerships show real impact on the ground. They underlined *»the importance of achieving concrete results«* and in the beginning criticised partnerships for being *»generally donor-driven«.*[3] In response to these points and hoping to uncover partnerships with immediate effects on sustainable development, the Seed Initiative chose to focus on locally driven initiatives.

Our analysis shows that the Seed partnerships pursue clear goals linked to concrete development results. Most partnerships are in a stage too early to assess their final achievements. But the definition of goals and progress made to date augur the likely generation of tangible impacts. These impacts are frequently related to creating environmental sustainability and eradicating poverty and hunger. The special contribution of the partnerships is most often to transfer knowledge and technology and to create market access for local products.

The Seed partnerships are making important progress in their work. The majority of the Seed partnerships are in the middle of implementing their activities and many are beginning to see the first fruits of their work. They report lack of access to adequate financial resources as the most important hurdle to achieving impact.

INTRODUCING THE SEED PARTNERSHIPS

The Seed partnerships share a few characteristics that set them apart from others.[4] What typical traits do the Seed partnerships share? What is their potential for impact, and what are the key hurdles they need to overcome as they develop?

In spring 2004, the Seed Initiative launched a call for submissions encouraging partnerships from around the globe to apply for the Seed Awards.[5] The Awards are designed to promote and support nascent, locally driven partnerships and particularly reach out to initiatives with the following criteria:

- The partnership is innovative and entrepreneurial
- It contributes to the social, economic, and environmental aspects of sustainable development in an integrated manner
- The partnership itself is sustainable
- It has local drive and focus
- It includes relevant stakeholders
- It would benefit from support through the Seed Initiative

The partnerships applying to the awards likely reflect the Seed selection criteria.[6] They are therefore not representative of the entire universe of existing partnerships. Since the applications were submitted, more than one and a half years have elapsed. We have closely followed the five winning partnerships over that time. Their experiences are documented in short case studies at the end of this chapter.[7]

In January 2006, we asked all applicants to update us on their experiences by filling out a questionnaire. Of the 263 original applicants, we received 70 completed questionnaires, including those of four of the winners. Throughout the report, we will refer to this set of responses, complemented by qualitative information from the five winning partnerships, as ›the Seed partnerships‹. The response rate is slightly lower than that found in other surveys.[8] This can be explained in part by the fact that many of the original applicants were disappointed at not receiving the Seed Awards and thus unwilling to cooperate. In addition, many of the applications came from partnerships in developing countries. With often unreliable email and phone connections, we must assume that a number of partnerships did not actually receive the survey.

CLEAR GOALS AND SPECIFIC FUNCTIONS

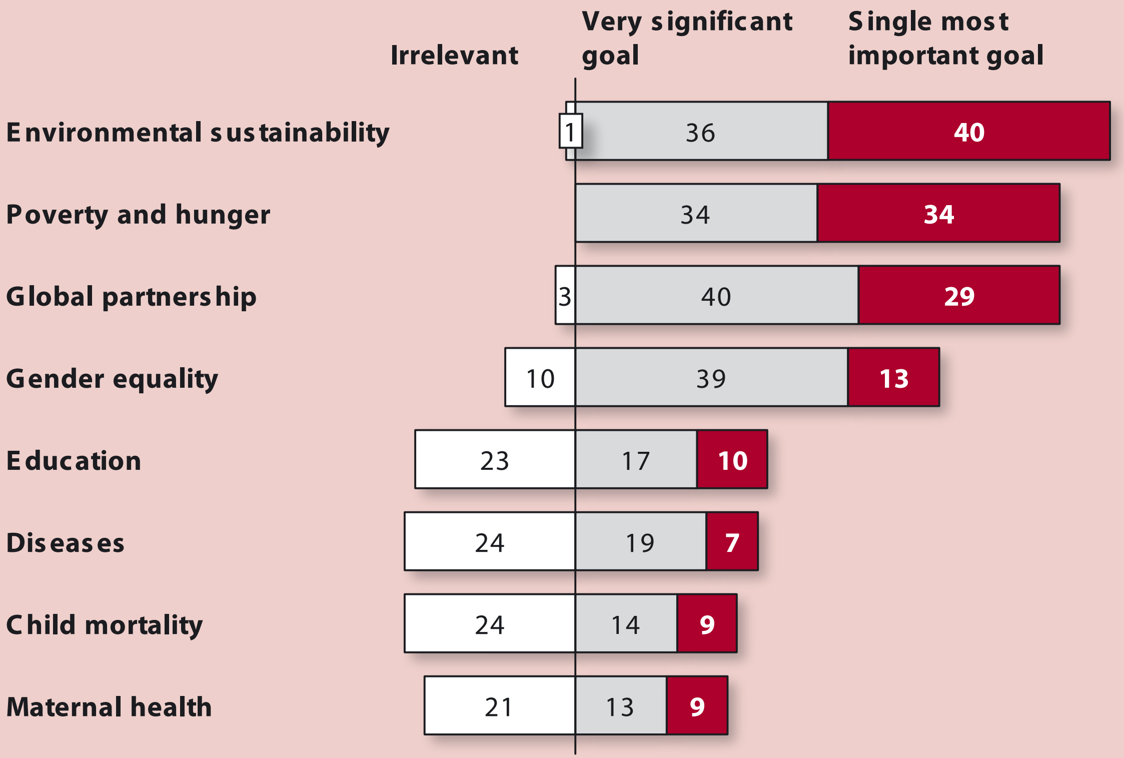
To assess the likely impact of the Seed partnerships, we first analyse their goals: What areas of sustainable development do they seek to contribute to? How concrete are the goals they are pursuing? Then, we look for clues on whether the partnerships are making progress in their work. Given the early stage of development of most Seed partnerships, these factors taken together provide the best available indicator for their likelihood to achieve a tangible effect.

The partnerships were asked which of the Millennium Development Goals (MDGs) they see as most important for their work. Their responses show a clear concentration on two substantive areas: ensuring environmental sustainability and eradicating poverty and hunger. The selection bias of the sample might explain this concentration: the call for submissions to the Seed Awards was strongly disseminated through the regional offices of UNEP, IUCN, and UNDP, who focus strongly on these two areas.

Many of the partnerships focus on these two areas simultaneously. The integration of various goals in one project is one of the hallmarks of promising sustainable development partnerships. In this

SEED PARTNERSHIPS FOCUS ON THE ENVIRONMENT AND POVERTY ERADICATION

Answers in percent of respondents (Multiple answers possible)



sense, the orientation of one of the winners of the Seed Awards is typical. The *Harvesting Seabuckthorn at the Top of the World* partnership seeks to preserve indigenous seabuckthorn in Nepal and halt soil erosion through reforestation. To do so, it explores new uses for seabuckthorn products. Establishing access to national and international markets will offer new sources of income to local communities and provide employment opportunities especially to underprivileged women.

Yet, stating one's intent to contribute to one or more of the Millennium Development Goals can remain a vague promise. Do the Seed partnerships have more concrete and measurable targets and objectives? Almost two-thirds of the partnerships indicate that they have measurable targets. These include, for example, the conservation of 6,250 acres of land by 2009, the creation of livelihoods for at least 300 disabled people by 2007, or the setting up of 50 micro-enterprises by mid-2006. These and other examples support the conclusion that, in their large majority, the Seed partnerships have very clear goals and intend to make a direct impact. The emphasis on measurable targets should not, however, lead us to underestimate the importance and impact of goals that are more difficult to measure.

In trying to achieve these goals, partnerships perform specific functions which can overlap and change over time. Two of these functions were found to be especially prominent among the Seed partnerships:

- **Facilitating the transfer of knowledge and technology**

  The transfer of knowledge and technology is a crucial element in many successful sustainable development initiatives.[9] Multi-stakeholder partnerships have great potential to facilitate this transfer. By working with partners that often have very different backgrounds and resources, one partner organisation can pass on skills and knowledge to another. In addition, many partnerships include training programmes explicitly aimed at building capacity and knowledge in their initiatives.

  Therefore, it should not come as a surprise that Seed partnerships most frequently mentioned the transfer of knowledge and technology as an important goal. In fact, 26 percent of the survey respondents indicate this as their ›single most important‹, 31 percent as a ›very significant‹ contribution and not a single respondent has declared it as irrelevant.

  Of the 12 finalists to the Seed Awards, all but one have an explicit component for passing on knowledge or technology. In most cases, they treat this transfer as a means to an end. In the *Cows to Kilowatts* partnership for example, Nigerian partners were searching for a good way to treat abattoir waste. They found a Thai company producing biogas plants. The partnership will now adapt this technology to Nigerian needs and train Nigerian engineers to use it.

Another finalist, by contrast, sees technology transfer as an end in itself. *The Joint Initiative for a Cleaner Mohammedia* in Morocco is setting up a technology transfer centre with the main aim of helping local businesses upgrade their technology. Ultimately, the partnership hopes that this will lead to the adoption of cleaner production methods.

- **Creating market access for local products**

  As shown above, the Seed partnerships most often focus on alleviating poverty and ensuring environmental sustainability. The example of *Harvesting Seabuckthorn at the Top of the World* shows how these goals make it necessary to develop markets for local products. As poverty often leads communities to overuse natural resources, developing new ways in which these communities can generate livelihoods in a sustainable manner is the key to addressing both poverty and environmental degradation. For the Seed partnerships creating market access for local products ranks about as highly as facilitating knowledge and technology transfer. 26 percent of the respondents cite this intention as their ›single most important‹ and 31 percent as a ›very significant‹ contribution; 9 percent see this as irrelevant to their work.

  There are a variety of ways in which partnerships can facilitate access of local producers to national and international markets. One option is direct cooperation between local producers and companies buying their products. In the *Allanblackia Seed Partnership* in Nigeria, for example, local producers sell their harvest of allanblackia seeds directly to Unilever, one of its partners. The *Mangrove Restoration and Shrimp Aquaculture Partnership* has adopted a different approach. This partnership works with an international NGO knowledgeable about access to international markets to help local farmers certify their produce as eco-friendly.

  Thirdly, partnerships can bring together various local partners to exchange experiences and generate the critical mass needed to break into international markets. The *Global Marketing Partnership for SRI Indigenous Rice* facilitates exchanges on marketing strategies between rice farmers in Sri Lanka, Madagascar, and Cambodia. It also plans to create a new brand of indigenous rice varieties produced with the SRI method.

MAKING PROGRESS

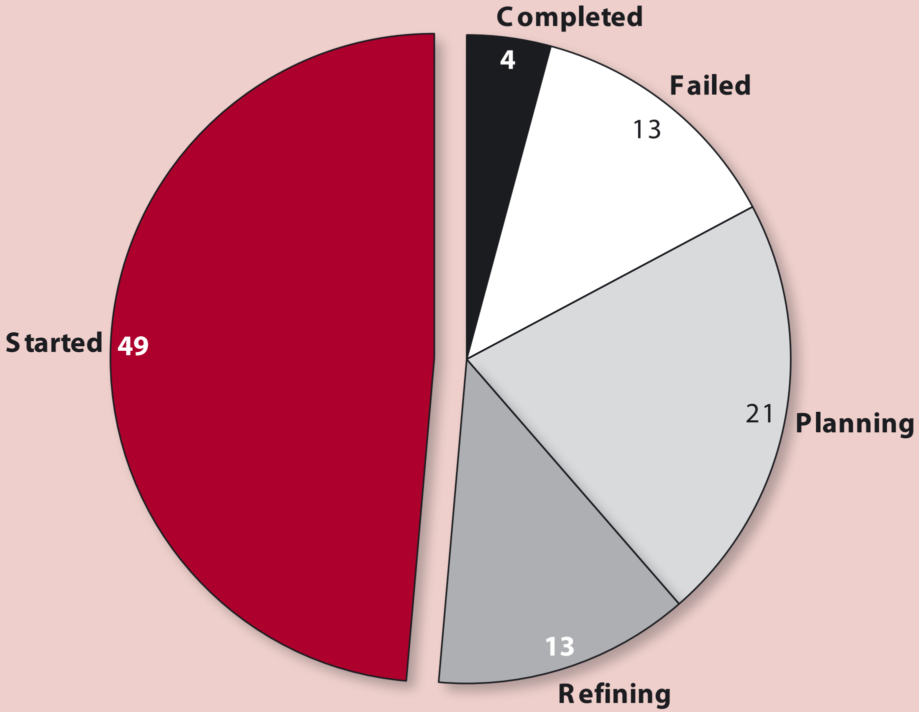
The previous section concentrated on the aims and the potential contributions of the Seed partnerships to sustainable development. But what progress have they made to date? Overall, our research suggests that initial developments look very positive. Stumbling blocks will be considered in the next section.

First, it is important to reiterate that most of the Seed partnerships are still relatively young. 49 percent began generating the main ideas for their partnership three years or less before the survey was conducted in 2006. For 30 percent, four to nine years had elapsed since they formulated the original idea, and 10 percent were more than 10 years old. The median age of the Seed partnerships is 3 years. For most of the partnerships it is therefore too early to assess their impact on the ground.

Of the respondent partnerships, only 13 percent have encountered insurmountable difficulties that forced them to cease activities. But this seemingly low number of failures should not be a cause for premature celebration. Successful partnerships are more likely to respond to surveys than failed ones. We must therefore assume that the real number of partnerships that have failed is much higher.

MOST SEED PARTNERSHIPS ARE IN IMPLEMENTATION PHASE

Percent of partnerships



Potentially, all of the partnerships that did not respond were failures. This would translate into a failure rate of 77 percent. Even in this improbable worst case scenario, the partnerships come off relatively well. Business start-ups experience failure rates of 50-85 percent[10] within the first four years.

The partnerships that are still active have reached different stages in their development. Some of them are still refining their ideas. Others are in the midst of planning more concrete activities. Most have started to implement their ideas, but yet very few have accomplished all their goals and completed their projects.

A few other indicators help to analyse in what areas and in what ways the partnerships have made progress to date. A first signal is the development of a partnership's membership. Clearly, if core partners leave, this is a bad sign for the partnership. Conversely, we cannot take it as a negative sign if no new organisations join since not all partnerships were looking for new partners. When using indicators to score partnership progress later in the report, only the loss of members will be taken into account. Of the Seed partnerships that have not declared outright failure, 74 percent have managed to retain the commitment of all involved partners and 56 percent have managed to win new partner organisations.

Probably a more significant signal for progress is whether a partnership manages to raise funds for its activities. 41 percent of the partnerships still in existence have received financial contributions since their application, ranging from US$ 2,000 to 5,000,000, with a median of US$ 62,000. Interestingly, none of the partnerships have received any commercial credits or loans. As will be discussed in the next chapter, this trend exists despite the fact that most Seed partnerships are planning to engage at least partially in commercial activities.

Finally, an assessment of progress depends largely on the unique characteristics of each individual partnership. While inherently subjective, the partners' own judgment of their progress is instructive. On the whole, the partnerships that are still active are rather positive about their achievements, though they do acknowledge difficulties. Seven percent of the respondents doubt whether they will overcome the problems they are encountering. 30 percent have met serious problems, but are confident that they can master them. Over 50 percent say that they have achieved many of the goals they set for themselves and trust they can deal with the remaining hurdles. Ten percent claim that they have achieved all targets set until now and don't expect any further difficulties. Additionally, around a quarter of the partnerships state that they have received positive feedback about their activities from those who are affected by them.

Despite the difficulties and hurdles encountered, most Seed partnerships are thus showing good signs of progress.

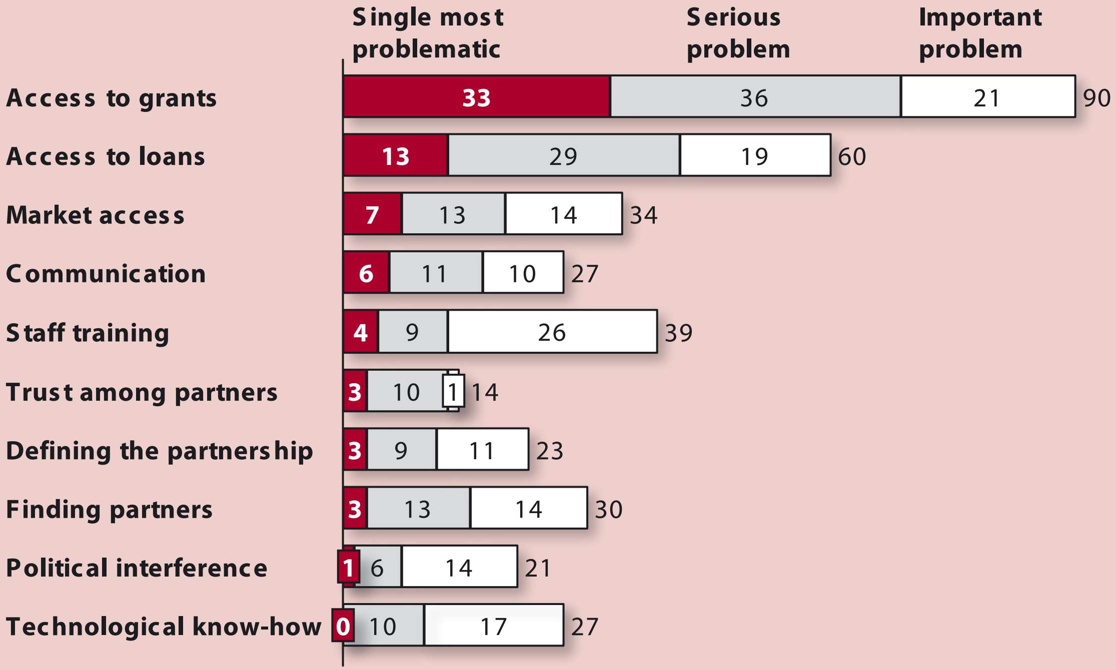
FINANCIAL RESOURCES AS THE MAIN HURDLE

To determine what factors contributed to the demise and success of the Seed partnerships, the partners' reports about the hurdles they encountered were examined. The reply has been unambiguous: the lack of access to financial resources is the single biggest headache for partnerships. In most cases, the Seed partnerships approach donors, rather than commercial financial institutions. One-third cited difficulties in getting grants or donations as the ›single most problematic factor‹. A further 36 percent identified this as a ›serious problem‹ and another 21 percent saw it as an ›important problem‹. In addition, 13 percent quoted access to credits and loans as their biggest problem, 29 percent as a serious problem and 19 percent as an important problem.

Even Seed winners experience acute fundraising problems. The *Marketing Partnership for SRI Rice*, for instance, is still in its very early stages. To plan and begin activities, it needs to pay for a part-time coordinator, a meeting between the different partner organisations and a presentation of SRI rice at further international food fairs. These start-up resources have proven very difficult to obtain. Another example: The *Seabuckthorn Partnership* has tried for over a year to get the resources to buy an oil press.

FINANCIAL HURDLES ARE SEEN AS MOST PROBLEMATIC

Answers in percent of respondents (Multiple answers possible)



It needs this equipment to extract high quality samples of seabuckthorn oil. Testing these samples is a precondition for securing agreements with potential international buyers of these oils. In both cases, the Seed Initiative is now providing limited financial support to bridge these set-up difficulties.

While financial difficulty is a pressing concern for most partnerships, it cannot be solved with a one-size-fits-all approach. It is a symptom of a range of different underlying causes, which need to be understood in order to find the most effective ways to help partnerships fulfil their promise.

- Do financial problems stem from the fact that local organisations find it difficult to approach international donors? Do the high initial costs of participatory partnerships deter donors from supporting them? Chapter 3 on local ownership explores these questions in greater detail.
- Alternatively, could it be that partnerships are based on business models that do not fit the categories and policies of existing donor institutions? This particular question will be explored in Chapter 4, which concentrates on the financial models used by partnerships.

- Or are many partnerships simply not rigorous enough in their planning and management? Chapter 5 analyses how the partnerships fare with regard to formal planning and management processes and how this translates into receiving or being denied financial support.

Where small investments are crucial for enabling the further development of a partnership, the Seed Initiative has at times supported its winners through direct financial contributions. More often, though, the support services have sought to address these underlying causes by helping to establish connections to potential partners or donors or by providing expert advice on the development of business plans and funding proposals.

LESSONS

LESSON 1

LOCALLY-DRIVEN PARTNERSHIPS PROMISE IMPACT

The Seed partnerships have not yet achieved their final results. But they pursue clear goals and measurable targets that promise concrete results for sustainable development.

The main focus of the Seed partnerships is on ensuring environmental sustainability and alleviating poverty and hunger. The mechanisms most frequently chosen to achieve this are the facilitation of the transfer of knowledge and technology and the generation of access to markets for local products.

LESSON 2

THE SEED PARTNERSHIPS ARE SHOWING SIGNS OF PROGRESS

Despite encountering difficulties and setbacks, the Seed partnerships show progress in the following areas:

- only few partnerships are outright failures
- a majority of the partnerships have started implementing their ideas
- most have managed to retain the support of existing partners and found new partners
- 40 percent have received new financial support
- over 60 percent are content with their achievements and 25percent have received positive feedback from groups affected by their activities

LESSON 3

FINANCIAL DIFFICULTIES OFTEN HIDE UNDERLYING PROBLEMS

The partnerships overwhelmingly cite the lack of financial support as their most acute problem, but the failure to attract funding can be a symptom of other problems, which are explored in the next chapters. Donor organisations may achieve more impact if they do not only provide financial resources but also address these underlying causes.

[2] Since the partnerships created in the context of the Johannesburg Summit are all implementation partnerships, outcome legitimacy is of central importance to them. Other forms of legitimacy, however, particularly those connected to the process of partnership work (e.g. the partnership's inclusiveness, the way it deals with power differences, its transparency and accountability), also remain significant.

[3] United Nations Commission on Sustainable Development (2004, §§ 44 and 45). Registration with the CSD Secretariat was initially reserved for partnerships with international participation. Perhaps showing a learning process, registration was later opened to local initiatives. Reflecting the change in composition of the CSD-registered partnerships, delegations acknowledged in 2005 that more partnerships were using a ›bottom-up‹ approach, United Nations Department of Economic and Social Affairs (2005, p. 5).

[4] For example from the partnerships registered in the CSD database, most of which, due to earlier registration requirements, have international actors as members. The CSD partnerships database can be accessed at *http://webapps01.un.org/dsd/partnerships/public/browse.do*.

[5] For more information about the Seed Initiative, please see ANNEX B to this Report and *http://seedinit.org*.

[6] For an analysis of the characteristics of the submissions, see Steets (2005).

[7] For a note on the methods used for the survey and case studies, see ANNEX A.

[8] Response rates to surveys vary significantly. In a comparative analysis of email surveys, Sheehan found response rates averaging around 30 percent in the years 1998-2000, noting a decreasing tendency over time, Sheehan (2001). Manfreda and Vehovar found completion rates of web surveys to range from 1 to 95 percent, averaging at 42 percent, Manfreda and Vehovar (2003, p. 13). Tarnai and Paxson report average response rates to business survey of between 10 and 50 percent, Tarnai and Paxson (2004).

[9] The importance of technology transfer is for example repeatedly stressed in the report on the World Summit on Sustainable Development, United Nations (2002).

[10] Again, no comprehensive statistics have been compiled. For small and medium sized businesses in Africa, the Namibia Economic Society reports failure rates as high as 85 percent, Gaomab (2004). The OECD reports failure rates of around 50 percent within the first four years for companies in developed countries, Bartelsman (2003).

SHORT CASE STUDIES OF THE SEED AWARD WINNERS[11]

GLOBAL MARKETING PARTNERSHIP FOR SRI INDIGENOUS RICE

The *Global Marketing Partnership for SRI Indigenous Rice* brings together rice farmer organisations in Cambodia, Madagascar, and Sri Lanka as well as an American university institute to promote production and marketing of traditional rice varieties grown using the System of Rice Intensification (SRI). SRI is an environmentally-friendly method for growing rice that reduces seed, water, and agrochemical input while increasing yield. The partners support each other's efforts to develop national marketing strategies and are in the process of devising a common marketing infrastructure for entering international markets. In doing so, they hope to improve the livelihoods of small-scale rice farmers in the developing world.

BACKGROUND

The spread of ›modern‹ rice varieties has led to an alarming loss of rice biodiversity. In Asia, for example, where many thousands of indigenous varieties flourished in the past, only a handful now account for the bulk of rice production. Small-scale cultivation of traditional rice continues to become less and less attractive for farmers in the developing world because market prices are low, while synthetic fertilizers and pesticides become more costly. Traditional rice growing practices often produce little yield while flooded fields require huge amounts of water and release substantial amounts of the greenhouse gas methane.

The System of Rice Intensification serves as a method for growing traditional rice varieties that avoids most of these problems. SRI methods produce ›more from less‹: using 25 to 50 percent less water, 80 to 90 percent less seed, and less or no chemical fertilizer while at the same time increasing rice yields by 50 to 100 percent. The key idea for these improvements consists of enhancing soil biological communities and processes and thus plant growth by managing plants, soil, water and nutrients differently. The SRI method requires that young seedlings (rather than clumps of older plants) are planted individually with wider spacing between them. Further, the soil must be kept moist but not continuously flooded in order to promote aerobic activity. While these new methods are being learned, SRI may therefore require additional labour: The very young seedlings demand careful transplantation and the rice paddies, which remain unflooded, require more weeding. Yet, the benefits—higher crop yields and therefore higher income—that farmers achieve through SRI far exceed the costs.

As many as 200,000 farmers in more than 20 countries currently use SRI methods to grow rice. As more and more farmers begin harvesting surpluses, they need to find markets for the rice. A promising strategy entails marketing SRI-grown traditional rice varieties to high-end, environmentally and health-conscious consumers. Higher prices warranted for organically-grown traditional rice should in turn greatly improve the livelihoods of farmers in developing countries.

Cambodia, Madagascar, and Sri Lanka are three countries in which the SRI method is well established. In Madagascar, where SRI originated, approximately 100,000 rice farmers are now using some combination of SRI methods, growing over 100 traditional varieties of rice. The National Federation of Koloharenas serves as the national partner of the initiative in Madagascar. It forms the national umbrella body of the Koloharena farmer cooperatives, which promote sustainable agriculture and seek to conserve Madagascar's precious environment. 29,000 farmers in three large rice growing areas are organized within the Koloharenas. The Malagasy specialty is red and pink rice. Red rice has been taken into the SlowFoods Arc of Taste Foundation, which supports rare local food varieties. In this context, red rice is now being marketed in Europe.

In Cambodia, over 40,000 farmers now use SRI methods. SRI was only introduced to Cambodia in 2001. The extensive work of the national NGO CEDAC (Centre d'Études et de Dévéloppement Agricole Cambodien) and the Cambodian Ministry of Agriculture resulted in the swift (and widespread) adoption of SRI.[12] As farmers begin to produce more than their households require, CEDAC is becoming increasingly concerned with marketing SRI rice. CEDAC organised a working group to drive the marketing efforts and is developing a strategy to market SRI rice both within Cambodia and abroad. In December 2006, CEDAC will organize a national rice fair to promote the many traditional rice varieties.

In Sri Lanka, between 5,000 and 10,000 farmers currently use SRI to grow rice as food and seed. Sri Lanka is home to more than 2000 traditional varieties of rice. Gamini Batuwitage, the head of a World Bank-funded Gemi Diriya program, and H. M. Premarathna, an organic farming and SRI trainer, established ›SRI Eco Friends‹, a loose network of approximately 5,000 SRI farmers, in order to build marketing opportunities for rice farmers. In Sri Lanka, farmers are currently selling SRI rice at the village level, and some small amounts are marketed to Europe through an organic trading company. Sri Lankan marketing activities focus on building up independent national marketing channels in order to avoid exploitation from traders. CAA, the Australian Oxfam affiliate, supports these efforts by providing parboiling facilities, a high quality processing mill, and a vacuum packing machine. Both poor organisation of SRI farmers and the December 2004 tsunami, however, hampered efforts to further market SRI rice.

CREATING THE PARTNERSHIP

In these and in other countries, the spread and adoption of SRI is largely a grass-roots movement. The Cornell International Institute for Food, Agriculture, and Development (CIIFAD) plays the principal role as a catalyst for research and development related to SRI, having first brought it to international attention in the late 1990s. Upon learning about the Seed Awards, CIIFAD and the three farmer-based organisations in Sri Lanka, Madagascar, and Cambodia decided to create an informal partnership for marketing SRI rice. *»The national partners‹ strengths are related to rice production and farmer-training,«* says Norman Uphoff, then director of CIIFAD. *»They did not have much marketing expertise, and the Seed Award was an opportunity to get support for strengthening a network that would enable partners to build up and share marketing know how, to jointly approach donors for marketing support, and eventually to collaborate in marketing SRI rice internationally.«*

Such a self-held network could have the additional effect of encouraging collaboration among farmers in poor countries, in turn improving their livelihoods and generating incentives for further farmers to take up SRI. CIIFAD's role is to coordinate the partners' marketing activities, investigate international marketing opportunities and build a central marketing infrastructure, including communication material and research into the environmental and nutritional benefits that SRI rice offers.

DEVELOPING THE PARTNERSHIP

The partnership began by setting up a mailing list that facilitates communication among the three farmer-based organisations, CIIFAD, and others interested in SRI marketing issues. Through this avenue, the partners share progress reports on marketing and selling SRI rice and exchange ideas about possible marketing efforts. Partnership representatives presented information about SRI rice, the marketing partnership, and its objectives at the 3rd World Environmental Congress in Bangkok (2004), the European Forum on Agricultural Research and Development in Zurich (2005), and the natural products trade fair Expo East (2005), making contacts with potential buyers.

Yet, progress in realising marketing ideas and capitalizing on existent synergies has been slow. Lack of dedicated human resources, capacity, and expertise in the partner organisations are major constraints. The heads of the field-partner organisations have little time outside of their regular jobs to devote to marketing efforts. *»I am also project director of the Gemi Diriya project, a World Bank-funded project aimed at reducing poverty in 5000 Sri Lankan villages,«* says Gamini Batuwitage of SRI Eco Friends. *»That leaves me with less time for the SRI Marketing Initiative than I'd like.«* At present, only the Koloharena Association in Madagascar has an employee who is responsible for marketing. At CIIFAD, Olivia Vent has been coordinating the SRI Marketing Partnership activities on a volunteer basis. Moreover, the lack of personal relationships between the partners hampers efficient virtual collaboration. So far, the key members of the initiative have not had the chance to meet in person.

In June 2005, the Seed Initiative addressed this standstill by enlisting the services of a management consultant, Christina Gradl, from the strategy consulting firm McKinsey & Company. She spent three months in Cambodia, Sri Lanka, and Madagascar evaluating the partners' capacity to market SRI rice, and prepared a discussion paper and recommendations in September 2005. *»In general,«* Gradl found, *»all facilities are in place in the three countries to produce, process, package, transport and sell the* *rice in satisfactory quantity and quality. Yet, a large amount of coordination effort is still needed as well as sufficient business knowledge. Thus, the lack of human resources to support the marketing initiative and the lack of marketing and business knowledge are the major constraints for a successful implementation of the programme.«*

Gradl's report reiterated that the partners should focus first on building up national marketing initiatives because urban markets for healthy food are emerging rapidly. Once this infrastructure is in place, the organisations can focus on building a marketing strategy to approach international markets. Existing opportunities for export sales should be used and expanded step by step. Another recommendation was the creation of a SRI rice brand. The brand would help importers or consumers to identify indigenous rice varieties produced using eco-friendly SRI methods and fair-trade principles. Under this ›umbrella label‹, the producing organisations would still be able to create distinct products. A website should provide potential purchasers with information on available rice varieties.

Gradl's paper also makes the point that partners should draw on the expertise of those development agencies already supporting SRI in Cambodia, Sri Lanka, and Madagascar in establishing national and international marketing strategies. For example, Oxfam has assisted CEDAC in establishing an outlet that sells eco-friendly SRI rice and other agricultural products to consumers in Phnom Penh.

Whether the partners can realize the goals set forth in the marketing strategy paper largely depends on adequate funding and human resources. *»We continue to work collaboratively but it's difficult to be pro-active without at least a small budget«*, says Olivia Vent. To provide some start-up funds and leverage other support, Swiss Re and the Seed Initiative are now financing a part-time coordinator position for the partnership for six months. This enables the implementation of some of the recommendations in the marketing strategy paper. The Seed Initiative has also created a mock-up marketing website for the partnership and has engaged the pro-bono services of a graphic designer to help with branding.

PARTNERSHIP GOVERNANCE AND FINANCES

STRUCTURES

At present, the *SRI Rice Marketing Partnership* does not constitute as a legal organisation. The individual national partner organisations, which are already registered organisations (except in the case of Sri Lanka), can sign individual contracts for export projects. The Sri Lankan partners are taking steps to have their organisation registered. In the medium term, once partners engage in export projects, Gradls report suggests that it may be beneficial to incorporate the operational network as a non-for-profit organisation, to allow the initiative as a whole to receive donations and enter into contracts.

PROCEDURES

So far, the partnership's procedures have been largely informal. The partners communicate mainly through email, a Yahoo group, and by means of CIIFAD's SRI rice website. The partners perceive the commitment among themselves—the staff and directors of the Koloharena Association, CEDAC, Sri Eco Friends, and Olivia Vent and Norman Uphoff at CIIFAD—as the crucial factors driving the initiative. Christina Gradl also continues to play an important role even though she already completed her consulting assignment. This informal structure has many benefits, because it allows partners to pursue mutual learning while they continue the ongoing activities in their respective organisations. In order to drive the national marketing efforts and to approach international purchasers, however, it will be necessary to formalise the partnership, especially with regard to the working teams. For example, each country will have to define a contact person responsible for the marketing initiative.

FINANCES

The *SRI Rice Marketing Partnership* does not currently receive any funding as a partnership, with the exception of Seed's and Swiss Re's contributions for Vent's position as network coordinator. The individual partner organisations receive funding from various international donors (USAID, GTZ, and others), and more of these funds are expected to be designated for marketing in the near future. CIIFAD has only modest funds that it can use to support research and evaluation of SRI around the world. Research into the nutritional qualities of SRI rice is a priority.

Based on the marketing strategy paper, the partnership should seek a grant of US$ 85,000 from international donors to launch its marketing efforts over a period of twelve months. Within Cambodia, funds are already being generated from the sale of ›natural‹ SRI rice that should within four years make that operation fully self-sustaining. Similar opportunities exist in Madagascar. No financial support is available in Sri Lanka and no revenues have been generated for the national network so far. In the future, international activities of the network should be financed through revenues of rice exports. Another option is to charge a membership fee for participating in the marketing partnership.

DEFINING AND MEASURING SUCCESS

The *SRI Rice Marketing Partnership* aims to promote SRI rice production, marketing, and sales. Further, it intends to meet both the demands of wholesalers in producing countries and importers in developed countries. Rice sales generated through the initiative's activities in terms of revenues for the farmers serve as one key measure of its success. A second important indicator is the conversion of traditional farmers to SRI practices.

The SRI rice marketing strategy paper creates a schedule of partnership activities to institutionalize these efforts. This strategy includes creating a brand name, a logo, information material, and a website, as well as carrying out the first export activities. As part-time partnership coordinator, Olivia Vent will pursue these activities for at least six months.

Once the partnership has demonstrated its value and has succeeded in facilitating rice sales nationally and internationally, the partnership will invite local SRI organisations in other countries to join. SRI organisations in the Philippines, Nepal, India, and Indonesia have already indicated readiness to join. Marketing prospects in all four of these countries look promising. In Indonesia, for example, a network of 3,000 farmers producing organic SRI rice already exists—they are selling their rice locally for twice the price for standard rice.

AGUA PARA TODOS / WATER FOR ALL

Agua para Todos is a partnership between local communities, the municipal water provider, a commercial enterprise that designs and constructs water distribution systems, and two micro credit providers in Cochabamba, Bolivia. The goal of the partnership is to provide households in the town's southern part that are not yet connected to main water pipelines with access to potable water at an affordable price. In doing so, the partnership has found a promising middle ground in the controversy over public goods provision.

BACKGROUND

Access to clean and affordable water, widely considered a basic human right, will likely continue to be source of conflict both within and between nations in the future. The so-called ›water war‹ in the Bolivian city of Cochabamba illustrates the dynamics and potential of such a conflict, and the damage that it can inflict. The water and sewer systems of Cochabamba—Bolivia's fourth largest city—were privatised in late 1998. Subsequent price increases and the failure to connect many areas to water supply networks led to violent clashes between demonstrators and the authorities in 2000. To end the unrest, the Bolivian government reversed the privatisation and granted control back to the municipal water supplier SEMAPA.

CREATING THE PARTNERSHIP

However, for many residents of Cochabamba, particularly those from poor southern areas not connected to main water pipelines, the problem has continued. Residents still question how to gain access to low-cost potable water, given that the public water network is expanding very slowly. In these neighbourhoods, individual households usually purchase water from commercial water trucks at a price of US$ 2.50 per m3 or roughly five times the price paid by residents with access to the main pipelines. This unchlorinated water is then stored in rusty barrels, posing a health risk. As a result, local residents looked into ways of managing water supply by themselves and they organised into so-called ›water committees‹. Following Cochabamba's water war, they were legally recognised as official water service providers.

The water committees joined in a partnership with Agua Tuya/Plastiforte, a Cochabamba-based private enterprise. Agua Tuya/Plastiforte designs and builds water distribution networks for local communities and offers training in their management and maintenance. This allows communities to distribute water from communal storage tanks to individual households, thus raising water quality and reducing its price. Eventually, most of these secondary networks can be hooked up to SEMAPA's new municipal water pipelines, further reducing prices. Perceptions of water as a ›free good‹ run deep in Bolivia. Gustavo Heredia, the CEO of Agua Tuya/Plastiforte, explains: *»The key distinction between Agua Tuya's involvement, and that of Aguas del Tunari [the consortium that managed Cochabamba's water system during privatisation], is that Agua Tuya is not making a profit out of selling water. Rather, we are making a profit from a one-off intervention of system construction and pipes sales.«*

Two other participants in the partnership are responsible for the financial side of the project. The non-profit foundations CIDRE and Pro Habitat provide local communities with micro-credits for the design, construction, and maintenance of local water networks. In addition, Pro Habitat educates local communities about water quality and health issues.

Finally, the municipal water provider SEMAPA participates in the *Agua para Todos* partnership. Its cooperation is important for ensuring that local networks can ultimately be linked up with main pipelines. To achieve this, Agua Tuya coordinates its construction plans for local distribution networks with SEMAPA. For SEMAPA, this division of labour is attractive because it allows the financially hard-pressed water provider to concentrate first on building main water supply lines. *»In the medium term, when we reach these areas with our main lines, we will obviously benefit from ready-made and up-to-standard secondary networks«*, says Ricardo Alaya, general director of SEMAPA.

DEVELOPING THE PARTNERSHIP

In three pilot projects, the partnership has already built water distribution networks serving approximately 1000 households. Currently, projects in five additional communities are being implemented and over 20 applications are under review.

NEW PARTNERS

Particularly since winning the Seed Award, the partners have been approached by further organisations wishing to become involved in the partnership: The first of these is the Municipal Government of Cochabamba (the Alcaldía), who offered to support *Agua para Todos* financially through an agreement signed in May 2005. This allows Organizaciones Teritoriales de Base (OTBs) who have prioritized water to apply for Participación Popular funds and invest them in *Agua para Todos* projects.[13] With this municipal support, the cost to local residents of constructing a water distribution network will be reduced by approximately 20 percent.

The second new partner is UNDP Bolivia. UNDP Bolivia is currently developing a mechanism for the holding and transfer of municipal funds. In the case of the *Agua para Todos* partnership, UNDP would transfer Participación Popular funds to water committees. This allows UNDP to act as a formal guarantor, which should simplify the procedures for spending these funds on *Agua para Todos* projects.

CHALLENGES

The partnership has managed to generate much momentum. The flipside of this achievement is the general danger of moving too fast: In order to secure the initiative's credibility, the partners need to ensure that they conclude the first few projects successfully. Moreover, a number of concrete challenges need to be addressed.

A first challenge has been finding an entity to permanently represent water committees within the partnership's decision-making structures. This is due to the fact that there are two types of water committees: either sub-organisations of the OTBs, or those formed independently of the OTB mechanism. Neither form of water committee has a representative umbrella organisation. Pro Habitat is currently beginning to group together OTB-based water associations on a district level, which may resolve the problem.

Another issue concerns the ownership of the water distribution networks once SEMAPA reaches communities with its main water pipelines. Currently, networks are owned, operated, and maintained by the local communities. However, SEMAPA could also take over these tasks. Most communities favour the former version, because purchasing water in bulk from SEMAPA for the communal storage tanks would be less expensive than linking individual households to SEMAPA's system (US$ 0.25 per m^3 versus US$ 0.45 per m^3). *»Most of us see the systems as being very much our own and we wouldn't like to see our ›patriomonio‹ transferred to the municipal company«*, says one member of the Alto Pagador water committee. Regardless of what approach is chosen, the roles, mandates, and responsibilities of the various stakeholders will have to be carefully specified in future contracts between local communities and SEMAPA.

As the partnership scales up its work, it will also become necessary to set up more formal decision making processes and management mechanisms. Currently, the partnership's decision-making is largely ad-hoc. This has caused some difficulties, particularly with staff changes in one of the partner organisations. Related to this is a concern over insufficient coordination among partners. These issues could be addressed by creating a coordination office, staffed by a representative each from Agua Tuya/Plastiforte, SEMAPA, and Pro Habitat. Such an office would improve coordination among the partners and could also act as a ›one-stop shop‹ for water committees wishing to work with *Agua para Todos*.

PARTNERSHIP GOVERNANCE AND FINANCES

STRUCTURES AND PROCESSES

The partnership is constituted through three bilateral contracts (between Agua Tuya and SEMAPA, Pro Habitat and Agua Tuya, Pro Habitat and SEMAPA) and close, informal contacts between these partners and CIDRE. A multilateral agreement for cooperation over a five-year period starting July 2005 exists between Agua Tuya, SEMAPA, the Alcaldía, and UNDP Bolivia. The remaining contracts are signed on a project-by-project basis. Whenever a water distribution network is built in a community through the *Agua para Todos* framework, the community (represented either as an independent or an

OTB-based water committee) signs an agreement with both Agua Tuya and the Municipality. In addition, it signs a separate agreement with the micro-credit provider.

These contracts and agreements provide formal accountability between project partners to the individual water committees. Accountability between SEMAPA and the water committees exists only informally—through the threat of renewed unrest of communities, should SEMAPA not provide its services as planned. SEMAPA is, however, accountable towards its creditor, the Inter-American Development Bank (IDB), who is financing the extension of the main pipelines to southern Cochabamba. Through the agreement to repay their loans to their respective donors, Pro Habitat and CIDRE are also held accountable to external stakeholders.

FINANCES

Currently, the end users largely pay the costs of constructing water distribution networks as well as training services, using loans supplied by Pro Habitat and CIDRE, and, in the future, the Participación Popular funds. The planned expansion will require external financial support in a number of areas: First, the partnership requires a revolving fund of US$ 480,000 in order to be able to provide sufficient micro-credit. This fund would be repaid to donors within six years under non-commercial conditions.

Second, Plastiforte, the pipe manufacturer, needs a commercial loan of US$ 100,000 to expand its activities to meet increased demand. Third, Agua Tuya/Plastiforte and Pro Habitat require a grant of US$ 150,000 to expand their training activities. Fourth, the partnership requires a grant of US$ 108,000 over the next five years to establish, equip, and run the coordination office in southern Cochabamba. Once SEMAPA has reached the area with its main pipeline, the company can finance all or part of the office as part of its regular business activities, ensuring sustainability. Finally, the partnership needs smaller grants for such purposes as legal analysis or the documentation and evaluation of the partnership. In total, the financial requirements add up to loans of US$ 580,000 and grants of up to US$ 425,000.

The Seed Initiative has supported the partnership by facilitating an amelioration in the credit terms for Plastiforte, Agua Tuya's pipe manufacturing component, from Dow Chemicals. Moreover, Seed has sent a consultant to Cochabamba, who created a local needs assessment, wrote a business plan and a donor-friendly proposal, and suggested potential funders for the project.

DEFINING AND MEASURING SUCCESS

The partnership currently plans to connect around 17,000 households, or 75,000 people, to SEMAPA's water system within the next five years. This equals about three times the current rate of the partnership's work. Whether these plans are achievable depends in part on whether SEMAPA's projections for the extensions of its main pipelines are realistic. Moreover, whether water can actually be provided to Cochabamba in the long-run is a matter of whether the city secures funding to complete the Misicuni Dam, which will secure water access for the town. Otherwise, the communities will continue to rely largely on the costly and lower-quality water of private vendors. These external uncertainties make determining exact figures and benchmarks of partnership success difficult. If successful, the partnership could also be expanded to or replicated in other areas of Bolivia and beyond. The Seed Initiative has supported the international exposure of the *Agua para Todos* model by making possible the attendance of partnership representatives at the Second International Forum on Partnerships (Morocco, March 2005) and at World Water Week (Stockholm, August 2005), where Gustavo Heredia was a panellist and speaker.

HARVESTING SEABUCKTHORN AT THE TOP OF THE WORLD

Harvesting Seabuckthorn at the Top of the World is a partnership committed to combating land degradation and securing income-generation for the local population in Mustang, Nepal. An NGO, a hospital, and a Nepali university have joined forces with local communities to grow and collect the seabuckthorn berry, to research seabuckthorn's medicinal and cosmetic purposes, and to sell seabuckthorn products on national and international markets.

BACKGROUND

The Mustang plateau of Nepal is an area of both extreme poverty and wealth. Its harsh climate—the mountain regions are only accessible for six months of the year—and entrenched social order afford little room for socio-economic mobility. On the other hand, Mustang is a land of cultural riches, home to numerous 14th, 15th and 16th century monasteries, wild animals, and many indigenous grasses and herbs. Closed to foreigners for many years, government opened Upper Mustang to a limited number of tourists in 1992. This presents a great potential for development in the area.

Susanne von der Heide, a German national, has spent a large amount of time, both privately and professionally, in Mustang for the past two decades. Her NGO, the HimalAsia Foundation, had been establishing schools and training centres in Mustang and working on preserving the country's cultural heritage. During her stays, Susanne saw the enthusiastic reaction of tourists to the seabuckthorn juice offered at trekking lodges. Seabuckthorn is a deciduous shrub that grows wildly in Mustang and that produces edible and nutritious berries. Additionally, seabuckthorn has been receiving a great deal of international attention for its medicinal and cosmetic properties in recent years.

Surprisingly, no international development organisation has yet created a long-term seabuckthorn project in Mustang despite the obvious benefits to promoting commercial seabuckthorn production: Seabuckthorn, with its long roots, promises to counteract the land degradation and soil erosion from which the Mustang region suffers. Seabuckthorn may also provide the rural population with a sustainable source of income, thus combating poverty.

CREATING THE PARTNERSHIP

Susanne von der Heide took matters into her own hands by establishing a partnership for commercialising seabuckthorn production in Mustang in 2003. This proved a challenging task. The natural population of seabuckthorn is not sufficient for commercialisation. First efforts by botanists to artificially cultivate seabuckthorn have yielded mixed results: 50 to 70 percent of the plants died. But results may improve with better techniques. Therefore, Susanne von der Heide launched a pilot project to grow seabuckthorn in nurseries. She approached three community-based cooperatives in Upper Mustang about the prospects of growing seabuckthorn.

A further problem is that seabuckthorn juice is not currently commercially viable except for local consumption—the remoteness of Mustang makes juice transport to national and international markets costly. But dried seabuckthorn can be used to make tea and the juice and trester of the berry can be used to produce oil. Susanne began collaborating with Meena Rajbhandari of RECAST, the Tribhuvan University of Nepal's Research Centre for Applied Science and Technology in Kathmandu. RECAST contributes the machinery and expertise to extract oil from seabuckthorn to the partnership.

The partnership's objective is to create small and medium-sized enterprises in Nepal that grow and harvest seabuckthorn. Initially, this produce will be sold as juice and oil on the local market. Eventually, the partnership hopes to sell seabuckthorn oil and tea to international pharmaceutical and cosmetics companies. Successful marketing will require that the partnership encourage research on the ecological, medicinal, and cosmetic benefits of seabuckthorn. Finally, planting seabuckthorn shrubs should promote ecological rehabilitation in the Mustang area by combating soil erosion and desertification.

DEVELOPING THE PARTNERSHIP

GROWING AND HARVESTING SEABUCKTHORN

In 2003, the three local cooperatives set up seabuckthorn nurseries in their villages in Lower and Upper Mustang. HimalAsia supplied each cooperative with polybags of seed and trained them in planting the seeds and taking care of the plants. The first harvest is expected in 2008/9. In order to bridge this period, the partnership is harvesting wild-growing seabuckthorn. HimalAsia formed three Women's Biodiversity Conservation Committees, who began forest-harvesting in summer and autumn 2004. HimalAsia purchased the berry trester from this harvest and RECAST extracted seed and pulp oil. Both the nursery gardeners and the forest harvesters were taught how to prepare seabuckthorn juice and how to dry seabuckthorn trester and leaves for tea.

In 2005, HimalAsia and the Ama Sama (Mother) Group established a further nursery in a lower Mustang village. Additional seabuckthorn nurseries will only be created once further funding is secured and the pilot studies have proven successful.

DEVELOPING LOCAL AND INTERNATIONAL MARKETS FOR SEABUCKTHORN

The women's cooperatives are selling juice from the berries to local lodge owners in Mustang, as they did in the past. However, the partnership has made much headway in developing further the local market for seabuckthorn. The partners gave seabuckthorn oil free-of-charge to the Interplast Hospital, which tests the oil's effectiveness for treating burns. HimalAsia is also collaborating with the Annapurna Conservation Area Project (ACAP) with a view to establishing an Amchi Herbal Medicine Clinic. This traditional herbal medicine clinic will be a centre for cultivating, storing, and supplying traditional herbs, including seabuckthorn. The partnership also collaborates with MUSE, a seabuckthorn cooperative in Himachal Pradesh (North India), in order to exchange expertise and to stabilise the price of seabuckthorn on the local and regional markets.

The partnership's international marketing efforts focused on exporting tea and oil are just beginning. HimalAsia presented seabuckthorn tea at Germany's Biofachmesse, a natural food fair, in February 2006. Also, Susanne von der Heide continues to approach cosmetic firms with samples of seabuckthorn oil and cream. An obstacle to company investment is that the partnership cannot yet predict the quantity of seabuckthorn that will be produced by the nurseries or that can be harvested in the wild. A further impediment to international marketing relates to Nepal's insecure political environment. Political instability in the country is unattractive to investors: *»Even though Mustang is fully controlled and not directly affected by Maoist rebels«*, Vijaya Singh of UNDP comments, *»investors fear that the insurgency may spread. In districts of Nepal occupied by the Maoists, such as Dolpa, Maoists fully control the medicinal plant trade, demanding taxes of harvesters and middlemen.«*

ENCOURAGING RESEARCH ON SEABUCKTHORN

The partnership cooperates with national and international universities to encourage research on seabuckthorn. HimalAsia's cooperation with Nepal's Tribhuvan University aims at researching centrifugal separation and cold pressing methods. Other goals are the development of seabuckthorn soap and an analysis of the plant's medicinal qualities. The Interplast Hospital is researching the effectiveness of seabuckthorn seed oil for treating burns and scars. The Institute for Technology in the Tropics (ITT) at Cologne's University of Applied Sciences (Germany) studies how seabuckthorn can be used to prevent landslides. The partnership also benefits from research conducted by the Hill Agricultural Research and Extension Centre in North India on how to simplify seabuckthorn harvesting.

PLANS FOR EXPANDING THE PARTNERSHIP

Preliminary testing of the seabuckthorn oil produced by RECAST shows that it is of a very high quality. However, to ensure that international quality standards are met, the partnership will, in the future, have to purchase awnings or tunnel dryers to dry the seabuckthorn without loss of nutrients. Moreover, the oil will have to be cold-pressed. Coming up with the funds for a cold-pressing machine (US$ 9,000) has been a major obstacle so far.

Once the nurseries achieve success, the partnership would like to expand its activities by setting up further nurseries elsewhere. Such an expansion will require skilled gardeners to train locals in setting up and taking care of nurseries—an area in which the Seed Initiative plans to provide support. The partnership may also be able to cooperate and receive support from UNDP's Upper Mustang Biodiversity Conservation Project. The Seed Initiative has facilitated connections and meetings with a wide range of interested parties, including the UNDP and IUCN country offices in Nepal and the Asian Development Bank, who visited the project in May 2005.

PARTNERSHIP GOVERNANCE AND FINANCES

STRUCTURES

Governance structures of the partnership are largely informal. There are no agreements between HimalAsia and the participating cooperatives. However, HimalAsia has contracts with its partner, RECAST, and its donor organisations. These documents are not specific to the partnership, but are general cooperation agreements. Partner institutions are legal entities in their own right: HimalAsia is a German-registered charity; RECAST a research institute at Tribhuvan University. Local government officials have inspected nurseries and forest harvesting.

PROCEDURES

Much of the coordination among project partners occurs via Susanne von der Heide of HimalAsia. Geographic distance between participating cooperatives significantly limits the communication between them. However, Susanne von der Heide made possible visits between gardeners of two different nurseries. Susanne sees an advantage in her taking the lead in the partnership. *»As a foreigner well acquainted with Mustang's various ethnic groups«*, she says, *»I am able to bridge differences and promote understanding.«*

FINANCES

The partnership currently relies on financial contributions from donors, who help cover the costs of establishing the nurseries (US$ 3,000-4,200 per nursery), providing training, and purchasing berries and trester. Local cooperatives contribute by means of their labour. As the project expands, the partnership will need larger amounts of funding to establish larger nurseries, to purchase oil presses and awnings or tunnel dryers, and to expand local and international marketing efforts.

In 2006, the Seed Initiative will be supporting the partnership with a donation of US$ 13,700, of which US$ 9,000 will go towards reimbursing the purchase of a cold-pressing oil and filter machine. The use of the remaining US$ 4,700 is currently being negotiated. The Seed Initiative has also used its contacts with the German Ministry for Economic Cooperation and Development (BMZ) to secure continued funding for the lead partner, the HimalAsia Foundation. Further funding for the partnership as a whole could come from either donor organisations or from companies providing venture capital. The partners hope that the latter will become more feasible once a business plan with predictions on the quantity and quality of seabuckthorn can be written.

DEFINING AND MEASURING SUCCESS

The partnership will be considered successful once the cooperatives have become self-sustainable in the growth and collection of seabuckthorn and have secured domestic and international markets. Other communities are expected to adopt seabuckthorn cultivation and harvesting. Profits generated through the sale of seabuckthorn products are expected to finance future nurseries. The Seed Initiative is facilitating contacts with potential purchasers.

The seabuckthorn partnership has attracted attention in the region and beyond. In a few cases, other organizations have even imitated the partnership's idea of establishing seabuckthorn nurseries. In the long run, the seabuckthorn project may serve as a model for commercialising the production of other herbal plants native to the Himalayas, both with a view to conservation and social and economic development.

COWS TO KILOWATTS

Cows to Kilowatts is a south-south partnership committed to fighting water pollution and greenhouse gas emissions. Two non-governmental organisations (NGOs) and a quasi-governmental initiative in Nigeria have joined forces with a technology institute in Thailand to design, construct, and operate a bio-gas plant in the Nigerian city of Ibadan. The plant will use the waste from a local abattoir to produce low-cost household cooking gas and organic fertilizer.

BACKGROUND

Abattoirs, or slaughterhouses, are one of the major sources of water pollution and methane emissions worldwide. Zoonotic diseases—animal diseases that can be transferred to humans—have been found in a majority of public abattoirs in Nigeria. Poor urban communities are particularly affected, having little choice but to consume polluted water. Authorities only poorly enforce existing Nigerian standards that regulate abattoir water discharge or greenhouse gas emissions.

Joseph Adelegan, Executive Director of the Nigerian NGO Global Network for Environment and Economic Development Research (GNEEDR), saw the effects that pollution from the Bodija Market Abattoir in Ibadan were having on the local community, who use the river water for domestic purposes, including, in some cases, for consumption. In 2000, the Global Network collected data on wastewater pollution from this abattoir, which revealed BOD values (biochemical oxygen demand, a measure of organic pollution) that far exceeded the national threshold for food processing industries. Joseph Adelegan presented these findings at a series of international conferences where he was encouraged to come up with ways to address the problem. Formally, the responsibility for the matter lies with the government, which collects a fee for each slaughtered animal. Although regulations require the government to use this fee to enforce effluent standards, the government lacks the capacity to do so. For this reason, the Global Network began looking for an alternative solution.

CREATING THE PARTNERSHIP

Joseph Adelegan's initial idea was to construct an effluent treatment plant that would treat the abattoir waste and prevent it from polluting the Bodija River. He approached two Nigerian organisations whose expertise he thought would be of value in realising this endeavour. The Centre for Youth, Family, and the Law, headed by John Bamgbose, is a group of lawyers focusing on environmental protection and community projects. Their legal expertise provides an important asset for the project. The Sustainable Ibadan Project (SIP) is a quasi-governmental initiative that is part of UN-HABITAT's Sustainable Cities Programme. It focuses on improving waste management, enhancing water supply, and institutionalising the environmental planning and management (EPM) process. The Sustainable Ibadan Project supplies the partnership with important contacts to the government.

In 2003, the partnership presented its ideas to the World Bank Global Development Marketplace Competition, which funds local entrepreneurial projects promoting environmentally or socially sustainable growth. The international jury commended the partners' innovation (the project was a finalist), but also pointed to a dilemma: An effluent water treatment plant solves the problem of water pollution, but in doing so, it emits methane and carbon dioxide into the atmosphere, thus contributing to global warming.

DEVELOPING THE PARTNERSHIP

The methane produced by the anaerobic digestion of abattoir wastewater has several end-use applications: The community can use the biogas as household gas or to generate electricity. The sludge produced can be used as organic fertiliser. Joseph Adelegan began researching technology that would capture the methane generated by the water treatment plant. He started his research in Nigeria, then expanded it to all of Africa, but was unable to find researchers with experience in the commercial application of waste-to-biogas projects. Researching online, Joseph Adelegan eventually found a match in Thailand at the Pilot Plant Development and Training Institute (PDTI) at King Mongkut's University of Technology Thonburi (KMUTT).

Pawinee Chaiprasert's research group, the Center for Waste Utilization and Management, researches and develops anaerobic fixed film reactors (AFF) that treat agro-industrial wastes and uses them for the production of bio-gas. Chaiprasert expressed an interest in applying the technology to the Bodija Market Abattoir: *»We have a mission to put our research into practice in the agro-industrial sector and we're particularly glad to be able to transfer our technology to another developing country«*, she says. The Bodija Market plant would generate approximately 3,600 KWh of electricity per day and carbon dioxide emissions from the abattoir would be reduced by 1.4363t CO_2 per day.

The 2005 Seed Award generated a great deal of publicity for the partnership, which brought new partners on board and led to a further development in the project design. Initially, the partners' plans called for using biogas to generate electricity. However, that would require an internal combustion engine, rendering the project very expensive. The Seed Initiative brought the partnership to the attention of the Global Village Energy Project (GVEP). GVEP suggested generating household cooking gas instead of electricity as a less costly alternative. The option is particularly attractive in Nigeria, where the demand and price for cooking gas have been increasing steadily, especially as electric power supply in the country remains erratic. The 1,000 cows slaughtered per day at the Bodija Market abattoir would amount to 5,400 cylinders of cooking gas produced per month. Cooking gas could be sold at US$ 7.50 for a 25-litre cylinder, about 50 percent of the prevailing price.

The Seed Initiative brokered a meeting between the partnership and UNDP Nigeria. The partners presented the project to Emmanuel Oladipo of UNDP Nigeria in August 2005. UNDP subsequently agreed to provide the partnership with US$ 300,000 in start-up funding from its Nationally Executed Programme in Energy and Environment, which would be channelled to the *Cows to Kilowatts* partnership through the Nigerian Federal Ministry of Environment. At a subsequent meeting between the partners, UNDP Nigeria, and the Ibadan North Local Government, the local government offered to provide the partners with the land needed for the biogas plant. The partnership is currently negotiating a Deed of Entitlement and Certificate of Ownership with the local government. These will secure the land to the partnership, rent free, for a period of fifteen years.

In order to ensure broad stakeholder participation, partners met with the local butchers' association and representatives of the Bodija market development association. Both groups are very supportive of the plans for cleaning up the animal waste. Out of these meetings emerged an idea to sell the compressed gas to these associations at a reduced price. Moreover, the construction of the biogas plant and its later operations and management could employ about 40 local youth.

With the support of the Seed Initiative, a team of consultants is working with the partners to develop a business plan for the project. The business plan sets forth a thirteen-month schedule for implementing the project. In Nigeria, this includes hosting a stakeholder workshop (to formally introduce the project to the local community and to negotiate and finalise the roles individual stakeholders will play within the partnership), registering as a business enterprise, completing the legal documents pertaining to land and property rights, and, finally, issuing a Notice to Proceed. In Thailand, the Pilot Plant Development and Training Institute will design the biogas plant (wastewater treatment and bio-gas generation system). This process requires that the Thai partner visit the Ibadan site in Nigeria and, subsequently, the Nigerian partner visit Thailand for a training course in the start-up and operations of the plant.

PARTNERSHIP GOVERNANCE AND FINANCES

STRUCTURES

Four organisations participate in the *Cows to Kilowatts* project: GNEEDR, the Centre for Youth, Family, and the Law, the Sustainable Ibadan Project (all in Ibadan, Nigeria), and the Pilot Plant Development and Training Institute at King Mongkut's University of Technology Thonburi (Thailand). There currently exists no written contract between the partner organisations. The Pilot Plant Development and Training Institute and GNEEDR expect to sign a memorandum of understanding formalising their relationship when Pawinee Chaiprasert visits Nigeria.

As registered entities, the Nigerian organisations are required to submit details of their activities to the government on a biennial basis. A further accountability mechanism will be put into place when the partnership receives funding for the biogas plant, at which point the partners will become accountable to their donors. The *Cows to Kilowatts* partnership will register as a business enterprise, Cows to Kilowatts Incorporated, responsible for managing the biogas plant. The Seed Initiative will support this process of legal registration.

PROCEDURES

The partners in Nigeria have meetings, both formal and informal, in which they discuss the project's progress and future action. However, the Seed Initiative has enabled Joseph Adelegan (GNEEDR) and Pawinee Chaiprasert (Pilot Plant Development and Training Institute, KMUTT) to meet once in person to discuss their plans once at an IUCN Congress in Thailand in November 2004. The other partners acknowledge GNEEDR's leadership in the partnership, as this organization initiated the project.

FINANCES

The estimated capital input for the project amounts to US$ 480,000. This figure accounts for the costs of designing and constructing the biogas plant, including visits and consulting fees, transportation and administrative costs as well as the costs for holding a stakeholder workshop. While UNDP Nigeria is providing a start-up fund of US$ 300,000, the partnership requires further funding (US$ 180,000) to cover the entire project. The partners are looking into other means of securing funding, such as money from investors and grants from donor organisations. The project business plan calculates that the biogas plant, operating as a business enterprise, will achieve a return on investment within approximately three years (2 years 9 months).

DEFINING AND MEASURING SUCCESS

Cows to Kilowatts partners hope to be able to commission the biogas plant by March 2007. The plant is calculated to have a useful lifetime of fifteen years. Its actual service lifetime may well exceed that.

The National Government of Nigeria is considering including the *Cows to Kilowatts* model of generating biogas from slaughterhouse waste into its National Environmental Sanitation Policy. This means that if the »pilot project« in Ibadan proves successful, it might be replicated elsewhere in Nigeria with the support of the government.

PARTNERSHIP FOR COMMUNITY-RUN MARINE PROTECTED AREAS IN MADAGASCAR

The *Partnership for Community-Run Marine Protected Areas in Madagascar* seeks to combat coral reef and marine life degradation in Andavadoaka, Madagascar, whilst sustaining the livelihood of the local fishing communities. NGOs, research institutes, a fish export company, and local fishermen have come together to implement a regenerative no-take zone, to devise strategies for marine conservation, and to build the foundations for eco-tourism.

BACKGROUND

The southwest coast of Madagascar is one of the West Indian Ocean's largest coral reef systems, home to a wide variety of corals, fishes, and sponges. However, this fragile ecosystem has been subject to natural and man-made hazards. Climate change, El Niño-related sea surface warming, pollution, and sedimentation from river discharge have resulted in widespread coral degradation. Over-fishing in near-shore habitats, brought about by the commercialisation of fishery, endangers the survival of reef fishes. Existing methods of collecting octopus and sea cucumbers damage the coral reef ecosystem. Moreover, as the size of the coastal population has grown rapidly, so has the exploitation of the region's marine resources. These developments not only harm the natural environment but also have negative repercussions for the largely poor coastal communities who depend on fishing to secure their livelihoods.

CREATING THE PARTNERSHIP

In 2001, Alasdair Harris of the UK-based charity Blue Ventures was working with the Malagasy national marine research institute, Institut Halieutique et des Sciences Marines (IHSM), on a research and conservation project. Much of their work relied on the contributions of short-term researchers, whose output was necessarily limited. This problem got Blue Ventures and IHSM interested in designing a research and conservation project that would be managed by a local community and that, one day, could be run without the support of donor money. Promisingly, marine environment conservation had recently been prioritised in Madagascar's environmental plan (NEAP) and the President of Madagascar had pledged to triple the size of protected areas in the country.

One strategy that has been used successfully elsewhere in the world is that of creating 'no-take zones' which are managed by local communities. No-take zones are areas in which the fishing of a particular species is prohibited for a certain time period, in order to allow marine life to regenerate to healthier levels, benefiting both the marine ecosystem and the local fishing community. The idea behind the zones is therefore to ensure that fishing can remain a part of the region's economy while reducing its negative impact on reef environments.

In June 2003, Blue Ventures and IHSM set about finding a site to pilot such a project. In search of a particularly remote area, where conservation efforts were most likely to have a positive impact, they came across the village of Andavadoaka (population 1200) at the northern end of Madagascar's 300 kilometre Grand Recif barrier reef. The reefs and its offshore islands are critical to the livelihood of the local community, the Vezo, whose economy is entirely based on fishing. Commercial fishing arrived to Andavadoaka in 2002, when fish export companies began purchasing fish and octopus from local fishermen.

Blue Ventures and IHSM have extensive expertise in conducting research on coastal marine habitats. However, they are relatively small organisations and lack detailed knowledge on such issues as coastal management planning. Therefore, they set about looking for partners who would be able to provide additional expertise and resources to their effort.

Their search included gaining the support of Copefrito, a Madagascar-Mauritius-based fish and octopus export company operating in Andavadoaka. Copefrito had been working with the local community in Andavadoaka with the aim of setting up a fishing cooperative. Copefrito's support was crucial for the project to succeed. Given its business interest in securing a sustainable stock of fish and octopus on Madagascar's west coast, the company agreed to support the partnership.

The partnership also required an organisation with practical experience in the creation and management of conservation areas, including so-called marine protected areas (MPAs), which offer an even more comprehensive protection of marine, plant, and other wildlife in a given coastal area. The institution with this expertise is the Wildlife Conservation Society (WCS), an international conservation NGO that also works in Madagascar. WCS' participation promised to raise the national and international profile of the partnership, to help integrate the project into national conservation activities, and to provide funding for project activities. WCS also enlisted the support of the Institut de Recherche pour le Développement (IRD), a French institute with expertise in socio-economic research, who had been engaging in baseline work on the prospects for eco-tourism in Andavadoaka.

The partnership's plans are to set up and monitor a no-take zone, to collect data on its effectiveness, and to engage in more comprehensive marine and socio-economic research in Andavadoaka. This research will provide the foundation for developing a communal environmental strategy that includes an official marine protected area with rotating no-take zones. The partners will engage in lobbying and educational activities, with a view to supporting marine protection policy and extending the no-take zone model in neighbouring villages. Finally, the partners will build the infrastructure for eco-tourism and other supplementary income sources for the local community in Andavadoaka.

DEVELOPING THE PARTNERSHIP

IMPLEMENTING THE MARINE PROTECTED AREA

On 24 October 2004, the Andavadoaka fishermen signed a traditional law ('dina') closing the reef flat around the island of Nosy Fasy to octopus fishing for seven months starting 1 November 2004. As an incentive for fishermen to comply with the no-take-zone, Copefrito agreed to increase its price for octopus weighing over 1.5 kg after reopening. The no-take zone was guarded by a local fisherman from the island of Nosy Hao. During the seven-month period, only one infraction occurred. The zone was reopened on 6 June 2005. The highly-anticipated reopening attracted 700 to 1,000 fishermen to Nosy Fasy, some from villages as far as 20 km away. Consequently, many more octopus were fished than usual from this area, thus diminishing much of the no-take zone's positive effect.

DATA COLLECTION AND RESEARCH

Blue Ventures and IHSM researchers, collaborating with a team of fifteen fish collectors, monitored the catch of Andavadoaka octopuses in eleven coastal villages before, during, and after the no-take-zone was implemented. The data reveal that over 800 octopuses were caught on the first day of the opening of the no-take zone—approximately eight times more than the average number of octopuses caught per day before the closure. Average octopus weight had increased significantly, from 0.5 to 1.1 kg. But many more fishers were now harvesting in the area of Nosy Fasy. As a result, average octopus weight and catch per unit values returned to pre-closure levels within six weeks.

The data suggest that at the previously normal fishing rate, the beneficial effects would probably have lasted around four months. These results imply that a no-take-zone can increase the productivity and sustainability of octopus fisheries. However, in order for the no-take-zone technique to work, the area must be carefully managed when the zone is reopened in order to prevent free-riding.

STRATEGIES

The free-rider problem experienced at the Nosy Fasy no-take-zone did have an upside: Local fishing communities in neighbour villages became interested in establishing their own no-take-zones. If a series of no-take-zones were implemented in the region, which would open and close for the same period, fishermen would not seek to converge on a single site. A further idea is to establish several no-take-zones within individual communities, which would open and close in rotation. Moreover, the partners are looking into how to solve the free-rider problem from a legal perspective, such as through a permit system, allocating access and/or fishing rights among coastal communities in the region.

LOBBYING

In August 2005, Blue Ventures, WCS, and IHSM scientists presented the findings from the octopus no-take-zone at Madagascar’s first cephalopod workshop. Following the workshop, the Madagascan government enacted an embargo on octopus fishing in southwest Madagascar during the breeding season (15 December to 31 January). A challenge that remains concerns awareness raising and enforcement of this policy along Madagascar’s isolated coastlines. The partnership has welcomed this move as a sign of the attention the Andavadoaka project has been generating.

BUILDING THE INFRASTRUCTURE FOR ECO-TOURISM

The partners have pursued their idea of using eco-tourism as a supplementary income source for the local community by setting up information boards for tourists in Andavadoaka and training young villagers to become professional tourist guides. Blue Ventures is also considering the possibility of building a village-owned and operated ›eco-lodge‹ in Andavadoaka, which would operate as a not-for-profit venture, providing further financial revenue to support conservation initiatives. Andavadoaka’s remoteness is an obstacle to tourism, though the tourism potential is improving with the creation of a protected area in the nearby Mikea forest and European Union funding to build a paved road to Andavadoaka.

AWARENESS RAISING AND EDUCATION ON CONSERVATION

A long-term goal of the partnership is to enable the villagers to manage the marine protected area independently and to develop their own sustainable environmental management strategy. The partners have therefore been building the capacity of the local population on conservation issued: Blue Ventures and IHSM have hosted village meetings on conservation. Copefrito is continuing to assist the creation of a formal fishing cooperative, which will bring together and represent the interests of local fishermen. Blue Ventures also runs a scholarship programme that trains Madagascans in the management and monitoring of protected areas and is looking into teaching the country's new environmental education curriculum in local schools.

THE IMPACT OF THE EXTERNAL ENVIRONMENT ON THE PARTNERSHIP

One of the major external environmental effects the partnership deals with is the geographic isolation of Andavadoaka. However, the government's commitment to creating new protected areas creates a political environment that is very favourable to conservation and from which the Andavadoaka project stands to benefit.

The publicity generated by the Seed Awards, governmental recognition, as well as a major grant that the partnership received in December 2004, has had its upsides and downsides. The partners were disappointed by how little the profile of the project was affected as a result of winning the Seed Award. However, in more recent months, the partners have been able to raise greater awareness of the partnership. As more external researchers and funders become interested in the project, the challenge the partners face is to successfully coordinate their activities and to keep the project focused on its primary goals.

PARTNERSHIP GOVERNANCE AND FINANCES

STRUCTURES

The partnership is structured by a series of bilateral memoranda of understanding between the research partners—i.e. Blue Ventures, IHSM, WCS, and IRD but not the Andavadoaka fishing cooperative or Copefrito. These MOUs set forth the roles and responsibilities of the organisations within the partnership. Some problems have arisen nonetheless. For example, as if often the case in research collaborations, the modalities for data sharing and data ownership are unclear. The partners retain close ties to the Madagascan government, through accords between WCS and the Direction of Fisheries and the Ministry of Environment, Water, and Forests as well as an accord between IRD and the Ministry of Higher Education.

The partnership does not have a permanent office. Blue Ventures has a permanent on-site research centre in Andavadoaka, which allows Blue Ventures and IHSM to manage and represent the partnership on-site. WCS and IRD offer mostly punctuated support on research and conservation activities in Andavadoaka. The partnership has employed a Malagasy marine biologist, who helps implement project activities.

PROCEDURES

Partners have regular, mostly bilateral meetings on and off site to coordinate their activities. The local fishing cooperative as well as Andavadoaka village leaders were consulted with and included in partnership activities. The decision to implement a no-take-zone for octopus was taken by the community itself, and enacted according to local ›Dina‹ law.

Communication problems have caused some problems among the partners. In part, this can be attributed to the remoteness of the Andavadoaka site: When researchers are on-site, they can only be reached by satellite phone. The partnership is currently developing a website which will allow partners to exchange information, such as reports, maps, schedules, and some data, more easily.

FINANCES

Like many conservation projects, the partnership is constrained by a lack of financial resources. The partnership received a grant of 20,000 Euro from the French Government in 2004, which is managed by WCS. The grant money, which is being transferred over a two-year period, is going towards establishing Andavadoaka as an official marine protected area, setting up the fishing cooperative as a legal entity, and extending research on the site.

This joint funding source is significant, yet it does not cover the costs of all activities. Accordingly, the individual partners bring their own resources to the project in an effort to achieve their common objectives. Blue Ventures conducts a volunteer programme, which brings both funding and volunteer researchers to Andavadoaka. However, a problem is that the programme does not provide a reliable long-term income source for the partnership nor does it enable the desired research continuity. In addition to administering the French Government grant, WCS has supplied financial, technical, and in-kind resources to the partnership, including a boat. IHSM and IRD contribute to the partnership by sending their scientists to the Andavadoaka site. Copefrito trains the Andavadoaka fishing cooperative and shares its catch data with the research partners. Efforts to secure a sustainable revenue stream for the partnership and for community-based conservation initiatives through eco-tourism are still in the early stages. Coordinating and implementing this multi-partner effort has been challenging.

The Seed Initiative will support the partnership's research activities by funding a consultant providing assistance on socio-economic and fisheries research and help develop the local community's coastal resource management. Seed is also financing a part-time fundraising consultant, based with Blue Ventures in London, who assists the partners in their fundraising efforts.

DEFINING AND MEASURING SUCCESS

Though still a very young undertaking, the partnership is already able to look back at a series of accomplishments. What is particularly noteworthy is the partnership's ability to change the perception and behaviour of people and to build a wide-spread buy-in for conservation in such a short time. The pilot no-take-zone showed local fishing communities in Andavadoaka and surrounding villages the benefits of sustainable fisheries. Subsequent government policy to improve fisheries regulations reflects the tremendous contribution of the Andavadoaka project to marine biodiversity and conservation in Madagascar.

The partners now plan to open three further no-take zones and to create a permanent marine protected area in the Andavadoaka region as part of the Madagascar System of Protected Areas. In the future, such no-take zones may be able to function by themselves on a rotating basis. However, it is likely that a certain amount of management will nonetheless be necessary. Copefrito might be able to fund such a management position, as it has a business interest in maintaining a sustainable octopus supply in the Andavadoaka region. Ultimately, the partners hope to replicate—or induce replication—of the marine protected area model in other parts of Madagascar and the Indian Ocean region.

[11] Detailed versions of these case studies are available at *http://globalpublicpolicy.net/partnershipreport.html*.

[12] CEDAC has worked on this initiative since 2001 and the Cambodian Ministry of Agriculture joined in 2005.

[13] OTBs are a local governance arrangement unique to Bolivia.

3 LOCAL OWNERSHIP: INCREASED IMPACT AT A COST

In the autumn of 2005, three communities from the south-western shore of Madagascar approached Alasdair Harris of the *Partnership for Community-Run Marine Protected Areas in Madagascar*. They had observed the re-opening of the first no-take zone for fish and octopus in Andavadoaka. The octopi they caught were much larger and so abundant that fishermen from neighbouring villages asked for an expansion of the partnership's activities to their communities.

Stories like this have made local ownership a credo of most of the development community in the last two decades. Multi-stakeholder partnerships have been embraced by many because they promise strong local ownership. But many of the partnerships created around the Johannesburg Summit have been found to be donor- rather than locally driven.[14] The Seed Initiative therefore set out to support locally driven partnerships and to promote them at the international level.

Our analysis of partnerships that applied for the Seed Awards shows that most of them have strong local ownership, albeit in different forms. Local ownership promises lasting and effective impact. But it can also handicap a partnership, making processes slower and more costly. In partnership practice, it is often associated with a lack of access to experience and know-how available at the international level.

LOCAL OWNERSHIP IN PRACTICE

What indicators can we use to recognise and evaluate local ownership in practice? Local ownership can be created through the participation of affected stakeholders in:

- **identifying the problem**
- **defining the partnership's goals**
- **defining concrete targets and activities**
- **implementing policies or activities**
- **evaluating the success of the initiative**

But formal participation in itself is not sufficient. For real local ownership, the stakeholders must adopt a policy or initiative as their own. For this, they need to be the driving force behind an initiative or become convinced about the merits of the project.

Support measures can alleviate these drawbacks: Social venture capital funds can help bridge the long and costly set-up phase of participatory international initiatives. Special programmes for local initiatives can facilitate the exchange of experiences between different initiatives and help them to access relevant international knowledge and skills.

THE MEANING OF LOCAL OWNERSHIP

Local ownership means that the people intended to benefit from development programmes or projects have significant influence over their design and implementation. The idea enjoyed a brief period of popularity in the 1950s and 60s. It re-emerged in the 1980s and 90s and has since become a guiding concept in most bilateral and multilateral development agencies.[15]

The appeal of local ownership stems from two important trends. Firstly, there was dissatisfaction with traditional models of development: projects designed and implemented from the top down were found to be ineffective and inefficient.[16] They rarely generated the intended benefits for the local population and often led to waste and corruption. To address this crisis of legitimacy, many donor institutions promised to give developing countries and the affected populations a greater say in the definition and implementation of policies.

CONCEPTS AND DEFINITIONS (I)*

Local ownership **is the capacity, power or influence of stakeholders in development to set and take responsibility for a development agenda and to muster and sustain support for it.**

Stakeholders **are those individuals or groups that are affected by a decision or that influence or can influence a decision or its implementation.**

Local drive **is a more specific form of local ownership that has been coined by the World Bank to denote direct control over key project decisions and the management of funds.**

Government ownership **should not be confused with local ownership. It describes the involvement of national governments, not affected stakeholders, in development policies.**

*** Partially adapted from Saxby (2003), Mansuri and Rao (2003) and Hemmati (2002)**

Secondly, a new concept of development became popular in the late 1990s. The narrow focus on economic development was replaced with a wider idea of human and social development. Armatya Sen's widely received »Development as Freedom« succinctly expresses the underlying rationale. According to Sen, development should be as much about the empowerment of individuals and their ability to make meaningful choices as about economic growth.

In this situation, local ownership seemed like a magic bullet. By giving people a say in the policies that affect them, it promised empowerment. Studies found that *»increasing beneficiary participation directly causes better project outcomes«.*[17] Thus, interventions that could claim to be ›locally-owned‹ were regarded as more legitimate and effective.

As a result, however, ›local ownership‹ has become something of a buzzword. A vast number of development programmes are now labelled ›participatory‹ or ›locally-owned‹. But, as a study has found, *»Overall, a naïve application of complex contextual concepts like ›participation‹, ›social capital‹ and ›empowerment‹ is endemic among project implementers and contributes to poor design and implementation.«* It is not surprising that the authors find that *»projects that rely on community participation have not been particularly effective at targeting the poor.«*[18]

The concept of local ownership should thus be applied carefully for several reasons. First, the effects of local ownership are disputed. It would be wrong to assume that ›more‹ local ownership is always better than ›less‹. Rather, we should try to analyse what effects local ownership can have in which situations and under what circumstances. Ultimately, these considerations should help determine what level of local ownership is most approrpiate for what purpose.[19] Second, be careful not to confound local ownership with government ownership.[20] A policy that has been developed with the participation of a national government is not automatically informed and supported by the affected stakeholders. And finally, one must develop criteria for assessing local ownership. This will allow for the distinguishing of genuinely locally owned initiatives from those that use token stakeholder involvement as a figleaf to increase their legitimacy.

This assessment is by no means easy. The *Partnership for Community-Run Marine Protected Areas in Madagascar* offers one example. The idea to establish a marine protected area came mainly from international NGOs and the affected fishing communities are not formally members of the partnership. Yet concerned fishing communities are now asking for support to implement their own protection areas. Local stakeholders have thus adopted the project as their own initiative and one can speak of a strong degree of local ownership.

The definition of local ownership, then, cannot simply rest on the formal composition of a partnership. Rather, different types and degrees of local ownership exist. They depend on the degree to which affected groups are involved among others in: identifying a problem; defining the goals of a project; choosing concrete targets and activities; implementing these policies and activities; and evaluating the results of an initiative.

DIFFERENT TYPES OF LOCAL OWNERSHIP

As previously discussed, the Seed Initiative set local drive as a criterion for the Seed Awards. Therefore, it should come as no surprise that on the whole the award applicants have a high degree of local ownership. Based on the varying degree of local ownership, roughly three categories of partnerships can be distinguished:

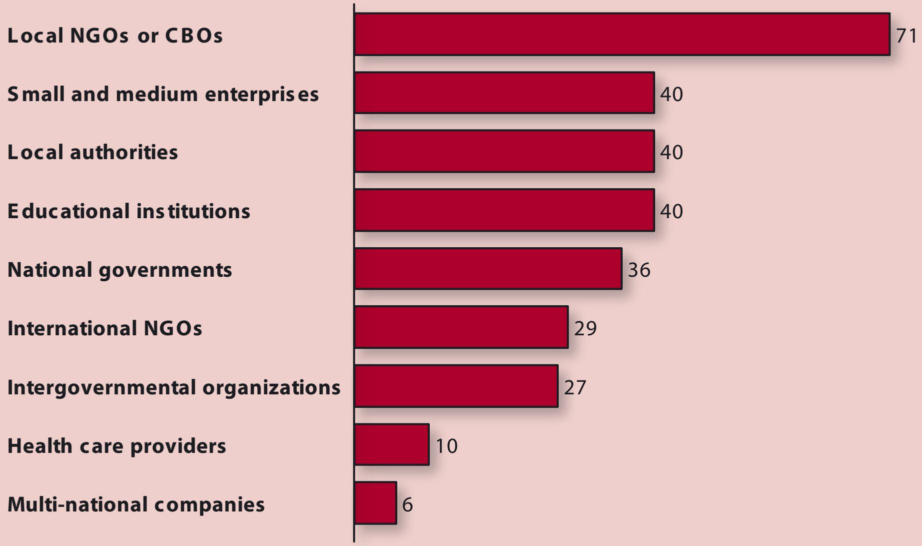
- **Local partnerships**

  Local partnerships display the strongest level of local ownership. In this arrangement, local groups identify a problem, develop ideas for its solution, initiate the partnership, and determine its main goals. The founders also continue to play an important role in the partnership throughout its development.

  Agua para Todos is a good example of a local partnership. The partnership began with local communities who, deprived of access to good and affordable sources of drinking water, started to build their own water networks. Initially, they cooperated with a company that builds water networks and with charities providing microcredits. Over time, the partnership came to include the main water company, the municipal government and the United Nations Development Programme. With more partners, decisionmaking processes have become more complex, but local communities retain decisive influence. For example, the partnership can only pursue its activities if the concerned communities demand and finance the construction of water networks.

SEED PARTNERSHIPS STRONGLY INVOLVE LOCAL ORGANIZATIONS

Presence of types of organizations in partnerships (Multiple answers possible)



Of all Seed partnerships, 63 percent are local partnerships, where local groups took the initiative and defined the main goals of the partnership.

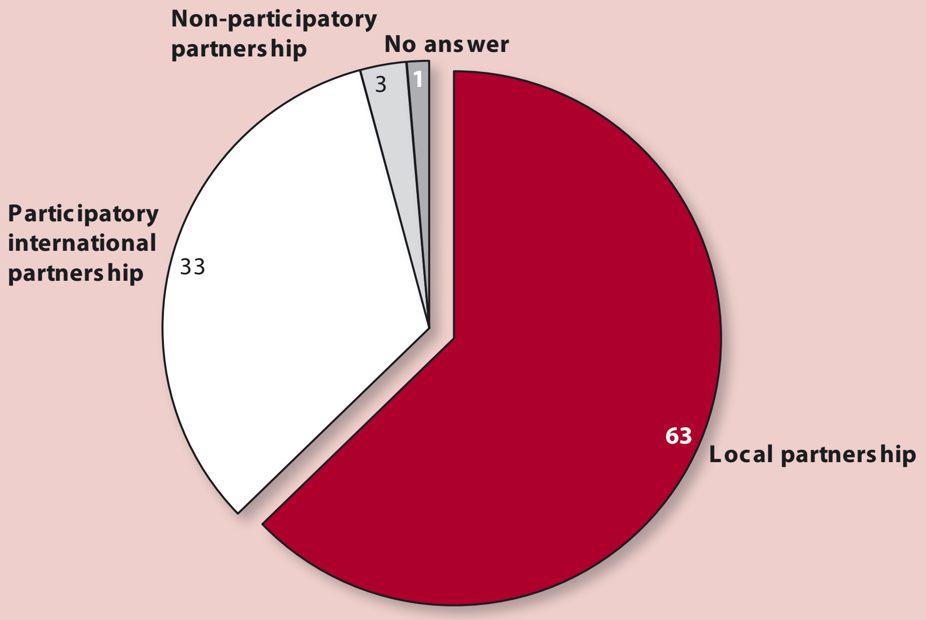
Participatory international partnerships

In international partnerships, international partner organisations take the initiative, identify the problem and define the main goals of the partnership. Participatory international partnerships add substantial efforts to ensure the meaningful participation of local stakeholders. The *Global Marketing Partnership for SRI Indigenous Rice* is an example of this often attractive combination between international expertise and local participation. CIIFAD, an institute at Cornell University, had been working with groups of rice farmers around the world to promote a set of environmentally friendly rice growing techniques. It identified the lack of access to markets for this rice as one of the main problems. As some farmer organisations were beginning to experiment with marketing, CIIFAD selected these organisations to share their experiences and build a common marketing strategy. CIIFAD now continues to act as a coordinator and driver behind the partnership, but the local organisations decide on concrete initiatives and influence all major decisions of the partnership.

Harvesting Seabuckthorn at the Top of the World is a little more difficult to classify as a participatory international partnership. Here, the Nepal-based charity that is the driving force behind the partnership was founded and is led by a foreign anthropologist. The charity now works with local groups in the remote Mustang area. These groups develop concrete activities and their interests are paramount to defining the partnership's strategy.

One third of the Seed partnerships are participatory international. They involve the affected communities in setting concrete targets (35 percent), in implementing the partnership's activities (74 percent) and / or in evaluating the partnership's results (39 percent).

MOST SEED PARTNERSHIPS WERE INITIATED BY LOCAL PARTNERS
Percent of partnerships



Non-participatory international partnerships

Finally, there is a group of partnerships that have little or no significant local ownership. In these partnerships, international partners dominate the process at each step. If local organisation-sare involved at all, this happens only sporadically. Thus, international partnerships often solicit information or feedback on very specific and limited issues from local groups or see them mainly as contractors.

Because ›local drive‹ is one of the selection criteria for the Seed Awards, there are no purely international partnerships among the finalists or winners. Only two of the award applicants are non-participatory international partnerships, both of which failed. One, for example, is a group of international NGOs and businesses providing the funds for implementing a reforestation project. Local cooperation partners were only sought for planting the trees, but not involved in the design of the initiative. Despite the fact that this partnership had substantial start-up capital, it failed. Since the Seed partnerships provide very little evidence on non-participatory partnerships, however, one cannot conclude from this that all partnerships without local ownership are condemned to failure. Partnerships that do not want to change the behaviour of local stakeholders and that do not depend on complex local knowledge, for example, may well be effective without local ownership.

THE BENEFITS AND CHALLENGES OF LOCAL OWNERSHIP

»Ultimately, only the people of Mustang can preserve the biological and cultural riches of their region. Of course it takes a lot of time, money and effort to work with the local communities. But it is worthwhile because awareness will be created and in the long run the local communities will benefit from these efforts.« (Susanne von der Heide of HimalAsia, Harvesting Seabuckthorn at the Top of the World)

Local ownership can create specific benefits as well as costs. For some purposes, these positive effects are simply indispensable. For others, they are not and the costs may outweigh the benefits. To begin thinking about what level of local ownership is most appropriate for what kind of partnership, it is necessary to examine the impacts of local ownership in detail.

LOCAL OWNERSHIP HAS THE FOLLOWING *POSITIVE IMPACTS*:[21]

- Local ownership tends to increase compliance, make development projects more sustainable over time and increase their scalability. Traditional top-down development projects have often run into a series of related problems. For instance, they face difficulty in enforcing compliance with new rules; achievements are reversed when the development agencies withdraw; and projects were unable to expand or reach a larger number of people.

  The *Seabuckthorn Partnership* shows how local ownership can help address all three aspects. Local fishermen needed to comply with the installed no-take zones for fish and octopi. At first, they met the idea with scepticism. Intensive information and communication convinced them to experiment with one no-take zone. Then, the fisher communities directly experienced the results of this experiment and saw the overwhelmingly positive benefits for them. This not only means that the communities will be more likely to comply with no-take zones in the future, but also that they are likely to do so even once the international NGOs refocus their attention on other projects. In addition, other local communities have now taken the initiative to extend the marine protected area to their fishing grounds. Expanding the partnership's activities to other areas has thus become much easier for the international partners involved.

  The Harvesting Seabuckthorn at the Top of the World partnership seeks to achieve a similar effect. To stop soil erosion in Mustang, an NGO works with local communities on ways to harvest the forests in a sustainable manner. As in Madagascar, this partnership uses an experimental phase to demonstrate to villagers the benefits of growing and harvesting seabuckthorn. It trains villagers in creating seabuckthorn nurseries as well as in harvesting and processing the produce. If the experiment proves successful, villagers will be able to sell their produce to European cosmetics producers at good prices. This will create a strong incentive for local communities to protect existing forests and plant new bushes on a sustained basis.

A strong degree of local ownership, then, is crucial for initiatives that aim at changing the behaviour of people, such as those trying to create compliance with norms.

- Local ownership ensures that development projects fit local circumstances, increasing the likelihood of designing high-quality, feasible projects. Traditional top-down approaches to development often have difficulty gathering sufficient information to adapt policies to changing local circumstances. Those who are affected by a problem are usually the ones who know most about it. Demand-driven development projects are therefore more likely to address actual local problems. Responding to demand increases the quality of development projects and makes them more effective.

As indicated above, *Agua para Todos* is a partnership that developed out of very specific local circumstances and is therefore optimally adapted to them. Communities take the initiative to create their own water distribution networks, relying on the technology and know-how of local companies. Since the city expands in a relatively uncontrolled way, water networks built on the initiative of local users are much more likely to meet a real demand.

In conclusion, partnerships that want to deliver services to communities can benefit from local ownership. This is all the more relevant when a project's success depends heavily on locally specific information. By contrast, local ownership may be less important for partnerships oriented toward gaining international market access.

- Finally, local ownership empowers people. Local ownership can have an effect that goes beyond the immediate goals of most partnerships. Through their involvement, local actors increase their knowledge and capacity. For example, they may develop the confidence and skills to act politically and become empowered to articulate their demands and needs more assertively.

One way to empowerment consists of mobilising groups and creating new organisational structures. In Nepal, new women's groups for the collection and processing of seabuckthorn berries make decisions and work together to generate income. For most women, this is a new experience that is likely to make them more assertive and autonomous in other areas of their lives as well.

Another important component of empowerment is the transfer of skills, knowledge, and technology. In the *Cows to Kilowatts* partnership, Nigerian engineers are trained in how to design and run a bio-gas plant. This knowledge will be a lasting asset that the engineers can put to other uses. When empowerment is seen as the ultimate goal of development, local ownership is an indispensable ingredient of any development initiative. But some projects also rely on empowerment to reach their more immediate goals. For instance, many of the Seed partnerships aim to transfer knowledge and technology. If an initiative involves local stakeholders, this transfer can serve as a form of empowerment.

But empowerment also raises a very critical question, especially for participatory international partnerships. Who selects the stakeholders that participate in the project? On what grounds are some groups selected for empowerment, while others are not? Studies often find that participatory development projects privilege existing elites.[22] In the *Seabuckthorn Partnership*, underprivileged groups participate. But even for this kind of intervention, the question of its legitimacy with regards to selection remains open.

Taken together, these effects create a powerful case for local ownership for many types of partnerships. However, strong local ownership is also associated with a number of *downsides*. The costs arise no matter what goal or focus a partnership espouses, but they differ depending on whether a partnership is local or participatory international.

- Local partnerships may lack access to internationally available expertise. The potential for exchanging knowledge and experience is one of the features that make partnerships such attractive instruments of sustainable development. In partnerships that remain purely local, different partner organisations can learn from each other, but it is often difficult for them to benefit from the special skills and knowledge held by many international actors.

  The *Agua para Todos* partnership, for example, started as a purely local partnership. It constructs water networks with the available technologies and materials. Before joining international programmes and partners, it had few opportunities to learn from the specific experiences of water and sanitation projects elsewhere.

  Of the local Seed partnerships, 30 percent now include international actors. Thus, the Seed partnership data highlight the importance of international links. Still, many partnerships perceive a deficit in their ability to exchange experiences and to access technology and knowledge as well as management and administration skills. 95 percent of the local partnerships state the creation of more platforms for the exchange of experiences as one of their priorities for support (compared to 48 percent among international partnerships). 87 percent would appreciate additional expertise on the issue they focus on (compared to 80 percent among international partnerships). It is important to note that the lack of access to internationally available expertise is a practical problem with which purely local partnerships are confronted with. It is not a negative consequence of local ownership as such.

- For participatory international partnerships, including local actors can cost a great deal of time and money.[23] Alone, the increased communication and coordination inherent in a participatory partnership require vital time and resources, especially during the early phases of their development. In addition, logistical problems can multiply these costs. High costs and time requirements often conflict with donor demands for quick results. For international partnerships, this problem is inherent in local ownership. Finding the right balance between inclusion and efficiency can pose a major challenge for them.

The *Global Marketing Partnership for SRI Indignous Rice* illustrates this problem. As the partner organisations are spread across three continents, arranging a face-to-face meeting between farmers groups or even just between the coordinators has so far exceeded the financial means of the partnership. In addition, language barriers make it almost impossible to include members beyond the local coordinator in each country in telephone or electronic communication. Fundraising efforts for such meetings or for financing a part-time coordinator for the partnership have proven difficult as donors prefer to support activities or equipment producing tangible outputs.

- Finally, international actors may find a disconnect between local priorities and globally defined development goals problematic. In recent years, the international community has invested significant efforts to define common, measurable deliverables for development policies. The Millennium Development Goals (MDGs) and the goals contained in the Johannesburg Plan of Implementation are the most relevant examples in the context of partnerships.

  International actors subscribing to these common priorities often support partnerships as effective means for implementing the goals. As seen in the beginning of this section, locally owned partnerships do promise to achieve more lasting and often more cost-effective impacts than top-down approaches. But genuine local ownership means that stakeholders pursue their own goals and priorities. These do not necessarily mirror the priorities defined at the international level.

  The Seed partnerships all share the basic goal of sustainable development. In that sense, they are much less problematic than, for example, initiatives that oppose the international order. Still, the Seed partnerships set their own mark. As the graph on Page 17 in Chapter 2 shows, they overwhelmingly focus on poverty eradication and environmental sustainability. Issues such as the fight against diseases, child and maternal health, or gender equality, by contrast, only receive marginal attention.

Local ownership, then, creates many important benefits as well as costs. The experiences of the Seed partnerships hint at some areas where strong ownership is more, and others where it is less, important. But much more research is necessary to determine in greater detail what level of local ownership is best for which type of development initiative.

MITIGATING THE COSTS OF LOCAL OWNERSHIP

»As a local NGO in Nigeria, it has been difficult to find investors for the slaughterhouse waste treatment and biogas production plant we want to build. The Seed Initiative helped us establish a contact with UNDP Nigeria. Their agreement to provide a substantial part of the necessary start-up capital has proved critical for taking our initiative forward.« (Joseph Adelegan of GNEEDR, *Cows to Kilowatts*).

What can be done to address the downsides of local ownership? Some international programmes already address these issues[24] and the experiences of the Seed partnerships help illustrate what kinds of interventions partnerships deem most helpful.

First, as seen above, many of the Seed partnerships—particularly the local partnerships—express a strong desire for more opportunities to exchange experiences with other local initiatives. In the area of sustainable development, a host of internet-based information portals and exchange platforms exist. They are often useful and cost-effective means of bundling information on certain issue areas. But electronic means of communication often pose technical difficulties in developing countries. In addition, their ability to transmit complex information is often limited.[25]

Thus, the Seed finalists and winners as well as many other local initiatives express much greater appreciation for face-to-face encounters. As part of the Seed Initiative, all twelve finalist partnerships participated in workshops and presented their initiatives at the 2004 IUCN World Conservation Congress in Bangkok. One participant commented: *»In Bangkok, we had 5000 conservation activists in one place. I have never been able to gather so many new ideas and get so much inspiration before.«*

Unfortunately, very few local initiatives can cover the costs of attending such meetings. Many also require logistical assistance, particularly concerning visas. Arranging exchange workshops at the global level thus easily becomes a very expensive and time-intensive undertaking. Regional meetings might present a more feasible option, although the breadth of experiences represented will be smaller.

Second, partnerships with strong local ownership can benefit from programmes that facilitate access to knowledge and technology. Rather than a general exchange of experiences and ideas, these partnerships seek very specific advice or tools for implementing their activities.

One avenue for facilitating access to specific knowledge and technology includes highly specialised conferences or trade fairs. The *Harvesting Seabuckthorn at the Top of the World* partnership, for example, draws much of its motivation from an international seabuckthorn conference held in 2003. Experts discussed the healing and cosmetic properties of seabuckthorn oil from different locations. Company representatives made clear that they would use more high quality oils if they could find reliable supply of them. As a result, the partnership now focuses on testing the quality of Mustang-grown seabuckthorn in cooperation with international businesses. The partnership, however, had to rely on its international partner to be able to attend and only the German-born anthropologist Susanne von der Heide was in a position to travel to the meeting and follow the proceedings.

For the *Global Marketing Partnership for SRI Indigenous Rice*, a food fair in Italy was similarly inspiring. With financial and logistical support from the international partner, a Malagasy organisation participated in the Salone del Gusto in 2004. There, it presented a special and organically grown rice variety. The product won an award for its superior taste and quality. As a result, Italian restaurants have placed initial orders for the rice. For the farmer associations, it was an opportunity to learn about processing, packaging, and labelling requirements in the EU. It also allowed them to test their assumptions about the demand for indigenous varieties of eco-rice in Europe. A lunch organised in 2005 by Seed supporter Swiss Re introduced a further group of potential rice-buyers to different varieties of SRI rice.

Specialist knowledge and technology can also be made accessible to local partnerships through individual consultations or support services for local partnerships. The Global Innovative Project Competition of the World Bank Development Marketplace provides one example. Expert committees select a number of promising entries and present them with individual advice. The *Cows to Kilowatts* partnership was selected as a finalist in the competition and the committee's suggestions have been fully adopted by the partnership.

The Seed Initiative Support Services provide award winners with advice and services as agreed with the partnerships. The *Global Marketing Partnership for SRI Indigenous Rice*, for example, most urgently needed access to trade and marketing expertise. A consultant thus visited the farmer associations in all three participating countries over a period of three months. The resulting marketing strategy paper with its action plans for individual partner organisations now forms the backbone for further activities and planning. In several cases, the initiative has also facilitated contacts between partnerships and relevant regional or international actors. Thus, UNDP regional offices have become partners in two partnerships and a range of contacts with potential business partners or donor agencies were established.

Finally, partnerships with strong local ownership could benefit greatly from the existence of more social venture capital funds to finance set-up and process costs.[26] Despite their compelling plans and ideas, the Seed winners have all experienced difficulties in gaining financial support for communication and coordination. The *Partnership for Community-Run Marine Protected Areas in Madagascar*, for example, relies on volunteers to conduct research and engage the local fishing communities. These volunteers not only work without remuneration and cover their own travel costs, but they also contribute financially to enable coordination and communication. While the *Agua para Todos* partnership in Bolivia found microcredit organisations and government entities willing to support the installation of local water distribution networks, they would benefit from the creation of a coordination office that would make it easier for new communities to find out about and join the partnership. This idea, however, has not yet been able to attract support.

Changing existing donor policies or creating new funds to support the establishment of new social ventures would help remedy this situation.

LESSONS

LESSON 4

THE SEED PARTNERSHIPS HAVE STRONG LOCAL OWNERSHIP OF VARYING KINDS

Partnerships for sustainable development have been criticised as being ›donor-driven‹. The Seed partnerships demonstrate that a wealth of partnerships with strong local ownership and drive exist. Local ownership can take different forms:

- In ›local partnerships‹, affected communities or national organisations are the main drivers behind the partnership. International partners are included to deliver specific contributions.
- In ›participatory international partnerships‹, international actors take the initiative and define the main goals of the partnership. Affected communities are involved in concrete planning processes, project implementation, and evaluation.

LESSON 5

LOCAL OWNERSHIP INCREASES IMPACT BUT CREATES SHORT-TERM COSTS

Partnerships with local ownership have better chances than top-down initiatives for achieving effective, lasting and scalable impact. But strong local ownership can also be associated with costs:

- Local partnerships can suffer from a lack of access to internationally available knowledge and technology. They also frequently lack opportunities for exchanging experiences with other initiatives.
- Participatory international partnerships often suffer from increased initial costs for coordination and logistics. Few donors are willing to finance these higher start-up costs.

Partnerships therefore need to determine the right level of local ownership, which largely depends on what benefits the partnership hopes to derive from local ownership.

LESSON 6

PROGRAMMES CAN ALLEVIATE THE DOWNSIDES OF LOCAL OWNERSHIP

Most downsides of local ownership can be addressed by specifically designed programs. Most important are:

- initiatives facilitating access to internationally available knowledge and technology
- platforms enabling local organisations to exchange experiences
- social venture capital funds covering start-up costs for participatory projects

14 Analysts who have come to the conclusion that the ›type II‹ partnerships created during and in the wake of the Johannesburg Summit on Sustainable Development in 2002 are ›donor-driven‹ include Hale and Mauzerall (2004) and Andonova and Levy (2003). Their concerns have been echoed by political actors, for example during the pertinent discussions at the 12th session of the Commission on Sustainable Development in 2004, United Nations Commission on Sustainable Development (2004). A more recent update from the Division on Sustainable Development, however, found that »Many [partnerships] employ a bottom-up approach, using projects with local community-level participation to create plans and strategies, which are then replicable at national, sub-regional and regional levels.« United Nations Department for Economic and Social Affairs (2005, p. 5)

15 See for example OECD Development Assistance Committee (1996); United Nations Development Programme (2001); Norwegian Agency for Development Cooperation (1999); Jerve (2002); High Level Forum (2005); Wolfensohn (1999).

16 Rehman Sobhan for example speaks about a »deep disillusion with three decades of development assistance«, which »lies both in the persistence of poverty and its juxtaposition with the affluence of a few in many Third World countries«, Sobhan (2002, p. 541). Reality of Aid summarises the discontent as »On the eve of the UN Special Conference on Financing for Development, there is no doubt that the global system has failed the poorest countries and people wherever they reside«, The Reality of Aid (2002, p.4). The World Bank finds that »foreign aid has also been, at times, an unmitigated failure«, World Bank (1998, p. 1).

17 Isham and Narayan (1995, p. 175)

18 Mansuri and Rao (2004, p.1)

19 Some studies exist that focus on individual policy functions. Morrissey and Verschoor for example find that for the adoption of a policy reform by a government, ownership may be desirable, but it is not necessary. Morrissey and Verschoor (2006). Asim Khwaja focuses on technical vs. non-technical projects and concludes that

while »community participation improves project outcomes in nontechnical decisions, increasing community participation in technical decisions actually leads to worse project outcomes.« Khwaja (2004, p. 427)

[20] In the Paris Declaration on Aid Effectiveness, for example, ›ownership‹ exclusively refers to developing countries exercising leadership over their development policies and coordinating their development actions. High Level Forum (2005).

[21] On the positive and negative impacts of local ownership, see for example Mansuri and Rao (2003) or Klugman (2002).

[22] Thus, Mansuri and Rao find that »Most CBD [community-based development] projects are dominated by elites«. Mansuri and Rao (2004, p. 1).

[23] Börzel and Risse find that a trade-off can exist between a partnership's inclusiveness (and therefore legitimacy) and its effectiveness. Börzel and Risse (2004).

[24] The Equator Dialogues, a part of UNDP's Equator Initiative, for example, create spaces for community dialogue at international and regional conferences. The World Bank Development Marketplace awards competitive grants to small-scale, innovative and economically viable programmes. It also offers expert advice and opportunities for initiatives to exchange experiences: Finalists meet in person and present their proposals to development experts. The Global Knowledge Partnership tries to use web-based information technology to facilitate the exchange of experiences and knowledge among sustainable development practitioners.

[25] For a discussion about the technical possibilities for and the up- and downsides of electronic means of communication, see e.g. Creech and Willard (2001). John Christensen has cautioned that »talk about internet portals for the Least Developed Countries […] is a contradiction in terms«, quoted in Schmid, Stadermann, et al. (2004, p. 144)

[26] Cf. e.g. Latham (2003). For a critical perspective on social venture capital, see e.g. David (1998).

4 PARTNERSHIP BUSINESS MODELS: MIXED FINANCIAL MODELS REQUIRE DONOR FLEXIBILITY

What kind of business models do partnerships for sustainable development rely on and what implications do these models have for the management and success of partnerships? This question has become one of the focal points of attention in the discussion about partnerships, especially for donors and the private sector.[27]

While it is fairly clear what a business model entails for corporations, the application of the term to sustainable development partnerships can create confusion. This chapter therefore first discusses the term and its meanings when applied to partnerships. It then focuses on the financial models used by partnerships before the next chapter discusses partnership business models as tools for planning and management.

The Seed partnerships rely on different financial models that can change over time. They range from partnerships that receive all their financial resources from partner organisations or external donors to those that generate sufficient revenues from their own operations to cover all costs or even create profits. Most partnerships, however, rely on a mixed financial model. Thus, they do require support from donors or partner organisations, but also cover parts of their costs through commercial activities.

The Seed partnerships reveal that partnership progress is not directly linked to any specific financial model. Rather, the Seed partnerships show the importance of mixed financial models and emphasise the need for flexible financial instruments that can match their specific needs.

WHAT ›BUSINESS MODEL‹ MEANS FOR PARTNERSHIPS

Recent discussion in the development community has focused on ›business models‹ of sustainable development partnerships and other

CONCEPTS AND DEFINITIONS (II)

Business model **describes the goals, strategies and key mechanisms used by a business to generate profits.**

Business plan **outlines the concrete steps and actions to translate a business model into practice.**

Financial model **is that part of a business model that describes how an organisation plans to generate the financial resources necessary for its operations.**

Entrepreneurship **describes the ability of individuals to drive change. It presupposes vision, leadership qualities and a willingness to bear risks.**

initiatives. When transferred from the corporate world to sustainable development discourse, however, the term ›business model‹ can create confusion.

For a corporation, its ›business model‹ describes the way it plans to generate revenues and profits by serving its customers. This generally includes a definition of the customers, as well as the products or services offered and the way the operations are organised and profits generated. A business model thus describes the main activities and structures of a corporation with a special emphasis on the mechanism used to generate revenues and profits. When this emphasis is transferred directly to partnerships, ›business model‹ is taken to mean ›how the partnership generates its financial resources‹.

ADAPTING BUSINESS MODELS TO PARTNERSHIPS

A business model defines*:		A partnership business model defines:
the value proposition or vision	→	which sustainable development goals are pursued
potential customers and sources of revenues	→	how the partnership intends to generate necessary resources for implementation
the firm's position in the value chain or how it contributes to realising the vision	→	how the partnership intends to contribute to the stated goal
an estimate of the cost structure and profit potential	→	how the partnership plans to allocate resources in pursuit of the goal
the firm's position in relation to complementors and competitors	→	what alternative strategies exist for reaching the same sustainable development goal
the firm's competitive strategy	→	what advantages the partnership can offer compared to those competing for resources

* Adapted from Chesbrough & Rosenbloom (2002)

Confusion can arise because the idea of a ›business model‹ can also be adapted in a deeper sense to sustainable development partnerships. In the corporate world, a business model ultimately includes the ideas, structures, resources, and activities employed by an organisation to achieve its main aim. For a business, this aim is usually defined as the generation of profits, though more recently, an increasing number of businesses have added social and environmental goals to this. Organisations promoting sustainable development, however, typically focus mainly on development goals. The generation of resources is a means to an end. A partnership business model therefore includes all ideas, activities and structures used to reach the goal defined by the partnership. Generating the resources needed for implementing these ideas is thus certainly an important, but by no means the only, component of a partnership business model.

Understood in this way, the concept of a business model and the business plans developed from them have two very important meanings for partnerships. External to the partnership, many donors and investors assess the soundness of a partnership business model for deciding whether or not to support the initiative. Within the partnership, business models and their corresponding business plans are one—though certainly not the only—essential tool for partnership planning and management.[28]

As it is impossible to discuss the merits of each individual business model of the Seed partnerships, the following analysis will concentrate on the different models used to generate resources. The next chapter, building on this analysis, focuses on the importance of sound planning, management, and governance that typically are core components of a functioning business plan.

FOUR FINANCIAL MODELS FOR PARTNERSHIPS

Unlike businesses, partnerships for sustainable development usually do not have the creation of revenues and profits as their main aim. Nevertheless, they do need to find ways to generate the necessary resources for implementing their activities. Compared to the private sector, the possible sources of partnership resources are more diverse. In principle, resources can come from the partner organisations themselves, external donors, or can be revenues generated by the partnership, which may require an initial investment or loan.

Based on these different sources, we can distinguish four ideal typical models for providing partnership resources. The models do not necessarily reflect how partnerships generate resources in the very early stages of their development. Rather, they refer to the way partnerships envisage their finance and support in the medium- to long term.

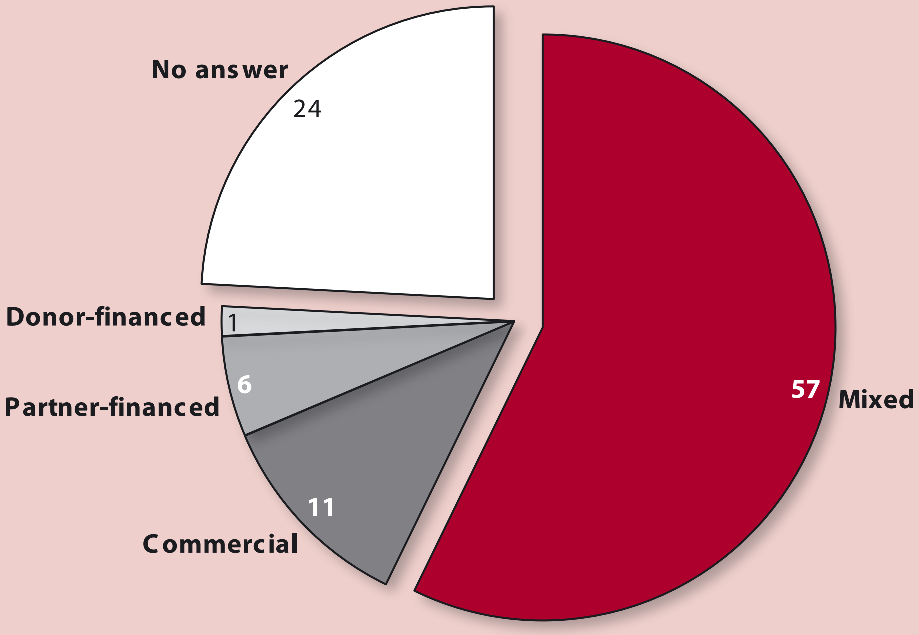
- **Partner-financed partnerships**

  The organisations forming a partnership almost always provide a critical contribution in terms of time, expertise, will, and sometimes money to the early development of the partnership. For the medium- to long term, however, most partnerships plan to gain access to external sources of finance, such as grants, loans or revenues from commercial activities.

  Of the Seed partnerships, only 6 percent plan to remain mostly dependent on partner contributions once the partnership is fully functional. These partnerships all share a basic characteristic: they provide services intended to mainly benefit the partner organisations themselves.

MOST PARTNERSHIPS RELY ON MIXED FINANCIAL MODELS[29]

Percent of partnerships



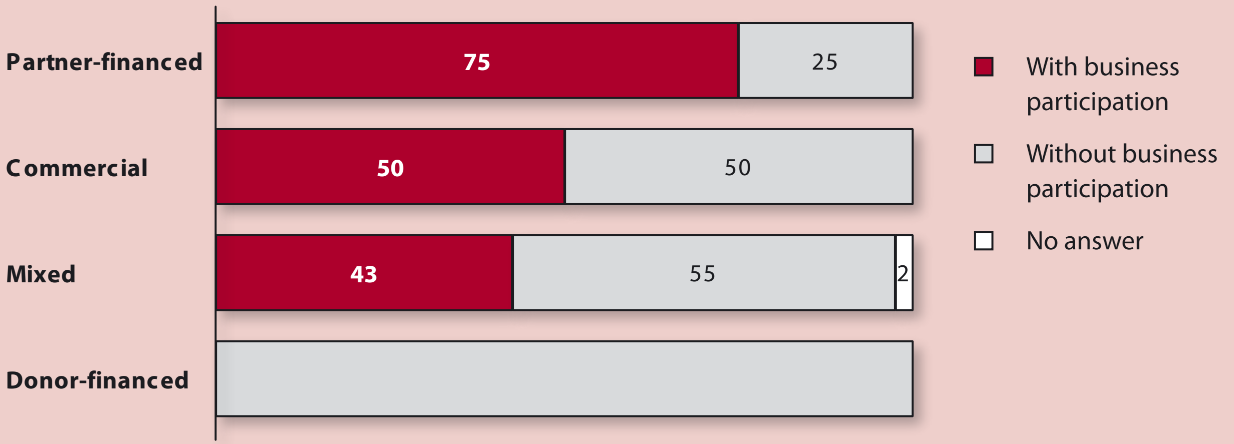
The *Global Marketing Partnership for SRI Indigenous Rice* is the only Seed winner based on this financial model. To set up its marketing network, the SRI partnership requires external support. Through its operation, however, the partnership intends to enable the participating collectives of SRI rice farmers to sell their produce at better prices. Farmer cooperatives can then use part of their extra profits to finance the operation of the partnership that supports them.

- **Donor-financed partnerships**

  Financial support from donor organisations plays an important role in the resource planning of most partnerships. Nonetheless, among the Seed partnerships, only one percent plans to rely exclusively on donor funds in the medium- to long-term.

  How dependent partnerships plan to remain on donor support depends strongly on their area of work. Partnerships providing services to very disadvantaged communities, especially in health, education, or disaster relief, often have little choice but to opt for donor-dependent financial models.

PARTNER-FINANCED PARTNERSHIPS SHOW THE HIGHEST BUSINESS INVOLVEMENT
Percent of partnerships



Commercially self-sustainable partnerships

The counterpart to the donor-dependent financial model is the commercially self-sustainable model. Here, partnerships sell products or services to third parties. If revenues are restricted to covering the operating costs, the partnerships must rely on partner contributions or grants as start-up capital. If they generate profits, the partnership can also try to attract equity investors or take out a loan.

This financial model is very appealing: If partnerships manage to become commercially self-sustainable, they can ensure their continued operation and scaling up more easily than when they rely on external contributions. These partnerships still differ from business ventures as social and environmental goals continue to be their main focus. Eleven percent of the Seed partnerships are based on commercially self-sustainable financial models.

The *Cows to Kilowatts* partnership illustrates these advantages clearly. It needs a relatively large initial investment to develop the appropriate technology. But revenues from gas sales are projected to create significant returns on investment within three years. This means not only that the continued operation of this first water cleaning and gas production facility would be assured, but also that the approach could be replicated in other similar situations.

But partnerships based on a commercial business model often find it hard to raise conventional capital. This is especially the case in the early phases of development, because the projects are often seen as too small and too risky by investors. To fill this gap, donor institutions are increasingly providing capital for the planning, pilot, and commercialisation phases of small and medium enterprises whose operations have a positive development impact.[30] Once these initiatives have proven to be commercially viable, it is hoped that they will be able to attract conventional investors.

The *Cows to Kilowatts* partnership is benefiting from one of these programmes. Facilitated by the Seed Initiative, the Programme in Energy and Environment of the United Nations Development Programme in Nigeria is providing a substantial share of the necessary start-up capital.

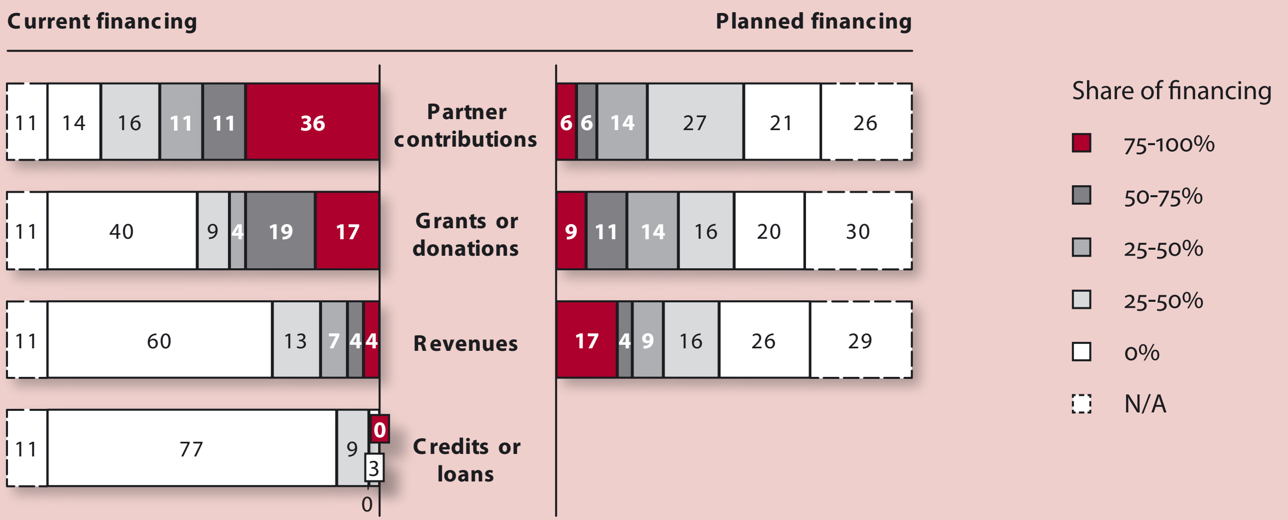
- **Partnerships based on mixed financial models**

Much attention has been focused on commercially self-sustainable partnerships because of the advantages described above. In reality, though, mixed financial models play a much more important role. A large number of sustainable development partnerships combine financial or in kind contributions from partners, resources from external donors, and revenues from commercial activities or commercial loans. Of the Seed partnerships, 57 percent rely on a mixed resource base, including three of the five award winners.

The *Agua para Todos* partnership demonstrates this mixed financial approach. As the partnership is concerned with providing water services to residents in Cochabamba, it is financed in part by the groups who benefit from the services, and in part by the local government, which sees service provision as one of its tasks. By contrast, when the partnership engages in training and health education among the local population, it relies largely on grants from development organisations.

PARTNERSHIPS PLAN TO SHIFT FINANCING FROM OWN CONTRIBUTIONS TOWARDS REVENUES

Percent of partnerships



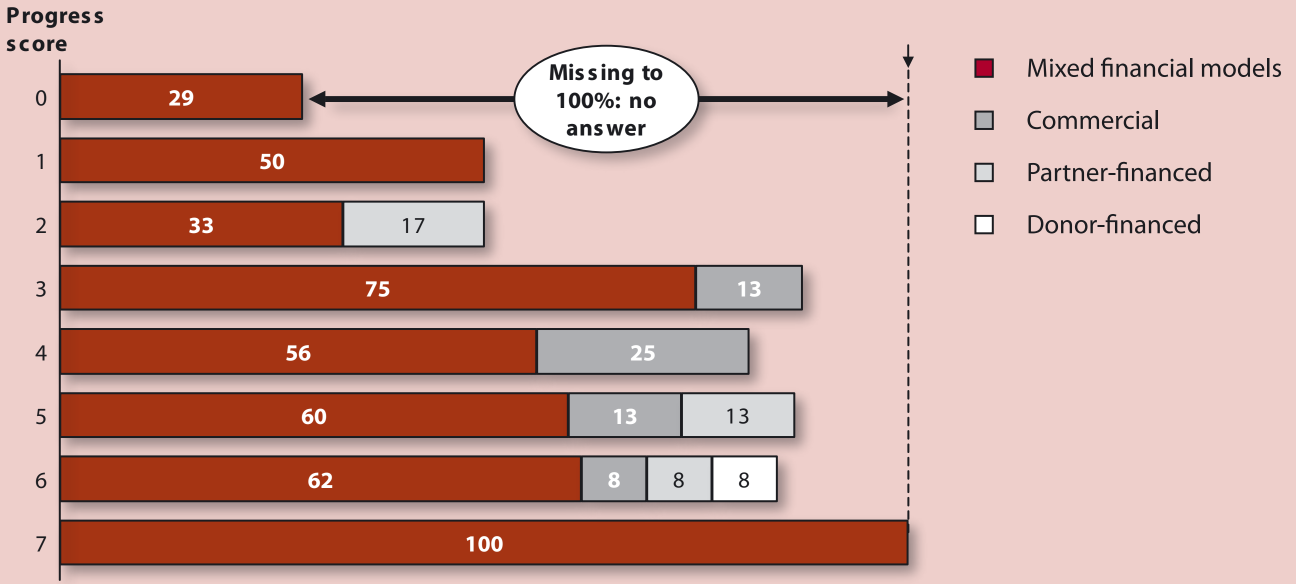
The financial models described here are part of the partnerships' business models. This means that they represent how the partnerships plan to raise funds once they are fully functional. It is instructive to compare this with the way the partnerships are currently financed. Clearly, in the beginning, partner organisations and donors provide the bulk of financial support. Over time, though, many partnerships envisage that revenues from commercial activities will contribute a more important share to their financial resources.[31]

PARTNERSHIP PROGRESS DOES NOT DEPEND ON A SPECIFIC FINANCIAL MODEL

The choice of a financial model is central to the conception, planning and running of a partnership. As the examples above indicate, it determines not only what types of resources are accessible for partnerships, but also reflects the dominant logic underlying partnerships and influences their planning and evaluation standards. Still, this does not mean that the financial model in itself is a good indicator of the likely success of a partnership.

FINANCIAL MODELS HAVE NO CLEAR INFLUENCE ON PARTNERSHIP PROGRESS

Percent of partnerships



Rather, a partnership business model must be internally consistent to be successful. The general logic of the partnership should correspond to the financial model chosen. Partnerships seeking to derive their resources predominantly from the partner organisations, for example, must be able to make a convincing case about what kind of benefits they will provide to these organisations. Partnerships depending mainly on government and donor funds, by contrast, need to demonstrate that they contribute to an important public good and that they do this in an effective and sustainable way. Partnerships seeking equity investments or credits, finally, must show how they plan to generate returns on investment and how they manage risks.

As the graph shows, the Seed partnerships show no clear pattern that would suggest that one financial model is inherently superior to the others.[32]

THE APPEAL AND CHALLENGES OF MIXED FINANCIAL MODELS

The majority of the Seed partnerships, and especially of the Seed Award winners and finalists, rely on mixed models of resource provision. What, then, constitutes the special appeal of mixed financial models? And what particular problems do partnerships encounter when they use mixed models of generating resources?

One reason for the strong reliance on mixed financial models lies in the special properties of partnerships. They tend to combine organisations with different typical approaches to problems and integrate different goals into one project. Governments and large corporations, for example, often preside over substantial resources and may be more likely to contribute directly to the partnership. Charities, on the other hand, might prefer to raise donor funds, and businesses may be more likely to focus on the commercial potential of the project.

Another reason is that in multifaceted projects, different parts of the work programme may lend themselves more readily to different sources of support. For example, where nature conservation projects are linked to ecotourism, the conservation element may appeal to donors focusing on environmental issues, whereas the ecotourism part may attract a commercial investor. In the area of sustainable development, much importance is attached to the integration of the economic, social, and environmental dimensions of development. Partnerships based on mixed financial models have a special appeal in this context because they believe their activities can make both a convincing business and development case.

But the combination of such diverse fields of work also brings with it acute challenges. When partnerships seek financial support or start-up capital both from donor organisations and commercial institutions, existing financial mechanisms may not be flexible enough to adjust to this dynamic approach. Donor-support, for example, is often restricted to entities that are officially registered as charities.[33] Abiding by this regulation makes it officially impossible for these partnerships to also approach private investors, who demand good rates of return, to cover their remaining financial needs.

Some of the more innovative public instruments of development finance seek to mix public and private resources. These include programmes to encourage the development of small and medium-sized enterprises or funds hedging investment risks in public infrastructure projects.[34] *Cows to Kilowatts*, the only winning partnership based on a commercially self-sustaining business model, has benefited from such an instrument. The Programme in Energy and Environment of the United Nation's Development Programme provides a substantial part of the necessary initial investment. But even these programmes are ill prepared to deal with mixed financial models: *Cows to Kilowatts* is required to register as a business, thus cutting it off from more traditional donor funds.

Most problems of formality, though, also have formal solutions. Thus, the problem of whether a partnership should officially establish itself as a charity or as a business can simply be circumvented by avoiding formal incorporation. In this case, the partnership can rely on its constituent members for channelling different financial contributions. The downside of this approach is that it renders the institutionalisation and formalisation of partnerships very difficult—a step that is important especially when partnerships scale up their activities and seek a more stable, transparent, and predictable governance structure.

Agua para Todos is an example of a partnership that relies on various financial sources and has avoided formal incorporation. It is constituted as a partnership through a series of contracts or memoranda of understanding between the partner organisations. Each benefiting from their distinct formal status, the business partner is in charge of attracting credits for the expansion of the commercial part of the partnership's activities, the officially recognised community organisations qualify for government support under a special program, and the non-profit organisations apply for grants. Difficulties arose, however, when the partnership wanted to use municipal funds to pay for the services of the commercial partner. Introduced by the Seed Initiative, UNDP now plays an intermediary role facilitating the transfer of funds between the two partners. Evidence from the entire group of Seed partnerships shows that avoiding incorporation is quite common: only 37 percent of the partnerships are formally incorporated either as charities or businesses.

Yet, even when the formal hurdles to receiving funds from different sources have been cleared, problems pertaining to the policies and perceptions of funding institutions often persist. Despite the widespread partnership rhetoric in the sustainable development community, many donor and most financial institutions remain principally committed either to supporting non-profit or to investing in promising commercial enterprises. Partnership projects that are part charity and part business often do not fit into existing grant and support programmes or are met with suspicion.

Finally, partnerships relying on mixed financial models can have trouble shifting between the distinct skills sets of the private and public sectors. Grant applications look very different, use different languages, and argue different cases than applications for commercial funding. Correspondingly, the skills needed to be able to engage in both kinds of processes are complex and diverse. For example, the leader of the *Harvesting Seabuckthorn at the Top of the World* partnership is very experienced and successful in soliciting contributions from individual donors, but these skills have proved to be less effective when trying to engage with commercial partners to convince them about an up-front investment in equipment.

LESSONS

LESSON 7

SUCCESSFUL PARTNERSHIPS CAN BE BASED ON DIFFERENT FINANCIAL MODELS

Partnerships can rely on resources from their partner organisations, donors, commercial activities, or a mix of the above. None of these financial models was found to be inherently superior to the others.

Most Seed partnerships rely on mixed financial models. These are particularly suited to initiatives in which different kinds of organisations cooperate and where economic and social or environmental goals are pursued at the same time.

LESSON 8

THE ENABLING CONDITIONS FOR MIXED FINANCIAL MODELS NEED TO BE IMPROVED

Partnerships based on mixed financial models often do not fit into existing donor or investment programmes as those are geared either towards businesses or towards charities. The creation of financial instruments with the corresponding flexibility should be encouraged.

[27] The concern about business models for partnerships stems from a debate relating to the contribution of businesses to development. A strong group of advocates argues that »Development will only pick up speed if we encourage private sector-led development by fostering business solutions to development challenges«, especially if companies build »inclusive business models that create new revenue streams whilst serving the needs of the poor through sound commercial operations«. World Business Council for Sustainable Development (2005, p. 78 and preface). Similar arguments are promoted by the World Economic Forum (2005), the Shell Foundation (2005), the Commission on the Private Sector and Development (2004), Prahalad (2003), and Holliday, Schmidheiny and Watts (2002).

[28] This is widely accepted in the business community, where analysts for example frequently attribute failure of many e-business ventures to the fact that their business model is lacking or ill defined. Cf. Alt & Zimmermann (2001).

[29] The sample size for partner-financed partnerships is very small: only four of the Seed partnerships are based on this financial model. We can therefore not draw any strong conclusions from the distribution (the likelihood that the differences are due to chance is 52 percent). The graph is intended to illustrate the composition of the Seed partnerships.

[30] The Rural Energy Enterprise Development (REED) initiative of the United Nation's Environmental Programme is an example. It supports entrepreneurs in setting up local energy enterprises to provide renewable energy to rural communities. It offers them a combination of enterprise development services and start-up financing. Once the enterprises have reached a commercial stage, it is hoped that they will be in a position to attract conventional investment to scale up and replicate their operations. See http://www.areed.org.

[31] The REED experience also shows how local entrepreneurial projects go through different phases with respect to funding. The early stages of ›proofing the concept‹ and ›early stage commercialisation‹ are typically financed by foundations and donors who are interested first and foremost in the real impacts of the project. In their ›more mature replication‹ phase, attracting commercial capital becomes crucial. This is where the conditions under which the project can pay back loans become the centre of attention. Cf. http://www.areed.org.

[32] To calculate the progress score, we assigned one point each if: the partnership was still active; if it had started implementation; if it had secured new financial resources; if no partner organization had left it; if it received positive external feedback. In the partnerships' self assessment of success, we scored one point it stated that it was ›meeting some difficulties, but dealing with them‹. If it indicated that it was meeting many or all of the goals it had set itself for this time, we assigned 2 points. Ideally, we would have included a measure for the external impact achieved by the partnership. Partly because the partnerships are too young, partly due to data-limitations, this has not been possible. Based on the available material, the current score provides the best possible indications whether a partnership is advancing or not.

Partner-financed partnerships have a mean progress score of 4.5, with a standard deviation (SD) of 1.7. Donor-financed partnerships have a mean of 6 (SD = 0, since the sample only contains one donor-financed partnership). Partnerships based on mixed financial models have a mean progress score of 4.3 (SD=1.7) and commercial partnerships have a mean of 4.4 (SD = 0.9). The likelihood that these small differences are random is 80 percent.

33 Eligibility criteria for donor funds are usually defined separately for each programme. For example, »many USAID programs require an organization to be a ›nonprofit organization‹ in order to be eligible for funding.« United States Government (2005)

34 The Emerging Africa Infrastructure Fund (EAIF), for example, has been set up by DFID, SIDA, DGIS and SECO and provides US$ 100 million in equity to underwrite the risks of commercial loans for infrastructure projects in developing countries. The United Nations Development Programme's Growing Sustainable Business Initiative also focuses on fostering enterprise solutions for development and provides capital to reduce investment risks (see *http://www.undp.org/business/gsb/*). The Equator Ventures initiative supports small and medium sized enterprises with a positive impact on biodiversity (see *http://www.undp.org/equatorinitiative/equatorventures/EquatorVentures.htm*).

5 PARTNERSHIP PLANNING AND MANAGEMENT FOR SUCCESS

It is commonplace—and common sense—to argue that good planning and management are key to partnership success. But what do good planning and management entail in practice? In the corporate world, business plans are a vital tool for planning and management. They contain all critical issues that need to be considered when planning a business venture. Investors use them to assess the quality of planning and managers use them to evaluate the ongoing performance of their enterprise.

Donors and others have challenged social initiatives, including partnerships, to become more ›business-minded‹. The rhetoric, however, is often confusing. Its suggestion that partnerships should turn into businesses may be misleading. This is not only because »[m]ost businesses are mediocre« as Jim Collins notes.[35] Most importantly, it is because partnerships often pursue fundamentally different goals than mainstream business, requiring different approaches. Still, the admonition to become more ›business-minded‹ does make sense if it means that partnerships can profit from entrepreneurial innovation and from the adaptation of good business methods and practices—even though thorough approaches to planning and management have of course also been created and tested within the development community.[36] A good partnership business model and the corresponding business plan define:

- what goals and targets a partnership pursues;
- how it intends to generate the necessary resources for its activities;
- how it contributes to the stated goals;
- and how it allocates and controls resources.

By defining these elements, a partnership business plan works as a planning and management tool. If a partnership covers all of these aspects, it has reached a basic standard of good planning and management.

The empirical analysis used here employs these basic criteria to assess the quality of planning and management of locally driven partnerships. It finds that partnerships with better planning and management indeed show stronger signs of progress. But a significant number of the Seed partnerships lack formal as well as medium- to long-term planning. The analysis shows that when partnerships actively involve business partners, they are better at target setting, evaluation, and accounting. The involvement of experienced international partners is not particularly found to have positive effects on planning and management.

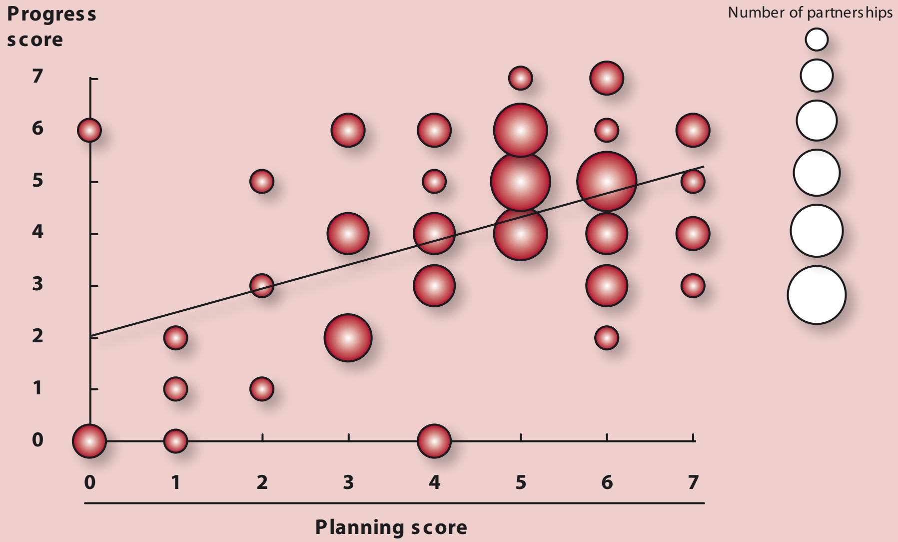
How can planning and management capacities within partnerships be encouraged and strengthened? For one, partnerships can draw more actively on the skills of their partner organisations, including their business partners. Alternatively, donors can encourage better planning and management by making their demands regarding their planning and management standards clearer. At the same time, training courses and manuals for partnership practitioners could focus more on strengthening partnership capacity in this area.

GOOD PLANNING AND MANAGEMENT FACILITATE ACCESS TO FINANCIAL RESOURCES

Good planning and management are often seen as important factors for partnership progress. But how strong is that alleged link in practice? This graph shows a clear correlation for the Seed partnerships between good planning and management on the one hand, and partnership progress on the other.[37]

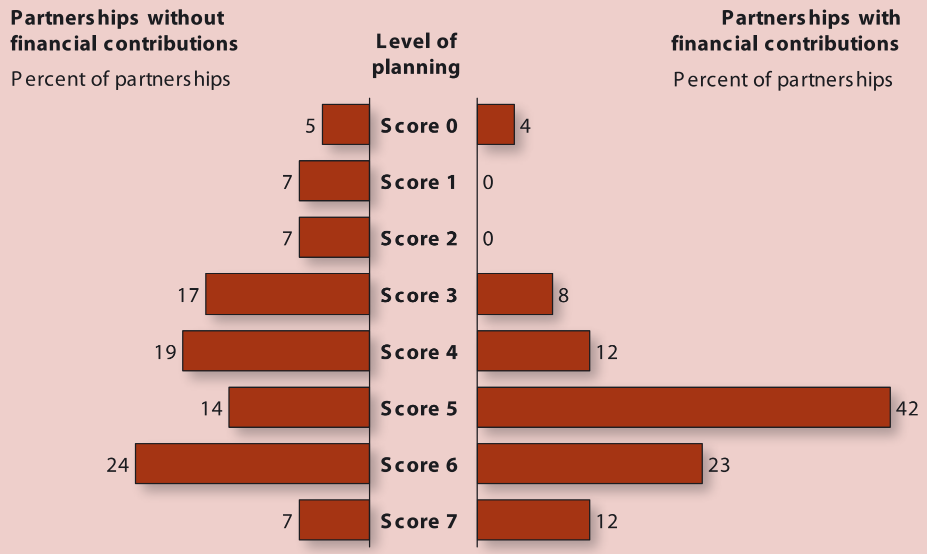
RIGOROUS PLANNING IS LINKED TO PROGRESS

Number of partnerships



The experiences of the five winning partnerships suggest that good planning and management may be especially relevant for attracting external financial support. Thus, the two partnerships that have placed very strong emphasis on ›business-like‹ planning—*Cows to Kilowatts* and *Agua para Todos*—have been much more successful in attracting substantial new funding than the others. Another look at the quantitative data confirms that financial support may be connected to strong planning and management.[38]

PLANNING AND MANAGEMENT FACILITATE ACCESS TO FINANCIAL RESOURCES



STRENGTHS AND WEAKNESSES OF THE SEED PARTNERSHIPS

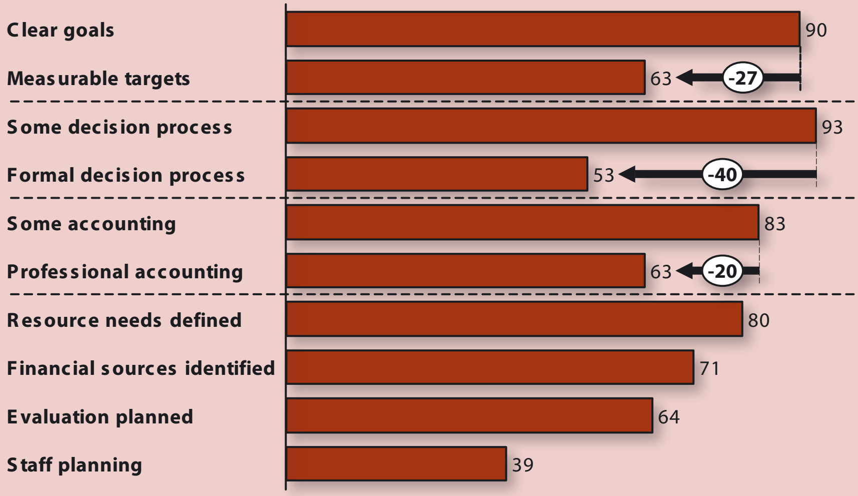
Good planning and management capabilities, not surprisingly, do seem to be a factor for partnership success. But—as the graph shows—the Seed partnerships show deficits with respect to some of the basic formal criteria analysed here. Where do the strengths in planning and management lie for locally driven partnerships? Which are the most obvious weaknesses?

Only few partnerships operate according to a formal partnership business plan as defined above. In their planning, they cover some, but rarely all aspects that would be comprised in a business plan. On the whole, the Seed partnerships are relatively good at those elements of planning and management that are immediately necessary for operating. A significant number of them show weaknesses when it comes to planning for the medium- or long term and when the more formal aspects of management are concerned:

- *Goal definition*. As observed in Chapter 2, almost 90 percent of the Seed partnerships pursue a strong vision of how to promote sustainable development through concrete changes on the ground. Many fewer partnerships (63 percent), though, translate their vision into measurable targets.
- *Decision-making*. Over 90 percent of the partnerships have settled on a mode for making decisions. Often, though, these decision-making processes remain informal. Only 36 percent formally vote on important decisions and only 21 percent have an executive board that makes decisions.

PARTNERSHIPS HAVE DEFICITS IN FORMAL PLANNING

Answers in percent of respondents (Multiple answers possible)



- *Resource needs*. 80 percent of the partnerships have concrete ideas about what they need to be able to operate, at least in the short term (two years). In the medium term (five years), 56 percent have specified their resource needs, and over ten years, 36 percent.
- *Accounting and resource controlling*. 83 percent of the Seed partnerships have some form of accounting in place. 63 percent use either internal or external professional accounting services. While this number may seem high, proper financial accounting is a cornerstone for partnership transparency, accountability, and eligibility for funding and is also one of the most fundamental elements of good management. Any lack of professionalism in accounting is therefore a potential worry for partnerships.

- *Evaluation and impact assessment*. Evaluation and impact assessment are not at the top of the Seed partnerships' list of priorities. 64 percent plan to evaluate their activities at some point in the future. 30 percent are already submitting regular reports to donors. 43 percent are planning to ask beneficiaries for feedback on their activities, and 40 percent would like to conduct an impact assessment. Only 6 percent report that they are required by donors to conduct impact assessments.

- *Staff development*. Finally, few partnerships have considered how their human resources need to develop. For implementing activities, having the right number of employees and volunteers with the necessary skills is essential. But only 41 percent know how many individuals they need for executing their plans in one year, 34 percent in two years, 23 percent in five, and 17 percent in ten years. By contrast, almost 90 percent of the partnerships would like to train their staff, even though half of those do not know whether they will have the necessary resources to do so.

Thus, there exist clear deficits in formal as well as medium- to long term planning, which are important ingredients of a sound planning process. What factors enable some partnerships to be better at planning and management than others?

FACTORS INFLUENCING PLANNING AND MANAGEMENT SKILLS

Locally driven partnerships differ in their planning and management skills. Which partnerships, then, have better capabilities in this area than others and why?

Three hypotheses are discussed. Are partnerships that have business partners better at planning and management than those without? Do partnerships with stronger international involvement have stricter planning and management standards than local initiatives? Or do the causal links work the other way around and only partnerships that have access to financial resources can afford to invest in formal and medium-term planning?

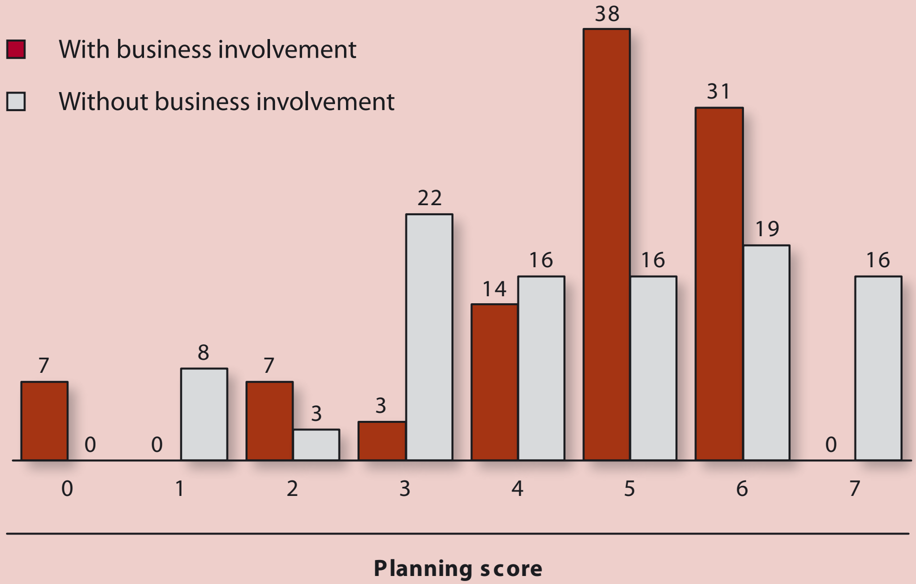
Again, the Seed data do not allow for a rigorous testing of these hypotheses, but the data highlights correlations. Backed up by more detailed information from the case studies, a sense of how plausible the correlations are or what the underlying causal relations are may be obtained.

- **Business partners and their influence on planning and management**

  The graphs show comparisons between partnerships with business involvement and those without with respect to their formal planning and management. The first graph shows that there is no clear link between the overall planning and management score of a partnership and the participation of a business partner.[39]

THERE IS NO CLEAR LINK BETWEEN PLANNING SCORES AND BUSINESS INVOLVEMENT

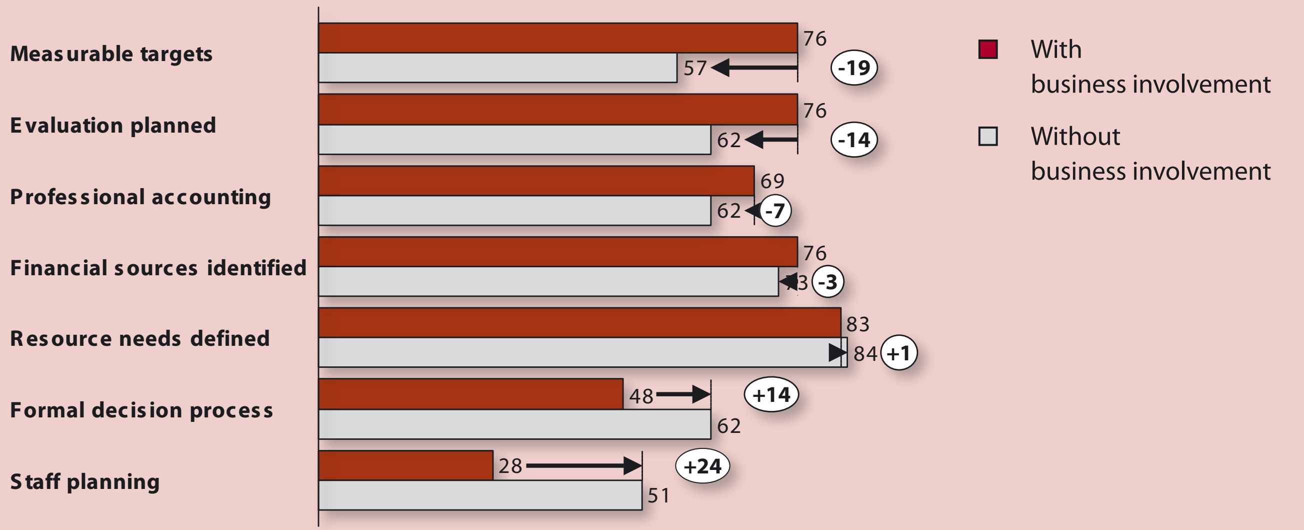
Percent of partnerships (Multiple answers possible)



The case studies suggest that this may be due to differences in how companies contribute to partnerships. In the *Agua para Todos* partnership, for example, the business partner is closely involved in the financial planning and setting of targets for the initiative. The partnership can thus adapt the tools and standard practices of business planning for its purposes. In the *Partnership for Community-Run Marine Protected Areas in Madagascar*, by contrast, the business partner does not play a central role in planning and management. Business participation, then, only seems to have a positive impact on planning and management if the partnership actively draws upon the corporation's know-how.

BUSINESS INVOLVEMENT SHOWS BETTER PLANNING IN SOME AREAS, WORSE IN OTHERS

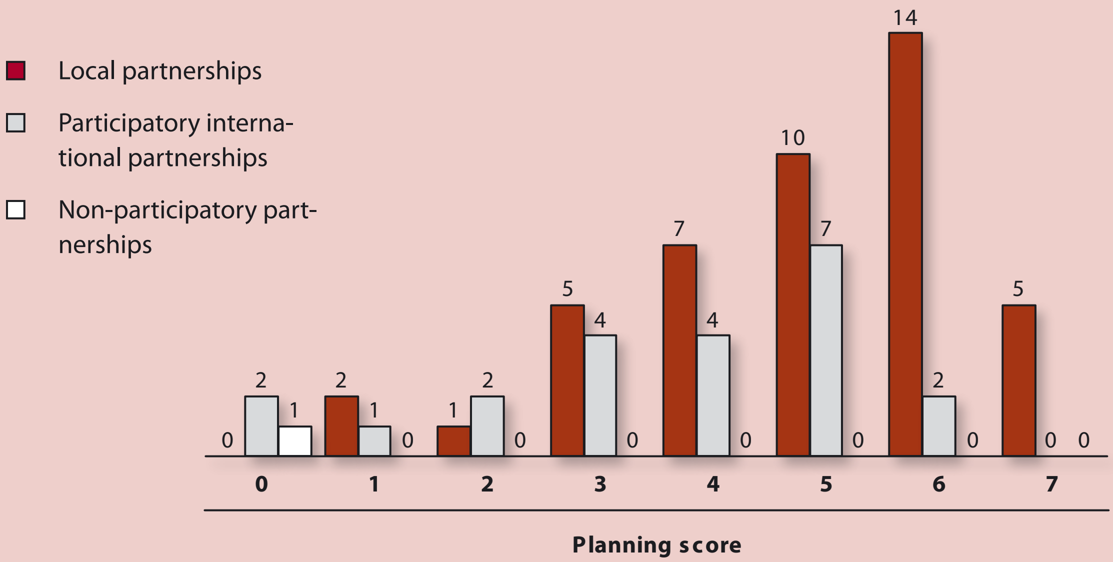
Answers in percent of respondents



The second graph looks at the criteria that make up the planning and management score in greater detail. It reveals an interesting pattern: Partnerships with business involvement are better than those without in setting measurable targets, evaluating their activities and accounting professionally for their resources. In other areas of planning and management, however, they show no significant difference or perform worse.

LOCAL PARTNERSHIPS SHOW GOOD PLANNING AND MANAGEMENT

Number of partnerships



Local organisations and their planning and management capacities

This final graph links planning and management skills to degrees of local ownership.[40] It shows that partnerships initiated at the local level put more emphasis on planning and management than partnerships that originate at the international level. Rigorous planning and management, then, do not seem to depend on access to skills held by international actors—to the contrary.

Gustavo Heredia of *Agua para Todos* suggests that the clear focus of local partnerships makes planning more straight-forward: *»We have a concrete problem in front of us every day. We know what resources are available to us and we know what we have to do to address the problem. So planning around that is rather simple.« (Gustavo Heredia of Agua Tuya, Agua para Todos)*

Local partnerships are also more pro-active than international partnerships in seeking support on planning issues. 68 percent of the local Seed partnerships include support or training in ›accounting and evaluation methods‹ as a priority, whereas only 48 percent of the participatory or non-participatory international partnerships do the same. In planning and budgeting, 57 percent of the local partnerships would appreciate support, compared to 44 percent among international partnerships.

- **Access to financial resources as a precondition for formal planning and management**

  The survey data show that formal planning and management are correlated to a higher likelihood of gaining financial support. But does stricter planning lead to better access to resources or is it the other way around? The case studies suggest that the causal relation works in both directions. As Joseph Adelegan put it above, thorough planning is necessary to attract investments. The *Global Marketing Partnership for SRI Indigenous Rice*, however, illustrates how a lack of funds can seriously hamper planning efforts. The initiative has been driven by the pro bono engagement of individuals. But the time commitment needed for more thorough planning exceeds the possibilities of even the most engaged. To break the cycle of ›no money—little planning, little planning—no money‹, the Seed Initiative has helped to fundraise and contributes directly to cover parts of the salary costs of the person coordinating the partnership.

STRENGTHENING PLANNING AND MANAGEMENT CAPABILITIES

Analysis of the Seed partnerships shows that partnerships with stricter planning and management standards as defined by the partnership business model are more likely to have access to sources of finance. How can planning and management capacities be strengthened?

First, partnerships themselves can improve their planning and management. For instance, partner organisations that do not have the necessary skills can draw upon external experts. Many of the Seed winners have done so. Supported by the Seed Initiative, an international expert on water helped *Agua para Todos* to draw up a funding proposal. For the *Cows to Kilowatts* project, Seed engaged a local team of experts for assistance in developing a business plan and the *Global Marketing Partnership for SRI Indigenous Rice* has benefited from the work of a business and marketing expert. Seed has also provided a fundraising expert for the *Madagascar MPA* project who, along with creating a database of funding opportunities, is creating templates for different types of funding proposals.

Hiring external experts, however, can be expensive and not all partnerships can win the Seed Awards. Instead, partnerships can explore whether any of their partner organisations harbours hidden potentials. Business partners, for instance, may be in a position to contribute more to the planning process,[41] and other partners may have special expertise. In the *Global Marketing Partnership for SRI Indigenous Rice*, for example, partners are now searching for ways to draw on the marketing expertise of the donor organisations with which they work.

Second, donor organisations can learn from commercial investors and credit agencies. The strict requirements of the latter encourage better planning and management. This is not to say that donors should use the same criteria as commercial investors. It is important to adapt the requisites of a business model to those for a partnership business model. Nevertheless, a clear articulation of what elements of planning and management partnerships are expected to cover could encourage better standards.

Finally, donors and international organisations can help build planning and management capacity. While some organisations offer capacity building programmes addressing these issues, most current training materials and toolkits for partnerships have a different focus.[42] Typically, they deal with issues such as when to set up a partnership, how to choose partner organisations, how to organise communication between partners, and how to build trust among partners. The Seed partnerships, though, do not seem to perceive these topics as particularly problematic. Only 14 percent cite the lack of trust among partners as an important problem, 23 percent cite difficulties in defining the partnership, and 27 report communication difficulties within the partnership. 39 percent, though, state a lack of training among their staff as an important problem. Correspondingly, the partnerships would appreciate external expertise in their respective issue areas (84 percent), with writing funding proposals (66 percent), and with accounting and evaluation methods (60 percent). These responses explain why many of the partnerships were so appreciative when they were offered feedback on their proposals or help in further developing their work programmes when they applied to the Seed Awards.

But these ›harder‹ issues rarely feature in training programmes and materials for partnerships. Adapting the toolkits and training materials on offer to the needs of the partnerships would certainly help their planning and management skills. This could include for example the development templates for different partnership business models.

LESSONS

LESSON 9

FORMAL PLANNING AND MANAGEMENT FACILITATE ACCESS TO FINANCIAL RESOURCES

It has often been assumed that good planning and management are an important ingredient for partnership success. The Seed cases show that formal planning and management standards mainly influence partnerships' chances to receive financial support.

LESSON 10

PARTNERSHIPS COULD BENEFIT FROM INVESTING IN PLANNING AND MANAGEMENT

The Seed partnerships have deficits in medium- to long-term planning and in the formal aspects of management. To increase their chances for external support, they can invest in strengthening their planning and management capabilities.

Since expert help is often too expensive, partnerships can draw more on the existing skills of their partner organisations, including their business partners.

LESSON 11

EXTERNAL ORGANISATIONS CAN STRENGTHEN PARTNERSHIPS' SKILLS BY ...

- stating their demands concerning planning and management standards for the allocation of grants or investments more clearly
- re-focusing training and support materials for partnerships on planning and management issues

35 Collins (2005, quoted in The Economist, 2006)

36 For some among many examples, see *www.ngomanager.org*. The Johns Hopkins Center for Civil Society Studies offers a range of nonprofit management handbooks, see *www.jhu.edu/~ccss/index.html*. For a collection of tools for businesses, see e.g. *www.smetoolkit.org*. For a review of research on strategic NGO management, see e.g. Stone et al. (1999).

37 To measure partnership progress, the scale introduced in Chapter 4 is used. For planning and management, formal criteria derived from a standard partnership business model are scored: Does the partnership have concrete, measurable goals? Does it have a concrete plan for generating the resources necessary for operating? Has it specified what these resources are needed for? Does it have concrete plans for how its staff will develop? Does it have professional accounting and controlling procedures in place? Does it have formal decision making procedures? Does it plan to evaluate its activities and to report on them? Spearman's rank correlation coefficient for this correlation is 0.378. The p value of the t-test is 0.0015, meaning that the correlation is statistically significant at 99 percent. The correlation cannot, however, be taken as a proof that good planning and management lead to partnership progress since we have not controlled for the influence of other variables and since the correlation does not say anything about the direction of causality.

[38] The mean planning score of the partnerships that had no access to new financial sources is 4.1; the mean for those that had access to new financial sources is 5. According to an ANOVA test, this difference is statistically significant at 95 percent.

[39] The mean planning score of partnerships with business involvement is 4.55; for partnerships without business involvement it is 4.51. Statistically, there is a 93 percent likelihood that this small difference is by chance only.

[40] The mean planning score for local partnerships is 4.91; that for participatory international partnerships is 3.64. This result is statistically significant at 99 percent.

[41] The Shell Foundation for example notes and criticises the often limited involvement of business partners: *»business are often not consulted in their [poverty project's or PPPs'] design and as we‹ve noted money is usually the main input asked of business.«* Shell Foundation (2005, p. 29).

[42] See for example The Partnering Toolbook (GAIN, UNDP, IAEA, IBLF, 2003), the learning tools of *www.ourpartnership.org.uk*, A Fruitful Partnership (Audit Commission, 1998), Working Together and Building Links: Partnership Working Toolkit (Government Office of the Southeast, 2002), The Working Partnership (Health Development Agency, 2003), How to Build a Partnership of *www.renewal.net*, Creating Social Enterprises Through Strategic Alliances. A Toolkit for NGOs (International Youth Foundation 2003) or BNI‹s Business-NGO Interaction Tool (http://www.bni-instrument.org).

6 CONCLUSION: WHAT'S THE NEXT STOP ON THE ROAD TO IMPLEMENTATION?

»Arriving at one goal is the starting point to another.« (John Dewey)

The journey from Bali via Johannesburg to New York has brought with it a range of important lessons. Some of the findings are empirical, describing how partnerships look, what they are trying to achieve, and what hurdles they encounter on their way. Others are analytical, uncovering patterns and exploring connections. Still other findings are practical and investigate which lessons this holds for partnerships as well as governments and donors. All of them, though, raise new questions and provide starting points for future enquiries.

EXPERIENCES AND ANALYSIS

The experiences of five Seed Award winners and 70 survey respondents form the basis for this report. They were found to be well on their way to fulfilling the main expectation of partnerships. With clear goals and concrete, measurable targets, they seek to contribute their share to the implementation of sustainable development goals.

Most partnerships are making good progress in achieving their goals, but along this road, they have to overcome significant hurdles. The bulk of the report focuses on some of the conditions that help or hinder partnerships in making their contribution to sustainable development.

First, the report focuses on a special characteristic of the Seed partnerships: their strong local ownership. This trait sets them apart from most of the partnerships researched elsewhere. The report finds that strong local ownership has crucial positive effects: it increases compliance with policies and norms; it ensures that development initiatives fit local circumstances; and it empowers the local stakeholder groups involved. But it also finds costs associated with local ownership. Thus, purely local initiatives can find themselves cut off from other partnerships and from internationally held expertise and technology. Participatory international partnerships often struggle with long and expensive start-up phases and a seamless fit between global and local priorities is not a given.

Second, the report focuses on a topic that has received much attention in recent years: the business models of partnerships. Adapting a commercial business model to partnerships has two important functions. First, it defines how partnerships intend to generate resources for their activities. Second, it provides a framework for outlining essential elements of planning and management.

Regarding their financial arrangements, we find that most Seed partnerships rely on mixed financial models. They cover their financial needs in part by engaging in commercial activities and in part through contributions from donors or partners. The reliance on mixed sources of finance is a sign that partnerships are integrating the approaches from business and NGOs to achieve social, environmental as well as economic benefits. But these financial models also bring special challenges with them. First, they require partnerships to master the different skills needed in the worlds of business and civil society. Second, they meet institutional obstacles because most financial institutions are not flexible enough to accommodate these innovative models.

Concerning their planning and management processes, we find a deficit in many Seed partnerships. The Seed partnerships are strong in defining their visions and goals, but they often fail to meet basic standards of formal and medium- to long-term planning and management. Partnerships engaging in more rigorous planning and management, though, tend to show more signs of progress, especially in the area of fundraising.

IMPLICATIONS AND POLICY RECOMMENDATIONS

»To learn is to change« (George B. Leonhard)

The experiences of the Seed partnerships have implications for different actors in sustainable development. A first set of lessons is relevant for *governments and donors*.

- **Governments and donors should support locally driven partnerships in assessing their impact**

  For governments and donors, the Seed experiences suggest that a focus on locally driven initiatives is likely to pay off in showing concrete development effects. But locally driven partnerships often lack the resources or skills to conduct impact assessments. If there is an interest at the political level to measure the overall impact of partnerships, local initiatives need to be supported in these areas. This support can take various forms. Governments and donors can provide tools and experts for conducting impact assessments; they can define useful indicators for measuring impacts; or they can provide financial support for external impact assessments or staff training.

- **Governments and donors should facilitate exchanges between partnerships and make more social venture capital available**

  Second, governments and donors can take specific measures to alleviate the costs of strong local ownership. Thus, they can facilitate exchanges among local initiatives and ease their access to internationally held expertise and technology. They can also make more social venture capital available. This would help bridge the often long and costly set-up phases for participatory international partnerships.

- **Governments and donors should offer more flexible financial instruments**
  They can help address some of the financial needs of partnerships. This, however, not only means that more funds should be made available. The analysis of financial models shows that partnerships would benefit from more flexible financial instruments. It could be an important step to adapt allocation rules so that they allow partnerships to pursue a combination of commercial and charitable objectives.

- **Capacity building and training materials should focus on planning and management issues**
  Better planning and management capabilities could help partnerships gain access to diverse financial resources. Capacity building programmes and training manuals for partnerships should therefore place a stronger emphasis on these topics. Thus, for example, tools like the ones offered for NGOs at sites like *www.ngomanager.org* could be adapted to partnerships.

The Seed experience also holds some lessons for other sustainable development *partnerships*.

- **Partnerships should demonstrate their impact**
  We have seen how important it is for partnerships to demonstrate their impact. Locally driven partnerships are good at focusing on impact, but they are much less concerned about measuring or communicating their effects. To strengthen support for locally driven partnerships at the political level, however, recording and communication would be important. Efforts like the UN Global Compact's ›Communication on Progress‹ initiative[43] in which companies provide information on how they implement the Compact principles might serve as an inspiration.

- **Partnerships should consider what level of local ownership they need**
  The discussion about local ownership has shown that trade-offs are involved. The costs and benefits involved suggest that some partnerships need stronger local ownership than others. When deciding their approach, partnerships should consider carefully how their specific goals are affected through more or less local ownership.

- **Partnerships should develop an explicit and internally consistent partnership business model and corresponding business plan**
  Third, partnerships could benefit from developing more formal partnership business models and their corresponding business plans. These should define not only what the partnership seeks to achieve, but also and crucially, where and how the partnership intends to generate the necessary resources. A good partnership business plan will help partnerships to go through a more formal planning process and consider the financial, institutional, and personnel implications of their strategies.

Finally, the Seed experiences have implications for *businesses*:

- **Small and medium-sized businesses have a crucial contribution to make**
  The focus on locally driven partnerships offers a first lesson for businesses: Not only large multinational corporations can make an important contribution to sustainable development. In the local context, to the contrary, the involvement of small and mediumsized enterprises is much more significant. This role should be recognised and embraced by the business and development communities.

- **Engagement in partnerships can further a company's business interests**
  Most of the Seed partnerships have a commercial side to them. This means that involvement in partnerships does not have to be based on charity. Where companies contribute because the partnership has a positive effect on their business interests, this may add to the sustainability and scalability of the initiative.

- **Businesses should emphasise the non-financial contributions they can make**
  Businesses—like other partner organisations—have important non-financial contributions to make. While in many partnerships, businesses are still mainly seen as financiers, they also often have valuable experiences and skills in planning and management. Partnerships might benefit from a closer involvement of their corporate partners in these areas, especially for setting measurable targets, accounting and controlling for their expenditures, and evaluating their performance.

NEW QUESTIONS AND FURTHER RESEARCH

Our analysis of the Seed partnerships raises at least as many questions as it answers. Many important areas of enquiry lie outside the scope of this report, but from the focus adopted here, five main puzzles suggest themselves for further research:

- **Where can partnerships make the biggest impact and how can that impact be measured?**
  The Seed partnerships predominantly focus on alleviating poverty and protecting environmental sustainability. Is this focus due to a selection bias in the sample or does it imply that partnerships have a particularly relevant contribution to make in these areas? Further research could help illuminate in what areas partnerships can have the most important impact. This could also help clarify where the competitive advantage of partnerships as compared to other institutional arrangements lies.
  A related question is how the overall impact of partnerships on sustainable development can be measured. Systems that simply assess development outcomes cannot distinguish between different contributing factors. They are thus unable to examine the relative effectiveness of different approaches to sustainable development. Tools to assess the contribution of individual initiatives, by contrast, often do not in create comparable criteria or aggregate the effects of many small-scale activities.

- **Which type of partnerships benefit most from local ownership?**

  The Seed analysis has suggested that different levels of local ownership may be most appropriate depending on the goals and focus of partnerships. The indications of which type of partnership requires which kind and how much local ownership, though, had to remain speculative and preliminary. To maximise the impact of partnerships, a more systematic comparison between different types of partnerships would be very useful.

- **Which financial models and needs are typical for different issue areas?**

  This report has found that partnerships most often rely on mixed financial models, but it contains few indications as to which financial models are most typical for which issue areas. It also provides little information about the typical size of needed investments or grants. To enable public and private financial institutions to direct their investments strategically, more research into what kind of financial resources are needed for what would be valuable.

- **Which tools can be used to improve formal partnership planning and management?**

  Our analysis shows that partnerships can benefit from better planning and management. A variety of tools and training methods have developed both within the development community and the corporate world. First, more research could help establish which areas of planning and management need to be addressed most urgently. Second, a systematic comparison and adaptation of existing tools to the needs of partnerships would be needed.

- **Which measures are most effective in supporting locally driven partnerships?**

  As part of its Award programme, the Seed Initiative has started to develop support services for partnerships. Reacting to the needs of the individual partnerships, exchanges, consulting services or limited financial support are provided. Other institutions, such as the World Bank Development Marketplace or the Equator Initiative of the United Nations Development Programme are also offering learning and support services to local initiatives. A comparative evaluation of different approaches to partnership support would help these and other institutions to refine and strategically focus the services they offer.

[43] For more information, see *http://www.unglobalcompact.org/CommunicatingProgress/index.html*.

ANNEX

METHOD & DATA

The research conducted for the Partnership Report is grounded on existing research on sustainable development partnerships as well as on an analysis of the political debate surrounding partnerships. Informed by this, it takes a largely inductive approach. The experiences of the Seed partnerships—70 survey respondents, including five award winners on whom case studies were written—form the basis for the report.

RESEARCH STRATEGY

The research conducted for this report included the following elements:

- First, the relevant literature on partnerships for sustainable development was reviewed and the pertinent political discussions were analysed. This led to the identification of a broad range of important research questions.
- Based on these research questions, a first analysis of the 206 eligible submissions to the Seed Awards was conducted.[44] The results of this analysis were used to focus on a smaller number of research questions that seemed particularly relevant for nascent, locally driven partnerships.
- Reflecting this focus, a questionnaire for interviews with the five Seed Award winners was designed. It was used for a first round of semi-structured interviews with representatives of these partnerships.
- Following discussions with researchers, partnership practitioners and policy makers to test the practical relevance of the proposed research, the focal themes for this partnership report were defined.
- A survey was designed and conducted among all partnerships that had applied to the Seed Awards.
- Detailed case studies were written about the experiences of the five winning partnerships.
- The results of the survey and case studies were used to write the present report.

This brief overview of the research strategy employed shows that this report relies on a mix between qualitative and quantitative research methods. In the social sciences, both research traditions were long seen as opposing and mutually exclusive. More recently, however, a combination of both approaches has become more common. A mixed approach can benefit from its qualitative elements for creating higher conceptual validity, enabling the development of new hypotheses and theories and addressing complex causal relationships. At the same time, its results are more externally valid and representative if they are backed up by quantitative studies.[45]

CASE STUDIES

Five case studies were written for this report.[46] Short versions of the cases can be found in Chapter 2 and the detailed versions can be accessed at *http://gppi.net/partnershipreport.html*.

The case studies capture the experiences made by the five partnerships that won the Seed Awards in 2005. The case selection, then, was mainly driven by the selection criteria defined for the awards, rather than by scientific considerations. The two international juries who determined the winners were asked to assess among others factors the partnerships' local drive and focus, degree of innovation, and entrepreneurship as well as their likely contribution to sustainable development. The sample is therefore bound to be biased in favour of successful partnerships that score high on these criteria.[47]

To write the case studies, various data sources were used. First, the partnerships provided information about their composition, goals, structure, and needs in the application documents for the Seed Awards. These were initially submitted before mid-August 2004 and updated in late 2004. Second, basic background research on the political, economic, and social situation in the areas of operation as well as on some technical aspects of the partnerships' activities was conducted. This background research largely relied on information sources available on the internet.

Third, interviews were conducted with participants in the partnerships. The interviews were semi-structured around questions concerning the partnership's background; the process leading to the creation of the partnership; the partnership's developments since the application process; the partnership's governance in terms of its finances, structures, and procedures; and its way to define and measure success. In a first round of personal interviews in April 2005, only the main representatives of the partnerships were interviewed. In the autumn and winter of 2005/2006, as much as possible all representatives of partner organisations were interviewed, either by phone or in person. The greatest restrictions occurred in the *Harvesting Seabuckthorn at the Top of the World* partnership, where it proved logistically impossible to access the local partners in the Mustang area.

Fourth, the case studies benefited from information derived from the Seed support services. From April 2005 on, the support channel of the Seed Initiative worked with the five winning partnerships to help them overcome pressing hurdles. The individuals providing the support services were connected to the research effort in two ways. Firstly, they provided their perspectives on the partnerships as semi-insiders through interviews. Secondly, in one case the support provider was also conducting interviews for the case studies. This intersection of support for and research on the partnerships introduces an element of action research.[48]

Action research is a form of research that consciously intervenes in the real world and analyses the effects of this intervention with the aim of improving practice. It allows researchers to understand a social system more deeply as they become part of it and often makes the research ›objects‹ more cooperative. To some degree, the present research has been able to benefit from these advantages of action research. At the same time, action research encounters limitations because its results are contingent and therefore little representative and because the personal involvement of the researcher can introduce a bias into the analysis.[49] It is hoped that these downsides can at least partially be alleviated by combining action research elements with more traditional case study research methods and by adding quantitative analysis to this qualitative approach.

Finally, all partner organisations that were interviewed were asked for written comments on drafts of the case studies. The comments are reflected in the published versions of the case studies.

SURVEY

In January 2006, a survey was conducted among the partnerships that applied to the Seed Awards in 2004.[50] Of the 263 partnerships that were contacted, 70 sent filled questionnaires back. While 70 is a sample size that is bigger than in many other studies on partnerships, the sample is not representative of the existing universe of partnerships. The sample was self-selected firstly through its participation in the Seed Awards. The call for submissions was explicitly directed at nascent, entrepreneurial and locally driven partnerships for sustainable development. Partnerships fulfilling these criteria were thus more likely to apply than those that do not. Moreover, the call for applications was mainly disseminated through relevant web-based lists as well as the local branches of UNDP, UNEP and IUCN. This privileges partnerships that are aware of international developments and have access to the internet. The call for applications was distributed in English, French and Spanish, again privileging those articulate in these languages. Secondly, we can expect that the decision whether or not to respond to the survey introduces another self-selection bias. Initiatives that perceive themselves as successful are more likely to respond to a survey than those that have failed or encounter serious difficulties.

The survey form covers questions relating to the current state of development of the partnership; the positive and negative factors influencing the partnership's development, including the partnership's support priorities; the composition of the partnership; the definition and evaluation of the partnership's goals and targets; the current and planned sources and allocation of resources.[51] Depending on the language of the application, it was sent by email in English, French or Spanish. For those who did not respond, follow-up emails were sent and telephone calls were made. Responses were treated confidentially and were received in most cases via email, in some exceptions as printed letters.

With 70 completed surveys, the response rate was 26.6 percent. This is slightly lower than that usually found in the social sciences.[52] One possible reason for this relatively low response rate is that the partnerships were disappointed at not receiving the Seed Awards and thus unwilling to cooperate. Thus, some explicitly described their disappointed hopes. Of the seven finalists who did not win the awards, for example, only three filled in the survey despite their previously close contact with the Seed Initiative. A second hurdle were the often unreliable email and phone connections especially for partnerships in developing countries. Thus, 41 of the partnerships could not be reached either by email or by telephone.

The received answers were coded and provide the quantitative information used in the report. Where correlations between various factors are represented, tests were conducted on the statistical significance of the results.

CONTRIBUTION

The discussion about the sample chosen both for the case studies and for the survey shows that 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. Firstly, it deals with partnerships in the relatively early stages of their development. This allows for insights into the enabling factors and obstacles that are most relevant in the early phases of partnerships and that are often lacking from other analyses.

Secondly, data collection was spread over almost two years—from the submission of the applications in summer 2004 to the completion of the survey and case studies in spring 2006. Rather than capturing just a snapshot of these partnerships, this approach allows for a greater focus on the process of partnership development.

ABOUT THE SEED INITIATIVE

The Seed Initiative (*Supporting Entrepreneurs for Environment and Development*) is a global network for action on sustainable development partnerships. The Initiative aims to inspire, promote and develop the capacity of locally driven entrepreneurial partnerships that contribute to the internationally agreed goals contained in the Millennium Declaration (MD) and the Johannesburg Plan of Implementation (JPoI).

The Seed Initiative responds to the challenges that many sustainable development partnerships face, including the need for both technical and financial support in the early stages of developing and building partnership until it enters into implementation, a need to focus on the wide variety of small initiatives, driven by local actors, in addition to large-scale partnerships, and the need for effective »communities of practice and knowledge« that allow mutual learning, support and collaboration.

In order to accomplish its goal, the Seed Initiative has chosen three main areas of focus:

Promote partnerships (*through a biennial international award scheme; events and publications*): Encourage local level, entrepreneurial partnerships that directly benefit local communities; mobilize collective action that provides practical interventions in environmental, social and economic development in developing countries; and demonstrate that the wide variety of small partnerships driven by local actors make a positive contribution to sustainable development;

Support nascent partnerships (*through offering tailor-made support services for winners of the Seed Awards*): Deliver bottom-up demand driven partnership support by responding strategically to the need of locally driven partnerships for technical and financial support in early stages of development, mitigating the potential risk of failure;

Increase the understanding of partnerships (*through research activities and developing learning tools*): Capture, profile and disseminate information on exemplary partnerships that could be used for sustainable development elsewhere; advocate the need for effective communities of practice and knowledge that allow mutual learning, support and collaboration; and integrate best practice examples of successful local partnerships into high level decision making processes.

The Seed Initiative delivers these actions through a lean operational structure that aims to deliver this focus by coordinating and partnering with likeminded organisations and networks that are delivering—or are willing to engage in—promoting, supporting and understanding of sustainable development partnerships.

Since its launch in January 2004, the Initiative has broken ground in revealing the wealth of entrepreneurial partnership activity taking place on the ground. During the 13th session of the United Nations Commission on Sustainable Development (CSD) in New York held during April 2005, five winners were announced. These were selected by an international jury to be the recipients of the first cycle of Seed Awards, awarded biennially by the Seed Initiative. The award scheme provides dedicated institutional capacity and targeted support services to partnerships. It focuses specifically on maximising the opportunity for partnerships in the beginning stages of development to succeed during the more difficult and early implementation phases.

Furthermore, it has effectively publicized the partnership approach to sustainable development, given advice to over seventy new partnerships and extensive support to twelve, supported five winning partnerships on the ground and engaged in a cutting-edge programme of research and learning to track the evolution of new partnerships to assist both policy makers and practitioners.

Through the publication of the Partnership Report, the Seed Initiative aims not only to develop best practice, generate awareness amongst decision-makers about the immense potential that such partnerships hold in contributing to the fight against poverty and the facilitation of sustainable development—but also to provide guidance for replication of successful partnership models globally in other developing countries.

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ABOUT GPPI

The Global Public Policy Institute (GPPi) is an independent, non-profit think tank located in Berlin with a long track record in research and consulting in global governance.

GPPI ENGAGES IN THREE LINES OF WORK:

Research: GPPi explores new approaches to effective and accountable governance. Topics include, among others, the reform of international organisations and public-private partnerships.

Consulting: GPPi offers strategic consulting services to Governments, international organisations, foundations, NGOs and companies.

Debate: GPPi engages the broader public in a debate on new governance approaches through workshops, conferences, and publications.

For more information about the work of the institute please visit *www.globalpublicpolicy.net*.

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48 The social psychologist Kurt Lewin is generally regarded as the pioneer of action research, which he defines as »a comparative research on the conditions and effects of various forms of social action, and research leading to social action.« (Lewin 1946). For more information on action research, especially on its advantages and downsides, see e.g. Stringer (1999), Kock, McQueen, et al. (1997), Kock (2004), Argyris, Putnam, et al. (1985), Susman and Everet (1978).

49 Cf. Orlikowski and Baroudi (1991).

50 On survey methods, see e.g. Groves, Fowler et al (2004) or Fink (1983)

51 A sample of the survey form can be accessed at *http://gppi.net/partnershipreport.html*.

52 For studies on response rates, see e.g. Sheehan (2001), Manfreda and Vehovar (2003) or Tarnai and Paxson (2004).

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»The Seed initiative is inspiring fresh thinking and innovative practices around the important partnership agenda. This report demonstrates the benefits of its unique approach: Combining hands on learning by doing with great analytical clarity and a dedication to learn from experiences made.

I believe that this report will greatly contribute to make partnerships more effective and impactful while at the same time advancing understanding about their very nature.«

Georg Kell, Executive Head, United Nations Global Compact

»The Partnership Report is a welcome contribution to our understanding about the role that different actors—and particularly business—can play in implementing the Millennium Development Goals. Backed up by a wealth of empirical material and drawn together with analytical clarity, this report is a powerful statement about the value of locally driven partnerships and makes compelling policy recommendations.«

Monika Wulf-Mathies, Managing Director Corporate Public Policy and Sustainability, Deutsche Post AG

ISBN 3-938962-00-3